

**ALAMO AREA  
DEVELOPMENT CORPORATION**

**FINANCIAL REPORT**

**DECEMBER 31, 2016**

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# ALAMO AREA DEVELOPMENT CORPORATION

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

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Alamo Area Development Corporation  
San Antonio, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alamo Area Development Corporation (the "Corporation"), a component unit of Alamo Area Council of Governments, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alamo Area Development Corporation as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2017, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

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

Waco, Texas  
August 15, 2017

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## Management's Discussion and Analysis

The Alamo Area Development Corporation (the "Corporation") received its 2016 funding primarily from the Texas Veterans Commission.

	2016	2015
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 173,220	\$ 934,744
Total revenues	173,220	934,744
Expenses:		
General government	-	422
Workforce development	9,450	339,241
Aging	-	6,962
Community affairs	156,765	596,243
Criminal Justice	-	2,400
Total expenses	166,215	945,268
Change in net position	7,005	( 10,524)
Net position, beginning of year	41,806	52,330
Net position, ending of year	\$ 48,811	\$ 41,806

The Corporation's fiscal year 2016 reflects \$173,220 of federal, state, and local revenue and \$166,215 in total expenses. When comparing 2016 actual revenues and expenses to 2015, the decrease of \$761,524 in revenues and the decrease of \$779,053 in expenses are primarily due to a reduction in City of San Antonio funding because the Corporation discontinued providing Child Care Services on August 31, 2015, and the transfer of the direct administration of the Texas Veteran's Commission programs to the Alamo Area Council of Governments (AACOG) effective July 1, 2016.

	2016	2015
Total assets	\$ 105,307	\$ 276,785
Total liabilities	56,496	234,979
Total net position	\$ 48,811	\$ 41,806

The Corporation's combined fund balance at December 31, 2016 is \$48,811. The General Fund fund balance is \$955 for an increase of \$5 when compared to the December 31, 2015 ending General Fund fund balance. The special revenue funds fund balance at December 31, 2016 is \$47,856, an increase of \$7,000 when compared to the December 31, 2015 ending special revenue funds fund balance.

The Corporation's funding will decrease in 2017 due to the transfer of the direct administration of the Texas Veteran's Commission (TVC) programs to the Alamo Area Council of Governments (AACOG) effective July 1, 2016. In addition to the transfer of the TVC program to AACOG, the Corporation is not actively pursuing funding for fiscal year 2017.

# **BASIC FINANCIAL STATEMENTS**

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# ALAMO AREA DEVELOPMENT CORPORATION

## STATEMENT OF NET POSITION

DECEMBER 31, 2016

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 88,218
Intergovernmental receivables	<u>17,089</u>
Total assets	<u>105,307</u>
<b>LIABILITIES</b>	
Accounts payable	36,639
Accrued liabilities	174
Unearned revenue	<u>19,683</u>
Total liabilities	<u>56,496</u>
<b>NET POSITION</b>	
Restricted	49,408
Unrestricted	<u>( 597)</u>
Total net position	<u>\$ 48,811</u>

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

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**ALAMO AREA DEVELOPMENT CORPORATION**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
		Operating Grants and Contributions	Governmental Activities
Governmental activities:			
General government	\$ -	\$ 5	\$ 5
Workforce development	9,450	9,450	-
Community affairs	156,765	156,765	-
Aging	<u>-</u>	<u>7,000</u>	<u>7,000</u>
Total governmental activities	<u>\$ 166,215</u>	<u>\$ 173,220</u>	<u>7,005</u>
		Change in net position	7,005
		Net position, beginning	<u>41,806</u>
		Net position, ending	<u>\$ 48,811</u>

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

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**ALAMO AREA DEVELOPMENT CORPORATION**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**DECEMBER 31, 2016**

	<u>General</u>	<u>Texas Veterans Commission</u>	<u>Bexar Alamo Aging</u>	<u>Other Local Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and investments	\$ 88,218	\$ -	\$ -	\$ -	\$ -	\$ 88,218
Intergovernmental receivables	1,045	14,405	-	-	1,639	17,089
Due from other funds	-	32,393	29,947	21,497	7,236	91,073
Total assets	<u>89,263</u>	<u>46,798</u>	<u>29,947</u>	<u>21,497</u>	<u>8,875</u>	<u>196,380</u>
<b>LIABILITIES</b>						
Accounts payable	-	36,590	-	-	49	36,639
Accrued liabilities	174	-	-	-	-	174
Unearned revenue	-	10,208	5,685	2,290	1,500	19,683
Due to other funds	88,134	-	-	-	2,939	91,073
Total liabilities	<u>88,308</u>	<u>46,798</u>	<u>5,685</u>	<u>2,290</u>	<u>4,488</u>	<u>147,569</u>
<b>FUND BALANCES</b>						
Restricted:						
Grants	-	-	24,262	19,207	5,939	49,408
Unassigned	955	-	-	-	( 1,552)	( 597)
Total fund balances	<u>955</u>	<u>-</u>	<u>24,262</u>	<u>19,207</u>	<u>4,387</u>	<u>48,811</u>
Total liabilities and fund balances	<u>\$ 89,263</u>	<u>\$ 46,798</u>	<u>\$ 29,947</u>	<u>\$ 21,497</u>	<u>\$ 8,875</u>	<u>\$ 196,380</u>

