



**CENTRAL TEXAS
Regional Mobility Authority**

AUDIT COMMITTEE AGENDA ITEM B SUMMARY

Award a contract for
independent auditing services.

Department: Finance
Associated Costs: To be negotiated
Funding Source: General Fund
Committee Action Required: Yes

Description of Matter:

At the January 2015 meeting, the Board authorized procurement of independent auditing services for the Mobility Authority. Staff issued a request for qualifications on February 27, 2015, and received responses to the RFQ from four firms. Those responses are attached for your information and reference. The RFQ responses have been reviewed and analyzed by Finance Department staff, and the Executive Director will make a recommendation to the Audit Committee for the selection of an independent auditor.

This item requests authorization for the Executive Director to negotiate and execute a contract (a letter of engagement) with the respondent approved by the Audit Committee to provide independent auditing services to the Mobility Authority.

Reference: Draft Resolution
Contact: Bill Chapman, Chief Financial Officer
Cindy Demers, Controller

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

RESOLUTION NO. 15-___

AWARDING A CONTRACT FOR INDEPENDENT AUDITING SERVICES.

WHEREAS, by Resolution No. 15-010, dated January 28, 2015, the Board of Directors authorized the Executive Director to procure auditing services for the Mobility Authority in accordance with the procurement policies established by Chapter 4 of the Mobility Authority Policy Code; and

WHEREAS, Mobility Authority staff issued a request for qualifications (“RFQ”) on February 27, 2015, soliciting statements of qualifications and interest from firms interested in providing auditing services to the Mobility Authority; and

WHEREAS, based on a review and analysis of the responses to the RFQ, the Executive Director recommends awarding a contract to _____ to provide independent auditing services to the Mobility Authority; and

NOW THEREFORE, BE IT RESOLVED, that the Executive Director is authorized to negotiate and execute contract (letter of engagement) with _____ to provide independent auditing services to the Mobility Authority.

Adopted by the Audit Committee of the Board of Directors of the Central Texas Regional Mobility Authority on the 25th day of March, 2015.

Submitted and reviewed by:

Approved:

Andrew Martin, General Counsel

Robert Bennett
Chairman, Audit Committee



PS&Co.

Padgett Stratemann

ORIGINAL

Central Texas Regional Mobility Authority

Response to Request for Qualifications For
Independent Audit Services

Submitted by: Mike O'Brien, Partner
811 Barton Springs Road, Suite 550
Austin, Texas 78704
512-476-0717

March 13, 2015

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March 13, 2015

To the Board of Directors
Attn: Ms. Cindy Demers, Controller
Central Texas Regional Mobility Authority
3300 North IH-35, Suite 300
Austin, Texas 78705

Dear Members of the Board of Directors:

Thank you for the opportunity to present our statement of qualifications to provide audit services to Central Texas Regional Mobility Authority (the "Mobility Authority") for the years ending June 30, 2015, 2016, 2017, and two option periods. We strive to provide our clients with "**Service. . . More than Expected**" and will elaborate more on this mission throughout this proposal.

Team Experience

We have assembled your PS&Co. team with an emphasis on technical and interpersonal skills that are a good fit for the Mobility Authority and its management team. Our public sector niche currently provides audit services for over 50 San Antonio and Austin area government agencies. Our dedicated public sector professionals also have extensive experience with issuance of bonds and the related comfort letters or other bond examination reports generally required by underwriters. Our goal is to become your trusted advisor on accounting and financial reporting matters. The team we have selected to serve the Mobility Authority is resident in our Austin office.

Team Leader Involvement

I will serve as the engagement partner for all services to the Mobility Authority. I have over 35 years of public accounting experience, including 26 years with KPMG, primarily servicing public sector entities. I will be heavily involved in the audit process. I have extensive experience with audits of other autonomous or semi-autonomous government agencies. A listing of my experience is included in my resume attached at Appendix 1. Santos Fraga will serve as your concurring review partner. Santos also has over 31 years of experience, including 20 years with KPMG. He also currently serves the Alamo Regional Mobility Authority. Tino Robledo will be your audit senior manager. Tino has over 17 years of experience and will oversee and coordinate the daily audit effort and will review all work by team members on site. We have enclosed a service team overview as a part of our qualifications statement.

Size and Strength of Firm

PS&Co. is the fourth largest non-national accounting firm in Texas and the Southwest United States, as reported in *Accounting Today*, and as such has the professional and technical resources that will be required to adequately serve the Mobility Authority.

AUSTIN

811 BARTON SPRINGS ROAD, SUITE 550
AUSTIN, TEXAS 78704
512 476 0717

HOUSTON

1980 POST OAK BOULEVARD, SUITE 1500
HOUSTON, TEXAS 77056
800 879 4966

SAN ANTONIO

100 N.E. LOOP 410, SUITE 1100
SAN ANTONIO, TEXAS 78216
210 828 6281

TOLL FREE: 800 879 4966
WEB: PADGETT-CPA.COM

To the Board of Directors
Attn: Ms. Cindy Demers, Controller
Central Texas Regional Mobility Authority
Austin, Texas

March 13, 2015 – page 2

Firm Reputation

PS&Co. is licensed by the Texas State Board of Public Accountancy and undergoes peer reviews every three years. Our latest peer review rating of *Pass* is the highest rating available under the AICPA professional standards. Many of our governmental audits are subject to review by federal and state agencies. The results of all federal and state desk reviews and on-site quality control reviews in the past have been positive. There have been no changes, restatements or corrections required from any reviews. There are no disciplinary actions taken and none are pending against any member of the engagement team.

National Firm Strength with a Local Firm Service Philosophy

As a member of the McGladrey Alliance we are able to offer our clients the resources and access to technical expertise of a national firm while maintaining the benefits of being an independently owned local firm. McGladrey Alliance is a business of McGladrey LLP which operates under the McGladrey brand as the fifth largest U.S. provider of assurance, tax, and consulting services with nearly 8,000 professionals and associates in more than 80 cities nationwide. McGladrey is a licensed CPA firm and a member of RSM International, the seventh largest global network of independent accounting, tax, and consulting firms. RSM International serves clients from more than 732 offices in 112 countries around the world. Our alliance membership provides us the opportunity to learn best practices from other governmental agencies throughout our nation, in addition to having access to RSM McGladrey's national resources in consulting, information technology, auditing, continuing education, and industry-specific training.

Firm Information

Our firm is headquartered at 100 NE Loop 410, Suite 1100, San Antonio, Texas 78216. All the services you have requested will be managed from our Austin office at 811 Barton Springs Road, Suite 550, Austin, Texas 78704. If you have any questions regarding this proposal or the services offered by PS&Co., please feel free to contact us at 512-476-0717 or by email at mike.obrien@padgett-cpa.com.

Our proposal is contingent upon the satisfactory completion of our routine due diligence procedures for all new engagements including review of prior auditor's working papers.

Sincerely,



Mike O'Brien, CPA
Partner



Section 1 – General Information

A. Firm's Name

Padgett, Stratemann & Co., L.L.P. ("PS&Co.")

B. Firm's Corporate Headquarters Address

100 N.E. Loop 410, Suite 1100

San Antonio, TX 78216

C. Address of Personnel

All services requested by the Mobility Authority will be managed from our Austin office located at:

811 Barton Springs Road, Suite 550

Austin, TX 78704

D. Firm Profile

Size and Structure

PS&Co., a regional accounting firm with offices in San Antonio, Austin, and Houston, began serving clients in Central and South Texas in 1945, and has grown from a sole practitioner to 31 partners and approximately 185 additional full-time professionals and administrative team members. The firm has enjoyed significant growth in size, as well as in scope of services offered to its clients and is now the fourth largest non-national accounting firm in Texas and the Southwest United States, as reported in *Accounting Today*, and as such has the professional and technical resources that will be required to adequately serve the Mobility Authority.

Section 1 – General Information

D. Firm Profile – continued

Licensure and Independence

PS&Co. is properly licensed in the state of Texas for public practice. Our professionals are licensed to practice as certified public accountants in the state of Texas. PS&Co. does not have a history of sub-standard practice and has never received a public or private reprimand from the Texas State Board of Public Accountancy or other organizations. The team members included as the proposed engagement team are independent of the Mobility Authority as defined by the American Institute of Certified Public Accountants (“AICPA”) auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States.

Depth by Industry Niche

In order to provide superior financial and business advice to all its clients, PS&Co. is comprised of industry-specific niches. This approach allows us to form cross-functional teams to understand our clients’ businesses, their challenges, and their industry in the best way possible.

