



AACOG
Alamo Area Council
Of Governments

San Antonio, Texas

Comprehensive Annual Financial Report
For the Year Ended December 31, 2017



**ALAMO AREA
COUNCIL OF GOVERNMENTS**

SAN ANTONIO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

Prepared by:

John Clamp, Chief Financial Officer

Blanca Tapia, Controller

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**INTRODUCTORY
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Board of Directors

- Chris Schuchart, Chairman**
County Judge, Medina County
- James C. Hasslocher, Vice Chairman**
Board Member, University Health System
- Luana Buckner**
Board Chair, Edwards Aquifer Authority
- Tommy Calvert**
Commissioner, Bexar County
- Suzanne de Leon**
Mayor, City Balcones Heights
- Cris Eugster**
Chief Operating Officer, CPS Energy
- Richard A. Evans**
County Judge, Bandera County
- Leah Garcia**
Councilwoman, New Braunfels
- Robert W. Gregory**
Mayor, City of La Vernia
- Robert L. Hurley**
County Judge, Atascosa County
- Richard L. Jackson**
County Judge, Wilson County
- Andrew Keller**
Mayor, City of La Coste
- Sherman Krause**
County Judge, Comal County
- Walter R. Long, Jr.**
County Judge, Karnes County
- Arnulfo Luna**
County Judge, Frio County
- Darrel L. Lux**
County Judge, Kendall County
- Andrew Murr**
State Representative, District 53
- Manny Pelaez**
Councilman, City of San Antonio
- Clayton Perry**
Councilman, City of San Antonio
- Tom Pollard**
County Judge, Kerr County
- Katie N. Reed**
Trustee, Northside ISD
- Sergio "Chico" Rodriguez**
Commissioner, Bexar County
- Ana Sandoval**
Councilwoman, City of San Antonio
- Thomas A. Schoolcraft**
Mayor, City of Helotes
- Mike Schultz**
Mayor, City of Boerne
- Mark Stroehrer**
County Judge, Gillespie County
- James E. Teal**
County Judge, McMullen County
- Carlos I. Uresti**
Senator, State of Texas, District 19
- John Williams, Chairman**
Mayor, City of Universal City
- Kevin A. Wolff**
Commissioner, Bexar County
- Jim O. Wolverton**
Commissioner, Guadalupe County
- Kyle Biedermann (Ex-Officio)**
State Representative, District 73
- Ryan Guillen (Ex-Officio)**
State Representative, District 31
- Felipe "Fil" Jimenez (Ex-Officio)**
Joint Base San Antonio
- John Kuempel (Ex-Officio)**
State Representative, District 44
- Judith Zaffirini (Ex-Officio)**
State Representative, District 21

June 27, 2018

The Honorable Chris Schuchart and
Members of the Board of Directors
Alamo Area Council of Governments
San Antonio, TX

Dear Judge Schuchart and Members of the Board of Directors:

The Comprehensive Annual Financial Report (CAFR) of the Alamo Area Council of Governments (the "Council" or "AACOG") for the fiscal year ended December 31, 2017 is hereby submitted. This report was prepared by the Department of Accounting, which accepts responsibility for the accuracy, completeness, and fairness of the data presented. To provide a reasonable basis for making these representations, management of AACOG has established a comprehensive framework of internal controls that is designed to protect AACOG from loss and allow the compilation of reliable information to prepare the attached financial statements in conformity with GAAP. It should be noted that reasonable internal control measures weigh the cost of those procedures against their benefits and AACOG's internal control measures provide reasonable but not absolute assurance that the financial statements are free of material misstatement. We believe the data, as presented, is accurate in all material respects, that it properly reflects the financial position and the results of operation of the Council, and that all disclosures have been made to enable the reader to acquire the maximum understanding of financial affairs concerning the Council.

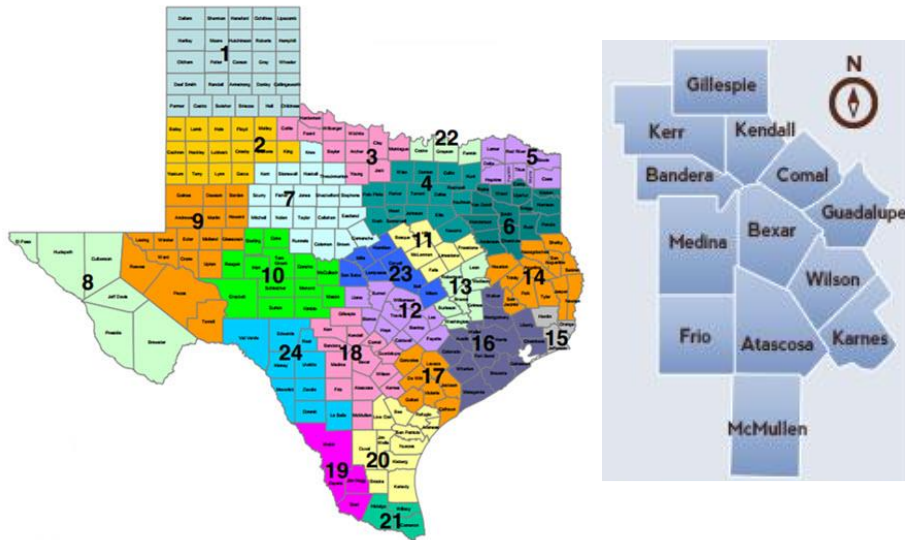
These financial statements are presented annually in compliance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Texas Uniform Grant Management Standards* as well as Article X of the Council's Bylaws. Pattillo, Brown & Hill, L.L.P, Certified Public Accountants have issued an unmodified opinion, sometimes referred to as a "clean" opinion on the AACOG financial statements included herein. This report is located on pages 1-3 at the front of the financial section of the report.

The Council has prepared Management's Discussion and Analysis (MD&A) which immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This MD&A is intended to complement this letter of transmittal and should be read in conjunction with it.

Alamo Area Council of Governments profile:

In 1967, the Alamo Area Council of Governments (Council) was created under authority of State Law now re-codified as Local Government Code, Chapter 391 and is statutorily a political subdivision of the state. The Council is a voluntary membership organization of local governments in a thirteen-county region of Southcentral Texas. The organization is one of 24 regional councils in Texas. The Council was established to study and resolve area-wide problems through the cooperation and coordination action of member cities, counties, school districts and special purpose districts of the region. The Council continues to be dedicated to improving the quality of life of the citizens of the region through cooperative efforts to enhance the physical, social, and economic environment of the communities it serves.

AACOG is governed by a 32 member board of directors from member local governments. The board represents local and state elected officials to include: state house and senate, county governments, cities, school districts, and public utilities. During 2017, AACOG's membership was comprised of the 13 county governments, 56 cities, and 6 school districts, 2 public utilities, 8 special districts, 16 associate members and 19 strategic partners. According to the 2010 Decennial Population Count from the U.S. Bureau of Census, these member governments represented approximately 2.25 million citizens and covered an area of 12,585 square miles. Below is a graphic representation of the AACOG region (18) and its location in the state of Texas.



Texas Economic Condition and Outlook:

Texas' \$1.5 trillion economy is the second largest in the United States. It is also home to 100 of the 1,000 largest public and private U.S. companies. The State Comptroller estimates the 2018 unemployment rate to be 4.4% compared to 4.7% in 2017. In addition, the comptroller estimates Real Gross State Product to increase in 2018 to 1.593 trillion from 1.536 trillion in 2017. Overall the state is in very good economic health.

San Antonio and Bexar County continue to see accelerated growth in its population. It is estimated that the San Antonio metropolitan area will increase by 1 million residents by 2040.

Alamo Regional Transit

Long-term Financial Planning and Major Initiatives:

Alamo Regional Transit (ART) is a service that provides public transportation originating in the 12 rural counties (Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, McMullen, Medina, and Wilson) outside of San Antonio and Bexar County. Transportation is a critical component and it is ART's mission to provide safe, reliable, professional, and courteous transportation at the lowest cost to residents in the Alamo Region service area. In 2017, ART provided 101,394 trips to residents of the region for medical appointments, work, school, adult day care, and personal needs such as shopping, just to name a few.

ART operates a deviated fixed route in the City of Seguin, the only one in the 12-county Alamo Region, called "Connect Seguin." This route is an hour long loop that stops at major destinations around the city and continues to grow in ridership from the collaborative efforts between the City of Seguin and AACOG. In November 2016 this route was revised to 15 stops, which increased efficiencies, timings, and ridership. The low cost service provided over 14,260 rides during 2017 and plans to exceed this ridership during 2018 by continuing outreach and increasing advertising efforts.

In 2018, ART plans to continue elements of the five-year coordinated plan that was approved in 2017 by focusing on increasing ridership and coordination through mobility management, rideshare/van pool services, and coordinating with other Non-Emergency Medical Transportation (NEMT) services, dialysis, and other human service programs.

To that end, ART plans to improve efficiencies by purchasing new vehicles that will reduce overall operating costs, purchasing new software for reservations and scheduling, and developing rideshare and/or van pools throughout the region. ART will also work towards improving the image of the program through coordination with other agencies and programs, bus advertising, and continued outreach.

Call-A-Ride 4 Vets (CARV)

Through continued funding from the Texas Veterans Commission (TVC) Fund for Veterans' Assistance, CARV enrolled 3,418 veterans, surviving spouses, and family members in 2017, surpassing the goal of 3,000 by 114%. CARV provided over 950 VIA bus passes and over 6,000 rides for members to medical appointments, senior centers, job interviews, and many other destinations throughout the 13-county AACOG region. With the great success this program has obtained, TVC has granted the renewal of the program through 2017-2018.



Albert Baca escorts Ms. Josephine Reaves, WWII Vet & Bronze Star recipient, to San Antonio City Hall where she was recognized for her military service.



Area Agencies on Aging

The Alamo and Bexar Area Agencies on Aging (AAAs) are part of a nationwide network coordinating supportive services for the elderly, with funding provided by the Older Americans Act of 1965 and its subsequent amendments. The agencies plan and contract services for senior citizens throughout the AACOG region. With the AAAs acting as an advocate, awareness of the needs of the elderly increases through services and assists them and their families with options that promote independent, well-being, and dignity. Programs and services provided by the AAAs include case management; family caregiver support and respite; support for grandparents raising grandchildren; legal assistance; home delivered and congregate meals; health and wellness coaching, including Chronic Disease and Diabetes Self-Management programs; A Matter of Balance program; Stress Busting for Caregivers (Dementia) Program; Ombudsman Services; and home modifications for safety and independent living.

Alamo Service Connection (an Aging and Disability Resource Center)

The Alamo Service Connection (ASC) is the gateway to the public's access to services and is part of the "no wrong door" network of social service agencies in the AACOG region. It is one of the 22 statewide Health and Human Services Commission-designated Aging and Disability Resource Centers (ADRC) and provides a wealth of unbiased information to individuals seeking long term care and supports in the community. Moreover, the ASC helps seniors, people with disabilities, Veterans, and caregivers to navigate the maze of available options to ensure they are receiving the services and support that best fit their situation. During fiscal year 2017, the ASC provided 45,294 referrals to 25,902 callers, of which 5,521 were Veterans, spouses, or dependents.

Care Coordination and Caregiver Support Program

The Care Coordination program provides case management services to persons 60 years of age and older, caregivers caring for a loved one who is 60 years of age or older, and persons 55 and over who are raising their grandchildren/kinship who are 18 and under. Services provided include residential repair (installation of grab bars, handrails, and appliances) and health maintenance (providing incontinence supplies, and eyeglasses), and in-home services (homemaker and personal assistance). These services allowed 2,716 senior clients to remain in the community and age in place with dignity, security, and enhanced quality of life.



The AAAs provide support to older Texans raising children in the 13-county region. The Alamo Area Agency on Aging and AACOG staff collected and donated school supplies and backpacks to 76 grandchildren and great-grandchildren in the Alamo Aging Grandparents Raising Grandchildren Program to start their school year. The Bexar AAA Caregiver Support program provided back-to-school voucher assistance to 397 children as part of the "Grandparents Raising Grandchildren event."

Area Agencies on Aging

The Bexar Senior Advisory Committee's Access and Assistance Subcommittee sponsored the second annual Elder Fraud Summit, on June 7, 2017, at the Northeast Senior Center in San Antonio. Five hundred seniors attended this free educational seminar, which provided those in attendance with tips on elder abuse prevention. The keynote speaker was District Attorney Nicholas "Nico" LaHood. Other speakers included Bexar County Sheriff Javier Salazar and Detective David Brinkman from the San Antonio Police Department. There were also presentations by experts from Adult Protective Services, AARP, Frost Bank, and the Social Security Administration. Those in attendance were able to visit resource tables, receive give-a-ways, and utilize the free shredding truck.



The Bexar AAA and the Grandparents Raising Grandchildren Coalition collaborated to present the First Older Relative Caregiver Conference on September 12th at CentroMed. More than 150 older relative caregivers attended the conference; and more than 20 community partners provided support, information, and resources to attendees. 225th District Court Judge Peter Sakai spoke at the conference, addressing advocacy and other issues affecting grandparents and older relative caregivers who assume the responsibility of caring for children placed in their care. In addition, Paul Zambie, Managing Attorney with the Texas Legal Service Center, provided an overview of legal issues specific to *Transfer on Death Deeds*; and Cynthia Hazel, M.A., Reiki Master, Quantum Healer, spoke about *Re-parenting Grandchildren: A Joyful Journey*. The conference concluded with an expert panel including Tammy Lampkin; Texas Health and Human Services Commission (Temporary Assistance for Needy Families); Erica Banuelos; Texas Department of Family & Protective Services; and Delilah Trevino, Compliance Coordinator with Edgewood Independent School District (Special Ed), who presented on various topics.



Older Relative Caregiver

Judge Peter Sakai with Caregiver Conference Participants

Area Agencies on Aging

Long-Term Care (LTC) Ombudsman Program

Ombudsmen are advocates for residents of licensed nursing homes and assisted living communities. They work to resolve problems of individual residents and to bring about changes at the local, state and national levels to improve residents' care and quality of life. Some of the ways in which LTC Ombudsmen serve residents include telling residents about their rights, empowering, and supporting residents and their families to discuss concerns with staff. In 2017, the Alamo and Bexar Ombudsman Programs made 1,510 visits to nursing homes and 1,212 visits to assisted living communities in the region.



Two Volunteer Ombudsman working with Aging Sensitivity Training Kits

Age Well, Live Well

The *Age Well, Live Well* Network hosted a financial wellness event for seniors at Bibliotech West in May; which highlighted online budgeting tools, the cost of food waste, and end of life planning. The network includes approximately 20 community agencies and organizations, with the intent of promoting and supporting opportunities for all individuals to be active and healthy throughout their lives.

Health and Wellness

The Health and Wellness Program ensures seniors have access to evidenced-based courses that prevent falls and promote healthy living in the 13-county AACOG Region. Classes offered throughout the year were *A Matter of Balance*, *Chronic Disease Self-Management*, and *Diabetes Self-Management*. The AAAs also received a *Falls Free Reduction Empowerment and Education (FREE)* grant from United Way of Tarrant County. This grant allowed AAA staff to conduct free *Matter of Balance* classes, which helped seniors prevent and protect them-selves from falls and fall hazards. More than 230 seniors attended these free classes.



Larry Johnson and Anthia Murray lead Matter of Balance Class at Virginia Gill Community Center

Area Agencies on Aging

Veteran Programs

TxServes – San Antonio is part of a national network of coordination centers developed by the Institute of Veterans and Military Families (IVMF) at Syracuse University. The Walmart Foundation generously funds the network. AACOG was selected in April 2017 as the 10th Coordination Center, and the first for Texas. TxServes – San Antonio officially launched on June 27, 2017.

TxServes – San Antonio specifically serves our military, veterans, and dependents. The program can be described as a collective impact group that serves the military-connected community.

TxServes is a web-based platform that connects all service providers (both locally and nationally) in the network. It covers 15 service categories, including transportation, employment, food and housing. Individuals seeking assistance through TxServes an access us three ways: 1) TxServes.org; 2) telephone 1-888-SA-4-VETS; or 3) walk-in directly to AACOG and request assistance.



TxServes Providers Training

Veteran-Directed Home and Community Based Services (VDHCBS) is a program of the Department of Veterans Affairs (VA) for self-directed care. VDHCBS empowers Veterans to choose and manage services and

supports in their own homes as an alternative to living in a long-term care facility. The veteran or the Veteran Representative (Employer) hires, supervises, evaluates and pays the employee to provide specific services and supports that the Veteran needs to live in his or her own home. VDHCBS serves Veterans within 100 miles of San Antonio. To date, VDHCBS has served 41 Veterans in the region.



TxServes – San Antonio Launch at Texas A&M San Antonio Patriots' Casa

IDD Services

Intellectual & Developmental Disability Services (IDD)

Since 2006, AACOG has served as the single point of access and "front door" to publically-funded services and supports for persons with IDD in Bexar County. AACOG is responsible for planning, policy and resource development, and oversight of IDD services, whether the program is provided by a public or private entity.

Our Service Coordinators/Case Managers help people access medical, social, educational, and other appropriate services and supports. These services help them achieve an acceptable quality of life and community participation. Our Service Coordinators/Case Managers are actively involved in the lives of more than 5,000 community members and their families.

Service Coordination is provided to individuals enrolling in, participating in, or transitioning from:

Nursing Facilities (NF);
Intermediate Care Facilities
(ICF/IID); State Supported Living
Centers (SSLC);

Home and Community-based Services
(HCS); Texas Home Living (TxHmL);
General Revenue (GR); and,
Community First Choice (CFC).

Safety Net Services provided to individuals with IDD in 2017:



As AACOG embarks on a new era, so too does our local services for individuals with intellectual disabilities, developmental disabilities, and related conditions. One of the most visible signs of our efforts to demystify services available to the community is our name change. Formerly known as the Alamo Local Authority for Intellectual and Developmental Disabilities, this name was frequently shortened to Alamo Local Authority, or simply ALA, leaving a sense of confusion for many of the most vulnerable citizens in the community with little understanding of the actual services and resources available. To further increase transparency and efficiency, the Intellectual and Developmental Disability (IDD) Services department has eliminated separate branding and adopted the AACOG logo.



IDD Services

In addition to rebranding, we have engaged the community through more than 25 community education & outreach events with more than 20 agencies; given our brochures and publications a refreshed look with simplified language; and forged new partnerships with community agencies and Independent School Districts.

Finally, in a show of intra-agency coordination and the removal of internal silos, IDD Services and the Regional Law Enforcement Academy partnered to create and produce a first-of-its-kind training for the Alamo region and State of Texas. The *Recognition & Response to the IDD Community* is a two-way street training model for law enforcement and first responders. This is an innovative, inclusive training of relevant content; includes the most recent recommendations from the Department of Justice; provides a replicable, sustainable, hands-on interactive model; and, provides trained officers the opportunity to meet and mentor community members with IDD. The goal of this training model is to inspire a shift in thinking, feeling, and action; and to teach officers how to better interact with the IDD community. This training is part of the effort to change misperceptions about persons with disabilities and to provide law enforcement experiences that will help them see people with disabilities as people first.



Jose Robledo, Academy Instructor, with other law enforcement officers from George West Police Department, Kendall County Sheriff's Office, and Comal County District Attorney's Office, and IDD community members, interacting as part of the *Recognition and Response to the IDD Community* course.

Preadmission Screening and Resident Review

Preadmission Screening and Resident Review (PASRR) is a federal requirement to help ensure that individuals are not inappropriately placed in nursing homes for long term care. PASRR requires that 1) all applicants to a Medicaid-certified nursing facility be evaluated for serious mental illness (SMI) and/or intellectual disability (ID); 2) be offered the most appropriate setting for their needs (in the community, a nursing facility, or acute care settings); and 3) receive the services they need in those settings. PASRR protects the rights of individuals with disabilities to receive care in community-based settings. PASRR also reinforces person-centered planning by ensuring that an individual's psychological, psychiatric, and functional needs are considered along with personal goals and preferences in planning long term care. In 2017 more than 250 individuals admitted to nursing facilities were evaluated for specialized services as a result of an intellectual or developmental disability.

IDD Services

IDD Crisis Services

One of the greatest obstacles individuals with IDD and their supportive family members face is access to adequate behavioral crisis respite support services and training opportunities. In a continued effort to address the significant need for behavioral crisis resolution services, we continue to enhance our IDD crisis respite program which provides therapeutic respite in-home (72 hours) or out-of-home (up to 14 calendar days) to stabilize the situation. Therapeutic respite is a flexible array of services. It includes behavioral support provided to individuals



with IDD, who require varying therapeutic and habilitative levels of intervention to holistically address the stressors that result in challenging behaviors. In 2017 more than 327 individuals were served through our IDD Crisis Intervention and Crisis Respite services.

IDD staff participate in Day of Service working at various non-profits in the San Antonio area

SPIRIT Project

IDD Services and the Regional Law Enforcement Academy were recently awarded a grant from the Texas Workforce Commission for a targeted job readiness and skills training program at Morgan's Wonderland. The grant will help strengthen the regional workforce by forging stronger linkages between families and individuals with IDD, employers, and educators, to meet workforce needs in the San Antonio area. This pilot project, titled Skills Pipeline – Investment in Regional Innovation & Training (SPIRIT) Project – Job Readiness for Individuals with IDD, develops employment opportunities for individuals with IDD who may have previously been excluded from the workforce, and provides them with the assistance and training necessary to access and retain these opportunities.

