

**Alamo Regional Mobility Authority**

(A Component Unit of Bexar County, Texas)

San Antonio, Texas

**Financial Statements and  
Independent Auditor's Report**

Year Ended September 30, 2015

# Alamo Regional Mobility Authority

(A Component Unit of Bexar County, Texas)

San Antonio, Texas

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## Financial Section

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# Padgett Stratemann

## 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, a component unit of Bexar County, Texas (the "Authority"), as of and for the year ended September 30, 2015, 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, 2015, 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.

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

#### *Other Information*

Our audit was conducted for the purpose of forming 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 March 24, 2016 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, Stratemann + Co., L.L.P.*

San Antonio, Texas  
March 24, 2016

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## **Alamo Regional Mobility Authority**

San Antonio, Texas

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

Year Ended September 30, 2015

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, 2015 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 Alamo Area 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. In 2015 the Authority completed the Environmental Impact Statement for the US 281 North Improvement Project ending a six year long environmental clearance process.

#### **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**

John Clamp continued to serve as the Board Chairman; however, he recently accepted a new position of employment as the Chief Financial Officer for the Alamo Area Council of Governments. Because the Transportation Code provides that an employee of a governmental entity located within the boundaries of a regional mobility authority is ineligible for membership on the board of directors of that authority, he has tendered his resignation to the Governor of Texas. As required by Article XVI, section 17 of the Texas Constitution, Mr. Clamp will continue to serve as the Board Chairman until the Governor appoints

# **Alamo Regional Mobility Authority**

San Antonio, Texas

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

Year Ended September 30, 2015

a successor or until the Governor notifies him to cease his service. Mr. Clamp is joined by Board Members John Montford, Lou Miller, Ramiro Cavazos, Gavino Ramos, Jr., and David Starr. In January 2016, Baltazar Serna was sworn in to fill the final position on the Board.

### **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 regional 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 in February 2014. Revenue collected in FY 2015 was \$15,602,458. Projected revenue from this fee is estimated to be \$15,300,000 annually.
- In April 2014, the Authority and Bexar County entered into an Inter Local Agreement whereby the County Commissioners pledged to not rescind the order imposing the vehicle registration fee as long as revenue derived from the fee is pledged as security for any obligations issued by the Authority.
- Total assets decreased by \$107,040,583 primarily related to the conveyance of the US 281/Loop 1604 interchange to TxDOT. During the construction of the interchange, the Authority recorded all cost of construction in the Development in Progress asset account. Once completed and conveyed to TxDOT, the cost of construction is removed from the Development in Progress account. TxDOT is now responsible for all future upkeep and improvement cost related to the interchange.
- The Authority ended the year with a total net position balance of \$31,541,323, a decrease of \$103,036,900 from the previous year. This decrease is primarily related to the conveyance of the interchange to TxDOT.

### **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.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Management's Discussion and Analysis – Unaudited

Year Ended September 30, 2015

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 administrative fees and/or toll revenues in future years. Operating expenses are related to 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.

### Financial Analysis

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

	<u>2015</u>	<u>2014</u>
Current assets	\$ 26,531,627	\$ 16,450,186
Capital assets	<u>24,920,124</u>	<u>142,042,148</u>
Total assets	<u>\$ 51,451,751</u>	<u>\$ 158,492,334</u>
Current liabilities	\$ 1,935,639	\$ 5,939,322
Noncurrent liabilities	<u>17,974,789</u>	<u>17,974,789</u>
Total liabilities	<u>19,910,428</u>	<u>23,914,111</u>
Net position:		
Net investment in capital assets	13,210,782	130,877,475
Unrestricted	<u>18,330,541</u>	<u>3,700,748</u>
Total net position	<u>31,541,323</u>	<u>134,578,223</u>
Total liabilities and net position	<u>\$ 51,451,751</u>	<u>\$ 158,492,334</u>

# Alamo Regional Mobility Authority

San Antonio, Texas

## Management's Discussion and Analysis – Unaudited

Year Ended September 30, 2015

Current assets increased by \$10,081,441 (61%). The majority of this increase is related to the vehicle registration fee. Capital assets decreased by \$117,122,024 (82%) primarily due to conveyance of the interchange to TxDOT. Current liabilities decreased by \$4,003,683 (67%) primarily due to 1) the retirement of debt owed to local agencies, 2) a decrease in accrued liabilities because work invoices were received in a more timely manner this year, and 3) a decrease in unearned revenue as a result of ongoing work on the 281 corridor. Overall net position decreased by \$103,036,900 (77%) as the result of the net effect of changes to total assets and liabilities.

