

ALAMO AREA DEVELOPMENT CORPORATION

FINANCIAL REPORT

DECEMBER 31, 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Alamo Area Development Corporation
San Antonio, Texas

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 (a component unit of Alamo Area Council of Governments, the "Corporation") as of and for the year ended December 31, 2011, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation'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 Accounting Standards*, issued by the Comptroller 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 present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Corporation as of December 31, 2011, 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.

As discussed in Note 1 to the basic financial statements, the Corporation implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended December 31, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 14, 2012, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provision 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 the internal control over financial 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.

Board of Directors
Alamo Area Development Corporation

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 4 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.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

San Antonio, Texas

August 14, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Alamo Area Development Corporation (AADC) received its 2011 major funding from the Workforce Solutions Alamo and the City of San Antonio for the Workforce, and Child Care programs respectively. AADC also received funding from various local contributors for the Bexar Aging program.

	2011	2010
Revenues		
Program revenues:		
Operating grants and contributions	\$ 3,687,207	\$ 5,028,806
Miscellaneous	20	-
	3,687,227	5,028,806
Total revenues	3,687,227	5,028,806
Expenses		
General government	73,062	54,514
Workforce development	3,592,467	4,947,315
Transportation	-	3,679
Aging	21,678	200
	3,687,207	5,005,708
Total expenses	3,687,207	5,005,708
Change in net assets	20	23,098
Net assets, beginning of year	34,105	11,007
Net assets, end of year	\$ 34,125	\$ 34,105

AADC's fiscal year 2011 reflects \$3,687,207 of federal, state and local revenue and \$3,687,207 in total expenditures. When comparing 2011 actual revenues and expenditures to 2010 the decrease of \$1,341,579 in revenues and the decrease of \$1,318,501 in expenditures are due to the completion of the American Recovery and Reinvestment Act (ARRA) funding received for the Workforce and Child Care programs.

	2011	2010
Total assets	\$ 909,075	\$ 1,328,729
Total liabilities	874,950	1,294,694
Total unrestricted net assets	\$ 34,125	\$ 34,035

AADC's fund balance at December 31, 2011 is \$34,125 of which \$7,371 is the general fund balance, \$3,622 in fund balance for the Criminal Justice program and \$23,132 for the Bexar Agency on Aging program. The AADC's fund balance increased by \$20 when compared to the 2010 fund balance of \$34,105.

The Alamo Area Development Corporation's Board of Directors' approved a \$3,789,047 annual budget for fiscal year 2012 which represents an increase of \$101,820 in funding when compared to the actual 2011 fiscal year. The increase is primarily due to the new Veterans Program funding received in 2012.

AADC anticipates additional funding from the TriHM foundation that will enhance the Alamo Local Authority Intellectual Developmental Disabilities program and is also forming a new "Alamo Natural Gas Vehicle Consortium" that will generate local funding for the Clean Cities program.

FINANCIAL STATEMENTS

**ALAMO AREA DEVELOPMENT CORPORATION
STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

ASSETS

Cash and investments	\$ 141,808
Intergovernmental receivables	767,267

Total assets	909,075
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LIABILITIES

Accounts payable	854,112
Unearned revenue	20,838

Total liabilities	874,950
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NET ASSETS

Restricted	26,754
Unrestricted	7,371

Total net assets	\$ 34,125
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The Notes to Financial Statements are an integral part of this statement.

**ALAMO AREA DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
			<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES			
General government	\$ 73,062	\$ 73,062	\$ -
Workforce development	3,592,467	3,592,467	-
Aging	21,678	21,678	-
Total governmental activities	\$ 3,687,207	\$ 3,687,207	-
MISCELLANEOUS			<u>20</u>
CHANGE IN NET ASSETS			20
NET ASSETS, beginning of year			<u>34,105</u>
NET ASSETS, end of year			<u><u>\$ 34,125</u></u>