Academy Training at Morgan's Wonderland

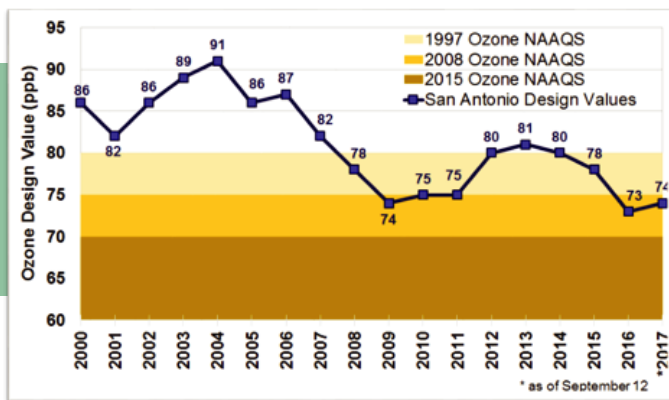


Natural Resources

Air Quality Overview

AACOG's Natural Resources department focuses on data and strategies to improve air quality in the region by reducing ground-level ozone pollution. The Air Quality program encompasses projects that help us better understand the complex makeup of our air, and what may be most effectively done to improve it.

In 2015, to make its ozone standard more protective of human health and the environment, the U.S. Environmental Protection Agency (EPA) lowered the acceptable concentration for ground-level ozone to 70 parts per billion (ppb). The new ozone standard poses a particular challenge to the area due to our rapidly growing population. The Alamo region is anticipating an air quality nonattainment designation by the EPA; which could have far reaching impacts on transportation projects, economic development, and the local cost of living. AACOG is working with local government and business leaders to meet this challenge by adopting strategies that will help lower air pollution in the Alamo Region.



A primary goal of the air quality program is to determine how ozone in the lower atmosphere responds to influencing factors, such as meteorological conditions.

Key Regional Events

Cost of Nonattainment Study

At the direction of the AIR Executive Committee, AACOG contracted for a study of the potential economic impact of nonattainment to the region. The report summarized the potential costs to the metropolitan economy that could be anticipated under a marginal or moderate nonattainment determination. It concluded that the metropolitan economy could experience losses of up to \$1 billion per year upon official designation by the EPA. As mentioned in the report, much of the impact would be attributed to economic opportunity costs as businesses choose to expand or relocate to regions deemed as being in attainment. However, the losses would also result from a variety of costs, including:

- Cost of Additional Permitting
- Cost of Project Delays
- Costs of Mandated Program Operations
- GRP Losses Due to Additional Inspection Fees
- GRP Losses Due to Road Construction Delays
- Costs to Reduce Point Source NOx Emissions

Natural Resources

Air Quality Overview

Rider 7 Termination and AACOG Program Transition

In an unanticipated action at the end of the 85th Texas Legislative session, Governor Greg Abbott vetoed 2018-19 biennial funding from what has been known as the Rider 7 Air Quality Planning Program. This long-standing program originated in 1995 for the specific purpose of assisting near nonattainment areas across the state with air quality planning, including the Alamo Region. The resulting loss of \$1.4 million over the 2018-19 biennium for air quality programming in the AACOG region represents an estimated reduction of 70 percent of AACOG's Natural Resources Department funding.

In response to this action, AACOG staff developed a revised work plan which focused on preserving sufficient funding to continue essential activities through June 2018. Activities that AACOG prioritized and recommended for continuation with remaining TCEQ funding include: Development of the Conceptual Model; Eagle Ford Shale, Commercial, Residential Emissions Inventories; Photochemical Modeling; Data Inputs; and Local Control Strategies. These recommendations were approved by the TCEQ in November 2017.

Stakeholder Support

Once the impacts of reduced funding to the region were assessed, the AIR Executive Committee and the AACOG Board of Directors supported efforts to work with community air quality stakeholders to identify additional funding opportunities. As a result of these efforts, a significant portion of funding and in-kind services have been identified to extend technical activities which were originally slated for discontinuation.

AACOG's sincere appreciation is offered to the following entities for their contributions and commitment toward air quality planning activities:

Stakeholder Contributions

Entity	Activity	Commitment
CPS Energy	Ambient Air Quality Monitoring	Continue management of six AACOG-owned air quality monitors to continue the collection of air quality data for the foreseeable future as well as the addition of a new monitor at Government Canyon Natural Area
City of San Antonio	Photochemical modeling, emissions inventory, local control strategy	\$125,000 to continue technical air quality planning activities through 2018
Bexar County	Photochemical modeling, emissions inventory, local control strategy	\$125,000 to continue technical air quality planning activities through 2018
South Texas Energy and Economic Roundtable (STEER); Texas Aggregates and Concrete Association (TACA); Capitol Aggregates; Martin Marietta; Cemex; and Alamo	Emissions inventories	\$57,500 to continue air quality planning activities through 2018

Natural Resources

Air Quality Overview

Alamo Area Clean Cities Coalition

The Alamo Area Clean Cities Coalition (AACCC) supports local actions to reduce petroleum use in transportation by providing technical assistance to fleets, seeking grant and funding opportunities, and hosting educational events, as well as other services that expand the use of alternative and renewable fuels, idle-reduction measures, fuel economy improvements, and emerging transportation technologies.



In 2017, the AACCC focused on consultations with fleet managers and public outreach events. In June, the AACCC hosted a workshop providing information on Volkswagen Environmental Mitigation Trust funding. These funds result from an emissions-related lawsuit settlement through which it is anticipated that the AACOG region may receive access to an estimated \$23 million for repowering or replacing outdated vehicles. Representatives from over thirty area public fleets attended this workshop.

In September, the AACCC hosted Drive Electric Day – San Antonio at the Pearl Brewery’s Farmers Market. With more than a dozen electric vehicles (EV) on display and available for test drives, the event drew more than 500 attendees. Chris Langston, who attended the event and rode in a Tesla Model S and BMW i3 Rex commented, “The best part of the event was being able to interact with local EV owners. Being able to talk, question, and ride along with an EV owner far exceeds anything you can get from talking with a car salesman. You know you are getting straightforward answers and not a sales pitch.”



*Drive Electric Day –
San Antonio
at the Pearl Brewery’s Farmers Market*



Natural Resources Air Quality Overview

Commute Solutions Program

Commute Solutions strives to help reduce traffic congestion, and thus ozone emissions, through transportation alternatives. It promotes and facilitates carpooling, mass transit, biking, walking, compressed workweeks and telecommuting; and it features a carpool matching and emergency ride home service. The program highlights include meeting with businesses and school administrators to help establish employer-based, commuter-friendly programs. Among Commute Solutions' highest achievements for 2017 was reaching business leaders through presentations at meetings of the Northside, South San Antonio, Seguin, New Braunfels, and Bulverde-Spring Branch Chambers of Commerce; as well as the San Antonio Manufacturers Association Environmental Affairs Committee, San Antonio Traffic Coalition, Greater Bexar County Council of Cities, and the San Antonio Mobility Coalition.

The Commute Solutions program hosted its annual commuter challenge in May, in which a record breaking 20 area employers competed against each other to see which had the highest percentage of employees using transportation alternatives. The 2017 winning organizations were: Southwest Research Institute, the City of Leon Valley, and Linebarger, Goggan, Blair & Sampson. The 2,726 participating individuals recorded an estimated 103,000 trips taken by alternative means that month, and reduced vehicle miles traveled by 1.84 million. Teresa Maillard, a UTSA employee who participated in the challenge by logging her bus commutes during May, commented "I know I am doing a small portion to save our quality of air, but I am also saving on gas expenses. I am not crowding the freeways, I am meeting new friends, I am reading again, and I am supporting the sustainable San Antonio VIA transportation."



In addition to working with employers and schools, program outreach includes social media, news media, and public events. For example, staff made a special effort during 2017 to meet with and encourage television meteorologists to post regular ozone updates and help the public to understand the nature and causes of ground-level ozone, and what individuals may do to help prevent ozone pollution through transportation choices. One of the results of this interaction was a special segment on air quality by KSAT during July.

Lisa Martin (left), representing the City of Leon Valley, with Lily Lowder, Natural Resources Outreach Specialist, at the 2017 Walk & Roll Challenge Award Ceremony

Public Safety

Alamo Area Regional Law Enforcement Academy

For over forty-five years, the Alamo Area Regional Law Enforcement Academy has trained future Texas Peace Officers, Correction Officers, and Emergency Telecommunications personnel. This year, three cadet classes graduated a total of 85 cadets. In addition, the Academy provides dozens of specialized in-service (continuing education) courses for law enforcement personnel. In total, the Academy provided 162,575 hours of training to 8,698 law enforcement personnel from 154 counties throughout Texas this year.



Participants in the Mexico Police Professionalization Exchange Program discuss strategies and challenges with Academy staff and instructors.

In 2017, the Academy continued its innovative police use-of-force training for in-service peace officers. The course incorporated real-world scenarios in both its upgraded video simulator and role player exercises. The Academy also provided two different use-of-force presentations to civilian policy makers working with law enforcement agencies so participants could better comprehend such practices and experience life-like use-of-force scenarios.

Funded through a grant from the U.S. Department of State, for a US and Mexico Police Professionalization Exchange Program, the Academy partnered with a local non-profit to host three week-long trainings for police

administrators from Mexico and teach courses on *US/Texas Police Structure*, *Use of Force Law*, *Incorporation of Reality Based Training Scenarios*, and *Basic Crime Scene Investigation Techniques*.

Other notable accomplishments and activities for the Academy in 2017 include:

- Received authorization and approval from the Texas Department of Public Safety to become one of six schools in the State to offer a Breath Test Operator School for peace officer training.
- Established a unique partnership with Joint Base San Antonio and Air Force Security Forces to provide specialized training such as New Supervisor, Firearms Instructor, and Basic Special Weapons and Tactics (SWAT) courses.
- Designated as part of the Career Skills Program through JBSA, allowing military veterans to join the Academy Basic Peace Officer Course as part of their transition out of the military.
- Provided Active Shooter Response Training to Valero Corporation security officers, and Executive Protection and Patrol Rifle Courses to the Federal Reserve Bank.

Public Safety

Below are comments from students of the Academy's various in-service classes:

"I thoroughly enjoyed this class and I feel I learned quite a bit more than I thought I would."

– In-service student from Intermediate Spanish Class #2109.

Great Class. Very energetic presentation. Highly informative and very motivating for the students.

– In-service student from Police Use of Force Training.

"What a terrific class! Thank you."

– In-service student from Recognition & Response to the IDD Community.

Criminal Justice Planning

This program conducts grant workshops, provides information regarding funding opportunities, and offers technical assistance in the grant process, including performing technical reviews for law enforcement and non-profit agencies seeking funding from the Office of the Governor – Criminal Justice Division. In 2017, the program completed over 2,000 hours of technical assistance and provided grant management assistance to more than 85 funded projects. The projects included: victim assistance, violence prevention, juvenile delinquency prevention, law enforcement equipment, and other programs that meet a need in the community.

To close out 2017, the program will sponsor a grant management workshop through Grant Writing USA®, and potentially train up to 70 individuals throughout the AACOG Region that were awarded grants in 2017.

Homeland Security

This program supports the region's first responders, local jurisdictions, and local agencies through coordination efforts, and by ensuring regional cooperation, to maximize preparedness initiatives regarding terrorism related activities. This program aids in the incorporation of these aspects into regional planning initiatives by identifying threats and security weaknesses to ensure they are included in the annual multipurpose planning documents prepared for the region. Some of the regional planning documents include the *Regional Homeland Security Strategic Plan*, the *Alamo Area Threat and Hazard Identification and Risk Assessment Plan*, the *Alamo Area Implementation Plan*, the *Regional Interoperable Communications Plan*, and *Regional Mutual Aid Agreements*.

Public Safety

In addition to these efforts, the program works towards increasing efficiencies by assisting jurisdictions in administering federal and state homeland security grant programs that benefit from regional cooperation and to eliminate duplication of services. In 2017, the Homeland Security Program worked with regional partners to better prepare the Alamo Area Region in responding to Complex Coordinated Terrorist Attacks (CCTA). This initiative is not just regional, but nationwide, based upon the types of terror attacks that have occurred in recent history. To date there have been three tabletop exercises, including the initial CCTA Tabletop, a Senior Leadership CCTA Tabletop, and a Public Information Officer CCTA Tabletop exercise.



Complex Coordinated Terrorist Attack Tabletop

Regional 911

This program works on a number of projects and issues. Its primary activity is maintaining and monitoring essential dispatch equipment and software at seven of the rural county 9-1-1 emergency call centers. These counties include Atascosa, Bandera, Frio, Gillespie, Karnes, Kendall, and Wilson Counties. In 2017, the call center system served 74,746 landlines and represents 210,187 residents. Funding for the program is provided through the Commission on State Emergency Communications (CSEC) and is used for the purchase of equipment and supplies for the seven county public safety answering points (PSAPs). This ensures rural communities have a robust and sustainable system to handle 9-1-1 calls and provide quick response services to each community. Coupled with this activity is the program's effort to provide improvements to the Geographic Information Systems (GIS) through- out the region.

As part of the program's efforts, the team is actively working towards implementing a "Next Generation 9-1-1" system. The emergency system will use the latest technology and information to better serve our communities. Enhanced capacity will include text to 9-1-1; short message service (SMS); photos; and video streaming. The new system is expected to be fully implemented in the region and public education materials will be rolled out in 2018.

Regional Services

As the designated Economic Development District (EDD) for the region, AACOG coordinates economic development activities in response to the specific challenges faced by our local economies. In partnership with counties and municipalities, Regional Services program staff works to address issues related to economic and community development, workforce development, business recruitment and retention, entrepreneurship, small business support and strategic planning. The program also offers grant information, resource development and technical assistance.

Annually, Regional Services hosts a series of workshops that includes grant writing, training for Elected Officials, and Planning & Zoning. A new initiative with the Economic Development Administration was the Federal & State Resources workshop. Federal and state partners discussed funding opportunities with regional partners and provided one-on-one technical assistance. AACOG also hosted the US Census Local Update of Census Addresses (LUCA) workshop to assist counties and cities with the decennial count of regional residents. In 2017, AACOG made available, at no cost to its members, licensed access to a grants resource database in order to assist local communities apply for much needed funding.



Diane Rath addresses Federal & State Resources

Every year, the US Department of Housing and Urban Development provides federal Community Development Block Grant (TxCDBG) funds directly to the Texas Department of Agriculture (TDA). AACOG, in partnership with TDA, provides administrative and technical support to entities in the region.

From 2012 to 2017, TDA has provided \$17.6 million in TxCDBG funds to more than 60 entities in the AACOG region. In 2017, 22 entities in the AACOG region applied for more than \$6 million for a variety of water and sewer projects.

Of significant economic impact to the region is military influence. Joint Base San Antonio (JBSA) has a substantial impact on the local economy in San Antonio and in Texas. In 2016, JBSA contributed almost \$49 billion to the Texas economy. In fact, JBSA contributes 65% of Texas' total military Gross Domestic Product (GDP) and generates an annual disposable personal income of approximately \$17 billion. With one in eight people in Bexar County associated with JBSA, the Alamo Region's military employment accounts for 3.4% of the area's total employment and 64% of Texas' total military population.

Contributions of Joint Base San Antonio to the Texas Economy, 2016

TYPE	CONTRIBUTION
Total Employment	282,995
Output	\$48,701,573,000
Gross Domestic Product	\$28,799,441,000
Disposable Personal Income	\$17,081,991,000

Source: REMI Model for Texas

Regional Services

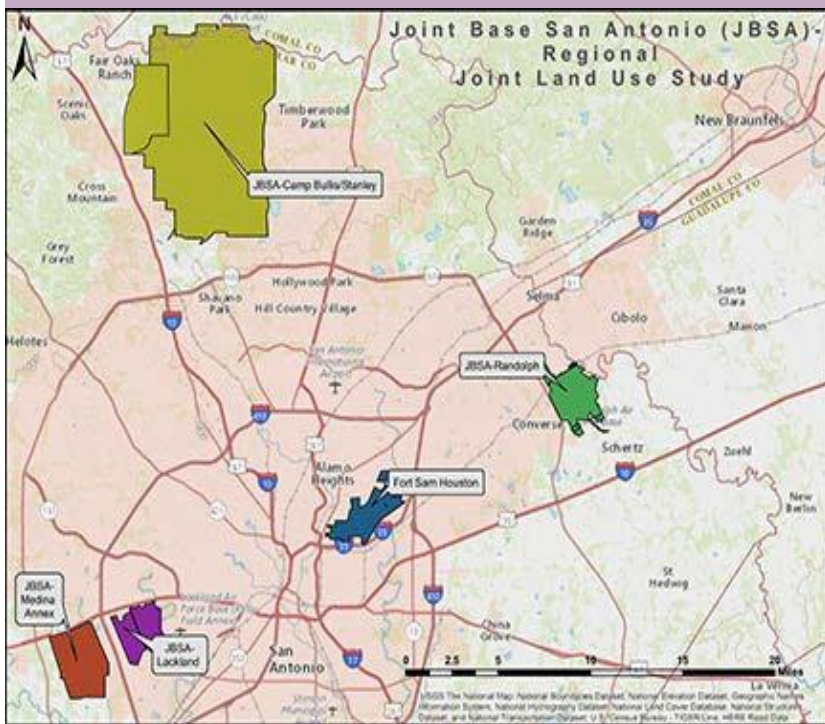
AACOG and the Alamo Region were awarded two national awards in 2017. The first was the region's selection for the 2017 *Air Education and Training Command (AETC) Altus Trophy for Community and Military Partnership Excellence*. Jointly awarded by AETC and the Altus, Oklahoma Chamber of Commerce, the trophy is awarded to a community that embodies the strongest of commitments to the mission of AETC. The second recognition was by the Association of Defense Communities which recognized our region as a *Great American Defense Community*. Similarly, the designation also recognizes the region's commitment and unwavering support for our military and veteran community.



Alamo Area receiving recognition as a Great American Defense Community at the National Defense Summit in Washington DC

AACOG was also the recipient of Department of Defense - Office of Economic Adjustment grant funding. This grant affords AACOG the opportunity to discuss, assess, coordinate and track factors that impact land use planning and encroachment around JBSA. Examples of some factors include: procedural improvements, formalizing interagency agreements that ultimately impact safety, noise, lighting, water, and new incompatible development. AACOG is taking the lead and coordinating with community and regional stakeholders, and JBSA

partners to ensure implementation and action on the twenty regional strategies that were developed after three individual Joint Land Use Studies were completed for JBSA-Camp Bullis, JBSA-Lackland, and JBSA-Randolph; which identified more than 150 recommendations.



The map displays the three installations that are included within the Regional Joint Land Use Study (RJLUS). Each installation had an individual JLUS released at various times (Camp Bullis 2009, Lackland 2011, Randolph 2015).

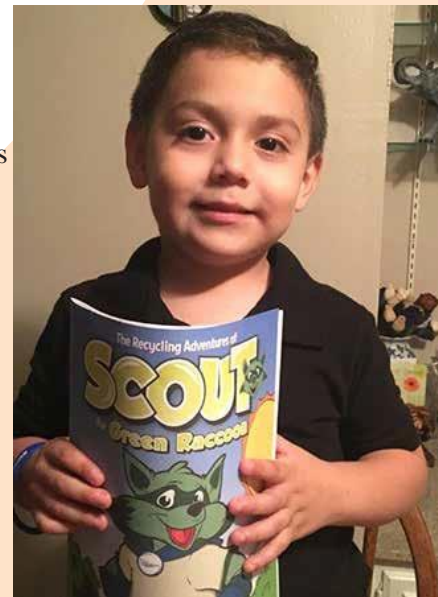
Resource Recovery

AACOG is the State-designated agency for solid waste management issues in the Alamo Region. Over the years, solid waste management has expanded from burial of waste to recovery of resources. The Resource Recovery Program at AACOG embraces both the historical and new practices in the field. The program reviews permits and registrations for landfills and recycling facilities for consistency with the Regional Solid Waste Management Plan.

Resource Recovery also maintains the Closed Landfill Inventory for the AACOG Region and provides this information to realtors, developers, planners, and communities wanting to check past land uses for parcels. Resource Recovery provides technical assistance on solid waste issues and continuing education opportunities for local governments, solid waste professionals, and the public.

The most challenging and also most rewarding work of the Resource Recovery Program is helping communities to implement projects that protect the environment and rescue resources. In 2017, 16 solid waste projects were completed with Texas Commission Environmental Quality (TCEQ) funds totaling \$320,100. Each project represented local needs. Examples of projects were in the areas of: solid waste management, advanced recycling, removal of Household Hazardous Waste (HHW) from homes, and material that educated residents on better ways to recycle and properly dispose of special wastes. Each example was part of overall efforts to reduce or eliminate illegal dumping. Bandera County expanded the recycling opportunities for its residents. Medina County initiated a tire and electronics collection program.

Kerr County held a one-day Household Hazardous Waste Collection. The Cities of Seguin and Boerne offered Curbside Household Hazardous Waste Pickup programs for their residents. The Cities of New Braunfels, Kerrville, and San Antonio distributed educational material on proper recycling and avoidance of illegal dumping. New Braunfels produced an activity book specific to the City's Solid Waste Management program for children. Kerrville developed a guidebook for residents on their City's changed recycling program. San Antonio placed billboards throughout the City at locations with illegal dumping problems and distributed to all its households a "Don't Get Caught Dumping on a Vacant Lot" refrigerator magnet with a map of the City's four Collection Centers for hard to dispose of and/or recyclable materials.



Activity book used to teach children about recycling in New Braunfels

Collector from "At Your Door" on a pre-scheduled residential Household Hazardous Waste pick-up

Resource Recovery

Evidence shows the Region, aided by grants and combined with local efforts, is achieving results in waste reduction and illegal dumping. The San Antonio River Authority reports diminished illegal dumping at a previous site now equipped with a grant-funded camera and sign. Normal expectations with population growth predict more tonnage going to landfills. Complete data on recycling tonnages is difficult to obtain due to the various ways materials can be reused, repurposed, and recycled. The State of Texas does collect yearly data from all permitted landfills in the State and publishes this information in its annual *Municipal Solid Waste in Texas: A Year in Review*.