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

	<u>2015</u>	<u>2014</u>
Operating expenses	\$ 502,910	\$ 399,812
Total operating expenses	(502,910)	(399,812)
Nonoperating revenue (expense) – net	<u>(103,452,611)</u>	<u>3,838,922</u>
Increase (decrease) in net position before capital contributions	(103,955,521)	3,439,110
Capital contributions	<u>918,621</u>	<u>3,655,753</u>
Change in net position	(103,036,900)	7,094,863
Net position at beginning of year	<u>134,578,223</u>	<u>127,483,360</u>
Net position at end of year	<u>\$ 31,541,323</u>	<u>\$ 134,578,223</u>

Operating expenses increased from the previous year by \$103,098 (26%) due to additional County staff to support the Authority full time as well as additional legal expense related to the 84<sup>th</sup> Legislative Session. Nonoperating revenues (expense) decreased by \$107,291,533 due to the conveyance of the interchange to TxDOT. Capital contributions decreased by \$2,737,132 (75%). This decrease in capital contributions is a result of work having been completed on the interchange at US 281 and Loop 1604, and smaller invoices related to the 281 corridor projects.

### Capital Assets and Debt Administration

#### Capital Assets

As of September 30, 2015, the Authority had \$24,920,124 invested in capital assets, all related to development in progress costs. This represents a decrease of \$117,122,024 (82%) from FY 2014. Additional information can be found in Note 6 to the financial statements.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Management's Discussion and Analysis – Unaudited

Year Ended September 30, 2015

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

	<u>2015</u>	<u>2014</u>
Capital assets not being depreciated:		
Development in progress:		
US 281 North	\$ 3,208,588	\$ 2,666,496
US 281 EIS	9,349,520	8,990,640
IH-10 from Loop 1604 to Ralph Fair	10,666	-
US 281 and 1604 Interchange	-	119,205,422
Loop 1604 EIS	11,451,468	10,304,153
Loop 1604	<u>899,882</u>	<u>875,437</u>
Total capital assets not being depreciated	<u>24,920,124</u>	<u>142,042,148</u>
Total capital assets	<u>\$ 24,920,124</u>	<u>\$ 142,042,148</u>

### Debt

As of September 30, 2015, 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. During the current year, the Authority retired \$1,250,000 in short-term debt from local agencies. 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.

### 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 TxDOT, the City of San Antonio, VIA Metropolitan Transit and the Alamo Area 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 on three heavily traveled corridors including: 1) IH-10 from Ralph Fair to LP 1604, 2) US 281 North from LP 1604 to the County Line, and 3) LP 1604 from US 90 to FM 471. The partnership will provide \$825 million dollars of infrastructure improvements and accelerate project delivery. Originally as a source of local funding, toll revenues to be collected by the Authority were included as part of the funding for the US 281 North and the IH-10 projects. Since the inception of the \$825 Million Plan, an alternative funding source has been identified for the US 281 North project which allows for construction of the project without tolls. Toll revenue is still a funding component for the IH-10 project; however, the Authority continues to seek nontoll sources to complete this project as a nontolled improvement. In addition to toll revenue, the Authority is contributing \$70 million in funding from the optional vehicle registration fee to allow for nontolled improvements on Loop 1604 from

## **Alamo Regional Mobility Authority**

San Antonio, Texas

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

Year Ended September 30, 2015

US 90 to FM 471. Due to increases in construction and Right-of-Way cost, the total estimated cost for projects included in the \$825 Million Plan has increased; however, the Authority's committed funding amounts on Loop 1604 and IH-10 have not changed.

#### **Proposition 7**

During the 84<sup>th</sup> Legislative Session, the House and Senate approved Senate Joint Resolution 5 which is a constitutional amendment that provides for \$2.5 Billion in general sales tax proceeds in excess of \$28 billion to be deposited to the State Highway Fund beginning in fiscal year 2018, along with 35% of motor vehicle sales tax proceeds in excess of \$5 billion beginning in fiscal year 2020. This proposal was approved by voters on the November 3, 2015 ballot as Proposition 7. Funds may only be used to construct, maintain, or acquire Right-of-Way for public roadways other than toll roads or to repay the principal and interest on Proposition 12 general obligation bonds. The Authority along with Bexar County Commissioners and the MPO are seeking allocations from this new source to convert certain projects from tolled to nontolled.

