

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

ALAMO REGIONAL MOBILITY AUTHORITY

San Antonio, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For The Years Ended September 30, 2011 and 2010

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, 2011 and 2010. These financial statements are the responsibility of the Authority's management. 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. 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 financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2011 and 2010, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Pension and Retirement Plan – Schedule of Funding Progress, as listed in the table of contents, were 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. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Authority, taken as a whole. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and *The State of Texas Single Audit Circular*, and is also not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is the responsibility of management and was derived from and related directly to the underlying accounting and other record used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Gerald Gossard
Assoc. Test

January 25, 2012

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

Management's Discussion and Analysis
Years Ended September 30, 2011 and
September 30, 2010
(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, 2011 and September 30, 2010. 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:

- Personnel costs directly associated with Authority projects totaled \$936,194 and \$1,081,574 for the years ended September 30, 2011 and 2010, respectively. These costs have been capitalized as Development in Progress.
- Total Assets increased in 2011 due to Development in Progress for Authority projects funded by a loan from Texas Department of Transportation (TxDOT), as well as grants received from American Recovery and Reinvestment Act of 2009 (ARRA), Bexar County, Advanced Transportation District, and TxDOT. Development in Progress was \$53,790,049 and \$27,130,901 as of September 30, 2011 and 2010, respectively.
- The Authority ended with a positive Net Asset balance (difference between assets and liabilities) for 2011 of \$38,295,519. This increase in net assets of \$27,584,640 was primarily the result of \$24,905,673 in capital contributions from grantors and an extraordinary item of \$2,915,211 to recognize the reduction of a loan from TxDOT for work product provided.
- Operating Revenue, which represents Grant Income used for expenditures indirectly associated with Authority projects, was \$348,349 and \$419,277 for the years ended September 30, 2011 and 2010, respectively. Capital Contributions represents Grant Income used for capital expenditures for Authority projects. Capital Contributions were \$24,905,673 and \$17,244,479 for the years ended September 30, 2011 and 2010, respectively.

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- Operating Expenses for the years ended September 30, 2011 and 2010 were \$547,018 and \$423,247, respectively, and consisted of Personnel and other costs indirectly associated with Authority projects.

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 are comprised of Invested in Capital Assets Net of Related Debt and 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.

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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 access (1) the entity's ability to meet its obligations as they come due and (2) the need for external financing. 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>2011</u>	<u>2010</u>
Current Assets	\$ 17,777,459	\$ 10,005,123
Non-Current Assets	53,868,944	27,209,796
Total Assets	<u>\$ 71,646,403</u>	<u>\$ 37,214,919</u>
Current Liabilities	\$ 14,466,358	\$ 8,857,483
Non-Current Liabilities	18,884,526	17,646,557
Total Liabilities	<u>33,350,884</u>	<u>26,504,040</u>
Invested in Capital Assets, Net of Related Debt	45,588,587	20,682,913
Unrestricted	<u>(7,293,068)</u>	<u>(9,972,034)</u>
Total Net Assets	<u>38,295,519</u>	<u>10,710,879</u>
Total Liabilities and Net Assets	<u>\$ 71,646,403</u>	<u>\$ 37,214,919</u>

Total Assets were \$71,646,403 and \$37,214,919 at September 30, 2011 and 2010, respectively. Current assets consisted mainly of Cash and Cash Equivalents. Cash and Cash Equivalents were \$12,008,040 and \$7,831,198 as of September 30, 2011 and 2010, respectively. The increase in cash is due to the receipt of FAA 5 funds of \$4,130,000 during the current year. More detailed information about Cash and Cash Equivalents can be found at Note 3 to the Financial Statements. Current Assets as of September 30, 2011 and 2010 also included a Grant Receivable totaling \$5,757,007 and \$2,161,514, respectively, for funds committed, but not received, at year-end, for current period expenditures.

