

**Alamo Regional Mobility Authority**  
San Antonio, Texas

Financial Statements and  
Independent Auditor's Report

Year Ended September 30, 2013

# 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, 2013, 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 the 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, 2013, and the changes in financial position and 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. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The adoption of GASB Statements No. 62 and No. 63 did not have an effect on the Authority's previously reported net position. Our opinion is not modified with respect to these matters.

### ***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 February 20, 2014 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.*

Certified Public Accountants  
San Antonio, Texas  
February 20, 2014

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# Alamo Regional Mobility Authority

San Antonio, Texas

## Management's Discussion and Analysis

Year Ended September 30, 2013

(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 fiscal year ("FY") ended September 30, 2013 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.

### Financial Highlights

Financial highlights for the Authority include the following:

- Personnel cost directly associated with the Authority's projects totaled \$386,308 and \$1,022,616 for the years ended September 30, 2013 and 2012, respectively. These costs have been capitalized as part of development in progress.
- Total assets increased by \$16,323,703, primarily related to an increase in development in progress for the interchanges located at US 281 and Loop 1604 and a decrease in grants receivable, as work on this project has almost been completed.
- The Authority ended the year with a total net position balance of \$127,483,360, an increase of \$21,843,051 from the previous year. This increase is primarily related to capital contributions from grantors.
- In FY 2012, the Authority prepaid a portion of unfunded actuarially determined liability, resulting in a net pension asset of \$95,000. During FY 2013, the Texas County and District Retirement System ("TCDRS") accepted full responsibility for the retirement obligations for the retirement plan since the Authority no longer has any paid employees. TCDRS determined the Authority had more assets than liabilities in the plan and, as a result, a portion of the \$95,000 prepaid pension asset from FY 2012 will be refunded. The refund was received in January 2014.
- During the 2013 session of the State Legislature, House Bill 1573 ("HB 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 the County approve the imposition of the fee. Bexar County Commissioners approved the \$10 fee on August 29, 2013. The Authority will start receiving revenues from the fee beginning February 2014. Projected revenues from this fee are estimated to be \$12,000,000 to \$14,000,000 annually.
- 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.

# **Alamo Regional Mobility Authority**

San Antonio, Texas

## **Management's Discussion and Analysis**

Year Ended September 30, 2013

(Unaudited)

### **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 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.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Management's Discussion and Analysis

Year Ended September 30, 2013

(Unaudited)

### Financial Analysis

**Table 1**  
**Condensed Balance Sheet Information**

	<u>2013</u>	<u>2012</u>
Current assets	\$ 8,518,987	\$ 14,423,401
Capital assets	144,832,928	122,509,811
Other noncurrent assets	<u>-</u>	<u>95,000</u>
 Total assets	 <u>\$ 153,351,915</u>	 <u>\$ 137,028,212</u>
Current liabilities	\$ 6,282,018	\$ 11,872,466
Noncurrent liabilities	<u>19,586,537</u>	<u>19,515,437</u>
 Total liabilities	 <u>25,868,555</u>	 <u>31,387,903</u>
Net position:		
Net investment in capital assets	134,919,258	113,737,370
Unrestricted deficit	<u>(7,435,898)</u>	<u>(8,097,061)</u>
 Total net position	 <u>127,483,360</u>	 <u>105,640,309</u>
 Total liabilities and net position	 <u>\$ 153,351,915</u>	 <u>\$ 137,028,212</u>

Total current assets decreased by \$5,904,414 (41%); the majority of this decrease is related to a decrease in grants receivable as the US 281 and Loop 1604 interchange project nears completion. Capital assets increased by \$22,323,117 (18%); the majority of this increase was related to the development in the US 281 and Loop 1604 interchange project. Total liabilities decreased by \$5,519,348 (18%); the majority of this decrease was the result of a significant decrease in accounts payable at the end of the year. Overall net position increased by \$21,843,051 (21%) as the result of additions to capital assets funded by capital contributions. Unrestricted net position ended the year with a deficit of \$7,435,898, which is comparable to the previous year.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Management's Discussion and Analysis

Year Ended September 30, 2013

(Unaudited)