#### **US 281 North Improvement Project**

The Authority took the lead preparing an Environmental Impact Statement ("EIS") for US 281 in 2009 and spent the next six years meeting with stakeholders from neighborhoods, businesses, organizations in the area, and with transportation engineers to determine how best to improve US 281. In addition to completion of the EIS, the Authority also completed an Investment Grade Traffic and Revenue Study. The Final EIS recommended a preferred alternative that would improve eight miles of US 281, from Loop 1604 to Borgfeld Drive. The proposed 281 North Improvement Project is a two-phased project with plans to double the number of lanes on US 281 and add the final four direct connector interchange ramps at the US 281 and Loop 1604 intersection. This project will significantly reduce the amount of traffic congestion and meet the needs of this growing community for the next 30 years. On July 17, 2015, the TxDOT signed the Record of Decision ("ROD") for the proposed improvements to US 281 North. The ROD explains the selection of the Preferred Expressway Alternative, and signifies the completion of the six-year environmental review process.

On June 15, 2015 Bexar County Judge Nelson Wolff, Bexar County Commissioner Kevin Wolff, and the Authority's Chairman John Clamp requested that TxDOT provide additional funding based on the Legislative action so US 281 could be completed nontolled. With the passage of Senate Joint Resolution 5 calling for additional funding for the State Highway Fund, the improvements to US 281 without tolls became a real possibility. The voters ultimately approved Propositions 7 in November 2015. Texas Transportation Commission then allocated additional funding to US 281 which will result in its improvements being constructed without tolls being assessed. The project was re-configured to four toll-free expressway lanes with two High-Occupancy Vehicle ("HOV") lanes in the center of the freeway. The southern segment of the US 281 project from Loop 1604 to Stone Oak Parkway is currently fully funded with construction anticipated to begin in mid-2017.

## **Alamo Regional Mobility Authority**

San Antonio, Texas

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

Year Ended September 30, 2015

#### **IH 10 Managed Lanes Project**

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 completed the Level II Traffic and Revenue Study. Similar to the US 281 Project, Bexar County and the Authority have requested allocation from the new state transportation dollars to complete the funding for the IH 10 Managed Lane Project without tolls.

#### **Loop 1604 Managed Lanes Project**

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. Two open houses were held in March 2015 with the final Environmental Assessment decision anticipated in summer of 2016. Additionally, the Authority coordinated with TxDOT as the Level II Traffic and Revenue Study was conducted.

#### **Vehicle Registration Fee Projects**

On August 29, 2013, the Bexar County Commissioners Court adopted an Optional Vehicle Registration Fee of \$10.00 per vehicle. Commissioners Court approved an Interlocal Funding Agreement on April 29, 2014 with the Authority whereby the Court committed to maintain the fee in order to fund long-term transportation projects.

On October 22, 2015 the Authority's Board approved a list of nontolled projects to be funded with the Optional Vehicle Registration Fee. Subsequently on November 10, 2015 Bexar County Commissioner's Court approved a Resolution authorizing the use of Vehicle Registration Fee Revenues on the Authority's list of specified long-term, regionally significant transportation projects. The approved list of projects includes four projects in partnership with TxDOT and ten proposed Bexar County Transportation Projects. The projects are distributed throughout Bexar County and will alleviate localized traffic congestion for years to come. Total projected cost of all fourteen projects is \$270 million of which the Authority will fund \$179 million through debt issuance backed by the registration fee. Construction on projects will be staggered over several years commencing in 2016. The Authority will issue debt on an as needed basis to cover its share of the total cost. Debt will be repaid with future receipts of vehicle registration fees.