Examination of the data for 2014, 2015, and 2016 shows the AACOG Region, which experienced great population growth throughout the region in this time period, sent less tonnage to the Region's landfills each year. Translating tonnages to the more comprehensible measure of pounds per capita per day sent to the landfill gives a better picture of the decreasing amounts buried. In 2014, each person in the AACOG region sent the equivalent of 6.58 lbs. of waste per day to the landfill; in 2015, that amount dropped to 6.49 lbs. per person per day, and in 2016 the amount dropped to 6.23 lbs. per person per day. While there is room for additional improvement, the efforts made by all our local governments in promoting better management of our environment and resources should be recognized. Let's all strive to do even better next year.



City of San Antonio billboards remind passing drivers not to illegally dump waste on vacant lots.

2017 Annual Collection Events For Household Hazardous Waste, Electronics, and Tires

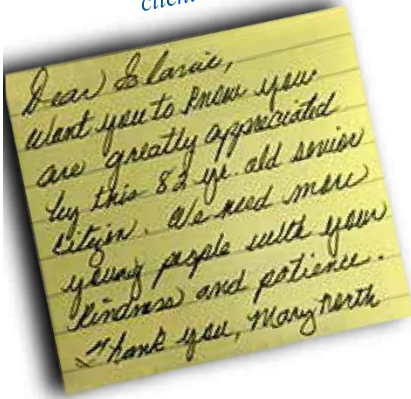


- 627 Vehicles
- 21 Tons of HHW
- 47 Pallets of E-Waste
- 700 Tires



Weatherization Assistance Program

Thank you note from WAP client



The Weatherization Assistance Program (WAP) reduces energy costs for low-income households by increasing the energy efficiency of their homes, while ensuring their health and safety. Through Weatherization improvements and upgrades, these households save on average \$283 or more every year, according to a National Evaluation by the U.S. Department of Energy.

Professionally trained weatherization crews use computerized energy assessments and advanced diagnostic equipment, such as blower doors, manometers, and infrared cameras, to create a comprehensive analysis of the home to determine the most cost-effective measures appropriate and to identify any health and safety concerns.

Weatherization providers also check indoor air quality, combustion safety, and carbon monoxide, and identify mold infestations. The Weatherization staff then creates a customized work order, and trained crews install the identified energy efficient and health and safety measures. Finally, a certified Quality Control Inspector ensures all work is completed correctly and that the home is safe for the occupants.

Low-income households carry a larger burden for energy costs, typically spending 16.3% of their total annual income versus 3.5% for other households, according to a 2014 Oak Ridge National Laboratory study. Often, they must cut back on healthcare, medicine, groceries, and childcare to pay their energy bills.

Weatherization helps alleviate this heavy energy burden through cost-effective building shell improvements such as insulation and air sealing, Heating, Ventilation, and Air Conditioning (HVAC) systems, lighting, and appliances. The program improves health and safety by eliminating any energy-related hazards. Once installed, energy-efficient Weatherization measures continue to save money and energy year after year and increase household incomes so funds can go towards key living expenses



In 2017 the ACOG Weatherization Department invested \$803,116 in the region by assisting 184 program participants. One of the participants was Irma Barron. She was very appreciative of the work done to her home and has become an ambassador for the program. She has been featured on Univision San Antonio, Spectrum News and KSAT 12 along with Weatherization Staff in an effort to promote the program. Making the difference in our client's lives is the reason that the ACOG Weatherization Staff strives each day to do their best.

Awards and Acknowledgements:

The current fiscal year is the first year since 1991 that the Council will apply for the Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfies both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement of for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current year submission will meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate.

The preparation of this report would not have been possible without the skill, effort, and dedication of the accounting department. We wish to thank all departments of the Council for their assistance in providing the data necessary to prepare this report. Credit is also due to the Executive Director, Chairman, and the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of the Council's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'John Clamp', with a stylized flourish extending to the right.

John Clamp, Chief Financial Officer

AACOG Leadership

OFFICERS OF THE BOARD OF DIRECTORS 2017

CHAIR

Judge Chris Schuchart
Medina County

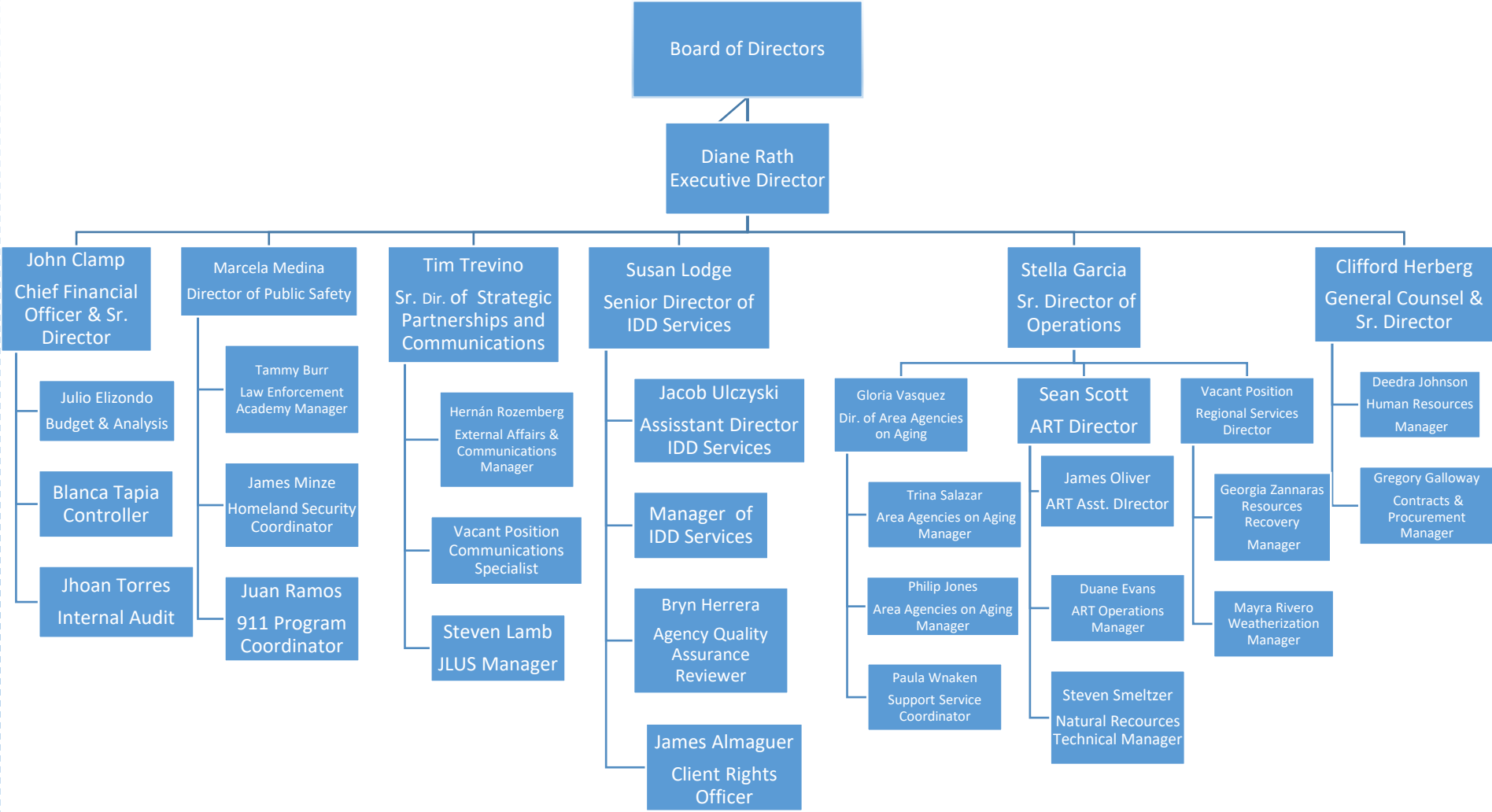
VICE CHAIR

Mayor Chris Fails
City of Hollywood Park

ADMINISTRATIVE STAFF

Executive Director	Diane Rath
Chief Financial Officer	John Clamp
Senior Director of Operations	Stella Garcia
General Counsel/Senior Director	Clifford Herberg
Senior Director of IDD Services & Agency Coordination	Susan Lodge
Senior Director of Strategic Partnerships & Communications	Tim Trevino

AACOG Organizational Chart



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**FINANCIAL
SECTION**

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Alamo Area Council of Governments
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alamo Area Council of Governments (the "Council"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alamo Area Council of Governments, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The introductory section, supplementary information on pages 40 - 61, statistical information on pages 62 - 74 and the schedule of expenditures of federal and state awards on pages 79 - 84, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the State of Texas *Uniform Grant Management Standards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements on pages 40 - 45, indirect cost and employee benefit schedules on pages 46 - 47, and the schedule of expenditures of federal and state awards on pages 79 - 84 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, indirect cost and employee benefit schedules, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the Intellectual and Developmental Disabilities Services schedules on pages 48 - 61, and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

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

Waco, Texas
June 26, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Alamo Area Council of Governments' (the "Council") discussion and analysis offers readers of the Council's financial statements a narrative overview and analysis of the Council's financial activities for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- ◆ The assets and deferred outflows of resources of the Council exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,190,502 (net position). This reflects an increase to net position of \$82,493. Of this amount, \$3,199,304 is unrestricted. \$3,158,888 represents the investment in capital assets, and \$3,832,310 is restricted for grant programs.
- ◆ As of the close of the current fiscal year, the Council's governmental funds financial statements reported combined ending fund balances of \$5,999,295. The unassigned fund balance in the General Fund that is available for operations is \$1,851,426.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

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

The *statement of net position* presents information on all of the Council's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, fluctuations in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

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

Fund Financial Statements – A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other similar governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council are classified as *governmental funds*.

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

The focus of governmental funds is narrower than that of the government-wide financial statements; therefore it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Council’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Council maintains 20 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for each major fund: the General Fund, the Bexar Area Agency on Aging Fund, the Texas Department of Transportation Fund, the Intellectual and Developmental Disabilities Services Fund, the Alamo Area Agency on Aging Fund and the Office of the Governor Fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The Council’s assets exceeded liabilities by \$10,190,502 at December 31, 2017. The following table reflects the condensed Statement of Net Position compared to prior year.

Alamo Area Council of Government’s Statement of Net Position

	Total	
	2017	2016
Assets:		
Current and other assets	\$ 12,210,311	\$ 11,761,111
Capital assets	<u>3,158,888</u>	<u>3,857,627</u>
Total assets	<u>15,369,199</u>	<u>15,618,738</u>
Deferred outflows of resources	<u>2,927,358</u>	<u>3,399,026</u>
Liabilities:		
Current liabilities	6,299,459	6,428,214
Noncurrent liabilities	<u>641,045</u>	<u>1,332,188</u>
Total liabilities	<u>6,940,504</u>	<u>7,760,402</u>
Deferred inflows of resources	<u>1,165,551</u>	<u>1,149,353</u>
Net position:		
Investment in capital assets	3,158,888	3,857,627
Restricted for grant programs	3,832,310	3,783,220
Unrestricted	<u>3,199,304</u>	<u>2,467,162</u>
Total net position	<u>\$ 10,190,502</u>	<u>\$ 10,108,009</u>

The balance of *unrestricted net position*, \$3,199,304, may be used to meet the Council’s ongoing obligations.

Analysis of the Council's Operations

The following table provides a summary of the Council's operations for the year ended December 31, 2017, as compared to the year ended December 31, 2016. The Council's net position increased by \$82,493.

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 858,285	\$ 685,066
Operating grants and contributions	46,719,605	39,344,336
General revenues:		
Investment earnings	6,276	8,160
Member dues	332,780	330,379
Gain on sale of capital assets	9,600	-
Total revenues	<u>47,926,546</u>	<u>40,367,941</u>
Expenses:		
General government	130,920	229,932
Workforce development	426,572	334,846
Aging	18,732,002	17,093,970
Emergency communications	1,812,052	1,544,150
Economic development	4,431,081	853,881
Environmental quality	992,880	949,942
Community affairs	2,078,269	1,625,004
Homeland security	281,861	411,654
Transportation	5,904,299	5,122,713
Housing	17,445	30,372
Criminal justice	1,417,596	1,508,118
Health and welfare	11,600,496	11,866,163
Interest	18,580	-
Total expenses	<u>47,844,053</u>	<u>41,570,745</u>
Change in net position	82,493	(1,202,804)
Net position, beginning	<u>10,108,009</u>	<u>11,310,813</u>
Net position, ending	<u>\$ 10,190,502</u>	<u>\$ 10,108,009</u>

The Council's charges for services increased by \$173,219 and operating grants and contributions increased by \$7,375,269 from fiscal year 2016 to 2017. The increase in charges for services was caused by increased program income in the Regional Police Training Academy. The increase in operating grants and contributions was primarily caused by an increase in activity in the Defense Economic Adjustment Assistance Grant. Further, expenses increased by \$6,273,308 from fiscal year 2016 to 2017. The majority of this increase was caused by increased activity in the Defense Economic Adjustment Assistance Grant. The Council's revenues and expenses are driven primarily by federal and state grant funding, which varies from year to year.

Analysis of Fund Financial Statements

General Fund fund balance increased by \$252,595 in 2017, primarily caused by an increase in local revenues and a decrease in general government expenditures. A transfer out of \$222,609 to various grant funds for matching purposes contributed to the change in fund balance.

The Bexar Area Agency on Aging Fund fund balance increased by \$314 in 2017. The activity in this fund is primarily expenditure-driven grant funding, which varies from year to year depending on availability of resources at the state and federal level. A transfer in of \$149,317 was made for matching purposes.

The Texas Department of Transportation Fund fund balance decreased by \$386,221 in 2017. This decrease was caused by program expenditures exceeding grant funding during the year. Revenues in this fund increased by \$282,102, driven primarily by an increase in local revenue, which is comprised of fees charged to users. Transportation expenditures increased by \$550,252, caused by an increase in temporary labor, increased fuel costs, and capital acquisitions.

The Intellectual and Developmental Disabilities Services Fund fund balance increased by \$453,942 in 2017, which was primarily caused by a \$955,200 increase in local revenue and a \$369,677 decrease in health and welfare expenditures. The activity in this fund is driven by grant funding, which varies from year to year depending on availability of resources at the state and federal level.

The Alamo Area Agency on Aging Fund fund balance increased by \$726. Revenues in this fund increased by \$301,292, primarily driven by an increase in matching funds. Aging expenditures increased by \$295,344. The activity in this fund is driven by grant funding, which varies from year to year depending on availability of resources at the state and federal level.

The Office of the Governor Fund fund balance increased by \$26,786. Revenues in this fund increased by \$3,301,400 in 2017, primarily driven by an increase in state grant revenue. Accordingly, economic development expenditures increased by \$3,356,066. The increases in revenue and expenditures in this fund were caused by an increase in the Defense Economic Adjustment Assistance Grant.

BUDGETARY HIGHLIGHTS

The Council’s annual financial plan is approved by the Board of Directors at the December annual meeting. Although the annual financial plan is reviewed and approved by the Council’s Board, it is based on a project-length basis and is not considered a legally adopted annual budget. Accordingly, budgetary information is not presented in this report. As grant funding changes, the Council’s Board approves periodic budget modifications.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Council’s investment in capital assets for its governmental activities as of December 31, 2017 amounts to \$3,158,888 (net of accumulated depreciation). This investment includes land, equipment, furniture and fixtures, software, vehicles, and buildings and improvements.

During 2017, the Council’s total capital assets decreased by \$698,739 due to current year depreciation exceeding capital additions. The Council’s capital additions totaled \$86,402 during 2017 in the following categories and programs:

- \$73,277 for a bus for the Transportation department.
- \$13,125 for IT equipment.

A summary of the Council’s capital assets for the current and prior year can be found below:

	Governmental Activities	
	2017	2016
Land	127,000	127,000
Equipment	4,093,795	4,090,052
Furniture and fixtures	154,890	154,890
Software	1,168,059	1,168,059
Vehicles	5,898,457	5,864,174
Buildings and improvements	2,290,040	2,290,040
Less: accumulated depreciation	(10,573,353)	(9,836,588)
Total capital assets, net	\$ 3,158,888	\$ 3,857,627

Outstanding Long-term Liabilities at Year-end

	Governmental Activities	
	2017	2016
Compensated absences	353,771	352,077
Net pension liability	375,717	1,068,130
Total capital assets, net	\$ 729,488	\$ 1,420,207

The Council’s total long-term liabilities decreased by \$690,719, primarily driven by a decrease in the net pension liability based on the actuarial valuation at December 31, 2016. The compensated absences liability increased by \$1,694 and reflects payout of vacation and holiday leave upon termination. Additional information on the Council’s long-term liabilities can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S FINANCIAL PLAN

The Council’s approved 2018 annual financial plan reflects \$41,623,000 for revenues and \$41,614,000 for expenditures. The budget reflects a decrease to revenues and expenditures when compared to the 2017 actual results. The 2017 actual revenues are \$47,926,546 and actual expenditures are \$47,348,167 for a decrease of \$6,303,546 and \$5,734,167 respectively.

The Council’s combined ending fund balance of \$5,999,295 includes \$3,834,265 of dedicated program fund balance and \$2,165,030 of General Fund fund balance. The Council increased the General Fund fund balance by \$252,595 during fiscal year 2017 and is projecting an increase of \$62,000 for 2018. The Council’s special revenue funds fund balance increased by \$325,784 for 2017 and is projected to increase by \$9,000 in 2018. The 2017 net increase to the General Fund fund balance is primarily from the procurement card rebate program and membership dues. The 2017 net increase to the special revenue fund balances is primarily from the Intellectual Developmental Disability Services Program operations and the Veterans Directed program fees. Although the Transportation department reflects a yearly decrease to their fund balance of \$386,221, the Council’s combined fund balance increase remained positive.

Dr. Stella Garcia was hired as the Senior Director of Operations that oversees program management and operational performance. Dr. Garcia earned her PhD in Leadership Studies and comes to AACOG with over 28 years of program and contract management experience at the local, state, and higher education level.

The Council contracted with TeleResource to research, identify, and re-negotiate current 9-1-1 land lines and equipment as well as the Council’s internet service, fax lines, and the cost of 1-800 program phone lines. This has resulted in approximately \$275,000 in annual savings.

The Council implemented a travel allowance program primarily for the IDD program Service Coordinators. This program was designed to decrease administrative hours for approximately 85 Service Coordinators and administrative staff within the Council. The program was designed to save approximately \$130,000 per year in processing costs, free up to 65 hours of staff time for each coordinator and to increase Medicaid revenues.

The Council purchased and implemented the Dahill Papercut software program to significantly enhance the tracking and allocation of copier usage. The Council renegotiated its leased copiers for an annual savings of \$15,000.

The Council provides health, dental, vision and life insurance benefits to employees. This cost makes up approximately 80% of the fringe benefit costs. Through successful negotiations between our health care benefits consultant (Arthur J. Gallagher and Co.), health insurance providers and the Council's senior management, the Council only experienced a 4.9% percent increase from the 2017 rates. The initial health care renewal rate increased 18% percent from the 2017 rates.

In July of 2015, the Council invested \$2M in Certificate of Deposits (CD) with Schertz Bank & Trust at a rate of .75%. The CDs were renewed in 2016 at a rate of 1.0%, then renewed in 2017 at 1.4%. The CDs have cumulatively earned approximately \$49,000 in interest starting in July of 2015 through December 2017.

As part of the 2017 annual financial plan, the Council contracted with Werling Associates, Inc. to conduct a compensation study on its current pay structure. The Council's previous study was conducted in 2010 by Seeking HR. Council management found no indication that any of the results of the 2010 study had been approved or implemented. The results of the 2017 compensation study established a competitive and equitable base pay for various positions. The board approved Werling Associates recommendation to adjust salaries to the market. The salary adjustments will be phased-in over a multi-year period as determined by the Board of Trustees.

The Council's Natural Resources Department lost \$1.4M in funding from the Texas Commission on Environmental Quality (TCEQ) for the 2018-2019 program years. The TCEQ funding is used primarily to support the Air Quality Planning program. In an attempt to continue this very important initiative, staff was able to solicit funding from local industries, Bexar County and the City of San Antonio. These contributions will support the efforts of the ozone monitoring stations through 2019.

The Transportation Department was successful in obtaining a \$1.3M grant from the Texas Department of Transportation. This will fund approximately 16 new buses that will enhance the current fleet and decrease operating costs. These buses will be purchased in early 2018.

Susan Lodge, Senior Director of Intellectual Developmental Disability Services and Agency Coordination, announced her retirement from the Council in 2017. Ms. Lodge retired April 13, 2018, after 20 years of service in various capacities. Her program knowledge, management and dedication will be missed.

The Council will celebrate its 50th anniversary on March 1, 2018. The Gala will honor past board chairs and members and highlight the history of AACOG.

The Council currently resides at 8700 Tesoro Dr., San Antonio, Texas in a multiple floor building leased from Cotter & Sons. The original lease commenced on August 14, 2000, and has been amended seven (7) times to accommodate additional program space and continues through December 31, 2020. Total leased space includes 51,883 square feet. The Council is evaluating a lease renewal or a possible move to a new location. The building owners are currently in bankruptcy court.

INFORMATION REQUESTS

This financial report is designed to provide a general overview of the Council's finances for all those with an interest in the organization. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the Chief Financial Officer, Alamo Area Council of Governments, 8700 Tesoro Drive, Suite 160, San Antonio, Texas 78217.