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

	<u>2013</u>	<u>2012</u>
Operating revenues	\$ -	\$ -
Operating expenses	<u>367,609</u>	<u>452,228</u>
Total operating expenses	(367,609)	(452,228)
Nonoperating revenue – net	<u>128,351</u>	<u>461,277</u>
Increase (decrease) in net position before capital contributions	(239,258)	9,049
Capital contributions	<u>22,082,309</u>	<u>67,335,741</u>
Change in net position	21,843,051	67,344,790
Net position at beginning of year	<u>105,640,309</u>	<u>38,295,519</u>
Net position at end of year	<u>\$ 127,483,360</u>	<u>\$ 105,640,309</u>

Operating expenses decreased slightly from the previous year by \$84,619. Capital contributions were \$22,082,309, a decrease of \$45,253,432 (67%) from the previous year. These capital contributions were used to fund a number of development projects, the largest being the US 281 and Loop 1604 interchanges. Capital contributions accounted for the majority of the increase in net position for the year ended September 30, 2013 and 2012.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Management's Discussion and Analysis

Year Ended September 30, 2013

(Unaudited)

### Capital Assets and Debt Administration

#### Capital Assets

As of September 30, 2013, the Authority had \$144,832,928 invested in capital assets, all related to development in progress costs. This represents an increase of \$22,323,117 (18%) from FY 2012. Additional information can be found in Note 5 to the financial statements.

**Table 3**  
**Capital Assets**

	<u>2013</u>	<u>2012</u>
Equipment – software	\$ -	\$ 78,895
Capital assets not being depreciated:		
Development in progress:		
US 281 North	1,709,363	1,598,881
US 281 EIS	7,284,623	6,975,605
US 281 Superstreet	6,751,130	6,751,130
US 281/1604 Interchange	118,208,271	96,632,590
Loop 1604 EIS	9,065,109	8,779,685
Loop 1604 Superstreet	900,631	900,631
Loop 1604	868,027	778,178
IH-35	45,774	45,774
Total capital assets not being depreciated	<u>144,832,928</u>	<u>122,462,474</u>
Total capital assets	144,832,928	122,541,369
Less accumulated depreciation	<u>-</u>	<u>31,558</u>
Total net capital assets	<u>\$ 144,832,928</u>	<u>\$ 122,509,811</u>

#### Debt

As of September 30, 2013, the Authority had total long-term debt of \$19,224,789, comprised of loans from Texas Department of Transportation ("TxDOT") and local agencies. Accrued interest payable for these loans in the amount of \$361,748 is considered a long-term liability since amounts are not due in the next fiscal year.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Management's Discussion and Analysis

Year Ended September 30, 2013

(Unaudited)

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 6 to the financial statements.

### **Economic Factors Affecting the Future**

Regional Mobility Authorities ("RMAs") are authorized by the Texas Legislature as a way to help address the regional transportation needs of the State through local direction and involvement. RMAs are equipped with innovative tools to solve the transportation funding gap for critical transportation systems. These tools include formation of local partnerships, provisions for financing, acceleration of projects, and creation of new revenue streams. RMAs allow residents to prioritize transportation projects in their community and to utilize alternative funding sources to speed up project completion. Alternative funding sources include toll projects and bond sales that pledge future toll revenue to retire bond debt. RMAs can also construct, operate, and maintain tolled lanes and other transportation projects in their communities.

Every year, Texans are spending more and more time sitting in traffic due to increased congestion. Based on current population estimates, Bexar County will see over a million new residents within the next 25 years. These new residents will need access to services, such as transportation, which is already close to capacity given the current demands on our roadway infrastructure.

According to the 2010 census, from 2000 to 2010, San Antonio and Bexar County saw an increase of 233% in the number of residents living outside of Loop 1604 from US 90 to IH 35 North. The Authority is conducting an assessment under the Loop 1604 Environmental Assessment project for this corridor. With ever decreasing resources from both federal and state governments being provided to local communities for transportation projects and with the continued growth of fuel economy in vehicles, the traditional methods of paying for transportation projects are crumbling.

Currently, road construction and maintenance costs are funded by the Federal/State Gasoline tax, which is 38.4 cents per gallon. Texas' Gasoline Tax makes up 20 cents of this amount. Less than half of the revenue generated from the State's 20 cents per gallon fuel tax is used towards State transportation projects. Although this tax revenue was sufficient for prior transportation needs, it cannot fund the growth and increased transportation demands we face today. Maintenance costs alone exceed the revenue generated by the State fuel tax.