The industry-specific niches in which we specialize are as follow:

- Public Sector (Government, not-for-profit organizations, and special purpose entities such as mobility authorities, utilities, river authorities, and emergency services districts)
- Manufacturing, Retail, and Distribution
- Construction
- Healthcare and Life Sciences
- Professional Services
- Banking and Financial Services
- Real Estate
- Private Client Services
- Government Contractors
- Energy
- Entertainment
- Technology and Communications

Team members in each industry-specific niche are representative of various departments within PS&Co. Our goal is to keep abreast of each unique industry so the unique needs of our clients’ industries are considered in each of our services.

Section 1 – General Information

D. Firm Profile – continued

Depth by Client Services

PS&Co. is a full service CPA firm that offers a comprehensive array of attestation, tax, accounting, and advisory services. A general description of our service offerings follows.

Attestation Services

Independent Audit Services

The performance of independent audits of financial statements is the largest practice segment within the firm. Our audit department is organized into three main areas of expertise, which allow us to develop and maintain the expertise and critical mass needed to serve our varied client base.

Our three functional audit areas are as follows:

- Public Sector – Governmental and non-profit organizations, including federal and state single audits
- SEC – public company audits
- Private sector and regulated industries

Other Attestation Services

In addition to audit services, our firm offers other attestation services including, but not limited to, those listed below:

- Review and compilation services under Statement of Standards for Accounting and Review Services
- Agreed-upon procedure engagements
- Statement on Standards for Attestation Engagements (SSAE) No. 16 (“SOC-1”)

Section 1 – General Information

D. Firm Profile – continued

Depth by Client Services– continued

Tax Services

Our tax department offers a broad spectrum of services covering all types of entities. We consult with and provide services to individuals, partnerships, estates, trusts, corporations, governments, and non-profit entities in the areas of payroll, sales, franchise, estate (including gift and generation-skipping transfer), and income taxation. PS&Co. has a full service team of tax professionals focusing on tax-exempt organizations and state and local taxation.

Advisory Services

Advisory services vary widely in size, complexity, and scope, as well as in technical subject matter. Our firm has expertise and experience in a wide variety of advisory service engagements for our clients such as litigation support, business valuations, due-diligence and quality of earnings reports, human resources compliance and investigations, insurance receiverships, internal control evaluations and forensic accounting and fraud investigations.

E. Disclosure of Claims or Judgments

Padgett, Stratemann & Co., L.L.P. is currently a party to one case in litigation which is covered by insurance and which does not impair our ability to serve the Mobility Authority. Due to the constraints of the judicial process, we are unable to provide detailed information at this time other than the fact that we are vigorously defending against this suit. There have been no judgments entered against the firm or any of the engagement team members since January 1, 2010.

Section 2 – Financial Audit Expertise

A. Governmental References

We provide services to many governmental entities. We believe our industry specialization, combined with our service philosophy, allows us to stay ahead of changes that may impact the Mobility Authority, and we can discuss these potential developments with you. Below is the contact information of our governmental sector references. None of these audits were conducted as part of a joint venture.

Name of Client and Contact	Phone Number and Email Address of Contact	Fiscal Year(s) For Which Services Were Provided	Type of Service
Brazos River Authority John Hawes, CFO Matt Wheelis, Accounting Manager	(254) 761-3229 / jhawes@brazos.org (254) 761-3241 / mwheelis@brazos.org	2009 - present	Financial and Federal Compliance Audits
City of Austin Sylvia Holt-Rabb, Assistant Director, Economic Development	(512) 974-3131 / sylvia.holt-rabb@austintexas.gov	2005 - present	Agreed-Upon Procedures
Austin Independent School District Leo Lopez, Director of Financial Services	(512) 414-9919 / leo.lopez@austinisd.org	2005 - present	Financial and Federal Compliance Audits
Texas Treasury Safekeeping Trust Company Paul Ballard, CEO	(512) 463-3405 / paul.ballard@cpa.state.tx.us	2007 - present	Financial Audit
Texas Prepaid Higher Education Tuition Board Linda Fernandez, Director, Educational Opportunities and Investment Ben Navarro, CFO	(512) 463-4863 / linda.fernandez@cpa.state.tx.us (512) 463-2072 / benito.navarro@cpa.state.tx.us	2013 - present	Financial Audit

Section 2 – Financial Audit Expertise

B. Primary Account Representative

Mike O'Brien, CPA
Partner
Padgett, Stratemann & Co., L.L.P.
811 Barton Springs Road, Suite 550, Austin, Texas 78704
512-476-0717
mike.obrien@padgett-cpa.com

C. Proposed Service Team

We have assembled a service team with an emphasis not only on technical and interpersonal skills, but also with specialization in governmental accounting and auditing. This benefits the Mobility Authority by minimizing disruption to daily staff work and translates into time savings and an effective audit process. The resumes of the proposed primary service team are attached as Appendix 1.

Overall Engagement Partner – Mike O'Brien, CPA

As the engagement partner, Mike will have overall responsibility for all services performed for the Mobility Authority. Mike brings experience serving many other large and complex governments. Mike will be available to members of the management of the Mobility Authority for technical consultation and information on the status of the engagement, special services required, and general business matters. Mike is generally available for meetings and phone calls within a very short time period. He works full time in the IH-35 corridor from Waco to San Antonio and spends over 85% of his time in Austin. Mike will be available to meet with you at your office on any issue as the need arises.

Concurring Review Partner – Santos Fraga, CPA

As part of PS&Co.'s quality control policies and procedures, the proposed engagement team includes the services and assistance of a second independent partner. Santos will serve in the role of quality control partner and will be responsible for a second technical review of the financial statements. Santos has over 31 years of public accounting experience including KPMG for 20 years. Santos currently serves the Alamo Regional Mobility Authority. He also participates as a Special Reviewer in GFOA's Certificate of Achievement Program.

Section 2 – Financial Audit Expertise

C. Proposed Service Team – continued

Audit Senior Manager – Tino Robledo, CPA

Tino will serve as senior manager on this engagement and is resident in our Austin office. As the senior manager, he will coordinate the activities of the professional team members assigned to the engagement, participate in planning and developing the overall audit approach, and monitor all phases of the audit to ensure timely completion. Tino will direct the day-to-day performance and conduct of the audit of the Mobility Authority. He has been with PS&Co for approximately 3 years and was previously a senior manager with KPMG for 12 years.

D. Breadth and Depth of Governmental Auditing Experience

PS&Co. and its assurance team have served the public sector for decades with a host of financial and consulting services designed to ensure clarity in financial reporting. With many governmental entities focused on an enterprise-style financial management strategy, it is important to have a team with real-world experience in the complex and regulated public sector.

The key to completing a timely and effective audit is the leadership of the key audit team members who are assigned to the audit. Mike O'Brien and Tino Robledo have a combined total of 50 years of auditing experience. Both of these professionals work full-time in the government sector performing a variety of audit engagements. They have experience in serving very large organizations like the City of San Antonio, City of Austin and Texas Treasury Safekeeping Trust Company, and small organizations like the Travis County ESD #2. Mike and Tino are able to scale the audit process to fit the size and risk profile of each client. We have extensive experience working with a variety of law firms and financial advisors related to bond issuance transactions. We also perform federal and state financial compliance (OMB Circular A-133 and Texas Single Audit Circular) audits for governments and non-profits of all sizes in Texas.

Section 2 – Financial Audit Expertise

D. Breadth and Depth of Governmental Auditing Experience – continued

A partial list of experience of the firm in the auditing of comparable governmental entities is as follows:

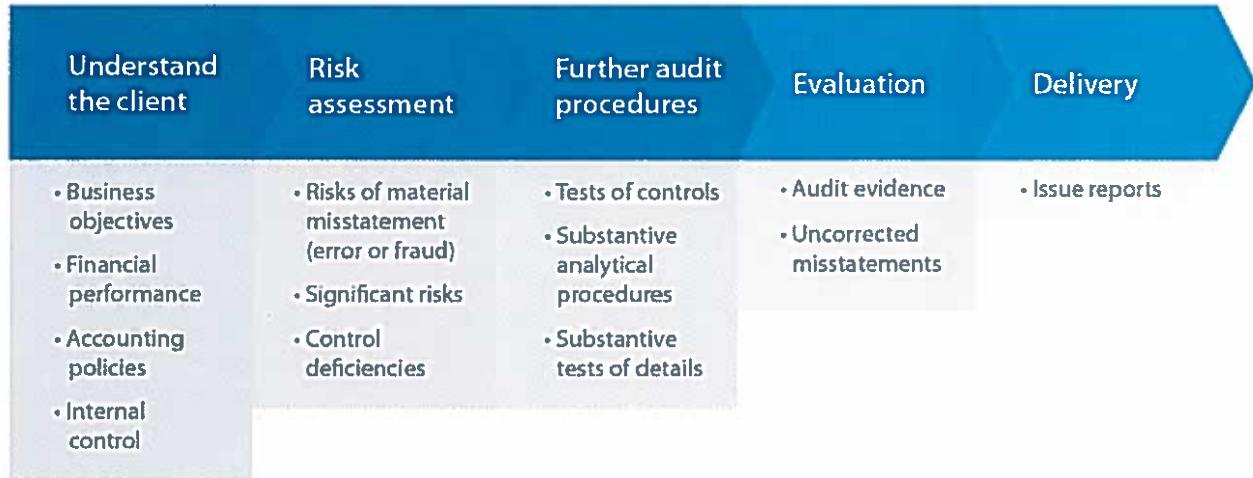
Entity	GAAP Financial Statements	OMB Circular A-133 Report	Comprehensive Annual Financial Report *	Enterprise Fund Reporting
Alamo Regional Mobility Authority	X			X
VIA Metropolitan Transit	X	X	X	X
City of San Antonio	X	X	X	X
San Antonio Water System	X	X	X	X
Texas Local Government Investment Pool	X			
Texas Treasury Safekeeping Trust Company	X			X
Austin Independent School District	X	X	X	
City of Austin Convention Center	X			
City of McAllen	X	X	X	X
City of Boerne	X	X	X	X
City of Kyle	X		X	X
Port Authority of San Antonio	X	X		X
San Antonio Housing Authority	X	X		X
Texas Prepaid Higher Education Tuition Board	X			X
Tobacco Settlement Permanent Trust Fund	X			
Travis County Emergency Services District #2	X			
State Bar of Texas	X			X
Brazos River Authority	X	X	X	X
San Antonio River Authority	X	X	X	X
Kerrville Public Utility Board	X		X	X
Brooks Development Authority	X	X		X

*Awarded the Certificate of Achievement as part of the Government Finance Officers Association (“GFOA”) for achieving established GFOA reporting standards.

Section 2 – Financial Audit Expertise

E. Audit Approach

Our audit methodology allows your engagement team to use professional judgment in planning an overall audit strategy. A high-level overview of how the process works is shown below.



Understand the Client

We learn as much as possible about your business up front in order to properly understand the account balances, classes of transactions, and disclosures relevant to your activities. We develop an audit timeline showing all critical dates and milestones during our planning process. We review this schedule with our clients in advance of the audit and use this critical milestones and dates schedule to ensure our accountability to meeting deadlines and communicating audit progress. This also provides the Mobility Authority the opportunity to express its expectations with respect to the timing and services we will provide.

Risk Assessment

We assess the risk that errors or fraud may cause a material misstatement of financial statements. We next decide whether the identified risks relate to specific relevant assertions related to significant account balances, classes of transactions, or disclosures, or whether they relate to the financial statements taken as a whole and potentially affect many relevant assertions. We then determine which of the identified risks of material misstatement are significant risks that require special audit consideration. We also identify internal control deficiencies as part of our risk assessment process.

Section 2 – Financial Audit Expertise

Further Audit Procedures

We next determine the nature, timing and extent of tests of controls and substantive procedures necessary to address the risks identified. We select transactions for testing using various approaches, which may include specific identification of transactions or may involve sampling. When audit evidence obtained from the audit procedures results in identification of previously unidentified risks of material misstatement or contradicts planned risk assessment procedures, we revise the assessment and plan and perform additional audit procedures to reduce risk of material misstatement related to those assertions to an acceptably low level. As a first year audit, a thorough understanding of the Mobility Authority's revenue stream, current projects and current debt used to fund such projects (its operating environment) is essential for the execution of an efficient, cost effective audit process with minimal disruptions to management. During this phase, we will not only meet with appropriate personnel to document our understanding of the operations, but also use the Padgett Secure Client Portal to upload and download sensitive documents needed during the planning phase of the audit. All of the requested information during the planning phase and throughout the audit can be loaded to the portal by management based on mutually agreed upon dates. The request for information for the audit will be made in advance to allow management to sufficient time to address its operational concerns or needs throughout the audit period.

Evaluation

At the conclusion of the audit, we evaluate the sufficiency and appropriateness of the audit evidence obtained and whether the assessments of the risks of material misstatement at the relevant assertion level remain appropriate. We may redesign planned audit procedures based on our evaluation. We also evaluate the effects, both individually and in the aggregate, of factual, judgmental, and projected misstatements that are not corrected by the organization. We communicate all misstatements identified during the audit, other than those we believe to be trivial, to management and the Board of Directors on a timely basis.

Section 2 – Financial Audit Expertise

Delivery

Our audit culminates with the issuance of a report on the financial statements, report on internal control over financial reporting, report to the Board of Directors and, if applicable, communications of material weaknesses and significant deficiencies.

No Surprises

In serving the Mobility Authority, we will communicate with you frequently throughout the audit process and throughout the year to address and resolve issues, new accounting standards, and changes in your organization.

Smooth Transition to Working With Us

When we become your service provider, you will want the transition from your prior firm to be smooth and orderly—resulting in as little distraction as possible. Any change of this nature will result in some disruption; however, with our extensive experience in succeeding other accounting firms, the disruption is minimized. Our process for transitioning clients from their prior auditors to our services emphasizes early planning, with heavy involvement of partners and managers. We also encourage clients to call us to discuss new transactions as they arise. We find that year-round communication and a proactive approach to accounting issues helps clients avoid surprises at the end of the audit process. Most accounting issues arise from a misunderstanding of facts, circumstances, and complexities unique to each organization and its industry. Because we take a business advisory approach to auditing and have a commitment to year-round communications, we believe we are better equipped to understand the issues surrounding management’s position on accounting and reporting matters.

We are confident our experience and expertise allow us the ability to meet and exceed your service expectations.

Section 2 – Financial Audit Expertise

F. Audit Process Major Task/Activity Plan

Task/Activity	Team Member	Date*
Engagement letter to the Board of Directors	Partner	May 2015
Planning meeting with management	Partner/Manager	May 2015
Identify single audit major programs and document internal control systems, including risk and fraud analysis and information technology	Audit Senior	May/June 2015
Perform "walk throughs" on major systems and major single audit programs	Audit Senior	May/June 2015
Design detailed audit plan	Partner/Manager	May/June 2015
Perform and review interim fieldwork <u>Including</u> - test of controls and compliance on major programs (Single Audit) - test of controls and substantive testing of CIP - substantive approach to beginning balances including debt and PPE/CIP - Texas County and Retirement System - additional audit procedures for GASB No. 68 implementation (TCDRS SOC 1 report assessment, Management's Controls for Processing)	Manager/Senior/Staff	June 2015
Update to single audit testing and perform and review final fieldwork on the financial statement audit	Partner/Manager/ Senior/Staff	July/August 2015
Perform internal quality review process	Partner	August 2015
Hold exit conference and discuss issues and management letter findings	Partner/Manager	September 2015
Review draft auditor's report and management letter with members of management	Partner/Manager	September 2015
Present auditor's report and management letter to the Board of Directors	Partner/Manager	October/ November 2015
* The dates will be updated and agreed to during our planning process and meetings with management		

Section 2 – Financial Audit Expertise

G. In-House Technical Capabilities

Our proposed engagement team was developed with the Mobility Authority's needs in mind. Our engagement team has specific experience serving governmental entities similar to the Mobility Authority. Both the partners and the engagement senior manager work 100% in our public sector niche. They have worked with other entities that have large ongoing capital projects and with entities issuing new debt and refunding existing debt obligations. We also have experience with state and federal compliance audits required by grant agreements or other contractual arrangements. We have significant experience working with bond issuances requiring issuing debt service coverage letters, bond issuance comfort letters and other bond examination reports. Our in-house team regularly assists clients in implementing new GASB pronouncements.

PS&Co. has national technical resources through our alliance with McGladrey, the nation's 5th largest accounting firm. This gives PS&Co. access to all of McGladrey's technical resources. We have successfully used these resources with other large governments in the area, such as the City of San Antonio, Texas Local Government Investment Pool, Texas Treasury Safekeeping Trust Company, San Antonio Water System, and the Housing Authority of San Antonio, on high end technical issues such as actuarial related matters and new GASB standards.

APPENDIX 1 –RESUMES OF SERVICE TEAM

Mike O'Brien, CPA

Partner

mike.obrien@padgett-cpa.com

Mike has more than 35 years of experience overseeing a wide variety of financial and compliance audit engagements for commercial, governmental, nonprofit, and regulated entities. Since 2007, Mike has served as the practice leader in the firm's public sector niche. His primary specialty is with state and local governments, nonprofit organizations, schools, public sector investing entities, and utilities. He provides financial statement reporting, accounting practices and procedures, as well as internal control structure design and implementation consulting.

