

# Central Texas Regional Mobility Authority

State Awards Compliance Report  
Year Ended June 30, 2018

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RSM US LLP

**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**

**Independent Auditor's Report**

To the Board of Directors  
Central Texas Regional Mobility Authority

We have audited, 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, the financial statements of Central Texas Regional Mobility Authority (the Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 18, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

**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, grant agreements, and the Public Funds Investment Act, 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Public Funds Investment Act.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Austin, Texas  
September 18, 2018



RSM US LLP

**Report on Compliance for Each Major State Program,  
Report on Internal Control Over Compliance and Report on  
Schedule of Expenditures of State Awards Required by the  
State of Texas *Uniform Grant Management Standards***

**Independent Auditor's Report**

To the Board of Directors  
Central Texas Regional Mobility Authority

**Report on Compliance for the Major State Program**

We have audited Central Texas Regional Mobility Authority's (the Authority) compliance with the types of compliance requirements described in the state of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on the Authority's major State program for the year ended June 30, 2018. The Authority's major state program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, contracts and terms and conditions of its state awards applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Authority's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the UGMS. Those standards and the UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of the Authority's compliance.

**Opinion on the Major State Program**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the UGMS. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of State Awards Required by the State of Texas *Uniform Grant Management Standards***

We have audited the financial statements of the Authority as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We have issued our report thereon dated September 18, 2018, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying Schedule of Expenditures of State Awards is presented for purposes of additional analysis as required by the UGMS and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

Austin, Texas  
September 18, 2018

**Central Texas Regional Mobility Authority**

**Schedule of Expenditures of State Awards  
Year Ended June 30, 2018**

State Grantor/Program Title	State Grant Award Number	Passed Through to Subrecipients	State Expenditures
<b>Texas Department of Transportation:</b>			
SH 45SW Toll Project	CSJ 1200-06-004; 1200-07-001	\$ -	\$ 12,699,162
US290W Scenic Brook to Joe Tanner Grant	CSJ 0113-08-060	-	73,273
MoPac Improvement Project	CSJ 3136-01-107	-	3,791,406
MoPac South Project Environmental Assessment Highway Planning and Construction—US290W	CSJ 3136-01-176	-	709,930
Multi. Projects Grant	CSJ 0265-01-080	-	32,770
Highway Planning and Construction—HERO Project	CSJ 0914-00-358; 0914-00-361	-	136,092
<b>Total state expenditures</b>		<b>\$ -</b>	<b>\$ 17,442,633</b>

See notes to Schedule of Expenditures of State Awards.

## Central Texas Regional Mobility Authority

### Note to Schedule of Expenditures of State Awards Year Ended June 30, 2018

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#### Note 1. Summary of Significant Accounting Policies

**Reporting entity:** The Schedule of Expenditures of State Awards (the Schedule) includes the activity of all state programs administered by Central Texas Regional Mobility Authority (the Authority). Because this Schedule presents only a selected portion of the operations of the Authority, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the Authority.

**Basis of presentation:** The Schedule presents total state awards expended for each individual program in accordance with the Texas *Uniform Grant Management Standards*.

**Basis of accounting:** The expenditures for each of the state financial assistance programs are presented on the accrual basis of accounting for the Authority's fiscal year. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State and Local and Governments*, or the cost principles contained in the Texas *Uniform Grant Management Standards*, Cost Principles and Audit Requirements for State Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Loan and loan guarantees:** The Authority has no loan or loan guarantees.



**Central Texas Regional Mobility Authority**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

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**Section I**

Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued on whether the financial statements were presented in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

       Yes        X   No

Significant deficiency(ies) identified?

       Yes        X   None Reported

Noncompliance material to financial statements noted?

       Yes        X   No

2. State Awards

Internal control over major state program:

Material weakness(es) identified?

       Yes        X   No

Significant deficiency(ies) identified?

       Yes        X   None Reported

Type of auditor's report issued on compliance for the major state program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *State of Texas Single Audit Circular*

       Yes        X   No

Identification of major state program:

State Award Number(s)  
CSJ 1200-06-004 and CSJ 1200-07-001

Name of State Program or Cluster  
SH 45SW Toll Project

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

  X   Yes             No

**Section II**

Financial Statement Findings

None reported

**Section III**

State Award Finding and Questioned Costs

None reported

**Central Texas Regional Mobility Authority**

**Schedule of Prior Audit Findings  
Year Ended June 30, 2018**

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Prior Year State Award Finding and Questioned Costs

None reported

