

Alamo Area Council of Governments

Financial Statements
and
Independent Auditors' Report

December 31, 2002

Alamo Area Council of Governments

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Financial Section

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PADGETT, STRATEMANN & CO., L.L.P.

Certified Public Accountants and Business Advisors

Independent Auditors' Report

To the Board of Directors
Alamo Area Council of Governments

We have audited the accompanying general purpose financial statements of Alamo Area Council of Governments, as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Alamo Area Council of Governments as of December 31, 2002, and the results of its operations and changes in its fund balances for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining statements and supplemental schedules listed in the accompanying table of contents are presented for purposes of

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additional analysis and are not a required part of the general purpose financial statements of Alamo Area Council of Governments. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2003 on our consideration of Alamo Area Council of Governments' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Padgett, Strickman & Co., L.L.P.

Certified Public Accountants
March 6, 2003

General Purpose Financial Statements

Alamo Area Council of Governments

Combined Balance Sheet – All Fund Types and Account Groups

December 31, 2002
(With Comparative Totals for December 31, 2001)

Assets	Governmental Fund Types	
	General	Special Revenue
Cash	\$ 1,021,352	\$ -
Investments	97,606	990,213
Receivables:		
Grantor agencies	94,082	3,364,950
Other	(20,449)	62,179
Due from other funds	706,403	599,591
Prepaid expenditures	5,618	-
Deposits	10,000	-
Fixed assets	-	-
Amount to be provided for retirement of notes payable	-	-
Total assets	\$ 1,914,612	\$ 5,016,933
Liabilities, Fund Equity, and Other Credits		
Liabilities:		
Accounts payable	\$ 269,129	\$ 776,335
Due to:		
Subgrantee agencies	-	1,465,269
Employees	-	-
Other funds	-	1,305,994
Over-recovered employee benefits and indirect costs	286,519	-
Accrued vacation	167,031	-
Other accrued liabilities	23,392	-
Deferred revenue	342,196	1,468,639
Notes payable	-	-
Total liabilities	1,088,267	5,016,237
Fund equity and other credits:		
Investment in general fixed assets	-	-
Fund balance:		
Unreserved	826,345	-
Reserved	-	696
Total fund equity and other credits	826,345	696
Total liabilities, fund equity, and other credits	\$ 1,914,612	\$ 5,016,933

The accompanying notes are an integral part of this statement.

Fiduciary Fund Type	Account Groups		Totals (Memo Only)	
	Agency	General Fixed Assets	General Long-Term Debt	December 31, 2002
\$ 7,262	\$ -	\$ -	\$ 1,028,614	\$ 820,084
-	-	-	1,087,819	1,314,065
-	-	-	3,459,032	3,402,531
-	-	-	41,730	78,109
-	-	-	1,305,994	2,265,358
-	-	-	5,618	4,126
-	-	-	10,000	12,611
-	3,594,109	-	3,594,109	2,885,580
-	-	60,656	60,656	79,115
<u>\$ 7,262</u>	<u>\$ 3,594,109</u>	<u>\$ 60,656</u>	<u>\$ 10,593,572</u>	<u>\$ 10,861,579</u>
\$ -	\$ -	\$ -	\$ 1,045,464	\$ 607,318
-	-	-	1,465,269	1,775,406
7,262	-	-	7,262	4,828
-	-	-	1,305,994	2,265,358
-	-	-	286,519	328,473
-	-	-	167,031	143,973
-	-	-	23,392	89,373
-	-	-	1,810,835	1,821,522
-	-	60,656	60,656	79,115
<u>7,262</u>	<u>-</u>	<u>60,656</u>	<u>6,172,422</u>	<u>7,115,366</u>
-	3,594,109	-	3,594,109	2,885,580
-	-	-	826,345	718,214
-	-	-	696	142,419
-	3,594,109	-	4,421,150	3,746,213
<u>\$ 7,262</u>	<u>\$ 3,594,109</u>	<u>\$ 60,656</u>	<u>\$ 10,593,572</u>	<u>\$ 10,861,579</u>

Alamo Area Council of Governments

Combined Statement of Revenue, Expenditures, and Changes in Fund Balance – All Governmental Fund Types

Year Ended December 31, 2002
(With Comparative Totals for the Year Ended December 31, 2001)

	<u>Governmental Fund Types</u>		<u>Totals (Memo Only)</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>December 31, 2002</u>	<u>December 31, 2001</u>
Revenue:				
Federal	\$ -	\$ 14,511,227	\$ 14,511,227	\$ 12,877,893
State	-	4,728,295	4,728,295	4,490,494
Local	13,000	268,395	281,395	161,409
Delegate agency:				
Cash match	-	1,394,526	1,394,526	3,470,666
In-kind match	-	800,091	800,091	241,526
Program income	-	507,079	507,079	1,500,262
Program income	34,835	128,688	163,523	103,978
State planning grant	182,447	-	182,447	176,326
Member dues	209,907	-	209,907	208,763
Interest income	4,134	-	4,134	8,741
Other	25	-	25	93
	<u>444,348</u>	<u>22,338,301</u>	<u>22,782,649</u>	<u>23,240,151</u>
Total revenue				
Expenditures:				
Personnel	1,639	4,249,866	4,251,505	3,526,754
Employee benefits	427	1,077,101	1,077,528	900,748
Contractual services	2,925	2,461,756	2,464,681	4,037,490
Travel	10,722	211,735	222,457	188,116
Space and utilities	390	413,742	414,132	381,690
Materials and supplies	2,621	545,189	547,810	703,478
Health and safety	-	34,119	34,119	26,376
Equipment	-	607,893	607,893	737,448
Public notices	-	54,309	54,309	86,227
Insurance and bonding	-	62,139	62,139	42,387
Printing and reproduction	1,867	140,856	142,723	120,776
Maintenance and repair	-	57,760	57,760	15,785
Equipment rental	-	803	803	466
Communications	286	269,341	269,627	271,150
Conferences/staff development	-	1,781	1,781	347
Postage	186	31,476	31,662	34,884
Publications	-	18,192	18,192	5,227
Professional dues	13,917	6,270	20,187	18,176
Contractual nutrition/social services	-	11,330,649	11,330,649	11,055,265
Training in/out of region	-	43,343	43,343	31,997

(Continued)

The accompanying notes are an integral part of this statement.

Alamo Area Council of Governments

Combined Statement of Revenue, Expenditures, and Changes in Fund Balance – All Governmental Fund Types – Continued

Year Ended December 31, 2002
(With Comparative Totals for the Year Ended December 31, 2001)

	Governmental Fund Types		Totals (Memo Only)	
	General	Special Revenue	December 31, 2002	December 31, 2001
Expenditures: (continued)				
Tuition – staff	\$ -	\$ -	\$ -	\$ 714
Meeting others	9,575	10,254	19,829	25,878
Other	39	6,663	6,702	1,581
Indirect cost allocation	-	1,101,575	1,101,575	991,244
Debt service:				
Principal	31,459	-	31,459	16,445
Interest	3,376	-	3,376	2,902
Total expenditures	79,429	22,736,812	22,816,241	23,223,551
Excess (deficiency) of revenue over (under) expenditures	364,919	(398,511)	(33,592)	16,600
Other financing sources (uses):				
Other financing sources – proceeds from notes payable	(12,383)	12,383	-	-
Operating transfer in (out)	(244,405)	244,405	-	-
Total other financing sources (uses)	(256,788)	256,788	-	-
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	108,131	(141,723)	(33,592)	16,600
Fund balance at January 1, 2002	718,214	142,419	860,633	844,033
Fund balance at December 31, 2002	\$ 826,345	\$ 696	\$ 827,041	\$ 860,633

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Alamo Area Council of Governments

Combined Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund

Year Ended December 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Local	\$ -	\$ 13,000	\$ 13,000
Program income	34,835	34,835	-
State planning grant	176,729	182,447	5,718
Member dues	211,763	209,907	(1,856)
Interest income	9,404	4,134	(5,270)
Other	-	25	25
	<u>432,731</u>	<u>444,348</u>	<u>11,617</u>
Total revenue			
Expenditures:			
Personnel	5,327	1,639	3,688
Employee benefits	1,385	427	958
Contractual services	65,599	2,925	62,674
Travel	14,500	10,722	3,778
Space and utilities	186	390	(204)
Materials and supplies	300	2,621	(2,321)
Printing and reproduction	500	1,867	(1,367)
Communications	340	286	54
Postage	300	186	114
Professional dues	15,000	13,917	1,083
Meeting others	11,512	9,575	1,937
Unallocated	-	39	(39)
Debt service:			
Principal	31,459	31,459	-
Interest	3,376	3,376	-
	<u>149,784</u>	<u>79,429</u>	<u>70,355</u>
Total expenditures			
Excess of revenue over expenditures	<u>282,947</u>	<u>364,919</u>	<u>81,972</u>
Other financing sources (uses):			
Operating transfers (out) – other financing sources	-	(12,383)	(12,383)
Operating transfer (out)	(282,947)	(244,405)	38,542
	<u>(282,947)</u>	<u>(256,788)</u>	<u>26,159</u>
Total other financing sources (uses)			
Excess of revenue and other financing sources over expenditures and other financing uses	-	108,131	108,131
Fund balance at January 1, 2002	<u>718,214</u>	<u>718,214</u>	<u>-</u>
Fund balance at December 31, 2002	<u>\$ 718,214</u>	<u>\$ 826,345</u>	<u>\$ 108,131</u>

The accompanying notes are an integral part of this statement.

