

**ALAMO AREA
COUNCIL OF GOVERNMENTS**

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2016

ALAMO AREA COUNCIL OF GOVERNMENTS

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FINANCIAL 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

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, 2016, 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, 2016, 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 on pages 4-9 and pension information on pages 35-37 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 combining nonmajor fund financial statements, indirect cost and employee benefit schedules, and the schedule of expenditures of federal and state awards, 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, indirect cost and employee benefit schedules, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 “other supplementary information” as listed in the table of contents has 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 28, 2017, 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.

Patillo, Brown & Hill, L.L.P.

Waco, Texas
June 28, 2017

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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, 2016. 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 \$10,108,009 (net position). Of this amount, \$2,467,162 is unrestricted. This reflects a decrease to net position of \$1,202,804.
- ◆ As of the close of the current fiscal year, the Council's governmental funds financial statements reported combined ending fund balances of \$5,420,916. The unassigned fund balance in the General Fund that is available for operations is \$1,638,063.

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 between the two 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 22 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 Alamo Local Authority Fund, the Texas Commission on Environmental Quality Fund and the Alamo Area Agency on Aging 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 \$10,108,009 at December 31, 2016. 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	
	2016	2015
Assets:		
Current and other assets	\$ 11,761,111	\$ 13,699,923
Capital assets	3,857,627	4,626,797
Total assets	<u>15,618,738</u>	<u>18,326,720</u>
Deferred outflows of resources	<u>3,399,026</u>	<u>1,469,434</u>
Liabilities:		
Current liabilities	6,428,214	7,432,259
Noncurrent liabilities	<u>1,332,188</u>	<u>458,905</u>
Total liabilities	<u>7,760,402</u>	<u>7,891,164</u>
Deferred inflows of resources	<u>1,149,353</u>	<u>594,177</u>
Net position:		
Investment in capital assets	3,857,627	4,626,797
Restricted for grant programs	3,783,220	4,435,713
Unrestricted	<u>2,467,162</u>	<u>2,248,303</u>
Total net position	<u>\$ 10,108,009</u>	<u>\$ 11,310,813</u>

The balance of *unrestricted net position*, \$2,467,162, 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, 2016, as compared to the year ended December 31, 2015. The Council's net position decreased by \$1,202,804 .

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 685,066	\$ 489,443
Operating grants and contributions	39,344,336	39,870,358
Capital grants and contributions	-	2,241,447
General revenues:		
Investment earnings	8,160	8,729
Member dues	330,379	323,933
Total revenues	<u>40,367,941</u>	<u>42,933,910</u>
Expenses:		
General government	229,932	106,379
Workforce development	334,846	985,649
Aging	17,093,970	16,878,439
Emergency communications	1,544,150	1,637,738
Economic development	853,881	52,784
Environmental quality	949,942	908,372
Community affairs	1,625,004	1,856,575
Homeland security	411,654	303,317
Transportation	5,122,713	5,296,213
Housing	30,372	623,478
Criminal justice	1,508,118	1,468,424
Health and welfare	<u>11,866,163</u>	<u>11,628,909</u>
Total expenses	<u>41,570,745</u>	<u>41,746,277</u>
Change in net position	(1,202,804)	1,187,633
Net position, beginning	<u>11,310,813</u>	<u>9,938,186</u>
Change in accounting principles	-	184,994
Net position, ending	<u>\$ 10,108,009</u>	<u>\$ 11,310,813</u>

The Council's revenues decreased by \$2,565,969 and expenses decreased by \$175,532 from fiscal 2015 to 2016. 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 revenues decreased by \$197,323, which was primarily due to a decrease of \$206,412 in local revenues. Special Revenue Funds revenues decreased by \$174,795, which is an aggregate effect of various program changes in funding. General Fund expenditures increased by \$138,423 while the Special Revenue Funds expenditures increased by \$180,320.

BUDGETARY HIGHLIGHTS

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

CAPITAL ASSET ADMINISTRATION

Alamo Area Council of Governments' Capital Assets at Year-end

	Governmental Activities	
	2016	2015
Capital assets	\$ 13,694,215	\$ 13,868,317
Less: accumulated depreciation	(9,836,588)	(9,241,520)
Total capital assets, net	\$ <u>3,857,627</u>	\$ <u>4,626,797</u>

The Council's capital improvements totaled \$219,558 during 2016 in the following categories and programs:

- \$12,843 of vehicles in the Transportation program
- \$48,495 of software in the Transportation program
- \$158,220 of equipment in the Air Quality and Public Safety programs.

ECONOMIC FACTORS AND NEXT YEAR'S FINANCIAL PLAN

The Council's approved 2017 annual budget reflects \$43,203,613 for revenues and \$43,265,063 for expenditures. The 2017 annual budget reflects an increase to revenues and expenditures when compared to the 2016 actuals. The 2016 actual revenues are \$40,367,941 and actual expenditures are \$41,324,702 for an increase of \$2,835,672 and \$1,940,361, respectively.

The Council's combined ending fund balances of \$5,420,916 includes \$3,508,481 of dedicated program fund balances and \$1,912,435 of general fund balance. The Council decreased the general fund balance by \$24,853 during fiscal year 2016 and is projecting an increase of \$81,000 for 2017. The Council's special revenue fund balance decreased by \$931,908 for 2016 and is projected to decrease by \$143,000 in 2017. The 2016 decrease to the special revenue fund balances is primarily from the Alamo Local Authority and the Rural Public Transportation programs utilizing fund balance reserves to provide services.

In March of 2016, the Council's Board of Directors approved ADP as their new payroll processing vendor. The Council transitioned the payroll processing to ADP on July 1, 2016 and also changed the payroll cycle from biweekly (26) to semimonthly (24). The transition has increased efficiency of the accounting closing process.

The Council conducted an independent risk assessment of the Information and Technology (IT) department. Critical issues were identified which resulted in contracting with Computer Solutions for enhancements and upgrades to the IT infrastructure. The transition to the new infrastructure was completed in October 2016. The Council outsourced the IT department and contracted with Computer Solutions for IT support.

The Council was awarded \$618,804 from U.S. Department of Defense Office of Economic Adjustment (DOD OEA) for a Joint Base San Antonio Regional Joint Land Use Study (JLUS) Implementation Strategy program. The program will be implemented in 2017 and run through November 30, 2018. The three JLUS bases include Camp Bullis, Lackland and Randolph. The Regional Joint Land Use Study Implementation Strategy (RJIS) was commissioned to integrate all three JLUS's recommendations and their key priorities with an overall regional impact to military operating areas. These Joint Land Use Studies were developed for installations that comprise Joint Base San Antonio (JBSA)-Lackland, Randolph, and Camp Bullis. A Joint Land Use Study is necessary to help mitigate encroachment, noise, lighting, and water concerns. The goal is to achieve and promote compatible economic development between public and private land uses in the surrounding military communities. It's viable for the Alamo region to support the continuation of the JBSA military mission through regional planning strategies in collaboration with DOD OEA military affairs.

The Council's Law Enforcement Academy expanded training relationships to include the San Antonio International Airport, DFW Airport, Lackland Security Services, and Valero. The Academy also provided training to law enforcement personnel throughout the State of Texas and out of State public safety personnel. The average class size for the Basic Police Officer training academy increased from 30 to 36.

The Council added a Quality Assurance Coordinator to complement the Internal Audit function. The coordinated resources of these two functions allows for a concentration in internal audits and quality assurance reviews every other year for programs. The combined resources will provide the Council with opportunities for enhanced program compliance, efficiencies and programmatic processes and procedures.

The Council's senior staff along with the Texas Association of Regional Councils (TARC) staff will be monitoring the upcoming 2017 legislative session for possible regulatory changes and potential funding impacts to the Council's grant funding.

The Council relocated the main reception area to the first floor therefore improving the agency's appearance. Visitors must check in on the first floor before access to the floors is granted. The implementation of the security card access system enhanced the security and safety of our employees and customers.

The Council vacated the sixth floor which saved \$72,000 in 2016 and will save approximately \$1,107,691 through December 2020.

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.

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, San Antonio, Texas 78217.

BASIC FINANCIAL STATEMENTS

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ALAMO AREA COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION

DECEMBER 31, 2016

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental	Alamo Area
	Activities	Development
		Corporation
ASSETS		
Cash and cash equivalents	\$ 5,220,021	\$ 88,218
Receivables:		
Grantors	5,891,745	17,089
Other	308,914	-
Deposits	23,904	-
Prepaid items	274,372	-
Under-recovered indirect costs	42,155	-
Capital assets, net of accumulated depreciation	<u>3,857,627</u>	<u>-</u>
Total assets	<u>15,618,738</u>	<u>105,307</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	<u>3,399,026</u>	<u>-</u>
Total deferred outflows of resources	<u>3,399,026</u>	<u>-</u>
LIABILITIES		
Accounts payable	2,583,086	36,639
Accrued liabilities	469,936	174
Unearned revenue	3,119,386	19,683
Over-recovered employee benefits	167,787	-
Noncurrent liabilities:		
Due within one year	88,019	-
Due in more than one year	<u>1,332,188</u>	<u>-</u>
Total liabilities	<u>7,760,402</u>	<u>56,496</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	<u>1,149,353</u>	<u>-</u>
Total deferred inflows of resources	<u>1,149,353</u>	<u>-</u>
NET POSITION		
Investment in capital assets	3,857,627	-
Restricted for grant programs	3,783,220	-
Unrestricted	<u>2,467,162</u>	<u>48,811</u>
Total net position	<u>\$ 10,108,009</u>	<u>\$ 48,811</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, 2016

