



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

March 31, 2021
AGENDA ITEM #4

Audit Committee Meeting: Accept the Letter
of Engagement for the annual independent
auditing services

Strategic Plan Relevance: Regional Mobility
Department: Finance
Contact: Bill Chapman, Chief Financial Officer
Associated Costs: \$144,450
Funding Source: Annual Operating Budget
Action Requested: Consider and act on draft resolution

Summary:

Each year the Mobility Authority engages an independent CPA firm to conduct the Authority's required annual audit and single audit. RSM US, L.L.P. (formerly, Padgett, Stratemann & Co., L.L.P.) will be conducting the annual audit for the Fiscal Year ending June 30, 2021 and will present those reports to the Audit Committee upon completion.

This item requests approval by the Audit Committee of the Chief Financial Officer's acceptance of a letter of engagement with RSM US, L.L.P. to provide independent auditing services to the Mobility Authority.

Backup provided: Draft Resolution
Letter of engagement
Governance Letter

**MEETING OF THE AUDIT COMMITTEE
OF THE
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

RESOLUTION NO. 21-0XX

**APPROVING A LETTER OF ENGAGEMENT FOR
INDEPENDENT AUDITING SERVICES**

WHEREAS, the Mobility Authority is required to have an annual financial and compliance audit of its books and records in accordance with 43 *Texas Administrative Code* §26.61; and

WHEREAS, by Resolution No. 20-007, dated February 26, 2020, the Mobility Authority's Audit Committee approved the selection of RSM US LLP. to provide independent auditing services to the Mobility Authority for a period of up to five (5) years; and

WHEREAS, the Chief Financial Officer and Controller recommend that the Audit Committee approve the letter of engagement with RSM US LLP to provide an independent audit of the finances of the Mobility Authority for the fiscal year ending on June 30, 2021, which is attached hereto as Exhibit A.

NOW THEREFORE, BE IT RESOLVED, that the Audit Committee approves the letter of engagement with RSM US LLP which is attached hereto as Exhibit A and authorizes the Chief Financial Officer to execute the letter of engagement on behalf of the Mobility Authority.

Adopted by the Audit Committee of the Board of Directors of the Central Texas Regional Mobility Authority on the 31st day of March 2021.

Submitted and reviewed by:

Approved:

Geoffrey Petrov, General Counsel

Robert W. Jenkins, Jr.
Chairman, Board of Directors

Exhibit A



RSM US LLP

811 Barton Springs Rd
Suite 550
Austin, TX 78704

T +1 512 476 0717
F +1 512 476 0462

www.rsmus.com

March 19, 2021

Audit Committee of the Board of Directors
Central Texas Regional Mobility Authority
3300 North IH-35, Suite 300
Austin, Texas 78704

Dear Members of the Audit Committee of the Board of Directors:

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of Central Texas Regional Mobility Authority's (the Authority) financial statements as of and for the year ending June 30, 2021.

Communication

Effective two-way communication between our firm and the Audit Committee of the Board of Directors is important to understanding matters related to the audit and developing a constructive working relationship.

Your insights may assist us in understanding the Authority and its environment, identifying appropriate sources of audit evidence and providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate to us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing and extent of audit procedures, your suspicion or detection of fraud, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other known or likely fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements or abuse that are likely to have a material effect on the financial statements. We will also communicate illegal acts, instances of noncompliance, fraud or abuse that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing.

Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and nonaudit services that may be thought to bear on independence. For example, partners and professional employees of RSM US LLP are restricted in their ability to own a direct financial interest or a material indirect financial interest in a client or any affiliate of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

accordance with firm policy. In addition, our policies restrict certain nonaudit services that may be provided by RSM US LLP and require audit clients to accept certain responsibilities in connection with the provision of permitted nonattest services.

The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your entity functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of business objectives, strategies, risks and performance.

As part of obtaining an understanding of your organization and its environment, we will obtain an understanding of internal control. We will use this understanding to identify risks of material misstatement and noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance, including abuse.

The Concept of Materiality in Planning and Executing the Audit

We apply the concept of materiality in both planning and performing the audit, evaluating the effect of identified misstatements or noncompliance on the audit and the effect of uncorrected misstatements, if any, on the financial statements, forming the opinion in our report on the financial statements, and determining or reporting in accordance with *Government Auditing Standards* and other compliance reporting requirements. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial and compliance informational needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements, as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual uncorrected misstatements aggregated by us in connection with our evaluation of our audit test results.