Single audit experience includes: State of Texas, Southwest Research Institute, Southwest Educational Development Lab, City of Austin, City of San Antonio, Austin Independent School District, Texas Guaranteed Student Loan Corp., Brazos River Authority, and San Antonio Water System.

Utility audit experience includes: City Public Service (CPS Energy), San Antonio Water System, Austin Energy, Guadalupe Valley Electric Cooperative, Kerrville Public Utility Board, Pedernales Electric Cooperative, Brownsville Public Utility Board, and Chisholm Trail Special Utility District.

Governmental audit experience includes: City of Austin, City of San Antonio, City of Buda, City of Kyle, Austin Independent School District, Dripping Springs Independent School District, Brazos River Authority, Guadalupe-Blanco River Authority, Texas Guaranteed Student Loan Corp., Texas Prepaid Higher Education Tuition Board, and Texas Treasury Safekeeping Trust Company.

Nonprofit experience includes: St. David's Foundation; Texas Association of School Boards; Southwest Educational Development Lab; Life Support Counseling and Research, Inc.; and Center for the Commercialization of Electric Technologies.

Investing entity experience includes: Texas Local Government Investment Pool, Texas Local Government Investment Pool Prime, Texas Treasury Safekeeping Trust Company, Tobacco Settlement Permanent Trust Fund, Texas County and District Retirement System, Texas Municipal Retirement System, Texas Prepaid Higher Education Tuition Board, Lower Colorado River Authority Retirement Plan, and City of Austin Employees' Retirement System.

EXPERIENCE

- Financial and compliance auditing for state and local governments
- Financial and compliance auditing for nonprofit organizations
- Financial statement auditing and reporting for commercial entities
- Financial statement auditing and reporting for regulated entities and utilities
- Accounting practices and procedures consulting
- Internal control structure design and implementation consulting

AFFILIATIONS

- American Institute of Certified Public Accountants (AICPA)
- Texas Society of Certified Public Accountants (TSCPA)
- Austin Chapter of TSCPA
- Austin Area Boy Scout Troop 513 – Committee member (1999 – Present)
- Capitol Area Council of the Boy Scouts of America – former Board member (2001 – 2003)
- Texas State Board of Public Accountancy – former Technical Standards Committee member (1999 – 2000)
- Northwest Travis County Municipal Utility District No. 1 – former Board member (1986 – 1997)

EDUCATION AND CERTIFICATION

- BBA in Accounting – The University of Texas at Austin, Austin, Texas
- Certified Public Accountant

NOTEWORTHY ACCOMPLISHMENTS

- Capital Area Council Boy Scouts of America – Whitney M. Young Award Recipient (2005)
- Capital Area Council Boy Scouts of America – Silver Beaver Award Recipient (2008)
- Speaker at Texas Association of School Boards Annual Convention (2010-2012)
- Speaker at Texas Association of Appraisal Districts Convention (2012)

Santos Fraga, Jr., CPA

Partner

santos.fraga@padgett-cpa.com

Santos is a partner in the public sector practice, which includes both governmental and not-for-profit teams. He has more than 31 years of experience in public accounting.

Government entities served include HQ Air Force Services Agency, North East Independent School District, Southside Independent School District, the City of San Antonio, the City of McAllen, San Antonio Water System, VIA Metropolitan Transit, San Antonio River Authority, Alamo Community College District, and Bexar Appraisal District.

Not-for-profit entities served include San Antonio Symphony; Saint Mary's Hall; Archdiocese of San Antonio; San Antonio Academy; Crosspoint, Inc. (formerly Halfway House of San Antonio); Alamo Workforce Development, Inc.; Army Residence Community; St. Mary's University; and University of the Incarnate Word.

EXPERIENCE

- Governmental and not-for-profit auditing, accounting, reporting, and consulting
- Performance reviews and special audits
- OMB circular A-133 audits
- Internal control structure design and implementation
- Instructor for national and local CPA continuing education programs
- Presenter of technical seminars for various trade associations

AFFILIATIONS

- Government Finance Officers Association (GFOA)
- GFOA of Texas
- GFOA Certificate of Achievement Program – Special Review Committee member
- American Institute of Certified Public Accountants (AICPA)
- Texas Society of Certified Public Accountants (TSCPA)
- San Antonio Chapter TSCPA
- Leadership San Antonio, Class of XXI
- Leadership San Antonio, Class of XXVII – Steering Committee member
- The Greater San Antonio Chamber of Commerce – Finance Committee member
- San Antonio Hispanic Chamber of Commerce – former Finance Committee member
- Communities in Schools, Inc. of San Antonio – former Board member, Treasurer
- Catholic Television of San Antonio – former Board member, Treasurer

EDUCATION AND CERTIFICATION

- BBA in Accounting – The University of Texas at Austin, Austin, Texas
- Certified Public Accountant

NOTEWORTHY ACCOMPLISHMENTS

- Speaker at the Texas School District Accounting and Auditing by TSCPA
- Three years in Caracas, Venezuela working for U.S.A. and European-based multinational companies
- Fluent in Spanish

Tino Robledo, CPA

Senior Manager

tino.robledo@padgett-cpa.com

Tino has more than 17 years of experience in public accounting, with a focus on state and local governments and non-profit organizations. He has served public sector and non-profit clients in audit, compliance, and other attest services.

Government entity experience includes City of Houston, City of Galveston, City of Austin, Houston Independent School District, Manor Independent School District, Austin Independent School District, Houston METRO Transit Authority of Harris County, Capital Metropolitan Transportation Authority, and Texas Municipal Retirement System.

Single audit experience includes the state of Texas, Austin Community College, Alvin Community College, City of Houston, City of Galveston, City of Austin, Houston Independent School District, Austin Independent School District, Houston METRO Transit Authority of Harris County, Capital Metropolitan Transportation Authority, Houston Housing Finance Corporation, Communities in Schools Houston, and Project GRAD Houston.

Utility experience includes City Public Service (CPS Energy), Austin Energy, and the City of Houston Water and Wastewater.

Non-profit experience includes Clayton Foundation for Research, Nelda C. and H.J. Lutchter Stark Foundation, the Estate of Nelda C. Stark, Houston Housing Finance Corporation, Communities in Schools Houston, Make-a-Wish Foundation – Houston Chapter, Haven for Hope, the Greater Texas Foundation, and the Hispanic Association of Colleges and Universities.

EXPERIENCE

- Financial and compliance auditing for state and local governments
- Financial statement auditing and reporting for commercial entities
- Agreed upon procedures and special audits
- Participation in internal quality review process for state and local governments
- Participation in internal quality review process for federal agency audits

AFFILIATIONS

- American Institute of Certified Public Accountants (AICPA)
- Texas Society of Certified Public Accountants (TSCPA)
- Government Finance Officers Association of Texas

EDUCATION AND CERTIFICATION

- BBA in Accounting – The University of Texas at Austin, Austin, Texas
- Certified Public Accountant