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs	Program Revenues Charges for Services
Primary government:				
Governmental activities:				
General government	\$ 229,932	\$ -	\$ 229,932	\$ -
Workforce development	315,868	18,978	334,846	-
Aging	16,606,131	487,839	17,093,970	403,393
Emergency communications	1,504,820	39,330	1,544,150	-
Economic development	843,538	10,343	853,881	-
Environmental quality	875,367	74,575	949,942	-
Community affairs	1,542,868	82,136	1,625,004	-
Homeland security	387,583	24,071	411,654	-
Transportation	4,667,094	455,619	5,122,713	-
Housing	30,313	59	30,372	-
Criminal justice	1,378,604	129,514	1,508,118	281,673
Health and welfare	10,711,787	1,154,376	11,866,163	-
Indirect costs	<u>2,476,840</u>	<u>(2,476,840)</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>41,570,745</u>	<u>-</u>	<u>41,570,745</u>	<u>685,066</u>
 Total primary government	 <u>\$ 41,570,745</u>	 <u>\$ -</u>	 <u>\$ 41,570,745</u>	 <u>\$ 685,066</u>
Component unit:				
Alamo Area Development Corporation	\$ <u>166,215</u>	\$ <u>-</u>	\$ <u>166,215</u>	\$ <u>-</u>
 Total component unit	 <u>\$ 166,215</u>	 <u>\$ -</u>	 <u>\$ 166,215</u>	 <u>\$ -</u>
General revenues:				
Investment earnings				
Member dues				
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	Capital Grants and Contributions	Primary Government Governmental Activities	Alamo Area Development Corporation
\$ 94,602	\$ -	\$(135,330)	\$ -
324,479	-	(10,367)	-
16,677,772	-	(12,805)	-
1,643,124	-	98,974	-
918,886	-	65,005	-
1,012,680	-	62,738	-
1,673,302	-	48,298	-
394,436	-	(17,218)	-
4,570,813	-	(551,900)	-
84	-	(30,288)	-
965,229	-	(261,216)	-
11,068,929	-	(797,234)	-
-	-	-	-
<u>39,344,336</u>	<u>-</u>	<u>(1,541,343)</u>	<u>-</u>
<u>\$ 39,344,336</u>	<u>\$ -</u>	<u>(1,541,343)</u>	<u>-</u>
<u>\$ 173,220</u>	<u>\$ -</u>	<u>-</u>	<u>7,005</u>
<u>\$ 173,220</u>	<u>\$ -</u>	<u>-</u>	<u>7,005</u>
		8,160	-
		<u>330,379</u>	<u>-</u>
		<u>338,539</u>	<u>-</u>
		(1,202,804)	7,005
		<u>11,310,813</u>	<u>41,806</u>
		<u>\$ 10,108,009</u>	<u>\$ 48,811</u>

ALAMO AREA COUNCIL OF GOVERNMENTS

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2016

	<u>General</u>	<u>Bexar Area Agency on Aging</u>	<u>Texas Department of Transportation</u>
ASSETS			
Cash and cash equivalents	\$ 2,000,552	\$ -	\$ 1,530,214
Accounts receivable:			
Grantors	-	966,883	1,581,373
Other	29,105	-	-
Due from other funds	862,476	-	332,925
Deposits	10,000	-	-
Prepaid items	274,372	-	-
Under-recovered indirect costs	<u>42,155</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>3,218,660</u>	 <u>966,883</u>	 <u>3,444,512</u>
LIABILITIES			
Liabilities:			
Accounts payable	472,630	921,678	193,691
Accrued liabilities	469,936	-	-
Due to other funds	-	20,804	-
Over-recovered employee benefits	167,787	-	-
Unearned revenue	<u>195,872</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,306,225</u>	<u>942,482</u>	<u>193,691</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	274,372	-	-
Restricted:			
Grants	-	-	3,250,821
Unassigned	<u>1,638,063</u>	<u>24,401</u>	<u>-</u>
Total fund balances	<u>1,912,435</u>	<u>24,401</u>	<u>3,250,821</u>
 Total liabilities and fund balances	 <u>\$ 3,218,660</u>	 <u>\$ 966,883</u>	 <u>\$ 3,444,512</u>

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

<u>Alamo Local Authority</u>	<u>Texas Commission on Environmental Quality</u>	<u>Alamo Area Agency on Aging</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,099,611	\$ 445,346	\$ -	\$ 144,298	\$ 5,220,021
1,175,062	-	-	2,168,427	5,891,745
-	3,811	275,998	-	308,914
-	721,843	-	302,070	2,219,314
-	-	-	13,904	23,904
-	-	-	-	274,372
-	-	-	-	42,155
<u>2,274,673</u>	<u>1,171,000</u>	<u>275,998</u>	<u>2,628,699</u>	<u>13,980,425</u>
370,180	139,204	204,687	281,016	2,583,086
-	-	-	-	469,936
670,104	-	53,125	1,475,281	2,219,314
-	-	-	-	167,787
<u>1,531,920</u>	<u>1,026,107</u>	<u>15,303</u>	<u>350,184</u>	<u>3,119,386</u>
<u>2,572,204</u>	<u>1,165,311</u>	<u>273,115</u>	<u>2,106,481</u>	<u>8,559,509</u>
-	-	-	-	-
-	-	-	-	274,372
-	5,689	2,883	523,827	3,783,220
(297,531)	-	-	(1,609)	1,363,324
(297,531)	5,689	2,883	522,218	5,420,916
<u>\$ 2,274,673</u>	<u>\$ 1,171,000</u>	<u>\$ 275,998</u>	<u>\$ 2,628,699</u>	<u>\$ 13,980,425</u>

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ALAMO AREA COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

Total fund balance - governmental funds	\$ 5,420,916
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.	3,857,627
Deferred inflows and deferred outflows of resources related to the net pension liability are not reported as a part of the governmental funds.	2,249,673
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(352,077)
Net pension liability	<u>(1,068,130)</u>
Net position of governmental activities in the Statement of Net Position	<u>\$ 10,108,009</u>

ALAMO AREA COUNCIL OF GOVERNMENTS

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

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>General</u>	<u>Bexar Area Agency on Aging</u>	<u>Texas Department of Transportation</u>
REVENUES			
Federal	\$ -	\$ 6,424,462	\$ 1,972,715
State	-	518,671	903,735
Local	92,582	125	1,106,278
Program income	-	176,730	765
Delegate agencies:			
Cash match	-	4,885,926	-
In-kind	-	656,674	-
Membership dues	330,379	-	-
Investment income	4,783	-	11,377
Total revenues	<u>427,744</u>	<u>12,662,588</u>	<u>3,994,870</u>
EXPENDITURES			
General government	178,991	-	-
Aging	-	12,811,377	-
Health and welfare	-	-	-
Transportation	-	-	4,112,941
Workforce development	-	-	-
Environmental quality	-	-	-
Community affairs	-	-	-
Criminal justice	-	-	-
Emergency communications	-	-	-
Homeland security	-	-	-
Housing	-	-	-
Economic development	-	-	-
Total expenditures	<u>178,991</u>	<u>12,811,377</u>	<u>4,112,941</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>248,753</u>	<u>(148,789)</u>	<u>(118,071)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	152,236	-
Transfers out	<u>(273,606)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(273,606)</u>	<u>152,236</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(24,853)</u>	<u>3,447</u>	<u>(118,071)</u>
FUND BALANCES, BEGINNING	<u>1,937,288</u>	<u>20,954</u>	<u>3,368,892</u>
FUND BALANCES, ENDING	<u>\$ 1,912,435</u>	<u>\$ 24,401</u>	<u>\$ 3,250,821</u>

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

Alamo Local Authority	Texas Commission on Environmental Quality	Alamo Area Agency on Aging	Other Governmental Funds	Total Governmental
\$ 1,311,201	\$ -	\$ 2,586,758	\$ 2,734,213	\$ 15,029,349
4,145,060	1,001,005	114,656	3,573,104	10,256,231
5,610,891	11,675	-	203,964	7,025,515
4	-	221,811	301,547	700,857
-	-	677,692	-	5,563,618
-	-	739,587	46,806	1,443,067
-	-	-	-	330,379
2,305	282	-	178	18,925
<u>11,069,461</u>	<u>1,012,962</u>	<u>4,340,504</u>	<u>6,859,812</u>	<u>40,367,941</u>
-	-	-	-	178,991
-	-	4,405,067	96,168	17,312,612
12,016,644	-	-	-	12,016,644
-	-	-	578,351	4,691,292
-	-	-	323,068	323,068
-	1,007,720	-	-	1,007,720
-	-	-	1,645,789	1,645,789
-	-	-	1,235,837	1,235,837
-	-	-	1,643,255	1,643,255
-	-	-	391,600	391,600
-	-	-	13,091	13,091
-	-	-	864,803	864,803
<u>12,016,644</u>	<u>1,007,720</u>	<u>4,405,067</u>	<u>6,791,962</u>	<u>41,324,702</u>
(947,183)	5,242	(64,563)	67,850	(956,761)
-	-	63,624	58,554	274,414
-	-	-	(808)	(274,414)
-	-	63,624	57,746	-
(947,183)	5,242	(939)	125,596	(956,761)
649,652	447	3,822	396,622	6,377,677
<u>\$(297,531)</u>	<u>\$ 5,689</u>	<u>\$ 2,883</u>	<u>\$ 522,218</u>	<u>\$ 5,420,916</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, 2016

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

Net change in fund balances - total governmental funds \$(956,761)

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

Capital outlay 219,558
Depreciation expense (988,728)

Some expenses related to long-term liabilities 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 87,975
Net pension liability (939,264)

Increases and decreases in the deferred inflows and outflows of resources related to pensions are not reported in the governmental funds.

1,374,416

Change in net position of governmental activities

\$(1,202,804)

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ALAMO AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

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 Alamo Area Council of Governments 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 coordination action of member cities, counties, school districts and special purpose districts of the region.

