

Alamo Area Council of Governments

Financial Statements
and
Independent Auditors' Report

December 31, 2001

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, 2001, 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, 2001, 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 8, 2002 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, Strutzman & Co., L.L.P.

Certified Public Accountants
March 8, 2002

General Purpose Financial Statements

Alamo Area Council of Governments

Combined Balance Sheet – All Fund Types and Account Groups

December 31, 2001
(With Comparative Totals for December 31, 2000)

Assets	Governmental Fund Types	
	General	Special Revenue
Cash	\$ 542,851	\$ 272,405
Investments	95,859	1,218,206
Receivables:		
Grantor agencies	-	3,402,531
Other	41,623	36,486
Due from other funds	1,007,350	1,258,008
Prepaid expenditures	4,126	-
Deposits	12,611	-
Under-recovered employee benefits and indirect costs	-	-
Fixed assets	-	-
Amount to be provided for retirement of notes payable	-	-
Total assets	\$ 1,704,420	\$ 6,187,636
Liabilities, Fund Equity, and Other Credits		
Liabilities:		
Accounts payable	\$ 126,680	\$ 480,638
Due to:		
Subgrantee agencies	-	1,775,406
Employees	-	-
Other funds	-	2,265,358
Over-recovered employee benefits and indirect costs	328,473	-
Accrued vacation	143,973	-
Other accrued liabilities	89,373	-
Deferred revenue	297,707	1,523,815
Notes payable	-	-
Total liabilities	986,206	6,045,217
Fund equity and other credits:		
Investment in general fixed assets	-	-
Fund balance:		
Unreserved	718,214	-
Reserved	-	142,419
Total fund equity and other credits	718,214	142,419
Total liabilities, fund equity, and other credits	\$ 1,704,420	\$ 6,187,636

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, 2001
\$ 4,828	\$ -	\$ -	\$ 820,084	\$ 124,824
-	-	-	1,314,065	1,132,839
-	-	-	3,402,531	3,090,693
-	-	-	78,109	69,913
-	-	-	2,265,358	1,577,161
-	-	-	4,126	5,916
-	-	-	12,611	10,000
-	-	-	-	619
-	2,885,580	-	2,885,580	2,301,429
-	-	79,115	79,115	43,008
<u>\$ 4,828</u>	<u>\$ 2,885,580</u>	<u>\$ 79,115</u>	<u>\$ 10,861,579</u>	<u>\$ 8,356,402</u>
\$ -	\$ -	\$ -	\$ 607,318	\$ 636,351
-	-	-	1,775,406	1,485,455
4,828	-	-	4,828	2,483
-	-	-	2,265,358	1,577,161
-	-	-	328,473	108,812
-	-	-	143,973	134,677
-	-	-	89,373	165,725
-	-	-	1,821,522	1,057,268
-	-	79,115	79,115	43,008
<u>4,828</u>	<u>-</u>	<u>79,115</u>	<u>7,115,366</u>	<u>5,210,940</u>
-	2,885,580	-	2,885,580	2,301,429
-	-	-	718,214	586,156
-	-	-	142,419	257,877
-	2,885,580	-	3,746,213	3,145,462
<u>\$ 4,828</u>	<u>\$ 2,885,580</u>	<u>\$ 79,115</u>	<u>\$ 10,861,579</u>	<u>\$ 8,356,402</u>

Alamo Area Council of Governments

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

Year Ended December 31, 2001
(With Comparative Totals for the Year Ended December 31, 2000)

	Governmental Fund Types		Totals (Memo Only)	
	General	Special Revenue	December 31, 2001	December 31, 2000
	Revenue:			
Federal	\$ -	\$ 12,877,893	\$ 12,877,893	\$ 9,297,279
State	-	4,490,494	4,490,494	3,885,807
Local	52,553	108,856	161,409	111,857
Delegate agency:				
Cash match	-	3,470,666	3,470,666	3,546,868
In-kind match	-	241,526	241,526	81,044
Program income	-	1,500,262	1,500,262	1,424,389
Program income	19,348	84,630	103,978	218,827
State planning grant	176,326	-	176,326	175,924
Member dues	208,763	-	208,763	176,290
Interest income	8,741	-	8,741	12,066
Other	93	-	93	25
Total revenue	465,824	22,774,327	23,240,151	18,930,376
Expenditures:				
Personnel	1,352	3,525,402	3,526,754	2,867,281
Employee benefits	364	900,384	900,748	773,593
Contractual services	9,196	4,028,294	4,037,490	2,432,264
Travel	9,222	178,894	188,116	153,974
Space and utilities	37	381,653	381,690	193,498
Materials and supplies	(824)	704,302	703,478	352,960
Health and safety	-	26,376	26,376	27,362
Equipment	-	737,448	737,448	174,330
Public notices	-	86,227	86,227	36,458
Insurance and bonding	-	42,387	42,387	42,030
Printing and reproduction	36	120,740	120,776	85,178
Maintenance and repair	-	15,785	15,785	11,717
Equipment rental	-	466	466	-
Communications	25	271,125	271,150	206,667
Conferences/staff development	-	347	347	-
Postage	-	34,884	34,884	26,104
Publications	-	5,227	5,227	5,402
Professional dues	10,933	7,243	18,176	14,408
Contractual nutrition/social services	-	11,055,265	11,055,265	10,495,185
Training in/out of region	-	31,997	31,997	35,079

(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, 2001
(With Comparative Totals for the Year Ended December 31, 2000)

	Governmental Fund Types		Totals (Memo Only)	
	General	Special Revenue	December 31, 2001	December 31, 2000
	Expenditures: (continued)			
Tuition – staff	\$ -	\$ 714	\$ 714	\$ 900
Meeting others	5,896	19,982	25,878	20,617
Other	-	1,581	1,581	2,483
Indirect cost allocation	-	991,244	991,244	838,284
Debt service:				
Principal	16,445	-	16,445	12,268
Interest	2,902	-	2,902	4,483
Total expenditures	55,584	23,167,967	23,223,551	18,812,525
Excess of revenue over (under) expenditures	410,240	(393,640)	16,600	117,851
Other financing sources (uses):				
Other financing sources – proceeds from notes payable	(52,553)	52,553	-	-
Operating transfer in (out)	(225,629)	225,629	-	-
Total other financing sources (uses)	(278,182)	278,182	-	-
Excess of revenue and other financing sources over expenditures and other financing uses	132,058	(115,458)	16,600	117,851
Fund balance at January 1, 2001	586,156	257,877	844,033	726,182
Fund balance at December 31, 2001	\$ 718,214	\$ 142,419	\$ 860,633	\$ 844,033