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Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note A – Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying general purpose financial statements is as follows:

1. General

Alamo Area Council of Governments (“AACOG”) is a voluntary association of local governments. Established in 1967, AACOG assists local governments in planning for common needs, cooperating for mutual benefit, and coordinating for systematic development. Operations of AACOG are a 12-county area in South Central Texas. AACOG is political subdivision of the state of Texas under enabling legislation, Local Government Code, Chapter 391, Regional Planning Commission. It does not have any legislative or taxing authority and is not subject to income taxes. Its basic operations are financed by membership dues and financial assistance provided by the state of Texas. These funds are supplemented by federal and state-administered grant funds awarded to AACOG for specific programs.

2. Reporting Entity

The reporting entity consists of the primary government, AACOG, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s general purpose financial statements to be misleading or incomplete.

Financial accountability exists if a primary government appoints a voting majority of an organization’s governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the primary government.

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note A – Summary of Significant Accounting Policies (continued)

In accordance with Government Accounting Standards Board requirements, AACOG has reviewed other entities and activities for possible inclusion in the reporting entity. Based on this review, the following organization has been included in the financial reporting entity:

Blended Component Unit

During 1995, AACOG formed a nonprofit organization, Alamo Area Development Corporation (“AADC”). AADC is governed by a Board of five directors which are also members of the governing body of AACOG. During 1998, AADC contracted with Alamo Workforce Development, Inc. to administer various grant programs, consisting primarily of Texas Workforce Commission grants, as presented on the accompanying Schedule of Expenditures of Federal and State Awards. AADC is presented as a Special Revenue Fund in the financial statements. Complete financial statements may be obtained at the entity’s administrative office.

3. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available, the accounts of AACOG are maintained in accordance with the principles of fund accounting. This is a procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying general purpose financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group. AACOG’s activities are classified into the following fund types and account groups as follows:

Governmental Fund Types

General Fund

The General Fund accounts for the resources used to finance the fundamental operations of AACOG. It is the basic fund of AACOG and covers all activities for which a Special Revenue Fund has not been established.

Special Revenue Funds

These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note A – Summary of Significant Accounting Policies (continued)

Fiduciary Fund Type

Agency Fund

This type of fund accounts for the receipt and disbursement of cash and other resources for which AACOG acts as an agent. The Employee Fund is accounted for in this category. This fund accounts for amounts deducted from employees' earnings that are used for various special purposes at their discretion.

Account Groups

General Fixed Assets

This account group is used to record the general fixed assets owned by AACOG. Expenditure transactions to acquire general fixed assets occur in the General Fund and Special Revenue Funds. The General Fixed Assets Account Group displays the original cost of furniture, equipment, vehicles, and software.

General Long-Term Debt

This account group records the principal outstanding on all general long-term debt and is offset by the amount to be provided in future years.

4. Financial Reporting and Comparative Data

The general purpose financial statements show the basic financial statements of AACOG by providing a combined overview of financial position and results of operations of AACOG. The total "memo only" columns in these statements are presented for overview information purposes only and are not meant to fairly present financial position or results of operations for AACOG as a whole in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note A – Summary of Significant Accounting Policies (continued)

Comparative data for the prior year has been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in AACOG's financial position and operations. However, complete comparative data (i.e., presentation of prior year totals by fund type) has not been presented in each of the statements since its inclusion would make the statements unduly complex and difficult to read. Certain reclassifications have been made to prior comparative data to conform to the current year presentation.

5. Basis of Accounting

The accounting and financial reporting treatment applied to a fund type is determined by its measurement focus. AACOG's Governmental Funds (General Fund and Special Revenue Funds) are accounted for by using the modified accrual basis of accounting and utilizing a financial resources measurement focus. Under this method, revenue is recognized when it becomes both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period when the related fund liability is incurred.

6. Measurement Focus

The Governmental Fund types (General and Special Revenue) are accounted for on a "spending" measurement focus. This means that only current assets and current liabilities are included on the balance sheet and the fund balance is a measure of "available resources," or net current assets. The Government Fund type operating statements present the increases (revenue and other sources) and decreases (expenditures and other uses) in the net current assets; the operating statements thus summarize both sources and uses.

7. Annual Budgets

AACOG prepares annual operating budgets for the General Fund and Special Revenue Funds which are approved by the Executive Board. They are prepared from the best information available and are subject to change since the primary funding sources of AACOG are federal, state, and local grants whose grant periods may or may not coincide with AACOG's fiscal year. Also, the grant amounts may change or additional grants may be added due to grant funding agency governments; therefore, grant amounts awarded have to be converted to AACOG's fiscal year and grant revenue amounts estimated may change. AACOG has no taxing or oversight authority.

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note A – Summary of Significant Accounting Policies (continued)

Accordingly, the budgetary process is not one which culminates in an appropriation bill or ordinance enacted into law. Further, although the annual budgets are prepared and approved by the Board, greater emphasis is placed on complying with grant terms and conditions on a grant-by-grant basis for the various grants awarded to AACOG. The annual budget is a management tool that is used to facilitate analysis of financial operations for the fiscal year. Since grant years differ from AACOG's year-end, the budgets for the Special Revenue Funds span across more than one year. Because of this, only the General Fund budget is presented.

8. Indirect Costs and Fringe Benefit and Leave Pool Allocations

General administrative and employee fringe benefits costs are recorded in cost pools. The costs are partially recovered from Special Revenue Funds based on negotiated indirect and fringe benefit rates. These rates are negotiated with the Texas Department on Aging ("TDOA"), which is AACOG's designated state cognizant agency for the negotiation and approval of indirect and fringe benefit rates for use on federal grants. Indirect costs are defined by the U.S. Office of Management and Budget Circular A-87 as costs "(a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objective specifically benefited, without effort disproportionate to the results achieved." AACOG uses a fixed-rate plus carryforward provision. The rates are submitted with the cognizant agency on an annual basis, based on projected costs submitted on a cost allocation plan for indirect fringe benefit and leave pool costs. The negotiated rates approved are used for billing purposes. Final costs not recovered by the billing rates are allowed by the oversight federal agency to be recovered in succeeding years.

9. Investments

Investments consist of accounts in the Texas Local Government Investment Pool ("TexPool") which are valued at fair value.

10. Due From Grantor Agencies

Due from grantor agencies consists of receivables for reimbursement from federal, state, and local agencies under various grants and programs. Management believes that all amounts are collectible.

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note A – Summary of Significant Accounting Policies (continued)

11. Over-Recovered Employee Benefits and Indirect Costs

Over-recovered employee benefits and indirect costs consist of costs incurred for employee benefits and general administrative costs. This liability will be reduced in succeeding years through AACOG's indirect and fringe benefit rate. Total employee benefits and indirect costs of \$286,519 were over-recovered as of December 31, 2002. The total over-recovered employee benefits and indirect costs amount does not include \$167,031 of unused vacation liability (see note 13 below).

12. Fixed Assets

Fixed assets are shown at original cost. Donated assets are valued at the fair market value on the date donated. Costs incurred for the purchase of general fixed assets are recorded as capital outlay expenditures in the General and Special Revenue Funds. All such costs are capitalized in the General Fixed Assets Account Group. No depreciation is provided for on the general fixed assets of AACOG.

13. Vacation and Personal Leave

AACOG allows employees to accumulate and carry forward a maximum of 280 hours of vacation leave. Upon termination, AACOG pays accrued vacation leave up to 280 hours. Personal leave is used for an employee's illnesses and other specified personal time off. Personal leave is accrued based on years of service. At the end of each calendar year, unused personal leave may be converted to vacation or paid in cash. At December 31, 2002, AACOG had a liability for unused vacation of \$167,031. All accrued leave is included in the General Fund because any noncurrent portion would not be considered material.

14. Deferred Revenue

Deferred revenue arises principally from grant proceeds that exceed current grant expenditures and are not considered "available" to finance expenditures of the current period.

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note A – Summary of Significant Accounting Policies (continued)

15. Revenue

Federal and State Grant Revenue – Generally, grant revenue is earned and recognized when program expenditures have been incurred in conformance with grant agreements.

State Planning Awards – State planning awards revenue is recognized upon notification of the award amount since the amounts are measurable and collectible within the current period.

Member Government Dues – Member dues are set annually by AACOG Bylaws and are recognized as revenue when assessed because they are measurable and collectible within the current period.

Local Contributed Cash – Contributions from local governments and other program participants are recognized as revenue when grant expenditures are incurred.

In-Kind Contributed Services – Contributed services are provided by individual, private organizations, and local governments. Such services are used to match federal funding on various grants and are recorded as revenue and expenditures in accordance with the requirements of the individual grants. Contributed services are recorded at the estimated fair value at time of receipt of service.

Note B – Cash and Investments

Cash

AACOG's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with AACOG's agent bank, approved pledged securities in an amount sufficient to protect AACOG's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash includes amounts in demand deposits at the depository bank. At December 31, 2002, the carrying amount of the Council's bank deposits was \$1,028,314 and the bank balance was \$1,193,176. AACOG also had \$300 in petty cash. AACOG's cash deposits at December 31, 2002 were entirely covered by FDIC insurance or by pledged collateral held by AACOG's agent bank. The deposits were collateralized in accordance with Texas law.

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note B – Cash and Investments (continued)

Cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

- Category 1: Deposits which are insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2: Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3: Deposits which are not collateralized.

Based on these three levels of risk, the cash deposits are classified as Category 1.

Investments

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

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note B – Cash and Investments (continued)

Similar to cash deposits, investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are as follows:

- Category 1: Investments which are insured, registered, or held by AACOG or by its agent in AACOG's name.
- Category 2: Investments which are uninsured and unregistered held by the counterparty's trust department or agent in AACOG's name.
- Category 3: Uninsured and unregistered investments held by the counterparty, its trust department, or its agent, but not in AACOG's name.