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

**ALAMO AREA DEVELOPMENT CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	<u>General</u>	<u>Workforce Solutions Alamo</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 141,808	\$ -	\$ -	\$ 141,808
Intergovernmental receivables	-	758,678	8,589	767,267
Due from other funds	39,898	135,189	39,146	214,233
Total assets	<u>\$ 181,706</u>	<u>\$ 893,867</u>	<u>\$ 47,735</u>	<u>\$ 1,123,308</u>
LIABILITIES				
Accounts payable	\$ -	\$ 854,112	\$ -	\$ 854,112
Deferred revenue	-	1,971	18,867	20,838
Due to other funds	174,335	37,784	2,114	214,233
Total liabilities	174,335	893,867	20,981	1,089,183
FUND BALANCES				
Restricted				
Grants	-	-	26,754	26,754
Unassigned				
General fund	7,371	-	-	7,371
Total fund balances	<u>7,371</u>	<u>-</u>	<u>26,754</u>	<u>34,125</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 181,706</u>	<u>\$ 893,867</u>	<u>\$ 47,735</u>	<u>\$ 1,123,308</u>

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

**ALAMO AREA DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Workforce Solutions Alamo</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Federal	\$ -	\$ 3,525,252	\$ -	\$ 3,525,252
State	-	66,750	-	66,750
Local	-	465	94,740	95,205
Miscellaneous	20	-	-	20
Total revenues	20	3,592,467	94,740	3,687,227
EXPENDITURES				
General government	-	-	73,062	73,062
Workforce development	-	3,592,467	-	3,592,467
Aging	-	-	21,678	21,678
Transportation	-	-	-	-
Total expenditures	-	3,592,467	94,740	3,687,207
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	20	-	-	20
FUND BALANCES, beginning of year	7,351	-	26,754	34,105
FUND BALANCES, end of year	\$ 7,371	\$ -	\$ 26,754	\$ 34,125

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

**ALAMO AREA DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 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:

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 who are also members of the governing body of AACOG. The Corporation is reported as a discretely presented component unit of AACOG. The Corporation contracts with Workforce Solutions Alamo (WSA) to administer programs, consisting primarily of Texas Workforce Commission (TWC) grants.

The Corporation has been selected as the operator of the rural one-stop centers in the 12 rural counties serviced by WSA, the local workforce development board, for purposes of planning and implementing employment and training programs. The majority of the Corporation's funding is derived from contracts awarded by WSA, with funds provided by TWC, a state agency receiving federal pass-through funds.

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. 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 revenue. *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 *Workforce Solutions Alamo Fund* is used to account for federal and state grants awarded to the Corporation by Workforce Solutions Alamo.

**ALAMO AREA DEVELOPMENT CORPORATION
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 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. Grant revenues are considered susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Corporation.

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

Estimates

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.

**ALAMO AREA DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Tax

AADC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. AADC had no unrelated business income during the year ended December 31, 2011. Accordingly, no provision for income taxes is made in the accompanying financial statements.

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

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 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 both revenue recognition criteria are met or when the Corporation has a legal claim to the resources, the liability for the deferred revenue is removed from the balance sheet and revenue is recognized.

Cash and Investments

Cash and investments are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash and investments in the Corporation’s financial statements include amounts in demand deposits and public investment pools. Interest is distributed according to each fund’s relative percentage of the total pool.

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 pool’s and repurchase agreements with underlying collateral of government securities. Investments for the Corporation are reported at fair value.

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.e., the current portion of interfund loans). All the other outstanding balances between funds are also reported as “due to/from other funds.” The Corporation had no “advances to/from other funds” at December 31, 2011.

**ALAMO AREA DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cost Allocation Plan

AADC uses an administrative cost pool to allocate administrative costs which cannot be identified by specific program. These costs are allocated based on some acceptable measure of benefits received. Only actual, not budgeted, unassigned direct costs are pooled and distributed to the various programs.

The plan is reviewed annually for modification, for addition/deletion of funding sources, significant changes in the programs or cost pool expenditures, or other events which could affect the reliability of the Cost Allocation Plan.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets are 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.

During the year ended December 31, 2011 the Corporation adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 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.

In accordance with GASB 54, the Corporation classifies governmental fund balances as follows:

Non-spendable – 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, 2011, the Corporation had non-spendable 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 retirement of federal and state grants.

**ALAMO AREA DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Assets – Continued

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, 2011, 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, 2011, 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.

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.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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. Accordingly, comparative budget and actual results are not presented in this report.

**ALAMO AREA DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. CASH AND INVESTMENTS

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.