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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, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Local	\$ -	\$ 52,553	\$ 52,553
Program income	16,751	19,348	2,597
State planning grant	175,924	176,326	402
Member dues	184,091	208,763	24,672
Interest income	8,000	8,741	741
Other	-	93	93
	<u>384,766</u>	<u>465,824</u>	<u>81,058</u>
Total revenue			
Expenditures:			
Personnel	5,274	1,352	3,922
Employee benefits	2,539	364	2,175
Contractual services	30,000	9,196	20,804
Travel	14,250	9,222	5,028
Space and utilities	186	37	149
Materials and supplies	400	(824)	1,224
Printing and reproduction	1,000	36	964
Communications	150	25	125
Postage	300	-	300
Professional dues	15,000	10,933	4,067
Meeting others	9,900	5,896	4,004
Unallocated	25,043	-	25,043
Debt service:			
Principal	12,268	16,445	(4,177)
Interest	4,483	2,902	1,581
	<u>120,793</u>	<u>55,584</u>	<u>65,209</u>
Total expenditures			
Excess of revenue over expenditures	<u>263,973</u>	<u>410,240</u>	<u>146,267</u>
Other financing sources (uses):			
Operating transfers (out) – other financing sources	-	(52,553)	(52,553)
Operating transfer (out)	(263,973)	(225,629)	38,344
	<u>(263,973)</u>	<u>(278,182)</u>	<u>(14,209)</u>
Total other financing sources (uses)			
Excess of revenue and other financing sources over expenditures and other financing uses	-	132,058	132,058
Fund balance at January 1, 2001	<u>586,156</u>	<u>586,156</u>	<u>-</u>
Fund balance at December 31, 2001	<u>\$ 586,156</u>	<u>\$ 718,214</u>	<u>\$ 132,058</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, 2001

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, 2001

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, 2001

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 Group

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, 2001

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 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, 2001

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, 2001

Note A – Summary of Significant Accounting Policies (continued)

11. Over-Recovered (Under-Recovered) Employee Benefits and Indirect Costs

Over-recovered (under-recovered) employee benefits and indirect costs consist of costs incurred for employee benefits and general administrative costs. This liability (asset) will be reduced in succeeding years through AACOG's indirect and fringe benefit rate. Total employee benefits and indirect costs of \$328,473 were over-recovered as of December 31, 2001. The total over-recovered employee benefits and indirect costs amount does not include \$143,973 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 carryforward 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, 2001, AACOG had a liability for unused vacation of \$143,973. 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, 2001

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, 2001, the carrying amount of the Council's bank deposits was \$819,784 and the bank balance was \$990,688. AACOG also had \$300 in petty cash. AACOG's cash deposits at December 31, 2001 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, 2001

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, 2001

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, 2001 were as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Investments not subject to categorization:		
Investment pools	\$ <u>1,314,065</u>	\$ <u>1,314,065</u>

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2001

Note C – Interfund Receivables and Payables

The following is a summary of due from and due to other funds at December 31, 2001:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ <u>1,007,350</u>	\$ <u>-</u>
Special Revenue Funds:		
Alamo Area Development Corporation	-	843,791
AADC Pass Through	843,847	818,657
Metropolitan Planning	-	84,018
TRW/Randolph	1,569	-
Governor’s Office of General Counsel and Criminal Justice	-	32,505
Economic Development Administration	324	-
Texas Department of Transportation – 5311	20	8,578
Texas Department of Transportation – Rideshare	-	24,498
AACOG Local Tourism	2,193	-
Texas Natural Resources Conservation Commission	164,133	159,496
AACOG Local Conference	5,810	-
U.S. Department of Housing and Urban Development	6,359	-
Texas Department of Housing and Community Affairs – CD	98,827	249
Commission on State Emergency Communications	-	168,736
Texas Department on Aging – Alamo	-	97,180
Texas Department on Aging – Bexar	19,816	9,424
Local GIS	40,615	-
EPA	19,476	-
Clean Cities Program	6,620	-
Rape Crisis Center	-	8,638
U.S. Geological Survey	123	-
CAPCO	2,483	-
Texas Photo Chemical	45,793	-
United Way	-	3,512
VIA	-	5,164
Crime Stoppers	-	181
Office of Rural Community Affairs	-	731
	<u>1,258,008</u>	<u>2,265,358</u>
	<u>\$ 2,265,358</u>	<u>\$ 2,265,358</u>

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2001

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, 2001	\$ 125,074	\$ 1,190,075	\$ 824,007	\$ 162,273	\$ 2,301,429
Additions	6,078	211,106	449,646	52,161	718,991
Deletions	-	(110,744)	(12,646)	(11,450)	(134,840)
Balance at December 31, 2001	<u>\$ 131,152</u>	<u>\$ 1,290,437</u>	<u>\$ 1,261,007</u>	<u>\$ 202,984</u>	<u>\$ 2,885,580</u>

Note E – Notes Payable

Notes payable outstanding as of December 31, 2001, 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	\$ 2,082
Bank One	8.5%	05/28/00	60,711	Telephone equipment	175
Bank One	8.5%	01/08/03	9,557	Vehicle	2,973
Bank One	8.5%	02/08/04	19,114	Vehicle	9,445
Bank One	8.5%	10/22/03	25,914	Vehicle	12,982
Bank One	8.5%	11/28/05	52,553	Vehicle	51,458
					<u>\$ 79,115</u>

Changes in notes payable during the year are summarized below:

	<u>Balance Outstanding January 1, 2001</u>	<u>Issued During Year</u>	<u>Retired During Year</u>	<u>Balance Outstanding December 31, 2001</u>
Notes payable	<u>\$ 43,008</u>	<u>\$ 52,553</u>	<u>\$ 16,446</u>	<u>\$ 79,115</u>

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2001

Note E – Notes Payable (continued)

The notes payable mature through 2005 as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2002	\$ 29,084
2003	24,248
2004	13,740
2005	<u>12,043</u>
	<u>\$ 79,115</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 asset 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, 2001:

<u>Year Ending December 31,</u>	<u>Total</u>
2002	\$ 359,543
2003	437,444
2004	472,732
2005	502,028
2006	518,008
Thereafter	<u>442,770</u>
	<u>\$ 2,732,525</u>

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2001

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 .85% towards 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, 2001

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 6.45% for calendar year 2001. 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, 2001, the annual pension cost for the TCDRS plan for its employees was \$294,169, and the actual contributions were \$294,169.

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, 1999, the basis for determining the contribution rate for calendar year 2001. The December 31, 1999 actuarial valuation is the most recent valuation.