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Non-current assets are primarily Development in Progress for Authority projects. Development in Progress, which was \$53,790,049 and \$27,130,901 as of September 30, 2011 and 2010, respectively, was funded by a loan from TxDOT, as well as grants received from American Recovery and Reinvestment Act of 2009 (ARRA), Bexar County, the Advanced Transportation District, and TxDOT. Personnel costs directly associated with Authority projects are included in Development in Progress. More detailed information about Development in Progress for the Authority's projects is presented in Note 6 to the Financial Statements.

Total Liabilities were \$33,350,884 and \$26,504,040 at September 30, 2011 and 2010, respectively and are made up of Current and Non-Current Liabilities. Non-Current Liabilities are comprised mostly of Long-Term Liabilities which increased as of September 30, 2010 to \$18,724,789 as compared to \$17,510,000 at September 30, 2010. More detailed information about the Authority's Long-Term Liabilities is presented in Note 7 to the basic financial statements.

The Authority's Net Assets (assets less liabilities), was a surplus of \$38,295,519 at September 30, 2011 as compared to a deficit of \$10,710,089 at September 30, 2010. The surplus balance occurred as a result of greater Grant funding for the Authority's projects in 2010, as well as an increase in capitalized costs for Development in Progress.

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:

	<u>2011</u>	<u>2010</u>
Operating Revenue	\$ 348,349	\$ 419,277
Operating Expenses	<u>547,018</u>	<u>423,247</u>
Operating Loss	<u>(198,669)</u>	<u>(3,970)</u>
Non-Operating Revenue (Expenses)	<u>(37,575)</u>	<u>(36,914)</u>
Decrease in Net Assets, Before Capital Contributions & Extraordinary item	<u>(236,244)</u>	<u>(40,884)</u>
Capital Contributions	24,905,673	17,244,479
Extraordinary Item	<u>2,915,211</u>	<u>-</u>
Increase in Net Assets	<u>27,584,640</u>	<u>17,203,595</u>
Beginning Net Assets	<u>10,710,879</u>	<u>(6,492,716)</u>
Ending Net Assets	<u>\$ 38,295,519</u>	<u>\$ 10,710,879</u>

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Operating Revenue consisted of Grant Income, used for expenditures indirectly associated with Authority projects, totaling \$348,349 and \$419,277 for the years ended September 30, 2011 and 2010, respectively.

Operating Expenses for the years ended September 30, 2011 and 2010 were \$547,018 and \$423,247, respectively, and consisted of Personnel and other related costs indirectly associated with Authority projects. Personnel costs directly associated with Authority projects are capitalized in Development in Progress. Personnel costs directly associated with Authority projects totaled \$936,194 and \$1,081,574 for the years ended September 30, 2011 and 2010, respectively.

Non-Operating Revenues and Expenses for the years ended September 30, 2011 and September 30, 2010 consisted solely of Interest Income received on Cash and Cash Equivalents totaling \$455 and \$1,136, respectively, and Loan Interest Expense totaling \$38,030 and \$38,050, respectively.

Capital Contributions represent Grant Income used for procuring assets for Authority projects. Capital Contributions were \$24,905,673 and \$17,244,479 for the years ended September 30, 2011 and 2010, respectively.

As a result of greater Grant funding for the Authority's projects in 2011, relative to loans, as well as an increase in Development in Progress, the Authority's Ending Net Assets were \$38,295,519 as of September 30, 2011 as compared to a balance \$10,710,879 as of September 30, 2010.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2011, the Authority had \$53,868,944 invested in capital assets, primarily development in progress. This represents an increase of \$26,649,148 from fiscal year 2010. Additional information can be found in note 6 to the financial statements.

Capital Asset additions for 2011 were as follows:

Development in Progress	
US 281 North	\$ 187,947
US 281 EIS	1,274,558
US 281 Superstreet	1,648,682
US 281/1604 Interchange	21,869,025
Loop 1604 EIS	1,438,957
Loop 1604 Superstreet	49,168
Loop 1604	190,811
Total Development in Progress - additions	<u>\$ 26,659,148</u>

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Debt

As of September 30, 2011, the Authority had total long-term debt of \$19,287,167, comprised of loans from TxDOT and local agencies, and a liability for compensated absences. \$562,378 of this amount is considered to be current debt, or due within one year.