Significant Risks of Material Misstatement

Our audit of the financial statements includes the performance of risk assessment procedures in order to identify risks of material misstatement, whether due to fraud or error. As part of these risk assessment procedures, we determine whether any risks identified are a significant risk. A significant risk is an identified and assessed risk of material misstatement that, in our professional judgment, requires special audit consideration. As part of our risk assessment procedures, we identified revenue recognition as significant risk. Additional significant risks may be identified as we perform additional audit procedures.

Our Approach to Internal Control and Compliance Relevant to the Audit

Our audit of the financial statements, including compliance, will include obtaining an understanding of internal control sufficient to plan the audit and determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or identify significant deficiencies or material weaknesses. Our review and understanding of the entity's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue reports on internal control related to the financial statements and major programs. These reports describe the scope of testing of internal control and the results of our tests of internal control. Our reports on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States, the Single Audit Act, and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance), as well as the State of Texas Single Audit Circular and the State of Texas *Uniform Grant Management Standards* (Texas UGMS).

We will issue reports on compliance with laws, statutes, regulations, and the terms and conditions of federal awards. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a direct and material effect on each major program. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with the requirements of the standards identified above.

Timing of the Audit

Preliminary audit work will take place during the May and June 2021, and we have scheduled field work for the last week of July and into the month of August 2021. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Authority.

This communication is intended solely for the information and use of the Audit Committee of the Board of Directors and is not intended to be, and should not be, used by anyone other than this specified party.

RSM US LLP

RSM US LLP



RSM US LLP

811 Barton Springs Rd
Suite 650
Austin, TX 78704

T +1 512 476 0717
F +1 512 476 0462

www.rsmus.com

March 19, 2021

William Chapman, CFO
Central Texas Regional Mobility Authority
3300 North IH-35, Suite 300
Austin, Texas 78704

Dear Mr. Chapman

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the Central Texas Regional Mobility Authority's (the Authority) financial statements as of and for the year ending June 30, 2021, which collectively comprise the basic financial statements. Management is responsible for the preparation of the required supplementary information (RSI) and supplementary information presented in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will also perform the audit of Central Texas Regional Mobility Authority as of June 30, 2021 so as to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as the State of Texas Single Audit Circular and the State of Texas *Uniform Grant Management Standards* (Texas UGMS).

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); the provisions of the Single Audit Act; Subpart F of Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the U.S. Office of Management and Budget's (OMB) Compliance Supplement and the State of Texas *Uniform Grant Management Standards*. Those standards, regulations, supplements or guides require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of waste or abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting waste or abuse.

In making our risk assessments, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Audit Committee of the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The federal and state financial assistance programs and awards that you have told us that the Authority participates in and that are to be included as part of the single audit are comparable to those reported in the prior year. The schedules of expenditures of federal and state awards will include pass through funding from the Texas Department of Transportation for the Highway Planning and Construction Cluster and state funded projects, respectively.

Accordingly, if there are any changes to the grants noted above, you will notify us in a timely manner so we can appropriately consider such changes in designing the compliance scope of work.

We are responsible for the compliance audit of major programs under the Uniform Guidance and the Texas UGMS, including the determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

Our report(s) on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and regulations identified above. Our report(s) on compliance matters will address material errors, fraud, waste or abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and regulations identified above.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;

3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
5. For report distribution; and
6. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Authority complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, waste or abuse, and for informing us about all known or suspected fraud, waste or abuse affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud, waste or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud, waste or abuse, or suspected fraud, waste or abuse, affecting the entity received in communications from employees, former employees, analysts, regulators or others.

Management is responsible for the preparation of the supplementary information in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

Because the audit will be performed in accordance with the Texas UGMS, the Single Audit Act and the Uniform Guidance, management is responsible for (a) identifying all federal and state awards received and expended; (b) preparing the schedule of expenditures of federal and state awards (including notes and noncash assistance received) in accordance with Uniform Guidance and Texas UGMS requirements;

(c) internal control over compliance; (d) compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan; and (g) submitting the reporting package and data collection form.