Alamo Area Council of Governments

Notes to Financial Statements

December 31, 2001

Note H – Employee Pension Plan (continued)

Actuarial Valuation Information

	12/31/98	12/31/99	12/31/00
Actuarial valuation date	12/31/98	12/31/99	12/31/00
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%	5.90%
Inflation	4.00%	4.00%	4.00%
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**

<u>Accounting Year Ending</u>	<u>Annual Pension Cost ("APC")</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/99	\$ 294,893	100%	\$ -
12/31/00	288,312	100%	-
12/31/01	294,169	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, 2001

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%

- (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, 2001, 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, 2001

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 Intergovernmental Risk Pool ("TML") 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, 2001
(With Comparative Totals for December 31, 2000)

Assets	<u>Alamo Area Development Corporation</u>	<u>AADC Pass Through</u>	<u>Metropolitan Planning</u>	<u>TRW/ Randolph</u>
Cash	\$ 272,405	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Grantor agencies	665,115	-	84,770	-
Other	-	-	-	-
Due from other funds	<u>-</u>	<u>843,847</u>	<u>-</u>	<u>1,569</u>
Total assets	<u>\$ 937,520</u>	<u>\$ 843,847</u>	<u>\$ 84,770</u>	<u>\$ 1,569</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 79,955	\$ 25,190	\$ 491	\$ -
Due to:				
Subgrantee agencies	-	-	-	-
Other funds	843,791	818,657	84,018	-
Deferred revenue	<u>12,765</u>	<u>-</u>	<u>261</u>	<u>1,569</u>
	<u>936,511</u>	<u>843,847</u>	<u>84,770</u>	<u>1,569</u>
Fund equity:				
Unreserved fund balance	<u>1,009</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>1,009</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 937,520</u>	<u>\$ 843,847</u>	<u>\$ 84,770</u>	<u>\$ 1,569</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	196,051	-	225,145	33,608	-
-	-	33,736	-	2,750	-	-
-	-	-	324	20	-	2,193
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,787</u>	<u>\$ 324</u>	<u>\$ 227,915</u>	<u>\$ 33,608</u>	<u>\$ 2,193</u>
\$ -	\$ -	\$ 50,130	\$ 318	\$ 17,054	\$ 427	\$ 543
-	-	-	-	150,525	-	-
-	-	32,505	-	8,578	24,498	-
-	-	147,152	6	51,758	8,683	1,650
-	-	229,787	324	227,915	33,608	2,193
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,787</u>	<u>\$ 324</u>	<u>\$ 227,915</u>	<u>\$ 33,608</u>	<u>\$ 2,193</u>

(Continued)

Alamo Area Council of Governments

Combining Balance Sheet – All Special Revenue Funds – Continued

December 31, 2001
(With Comparative Totals for December 31, 2000)

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	-	418,125	-	83,052
Receivables:				
Grantor agencies	-	274,506	1,754	25,133
Other	-	-	-	-
Due from other funds	-	164,133	5,810	6,359
Total assets	<u>\$ -</u>	<u>\$ 856,764</u>	<u>\$ 7,564</u>	<u>\$ 114,544</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	\$ 16,024	\$ -	\$ 22,070
Due to:				
Subgrantee agencies	-	112,974	-	-
Other funds	-	159,496	-	-
Deferred revenue	-	568,270	7,564	92,474
	<u>-</u>	<u>856,764</u>	<u>7,564</u>	<u>114,544</u>
Fund equity:				
Unreserved fund balance	-	-	-	-
Total fund equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ 856,764</u>	<u>\$ 7,564</u>	<u>\$ 114,544</u>

<u>Texas Department of Housing and Community Affairs - CD</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>Local GIS</u>	<u>EPA</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	717,029	-	-	-	-
-	244,420	339,227	449,477	828,328	-	-
-	-	-	-	-	-	-
-	98,827	-	-	19,816	40,615	19,476
<u>\$ -</u>	<u>\$ 343,247</u>	<u>\$ 1,056,256</u>	<u>\$ 449,477</u>	<u>\$ 848,144</u>	<u>\$ 40,615</u>	<u>\$ 19,476</u>
\$ -	\$ 662	\$ 171,633	\$ 487	\$ 30,317	\$ 3,624	\$ -
-	313,059	66,120	337,775	794,953	-	-
-	249	168,736	97,180	9,424	-	-
-	29,277	508,357	14,035	13,450	36,991	19,476
<u>-</u>	<u>343,247</u>	<u>914,846</u>	<u>449,477</u>	<u>848,144</u>	<u>40,615</u>	<u>19,476</u>
<u>-</u>	<u>-</u>	<u>141,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>141,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 343,247</u>	<u>\$ 1,056,256</u>	<u>\$ 449,477</u>	<u>\$ 848,144</u>	<u>\$ 40,615</u>	<u>\$ 19,476</u>

(Continued)

Alamo Area Council of Governments

**Combining Balance Sheet -
All Special Revenue Funds - Continued**

December 31, 2001
(With Comparative Totals for December 31, 2000)

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	-	9,489	-	-
Other	-	-	-	-
Due from other funds	<u>6,620</u>	<u>-</u>	<u>123</u>	<u>2,483</u>
Total assets	<u>\$ 6,620</u>	<u>\$ 9,489</u>	<u>\$ 123</u>	<u>\$ 2,483</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to:				
Subgrantee agencies	-	-	-	-
Other funds	-	8,638	-	-
Deferred revenue	<u>6,620</u>	<u>851</u>	<u>123</u>	<u>2,483</u>
	<u>6,620</u>	<u>9,489</u>	<u>123</u>	<u>2,483</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>\$ 6,620</u>	<u>\$ 9,489</u>	<u>\$ 123</u>	<u>\$ 2,483</u>

<u>Texas Photo Chemical</u>	<u>United Way</u>	<u>VIA</u>	<u>Crime Stoppers</u>	<u>Office of Rural Community Affairs</u>	<u>Totals (Memo Only)</u>	
					<u>December 31, 2001</u>	<u>December 31, 2000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 272,405	\$ 4,557
-	-	-	-	-	1,218,206	937,206
15,264	4,155	5,164	181	744	3,402,531	3,090,693
-	-	-	-	-	36,486	29,977
<u>45,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,258,008</u>	<u>498,373</u>
<u>\$ 61,057</u>	<u>\$ 4,155</u>	<u>\$ 5,164</u>	<u>\$ 181</u>	<u>\$ 744</u>	<u>\$ 6,187,636</u>	<u>\$ 4,560,806</u>
\$ 61,057	\$ 643	\$ -	\$ -	\$ 13	\$ 480,638	\$ 349,318
-	-	-	-	-	1,775,406	1,485,455
-	3,512	5,164	181	731	2,265,358	1,577,161
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,523,815</u>	<u>890,995</u>
<u>61,057</u>	<u>4,155</u>	<u>5,164</u>	<u>181</u>	<u>744</u>	<u>6,045,217</u>	<u>4,302,929</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,419</u>	<u>257,877</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,419</u>	<u>257,877</u>
<u>\$ 61,057</u>	<u>\$ 4,155</u>	<u>\$ 5,164</u>	<u>\$ 181</u>	<u>\$ 744</u>	<u>\$ 6,187,636</u>	<u>\$ 4,560,806</u>

