

ALAMO AREA COUNCIL OF GOVERNMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DECEMBER 31, 2010

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

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 the Alamo Area of Council of Governments ("Council") as of and for the year ended December 31, 2010, which collectively comprise the Council's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Council's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above presently 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 the Council, as of December 31, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 2011, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulation, 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 the internal control over financing reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Directors
Alamo Area Council of the Governments

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The Management's Discussion and Analysis on pages 3-9 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquires of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions in the financial statements that collectively comprise the Council's basic financial statements. The combining nonmajor fund financial statements and supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and the State of Texas Uniform Grant Management Standard, and is also not a required part of the basic financial statements. The combining nonmajor fund financial statements, supplementary schedules (except for those marked "unaudited," for which we express no opinion), and the Schedule of Expenditures of Federal and State Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

May 31, 2011
San Antonio, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

Alamo Area Council of Governments' ("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, 2010. 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 of Council exceeded its liabilities at the close of the most recent fiscal year by \$11,528,246 (net assets). Of this amount, \$1,449,642 (unrestricted net assets) is unrestricted. This reflects an increase of \$506,138.
- ◆ As of the close of the current fiscal year, the Council's governmental funds financial statements reported combined ending fund balances of \$6,922,556. The unreserved and undesignated amount in the General Fund that is available for operations is \$1,828,890.

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 assets* presents information on all of the Council's assets and liabilities, with the difference between the two reported as *net assets*. Over time, fluctuations in net assets 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 assets 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, and the Texas Department of Housing and Community Affairs Fund. The basic governmental fund financial statements can be found on pages 13 through 18 of this report.

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 assets may serve over time as a useful indicator of a government's financial position. The Council's assets exceeded liabilities by \$11,528,246 at December 31, 2010. The following table reflects the condensed Statement of Net Assets compared to prior year.

Alamo Area Council of Government's Statement of Net Assets

	<u>2010</u>	<u>2009</u>
Assets:		
Current and other assets	\$ 13,418,491	\$ 10,671,648
Capital assets	<u>4,880,861</u>	<u>5,530,016</u>
Total assets	18,299,352	16,201,664
Liabilities:		
Current liabilities	6,457,522	4,808,025
Noncurrent liabilities	<u>313,584</u>	<u>371,531</u>
Total liabilities	6,771,106	5,179,556
Net assets:		
Invested in capital assets	4,880,861	5,530,016
Restricted for grant purposes	5,197,743	4,245,670
Unrestricted	<u>1,449,642</u>	<u>1,246,422</u>
Total net assets	<u>\$ 11,528,246</u>	<u>\$ 11,022,108</u>

The balance of *unrestricted net assets* \$1,449,642 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, 2010, as compared to the year ended December 31, 2009. The Council's net assets increased by \$506,138.

	<u>2010</u>	<u>2009</u>
Revenues:		
Program revenues:		
Charges for services	\$ 874,285	\$ 924,808
Operating grants and contributions	45,007,470	36,196,886
General revenues:		
Investment earnings	4,718	9,459
Member dues	246,078	245,458
Miscellaneous	15,075	4,933
	<u>46,147,626</u>	<u>37,381,544</u>
Expenses:		
General government	69,513	30,355
Workforce development	806,808	3,313,710
Aging	17,658,462	14,373,314
Emergency communication	1,192,131	1,716,584
Economic development	62,214	70,131
Environmental quality	937,377	1,648,712
Community affairs	7,542,429	2,052,388
Homeland security	1,183,264	937,369
Transportation	5,478,533	4,118,625
Housing	410,923	540,811
Criminal justice	1,535,149	1,150,753
Health and welfare	8,764,685	6,504,210
	<u>45,641,488</u>	<u>36,456,962</u>
Change in net assets	506,138	924,582
Net assets, beginning of year	<u>11,022,108</u>	<u>10,097,526</u>
Net assets, end of year	<u>\$ 11,528,246</u>	<u>\$ 11,022,108</u>

The Council's increase in net assets is due to program capital expenditures for the Rural Public Transportation (RPT), IT department, Criminal Justice's department and for the Alamo Local Authority - HCS program.

The program capital expenditures for fiscal year 2010 totaled \$461,594 which was used to purchase vehicles, storage area network, mobile filing system, audio visual equipment, a call dispatch simulator and an automated customer calling system.

The RPT program purchased two 2010 Type XI Chevrolet Eldorado buses. These vehicles will enhance the fleet to accommodate the rapid growth in ridership and serve as replacements for three (3) retired vehicles.

The RPT program also purchased an automated customer calling system that aids dispatchers in confirming scheduled pick up times, changes, cancelations and keeps clients informed which also satisfies a Medicaid requirement.

The IT department purchased a Storage Area Network (SAN) that that serves as a centralized data storage device that allows more than one server to connect and access data. The purchase is to allow more flexibility with our data storage requirements for various servers such as the file server and e-mail archive server as well as for disaster recovery.

The SAN can increase the amount of storage for a server as the data increases without being limited to the physical requirements of the server and can also serve as a backup server to ensure continuity for any file server malfunction.

The Criminal Justice's department purchased audio visual equipment, call dispatch simulator and four (4) police vehicles to enhance the training provided by the Alamo Area Law Enforcement Academy.

The Alamo Local Authority purchased a mobile filing system to accommodate the additional 1700 medical records due to the expansion and transfer of the Home and Community-Based Services(HCS) case management functions from private providers to a local authority. The current shelving system could not accommodate the space needs for the additional records and tracking on the previous shelving also had issues of wear and created a safety risk for staff.

Comparisons to 2009 Expenditures/Funding

The Council's revenues increased by \$8,766,082 and expenditures increased by \$9,184,526 from fiscal 2009 to 2010. The overall agency budget for 2010 increased due to the Alamo Local Authority – Home and Community Based Service program, Rural Public Transportation, Weatherization and various ARRA funding.

BUDGETARY HIGHLIGHTS

The financial plan for the Council is drafted on a grant basis, which spans more than one fiscal year. Although the financial plan is reviewed and approved by the Council's Board, it is not considered a legally adopted annual budget. Accordingly, budgetary information is not presented in this report.

CAPITAL ASSET ADMINISTRATION

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

	<u>2010</u>	<u>2009</u>
Capital assets	\$ 10,691,478	\$ 10,297,955
Less: accumulated depreciation	<u>(5,810,617)</u>	<u>(4,767,939)</u>
Total capital assets, net	<u>\$ 4,880,861</u>	<u>\$ 5,530,016</u>

The Council's capital purchases totaled \$461,594 during 2010 by the following programs.

The RPT program purchased a total of two vehicles and an automated customer calling system in the amount of \$205,941.

The IT department purchased a storage area network in the amount of \$7,667.

The Criminal Justice department purchased audio visual equipment, a call dispatch simulator and four (4) police vehicles in the amount of \$196,477.

The Alamo Local Authority purchased a mobile filing system in the amount of \$23,607.

The Weatherization department purchased a vehicle in the amount of \$27,902.

ECONOMIC FACTORS AND NEXT YEAR'S FINANCIAL PLAN

The Council's projected 2011 annual budget reflects \$48,851,202 of earned revenues and \$49,529,017 of budgeted expenditures. The projected revenue increase from 2010 is \$2,408,078 or a 5.19% from the actual 2010 revenues and the projected expenditure increase from 2010 is \$4,586,303 or a 10.2% from the actual 2010 expenditures.

The Council's combined ending fund balances of \$6,922,556 include \$5,054,802 of dedicated program fund balances and \$1,828,890 of general fund balance. From the general fund balance, \$418,112 is designated for compensated absences and \$1,410,778 is available for the Agency's operating capital. The Council increased the general fund balance by \$249,801 for 2010 and is projected to increase by \$103,952 in 2011. The Council's special revenue fund balance increased by \$1,235,549 for 2010 and is projected to decrease by \$781,768 in 2011. The 2010 increase to the special revenue fund balances is primarily from the Rural Public Transportation and the Alamo Local Authority programs. The projected decrease is primarily within the Rural Public Transportation program for increased ridership and expenditures without additional federal or state funding.

The Weatherization program was awarded \$14,519,918 of American Recovery and Reinvestment Act (ARRA) and \$1 million of (ARRA II) on September 28, 2009. The grant term for both funding streams commenced on September 1, 2009 and ends on August 31, 2011, therefore to ensure that funding was expended by the end date the Texas Department

of Housing and Community Affairs implemented a production schedule with various milestone benchmarks.

The Weatherization program met the initial milestone in April 2010 and spent \$5,716,059 and \$80,764 of ARRA and ARRA II funding by December 31, 2010, respectively. Initially the program spent \$83,337 of ARRA by December 31, 2009. Based on current spending trends from January 2011 through April 2011 it is estimated that the program will expend \$6.2 million if the program is granted an extension through December 31, 2011. Unspent funds will impact the Council annual projected 2011 budget mentioned above.

The ARRA funding benchmarks were a grave concern for the former Weatherization Program Director, subsequently changes to the procedures for processing weatherization work were implemented that were not approved by AACOG's upper management. Weatherization staff were not comfortable with the procedural changes and eventually a resigning employee reported their concerns to AACOG's HR department. The Executive Director was immediately notified and thereafter communicated these procedural irregularities to the TDHCA and the AACOG Board of Directors.

Steps were immediately taken to ensure compliance with grant requirements, and previously approved policies and procedures were re-implemented. Ultimately, implementation of the unauthorized policies and procedures resulted in the removal of appropriate staff. The AACOG Board of Directors, with the concurrence of the TDHCA, approved the hiring of an external forensic auditor, an investigator and a data analysis firm to recover any lost or deleted files and e-mails related to the reported procedural irregularities. These steps were taken in an effort to restore the Board's and public's confidence in the AACOG's Weatherization Program, which it has held since 1981.

The external forensic audit, data retrieval and the investigation of staff was completed and revealed the Weatherization Program lacked proper internal controls however, there was no indication that any employee or contractor, improperly benefited from the program. In addition, according to the TDHCA, there was no indication that any client of AACOG's Weatherization Program had suffered harm due to the improper practices the TDHCA identified in their letter to AACOG dated October 20, 2010.

In response, the Council created and filled an Internal Audit Specialist position to conduct random fiscal and program monitoring of all AACOG programs. This employee is currently performing additional fiscal and program monitoring reviews of the Weatherization program including ARRA funds that are projected to end by August 31, 2011.

The Council currently occupies 58,417 sq ft on multiple floors at 8700 Tesoro Dr., San Antonio Texas. The original lease between Cotter & Sons and the Alamo Area Council of Governments commenced on August 14, 2000 and has been amended six (6) times to accommodate additional program space and to extend the term to December 31, 2014.

REQUESTS FOR INFORMATION

This financial report is designed to provide general overview of 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 Controller's Office, Alamo Area Council of Governments, 8700 Tesoro Drive, San Antonio, Texas 78217. Complete financial statements for the discretely presented component unit, Alamo Area Development Corporation, may be obtained at the administrative offices.