The Audit Committee of the Board of Directors is responsible for informing us of its views about the risks of fraud, waste or abuse within the entity, and its knowledge of any fraud, waste or abuse or suspected fraud, waste or abuse affecting the entity.

You have informed us that you may issue public debt in the future and that you may include our report on your financial statements in the offering statement. You have further informed us that you do not intend for us to be associated with the proposed offering.

We agree that our association with any proposed offering is not necessary, providing the Authority agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The Authority agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

RSM US LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. RSM US LLP also has not performed any procedures relating to this [official statement] [memorandum].

Records and Assistance

If circumstances arise relating to the condition of the Authority's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Authority's books and records. The Authority will determine that all such data, if necessary, will be so reflected. Accordingly, the Authority will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Authority personnel will be described in the client participation list, which outlines the specific schedules and analyses that should be completed by Authority personnel, including the dates when the information should be available to us. The client participation list will be discussed with and agreed to by Mary Temple, Controller. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Nonaudit Services

In connection with our audit, you have requested we perform certain nonaudit services necessary for the preparation of the financial statements, including support in drafting of the financial statements, footnotes, RSI and supplementary information using the management prepared trial balance, as well as its supporting schedules.

GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a nonaudit service to the Authority, we determine whether providing such a service would create a significant threat to our independence for GAS audit

purposes, either by itself or in aggregate with other nonaudit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the nonaudit services to be performed. The Authority has agreed that Mary Temple, Controller, possesses suitable skill, knowledge or experience and that the individual understands the technical review of the financial statements, footnotes, RSI and supplementary information and will coordinate any other request for nonaudit services to be performed sufficiently to oversee them. Accordingly, management of the Authority agrees to the following:

1. The Authority has designated Mary Temple, Controller, as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Mary Temple, Controller, will assume all management responsibilities for the subject matter and scope of the audit services and support in drafting the financial statements, footnotes and RSI;
3. The Authority will evaluate the adequacy and results of the services performed; and
4. The Authority accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with Authority's management and those charged with governance of the objectives of the nonaudit services, the services to be performed, the entity's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the nonaudit services. We believe this letter documents that understanding.

Other Relevant Information

RSM US LLP may mention the Authority's name and provide a general description of the engagement in RSM US LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with GAS, a copy of our most recent peer review report is enclosed for your information.

If any term or provision of this arrangement letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

Parties' Understandings Concerning Situation Around COVID-19

RSM US LLP and Central Texas Regional Mobility Authority acknowledge that, at the time of the execution of this arrangement letter, federal, state and local governments, both domestic and foreign, have restricted travel and/or the movement of their citizens due to the ongoing and evolving situation around COVID-19. In addition, like many organizations and companies in the United States and around the globe, RSM US LLP has restricted its employees from travel and onsite work, whether at a client facility or an RSM US LLP facility, to protect the health of both RSM US LLP's and its clients' employees. Accordingly, to the extent that any of the services described in this arrangement letter require or rely on RSM US LLP or Central Texas Regional Mobility Authority personnel to travel and/or perform work onsite, either at Central Texas Regional Mobility Authority's or RSM US LLP's facilities, including, but not limited to, maintaining business operations and/or IT infrastructure, RSM US LLP and Central Texas Regional Mobility Authority acknowledge and agree that the performance of such work may be delayed, significantly or indefinitely, and thus certain services described herein may need to be rescheduled and/or suspended at either RSM US LLP's or Central Texas Regional Mobility Authority's sole discretion. RSM US LLP and Central Texas Regional Mobility Authority agree to provide the other with prompt written

notice (email will be sufficient) in the event any of the services described herein will need to be rescheduled and/or suspended. RSM US LLP and Central Texas Regional Mobility Authority also acknowledge and agree that any delays or workarounds due to the situation surrounding COVID-19 may increase the cost of the services described herein. RSM US LLP will obtain Central Texas Regional Mobility Authority's prior written approval (email will be sufficient) for any increase in the cost of RSM US LLP services that may result from the situation surrounding COVID-19.

Fees, Costs and Access to Workpapers

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement plus directly billed expenses, including report processing, travel, meals, and fees for services from other professionals, as well as a charge of 3% of fees for all other expenses, including indirect administrative expenses such as technology, research and library databases, communications, photocopying, postage and clerical assistance. Our fee estimate of \$117,000 is inclusive of the administrative fee described above, as well as in-town travel and parking and assumes there will be one major federal program subject to audit under Uniform Guidance.