The Authority received its final draw on FAA 5 from TxDOT during the current year resulting in \$4,130,000 in additional debt. TxDOT also reduced \$2,915,211 of FAA 3 which has been recognized as an extraordinary item in the accompanying financial statements.

Additional information on long-term debt can be found in note 7 to the financial statements.

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.

According to the 2010 census, from 2000 to 2010, San Antonio and Bexar County saw an increase of 233% in the number of residents living outside of Loop 1604 from US 90 to IH 35 North, the same general corridor as being studied by the Loop 1604 Environmental Impact Statement. With this continued growth and demand for transportation access, the very economy of this region could begin to lag and suffer if relief is not provided soon.

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.

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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.

In 2009, with the passage of the American Recovery and Reinvestment Act of 2009 (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. Subsequent to this action, in 2010, the Texas Transportation Commission (TTC) reprogrammed funding from Federal Stimulus to \$5 Million, from the original \$60 Million pledged, and redirected \$55 Million from Proposition 12 funds. 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.

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During the 82nd Legislative Session, the Texas Legislature continued operations for the Texas Department of Transportation for an additional four years, and authorized the issuance of the remaining but not previously issued Proposition 12 bonds from the general revenue of the state. As part of these changes and action, the Legislature also authorized RMAs to exercise a number of new tools, including an extension of design/build authority, the creation of design/build/finance authority and the right of primacy for local toll projects within the boundaries of an existing RMA. For all of this success in new tools to deliver projects, a stable long-term funding solution was not able to be realized as of yet.

For the Alamo RMA, the 82nd session provided needed tools and stability in delivery methods that should enable us to provide needed congestion relief projects within our community using the best possible resources and opportunities other communities are currently utilizing to augment ever decreasing federal and state funds.

Basic Financial Statements

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

STATEMENT OF NET ASSETS

September 30, 2011 and 2010

ASSETS	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and Cash Equivalents	\$ 12,008,040	\$ 7,831,198
Grant Receivable	5,757,007	2,161,513
Prepaid Expenses	<u>12,412</u>	<u>12,412</u>
Total Current Assets	<u>17,777,459</u>	<u>10,005,123</u>
Non-Current Assets		
Equipment	78,895	78,895
Development in Progress	<u>53,790,049</u>	<u>27,130,901</u>
Total Non-Current Assets	<u>53,868,944</u>	<u>27,209,796</u>
Total Assets	<u>\$ 71,646,403</u>	<u>\$ 37,214,919</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 5,602,351	\$ 3,044,988
Accrued Wages	3	2,561
Accrued Interest Payable	92,883	78,033
Deferred Revenue	8,208,743	5,176,039
Current Portion of Long-Term Liabilities	<u>562,378</u>	<u>555,862</u>
Total Current Liabilities	<u>14,466,358</u>	<u>8,857,483</u>
Non-Current Liabilities		
Accrued Interest Payable	159,737	136,557
Long-Term Liabilities	<u>18,724,789</u>	<u>17,510,000</u>
Total Non-Current Liabilities	<u>18,884,526</u>	<u>17,646,557</u>
Total Liabilities	<u>33,350,884</u>	<u>26,504,040</u>
Net Assets		
Invested In Capital Assets, Net of Related Debt	45,588,587	20,682,913
Unrestricted	<u>(7,293,068)</u>	<u>(9,972,034)</u>
Total Net Assets	<u>38,295,519</u>	<u>10,710,879</u>
Total Liabilities and Net Assets	<u>\$ 71,646,403</u>	<u>\$ 37,214,919</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, 2011 and 2010