BASIC FINANCIAL SECTION

**ALAMO AREA COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

	Primary Government	Component Unit
	Governmental Activities	Alamo Area Development Corporation
ASSETS		
Cash and investments	\$ 7,723,824	\$ 120,677
Receivables		
Grantors	5,358,035	1,208,052
Other	287,768	-
Deposits	10,000	-
Prepaid items	38,864	-
Capital assets, net of accumulated depreciation	4,880,861	-
Total assets	18,299,352	1,328,729
LIABILITIES		
Accounts payable	2,666,478	1,207,089
Accrued liabilities	703,829	-
Unearned revenue	2,793,340	87,535
Over recovered employee benefits	106,663	-
Over recovered indirect costs	64,003	-
Over recovered central service costs	18,681	-
Uncompensated absences		
Due within one year	104,528	-
Due in more than one year	313,584	-
Total liabilities	6,771,106	1,294,624
NET ASSETS		
Invested in capital assets	4,880,861	-
Restricted for grant programs	5,197,743	-
Unrestricted	1,449,642	34,105
Total net assets	\$ 11,528,246	\$ 34,105

The Notes to Financial Statements are an integral part of this statement.

**ALAMO AREA COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010**

Function/ Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs
Primary government			
Governmental activities			
General government	\$ 69,513	\$ 2,202	\$ 71,715
Workforce development	806,808	155,840	962,648
Aging	17,658,462	399,152	18,057,614
Emergency communication	1,192,131	25,829	1,217,960
Economic development	62,214	6,857	69,071
Environmental quality	937,377	93,660	1,031,037
Community affairs	7,542,429	160,687	7,703,116
Homeland security	1,183,264	71,177	1,254,441
Transportation	5,478,533	271,918	5,750,451
Housing	410,923	6,600	417,523
Criminal justice	1,535,149	151,192	1,686,341
Health and welfare	8,764,685	739,299	9,503,984
Indirect costs	-	(2,084,413)	(2,084,413)
	<hr/>	<hr/>	<hr/>
Total governmental activities and primary government	\$ 45,641,488	\$ -	\$ 45,641,488
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Component unit			
Alamo Area Development Corporation	\$ 5,005,708	\$ -	\$ 5,005,708
	<hr/>	<hr/>	<hr/>
Total component unit	\$ 5,005,708	\$ -	\$ 5,005,708
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Notes to Financial Statements are an integral part of this statement.

<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>	<u>Component Unit Alamo Area Development Corporation</u>
<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>	
\$ 15,837	\$ 207,638	\$ 151,760	\$ -
-	3,682,555	2,719,907	-
548,464	14,051,887	(3,457,263)	-
-	1,158,935	(59,025)	-
-	44,926	(24,145)	-
-	925,476	(105,561)	-
-	7,467,508	(235,608)	-
-	784,843	(469,598)	-
72,631	5,890,945	213,125	-
-	471,045	53,522	-
237,353	1,431,681	(17,307)	-
-	8,890,031	(613,953)	-
-	-	2,084,413	-
<u>\$ 874,285</u>	<u>\$ 45,007,470</u>	240,267	-
<u>\$ -</u>	<u>\$ 5,028,806</u>		23,098
<u>\$ -</u>	<u>\$ 5,028,806</u>		23,098
General revenues			
Investment earnings		4,718	-
Member dues		246,078	-
Miscellaneous		15,075	-
Total general revenues		265,871	-
Change in net assets		506,138	23,098
NET ASSETS, beginning of year		11,022,108	11,007
NET ASSETS, end of year		<u>\$ 11,528,246</u>	<u>\$ 34,105</u>

**ALAMO AREA COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>General</u>	<u>Bexar Area Agency on Aging</u>	<u>Texas Department of Transportation</u>
ASSETS			
Cash and investments	\$ 3,597,229	\$ -	\$ 1,112,941
Accounts receivable			
Grantors	14,106	1,019,177	1,046,809
Other	226,796	-	-
Due from other funds	3,750,000	11,554	2,219,509
Deposits	10,000	-	-
Prepaid items	38,864	-	-
Under recovered employee benefits	2,027	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 7,639,022</u></u>	<u><u>\$ 1,030,731</u></u>	<u><u>\$ 4,379,259</u></u>
LIABILITIES			
Accounts payable	\$ 347,926	\$ 823,809	\$ 182,978
Accrued liabilities	703,829	-	-
Due to other funds	4,453,941	193,582	55,465
Over recovered employee benefits	108,690	-	-
Over recovered indirect costs	64,003	-	-
Over recovered central service costs	18,681	-	-
Deferred revenue	74,198	2,792	820
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	5,771,268	1,020,183	239,263
FUND BALANCE			
Reserved for			
Prepaid items	38,864	-	-
Unreserved reported in			
General fund			
Undesignated	1,828,890	-	-
Special revenue funds	-	10,548	4,139,996
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,867,754</u>	<u>10,548</u>	<u>4,139,996</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 7,639,022</u></u>	<u><u>\$ 1,030,731</u></u>	<u><u>\$ 4,379,259</u></u>

The Notes to Financial Statements are an integral part of this statement.

<u>Alamo Local Authority</u>	<u>Texas Department of Housing and Community Affairs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,910,580	\$ 269,746	\$ 833,328	\$ 7,723,824
302,201	555,290	2,420,452	5,358,035
-	-	60,972	287,768
1,903,429	21,589	297,860	8,203,941
-	-	-	10,000
-	-	-	38,864
-	-	-	2,027
<u>\$ 4,116,210</u>	<u>\$ 846,625</u>	<u>\$ 3,612,612</u>	<u>\$ 21,624,459</u>
\$ 346,891	\$ 496,253	\$ 468,621	\$ 2,666,478
-	-	-	703,829
1,196,775	95,724	2,208,454	8,203,941
-	-	-	108,690
-	-	-	64,003
-	-	-	18,681
1,870,965	267,555	719,951	2,936,281
3,414,631	859,532	3,397,026	14,701,903
-	-	-	38,864
-	-	-	1,828,890
701,579	(12,907)	215,586	5,054,802
701,579	(12,907)	215,586	6,922,556
<u>\$ 4,116,210</u>	<u>\$ 846,625</u>	<u>\$ 3,612,612</u>	<u>\$ 21,624,459</u>

The Notes to Financial Statements are an integral part of this statement.

**ALAMO AREA COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

Total fund balance - governmental funds	\$ 6,922,556
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,880,861
Other long term assets are not available to pay for current-period expenditures and therefore deferred in the funds.	142,941
Long term liabilities (compensated absences are not due and payable in the current period and therefore are not reported in the funds).	<u>(418,112)</u>
Net assets of governmental activities in the statement of net assets	<u><u>\$ 11,528,246</u></u>

**ALAMO AREA COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Bexar Area Agency on Aging</u>	<u>Texas Department of Transportation</u>
REVENUES			
Federal	\$ -	\$ 6,526,785	\$ 2,667,033
State	162,875	352,598	1,228,063
Local	24,661	16,472	1,696,469
Delegate agencies:			
Cash match	-	2,500,409	-
In-kind	-	614,200	22,850
Program income	-	311,122	72,631
Membership dues	246,078	-	-
Investment income	4,718	-	-
Miscellaneous	35,177	-	-
Total revenues	473,509	10,321,586	5,687,046
EXPENDITURES			
General government	(3,926)	-	-
Workforce development	-	-	-
Aging	-	10,426,711	-
Emergency communications	-	-	-
Economic development	-	-	-
Environmental quality	-	-	-
Community affairs	-	-	-
Homeland security	-	-	-
Transportation	-	-	4,854,261
Housing	-	-	-
Criminal justice	-	-	-
Health and welfare	-	-	-
Total expenditures	(3,926)	10,426,711	4,854,261
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	477,435	(105,125)	832,785
OTHER FINANCING SOURCES AND USES			
Transfers in	-	113,357	-
Transfers out	(227,634)	-	-
Total other financing sources (uses)	(227,634)	113,357	-
NET CHANGE IN FUND BALANCES	249,801	8,232	832,785
FUND BALANCES, BEGINNING	1,617,953	2,316	3,307,211
FUND BALANCES, ENDING	\$ 1,867,754	\$ 10,548	\$ 4,139,996

The Notes to Financial Statements are an integral part of this statement.

Alamo Local Authority	Texas Department of Housing and Community Affairs	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 7,427,943	\$ 8,229,411	\$ 24,851,172
6,140,488	-	3,240,897	11,124,921
2,887,389	6,106	240,346	4,871,443
-	-	578,734	3,079,143
-	-	561,485	1,198,535
-	-	490,532	874,285
-	-	-	246,078
2,689	-	-	7,407
-	-	-	35,177
9,030,566	7,434,049	13,341,405	46,288,161
-	-	19,818	15,892
-	-	772,595	772,595
-	-	7,249,229	17,675,940
-	-	1,158,935	1,158,935
-	-	62,214	62,214
-	-	935,381	935,381
-	7,476,459	65,970	7,542,429
-	-	784,843	784,843
-	-	276,530	5,130,791
-	-	431,393	431,393
-	-	1,671,244	1,671,244
8,764,095	-	-	8,764,095
8,764,095	7,476,459	13,428,152	44,945,752
266,471	(42,410)	(86,747)	1,342,409
-	-	114,277	227,634
-	-	-	(227,634)
-	-	114,277	-
266,471	(42,410)	27,530	1,342,409
435,108	29,503	188,056	5,580,147
\$ 701,579	\$ (12,907)	\$ 215,586	\$ 6,922,556

**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
YEAR ENDED DECEMBER 31, 2010**

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

Net change in fund balances - total governmental funds	\$ 1,342,409
Governmental funds report capital outlays as expenditures, however in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(649,155)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(140,535)
Some expenses (e.g., compensated absences) reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(46,581)</u>
Change in net assets of governmental activities	<u><u>\$ 506,138</u></u>

**ALAMO AREA COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
DECEMBER 31, 2010**

	<u>Social Security Administration</u>
ASSETS	
Due from other funds	\$ 5,339
Total assets	<u><u>\$ 5,339</u></u>
LIABILITIES	
Due to others	\$ 5,339
Total liabilities	<u><u>\$ 5,339</u></u>

The Notes to Financial Statements are an integral part of this statement.

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 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 12-county region. The Council was established in 1967 to study and resolve area-wide problems through the cooperation and coordinated action of member cities, counties, school districts and special purpose districts of the region.

Membership in the Council is voluntary. Any county, city 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 financial reporting entity is determined in accordance with GASB No. 14, *The Financial Reporting Entity*, as amended by GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

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 directors, which are also members of the governing body of the Council. AADC contracts with Workforce Solutions Alamo (WSA) to administer various grant programs, consisting primarily of Texas Workforce Commission grants as presented on the accompanying Schedule of Expenditures of Federal and State Awards. Complete financial statements may be obtained at the AADC's administrative office.

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 demonstrate 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 i) 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 to Alamo Area Council of Governments by the Texas Department of Aging and Disability Services.

The Texas Department of Transportation Fund is used to account for federal and state funds awarded to Alamo Area Council of Governments by the Texas Department of Transportation.

The Alamo Local Authority Fund is used to account for state funds awarded to Alamo Area Council of Governments by the Texas Department of Aging and Disabilities Services as the mental retardation authority of Bexar County.

The Texas Department of Housing and Community Affairs fund is used to account for federal and state grants awarded to Alamo Area Council of Governments by the Texas Department of Housing and Community Affairs.

Additionally, the Council reports the following fund type:

Agency Funds are used to report funds held in a custodial capacity for others.

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. 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.

Private-sector standards of accounting and financial reporting (as issued by the Financial Accounting Standards Board) issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

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 judgments, 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.

When restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, then unrestricted resources as they are needed.