## Alamo Regional Mobility Authority

San Antonio, Texas

### Management's Discussion and Analysis – Unaudited

Year Ended September 30, 2015

Project ID No.	Project Name	Precinct
BC – 1	Fischer Rd Phase II (IH 35 – Somerset Rd.)	1
BC – 2	Old FM 471/Talley Rd	1
BC – 3	Talley Rd. Phase I (From FM 1957 “Potranco Rd.” – Wiseman Blvd.)	1
BC – 4	Watson Rd. Phase II (SWISD – Bend)	1
BC – 5	W. Military Drive (West Creek Oaks – Bridge)	1
BC – 6	Blanco Rd. Phase II (West Oak Estates – Borgfeld Rd.)	3
BC – 7	Evans Rd. Phase I (Bulverde Rd to TPC Pkwy.)	3
BC – 8	Evans Rd. Phase II (TPC Pkwy. – Hanging Oak)	3
BC – 9	Candle Meadow (Binz-Engleman – Foster Rd.)	4
BC – 10	Foster Rd. Phase III (IH 10 – FM 1346 “E. Houston St.”)	4
TxDOT 1	Loop 1604 (From US 281 to FM 1303)	1
TxDOT 2	FM 471 (From Old FM 471 to East to SH 211)	2
TxDOT 3	FM 1516 (From FM 78 to IH 10)	4
TxDOT 825	Loop 1604 (From Potranco Rd. to US 90)	1

#### 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.

## Basic Financial Statements

# Alamo Regional Mobility Authority

San Antonio, Texas

## Balance Sheet

September 30, 2015

### ASSETS

#### Current Assets

Cash and cash equivalents	\$ 25,021,217
Accounts receivable	<u>1,510,410</u>
Total current assets	<u>26,531,627</u>

#### Noncurrent Assets

Capital assets:	
Development in progress	<u>24,920,124</u>
Total noncurrent assets	<u>24,920,124</u>
Total assets	<u>\$ 51,451,751</u>

### LIABILITIES AND NET POSITION

#### Current Liabilities

Accrued payroll	\$ 31,066
Accrued liabilities	99,494
Unearned grant revenue	<u>1,805,079</u>
Total current liabilities	<u>1,935,639</u>

#### Long-Term Debt – less current maturities

	<u>17,974,789</u>
Total long-term liabilities	<u>17,974,789</u>
Total liabilities	<u>19,910,428</u>

#### Net Position

Net investment in capital assets	13,210,782
Unrestricted	<u>18,330,541</u>
Total net position	<u>31,541,323</u>
Total liabilities and net position	<u>\$ 51,451,751</u>

*Notes to the financial statements form an integral part of these statements.*

# Alamo Regional Mobility Authority

San Antonio, Texas

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

Year Ended September 30, 2015

### Operating Revenue

Operating revenue \$                   -

### Operating Expenses

Payroll and payroll-related expenses	288,746
Travel and conferences	903
Professional and contracted services	110,931
Legal services	78,326
Memberships and accreditations	4,065
Marketing and advertisement	829
Insurance	2,090
Telephone and internet service	647
Supplies and postage	1,232
Printing	1,749
Equipment rental and maintenance	9,220
Banking fees	3,737
Miscellaneous	435
	<u>502,910</u>
Total operating expenses	<u>502,910</u>
Operating loss	<u>(502,910)</u>

### Nonoperating Revenues (Expenses)

Vehicle registration fees	15,602,458
State grant revenue	148,561
Interest income	12,226
Interest expense	(3,922)
Conveyance of asset to other entities	(119,211,934)
Total nonoperating revenues (expenses) – net	<u>(103,452,611)</u>
Decrease in net position before capital contributions	(103,955,521)
Capital contributions	<u>918,621</u>
Change in net position	(103,036,900)
Net position at beginning of year	<u>134,578,223</u>
Net position at end of year	<u>\$ 31,541,323</u>

*Notes to the financial statements form an integral part of these statements.*

# Alamo Regional Mobility Authority

San Antonio, Texas

## Statement of Cash Flows

Year Ended September 30, 2015

### Cash Flows From Operating Activities

Payments to employees	\$ (272,296)
Payments to suppliers	<u>(1,500,172)</u>
Net cash used in operating activities	<u>(1,772,468)</u>

### Cash Flows From Noncapital Financing Activities

Proceeds from grants	148,561
Payments on loans	(1,250,000)
Payments of interest	(423,438)
Proceeds from vehicle registration fees	<u>15,572,389</u>
Net cash provided by noncapital financing activities	<u>14,047,512</u>

### Cash Flows From Capital and Related Financing Activities

Payments for development projects	(2,089,910)
Proceeds from capital grants	499,549
Net cash used in capital and related financing activities	<u>(1,590,361)</u>