Alamo Area Council of Governments

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

Year Ended December 31, 2001
(With Comparative Totals for the Year Ended December 31, 2000)

	<u>Alamo Area Development Corporation</u>	<u>AADC Pass Through</u>	<u>Metropolitan Planning</u>	<u>TRW/ Randolph</u>
Revenue:				
Federal	\$ 3,752,193	\$ -	\$ 249,428	\$ (4,094)
State	-	-	-	-
Local	2,266	-	-	-
Delegate agency:				
Cash match	-	-	-	-
In-kind match	-	-	-	-
Program income	-	-	-	-
Program income	-	-	-	-
Total revenue	<u>3,754,459</u>	<u>-</u>	<u>249,428</u>	<u>(4,094)</u>
Expenditures:				
Personnel	-	1,702,023	115,476	497
Employee benefits	-	426,701	30,024	130
Contractual services	1,201,903	62,591	7,906	(407)
Travel	-	106,956	1,417	-
Space and utilities	-	47,857	23,132	168
Materials and supplies	7,781	47,578	8,849	(3,935)
Health and safety	-	-	-	-
Equipment	-	9,890	4,887	-
Public notices	-	31,832	17	-
Insurance and bonding	-	-	-	-
Printing and reproduction	-	6,791	865	-
Maintenance and repair	-	1,530	-	-
Equipment rental	-	-	-	-
Communications	-	55,074	15,702	113
Conferences/staff development	-	-	-	-
Recruitment	-	-	-	-
Postage	-	8,098	396	-
Publications	-	1,577	-	-
Professional dues	-	1,499	-	-
Contractual nutrition/social services	-	37,322	-	-
Training in/out of region	236	9,454	-	-
Tuition – staff	-	10	-	-
Meeting others	-	3,530	-	-
Other	-	-	-	-
Indirect cost allocation	-	128,910	40,757	(660)
Total expenditures	<u>1,209,920</u>	<u>2,689,223</u>	<u>249,428</u>	<u>(4,094)</u>
Excess of revenue over (under) expenditures	<u>2,544,539</u>	<u>(2,689,223)</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>
\$ -	\$ -	\$ 323,871	\$ 47,631	\$ 613,272	\$ 97,515	\$ -
-	-	1,121,338	-	620,492	-	-
-	-	-	-	-	2,776	2,097
-	-	5,319	-	597,936	-	-
-	-	-	-	-	32,250	-
-	-	-	-	-	-	-
-	-	77,494	-	5,230	-	-
-	-	<u>1,528,022</u>	<u>47,631</u>	<u>1,836,930</u>	<u>132,541</u>	<u>2,097</u>
-	1,885	304,087	35,561	116,522	42,149	3,843
-	489	79,063	9,246	30,297	10,960	998
-	-	341,924	-	6,621	44,281	99
-	7	10,987	2,242	3,743	692	41
930	111	107,073	2,362	16,534	7,846	317
-	-	58,743	41	3,708	218	600
-	-	-	-	-	-	-
-	-	150,092	-	429,710	-	-
-	-	6,452	-	2,727	8	-
-	-	3,504	-	38,883	-	-
1,131	-	62,634	576	3,244	2,554	967
-	-	10,059	-	-	-	-
-	-	-	-	-	-	250
630	75	36,864	2,017	11,845	6,443	218
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	5,553	88	489	660	202
-	-	2,580	-	-	-	-
-	-	420	-	2,350	-	40
-	-	-	-	1,205,930	-	-
-	-	16,073	-	-	-	-
-	-	-	-	-	-	-
-	-	503	15	13	15	682
-	-	-	-	-	-	-
<u>219</u>	<u>381</u>	<u>185,717</u>	<u>11,360</u>	<u>38,880</u>	<u>16,715</u>	<u>1,652</u>
<u>2,910</u>	<u>2,948</u>	<u>1,382,328</u>	<u>63,508</u>	<u>1,911,496</u>	<u>132,541</u>	<u>9,909</u>
<u>(2,910)</u>	<u>(2,948)</u>	<u>145,694</u>	<u>(15,877)</u>	<u>(74,566)</u>	<u>-</u>	<u>(7,812)</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, 2001
(With Comparative Totals for the Year Ended December 31, 2000)

	<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	145,694	2,689,223	-	-
Operating transfer (out)	<u>(2,689,223)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,543,529)</u>	<u>2,689,223</u>	<u>-</u>	<u>-</u>
Excess of revenue and other financing sources over expenditures and other financing uses	1,010	-	-	-
Fund balance at January 1, 2001	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at December 31, 2001	<u>\$ 1,010</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>
\$ -	\$ -	\$ -	\$ -	\$ 52,553	\$ -	\$ -
2,910	2,948	-	15,877	22,013	-	7,812
-	-	(145,694)	-	-	-	-
<u>2,910</u>	<u>2,948</u>	<u>(145,694)</u>	<u>15,877</u>	<u>74,566</u>	<u>-</u>	<u>7,812</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, 2001
(With Comparative Totals for the Year Ended December 31, 2000)

	<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	\$ -	\$ 77,108	\$ -	\$ 295,515
State	(4,303)	1,195,153	-	-
Local	-	-	6,984	-
Delegate agency:				
Cash match	-	-	-	-
In-kind match	-	51,351	-	-
Program income	-	-	-	-
Program income	-	-	-	-
Total revenue	<u>(4,303)</u>	<u>1,323,612</u>	<u>6,984</u>	<u>295,515</u>
Expenditures:				
Personnel	-	328,993	-	17,718
Employee benefits	-	85,608	-	4,606
Contractual services	-	599,670	100	255,195
Travel	-	5,166	4,532	515
Space and utilities	-	46,748	-	2,913
Materials and supplies	-	21,477	-	78
Health and safety	-	-	-	-
Equipment	-	39,777	-	-
Public notices	-	5,048	-	2,010
Insurance and bonding	-	-	-	-
Printing and reproduction	-	10,052	128	-
Maintenance and repair	-	-	-	-
Equipment rental	-	-	-	-
Communications	-	33,644	-	2,060
Conferences/staff development	-	-	-	-
Recruitment	-	-	-	-
Postage	-	3,370	586	101
Publications	-	271	-	-
Professional dues	-	387	-	-
Contractual nutrition/social services	-	-	-	-
Training in/out of region	-	292	-	-
Tuition - staff	-	-	-	-
Meeting others	-	-	1,638	-
Indirect cost allocation	-	143,109	-	10,319
Total expenditures	<u>-</u>	<u>1,323,612</u>	<u>6,984</u>	<u>295,515</u>
Excess of revenue over (under) expenditures	<u>(4,303)</u>	<u>-</u>	<u>-</u>	<u>-</u>