APPENDIX 2 – SUMMARY OF AFFIRMATIVE ACTION POLICY

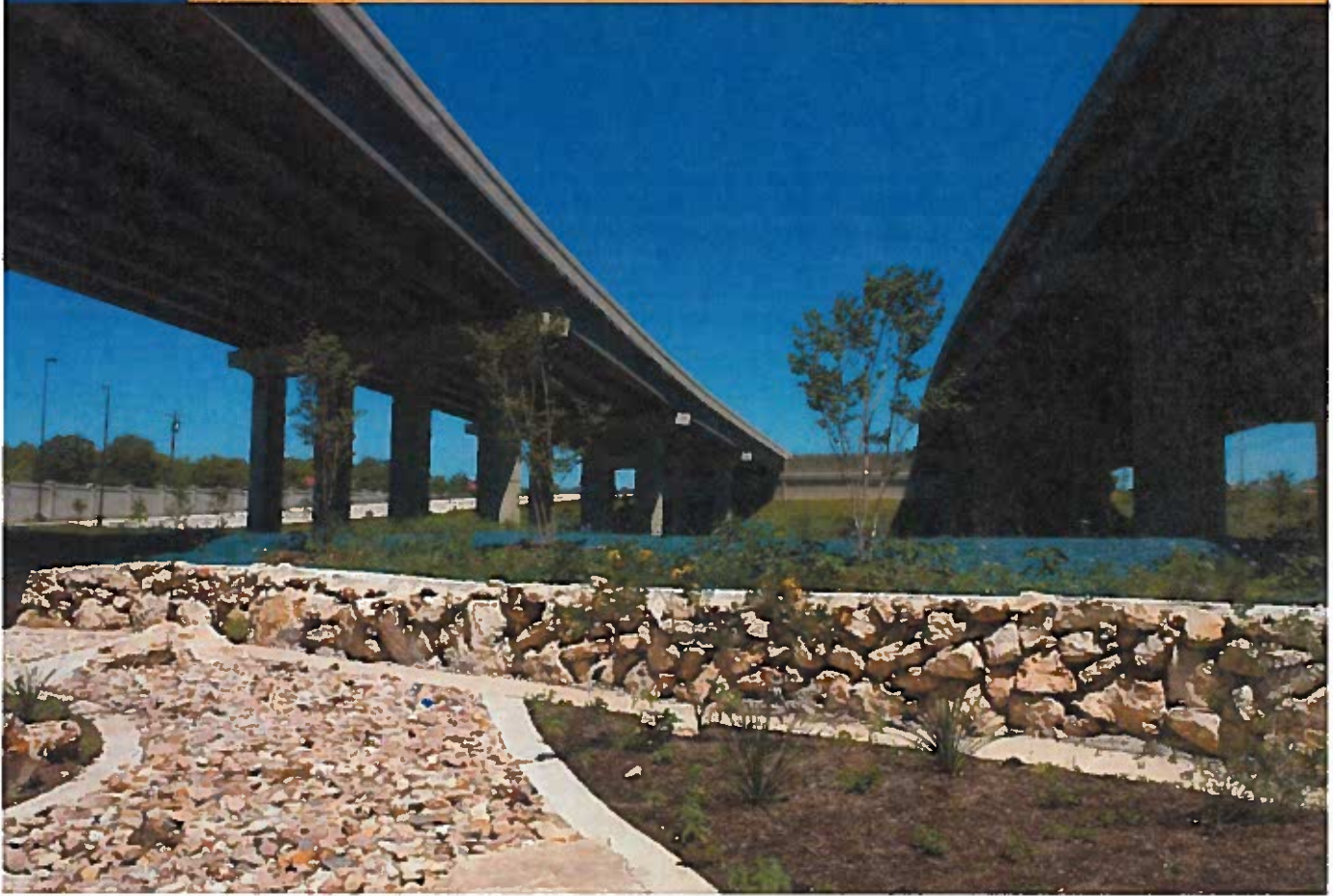
PS&Co. strongly supports the principles of equal employment opportunity and affirmative action in all its employment policies and practices, including recruiting, hiring, compensation, benefits, transfers, training, promotions, layoff and recall, and other terms and conditions of employment. The Firm requires that all these practices be administered without regard to race, color, creed, religion, ancestry, national origin, age, disability, sex, or marital status. It has been, and shall continue to be, the Firm's policy to comply with the letter and spirit of applicable federal, state, and local statutes concerning equal employment opportunity. The Firm pledges that it will make a determined and sustained effort to prevent and eliminate any discrimination within the organization, in part by implementing affirmative action measures outlined above. This commitment also extends to giving full consideration to the employment of persons with disabilities for work they are qualified to do.

PS&Co. is a regional accounting, audit, and tax firm headquartered in San Antonio, Texas with an offices in Austin and Houston, Texas. PS&Co. is not considered a disadvantaged business enterprise ("DBE"). PS&Co. has read, understands, and will comply with the Mobility Authority DBE policy. PS&Co. has a dedicated workforce and high standards of excellence as well as a strong reputation of community involvement. Our talented staff includes people of all cultures, abilities, and genders – a powerful mix that makes PS&Co. strong and effectively diverse.

- Percentage of firm ownership/partners by minorities or women – 42%
- Percentage of management staff who are minorities or women – 69%
- Percentage of all staff who are minorities or women – 69%

PS&Co. has a history of working on large local governments utilizing subcontract firms that are DBE certified in order to comply with the local governments DEB goals. We have successfully utilized these joint venture arrangements at the following governmental ventures.

- Bexar County
- Brooks Development Authority
- Port San Antonio
- San Antonio Water System
- VIA Metropolitan District



PRESENTING

QUALIFICATIONS FOR
PMB HELIN DONOVAN



CENTRAL TEXAS
Regional Mobility Authority

MARCH 13, 2015

PMBHD.COM
512.258.9670

March 13, 2015

Cindy Demers, Controller
Central Texas Regional Mobility Authority
3300 North IH-35, Suite 300
Austin, TX 78705

Thank you for the opportunity to propose on this work to continue our long-standing working relationships with CTRMA. It has been a privilege and pleasure to serve your organization for the past 10 years.

The words in this document aren't just words to us. We steadfastly believe in quality service and that you should expect it of us. We commit to not just excellent technical work, but to a rewarding relationship that gives you the level of attention and service you (and all our clients) deserve.

Please feel free to contact us if you have any questions related to the proposal. Or any questions at all. We are here to serve.

Sincerely,

PMB Helin Donovan, LLP

PMB Helin Donovan

Don McPhee
Managing Partner

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WORKING WITH CTRMA



The Central Texas Regional Mobility Authority is a Texas political subdivision with broad powers to study, design, construct, operate, expand, enlarge, and extend transportation projects in Travis County, Williamson County, and adjacent counties, as permitted by law.



The Mobility Authority operates and has conducted public information and outreach efforts for the 183A Expressway and the Manor Expressway; is currently constructing the MoPac Improvement Project and is developing additional transportation projects intended to address congestion and improve mobility in the Central Texas region.

Working cooperatively with the Texas Department of Transportation and the Capital Area Metropolitan Area Planning Organization, the authority identifies and implements necessary transportation projects in the Central Texas area.

Formed in 2002 as the state's first regional mobility authority, the Mobility Authority represents the Texas Legislature's vision to give local communities greater flexibility to develop and implement innovative transportation programs.

The Mobility Authority's first project, 183A, continues to exceed original traffic and revenue expectations. As a result, the Mobility Authority has invested an additional \$105 million to extend 183A seven years ahead of original plans. Since that time, the Mobility Authority has completed that extension, opened its second project on time and well within budget and began construction on the MoPac Improvement Project. Those 11 miles of express lanes are scheduled for completion later this year.

Ahead for the Mobility Authority is the Bergstrom Expressway, scheduled to begin work later this year. In partnership with TxDOT, three additional projects, SH 45SW, Oak Hill Parkway and US 71E, are in the environmental stages and will ultimately fall under the Mobility Authority's purview. The Mobility Authority is serving as the lead agency in the development of the MoPac South and 183 North projects with environmental clearance expected in 2015 and 2016, respectively.



It has been our pleasure to work with the Mobile Authority for the past 10 years as it moved from planning to productivity. Along the way, we have striven to become a

trusted resource on GAAP and accounting issues.

When we started working with you in 2005, the Mobile Authority had just \$322 million in assets, while PMBHD had 20 people. Today, assets are at \$1.1 billion and our firm has more than 125 professionals in seven offices.

Early in our relationship, we provided guidance on the format for financial statements and established a system for dealing with travel expenses that cut off potential issues there before they could happen. Over the years, we've been on call anytime issues arose and made numerous recommendations for increased compliance that were executed.

This long-standing relationship has meant a certain level of consistency, efficiency and familiarity that we believe benefits the Mobile Authority. We have established strong lines of communication and understand not only the business of the organization but also its people.

That said, we do understand that many businesses like to change their accounting relationships on a regular basis with the intent of bringing fresh eyes to view the books. After 10 years, we feel the same way and have made adjustments to the team to bring on a new engagement partner and audit manager.



WHAT YOU NEED

The Mobility Authority is looking for an accounting firm to provide ongoing services related to the review and audit of the authority's financial statements.

GENERAL INFORMATION

PMB Helin Donovan

Corporate Headquarters

5918 West Courtyard Drive, Suite 500
Austin, TX 78730

Office of Account Service

5918 West Courtyard Drive, Suite 500
Austin, TX 78730

General Description

PMB is a full-service accounting firm based in Austin with offices in three states. Our core client base includes emerging to middle-market sized companies, government entities and not-for-profits.

Regulatory Actions, Litigation and Claims

- No state desk reviews or field reviews of our audits during the past three years. Federal (PCAOB) review of one client of a recently-departed Austin audit partner currently.
- No disciplinary actions against us or any of our partners or employees with federal or State of Texas regulatory bodies or professional organizations
- One recent minor lawsuit related to a compilation engagement. We are currently evaluating any potential merit.
- No outstanding claims against us or our partners

This involves auditing the balance sheet as prepared, and the related statements of revenues, expenses and changes in retained earnings and cash flow for the period then ending, for the purpose of expressing an opinion on them, in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Additionally, the Mobility Authority needs an Audit Report as required by OMB Circular A-133.

Priorities for the Mobility Authority in choosing a firm include comparable experience of the firm and the engagement team, availability for support and consultation and technical ability as gauged by clients.