AACOG's temporary investments, which were recorded at cost, at December 31, 2002 were as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Investments not subject to categorization:		
Investment pools	\$ <u>1,087,819</u>	\$ <u>1,087,819</u>

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note C – Interfund Receivables and Payables

The following is a summary of due from and due to other funds at December 31, 2002:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ <u>706,403</u>	\$ <u>-</u>
Special Revenue Funds:		
AADC Pass Through	-	893,847
Metropolitan Planning	-	49,329
TRW/Randolph	1,569	-
Governor’s Office of General Counsel and Criminal Justice	110,154	-
Economic Development Administration	1,018	-
Texas Department of Transportation – 5311	87,042	34,533
Texas Department of Transportation – Rideshare	-	11,032
AACOG Local Tourism	1,210	-
Texas Natural Resource Conservation Commission	123,771	157,289
AACOG Local Conference	4,044	-
U.S. Department of Housing and Urban Development	-	37,533
Texas Department of Housing and Community Affairs – WX	61,135	22,716
Commission on State Emergency Communications	139,063	-
Texas Department on Aging – Alamo	-	76,740
Texas Department on Aging – Bexar	41,552	10,387
Local GIS	28,198	-
EPA	-	1,487
Clean Cities Program	-	3,656
Rape Crisis Center	-	5,613
U.S. Geological Survey	123	-
CAPCO	471	-
Disaster Mitigation	-	104
United Way	-	52
Remote Sensing	241	-
Crime Stoppers	-	181
Office of Rural Community Affairs	-	1,495
	<u>599,591</u>	<u>1,305,994</u>
	\$ <u><u>1,305,994</u></u>	\$ <u><u>1,305,994</u></u>

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note D – Changes in General Fixed Assets

The following is a summary of changes in AACOG's general fixed assets:

	<u>Furniture</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Software</u>	<u>Total</u>
Balance at January 1, 2002	\$ 131,152	\$ 1,290,437	\$ 1,261,007	\$ 202,984	\$ 2,885,580
Additions	7,216	238,892	415,760	49,367	711,235
Deletions	<u>-</u>	<u>(2,706)</u>	<u>-</u>	<u>-</u>	<u>(2,706)</u>
Balance at December 31, 2002	<u>\$ 138,368</u>	<u>\$ 1,526,623</u>	<u>\$ 1,676,767</u>	<u>\$ 252,351</u>	<u>\$ 3,594,109</u>

Note E – Notes Payable

Notes payable outstanding as of December 31, 2002 consisted of the following:

<u>Lender</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Amount Issued</u>	<u>Description of Collateral</u>	<u>Balance Outstanding</u>
Bank One	8.5%	12/21/02	\$ 8,927	Vehicle	\$ -
Bank One	8.5%	05/28/00	60,711	Telephone equipment	175
Bank One	8.5%	01/08/03	9,557	Vehicle	-
Bank One	8.5%	02/08/04	19,114	Vehicle	5,171
Bank One	8.5%	10/22/03	25,914	Vehicle	5,798
Bank One	8.5%	11/28/05	52,553	Vehicle	38,318
Bank One	8.5%	07/11/05	13,000	CCSCT Nutrition	<u>11,194</u>
					<u>\$ 60,656</u>

Changes in notes payable during the year are summarized below:

	<u>Balance Outstanding January 1, 2002</u>	<u>Issued During Year</u>	<u>Retired During Year</u>	<u>Balance Outstanding December 31, 2002</u>
Notes payable	<u>\$ 79,115</u>	<u>\$ 13,000</u>	<u>\$ 31,459</u>	<u>\$ 60,656</u>

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note E – Notes Payable (continued)

The notes payable mature through 2005 as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2003	\$ 28,073
2004	18,011
2005	<u>14,572</u>
	<u>\$ 60,656</u>

Note F – Operating Leases

AACOG is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in AACOG's General Fixed Assets Account Group. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2002:

<u>Year Ending December 31,</u>	<u>Total</u>
2003	\$ 437,444
2004	472,732
2005	502,028
2006	518,008
Thereafter	<u>442,770</u>
	<u>\$ 2,372,982</u>

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note G – Deferred Compensation Plan

AACOG has adopted two separate U.S. Internal Revenue Code (“IRC”) Section 457 State and Local Government Employee Deferred Compensation Plans. One is sponsored by the National Association of Counties (“NACO”) and administered by the Public Employee Benefit Services Corporation (“PEBSCO”). The other is administered by the ICMA Retirement Corporation. The plans are voluntary, intended solely for the benefit of the employees and their beneficiaries, and are designed primarily to allow tax-free deferral of a portion of an employee’s salary. For each employee, AACOG contributes 0.85% toward his or her plan and matches the employee’s contribution up to 6% (3% employee and 3% AACOG).

Note H – Employee Pension Plan

Defined Benefit Plan

AACOG provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 502 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a comprehensive annual financing report (“CAFR”) on a calendar year basis. The CAFR is available upon written request from the TCDRS State Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Plan Description

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (“TCDRS Act”). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more years. Members are vested after 10 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note H – Employee Pension Plan (continued)

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The employer has elected the annually determined contribution rate ("ADCR") plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 6.8% for calendar year 2002. The contribution rate payable by the employee members is the rate of 4.00% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the employer's accounting year ending December 31, 2002, the annual pension cost for the TCDRS plan for its employees was \$328,587, and the actual contributions were \$328,587.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2001, the basis for determining the contribution rate for calendar year 2002. The December 31, 2001 actuarial valuation is the most recent valuation.

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note H – Employee Pension Plan (continued)

Actuarial Valuation Information			
Actuarial valuation date	12/31/99	12/31/00	12/31/01
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of open payroll, open	Level percentage of open payroll, open	Level percentage of open payroll, open
Amortization period in years	20.0	20.0	20.0
Asset valuation method	Long-term appreciation for adjustment	Long-term appreciation for adjustment	Long-term appreciation for adjustment
Actuarial assumptions:			
Investment return*	8.00%	8.00%	8.00%
Projected salary increases*	5.90%	5.90%	5.50%
Inflation	4.00%	4.00%	3.50%
Cost-of-living adjustments	-	-	-

*Includes inflation at the stated rate

Trend Information for the Retirement Plan for the Employees of Alamo Area Council of Governments

Accounting Year Ending	Annual Pension Cost ("APC")	Percentage of APC Contributed	Net Pension Obligation
12/31/00	\$ 288,312	100%	-
12/31/01	294,169	100%	-
12/31/02	328,587	100%	-

Transition Disclosure – It was determined in accordance with GASB Statement No. 27 that the pension liability was zero at the transition to that statement effective at the beginning of this accounting year, because all actuarially required contributions for the accounting years beginning in 1987 up to the beginning of this accounting year have been paid. There was no previously reported pension liability before the transition. Therefore, the difference between the pension liability at transition and the previously reported liability is zero.

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note H – Employee Pension Plan (continued)

Schedule of Funding Progress for the Retirement Plan for the Employees of Alamo Area Council of Governments

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability ("AAL") (b)	Unfunded AAL ("UAAL") (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1996	\$1,062,926	\$1,945,020	\$882,094	54.65%	\$1,535,215	57.46%
1997 (2)	1,301,945	2,161,564	859,619	60.23%	1,697,342	50.65%
1998	1,602,737	2,446,830	844,093	65.50%	2,085,171	40.48%
1999	1,927,029	2,714,483	787,454	70.99%	2,644,767	29.77%
2000	2,294,860	3,060,598	765,738	74.98%	2,968,433	25.80%
2001	2,812,495	3,642,252	829,757	77.22%	4,390,848	18.90%

- (1) The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.
- (2) Revised economic and demographic assumptions due to an experience review were reflected in this valuation.

Note I – Delegate Agency Costs and Contingencies

AACOG contracts with various local governments and other agencies to perform specific services under grants awarded to it. Disbursements to these agencies are made based on monthly performance or expenditure reports. Each subgrantee expending in excess of \$300,000 in federal awards is required to have an independent audit of these funds in accordance with the requirements of the Single Audit Act of 1984 and submit a copy of the report to AACOG. If such audit report discloses expenditures or performance not in accordance with the grant agreements, the grantor agency could disallow the cost reimbursement and require reimbursement of the disallowed costs. AACOG generally has the right of recovery from subgrantees for disallowed costs. For the year ended December 31, 2002, AACOG had not received all the audit reports due from its subgrantees. However, based on prior experience, management does not believe AACOG will incur any significant losses from audit disallowances.

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2002

Note J – Risk Management

AACOG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which AACOG carries insurance. There have been no significant reductions in insurance coverage for these risks of loss since the prior year, and there have been no settlements in excess of the insurance coverage for any of the past three fiscal years.

AACOG contracts with the Texas Municipal League ("TML") Intergovernmental Risk Pool to provide for its workers' compensation, general and auto liability, and property insurance coverages. Contributions are set annually by TML.