<u>Texas Department of Housing and Community Affairs - CD</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>Local GIS</u>	<u>EPA</u>
\$ 9,770	\$ 1,132,949	\$ -	\$ 1,668,634	\$ 4,561,478	\$ -	\$ 20,824
-	-	1,026,629	73,082	227,228	-	-
-	36,369	-	328	9,351	908	-
-	-	-	73,217	2,794,194	-	-
-	-	-	95,697	62,228	-	-
-	-	-	934,262	554,029	11,971	-
-	-	-	-	-	1,906	-
<u>9,770</u>	<u>1,169,318</u>	<u>1,026,629</u>	<u>2,845,220</u>	<u>8,208,508</u>	<u>14,785</u>	<u>20,824</u>
11,004	137,899	72,030	172,725	379,814	392	1,085
2,860	35,852	18,728	44,909	98,748	101	281
-	337,361	999,341	7,801	8,534	-	15,250
422	10,817	3,548	12,362	12,968	237	58
650	19,668	9,333	24,295	59,197	-	1,477
39	535,306	3,260	3,548	12,998	1,005	339
-	26,376	-	-	-	-	-
-	-	-	23,185	74,425	3,603	-
-	1,975	-	14,383	21,783	-	-
-	-	-	-	-	-	-
554	2,401	761	9,976	15,915	303	-
-	-	-	-	-	4,074	-
-	-	-	-	216	-	-
495	14,504	7,124	23,057	44,258	3,771	84
-	347	-	-	-	-	-
-	-	-	-	-	-	-
277	1,211	1,273	4,471	7,873	77	9
-	61	19	719	-	-	-
-	-	200	716	1,329	302	-
-	-	-	2,444,941	7,367,072	-	-
-	-	1,868	2,029	2,045	-	-
-	-	-	596	-	108	-
-	-	60	5,073	8,008	150	295
-	-	-	-	1,581	-	-
<u>3,261</u>	<u>51,540</u>	<u>25,552</u>	<u>103,876</u>	<u>191,532</u>	<u>662</u>	<u>1,946</u>
<u>19,562</u>	<u>1,175,318</u>	<u>1,143,097</u>	<u>2,898,662</u>	<u>8,308,296</u>	<u>14,785</u>	<u>20,824</u>
<u>(9,792)</u>	<u>(6,000)</u>	<u>(116,468)</u>	<u>(53,442)</u>	<u>(99,788)</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, 2001
(With Comparative Totals for the Year Ended December 31, 2000)

	<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	4,303	-	-	-
Operating transfer (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>4,303</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balance at January 1, 2001	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at December 31, 2001	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<u>Texas Department of Housing and Community Affairs - CD</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>Local GIS</u>	<u>EPA</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,792	6,000	-	53,442	99,788	-	-
-	-	-	-	-	-	-
<u>9,792</u>	<u>6,000</u>	<u>-</u>	<u>53,442</u>	<u>99,788</u>	<u>-</u>	<u>-</u>
-	-	(116,468)	-	-	-	-
-	-	257,877	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,409</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, 2001
(With Comparative Totals for the Year Ended December 31, 2000)

	<u>Clean Cities Program</u>	<u>Rape Crisis Center</u>	<u>U.S. Geological Survey</u>	<u>CAPCO</u>
Revenue:				
Federal	\$ -	\$ 30,430	\$ 625	\$ -
State	36,170	-	-	67,517
Local	3,724	504	-	-
Delegate agency:				
Cash match	-	-	-	-
In-kind match	-	-	-	-
Program income	-	-	-	-
Program income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	39,894	30,934	625	67,517
Expenditures:				
Personnel	19,464	16,441	-	27,846
Employee benefits	5,061	3,844	-	7,212
Contractual services	2,519	75	-	11,349
Travel	1,444	420	-	174
Space and utilities	2,158	1,872	-	4,771
Materials and supplies	121	979	-	507
Health and safety	-	-	-	-
Equipment	-	-	613	-
Public notices	-	(27)	-	-
Insurance and bonding	-	-	-	-
Printing and reproduction	973	757	-	-
Maintenance and repair	-	-	-	-
Equipment rental	-	-	-	-
Communications	1,462	1,390	-	4,249
Conferences/staff development	-	-	-	-
Recruitment	-	-	-	-
Postage	43	27	-	1
Publications	-	-	-	-
Professional dues	-	-	-	-
Contractual nutrition/social services	-	-	-	-
Training in/out of region	-	-	-	-
Tuition – staff	-	-	-	-
Meeting others	-	-	-	-
Other	-	-	-	-
Indirect cost allocation	6,649	5,156	12	11,408
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	39,894	30,934	625	67,517
Excess of revenue over (under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>

<u>Texas Photo Chemical</u>	<u>United Way</u>	<u>VIA</u>	<u>Crime Stoppers</u>	<u>Office of Rural Community Affairs</u>	<u>Totals (Memo Only)</u>	
					<u>December 31, 2001</u>	<u>December 31, 2000</u>
\$ -	\$ -	\$ -	\$ -	\$ 744	\$ 12,877,893	\$ 9,297,279
127,188	-	-	-	-	4,490,494	3,885,807
-	38,385	5,164	-	-	108,856	111,857
-	-	-	-	-	3,470,666	3,546,868
-	-	-	-	-	241,526	81,044
-	-	-	-	-	1,500,262	1,424,389
-	-	-	-	-	84,630	202,076
<u>127,188</u>	<u>38,385</u>	<u>5,164</u>	<u>-</u>	<u>744</u>	<u>22,774,327</u>	<u>18,549,320</u>
-	14,124	3,187	-	637	3,525,402	2,866,320
-	3,673	828	-	165	900,384	773,350
122,188	3,993	-	-	-	4,028,294	2,432,264
-	-	-	-	146	178,894	147,683
-	2,023	173	-	45	381,653	193,355
-	1,046	-	-	16	704,302	352,909
-	-	-	-	-	26,376	27,362
-	1,266	-	-	-	737,448	174,330
-	19	-	-	-	86,227	36,458
-	0	-	-	-	42,387	42,030
-	131	-	-	27	120,740	84,928
-	122	-	-	-	15,785	11,717
-	-	-	-	-	466	-
-	5,805	116	-	125	271,125	206,511
-	-	-	-	-	347	-
-	-	-	-	-	-	-
-	-	-	-	79	34,884	26,104
-	-	-	-	-	5,227	5,402
-	-	-	-	-	7,243	2,280
-	-	-	-	-	11,055,265	10,495,185
-	-	-	-	-	31,997	35,079
-	-	-	-	-	714	900
-	-	-	-	-	19,982	6,304
-	-	-	-	-	1,581	2,483
<u>5,000</u>	<u>6,183</u>	<u>860</u>	<u>-</u>	<u>248</u>	<u>991,244</u>	<u>838,284</u>
<u>127,188</u>	<u>38,385</u>	<u>5,164</u>	<u>-</u>	<u>1,488</u>	<u>23,167,967</u>	<u>18,761,238</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(744)</u>	<u>(393,640)</u>	<u>(211,918)</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, 2001
(With Comparative Totals for the Year Ended December 31, 2000)