Basic Financial Statements

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ALAMO AREA COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION

DECEMBER 31, 2017

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Alamo Area Development Corporation
ASSETS		
Cash and cash equivalents	\$ 3,763,619	\$ 54,500
Receivables:		
Grantors	7,995,723	2,285
Other	111,461	-
Deposits	23,904	-
Prepaid items	315,604	-
Capital assets, not being depreciated:		
Land	127,000	-
Capital assets, net of accumulated depreciation:		
Buildings and improvements	1,393,572	-
Equipment	791,495	-
Vehicles	728,796	-
Software	113,700	-
Furniture and fixtures	4,325	-
Total assets	<u>15,369,199</u>	<u>56,785</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	<u>2,927,358</u>	<u>-</u>
Total deferred outflows of resources	<u>2,927,358</u>	<u>-</u>
LIABILITIES		
Accounts payable	3,373,377	49
Accrued liabilities	384,483	174
Unearned revenue	2,453,156	4,864
Noncurrent liabilities:		
Due within one year	88,443	-
Due in more than one year	641,045	-
Total liabilities	<u>6,940,504</u>	<u>5,087</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	<u>1,165,551</u>	<u>-</u>
Total deferred inflows of resources	<u>1,165,551</u>	<u>-</u>
NET POSITION		
Investment in capital assets	3,158,888	-
Restricted for grant programs	3,832,310	52,245
Unrestricted	<u>3,199,304</u>	<u>(547)</u>
Total net position	<u>\$ 10,190,502</u>	<u>\$ 51,698</u>

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

ALAMO AREA COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs	Program Revenues Charges for Services
Primary government:				
Governmental activities:				
General government	\$ 130,920	\$ -	\$ 130,920	\$ -
Workforce development	399,050	27,522	426,572	-
Aging	18,215,390	516,612	18,732,002	421,338
Emergency communications	1,745,193	66,859	1,812,052	-
Economic development	4,392,379	38,702	4,431,081	-
Environmental quality	909,182	83,698	992,880	-
Community affairs	1,987,736	90,533	2,078,269	-
Homeland security	252,463	29,398	281,861	-
Transportation	5,358,039	546,260	5,904,299	-
Housing	17,445	-	17,445	-
Criminal justice	1,289,794	127,802	1,417,596	436,947
Health and welfare	10,406,347	1,194,149	11,600,496	-
Indirect costs	2,721,535	(2,721,535)	-	-
Interest	18,580	-	18,580	-
 Total governmental activities	 <u>47,844,053</u>	 <u>-</u>	 <u>47,844,053</u>	 <u>858,285</u>
 Total primary government	 <u>\$ 47,844,053</u>	 <u>\$ -</u>	 <u>\$ 47,844,053</u>	 <u>\$ 858,285</u>
Component unit:				
Alamo Area Development Corporation	\$ 3,063	\$ -	\$ 3,063	\$ -
 Total component unit	 <u>\$ 3,063</u>	 <u>\$ -</u>	 <u>\$ 3,063</u>	 <u>\$ -</u>

General revenues:
 Investment earnings
 Membership dues
 Gain on sale of capital assets
 Total general revenues
 Change in net position
 Net position, beginning
 Net position, ending

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

Program Revenues	Net (Expense) Revenue and Changes in Net Position	Component Unit
Operating Grants and Contributions	Primary Government Governmental Activities	Alamo Area Development Corporation
\$ 165,654	\$ 34,734	
935,222	508,650	
18,303,045	(7,619)	
1,808,323	(3,729)	
4,452,085	21,004	
980,663	(12,217)	
2,082,800	4,531	
298,070	16,209	
4,839,532	(1,064,767)	
-	(17,445)	
753,302	(227,347)	
12,100,909	500,413	
-	-	
-	(18,580)	
<u>46,719,605</u>	<u>(266,163)</u>	
\$ <u>46,719,605</u>	(266,163)	
<u>\$ 5,950</u>		\$ <u>2,887</u>
<u>\$ 5,950</u>		<u>2,887</u>
	6,276	-
	332,780	-
	<u>9,600</u>	<u>-</u>
	<u>348,656</u>	<u>-</u>
	82,493	2,887
	<u>10,108,009</u>	<u>48,811</u>
	\$ <u>10,190,502</u>	\$ <u>51,698</u>

ALAMO AREA COUNCIL OF GOVERNMENTS

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2017

		Special Revenue Funds	
	General	Bexar Area Agency on Aging	Texas Department of Transportation
ASSETS			
Cash and cash equivalents	\$ 1,675,999	\$ -	\$ 1,295,056
Accounts receivable:			
Grantors	-	1,578,577	1,738,454
Other	111,461	-	-
Due from other funds	1,552,778	-	47,373
Deposits	10,000	-	-
Prepaid items	313,604	734	-
 Total assets	 \$ 3,663,842	 \$ 1,579,311	 \$ 3,080,883
LIABILITIES			
Liabilities:			
Accounts payable	\$ 704,637	\$ 1,341,734	\$ 194,080
Accrued liabilities	384,483	-	-
Due to other funds	-	212,862	-
Unearned revenue	409,692	-	22,203
Total liabilities	1,498,812	1,554,596	216,283
FUND BALANCES			
Nonspendable:			
Prepaid items	313,604	734	-
Restricted:			
Grants	-	23,981	2,864,600
Unassigned	1,851,426	-	-
Total fund balances	2,165,030	24,715	2,864,600
 Total liabilities and fund balances	 \$ 3,663,842	 \$ 1,579,311	 \$ 3,080,883

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

Special Revenue Funds

Intellectual and Developmental Disabilities Services	Alamo Area Agency on Aging	Office of the Governor	Other Governmental Funds	Total Governmental Funds
\$ 512,677	\$ -	\$ -	\$ 279,887	\$ 3,763,619
2,304,786	268,486	356,678	1,748,742	7,995,723
-	-	-	-	111,461
-	-	-	315,267	1,915,418
-	-	13,904	-	23,904
<u>-</u>	<u>-</u>	<u>1,266</u>	<u>-</u>	<u>315,604</u>
<u>\$ 2,817,463</u>	<u>\$ 268,486</u>	<u>\$ 371,848</u>	<u>\$ 2,343,896</u>	<u>\$ 14,125,729</u>
\$ 226,299	\$ 217,393	\$ 33,970	\$ 655,264	\$ 3,373,377
-	-	-	-	384,483
669,543	47,484	110,004	875,525	1,915,418
1,765,210	-	3	256,048	2,453,156
<u>2,661,052</u>	<u>264,877</u>	<u>143,977</u>	<u>1,786,837</u>	<u>8,126,434</u>
-	-	1,266	-	315,604
156,411	3,609	226,605	557,104	3,832,310
-	-	-	(45)	1,851,381
<u>156,411</u>	<u>3,609</u>	<u>227,871</u>	<u>557,059</u>	<u>5,999,295</u>
<u>\$ 2,817,463</u>	<u>\$ 268,486</u>	<u>\$ 371,848</u>	<u>\$ 2,343,896</u>	<u>\$ 14,125,729</u>

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ALAMO AREA COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

Total fund balance - governmental funds	\$ 5,999,295
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,158,888
Deferred inflows and deferred outflows of resources related to the net pension liability are not reported as a part of the governmental funds.	
Deferred outflows	2,927,358
Deferred inflows	(1,165,551)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(353,771)
Net pension liability	<u>(375,717)</u>
Net position of governmental activities in the Statement of Net Position	<u>\$ 10,190,502</u>

ALAMO AREA COUNCIL OF GOVERNMENTS

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

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

		Special Revenue Funds	
	General	Bexar Area Agency on Aging	Texas Department of Transportation
REVENUES			
Intergovernmental	\$ -	\$ 7,358,636	\$ 2,804,166
Matching funds	-	6,341,108	-
Local	215,050	400	1,348,704
Program income	-	126,114	109,260
Membership dues	332,780	-	-
Investment income	6,000	-	14,842
Total revenues	553,830	13,826,258	4,276,972
EXPENDITURES			
Current:			
General government	76,643	-	-
Aging	-	13,975,261	-
Health and welfare	-	-	-
Transportation	-	-	4,663,193
Workforce development	-	-	-
Environmental quality	-	-	-
Community affairs	-	-	-
Criminal justice	-	-	-
Emergency communications	-	-	-
Homeland security	-	-	-
Economic development	-	-	-
Debt service:			
Interest	1,983	-	-
Total expenditures	78,626	13,975,261	4,663,193
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	475,204	(149,003)	(386,221)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	149,317	-
Transfers out	(222,609)	-	-
Total other financing sources (uses)	(222,609)	149,317	-
NET CHANGE IN FUND BALANCES	252,595	314	(386,221)
FUND BALANCES, BEGINNING	1,912,435	24,401	3,250,821
FUND BALANCES, ENDING	\$ 2,165,030	\$ 24,715	\$ 2,864,600

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

Special Revenue Funds

Intellectual and Developmental Disabilities Services	Alamo Area Agency on Aging	Office of the Governor	Other Governmental Funds	Total Governmental
\$ 5,530,608	\$ 2,613,290	\$ 4,803,983	\$ 6,966,328	\$ 30,077,011
-	1,841,292	-	-	8,182,400
6,566,091	1,250	22,678	296,540	8,450,713
1,166	185,964	436,968	-	859,472
-	-	-	-	332,780
3,044	-	-	284	24,170
<u>12,100,909</u>	<u>4,641,796</u>	<u>5,263,629</u>	<u>7,263,152</u>	<u>47,926,546</u>
-	-	-	-	76,643
-	4,700,411	-	136,694	18,812,366
11,646,967	-	-	-	11,646,967
-	-	-	975,006	5,638,199
-	-	486	425,844	426,330
-	-	-	986,047	986,047
-	-	-	2,087,229	2,087,229
-	-	1,097,282	27,801	1,125,083
-	-	-	1,814,118	1,814,118
-	-	-	266,337	266,337
-	-	4,124,092	326,095	4,450,187
-	-	16,678	-	18,661
<u>11,646,967</u>	<u>4,700,411</u>	<u>5,238,538</u>	<u>7,045,171</u>	<u>47,348,167</u>
<u>453,942</u>	<u>(58,615)</u>	<u>25,091</u>	<u>217,981</u>	<u>578,379</u>
-	59,341	1,695	15,427	225,780
-	-	-	(3,171)	(225,780)
-	<u>59,341</u>	<u>1,695</u>	<u>12,256</u>	<u>-</u>
453,942	726	26,786	230,237	578,379
<u>(297,531)</u>	<u>2,883</u>	<u>201,085</u>	<u>326,822</u>	<u>5,420,916</u>
<u>\$ 156,411</u>	<u>\$ 3,609</u>	<u>\$ 227,871</u>	<u>\$ 557,059</u>	<u>\$ 5,999,295</u>

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ALAMO AREA COUNCIL OF GOVERNMENTS

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

FOR THE YEAR ENDED DECEMBER 31, 2017

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

Net change in fund balances - total governmental funds \$ 578,379

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay 86,402
Depreciation expense (775,759)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences (1,694)
Net pension liability 204,547

Change in net position of governmental activities \$ 82,493

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ALAMO AREA COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Council is a political subdivision of the State of Texas and a voluntary association of local governments within a 13 county region. The Council was established in 1967 to study and resolve area-wide problems through the cooperation and coordinated action of member cities, counties, school districts and special purpose districts of the region.

Membership in the Council is voluntary. Any county, city, school district or special purpose district within the region may become a member in the independent association by passing a resolution to join the Council and paying annual dues. The Council is governed by a 32 member Board of Directors from member local governments. Each member government is entitled to have voting representation on the Board of Directors.

The accompanying financial statements present the Council and its component units, entities for which the Council is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Council. The following organization has been included within the Council's reporting entity.

Discretely Presented Component Unit

During 1995, the Council formed a nonprofit organization, Alamo Area Development Corporation (AADC). AADC is governed by a board of seven that must reside within the jurisdictional boundaries of the following counties: Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, McMullen and Wilson. AADC is reported as a component unit because the Council appoints its governing body and can remove its members at will. The Council also guarantees AADC's debt obligations. There was no debt outstanding as of December 31, 2017. Separately issued financial statements of AADC can be obtained by contacting the Council's accounting department at 8700 Tesoro Drive, Suite 160, San Antonio, Texas 78217.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported primarily by intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. The Council does not utilize any proprietary funds or fiduciary funds.

As discussed earlier, the Council has one discretely presented component unit. AADC is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Council's funds. The Council only utilizes governmental funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Council reports the following major governmental funds:

The ***General Fund*** is the Council's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***Bexar Area Agency on Aging Fund*** is used to account for certain grants awarded by the Texas Health and Human Services Commission.

The *Texas Department of Transportation Fund* is used to account for grants awarded by the Texas Department of Transportation.

The *Intellectual and Developmental Disabilities Services Fund* is used to account for state and federal funds awarded by the Texas Health and Human Services Commission. This fund accounts for the provision of community services and support for eligible adults and children with intellectual and developmental disabilities and their families in Bexar County.

The *Alamo Area Agency on Aging Fund* is used to account for certain grants awarded by the Texas Health and Human Services Commission.

The *Office of the Governor Fund* is used to account for grants awarded by the Office of the Governor.

During the course of operations the Council has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, eliminations are made in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, eliminations are made in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Charges for services and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Council.

Use of Estimates

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

Cash and Investments

Cash in the Council's financial statements includes cash on hand, demand deposits, and short-term investments. Investments for the Council are reported at fair value (generally based on quoted market prices).

Accounts Receivable - Grantors

This represents amounts due from federal and state grantor agencies for the various programs administered by the Council. The receivables include amounts due on programs closed-out and those in progress as of December 31, 2017.

Accounts Receivable - Other

Other receivables represent amounts due for Medicaid and other miscellaneous receivables.

Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are, for the most part, eliminated from the government-wide Statement of Net Position and are classified as "due from other funds" or "due to other funds" in the fund financial statements. There are also transactions between the primary government and the discretely presented component unit; these are classified as due from component unit and due to primary government.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property and equipment, are included in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The cost of normal maintenance and repairs do not add to the value of the asset or materially extend the asset's life is not capitalized. Land is not depreciated. The other capital asset classes are depreciated using the straight line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Useful life (years)</u>
Equipment	3
Furniture and fixtures	7 - 10
Software	5
Vehicles	5 - 10
Buildings and improvements	3.5 - 25

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Council has the following items that qualify for reporting in this category.

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Changes in economic and demographic assumptions or other inputs included in determining the pension liability – these effects on the total pension liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Council has only one type of item that qualifies for reporting in this category. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Unearned Revenue

Unearned revenue primarily consists of amounts received from grantors in excess of qualifying expenditures for programs in progress as of December 31, 2017.

Compensated Absences

All full-time employees are eligible to accrue Paid Time Off (PTO). Part-time and temporary employees do not earn PTO. Earned but unused PTO can be carried over to the next fiscal year. Employees may accumulate a maximum of 240 hours. Any PTO balance in excess of the maximum is reduced to the maximum without compensation. Pay in lieu of PTO is not permitted other than upon separation. Regular full-time employees earn PTO based on actual hours worked as follows:

1-2 years	10 days
2-5 years	15 days
5-7 years	20 days
7-10 years	22 days
10+ years	25 days

The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are reported when they are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position Flow Assumption

Sometimes the Council will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Council's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Council will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Council's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Council itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Council's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the Council that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors has by resolution authorized the Chief Financial Officer to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Intergovernmental Revenues

Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

Deferred inflows of resources will arise when potential revenue does not meet the "available" criteria for revenue recognition in the current period. Unearned revenue arises when resources are received by the Council before it has a legal claim to them, as when grant money is received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the Council has a legal claim to the resources, the liability for the unearned revenue or the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

Matching Funds

Contributions to grant programs from local governments and other participants are recognized as revenue when grant expenditures are incurred in the case of cost reimbursement grants, and when courses are completed in the case of Regional Police Academy tuition.

Member Government Dues

All member governments are required to pay dues to the Council. Dues are determined annually and are recognized as revenues when assessed because they are measurable and are collectible within the current period. Dues are reported in the General Fund and funds are transferred to Special Revenue Funds as needed to meet matching requirements for grants.

Indirect Costs and Fringe Benefit and Leave Pool Allocations

General administrative and employee fringe benefits costs are recorded in cost pools. The costs are recovered from Special Revenue Funds based on indirect and fringe benefit rates. Indirect costs are defined by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* as costs “(a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved.” The Council uses a fixed-rate plus carry-forward provision. The rates are based on projected costs in a Cost Allocation Plan. The rates are used for billing purposes. Final costs not recovered by the billing rates are allowed by granting agencies to be recovered in succeeding years.

In the statement of activities, indirect expenses are allocated amongst functions using the methods described above. Indirect and direct expenses are presented as separate columns to enhance comparability to governments that do not allocate indirect expenses to other functions.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

Deficit Fund Balance

The Metropolitan Planning Organization Fund had a deficit fund balance of \$45 as of December 31, 2017. If funding from outside sources does not become available to cover the deficit fund balance, the Council plans to transfer funds to cover the deficit.

3. CASH AND INVESTMENTS

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Council’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government securities or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of December 31, 2017, the Council’s deposit value was fully collateralized with securities held by the pledging financial institutions.

At December 31, 2017, the Council did not have any financial instruments that would be classified as an investment. Cash and cash equivalents at December 31, 2017, consist of the following which are reported in assets in the accompanying financial statements:

Demand deposits	\$	1,107,466
Money market accounts		607,344
Short-term certificates of deposit		<u>2,048,809</u>
Total	\$	<u><u>3,763,619</u></u>

The Public Funds Investment Act (Government Code Chapter 2256) (the Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Council to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the Council to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings account, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the Council to have independent auditors perform test procedures related to investment practices by the Act. The Council is in substantial compliance with the requirements of the Act and with local policies.

Interest Rate Risk. In accordance with its investment policy, the Council manages its exposure to declines in fair value by limiting the Council’s participation in investment pools to those with investment portfolios showing a dollar-weighted average stated maturity of 90 days or fewer.

Credit Risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. It is the Council’s policy to limit its investments in obligations of other states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm to not less than “A” or its equivalent. Further, for an investment pool to be eligible for consideration, the Council’s investment policy requires an investment pool to be continuously rated no lower than AAA or AAA- or at an equivalent rating by at least one nationally recognized rating service.

Concentration of Credit Risk. The Council’s investment policy states that investments shall be diversified to reduce the risk of loss resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities.

4. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2017, was as follows:

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 127,000	\$ -	\$ -	\$ 127,000
Capital assets, being depreciated				
Equipment	4,090,052	3,743	-	4,093,795
Furniture and fixtures	154,890	-	-	154,890
Software	1,168,059	-	-	1,168,059
Vehicles	5,864,174	73,277	(38,994)	5,898,457
Buildings and improvement	2,290,040	-	-	2,290,040
	<u>13,567,215</u>	<u>77,020</u>	<u>(38,994)</u>	<u>13,605,241</u>
Less accumulated depreciation				
Equipment	(3,102,642)	(199,658)	-	(3,302,300)
Furniture and fixtures	(149,484)	(1,081)	-	(150,565)
Software	(989,472)	(64,887)	-	(1,054,359)
Vehicles	(4,867,332)	(341,323)	38,994	(5,169,661)
Buildings and improvement	(727,658)	(168,810)	-	(896,468)
Total accumulated depreciation	<u>(9,836,588)</u>	<u>(775,759)</u>	<u>38,994</u>	<u>(10,573,353)</u>
Total capital assets being depreciated, net	<u>3,730,627</u>	<u>(698,739)</u>	<u>-</u>	<u>3,031,888</u>
Governmental activities capital assets, net	<u>\$ 3,857,627</u>	<u>\$(698,739)</u>	<u>\$ -</u>	<u>\$ 3,158,888</u>

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

Governmental activities	
General government	\$ 58,017
Workforce development	2,073
Emergency communications	5,722
Homeland security	16,667
Environmental quality	11,067
Transportation	363,983
Housing	17,445
Criminal justice	297,343
Health & Welfare	3,442
Total depreciation expense - governmental activities	<u>\$ 775,759</u>

5. INTERFUND BALANCES AND TRANSFERS

The Council pools cash in one bank account, which is accounted for in the General Fund. All expenditures are paid out of this cash account, and appropriate interfund balances are recorded to reflect this activity.

The composition of interfund balances as of December 31, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Bexar Area Agency on Aging Fund	\$ 212,862
General Fund	IDDS Fund	669,543
General Fund	Alamo Area Agency on Aging Fund	47,484
General Fund	Office of the Governor Fund	110,004
General Fund	Nonmajor governmental fund	512,885
Texas Department of Transportation Fund	Nonmajor governmental fund	47,373
Nonmajor governmental fund	Nonmajor governmental fund	315,267
		<u>\$ 1,915,418</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Internal transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund reimbursed. All other interfund transactions are recorded as transfers.

The following is a summary of interfund transfers for the year ended December 31, 2017:

Transfer In	Transfer Out	Amount
Bexar Area Agency on Aging Fund	General Fund	\$ 149,317
Texas Department of Transportation Fu	Nonmajor governmental fund	1,307
Alamo Area Agency on Aging Fund	General Fund	59,341
Office of the Governor Fund	Nonmajor governmental fund	1,695
Nonmajor governmental fund	General Fund	14,120
	Total	<u>\$ 225,780</u>

Amounts transferred between funds relate to matching requirements for grants.

6. UNAVAILABLE AND UNEARNED REVENUE

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, there were no deferred inflows of resources reported in the governmental funds related to unavailable revenues. Governmental funds also report unearned revenues in connection with resources that have been received but not yet earned. For the Council, these balances typically consist of grant funding received in advance of eligible grant expenditures.

7. SHORT-TERM DEBT

On July 8, 2017, the Council issued a short-term promissory note in the amount of \$2,000,000. The note was issued with an interest rate of 3.4%. The note was issued by the Council to finance ongoing projects in relation to the Defense Economic Adjustment Assistance Grant program.

On September 1, 2017, the Council issued a commercial security agreement in the amount of \$400,000. The agreement was issued with an interest rate of 5.00% with a maturity date of October 31, 2017. The agreement was issued by the Council to be used, as needed, to fund operations.

The schedule below summarizes the Council's short-term debt obligations during the year ended December 31, 2017:

	Original Issue Year	Interest Rate	Beginning Balance	Issues	Redemptions	Ending Balance
Governmental Activities						
Commercial Security Agreement, 2017	2017	5.0%	\$ -	\$ 400,000	\$ 400,000	\$ -
Promissory Note, 2017	2017	3.4%	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
Governmental activities short-term liabilities			<u>\$ -</u>	<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>	<u>\$ -</u>

8. LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 352,077	\$ 449,194	\$ 447,500	\$ 353,771	\$ 88,443
Net pension liability	<u>1,068,130</u>	<u>303,105</u>	<u>995,518</u>	<u>375,717</u>	<u>-</u>
	<u>\$ 1,420,207</u>	<u>\$ 752,299</u>	<u>\$ 1,443,018</u>	<u>\$ 729,488</u>	<u>\$ 88,443</u>

Typically, all governmental funds assist in liquidating compensated absences and the net pension liability based on corresponding personnel costs.