### **New \$10.00 Vehicle Registration Fee**

The 83<sup>rd</sup> Legislature approved HB 1573 (McClendon/Van de Putte) allowing the Bexar County Commissioners Court to approve a \$10 vehicle registration fee to be administered by the Authority to fund long-term transportation projects consistent with the purposes permitted for the use of the motor fuels tax under the Texas Constitution.

# **Alamo Regional Mobility Authority**

San Antonio, Texas

## **Management's Discussion and Analysis**

Year Ended September 30, 2013

(Unaudited)

Bexar County Commissioners Court approved this fee on August 29, 2013. It applies to all registered vehicles beginning in January 2014. The \$10 per registered vehicle fee will generate between \$12,000,000 and \$14,000,000 annually.

### **Significant Events and Projects**

On June 12, 2012, the Bexar County Commissioners Court approved a resolution that provided for the following: requests the Authority's Board of Directors act to allow Bexar County to assume management of the projects, contracts, administration, legal and fiscal matters, and any other duties currently performed by the Authority's staff; and directs the Bexar County Manager to assume responsibility for these duties and act to implement changes necessary to achieve savings, efficiencies, and cost-effectiveness.

On August 8, 2012, the Bexar County Commissioners Court, San Antonio, Texas passed and approved a subsequent resolution that thanked the Board members and staff of the Authority for their ongoing cooperation with Bexar County and for their continued work to advance transportation projects in the community. It directed the Bexar County Manager to continue working with the Authority's staff so as to further the County's understanding of the issues associated with the development and delivery of the Authority's projects and continue to identify opportunities for delivering the projects in a more cost-effective manner.

Due to budget reductions and efforts to reduce the Authority's operating costs, six of the nine staff positions were eliminated effective March 1, 2013. The Executive Director, Director of Engineering and Operations, and part-time Office Manager remained. The Comptroller was given a short-term professional services contract. Further staff reductions occurred when the Executive Director resigned effective May 1, 2013, the Office Manager on May 8, 2013 and the Director of Engineering and Operations on June 30, 2013. All day-to-day business activity of the Authority is currently managed by the Office of the County Manager and the Public Works Department. The Alamo RMA Board appointed the County Manager, David Smith, as Executive Director on August 21, 2013.

There were two new members appointed by Bexar County Commissioners Court in FY 2013 to the Authority's Board of Directors, Mr. John Montford and Mr. David Starr.

Mr. John Montford is currently President and Chief Executive Officer of JTM Consulting, LLC. Mr. Montford was the 2005 Chairman of the Greater San Antonio Chamber of Commerce, a catalyst for economic development in San Antonio with over 2,000 members. From 2007-2010, Mr. Montford was President of the Board of the National Western Art Foundation, for which he personally secured the lead gift to create the Dolph and Janey Briscoe National Western Art Museum in San Antonio. He was also Chairman of the Advisory Committee for the Texas Parks and Wildlife Department. Mr. Montford served as Texas Tech University's first chancellor,

# **Alamo Regional Mobility Authority**

San Antonio, Texas

## **Management's Discussion and Analysis**

Year Ended September 30, 2013

(Unaudited)

the chief executive officer of the University System. In 2001, he was named Chancellor Emeritus of the Texas Tech University System. Mr. Montford served as a member of the Texas Senate for 14 years. During his tenure in the Senate, he served as Chairman of the Senate Finance Committee and Chairman of the Senate State Affairs Committee. *Texas Monthly* named Senator Montford among the Top 10 Best Legislators for five legislative sessions.

Mr. David Starr is the principal of Clermont, LLC, a company which specializes in financing workforce housing properties. He has been a leader and innovator in multifamily affordable housing tax credit and tax-exempt development and financing for over 30 years, with projects in Alabama, Arkansas, Florida, Illinois, Kansas, Louisiana, Mississippi, Pennsylvania, Tennessee, and Texas. Mr. Starr pioneered the marketing and placement of tax-exempt bonds for the acquisition of multifamily affordable housing projects. As a result, Clermont, LLC has become the largest provider of tax-exempt bond debt on both rated and unrated bases throughout the Southwest and Southeast, with over \$1 billion in funded transactions.