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

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**ALAMO AREA DEVELOPMENT CORPORATION**

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

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Texas Veterans Commission</u>	<u>Bexar Alamo Aging</u>	<u>Other Local Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Federal	\$ -	\$ -	\$ -	\$ -	\$ 9,450	\$ 9,450
State	-	156,765	-	-	-	156,765
Local	<u>5</u>	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>7,005</u>
Total revenues	<u>5</u>	<u>156,765</u>	<u>-</u>	<u>7,000</u>	<u>9,450</u>	<u>173,220</u>
<b>EXPENDITURES</b>						
Current:						
Workforce development	-	-	-	-	9,450	9,450
Community affairs	<u>-</u>	<u>156,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,765</u>
Total expenditures	<u>-</u>	<u>156,765</u>	<u>-</u>	<u>-</u>	<u>9,450</u>	<u>166,215</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	5	-	-	7,000	-	7,005
<b>FUND BALANCE, BEGINNING</b>	<u>950</u>	<u>-</u>	<u>24,262</u>	<u>12,207</u>	<u>4,387</u>	<u>41,806</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 955</u>	<u>\$ -</u>	<u>\$ 24,262</u>	<u>\$ 19,207</u>	<u>\$ 4,387</u>	<u>\$ 48,811</u>

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

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# ALAMO AREA DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

In 1995, Alamo Area Council of Governments (AACOG) formed a nonprofit organization, Alamo Area Development Corporation (the Corporation). The Corporation is governed by a board of seven directors that must reside within the jurisdictional boundaries of the following counties: Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina and Wilson.

#### B. Government-wide and Fund Financial Statements

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

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

The *General Fund* is the Corporation'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 *Texas Veterans Commission Fund* is used to account for state grants awarded to the Corporation by the Texas Veterans Commission.

The *Bexar Alamo Aging Fund* is used to account for contributions and donations awarded to the Corporation for the Alamo and Bexar Aging programs.

The *Other Local Funds Fund* is used to account for local grants awarded to the Corporation.

### **C. 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, deferred inflows/outflows, and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total 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.

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 Corporation 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.

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

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

### **D. Income Tax**

The Corporation is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Corporation has no unrelated business income during the year ended December 31, 2016. Accordingly, no provision for income taxes is made in the accompanying financial statements.

### **E. 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.

## **F. Unearned Revenue**

Unearned revenue arises when resources are received by the Corporation 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 revenue recognition criteria is met or when the Corporation has a legal claim to the resources, the liability for the unearned revenue is removed from the balance sheet and revenue is recognized.

## **G. Cash and Investments**

State statutes authorize the Corporation to invest in obligations of the United States, its agencies, certificates of deposits with banks and savings and loan associations, banker's acceptances, commercial paper, mutual funds, investment pools and repurchase agreements with underlying collateral of government securities. Investments for the Corporation are reported at fair value.

## **H. Intergovernmental 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. Net Position and Fund Balance**

Net position represents the difference between assets, deferred inflows/outflows, and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Corporation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

The Corporation classifies governmental fund balance as follows:

*Nonspendable* – includes amounts that cannot be spent because they are either not in spendable form, or for legal or contractual reasons, must be kept intact. At December 31, 2016, the Corporation had no nonspendable fund balance amounts.

*Restricted* – includes fund balance amounts that are constrained for specific purposes, which are imposed by providers, such as grantors, or amounts restricted due to constitutional provisions or enabling legislation. This classification includes federal and state grants.

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

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

*Unassigned* – includes residual positive fund balance within the general fund, which has not been classified within the other above-mentioned categories and any negative fund balances in special revenue funds.

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

## **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

The Corporation’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 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 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 Corporation. Although the financial plans are reviewed and approved by the Corporation’s Board, they are not considered legally adopted annual budgets or appropriations.

## **3. CASH AND INVESTMENTS**

### **A. Deposits**

*Custodial Credit Risk* – In the case of deposits, this is the risk that in the event of a bank failure, the Corporation’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.

#### 4. INTERFUND RECEIVABLES AND PAYABLES

The Corporation pools cash in one bank account that is accounted for in the General Fund. All expenditures are paid out of this cash account and appropriate interfund balances are recorded to reflect this activity. The composition of interfund balances as of December 31, 2016, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Texas Veteran Commission	General	\$ 32,393
Bexar Alamo Aging	General	29,947
Other Local Funds	General	21,497
Nonmajor governmental	General	4,297
Nonmajor governmental	Nonmajor governmental	<u>2,939</u>
		<u>\$ 91,073</u>

#### 5. CONTINGENCIES

##### A. Risk Management

The Corporation is exposed to various risks of loss related to torts; theft, or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation maintains worker's compensation and other risks of loss coverage through commercial insurance carriers. The Corporation's management believes such coverage is sufficient to preclude any significant uninsured losses to the Corporation. There were not significant reductions in insurance coverage in the prior year. There were no insurance settlements which exceeded insurance coverage in any of the past three years.