Membership in the Council is voluntary. Any county, city 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. Each member government is entitled to have voting representation on the Board of Directors, which is the Council's governing body.

The Council's basic financial statements include the accounts of all the Council operations. The criteria for including organizations within the Council's reporting entity is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. 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 and must reside within the jurisdictional boundaries of the following counties: Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina and Wilson. The Texas Veterans Commission and the City of San Antonio were AADC's largest funding sources during 2016.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. For the most part, the effect of any interfund activity has been removed from these statements. *Governmental activities* are generally supported by intergovernmental revenue.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 federal and state grants awarded by the Texas Health and Human Services Commission.

The ***Texas Department of Transportation Fund*** is used to account for federal and state funds awarded by the Texas Department of Transportation.

The ***Alamo Local Authority Fund*** is used to account for state and federal funds awarded by the Texas Health and Human Services Commission. Alamo Local Authority for Intellectual & Developmental Disabilities (ALA for IDD) provides community services and support for eligible adults and children with intellectual and developmental disabilities and their families in Bexar County.

The ***Texas Commission on Environmental Quality Fund*** is used to account for state grants awarded by the Texas Commission on Environmental Quality.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period. For this purpose, the Council considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

Federal, State, and Local Grant 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.

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 Fund as needed to meet matching requirements for grants.

Local Contributed Cash

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.

In-Kind and Contributed Services

Local contributions, which include contributed services provided by individuals, private organizations and local governments, are used to match federal and state administered funding on various grants. Contributed services are therefore recorded as revenue and expenditures in the individual grants. The amounts of such services are recorded in the accompanying financial statements at their estimated fair value at date of service.

Cash and Investments

Cash in the Council's financial statements include amounts in demand deposits. Investments for the Council are reported at fair value.

Grants Receivable

Grants receivable represent amounts due from federal and state 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, 2016.

Other Receivables

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

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds, or the current portion of interfund loans, or advances to/from other funds, or the noncurrent portion of interfund loans. All other outstanding balances between funds are reported as due to/from other funds.

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.

Unearned Revenue

Unearned revenue primarily consists of amounts received from grantors in excess of expenditures for programs in progress as of December 31, 2016.

Capital Assets

Capital assets, which include 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. Equipment of the primary government is depreciated using the straight-line method with a useful life of three to fifteen years.

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.

Net Position and Fund Balance

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position for the investment in capital assets consists of capital assets, net of accumulated depreciation, reduce by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Council or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned fund balance is limited to negative residual fund balance.

The Council classifies governmental fund balance as follows:

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

Restricted – includes fund balance amounts that are constrained for specific purposes which are imposed by providers, such as grantors, or amounts restricted due to constitutional provision or enabling legislation. This classification includes the fund balances of the Council's federal and state grant funds.

Committed – includes fund balance amounts that are constrained for specific purposes are internally imposed by the Council through formal action in an open meeting of the highest level of decision-making authority. Committed fund balance is reported pursuant to resolution passed by the Board of Directors. At December 31, 2016, the Council had no committed fund balance amounts.

Assigned – includes fund balance amounts that are self-imposed by the Council to be used for a particular purpose. Fund balance can be assigned by the Board of Directors pursuant to the Council’s fund balance policy. At December 31, 2016, the Council had no assigned fund balance amounts.

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above-mentioned categories.

When both restricted and unrestricted fund balances are available for use, it is the Council’s policy to use restricted fund balance first, then unrestricted. Similarly, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications are available.

Indirect Costs and Fringe Benefit and Leave Pool Allocations

General administrative and employee fringe benefits costs are recorded in cost pools. The costs are partially recovered from Special Revenue Funds based on negotiated indirect and fringe benefit rates. These rates are negotiated with the U.S. Economic Development Administration, which is the Council’s designated federal cognizant agency for the negotiation and approval of indirect and fringe benefits rates for use on grants. 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 submitted to the cognizant agency on an annual basis, based on projected costs submitted on a Cost Allocation Plan for indirect fringe benefit and leave pool costs. The negotiated rates approved are used for billing purposes. Final costs not recovered by the billing rates are allowed by the oversight federal agency to be recovered in succeeding years.

Under (Over) Recovered Employee Benefits, Central Service Costs and Indirect Costs

Under (over) recovered employee benefits, central service costs and indirect costs consist of costs allocated to programs for employee benefits and general administrative costs below (above) the actual costs incurred. This asset (liability) will be reduced in succeeding years through adjustments to the Council’s indirect and fringe benefit rate.

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 legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 for the Special Revenue Funds is made on a project (grant) basis, spanning more than one year. Appropriations for all projects in the Special Revenue Funds lapse at the end of a contract period which may not coincide with the fiscal year-end of the Council. Accordingly, comparative budget and actual results are not presented in this report.

3. CASH AND INVESTMENTS

At December 31, 2016, the Council did not have any financial instruments that would be classified as an investment. Cash and cash equivalents at December 31, 2016 consist of the following which are reported in assets in the accompanying financial statements:

Demand deposits	\$	1,237,975
Money market accounts		1,956,943
Certificates of deposit		<u>2,025,103</u>
Total	\$	<u><u>5,220,021</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.

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. This is measured by the assigned of a rating by a nationally recognized statistical rating organization.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Council's deposits may not be returned to it. 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, 2016, the Council's deposit value was fully collateralized with securities held by the pledging financial institutions.

4. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2016, was as follows:

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 127,000	\$ -	\$ -	\$ 127,000
Capital assets, being depreciated				
Equipment	3,931,832	158,220	-	4,090,052
Furniture and fixtures	154,890	-	-	154,890
Software	1,119,564	48,495	-	1,168,059
Vehicles	6,244,991	12,843	(393,660)	5,864,174
Property	2,290,040	-	-	2,290,040
	<u>13,741,317</u>	<u>219,558</u>	<u>(393,660)</u>	<u>13,567,215</u>
Less accumulated depreciation				
Equipment	(2,889,789)	(212,853)	-	(3,102,642)
Furniture and fixtures	(148,403)	(1,081)	-	(149,484)
Software	(915,436)	(74,036)	-	(989,472)
Vehicles	(4,729,045)	(531,947)	393,660	(4,867,332)
Property	(558,847)	(168,811)	-	(727,658)
Total accumulated depreciation	<u>(9,241,520)</u>	<u>(988,728)</u>	<u>393,660</u>	<u>(9,836,588)</u>
Total capital assets being depreciated, net	<u>4,499,797</u>	<u>(769,170)</u>	<u>-</u>	<u>3,730,627</u>
Governmental activities capital assets, net	<u>\$ 4,626,797</u>	<u>\$ (769,170)</u>	<u>\$ -</u>	<u>\$ 3,857,627</u>

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

Governmental activities	
General government	\$ 69,428
Workforce development	15,858
Emergency communications	6,648
Homeland security	25,000
Environmental quality	10,063
Transportation	552,006
Housing	17,445
Criminal justice	287,890
Health & Welfare	4,389
Total depreciation expense - governmental activities	<u>\$ 988,728</u>

5. INTERFUND BALANCES AND TRANSFERS

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, 2016:

Transfer In	Transfer Out	Amount	Purpose
Bexar Area Agency on Aging	General fund	\$ 152,236	Local match
Nonmajor governmental	General fund	121,370	Local match
Nonmajor governmental	Nonmajor governmental	808	Local match
	Total	\$ 274,414	

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, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Bexar Area Agency on Aging	\$ 20,804
General Fund	Alamo Local Authority	670,104
General Fund	Alamo Area Agency on Aging	53,125
General Fund	Nonmajor governmental	118,443
Texas Department of Transportation	Nonmajor governmental	332,925
Texas Commission on Environmental Quality	Nonmajor governmental	721,843
Nonmajor governmental	Nonmajor governmental	302,070
		\$ 2,219,314

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. LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 440,052	\$ 392,917	\$ 480,892	\$ 352,077	\$ 88,019
Net pension liability	128,866	2,115,709	1,176,445	1,068,130	-
	\$ 568,918	\$ 2,508,626	\$ 1,657,337	\$ 1,420,207	\$ 88,019

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

8. 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 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 involved in legal proceedings arising from providing various services. As of December 31, 2016, 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 \$1,083,354 for the year ended December 31, 2016. Future minimum lease payments under this agreement are as follows:

<u>Year Ending December 31,</u>	
2017	\$ 847,509
2018	924,555
2019	872,715
2020	<u>952,053</u>
Total	<u>\$ 3,596,832</u>

9. 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 10 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. Updated annuity purchase rates will go into effect for post-2017 benefit accruals earned after 2017. Benefits accrued before 2018 will not be impacted by this update. This change was reflected in the 2015 actuarial valuation.

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	64
Inactive employees entitled to but not yet receiving benefits	323
Active employees	<u>295</u>
	<u><u>682</u></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 rates for the Council were 8% in calendar years 2015 and 2016. The Council's contributions to TCDRS for the year ended December 31, 2016, were \$995,518, which equaled the required contributions.

Net Pension Liability

The Council's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	2.5% per year
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

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 adjustment for females.
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, 2015, 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 2015 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 application of the investment return assumption was changed for purposes of determining plan liabilities in the 2015 actuarial valuation. All plan liabilities are now valued using an 8% discount rate. Previously, some liabilities were valued using a 7% discount rate and others were valued using a 9% discount rate.

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 2016 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	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities - Emerging	MSCI World Ex USA (net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

⁽¹⁾ Target asset allocation adopted at the April 2016 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.6% per Cliffwater's 2016 capital market assumptions.