Since 1999, Mr. Starr has been president of both the American Opportunity for Housing, Inc. and the American Agape Foundation, Inc. Both are nonprofits which have developed and provided over 15,000 units of affordable housing. Mr. Starr has successfully developed and renovated over \$200 million in property through the Vantage Communities and the Avistar Communities development platforms.

### **US 281 and Loop 1604 Interchange**

The benefits of the US 281 and Loop 1604 construction to the traveling public were realized in FY 2013 as the four connectors were open for use. The connectors serving the northbound to westbound and northbound to eastbound traffic were opened in November 2012. This was followed up in December 2012 with the opening of the connectors serving the eastbound to southbound and westbound to southbound traffic.

Throughout the remainder of FY 2013, other project elements were completed. These included bridge widening and turnaround lanes at Gold Canyon Road, as well as widenings at Redland Road, Huebner Road, and Bitters Road. Westbound entrance and exit ramps were reversed in the Stone Oak Boulevard and Blanco Road area to improve traffic operations on both the main lane and frontage road of Loop 1604. Additionally, sidewalks and other pedestrian improvements were completed along both Loop 1604 and US 281.

### **US 281 Environmental Impact Statement ("EIS")**

The EIS process for US 281 gained significant momentum during FY 2013 with publication of the Draft EIS and public hearing. Following a rigorous technical and legal sufficiency review by the Authority, TxDOT, and the Federal Highway Administration ("FHA"), the Draft EIS was widely circulated for public and agency review on April 26, 2013. The Authority's Community Advisory Committee was briefed on the Draft EIS on June 5, 2013. The public hearing, held on June 20, 2013, attracted 246 members of the public and drew 500 verbal and written

# Alamo Regional Mobility Authority

San Antonio, Texas

## Management's Discussion and Analysis

Year Ended September 30, 2013

(Unaudited)

comments during the official comment period, which was extended until July 3, 2013. Following the public hearing, the US 281 EIS team began reviewing public and agency comments on the Draft EIS and developing a preferred alternative for analysis in the Final EIS. The team also obtained new aerial mapping and began surveying the corridor as part of the preferred alternative schematic design effort.

FY 2014 promises to also see major milestones toward completion of the EIS. Plans call for a public meeting on the preferred alternative and the preparation and circulation of the Final EIS. The Final EIS will present responses to public hearing and public meeting comments and analyze potential impacts of the preferred alternative. The EIS process culminates in FHA's Record of Decision, which is anticipated by December of 2014.

### **Loop 1604 Environmental Assessment ("EA")**

The Authority initiated work on the Loop 1604: State Highway 16 ("S.H. 16") to IH 35 North Environmental Assessment and Schematic on October 30, 2013 by executing Project Authorization #5 with the engineering consultant Michael Baker Jr., Inc. Initial work included early coordination specific to several critical path studies. Examples include coordination with TxDOT's San Antonio District to obtain engineering and survey files pertinent to the corridor and to discuss an approach for traffic modeling. The Authority coordinated with TxDOT Transportation Planning and Programming ("TP & P") Division and the San Antonio-Bexar County Metropolitan Planning Organization regarding the approach for the traffic studies in order to gain a mutual understanding of TP & P's model input needs, outputs, and a schedule for completing the critical path traffic tasks. Similarly, the Authority coordinated with TxDOT Environmental Affairs Division staff regarding the EA process and the approach for completing the requisite environmental scope checklist. After the early coordination efforts, a formal kick-off meeting was held with TxDOT, Bexar County, the Authority, and the consultant on December 6, 2013. Finally, the Authority's consultant attended a coordination meeting with the U.S. Fish and Wildlife Service, TxDOT, and FHA Texas Division. As a result of the meeting the consultant drafted a "Request for Technical Assistance" letter on behalf of the Authority and TxDOT to re-engage the U.S. Fish and Wildlife Service to start informal consultation for the project. Coordination efforts will continue into the upcoming year and throughout the duration of the project.

During the coordination efforts, the Authority's consultant completed the light detection and ranging ("LiDAR") field survey, and initiated post field survey processing of the LiDAR data. LiDar provides 3 dimensional modeling of the terrain. The consultant also initiated the preparation of the EA using information from the previous EIS effort, revising text and exhibits to match the S.H. 16 to IH 35 limits and to focus on an alternative consisting of managed lanes between the existing main lanes and at-grade. The consultant also started work on the geometric schematic and traffic analysis utilizing previously collected information. A line diagram was developed for the proposed project. Horizontal geometric design was started based on the line diagram.