### Cash Flows From Investing Activities

Proceeds from interest	<u>12,226</u>
Net cash provided by investing activities	<u>12,226</u>
Net increase in cash and cash equivalents	10,696,909
Cash and cash equivalents at beginning of year	<u>14,324,308</u>
Cash and cash equivalents at end of year	<u>\$ 25,021,217</u>

### Reconciliation of Operating Loss to Net Cash Used In Operating Activities

Operating loss	\$ (502,910)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in liabilities:	
Accounts payable	(352,853)
Accrued wages and payroll-related liabilities	16,450
Accrued liabilities	(933,155)
Net cash used in operating activities	<u>\$ (1,772,468)</u>

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

Interest paid was \$423,438 and related to the accrual of interest on loans repaid in the current year. Capital assets, totaling \$119,211,934, were removed from the development in progress as they were completed and conveyed to other entities.

*Notes to the financial statements form an integral part of these statements.*

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2015

### 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. 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.

In accordance with the Governmental Accounting Standards Board (“GASB”) Codification 2600: *Reporting Entity and Component Unit Presentation and Disclosure*, commencing in fiscal year 2015 the Authority is considered a discrete component unit of Bexar County, Texas.

#### 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 County Commissioners 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.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2015

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

#### **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 financial entities are considered cash equivalents. Short-term highly liquid investments that are both readily convertible and are invested 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, 2015, 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.

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

The Authority is exposed to various risks arising out of its general operations and its role in planning. RMA purchases commercial insurance to respond in the event of claims related to these risks.

#### **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.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2015

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

#### 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.

#### 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. Currently, the Authority has no assets other than the cost associated with projects in development.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2015

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

#### 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 FY 2015.

#### 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.

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, 2015.

#### N. Compensated Absences

As of September 30, 2015, 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 2015; 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.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2015

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

#### P. Relationship with Bexar County

In addition to the Authority being a component unit of Bexar County, Texas (the "County"); the County also is responsible for the day-to-day operations of the Authority. Certain costs of operating the Authority have been absorbed by the County, however; no in-kind revenues or expenses have been reflected in the financial statements. The Authority reimburses the County for services performed by County employees for the benefit of the Authority. Services include, but are not limited to, engineering, budgeting, finance, accounting, public relations, and administration. Total reimbursed to the County in FY 2015 was \$288,746.

### 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. The loans were repaid in full in October 2014.

On April 29, 2014 the Authority entered into an Interlocal agreement with the County whereby the County committed to maintaining the imposition of the optional vehicle registration fee of \$10 per vehicle for at least as long as the Authority has pledged this revenue stream to satisfy outstanding debt obligations.

### 3. Cash and Cash Equivalents

Cash and cash equivalents at September 30, 2015 consist of the following:

Bank deposit	\$	-
Cash equivalents:		
Investment Sweep Account – Federal Home Loan Bank FHLB Dallas		<u>25,021,217</u>
Total cash and cash equivalents	\$	<u><u>25,021,217</u></u>

#### ***Deposits***

At September 30, 2015, the carrying amount of the Authority's deposits was \$0, and the bank balance was \$0. The Authority's cash deposits and investment accounts are covered by an executable letter of credit backed by the Federal Home Loan Bank of Dallas. Excess cash is swept into the investment account daily.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2015

### 3. Cash and Cash Equivalents (continued)

#### *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. All of the Authority's funds are currently in a demand deposit account and are secured with a fully executable line of credit issued by the Federal Home Loan Bank of Dallas to cover any potential losses.

*Interest Rate Risk* – As required by state law and the Authority's investment policy, individual investments, whether pooled or nonpooled, shall not have a stated maturity that exceeds five (5) years without the prior approval of the Financial Officer. Overall the portfolio weighted average maturity shall not exceed 365 days.

*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 demand deposit accounts. The money market funds hold only repurchase agreements and United States Treasury obligations.

### 4. Grants Receivable

As of September 30, 2015, the Authority has no grant receivable.