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

⁽⁴⁾ 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2014	\$ 23,628,977	\$ 23,500,110	\$ 128,867
Changes for the year:			
Service cost	1,383,125	-	1,383,125
Interest on total pension liability ⁽¹⁾	1,931,965	-	1,931,965
Effect of plan changes ⁽²⁾	(236,658)	-	(236,658)
Effect of economic/demographic gains or losses	(1,004,313)	-	(1,004,313)
Effect of assumptions changes or inputs	329,757	-	329,757
Refund of contributions	(289,340)	(289,340)	-
Benefit payments	(733,168)	(733,168)	-
Administrative expenses	-	(17,140)	17,140
Member contributions	-	732,256	(732,256)
Net investment income	-	(463,983)	463,983
Employer contributions	-	1,176,341	(1,176,341)
Other ⁽³⁾	-	37,139	(37,139)
Balance at 12/31/2015	<u>\$ 25,010,345</u>	<u>\$ 23,942,215</u>	<u>\$ 1,068,130</u>

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

⁽²⁾ Reflects new annuity purchase rates applicable to all TCDRS employers effective January 1, 2018

⁽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 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 28,310,014	\$ 25,010,345	\$ 22,292,398
Fiduciary net position	<u>23,942,214</u>	<u>23,942,215</u>	<u>23,942,214</u>
Net pension liability/(asset)	<u>\$ 4,367,800</u>	<u>\$ 1,068,130</u>	<u>\$ (1,649,816)</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, 2016, the Council recognized pension expense of \$560,204.

At December 31, 2016, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 1,149,353	\$ -
Changes in actuarial assumptions	-	247,318
Difference between projected and actual investment earnings	-	2,156,190
Contributions subsequent to the measurement date	<u>-</u>	<u>995,518</u>
Total	<u>\$ 1,149,353</u>	<u>\$ 3,399,026</u>

\$995,518 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended December 31,	
2017	\$ 190,658
2018	190,658
2019	388,717
2020	484,122

10. DEFICIT FUND BALANCES

The following funds had deficit equity balances as of December 31, 2016:

<u>Governmental Funds</u>	<u>Deficit</u>
Alamo Local Authority	\$ 297,531
Metropolitan Planning Organization	45
U.S. Department of Homeland Security	1,326
Department of Defense	<u>238</u>
Total	<u>\$ 299,140</u>

If funding from outside sources does not become available to cover these deficit fund balances, the Council plans to transfer funds to cover the deficit.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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ALAMO AREA COUNCIL OF GOVERNMENTS

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

FOR THE YEAR ENDED DECEMBER 31, 2016

Plan Year Ended December 31	<u>2014</u>	<u>2015</u>
Total Pension Liability		
Service Cost	\$ 1,428,588	\$ 1,383,125
Interest total pension liability	1,813,929	1,931,965
Effect of plan changes	-	(236,658)
Effect of assumption changes or inputs	-	329,757
Effect of economic/demographic (gains) or losses	(792,235)	(1,004,313)
Benefit payments/refunds of contributions	(1,010,526)	(1,022,508)
Net change in total pension liability	1,439,756	1,381,368
Total pension liability - beginning	<u>22,189,221</u>	<u>23,628,977</u>
Total pension liability - ending (a)	<u>\$ 23,628,977</u>	<u>\$ 25,010,345</u>
Plan Fiduciary Net Position		
Employer contributions	\$ 999,897	\$ 1,176,341
Member contributions	730,043	732,256
Investment income net of investment expenses	1,410,886	(463,983)
Benefit payments refunds of contributions	(1,010,526)	(1,022,508)
Administrative expenses	(17,336)	(17,140)
Other	<u>12,720</u>	<u>37,139</u>
Net change in plan fiduciary net position	2,125,684	442,105
Plan fiduciary net position - beginning	<u>21,374,426</u>	<u>23,500,110</u>
Plan fiduciary net position - ending (b)	<u>\$ 23,500,110</u>	<u>\$ 23,942,215</u>
Net pension liability - ending (a) - (b)	<u>\$ 128,867</u>	<u>\$ 1,068,130</u>
Fiduciary net position as a percentage of total pension liability	99.5%	95.7%
Pensionable covered payroll	\$ 11,561,208	\$ 12,204,268
Net pension liability as a percentage of covered payroll	1.1%	8.8%

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

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
2007	\$ 685,977	\$ 735,977	\$(50,000)	\$ 8,108,479	9.1%
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	976,445	1,176,445	(200,000)	12,205,564	9.6%
2016	995,518	995,518	-	12,204,268	8.2%

(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, 2016

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	1.7 years (based on contribution rate calculated in 12/31/2015 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*	No changes in plan provisions are reflected in the Schedule of Employer Contributions.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenues funds are used to account for certain revenue sources that are legally restricted to expenditures for particular purposes.

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

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

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

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

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

U.S. Department of Housing and Urban Development – This fund is used to account for federal and local grants awarded by the U.S. Department of Housing and Urban Development.

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS
(Continued)
Special Revenue Funds

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

Office of the Governor – This fund is used to account for federal and state grants awarded by the Office of the Governor.

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

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

Alamo Area Development Corporation – This fund is used to account for federal and state grants awarded by the Alamo Area Development Corporation, a discretely presented component unit of the Council.

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

ALAMO AREA COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2016

	Special Revenue		
	VIA Metropolitan Transit	Texas Veterans Commission	Economic Development Administration
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable:			
Grantors	507,120	116,442	-
Deposits	-	-	-
Due from other funds	-	-	9,598
Total assets	507,120	116,442	9,598
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	29,068	8,846	150
Due to other funds	477,973	48,164	-
Unearned revenue	79	4,982	1,747
Total liabilities	507,120	61,992	1,897
Fund balance:			
Restricted:			
Grants	-	54,450	7,701
Unassigned	-	-	-
Total fund balance	-	54,450	7,701
 Total liabilities and fund balance	\$ 507,120	\$ 116,442	\$ 9,598

Special Revenue

Metropolitan Planning Organization	Texas Department of Agriculture	U. S. Department of Housing Urban Development	U. S. Department of Homeland Security	Capital Area Council of Governments	State Energy Conservation Office
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,340	1,056	-	74,099	4,613	-
-	-	-	-	-	-
-	-	3,894	2,020	-	1,864
<u>8,340</u>	<u>1,056</u>	<u>3,894</u>	<u>76,119</u>	<u>4,613</u>	<u>1,864</u>
-	99	3,894	2,122	-	-
8,385	957	-	75,323	3,613	-
-	-	-	-	-	-
<u>8,385</u>	<u>1,056</u>	<u>3,894</u>	<u>77,445</u>	<u>3,613</u>	<u>-</u>
-	-	-	-	1,000	1,864
(45)	-	-	(1,326)	-	-
<u>(45)</u>	<u>-</u>	<u>-</u>	<u>(1,326)</u>	<u>1,000</u>	<u>1,864</u>
<u>\$ 8,340</u>	<u>\$ 1,056</u>	<u>\$ 3,894</u>	<u>\$ 76,119</u>	<u>\$ 4,613</u>	<u>\$ 1,864</u>

ALAMO AREA COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

DECEMBER 31, 2016

	Special Revenue		
	Texas Department Of Housing and Community Affairs	Commission on State Emergency Communications	Office of the Governor
ASSETS			
Cash and cash equivalents	\$ 90,862	\$ 53,436	\$ -
Accounts receivable:			
Grantors	64,456	430,218	920,536
Deposits	-	-	13,904
Due from other funds	60,328	-	25
Total assets	215,646	483,654	934,465
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	50,908	139,068	40,770
Due to other funds	-	159,426	692,607
Unearned revenue	140,107	185,160	3
Total liabilities	191,015	483,654	733,380
Fund balance:			
Restricted:			
Grants	24,631	-	201,085
Unassigned	-	-	-
Total fund balance	24,631	-	201,085
Total liabilities and fund balance	\$ 215,646	\$ 483,654	\$ 934,465

Special Revenue

City of San Antonio	Local Projects	Alamo Area Development Corporation	Department of Defense	Totals
\$ -	\$ -	\$ -	\$ -	\$ 144,298
-	41,547	-	-	2,168,427
-	-	-	-	13,904
<u>62</u>	<u>224,279</u>	<u>-</u>	<u>-</u>	<u>302,070</u>
<u>62</u>	<u>265,826</u>	<u>-</u>	<u>-</u>	<u>2,628,699</u>
5	6,086	-	-	281,016
-	8,595	-	238	1,475,281
<u>57</u>	<u>18,049</u>	<u>-</u>	<u>-</u>	<u>350,184</u>
<u>62</u>	<u>32,730</u>	<u>-</u>	<u>238</u>	<u>2,106,481</u>
-	233,096	-	-	523,827
<u>-</u>	<u>-</u>	<u>-</u>	<u>(238)</u>	<u>(1,609)</u>
<u>-</u>	<u>233,096</u>	<u>-</u>	<u>(238)</u>	<u>522,218</u>
<u>\$ 62</u>	<u>\$ 265,826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,628,699</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, 2016

	Special Revenue		
	VIA Metropolitan Transit	Texas Veterans Commission	Economic Development Administration
REVENUES			
Federal	\$ 560,391	\$ 69,465	\$ 75,637
State	-	250,523	-
Local	-	-	4,269
Program income	-	-	-
Delegate agencies:			
In-kind	-	-	46,806
Investment income	-	-	-
Total revenues	<u>560,391</u>	<u>319,988</u>	<u>126,712</u>
EXPENDITURES			
Workforce development	-	291,187	-
Aging	-	-	46,806
Emergency communications	-	-	-
Economic development	-	-	96,539
Community affairs	-	-	-
Homeland security	-	-	-
Transportation	560,391	-	-
Housing	-	-	-
Criminal justice	-	-	-
Total expenditures	<u>560,391</u>	<u>291,187</u>	<u>143,345</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>28,801</u>	<u>(16,633)</u>
OTHER FINANCING SOURCES AND USES			
Transfers in	-	-	16,211
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>16,211</u>
NET CHANGE IN FUND BALANCES	-	28,801	(422)
FUND BALANCES, BEGINNING	<u>-</u>	<u>25,649</u>	<u>8,123</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 54,450</u>	<u>\$ 7,701</u>