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## Basic Financial Statements

# Alamo Regional Mobility Authority

San Antonio, Texas

## Balance Sheet

September 30, 2013

### ASSETS

#### Current Assets

Cash and cash equivalents	\$ 8,107,386
Accounts receivable	45,807
Grants receivable from State of Texas	<u>365,794</u>
Total current assets	<u>8,518,987</u>

#### Noncurrent Assets

Capital assets:	
Development in progress	137,181,167
Development pending conveyance to State	<u>7,651,761</u>
Total noncurrent assets	<u>144,832,928</u>
Total assets	<u>\$ 153,351,915</u>

### LIABILITIES AND NET POSITION

#### Current Liabilities

Accounts payable	\$ 90,043
Accrued liabilities	216,480
Unearned revenue	<u>5,975,495</u>
Total current liabilities	<u>6,282,018</u>

#### Long-Term Liabilities

Accrued interest payable	361,748
Long-term debt	<u>19,224,789</u>
Total long-term liabilities	<u>19,586,537</u>
Total liabilities	<u>25,868,555</u>

#### Net Position

Net investment in capital assets	134,919,258
Unrestricted deficit	<u>(7,435,898)</u>
Total net position	<u>127,483,360</u>
Total liabilities and net position	<u>\$ 153,351,915</u>

# Alamo Regional Mobility Authority

San Antonio, Texas

## Statement of Revenues, Expenses, and Changes in Net Position

Year Ended September 30, 2013

### Operating Revenues

Total operating revenues \$ -

### Operating Expenses

Payroll and payroll related expenses \$ 514,665  
Professional services 82,801  
Travel and conferences 4,559  
Office space 114,620  
Insurance 6,903  
Communications 15,824  
Supplies and postage 1,179  
Printing 22  
Equipment rental and maintenance 4,683  
Memberships and subscriptions 3,776  
Banking fees 3,589  
Miscellaneous 1,296  
Less expenses capitalized to development in progress (386,308)

Total operating expenses 367,609

Operating loss (367,609)

### Nonoperating Revenues (Expenses)

State grant revenue 332,080  
Interest income 2,511  
Interest expense (71,100)  
Loss on disposal of capital assets (47,337)  
Refund from retirement plan (45,907)  
Other nonoperating expenses (41,896)

Total nonoperating revenues (expenses) 128,351

Decrease in net position before capital contributions (239,258)

Capital contributions 22,082,309

Change in net position 21,843,051

Net position at beginning of year 105,640,309

Net position at end of year \$ 127,483,360

# Alamo Regional Mobility Authority

San Antonio, Texas

## Statement of Cash Flows

Year Ended September 30, 2013

### Cash Flows From Operating Activities

Payments to employees	\$ (256,144)
Payments to suppliers	<u>(228,266)</u>
Net cash used in operating activities	<u>(484,410)</u>

### Cash Flows From Noncapital Financing Activities – proceeds from grants

Net cash provided by noncapital financing activities	<u>332,080</u>
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### Cash Flows From Capital and Related Financing Activities

Payments for construction projects	(26,824,603)
Proceeds from capital grants	26,095,546
Payments to employees	<u>(386,308)</u>
Net cash used in capital and related financing activities	<u>(1,115,365)</u>

### Cash Flows From Investing Activities – interest received

Net cash provided by investing activities	<u>2,511</u>
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Net decrease in cash and cash equivalents	(1,265,184)
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Cash and cash equivalents at beginning of year	<u>9,372,570</u>
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Cash and cash equivalents at end of year	<u><u>\$ 8,107,386</u></u>
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### Reconciliation of Operating Loss to Net Cash Used By Operating Activities

Operating loss	\$ (367,609)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(45,807)
Prepaid expenses	95,000
Accounts payable	4,660
Accrued liabilities	6,326
Accrued wages and payroll related liabilities	(110,249)
Compensated absences	<u>(66,731)</u>
Net cash used in operating activities	<u><u>\$ (484,410)</u></u>

### Noncash Investing, Capital, or Related Financing Activities

Interest expense totaling \$71,100 was recognized related to the accrual of interest on outstanding loans.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2013

### 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 fiscal year 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.

