

# **Garza/Gonzalez & Associates**

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CERTIFIED PUBLIC ACCOUNTANTS

## **ALAMO REGIONAL MOBILITY AUTHORITY San Antonio, Texas**

### **BASIC FINANCIAL STATEMENTS AND AUDITORS' REPORTS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

**For The Years Ended September 30, 2009 and 2008**

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ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

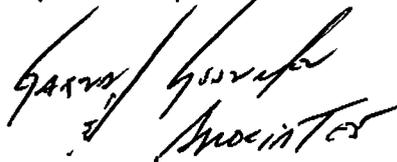
Board of Directors  
Alamo Regional Mobility Authority  
San Antonio, Texas

We have audited the accompanying basic financial statements of the Alamo Regional Mobility Authority (the Authority), as of and for the years ended September 30, 2009 and 2008. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2009 and 2008, and the changes in net assets and cash flows for the years ended September 30, 2009 and 2008 in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 9, was not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.



December 21, 2009

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

ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas

Management's Discussion and Analysis  
Years Ended September 30, 2009 and  
September 30, 2008  
(Unaudited)

The discussion and analysis of the Alamo Regional Mobility Authority (the Authority) financial statements provides an overview of its financial position and activities for the years ended September 30, 2009 and September 30, 2008. The discussion and analysis provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

**USING THIS ANNUAL REPORT**

Three basic financial statements are presented: the Statements of Net Assets; the Statements of Revenues, Expenses, and Changes in Net Assets; and the Statements of Cash Flows. These statements are prepared in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis for State and Local Governments*.

The 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.

**Financial Highlights**

Financial Highlights for the Authority include the following:

- Total Assets increased in 2009 due to a grant received from the Metropolitan Planning Organization (MPO) and a loan received from Texas Department of Transportation (TxDOT). Cash and Cash Equivalents were \$8,094,069 and \$6,256,620 as of September 30, 2009 and 2008, respectively.
- Development in Progress is included in 2009 Assets totaling \$3,614,043 as compared to \$0 for 2008. This consists primarily of capital and professional services in 2009 which were not capitalized and included in operating expense in 2008.
- Operating Revenue increased in 2009 as a result of the MPO grant received in 2009 and the TxDOT grant received in 2008. Operating Revenue, comprised entirely of Grant Revenue, was \$3,468,823 for the year ended September 30, 2009 as compared to \$713,438 for the year ending September 30, 2008.
- Operating Expenses for the years ended September 30, 2009 and 2008 were \$1,451,585 and \$3,633,695, respectively, and consisted primarily of Personnel Costs in 2009 (80%) and Professional and Personnel Costs in 2008 (94%).
- As a result of start-up and planning costs in current and prior periods, the Authority ended with a deficit Net Asset balance (difference between assets and liabilities) of \$7,601,061 and \$9,604,549 as of September 30, 2009 and 2008, respectively.

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**Statement of Net Assets**

The Statement of Net Assets presents the Authority's assets, liabilities, and net assets as of the end of a fiscal period. The information presented is useful in determining the assets available for the Authority's operations as well as the amounts the Authority owes to vendors, debt holders, and other entities at the end of the period. The Authority's Net Assets - the difference between assets and liabilities - can be a factor in assessing its financial position. Over time, increases or decreases in the Authority's Net Assets are one indicator of whether its' financial health is improving or deteriorating when considered with other factors such as overall population growth, economic development, income levels and vehicle miles traveled in Bexar County and surrounding communities.

Assets and liabilities are classified based on liquidity and longevity. Current liabilities are generally those liabilities which are due within one year and current assets are those assets which are available to satisfy current liabilities. Noncurrent assets are those assets not expected to be utilized within one year. Noncurrent liabilities include loans payable not expected to be settled within one year.

Net assets are normally presented in three major categories; Invested in Capital Assets Net of Related Debt, Restricted and Unrestricted. All three categories of net assets are described as follows; however, the Authority's Net Assets were all considered unrestricted. Amounts presented as "Invested in Capital Assets Net of Related Debt" represent the investment in property, plant and equipment net of accumulated depreciation on the assets and net of related outstanding debt used to construct, purchase, or renovate them. Restricted net assets are available for expenditure but must be spent in accordance with the restrictions of donors and other external entities. Unrestricted net assets are available for any lawful purpose. Unrestricted net assets are accumulated only as necessary to ensure sufficient reserve funds for future operations and capital improvements. Further detail concerning Assets, Liabilities, and Net Assets is presented in the Statement of Net Assets and Notes to the financial statements.

**Statement of Revenues, Expenses, and Changes in Net Assets**

Changes in Total Net Assets, as presented in the Statement of Net Assets, are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. 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 non-operating revenues and expenses. Total revenues, total expenses, operating income (loss), and increase (decrease) in net assets 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 Assets and notes to the financial statements.

**Statement of Cash Flows**

The Statement of Cash Flows provides information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess (1) the entity's ability to meet its obligations as they come due and (2) the need for external financing.

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This statement presents information related to cash inflows/outflows summarized by operating, non-capital financing, and investing activities. For additional detail concerning these classifications see the Statement of Cash Flows.

