

Alamo Regional Mobility Authority
San Antonio, Texas

Financial Statements and
Independent Auditor's Report

Year Ended September 30, 2014

Alamo Regional Mobility Authority

San Antonio, Texas

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Financial Section

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Independent Auditor's Report

To the Board of Directors
Alamo Regional Mobility Authority
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Alamo Regional Mobility Authority (the "Authority") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority'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.

Auditor's Responsibility

Our responsibility is to express an opinion 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 Authority'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 Authority'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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of September 30, 2014, and the changes in its financial position and its cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the Authority was required to adopt Governmental Accounting Standards Board ("GASB") Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The adoption of GASB Statement No. 65 did not have an effect on the Authority's previously reported net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of State Awards, as required by the State of Texas Single Audit Circular, is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Expenditures of State Awards is the responsibility of management and was derived from, and relates 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 Schedule of Expenditures of State Awards is 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 April 1, 2015 on our consideration of the Authority'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 Authority's internal control over financial reporting and compliance.

Padgett, Statemann + Co., L.L.P.

San Antonio, Texas

April 1, 2015

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Alamo Regional Mobility Authority

San Antonio, Texas

Management's Discussion and Analysis

Year Ended September 30, 2014

(Unaudited)

As management of Alamo Regional Mobility Authority (the "Authority") we offer the following Management's Discussion and Analysis ("MD&A"). The MD&A serves as an introduction to the financial statements for the FY ("FY") ended September 30, 2014 and is designed to assist the reader in focusing on significant financial issues and activities and identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

The Authority was established in 2004 by the Bexar County Commissioners Court with the intent to partner with the Texas Department of Transportation ("TxDOT"); the San Antonio-Bexar County Metropolitan Planning Organization ("MPO"); and Bexar County to leverage funding and bring needed relief to the congestion impacting the Bexar County area. An initial 50-mile toll road network was identified. The network was to include new capacity on Loop 1604 from FM 471 (Culebra Road) to IH-35 (north), new capacity on US 281 from Loop 1604 (north) to the Comal County line, and new capacity in the northwest (IH-35) corridor from Loop 1604 (north) to the Central Business District ("CBD"). New connector/exchange ramps at US 281 and Loop 1604 and at IH-10 and Loop 1604 were also included as projects in the initial network.

Since that time, the Authority has partnered with TxDOT to complete superstreet improvements to portions of Loop 1604 in northwest San Antonio and on US 281 from Loop 1604 to Marshall Road. The Authority completed preliminary planning work on potential projects in the SH-16 corridor from IH-410 to Loop 1604 and IH-35 from the CBD to the Guadalupe County line. The Authority also procured a design/build developer for improvements to US 281 from Loop 1604 to the Comal County line prior to that project falling victim to an environmental lawsuit. In 2013, the Authority, in partnership with the Federal Highway Administration and TxDOT, completed the construction of four direct connector ramps at US 281 and Loop 1604 in north central San Antonio. The \$110 million project was funded through a combination of American Recovery and Reinvestment Act of 2009 and TxDOT Proposition 12 and 14 funds.

Alamo RMA Staffing

Staff duties of the Authority have continued to be performed by employees of Bexar County. Utilization of Bexar County employees is an effort to reduce ongoing operating costs of the Authority while revenue-generating projects remain under development. David Smith continues to serve the dual role of Bexar County Manager and the Authority's Executive Director and Renee Green, P.E. serves as Bexar County Director of Public Works and as the Authority's Director of Engineering and Operations.

Alamo RMA Board Members

In 2014, John Clamp has continued to serve as the Board Chairman. Mr. Clamp is joined by Board Members John Montford; Reynaldo Diaz, Jr.; Tommy Calvert, Jr.; Ramiro Cavazos; Gavino Ramos, Jr.; and David Starr. During 2014, Tommy Calvert, Jr. ran for and was elected to the position of Bexar County Commissioner. He will recommend his replacement to the Authority's Board once he takes office.

Alamo Regional Mobility Authority

San Antonio, Texas

Management's Discussion and Analysis

Year Ended September 30, 2014

(Unaudited)

Financial Highlights

Financial highlights for the Authority include the following:

- During the 2013 session of the State Legislature, House Bill 1573 was passed and signed into law allowing mobility authorities to collect a \$10 fee during the annual registration of vehicles, provided the Commissioners of Bexar County approve the imposition of the fee. The Bexar County Commissioners approved the \$10 fee on August 29, 2013. The Authority started receiving revenues from the fee beginning February 2014. Revenues collected in FY 2014 were \$11,234,815. Projected revenues from this fee are estimated to be \$12,000,000 to \$14,000,000 annually.
- Personnel cost directly associated with the Authority's projects totaled \$33,503 and \$514,665 for the years ended September 30, 2014 and 2013, respectively. FY 2014 costs reflect charges from Bexar County for services rendered by its employees on behalf of the Authority.
- Total assets increased by \$5,140,419 primarily related to an increase in cash and cash equivalents and accounts receivable driven by the new \$10 vehicle registration fee implemented this FY. Additionally, a decrease to development in progress contributed to the overall increase in total assets.
- The Authority ended the year with a total net position balance of \$134,578,223, an increase of \$7,094,863 from the previous year. This increase is primarily related to the excess funds being generated by the vehicle registration fee.