#### ***Adopted Governmental Accounting Standards Board ("GASB") Statements***

In 2013, the Authority implemented the following new GASB pronouncements.

The Authority adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in pronouncements issued prior to November 30 1989 by the Financial Accounting Standards Board, the Accounting Principles Board, and the American Institute of Certified Public Accountants. Prior to the issuance of this statement, the Authority applied the pronouncements codified in this statement, and therefore, the implementation of this statement had no impact on the Authority in 2013.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2013

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

#### **B. Basis of Accounting (continued)**

The Authority also adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This statement provides financial reporting guidance for deferred outflows and inflows of resources and identifies net position as the residual of all other elements presented on the Balance Sheet. The Authority's Balance Sheet at September 30, 2013 has been presented in accordance with the guidance provided by this statement.

#### **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 Receivable**

Grants receivables and 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 though a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectability 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, 2013, there was no allowance for doubtful accounts, as management believes all receivables are collectible.

#### **F. Capital Contributions**

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

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2013

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

#### **G. Risk Management**

The Authority is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment, and employee health insurance claims. The Authority carries commercial insurance for risk of loss that may arise from such losses. This insurance is for property, casualty, general liability, workers' compensation, and employee health.

#### **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.

#### **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.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2013

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

#### 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 an impairment loss of \$47,337 in the fiscal year as result of converting to Bexar County's financial accounting software.

#### 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 so will not be recognized as an outflow of resources (expenses) until then.

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 so 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, 2013.

# **Alamo Regional Mobility Authority**

San Antonio, Texas

## **Notes to the Financial Statements**

Year Ended September 30, 2013

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

#### **N. Compensated Absences**

The Authority's employees are entitled up to four weeks of paid vacation leave per calendar year, which is accrued by pay period. No more than 240 hours of unused vacation leave are carried forward to the next year and unused leave is paid to employees upon termination, resignation, or retirement. By exception, the Executive Director may carry forward, and be paid for up to 280 hours. During the current year, Bexar County took over management of the Authority. As of September 30, 2013, the Authority had no paid employees. The liability recorded for compensated absences from prior years was \$66,731 all of which was paid out to employees. As of September 30, 2013, there was no liability for compensated absences.

#### **O. Operating Revenues and Expenses**

The Authority did not generate any operating revenues in the FY 2013; however, the Authority expects to generate operating income in future years. All other revenues and expenses are reported as nonoperating revenues and expenses.

#### **P. In-Kind Services**

During the current year, Bexar County took over operations of the Authority and is responsible for the day-to-day operations. Bexar County has not placed a value on these services and, as such, no in-kind revenues or expenses have been reflected in the Authority's financial statements. Bexar County is not expected to bill the Authority for any of these services for the fiscal year 2013.

### **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.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2013

### 3. Cash and Cash Equivalents

Cash and cash equivalents at September 30, 2013 consist of the following:

Bank deposit	\$ 861
Cash equivalents:	
Money market funds – Invesco Government and Agency Portfolio: Resource Class	<u>8,106,525</u>
Total cash and cash equivalents	<u>\$ 8,107,386</u>

#### ***Deposits***

At September 30, 2013, the carrying amount of the Authority's deposits was \$861 and the bank balance was \$861. The Authority's cash deposits at September 30, 2013 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, 2013

### 3. Cash and Cash Equivalents (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 \$365,794 at September 30, 2013 represents amounts due from the State of Texas.

### 5. Capital Assets

Changes in the Authority's capital assets for the year ended September 30, 2013 consist of the following:

	<u>October 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2013</u>
Equipment – software	\$ 78,895	\$ -	\$ (78,895)	\$ -
Capital assets not being depreciated:				
Development in progress:				
US 281 North	1,598,881	110,482	-	1,709,363
US 281 EIS	6,975,605	309,018	-	7,284,623
US 281 and Loop 1604 Interchange	96,632,590	21,575,681	-	118,208,271
Loop 1604 EIS	8,779,685	285,424	-	9,065,109
Loop 1604	778,178	89,849	-	868,027
IH 35	45,774	-	-	45,774
Total development in progress	<u>114,810,713</u>	<u>22,370,454</u>	<u>-</u>	<u>137,181,167</u>
Development pending conveyance to State:				
US 281 Superstreet	6,751,130	-	-	6,751,130
Loop 1604 Superstreet	900,631	-	-	900,631
Total development pending conveyance to State	<u>7,651,761</u>	<u>-</u>	<u>-</u>	<u>7,651,761</u>
Total capital assets not being depreciated	<u>122,462,474</u>	<u>22,370,454</u>	<u>-</u>	<u>144,832,928</u>
Total capital assets	122,541,369	22,370,454	(78,895)	144,832,928
Less accumulated depreciation	<u>31,558</u>	<u>-</u>	<u>(31,558)</u>	<u>-</u>
Total net capital assets	<u>\$ 122,509,811</u>	<u>\$ 22,370,454</u>	<u>\$ (47,337)</u>	<u>\$ 144,832,928</u>

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2013

### 5. Capital Assets (continued)

Computer financial software was considered permanently impaired and thus removed during the current year when the Authority stopped using this software and started using Bexar County's financial software for recording financial data. This impairment is reflected on the financial statements as a loss on disposal of capital assets in the amount of \$47,337.

Both the US 281 Superstreet and Loop 1604 Superstreet projects were completed and placed into service in the previous year. As of September 30, 2013, these projects have not been moved into infrastructure and depreciated since the Authority is not responsible for maintenance. These projects will be transferred once the Authority receives final approval for conveyance to other governments.

### 6. Long-Term Liabilities

Long-term debt activity for the year ended September 30, 2013 is as follows:

	<u>Balance October 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2013</u>	<u>Due in One Year</u>
Bexar County Loan #1	\$ 250,000	\$ -	\$ -	\$ 250,000	\$ -
Bexar County Loan #2	500,000	-	-	500,000	-
City of San Antonio Loan #1	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	12,390,000	-	-	12,390,000	-
Total loans payable	19,224,789	-	-	19,224,789	-
Compensated absences	66,731	-	(66,731)	-	-
Total long-term liabilities	<u>\$ 19,291,520</u>	<u>\$ -</u>	<u>\$ (66,731)</u>	<u>\$ 19,224,789</u>	<u>\$ -</u>

Debt service information for the above loans is not presented since these loans do not currently have any scheduled maturities.

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 is to be reimbursed in total from the proceeds of the first

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2013

### 6. Long-Term Liabilities (continued)

available revenues received. It is intended that, at the time revenue bonds, if any, are issued, the proceeds shall be used to retire the loan and any accrued interest in full. At September 30, 2013, the total amount remains outstanding.

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 is to be reimbursed in total from the proceeds of the first available revenues received. It is intended that, at the time revenue bonds, if any, are issued, the proceeds shall be used to retire the loan and any accrued interest in full. At September 30, 2013, the total amount remains outstanding.

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 is to be reimbursed in total from the proceeds of the first available revenues received. It is intended that, at the time revenue bonds, if any, are issued, the proceeds shall be used to retire the loan and any accrued interest in full. At September 30, 2013, the total amount remains outstanding.

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 \$361,748 at September 30, 2013.

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, 2013 totaled \$913,890.

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, 2013 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 2011 fiscal year for accepted work product on Wurzbach Parkway and Bandera Road. The amount outstanding at September 30, 2013 totaled \$128,714.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2013

### 6. Long-Term Liabilities (continued)

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, 2013 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.

### 7. Operating Leases

The Authority leases equipment and its office space pursuant to noncancellable operating lease agreements expiring through 2017. Rental expense totaled \$117,720 for the year ended September 30, 2013.

Future minimum lease payments under noncancellable operating leases as of September 30, 2013 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2014	\$ 109,237
2015	110,372
2016	107,660
2017	<u>45,725</u>
	<u>\$ 372,994</u>

### 8. Major Vendor

Williams Brother Construction Co. accounted for 89% and HNTB Corp accounted for 7% of vendor payments for the year ended September 30, 2013.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2013

### 9. 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

The Authority has been named as a defendant in a case related to a proposed project. While the result of any litigation contains an element of uncertainty, the Authority believes the amount of any liability and costs that may result would not have a material adverse effect on the financial statements. Therefore, no provision for contingency losses has been recorded on the accompanying financial statements.