	2011	2010
Operating Revenue		
Local Grant Revenue	\$ 11,486	\$ 12,211
State Grant Revenue	197,549	371,878
Federal Grant Revenue	139,314	35,188
Total Operating Revenue	348,349	419,277
Operating Expenses		
Payroll and Payroll Related Expenses	1,207,405	1,238,607
Professional Services	49,800	34,818
Travel and Conferences	19,774	21,954
Office Space	108,666	95,678
Insurance	17,539	11,475
Communications	13,599	12,526
Supplies & Postage	13,998	36,963
Printing	8	4,676
Equipment Rental & Maintenance	40,670	35,549
Memberships & Subscriptions	5,299	5,547
Miscellaneous	6,454	7,028
Less Expenses Capitalized to Development in Progress	(936,194)	(1,081,574)
Total Operating Expenses	547,018	423,247
Operating Income (Loss)	(198,669)	(3,970)
Nonoperating Revenues (Expenses)		
Interest Income	455	1,136
Interest Expense	(38,030)	(38,050)
Total Nonoperating Revenues (Expenses)	(37,575)	(36,914)
Increase (Decrease) in Net Assets, Before Capital Contributions & Extraordinary Item	(236,244)	(40,884)
Capital Contributions	24,905,673	17,244,479
Extraordinary Item - Reduction of Debt	2,915,211	-
Increase (Decrease) in Net Assets	27,584,640	17,203,595
Beginning Net Assets, October 1, 2010	10,710,879	(6,492,716)
Ending Net Assets, September 30, 2011	\$ 38,295,519	\$ 10,710,879

The accompanying notes form an integral part of this statement.

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STATEMENT OF CASH FLOWS

Years Ended September 30, 2011 and 2010

	2011	2010
CASH FLOWS FOR OPERATING ACTIVITIES		
Cash received from Grantors	\$ 348,349	\$ 419,277
Payments to Employees	(267,253)	(147,979)
Payments to Suppliers	(275,807)	(267,360)
Net Cash Provided by (Used for) Operating Activities	(194,711)	3,938
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(23,165,591)	(19,557,637)
Proceeds from Capital Related Loans	4,130,000	4,130,000
Cash received from Grantors	24,342,883	16,241,266
Payments to Employees	(936,194)	(1,081,574)
Net Cash Provided by (Used for) Operating Activities	4,371,098	(267,945)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	455	1,136
Net Cash Provided by Investing Activities	455	1,136
Net (Decrease) Increase in Cash and Cash Equivalents	4,176,842	(262,871)
Cash and Cash Equivalents, Beginning	7,831,198	8,094,069
Cash and Cash Equivalents, Ending	\$ 12,008,040	\$ 7,831,198
Reconciliation of Operating Loss to Net Cash Used For Operating Activities		
Operating Loss	\$ (198,669)	\$ (3,970)
Adjustments to Reconcile Operating Loss to Net Cash		
(Increase) Decrease in Prepaid Expenses	-	(1,146)
Increase (Decrease) in Accrued Wages	(2,558)	2,561
Increase (Decrease) in Compensated Absences	6,516	6,493
Net Cash Provided by (Used for) Operating Activities	\$ (194,711)	\$ 3,938

Noncash Investing, Capital, or Related Financing Activities

Interest expense of \$38,030 was recognized related to the accrual of interest on outstanding loans.
Long Term Debt was reduced by \$2,915,211 in recognition of work product competed on Wurzbach Parkway and Bandera Road and provided to TxDOT.

The accompanying notes form an integral part of this statement.

ALAMO REGIONAL MOBILITY AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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.

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Development in progress includes personnel costs which are directly attributable to a specific project in development. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following estimated useful lives are used:

Furniture, Machinery and Other Equipment	3 - 7 years
--	-------------

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, with the exception of the Executive Director who may carry forward 280 hours. The liability recorded for compensated absences was \$62,378 at September 30, 2011 and \$55,862 at September 30, 2010.

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. Certain prior fiscal year data has been presented in a different format, as compared to the prior year presentation, in order to improve comparability to the current fiscal year.