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 Revenue

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 revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue also 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 deferred revenue 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 the Special Revenue Fund as needed to meet matching requirements of the 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 market values at date of service.

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Investments

Cash in the Council's financial statements include amounts in demand deposits. Investments for the Council are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Grants Receivables

Grants receivables represent amounts due from federal and states 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, 2010.

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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." The Council had no "advances to/from other funds" at December 31, 2010.

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.

Deferred Revenue

Deferred revenue primarily consists of amounts received from grantors in excess of expenditures for programs in progress as of December 31, 2010.

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets, which include equipment, are reported 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized. Equipment of the primary government is depreciated using the straight-line method with a useful life of 3 -15 years.

Compensated Absences

Employees earn twelve (12) days of annual leave and are credited with longevity days up to a maximum of eight (8) days for a total of twenty (20) days in any one calendar year. Employees may also carry forward a maximum of thirty-five (35) days of unused annual leave. Employees will be paid for accrued annual leave upon termination of employment provided they have been in a full-time position for three months or more. All annual leave pay is accrued when incurred in the government-wide statements. A liability is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Full-time employees are eligible for a maximum of ten (10) personal leave days per year. Eligible employees may be compensated for accrued personal leave days upon termination of employment as outlined in the personnel policies. Personal leave is charged to expenditures as taken; therefore a liability is not reported for unused personal leave.

Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Indirect Costs and Fringe Benefit and Leave Pool Allocations

General administrative and employee fringe benefits costs are recorded in cost pools. The costs are partially recovered from Special Revenue Funds based on negotiated indirect and fringe benefit rates. These rates are negotiated with the Texas Department of Aging and Disability Services, which is the Council's designated cognizant agency for the negotiation and approval of indirect and fringe benefits rates for use on federal

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Indirect Costs and Fringe Benefit and Leave Pool Allocations – Continued

grants. Indirect costs are defined by the U.S. Office of Management and Budget Circular A-87 as costs “(a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost 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 and Indirect Costs

Under (over) recovered employee benefits 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.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$649,155 difference are as follows:

Capital outlay	\$ 461,594
Depreciation expense	<u>(1,110,749)</u>
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (649,155)</u></u>

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. 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. Although the financial plans are reviewed and approved by the Council's Board, they are not considered legally adopted annual budgets or appropriations. Accordingly, comparative budget and actual results are not presented in this report.

NOTE 4. CASH AND INVESTMENTS

Cash and investments at December 31, 2010 consist of the following which are reported in cash as cash and investments in the accompanying financial statements.

Cash	\$ 3,484,300
Investments	<u>4,239,524</u>
Total	<u><u>\$ 7,723,824</u></u>

The Public Funds Investment Act (Government Code Chapter 2256) (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 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 as provided by the Act. The Council is in substantial compliance with the requirements of the Act and with local policies.

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. CASH AND INVESTMENTS – CONTINUED

As of December 31, 2010, the primary government had the following investment:

<u>Investment Type</u>	<u>Reported Value</u>	<u>Weighted Average Maturity</u>	<u>Minimum Legal Rating</u>	<u>Rating as of December 31, 2010</u>
TexPool	\$ 4,239,524	34	AAA	AAAm

The Council is a voluntary participant in TexPool, an investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Public Funds Investment Act allows eligible entities of the State of Texas to jointly invest their funds in permitted investments.

The Comptroller of Public Accounts (the “Comptroller”) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (the “Trust Company”) which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are Federated Investors, Inc. (“Federated”), under an agreement with the Comptroller, acting on behalf of the Trust Company. The Comptroller maintains oversight of the services provided to TexPool by Federated. In addition, the TexPool Advisory Board advises on TexPool’s Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

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 assignment 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, 2010, the Council’s \$3,752,171 deposit balance was collateralized with securities held by the pledging financial institution.

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, was as follows:

	Balance <u>December 31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31, 2010</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 127,000	\$ -	\$ -	\$ 127,000
Capital assets, being depreciated				
Equipment	2,623,747	131,402	-	2,755,149
Furniture and fixtures	147,322	-	-	147,322
Software	745,228	-	-	745,228
Vehicles	5,616,023	330,192	(68,071)	5,878,144
Property	1,038,635	-	-	1,038,635
	<u>10,170,955</u>	<u>461,594</u>	<u>(68,071)</u>	<u>10,564,478</u>
Less accumulated depreciation				
Equipment	(1,624,941)	(370,724)	-	(1,995,665)
Furniture and fixtures	(133,325)	(4,502)	-	(137,827)
Software	(576,011)	(89,767)	-	(665,778)
Vehicles	(2,306,588)	(593,375)	68,071	(2,831,892)
Property	(127,074)	(52,381)	-	(179,455)
Total accumulated depreciation	<u>(4,767,939)</u>	<u>(1,110,749)</u>	<u>68,071</u>	<u>(5,810,617)</u>
Total capital assets being depreciated, net	<u>5,403,016</u>	<u>(649,155)</u>	<u>-</u>	<u>4,753,861</u>
Governmental activities capital assets, net	<u>\$ 5,530,016</u>	<u>\$ (649,155)</u>	<u>\$ -</u>	<u>\$ 4,880,861</u>

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSETS – CONTINUED

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

Governmental activities		
General government	\$	13,710
Workforce development		34,213
Aging		4,587
Emergency communications		33,196
Environmental quality		1,996
Homeland security		398,421
Transportation		554,681
Housing		7,432
Criminal justice		61,923
Health and welfare		590
		<hr/>
Total depreciation expense - governmental activities	\$	<u>1,110,749</u>

NOTE 6. INTERFUND BALANCES AND TRANSFERS

Internal transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses 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, 2010:

<u>Transfer in</u>	<u>Transfer out</u>	<u>Amount</u>	<u>Purpose</u>
Bexar Area Agency on Aging	General fund	\$ 113,357	Local match
Other governmental funds	General fund	114,277	Local match
		<hr/>	
	Total	<u>\$ 227,634</u>	

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. INTERFUND BALANCES AND TRANSFERS – CONTINUED

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, 2010, is as follows:

Receivable Fund	Payable Fund	Amount
General fund	Bexar Area Agency on Aging	\$ 193,582
	Texas Department of Transportation	55,465
	Alamo Local Authority	1,196,775
	Texas Department of Housing and Community Affairs	95,724
	Other governmental funds	2,208,454
	Bexar Area Agency on Aging	General fund
Texas Department of Transportation	General fund	2,219,509
Alamo Local Authority	General fund	1,903,429
Texas Department of Housing and Community Affairs	General fund	21,589
Other governmental funds	General fund	297,860
		<u>\$ 8,203,941</u>

NOTE 7. DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Local funds	\$ 142,941	\$ -	\$ 142,941
Grant funds	-	2,793,340	2,793,340
	<u>\$ 142,941</u>	<u>\$ 2,793,340</u>	<u>\$ 2,936,281</u>

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8. LONG-TERM LIABILITIES

Long term liability activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$371,531	\$ 83,333	\$ 36,752	\$418,112	\$ 104,528

Typically, all governmental funds assist in liquidating compensated absences based on corresponding personnel costs.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council maintains workers' compensation and other risks of loss coverage through commercial insurance carriers. The Council's management believes such coverage is sufficient to preclude any significant uninsured loss to the Council. There were no significant reductions in insurance coverage from coverage 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 grants funds to the agencies based on expenditure reports received from each agency.

Agencies expending \$500,000 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 numerous legal proceedings arising from providing various transportation services. As of December 31, 2010, 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.

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9. COMMITMENTS AND CONTINGENCIES – CONTINUED

Operating Lease

The Council leases office space in San Antonio, Texas under an agreement classified as an operating lease. Rent expense totaled \$1,606,804 for the year ended December 31, 2010. Future minimum lease payments under this agreement are as follows:

Year ending December 31,

2011	\$	951,592
2012		982,847
2013		1,021,812
2014		<u>1,052,161</u>
Total	\$	<u><u>4,008,412</u></u>

NOTE 10. RETIREMENT PLAN

Plan Description

Alamo Area Council of Governments provides pension, disability, and death benefits to its fulltime employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 586 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the government body of the Council, within the options available in the states statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and up with 10 years of service or prior to age 60 with 80 years of total age plus service. Members are vested after 10 years of service, but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. RETIREMENT PLAN – CONTINUED

Plan Description - Continued

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the Council 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 deposits and the employer-financed monetary credits to a monthly annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The Council has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the Council based on the covered payroll of employee members. Under TCDRS Act, the contribution rate of the Council is actuarially determined annually.

The deposit rate payable by the employee members of the plan for calendar year 2010 is the rate of 6% as adopted by the governing body of the Council. The employee deposit rate and the employer contribution rate may be changed by the Board of Directors of the Council within the options available in the TCDRS Act.

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. RETIREMENT PLAN – CONTINUED

Annual Pension Cost

For the Council's accounting year ended December 31, 2010, the annual pension cost for the TCDRS plan was \$936,987 and the actual contributions were \$936,987. The required contribution rates for the year ended December 31, 2010 were determined by the December 31, 2009 actuarial valuations. Additional information as of the actuarial valuation dates is as follows:

Actuarial valuation date	December 31, 2009	December 31, 2008	December 31, 2007
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period of years	20	20	15
Asset valuation method	SAF:10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Actuarial assumption			
Investment return*	8%	8%	8%
Projected salary increases	5.4%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost of Living adjustments	0%	0%	0%

* Includes inflation at the stated rate

The funding status as of December 31, 2009, the most recent actuarial valuation date and the two preceding actuarial valuations follow:

Actuarial valuation date	<u>12/31/2009</u>	<u>12/31/2008</u>	<u>12/31/2007</u>
Actuarial value of assets	\$ 10,485,324	\$ 8,833,285	\$ 8,055,755
Actuarial accrued liability (AAL)	\$ 12,723,740	\$ 10,847,179	\$ 9,503,221
Unfunded actuarial accrued liability (UAAL)	\$ 2,238,416	\$ 2,013,894	\$ 1,447,466
Funded ratio	82.41%	81.43%	84.77%
Annual covered payroll	\$ 8,933,889	\$ 8,413,347	\$ 8,108,479
UAAL as a percentage of covered payroll	25.06%	23.94%	17.85%

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. RETIREMENT PLAN – CONTINUED

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Year ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 936,987	100%	\$ -
2009	719,846	100%	-
2008	672,227	100%	-

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for special revenues that are legally restricted to expenditure for particular purposes.

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

Alamo Area Agency on Aging - This fund is used to account for federal and state grants awarded to Alamo Area Council of Governments by the Texas Department of Aging and Disability Services.

Texas Commission on Environmental Quality - This fund is used to account for state grants awarded to Alamo Area Council of Governments by the Texas Commission on Environmental Quality.

VIA Metropolitan Transit - This fund is used to account for federal funds award to Alamo Area Council of Governments by the VIA Metropolitan Transit.

Economic Development Administration - This fund is used to account for federal funds awarded to Alamo Area Council of Governments by the Economic Development Administration.

NANASP - This fund is used to account for federal funds awarded to Alamo Area Council of Governments by the National Association of Nutrition and Aging Services Program.

Commission on State Emergency Communication - This fund is used to account for state funds awarded to Alamo Area Council of Governments by the Commission on State Emergency Communications.

Metropolitan Planning Organization - This fund is used to account for federal grants awarded to Alamo Area Council of Governments by the Metropolitan Planning Organization.