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Combining Statements and Supplemental Schedules

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Governmental Fund Types

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SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Alamo Area Council of Governments

Combining Balance Sheet – All Special Revenue Funds

December 31, 2002
(With Comparative Totals for December 31, 2001)

Assets	<u>Alamo Area Development Corporation</u>	<u>AADC Pass Through</u>	<u>Metropolitan Planning</u>	<u>TRW/ Randolph</u>
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Grantor agencies	696	953,233	53,662	-
Other	-	-	-	-
Due from other funds	-	-	-	1,569
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 696	\$ 953,233	\$ 53,662	\$ 1,569
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	\$ 59,386	\$ 3,366	\$ -
Due to:				
Subgrantee agencies	-	-	-	-
Other funds	-	893,847	49,329	-
Deferred revenue	-	-	967	1,569
	<hr/>	<hr/>	<hr/>	<hr/>
	-	953,233	53,662	1,569
	<hr/>	<hr/>	<hr/>	<hr/>
Fund equity:				
Unreserved fund balance	696	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund equity	696	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	\$ 696	\$ 953,233	\$ 53,662	\$ 1,569
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>AACOG Local TDHS</u>	<u>AACOG Local Workstudy</u>	<u>Governor's Office of General Counsel and Criminal Justice</u>	<u>Economic Development Administration</u>	<u>Texas Department of Transportation – 5311</u>	<u>Texas Department of Transportation – Rideshare</u>	<u>AACOG Local Tourism</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	148,946	-	468,688	20,552	-
-	-	57,569	-	4,610	-	-
-	-	110,154	1,018	87,042	-	1,210
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,669</u>	<u>\$ 1,018</u>	<u>\$ 560,340</u>	<u>\$ 20,552</u>	<u>\$ 1,210</u>

\$ -	\$ -	\$ 37,702	\$ 14	\$ 325,660	\$ 1,666	\$ 32
-	-	-	-	167,299	-	-
-	-	-	-	34,533	11,032	-
-	-	278,967	1,004	32,848	7,854	1,178
-	-	316,669	1,018	560,340	20,552	1,210
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,669</u>	<u>\$ 1,018</u>	<u>\$ 560,340</u>	<u>\$ 20,552</u>	<u>\$ 1,210</u>

(Continued)

Alamo Area Council of Governments

Combining Balance Sheet – All Special Revenue Funds – Continued

December 31, 2002
(With Comparative Totals for December 31, 2001)

Assets	<u>Texas Water Development Board</u>	<u>Texas Natural Resource Conservation Commission</u>	<u>AACOG Local Conference</u>	<u>U.S. Department of Housing and Urban Development</u>
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	404,275	-	35,212
Receivables:				
Grantor agencies	-	181,141	-	38,172
Other	-	-	-	-
Due from other funds	-	123,771	4,044	-
Total assets	<u>\$ -</u>	<u>\$ 709,187</u>	<u>\$ 4,044</u>	<u>\$ 73,384</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	\$ 6,700	\$ -	\$ 14,542
Due to:				
Subgrantee agencies	-	-	-	-
Other funds	-	157,289	-	37,533
Deferred revenue	-	545,198	4,044	21,309
	<u>-</u>	<u>709,187</u>	<u>4,044</u>	<u>73,384</u>
Fund equity:				
Unreserved fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ 709,187</u>	<u>\$ 4,044</u>	<u>\$ 73,384</u>

<u>Texas Department of Housing and Community Affairs – WX</u>	<u>Commission on State Emergency Communications</u>	<u>Texas Department on Aging – Alamo</u>	<u>Texas Department on Aging – Bexar</u>	<u>Texas Photo Chemical</u>	<u>Local GIS</u>	<u>EPA</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	550,726	-	-	-	-	-
145,456	(19,243)	359,727	990,852	-	-	2,096
-	-	-	-	-	-	-
<u>61,135</u>	<u>139,063</u>	<u>-</u>	<u>41,552</u>	<u>-</u>	<u>28,198</u>	<u>-</u>
<u>\$ 206,591</u>	<u>\$ 670,546</u>	<u>\$ 359,727</u>	<u>\$ 1,032,404</u>	<u>\$ -</u>	<u>\$ 28,198</u>	<u>\$ 2,096</u>
\$ 1,791	\$ 177,319	\$ 11,502	\$ 128,847	\$ -	\$ 5,285	\$ -
156,926	-	262,035	879,009	-	-	-
22,716	-	76,740	10,387	-	-	1,487
25,158	493,227	9,450	14,161	-	22,913	609
<u>206,591</u>	<u>670,546</u>	<u>359,727</u>	<u>1,032,404</u>	<u>-</u>	<u>28,198</u>	<u>2,096</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 206,591</u>	<u>\$ 670,546</u>	<u>\$ 359,727</u>	<u>\$ 1,032,404</u>	<u>\$ -</u>	<u>\$ 28,198</u>	<u>\$ 2,096</u>

(Continued)

Alamo Area Council of Governments

Combining Balance Sheet – All Special Revenue Funds – Continued

December 31, 2002
(With Comparative Totals for December 31, 2001)

Assets	<u>Clean Cities Program</u>	<u>Rape Crisis Center</u>	<u>U.S. Geological Survey</u>	<u>CAPCO</u>
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Grantor agencies	10,742	5,856	-	-
Other	-	-	-	-
Due from other funds	-	-	123	471
Total assets	\$ <u>10,742</u>	\$ <u>5,856</u>	\$ <u>123</u>	\$ <u>471</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	\$ 14	\$ -	\$ -
Due to:				
Subgrantee agencies	-	-	-	-
Other funds	3,656	5,613	-	-
Deferred revenue	<u>7,086</u>	<u>229</u>	<u>123</u>	<u>471</u>
	<u>10,742</u>	<u>5,856</u>	<u>123</u>	<u>471</u>
Fund equity:				
Unreserved fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund equity	\$ <u>10,742</u>	\$ <u>5,856</u>	\$ <u>123</u>	\$ <u>471</u>

<u>Disaster Mitigation</u>	<u>United Way</u>	<u>Remote Sensing</u>	<u>Crime Stoppers</u>	<u>Office of Rural Community Affairs</u>	<u>Totals (Memo Only)</u>	
					<u>December 31, 2002</u>	<u>December 31, 2001</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 272,405
-	-	-	-	-	990,213	1,218,206
104	2,594	-	181	1,495	3,364,950	3,402,531
-	-	-	-	-	62,179	36,486
-	-	241	-	-	599,591	1,258,008
<u>\$ 104</u>	<u>\$ 2,594</u>	<u>\$ 241</u>	<u>\$ 181</u>	<u>\$ 1,495</u>	<u>\$ 5,016,933</u>	<u>\$ 6,187,636</u>
\$ -	\$ 2,509	\$ -	\$ -	\$ -	\$ 776,335	\$ 480,638
-	-	-	-	-	1,465,269	1,775,406
104	52	-	181	1,495	1,305,994	2,265,358
-	33	241	-	-	1,468,639	1,523,815
<u>104</u>	<u>2,594</u>	<u>241</u>	<u>181</u>	<u>1,495</u>	<u>5,016,237</u>	<u>6,045,217</u>
-	-	-	-	-	696	142,419
-	-	-	-	-	696	142,419
<u>\$ 104</u>	<u>\$ 2,594</u>	<u>\$ 241</u>	<u>\$ 181</u>	<u>\$ 1,495</u>	<u>\$ 5,016,933</u>	<u>\$ 6,187,636</u>

Alamo Area Council of Governments

Combining Statement of Revenue, Expenditures, and Changes in Fund Balance – All Special Revenue Funds

Year Ended December 31, 2002
(With Comparative Totals for the Year Ended December 31, 2001)

	<u>Alamo Area Development Corporation</u>	<u>AADC Pass Through</u>	<u>Metropolitan Planning</u>	<u>TRW/ Randolph</u>
Revenue:				
Federal	\$ 4,218,070	\$ -	\$ 331,218	\$ -
State	-	-	-	-
Local	187	-	-	-
Delegate agency:				
Cash match	-	-	-	-
In-kind match	-	-	-	-
Program income	-	-	-	-
Program income	-	-	-	-
Total revenue	<u>4,218,257</u>	<u>-</u>	<u>331,218</u>	<u>-</u>
Expenditures:				
Personnel	-	2,233,186	161,744	-
Employee benefits	-	552,766	42,053	-
Contractual services	600,898	226,217	18,582	-
Travel	-	132,650	402	-
Space and utilities	-	62,248	27,073	-
Materials and supplies	(403)	126,915	2,773	-
Health and safety	-	-	-	-
Equipment	-	27,466	119	-
Public notices	-	14,835	-	-
Insurance and bonding	-	-	-	-
Printing and reproduction	-	10,793	308	-
Maintenance and repair	-	12,976	7,899	-
Equipment rental	-	803	-	-
Communications	-	58,880	17,509	-
Conferences/staff development	-	-	-	-
Recruitment	-	-	-	-
Postage	-	9,753	24	-
Publications	-	2,392	-	-
Professional dues	-	1,692	-	-
Contractual nutrition/social services	-	12,878	-	-
Training in/out of region	-	8,416	-	-
Tuition – staff	-	-	-	-
Meeting others	-	164	-	-
Other	-	-	-	-
Indirect cost allocation	-	174,158	52,732	-
Total expenditures	<u>600,495</u>	<u>3,669,188</u>	<u>331,218</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>3,617,762</u>	<u>(3,669,188)</u>	<u>-</u>	<u>-</u>