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Cash in Bank	\$ 2,642	\$ 856
Cash Equivalents		
Money Market Fund -		
Invesco Government and		
Agency Portfolio		
- Resource Class	11,865,398	7,357,999
- Cash Management	<u>140,000</u>	<u>472,343</u>
Total Cash and Cash Equivalents	<u>\$ 12,008,040</u>	<u>\$ 7,831,198</u>

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

Deposits

At September 30, 2011, the carrying amount of the Authority's deposits was \$2,642 and the bank balance was \$2,642. The Authority's cash deposits at September 30, 2011 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.

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

3. DEPOSITS AND INVESTMENTS (Continued)

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 leases office space with HEB Grocery Company. 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 \$108,666 were made during the current year.

5. DEFERRED REVENUE

The Authority received \$18,000,000 in grant funds from TxDOT to date, of which \$4,800,000 was received during the current year. Of this amount, \$10,023,313 was expended to date, while the remaining amount of \$7,976,687 has been recognized as deferred revenue.

The Authority received \$1,600,000 from the Advanced Transportation District (ATD) during the prior year. This payment represents partial funding related to the 281 Superstreet Project. Of this amount, \$1,510,839 was expended to date, while the remaining \$89,161 has been recognized as deferred revenue.

The Authority received \$900,000 from Bexar County for development of the 1604 superstreet. Of this amount, \$757,105 was expended to date, while the remaining \$142,895 has been recognized as deferred revenue.

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

6. CAPITAL ASSETS

Capital asset activity by project for the year ending September 30, 2011 was as follows:

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011
Capital Assets, Not Being Depreciated				
Equipment - Software	\$ 78,895	\$ -	\$ -	\$ 78,895
Development in Progress				
US 281 North	1,153,555	187,947	-	1,341,502
US 281 EIS	5,166,974	1,274,558	-	6,441,532
US 281 Superstreet	5,101,382	1,648,682	-	6,750,064
US 281/1604 Interchange	8,596,178	21,869,025	-	30,465,203
Loop 1604 EIS	6,005,067	1,438,957	-	7,444,024
Loop 1604 Superstreet	851,595	49,168	-	900,763
Loop 1604	256,150	190,811	-	446,961
Total Development in Progress	<u>27,130,901</u>	<u>26,659,148</u>	<u>-</u>	<u>53,790,049</u>
Total Capital Assets, not being depreciated	<u>27,209,796</u>	<u>26,659,148</u>	<u>-</u>	<u>53,868,944</u>
Total Capital Assets	<u>\$ 27,209,796</u>	<u>\$ 26,659,148</u>	<u>\$ -</u>	<u>\$ 53,868,944</u>

Capital asset activity by project for the year ending September 30, 2010 was as follows:

	Balance October 1, 2009 (Restated)	Additions	Deductions	Balance September 30, 2010
Capital Assets, Not Being Depreciated				
Equipment - Software	\$ -	\$ 78,895	\$ -	\$ 78,895
Development in Progress				
US 281 North	993,492	160,063	-	1,153,555
US 281 EIS	1,231,267	3,935,707	-	5,166,974
US 281 Superstreet	680,095	4,421,287	-	5,101,382
US 281/1604 Interchange	471,124	8,125,054	-	8,596,178
Loop 1604 EIS	1,233,043	4,772,024	-	6,005,067
Loop 1604 Superstreet	-	851,595	-	851,595
Loop 1604	113,367	142,783	-	256,150
Total Development in Progress	<u>4,722,388</u>	<u>22,408,513</u>	<u>-</u>	<u>27,130,901</u>
Total Capital Assets, not being depreciated	<u>4,722,388</u>	<u>22,487,408</u>	<u>-</u>	<u>27,209,796</u>
Total Capital Assets	<u>\$ 4,722,388</u>	<u>\$ 22,487,408</u>	<u>\$ -</u>	<u>\$ 27,209,796</u>

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.

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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. It is intended that at the time revenue bonds, if any, are issued, the proceeds shall be used to retire the loan and any accrued interest in full. At September 30, 2011, 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. It is intended that at the time revenue bonds, if any, are issued, the proceeds shall be used to retire the loan and any accrued interest in full. At September 30, 2011, the entire amount remains outstanding.