	<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 of revenue and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balance at January 1, 2001	-	-	-	-
Fund balance at December 31, 2001	\$ -	\$ -	\$ -	\$ -

<u>Texas Photo Chemical</u>	<u>United Way</u>	<u>VIA</u>	<u>Crime Stoppers</u>	<u>Office of Rural Community Affairs</u>	<u>Totals (Memo Only)</u>	
					<u>December 31, 2001</u>	<u>December 31, 2000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,553	\$ -
-	-	-	-	744	3,060,546	2,086,320
-	-	-	-	-	(2,834,917)	(1,874,402)
-	-	-	-	744	278,182	211,918
-	-	-	-	-	(115,458)	-
-	-	-	-	-	257,877	257,877
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,419</u>	<u>\$ 257,877</u>

Alamo Area Council of Governments

Schedule of Indirect Costs

Year Ended December 31, 2001

Personnel	\$ 571,844
Employee benefits	149,216
Audit	26,000
Contractual services	85,476
Travel	11,204
Rent administration	55,990
Rent	350,753
Materials and supplies	49,652
Computer services	778
Equipment	97,958
Insurance and bonding	7,327
Public notices	5,652
Printing and reproduction	11,043
Maintenance and repair	14,559
Communications	70,064
Postage	34,739
Meeting others	8,378
Training in region	350
Publications	1,019
Professional dues	14,568
Equipment rental	<u>33,635</u>
Total indirect costs	1,600,205
Less administration cost received	<u>752,496</u>
Net indirect costs	847,709
Actual indirect costs recovered	(992,479)
Cumulative over-recovery of indirect costs per 2000 audit	<u>619</u>
Accumulated cost over-recovery	<u><u>\$ (144,151)</u></u>

Alamo Area Council of Governments

Schedule of Employee Benefits (Fringe and Release Time)

Year Ended December 31, 2001

Benefits:	
FICA	\$ 291,409
Group life insurance	63,257
Unemployment insurance	21,541
Workers' compensation	7,900
Health insurance	256,954
Retirement	361,666
Release time	<u>531,095</u>
Total employee benefits	1,533,822
Actual employee benefits recovered	(1,609,332)
Cumulative over-recovery of employee benefits per 2000 audit	<u>(108,812)</u>
Accumulated cost over-recovery	\$ <u><u>(184,322)</u></u>

Note

At December 31, 2001, AACOG had a liability for unused vacation of \$143,973, 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, 2001, and have issued our report thereon dated March 8, 2002. 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 8, 2002.

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

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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 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 8, 2002.

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, Stratenmann & Co., L.L.P.

Certified Public Accountants
March 8, 2002



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, 2001. 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

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assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about 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, 2001.

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 8, 2002.

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 8, 2002

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards

Year Ended December 31, 2001

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	\$ 104,653	\$ -
SUP-2001-18A	Special Programs for the Aging - Title III, Part B - Grants for Support Services and Senior Centers	93.044	197,017	31,348
HDM-2001-18A	Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	353,725	353,725
CGM-2001-18A	Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	220,028	220,028
SUP-2002-18A	Special Programs for the Aging - Title III, Part B - Grants for Support Services and Senior Centers	93.044	161,185	94,863
HDM-2002-18A	Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	119,995	119,995
CGM-2002-18A	Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	147,390	147,390
FCSP-2001-18A	Family Caregiver Support Program	92.052	4,252	-
SIF-2001-18A	Regional Access Plan	93.044	14,079	-
SIF-2001-18A	Transportation	93.044	6,000	-
FCSP-2002-18A	Family Caregiver Support Program	93.052	2,857	-
AA3-9948-18B	Special Programs for the Aging - Title III, Part B - Grants for Support Services and Senior Centers	93.044	217,405	-
SUP-2000-18B	Special Programs for the Aging - Title III, Part B - Grants for Support Services and Senior Centers	93.044	892,265	553,751
HDM-2001-18B	Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	452,291	452,291
CGM-2001-18B	Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	1,093,316	1,093,316
SUP-2002-18B	Special Programs for the Aging - Title III, Part B - Grants for Support Services and Senior Centers	93.044	132,212	105,831
HDM-2002-18B	Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	144,940	144,940
CGM-2002-18B	Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	564,900	564,900
OAG-9948-18A	Long-Term Care Ombudsman Services for Older Individuals - Title VII	93.042	75,696	-
OAG-9948-18B	Long-Term Care Ombudsman Services for Older Individuals - Title VII	93.042	99,275	-
SIF-2002-18B	Regional Access Plan	93.044	15,991	-
SIF-2002-18A	Regional Access Plan	93.041	10	-
FCSP-2002-18B	Family Caregiver Support Program	93.052	8,183	-
FCSP-2002-18B	Family Caregiver Support Program	93.052	7,616	-
SIF-2002-18B	Regional Access Plan	93.044	3,656	-

(Continued)

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards - Continued

Year Ended December 31, 2001

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: (continued)				
HCF-9848-18A	Special Programs for the Aging - Health, Information, Counseling, and Assistance	93.779	\$ 7,044	\$ -
HCF-9848-18B	Special Programs for the Aging - Health, Information, Counseling, and Assistance	93.779	8,599	-
ADD-0048-18B	Disability Development Grant	93.630	13,725	-
Total Passed Through Texas Department on Aging			5,068,305	3,882,378
Passed Through Texas Department of Housing and Community Affairs:				
816001	Weatherization Assistance for Low Income - LIHEAP Wealth	93.568	238,255	-
817001	Weatherization Assistance for Low Income - LIHEAP Wealth	93.568	388,397	-
815001	Weatherization Assistance for Low Income - LIHEAP Wealth	93.568	46	-
839001-839	Stripper Well	93.568	625	-
417001-419	CP&L	93.568	17,284	-
417001-410	CP&L	93.568	16,668	-
Total Passed Through Texas Department of Housing and Community Affairs			661,275	-
Total U.S. Department of Health and Human Services			5,729,580	3,882,378
<u>U.S. Department of Agriculture:</u>				
Passed Through Texas Department on Aging:				
USDA-95-18A	Nutrition Programs for the Elderly - USDA Cash	10.570	254,703	254,703
USDA-95-18B	Nutrition Programs for the Elderly - USDA Cash	10.570	907,102	907,102
Total Passed Through Texas Department on Aging			1,161,805	1,161,805
Total U.S. Department of Agriculture			1,161,805	1,161,805