Special Revenue

Metropolitan Planning Organization	Texas Department of Agriculture	U. S. Department of Housing and Urban Development	U. S. Department of Homeland Security	Capital Area Council of Governments	State Energy Conservation Office
\$ 17,960	\$ 3,792	\$ -	\$ 380,039	\$ -	\$ -
-	-	-	-	-	-
-	-	84	16,417	12,136	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>17,960</u>	<u>3,792</u>	<u>84</u>	<u>396,456</u>	<u>12,136</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,792	-	-	11,136	-
-	-	-	391,600	-	-
17,960	-	-	-	-	-
-	-	12,677	-	-	-
-	-	-	-	-	-
<u>17,960</u>	<u>3,792</u>	<u>12,677</u>	<u>391,600</u>	<u>11,136</u>	<u>-</u>
-	-	(12,593)	4,856	1,000	-
-	-	41,535	808	-	-
-	-	-	-	-	-
-	-	<u>41,535</u>	<u>808</u>	<u>-</u>	<u>-</u>
-	-	28,942	5,664	1,000	-
(45)	-	(28,942)	(6,990)	-	1,864
<u>\$(45)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(1,326)</u>	<u>\$ 1,000</u>	<u>\$ 1,864</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, 2016

	Special Revenue		
	Texas Department of Housing and Community Affairs	Commission on State Emergency Communications	Office of the Governor
REVENUES			
Federal	\$ 1,455,099	\$ -	\$ 113,653
State	119,585	1,643,124	1,559,872
Local	5,150	-	-
Program income	12,843	-	288,704
Delegate agencies:			
In-kind	-	-	-
Investment income	47	131	-
Total revenues	<u>1,592,724</u>	<u>1,643,255</u>	<u>1,962,229</u>
EXPENDITURES			
Workforce development	-	-	22,431
Aging	-	-	-
Emergency communications	-	1,643,255	-
Economic development	-	-	768,026
Community affairs	1,572,293	-	-
Homeland security	-	-	-
Transportation	-	-	-
Housing	-	-	-
Criminal justice	-	-	1,197,575
Total expenditures	<u>1,572,293</u>	<u>1,643,255</u>	<u>1,988,032</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>20,431</u>	<u>-</u>	<u>(25,803)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	20,431	-	(25,803)
FUND BALANCES, BEGINNING	<u>4,200</u>	<u>-</u>	<u>226,888</u>
FUND BALANCES, ENDING	<u>\$ 24,631</u>	<u>\$ -</u>	<u>\$ 201,085</u>

Special Revenue

City of San Antonio	Local Projects	Alamo Area Development Corporation	Department of Defense	Totals
\$ 9,450	\$ 48,727	\$ -	\$ -	\$ 2,734,213
-	-	-	-	3,573,104
-	165,908	-	-	203,964
-	-	-	-	301,547
-	-	-	-	46,806
-	-	-	-	178
<u>9,450</u>	<u>214,635</u>	<u>-</u>	<u>-</u>	<u>6,859,812</u>
9,450	-	-	-	323,068
-	49,362	-	-	96,168
-	-	-	-	1,643,255
-	-	-	238	864,803
-	58,568	-	-	1,645,789
-	-	-	-	391,600
-	-	-	-	578,351
-	414	-	-	13,091
-	38,262	-	-	1,235,837
<u>9,450</u>	<u>146,606</u>	<u>-</u>	<u>238</u>	<u>6,791,962</u>
<u>-</u>	<u>68,029</u>	<u>-</u>	<u>(238)</u>	<u>67,850</u>
-	-	-	-	58,554
<u>-</u>	<u>(808)</u>	<u>-</u>	<u>-</u>	<u>(808)</u>
<u>-</u>	<u>(808)</u>	<u>-</u>	<u>-</u>	<u>57,746</u>
-	67,221	-	(238)	125,596
<u>-</u>	<u>165,875</u>	<u>-</u>	<u>-</u>	<u>396,622</u>
<u>\$ -</u>	<u>\$ 233,096</u>	<u>\$ -</u>	<u>\$ (238)</u>	<u>\$ 522,218</u>

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SUPPLEMENTARY INFORMATION

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INDIRECT COSTS AND EMPLOYEE BENEFITS SCHEDULES

This section of the annual financial report contains supplementary schedules required of regional planning commissions in the State of Texas.

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ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

YEAR ENDED DECEMBER 31, 2016

Personnel services	\$ 1,871,872
Employee benefits	575,471
Other contract services	419,471
Travel	29,924
Auto operating	41
Rent	1,164,588
Supplies	142,858
Equipment	69,291
Insurance and bonding	18,027
Public notices	1,404
Printing and reproduction	7,371
Repairs and maintenance	104,657
Fuel/oil	2,689
Communications	161,880
Postage	46,829
Meetings other	24,261
Training in region	4,495
Publications	1,713
Professional dues	32,088
Equipment rental	117,191
Tuition staff	2,234
Depreciation	<u>86,058</u>
Total indirect costs	4,884,413
Less: administration cost received	<u>(2,251,776)</u>
NET INDIRECT COSTS	2,632,637
ACTUAL INDIRECT COSTS RECOVERED	<u>(2,589,415)</u>
OVER RECOVERY OF INDIRECT COSTS PER 2015 AUDIT	<u>(1,067)</u>
ACCUMULATED COST UNDER RECOVERY	<u>\$ 42,155</u>

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF EMPLOYEE BENEFITS (FRINGE AND RELEASE TIME)

YEAR ENDED DECEMBER 31, 2016

Benefits:	
FICA	\$ 931,293
Group life insurance	88,051
Unemployment insurance	68,670
Workers' compensation	75,780
Health insurance	1,521,898
Retirement	1,007,339
Release time	<u>1,357,252</u>
Total employee benefits	5,050,283
ACTUAL EMPLOYEE BENEFITS RECOVERED	(5,147,542)
OVER RECOVERY OF EMPLOYEE BENEFITS PER 2015 AUDIT	(<u>70,528</u>)
ACCUMULATED OVER RECOVERY	<u><u>\$ (167,787)</u></u>

OTHER SUPPLEMENTARY INFORMATION
ALAMO LOCAL AUTHORITY
(UNAUDITED)

This section of the 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 31. Accordingly, these schedules have been prepared in a manner that facilitates reconciliation to a 12-month period ending August 31.

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ALAMO AREA COUNCIL OF GOVERNMENTS

**ALAMO LOCAL AUTHORITY
RECONCILIATION OF TOTAL EXPENDITURES
TO FOURTH QUARTER FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

	<u>CARE *</u> <u>Report III</u>	<u>Additions**</u>	<u>Deletions***</u>	<u>Audited</u> <u>Financial</u> <u>Statements</u>
EXPENDITURES				
Salaries	\$ 5,643,338	\$ 6,669,054	\$ 1,865,753	\$ 10,446,639
Employee benefits	1,653,371	2,050,939	487,787	3,216,523
Professional consulting services	1,637,064	18,810,072	451,729	19,995,407
Training/travel	303,276	286,634	97,535	492,375
Debt service	-	-	-	-
Capital outlay	-	219,558	-	219,558
Non-capital equipment	15,336	(15,336)	-	-
Other operating expenditures	<u>2,568,393</u>	<u>5,002,950</u>	<u>617,143</u>	<u>6,954,201</u>
 Total expenditures	 <u>\$ 11,820,778</u>	 <u>\$ 33,023,870</u>	 <u>\$ 3,519,946</u>	 <u>\$ 41,324,702</u>

* CARE Report III FY2016

** Other Agency Programs

*** Sept - December 2015 ALA Expenditures

ALAMO AREA COUNCIL OF GOVERNMENTS

ALAMO LOCAL AUTHORITY RECONCILIATION OF TOTAL REVENUE TO FOURTH QUARTER FINANCIAL REPORT

**FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

	CARE * Report III	Additions**	Deletions***	Audited Financial Statements
LOCAL AND EARNED REVENUES				
Medicaid	\$ 5,696,893	\$ 1,923,798	\$ 1,875,538	\$ 5,745,153
Membership dues	-	330,379	-	330,379
Local	1,484	784,775	96	786,163
Contributions	307,076	64,448	102,359	269,165
Delegate agency match	-	7,392,976	-	7,392,976
Interest	1,566	17,301	-	18,867
Other	2,617	538,424	1,383	539,658
Total local and earned revenues	6,009,636	11,052,100	1,979,375	15,082,361
STATE PROGRAM REVENUES				
General revenue	3,430,975	2,159,346	1,836,463	3,753,858
Permanency planning	66,584	43,333	21,145	88,772
CLOIP	208,531	121,431	59,882	270,079
Crisis Behavioral Supports	236,445	90,962	-	327,407
OBRA funds	135,584	212,580	9,894	338,271
Other state	-	5,477,844	-	5,477,844
Total state program revenues	4,078,119	8,105,497	1,927,384	10,256,231
FEDERAL PROGRAM REVENUES				
Federal revenue	83,573	13,776,003	-	13,859,576
Medicaid administrative claiming	1,011,079	394,309	235,615	1,169,773
Total federal program revenues	1,094,652	14,170,312	235,615	15,029,349
Total revenues	\$ 11,182,407	\$ 33,327,909	\$ 4,142,375	\$ 40,367,941
Fund Balance Used	638,371			
Equals Report III FY2016	\$ 11,820,778			
* CARE Report III FY2016				
** Other Agency Programs and Sept-Dec ALA				
*** Sept - December 2015 ALA revenues				