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. It is intended that at the time revenue bonds, if any, are issued, the proceeds shall be used to retire the loan and any accrued interest in full. The note matures on September 1, 2012. At September 30, 2011, 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 the County and City are \$252,620 and \$214,590 at September 30, 2011 and 2010, 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 were drawn down as authorized expenses were 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 were drawn down as authorized expenses were 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 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 FAA's) and is noninterest bearing. \$2,915,211 of this FAA was reduced by TxDot during the current year for accepted work product on the Wurzbach Parkway and Bandera Road.

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

7. LONG-TERM LIABILITIES (Continued)

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 the final disbursement of \$4,130,000 during the current year.

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.

Long-term debt activity for the year ended September 30, 2011 was as follows:

	Balance 10/1/10	Additions	Deductions	Balance 9/30/11	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	500,000
TxDOT - FAA 1	913,890	-	-	913,890	-
TxDOT - FAA 2	4,542,185	-	-	4,542,185	-
TxDOT - FAA 3	3,043,925	-	2,915,211	128,714	-
TxDOT - FAA 5	8,260,000	4,130,000	-	12,390,000	-
Total Loans Payable	18,010,000	4,130,000	2,915,211	19,224,789	500,000
Compensated Absences	55,862	43,025	(36,509)	62,378	62,378
Total Long-Term Liabilities	<u>\$ 18,065,862</u>	<u>\$ 4,173,025</u>	<u>\$ 2,878,702</u>	<u>\$ 19,287,167</u>	<u>\$ 562,378</u>

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

7. LONG-TERM LIABILITIES (Continued)

Long-term debt activity for the year ended September 30, 2010 was as follows:

	Balance 10/1/09	Additions	Deductions	Balance 9/30/10	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	500,000
TxDOT - FAA 1	913,890	-	-	913,890	-
TxDOT - FAA 2	4,542,185	-	-	4,542,185	-
TxDOT - FAA 3	3,043,925	-	-	3,043,925	-
TxDOT - FAA 5	4,130,000	4,130,000	-	8,260,000	-
Total Loans Payable	13,880,000	4,130,000	-	18,010,000	500,000
Compensated Absences	49,369	52,123	(45,630)	55,862	55,862
Total Long-Term Liabilities	<u>\$ 13,929,369</u>	<u>\$ 4,182,123</u>	<u>\$ (45,630)</u>	<u>\$ 18,065,862</u>	<u>\$ 555,862</u>

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 over five-hundred nontraditional defined benefit pension plans. The Comprehensive Annual Financial Report is available upon written request from the TCDRS 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.

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

8. RETIREMENT PLAN (Continued)

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 10.65% from October 1, 2010 to December 31, 2010 and 11.04% from January 1, 2011 to September 30, 2011.

The deposit rate payable by all employee members for the calendar year 2011 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 \$107,958 and \$106,211, respectively for the year ended September 30, 2011 and September 30, 2010.

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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*

	2009	2010	2011
Actuarial valuation date	As of December 31, 2008	As of December 31, 2009	As of December 31, 2010
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	20	20	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%	5.4%	5.4%
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 9/30/2011	\$ 107,958	100%	\$ -
Year Ended 9/30/2010	\$ 106,211	100%	\$ -
Year Ended 9/30/2009	\$ 101,887	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, 2011

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, 2011 and 2010, 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. EXTRAORDINARY ITEM

Financial Assistance Agreement No. 3 was reduced by \$2,915,211 in recognition of work product completed on Wurzbach Parkway and Bandera Road and provided to TxDOT.

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.

Alamo Regional Mobility Authority			
TCDRS			
Schedule of Actuarial Liabilities and Funding Progress			
Actuarial Valuation Date	12/31/2008	12/31/2009	12/31/2010
Actuarial Value of Assets	\$ 349,741	\$551,667	\$ 774,605
Actuarial Accrued Liability (AAL)	378,403	616,038	823,959
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) (OAAL)	28,662	64,371	49,354
Funded Ratio	92.43%	89.55%	94.01%
Annual Covered Payroll	824,811	992,898	993,177
UAAL or (OAAL) as a Percentage of Covered Payroll	3.48%	6.48%	4.97%
Balance for December 31, 2011 Not Available			

State Awards Section

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, 2011, and have issued our report thereon dated January 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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.