### 5. Accounts Receivable

Accounts receivable in the amount of \$1,510,410 at September 30, 2015 represents amounts due from the Tax Assessor Collector for vehicle registration fees collected and not yet remitted to the Authority for FY 2015.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2015

### 6. Capital Assets

Changes in the Authority's capital assets for the year ended September 30, 2015 consist of the following:

	<u>October 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2015</u>
Capital assets not being depreciated:				
Development in progress:				
US 281 North	\$ 2,666,496	\$ 542,092	\$ -	\$ 3,208,588
US 281 EIS	8,990,640	358,880	-	9,349,520
IH 10 from 1604 to Ralph Fair	-	10,666	-	10,666
Loop 1604 EIS	10,304,153	1,147,315	-	11,451,468
Loop 1604	875,437	24,445	-	899,882
	<u>22,836,726</u>	<u>2,083,398</u>	<u>-</u>	<u>24,920,124</u>
Total development in progress				
Development conveyed to State:				
US 281 and Loop 1604 Interchange	119,205,422	6,512	(119,211,934)	-
	<u>119,205,422</u>	<u>6,512</u>	<u>(119,211,934)</u>	<u>-</u>
Total development conveyed to State				
Total capital assets not being depreciated	<u>142,042,148</u>	<u>2,089,910</u>	<u>(119,211,934)</u>	<u>24,920,124</u>
Total capital assets	<u>\$ 142,042,148</u>	<u>\$ 2,089,910</u>	<u>\$ (119,211,934)</u>	<u>\$ 24,920,124</u>

There was no depreciation expense for the year ended September 30, 2015.

During FY 2015, the US 281 and Loop 1604 Interchange was completed and then 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, 2015.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2015

### 7. Long-Term Liabilities

Long-term debt activity for the year ended September 30, 2015 is as follows:

	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2015</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 long-term liabilities	<u>\$ 19,224,789</u>	<u>\$ -</u>	<u>\$ (1,250,000)</u>	<u>\$ 17,974,789</u>	<u>\$ -</u>

Debt service information for Bexar County and the City of San Antonio loans is shown because those debts were retired this year. The TxDOT loan debt service repayment information 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 and accrued interest were 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 were 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 were repaid in October 2014.

Interest in the amount of \$423,438 was paid to the County and City when the loans were repaid in FY 2015.

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, 2015 totaled \$913,890.

# Alamo Regional Mobility Authority

San Antonio, Texas

## Notes to the Financial Statements

Year Ended September 30, 2015

### 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, 2015 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, 2015 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, 2015 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.

### 8. Commitments and Contingencies

#### A. Grants and Loans

The Authority receives grants and loans from TxDOT. 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 these rules and regulations.

#### 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, 2015

### **9. Unearned Grant Revenue**

The Authority received \$18,000,000 in grant funds from TxDOT to date. Of this amount, \$16,194,921 has been expended, while the remaining amount of \$1,805,079 has been recognized as unearned revenue.

### **10. 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.

### **11. Subsequent Events**

In December 2015, the Authority's Board of Directors approved 14 local projects with a combined estimated funding requirement of \$270 million of which the Authority will fund \$179 million from future debt issuances backed by pledged revenues from the vehicle registration fee. Construction is tentatively scheduled to start in FY 2016 on some projects. Other projects require significant preconstruction work before construction can begin.

## State Single Audit Section

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# Padgett Stratemann

## 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, a component unit of Bexar County, Texas (the "Authority"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 24, 2016.

### ***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*.

### ***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  
March 24, 2016



# Padgett Stratemann

## Independent Auditor's Report on Compliance for Each 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, a component unit of Bexar County, Texas (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 programs for the year ended September 30, 2015. The Authority's major state programs are 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 programs 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 programs. 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 programs for the year ended September 30, 2015.

### ***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 programs 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  
March 24, 2016

**Alamo Regional Mobility Authority**  
 San Antonio, Texas  
**Schedule of Findings and Questioned Costs**  
 Year Ended September 30, 2015

**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>
86-9XXF7002	Financial Assistance Agreement 5
86-9XXF7001	Financial Assistance Agreement – AG2

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   Yes        No

# **Alamo Regional Mobility Authority**

San Antonio, Texas

## **Schedule of Findings and Questioned Costs – Continued**

Year Ended September 30, 2015

### **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, 2015

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, 2015

<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>697,650</u>
Total Financial Assistance Agreements – Loans		<u>697,650</u>
Financial Assistance Agreement – AG2	86-9XXF7001	<u>1,062,272</u>
Total Financial Assistance Agreements – Grants		<u>1,062,272</u>
Proposition 14	N/A	<u>2,573</u>
Total Expenditures of State Awards		\$ <u><u>1,762,495</u></u>

# **Alamo Regional Mobility Authority**

San Antonio, Texas

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

Year Ended September 30, 2015

### **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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