ALAMO AREA COUNCIL OF GOVERNMENTS

**ALAMO LOCAL AUTHORITY
RECONCILIATION OF TOTAL REVENUE
TO FIRST QUARTER FY 2017 FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

	1st Qtr * CARE Report III	(Dec 2016)** Additions	All other Agency	Audited Financial Statements
LOCAL AND EARNED REVENUES				
Medicaid	\$ 1,208,276	\$ 323,294	\$ 4,213,583	\$ 5,745,153
Membership dues	-	-	330,379	330,379
Local	573	108	785,482	786,163
Contributions	76,770	(25,591)	217,986	269,165
Delegate agency match	-	-	7,392,976	7,392,976
Interest	35	704	18,128	18,867
Other	-	(2,308)	541,966	539,658
Total local and earned revenues	<u>1,285,654</u>	<u>296,208</u>	<u>13,500,500</u>	<u>15,082,361</u>
STATE PROGRAM REVENUES				
General revenue	1,098,083	531,393	2,124,382	3,753,858
Permanency planning	16,380	5,808	66,584	88,772
CLOIP	39,423	22,125	208,532	270,079
Crisis Behavioral Supports	41,726	49,236	236,446	327,407
OBRA funds	140,341	49,813	148,117	338,271
Other state	-	-	5,477,844	5,477,844
Total state program revenues	<u>1,335,951</u>	<u>658,375</u>	<u>8,261,905</u>	<u>10,256,231</u>
FEDERAL PROGRAM REVENUES				
Federal revenue	48,442	9,414	13,801,720	13,859,576
Medicaid administrative claiming	<u>254,424</u>	<u>139,885</u>	<u>775,464</u>	<u>1,169,773</u>
Total federal program revenues	<u>302,866</u>	<u>149,300</u>	<u>14,577,183</u>	<u>15,029,349</u>
Total revenues	<u>\$ 2,924,472</u>	<u>\$ 1,103,882</u>	<u>\$ 36,339,588</u>	<u>\$ 40,367,941</u>

* 1st qtr FY16 Sept - Nov 2016

** December 2016 ALA Revenues

ALAMO AREA COUNCIL OF GOVERNMENTS

**ALAMO LOCAL AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE OF FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

Fund Sources	Total Revenue	FY2016	FY2017	All Other Program Expenditures
		Jan - Aug Alamo Local Authority Expenditures	Sept - Dec Alamo Local Authority Expenditures	
Objects of expense:				
Personnel	\$ 9,668,697	\$ 3,504,072	\$ 1,497,902	\$ 4,666,724
Employee benefits	2,978,744	991,965	460,067	1,526,712
Debt service	-	-	-	-
Capital outlay	219,558	-	-	219,558
Other operating expense	26,536,358	2,680,223	1,263,600	22,592,535
Allocation of general administration to strategies	621,700	451,037	170,663	-
Allocation of authority administration to strategies	994,278	673,535	320,743	-
Total expenditures	<u>41,019,336</u>	<u>8,300,832</u>	<u>3,712,976</u>	<u>29,005,529</u>
Method of finance:				
General revenue - Alamo Local Authority	9,322,625	1,581,979	1,629,475	6,111,172
Permanency planning	67,627	45,439	22,188	-
OBRA	328,377	138,223	190,154	-
CLOIP	210,196	148,649	61,547	-
Crisis Behavioral Supports	327,406	236,445	90,962	-
Earned income	18,867	1,566	739	16,562
Additional local funds	14,866,633	4,028,694	1,581,123	9,256,816
Other services revenues	<u>15,029,349</u>	<u>859,037</u>	<u>452,165</u>	<u>13,718,147</u>
Total expended sources	<u>\$ 40,171,080</u>	<u>\$ 7,040,032</u>	<u>\$ 4,028,352</u>	<u>\$ 29,102,696</u>
Excess (deficiency) of revenues over (under) expenditures		<u>\$ (848,256)</u>		

ALAMO AREA COUNCIL OF GOVERNMENTS

**ALAMO LOCAL AUTHORITY
SCHEDULE OF INDIRECT COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

	<u>Total Costs</u>	<u>Nonallowable Costs</u>	<u>Depreciation</u>	<u>Total Adjusted Cost</u>	<u>Direct Costs</u>	<u>Indirect Costs</u>
Personnel	\$ 10,446,639	\$ -	\$ -	\$ 10,446,639	\$ 8,574,767	\$ 1,871,872
Fringe benefits	3,216,523	-	-	3,216,523	2,641,052	575,471
Debt service	-	-	-	-	-	-
Capital outlay	219,558	(219,558)	-	-	-	-
Depreciation	-	-	988,728	988,728	902,670	86,058
Other operating expense	<u>27,356,175</u>	<u>-</u>	<u>-</u>	<u>27,356,175</u>	<u>26,841,307</u>	<u>514,868</u>
Total expenses	<u>\$ 41,238,894</u>	<u>\$(219,558)</u>	<u>\$ 988,728</u>	<u>\$ 42,008,064</u>	<u>\$ 38,959,795</u>	<u>\$ 3,048,269</u>
Indirect costs						\$ 3,048,269
Direct costs						38,959,795
Indirect cost rate						<u><u>7.8%</u></u>

ALAMO AREA COUNCIL OF GOVERNMENTS

**ALAMO LOCAL AUTHORITY
SCHEDULE OF INSURANCE IN EFFECT**

**FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

Insurer	Policy Period		Coverage	Amount
	Begins	Ends		
Texas Municipal League Risk Management Fund	10/01/16	10/01/17	Workers' Compensation	Statutory
Texas Municipal League Risk Management Fund	10/01/16	10/01/17	Automobile Liability	
			Per Occurrence Limit	\$ 5,000,000
			Deductible	2,500
			Annual Aggregate	-
			Medical Payments per person	25,000
			Deductible	-
	10/01/16	10/01/17	Automobile Physical Damage	
			Per Occurrence Limit	10,000
			Deductible	1,000
Texas Municipal League Risk Management Fund	10/01/16	10/01/17	General Liability	
			Per Occurrence Limit	10,000,000
			Deductible	-
			Sudden Events Each Occurrence	2,000,000
			Annual Aggregate	10,000,000
Texas Municipal League Risk Management Fund	10/01/16	10/01/17	Law Enforcement Liability	
			Per Occurrence Limit	2,000,000
			Annual Aggregate	4,000,000
			Deductible	1,000
Texas Municipal League Risk Management Fund	10/01/16	10/01/17	Errors and Omissions	
			Liability	
			Each Wrongful Act	2,000,000
			Annual Aggregate	4,000,000
			Deductible	1,000

(continued)

ALAMO AREA COUNCIL OF GOVERNMENTS

**ALAMO LOCAL AUTHORITY
SCHEDULE OF INSURANCE IN EFFECT
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

Insurer	Policy Period		Coverage	Amount
	Begins	Ends		
Texas Municipal League Risk Management Fund	10/01/16	10/01/17	All Risk Property Coverage Coverage Basis Building : Replacement Cost Valuation Deductible Transit Limit Valuable Papers and EDP Media Accounts Receivable Loss of Revenue Extra Expense and Rev Personal Property of Employees and Officials Leasehold Interest Outdoor Trees and Shrubs Newly Acquired Property FMV up to Pollutant Cleanup and Removal Each Premise Flood & Earthquake Deductible Boiler & Machinery Per Accident Limit Deductible	\$ 6,181,211 250 1,000,000 10,000 10,000 50,000 5,000 65,000 10,000 1,000,000 20,000 25,000 100,000 250
Texas Municipal League Risk Management Fund	10/01/16	10/01/17	Public Employee Dishonesty Limit of Coverage Deductible Coverage Includes Faithful Performance of Duty	500,000 5,000
WS&P Walthall Sachse & Pipes, Inc	7/1/2016	7/1/2017	Pollution Coverage General Aggregate Limit Each "Pollution Condition" Limit Deductible	1,000,000 1,000,000 5,000
WS&P Walthall Sachse & Pipes, Inc	2/13/2016	2/13/2017	Volunteers Accidental Death and Dismemberment Benefit Covered Person principal sum/amount Total Max Accident Medical and Dental Deductible	5,000 10,000 -

ALAMO AREA COUNCIL OF GOVERNMENTS

**ALAMO LOCAL AUTHORITY
SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES
December 31, 2016
(UNAUDITED)**

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
January - August 2016			
HOMELIFE COMMUNITY SERVICES	San Antonio	6210	\$ 6,480
RESPIRE CARE OF SA	San Antonio	6210	956
CALIDAD-CONVERSE	San Antonio	6210	1,080
LIFETIME LIVING INC	San Antonio	6210	1,549
LIFELINE CARE AND SERVICES	San Antonio	6210	5,396
ANGEL CARE CENTER OF SAN ANTONIO	San Antonio	6210	1,579
CHILDRENS ASSOCIATION FOR MAXIUM POTENTIAL	San Antonio	6211	4,800
LIFETIME LIVING INC	San Antonio	6211	1,050
LIFELINE CARE AND SERVICES	San Antonio	6211	3,450
HOMELIFE COMMUNITY SERVICES	San Antonio	6213	44,381
CALIDAD-CONVERSE	San Antonio	6213	8,945
LIFETIME LIVING INC	San Antonio	6213	18,701
LIFELINE CARE AND SERVICES	San Antonio	6213	19,766
ANGEL CARE CENTER OF SAN ANTONIO	San Antonio	6213	915
HOMELIFE COMMUNITY SERVICES	Converse	6214	3,000
LIFELINE CARE AND SERVICES	San Antonio	6214	300
THE ARC OF SAN ANTONIO	San Antonio	6220	59,921
UNIVERSITY UNITED METHODIST CHURCH	San Antonio	6220	7,292
HOMELIFE COMMUNITY SERVICES	San Antonio	6220	2,785
MISSION ROAD DEVELOPMENTAL CENTER	San Antonio	6220	12,348
UNICORN CENTER INC	San Antonio	6220	25,210
CALIDAD-DREXEL	San Antonio	6220	2,812
CALIDAD-CONVERSE	San Antonio	6220	2,287
ESTRELLA DE MAR INC	San Antonio	6220	426
REACHING MAXIMUM INDEPENDENCE	San Antonio	6220	1,420
LIFETIME LIVING INC	San Antonio	6220	9,837
ANGEL CARE CENTER OF SAN ANTONIO	San Antonio	6220	2,711
EVA HEROES	San Antonio	6220	435
SAFIRE	San Antonio	6220	4,036
UNICORN CENTER INC	San Antonio	6225	720
HOMELIFE COMMUNITY SERVICES	San Antonio	6230	31,255