NOTE 4. INTERFUND RECEIVABLES AND PAYABLES

The Development 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, 2011, is as follows:

Receivable Fund	Payable Fund	Amount
General	Workforce Solutions Alamo	\$ 37,784
General	Other Governmental funds	2,114
Workforce Solutions Alamo	General	135,189
Other Governmental funds	General	39,146
		\$ 214,233

NOTE 5. 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
Grant funds	\$ -	\$ 20,838	\$ 20,838
	\$ -	\$ 20,838	\$ 20,838

**ALAMO AREA DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. CONTINGENCIES

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 no 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.

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 \$500,000 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 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.

NOTE 7. 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 the AACOG's single audit.

NONMAJOR GOVERNMENTAL FUNDS

**ALAMO AREA DEVELOPMENT CORPORATION
COMBINING BALANCE SHEET
DECEMBER 31, 2011**

	<u>Special Revenue</u>			
	<u>Office of the Governor Criminal Justice Division</u>	<u>Alamo Area Agency on Aging</u>	<u>Ryan White</u>	<u>Bexar Agency on Aging</u>
ASSETS				
Intergovernmental receivables	\$ -	\$ -	\$ 1,602	\$ 6,475
Due from other funds	3,622	-	-	31,894
Total assets	<u>\$ 3,622</u>	<u>\$ -</u>	<u>\$ 1,602</u>	<u>\$ 38,369</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	15,237
Due to other funds	-	-	1,602	-
Total liabilities	-	-	1,602	15,237
FUND BALANCES				
Restricted Grants	3,622	-	-	23,132
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,622</u>	<u>\$ -</u>	<u>\$ 1,602</u>	<u>\$ 38,369</u>

**ALAMO AREA DEVELOPMENT CORPORATION
COMBINING BALANCE SHEET
DECEMBER 31, 2011
(CONTINUED)**

	Special Revenue			Total Nonmajor Governmental Funds
	Other Local Funds	VIA Metropolitan Transit	Texas Department of Transportation	
ASSETS				
Intergovernmental receivables	\$ -	\$ -	\$ 512	\$ 8,589
Due from other funds	2,130	1,500	-	39,146
Total assets	\$ 2,130	\$ 1,500	\$ 512	\$ 47,735
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	2,130	1,500	-	18,867
Due to other funds	-	-	512	2,114
Total liabilities	2,130	1,500	512	20,981
FUND BALANCES				
Restricted Grants	-	-	-	26,754
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,130	\$ 1,500	\$ 512	\$ 47,735

**ALAMO AREA DEVELOPMENT CORPORATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2011**

	<u>Special Revenue</u>			
	<u>Office of the Governor Criminal Justice Division</u>	<u>Alamo Area Agency on Aging</u>	<u>Ryan White</u>	<u>Bexar Agency on Aging</u>
REVENUES				
Federal	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-
Local	-	-	-	6,436
Total revenues	-	-	-	6,436
EXPENDITURES				
General government	-	-	-	-
Transportation	-	-	-	-
Aging	-	-	-	6,436
Total expenditures	-	-	-	6,436
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCES, beginning of year	3,622	-	-	23,132
FUND BALANCES, end of year	<u>\$ 3,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,132</u>

**ALAMO AREA DEVELOPMENT CORPORATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2011
 (CONTINUED)**

	Special Revenue			Total Nonmajor Governmental Funds
	Other Local Funds	VIA Metropolitan Transit	Texas Department of Transportation	
REVENUES				
Federal	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-
Local	88,304	-	-	94,740
Total revenues	88,304	-	-	94,740
EXPENDITURES				
General government	73,062	-	-	73,062
Transportation	-	-	-	-
Aging	15,242	-	-	21,678
Total expenditures	88,304	-	-	94,740
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	26,754
FUND BALANCES, end of year	\$ -	\$ -	\$ -	\$ 26,754



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 Development Corporation
San Antonio, Texas

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alamo Area Development Corporation (the Corporation), as of and for the year ended December 31, 2011, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated August 14, 2012. 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 Corporation'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 Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation'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 Development Corporation

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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*.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

San Antonio, Texas
August 14, 2012



WEAVER AND TIDWELL LLP
CERTIFIED PUBLIC ACCOUNTANTS
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