ENGAGEMENT TEAM

Our chief goals in putting together a team to work with clients is exactly that phrase - work with you. This means having the right combination of experience and personalities to ensure the engagement goes smoothly. With this team, we have included some who have worked with you in the past 10 years, as well as others we believe to be the best current fit with your company's culture and values. All members of the team work out of the Austin office, with David based in Houston.



DAVID FORREST

- Engagement Partner
- More than 20 years of experience
- Firm board member who spends considerable time in the Austin office
- Works with various not-for-profits, including Bay Area Turning Point and Museum of Health and Medical Science in Houston
- CPA, State of Texas
- BBA, accounting, UT-Austin



TOM DONOVAN

- Concurring Review Partner
- 25 years experience
- Works with broker-dealer and technology audits, among other industries
- Concurring partner on Texas Health Insurance Pool, Seton Family, South Texas Higher Education Authority
- CPA, State of Texas
- BBA, UT-Austin



JACQUE MALLON

- Audit Manager
- Six years experience
- Works on Central Texas Regional Mobility Authority, Texas Pregnancy Care Network, Texas Municipal Police Association and Seton Family audits
- CPA, State of Texas
- BBA, accounting, Texas State University



TEAM MEMBERS

- Stephanie Prince, Audit Senior
 - » Four years experience, including three single audits
 - » BBA, accounting, Midwestern State University
- Sarah Israel, Audit Staff
 - » Worked on four single audits in past year, including Central Texas Regional Mobility Authority
 - » CPA license pending
 - » MPA, UT-Austin
 - » BBA, accounting, UT-Austin

AUDIT APPROACH



COMMUNICATIONS

We find open, candid dialogue essential to increase effectiveness and efficiency of an audit. We can't reach the finish line quickly if we aren't fixing problems immediately when they arise, and that requires teamwork between the engagement partner and your management. You should know what is happening at every stage of the audit and give input when required to complete a stage.

With Cindy Demers, Controller

- Regular updates on progress from the audit manager
- As needed with all significant matters as they come up
- At the end of the process for feedback discussion

With Bill Chapman, CFO, and Your Board of Directors

- Work directly with board's audit committee
- Be accessible to committee as needed, including taking an active role at meetings as requested
- Present results and answer questions about current audit

organization in the context of its environment, industry and objectives.

Business-risk focus

- Move the focus of the audit from the balance sheet and place it on your objectives and strategies, significant risks that impact them, and key processes that manage them
- Analyze external industry forces that significantly affect your organization
- Identify, document and analyze key processes you have put in place to manage those strategic risks that are relevant to the audit
- Feedback by considering the risks inherent in those processes and the controls that should be in place to manage them

Value-added advice

- Sound business advice based on best practices and industry-specific knowledge
- Look at areas that include your markets, products and services, alliances, business structure, philosophy and operating style, communications, computer information systems, and financial reporting environment as well as your objectives and strategies



SPECIFIC APPROACH

We believe that your auditor should analyze the



- Feedback and guidance on best practices and industry trends as we perform our audit

balance sheet accounts

Efficient, effective audit

- Focuses on your processes and the potential risks that stand in the way
- Work directed to those processes that have strategic importance to you

We will also use analytical procedures in the compliance and internal control testing phases of our audit in relation to Government Auditing Standards. For example:

- Personnel expenditures – trend analysis of average annual salary by segment, trend analysis of fringe benefits as an overall percentage of annual salary
- Other than payroll expenditures – analysis of percentage of other than payroll expenditures of total expenditures to the budget
- Cash management – trend analysis of total available funds, dollar value of income producing investments
- Operational statistics – trend analysis and relationship of operating expenditures to revenue and certain

ENGAGEMENT TEAM ROLES

Engagement Partner

- Buck-stopper
- Establishes and maintains contact and coordinates all services
- Directs activities of the entire team
- Approves audit approach
- Reviews results and conclusions
- Determines form and content of all reports and documents
 - » Report on financial statements, compliance and internal control reports and management letter
- Responsible for assuring standards are followed throughout the engagement

Concurring Review Partner

- Independent quality control review
- Ensures compliance with firm and industry standards
- Provides additional consulting and advice as needed

Tax Partner

- Oversees tax compliance services
- Consults on tax-related matters as needed

Audit Manager

- Plans and executes the audit
- Reviews day-to-day fieldwork
- Supervises all staff assigned to the audit

Audit Senior

- Oversees fieldwork
- Conducts detail testing of accounts
- Performs high-level analytics

Team Members

- Assigned based upon prior experience with private company audits
- Primarily staffed from our Austin office
- Will assign staff from other offices as necessary to meet engagement specifics and deadlines
- Repeated from period to period as much as possible



We invest in technology to enhance our audit process and to make the process as efficient as possible.

- Work paperless
- All work papers are stored electronically, using the most widely used audit software on the market
- Laptops in the field

- Portable scanners to create electronic copies of your printed documents
- EDP Software
- Secure and convenient internet portal for transferring documents between us



Management

- Basic financial statements, statement of functional expenses, and all accompanying information as well as all representations contained therein
- Identifying government award programs and understanding and complying with the compliance requirements
- Required to acknowledge in the representation letter our assistance with preparation of the financial statements

Staff

- Prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing

PMBHD

- Assists with preparation of your financial statements and related notes



RESOLUTION OF TECHNICAL ISSUES

- Interactive process, generally starts with issues raised by client and evaluated by engagement partner
- Disagreements or requests for second opinions go to a technical issues committee
- FASB, AICPA or other regulatory groups are consulted when appropriate
- Final decision made by audit partner in charge at PMBHD
- Constant communication maintained with management about the process and to answer questions



AUDIT WORKFLOW

Rather than being a rigid, linear process, our audit workflow serves as a guide to our approach, allowing our team the flexibility and creativity to use their professional judgment as to how best complete the audit.

Strategic Analysis

- Gain a thorough understanding of your business and the external forces that affect the company
- Identify strategic business risks and assess their significance to your business
- Plan our analysis of the key processes that you have put in place to manage these risks as well as the key

processes surrounding the recording of significant classes of transactions

- Done during the interim phase of the audit, when possible

Process Analysis

- Document and understand your key business processes by evaluating the risks embedded in these processes and the business, financial and compliance related controls in place to manage them, deciding on audit objectives associated with these process level risks and assessing the risk of significant misstatement in your financial statements for each audit objective
- Support this assessment through tests of controls over financial reporting throughout the period under audit to reduce the amount of period-end auditing combined with tests of controls over compliance, whenever possible, to improve overall audit efficiency

Remaining audit procedures and reporting

- Perform remaining audit procedures as planned
- Identify and investigate audit differences and evaluate findings
- Form our audit opinions
- Report our findings



AUDIT SAMPLING

In determining the tests to perform and associated sample sizes, we use professional judgment regarding the

appropriate level of detection risk minimum.

- Ensure that the sample is representative of the population sample's characteristics
- Determined using analytical procedures during planning
- Dual-purpose sampling allows the same sample items to be tested for internal control reliance and compliance testing
- Extent of a dual-purpose test is the greater of what otherwise would be chosen for the two separate purposes
- If used, the work papers will document the decision to use this approach and will include adequate evidence of the test work performed on internal control and on compliance



ANALYTICAL PROCEDURES

These are an important part of our audit process, as they allow us to make informed evaluations of CTRMA's financial statements by studying relationships among financial and non-financial data acquired during our audit.

Analytical procedures are required in planning and overall review under generally accepted auditing standards.

Planning

- Assist us in planning the nature, timing and extent of auditing procedures that will be used to obtain evidential matter for specific account balances or

classes of transactions

Overall Review

- Assess the conclusions reached and in evaluation of the overall financial statement presentation

Substantive Testing

- Obtain evidence, sometimes in combination with other substantive procedures, to identify misstatements in account balances and thus reduce the risk that misstatements will go undetected
- Different from those used in planning and overall review

Although the procedures used in performing each of these types of analytical procedures are similar, the rigor with which we apply each procedure, and the purpose for which we apply them differ significantly. We focus substantive analytical procedures on particular assertions about account balances, and focus our attention on the underlying factors that affect those account balances through the development of an expectation independent of the recorded balance.



CONTINUOUS IMPROVEMENT

Throughout our audit process, we will reassess our procedures based upon audit evidence obtained, and revise our audit plan as considered necessary for effectiveness and efficiency. This will be accomplished by team work between management and our audit team and include, but not limited to implementing the following:

- Critically assessing past audit procedures and findings, and removing low-value testing on insignificant, low-risk balances
- Providing management with more robust schedules for preparation by the Mobility Authority's staff, to allow your team the ability to more fully complete these standard audit templates
- Potentially allowing the Mobility Authority team members to complete data population for documenting our sampling selections
- Challenging the need for detailed testing when analytic testing seems appropriate and provides adequate audit assurance
- Reducing hours in the reporting phase of the audit by

leveraging prior experiences to produce a high quality, well written set of financial statements



The graphic features a blue square icon with a white maze-like pattern on the left. To its right is a horizontal orange bar with the text "KEY AREAS OF AUDIT FOCUS" in blue, uppercase letters.