Texas Department of Rural Affairs - This fund is used to account for federal grants awarded to Alamo Area Council of Governments by the Texas Department of Rural Affairs.

U.S. Department of Housing and Urban Development - This fund is used to account for federal and local grants awarded to Alamo Area Council of Governments 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 to Alamo Area Council of Governments by the U.S. Department of Homeland Security.

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

State Energy Conservation Office - This fund is used to account for state and local grants awarded to Alamo Area Council of Governments by the State Energy Conservation Office.

Office of the Governor- This fund is used to account for federal and state grants awarded to Alamo Area Council of Governments by the Office of the Governor.

Environmental Protection Agency - This fund is used to account for grants awarded to Alamo Area Council of Governments by the Environmental Protection Agency.

City of San Antonio - This fund is used to account for federal grants awarded to Alamo Area Council of Governments by the City of San Antonio.

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

**ALAMO AREA COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	Texas Commission on Environmental Quality	VIA Metropolitan Transit	NANASP	Economic Development Administration
ASSETS				
Cash and investments	\$ 628,106	\$ -	\$ -	\$ -
Accounts receivable				
Grantors	216,489	8,487	-	31,396
Other	-	-	-	-
Due from other funds	285	-	-	-
	<u>844,880</u>	<u>8,487</u>	<u>-</u>	<u>31,396</u>
Total assets	\$ 844,880	\$ 8,487	\$ -	\$ 31,396
LIABILITIES				
Accounts payable	\$ 66,688	\$ 485	\$ -	\$ 102
Due to other funds	233,928	8,002	-	30,188
Deferred revenue	539,767	-	-	859
	<u>840,383</u>	<u>8,487</u>	<u>-</u>	<u>31,149</u>
Total liabilities	840,383	8,487	-	31,149
FUND BALANCE				
Reserved for				
Special revenue funds	4,497	-	-	247
	<u>4,497</u>	<u>-</u>	<u>-</u>	<u>247</u>
Total fund balances	4,497	-	-	247
Total liabilities and fund balances	\$ 844,880	\$ 8,487	\$ -	\$ 31,396

Commission on State Emergency Communication	Metropolitan Planning Organization	Texas Department of Rural Affairs	U.S. Department of Housing and Urban Development	U.S. Department of Homeland Security	Capital Area Council of Governments	State Energy Conservation Office
\$ 157,092	\$ -	\$ -	\$ 48,107	\$ -	\$ -	\$ -
99,394	72,408	1,542	-	610,072	-	(56)
-	-	-	-	-	-	-
41,361	1,096	2,279	140,542	9,331	288	13,311
<u>\$ 297,847</u>	<u>\$ 73,504</u>	<u>\$ 3,821</u>	<u>\$ 188,649</u>	<u>\$ 619,403</u>	<u>\$ 288</u>	<u>\$ 13,255</u>
\$ 126,142	\$ 8,744	\$ 32	\$ 424	\$ 4,695	\$ -	\$ -
-	63,665	264	45,893	610,944	-	-
171,705	-	-	-	-	-	-
297,847	72,409	296	46,317	615,639	-	-
-	1,095	3,525	142,332	3,764	288	13,255
-	1,095	3,525	142,332	3,764	288	13,255
<u>\$ 297,847</u>	<u>\$ 73,504</u>	<u>\$ 3,821</u>	<u>\$ 188,649</u>	<u>\$ 619,403</u>	<u>\$ 288</u>	<u>\$ 13,255</u>

**ALAMO AREA COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010
CONTINUED**

	<u>Office of the Governor</u>	<u>Environmental Protection Agency</u>	<u>City of San Antonio</u>	<u>Local Projects</u>
ASSETS				
Cash and investments	\$ 23	\$ -	\$ -	\$ -
Accounts Receivable				
Grantors	8,596	-	216,252	13,924
Other	60,972	-	-	-
Due from other funds	<u>48,535</u>	<u>1,228</u>	<u>361</u>	<u>32,492</u>
Total assets	<u><u>\$ 118,126</u></u>	<u><u>\$ 1,228</u></u>	<u><u>\$ 216,613</u></u>	<u><u>\$ 46,416</u></u>
LIABILITIES				
Accounts payable	\$ 29,774	\$ -	\$ 3,356	\$ 374
Due to other funds	69,936	-	212,896	12,554
Deferred revenue	<u>(159)</u>	<u>-</u>	<u>-</u>	<u>7,069</u>
Total liabilities	99,551	-	216,252	19,997
FUND BALANCE				
Reserved for				
Special revenue funds	<u>18,575</u>	<u>1,228</u>	<u>361</u>	<u>26,419</u>
Total fund balances	<u>18,575</u>	<u>1,228</u>	<u>361</u>	<u>26,419</u>
Total liabilities and fund balances	<u><u>\$ 118,126</u></u>	<u><u>\$ 1,228</u></u>	<u><u>\$ 216,613</u></u>	<u><u>\$ 46,416</u></u>

<u>Alamo Area Development Corporation</u>	<u>Alamo Area Agency on Aging</u>	<u>Totals</u>
\$ -	\$ -	\$ 833,328
779,961	361,987	2,420,452
-	-	60,972
<u>259</u>	<u>6,492</u>	<u>297,860</u>
<u>\$ 780,220</u>	<u>\$ 368,479</u>	<u>\$ 3,612,612</u>
\$ 1,232	\$ 226,573	\$ 468,621
778,988	141,196	2,208,454
-	710	719,951
<u>780,220</u>	<u>368,479</u>	<u>3,397,026</u>
<u>-</u>	<u>-</u>	<u>215,586</u>
<u>-</u>	<u>-</u>	<u>215,586</u>
<u>\$ 780,220</u>	<u>\$ 368,479</u>	<u>\$ 3,612,612</u>

**ALAMO AREA COUNCIL OF GOVERNMENTS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUNDS BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2010**

	Texas Commission on Environmental Quality	VIA Metropolitan Transit	NANASP	Economic Development Administration
REVENUES				
Federal	\$ -	\$ 70,600	\$ (853)	\$ 44,455
State	887,089	-	-	-
Local	798	-	-	471
Delegate agencies				
Cash match	-	-	-	-
In-kind	-	-	-	-
Program income	-	-	-	-
Total revenues	<u>887,887</u>	<u>70,600</u>	<u>(853)</u>	<u>44,926</u>
EXPENDITURES				
General government	-	-	-	-
Workforce development	-	-	-	-
Aging	-	-	-	-
Emergency communications	-	-	-	-
Economic development	-	-	-	62,214
Environmental quality	887,887	-	-	-
Community affairs	-	-	-	-
Homeland security	-	-	-	-
Transportation	-	70,600	-	-
Housing	-	-	-	-
Criminal justice	-	-	-	-
Total expenditures	<u>887,887</u>	<u>70,600</u>	<u>-</u>	<u>62,214</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(853)	(17,288)
OTHER FINANCING SOURCES AND USES				
Transfers in	-	-	853	17,288
Total other financing sources	<u>-</u>	<u>-</u>	<u>853</u>	<u>17,288</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES, beginning	<u>4,497</u>	<u>-</u>	<u>-</u>	<u>247</u>
FUND BALANCES, ending	<u>\$ 4,497</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247</u>

<u>Commission on State Emergency Communication</u>	<u>Metropolitan Planning Organization</u>	<u>Texas Department of Rural Affairs</u>	<u>U.S. Department of Housing and Urban Development</u>	<u>U.S. Department of Homeland Security</u>	<u>Capital Area Council of Governments</u>	<u>State Energy Conservation Office</u>
\$ -	\$ 205,930	\$ 8,093	\$ 421,247	\$ 784,843	\$ -	\$ -
1,158,935	-	(814)	-	-	-	20,859
-	-	-	36,091	-	-	16,730
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,158,935</u>	<u>205,930</u>	<u>7,279</u>	<u>457,338</u>	<u>784,843</u>	<u>-</u>	<u>37,589</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,158,935	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	47,494
-	-	22,826	-	-	-	-
-	-	-	-	784,843	-	-
-	205,930	-	-	-	-	-
-	-	-	417,682	-	-	-
-	-	-	-	-	-	-
<u>1,158,935</u>	<u>205,930</u>	<u>22,826</u>	<u>417,682</u>	<u>784,843</u>	<u>-</u>	<u>47,494</u>
-	-	(15,547)	39,656	-	-	(9,905)
-	-	15,547	-	-	-	-
-	-	15,547	-	-	-	-
-	-	-	39,656	-	-	(9,905)
-	1,095	3,525	102,676	3,764	288	23,160
<u>\$ -</u>	<u>\$ 1,095</u>	<u>\$ 3,525</u>	<u>\$ 142,332</u>	<u>\$ 3,764</u>	<u>\$ 288</u>	<u>\$ 13,255</u>

**ALAMO AREA COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUNDS BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Office of the Governor</u>	<u>Environmental Protection Agency</u>	<u>City of San Antonio</u>	<u>Local Projects</u>
REVENUES				
Federal	\$ 492,641	\$ -	\$ 772,595	\$ -
State	939,040	-	-	-
Local	-	-	-	179,851
Delegate agencies				
Cash match	-	-	-	-
In-kind	-	-	-	-
Program income	<u>237,353</u>	<u>-</u>	<u>-</u>	<u>15,837</u>
Total revenues	1,669,034	-	772,595	195,688
EXPENDITURES				
General government	-	-	-	19,818
Workforce development	-	-	772,595	-
Aging	-	-	-	139,966
Emergency communications	-	-	-	-
Economic development	-	-	-	-
Environmental quality	-	-	-	-
Community affairs	-	-	-	43,144
Homeland security	-	-	-	-
Transportation	-	-	-	-
Housing	-	-	-	13,711
Criminal justice	<u>1,670,415</u>	<u>-</u>	<u>-</u>	<u>829</u>
Total expenditures	1,670,415	-	772,595	217,468
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,381)	-	-	(21,780)
OTHER FINANCING SOURCES AND USES				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,940</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,940</u>
NET CHANGE IN FUND BALANCES	(1,381)	-	-	(840)
FUND BALANCES, beginning	<u>19,956</u>	<u>1,228</u>	<u>361</u>	<u>27,259</u>
FUND BALANCES, ending	<u>\$ 18,575</u>	<u>\$ 1,228</u>	<u>\$ 361</u>	<u>\$ 26,419</u>

<u>Alamo Area Development Corporation</u>	<u>Alamo Area Agency on Aging</u>	<u>Total</u>
\$ 2,837,541	\$ 2,592,319	\$ 8,229,411
72,419	163,369	3,240,897
-	6,405	240,346
-	578,734	578,734
-	561,485	561,485
-	237,342	490,532
<u>2,909,960</u>	<u>4,139,654</u>	<u>13,341,405</u>
		19,818
		772,595
2,909,960	4,199,303	7,249,229
-	-	1,158,935
-	-	62,214
-	-	935,381
-	-	65,970
-	-	784,843
-	-	276,530
-	-	431,393
-	-	1,671,244
<u>2,909,960</u>	<u>4,199,303</u>	<u>13,428,152</u>
-	(59,649)	(86,747)
-	59,649	114,277
-	59,649	114,277
-	-	27,530
-	-	188,056
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,586</u>

SUPPLEMENTAL SCHEDULES

INDIRECT COSTS AND EMPLOYEE BENEFIT SCHEDULES

This section of the annual financial report contains supplemental schedules required by the regional planning commission in the State of Texas.