(Continued)

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards – Continued

Year Ended December 31, 2001

Project Number	Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Pass-Through Expenditures
<u>U.S. Department of Transportation:</u>				
Passed Through Texas Department of Transportation:				
RPT-2000(15)	Section 5311 – Rural Transportation	20.509	\$ 99,710	\$ -
RPT-2001(15)	Section 5311 – Rural Transportation	20.509	207,190	130,225
RPT-2002(15)	Section 5311 – Rural Transportation	20.509	90,569	97,176
RPT-0101(15)19	Rural Transit Assistance Program Training Pass-Through	20.509	7,952	7,682
VCR0103(15)	Vehicle Capital Replacement	20.500	37,258	-
VCR0101(12)221	Vehicle Capital Replacement	20.500	30,118	-
ED0103(15)38	Elderly & Persons with Disabilities Grant Program	20.513	30,118	-
VCR9908	Vehicle Capital Replacement	20.500	70,600	-
ED0007	Elderly & Persons with Disabilities Grant Program	20.513	39,755	-
0915-12-165	Rideshare	20.205	41,293	-
0915-12-293	Rideshare	20.205	56,222	-
1521-00/01	Metropolitan Planning Organization	20.205	61,819	-
1521-01/02	Metropolitan Planning Organization	20.205	187,609	-
Total Passed Through Texas Department of Transportation			960,213	235,083
Total U.S. Department of Transportation			960,213	235,083
<u>U.S. Department of Commerce:</u>				
Direct Program:				
08-83-03464-00	Economic Development	11.305	22,131	-
08-83-03630	Economic Development	11.305	25,500	-
Total U.S. Department of Commerce			47,631	-
<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	45	-
567001	Weatherization Assistance for Low Income Persons	81.042	182,551	-
567001	Weatherization Assistance for Low Income Persons	81.042	289,079	-
Total Passed Through Texas Department of Housing and Community Affairs			471,675	-
Total U.S. Department of Energy			471,675	-

(Continued)

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards - Continued

Year Ended December 31, 2001

Project Number	Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Pass-Through Expenditures
<u>U.S. Department of Housing and Urban Development:</u>				
Direct Programs:				
TX-564-CE-0001	HUD - Section 8 Certificates	14.857	\$ 331	-
TX-564-VO-0001	HUD - Section 8 Certificates	14.857	270,050	-
TX-564-VO-0001	HUD - Section 8 Certificates	14.857	25,133	-
C70221	Community Development	14.228	9,770	-
C71221	Community Development	14.228	744	-
Total U.S. Department of Housing and Urban Development			306,028	-
<u>U.S. Department of Justice:</u>				
Passed through Office of the Governor Criminal Justice Division:				
JB-98-J22-14969-01	Drug Treatment for Juvenile Offenders	16.523	92,456	-
JB-00-J20-15644-01	Juvenile Accountability Block Grant	16.523	53,239	-
JA-99-J20-14852-01	Regional Purchase of Juvenile Justice Alternatives	16.540	32,111	-
JA-00-J20-14852-02	Regional Purchase of Juvenile Justice Alternatives	16.540	372	-
Total Passed Through Office of the Governor Criminal Justice Division			178,178	-
Passed Through Rape Crisis Center:				
WF-98-V04-13497-00	Law Enforcement Training Rape Crisis Center	16.588	(4,474)	-
WF-99-V04-13497-01	Law Enforcement Training Rape Crisis Center	16.588	16,894	-
WF-99-V04-13497-02	Law Enforcement Training Rape Crisis Center	16.588	18,010	-
Total Passed Through Rape Crisis Center			30,430	-
Total U.S. Department of Justice			208,608	-
<u>TRW/Randolph:</u>				
Direct Program:				
F42620-00-D-0038	TRW/Randolph	N/A	(4,094)	-
Total TRW/Randolph			(4,094)	-

(Continued)

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards – Continued

Year Ended December 31, 2001

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	\$ 20,824	\$ -
Passed Through Texas Natural Resource Conservation Commission:				
582-0-80737	EPA	66.606	20,061	-
582-1-35149	EPA	66.606	57,047	-
Total Passed Through Texas Natural Resource Conservation Commission			77,108	-
Total U.S. Environmental Protection Agency			97,932	-
<u>U.S. Department of the Interior:</u>				
Direct Program:				
99HQGR0118	U.S. Geological Survey	15.808	624	-
Total U.S. Department of the Interior			624	-
Total Federal Awards – Alamo Area Council of Governments			8,980,002	5,279,266
<u>Texas Natural Resource Conservation Commission:</u>				
5820-83124	Air Quality	N/A	396,337	-
N/A	Texas Photo Chemical Model	N/A	127,188	-
582-2-44845	Solid Waste	N/A	90,963	-
582-0-83387	Solid Waste	N/A	707,853	374,231
Total Texas Natural Resource Conservation Commission			1,322,341	374,231
Passed Through CAPCO:				
3300.1.01	CAPCO	N/A	67,517	-
Total Passed Through CAPCO			67,517	-
Total Texas Natural Resource Conservation Commission			1,389,858	374,231
<u>General Services Commission:</u>				
9006	Clean Cities	N/A	36,170	-
Total General Services Commission			36,170	-

(Continued)