Basic Financial Statements

The basic financial statements are comprised of the Balance Sheet; Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The basic financial statements report information using accounting methods similar to those used by private-sector companies. These financial statements are prepared under the accrual basis of accounting in which revenues and assets are recognized when earned or acquired, and expenses and liabilities are recognized when incurred, regardless of when cash is received or paid. These financial statements also offer short-term and long-term financial information about the Authority's activities.

The Balance Sheet includes all of the Authority's assets and liabilities. It provides information about the nature and amount of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing its liquidity and financial flexibility.

The Statement of Revenues, Expenses, and Changes in Net Position presents both operating revenues and expenses and nonoperating revenues and expenses. Operating revenues are expected to be generated from toll revenues in future years. Operating expenses were incurred in planning and operating the Authority. All other

Alamo Regional Mobility Authority

San Antonio, Texas

Management's Discussion and Analysis

Year Ended September 30, 2014

(Unaudited)

activity is classified as nonoperating revenues and expenses. Total revenues, total expenses, operating income (loss), and increase (decrease) in net position are all important factors when assessing the change in the Authority's financial position. Further detail is presented in the Statement of Revenues, Expenses, and Changes in Net Position and notes to the financial statements.

The Statement of Cash Flows reports cash inflows and outflows and net changes in cash resulting from operations, capital, and financing activities. It provides answers to such questions as where did cash come from, what was the cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the basic financial statements.

Financial Analysis

Table 1
Condensed Balance Sheet Information

	<u>2014</u>	<u>2013</u>
Current assets	\$ 16,450,186	\$ 8,518,987
Capital assets	<u>142,042,148</u>	<u>144,832,928</u>
Total assets	<u>\$ 158,492,334</u>	<u>\$ 153,351,915</u>
Current liabilities	\$ 5,939,322	\$ 6,282,018
Noncurrent liabilities	<u>17,974,789</u>	<u>19,586,537</u>
Total liabilities	<u>23,914,111</u>	<u>25,868,555</u>
Net position:		
Net investment in capital assets	130,877,475	134,919,258
Unrestricted (deficit)	<u>3,700,748</u>	<u>(7,435,898)</u>
Total net position	<u>134,578,223</u>	<u>127,483,360</u>
Total liabilities and net position	<u>\$ 158,492,334</u>	<u>\$ 153,351,915</u>

Alamo Regional Mobility Authority

San Antonio, Texas

Management's Discussion and Analysis

Year Ended September 30, 2014

(Unaudited)

Total current assets increased by \$7,931,199 (93%); the majority of this increase is due to increase in cash and cash equivalents, and accounts receivable related to the new vehicle registration fee. Capital assets decreased by \$2,790,780 (2%); the majority of this decrease was related to the transfer of two completed projects to TxDOT, offset by current year additions for projects. Total liabilities decreased by \$1,954,444 (8%); the majority of this decrease was the result of a significant decrease in unearned revenue. Overall net position increased by \$7,094,863 (6%) as the result of the increase in unrestricted excess funds.

Table 2
Condensed Revenues, Expenses, and Changes in Net Position Information

	<u>2014</u>	<u>2013</u>
Operating expenses	\$ <u>399,812</u>	\$ <u>367,609</u>
Total operating expenses	(399,812)	(367,609)
Nonoperating revenue – net	<u>3,838,922</u>	<u>128,351</u>
Increase (decrease) in net position before capital contributions	3,439,110	(239,258)
Capital contributions	<u>3,655,753</u>	<u>22,082,309</u>
Change in net position	7,094,863	21,843,051
Net position at beginning of year	<u>127,483,360</u>	<u>105,640,309</u>
Net position at end of year	\$ <u><u>134,578,223</u></u>	\$ <u><u>127,483,360</u></u>

Operating expenses increased slightly from the previous year by \$32,203. Nonoperating revenues increased by \$3,710,571 (2891%) due to the new vehicle registration fee. Capital contributions were \$3,655,753, a decrease of \$18,426,556 (83%) from the previous year. This decrease in capital contributions is a result of work on the US 281 and Loop 1604 interchange during the first quarter of FY 2014.

Alamo Regional Mobility Authority

San Antonio, Texas

Management's Discussion and Analysis

Year Ended September 30, 2014

(Unaudited)

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2014, the Authority had \$142,042,148 invested in capital assets, all related to development in progress costs. This represents a decrease of \$2,790,780 (2%) from FY 2013. Additional information can be found in Note 6 to the financial statements.