##### B. Contingencies

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

Agencies expending \$750,000 or more in Corporation grant funds are required to have an independent audit each year. Copies of such audits are required to be submitted to the Corporation. If such audits disclose expenditures that are 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 Corporation or the subcontractor. The Corporation generally has the right of recovery from the subcontracted agencies.

#### 6. FEDERAL AND STATE AWARDS

The Corporation is a discretely presented component unit of AACOG. The entire financial reporting entity of the AACOG is considered on a combined basis for single audit purposes. Accordingly, the Corporation's federal and state programs are included within the scope of AACOG's single audit.

## **7. INDIVIDUAL FUNDS DEFICIT EQUITY BALANCES**

The Workforce Solutions Alamo fund had a deficit equity balance of \$1,552 as of December 31, 2016. If funding from outside sources does not become available to cover this deficit fund balance, the Corporation plans to transfer funds to cover the deficit fund balance.

## **NONMAJOR GOVERNMENTAL FUNDS**

**ALAMO AREA DEVELOPMENT CORPORATION**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2016**

	Special Revenue		
	Office of the Governor- Criminal Justice Division	Ryan White	VIA Metropolitan Transit
<b>ASSETS</b>			
Intergovernmental receivables	\$ -	\$ -	\$ -
Due from other funds	<u>3,622</u>	<u>1,602</u>	<u>1,500</u>
Total assets	<u>3,622</u>	<u>1,602</u>	<u>1,500</u>
 <b>LIABILITIES</b>			
Liabilities:			
Accounts payable	-	-	-
Unearned revenue	-	-	1,500
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,500</u>
 <b>FUND BALANCE</b>			
Unassigned	-	-	-
Restricted:			
Grants	<u>3,622</u>	<u>1,602</u>	<u>-</u>
Total fund balance	<u>3,622</u>	<u>1,602</u>	<u>-</u>
 Total liabilities and fund balance	<u>\$ 3,622</u>	<u>\$ 1,602</u>	<u>\$ 1,500</u>

Special Revenue

City of San Antonio	Texas Department of Transportation	Workforce Solutions Alamo	Total Nonmajor Governmental Funds
\$ 1,639	\$ -	\$ -	\$ 1,639
<u>-</u>	<u>512</u>	<u>-</u>	<u>7,236</u>
<u>1,639</u>	<u>512</u>	<u>-</u>	<u>8,875</u>
-	-	49	49
-	-	-	1,500
<u>1,436</u>	<u>-</u>	<u>1,503</u>	<u>2,939</u>
<u>1,436</u>	<u>-</u>	<u>1,552</u>	<u>4,488</u>
-	-	( 1,552)	( 1,552)
<u>203</u>	<u>512</u>	<u>-</u>	<u>5,939</u>
<u>203</u>	<u>512</u>	<u>( 1,552)</u>	<u>4,387</u>
<u>\$ 1,639</u>	<u>\$ 512</u>	<u>\$ -</u>	<u>\$ 8,875</u>

**ALAMO AREA DEVELOPMENT CORPORATION**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Special Revenue		
	Office of the Governor- Criminal Justice Division	Ryan White	VIA Metropolitan Transit
<b>REVENUES</b>			
Federal	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Workforce development	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS REVENUES OVER EXPENDITURES</b>	-	-	-
<b>FUND BALANCE, BEGINNING</b>	<u>3,622</u>	<u>1,602</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 3,622</u>	<u>\$ 1,602</u>	<u>\$ -</u>

Special Revenue

City of San Antonio	Texas Department of Transportation	Workforce Solutions Alamo	Total Nonmajor Governmental Funds
\$ <u>9,450</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9,450</u>
<u>9,450</u>	<u>-</u>	<u>-</u>	<u>9,450</u>
<u>9,450</u>	<u>-</u>	<u>-</u>	<u>9,450</u>
<u>9,450</u>	<u>-</u>	<u>-</u>	<u>9,450</u>
-	-	-	-
<u>203</u>	<u>512</u>	<u>( 1,552)</u>	<u>4,387</u>
\$ <u><u>203</u></u>	\$ <u><u>512</u></u>	\$ <u><u>( 1,552)</u></u>	\$ <u><u>4,387</u></u>

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

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

To the Board of Directors  
Alamo Area Development Corporation  
San Antonio, Texas

Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alamo Area Development Corporation (the “Corporation”), a component unit of Alamo Area Council of Governments, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements, and have issued our report thereon dated August 15, 2017.

***Internal Control over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### **Purpose of this Report**

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

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

Waco, Texas  
August 15, 2017