**CONDENSED FINANCIAL INFORMATION**

**Statement of Net Assets**

The following table is condensed financial information for the Statement of Net Assets:

	<u>9/30/2009</u>	<u>9/30/2008</u>
Current Assets	\$ 8,105,335	\$ 6,264,039
Non-Current Assets	<u>3,614,043</u>	<u>-</u>
Total Assets	11,719,378	6,264,039
Current Liabilities	1,246,160	313,105
Non-Current Liabilities	<u>18,074,279</u>	<u>15,555,484</u>
Total Liabilities	19,320,439	15,868,589
Unrestricted Net Asset	<u>(7,601,061)</u>	<u>(9,604,549)</u>
Total Net Assets	<u>\$(7,601,061)</u>	<u>\$ (9,604,549)</u>

Total Assets were \$11,719,378 and \$6,264,039 at September 30, 2009 and 2008, respectively. Current assets consisted mainly of Cash and Cash Equivalents. Cash and Cash Equivalents, which were \$8,094,069 and \$6,256,620 for the years ended, increased in 2009 due to a grant received from the Metropolitan Planning Organization and a loan received from Texas Department of Transportation. Non-current assets consist of Development in Progress for Authority projects. Development in Progress was \$3,614,043 and \$0 as of September 20, 2009 and 2008, respectively.

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Total Liabilities were \$19,320,439 and \$15,868,589 at September 30, 2009 and 2008, respectively. Current Liabilities consisted of Accounts Payable (\$1,196,791 and \$269,784), Accrued Paid Leave (\$49,369 and \$34,413), and Accrued Wages (\$0 and \$8,908). Non-Current Liabilities consisted of Deferred Revenue (\$4,017,739 and \$5,886,562), Long-term Liabilities (\$13,880,000 and \$9,530,434) and Accrued Interest to other governmental entities (\$176,540 and \$138,488).

Long-term Liabilities represents loans from Texas Department of Transportation (TxDOT) totaling \$4,349,566 and \$3,558,731 for the years ended September 30, 2009 and September 30, 2008. The Authority obtained loans from TxDOT totaling \$4,093,128 and \$628,575 for the years ended September 30, 2007 and September 30, 2006. The Authority obtained three loans for a total amount of \$1,250,000 from Bexar County and the City of San Antonio in the fifteen months ended September 30, 2005. All loans are used to finance start-up costs of the Authority and are to be repaid in accordance with terms specified in the funding agreements with City of San Antonio, Bexar County, and Texas Department of Transportation. More detailed information about the Authority's loans payable is presented in Note 7 to the basic financial statements.

The Authority's Net Assets (assets less liabilities), was a deficit of \$7,601,061 and \$9,604,549 at September 30, 2009 and 2008, respectively. This is due to the start-up and planning costs of the Authority.

**Statement of Revenues, Expenses and Changes in Net Assets**

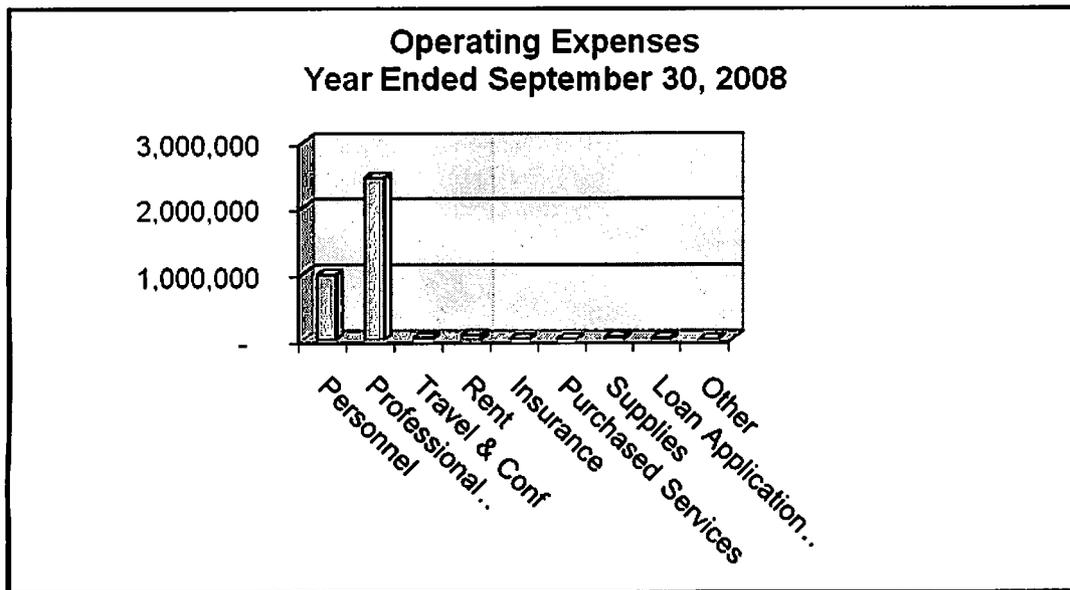
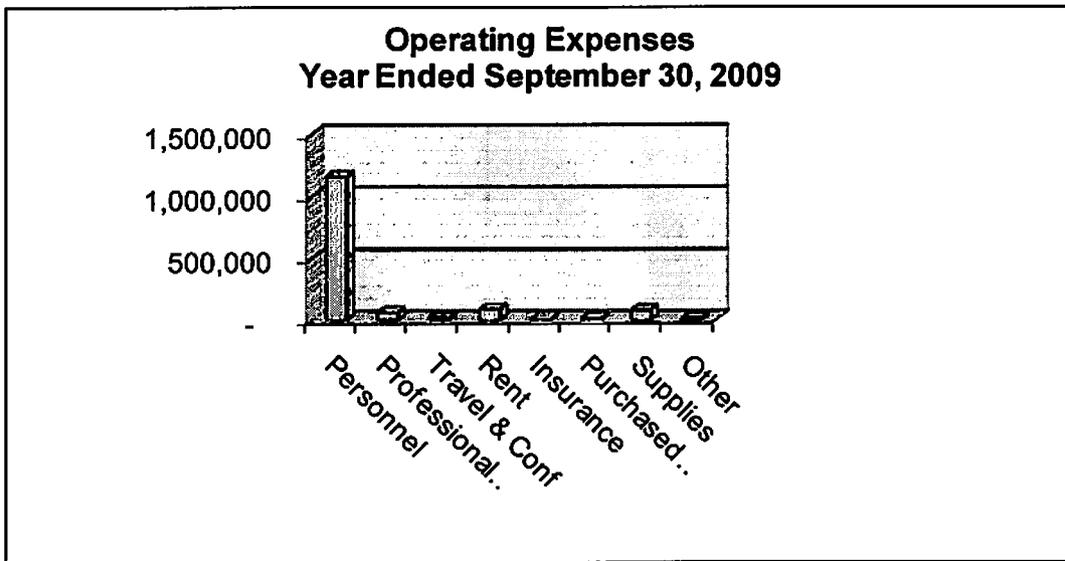
The following table is condensed financial information for the Statement of Revenues, Expenses and Changes in Net Assets:

	Year Ended 9/30/2009	Year Ended 9/30/2008
Operating Revenue	\$ 3,468,823	\$ 713,438
Operating Expenses	1,451,585	3,633,695
Operating Loss	2,017,238	(2,920,257)
Non-Operating Revenues (Expenses)	(13,750)	(12,671)
Increase/(Decrease) in Net Assets	2,003,488	(2,932,928)
Beginning Net Assets	(9,604,549)	(6,671,621)
Ending Net Assets	\$ (7,601,061)	\$ (9,604,549)

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The following graphs summarize operating expenses for the years ended September 30, 2009 and September 30, 2008.



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Operating Revenue for the years ended September 30, 2009 and 2008 consisted of Grant Revenue totaling \$3,468,823 and \$713,438, respectively. The Authority is expected to generate operating revenues from grant and toll revenues in future years.

Operating Expenses for the years ended September 30, 2009 and 2008 were \$1,451,585 and \$3,633,695, respectively. Approximately 84% of operating expenses for the year ended September 30, 2009 represents personnel and professional services, as compared to 94% for the year ended September 30, 2008. These expenses relate to the start-up and planning phase associated with the Authority's initial operations.

Non-Operating Revenues and Expenses for the years ended September 30, 2009 and September 30, 2008 consisted solely of Interest Income received on Cash and Cash Equivalents totaling \$24,302 and \$25,379 respectively and Loan Interest Expense totaling \$38,052 and \$38,050 respectively.

### **ECONOMIC FACTORS AFFECTING THE FUTURE**

Every year Texans are spending more and more time sitting in traffic due to increased congestion. In the next 25 years, Bexar County will experience significant growth in population, jobs, and economic development. The number of people living in Texas has increased by 8 million residents from 1980 to 2003. During this same period, the number of vehicles driven on Texas roadways has increased from 11.7 to 18.9 million. Yet, the number of roadway miles has increased by less than 8%. As a result, commuting time for most residents in our region will increase dramatically in future years as driving distances increase and roadway options dwindle.

Transportation networks are the backbone of our economy. It is critical that goods and services are delivered on time, every time. When delivery is delayed, consumers are affected through increased product costs. Increased traffic congestion will cost time and money.

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-cent 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.

Due to federal rescissions of motor fuel tax funds in 2008, more than \$400 million in transportation projects for our region were halted and will not occur for at least another 10 years, if at all. These projects were planned to relieve congestion for Bexar County residents. The ability to engage in long range planning based on traditional funding sources is becoming increasingly limited due to the funding shortfall from the state gasoline tax and rescissions in federal funding for transportation projects. Furthermore, revenue generated from one source is insufficient to meet needed capacity requirements. A number of resources are needed for planning and design, acquiring rights of way, constructing projects, and carrying out the ongoing maintenance for those projects.