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS
YEAR ENDED DECEMBER 31, 2010**

Personnel salaries	\$ 1,438,659
Employee benefits	458,018
Audit	2,567
Other contract services	147,491
Travel	10,642
Auto operating	65
Rent	771,565
Supplies	129,849
Equipment	37,466
Insurance and bonding	(122)
Public notices	3,251
Printing and reproduction	18,483
Repairs and maintenance	80,010
Fuel / oil	473
Employee recruitment	1,527
Communications	101,610
Postage	65,299
Meetings other	18,351
Training in region	1,942
Publications	150
Professional dues	29,917
Equipment rental	112,132
Tuition staff	1,030
Depreciation expense - information technology	<u>2,815</u>
 Total indirect costs	 3,433,190
 Less: Administration cost received	 <u>(1,464,757)</u>
 Net indirect cost	 1,968,433
 ACTUAL INDIRECT COST RECOVERED	 (2,084,413)
 UNDER RECOVERY OF INDIRECT COSTS per 2009 audit	 <u>51,977</u>
 ACTUAL CUMMULATIVE OVER RECOVERY	 <u><u>\$ (64,003)</u></u>

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EMPLOYEE BENEFITS (FRINGE AND RELEASE TIME)
YEAR ENDED DECEMBER 31, 2010**

BENEFITS

FICA	\$ 854,833
Group life insurance	51,568
Unemployment insurance	73,094
Worker's compensation	87,956
Health insurance	1,619,799
Retirement	1,011,712
Travel - Via bus pass	15
Release time	<u>1,551,216</u>

Total employee benefits	5,250,193
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ACTUAL EMPLOYEE BENEFITS RECOVERED	<u>(5,132,834)</u>
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Net unrecovered employee benefits	117,359
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OVER RECOVERY OF EMPLOYEE BENEFITS

Per 2009 Audit	<u>(224,022)</u>
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ACTUAL CUMMULATIVE OVER RECOVERY	<u><u>\$ (106,663)</u></u>
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SUPPLEMENTAL SCHEDULES ALAMO LOCAL AUTHORITY

This section of the annual financial report contains supplemental schedules required by mental retardation authorities in the State of Texas. Mental retardation 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.

**ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
RECONCILIATION OF TOTAL EXPENDITURES
TO FOURTH QUARTER FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2010
(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	\$ 2,336,541	\$ 8,473,412	\$ 683,450	\$ 10,126,503
Employee benefits	719,346	2,603,207	203,159	3,119,394
Professional consulting services	2,907,648	22,221,799	846,255	24,283,192
Training/travel	101,864	335,527	23,722	413,669
Capital outlay	31,883	950,519	-	982,402
Non-capital equipment	49,311	282,138	5,643	325,806
Other operating expenditures	<u>1,635,432</u>	<u>4,370,643</u>	<u>311,289</u>	<u>5,694,786</u>
 Total expenditures	 <u>\$ 7,782,025</u>	 <u>\$ 39,237,245</u>	 <u>\$ 2,073,518</u>	 <u>\$ 44,945,752</u>

* CARE Report III

** Other Agency Programs

*** Sept - December 2009 MR Expenses

**ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
RECONCILIATION OF TOTAL REVENUE
TO FOURTH QUARTER FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

	CARE * Report III	Additions**	Deletions***	Audited Financial Statements
LOCAL AND EARNED REVENUES				
Medicaid	\$ 723,234	\$ 1,476,277	\$ 228,755	\$ 1,970,756
Medicaid administrative claiming	398,318	1	14,745	383,574
Membership dues	-	246,078	-	246,078
Local	-	2,517,219	-	2,517,219
Contributions	424,212	(423,837)	375	-
Delegate agency match	-	4,819,574	-	4,819,574
Interest	2,689	4,718	-	7,407
Other	-	367,460	-	367,460
	<u>1,548,453</u>	<u>9,007,490</u>	<u>243,875</u>	<u>10,312,068</u>
STATE PROGRAM REVENUES				
General revenue	4,625,291	6,385,785	1,798,660	9,212,416
Department of Aging & Disability Services	820,584	14,400	6,167	828,817
In-home and Family Support	518,441	395,060	194,853	718,648
Permanency planning	66,325	43,378	19,897	89,806
CLOIP	189,337	105,521	39,196	255,662
OBRA funds	13,594	5,978	-	19,572
	<u>6,233,572</u>	<u>6,950,122</u>	<u>2,058,773</u>	<u>11,124,921</u>
FEDERAL PROGRAM REVENUES				
Federal revenue	-	24,851,172	-	24,851,172
	<u>-</u>	<u>24,851,172</u>	<u>-</u>	<u>24,851,172</u>
Total federal program revenues	<u>-</u>	<u>24,851,172</u>	<u>-</u>	<u>24,851,172</u>
Total revenues	<u>\$ 7,782,025</u>	<u>\$ 40,808,784</u>	<u>\$ 2,302,648</u>	<u>\$ 46,288,161</u>

**ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
RECONCILIATION OF TOTAL REVENUE
TO FIRST QUARTER FY 2011 FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

	1st Qtr * CARE Report III	(Dec 10)** Additions	All other Agency	Deletions	Audited Financial Statements
LOCAL AND EARNED REVENUES					
Medicaid	\$ 584,468	\$ 411,123	\$ 975,165	\$ -	\$ 1,970,756
Medicaid administrative claiming	-	-	383,574	-	383,574
Membership dues	-	-	246,078	-	246,078
Local	107,206	35,735	2,374,278	-	2,517,219
Delegate agency match	-	-	4,819,574	-	4,819,574
Interest	-	-	7,407	-	7,407
Other	-	945	366,515	-	367,460
	<u>691,674</u>	<u>447,803</u>	<u>9,172,591</u>	<u>-</u>	<u>10,312,068</u>
STATE PROGRAM REVENUES					
General revenue	1,105,954	565,615	7,540,847	-	9,212,416
Department of Aging & Disability Services	14,400		814,417		828,817
In-home and family support	108,058	92,149	518,441	-	718,648
Permanency planning	19,898	3,583	66,325	-	89,806
CLOIP	39,420	10,161	206,081	-	255,662
OBRA funds	2,546	3,432	13,594	-	19,572
	<u>1,290,276</u>	<u>674,940</u>	<u>9,159,705</u>	<u>-</u>	<u>11,124,921</u>
FEDERAL PROGRAM REVENUES					
Federal revenue	-	-	24,851,172	-	24,851,172
	<u>-</u>	<u>-</u>	<u>24,851,172</u>	<u>-</u>	<u>24,851,172</u>
Total revenues	<u>\$ 1,981,950</u>	<u>\$ 1,122,743</u>	<u>\$ 43,183,468</u>	<u>\$ -</u>	<u>\$ 46,288,161</u>

* 1st qtr FY11 Sept - Nov

** December 2010 MR Revenues

**ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE OF FUNDS
YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

<u>Fund Sources</u>	<u>Total Revenue</u>	<u>Jan - Aug Mental Retardation Expenditures</u>	<u>Sept - Dec Mental Retardation Expenditures</u>	<u>All other Program Expenditures</u>	<u>Excess Revenue Over Expenditures</u>
Objects of expense					
Personnel	\$ 10,126,503	\$ 1,959,699	\$ 1,231,071	\$ 6,935,733	\$ -
Employee benefits	3,119,394	608,702	390,430	2,120,262	-
Capital outlay	1,308,208	75,562	3,865	1,228,781	-
Other operating expense	30,391,647	2,344,262	1,064,307	26,983,078	-
Allocation of general administration to strategies	-	342,627	160,294	(502,921)	-
Allocation of authority administration to strategies	-	378,576	204,221	(582,797)	-
Total expenditures	44,945,752	5,709,428	3,054,188	36,182,136	-
Method of finance					
General revenue - Mental Retardation	5,426,758	3,740,789	1,685,969	-	-
In-Home and Family Support - Mental Retardation	571,958	371,751	200,207	-	-
Permanency planning	70,786	47,305	23,481	-	-
OBRA Funds	18,147	12,169	5,978	-	-
CLOIP	188,740	139,159	49,581	-	-
Earned income	-	-	-	-	-
Additional local funds	10,353,365	1,706,405	1,139,477	7,507,483	-
Other services revenues	29,699,704	-	-	28,562,094	1,137,610
Total expended sources	\$ 46,329,458	\$ 6,017,578	\$ 3,104,693	\$ 36,069,577	\$ 1,137,610

**ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
SCHEDULE OF INDIRECT COSTS
YEAR ENDED DECEMBER 31, 2010
(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	\$ 10,126,503	\$ -	\$ -	\$ 10,126,503	\$ 8,883,149	\$ 1,243,354
Fringe benefits	3,119,394	-	-	3,119,394	2,723,873	395,521
Debt service	-	-	-	-	-	-
Capital outlay	1,308,208	1,308,208	-	-	-	-
Depreciation	-	-	1,110,749	1,110,749	1,110,749	-
Other operating expense	<u>30,391,647</u>	<u>-</u>	<u>-</u>	<u>30,391,647</u>	<u>30,062,089</u>	<u>329,558</u>
Total expenses	<u>\$ 44,945,752</u>	<u>\$ 1,308,208</u>	<u>\$ 1,110,749</u>	<u>\$ 44,748,293</u>	<u>\$ 42,779,860</u>	<u>\$ 1,968,433</u>

Indirect costs	1,968,433
Direct costs	42,779,860

Indirect cost rate	4.60%
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**ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
SCHEDULE OF INSURANCE IN EFFECT
DECEMBER 31, 2010
(UNAUDITED)**

Insurer	Policy Period		Coverage	Amount
	Begins	Ends		
Texas Municipal League Risk Management Fund	10/01/10	10/01/11	Workers' Compensation	Statutory
Texas Municipal League Risk Management Fund	10/01/10	10/01/11	Automobile Liability	
	01/29/96		Per Occurrence Limit	\$ 5,000,000
	03/18/95		Deductible	-
			Annual Aggregate	-
			Medical Payments per person	25,000
	08/12/23		Deductible	-
	10/11/00		Automobile Physical Damage	
			Per Occurrence Limit	10,000
			Deductible	250
Texas Municipal League Risk Management Fund	10/01/10	10/01/11	General Liability	
			Per Occurrence Limit	10,000,000
	08/22/85		Deductible	-
	07/31/81		Sudden Events Each Occurrence	2,000,000
			Annual Aggregate	10,000,000
CLOIP	11/16/45			
	08/09/15			
Texas Municipal League Risk Management Fund	10/01/10	10/01/11	Law Enforcement Liability	
			Per Occurrence Limit	2,000,000
			Annual Aggregate	4,000,000
			Deductible	1,000
Texas Municipal League Risk Management Fund	10/01/10	10/01/11	Errors and Omissions Liability	
			Each Wrongful Act	2,000,000
			Annual Aggregate	4,000,000
			Deductible	1,000

**ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
SCHEDULE OF INSURANCE IN EFFECT
(CONTINUED)
DECEMBER 31, 2010
(UNAUDITED)**