ALAMO AREA COUNCIL OF GOVERNMENTS

**ALAMO LOCAL AUTHORITY
SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES
December 31, 2016
(UNAUDITED)**

Name	City	Type of Service	Amount
January - August 2016			
MISSION ROAD DEVELOPMENTAL CENTER	San Antonio	6230	3,748
CALIDAD-CONVERSE	San Antonio	6230	9,342
LIFETIME LIVING INC	San Antonio	6230	7,523
LIFELINE CARE AND SERVICES	San Antonio	6230	102,528
TWG INVESTMENTS LTD, dba THE WOOD GROUP	San Antonio	6230	918
ANGEL CARE CENTER OF SAN ANTONIO	San Antonio	6230	34
ABA & BEHAVIORAL SERVICES LLC	San Antonio	6230	5,372
ANNA GLASER	San Antonio	6230	24,072
UNICORN CENTER INC	San Antonio	6240	4,433
HOMELIFE COMMUNITY SERVICES	San Antonio	6250	821
UNICORN CENTER INC	San Antonio	6250	8,788
CALIDAD-DREXEL	Live Oak	6250	12
ANGEL CARE CENTER OF SAN ANTONIO	San Antonio	6250	95
SOUTH TEXAS BEHAVIORAL	Converse	6260	15,648
HOMELIFE COMMUNITY SERVICES	San Antonio	6260	268
GUADALUPE CASTANEDA	San Antonio	6260	1,263
ANNA GLASER	San Antonio	6260	30,359
JENNIFER GARRETT	San Antonio	6260	19,436
CHILDRENS ASSOCIATION FOR MAXIUM POTENTIAL	San Antonio	6270	88,400
TWG INVESTMENTS LTD, dba THE WOOD GROUP	San Antonio	6280	183,336
MISSION	San Antonio	6370	4,029
EVA HEROES	San Antonio	6370	3,648
GUADALUPE CASTANEDA	San Antonio	6380	2,499
ABA & BEHAVIORAL SERVICES LLC	San Antonio	6380	3,264
SOUTH TEXAS BEHAVIORAL	San Antonio	6380	13,043
ANNA GLASER	San Antonio	6380	18,073
JENNIFER GARRETT	San Antonio	6380	16,052
KIDZ TREEHOUSE PEDIATRIC	San Antonio	6385	5,280
HOMELIFE COMMUNITY SERVICES	San Antonio	6395	128

ALAMO AREA COUNCIL OF GOVERNMENTS

**ALAMO LOCAL AUTHORITY
SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES
December 31, 2016
(UNAUDITED)**

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
September - December 2016			
SOUTH TEXAS BEHAVIORAL	San Antonio	6210	\$ 4,255
HOMELIFE COMMUNITY SERVICES	San Antonio	6210	1,080
LIFETIME LIVING INC	San Antonio	6210	383
LIFELINE CARE AND SERVICES	San Antonio	6210	780
ANGEL CARE CENTER OF SAN ANTONIO	San Antonio	6210	1,054
CHILDRENS ASSOCIATION FOR MAXIUM POTENTIAL	San Antonio	6211	2,100
LIFETIME LIVING INC	San Antonio	6211	900
LIFELINE CARE AND SERVICES	San Antonio	6211	2,100
ANGEL CARE CENTER OF SAN ANTONIO	San Antonio	6211	184
HOMELIFE COMMUNITY SERVICES	San Antonio	6213	32,186
CALIDAD-CONVERSE	San Antonio	6213	2,509
LIFETIME LIVING INC	San Antonio	6213	11,374
LIFELINE CARE AND SERVICES	San Antonio	6213	17,681
HOMELIFE COMMUNITY SERVICES	Converse	6214	3,750
SOUTH TEXAS BEHAVIORAL	San Antonio	6215	12,750
SOUTH TEXAS BEHAVIORAL	San Antonio	6217	113
SOUTH TEXAS BEHAVIORAL	San Antonio	6218	2,063
THE ARC OF SAN ANTONIO	San Antonio	6220	33,092
UNIVERSITY UNITED METHODIST CHURCH	San Antonio	6220	2,593
HOMELIFE COMMUNITY SERVICES	San Antonio	6220	1,229
MISSION ROAD DEVELOPMENTAL CENTER	San Antonio	6220	19,665
UNICORN CENTER INC	San Antonio	6220	10,783
CALIDAD-DREXEL	San Antonio	6220	1,998
ESTRELLA DE MAR INC	San Antonio	6220	33
REACHING MAXIMUM INDEPENDENCE	San Antonio	6220	1,046
LIFETIME LIVING INC	San Antonio	6220	4,338
ANGEL CARE CENTER OF SAN ANTONIO	San Antonio	6220	1,578
EVA HEROES	San Antonio	6220	325
SAFIRE	San Antonio	6220	316
THE BACKYARD SAID, LLC	San Antonio	6220	508
UNICORN CENTER INC	San Antonio	6225	720
HOMELIFE COMMUNITY SERVICES	San Antonio	6230	11,883
CALIDAD-CONVERSE	San Antonio	6230	3,417
GUADALUPE CASTANEDA	San Antonio	6230	68
LIFETIME LIVING INC	San Antonio	6230	1,224
LIFELINE CARE AND SERVICES	San Antonio	6230	45,441
ABA & BEHAVIORAL SERVICES LLC	San Antonio	6230	2,083
ANNA GLASER	San Antonio	6230	9,801
UNICORN CENTER INC	San Antonio	6240	1,184

ALAMO AREA COUNCIL OF GOVERNMENTS

ALAMO LOCAL AUTHORITY
SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES
December 31, 2016
(UNAUDITED)

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
September - December 2016			
UNICORN CENTER INC	San Antonio	6250	6,015
SOUTH TEXAS BEHAVIORAL	Converse	6260	3,329
GUADALUPE CASTANEDA	San Antonio	6260	1,473
ANNA GLASER	San Antonio	6260	18,671
JENNIFER GARRETT	San Antonio	6260	7,614
SERENITY HOUSE	San Antonio	6280	91,668
GUADALUPE CASTANEDA	San Antonio	6380	816
ABA & BEHAVIORAL SERVICES LLC	San Antonio	6380	1,479
SOUTH TEXAS BEHAVIORAL	San Antonio	6380	3,557
ANNA GLASER	San Antonio	6380	5,814
JENNIFER GARRETT	San Antonio	6380	9,537
KIDZ TREEHOUSE PEDIATRIC	San Antonio	6385	4,800

ALAMO AREA COUNCIL OF GOVERNMENTS

**ALAMO LOCAL AUTHORITY
SCHEDULE OF LEGAL SERVICES**

**FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
-------------	-------------	------------------------	---------------

None

ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
SCHEDULE OF LEASE AND RENTAL COMMITMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

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

ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
SCHEDULE OF SPACE OCCUPIED IN A STATE-OWNED FACILITY
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

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

ALAMO AREA COUNCIL OF GOVERNMENTS

**ALAMO LOCAL AUTHORITY
SCHEDULE OF BONDED EMPLOYEES**

**FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

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

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SINGLE AUDIT SECTION

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PATTILLO, BROWN & HILL, 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, 2016, 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 28, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas
June 28, 2017



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, 2016. 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, 2016.

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 28, 2017

ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

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				
Primary Government:				
<u>U. S. Department of Commerce/Economic Development Administration</u>				
Economic Development - Support for Planning Organizations	11.302	08-83-05023	\$ 75,637	\$ -
Total U. S. Department of Commerce/Economic Development Administration			<u>75,637</u>	<u>-</u>
Total U. S. Department of Commerce			<u>75,637</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	C715221	2,737	-
Community Development Block Grant	14.228	C716221	1,055	-
Total Texas Department of Agriculture			<u>3,792</u>	<u>-</u>
Total U. S. Department of Housing and Urban Development			<u>3,792</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	2610704	41,506	-
Violence Against Women Formula Grant	16.588	2610705	6,522	-
Subtotal			<u>48,028</u>	<u>-</u>
Juvenile Justice and Delinquency Prevention - Marshal Licensing	16.540	JA15J202827802	65,625	-
Total Office of the Governor, Criminal Justice Division			<u>113,653</u>	<u>-</u>
Total U. S. Department of Justice			<u>113,653</u>	<u>-</u>
Passed through the Metropolitan Planning Organization:				
Highway Planning and Construction	20.205	2016-2017	17,960	-
Total Metropolitan Planning Organization			<u>17,960</u>	<u>-</u>
Passed through the VIA Metropolitan Transit:				
Federal Transit Formula Grants	20.507	TX90Y009-02	22,228	-
Federal Transit Formula Grants	20.507	TX90Y116-00	359,182	-
Federal Transit Formula Grants	20.507	TX90Y129-01	111,954	-
Subtotal			<u>493,364</u>	<u>-</u>
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-16-X012-01	84,687	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-116-081-00	96,483	-
New Freedom Program	20.521	TX-57-X032-01	141,964	-
New Freedom Program II	20.521	TX-57-X032-01	237,257	-
Subtotal Transit Services Programs Cluster			<u>560,391</u>	<u>-</u>
Total VIA Metropolitan Transit			<u>1,053,755</u>	<u>-</u>