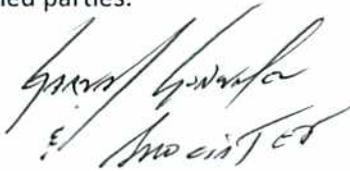
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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.

A handwritten signature in cursive script, appearing to read "James H. ...", is written over a circular date stamp. The date stamp contains the text "JAN 25 2012".

January 25, 2012

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND 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 U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and *The State of Texas Single Audit Circular* that could have a direct and material effect on each of the Authority's major federal and state programs for the year ended September 30, 2011. The Authority's major federal and state programs are 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 federal and 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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; and *The State of Texas Single Audit Circular*. Those standards, OMB Circular A-133, and The 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 federal and 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 federal and state programs for the year ended September 30, 2011.

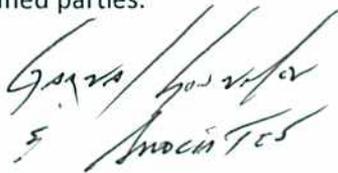
Internal Control Over Compliance

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 federal and 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 federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's 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 federal or 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 federal or state program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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. Goss
S. MacIntosh

January 25, 2012

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED SEPTEMBER 30, 2011

Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number / Contract Number	Expenditures
FEDERAL AWARDS			
U.S. Department of Transportation			
<u>Passed through Texas Department of Transportation</u>			
ARRA - Highway Planning and Construction (US281N Superstreet)	20.205	n/a	\$ 1,457,607
ARRA - Highway Planning and Construction (Loop 1604 Interchange)	20.205	n/a	<u>21,662,184</u>
Total Expenditures of Federal Awards			<u><u>\$ 23,119,791</u></u>
STATE AWARDS			
Texas Department of Transportation			
Financial Assistance Agreement - No. 5	n/a	86-9XXF7002	<u>\$ 1,905,604</u>
Total Financial Assistance Agreements - Loans			<u>1,905,604</u>
Financial Assistance Agreement	n/a	86-9XXF7001	<u>1,710,730</u>
Total Financial Assistance Agreements - Grants			<u>1,710,730</u>
Proposition 12	n/a	n/a	<u>171,772</u>
Total Expenditures of State Awards			<u><u>\$ 3,788,106</u></u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u><u>\$ 26,907,897</u></u>

See notes to the Schedule of Expenditures of Federal and State Awards.

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2011

Note 1. Basis of Presentation

Expenditures for the financial assistance agreement grant and financial assistance agreement No. 5 represent expenditures recognized on an accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 and 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, 2011

SECTION I -- SUMMARY OF AUDITORS' RESULTS

Financial Statements		
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
Noncompliance material to financial statements noted?	___ Yes	__X__ No

Federal / State Awards		
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
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 OMB Circular A-133 or The State of Texas Single Audit Circular	___ Yes	__X__ No

Identification of Major Federal Programs		
CFDA Number	Name of Federal Program or Cluster	
20.205	ARRA – Highway Planning and Construction	
Dollar Threshold used to distinguish between Type A and Type B programs:		\$693,594
Auditee qualified as a low risk auditee?	___ Yes	__X__ No

Identification of Major State Programs		
Contract Number	Name of State Program or Cluster	
86-9XXF7001	Financial Assistance Agreement	
Dollar Threshold used to distinguish between Type A and Type B programs:		\$300,000
Auditee qualified as a low risk auditee?	__X__ Yes	___ No

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2011

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, 2011.

SECTION III --- FEDERAL/STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no state award findings and questioned costs required to be reported by OMB Circular A-133 of The State of Texas Single Audit Circular for the year ended September 30, 2011.

ALAMO REGIONAL MOBILITY AUTHORITY
San Antonio, Texas

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2011

There were no findings in the prior year.