<u>AACOG Local TDHS</u>	<u>AACOG Local Workstudy</u>	<u>Governor's Office of General Counsel and Criminal Justice</u>	<u>Economic Development Administration</u>	<u>Texas Department of Transportation – 5311</u>	<u>Texas Department of Transportation – Rideshare</u>	<u>AACOG Local Tourism</u>
\$ -	\$ -	\$ 153,411	\$ 50,002	\$ 1,001,365	\$ 139,402	\$ -
-	-	928,307	-	437,765	-	-
-	-	-	-	-	-	1,472
-	-	-	-	513,165	-	-
-	-	-	-	-	32,085	-
-	-	-	-	-	-	-
-	-	88,846	-	21,912	-	-
-	-	<u>1,170,564</u>	<u>50,002</u>	<u>1,974,207</u>	<u>171,487</u>	<u>1,472</u>
2,957	-	284,502	38,521	95,967	42,701	3,110
765	-	73,974	10,016	24,951	11,102	808
-	-	241,410	-	85,504	74,409	211
-	-	8,318	1,218	3,406	481	149
1,058	-	109,280	2,539	12,931	8,366	279
326	-	59,847	517	1,931	1,002	281
-	-	-	-	-	-	-
-	-	50,983	-	276,902	1,886	-
-	-	5,929	-	8,385	-	-
-	-	3,495	-	56,413	-	-
2,304	-	51,868	858	2,308	2,234	196
-	-	15,264	-	-	-	-
-	-	-	-	-	-	-
682	-	32,312	2,240	8,682	6,954	180
-	-	-	-	-	-	-
-	-	-	-	-	-	-
183	-	3,993	101	525	721	195
-	-	878	-	-	-	-
-	-	-	-	-	100	-
-	-	-	-	1,364,923	-	-
-	-	10,626	-	1,415	-	-
-	-	-	-	-	-	-
-	-	460	14	15	-	483
-	-	-	-	-	-	-
<u>1,573</u>	<u>-</u>	<u>166,312</u>	<u>10,645</u>	<u>52,844</u>	<u>21,531</u>	<u>1,119</u>
<u>9,848</u>	<u>-</u>	<u>1,119,451</u>	<u>66,669</u>	<u>1,997,102</u>	<u>171,487</u>	<u>7,011</u>
<u>(9,848)</u>	<u>-</u>	<u>51,113</u>	<u>(16,667)</u>	<u>(22,895)</u>	<u>-</u>	<u>(5,539)</u>

(Continued)

Alamo Area Council of Governments

Combining Statement of Revenue, Expenditures, and Changes in Fund Balance – All Special Revenue Funds – Continued

Year Ended December 31, 2002
(With Comparative Totals for the Year Ended December 31, 2001)

	<u>Alamo Area Development Corporation</u>	<u>AADC Pass Through</u>	<u>Metropolitan Planning</u>	<u>TRW/ Randolph</u>
Other financing sources (uses):				
Other financing sources – proceeds from notes payable	\$ -	\$ -	\$ -	\$ -
Operating transfer in	51,113	3,669,188	-	-
Operating transfer (out)	<u>(3,669,188)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,618,075)</u>	<u>3,669,188</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	(313)	-	-	-
Fund balance at January 1, 2002	<u>1,009</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at December 31, 2002	<u>\$ 696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>AACOG Local TDHS</u>	<u>AACOG Local Workstudy</u>	<u>Governor's Office of General Counsel and Criminal Justice</u>	<u>Economic Development Administration</u>	<u>Texas Department of Transportation – 5311</u>	<u>Texas Department of Transportation – Rideshare</u>	<u>AACOG Local Tourism</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,848	-	-	16,667	22,895	-	5,539
<u>-</u>	<u>-</u>	<u>(51,113)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,848</u>	<u>-</u>	<u>(51,113)</u>	<u>16,667</u>	<u>22,895</u>	<u>-</u>	<u>5,539</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Alamo Area Council of Governments

Combining Statement of Revenue, Expenditures, and Changes in Fund Balance – All Special Revenue Funds – Continued

Year Ended December 31, 2002
(With Comparative Totals for the Year Ended December 31, 2001)

	<u>Texas Water Development Board</u>	<u>Texas Natural Resource Conservation Commission</u>	<u>AACOG Local Conference</u>	<u>U.S. Department of Housing and Urban Development</u>
Revenue:				
Federal	\$ -	\$ 5,235	\$ -	\$ 317,047
State	-	1,433,340	-	-
Local	-	273	4,865	-
Delegate agency:				
Cash match	-	-	-	-
In-kind match	-	688	-	-
Program income	-	-	-	-
Program income	-	-	-	-
Total revenue	<u>-</u>	<u>1,439,536</u>	<u>4,865</u>	<u>317,047</u>
Expenditures:				
Personnel	-	379,687	-	21,244
Employee benefits	-	98,718	-	5,523
Contractual services	-	599,514	-	275,171
Travel	-	19,043	-	137
Space and utilities	-	56,963	-	4,459
Materials and supplies	-	11,705	-	78
Health and safety	-	-	-	-
Equipment	-	78,526	-	-
Public notices	-	5,263	-	1,289
Insurance and bonding	-	-	-	-
Printing and reproduction	-	16,187	289	691
Maintenance and repair	-	-	-	-
Equipment rental	-	-	-	-
Communications	-	38,530	-	3,202
Conferences/staff development	-	-	-	-
Recruitment	-	-	-	-
Postage	-	3,528	-	146
Publications	-	-	-	-
Professional dues	-	318	-	165
Contractual nutrition/social services	-	-	-	-
Training in/out of region	-	2,020	-	1,775
Tuition – staff	-	-	-	-
Meeting others	-	273	4,580	-
Other	-	-	-	-
Indirect cost allocation	-	129,261	1	3,167
Total expenditures	<u>-</u>	<u>1,439,536</u>	<u>4,870</u>	<u>317,047</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>-</u>

<u>Texas Department of Housing and Community Affairs – WX</u>	<u>Commission on State Emergency Communications</u>	<u>Texas Department on Aging – Alamo</u>	<u>Texas Department on Aging – Bexar</u>	<u>Texas Photo Chemical</u>	<u>Local GIS</u>	<u>EPA</u>
\$ 616,363	\$ -	\$ 1,956,876	\$ 5,667,242	\$ -	\$ -	\$ 17,040
-	1,215,036	182,746	393,686	77,364	-	-
209,650	-	-	-	-	-	19,724
-	-	245,211	636,150	-	-	-
-	-	530,523	236,795	-	-	-
-	-	179,222	327,857	-	-	-
-	-	2,231	-	-	15,699	-
<u>826,013</u>	<u>1,215,036</u>	<u>3,096,809</u>	<u>7,261,730</u>	<u>77,364</u>	<u>15,699</u>	<u>36,764</u>
152,245	51,422	235,646	485,323	-	-	1,175
39,584	13,371	61,268	126,183	-	-	306
188,694	3,594	11,838	18,933	77,364	-	24,550
11,256	1,326	16,920	11,491	-	1,632	-
19,411	6,574	29,265	65,599	-	-	260
301,217	5,659	7,587	20,789	-	1,330	12
34,119	-	-	-	-	-	-
16,228	55,867	79,897	19,485	-	369	-
-	2,220	6,557	9,522	-	-	-
-	-	2,231	-	-	-	-
2,120	925	18,152	24,461	-	115	6,127
21	-	5,016	4,139	-	10,579	-
-	-	-	-	-	-	-
13,613	4,475	25,672	44,762	-	(1,457)	123
-	-	-	-	-	-	-
-	-	-	-	-	-	-
683	400	3,675	6,791	-	113	145
155	19	4,723	9,757	-	61	-
195	175	1,480	1,885	-	260	-
-	1,197,048	2,503,192	6,252,608	-	-	-
-	1,175	3,077	14,244	-	-	-
308	-	1,473	-	-	-	-
-	-	753	3,232	-	250	-
-	-	-	5,019	-	-	-
46,164	12,196	148,040	254,582	-	2,447	4,248
<u>826,013</u>	<u>1,356,446</u>	<u>3,166,462</u>	<u>7,378,805</u>	<u>77,364</u>	<u>15,699</u>	<u>36,946</u>
-	(141,410)	(69,653)	(117,075)	-	-	(182)

(Continued)

Alamo Area Council of Governments

**Combining Statement of Revenue, Expenditures, and Changes in Fund Balance –
All Special Revenue Funds – Continued**

Year Ended December 31, 2002
(With Comparative Totals for the Year Ended December 31, 2001)

	<u>Texas Water Development Board</u>	<u>Texas Natural Resource Conservation Commission</u>	<u>AACOG Local Conference</u>	<u>U.S. Department of Housing and Urban Development</u>
Other financing sources (uses):				
Other financing sources – proceeds from notes payable	\$ -	\$ -	\$ -	\$ -
Operating transfer in	-	-	5	-
Operating transfer (out)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>
Total other financing sources (uses)				
Excess of revenue and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balance at January 1, 2002	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at December 31, 2002	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<u>Texas Department of Housing and Community Affairs – WX</u>	<u>Commission on State Emergency Communications</u>	<u>Texas Department on Aging – Alamo</u>	<u>Texas Department on Aging – Bexar</u>	<u>Texas Photo Chemical</u>	<u>Local GIS</u>	<u>EPA</u>
\$ -	\$ -	\$ 12,383	\$ -	\$ -	\$ -	\$ -
-	-	57,270	117,075	-	-	182
-	-	-	-	-	-	-
-	-	<u>69,653</u>	<u>117,075</u>	-	-	<u>182</u>
-	(141,410)	-	-	-	-	-
-	<u>141,410</u>	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Alamo Area Council of Governments

Combining Statement of Revenue, Expenditures, and Changes in Fund Balance – All Special Revenue Funds – Continued

Year Ended December 31, 2002
(With Comparative Totals for the Year Ended December 31, 2001)

	Clean Cities Program	Rape Crisis Center	U.S. Geological Survey	CAPCO
Revenue:				
Federal	\$ -	\$ 22,823	\$ -	\$ -
State	58,039	-	-	2,012
Local	1,956	-	-	-
Delegate agency:				
Cash match	-	-	-	-
In-kind match	-	-	-	-
Program income	-	-	-	-
Program income	-	-	-	-
	59,995	22,823	-	2,012
Total revenue				
Expenditures:				
Personnel	32,091	8,960	-	1,190
Employee benefits	8,344	2,330	-	309
Contractual services	-	320	-	-
Travel	1,957	269	-	-
Space and utilities	3,505	2,794	-	95
Materials and supplies	176	2,112	-	-
Health and safety	-	-	-	-
Equipment	165	-	-	-
Public notices	-	-	-	-
Insurance and bonding	-	-	-	-
Printing and reproduction	50	336	-	35
Maintenance and repair	-	-	-	-
Equipment rental	-	-	-	-
Communications	2,208	1,605	-	61
Conferences/staff development	-	-	-	-
Recruitment	-	-	-	-
Postage	88	67	-	-
Publications	-	-	-	-
Professional dues	-	-	-	-
Contractual nutrition/social services	-	-	-	-
Training in/out of region	215	380	-	-
Tuition – staff	-	-	-	-
Meeting others	-	-	-	-
Other	1,644	-	-	-
Indirect cost allocation	9,552	3,650	-	322
	59,995	22,823	-	2,012
Total expenditures				
Excess (deficiency) of revenue over (under) expenditures	-	-	-	-