ALAMO AREA COUNCIL OF GOVERNMENTS

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016**

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)				
Primary Government: (Continued)				
Passed through Texas Department of Transportation:				
Highway Planning and Construction - Commute Solutions	20.205	0915-12-512	\$ 184,588	\$ -
Highway Planning and Construction - Commute Solutions	20.205	0915-12-493	39,430	-
Subtotal			224,018	-
Formula Grants for Rural Areas	20.509	51415F7169	591,900	-
Formula Grants for Rural Areas	20.509	51018011515	617,886	-
Subtotal			1,209,786	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	51515F7075	7,949	-
State Planning and Research	20.515	REG 1601 (15)	37,598	-
Total Texas Department of Transportation			1,479,351	-
Total U. S. Department of Transportation			2,551,066	-
<u>U. S. Department of Veterans Affairs</u>				
Veterans Home Based Primary Care	64.022	PA-VDHC 671-0001	69,465	-
Total U. S. Department of Veterans Affairs			69,465	-
<u>U. S. Department of Energy</u>				
Passed through Texas Department of Housing and Community Affairs:				
Weatherization Assistance for Low Income Persons	81.042	56150002257	262,065	-
Weatherization Assistance for Low Income Persons	81.042	56160002476	157,560	-
Subtotal			419,625	-
Conservation Research and Development	81.086	DE-FOA-0000708	45,000	-
Fossil Energy Research and Development	81.089	11122-45	80	-
Total Texas Department of Housing and Community Affairs			464,705	-
Total U. S. Department of Energy			464,705	-
<u>U. S. Department of Health and Human Services</u>				
Passed through Health and Human Services Commission:				
Title VII-EAP - Bexar AAA	93.041	539-16-0031-00001	16,738	-
Title VII-EAP - Alamo AAA	93.041	539-16-0021-00001	6,171	-
Subtotal			22,909	-
Title VII-OAG - Bexar AAA	93.042	539-16-0031-00001	52,170	-
Title VII-OAG - Alamo AAA	93.042	539-16-0021-00001	25,005	-
Subtotal			77,175	-

ALAMO AREA COUNCIL OF GOVERNMENTS

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016**

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)				
Primary Government: (Continued)				
<u>U. S. Department of Health and Human Services (Continued)</u>				
Title III-D - Bexar AAA	93.043	539-16-0031-00001	\$ 90,518	\$ -
Title III-D - Alamo AAA	93.043	539-16-0021-00001	46,215	-
Subtotal			136,733	-
Title III-B - Bexar AAA	93.044	539-16-0031-00001	1,309,160	312,788
Title III-B - Alamo AAA	93.044	539-16-0021-00001	641,245	-
Title III-C- Bexar AAA	93.045	539-16-0031-00001	2,997,576	2,708,859
Title III-C - Alamo AAA	93.045	539-16-0021-00001	1,336,028	-
Nutrition Services Incentive Program - Bexar AAA	93.053	539-16-0031-00001	972,729	972,729
Nutrition Services Incentive Program - Alamo AAA	93.053	539-16-0021-00001	212,516	-
Subtotal Aging Cluster			7,469,254	3,994,376
Title III-E - Bexar AAA	93.052	539-16-0031-00001	710,228	1,059
Title III-E - Alamo AAA	93.052	539-16-0021-00001	250,393	-
Subtotal			960,621	1,059
Medicare Enrollment Assistance (MIPPA -2) - Bexar AAA	93.071	539-16-0031-00001	48,949	-
Medicare Enrollment Assistance (MIPPA -2) - Alamo AAA	93.071	539-16-0021-00001	20,860	-
Subtotal			69,809	-
State Health Insurance Assistance Program - Bexar AAA	93.324	539-16-0031-00001	114,402	-
State Health Insurance Assistance Program - Alamo AAA	93.324	539-16-0021-00001	38,370	-
Subtotal			152,772	-
Reinvestment of Civil Money Penalties to Nursing Home Residents	93.636	539-16-0021-00001	3,727	-
Title XVIII Medicare - Alamo Local Authority	93.777	FY 2015	141,429	-
Medical Assistance Program - Alamo Local Authority	93.778	FY 2016	775,464	-
Medical Assistance Program - Alamo Local Authority	93.778	FY 2017	394,308	-
Subtotal Medicaid Cluster			1,311,201	-
Money Follows the Person Rebalancing Demonstration - Bexar AAA	93.791	539-16-0031-00001	111,992	-
Money Follows the Person Rebalancing Demonstration - Alamo AAA	93.791	539-16-0021-00001	9,955	-
Subtotal			121,947	-
Total Health and Human Services Commission			10,326,148	3,995,435
Passed through Texas Department of Housing and Community Affairs:				
Low-Income Home Energy Assistance Program	93.568	81150002133	163,259	-
Low-Income Home Energy Assistance Program	93.568	81150002401	872,135	-
Total Texas Department of Housing and Community Affairs			1,035,394	-
Passed through the City of San Antonio:				
Child Care and Development Block Grant	93.575	4600014311	9,450	-
Total the City of San Antonio			9,450	-
Total U. S. Department of Health and Human Services			11,370,992	3,995,435

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2016

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	11-SR-99001-04	\$(146)	\$ -
Homeland Security Grant Program	97.067	12-SR-99001-01.02	146	-
Homeland Security Grant Program	97.067	14-SR-99001-03	32,312	-
Homeland Security Grant Program	97.067	2964001	<u>347,727</u>	<u>-</u>
Subtotal			<u>380,039</u>	<u>-</u>
Total Office of the Governor, Division of Emergency Management			<u>380,039</u>	<u>-</u>
Total U. S. Department of Homeland Security			<u>380,039</u>	<u>-</u>
Total Federal Expenditures - Primary Government			<u>15,029,349</u>	<u>3,995,435</u>
Total Federal Expenditures - Reporting Entity			<u>15,029,349</u>	<u>3,995,435</u>

ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2016

State Grantor/Program Title	Grant Number	Expenditures
STATE AWARDS		
Primary Government:		
<u>Health and Human Services Commission</u>		
State General Revenue - Alamo Local Authority - FY 15	FY 2016	\$ 2,150,735
State General Revenue - Alamo Local Authority - FY 16	FY 2017	1,994,325
State General Revenue - Bexar AAA	539-16-0031-00001	518,671
State General Revenue - Alamo AAA	539-16-0021-00001	114,656
Total Health and Human Services Commission		4,778,387
<u>Commission on State Emergency Communications</u>		
911 Emergency Communications	FY 2015	276,636
911 Emergency Communications	FY 2016	880,203
911 Emergency Communications	FY 2017	486,285
Total Commission on State Emergency Communications		1,643,124
<u>Office of the Governor - Criminal Justice Division</u>		
Regional Criminal Justice Coordination	30061092	106,193
Regional Criminal Justice Coordination	30071046	58,333
Regional Police Training Academy	SF-11-A10-14859-15	613,203
Total Office of the Governor - Criminal Justice Division		777,729
<u>Office of the Governor - Texas Military Preparedness Commission</u>		
Defense Economic Adjustment Assistance Grant	TMPC1601-01-11	765,026
Total Office of the Governor - Texas Military Preparedness Commission		765,026
<u>Texas Workforce Commission</u>		
Governor's Small Business Forum	2916WS001	17,117
Total Texas Workforce Commission		17,117
<u>Texas Commission on Environmental Quality</u>		
Air Quality	582-14-40051	23,345
Air Quality	582-16-60180	406,329
Air Quality	582-16-60180	252,928
Solid Waste Resource Recovery	582-16-60643	156,300
Solid Waste Resource Recovery	582-16-60643	162,103
Total Texas Commission on Environmental Quality		1,001,005
<u>Texas Department of Housing and Community Affairs</u>		
Amy Young Barrier Removal Program	1001997	119,585
Total Texas Department of Housing and Community Affairs		119,585
<u>Texas Department of Transportation</u>		
Rural Public Transportation - FY 15	51515F7005	451,543
Rural Public Transportation - FY 16	512XXF7004	452,192
Total Texas Department of Transportation		903,735
<u>Texas Veterans Commission</u>		
Passed through Alamo Area Development Corporation:		
Housing 4 Texas Heroes	HTX_14_0192	156,765
Rides 4 Vets	FVA_14B_0172	93,758
Total Alamo Area Development Corporation		250,523
Total Texas Veterans Commission		250,523
Total State Expenditures - Primary Government		10,256,231
Total State Expenditures - Reporting Entity		10,256,231
Total Expenditures of Federal and State Awards - Reporting Entity		\$ 25,285,580

ALAMO AREA COUNCIL OF GOVERNMENTS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

DECEMBER 31, 2016

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 federal 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 ON THE SEFSA

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.

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Grant expenditure reports as of December 31, 2016, 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, 2016

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 CFR 200.516(a) or the State of Texas Uniform Grant Management Standards?	No
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Identification of Major Federal and State Programs:

20.509	Formula Grants for Rural Areas
93.044, 93.045, 93.053	Aging Cluster
93.777, 93.778	Medicaid Cluster
State	State General Revenue
State	Defense Economic Adjustment Assistance Grant
State	911 Emergency Communications
State	Rural Public Transportation

Dollar threshold considered between Type A and Type B federal programs	\$750,000
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Dollar threshold considered between Type A and Type B state programs	\$307,686
--	-----------

Low risk auditee statement	The Council was classified as a low-risk auditee in the context of 2 CFR 200 and the State of Texas Uniform Grant Management Standards.
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ALAMO AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**FOR THE YEAR ENDED DECEMBER 31, 2016
(CONTINUED)**

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, 2016

None

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