9. COMMITMENTS AND CONTINGENCIES

Risk Management

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

Contingencies

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

Agencies expending \$750,000 or more in Council federal or state grant funds are required to have an independent audit each year. Copies of such audits are required to be submitted to the Council. If such audits disclose expenditures not in accordance with terms of the grants, the grantor agency could disallow the costs and require reimbursements of the disallowed costs either from the Council or the subcontractor. The Council generally has the right of recovery from the subcontracted agencies.

Litigation

The Council is periodically involved in legal proceedings arising from the ordinary course of business. As of December 31, 2017, none of these proceedings have been determined to result in probable loss to the Council. Accordingly, no related loss contingencies have been recorded in the accompanying financial statements.

Operating Lease

The Council leases office space in San Antonio, Texas, under an agreement classified as an operating lease. Rent expenditures totaled \$884,253 for the year ended December 31, 2017. Future minimum lease payments under this agreement are as follows:

<u>Year Ending December 31,</u>	
2018	\$ 924,555
2019	872,715
2020	<u>952,053</u>
Total	\$ <u><u>2,749,323</u></u>

10. DEFINED BENEFIT PENSION PLAN

Plan Description

The Council participates in 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 nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tcdrs.org.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided

TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 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. Members are vested after ten 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.

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. By law, employee accounts earn 7% interest. 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.

Employees covered by benefit terms

At the December 31, 2016, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	73
Inactive employees entitled to but not yet receiving benefits	366
Active employees	<u>280</u>
	<u>719</u>

Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the Council were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rate for the Council was 8% in calendar year 2017. The Council's contributions to TCDRS for the year ended December 31, 2017, were \$1,009,731, which equaled the required contributions.

Net Pension Liability

The Council's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	2.0% per year
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

The Council has no automatic cost-of-living adjustments ("COLA") and one is not considered to be substantively automatic. Therefore, no assumption for future cost-of-living adjustments is included in the actuarial valuation. Each year, the Council may elect an ad-hoc COLA for its retirees.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

The actuarial assumptions that determined the total pension liability as of December 31, 2016, were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except for mortality assumptions. Mortality assumptions were updated for the 2016 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 8.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2017 information for a 7 to 10 year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed Mark	MSCI World Ex USA (net)	10.00%	4.70%
International Equities - Emerging Marke	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays Capital U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

⁽¹⁾ Target asset allocation adopted at the April 2017 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2017

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2015	\$ 25,010,343	\$ 23,942,214	\$ 1,068,129
Changes for the year:			
Service cost	1,573,957	-	1,573,957
Interest on total pension liability ⁽¹⁾	2,045,000	-	2,045,000
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(620,447)	-	(620,447)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(250,729)	(250,729)	-
Benefit payments	(840,702)	(840,702)	-
Administrative expenses	-	(19,341)	19,341
Member contributions	-	745,343	(745,343)
Net investment income	-	1,779,491	(1,779,491)
Employer contributions	-	993,791	(993,791)
Other ⁽³⁾	-	191,638	(191,638)
Balance at 12/31/2016	<u>\$ 26,917,422</u>	<u>\$ 26,541,705</u>	<u>\$ 375,717</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the Council, calculated using the discount rate of 8.1%, as well as what the Council's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-higher (9.1%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	7.1%	8.1%	9.1%
Total pension liability	\$ 30,387,238	\$ 26,917,422	\$ 24,061,915
Fiduciary net position	<u>26,541,704</u>	<u>26,541,705</u>	<u>26,541,704</u>
Net pension liability/(asset)	<u>\$ 3,845,534</u>	<u>\$ 375,717</u>	<u>\$ (2,479,789)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the internet at www.tcdrs.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the Council recognized pension expense of \$803,458.

At December 31, 2017, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,165,551	\$ -
Changes in actuarial assumptions	-	164,879
Difference between projected and actual investment earnings	-	1,752,748
Contributions subsequent to the measurement date	<u>-</u>	<u>1,009,731</u>
Total	<u>\$ 1,165,551</u>	<u>\$ 2,927,358</u>

\$1,009,731 reported as deferred outflows of resources related to pension resulted from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ending December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ended December 31,</u>		
2018	\$	74,025
2019		272,083
2020		367,490
2021		38,478

**Required Supplementary
Information**

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ALAMO AREA COUNCIL OF GOVERNMENTS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

PLAN YEAR ENDED DECEMBER 31ST

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service Cost	\$ 1,573,957	\$ 1,383,125	\$ 1,428,588
Interest total pension liability	2,045,000	1,931,965	1,813,929
Effect of plan changes	-	(236,658)	-
Effect of assumption changes or inputs	-	329,757	-
Effect of economic/demographic (gains) or losses	(620,447)	(1,004,313)	(792,235)
Benefit payments/refunds of contributions	<u>(1,091,432)</u>	<u>(1,022,508)</u>	<u>(1,010,526)</u>
Net change in total pension liability	1,907,078	1,381,368	1,439,756
Total pension liability - beginning	<u>25,010,345</u>	<u>23,628,977</u>	<u>22,189,221</u>
Total pension liability - ending (a)	\$ <u>26,917,423</u>	\$ <u>25,010,345</u>	\$ <u>23,628,977</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 993,791	\$ 1,176,341	\$ 999,897
Member contributions	745,343	732,256	730,043
Investment income net of investment expenses	1,779,491	(463,983)	1,410,886
Benefit payments refunds of contributions	(1,091,431)	(1,022,508)	(1,010,526)
Administrative expenses	(19,341)	(17,140)	(17,336)
Other	<u>191,638</u>	<u>37,139</u>	<u>12,720</u>
Net change in plan fiduciary net position	2,599,491	442,105	2,125,684
Plan fiduciary net position - beginning	<u>23,942,215</u>	<u>23,500,110</u>	<u>21,374,426</u>
Plan fiduciary net position - ending (b)	\$ <u>26,541,706</u>	\$ <u>23,942,215</u>	\$ <u>23,500,110</u>
Net pension liability - ending (a) - (b)	\$ <u><u>375,717</u></u>	\$ <u><u>1,068,130</u></u>	\$ <u><u>128,867</u></u>
Fiduciary net position as a percentage of total pension liability	98.6%	95.7%	99.5%
Pensionable covered payroll	\$ 12,431,363	\$ 12,204,268	\$ 11,561,208
Net pension liability as a percentage of covered payroll	3.0%	8.8%	1.1%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of December 31, 2017, only 3 years are available. Additional years will be added in the future as the information becomes available.

ALAMO AREA COUNCIL OF GOVERNMENTS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS -
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

LAST TEN FISCAL YEARS

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2008	\$ 672,226	\$ 697,226	\$(25,000)	\$ 8,413,347	8.3%
2009	720,071	720,071	-	8,933,889	8.1%
2010	929,042	1,004,042	(75,000)	10,981,582	9.1%
2011	984,997	1,034,997	(50,000)	11,698,302	8.8%
2012	940,304	990,304	(50,000)	11,709,893	8.5%
2013	946,392	1,111,392	(165,000)	11,712,772	9.5%
2014	919,116	999,897	(80,781)	11,561,208	8.6%
2015	892,132	1,176,341	(284,209)	12,204,268	9.6%
2016	804,309	993,791	(189,482)	12,431,363	8.0%
2017	798,950	1,009,731	(210,781)	12,621,638	8.0%

(1) Payroll is calculated based on contributions as reported to TCDRS.

ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.7 years (based on contribution rate calculated in 12/31/2016 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule*	2015: Employer contributions reflect that the current service matching rate was increased to 125%. 2016: No changes in plan provisions

**Only changes effective 2015 and later are shown in the Notes to the Schedule of Employer Contributions.*

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**Supplementary
Information**

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Texas Commission on Environmental Quality – This fund is used to account for grants awarded by the Texas Commission on Environmental Quality.

VIA Metropolitan Transit – This fund is used to account for grants awarded by the VIA Metropolitan Transit.

Texas Veterans Commission – This fund is used to account for grants awarded by the Texas Veterans Commission.

Economic Development Administration – This fund is used to account for grants awarded by the Economic Development Administration.

Metropolitan Planning Organization – This fund is used to account for grants awarded by the Metropolitan Planning Organization.

Texas Department of Agriculture – This fund is used to account for grants awarded by the Texas Department of Agriculture.

U.S. Department of Homeland Security – This fund is used to account for grants awarded by the U.S. Department of Homeland Security.

Capital Area Council of Governments – This fund is used to account for grants awarded by the Capital Area Council of Governments.

State Energy Conservation Office – This fund is used to account for grants awarded by the State Energy Conservation Office.

Texas Department of Housing and Community Affairs – This fund is used to account for grants awarded by the Texas Department of Housing and Community Affairs.

Commission on State Emergency Communications – This fund is used to account for grants awarded by the Commission on State Emergency Communications.

City of San Antonio – This fund is used to account for grants awarded by the City of San Antonio.

Local Projects – This fund is used to account for projects funded by local donations.

Department of Defense – This fund is used to account for grants awarded by the Department of Defense.

ALAMO AREA COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2017

	Special Revenue Funds			
	Texas Commission on Environmental Quality	VIA Metropolitan Transit	Texas Veterans Commission	Economic Development Administration
ASSETS				
Cash and cash equivalents	\$ 135,498	\$ -	\$ -	\$ -
Accounts receivable:				
Grantors	39,446	472,993	474,396	29,126
Due from other funds	<u>13,827</u>	<u>-</u>	<u>43,220</u>	<u>-</u>
Total assets	<u>\$ 188,771</u>	<u>\$ 472,993</u>	<u>\$ 517,616</u>	<u>\$ 29,126</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 2,703	\$ 95,563	\$ 295,209	\$ 796
Due to other funds	-	377,351	-	21,548
Unearned revenue	<u>185,613</u>	<u>79</u>	<u>47,968</u>	<u>-</u>
Total liabilities	<u>188,316</u>	<u>472,993</u>	<u>343,177</u>	<u>22,344</u>
Fund balance:				
Restricted:				
Grants	455	-	174,439	6,782
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>455</u>	<u>-</u>	<u>174,439</u>	<u>6,782</u>
Total liabilities and fund balance	<u>\$ 188,771</u>	<u>\$ 472,993</u>	<u>\$ 517,616</u>	<u>\$ 29,126</u>

Special Revenue Funds

Metropolitan Planning Organization	Texas Department of Agriculture	U. S. Department of Homeland Security	Capital Area Council of Governments	State Energy Conservation Office	Texas Department Of Housing and Community Affairs
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,905
57,339	3,922	48,826	-	-	327,242
<u>-</u>	<u>-</u>	<u>-</u>	<u>20,630</u>	<u>-</u>	<u>-</u>
<u>\$ 57,339</u>	<u>\$ 3,922</u>	<u>\$ 48,826</u>	<u>\$ 20,630</u>	<u>\$ -</u>	<u>\$ 368,147</u>
\$ -	\$ 377	\$ 1,142	\$ -	\$ -	\$ 187,311
57,384	3,545	17,277	-	-	178,620
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,802</u>	<u>-</u>	<u>-</u>
<u>57,384</u>	<u>3,922</u>	<u>18,419</u>	<u>1,802</u>	<u>-</u>	<u>365,931</u>
-	-	30,407	18,828	-	2,216
<u>(45)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(45)</u>	<u>-</u>	<u>30,407</u>	<u>18,828</u>	<u>-</u>	<u>2,216</u>
<u>\$ 57,339</u>	<u>\$ 3,922</u>	<u>\$ 48,826</u>	<u>\$ 20,630</u>	<u>\$ -</u>	<u>\$ 368,147</u>

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ALAMO AREA COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

DECEMBER 31, 2017

	Special Revenue Funds				
	Commission on State Emergency Communications	City of San Antonio	Local Projects	Department of Defense	Totals
ASSETS					
Cash and cash equivalents	\$ 103,484	\$ -	\$ -	\$ -	\$ 279,887
Accounts receivable:					
Grantors	93,949	-	113,947	87,556	1,748,742
Due from other funds	<u>-</u>	<u>62</u>	<u>237,528</u>	<u>-</u>	<u>315,267</u>
Total assets	<u>\$ 197,433</u>	<u>\$ 62</u>	<u>\$ 351,475</u>	<u>\$ 87,556</u>	<u>\$ 2,343,896</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 61,421	\$ 6	\$ 9,789	\$ 947	\$ 655,264
Due to other funds	133,191	-	-	86,609	875,525
Unearned revenue	<u>2,821</u>	<u>56</u>	<u>17,709</u>	<u>-</u>	<u>256,048</u>
Total liabilities	<u>197,433</u>	<u>62</u>	<u>27,498</u>	<u>87,556</u>	<u>1,786,837</u>
Fund balance:					
Restricted:					
Grants	-	-	323,977	-	557,104
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45)</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>323,977</u>	<u>-</u>	<u>557,059</u>
Total liabilities and fund balance	<u>\$ 197,433</u>	<u>\$ 62</u>	<u>\$ 351,475</u>	<u>\$ 87,556</u>	<u>\$ 2,343,896</u>

ALAMO AREA COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds			
	Texas Commission on Environmental Quality	VIA Metropolitan Transit	Texas Veterans Commission	Economic Development Administration
REVENUES				
Intergovernmental	\$ 980,663	\$ 468,056	\$ 935,222	\$ 83,373
Local	-	-	-	-
Investment income	150	-	-	-
Total revenues	<u>980,813</u>	<u>468,056</u>	<u>935,222</u>	<u>83,373</u>
EXPENDITURES				
Current:				
Workforce development	-	-	425,844	-
Aging	-	-	-	-
Emergency communications	-	-	-	-
Economic development	-	-	-	98,412
Environmental quality	986,047	-	-	-
Community affairs	-	-	-	-
Homeland security	-	-	-	-
Transportation	-	468,056	388,082	-
Criminal justice	-	-	-	-
Total expenditures	<u>986,047</u>	<u>468,056</u>	<u>813,926</u>	<u>98,412</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,234)</u>	<u>-</u>	<u>121,296</u>	<u>(15,039)</u>
OTHER FINANCING SOURCES AND USES				
Transfers in	-	-	-	14,120
Transfers out	-	-	(1,307)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(1,307)</u>	<u>14,120</u>
NET CHANGE IN FUND BALANCES	<u>(5,234)</u>	<u>-</u>	<u>119,989</u>	<u>(919)</u>
FUND BALANCES, BEGINNING	<u>5,689</u>	<u>-</u>	<u>54,450</u>	<u>7,701</u>
FUND BALANCES, ENDING	<u>\$ 455</u>	<u>\$ -</u>	<u>\$ 174,439</u>	<u>\$ 6,782</u>

Special Revenue Funds

Metropolitan Planning Organization	Texas Department of Agriculture	U. S. Department of Homeland Security	Capital Area Council of Governments	State Energy Conservation Office	Texas Department of Housing and Community Affairs
\$ 118,868	\$ 13,013	\$ 298,070	\$ -	\$ -	\$ 1,986,889
-	-	-	30,585	-	11,897
-	-	-	-	-	39
<u>118,868</u>	<u>13,013</u>	<u>298,070</u>	<u>30,585</u>	<u>-</u>	<u>1,998,825</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	13,013	-	12,757	-	2,021,240
-	-	266,337	-	-	-
118,868	-	-	-	-	-
-	-	-	-	-	-
<u>118,868</u>	<u>13,013</u>	<u>266,337</u>	<u>12,757</u>	<u>-</u>	<u>2,021,240</u>
-	-	31,733	17,828	-	(22,415)
-	-	-	-	-	-
-	-	-	-	(1,864)	-
-	-	-	-	(1,864)	-
-	-	31,733	17,828	(1,864)	(22,415)
(45)	-	(1,326)	1,000	1,864	24,631
<u>(45)</u>	<u>-</u>	<u>30,407</u>	<u>18,828</u>	<u>-</u>	<u>2,216</u>

ALAMO AREA COUNCIL OF GOVERNMENTS

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

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds				
	Commission on State Emergency Communications	City of San Antonio	Local Projects	Department of Defense	Totals
REVENUES					
Intergovernmental	\$ 1,814,023	\$ -	\$ 40,230	\$ 227,921	\$ 6,966,328
Local	-	-	254,058	-	296,540
Investment income	95	-	-	-	284
Total revenues	1,814,118	-	294,288	227,921	7,263,152
EXPENDITURES					
Current:					
Workforce development	-	-	-	-	425,844
Aging	-	-	136,694	-	136,694
Emergency communications	1,814,118	-	-	-	1,814,118
Economic development	-	-	-	227,683	326,095
Environmental quality	-	-	-	-	986,047
Community affairs	-	-	40,219	-	2,087,229
Homeland security	-	-	-	-	266,337
Transportation	-	-	-	-	975,006
Criminal justice	-	-	27,801	-	27,801
Total expenditures	1,814,118	-	204,714	227,683	7,045,171
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	89,574	238	217,981
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,307	-	15,427
Transfers out	-	-	-	-	(3,171)
Total other financing sources (uses)	-	-	1,307	-	12,256
NET CHANGE IN FUND BALANCES	-	-	90,881	238	230,237
FUND BALANCES, BEGINNING	-	-	233,096	(238)	326,822
FUND BALANCES, ENDING	\$ -	\$ -	\$ 323,977	\$ -	\$ 557,059

Other Supplementary Information

Intellectual and Developmental Disabilities Services Schedules (Unaudited)

This section of the comprehensive annual financial report contains other supplementary schedules required of Intellectual and Developmental Disabilities (IDD) authorities in the State of Texas. IDD authorities report to granting agencies on a 12-month grant period that ends on August 31st. Accordingly, these schedules have been prepared in a manner that facilitates reconciliation to a 12-month period ending August 31st.

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ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Personnel services	\$ 1,574,317
Employee benefits	481,599
Other contract services	743,037
Rent	895,344
Equipment rental	179,763
Communications	156,583
Equipment	104,241
Depreciation	82,193
Repairs and maintenance	50,544
Meetings	39,699
Professional dues	37,659
Postage	27,593
Supplies	23,922
Travel	21,337
Insurance and bonding	21,503
Printing and reproduction	14,029
Employee recruitment	7,285
Training in region	5,134
Public notices	2,896
Publications	1,217
Tuition staff	6,085
Fuel/oil	1,500
Auto operating	<u>92</u>
Total indirect costs	4,477,572
Less: administration cost received	<u>(1,813,870)</u>
NET INDIRECT COSTS	2,663,702
ACTUAL INDIRECT COSTS RECOVERED	<u>(2,799,192)</u>
UNDER-RECOVERY OF INDIRECT COSTS CARRIED FORWARD FROM PRIOR YEAR	<u>42,155</u>
ACCUMULATED COST OVER-RECOVERY	<u><u>\$ (93,335)</u></u>

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF EMPLOYEE BENEFITS (FRINGE AND RELEASE TIME)

FOR THE YEAR ENDED DECEMBER 31, 2017

Benefits:	
FICA	\$ 943,652
Health insurance	1,606,015
Retirement	1,116,419
Release time	1,223,901
Other insurance	99,521
Workers' compensation	<u>82,353</u>
Total employee benefits	5,071,861
ACTUAL EMPLOYEE BENEFITS RECOVERED	(5,113,004)
OVER-RECOVERY OF EMPLOYEE BENEFITS CARRIED FORWARD FROM PRIOR YEAR	(<u>167,787</u>)
ACCUMULATED COST OVER-RECOVERY	<u><u>\$ (208,930)</u></u>

ALAMO AREA COUNCIL OF GOVERNMENTS

**RECONCILIATION OF TOTAL EXPENDITURES
TO FOURTH QUARTER FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

	<u>CARE *</u> <u>Report III</u>	<u>Additions**</u>	<u>Deletions***</u>	<u>Audited Financial Statements 12/31/17</u>
EXPENDITURES				
Salaries	\$ 5,362,004	\$ 7,767,367	\$ 1,889,762	\$ 11,239,609
Employee benefits	1,614,790	2,325,090	549,483	3,390,397
Professional consulting services	502,447	25,163,109	8,906	25,656,650
Training/travel	154,416	126,334	11,234	269,516
Debt service	-	18,661	-	18,661
Capital outlay	-	183,402	-	183,402
Non-capital equipment	11,412	77,511	1,998	86,925
Other operating expenditures	<u>3,884,632</u>	<u>3,989,869</u>	<u>1,371,494</u>	<u>6,503,007</u>
 Total expenditures	 <u>\$ 11,529,701</u>	 <u>\$ 39,651,343</u>	 <u>\$ 3,832,877</u>	 <u>\$ 47,348,167</u>