Table 3
Capital Assets

	<u>2014</u>	<u>2013</u>
Equipment – software	\$ -	\$ -
Capital assets not being depreciated:		
Development in progress:		
US 281 North	\$ 2,666,496	\$ 1,709,363
US 281 EIS	8,990,640	7,284,623
US 281 Superstreet	-	6,751,130
US 281 and 1604 Interchange	119,205,422	118,208,271
Loop 1604 EIS	10,304,153	9,065,109
Loop 1604 Superstreet	-	900,631
Loop 1604	875,437	868,027
IH-35	-	45,774
Total capital assets not being depreciated	<u>142,042,148</u>	<u>144,832,928</u>
Total capital assets	<u>\$ 142,042,148</u>	<u>\$ 144,832,928</u>

Debt

As of September 30, 2014, the Authority had total long-term debt of \$17,974,789 comprised of loans from TxDOT. These loans from the state do not accrue interest. However, the Authority has \$1,250,000 in short-term debt from local agencies that is scheduled for repayment in FY 2015. There is \$419,516 in accrued interest payable on these loans as of September 30, 2014.

The Authority did not incur any new long-term debt during the year. More information related to the Authority's long-term debt can be found in Note 7 to the financial statements.

Alamo Regional Mobility Authority

San Antonio, Texas

Management's Discussion and Analysis

Year Ended September 30, 2014

(Unaudited)

Economic Factors Affecting the Future

\$825 Million Plan

In 2014, the Authority entered into a funding partnership with TxDOT and multiple local agencies, including Bexar County, the City of San Antonio, VIA Metropolitan Transit, and the MPO to address the transportation needs of the greater San Antonio metropolitan area. The goal of the partnership was to address much needed congestion relief in several highly traveled corridors including IH-10, Loop 1604, and US 281. The partnership will provide \$825 million dollars of infrastructure improvements and accelerate project delivery. The Authority is contributing funding for several of the projects, including Loop 1604 from US 90 to FM 1957, to allow TxDOT to construct nontoll facilities.

US 281 and IH-10 Project Development Agreement

The Authority and TxDOT have continued to prepare the Project Development Agreement for the US 281 and IH-10 projects. The purpose of the agreement is to allow TxDOT to provide for the design and construction of the projects on behalf of the Authority and provide a portion of the financing. The Authority will assume responsibility for operations and maintenance of the tolled facilities once construction is complete.

US 281 Improvement Project

The Authority has continued with the preparation of the schematic design and Final Environmental Impact Statement for improvements to US 281 from Loop 1604 to Borgfeld Road. As proposed, the project will include additional general purpose freeway lanes and managed lanes from Loop 1604 to Stone Oak Boulevard and tolled lanes from Stone Oak Boulevard to Borgfeld Road. A Record of Decision is anticipated in the summer of 2015. As the environmental clearance process nears completion, the Authority has also begun coordination with TxDOT for development of the Design/Build Request for Qualifications. The Authority has continued with preparation of an Investment Grade Traffic and Revenue Study, which should be completed by the end of this year.

IH-10

TxDOT has continued development of the schematic for the IH-10 managed lanes project from Loop 1604 to Ralph Fair Road. The Authority has continued to attend coordination meetings and provide input related to the development of the managed lanes. TxDOT is managing the Level II Traffic and Revenue Study with results expected mid-December of this year. Ultimately, the Authority will apply for a State Infrastructure Bank loan to secure the unfunded portion of the project and obtain National Environmental Policy Act clearance for the direct connectors from Loop 1604 to IH-10.

Alamo Regional Mobility Authority

San Antonio, Texas

Management's Discussion and Analysis

Year Ended September 30, 2014

(Unaudited)

Loop 1604

The Authority has continued with the schematic design and Environmental Assessment of Loop 1604 from SH-16 to IH-35. As proposed, the project will include at-grade managed lanes with interchange connections at US 281 and IH-10. A public hearing will be held in 2015 with the final Environmental Assessment decision anticipated in November 2015. Additionally, the Authority is coordinating with TxDOT to refine the schematic design as the Level II Traffic and Revenue Study is being conducted.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Alamo Regional Mobility Authority c/o Bexar County Public Works 233 N. Pecos La Trinidad, Suite 420, San Antonio, Texas 78207.