Insurer	Policy Period		Coverage	Amount
	Begins	Ends		
Texas Municipal League Risk Management Fund	10/01/10	10/01/11	All Risk Property Coverage	
			Coverage Basis	
			Building : Replacement Cost Valuation	\$ 2,903,200
			Deductible	250
			Transit Limit	1,000,000
			Valuable Papers and EDP Media	10,000
			Accounts Receivable	10,000
			Loss of Revenue Extra Expense and Rev	25,000
			Personal Property of Employees and Officials	5,000
			Leasehold Interest	65,000
			Outdoor Trees and Shrubs	10,000
			Newly Acquired Property FMV up to	1,000,000
			Pollutant Cleanup and Removal Each Premise	20,000
			Flood & Earthquake	\$ 2,903,200
Deductible	25,000			
Boiler & Machinery				
Per Accident Limit	100,000			
Deductible	250			
Texas Municipal League Risk Management Fund	10/01/10	10/01/11	Public Employee Dishonesty	
			Limit of Coverage	500,000
			Deductible	5,000
Coverage Includes Faithful Performance of Duty				

**ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES
YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

Name	City	Type of Service	Amount
January - August 2010			
CALIDAD-DREXEL	San Antonio	OBRA	\$ 4,448
CALIDAD - CONVERSE	Converse	Respite	5,468
HOMELIFE COMMUNITY SERVICES	San Antonio	Respite	20,333
LIFELINE CARE AND SERVICES, LL	San Antonio	Respite	885
LIFETIME LIVING, INC.	San Antonio	Respite	6,859
MOSAIC	San Antonio	Respite	120
RESPITE CARE OF SAN ANTONIO	San Antonio	Respite	1,174
CALIDAD - CONVERSE	Converse	Respite Daily	2,550
CHILDREN'S ASSOCIATION FOR	San Antonio	Respite Daily	2,100
HOMELIFE COMMUNITY SERVICES	San Antonio	Respite Daily	13,800
LIFETIME LIVING, INC.	San Antonio	Respite Daily	6,150
RESPITE CARE OF SAN ANTONIO	San Antonio	Respite Daily	900
SAN ANTONIO SIMPLY LOVE ALL PE	San Antonio	Respite Daily	2,400
CALIDAD - CONVERSE	Converse	Respite Hourly In Home	46,219
HOMELIFE COMMUNITY SERVICES	San Antonio	Respite Hourly In Home	67,253
LIFELINE CARE AND SERVICES, LL	San Antonio	Respite Hourly In Home	4,245
LIFETIME LIVING, INC.	San Antonio	Respite Hourly In Home	29,820
MILAGRO DISCOVERY	San Antonio	Respite Hourly In Home	2,310
MOSAIC	San Antonio	Respite Hourly In Home	3,173
SAN ANTONIO SIMPLY LOVE ALL PE	San Antonio	Respite Hourly In Home	1,973
CALIDAD - CONVERSE	Converse	Respite Daily In Home	2,400
HOMELIFE COMMUNITY SERVICES	San Antonio	Respite Daily In Home	9,600
LIFETIME LIVING, INC.	San Antonio	Respite Daily In Home	3,900
ANGEL CARE CENTER OF SAN ANTON	San Antonio	Day Programming	6,317
CALIDAD-DREXEL	San Antonio	Day Programming	121,062
ESTRELLA DE MAR, INC.	San Antonio	Day Programming	7,830
HOMELIFE COMMUNITY SERVICES	San Antonio	Day Programming	13,884
LIFELINE CARE AND SERVICES, LL	San Antonio	Day Programming	10,796
LIFETIME LIVING, INC.	San Antonio	Day Programming	28,806
MILAGRO DISCOVERY	San Antonio	Day Programming	36
MISSION ROAD MINISTRIES	San Antonio	Day Programming	14,147
MOSAIC	San Antonio	Day Programming	369
THE ARC OF SAN ANTONIO	San Antonio	Day Programming	165,378
UNICORN CENTER, INC.	San Antonio	Day Programming	98,232
UNICORN CENTER, INC.	San Antonio	Head Start	4,080
AUTISTIC TREATMENT CENTER, INC	San Antonio	Community Support	2,390
BEHAVIOR ANALYTIC SOLUTIONS, L	San Antonio	Community Support	1,580
CALIDAD-DREXEL	San Antonio	Community Support	176,400

**ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES
(CONTINUED)
YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

Name	City	Type of Service	Amount
CLINICAL BEHAVIOR ANALYSIS, LL	San Antonio	Community Support	\$ 490
COMMUNITY LEARNING CENTER OF SAN ANTONIO	San Antonio	Community Support	25,150
HOMELIFE COMMUNITY SERVICES	San Antonio	Community Support	75,060
LIFELINE CARE AND SERVICES, LL	San Antonio	Community Support	1,650
LIFETIME LIVING, INC.	San Antonio	Community Support	51,205
MILAGRO DISCOVERY	San Antonio	Community Support	29,150
MOSAIC	San Antonio	Community Support	2,100
SAN ANTONIO SIMPLY LOVE ALL PE	San Antonio	Community Support	24,930
THE WOOD GROUP/TWG INVESTMENTS	San Antonio	Community Support	8,560
UNICORN CENTER, INC.	San Antonio	Community Support	38,860
CALIDAD-DREXEL	San Antonio	Supported Employment	1,176
UNICORN CENTER, INC.	San Antonio	Supported Employment	5,656
CALIDAD-DREXEL	San Antonio	Employment Assistance	476
HOMELIFE COMMUNITY SERVICES	San Antonio	Employment Assistance	623
January - August 2010			
MOSAIC	San Antonio	Employment Assistance	1,708
SAN ANTONIO SIMPLY LOVE ALL PE	San Antonio	Employment Assistance	28
UNICORN CENTER, INC.	San Antonio	Employment Assistance	455
ABA AND BEHAVIORAL SVCS, LLC.	San Antonio	Behaviorial Support	2,813
BEHAVIOR ANALYTIC SOLUTIONS, L	San Antonio	Behaviorial Support	10,553
CLINICAL BEHAVIOR ANALYSIS, LL	San Antonio	Behaviorial Support	3,848
HOMELIFE COMMUNITY SERVICES	San Antonio	Behaviorial Support	8,783
LIFETIME LIVING, INC.	San Antonio	Behaviorial Support	4,095
CHILDREN'S ASSOCIATION FOR	San Antonio	Respite Camp	64,400
THE CENTER FOR HEALTH CARE SER	San Antonio	Safety Net	9,009
THE WOOD GROUP/TWG INVESTMENTS	San Antonio	Safety Net	78,572
CALIDAD-DREXEL	San Antonio	Day Hab Summer Camp	11,457
MISSION ROAD MINISTRIES	San Antonio	Day Hab Summer Camp	1,822
ABA AND BEHAVIORAL SVCS, LLC.	San Antonio	ABA Therapy	450
BEHAVIOR ANALYTIC SOLUTIONS, L	San Antonio	ABA Therapy	28,493
CLINICAL BEHAVIOR ANALYSIS, LL	San Antonio	ABA Therapy	21,143
CLINICAL BEHAVIOR ANALYSIS, LL	San Antonio	Speech & Language	400
HOMELIFE COMMUNITY SERVICES	San Antonio	Counseling Services	1,688

**ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES
(CONTINUED)
YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

Name	City	Type of Service	Amount
September - December 2010			
CALIDAD-DREXEL	San Antonio	OBRA	\$ 2,367
CALIDAD - CONVERSE	Converse	Respite	1,695
HOMELIFE COMMUNITY SERVICES	San Antonio	Respite	6,038
LIFETIME LIVING, INC.	San Antonio	Respite	495
MOSAIC	San Antonio	Respite	128
CALIDAD - CONVERSE	Converse	Respite Daily	4,050
CHILDRENS ASSOCIATION FOR	San Antonio	Respite Daily	1,200
HOMELIFE COMMUNITY SERVICES	San Antonio	Respite Daily	1,500
LIFETIME LIVING, INC.	San Antonio	Respite Daily	600
MOSAIC	San Antonio	Respite Daily	1,650
SAN ANTONIO SIMPLY LOVE ALL PEOPLE	San Antonio	Respite Daily	1,200
CALIDAD - CONVERSE	Converse	Respite Hourly In Home	9,675
HOMELIFE COMMUNITY SERVICES	San Antonio	Respite Hourly In Home	18,701
LIFELINE CARE AND SERVICES, LL	San Antonio	Respite Hourly In Home	2,580
LIFETIME LIVING, INC.	San Antonio	Respite Hourly In Home	5,348
MILAGRO DISCOVERY	San Antonio	Respite Hourly In Home	458
MOSAIC	San Antonio	Respite Hourly In Home	1,380
SAN ANTONIO SIMPLY LOVE ALL PEOPLE	San Antonio	Respite Hourly In Home	1,676
CALIDAD - CONVERSE	Converse	Respite Daily In Home	1,500
HOMELIFE COMMUNITY SERVICES	San Antonio	Respite Daily In Home	300
LIFETIME LIVING, INC.	San Antonio	Respite Daily In Home	450
ANGEL CARE CENTER OF SAN ANTONIO	San Antonio	Day Programming	7,448
CALIDAD-DREXEL	San Antonio	Day Programming	52,004
ESTRELLA DE MAR, INC.	San Antonio	Day Programming	3,516
HOMELIFE COMMUNITY SERVICES	San Antonio	Day Programming	6,104
LIFELINE CARE AND SERVICES, LL	San Antonio	Day Programming	525
LIFETIME LIVING, INC.	San Antonio	Day Programming	10,601
MILAGRO DISCOVERY	San Antonio	Day Programming	2,124
MISSION ROAD MINISTRIES	San Antonio	Day Programming	8,495
MOSAIC	San Antonio	Day Programming	71
THE ARC OF SAN ANTONIO	San Antonio	Day Programming	84,980
UNICORN CENTER, INC.	San Antonio	Head Start	60,341
AUTISTIC TREATMENT CENTER, INC	San Antonio	Community Support	1,350
BEHAVIOR ANALYTIC SOLUTIONS LL	San Antonio	Community Support	520
CALIDAD-DREXEL	San Antonio	Community Support	76,300
CLINICAL BEHAVIOR ANALYSIS, LL	San Antonio	Community Support	180
COMMUNITY LEARNING CENTER OF SAN ANTONIO	San Antonio	Community Support	12,800
HOMELIFE COMMUNITY SERVICES	San Antonio	Community Support	39,270

**ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES
(CONTINUED)
YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

Name	City	Type of Service	Amount
LIFELINE CARE AND SERVICES, LL	San Antonio	Community Support	\$ 1,860
LIFETIME LIVING, INC.	San Antonio	Community Support	23,470
MILAGRO DISCOVERY	San Antonio	Community Support	12,800
MOSAIC	San Antonio	Community Support	2,510
SAN ANTONIO SIMPLY LOVE ALL PEOPLE	San Antonio	Community Support	11,300
THE WOOD GROUP/TWG INVESTMENTS	San Antonio	Community Support	6,410
UNICORN CENTER, INC.	San Antonio	Community Support	15,250
CALIDAD-DREXEL	San Antonio	Supported Employment	1,099
UNICORN CENTER, INC.	San Antonio	Supported Employment	2,366
CALIDAD-DREXEL	San Antonio	Employment Assistance	70
HOMELIFE COMMUNITY SERVICES	San Antonio	Employment Assistance	238
MOSAIC	San Antonio	Employment Assistance	952
SAN ANTONIO SIMPLY LOVE ALL PEOPLE	San Antonio	Employment Assistance	35
UNICORN CENTER, INC.	San Antonio	Employment Assistance	721
ABA AND BEHAVIORAL SVCS, LLC.	San Antonio	Behavioral Support	1,620
September - December 2010			
BEHAVIOR ANALYTIC SOLUTIONS LL	San Antonio	Behavioral Support	1,395
CLINICAL BEHAVIOR ANALYSIS, LL	San Antonio	Behavioral Support	1,373
HOMELIFE COMMUNITY SERVICES	San Antonio	Behavioral Support	4,073
LIFETIME LIVING, INC.	San Antonio	Behavioral Support	1,598
THE WOOD GROUP/TWG INVESTMENTS	San Antonio	Safety Net	65,476
ABA AND BEHAVIORAL SVCS, LLC.	San Antonio	ABA Therapy	3,150
BEHAVIOR ANALYTIC SOLUTIONS LL	San Antonio	ABA Therapy	6,323
CLINICAL BEHAVIOR ANALYSIS, LL	San Antonio	ABA Therapy	6,045
HOMELIFE COMMUNITY SERVICES	San Antonio	Counseling Services	300

**ALAMO AREA COUNCIL OF GOVERNMENTS
ALAMO LOCAL AUTHORITY
SCHEDULE OF LEGAL SERVICES
YEAR ENDED DECEMBER 31, 2010
(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
YEAR ENDED DECEMBER 31, 2010
(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
YEAR ENDED DECEMBER 31, 2010
(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
YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

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

SINGLE AUDIT REPORT



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

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

We have audited the basic financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Alamo Area Council of Governments (the Council), as of and for the year ended December 31, 2010, which collectively comprise the Council's basic financial statements and have issued our report thereon dated May 31, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors
Alamo Area Council of Governments

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of 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*.