* CARE Report III for Fiscal Year Ending 8/31/17

** Other Agency Programs and September - December 2017 IDD Expenditures

*** September - December 2016 IDD Expenditures

ALAMO AREA COUNCIL OF GOVERNMENTS

**RECONCILIATION OF TOTAL REVENUE
TO FOURTH QUARTER FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

	<u>CARE *</u> <u>Report III</u>	<u>Additions**</u>	<u>Deletions***</u>	<u>Audited Financial Statements 12/31/17</u>
LOCAL AND EARNED REVENUES:				
Medicaid	\$ 5,148,232	\$ 3,249,995	\$ 1,994,966	\$ 6,403,262
Membership dues	-	332,780		332,780
Local	240,461	992,267	19,785	1,212,943
Contributions	307,076	179,160	102,359	383,878
Delegate agency match	-	8,489,710		8,489,710
Interest	2,872	22,211	912	24,170
Other	(1,819)	1,005,287	677	1,002,792
Total local and earned revenues	<u>5,696,822</u>	<u>14,271,411</u>	<u>2,118,698</u>	<u>17,849,535</u>
STATE PROGRAM REVENUES:				
General Revenue	3,455,162	10,986,064	1,289,790	13,151,436
Permanency Planning	66,584	7,729	13,252	61,061
Community Living Options Information Process (CLOIP)	208,531	63,027	62,287	209,271
Crisis Behavioral Supports	514,944	320,317	195,562	639,699
Nursing Facilities (NF) Preadmission Screening and Resident Review (PASRR)	442,802	408,482	212,539	638,745
Total state program revenues	<u>4,688,023</u>	<u>11,785,619</u>	<u>1,773,431</u>	<u>14,700,212</u>
FEDERAL PROGRAM REVENUES:				
Federal	136,355	14,352,510	48,523	14,440,342
Medicaid Administrative Claiming	1,008,501	250,222	322,266	936,458
Total federal program revenues	<u>1,144,856</u>	<u>14,602,732</u>	<u>370,789</u>	<u>15,376,800</u>
Total revenues	<u>11,529,701</u>	<u>40,659,762</u>	<u>4,262,917</u>	<u>47,926,546</u>
Fund Balance Used per CARE Report III	337,287			
Equals CARE Report III Fiscal Year 2017	\$ 11,866,989			

* CARE Report III Fiscal Year 2017

** Other Agency Programs and September - December 2017 IDD Revenues

*** September - December 2016 IDD Revenues

ALAMO AREA COUNCIL OF GOVERNMENTS

**RECONCILIATION OF TOTAL REVENUE
TO FIRST QUARTER FISCAL YEAR 2018 FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

	1st Qtr * CARE Report III	** Additions	*** All other Agency	Audited Financial Statements 12/31/17
LOCAL AND EARNED REVENUES:				
Medicaid	\$ 1,177,114	\$ 497,106	\$ 4,729,042	\$ 6,403,262
Membership dues	-	-	332,780	332,780
Local	6,627	12,580	1,193,737	1,212,943
Contributions	76,769	25,590	281,519	383,878
Delegate agency match	-	-	8,489,710	8,489,710
Interest	1	911	23,258	24,170
Other	-	677	1,002,115	1,002,792
Total local and earned revenues	<u>1,260,511</u>	<u>536,862</u>	<u>16,052,162</u>	<u>17,849,535</u>
STATE PROGRAM REVENUES:				
General Revenue	823,940	477,938	11,849,557	13,151,436
Permanency Planning	9,423	3,830	47,808	61,061
Community Living Options Information Process (CLOIP)	48,578	13,709	146,984	209,271
Crisis Behavioral Supports	145,774	49,787	444,138	639,699
Nursing Facilities (NF) Preadmission Screening and Resident Review (PASRR)	164,760	47,779	426,206	638,745
Total state program revenues	<u>1,192,475</u>	<u>593,044</u>	<u>12,914,693</u>	<u>14,700,212</u>
FEDERAL PROGRAM REVENUES:				
Federal	42,453	6,069	14,391,820	14,440,342
Medicaid administrative claiming	243,919	66,258	626,281	936,458
Total federal program revenues	<u>286,372</u>	<u>72,327</u>	<u>15,018,101</u>	<u>15,376,800</u>
Total revenues	\$ <u>2,739,358</u>	\$ <u>1,202,233</u>	\$ <u>43,984,955</u>	\$ <u>47,926,546</u>

* 1st qtr Fiscal Year 18 (September - November 2017) IDD Revenues

** December 2017 IDD Revenues

*** Other Agency Programs and January - August 2017 IDD Revenues

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE OF FUNDS

**FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

	Total Revenues	Fiscal Year 2017 Jan - Aug IDD Expenditures	Fiscal Year 2017 Sept - Dec IDD Expenditures	All Other Program Expenditures
Objects of expenditures:				
Personnel	\$ 10,513,623	\$ 3,459,372	\$ 1,656,429	\$ 5,397,823
Employee benefits	3,169,802	1,029,044	488,487	1,652,271
Debt service	18,661	-	-	18,661
Capital outlay	270,327	-	-	270,327
Other operating expenditures	31,986,613	2,420,172	1,207,011	28,359,430
Allocation of general administration to strategies	534,209	364,084	170,125	-
Allocation of authority administration to strategies	854,932	544,109	310,824	-
Total expenditures	<u>47,348,167</u>	<u>7,816,780</u>	<u>3,832,875</u>	<u>35,698,512</u>
Method of finance:				
General Revenue - Alamo Local Authority	13,766,606	1,759,648	1,289,790	10,717,167
Permanency Planning	61,061	47,808	13,252	-
Nursing Facilities (NF) Preadmission Screening and Resident Review (PASRR)	507,659	295,120	212,539	-
Community Living Options Information Process (CLOIP)	209,271	146,984	62,287	-
Crisis Behavioral Supports	639,699	444,137	195,562	-
Earned income	24,170	2,133	912	21,125
Additional local funds	17,825,365	4,450,116	2,117,786	11,257,463
Other services	<u>14,892,715</u>	<u>692,691</u>	<u>370,789</u>	<u>13,829,236</u>
Total expended sources	<u>\$ 47,926,546</u>	<u>\$ 7,838,637</u>	<u>\$ 4,262,917</u>	<u>\$ 35,824,992</u>

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

**FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

	<u>Total Costs</u>	<u>Nonallowable Costs</u>	<u>Depreciation</u>	<u>Total Adjusted Costs</u>	<u>Direct Costs</u>	<u>Indirect Costs</u>
Personnel	\$ 11,239,609	\$ -	\$ -	\$ 11,239,609	\$ 9,665,292	\$ 1,574,317
Fringe benefits	3,390,397	-	-	3,390,397	2,908,798	481,599
Debt service	18,661	-	-	18,661	18,661	-
Capital outlay	270,327	270,327	-	-	-	-
Depreciation	-	-	717,742	717,742	711,556	6,186
Other operating costs	<u>32,429,173</u>	<u>-</u>	<u>-</u>	<u>32,429,173</u>	<u>31,832,564</u>	<u>596,609</u>
Total costs	<u>\$ 47,348,167</u>	<u>\$ 270,327</u>	<u>\$ 717,742</u>	<u>\$ 47,795,582</u>	<u>\$ 45,136,871</u>	<u>\$ 2,658,711</u>
Indirect costs						\$ 2,658,711
Direct costs						45,136,871
Indirect cost rate						5.9%

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF INSURANCE IN EFFECT

**FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

Insurer	Policy Period		Coverage	Amount
	Begins	Ends		
Texas Municipal League Risk Management Fund	10/01/16	09/30/17	Workers' Compensation	Statutory
Texas Municipal League Risk Management Fund	10/01/16	09/30/17	Automobile Liability: Per occurrence limit Deductible Medical payments per person	\$ 5,000,000 2,500 25,000
	10/01/16	09/30/17	Automobile Physical Damage: Per occurrence limit Deductible	10,000 1,000
Texas Municipal League Risk Management Fund	10/01/16	09/30/17	General Liability: Per occurrence limit Sudden events each occurrence Annual aggregate	10,000,000 2,000,000 10,000,000
Texas Municipal League Risk Management Fund	10/01/16	09/30/17	Law Enforcement Liability: Per occurrence limit Annual aggregate Deductible	2,000,000 4,000,000 1,000
Texas Municipal League Risk Management Fund	10/01/16	09/30/17	Errors and Omissions: Each wrongful act Annual aggregate Deductible	2,000,000 4,000,000 1,000

ALAMO AREA COUNCIL OF GOVERNMENTS

**SCHEDULE OF INSURANCE IN EFFECT
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

Insurer	Policy Period		Coverage	Amount
	Begins	Ends		
Texas Municipal League Risk Management Fund	10/01/16	09/30/17	All Risk Property Coverage: Coverage Basis: Building : Replacement Cost Valuation	\$ 6,146,439
			Deductible	250
			Transit limit	1,000,000
			Valuable papers and EDP media	10,000
			Accounts receivable	10,000
			Loss of revenue extra expense	50,000
			Personal property of employees and officials	5,000
			Leasehold interest	5,000
			Outdoor trees and shrubs	10,000
			Newly acquired property FMV up to	1,000,000
			Pollutant cleanup and removal each premise	20,000
			Flood & Earthquake: Deductible	25,000
			Boiler & Machinery: Per accident limit	100,000
			Deductible	250
Texas Municipal League Risk Management Fund	10/01/16	09/30/17	Public Employee Dishonesty: Limit of coverage	500,000
			Deductible	5,000
			*Coverage includes faithful performance of duty	
WS&P Walthall Sachse & Pipes, Inc.	07/01/17	06/30/18	Pollution Coverage: General aggregate limit	1,000,000
			Each "pollution condition" limit	1,000,000
			Deductible	5,000
WS&P Walthall Sachse & Pipes, Inc.	02/13/17	02/12/18	Volunteers: Accidental death and dismemberment benefit	
			Covered person principal sum/amount	5,000
			Total max accident medical and dental	10,000

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES

**FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
<u>January - August 2017</u>			
ABA AND BEHAVIORAL SVCS, LLC	San Antonio	6230 - COMMUNITY SUPPORTS	\$ 8,884
ABA AND BEHAVIORAL SVCS, LLC	San Antonio	6260 - BEHAVIORAL SUPPORT	9,494
ANGEL CARE CENTER OF SA INC	San Antonio	6210 - RESPITE HOURLY OUT OF HOME	1,455
ANGEL CARE CENTER OF SA INC	San Antonio	6213 - RESPITE HOURLY IN HOME	2,752
ANGEL CARE CENTER OF SA INC	San Antonio	6220 - DAY HABILITATION	2,419
ANGEL CARE CENTER OF SA INC	San Antonio	6230 - COMMUNITY SUPPORTS	5,430
ANNA GLASER	San Antonio	6230 - COMMUNITY SUPPORTS	21,335
ANNA GLASER	San Antonio	6260 - BEHAVIORAL SUPPORT	41,818
ANNA GLASER	San Antonio	6380- ABA THERAPY	5,049
CALIDAD - CONVERSE	San Antonio	6213 - RESPITE HOURLY IN HOME	3,278
CALIDAD - CONVERSE	San Antonio	6230 - COMMUNITY SUPPORTS	6,605
CALIDAD-DREXEL	San Antonio	6220 - DAY HABILITATION	1,382
CAMP	San Antonio	6270 - RESPITE CAMP WEEKLONG	71,500
CAMP	San Antonio	6211 - RESPITE DAILY OUT OF HOME	3,000
CAMP	San Antonio	6270 - RESPITE CAMP WEEKLONG	11,700
CAMP	San Antonio	6370 - DAYHAB SUMMER CAMP	1,216
EVA'S HEROES	San Antonio	6370 - DAYHAB SUMMER CAMP	2,646
GUADALUPE CASTANEDA	San Antonio	6260 - BEHAVIORAL SUPPORT	1,856
GUADALUPE CASTANEDA	San Antonio	6380 - ABA THERAPY	3,621
HOMELIFE COMMUNITY SERVICES	Converse	6210 - RESPITE HOURLY OUT OF HOME	1,725
HOMELIFE COMMUNITY SERVICES	Converse	6213 - RESPITE HOURLY IN HOME	35,771
HOMELIFE COMMUNITY SERVICES	Converse	6214 - RESPITE DAILY IN HOME	3,450
HOMELIFE COMMUNITY SERVICES	Converse	6220 - DAY HABILITATION	2,509
HOMELIFE COMMUNITY SERVICES	Converse	6230 - COMMUNITY SUPPORTS	25,334
HOMELIFE COMMUNITY SERVICES	Converse	6260 - BEHAVIORAL SUPPORT	383
JENNIFER GARRETT	San Antonio	6260 - BEHAVIORAL SUPPORT	14,837
JENNIFER GARRETT	San Antonio	6380 - ABA THERAPY	7,523
KIDZ TREEHOUSE PEDIATRIC	San Antonio	6385 - SPEECH AND LANGUAGE SERVICES	8,280
MISSION ROAD DEVELOPMENTAL	San Antonio	6220 - DAY HABILITATION	27,117
MISSION ROAD DEVELOPMENTAL	San Antonio	6370 - DAYHAB SUMMER CAMP	3,607
REACHING MAXIMUM INDEPENDENCE	San Antonio	6220 - DAY HABILITATION	1,481
REACHING MAXIMUM INDEPENDENCE	San Antonio	6240 - EMPLOYMENT ASSISTANCE	541
REACHING MAXIMUM INDEPENDENCE	San Antonio	6250 - SUPPORTED EMPLOYMENT	262
RESPITE CARE OF SAN ANTONIO	San Antonio	6210 - RESPITE HOURLY OUT OF HOME	1,864
SAFIRE	San Antonio	6220 - DAY HABILITATION	3,272
SOUTH TX BEHAVIORAL	San Antonio	6215 - CRISIS RESPITE HOURLY IN HOME	57,556
SOUTH TX BEHAVIORAL	San Antonio	6216 - CRISIS RESPITE DAILY IN HOME	1,500
SOUTH TX BEHAVIORAL	San Antonio	6217 - CRISIS SUPERVISION	1,975
SOUTH TX BEHAVIORAL	San Antonio	6218 - CRISIS TEAM CONSULTATION	5,775
SOUTH TX BEHAVIORAL	San Antonio	6260 - BEHAVIORAL SUPPORT	12,128
SOUTH TX BEHAVIORAL	San Antonio	6380 - ABA THERAPY	8,836
THE ARC OF SAN ANTONIO	San Antonio	6220 - DAY HABILITATION	58,757
THE BACKYARD SAID, LLC	Live Oak	6220 - DAY HABILITATION	476

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES

**FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
<u>January - August 2017</u>			
TWG INVESTMENTS LTD	San Antonio	6230 - COMMUNITY SUPPORTS	\$ 102
TWG INVESTMENTS LTD	Converse	6280 - SAFETY NET	191,335
UNICORN CENTER INC	San Antonio	6220 - DAY HABILITATION	16,659
UNICORN CENTER INC	San Antonio	6225 - HEAD START	720
UNICORN CENTER INC	San Antonio	6240 - EMPLOYMENT ASSISTANCE	1,630
UNICORN CENTER INC	San Antonio	6250 - SUPPORTED EMPLOYMENT	7,283
UNIVERSITY UNITED METHODIST CHURCH	San Antonio	6220 - DAY HABILITATION	5,159
LIFELINE CARE AND SERVICES	San Antonio	6210 - RESPITE HOURLY OUT OF HOME	2,310
LIFELINE CARE AND SERVICES	San Antonio	6211 - RESPITE DAILY OUT OF HOME	6,300
LIFELINE CARE AND SERVICES	San Antonio	6213 - RESPITE HOURLY IN HOME	26,858
LIFELINE CARE AND SERVICES	San Antonio	6230 - COMMUNITY SUPPORTS	105,590
LIFELINE CARE AND SERVICES	San Antonio	6240 - EMPLOYMENT ASSISTANCE	364
LIFETIME LIVING INC	San Antonio	6210 - RESPITE HOURLY OUT OF HOME	900
LIFETIME LIVING INC	San Antonio	6211 - RESPITE DAILY OUT OF HOME	1,200
LIFETIME LIVING INC	San Antonio	6213 - RESPITE HOURLY IN HOME	4,054
LIFETIME LIVING INC	San Antonio	6220 - DAY HABILITATION	10,149
LIFETIME LIVING INC	San Antonio	6230 - COMMUNITY SUPPORTS	8,903

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES

**FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

Name	City	Type of Service	Amount
<u>September - December 2016</u>			
ABA AND BEHAVIORAL SVCS, LLC	San Antonio	6230 - COMMUNITY SUPPORTS	\$ 11,218
ABA AND BEHAVIORAL SVCS, LLC	San Antonio	6260 - BEHAVIORIAL SUPPORT	60,215
ABA AND BEHAVIORAL SVCS, LLC	San Antonio	6380 - ABA THERAPY	714
ANGEL CARE CENTER OF SA INC	San Antonio	6213 - RESPITE HOURLY IN HOME	1,365
ANGEL CARE CENTER OF SA INC	San Antonio	6220 - DAY HABILITATION	4,168
ANGEL CARE CENTER OF SA INC	San Antonio	6230 - COMMUNITY SUPPORTS	7,132
ANNA GLASER	San Antonio	6230 - COMMUNITY SUPPORTS	2,967
ANNA GLASER	San Antonio	6260 - BEHAVIORIAL SUPPORT	3,520
ANNA GLASER	San Antonio	6380- ABA THERAPY	204
CALIDAD - CONVERSE	San Antonio	6213 - RESPITE HOURLY IN HOME	210
CALIDAD - CONVERSE	San Antonio	6230 - COMMUNITY SUPPORTS	2,618
CAMP	San Antonio	6211 - RESPITE DAILY OUT OF HOME	1,500
EVA'S HEROES	San Antonio	6220 - DAY HABILITATION	60
EVA'S HEROES	San Antonio	6370 - DAYHAB SUMMER CAMP	89
HOMELIFE COMMUNITY SERVICES	Converse	6210 - RESPITE HOURLY OUT OF HOME	338
HOMELIFE COMMUNITY SERVICES	Converse	6213 - RESPITE HOURLY IN HOME	25,883
HOMELIFE COMMUNITY SERVICES	Converse	6214 - RESPITE DAILY IN HOME	1,200
HOMELIFE COMMUNITY SERVICES	Converse	6220 - DAY HABILITATION	1,014
HOMELIFE COMMUNITY SERVICES	Converse	6230 - COMMUNITY SUPPORTS	19,483
JENNIFER GARRETT	San Antonio	6260 - BEHAVIORIAL SUPPORT	14,519
JENNIFER GARRETT	San Antonio	6380 - ABA THERAPY	2,397
KIDZ TREEHOUSE PEDIATRIC	San Antonio	6385 - SPEECH AND LANGUAGE SERVICES	5,040
MISSION ROAD DEVELOPMENTAL	San Antonio	6220 - DAY HABILITATION	24,877
REACHING MAXIMUM INDEPENDENCE	San Antonio	6220 - DAY HABILITATION	3,651
REACHING MAXIMUM INDEPENDENCE	San Antonio	6240 - EMPLOYMENT ASSISTANCE	613
REACHING MAXIMUM INDEPENDENCE	San Antonio	6250 - SUPPORTED EMPLOYMENT	2,065
SAFIRE	San Antonio	6220 - DAY HABILITATION	934
SOUTH TX BEHAVIORAL	San Antonio	6215 - CRISIS RESPITE HOURLY IN HOME	14,091
SOUTH TX BEHAVIORAL	San Antonio	6260 - BEHAVIORIAL SUPPORT	2,678
SOUTH TX BEHAVIORAL	San Antonio	6380 - ABA THERAPY	2,856
THE ARC OF SAN ANTONIO	San Antonio	6220 - DAY HABILITATION	34,112
TWG INVESTMENTS LTD	San Antonio	6230 - COMMUNITY SUPPORTS	204
TWG INVESTMENTS LTD	San Antonio	6280 - SAFETY NET	107,667
UNICORN CENTER INC	San Antonio	6220 - DAY HABILITATION	8,466
UNICORN CENTER INC	San Antonio	6225 - HEAD START	720
UNICORN CENTER INC	San Antonio	6250 - SUPPORTED EMPLOYMENT	1,166
UNIVERSITY UNITED METHODIST	San Antonio	6220 - DAY HABILITATION	2,560
LIFELINE CARE AND SERVICES	San Antonio	6211 - RESPITE DAILY OUT OF HOME	1,800
LIFELINE CARE AND SERVICES	San Antonio	6213 - RESPITE HOURLY IN HOME	13,549
LIFELINE CARE AND SERVICES	San Antonio	6230 - COMMUNITY SUPPORTS	49,452
LIFETIME LIVING INC	San Antonio	6210 - RESPITE HOURLY OUT OF HOME	120
LIFETIME LIVING INC	San Antonio	6211 - RESPITE DAILY OUT OF HOME	600
LIFETIME LIVING INC	San Antonio	6213 - RESPITE HOURLY IN HOME	1,905
LIFETIME LIVING INC	San Antonio	6220 - DAY HABILITATION	2,991
LIFETIME LIVING INC	San Antonio	6230 - COMMUNITY SUPPORTS	14,387

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF LEGAL SERVICES

**FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
		None	

ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF LEASE AND RENTAL COMMITMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

<u>Lessor</u>	<u>Leased Property Location</u>	<u>Termination Date</u>	<u>Monthly Rental</u>
	None		

ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF SPACE OCCUPIED IN A STATE-OWNED FACILITY
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

<u>Lessor</u>	<u>Leased Property</u>	<u>Termination Date</u>	<u>Monthly Rental</u>
	None		

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF BONDED EMPLOYEES

**FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

<u>Name</u>	<u>Title</u>	<u>Surety Company</u>	<u>Bond Amount</u>
		None	

STATISTICAL SECTION

(Unaudited)

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the Council's financial performance and well-being have changed over time.</i>	62
Revenue Capacity <i>These schedules contain information to help the reader assess the Council's most significant local revenue source.</i>	68
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Council's current level of outstanding debt and the Council's ability to issue additional debt in the future. The Council has no legal debt limit and it has had no outstanding debt for the past ten years.</i>	N/A
Demographic and Economic Information <i>These schedules present information to help the reader understand the environment within which the Council's financial activities take place.</i>	69
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Council's financial report relates to the services the Council provides and the activities it performs.</i>	71

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ALAMO AREA COUNCIL OF GOVERNMENTS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Investment in										
capital assets	\$ 5,323,909	\$ 5,530,016	\$ 4,880,861	\$ 4,536,725	\$ 3,971,524	\$ 3,566,228	\$ 3,320,177	\$ 4,626,797	\$ 3,857,627	\$ 3,158,888
Restricted for grant programs	-	4,245,670	5,197,743	6,043,430	5,213,505	6,003,304	5,468,590	4,435,713	3,783,220	3,832,310
Unrestricted	<u>4,773,617</u>	<u>1,246,422</u>	<u>1,449,642</u>	<u>1,561,072</u>	<u>1,603,840</u>	<u>1,436,790</u>	<u>1,149,419</u>	<u>2,248,303</u>	<u>2,467,162</u>	<u>3,199,304</u>
Total governmental										
activities net position	<u>\$ 10,097,526</u>	<u>\$ 11,022,108</u>	<u>\$ 11,528,246</u>	<u>\$ 12,141,227</u>	<u>\$ 10,788,869</u>	<u>\$ 11,006,322</u>	<u>\$ 9,938,186</u>	<u>\$ 11,310,813</u>	<u>\$ 10,108,009</u>	<u>\$ 10,190,502</u>