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Basic Financial Statements

Alamo Regional Mobility Authority

San Antonio, Texas

Balance Sheet

Year Ended September 30, 2014

ASSETS

Current Assets

Cash and cash equivalents	\$ 14,324,308
Accounts receivable	1,480,341
Grants receivable from State of Texas	645,537
	<hr/>
Total current assets	16,450,186

Noncurrent Assets

Capital assets:	
Development in progress	142,042,148
Total noncurrent assets	142,042,148
	<hr/>
Total assets	\$ 158,492,334

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 352,853
Accrued payroll	14,616
Accrued liabilities	1,032,649
Accrued interest payable	419,516
Current portion of long-term debt	1,250,000
Unearned revenue	2,869,688
	<hr/>
Total current liabilities	5,939,322

Long-Term Debt – less current maturities	17,974,789
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Total long-term liabilities	17,974,789
	<hr/>
Total liabilities	23,914,111

Net Position

Net investment in capital assets	130,877,475
Unrestricted	3,700,748
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Total net position	134,578,223
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Total liabilities and net position	\$ 158,492,334

Alamo Regional Mobility Authority

San Antonio, Texas

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended September 30, 2014

Operating Revenue

Operating revenue \$ -

Operating Expenses

Payroll and payroll-related expenses	33,503
Travel and conferences	10,268
Professional and contracted services	36,557
Legal services	81,261
Memberships and subscriptions	2,170
Marketing and advertisement	920
Office space	206,251
Insurance	3,906
Telephone and internet service	2,379
Supplies and postage	417
Equipment rental and maintenance	13,460
Banking fees	3,817
Miscellaneous	1,789
Minor equipment and machinery	3,114

Total operating expenses 399,812

Operating loss (399,812)

Nonoperating Revenues (Expenses)

Vehicle registration fees	11,234,815
State grant revenue	352,633
Refund	5,222
Interest income	1,555
Interest expense	(57,768)
Conveyance of asset to other entities	(7,697,535)

Total nonoperating revenues (expenses) – net 3,838,922

Increase in net position before capital contributions 3,439,110

Capital contributions 3,655,753

Change in net position 7,094,863

Net position at beginning of year 127,483,360

Net position at end of year \$ 134,578,223

Alamo Regional Mobility Authority

San Antonio, Texas

Statement of Cash Flows

Year Ended September 30, 2014

	<u>2014</u>
Cash Flows From Operating Activities	
Payments to employees	\$ (18,887)
Payments to suppliers	(383,237)
	<u>(402,124)</u>
Net cash used in operating activities	<u>(402,124)</u>
Cash Flows From Noncapital Financing Activities	
Proceeds from grants	116,621
Proceeds from vehicle registration fees	9,756,550
	<u>9,873,171</u>
Net cash provided by noncapital financing activities	<u>9,873,171</u>
Cash Flows From Capital and Related Financing Activities	
Payments for development projects	(3,805,626)
Proceeds from capital grants	549,946
	<u>(3,255,680)</u>
Net cash used in capital and related financing activities	<u>(3,255,680)</u>
Cash Flows From Investing Activities	
Proceeds from interest	1,555
	<u>1,555</u>
Net cash provided by investing activities	<u>1,555</u>
Net increase in cash and cash equivalents	6,216,922
Cash and cash equivalents at beginning of year	<u>8,107,386</u>
Cash and cash equivalents at end of year	<u>\$ 14,324,308</u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities	
Operating loss	\$ (399,812)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in liabilities:	
Accounts payable	26,403
Accrued liabilities	(43,331)
Accrued wages and payroll-related liabilities	14,616
	<u>(402,124)</u>
Net cash used in operating activities	<u>\$ (402,124)</u>

Noncash Investing, Capital, or Related Financing Activities

Interest expense totaling \$57,768 was recognized related to the accrual of interest on outstanding loans. Assets totaling \$7,697,535 were removed from the development in progress account as they were completed and conveyed to other entities.

Alamo Regional Mobility Authority

San Antonio, Texas

Notes to the Financial Statements

Year Ended September 30, 2014

1. Organization and Summary of Significant Accounting Policies

A. Reporting Entity

The Bexar County Regional Mobility Authority was approved by the Texas Department of Transportation ("TxDOT") on December 18, 2003 as a political subdivision of the State of Texas under the Texas Transportation Code, Chapter 370. Bexar County (the "County") formally approved the conditions of TxDOT on January 14, 2004. The Bexar County Regional Mobility Authority held its first meeting on April 13, 2004. On October 14, 2004, the Bexar County Regional Mobility Authority formally changed its name to Alamo Regional Mobility Authority (the "Authority"). The Authority was created to provide the Bexar County area with a local entity to make mobility decisions for the community and to accelerate needed transportation projects.

The Authority's powers and duties are enumerated under Texas Transportation Code, Chapter 370, and include authority to borrow monies and issue bonds to finance transportation projects. The Authority is governed by a seven-member Board of Directors. Six are appointed by Bexar County Commissioners Court, and the Chairman is appointed by the Governor of the State of Texas. In FY 2013, Bexar County took over the day-to-day business activity of the Authority, and the Authority is currently being managed by the Offices of the County Manager and Public Works Department. David Smith, the Bexar County Manager, was named Executive Director of the Authority. There are no component units included within the reporting entity.