<u>Disaster Mitigation</u>	<u>United Way</u>	<u>Remote Sensing</u>	<u>Crime Stoppers</u>	<u>Office of Rural Community Affairs</u>	<u>Totals (Memo Only)</u>	
					<u>December 31, 2002</u>	<u>December 31, 2001</u>
\$ 104	\$ -	\$ -	\$ -	\$ 15,029	\$ 14,511,227	\$ 12,877,893
-	-	-	-	-	4,728,295	4,490,494
-	15,609	14,659	-	-	268,395	108,856
-	-	-	-	-	1,394,526	3,470,666
-	-	-	-	-	800,091	241,526
-	-	-	-	-	507,079	1,500,262
-	-	-	-	-	128,688	84,630
<u>104</u>	<u>15,609</u>	<u>14,659</u>	<u>-</u>	<u>15,029</u>	<u>22,338,301</u>	<u>22,774,327</u>
-	1,121	-	-	17,074	4,249,866	3,525,402
-	291	-	-	4,439	1,077,101	900,384
-	1,547	13,000	-	-	2,461,756	4,028,294
-	-	394	-	686	211,735	178,894
-	86	-	-	957	413,742	381,653
-	70	1,265	-	-	545,189	704,302
-	-	-	-	-	34,119	26,376
-	-	-	-	-	607,893	737,448
102	-	-	-	207	54,309	86,227
-	-	-	-	-	62,139	42,387
-	-	-	-	499	140,856	120,740
-	1,866	-	-	-	57,760	15,785
-	-	-	-	-	803	466
-	8,382	-	-	726	269,341	271,125
-	-	-	-	-	-	347
-	-	-	-	-	-	-
-	-	-	-	345	31,476	34,884
-	-	-	-	207	18,192	5,227
-	-	-	-	-	6,270	7,243
-	-	-	-	-	11,330,649	11,055,265
-	-	-	-	-	43,343	31,997
-	-	-	-	-	1,781	714
-	-	-	-	30	10,254	19,982
-	-	-	-	-	6,663	1,581
<u>2</u>	<u>2,246</u>	<u>-</u>	<u>-</u>	<u>4,783</u>	<u>1,101,575</u>	<u>991,244</u>
<u>104</u>	<u>15,609</u>	<u>14,659</u>	<u>-</u>	<u>29,953</u>	<u>22,736,812</u>	<u>23,167,967</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,924)</u>	<u>(398,511)</u>	<u>(393,640)</u>

(Continued)

Alamo Area Council of Governments

Combining Statement of Revenue, Expenditures, and Changes in Fund Balance –
All Special Revenue Funds – Continued

Year Ended December 31, 2002
(With Comparative Totals for the Year Ended December 31, 2001)

	<u>Clean Cities Program</u>	<u>Rape Crisis Center</u>	<u>U.S. Geological Survey</u>	<u>CAPCO</u>
Other financing sources (uses):				
Other financing sources – proceeds from notes payable	\$ -	\$ -	\$ -	\$ -
Operating transfer in	-	-	-	-
Operating transfer (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	-	-	-	-
Fund balance at January 1, 2002	-	-	-	-
Fund balance at December 31, 2002	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Disaster Mitigation</u>	<u>United Way</u>	<u>Remote Sensing</u>	<u>Crime Stoppers</u>	<u>Office of Rural Community Affairs</u>	<u>Totals (Memo Only)</u>	
					<u>December 31, 2002</u>	<u>December 31, 2001</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,383	\$ 52,553
-	-	-	-	14,924	3,964,706	3,060,546
-	-	-	-	-	(3,720,301)	(2,834,917)
-	-	-	-	14,924	256,788	278,182
-	-	-	-	-	(141,723)	(115,458)
-	-	-	-	-	142,419	257,877
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ 142,419</u>

Alamo Area Council of Governments

Schedule of Indirect Costs

Year Ended December 31, 2002

Personnel	\$ 726,592
Employee benefits	188,837
Audit	27,300
Other contract services	135,259
Travel	14,214
Rent administration	68,685
Rent	338,645
Supplies	70,387
Equipment	150,151
Insurance and bonding	5,649
Public notices	4,981
Printing and reproduction	15,351
Repairs and maintenance	23,687
Employee recruitment	182
Communications	67,681
Postage	36,627
Meetings other	15,485
Training in region	918
Publications	1,357
Professional dues	17,713
Equipment rental	43,736
Tuition – staff	845
	<hr/>
Total indirect costs	1,954,282
Less administration cost received	<u>783,846</u>
Net indirect costs	1,170,436
Actual indirect costs recovered	(1,101,573)
Cumulative over-recovery of indirect costs per 2001 audit	<u>(144,151)</u>
Accumulated cost over-recovery	<u><u>\$ (75,288)</u></u>

Alamo Area Council of Governments

Schedule of Employee Benefits (Fringe and Release Time)

Year Ended December 31, 2002

Benefits:	
FICA	\$ 366,720
Group life insurance	54,823
Unemployment insurance	5,014
Workers' compensation	16,265
Health insurance	446,600
Retirement	420,363
Release time	<u>616,012</u>
Total employee benefits	1,925,797
Actual employee benefits recovered	(1,952,706)
Cumulative over-recovery of employee benefits per 2001 audit	<u>(184,322)</u>
Accumulated cost over-recovery	\$ <u><u>(211,231)</u></u>

Note

At December 31, 2002, AACOG had a liability for unused vacation of \$167,031, which is not included in the above calculation.

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Single Audit Section

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PADGETT, STRATEMANN & CO., L.L.P.

Certified Public Accountants and Business Advisors

Independent Auditors' Report on Compliance
and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

To the Board of Directors
Alamo Area Council of Governments

We have audited the financial statements of Alamo Area Council of Governments as of and for the year ended December 31, 2002, and have issued our report thereon dated March 6, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether Alamo Area Council of Governments' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Alamo Area Council of Governments in a separate letter dated March 6, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Alamo Area Council of Governments' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial

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reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, that we have reported to management of Alamo Area Council of Governments in a separate letter dated March 6, 2003.

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

Padgett, Strickman & Co., L.L.P.

Certified Public Accountants
March 6, 2003



PADGETT, STRATEMANN & CO., L.L.P.

Certified Public Accountants and Business Advisors

**Independent Auditors' Report on Compliance With
Requirements Applicable to Each Major
Program and Internal Control Over Compliance
in Accordance With OMB Circular A-133
and the State of Texas Single Audit Circular Issued
by the Office of the Governor of the State of Texas**

To the Board of Directors
Alamo Area Council of Governments

Compliance

We have audited the compliance of Alamo Area Council of Governments with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular*, issued by the Office of the Governor of the State of Texas that are applicable to each of its major federal and state programs for the year ended December 31, 2002. Alamo Area Council of Governments' major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of Alamo Area Council of Governments' management. Our responsibility is to express an opinion on Alamo Area Council of Governments' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the State of Texas Single Audit Circular, issued by the Office of the Governor of the State of Texas. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes

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examining, on a test basis, evidence about Alamo Area Council of Governments' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Alamo Area Council of Governments' compliance with those requirements.

In our opinion, Alamo Area Council of Governments complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2002.

Internal Control Over Compliance

The management of Alamo Area Council of Governments is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Alamo Area Council of Governments' internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, issued by the Office of the Governor of the State of Texas.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over compliance, which we have reported to management of Alamo Area Council of Governments in a separate letter dated March 6, 2003.

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

Radgett, Stoteman & Co., L.L.P.

Certified Public Accountants
March 6, 2003

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards

Year Ended December 31, 2002

Project Number	Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Pass-Through Expenditures
Alamo Area Council of Governments Grants				
<u>U.S. Department of Health and Human Services:</u>				
Passed Through Texas Department on Aging:				
AA3-9948-18A	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers	93.044	\$ (2,213)	\$ -
2003-EAP-01	Special Programs for the Aging – Title VII, Chapter 3 Programs for Prevention	93.041	8,152	-
2003-EAP-01	Special Programs for the Aging – Title VII, Chapter 3 Programs for Prevention	93.041	23,273	-
2003-EAP-01	Special Programs for the Aging – Title VII, Chapter 3 Programs for Prevention	93.041	8,547	-
2003-OAG-01	Special Programs for the Aging – Title VII, Chapter 2 Long Term Care	93.042	23,223	-
2003-OAG-01	Special Programs for the Aging – Title VII, Chapter 2 Long Term Care	93.042	40,731	-
2003-OAG-01	Special Programs for the Aging – Title VII, Chapter 2 Long Term Care	93.042	8,011	-
2003-3 D-01	Special Programs for the Aging – Title III, Part D Disease Prevention	93.043	9,729	-
2003-3 D-01	Special Programs for the Aging – Title III, Part D Disease Prevention	93.043	16,589	16,589
2003-3 D-01	Special Programs for the Aging – Title III, Part D Disease Prevention	93.043	5,764	-
2003-3 D-01	Special Programs for the Aging – Title III, Part D Disease Prevention	93.043	51,730	-
2003-3 D-01	Special Programs for the Aging – Title III, Part D Disease Prevention	93.043	2,569	-
SUP-2001-18A	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers	93.044	136,016	-
HDM-2001-18A	Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045	215,909	215,909
CGM-2001-18A	Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045	322,218	322,218
SUP-2002-18A	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers	93.044	99,850	99,850
HDM-2002-18A	Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045	94,827	94,827
CGM-2002-18A	Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045	131,060	131,060
FCSP-2001-18A	Family Caregiver Support Program	92.052	10,278	-
SIF-2001-18A	Regional Access Plan	93.044	14,990	-
SIF-2001-18A	Transportation	93.044	-	-
FCSP-2002-18A	Family Caregiver Support Program	93.052	152,580	-