TABLE 2

ALAMO AREA COUNCIL OF GOVERNMENTS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EXPENSES										
Governmental activities:										
General government	\$ 168,274	\$ 30,355	\$ 69,513	\$ 72,342	\$ 160,091	\$ 325,364	\$ 253,731	\$ 106,379	\$ 229,932	\$ 130,920
Workforce development	2,891,519	3,313,710	806,808	3,044,434	3,127,544	3,172,384	1,231,591	985,649	334,846	426,572
Housing	558,323	540,811	410,923	421,823	610,889	733,103	654,225	623,478	30,372	17,445
Emergency communications	1,249,277	1,716,584	1,192,131	1,581,207	1,152,930	1,375,736	1,302,969	1,637,738	1,544,150	1,812,052
Economic development	53,874	70,131	62,214	77,645	121,919	89,988	109,023	52,784	853,881	4,431,081
Environmental quality	1,363,596	1,648,712	937,377	2,012,505	781,122	891,270	661,454	908,372	949,942	992,880
Community affairs	1,260,106	2,052,388	7,542,429	8,716,080	3,065,124	1,636,268	1,862,836	1,856,575	1,625,004	2,078,269
Health and welfare	7,166,280	6,504,210	8,764,685	8,746,243	8,485,624	8,361,714	9,441,812	11,628,909	11,866,163	11,600,496
Homeland security	827,749	937,369	1,183,264	1,648,922	625,480	438,462	615,464	303,317	411,654	281,861
Aging	13,691,487	14,373,314	17,658,462	15,690,963	15,566,223	16,118,847	16,618,027	16,878,439	17,093,970	18,732,002
Criminal justice	1,022,560	1,150,753	1,535,149	1,138,372	901,854	1,494,340	1,133,784	1,468,424	1,508,118	1,417,596
Transportation	3,877,107	4,118,625	5,478,533	6,084,768	5,685,078	6,011,223	6,059,606	5,296,213	5,122,713	5,904,299
Interest	3,326	-	-	-	-	-	-	-	-	18,580
Total governmental activities expenses	<u>34,133,478</u>	<u>36,456,962</u>	<u>45,641,488</u>	<u>49,235,304</u>	<u>40,283,878</u>	<u>40,648,699</u>	<u>39,944,522</u>	<u>41,746,277</u>	<u>41,570,745</u>	<u>47,844,053</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	-	-	15,837	5,380	65	-	-	-	-	-
Health and human services	-	1,986	-	5,201	655,495	-	3,198	-	-	-
Aging	694,982	585,783	548,464	654,957	480,924	456,079	556,521	242,780	403,393	421,338
Criminal justice	325,314	250,929	237,353	251,715	173,504	253,983	227,511	246,663	281,673	436,947
Transportation	-	86,110	72,631	132,599	-	118,191	-	-	-	-
Operating grants and contributions	35,538,026	36,196,886	45,007,470	48,505,521	37,322,513	39,733,453	37,769,447	39,870,358	39,344,336	46,719,605
Capital grants and contributions	-	-	-	-	-	-	-	2,241,447	-	-
Total governmental activities program revenues	<u>36,558,322</u>	<u>37,121,694</u>	<u>45,881,755</u>	<u>49,555,373</u>	<u>38,632,501</u>	<u>40,561,706</u>	<u>38,556,677</u>	<u>42,601,248</u>	<u>40,029,402</u>	<u>47,577,890</u>

TABLE 2

ALAMO AREA COUNCIL OF GOVERNMENTS
CHANGES IN NET POSITION (continued)
LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
NET (EXPENSE) REVENUES										
Governmental activities	2,424,844	664,732	240,267	320,069	(1,651,377)	(86,993)	(1,387,845)	854,971	(1,541,343)	(266,163)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Investment earnings	24,414	9,459	4,718	2,673	3,291	3,911	1,523	8,729	8,160	6,276
Miscellaneous	5,683	4,933	15,075	-	92	183	-	-	-	-
Membership dues	242,618	245,458	246,078	290,239	295,636	300,352	318,186	323,933	330,379	332,780
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	9,600
Total governmental activities	272,715	259,850	265,871	292,912	299,019	304,446	319,709	332,662	338,539	348,656
CHANGE IN NET POSITION										
Governmental activities	\$ 2,697,559	\$ 924,582	\$ 506,138	\$ 612,981	\$ (1,352,358)	\$ 217,453	\$ (1,068,136)	\$ 1,187,633	\$ (1,202,804)	\$ 82,493

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TABLE 3

**ALAMO AREA COUNCIL OF GOVERNMENTS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund:										
Reserved	\$ 131,735	\$ 145,110	\$ 38,864	\$ 43,423	\$ 11,080	\$ 6,121	\$ 6,032	\$ -	\$ 274,372	\$ -
Unreserved	1,319,552	1,472,843	1,828,890	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	313,604
Unassigned	-	-	-	1,907,605	1,932,797	1,865,034	1,577,911	1,937,288	1,638,063	1,851,426
Total general fund	\$ 1,451,287	\$ 1,617,953	\$ 1,867,754	\$ 1,951,028	\$ 1,943,877	\$ 1,871,155	\$ 1,583,943	\$ 1,937,288	\$ 1,912,435	\$ 2,165,030
Special revenue funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,699	\$ -	\$ -
Unreserved	4,541,082	3,962,194	5,054,802	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	2,000
Restricted	-	-	-	5,847,078	5,213,505	6,003,304	5,426,576	4,435,713	3,783,220	3,832,310
Unassigned	-	-	-	-	(3,647)	(6,302)	(6,302)	(15,023)	(274,739)	(45)
Total special revenue funds	\$ 4,541,082	\$ 3,962,194	\$ 5,054,802	\$ 5,847,078	\$ 5,209,858	\$ 5,997,002	\$ 5,420,274	\$ 4,440,389	\$ 3,508,481	\$ 3,834,265

Note: The Council implemented GASB Statement 54 in fiscal year 2011. Prior year balances have not been restated to conform to GASB Statement 54.

ALAMO AREA COUNCIL OF GOVERNMENTS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
REVENUES				
Intergovernmental	\$ 27,325,421	\$ 28,209,441	\$ 35,976,093	\$ 35,222,106
Matching funds	4,570,725	4,795,875	4,277,678	5,900,469
Local ⁽¹⁾	3,648,573	2,973,338	4,871,443	7,300,517
Program income	887,348	931,597	874,285	1,049,852
Membership dues ⁽²⁾	242,618	245,458	246,078	290,239
Investment income	39,010	9,459	7,407	9,672
Miscellaneous	16,542	33,700	35,177	22,018
Total revenues	<u>36,730,237</u>	<u>37,198,868</u>	<u>46,288,161</u>	<u>49,794,873</u>
EXPENDITURES				
Current:				
General government	246,073	61,702	15,892	131,010
Aging	13,717,700	14,348,454	17,675,940	15,688,474
Health and welfare	7,180,008	6,495,036	8,764,095	8,749,883
Transportation	4,836,834	5,263,568	5,130,791	6,040,947
Workforce development	3,054,979	3,276,896	772,595	3,016,967
Environmental quality	1,362,579	1,643,314	935,381	2,010,290
Community affairs	1,262,520	2,049,493	7,542,429	8,426,311
Criminal justice	1,054,552	1,111,487	1,671,244	1,071,510
Emergency communications	1,580,381	1,220,687	1,158,935	1,558,195
Homeland security	455,744	537,626	784,843	1,648,922
Housing	551,927	533,378	431,393	499,169
Economic development	53,977	70,032	62,214	77,645
Debt service:				
Interest and fiscal charges	3,332	-	-	-
Total expenditures	<u>35,360,606</u>	<u>36,611,673</u>	<u>44,945,752</u>	<u>48,919,323</u>
NET CHANGE IN FUND BALANCES	<u>1,369,631</u>	<u>587,195</u>	<u>1,342,409</u>	<u>875,550</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	250,489	214,631	227,634	240,268
Transfers out	(250,489)	(214,631)	(227,634)	(240,268)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,369,631</u>	<u>\$ 587,195</u>	<u>\$ 1,342,409</u>	<u>\$ 875,550</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES				
	<u>0.01%</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>

Notes:

⁽¹⁾ The Patient Protection and Affordable Care Act (ACA) was signed into law in March 2010, providing for expansion of the medicaid program beginning in fiscal year 2010.

⁽²⁾ Membership dues are comprised of eligible Governmental Units and various associate members within the 13-county Alamo Area planning region. Dues are used as local funds in matching federal and state planning grants.

TABLE 4

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	25,840,605	\$	25,480,440	\$	24,742,773	\$	25,610,714	\$	25,285,580	\$	30,077,011
	5,112,138		6,999,166		6,225,094		6,855,548		7,006,685		8,182,400
	6,903,919		7,253,847		6,801,580		7,446,925		7,025,515		8,450,713
	874,083		828,253		787,230		494,210		700,857		859,472
	295,636		300,352		318,186		323,933		330,379		332,780
	6,659		3,911		1,523		8,729		18,925		24,170
	24,119		183		-		-		-		-
	<u>39,057,159</u>		<u>40,866,152</u>		<u>38,876,386</u>		<u>40,740,059</u>		<u>40,367,941</u>		<u>47,926,546</u>
	141,977		229,820		378,365		43,036		178,991		76,643
	15,542,184		16,115,223		16,614,403		17,108,033		17,312,612		18,812,366
	8,482,000		8,361,714		9,441,812		11,782,323		12,016,644		11,646,967
	5,401,948		5,837,168		5,900,644		4,675,167		4,691,292		5,638,199
	3,093,331		3,140,769		1,201,275		966,961		323,068		426,330
	779,773		889,921		660,105		924,944		1,007,720		986,047
	3,065,124		1,636,268		1,862,836		1,881,830		1,645,789		2,087,229
	846,294		1,442,256		1,088,328		1,339,882		1,235,837		1,125,083
	1,117,882		1,340,688		1,276,220		1,690,501		1,643,255		1,814,118
	518,225		354,828		572,678		282,103		391,600		266,337
	590,873		713,087		634,637		618,317		13,091		-
	121,919		89,988		109,023		53,502		864,803		4,450,187
	-		-		-		-		-		18,661
	<u>39,701,530</u>		<u>40,151,730</u>		<u>39,740,326</u>		<u>41,366,599</u>		<u>41,324,702</u>		<u>47,348,167</u>
	<u>(644,371)</u>		<u>714,422</u>		<u>(863,940)</u>		<u>(626,540)</u>		<u>(956,761)</u>		<u>578,379</u>
	212,120		188,859		230,755		268,314		274,414		225,780
	<u>(212,120)</u>		<u>(188,859)</u>		<u>(230,755)</u>		<u>(268,314)</u>		<u>(274,414)</u>		<u>(225,780)</u>
	-		-		-		-		-		-
\$	<u>(644,371)</u>	\$	<u>714,422</u>	\$	<u>(863,940)</u>	\$	<u>(626,540)</u>	\$	<u>(956,761)</u>	\$	<u>578,379</u>
	- %		- %		- %		- %		- %		0.04%

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TABLE 5

ALAMO AREA COUNCIL OF GOVERNMENTS
PRINCIPAL SOURCES OF REVENUES (UNAUDITED)
LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016 ⁽³⁾	2017
EARNED REVENUES:										
Medicaid ⁽¹⁾	\$ 397,579	\$ 449,680	\$ 1,970,756	\$ 4,232,551	\$ 3,446,086	\$ 4,624,276	\$ 5,663,959	\$ 5,793,701	\$ 5,745,153	\$ 6,403,262
Membership dues	242,618	245,458	246,078	290,239	295,636	300,352	318,186	323,933	330,379	332,780
Local	2,550,156	2,828,234	2,517,219	3,115,139	3,143,070	2,406,722	1,045,675	1,598,246	786,163	1,212,943
Contributions	410,392	291,612	-	-	-	291,105	332,666	307,076	269,165	383,878
Delegate agency match	4,570,725	4,849,275	4,819,574	6,553,093	5,649,545	7,455,245	6,781,614	7,097,649	7,392,976	8,489,710
Interest	39,010	9,459	7,407	9,672	6,659	3,911	1,523	8,729	18,867	24,170
Other	903,890	368,076	367,460	22,018	16,164	184	-	11	539,658	1,002,792
Total local and earned revenues	<u>9,114,370</u>	<u>9,041,794</u>	<u>9,928,494</u>	<u>14,222,712</u>	<u>12,557,160</u>	<u>15,081,795</u>	<u>14,143,623</u>	<u>15,129,345</u>	<u>15,082,361</u>	<u>17,849,535</u>
STATE PROGRAM REVENUES:										
General Revenue	9,604,545	9,320,923	9,212,416	9,756,518	6,883,615	8,589,808	7,581,588	9,665,357	9,231,702	13,151,436
Permanency Planning	45,548	63,400	89,806	76,037	87,394	67,115	53,307	95,608	88,772	61,061
Community Living Options Information Process (CLOIP)	150,895	205,598	255,662	223,370	213,963	215,697	260,452	218,801	270,079	209,271
Crisis Behavioral Supports	-	-	-	-	-	-	-	-	327,407	639,699
In-home and Family Support ⁽²⁾	484,320	528,400	718,648	536,618	-	-	-	-	-	-
Nursing Facilities Preadmission Screening and Resident Review	-	-	-	-	-	-	-	-	-	638,745
Omnibus Reconciliation Reform (OBRA) Funds	6,650	6,359	19,572	12,853	7,268	10,089	18,518	9,894	338,271	-
Other state	-	-	828,817	14,400	-	-	-	-	-	-
Total state program revenues	<u>10,291,958</u>	<u>10,124,680</u>	<u>11,124,921</u>	<u>10,619,796</u>	<u>7,192,240</u>	<u>8,882,709</u>	<u>7,913,865</u>	<u>9,989,660</u>	<u>10,256,231</u>	<u>14,700,212</u>
FEDERAL PROGRAM REVENUES:										
Federal	17,033,472	17,624,405	24,851,172	24,602,310	18,648,366	16,596,676	16,541,640	14,661,683	13,859,576	14,440,342
Medicaid Administrative Claiming	290,446	407,989	383,574	350,054	659,393	328,457	287,268	959,372	1,169,773	936,458
Total federal program revenues	<u>17,323,918</u>	<u>18,032,394</u>	<u>25,234,746</u>	<u>24,952,364</u>	<u>19,307,759</u>	<u>16,925,133</u>	<u>16,828,908</u>	<u>15,621,055</u>	<u>15,029,349</u>	<u>15,376,800</u>
Total revenues	<u>36,730,246</u>	<u>37,198,868</u>	<u>46,288,161</u>	<u>49,794,872</u>	<u>39,057,159</u>	<u>40,889,637</u>	<u>38,886,396</u>	<u>40,740,060</u>	<u>40,367,941</u>	<u>47,926,546</u>

Notes:

⁽¹⁾ The Patient Protection and Affordable Care Act (ACA) was signed into law in March 2010, providing for expansion of the medicaid program.

⁽²⁾ The In-home and Family Support program ended in fiscal year 2011.

⁽³⁾ OBRA funds ended in fiscal year 2016.

TABLE 6

ALAMO AREA COUNCIL OF GOVERNMENTS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Calendar Year	Population ⁽¹⁾	Personal Income (\$000) ⁽¹⁾	Avg. Per Capita Personal Income	Gross Sales ⁽²⁾	Taxable Sales	Average Outlets ⁽²⁾	Total Employment ⁽³⁾	Unemployment Rate
2008	2,166,875	\$ 53,307,075	\$ 24,601	\$ 133,341,026,869	\$ 24,535,727,017	12,767	908,593	5.7%
2009	2,212,331	51,170,535	23,130	97,176,139,529	22,554,474,977	4,126	921,077	6.2%
2010	2,249,718	53,829,695	23,927	116,649,999,959	22,967,227,594	4,186	969,279	6.2%
2011	2,301,404	56,575,238	24,583	146,766,312,458	25,201,601,239	4,407	986,129	6.5%
2012	2,344,719	58,370,156	24,894	147,649,885,895	27,731,875,590	4,500	1,089,921	6.3%
2013	2,388,823	61,381,726	25,695	148,276,549,442	29,576,635,365	4,568	1,024,314	6.5%
2014	2,438,711	66,101,449	27,105	165,977,429,158	31,591,846,755	4,589	1,049,445	6.9%
2015	2,491,102	67,090,551	26,932	147,242,121,274	33,102,882,603	4,860	1,074,794	6.5%
2016	2,539,276	69,792,782	27,485	133,579,582,935	33,546,158,475	5,057	1,104,774	6.5%
2017	2,587,905	Not available ⁽⁴⁾	Not available ⁽⁴⁾	103,523,685,063	24,811,767,292	4,435	Not available ⁽⁴⁾	Not available ⁽⁴⁾

Notes:

⁽¹⁾ Population and Per Capita Income Derived from U.S. Bureau of Economic Analysis CA1-3 Report.

⁽²⁾ Gross Sales, State Tax, and Avg. Outlets Derived from Texas State Sales and Use Historical Data as of December 2016.

⁽³⁾ Total Employment reflects Civilian Labor Force as of December 2016.

⁽⁴⁾ Per the Texas Demographic Center, Selected Economic Characteristics for 2017 have not been released for Texas as of June 2018.

ALAMO AREA COUNCIL OF GOVERNMENTS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2017			2008		
	Number of Employees	Rank	Percentage of Employment ⁽¹⁾	Number of Employees ⁽²⁾	Rank	Percentage of Employment
Lackland Air Force Base	37,000	1	3.50%	33,893	1	3.91%
Fort Sam Houston - U.S Army	32,000	2	3.03%	15,200	3	1.76%
H-E-B	22,000	3	2.08%	19,249	2	2.22%
USAA	17,163	4	1.62%	14,443	4	1.67%
Northside Independent School District	13,969	5	1.32%	12,810	5	1.48%
City of San Antonio	12,231	6	1.16%	9,830	7	1.14%
Randolph Air Force Base	11,000	7	1.04%	10,733	6	1.24%
North East Independent School District	9,292	8	0.88%	8,360	8	0.97%
Methodist Health Care System	8,960	9	0.85%	7,496	9	0.87%
San Antonio Independent School District	<u>7,374</u>	10	<u>0.70%</u>	<u>9,000</u>	10	<u>1.04%</u>
Total	<u>170,989</u>		<u>16.19%</u>	<u>141,014</u>		<u>16.28%</u>

Source: Economic Development Division, 2008 Books of Lists - San Antonio Business Journal, and Bureau of Labor Statistics.

⁽¹⁾ Percent based on an Employment Estimate of 1,056,300 Non-Farm Jobs in the San Antonio- New Braunfels, TX Metropolitan Statistical Area as of December 2017. Figure provided by the Bureau of Labor Statistics.

⁽²⁾ Percent based on an Employment Estimate of 866,000 Non-Farm Jobs in the San Antonio- New Braunfels, TX Metropolitan Statistical Area as of December 2008. Figure provided by the Bureau of Labor Statistics.