B. Basis of Accounting

All the Authority's activities are reported in a single proprietary (enterprise) fund and are prepared on the accrual basis of accounting and the economic resource measurement focus in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and qualifying expenditures have been incurred.

House Bill 1573 allows mobility authorities to collect a \$10 fee during the annual registration of vehicles, provided the Commissioners of Bexar County approve the imposition of the fee. Bexar County Commissioners approved the \$10 fee on August 29, 2013. The Bexar County Tax Assessor-Collector collects this fee and remits it to the Authority as collected.

Alamo Regional Mobility Authority

San Antonio, Texas

Notes to the Financial Statements

Year Ended September 30, 2014

1. Organization and Summary of Significant Accounting Policies (continued)

B. Basis of Accounting (continued)

Adopted Governmental Accounting Standards Board ("GASB") Statements

In 2014, the Authority implemented the following new GASB pronouncements.

The Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items previously reported as assets and liabilities. The implementation of this statement had no impact on the Authority in 2014.

C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, noninterest-bearing demand deposit accounts and cash in interest-bearing demand accounts with commercial banks are considered cash equivalents. Short-term highly liquid investments that are both readily convertible and are invested in money market funds with original maturities of three months or less are "cash equivalents."

D. Use of Estimates

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

E. Grants and Accounts Receivable

Grants and accounts receivables and the allowance for doubtful accounts are shown separately on the financial statements. The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically-identified questionable receivables. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. As of September 30, 2014, there was no allowance for doubtful accounts, as management believes all receivables are collectible.

Alamo Regional Mobility Authority

San Antonio, Texas

Notes to the Financial Statements

Year Ended September 30, 2014

1. Organization and Summary of Significant Accounting Policies (continued)

F. Capital Contributions

Capital contributions consist of funds received through various grants to assist in the acquisition or construction of capital assets.

G. Risk Management

The Authority is exposed to various risks of loss related to general liability and property and casualty claims. The Authority carries commercial insurance for risk of loss that may arise from such losses.

H. Restricted and Unrestricted Resources

When both restricted and unrestricted net position is available for use, it is the Authority's policy to use restricted net position first, and then unrestricted net position as needed.

I. Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority, but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates it is probable that a material loss has been incurred, and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

The Authority participates in various federal and state grant programs which are subject to program compliance requirement and audits. Accordingly, the Authority's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Authority anticipates such amounts, if any, will be immaterial.

Alamo Regional Mobility Authority

San Antonio, Texas

Notes to the Financial Statements

Year Ended September 30, 2014

1. Organization and Summary of Significant Accounting Policies (continued)

J. Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates.

K. Capital Assets and Depreciation

Capital assets are stated at historical cost. Donated capital assets are valued at their estimated fair market value on the date received. For equipment, the Authority's capitalization policy includes all items with a unit cost of \$20,000 or more and an estimated useful life in excess of one year. Development in progress includes personnel costs that are directly attributable to a specific project in development. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following estimated useful lives are used:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures, and equipment	3-7 years

L. Impairment of Long-Lived Assets

The Authority reviews the carrying value of assets for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and effects of obsolescence, demand, competition, and other economic factors. The Authority recorded no impairments in this FY.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenses) until then.

Alamo Regional Mobility Authority

San Antonio, Texas

Notes to the Financial Statements

Year Ended September 30, 2014

1. Organization and Summary of Significant Accounting Policies (continued)

M. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenues) until then.

The Authority did not have deferred outflows or deferred inflows of resources at September 30, 2014.

N. Compensated Absences

As of September 30, 2014, there is no liability for compensated absences. The Authority reimburses Bexar County for direct salaries; however, the County retains the liability for any long-term compensated absences.

O. Operating Revenues and Expenses

The Authority did not generate any operating revenues in FY 2014; however, it expects to generate operating income in future years. All other revenues and expenses are reported as nonoperating revenues and expenses. Vehicle registration fees, grants, capital contributions, interest income, and other revenues are classified as nonoperating revenues since they are considered nonexchange transactions. Operating expenses are related to the administration and operations of the Authority, all other expenses are considered nonoperating.

P. In-Kind Services

Bexar County is responsible for the day-to-day operations of the Authority. The Authority has not placed a value on some of these services, which include, engineering, administration, public relations, and accounting, as such, no in-kind revenues or expenses have been reflected in the financial statements.

2. Interlocal Agreements

The Authority entered into interlocal agreements with the County and the City of San Antonio (the "City") to fund a portion of the start-up costs of the Authority. The interlocal agreements require repayment of the loans when the Authority issues bonds or from the proceeds of the first available revenues received. During FY 2014, these loans were reclassified from long-term to short-term liabilities. They were subsequently repaid in full in October 2014.