### 10. Unearned Revenue

The Authority received \$18,000,000 in grant funds from TxDOT to date. Of this amount, \$12,167,399 has been expended, while the remaining amount of \$5,832,601 has been recognized as unearned revenue.

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 has been recognized as unearned revenue.

### 11. Retirement Plan

The Authority no longer has any paid employees as a result of Bexar County performing day-to-day operations of the Authority. Once the Authority no longer had any paid employees, the retirement plan for the Authority was discontinued. During the current year, the Board of the Texas Counties and District Retirement System ("TCDRS") accepted full responsibility for the retirement obligations of the Authority's pension plan. The pension plan assets exceed its liabilities, and the Authority will be refunded \$45,907, which is reflected as an accounts receivable in the financial statements. As of September 30, 2013, the Authority no longer has any obligation for pension liabilities for prior employees. Since the plan was discontinued, a schedule of funding progress or other pension disclosures are no longer included in the financial statements of the Authority.

# **Alamo Regional Mobility Authority**

San Antonio, Texas

## **Notes to the Financial Statements**

Year Ended September 30, 2013

### **12. Insurance**

During the current year, the Authority had insurance coverage for workers' compensation, general liability, errors and omissions, and automobile liability. The Authority utilized third-party administrators for the handling of administration, investigation, and adjustment of liability claims. During the year, the Authority terminated its workers' compensation coverage since it no longer has any employees. The Authority still maintains general liability, errors and omissions, and automobile liability.

### **13. Subsequent Events**

#### **New \$10.00 Vehicle Registration Fee**

The 83<sup>rd</sup> Legislature approved House Bill 1573 (McClendon/Van de Putte) allowing the Bexar County Commissioners Court to approve a \$10 vehicle registration fee to be administered by the Authority to fund long-term transportation projects consistent with the purposes permitted for the use of the motor fuels tax under the Texas Constitution.

Bexar County Commissioners Court approved this fee on August 29, 2013. It applies to all registered vehicles beginning in January 2014. The \$10 per registered vehicle fee will generate between \$12,000,000 and \$14,000,000 annually.

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, 2013 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 20, 2014.

***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, Statemann + Co., L.L.P.*

Certified Public Accountants

San Antonio, Texas

February 20, 2014

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 Trustees  
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, 2013. 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, 2013.

### ***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.*

Certified Public Accountants  
San Antonio, Texas  
February 20, 2014

# Alamo Regional Mobility Authority

San Antonio, Texas

## Schedule of Findings and Questioned Costs

Year Ended September 30, 2013

### Section I – Summary of Auditor’s Results

#### Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No	
Significant deficiency(s) identified that are not considered to be material weaknesses?	<u>      </u> Yes	<u>  X  </u> None Reported	
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> No	

#### State Awards

Type of auditor’s report issued on compliance for major programs:	<u>Unmodified</u>		
Internal control over major programs:			
Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No	
Significant deficiency(s) identified that are not considered to be material weaknesses?	<u>      </u> Yes	<u>  X  </u> None Reported	
Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular?	<u>      </u> Yes	<u>  X  </u> No	

#### Identification of Major Programs

<u>Grant Number</u>	<u>Name of State Program or Cluster</u>		
N/A	Proposition 14		
Dollar threshold used to distinguish between type A and type B programs:	<u>\$676,052</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, 2013

(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, 2013

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, 2013

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Number</u>	<u>Expenditures</u>
<u>Texas Department of Transportation:</u>		
Financial Assistance Agreement 5	86-9XXF7002	\$ <u>335,375</u>
Total Financial Assistance Agreements – Loans		<u>335,375</u>
Financial Assistance Agreement	86-9XXF7001	<u>696,843</u>
Total Financial Assistance Agreements – Grants		<u>696,843</u>
Proposition 14	N/A	<u>21,432,978</u>
IH-35 Interlocal Agreement	N/A	<u>69,857</u>
Total Expenditures of State Awards		\$ <u><u>22,535,053</u></u>

# **Alamo Regional Mobility Authority**

San Antonio, Texas

## **Note to the Schedule of Expenditures of State Awards**

Year Ended September 30, 2013

### **1. Basis of Presentation**

Expenditures for the financial assistance agreement grants and financial assistance agreements 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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