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards – Continued

Year Ended December 31, 2002

Project Number	Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Pass-Through Expenditures
<u>U.S. Department of Health and Human Services: (continued)</u>				
Passed Through Texas Department on Aging:				
AA3-9948-18B	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers	93.044	\$ 132,884	\$ -
SUP-2000-18B	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers	93.044	106,043	75,164
AA3-9948-18A	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers	93.044	38,861	38,861
AA3-9948-18A	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers	93.044	25,003	-
AA3-9948-18A	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers	93.044	25,186	20,366
2002-B	Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045	1,514,387	1,514,387
2003-B	Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045	575,528	575,528
SUP-2002-18B	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers	93.044	31,071	-
AA3-9948-18A	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers	93.044	2,084	-
AA3-9948-18A	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers	93.044	(2,516)	-
AA3-9948-18A	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers	93.044	1,344,272	620,198
AA3-9948-18A	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers	93.044	267,960	81,666
OAG-9948-18B	Long-Term Care Ombudsman Services for Older Individuals – Title VII	93.042	12,775	-
SIF-2002-18A	Regional Access Plan	93.041	5,149	-
FCSP-2002-18B	Family Caregiver Support Program	93.052	72,086	-
FCSP-2002-18B	Family Caregiver Support Program	93.052	37,623	-
FCSP-2002-18B	Family Caregiver Support Program	93.052	564,467	-
HCF-9848-18A	Special Programs for the Aging – Health, Information, Counseling, and Assistance	93.779	22,965	-
HCF-9848-18B	Special Programs for the Aging – Health, Information, Counseling, and Assistance	93.779	9,068	-
2003-B	National Family Caregiver Support	93.052	228,813	-
2003-B	Centers for Medicare and Medicaid Services (CMS)	93.779	22,965	-
2003-B	Centers for Medicare and Medicaid Services (CMS)	93.779	9,672	-
Total Passed Through Texas Department on Aging			6,420,179	3,806,623

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards – Continued

Year Ended December 31, 2002

Project Number	Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Pass-Through Expenditures
	Passed Through Texas Department of Housing and Community Affairs:			
817001	Weatherization Assistance for Low Income – LIHEAP Wealth	93.568	\$ 304,428	\$ -
313001	SBF	93.568	45,651	-
313001	SBF	93.568	22,657	-
	Total Passed Through Texas Department of Housing and Community Affairs		372,736	-
	Total U.S. Department of Health and Human Services		6,792,915	3,806,623
	<u>U.S. Department of Agriculture:</u>			
	Passed Through Texas Department on Aging:			
USDA-95-18A 2002	Nutrition Programs for the Elderly – Congregate	10.570	587,000	587,000
USDA-95-18A 2002	Nutrition Programs for the Elderly – Home Delivered	10.570	189,574	189,574
USDA-95-18A 2003	Nutrition Programs for the Elderly – Congregate	10.570	141,625	141,625
USDA-95-18A 2003	Nutrition Programs for the Elderly – Home Delivered	10.570	48,922	48,922
USDA-95-18B 2002	Nutrition Programs for the Elderly – Congregate	10.570	97,982	97,982
USDA-95-18B 2002	Nutrition Programs for the Elderly – Home Delivered	10.570	97,982	97,982
USDA-95-18B 2003	Nutrition Programs for the Elderly – Congregate	10.570	17,052	17,052
USDA-95-18B 2003	Nutrition Programs for the Elderly – Home Delivered	10.570	23,800	23,800
	Total Passed Through Texas Department on Aging		1,203,937	1,203,937
	Total U.S. Department of Agriculture		1,203,937	1,203,937
	<u>U.S. Department of Transportation:</u>			
	Passed Through Texas Department of Transportation:			
RPT-2002(15)	Section 5311 – Rural Transportation	20.509	218,152	137,499
RPT-2003(15)	Section 5311 – Rural Transportation	20.509	125,213	65,642
ICB-9901(15)	Kerrville Terminal Pass-Through	20.509	293,470	293,470
RPT-0101(15)19	Rural Transit Assistance Program Training Pass-Through	20.509	75,501	44,847
JAC-0201(15)J17	Section 5307 – Job Access and Reverse Commute	20.509	9,653	299
VCR0103(15)	Vehicle Capital Replacement	20.500	279,376	-
0915-12-308	Rideshare	20.205	61,056	-
0915-12-263	Rideshare	20.205	78,346	-
1521-00/01	Metropolitan Planning Organization	20.205	1,103	-
1521-01/02	Metropolitan Planning Organization	20.205	276,454	-
1521-02/03	Metropolitan Planning Organization	20.205	53,661	-
	Total Passed Through Texas Department of Transportation		1,471,985	541,757
	Total U.S. Department of Transportation		1,471,985	541,757

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards – Continued

Year Ended December 31, 2002

Project Number	Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Pass-Through Expenditures
<u>U.S. Department of Commerce:</u>				
Direct Program:				
08-83-03630	Economic Development	11.305	\$ 50,002	\$ -
Total U.S. Department of Commerce			50,002	-
<u>U.S. Department of Energy:</u>				
Passed Through Texas Department of Housing and Community Affairs:				
567001	Weatherization Assistance for Low Income Persons	81.042	243,627	-
Total Passed Through Texas Department of Housing and Community Affairs			243,627	-
Total U.S. Department of Energy			243,627	-
<u>U.S. Department of Housing and Urban Development:</u>				
Direct Programs:				
TX-564-VO-0001	HUD – Section 8 Certificates	14.857	62	-
TX-564-VO-0001	HUD – Section 8 Certificates	14.857	316,985	-
C71221	Community Development	14.228	13,534	-
C72221	Community Development	14.228	1,495	-
Total U.S. Department of Housing and Urban Development			332,076	-
<u>U.S. Department of Justice:</u>				
Passed through Office of the Governor Criminal Justice Division:				
JB-99-J20-15644-01	Juvenile Accountability Block Grant	16.523	51,114	51,114
JA-99-J20-14852-01	Regional Purchase of Juvenile Justice Alternatives	16.540	51,184	51,184
Total Passed Through Office of the Governor Criminal Justice Division			102,298	102,298
Passed Through Rape Crisis Center:				
WF-98-V04-13497-00	Law Enforcement Training Rape Crisis Center	16.588	5,691	-
WF-99-V04-13497-01	Law Enforcement Training Rape Crisis Center	16.588	15,160	-
WF-99-V04-13497-02	Law Enforcement Training Rape Crisis Center	16.588	1,972	-
Total Passed Through Rape Crisis Center			22,823	-
Total U.S. Department of Justice			125,121	102,298

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards – Continued

Year Ended December 31, 2002

Project Number	Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Pass-Through Expenditures
<u>U.S. Environmental Protection Agency:</u>				
X-98657501-01-0	EPA-Clean The Air-Public Education Campaign	66.606	\$ 5,235	\$ -
Passed Through Texas Natural Resource Conservation Commission:				
582-0-80737	EPA	66.606	15,696	-
582-1-35149	EPA	66.606	1,344	-
Total Passed Through Texas Natural Resource Conservation Commission			17,040	-
Total U.S. Environmental Protection Agency			22,275	-
<u>Federal Emergency Management Agency:</u>				
PDM02-002	Passed Through Texas Department of Public Safety Pre-Disaster Mitigation	83.557	104	-
Total Federal Emergency Management Agency			104	-
Total Federal Awards – Alamo Area Council of Governments			10,242,042	5,654,615
<u>Texas Natural Resource Conservation Commission:</u>				
582-0-83124	Air Quality	N/A	198,168	-
582-2-44891	Air Quality	N/A	402,003	-
N/A	Texas Photo Chemical Model	N/A	77,363	-
582-2-44845	Solid Waste	N/A	505,154	504,965
582-0-83387	Solid Waste	N/A	328,015	27,500
Total Texas Natural Resource Conservation Commission			1,510,703	532,465
Passed Through CAPCO:				
3300.1.01	CAPCO	N/A	2,012	-
Total Passed Through CAPCO			2,012	-
Total Texas Natural Resource Conservation Commission			1,512,715	532,465
<u>General Services Commission:</u>				
9006	Clean Cities	N/A	58,039	-
Total General Services Commission			58,039	-