Alamo Regional Mobility Authority

San Antonio, Texas

Notes to the Financial Statements

Year Ended September 30, 2014

3. Cash and Cash Equivalents

Cash and cash equivalents at September 30, 2014 consist of the following:

Bank deposit	\$	72
Cash equivalents:		
Money market funds – Invesco Government and Agency Portfolio: Resource Class		<u>14,324,236</u>
Total cash and cash equivalents	\$	<u>14,324,308</u>

Deposits

At September 30, 2014, the carrying amount of the Authority's deposits was \$72 and the bank balance was \$72. The Authority's cash deposits at September 30, 2014 were covered by the Federal Deposit Insurance Corporation ("FDIC"). Excess cash is swept into an investment account daily.

Investments

State statutes govern the Authority's investment policies. State authorized investments include obligations of the United States Treasury and United States government agencies, commercial paper, and repurchase agreements. The Authority complies with applicable provisions of the State of Texas Public Funds Investment Act. The Authority accounts for and reports investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Realized and unrealized gains and losses on investments are reported as investment income. Investments are valued at fair value.

Credit Risk – The Authority's investment policy requires the purchase of securities that are of the highest credit quality, based on current ratings provided by nationally recognized credit agencies. The Authority's funds shall be primarily invested in United States Treasury securities and federal agency securities. Investments in other debt securities must be rated "A" or better by at least two nationally recognized credit rating agencies. The Authority's money market fund is rated AAAm by Standard & Poor's. Investments in the money market fund are not guaranteed by the FDIC or any other government agency. The fund invests in direct obligations of the United States government and other securities issued or guaranteed as to principal by the United States government or its agencies and instrumentalities, as well as repurchase agreements secured by those obligations.

Interest Rate Risk – As required by state law and the Authority's investment policy, investments in obligations are limited to having maturities at the date of purchase of no more than 10 years. The Authority also limits maturities of commercial paper to no more than 270 days from the date of issuance and requires that mutual funds have a weighted-average maturity of 90 days or fewer.

Alamo Regional Mobility Authority

San Antonio, Texas

Notes to the Financial Statements

Year Ended September 30, 2014

3. Cash and Cash Equivalents (continued)

Investments (continued)

Concentration of Credit Risk – The Authority places no limit on the amount it may invest in any one issuer. 100% of the Authority's total investments are held in money market funds. The money market funds hold only repurchase agreements and United States Treasury obligations.

4. Grants Receivable

Grants receivable in the amount of \$645,537 at September 30, 2014 represents amounts due from the State of Texas.

5. Accounts Receivable

Accounts receivable in the amount of \$1,480,341 at September 30, 2014 represents primarily amounts due from the Tax Assessor Collector for vehicle registration fees collected and not yet remitted to the Authority for the FY 2014.

Alamo Regional Mobility Authority
San Antonio, Texas

Notes to the Financial Statements

Year Ended September 30, 2014

6. Capital Assets

Changes in the Authority's capital assets for the year ended September 30, 2014 consist of the following:

	<u>October 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2014</u>
Equipment – software	\$ -	\$ -	-	\$ -
Capital assets not being depreciated:				
Development in progress:				
US 281 North	1,709,363	957,133	-	2,666,496
US 281 EIS	7,284,623	1,706,017	-	8,990,640
US 281 and Loop 1604 Interchange	118,208,271	997,151	-	119,205,422
Loop 1604 EIS	9,065,109	1,239,044	-	10,304,153
Loop 1604	868,027	7,410	-	875,437
IH-35	45,774	-	(45,774)	-
Total development in progress	<u>137,181,167</u>	<u>4,906,755</u>	<u>(45,774)</u>	<u>142,042,148</u>
Development conveyed to State:				
US 281 Superstreet	6,751,130	-	(6,751,130)	-
Loop 1604 Superstreet	900,631	-	(900,631)	-
Total development conveyed to State	<u>7,651,761</u>	<u>-</u>	<u>(7,651,761)</u>	<u>-</u>
Total capital assets not being depreciated	<u>144,832,928</u>	<u>4,906,755</u>	<u>(7,697,535)</u>	<u>142,042,148</u>
Total capital assets	144,832,928	4,906,755	(7,697,535)	142,042,148
Less accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net capital assets	<u>\$ 144,832,928</u>	<u>\$ 4,906,755</u>	<u>\$ (7,697,535)</u>	<u>\$ 142,042,148</u>

There was no depreciation expense for the year ended September 30, 2014.

Both the US 281 Superstreet and Loop 1604 Superstreet projects were completed and placed into service in previous years. During FY 2014, these projects were conveyed and transferred to TxDOT and removed from the Authority's development in progress account. This was reported as a nonoperating expense in the Statement of Revenues, Expenses, and Changes in Net Position for the year ended September 30, 2014.