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In 2009, with the passage of the American Recovery and Reinvestment Act (Federal Stimulus), our region received \$42 Million locally to spend on needed infrastructure projects, and was fortunate to receive another \$60 Million in Federal Stimulus allocation from the Texas Transportation Commission. These funds, when combined with an additional \$60 Million in Proposition 14 bonds, have provided the ability to deliver some of the previous backlogged projects. Keep in mind, this level of investment represents a one-time benefit to our local infrastructure, and does not present a steady revenue stream for future project planning and implementation.

If the transportation problem is not solved, our residents will spend more time sitting in traffic, resulting in more time away from home, and they will face higher product costs. Meanwhile, maintenance and construction costs will continue to increase for those much needed projects in our region. We will be subject to increased frustrations and costs unless Texans pull together to implement a safe, reliable and efficient transportation system with innovative funding solutions.

Regional Mobility Authorities (RMA) were 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 which include formation of local partnerships, provisions for financing, acceleration of projects, and creation of new revenue streams, for critical transportation systems. RMAs allow residents to prioritize transportation projects in their community and to utilize alternative funding sources to speed up project completion. Alternative funding includes 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.

For the Alamo RMA, the first two construction projects, representing approximately \$148 Million in infrastructure investment, will be non-tolled projects. These projects highlight the commitment to both toll and non-toll projects as long as a funding source can be identified.

During the 81<sup>st</sup> Legislative Session, the Texas Legislature continued operations for the Texas Department of Transportation for an additional two years but did not authorize any additional funding sources or tools to allow for expansion and increases in infrastructure. This action resulted in the loss of authority to enter into concession agreements, and unless addressed during the 82<sup>nd</sup> Legislative Session, tools such as non-concession comprehensive development agreements will also expire.

The Alamo RMA was created to solve the funding gap for Bexar County and to complete critical congestion relief projects by using a variety of tools provided by the legislature. The Alamo RMA gives the region the authority to:

- Provide **local leadership and control** over transportation projects to keep our economy moving
- **Accelerate** the construction of needed multi-modal transportation projects to address quality of life issues
- **Leverage** federal, state, regional and local funds through the use of all available funding tools

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- Ensure that motorists ***will always have a choice*** between tolled and non-tolled lanes, and work to develop other multi-modal projects to help keep our region moving
- Increase **travel safety** for our community by decreasing congestion

The Alamo RMA is committed to serving the residents of Bexar County.

## **Basic Financial Statements**

ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas

STATEMENT OF NET ASSETS

September 30, 2009 and 2008

ASSETS	<u>2009</u>	<u>2008</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 8,094,069	\$ 6,256,620
Prepaid Expenses	11,266	7,419
<b>Total Current Assets</b>	<u>8,105,335</u>	<u>6,264,039</u>
<b>Non-Current Assets</b>		
Development in Progress	3,614,043	-
<b>Total Non-Current Assets</b>	<u>3,614,043</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 11,719,378</u>	<u>\$ 6,264,039</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 1,196,791	\$ 269,783
Accrued Wages	-	8,908
Current Portion of Long-Term Liabilities	49,369	34,413
<b>Total Current Liabilities</b>	<u>1,246,160</u>	<u>313,104</u>
<b>Non-Current Liabilities</b>		
Deferred Revenue	4,017,739	5,886,562
Accrued Interest Payable	176,540	138,488
Long-Term Liabilities	13,880,000	9,530,434
<b>Total Non-Current Liabilities</b>	<u>18,074,279</u>	<u>15,555,484</u>
<b>Total Liabilities</b>	<u>19,320,439</u>	<u>15,868,588</u>
<b>Net Assets</b>		
Invested In Capital Assets, Net of Related Debt	2,452,272	-
Unrestricted	(10,053,333)	(9,604,549)
<b>Total Net Assets</b>	<u>(7,601,061)</u>	<u>(9,604,549)</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 11,719,378</u>	<u>\$ 6,264,039</u>

The accompanying notes form an integral part of this statement.

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Revenue		
Grant Revenue	\$ 3,468,823	\$ 713,438
Total Operating Revenue	<u>3,468,823</u>	<u>713,438</u>
Operating Expenses		
Personnel	1,162,274	983,964
Professional Services	62,904	2,447,132
Travel and Conferences	20,722	25,236
Rent	89,514	73,912
Insurance	7,772	10,315
Other Purchased Services	14,182	11,955
Supplies	82,294	44,255
Loan Application Fees	-	30,000
Other	11,923	6,926
Total Operating Expenses	<u>1,451,585</u>	<u>3,633,695</u>
Operating Income (Loss)	<u>2,017,238</u>	<u>(2,920,257)</u>
Nonoperating Revenues (Expenses)		
Interest Income	24,302	25,379
Interest Expense	(38,052)	(38,050)
Total Nonoperating Revenues (Expenses)	<u>(13,750)</u>	<u>(12,671)</u>
Increase (Decrease) in Net Assets	2,003,488	(2,932,928)
Beginning Net Assets, October 1, 2008	<u>(9,604,549)</u>	<u>(6,671,621)</u>
Ending Net Assets, September 30, 2009	<u>\$ (7,601,061)</u>	<u>\$ (9,604,549)</u>

The accompanying notes form an integral part of this statement.