For the Mobility Authority, we have identified the following areas we would consider areas of risk that should be given extra attention.

- Revenue recognition/Accounts receivable
- Investments
- Fraud risks
- Internal controls and corporate governance
- Use of information technology



ABOUT PMBHD



CLIENTS FIRST

At our Firm, that's not just a quippy slogan or catchy tagline. Our roots are firmly planted in the philosophy of doing our best for and by our clients.

This means providing unmatched personal service often missing at bigger firms, while still meeting your needs with the highest quality skill and knowledge.

Our three-pronged service commitment calls for actively involved partners, strictly met deadlines and closely kept budgets. We believe our accounting experience is best deployed for you when engagements are consistent, timely and cost-effective.



JUST THE FACTS

- Full-service accounting and consulting firm
- Based in **Austin, Texas**
- Seven offices across Texas, California and Washington
 - » Two offices headed by female partners
- 20 partners and more than 125 professional staff
- More than 45 CPAs
- Audit, tax and advisory support for governmental agencies, emerging to middle market organizations

and not-for-profits

- More than 1,000 corporate tax clients
- More than 300 corporate audit clients
- Affiliation with Russell Bedford International provides a global reach with a presence in over 90 countries with over 200 offices and 5,000+ professionals
- Diverse client base composed of **government agencies**, closely held businesses, publicly traded companies, non-profit organizations, hedge and investment fund entities, broker dealers and individuals
- Currently provide audit services to more than **100 governmental entities** and not-for-profit organizations, including community service, public charity and private organizations



PUBLIC SECTOR SERVICES

- Single audit
- Financial statement audits and reviews
- Compliance attestation and audits
- Employee benefit plan audits
- Internal control assessment and attestation, including Service Organization Control engagements

- Tax compliance
- Unrelated business income tax consulting
- Advisory services
- IT Advisory, including technology and process assessments and system implementation assessments



QUALITY CUSTOMER SERVICE

Our ability to deliver comprehensive quality service using our risk-based audit approach is directly related to the skills of the team members.

We understand the need to have an interdisciplinary team consisting of industry-oriented auditors. We work smarter by eliminating low-value work and focusing on areas with potentially greater risk and rewards. Your client service

team will bring capability, knowledge, insight and appropriate company expertise to the audit.

As a result, you get timely and active partner involvement. This is perhaps the most important factor for delivering top-quality services. Our partners and staff devote a significant portion of their time in the planning process of the engagement to ensure the audit approach and our execution of audit fieldwork will meet your objectives.

In addition to formal training courses, we recognize that familiarity and experience with a specific client is important in providing the highest level of professional performance.

We measure quality service through questionnaires, follow up meetings and conversations with client personnel.



APPENDIX A: EXPERIENCE



SINGLE AUDIT EXPERIENCE

Representative Austin Clients

- TMF Health Quality Institute
- Central Texas Regional Mobility Authority
- South Texas Higher Education Authority
- Texas Municipal Police Association
- Seton Health Plan
- Texas Health Insurance Pool
- Starry
- Any Baby Can
- Texas Pregnancy Care Network
- Texas Municipal Police Association
- Easter Seals of Central Texas
- Any Baby Can of Austin
- Communities in Schools
- College Forward
- Asuragen
- Seton Family of Hospitals
- Texas Health Insurance Pool
- Council for South Texas Economic Progress

CLIENT REFERENCES

Texas Health Insurance Pool (Single Audit)

P.O. Box 17463, San Antonio, TX 78217

Steve Browning, Executive Director

512-441-4665

\$90 million in total assets, \$336 million in revenue

TMF Health Quality Institute (Single Audit)

5918 West Courtyard Drive, Suite 300, Austin, TX

78730-5036

Pamela Hoernis, CFO

512-329-6610

\$45 million in assets, \$75 million in revenue

South Texas Higher Education Authority (Single Audit)

200 South 10th Street, Suite 502, McAllen, TX 78501

Adam Gonzalez, Sr. Vice President

956-971-3304

\$587 million in total assets, \$28 million in revenue

Lakeway Municipal Utility District (Financial Statement Audit)

1097 Lohmans Crossing Rd, Lakeway, TX 78734

Earl Foster, General Manager

512-261-6222, Ext 140

\$33 million in total assets, \$7.2 million in revenue

APPENDIX B: BONA FIDES

FIRM LICENSES AND MEMBERSHIP

- Texas State Board of Public Accountancy to practice public accounting in the State of Texas
- Licensed in several other states
- American Institute of Certified Public Accountants (AICPA)
- Texas Society of Certified Public Accountants
- AICPA Government Audit Quality Center
- Audit Quality Center for Public Company Audit Firms
- AICPA Employee Benefit Plan Audit Quality Center
- Public Company Accounting Oversight Board as required by the Sarbanes-Oxley Act for firms providing audit services to SEC clients
- Russell Bedford International

PEER REVIEWS

- American Institute of Certified Public Accountants
 - » 2011 - most recent of our system of quality control for our accounting and auditing practices applicable to non-SEC issuers
 - » Unqualified report
 - » Attached as Appendix C

- Public Company Accounting Oversight Board
 - Unqualified report
 - Available on request

FIRM INDEPENDENCE

- Currently meet the appropriate criteria for independence for this engagement
- Not aware of any relationships with you or existing clients that would jeopardize our objectivity and independence in executing this engagement
- Committed to maintain independence as your auditors
- Constant monitoring of our policies and procedures
- Require all professionals to compare current and prospective investments to a list of clients to ensure personal investments do not impair independence

INSURANCE IN FORCE

- \$1 million in general liability per occurrence
- \$1 million workers compensation coverage
- \$3 million in professional liability coverage.

TECHNOLOGY RESOURCES

- Technical research information services that cover substantially
 - » All AICPA Technical Issues, including Trends & Techniques, Practice Aids and Industry Guides

- » All FASB and GASB literature, including Current Text, Original Pronouncements, Emerging Issues Task Force Issues, SEC and PCAOB regulations
- » Accessible electronically, which allows us to remain up-to-date with the technical accounting rules, promptly research auditing, accounting and financial reporting issues as they arise and provide our clients with prompt and accurate responses to complex technical issues
- Leading professional audit software
 - » Includes automated trial balances, lead schedules, audit programs and checklists and sampling applications to ensure an efficient audit
- Licenses with ProSystemsFX for use in providing tax compliance services

AFFIRMATIVE ACTION POLICY

- Equal opportunity employer
- Employment decisions based on merit and without regard to an employee's age, race, sex (including pregnancy), gender, gender identity, color, creed, religion, national origin, citizenship, marital status, physical or mental disability, medical condition including genetic characteristics, sexual orientation, veteran status or any other consideration made unlawful by federal, state or local law
- Prohibits unlawful discrimination based on the perception that anyone has any of those

- characteristics, or is associated with a person who has or is perceived as having any of those characteristics
- Applies to all phases of the employment relationship and to all personnel, at every level of the Firm
- Prohibits unlawful discrimination by any employee towards customers, vendors, contractors and persons working or visiting on the Firm's premises
- Requires to make reasonable accommodations, as required by law, for the known physical or mental disability of an otherwise qualified employee or applicant, provided the accommodation does not impose an undue hardship or cause an undue risk to health or safety. Any applicant or employee who requires an accommodation in order to perform the essential functions of his or her job must contact our HR – Partner(s) and request such an accommodation.
- The Firm has implemented numerous policies that are designed to achieve important business objectives. We recognize, however, that an otherwise legitimate workplace policy can have unintended consequences to individuals in a particular group or class.
- Examples of “protected classes” include, but may not be limited to, race or color; national origin or ancestry; sex or gender; gender identity; sexual orientation; religion; age (for persons 40 and older); mental or physical disability; veteran status; and medical condition.

APPENDIX C: PEER REVIEW LETTER



Tel: 210-342-8000
Fax: 210-342-0866
www.bdo.com

40 NE Loop 410
Suite 200
San Antonio, TX 78216

System Review Report

November 30, 2011

To the Partners of PMB Helin Donovan, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of PMB Helin Donovan, LLP (the firm), applicable to non-SEC issuers, in effect for the year ended June 30, 2011. 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. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; audits of employee benefit plans, and audits performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of PMB Helin Donovan, LLP, applicable to non-SEC issuers, in effect for the year ended June 30, 2011, 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. PMB Helin Donovan, LLP has received a peer review rating of *pass*.