Alamo Regional Mobility Authority

San Antonio, Texas

Notes to the Financial Statements

Year Ended September 30, 2014

7. Long-Term Liabilities

Long-term debt activity for the year ended September 30, 2014 is as follows:

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2014</u>	<u>Due in One Year</u>
Bexar County Loan #1	\$ 250,000	\$ -	\$ -	\$ 250,000	\$ 250,000
Bexar County Loan #2	500,000	-	-	500,000	500,000
City of San Antonio Loan #1	500,000	-	-	500,000	500,000
TxDOT – FAA 1	913,890	-	-	913,890	-
TxDOT – FAA 2	4,542,185	-	-	4,542,185	-
TxDOT – FAA 3	128,714	-	-	128,714	-
TxDOT – FAA 5	<u>12,390,000</u>	<u>-</u>	<u>-</u>	<u>12,390,000</u>	<u>-</u>
Total long-term liabilities	<u>\$ 19,224,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,224,789</u>	<u>\$ 1,250,000</u>

Debt service information for the above loans is not presented since these loans do not currently have any scheduled maturities; however, three loans are being repaid in FY 2015. Therefore, they are being presented as current liabilities.

On July 12, 2004, the Authority entered into an initial interlocal agreement with the County. The agreement provided initial operating funds (Bexar County Loan #1) in the amount of \$250,000 at an annual rate of 3.34% simple interest, compounded annually. The loan and accrued interest are to be repaid in October 2014.

On January 18, 2005, the Authority entered into a second interlocal agreement with the County. The agreement provided additional operating funds (Bexar County Loan #2) in the amount of \$500,000 at an annual rate of 2.97% simple interest, compounded annually. The loan and accrued interest are to be repaid in October 2014.

On June 29, 2005, the Authority entered into an interlocal agreement with the City. The agreement provided additional initial operating funds (City of San Antonio Loan #1) in the amount of \$500,000 at an annual rate of 2.97% simple interest, compounded annually. The loan and accrued interest are to be repaid in October 2014.

Interest on the above notes is accrued from the date the loan is funded; however, no interest payments are due until the loan is retired. The accrued interest payable amount to the County and City is \$419,516 at September 30, 2014.

On December 16, 2005, the Authority entered into a financial assistance agreement (“FAA 1”) with TxDOT to provide funding for the Authority’s participation in the procurement process for a proposed comprehensive development agreement. This agreement is not to exceed \$1,000,000 and is noninterest-bearing. Funds were drawn down as authorized expenses were incurred. The amount outstanding at September 30, 2014 totaled \$913,890.

Alamo Regional Mobility Authority

San Antonio, Texas

Notes to the Financial Statements

Year Ended September 30, 2014

7. Long-Term Liabilities (continued)

On January 23, 2006, the Authority entered into a financial assistance agreement ("FAA 2") with TxDOT to provide funding for the development costs of certain toll projects. This agreement is not to exceed \$7,500,000 and is noninterest-bearing. Funds were drawn down as authorized expenses were incurred. The amount outstanding at September 30, 2014 totaled \$4,542,185.

On September 11, 2007, the Authority entered into a financial assistance agreement ("FAA 3") with TxDOT to provide funding for the development costs of certain toll projects. FAA 3 is being funded with remaining unused funds on the previous FAAs. Funds were drawn down as authorized expenses were incurred. This agreement is not to exceed \$3,043,925 (the amount of unused funds from the previous FAAs) and is noninterest-bearing. \$2,915,211 of FAA 3 was reduced by TxDOT during the FY 2011 for accepted work product on Wurzbach Parkway and Bandera Road. The amount outstanding at September 30, 2014 totaled \$128,714.

On February 3, 2009, the Authority entered into a financial assistance agreement ("FAA 5") with TxDOT to provide funding for the environmental impact statement and Loop 1604 predevelopment costs. TxDOT awarded \$12,390,000 in the form of a loan to conduct feasibility studies, environmental studies, public involvement, schematics, and preliminary financial plans associated with the addition of toll lanes on identified projects. The amount outstanding at September 30, 2014 totaled \$12,390,000.

Funds will be repaid for FAA 1, FAA 2, FAA 3, and FAA 5 from bond proceeds and/or toll revenues subject to the provisions and limitations set forth in the financial assistance agreements.

Any revenues used to repay the financial assistance agreements shall not exceed 10% of the revenues received in any calendar year.

Alamo Regional Mobility Authority

San Antonio, Texas

Notes to the Financial Statements

Year Ended September 30, 2014

8. Operating Leases

The Authority negotiated a settlement with its office space landlord to buy-out its long-term lease. This settlement will save the Authority \$150,000 in future expense. Settlement cost of \$136,203 is included in FY 2014 total rental expense of \$206,251.

Future minimum lease payments under noncancellable operating leases as of September 30, 2014 are as follows:

Year Ending September 30, 2015	\$ <u>8,040</u>
	\$ <u>8,040</u>

9. Major Vendor

Jacobs Engineering Group, Inc. accounted for 43% while HNTB Corp and Baker, Michael Jr. Inc. accounted for 22% and 21%, respectively, of vendor payments for the year ended September 30, 2014.