Based on preliminary discussion with management, a state single audit will be required in accordance with Texas UGMS. The fee for one major program in accordance with Texas UGMS will be \$9,975. If an additional major federal or state program is required, the cost for each major program (federal or state) will be \$9,975.

Further, based on our preliminary discussions with management, we understand the Authority's financial statements will not be materially affected by any of the current year effective Government Accounting Standards Board (GASB) statement pronouncements. If management subsequently determines GASB Statement No. 84 will require separate fiduciary fund reporting in the Authority's financial statements, there will be an additional cost of approximately \$7,500.

Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Authority personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests and preparation of supplementary schedules and financial statement support.
4. Timely communication of all significant accounting and financial reporting matters.
5. The assumption that unexpected circumstances will not be encountered during the engagement.
6. Segment reporting requirements will be required for fiscal year 2021.

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses.

The Authority may request other nonroutine audit services, which to the extent allowed by our professional auditing and, specifically, our independence standards will be billed on an hourly basis as the work progresses using these billing rates per hour: Partner—\$325, Senior Manager—\$275, IT Consulting Manager—\$275, Manager—\$225, Staff—\$170.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Authority agrees it will compensate RSM US LLP for any additional costs incurred as a result of the Authority's employment of a partner or professional employee of RSM US LLP.

The audit documentation for this engagement is the property of RSM US LLP and constitutes confidential information.

Review of audit documentation by a successor auditor or as part of due diligence will be agreed to, accounted for and billed separately.

In the event we are requested or authorized by the Authority or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Authority, the Authority will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of RSM US LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of RSM US LLP audit personnel and at a location designated by our firm.

Termination

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this arrangement letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this arrangement letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this arrangement letter.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this arrangement letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this arrangement letter. Accordingly, the scope, timing and fee arrangement discussed in this arrangement letter will no longer apply. In order for us to recommence work, the execution of a new arrangement letter will be required.

We may terminate this arrangement letter upon written notice if: (i) we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

Indemnification and Claim Resolution

Because RSM US LLP will rely on the Authority and its management and the Audit Committee of the Board of Directors to discharge the foregoing responsibilities, the Authority holds harmless and releases RSM US LLP and its partners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Authority's management that has caused, in any respect, RSM US LLP's breach of contract or negligence.

The Authority and RSM US LLP agree that no claim arising out of services rendered pursuant to this arrangement letter shall be filed more than the earlier of two years after the date of the audit report issued by RSM US LLP or the date of this arrangement letter if no report has been issued. In no event shall either party be liable to the other for claims of punitive, consequential, special, or indirect damages. RSM US LLP's liability for all claims, damages and costs of the Authority arising from this engagement is limited to the amount of fees paid by the Authority to RSM US LLP for the services rendered under this arrangement letter.

These provisions shall survive the termination of this arrangement for services.

Information Security—Miscellaneous Terms

RSM US LLP is committed to the safe and confidential treatment of the Authority's proprietary information. RSM US LLP is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The Authority agrees that it will not provide RSM US LLP with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of the Authority information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

Reporting

We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the Audit Committee of the Board of Directors of the Authority. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on the Authority's financial statements, we will also issue the following types of reports:

1. A report on the fairness of the presentation of the Authority's schedule of expenditures of federal (and state) awards for the year ending June 30, 2021;
2. Reports on internal control related to the financial statements and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal control;
3. Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a material effect, as defined by Texas UGMS and Subpart F of Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on each major program;
4. An accompanying schedule of findings and questioned costs.

Management acknowledges its responsibility for the timely and accurate completion of the Data Collection Form and the filing of the single audit reporting package with the Federal Audit Clearinghouse.

This letter constitutes the complete and exclusive statement of agreement between RSM US LLP and the Authority, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" [portable document format] or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

RSM US LLP



Joel Perez, Partner

Confirmed on behalf of Central Texas Regional Mobility Authority:

William Chapman, Chief Financial Officer

Date

Report on the Firm's System of Quality Control

To the Partners of RSM US LLP and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of RSM US LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, audits of broker-dealers and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of RSM US LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. RSM US LLP has received a peer review rating of *pass*.

BKD, LLP



December 5, 2019