ALAMO REGIONAL MOBILITY AUTHORITY  
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STATEMENT OF CASH FLOWS

Years Ended September 30, 2009 and 2008

	2009	2008
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Cash received from Grantors	\$ 1,600,000	\$ 6,600,000
Payments to Employees	(1,156,226)	(961,733)
Payments to Suppliers	(293,158)	(3,096,416)
Net Cash Provided by (Used for) Operating Activities	150,616	2,541,851
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(2,687,035)	-
Net Cash Provided by (Used for) Operating Activities	(2,687,035)	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from Noncapital Loans	4,349,566	3,558,731
Net Cash Provided by Noncapital Financing Activities	4,349,566	3,558,731
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	24,302	25,379
Net Cash Provided by Investing Activities	24,302	25,379
 Net (Decrease) Increase in Cash and Cash Equivalents	 1,837,449	 6,125,961
 Cash and Cash Equivalents, Beginning	 6,256,620	 130,659
Cash and Cash Equivalents, Ending	\$ 8,094,069	\$ 6,256,620
 <b>Reconciliation of Operating Loss to Net Cash Used For</b>		
<b>Operating Activities</b>		
Operating Loss	\$ 2,017,238	\$ (2,920,257)
Adjustments to Reconcile Operating Loss to Net Cash		
(Increase) Decrease in Prepaid Expenses	(3,847)	(934)
Increase (Decrease) in Accounts Payable	-	(445,751)
Increase (Decrease) in Accrued Wages	(8,908)	666
Increase (Decrease) in Deferred Revenue	(1,868,823)	5,886,562
Increase (Decrease) in Compensated Absences	14,956	21,564
Net Cash Used for Operating Activities	\$ 150,616	\$ 2,541,851

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

Interest expense of \$38,052 was recognized related to the accrual of interest on outstanding loans.

The accompanying notes form an integral part of this statement.

ALAMO REGIONAL MOBILITY AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS

September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Alamo Regional Mobility Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) for governmental entities. The Governmental Accounting Standards Board (GASB) is the governing body for establishing governmental accounting and financial reporting standards. For financial reporting purposes, the Authority is considered a special purpose government engaged only in business-type activities. The following is a summary of significant accounting policies of the Authority.

A. Reporting Entity

The Bexar County Regional Mobility Authority was approved by the Texas Department of Transportation on December 18, 2003 as a political subdivision of the State of Texas under the Texas Transportation Code, Chapter 370. Bexar County formally approved the conditions of the Texas Department of Transportation 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 of the Board is appointed by the Governor of the State of Texas. The Authority is not included in any other governmental "reporting entity" as defined by GASB Statement No. 14, *"The Financial Reporting Entity"*. There are no component units included within the reporting entity.

B. Basis of Accounting

The Authority's financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 56. The Authority applies all Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) Opinions of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Authority has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by GASB.

All of the Authority's activities are accounted for within a single proprietary (enterprise) fund. The accounting and financial reporting treatment applied is determined by measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net assets. Net assets (i.e., total assets net of total liabilities) are segregated into amounts invested in capital assets, net of related debt; amounts restricted for capital activity and debt service; and amounts which are unrestricted.

ALAMO REGIONAL MOBILITY AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS

September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

D. 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.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

F. Capital Assets

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. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following estimated useful lives are used:

Furniture, Machinery and Other Equipment      3 - 7 years

G. Classification of Revenues

The Authority has classified its revenues as either operating or nonoperating according to the following criteria:

**Operating Revenues:** Operating revenues are generated by activities that have the characteristics of exchange transactions. Exchange transactions are those in which a service or product is exchanged for revenue.

**Nonoperating Revenues:** Nonoperating revenues include activities that do not have the characteristics of exchange transactions.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Authority's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources available for use.

**ALAMO REGIONAL MOBILITY AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**

September 30, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Compensated Absences**

The Authority 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 is carried forward to the next year and unused leave is paid to employees upon termination, resignation or retirement up to 240 hours. The liability recorded for compensated absences was \$49,369 at September 30, 2009 and \$34,413 at September 30, 2008.

**I. Comparative Data**

Comparative data for the prior fiscal year has been presented to provide an understanding of the changes in the financial position and operations.

**2. INTERLOCAL AGREEMENTS**

The Authority entered into interlocal agreements with Bexar County and the City of San Antonio 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.

**3. DEPOSITS AND INVESTMENTS**

The Authority's cash and cash equivalents at September 30, 2008 and 2007 are as follows:

	2009	2008
Cash in Bank	\$ 210,754	\$ 1,066
Cash Equivalents		
Money Market Fund -		
Invesco Government and Agency Portfolio		
- Resource Class	6,527,619	6,255,554
- Cash Management	1,355,696	-
Total Cash and Cash Equivalents	\$ 8,094,069	\$ 6,256,620

The Authority does not have any of its funds invested in derivatives.

ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

3. DEPOSITS AND INVESTMENTS (Continued)

*Deposits*

At September 30, 2009, the carrying amount of the Authority's deposits was \$210,754 and the bank balance was \$246,002. The Authority's cash deposits at September 30, 2009 were covered by FDIC insurance. Excess cash is swept into the investment account each night.

*Investments*

State statutes govern the Authority's investment policies. State authorized investments include obligations of the U.S. Treasury and U.S. Government agencies, certificates of deposit, commercial paper, securities lending, bankers' acceptances, guaranteed investment contracts, mutual funds, investment pools, and repurchase agreements.

*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 rating agencies. The Authority's funds shall be primarily invested in U.S. 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 (S&P). Investments in the money market fund are not guaranteed by the Federal Depository Insurance Corporation (FDIC) or any other government agency. The fund invests in direct obligations of the U.S. Government and other securities issued or guaranteed as to principal by the U.S. Government or its agencies and instrumentalities, as well as repurchase agreements secured by those obligations.

4. OPERATING LEASE

The Authority leased office facilities under two operating leases during the year. The term of one of the leases was 37 months, which commenced on December 1, 2005 and terminated on January 1, 2009. The lease carried a base cost of \$5,514 and is adjusted annually according to the lease agreement's basic cost formula. Effective January 1, 2009 the Authority entered into a new lease with HEB Grocery Company for office space. The term of the lease is 36 months and expires on December 31, 2011. The monthly rental rate for the first year is \$7,822, \$8,023 for the second year, and \$8,224 for the third year. Total payments of \$89,514 were made during the current year.

ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

5. DEFERRED REVENUE

The Authority received \$6,600,000 in grant funds from TxDOT during fiscal year 2008. Of this amount, \$3,501,955 was expended to date, while the remaining amount of \$3,098,045 has been recognized as deferred revenue.

The Authority received \$1,600,000 from the Advanced Transportation District (ATD) during the current year. This payment represents partial funding related to the 281 Superstreet project. Of this amount, \$680,306 was expended in the current year, while the remaining \$919,694 has been recognized as deferred revenue.

6. CAPITAL ASSETS

Capital asset activity for the year ending September 30, 2009 was as follows:

	Balance October 1, 2008	Increases	Decreases	Balance September 30, 2009
Capital Assets, Not Being Depreciated				
Development in Progress	\$ -	\$ 3,614,043	\$ -	\$ 3,614,043
Total Capital Assets, Not Being Depreciated	\$ -	\$ 3,614,043	\$ -	\$ 3,614,043

Included in capital assets are pre-development costs related to ongoing projects of the Authority. Certain projects are funded with grant monies and will be transferred to an outside entity upon completion of the project.

7. LONG-TERM LIABILITIES

On July 12, 2004, the Authority entered into an initial interlocal agreement with Bexar County. The agreement provided initial operating funds (Bexar County Loan # 1) in the amount of \$250,000 at an annual interest rate of 3.34%. The loan is to be reimbursed in total from the proceeds of the first available revenues received. At the time bonds are issued, the proceeds shall be used to retire the loan and any accrued interest in full. At September 30, 2009, the total amount remains outstanding.

On January 18, 2005, the Authority entered into a second interlocal agreement with Bexar County. The agreement provided additional operating funds (Bexar County Loan # 2) in the amount of \$500,000 at an annual interest rate of 2.97%. The loan is to be reimbursed in total from the proceeds of the first available revenues received. At the time bonds are issued, the proceeds shall be used to retire the loan and any accrued interest in full. At September 30, 2009, the entire amount remains outstanding.

ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

7. LONG-TERM LIABILITIES (Continued)

On June 29, 2005, the Authority entered into an interlocal agreement with the City of San Antonio. The agreement provided additional initial operating funds (City of San Antonio Loan # 1) in the amount of \$500,000 at an annual interest rate of 2.97%. The loan is to be reimbursed in total from the proceeds of the first available revenues received. At the time bonds are issued, the proceeds shall be used to retire the loan and any accrued interest in full. At September 30, 2009, the entire 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 amounts to \$176,540 and \$138,488 at September 30, 2009 and 2008, respectively.

On December 16, 2005, the Authority entered into a financial assistance agreement (FAA 1) with the Texas Department of Transportation (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 are drawn down as authorized expenses are incurred.

On January 23, 2006, the Authority entered into a financial assistance agreement (FAA 2) with the 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 are drawn down as authorized expenses are incurred.

On September 11, 2007, the Authority entered into a financial assistance agreement (FAA 3) with the TxDOT to provide funding for the development costs of certain toll projects. This FAA is being funded with remaining unused funds on the previous FAA's. Funds are drawn down as authorized expenses are incurred. This agreement is not to exceed \$3,043,925 (the amount of unused funds from the previous FAA's) and is noninterest bearing.

On February 3, 2009, the Authority entered into a financial assistance agreement (FAA 5) with the TxDOT to provide funding for the environmental impact statement and 1604 predevelopment costs. The 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 of identified projects. The Authority received a disbursement of \$4,130,000 as an initial draw on the \$12,390,000 loan.

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 single calendar year.

ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

7. LONG-TERM LIABILITIES (Continued)

Long-term debt activity for the year ended September 30, 2009 was as follows:

	Balance 10/1/08	Additions	Deductions	Balance 9/30/09	Current Portion
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	2,824,359	219,566	-	3,043,925	-
TxDOT - FAA 5	-	4,130,000	-	4,130,000	-
Total Loans Payable	9,530,434	4,349,566	-	13,880,000	-
Compensated Absences	34,413	41,147	(26,191)	49,369	49,369
Total Long-Term Liabilities	<u>\$ 9,564,847</u>	<u>\$ 4,390,713</u>	<u>\$ (26,191)</u>	<u>\$ 13,929,369</u>	<u>\$ 49,369</u>

Long-term debt activity for the year ended September 30, 2008 was as follows:

	Balance 10/1/07	Additions	Deductions	Balance 9/30/08	Current Portion
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	713,231	200,659	-	913,890	-
TxDOT - FAA 2	4,008,472	533,713	-	4,542,185	-
TxDOT - FAA 3	-	2,824,359	-	2,824,359	-
Total Loans Payable	5,971,703	3,558,731	-	9,530,434	-
Compensated Absences	12,849	35,500	(13,936)	34,413	34,413
Total Long-Term Liabilities	<u>\$ 5,984,552</u>	<u>\$ 3,594,231</u>	<u>\$ (13,936)</u>	<u>\$ 9,564,847</u>	<u>\$ 34,413</u>

ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

8. RETIREMENT PLAN

Plan Description

The Authority provides retirement, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system which consists of 573 nontraditional defined benefit pension plans. The Comprehensive Annual Financial Report is available upon written request from the T/CDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted and may be amended by the governing body of the Authority within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with five or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after five years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdrew their personal deposits in a lump sum and who are not eligible to retire are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employees' deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act, so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchased rates prescribed by the TCDRS Act.

Funding Policy

The Authority has elected the Annually Determined Contribution Rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The Authority contributed the actuarially determined rate of 10.80% from October 1, 2008 to December 31, 2008 and 10.58% from January 1, 2009 to September 30, 2009.

The deposit rate payable by all employee members for the calendar year 2009 is the rate of 7% as adopted by the governing body of the Authority. The employee deposit rate and the employer contribution rate may be changed by the governing body or the employer within the options available in the TCDRS Act.

Annual Pension Cost

The annual employees pension cost and the actual contributions for the TCDRS plan was \$101,887 and \$88,146, respectively for the year ended September 30, 2009 and September 30, 2008.

ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

8. RETIREMENT PLAN (Continued)

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of the plan's inception.

Actuarial Valuation Information\*

	2007	2008	2009
Actuarial valuation date	As of December 31, 2006	As of December 31, 2007	As of December 31, 2008
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization Period in years	15	15	20
Asset valuation method	**SAF: 10-year smoothed value ***ESF: Fund value	**SAF: 10-year smoothed value ***ESF: Fund value	**SAF: 10-year smoothed value ***ESF: Fund value
Actuarial assumptions:			
Investment return*	8.0%	8.0%	8.0%
Projected salary increases*	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

\* Includes inflation at the stated rate.

\*\* Subdivision Accumulation Fund

\*\*\* Employer's Saving Fund

Trend Information of the Retirement Plan  
for Employees of the Authority

Year/Period	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Year Ended 9/30/2009	\$ 101,887	100%	\$ -
Year Ended 9/30/2008	\$ 88,146	100%	\$ -
Year Ended 9/30/2007	\$ 58,580	100%	\$ -

9. COMMITMENTS AND CONTINGENCIES

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 that the amount of any liability and costs which might 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.

ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

9. COMMITMENTS AND CONTINGENCIES (Continued)

Funding

The Authority receives significant financial assistance from the Texas Department of Transportation (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 is subject to review by TxDOT. Management believes there are no significant contingent liabilities relating to compliance with TxDOT rules and regulations.

10. INSURANCE

As of September 30, 2009 and 2008, the Authority has insurance coverage for workers compensation and general liability. This policy provides coverage for errors and omissions and commercial crime. The Authority utilizes third party administrators for the handling of administration, investigation, and adjustment of liability claims.

11. DEFICIT NET ASSETS

At September 30, 2009 and 2008, the Authority had a deficit net asset balance, associated with development cost of the Authority, of \$7,601,061 and \$9,604,549, respectively. Management intends to eliminate the deficit through future toll operations.

## **Required Supplementary Information**

**ALAMO REGIONAL MOBILITY AUTHORITY**  
**San Antonio, Texas**

**Required Supplementary Information**

**Pension and Retirement Plan**  
**Schedule of Funding Progress – Last Three Fiscal Years**

(Unaudited)

Historical trend information about the Texas County and District Retirement System (TCDRS), a nontraditional defined benefit pension plan, is presented as supplementary information. It is intended to help users assess the plan's funding status on an on-going basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other comparable retirement systems.