10. Commitments and Contingencies

A. Liquidity and Dependence on Funding Sources

The Authority receives significant financial assistance from TxDOT in the form of grants and loans. A significant reduction in the level of this funding, if this were to occur, may have a significant effect on the Authority. The disbursement of funds received generally requires compliance with terms and conditions specified in the agreements and are subject to review by TxDOT. Management believes there are no significant contingent liabilities relating to compliance with TxDOT rules and regulations. Additionally, management believes TxDOT and/or current Authority funds will continue funding the subsequent year's operations and ongoing capital projects.

B. Pending Lawsuits and Claims

From time-to-time the Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Authority's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

Alamo Regional Mobility Authority

San Antonio, Texas

Notes to the Financial Statements

Year Ended September 30, 2014

11. Unearned Revenue

The Authority received \$18,000,000 in grant funds from TxDOT to date. Of this amount, \$15,130,312 has been expended, while the remaining amount of \$2,869,688 has been recognized as unearned revenue. Additionally, the Authority received \$900,000 from the County for development of the Loop 1604 Superstreet. Of this amount, \$757,106 was expended, while the remaining \$142,894 was returned to Bexar County this FY.

12. Insurance

The Authority maintains general liability, errors and omissions, and automobile liability and utilizes third-party administrators for the handling of administration, investigation, and adjustment of liability claims.

13. Subsequent Events

The Authority repaid three outstanding loans in October 2014.

- On October 20, 2014, the Authority repaid two outstanding loans and accrued interest from Bexar County. Total payment to the County was \$1,016,247.
- On October 22, 2014, the Authority repaid an outstanding loan and accrued interest from the City. Total payment to the City was \$657,190.

State Single Audit Section

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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*

To the Board of Directors
Alamo Regional Mobility Authority
San Antonio, Texas

We have audited, in accordance with the 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 business-type activities of Alamo Regional Mobility Authority (the "Authority") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority'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 Authority'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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* or the Public Funds Investment Act.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

San Antonio, Texas
April 1, 2015

Independent Auditor's Report on Compliance for a Major
State Program and Report on Internal Control Over Compliance
as Required by the State of Texas Single Audit Circular

To the Board of Directors
Alamo Regional Mobility Authority
San Antonio, Texas

Report on Compliance for a Major State Program

We have audited Alamo Regional Mobility Authority's (the Authority") compliance with the types of compliance requirements described in the State of Texas Single Audit Circular that could have a direct and material effect on the Authority's major state program for the year ended September 30, 2014. The Authority's major state program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of Texas Single Audit Circular. Those standards and State of Texas Single Audit Circular 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 state program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major state program and to test and report on internal control over compliance in accordance with the State of Texas Single Audit Circular, 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 Authority'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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

San Antonio, Texas
April 1, 2015

Alamo Regional Mobility Authority

San Antonio, Texas

Schedule of Findings and Questioned Costs

Year Ended September 30, 2014

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

State Awards

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses? Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular? Yes X No

Identification of Major Programs

<u>Grant Number</u>	<u>Name of State Program or Cluster</u>
86-9XXF7001	Financial Assistance Agreement – AG2
Dollar threshold used to distinguish between type A and type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> Yes <u> </u> No

Alamo Regional Mobility Authority

San Antonio, Texas

Schedule of Findings and Questioned Costs

Year Ended September 30, 2014

(Continued)

Section II – Financial Statement Findings

No findings were noted.

Section III – State Award Findings and Questioned Costs

There were no state award findings or questioned costs required to be report in accordance the State of Texas Single Audit Circular.

Alamo Regional Mobility Authority

San Antonio, Texas

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2014

There were no prior year audit findings reported.

Alamo Regional Mobility Authority

San Antonio, Texas

Schedule of Expenditures of State Awards

Year Ended September 30, 2014

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Number</u>	<u>Expenditures</u>
Texas Department of Transportation:		
Financial Assistance Agreement 5	86-9XXF7002	\$ <u>1,291,296</u>
Total Financial Assistance Agreements – Loans		<u>1,291,296</u>
Financial Assistance Agreement – AG2	86-9XXF7001	<u>2,962,941</u>
Total Financial Assistance Agreements – Grants		<u>2,962,941</u>
Proposition 14	N/A	<u>1,044,814</u>
Total Expenditures of State Awards		\$ <u><u>5,299,051</u></u>

Alamo Regional Mobility Authority

San Antonio, Texas

Note to the Schedule of Expenditures of State Awards

Year Ended September 30, 2014

1. Basis of Presentation

Expenditures for the financial assistance agreement grants and financial assistance loans represent expenditures recognized on an accrual basis. The information in this schedule is presented in accordance with the requirements the State of Texas Single Audit Circular. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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