We noted certain other matters that we reported to management of the Council in a separate letter dated May 31, 2011.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

San Antonio, Texas
May 31, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the Alamo Area Council of Governments (the Council) with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended December 31, 2010. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of the Council's compliance with those requirements.

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

Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the

Board of Directors
Alamo Area Council of Governments

purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, 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 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 program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Council's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Council's responses and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Council, as of and for the year ended December 31, 2010, and have issued our report thereon dated May 31, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Board of Directors
Alamo Area Council of Governments

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

San Antonio, Texas
May 31, 2011

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

An unqualified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? ___ Yes X None reported
- Noncompliance material to financial statements noted? ___ Yes X No

Summary of Auditor’s Results

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? X Yes ___ None reported

An unqualified opinion was issued on compliance for major programs.

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) or Circular A-133? ___ Yes X No

Identification of Major Federal Programs:

20.509 16.804	Formula Grants for other than Urbanized Area Edward Byrne Memorial Justice Assistance Grant Program ARRA
17.258 17.259 17.260	WIA Adult WIA Youth WIA Dislocated Worker
81.042 93.044 93.045 93.053 93.705 93.707 93.575	Weatherization Assistance for Low Income Persons Special Programs for the Aging - Title III Part B Special Programs for the Aging - Title III Part C Nutrition Services Incentive Program ARRA - Aging Home Delivered Nutrition for States ARRA - Aging Congregate Nutrition Services for States Childcare and Development Block Grant

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
YEAR ENDED DECEMBER 31, 2010**

Identification of Major Federal Programs – Continued

Dollar threshold used to distinguish between
type A and type B programs?

\$891,421

Auditee qualified as low-risk auditee?

_____ Yes X No

Identification of Major State Programs:

Mental Retardation Authority
911 Emergency Communications

Dollar threshold used to distinguish between
type A and type B programs?

\$331,132

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
YEAR ENDED DECEMBER 31, 2010**

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Significant Deficiency

CFDA 81.042

Weatherization Assistance for Low Income Persons

Passed through Texas Department of Housing and Community Affairs (TDHCA)

Finding 2010-01

Condition: During 2010 the pass through agency TDHCA performed monitoring reviews of the Weatherization Assistance Program. In their reports they included a number of findings. Additionally an external consultant, Clifton Gunderson LLP was hired to perform a review of the operations of the Weatherization Assistance Program. Clifton Gunderson LLP prepared a report that included various activities that in their opinion did not meet the requirements of the program. In both of the aforementioned reports the findings were for the most part related to inadequate documentation.

Criteria: This supporting documentation should be fully and completely maintained in the program files. The requirement is to ensure that all appropriate documentation is fully completed and included in program files with all required signatures affixed.

Cause: Personnel did not ensure that appropriate documentation was fully completed and had the required signatures.

Effect: Risk of performing weatherization on dwellings without being fully documented in accordance with program requirements, with required signatures.

Questioned Costs: Not applicable.

Recommendation: We recommend management timely maintain all documentation that supports client participation in the client file and implement procedures to ensure client files have complete documentation.

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
YEAR ENDED DECEMBER 31, 2010**

SECTION IV – SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

NONE

SECTION V – CORRECTIVE ACTION PLAN

Condition: We identified the documentation process was not being followed in accordance with TDHCA's contract guidelines and internal procedures as documents were not fully completed with required signatures.

Corrective Action Plan – As outlined in the current Standard Operating Procedures various quality assurance steps have been implemented within the Weatherization case file process to ensure all files are fully completed per the TDHCA documentation guidelines and internal procedures with a final file review prior to creating the invoice.

Implementation date: Revised procedures were implemented October 15, 2010.

Responsible for Implementation: Joe Ramos, Government Services Director – (210) 362-5212
Rene Chadick, Weatherization Manager – (210) 362-5211

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Program Title	Pass-Through Grantor/State Number	Federal CFDA Number	Expenditures
FEDERAL AWARDS			
Primary Government			
<u>U.S. Department of Commerce</u>			
Passed through Economic Development Administration Economic Development Support for Planning Organizations	08-83-04338.01	11.302	\$ 44,454
Passed through National Association of Nutrition and Aging and Services Programs National Television and Information Administration	74-1557491	11.553	<u>(852)</u>
<i>Total U.S. Department of Commerce</i>			43,602
<u>U.S. Department of Transportation</u>			
Passed through the Metropolitan Planning Organization Highway Planning and Construction	2010-2011	20.205	205,930
Passed through Texas Department of Transportation			
Highway Planning and Construction	0915-12-469	20.205	155,830
Highway Planning and Construction	0915-12-473	20.205	58,509
Job Access - Reverse Commute	51915F7318	20.516	34,832
Job Access - Reverse Commute	51015F7124	20.516	179,940
Formula Grants for Other than Urbanized Areas - ARRA	51915F7270	20.509	371,190
Formula Grants for Other than Urbanized Areas - ARRA	51015F7082	20.509	2,378
Formula Grants for Other than Urbanized Areas	51015F7188	20.509	831,031
Formula Grants for Other than Urbanized Areas	51115F7040	20.509	989
Formula Grants for Other than Urbanized Areas	51915F7132	20.509	740,371
Formula Grants for Other than Urbanized Areas	51015F7137	20.509	21,617
Federal Transit - Capital Investment Grants	51915F7075	20.500	193,946
Assistance Program for Elderly Persons and Persons with Disabilities	51915F7245	20.513	16,895
Regionally Coordinated Transportation Planning	51051F7001	20.515	50,374
Regionally Coordinated Transportation Planning	51151F7136	20.515	<u>9,131</u>
Total			2,667,033
Passed through VIA Metropolitan Transit Federal Transit Technical Assistance Capital		20.512	<u>70,600</u>
<i>Total U.S. Department of Transportation</i>			2,943,563

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Program Title	Pass-Through Grantor/State Number	Federal CFDA Number	Expenditures
<u>FEDERAL AWARDS</u>			
Primary Government - Continued			
<u>U.S. Department of Housing & Urban Development</u>			
HUD-Section 8 Housing Choice Vouchers	TX564	14.871	421,247
Passed through Texas Department of Rural Affairs			
Community Development Block Grants	C79221	14.228	5,736
Community Development Block Grants	C710221	14.228	<u>2,357</u>
Total			8,093
<i>Total U.S. Department of Housing and Urban Development</i>			429,340
<u>U.S. Department of Health and Human Services</u>			
Passed through Texas Department of Aging and Disability Services to the Bexar Area Agency on Aging			
Special Programs for the Aging Title VII, Chapter 3	539-08-0162-00001	93.041	17,793
Special Programs for the Aging Title VII, Chapter 3	539-11-0004-00001	93.041	9,270
Special Programs for the Aging Title VII, Chapter 2	539-08-0162-00001	93.042	41,114
Special Programs for the Aging Title VII, Chapter 2	539-11-0004-00001	93.042	21,400
Special Programs for the Aging Title III Part D	539-08-0162-00001	93.043	55,759
Special Programs for the Aging Title III Part D	539-11-0004-00001	93.043	15,707
Special Programs for the Aging - Title III Part B	539-08-0162-00001	93.044	1,134,555
Special Programs for the Aging - Title III Part B	539-11-0004-00001	93.044	245,245
Special Programs for the Aging - Title III Part C	539-08-0162-00001	93.045	2,168,003
Special Programs for the Aging - Title III Part C	539-11-0004-00001	93.045	477,113
Special Programs for Aging Title VII & Title II Discretionary	539-08-0162-00001	93.048	39,307
Special Programs for Aging Title VII & Title II Discretionary	539-11-0004-00001	93.048	24,180
National Family Caregiver Support Title III, Part E	539-08-0162-00001	93.052	503,781
National Family Caregiver Support Title III, Part E	539-11-0004-00001	93.052	106,521
Nutrition Services Incentive Program	539-08-0162-00001	93.053	1,006,469
Nutrition Services Incentive Program	539-11-0004-00001	93.053	350,463
Medicare Enrollment Assistance Program	539-08-0162-00001	93.071	35,677
Medicare Enrollment Assistance Program	539-11-0004-00001	93.071	34,946
ARRA - Aging Home Delivered Nutrition for States	539-08-0162-00001	93.705	14,002
ARRA - Aging Congregate Nutrition Services for States	539-08-0162-00001	93.707	101,151
ARRA-Communities Putting Prevention to Work	539-11-0004-00001	93.725	40,122
Centers for Medicare & Medicaid Services (CMS)	539-08-0162-00001	93.779	84,029
Centers for Medicare & Medicaid Services (CMS)	539-08-0162-00001	93.771	<u>175</u>
Total			6,526,782