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards – Continued

Year Ended December 31, 2001

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	\$ 129,449	\$ -
SF-00-A2-14859-02	Police Academy 2001	N/A	646,912	-
SF-00-174-14468-00	Regional Criminal Justice Coordination	N/A	904	-
SF-00-174-14468-01	Regional Criminal Justice Coordination	N/A	193,506	-
SF-00-197-14468-02	Regional Criminal Justice Coordination	N/A	77,326	-
SF-00-J21-14864-00	Regional Youth Criminal Justice Education Division	N/A	2,758	-
SF-00-J21-14864-01	Regional Youth Criminal Justice Education Division	N/A	52,192	-
SF-01-J20-14864-02	Regional Youth Criminal Justice Education Division	N/A	18,291	-
Total Office of the Governor			<u>1,121,338</u>	<u>-</u>
<u>Texas Department on Aging:</u>				
SCG-2002-18A	State General Revenue	N/A	73,082	58,082
SCG-2002-18B	State General Revenue	N/A	227,228	212,288
Total Texas Department on Aging			<u>300,310</u>	<u>270,370</u>
<u>Commission on State Emergency Communications:</u>				
N/A	Implementation 911	N/A	53,199	-
N/A	Implementation 911	N/A	128,358	22,222
N/A	Implementation 911	N/A	641,495	298,186
N/A	Implementation 911	N/A	203,577	44,914
Total Commission on State Emergency Communications			<u>1,026,629</u>	<u>365,322</u>
<u>Texas Department of Transportation:</u>				
DOL-0001(15)	Reverse Commute	20.509	88,821	-
RPT-2000(15)	Section 5311 – Rural Transportation	20.509	(1,015)	-
RPT-2001(15)	Section 5311 – Rural Transportation	20.509	361,084	106,724
RPT-2002(15)	Section 5311 – Rural Transportation	20.509	171,602	275,952
Total Texas Department of Transportation			<u>620,492</u>	<u>382,676</u>
<u>Texas Water Development Board:</u>				
N/A	Water Plan	N/A	(4,303)	-
Total Texas Water Development Board			<u>(4,303)</u>	<u>-</u>
Total State Awards – Alamo Area Council of Governments			<u>4,490,494</u>	<u>1,392,599</u>
Total Federal and State Awards – Alamo Area Council of Governments			<u>\$ 13,470,496</u>	<u>\$ 6,671,865</u>

(Continued)

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards – Continued

Year Ended December 31, 2001

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	\$ 11,097	\$ 11,097
09050Y00	Child Care Management Services	93.600	359,973	359,973
09050Y00	Child Care Management Services	93.600	170,985	170,985
N/A	Temporary Assistance for Needy Families	93.558	596,968	548,593
N/A	Temporary Assistance for Needy Families	93.558	345,108	320,923
N/A	Able Bodied Americans with Disabilities	93.558	2,620	2,620
N/A	Able Bodied Americans with Disabilities	93.558	3,663	3,663
N/A	Rider 25	93.558	183,309	175,428
			<u>1,673,723</u>	<u>1,593,282</u>
Total Passed Through Texas Workforce Commission			<u>1,673,723</u>	<u>1,593,282</u>
Total U.S. Department of Health and Human Services			<u>1,673,723</u>	<u>1,593,282</u>
<u>U.S. Department of Agriculture:</u>				
Passed Through Texas Workforce Commission:				
N/A	Food Stamps	10.561	10,686	9,935
N/A	Food Stamps	10.561	5,383	5,383
			<u>16,069</u>	<u>15,318</u>
Total Passed Through Texas Workforce Commission			<u>16,069</u>	<u>15,318</u>
Total U.S. Department of Agriculture			<u>16,069</u>	<u>15,318</u>
<u>U.S. Department of Labor:</u>				
Passed Through Texas Workforce Commission:				
N/A	Workforce Investment Act Administration	17.255	49,828	49,828
N/A	Workforce Investment Act Administration	17.255	15,682	15,682
N/A	Workforce Investment Act Adult	17.255	507	(18)
N/A	Workforce Investment Act Adult	17.255	5	5
N/A	Workforce Investment Act Adult	17.255	430,837	140,225
N/A	Workforce Investment Act Adult	17.255	195,441	48,817
N/A	Workforce Investment Act Youth Services	17.255	384,441	384,441
N/A	Workforce Investment Act Youth Services	17.255	405,304	100,991
N/A	Workforce Investment Act Dislocated Workers	17.255	196,203	196,203
N/A	Workforce Investment Act Dislocated Workers	17.255	335,674	121,255

(Continued)

Alamo Area Council of Governments

Schedule of Expenditures of Federal and State Awards – Continued

Year Ended December 31, 2001

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	Welfare to Work 70% State	17.253	\$ 1,315	\$ 1,315
N/A	Welfare to Work 70% State	17.253	58,583	10,425
N/A	Welfare to Work 30% State	17.253	(11,417)	(11,331)
N/A	Welfare to Work 30% State	17.253	117,572	3,401
N/A	Unemployment Assistance	17.253	4,397	4,397
N/A	Welfare to Work Transportation	17.253	21,755	14,985
	Total Passed Through Texas Workforce Commission		<u>2,206,127</u>	<u>1,080,621</u>
	Total U.S. Department of Labor		<u>2,206,127</u>	<u>1,080,621</u>
	<u>American Forest:</u>			
N/A	Tree Project	N/A	1,972	-
	Total American Forest		<u>1,972</u>	<u>-</u>
	Total Federal Awards – Alamo Area Development Corporation (a Component Unit)		<u>\$ 3,897,891</u>	<u>\$ 2,689,221</u>
	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		\$ 8,980,002	\$ 5,279,266
	Alamo Area Development Corporation (a Component Unit)		<u>3,897,891</u>	<u>2,689,221</u>
	Total Federal Awards per General Purpose Financial Statements		<u>\$ 12,877,893</u>	<u>\$ 7,968,487</u>
	State Awards:			
	Alamo Area Council of Governments		\$ 4,490,494	\$ 1,392,599
	Alamo Area Development Corporation (a Component Unit)		-	-
	Total State Awards per General Purpose Financial Statements		<u>\$ 4,490,494</u>	<u>\$ 1,392,599</u>

Alamo Area Council of Governments

Notes to Schedule of Expenditures of Federal and State Awards

December 31, 2001

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, 2001. 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 type. 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, 2001

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, 2001

<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	\$526,341
Dollar Threshold Used to Distinguish Between Type A and Type B State Programs	\$526,341
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	Nutrition Programs for the Elderly - USDA Cash - CFDA 10.570

(Continued)

Alamo Area Council of Governments

Schedule of Findings and Questioned Costs – Continued

December 31, 2001

<u>Summary of Auditors' Results</u>	<u>Description</u>
Major Federal Programs: (continued)	Federal Transit Administration Program - CFDA 20.509
	Low Income Home Energy Assistance Program - CFDA 93.568
	Weatherization Assistance for Low Income Persons - CFDA 81.042
	Temporary Assistance for Needy Families Program - CFDA 93.558
	Rider 25 - CFDA 93.558
Major State Programs	Office of the Governor Criminal Justice Division - Criminal Justice Planning Program
	Texas Commission on State Emergency Communications - 9-1-1 Emergency Communications Program

Alamo Area Council of Governments

Summary of Schedule of Prior Audit Findings

Year Ended December 31, 2001

None

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