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards – Continued

Year Ended December 31, 2002

Project Number	Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Pass-Through Expenditures
<u>Office of the Governor:</u>				
SF-00-A2-14859-01	Police Academy 2000	N/A	\$ 1,694	\$ -
SF-00-A2-14859-02	Police Academy 2001	N/A	45,838	-
SF-00-A2-14859-03	Police Academy 2002	N/A	595,242	-
SF-00-174-14468-00	Regional Criminal Justice Coordination	N/A	(572)	-
SF-00-174-14468-01	Regional Criminal Justice Coordination	N/A	229	-
SF-00-197-14468-02	Regional Criminal Justice Coordination	N/A	143,038	-
SF-00-197-14468-03	Regional Criminal Justice Coordination	N/A	71,745	-
SF-00-J21-14864-02	Regional Youth Criminal Justice Education Division	N/A	9	-
SF-01-J20-14864-03	Regional Youth Criminal Justice Education Division	N/A	57,360	-
SF-01-J20-14864-04	Regional Youth Criminal Justice Education Division	N/A	13,725	-
Total Office of the Governor			928,308	-
<u>Texas Department on Aging:</u>				
SCG-2002-18A	State General Revenue	N/A	89,047	39,219
SCG-2003-18A	State General Revenue	N/A	93,699	92,044
SCG-2002-18B	State General Revenue	N/A	181,423	40,920
SCG-2003-18B	State General Revenue	N/A	212,264	180,072
Total Texas Department on Aging			576,433	352,255
<u>Commission on State Emergency Communications:</u>				
2000	Implementation 911	N/A	217,845	35,010
2001	Implementation 911	N/A	(1,813)	1,721
2002	Implementation 911	N/A	752,172	237,493
2003	Implementation 911	N/A	246,832	67,493
Total Commission on State Emergency Communications			1,215,036	341,717
<u>Texas Department of Transportation:</u>				
DOL-0001(15)	Welfare to Work Pilot – Reverse Commute	N/A	18,139	-
RPT-2002(15)	Section 5311 – Rural Transportation	N/A	273,045	212,489
RPT-2003(15)	Section 5311 – Rural Transportation	N/A	146,580	117,432
Total Texas Department of Transportation			437,764	329,921
Total State Awards – Alamo Area Council of Governments			4,728,295	1,556,358
Total Federal and State Awards – Alamo Area Council of Governments			\$ 14,970,337	\$ 7,210,973

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards – Continued

Year Ended December 31, 2002

Project Number	Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Pass-Through Expenditures
Alamo Area Development Corporation (a Component Unit) Grants				
<u>U.S. Department of Health and Human Services:</u>				
Passed Through Texas Workforce Commission:				
09050Y00	Child Care Management Services	93.600	\$ 379,241	\$ -
09050Y00	Child Care Management Services	93.600	213,836	-
09050Y00	Child Care Management Services	93.600	9,470	-
09050Y00	Child Care Management Services	93.600	31,121	-
N/A	Temporary Assistance for Needy Families	93.558	127	-
N/A	Temporary Assistance for Needy Families	93.558	189	-
N/A	Temporary Assistance for Needy Families	93.558	538,003	-
N/A	Temporary Assistance for Needy Families	93.558	270,657	-
N/A	Temporary Assistance for Needy Families	93.558	341,102	-
N/A	Able Bodied Americans with Disabilities	10.561	50,955	-
N/A	Able Bodied Americans with Disabilities	10.561	108,753	-
N/A	Able Bodied Americans with Disabilities	10.561	6,915	-
N/A	Rider 25	93.558	6,836	-
			1,957,205	-
Total Passed Through Texas Workforce Commission				
			1,957,205	-
Total U.S. Department of Health and Human Services				
<u>U.S. Department of Agriculture:</u>				
Passed Through Texas Workforce Commission:				
N/A	Food Stamps	10.561	87,513	-
N/A	Food Stamps	10.561	13,269	-
N/A	Food Stamps	10.561	30,927	-
			131,709	-
Total Passed Through Texas Workforce Commission				
			131,709	-
Total U.S. Department of Agriculture				
<u>U.S. Department of Labor:</u>				
Passed Through Texas Workforce Commission:				
N/A	Workforce Investment Act – Administration	17.255	49,363	-
N/A	Workforce Investment Act – Administration	17.255	37,890	-
N/A	Workforce Investment Act – Adult	17.258	(4,261)	-
N/A	Workforce Investment Act – Adult	17.258	191,480	-
N/A	Workforce Investment Act – Adult	17.258	192,924	-
N/A	Workforce Investment Act – Youth Services (ISY)	17.259	101	-
N/A	Workforce Investment Act – Youth Services (ISY)	17.259	142,190	-
N/A	Workforce Investment Act – Youth Services (ISY)	17.259	95,919	-
N/A	Workforce Investment Act – Youth Services (ISY)	17.259	186,156	-
N/A	Workforce Investment Act – Youth Services (ISY)	17.259	3,527	-

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards – Continued

Year Ended December 31, 2002

Project Number	Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Pass-Through Expenditures
<u>U.S. Department of Labor: (continued)</u>				
Passed Through Texas Workforce Commission: (continued)				
N/A	Workforce Investment Act – Youth Services (OSY)	17.259	\$ 562	\$ -
N/A	Workforce Investment Act – Youth Services (OSY)	17.259	57,538	-
N/A	Workforce Investment Act – Youth Services (OSY)	17.259	13,678	-
N/A	Workforce Investment Act – Youth Services (OSY)	17.259	39,659	-
N/A	Workforce Investment Act – Youth Services (OSY)	17.259	35,053	-
N/A	Workforce Investment Act – Youth Services (OSY)	17.259	5,527	-
N/A	Workforce Investment Act – Dislocated Workers	17.260	(619)	-
N/A	Workforce Investment Act – Dislocated Workers	17.260	268,234	-
N/A	Workforce Investment Act – Dislocated Workers	17.260	205,691	-
N/A	Welfare to Work 70% State	17.253	183,958	-
N/A	Welfare to Work 70% State	17.253	80,953	-
N/A	Welfare to Work 30% State	17.253	62,984	-
N/A	Welfare to Work 30% State	17.253	33,679	-
N/A	Unemployment Assistance – Worker Profiling	17.253	3,196	-
N/A	Unemployment Assistance – Worker Profiling	17.253	5,686	-
N/A	Rural Expansion	17.255	44,512	-
N/A	Rural Expansion	17.255	91,757	-
N/A	Welfare to Work Transportation	17.250	61,433	-
N/A	Welfare to Work Transportation	17.250	2,248	-
N/A	Welfare to Work Transportation	17.250	86,879	-
Total Passed Through Texas Workforce Commission			2,177,897	-
Total U.S. Department of Labor			2,177,897	-
<u>Texas Department of Transportation:</u>				
RPT-2002(15)	Section 5311 – Rural Transportation	20.509	2,374	-
Total U.S. Department of Transportation			2,374	-
Total Federal Awards – Alamo Area Development Corporation (a Component Unit)			\$ 4,269,185	\$ -

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards – Continued

Year Ended December 31, 2002

Project Number	Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Pass-Through Expenditures
	Reconciliation of Alamo Area Council of Governments Grants With Alamo Area Development Corporation (a Component Unit) to the General Purpose Financial Statements:			
	Federal Awards:			
	Alamo Area Council of Governments		\$ 10,242,042	\$ 5,654,615
	Alamo Area Development Corporation (a Component Unit)		<u>4,269,185</u>	<u>-</u>
	Total Federal Awards per General Purpose Financial Statements		<u>\$ 14,511,227</u>	<u>\$ 5,654,615</u>
	State Awards:			
	Alamo Area Council of Governments		\$ 4,728,295	\$ 1,556,358
	Alamo Area Development Corporation (a Component Unit)		<u>-</u>	<u>-</u>
	Total State Awards per General Purpose Financial Statements		<u>\$ 4,728,295</u>	<u>\$ 1,556,358</u>

Alamo Area Council of Governments

Notes to Schedule of Expenditures of Federal and State Awards

December 31, 2002

Note A – General

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards programs of Alamo Area Council of Governments for the year ended December 31, 2002. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial accountability exists if a primary government appoints a voting majority of an organization's governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing Board, or governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the primary government.

In accordance with Governmental Accounting Standards Board requirements, Alamo Area Council of Governments has reviewed other entities and activities for possible inclusion in the reporting entity. Based on this review, Alamo Area Development Corporation has been included in the financial reporting entity, as described in Note A to the financial statements.

Note B – Measurement Focus and Basis of Accounting

The federal and state grant funds were accounted for in the Special Revenue Funds, a component of the Governmental Fund types. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. With the Governmental Fund type measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Alamo Area Council of Governments

Notes to Schedule of Expenditures of Federal and State Awards – Continued

December 31, 2002

Note B – Measurement Focus and Basis of Accounting (continued)

Federal and state grant funds are generally considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

Alamo Area Council of Governments

Schedule of Findings and Questioned Costs

December 31, 2002

<u>Summary of Auditors' Results</u>	<u>Description</u>
Type of Report on Financial Statements	Unqualified
Reportable Conditions	None
Material Weaknesses Involving Reportable Conditions	None
Noncompliance Material to the Financial Statements	None
Type of Report on Compliance With Major Programs	Unqualified
Findings and Questioned Costs for Federal Awards as Defined in Section .510(a). OMB Circular A-133 and the State of Texas Single Audit Circular issued by the Office of the Governor of the State	None
Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	\$671,869
Dollar Threshold Used to Distinguish Between Type A and Type B State Programs	\$671,869
Low-Risk Auditee Statement	The Council was classified as a low-risk auditee in the context of OMB Circular A-133 and the State of Texas Single Audit Circular issued by the Office of the Governor of the State of Texas
Major Federal Programs	Special Programs for the Aging – Title III, Part B – Grants for Support Services and Senior Centers – CFDA 93.044. Family Caregiver Support Program – CFDA 93.052

(Continued)

Alamo Area Council of Governments

Schedule of Findings and Questioned Costs – Continued

December 31, 2002

<u>Summary of Auditors' Results</u>	<u>Description</u>
Major Federal Programs: (continued)	Workforce Investment Act – Dislocated Workers – CFDA 17.260
	Workforce Investment Act – Adult – CFDA 17.258
	Workforce Investment Act – Youth Services – CFDA 17.259
Major State Programs	None

Alamo Area Council of Governments

Summary of Schedule of Prior Audit Findings

Year Ended December 31, 2002

None