<b>Alamo Regional Mobility Authority</b>			
<b>TCDRS</b>			
<b>Schedule of Actuarial Liabilities and Funding Progress</b>			
	<u>12/31/2008</u>	<u>12/31/2007</u>	<u>12/31/2006</u>
Actuarial Valuation Date			
Actuarial Value of Assets	\$349,741	\$ 195,181	\$ 78,114
Actuarial Accrued Liability (AAL)	378,403	214,137	91,820
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) (OAAL)	28,662	18,956	13,706
Funded Ratio	92.43%	91.15%	85.07%
Annual Covered Payroll	824,811	583,314	323,447
UAAL or (OAAL) as a Percentage of Covered Payroll	3.48%	3.25%	4.24%
Balance for December 31, 2009 Not Available			

**State Awards Section**

# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors  
Alamo Regional Mobility Authority  
San Antonio, Texas

We have audited the financial statements of the Alamo Regional Mobility Authority (the Authority) as of and for the year ended September 30, 2009, and have issued our report thereon dated December 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

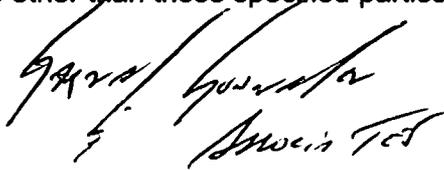
207 Arden Grove  
San Antonio, TX 78215  
210/227-1389  
Fax 227-0716

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors, management, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



*Gary A. Guarnata*  
*Senior TCS*

December 21, 2009

# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

Board of Directors  
Alamo Regional Mobility Authority  
San Antonio, Texas

### Compliance

We have audited the compliance of the Alamo Regional Mobility Authority (the Authority) with the types of compliance requirements described in *The State of Texas Single Audit Circular* that is applicable to its major state program for the year ended September 30, 2009. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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 the State 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. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major state program for the year ended September 30, 2009.

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Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below.

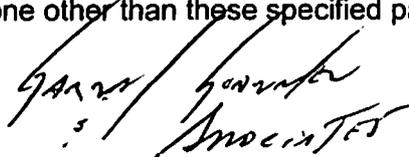
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the Authority's internal control

A material weakness is a significant deficiency, or combination of significant deficiencies, which results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program, will not be prevented or detected by the Authority's internal control. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of State Awards

We have audited the financial statements of the Authority as of and for the year ended September 30, 2009, and have issued our report thereon dated December 21, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State of Texas Single Audit Circular and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



December 21, 2009

ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas

SCHEDULE OF EXPENDITURES OF STATE AWARDS

YEAR ENDED SEPTEMBER 30, 2009

<u>Grantor/Program Title</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>Texas Department of Transportation</u>		
Financial Assistance Agreement - No. 3	86-8XXF7001	\$ 219,566
Financial Assistance Agreement - No. 5	86-9XXF7002	1,523,919
Total Financial Assistance Agreements - Loans		<u>1,743,485</u>
Financial Assistance Agreement	86-9XXF7001	2,788,517
Total Financial Assistance Agreements - Grants		<u>2,788,517</u>
Total Expenditures of State Awards		<u>\$ 4,532,002</u>

See notes to the Schedule of Expenditures of State Awards.

ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended September 30, 2009

**Note 1. Basis of Presentation**

Expenditures for financial assistance agreement 3 represent additions to the loan obligation of the Alamo Regional Mobility Authority (the Authority) for the year ended September 30, 2009. The Authority recognized the obligations for the Financial Assistance Agreements once the draw-down requests under each were approved by TxDOT and the Authority was obligated to repay TxDOT subject to the provisions and limitations set forth in the agreements. Expenditures for the financial assistance agreement grant and financial assistance agreement 5 represent expenditures recognized on an accrual basis. The information in this schedule is presented in accordance with the requirements of 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.

ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2009

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

<b>Financial Statements</b>			
Type of auditors' report issued: Unqualified			
Internal Control over financial reporting: Material weakness(es) identified?	___ Yes	__X__ No	
Significant deficiency(ies) identified not considered to be material weaknesses?	___ Yes	__X__ None Reported	
Noncompliance material to financial statements noted?	___ Yes	__X__ No	

<b>State Awards</b>			
Internal control over major programs: Material weakness(es) identified?	___ Yes	__X__ No	
Significant deficiency(ies) identified not considered to be material weaknesses?	___ Yes	__X__ None Reported	
Type of auditors' report issued on compliance for major Programs	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Circular	___ Yes	__X__ No	

<b>Identification of Major Programs</b>			
<b>Contract Number(s)</b>	<b>Name of State Program</b>		
86-9XXF7002	Financial Assistance Agreement – No. 5		
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

Year Ended September 30, 2009

**SECTION II -- FINANCIAL STATEMENT FINDINGS**

There are no financial statement findings required to be reported in accordance with *Government Auditing Standards* for the year ended September 30, 2009.

**SECTION III -- STATE AWARD FINDINGS AND QUESTIONED COSTS**

There were no state award findings and questioned costs required to be reported by the State Single Audit Circular for the year ended September 30, 2009.

**ALAMO REGIONAL MOBILITY AUTHORITY  
San Antonio, Texas**

**Summary Schedule of Prior Audit Findings**

**Year Ended September 30, 2009**

**There were no findings in the prior year.**