**ALAMO AREA COUNCIL OF GOVERNMENTS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Alamo Area Agency on Aging:				
Home delivered meals	128,712	134,776	137,977	144,338
Congregate meals	106,312	87,841	92,944	85,148
Transportation trips	14,668	15,409	10,774	11,650
Bexar Area Agency on Aging:				
Home delivered meals	279,996	259,210	343,683	338,062
Congregate meals	543,757	525,950	559,124	507,881
Transportation trips	29,283	25,701	23,482	22,795
Hours of legal and guardianship services	4,122	4,069	2,312	2,519
Alamo Local Authority:				
Individuals enrolled in HCS program	-	175	472	354
Criminal Justice:				
Full time basic peace officer courses completed	1	3	3	3
Basic peace officer graduates	48	77	36	81
Housing/Weatherization:				
LIHEAP units created	-	692	900	703
LIHEAP expenditures	-	1,130,755	1,502,427	1,410,140
DOE units created	-	389	27	119
DOE expenditures	-	1,255,697	10,782	517,211
Natural resources:				
Ozone monitors completed	3	3	6	6
Air Quality Outreach:				
Events participated in	-	-	-	3
Commute Solutions:				
Outreach events completed	-	-	1	3
Clean Cities:				
Alternative fuel workshops completed	-	5	7	9
9-1-1/Technical Assistance:				
AACOG match rates	-	-	-	-
Resource Recovery:				
Pass-through dollars for annual projects	\$ 697,112.18	\$ 675,375.23	\$ 606,237.00	\$ 713,762.62
Alamo Regional Transit:				
Ridership	-	100,800	144,000	157,981
Workforce:				
Rural job seekers assisted	1,900	1,400	1,990	3,759
Provided employment services	11,583	13,787	15,757	18,795

Source: Various AACOG departments

TABLE 8

Fiscal Year					
2012	2013	2014	2015	2016	2017
140,707	131,296	135,360	139,424	140,974	125,257
78,607	67,378	67,769	72,697	71,464	61,344
11,049	6,069	6,157	6,613	428	1,169
302,558	280,766	305,358	320,524	316,252	317,000
417,457	346,857	350,128	403,832	382,750	355,000
25,902	20,102	15,656	12,308	12,724	12,462
2,678	5,248	4,953	5,494	5,212	4,954
126	132	144	409	115	103
3	3	3	4	3	3
49	71	81	71	81	88
206	207	161	242	177	180
1,135,285	1,204,771	824,344	1,506,166	1,297,925	1,504,234
44	56	29	47	47	37
166,433	430,301	211,201	375,522	380,014	341,899
6	6	6	6	6	6
5	6	6	10	5	4
5	6	7	11	12	12
7	4	4	4	4	-
-	-	69%	82%	92%	98%
\$ 819,652.75	\$ 179,551.19	\$ 153,542.00	\$ 113,300.00	\$ 158,212.50	\$ 161,887.50
139,086	114,370	113,161	111,145	89,037	101,394
1,086	3,809	N/A	N/A	N/A	N/A
7,240	5,234	N/A	N/A	N/A	N/A

ALAMO AREA COUNCIL OF GOVERNMENTS

**FULL-TIME EQUIVALENT EMPLOYEES
BY PROGRAM/DEPARTMENT**

LAST TEN FISCAL YEARS

Program/Department	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
IDD	44	50	73	82	89	90	111	130	133	135
Area Agency on Aging	27	29	35	31	38	38	36	40	53	53
Transportation	28	55	77	75	44	44	52	47	34	34
Administrative	22	22	26	23	32	33	29	35	28	26
Public Safety	15	16	15	14	12	12	13	12	11	12
Weatherization	6	8	13	15	13	13	14	12	7	8
Natural Resources	11	13	11	9	9	10	10	7	8	5
Regional Services	1	1	1	1	1	1	1	1	1	4
Resource Recovery	2	2	2	2	2	2	2	2	2	2
Ryan White	9	-	-	-	-	-	-	-	-	-
Workforce / Childcare	57	48	57	43	44	44	10	9	-	-
Total	222	244	310	295	284	287	278	295	277	279
	Year to Year Percentage Increases									
IDD	-	12%	32%	11%	8%	1%	19%	15%	2%	1%
Area Agency on Aging	-	7%	17%	-13%	18%	0%	-6%	10%	25%	0%
Transportation	-	49%	29%	-3%	-70%	0%	15%	-11%	-38%	0%
Administrative	-	0%	15%	-13%	28%	3%	-14%	17%	-25%	-8%
Public Safety	-	6%	-7%	-7%	-17%	0%	8%	-8%	-9%	8%
Weatherization	-	25%	38%	13%	-15%	0%	7%	-17%	-71%	13%
Natural Resources	-	15%	-18%	-22%	0%	10%	0%	-43%	13%	-60%
Regional Services	-	0%	0%	0%	0%	0%	0%	0%	0%	75%
Resource Recovery	-	0%	0%	0%	0%	0%	0%	0%	0%	0%
Ryan White	-	0%	0%	0%	0%	0%	0%	0%	0%	0%
Workforce / Childcare	-	-19%	16%	-33%	2%	0%	-340%	-11%	0%	0%
Total	-	9%	21%	-5%	-4%	1%	-3%	6%	-6%	1%

Source: Various AACOG departments

ALAMO AREA COUNCIL OF GOVERNMENTS

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>General Government</u>										
Vehicles	2	1	1	-	1	1	-	-	-	-
Equipment	7	6	5	5	5	5	4	3	2	-
Software	3	4	3	1	-	-	-	-	-	-
Furniture & fixtures	2	2	1	1	-	-	-	-	-	-
<u>Aging</u>										
Equipment	2	2	2	2	-	-	-	-	-	-
Furniture & fixtures	-	-	-	-	-	-	-	1	1	1
<u>IDD</u>										
Equipment	-	-	1	2	2	2	2	2	2	1
Furniture & fixtures	-	-	-	-	-	-	-	1	1	1
<u>Alamo Regional Transit</u>										
Vehicles	66	80	71	78	78	71	79	80	67	43
Equipment	1	2	1	2	2	2	2	2	2	2
Software	3	3	3	4	4	2	3	2	2	1
<u>Public Safety</u>										
Vehicles	9	7	10	10	8	7	5	6	1	1
Equipment	21	5	8	12	7	7	6	19	18	17
Software	2	2	2	2	-	1	2	2	2	2
<u>Homeland Security</u>										
Vehicles	8	8	8	8	8	8	-	-	-	-
Equipment	10	10	10	10	7	7	5	1	1	1
<u>Housing</u>										
Vehicles	3	3	3	7	6	6	6	4	5	5
<u>Workforce Development</u>										
Vehicles	3	3	3	3	3	3	3	3	3	-
Furniture & fixtures	1	1	1	1	1	1	-	-	-	-
<u>Natural Resources</u>										
Equipment	4	3	2	2	-	-	-	1	6	6
<u>Resource Recovery</u>										
Equipment	-	-	-	1	1	2	2	2	2	1

Source: Various AACOG departments

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**SINGLE AUDIT
SECTION**

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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

To the Board of Directors
Alamo Area Council of Governments
San Antonio, Texas

Members of the Board:

We have audited, 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alamo Area Council of Governments (the “Council”) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements, and have issued our report thereon dated June 26, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Waco, Texas
June 26, 2018



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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

Board of Directors
Alamo Area Council of Governments
San Antonio, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Alamo Area Council of Governments' (the "Council") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* ("UGMS"), issued by the Texas Comptroller of Public Accounts, that could have a direct and material effect on each of the Council's major federal and state programs for the year ended December 31, 2017. The Council's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; and UGMS. Those standards, the *Uniform Guidance*, and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2017.

Report on Internal Control over Compliance

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

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

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

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

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

Waco, Texas
June 26, 2018

ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS				
<u>U. S. Department of Commerce/Economic Development Administration</u>				
Direct:				
Economic Development - Support for Planning Organizations	11.302	08-83-05023	\$ 83,373	\$ -
Total U. S. Department of Commerce/Economic Development Administration			<u>83,373</u>	<u>-</u>
<u>U.S. Department of Defense/Office of Economic Adjustment</u>				
Direct:				
Joint Land Use Studies	12.610	EN1544-17-02	227,921	-
Total U.S. Department of Defense/Office of Economic Adjustment			<u>227,921</u>	<u>-</u>
<u>U. S. Department of Housing and Urban Development</u>				
Passed through the Texas Department of Agriculture:				
Community Development Block Grant	14.228	C716221	9,090	-
Community Development Block Grant	14.228	C717221	3,923	-
Total U. S. Department of Housing and Urban Development			<u>13,013</u>	<u>-</u>
<u>U. S. Department of Justice</u>				
Passed through the Office of the Governor, Criminal Justice Division:				
Violence Against Women Formula Grant	16.588	2610705	49,986	-
Violence Against Women Formula Grant	16.588	2610706	18,286	-
Total U. S. Department of Justice			<u>68,272</u>	<u>-</u>
<u>U. S. Department of Transportation</u>				
Passed through the Metropolitan Planning Organization:				
Highway Planning and Construction	20.205	2016-2017	118,868	-
Subtotal Metropolitan Planning Organization			<u>118,868</u>	<u>-</u>
Passed through Texas Department of Transportation:				
Highway Planning and Construction - Commute Solutions	20.205	15-4XXF7001	185,089	-
Subtotal Texas Department of Transportation			<u>185,089</u>	<u>-</u>
Subtotal Highway Planning and Construction Cluster			<u>303,957</u>	<u>-</u>
Passed through the VIA Metropolitan Transit:				
Federal Transit Formula Grants	20.507	TX90Y116-00	306,302	-
Federal Transit Formula Grants	20.507	TX90Y129-01	132,560	-
Subtotal VIA Metropolitan Transit			<u>438,862</u>	<u>-</u>
Passed through Texas Department of Transportation:				
Bus and Bus Facilities Formula Program	20.526	51003011517	73,277	-
Subtotal Texas Department of Transportation			<u>73,277</u>	<u>-</u>
Subtotal Federal Transit Cluster			<u>512,139</u>	<u>-</u>
Passed through the VIA Metropolitan Transit:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-16-X012-01	38,320	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-16-X081-01	321,885	-
Travel Program	20.521	17-045	67,471	-
New Freedom Program	20.521	TX-57-X032-01	40,380	-
Subtotal Transit Services Programs Cluster			<u>468,056</u>	<u>-</u>
Subtotal VIA Metropolitan Transit			<u>468,056</u>	<u>-</u>

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

ALAMO AREA COUNCIL OF GOVERNMENTS

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS (Continued)				
Passed through Texas Department of Transportation:				
Formula Grants for Rural Areas	20.509	51018011516	\$ 660,265	-
Formula Grants for Rural Areas	20.509	51018011517	539,310	-
Subtotal			<u>1,199,575</u>	<u>-</u>
State Planning and Research	20.515	REG 1601 (15)	(40,120)	-
State Planning and Research	20.515	REG 1701 (15)	37,895	-
State Planning and Research	20.515	REG 1801 (15)	468	-
Subtotal			<u>(1,757)</u>	<u>-</u>
Subtotal Texas Department of Transportation			<u>1,197,818</u>	<u>-</u>
Total U. S. Department of Transportation			<u>2,481,970</u>	<u>-</u>
<u>U. S. Department of Veterans Affairs</u>				
Direct:				
Veterans Home Based Primary Care	64.022	PA-VDHC 671-0001	551,903	-
Total U. S. Department of Veterans Affairs			<u>551,903</u>	<u>-</u>
<u>U. S. Department of Energy</u>				
Direct:				
Conservation Research and Development	81.086	DE-EE0007451	40,230	-
Total Direct Programs			<u>40,230</u>	<u>-</u>
Passed through Texas Department of Housing and Community Affairs:				
Weatherization Assistance for Low Income Persons	81.042	56160002476	222,442	-
Weatherization Assistance for Low Income Persons	81.042	56170002714	114,333	-
Total Texas Department of Housing and Community Affairs			<u>336,775</u>	<u>-</u>
Total U. S. Department of Energy			<u>377,005</u>	<u>-</u>
<u>U. S. Department of Health and Human Services</u>				
Passed through Texas Health and Human Services Commission:				
Title VII-EAP - Bexar AAA	93.041	539-16-0020-00001	24,318	-
Title VII-EAP - Alamo AAA	93.041	539-16-0021-00001	9,688	-
Subtotal			<u>34,006</u>	<u>-</u>
Title VII-OAG - Bexar AAA	93.042	539-16-0020-00001	72,688	-
Title VII-OAG - Alamo AAA	93.042	539-16-0021-00001	49,213	-
Subtotal			<u>121,901</u>	<u>-</u>

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

ALAMO AREA COUNCIL OF GOVERNMENTS

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS (Continued)				
<u>U. S. Department of Health and Human Services (Continued)</u>				
Passed through Texas Health and Human Services Commission (Continued):				
Title III-D - Bexar AAA	93.043	539-16-0020-00001	\$ 78,980	\$ -
Title III-D - Alamo AAA	93.043	539-16-0021-00001	22,817	-
Subtotal			<u>101,797</u>	<u>-</u>
Title III-B - Bexar AAA	93.044	539-16-0020-00001	1,229,760	312,788
Title III-B - Alamo AAA	93.044	539-16-0021-00001	557,455	-
Title III-C - Bexar AAA	93.045	539-16-0020-00001	2,600,116	2,600,116
Title III-C - Alamo AAA	93.045	539-16-0021-00001	1,037,272	-
Nutrition Services Incentive Program - Bexar AAA	93.053	539-16-0020-00001	1,363,078	972,729
Nutrition Services Incentive Program - Alamo AAA	93.053	539-16-0021-00001	322,801	-
Subtotal Aging Cluster			<u>7,110,482</u>	<u>3,885,633</u>
Title III-E - Bexar AAA	93.052	539-16-0020-00001	722,090	1,059
Title III-E - Alamo AAA	93.052	539-16-0021-00001	226,699	-
Subtotal			<u>948,789</u>	<u>1,059</u>
Medicare Enrollment Assistance Program (MIPPA -2) - ADRC	93.071	539-16-0031-00001	47,473	-
Medicare Enrollment Assistance Program (MIPPA -2) - Alamo AAA	93.071	539-16-0021-00001	15,128	-
Subtotal			<u>62,601</u>	<u>-</u>
State Health Insurance Assistance Program - Bexar AAA	93.324	539-16-0020-00001	112,525	-
State Health Insurance Assistance Program - Alamo AAA	93.324	539-16-0021-00001	71,344	-
Subtotal			<u>183,869</u>	<u>-</u>
Medical Assistance Program - Alamo Local Authority	93.778	539-16-0062-00001	614,192	-
Medical Assistance Program - Alamo Local Authority	93.778	529-18-0017-00001	322,266	-
Subtotal Medicaid Cluster			<u>936,458</u>	<u>-</u>
Money Follows the Person Rebalancing Demonstration - ADRC	93.791	539-16-0031-00001	97,513	-
Money Follows the Person Rebalancing Demonstration	93.791	539-16-0062-00001	78,499	-
Money Follows the Person Rebalancing Demonstration	93.791	529-18-0017-00001	48,523	-
Subtotal			<u>224,535</u>	<u>-</u>
Total Texas Health and Human Services Commission			<u>9,724,438</u>	<u>3,886,692</u>
Passed through Texas Department of Housing and Community Affairs:				
Low-Income Home Energy Assistance Program	93.568	81160002401	425,758	-
Low-Income Home Energy Assistance Program	93.568	81170002651	1,125,076	-
Total Texas Department of Housing and Community Affairs			<u>1,550,834</u>	<u>-</u>
Total U. S. Department of Health and Human Services			<u>11,275,272</u>	<u>3,886,692</u>

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

ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS (Continued)				
<u>U. S. Department of Homeland Security</u>				
Passed through Office of the Governor, Division of Emergency Management				
Homeland Security Grant Program	97.067	30071059	\$ 52,000	\$ -
Homeland Security Grant Program	97.067	30080252	21,302	-
Homeland Security Grant Program	97.067	2964002	182,353	-
Homeland Security Grant Program	97.067	2964003	<u>42,415</u>	<u>-</u>
Total U. S. Department of Homeland Security			<u>298,070</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 15,376,799</u>	<u>\$ 3,886,692</u>

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

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2017

State Grantor/Program Title	Grant Number	Expenditures
STATE AWARDS		
<u>Texas Health and Human Services Commission</u>		
State General Revenue - FY 2017	539-16-0062-00001	\$ 2,162,146
State General Revenue - FY 2018	529-18-0017-00001	1,156,955
Permanency Planning - FY 2017	539-16-0062-00001	44,396
Permanency Planning - FY 2018	529-18-0017-00001	13,252
Community Living Options Information Process (CLOIP) - FY 2017	539-16-0062-00001	146,984
Community Living Options Information Process (CLOIP) - FY 2018	529-18-0017-00001	62,287
IDD Crisis Intervention Specialists - FY 2017	539-16-0062-00001	19,664
IDD Crisis Intervention Specialists - FY 2018	529-18-0017-00001	66,378
IDD Crisis Respite Services - FY 2017	539-16-0062-00001	10,509
IDD Crisis Respite Services - FY 2018	529-18-0017-00001	129,184
Nursing Facility PASRR Service Coordination - FY 2017	539-16-0062-00001	267,876
Nursing Facility PASRR Service Coordination - FY 2018	529-18-0017-00001	212,539
Nursing Facility Specialized Services - FY 2017	539-16-0062-00001	42,122
Nursing Facility Specialized Services - FY 2017	529-18-0017-00001	132,836
Subtotal		4,467,128
State General Revenue - Bexar AAA	539-16-0020-00001	679,077
State General Revenue - Alamo AAA	539-16-0021-00001	300,873
State General Revenue - ADRC	539-16-0031-00001	331,018
Total Texas Health and Human Services Commission		5,778,096
<u>Commission on State Emergency Communications</u>		
911 Emergency Communications	FY 2016	(38,303)
911 Emergency Communications	FY 2017	1,392,853
911 Emergency Communications	FY 2018	459,473
Total Commission on State Emergency Communications		1,814,023
<u>Office of the Governor - Criminal Justice Division</u>		
Regional Criminal Justice Coordination	30071046	116,667
Regional Criminal Justice Coordination	30080253	60,025
Subtotal		176,692
Regional Police Training Academy	SF-16-A10-14859-15	309,511
Regional Police Training Academy	SF-18-A10-14859-16	131,416
Subtotal		440,927
Total Office of the Governor - Criminal Justice Division		617,619
<u>Office of the Governor - Texas Military Preparedness Commission</u>		
Defense Economic Adjustment Assistance Grant	TMPC1601-01-11	4,118,092
Total Office of the Governor - Texas Military Preparedness Commission		4,118,092
<u>Texas Commission on Environmental Quality</u>		
Air Quality	582-16-60180	496,304
Solid Waste Resource Recovery	582-16-60643	417,476
Solid Waste Resource Recovery	582-18-80528	66,883
Subtotal		484,359
Total Texas Commission on Environmental Quality		980,663
<u>Texas Department of Housing and Community Affairs</u>		
Amy Young Barrier Removal Program	1001997	99,280
Total Texas Department of Housing and Community Affairs		99,280

The accompanying notes are an integral part of this schedule.

ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

State Grantor/Program Title	Grant Number	Expenditures
<u>Texas Department of Transportation</u>		
Rural Public Transportation	51218011517	\$ 434,381
Rural Public Transportation	51218011518	<u>474,739</u>
Total Texas Department of Transportation		<u>909,120</u>
<u>Texas Veterans Commission</u>		
Rides 4 Vets	FVA_16B_0318	205,989
Rides 4 Vets	FVA_17_0398	<u>177,330</u>
Total Texas Veterans Commission		<u>383,319</u>
Total State Expenditures		\$ <u>14,700,212</u>
Total Expenditures of Federal and State Awards		\$ <u><u>30,077,011</u></u>

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

ALAMO AREA COUNCIL OF GOVERNMENTS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2017

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. NEGATIVE BALANCES

Due to a revision in the allocation of certain costs, certain granting agencies have retroactively reallocated certain grant expenditures. As a result of this, the effected grants reflect a negative balance on the current Schedule of Expenditures of Federal and State Awards at the request of the granting agency.

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Grant expenditure reports as of December 31, 2017, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are often prepared at different dates and sometimes reflect refined estimates of year-end accruals. The reports will agree at termination of the grant, as the discrepancies noted are timing differences.

5. INDIRECT COSTS

The Council has not elected to use the 10% de minimis indirect cost rate as allowed in the *Uniform Guidance, Section 414*. Instead, the Council uses indirect and fringe benefit rates which are negotiated with the U.S. Economic Development Administration, which is the Council's designated federal cognizant agency. The Council uses a fixed-rate plus carry-forward provision.

6. SUBAWARDS FROM DISCRETELY PRESENTED COMPONENT UNIT TO PRIMARY GOVERNMENT

In the administration of grants, the discretely presented component unit (AADC) may sometimes provide subawards to the primary government (AACOG). In accordance with federal and state guidelines, for purposes of determining Type A programs and reporting on the Schedule of Expenditures of Federal and State Awards, these subawards within the single audit reporting entity are eliminated.

ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Section I: Summary of Auditors' Results

Financial Statements

Type of report on financial statements	Unmodified
Internal control over financial reporting:	
Are material weakness(es) identified?	No
Are any significant deficiencies identified?	None reported
Is any noncompliance material to the financial statements noted?	No

Federal and State Awards

Internal control over major federal and state programs:	
Any material weakness(es) identified?	No
Are any significant deficiencies identified?	None reported
Type of report on compliance with major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 <i>CFR</i> 200.516(a) or the State of Texas <i>Uniform Grant Management Standards</i> ?	No
Identification of Major Federal and State Programs:	
93.044, 93.045, 93.053	Aging Cluster
State	State General Revenue
Dollar threshold considered between Type A and Type B federal programs	\$750,000
Dollar threshold considered between Type A and Type B state programs	\$441,006
Low risk auditee statements	The Council was not classified as a low-risk auditee in the context of 2 <i>CFR</i> 200. The Council was classified as a low-risk auditee in the context of the State of Texas <i>Uniform Grant Management Standards</i> .

Section II - GAGAS Findings

None

Section III - Federal and State Award Findings

None



ALAMO AREA COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

Board of Directors

- Chris Schuchart, Chairman**
County Judge, Medina County
- James C. Hasslocher, Vice Chairman**
Board Member, University Health System
- Luana Buckner**
Board Chair, Edwards Aquifer Authority
- Tommy Calvert**
Commissioner, Bexar County
- Suzanne de Leon**
Mayor, City Balcones Heights
- Cris Eugster**
Chief Operating Officer, CPS Energy
- Richard A. Evans**
County Judge, Bandera County
- Leah Garcia**
Councilwoman, New Braunfels
- Robert W. Gregory**
Mayor, City of La Vernia
- Robert L. Hurley**
County Judge, Atascosa County
- Richard L. Jackson**
County Judge, Wilson County
- Andrew Keller**
Mayor, City of La Coste
- Sherman Krause**
County Judge, Comal County
- Walter R. Long, Jr.**
County Judge, Karnes County
- Arnulfo Luna**
County Judge, Frio County
- Darrel L. Lux**
County Judge, Kendall County
- Andrew Murr**
State Representative, District 53
- Manny Pelaez**
Councilman, City of San Antonio
- Clayton Perry**
Councilman, City of San Antonio
- Tom Pollard**
County Judge, Kerr County
- Katie N. Reed**
Trustee, Northside ISD
- Sergio "Chico" Rodriguez**
Commissioner, Bexar County
- Ana Sandoval**
Councilwoman, City of San Antonio
- Thomas A. Schoolcraft**
Mayor, City of Helotes
- Mike Schultz**
Mayor, City of Boerne
- Mark Stroehrer**
County Judge, Gillespie County
- James E. Teal**
County Judge, McMullen County
- Carlos I. Uresti**
Senator, State of Texas, District 19
- John Williams, Chairman**
Mayor, City of Universal City
- Kevin A. Wolff**
Commissioner, Bexar County
- Jim O. Wolverton**
Commissioner, Guadalupe County
- Kyle Biedermann (Ex-Officio)**
State Representative, District 73
- Ryan Guillen (Ex-Officio)**
State Representative, District 31
- Felipe "Fil" Jimenez(Ex-Officio)**
Joint Base San Antonio
- John Kuempel (Ex-Officio)**
State Representative, District 44
- Judith Zaffirini (Ex-Officio)**
State Representative, District 21

None

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