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Program Title	Pass-Through Grantor/State Number	Federal CFDA Number	Expenditures
FEDERAL AWARDS			
Primary Government - Continued			
<u>U.S. Department of Health and Human Services - Continued</u>			
Passed through Texas Department of Aging and Disability			
Services to the Alamo Area Agency on Aging			
Special Programs for the Aging Title VII, Chapter 3	539-08-0160-00001	93.041	7,052
Special Programs for the Aging Title VII, Chapter 3	539-11-0004-00001	93.041	3,869
Special Programs for the Aging Title 7, Chapter 2	539-08-0160-00001	93.042	19,912
Special Programs for the Aging Title 7, Chapter 2	539-11-0004-00001	93.042	15,021
Special Programs for the Aging Title III Part D	539-08-0160-00001	93.043	43,247
Special Programs for the Aging Title III Part D	539-11-0004-00001	93.043	5,583
Special Programs for the Aging - Title III Part B	539-08-0160-00001	93.044	586,460
Special Programs for the Aging - Title III Part B	539-11-0004-00001	93.044	100,636
Special Programs for the Aging - Title III Part C	539-08-0160-00001	93.045	914,112
Special Programs for the Aging - Title III Part C	539-11-0004-00001	93.045	231,248
National Family Caregiver Support Title III, Part E	539-08-0160-00001	93.052	179,302
National Family Caregiver Support Title III, Part E	539-11-0004-00001	93.052	54,033
Nutrition Services Incentive Program	539-08-0160-00001	93.053	224,105
Nutrition Services Incentive Program	539-11-0004-00001	93.053	59,847
ARRA - Aging Home Delivered Nutrition for States	539-08-0160-00001	93.705	6,139
ARRA - Aging Congregate Nutrition Services for States	539-08-0160-00001	93.707	85,164
Centers for Medicare & Medicaid Services (CMS)	539-08-0160-00001	93.779	31,684
Centers for Medicare & Medicaid Services (CMS)	539-11-0004-00001	93.779	24,904
Total			2,592,318
Passed through City of San Antonio			
Childcare and Development Block Grant	4600011289	93.575	131,211
Childcare and Development Block Grant	4600009624	93.575	480,819
Childcare and Development Block Grant AARA	4600009623	93.713	160,565
Total			772,595
Passed through Texas Department of Housing and Community Affairs			
Low-Income Home Energy Assistance Program	81090000479	93.568	626,961
Low-Income Home Energy Assistance Program	81100000894	93.568	873,689
Total			1,500,650
Passed through Alamo Area Development Corporation			
Temporary Assistance for Needy Families	CC2006001-03	93.558	775,153
Temporary Assistance for Needy Families	CC2006001-04	93.558	173,088
TANF ARRA Youth	CC2006001-03	93.558	418,062
Total			1,366,303
<i>Total U.S. Department of Health and Human Services</i>			12,758,648

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Program Title	Pass-Through Grantor/State Number	Federal CFDA Number	Expenditures
FEDERAL AWARDS			
Primary Government - Continued			
<u>U.S. Department of Education</u>			
Passed through Office of the Governor - Criminal			
Justice Division			
Regional Youth	1486411	84.186	69,864
Regional Youth	1486412	84.186	28,684
			98,548
<i>Total U.S. Department of Education</i>			
<u>U.S. Department of Criminal Justice</u>			
Passed through Office of the Governor - Criminal			
Justice Division			
Edward Byrne Memorial Justice Assistance Grant Program	300-9-2897	16.803	138,594
Edward Byrne Memorial Justice Assistance Grant Program	2269501	16.803	248,012
ARRA - Violence Against Women	2299901	16.588	7,487
			394,093
<i>Total U.S. Department of Criminal Justice</i>			
<u>U.S. Department of Labor</u>			
Passed through Workforce Solutions Alamo			
WIA Adult	CC2006001-03	17.258	323,497
WIA Adult	CC2006001-04	17.258	104,546
WIA Adult ARRA	CC2006001-03	17.258	60,088
WIA Youth	CC2006001-04	17.259	44,848
WIA Youth	CC2006001-03	17.259	135,554
WIA Youth ARRA	CC2006001-03	17.259	1,241
WIA Dislocated Workers	CC2006001-03	17.260	387,894
WIA Dislocated Workers	CC2006001-04	17.260	102,189
WIA Dislocated Workers ARRA	CC2006001-03	17.260	44,041
Employment Services	CC2006001-03	17.207	40,763
Employment Services	CC2006001-04	17.207	3,478
			1,248,139
<i>Total U.S. Department of Labor</i>			
<u>U.S. Department of Energy</u>			
Passed through Texas Department of Housing and			
Community Affairs			
Weatherization Assistance for Low Income Persons - ARRA	16090000649	81.042	5,715,699
Weatherization Assistance for Low Income Persons - ARRA	16090000773	81.042	80,764
Weatherization Assistance for Low Income Persons	56090000447	81.042	125,225
Weatherization Assistance for Low Income Persons	56100000937	81.042	5,611
			5,927,299
<i>Total U.S. Department of Energy</i>			

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Program Title	Pass-Through Grantor/State Number	Federal CFDA Number	Expenditures
FEDERAL AWARDS			
Primary Government - Continued			
<u>U.S. Department of Homeland Security</u>			
Hazard Mitigation	DR-1791-103	97.039	13,178
State Homeland Security Program (SHSP)	08-GA 99001-03	97.073	80,617
State Homeland Security Program (SHSP)	09-GA 99001-07	97.073	475,982
State Homeland Security Program (SHSP)	06-GA 99001-10	97.073	28,700
State Homeland Security Program (SHSP)	07-GA 99001-06	97.073	313
Law Enforcement Terrorism Prevention Program (LETPP)	07-GA 99001-07	97.074	(28,388)
Specials Projects	08-GA 99001-07	97.001	96,738
Specials Projects	09-AACOG-01	97.001	<u>117,702</u>
<i>Total U.S. Department of Homeland Security</i>			784,842
<u>U.S. Department of Agriculture</u>			
Passed through Workforce Solutions Alamo			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	CC2006001-03	10.561	183,757
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	CC2006001-04	10.561	<u>39,341</u>
<i>Total U.S. Department of Agriculture</i>			<u>223,098</u>
Total Federal Grant Funds - Primary Government			<u><u>\$ 24,851,172</u></u>

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Program Title	Pass-Through Grantor/State Number	Federal CFDA Number	Expenditures
FEDERAL AWARDS			
Discretely Presented Component Unit			
<u>U.S. Department of Transportation</u>			
Passed through Texas Department of Transportation			
Job Access - Reverse Commute	51715F7283	20.516	(7,559)
Job Access - Reverse Commute	51915F7318	20.516	200
Job Access - Reverse Commute	51015F7124	20.516	<u>10</u>
<i>Total U.S. Department of Transportation</i>			(7,349)
<u>U.S. Department of Health and Human Services</u>			
Passed through City of San Antonio			
Childcare and Development Block Grant	4600008155	93.575	(3,298)
Childcare and Development Block Grant	4600009624	93.575	480,819
Childcare and Development Block Grant	4600011289	93.575	131,211
Childcare and Development Block Grant AARA	4600009623	93.713	<u>160,565</u>
Total			769,297
Passed through Alamo Area Development Corporation			
Temporary Assistance for Needy Families	CC2006001-03	93.558	1,261,711
Temporary Assistance for Needy Families	CC2006001-04	93.558	<u>185,224</u>
Total			1,446,935
<i>Total U.S. Department of Health and Human Services</i>			2,216,232
<u>U.S. Department of Labor</u>			
Passed through Workforce Solutions Alamo			
WIA Adult	CC2006001-03	17.258	499,929
WIA Adult	CC2006001-04	17.258	263,301
WIA Adult ARRA	CC2006001-03	17.258	295,284
WIA Youth	CC2006001-03	17.259	162,779
WIA Youth	CC2006001-04	17.259	57,508
WIA Youth ARRA	CC2006001-03	17.259	1,491
WIA Dislocated Workers	CC2006001-03	17.260	527,730
WIA Dislocated Workers	CC2006001-04	17.260	243,440
WIA Dislocated Workers ARRA	CC2006001-03	17.260	298,931
Employment Services	CC2006001-03	17.207	40,763
Employment Services	CC2006001-04	17.207	<u>3,478</u>
<i>Total U.S. Department of Labor</i>			2,394,634

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Program Title	Pass-Through Grantor/State Number	Federal CFDA Number	Expenditures
FEDERAL AWARDS			
Discretely Presented Component Unit - Continued			
<u>U.S. Department of Agriculture</u>			
Passed through Workforce Solutions Alamo			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	CC2006001-03	10.561	189,427
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	CC2006001-04	10.561	<u>72,539</u>
<i>Total U.S. Department of Agriculture</i>			261,966
State/local corrections			(2,622)
Total Federal Grant Funds - Discretely Presented Component Unit			<u>4,862,861</u>
TOTAL FEDERAL GRANT FUNDS			<u><u>\$ 29,714,033</u></u>

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Program Title	Pass-Through Grantor/State Number	Federal CFDA Number	Expenditures
STATE AWARDS			
Primary Government			
<u>Texas Department of Aging and Disability Services</u>			
State General Revenue - Mental Retardation - FY 2010	539-09-0005-00001		\$ 475
State General Revenue - Mental Retardation - FY 2010	539-10-0005-00001		4,174,798
State General Revenue - Mental Retardation - FY 2010	539-11-0005-00001		1,965,215
Aging State General Revenue - Alamo	539-08-0160-00001		163,369
Aging State General Revenue - Bexar	539-08-0162-00001		<u>352,598</u>
<i>Total Texas Department of Aging and Disability Services</i>			6,656,455
<u>Texas Commission on Environmental Quality</u>			
Air Quality	582-8-86227		444,094
Air Quality	582-11-11219		87,860
Solid Waste Resource Recovery	582-10-91876		<u>355,134</u>
<i>Total Texas Commission of Environmental Quality</i>			887,088
<u>Commission on State Emergency Communications</u>			
911 Emergency Communications	FY 2011		221,171
911 Emergency Communications	FY 2010		536,596
911 Emergency Communications	FY 2009		<u>401,168</u>
<i>Total Commission on State Emergency Communications</i>			1,158,935
<u>Texas Department of Transportation</u>			
Rural Public Transportation - ARRA	51015F7001		574,634
Rural Public Transportation	51115F7001		<u>653,429</u>
<i>Total Texas Department of Transportation</i>			1,228,063
<u>Office of the Governor - Criminal Justice Division</u>			
Regional Police Training Program	1485911		405,934
Regional Police Training Program	1485912		247,070
Criminal Justice Planning	300-0-0482		222,585
Criminal Justice Planning	300-1-0618		<u>63,451</u>
<i>Total Office of the Governor - Criminal Justice Division</i>			939,040

**ALAMO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Program Title	Pass-Through Grantor/State Number	Federal CFDA Number	Expenditures
STATE AWARDS			
Primary Government - Continued			
<u>State Energy Conservation Office</u>			
Clean Cities	CM705		20,859
<i>Total State Energy Conservation Office</i>			20,859
<u>Workforce Solutions Alamo</u>			
Workforce Investment Act - Reintegration of Ex-Offenders	CC2006001-03		55,943
Workforce Investment Act - Reintegration of Ex-Offenders	CC2006001-04		16,477
<i>Total Workforce Solutions Alamo</i>			72,420
<u>Texas Department of Rural Affairs</u>			
Community Development Block Grant Disaster Recovery	C79221	14.228	(814)
<i>Total Texas Department of Rural Affairs</i>			(814)
Total State Grant Funds - Primary Government			10,962,046
STATE AWARDS			
Discretely Presented Component Unit			
<u>Workforce Solutions Alamo</u>			
Workforce Investment Act - Reintegration of Ex-Offenders	CC2006001-03		57,901
Workforce Investment Act - Reintegration of Ex-Offenders	CC2006001-04		17,798
<i>Total Workforce Solutions Alamo</i>			75,699
Total State Grant Funds - Discretely Presented Component Unit			75,699
TOTAL STATE GRANT FUNDS			\$ 11,037,745

**ALAMO AREA COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

NOTE 1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of the Alamo Area Council of Governments, (the Council). The Council's reporting entity is defined in Note 1 to the Council's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the respective schedule.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using modified accrual basis of accounting, which is described in Note 1 to the Council's basic financial statements.

NOTE 3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditures reports as of December 31, 2010, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

NOTE 4. SCHEDULE OF FINDINGS AND QUESTIONED COSTS

The schedule of findings and questioned costs, including the summary of auditor's results for federal awards, is included beginning on page 71.