BDO USA, LLP



Qualifications to Provide Financial Auditing Services

March 13, 2105

Presented to:

Central Texas Regional Mobility Authority

Presented by:

Adam McCane, CPA | Partner, Assurance Services
Direct: 512.609.1968 | adam.mccane@weaver.com



7601 S. MoPac Expressway, Suite D250
Austin, Texas 78746
www.weaver.com

*****ORIGINAL*****

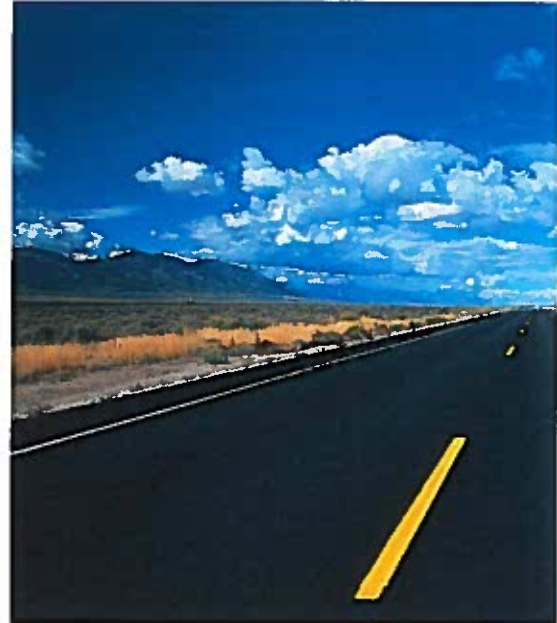
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Executive Summary

Government agencies like the Central Texas Regional Mobility Authority face distinct challenges when it comes financial reporting. You must balance the need to meet regulatory and financial reporting requirements with the need to minimize impact on day-to-day operations—all within increasing operational and budgetary constraints.

With 65 years of assurance experience and deep knowledge of single audit requirements, Weaver understands the complex landscape entities like the Mobility Authority must navigate on a daily basis. Weaver focuses on providing high quality, insightful, value-added audit services tailored to your specific risks and challenges—never losing sight of your need to operate effectively and efficiently.



With more than 500 employees and seven offices across Texas, Weaver offers the Mobility Authority the best of both worlds: the depth of knowledge and experience you expect from the Big Four, with the hands-on, personal level of service you expect from a smaller, local firm.

Why Weaver?

Experience

With a dedicated public sector practice comprised of more than 120 professionals — the largest industry practice within our firm — and more than 300 public sector clients, Weaver understands the nuance and intricacies of government operational structures, financials and reporting requirements. We know that government entities often operate with limited resources, but that doesn't mean you should miss out on best-in-class services. The level of specialized knowledge we have developed over the past six decades is second to none, and we will bring that full knowledge to bear in service of your goals. Leveraging best practices and lessons learned from a wide variety of industries and organizations, we work to help you manage your financial reporting requirements efficiently, so you can focus on continuing the more important task at hand: improving the transportation system in Williamson and Travis counties.

Collaboration & Relationship Building

At Weaver, success isn't built on engagements, it's built on relationships. With a strong focus on continuity and communication, we work to cultivate a lasting, collaborative relationship with you. To that end, your partner provides much more than oversight and accountability during the audit — he remains available to you throughout the year. This collaborative, client-focused spirit truly sets Weaver apart from other firms.

Unparalleled Quality

We are proud of our high standards and quality work product. Weaver has been a member of the AICPA Center for Audit Quality since the inception of the program, and undergoes an independent peer review every three years to ensure we're maintaining the highest standards possible. Weaver has received the highest possible rating on every peer review completed to date. No firm in Texas can match our experience and capabilities in providing audit services to Texas public sector entities.

Ability to Deliver Services Cost Effectively

Weaver understands the importance of cost-effectiveness, especially for public sector agencies. That's why we focus on real value — providing the highest degree of client service and quality in the most cost-effective manner. By taking a function-specific approach — staffing the right resources at the right time, based on the tasks at hand — we are able to ensure cost-efficient services for the Mobility Authority without sacrificing the quality that has become our hallmark.



NATIONAL AND LOCAL RANKINGS

#7 Largest Austin Accounting Firms | *Austin Business Journal*

#5 Largest San Antonio Accounting Firms | *San Antonio Business Journal*

#6 Largest Accounting Firms in Texas | *Houston Business Journal*

#10 Largest Houston-Area Public Accounting Firms | *Houston Business Journal*

#4 Largest Tarrant County Accounting Firms | *Fort Worth Business Press*

#8 Largest North Texas Accounting Firms | *Dallas Business Journal*

2014 Top 50 Firms | *INSIDE Public Accounting*

2014 BEST of the BEST Firms | *INSIDE Public Accounting*





1. General Information

A. Firm Name

Weaver and Tidwell, L.L.P. is a firm with offices in seven major Texas cities: Austin, San Antonio, Houston, Fort Worth, Dallas, Midland and Odessa. We have approximately 500 employees, including 70 partners.

B. Corporate Headquarters Address

Weaver's corporate headquarters is located at: 2821 W. 7th Street, Suite 700, Fort Worth, Texas 76107.

C. Local Office

The financial compliance and audit services for the Mobility Authority will be managed and staffed from our Austin office, located at: 1601 S. MoPac Expressway, Suite D250, Austin, Texas 78746. However, all of Weaver's resources work collaboratively across locations to provide the full range of the firm's services. The professionals in our public sector group have a broad range of assurance, advisory and tax experience, nonprofit industry knowledge and various technical skills. As such, we are able to draw upon additional resources and key subject matter advisors at various stages of the engagement, as needed. With this leveraged model, Weaver is able to offer the Mobility Authority a fully customized team that can adjust dynamically and quickly to meet your needs throughout all stages of the engagement. It also enables us to provide a holistic, multidisciplinary approach with added innovation, thought-leadership and insight.

D. Firm Accounting and Audit Capabilities

Weaver's dedicated public sector services group is one of the largest industry practices in the firm, with more than 120 professionals serving more than 300 public sector clients across the state. In fact, public sector clients currently account for more than 30 percent of the firm's audit revenue.

Our industry team performs more than 100 public sector audits annually, including federal and state compliance audits under OMB Circular A-133. Our experience also includes CAFR preparation for Government Finance Officers Association (GFOA) recognition, grant compliance and third-party grant compliance audits. Our substantial public sector client base includes:

- More than 75 entities that receive federal funding sufficient for a single audit
- Seven entities that receive more than \$100 million in federal financial assistance

In addition to assurance services, we also provide public sector clients with internal audits (both outsourced and co-sourced), risk assessments, enterprise risk management consulting, business process improvement, IT audits and forensic accounting.

The benefits of this diverse experience are clear: Weaver professionals are well informed about the issues our government clients face. Our broad and sustained experience enables us to take a particularly thoughtful, holistic approach, balancing your short-term reporting needs with your long-term objectives.

Peer Review

The adequacy of our quality control system for our accounting and auditing practice and our compliance with that system are independently evaluated every three years through a peer review conducted under the auspices of the AICPA Center for Audit Quality and the AICPA Center for Public Company Audit Firms, as well as inspections through our registration with the Public Companies Accounting Oversight Board (PCAOB).

Weaver has received unmodified reports on every peer review to date. Our latest peer review was conducted in September 2013; Weaver received a pass rating, with no letters of comment — the highest grade possible. In fact, we have received no letters of comment on our last four consecutive peer reviews — an uncommon achievement that further underscores our commitment to quality.

E. Claims

Although litigation sometimes occurs during the normal course of business, any such cases have been without merit. Our professional liability insurance covers any claims that have arisen, without financial impact to the firm. As such, we confirm that there is no past or pending litigation, nor any claims, that would affect our performance under a contract with the Mobility Authority.

2. Financial Audit Experience

A. Government Auditing Experience

As mentioned previously, Weaver serves approximately 300 public sector clients. To list all of them would be space prohibitive. On the following page, we have provided three references, per the RFQ, as well as an expanded list of representative public sector clients.

Client	Services Provided	Contact
Fort Worth Transportation Authority	Audit of financial statements and A-133 single audit	Rebecca Thornton Vice President, Director of Accounting 817.215.8741 Rthornto@the-t.com
Trinity River Authority	Audit of financial statements	J. Kevin Ward General Manager 817.467.4343 wardk@trinityra.org
Denton County Transportation Authority	Audit of financial statements and A-133 single audit	Anna Mosqueda CFO 972.221.4600 amosqueda@dcta.net

REPRESENTATIVE PUBLIC SECTOR CLIENTS

Local & Regional Entities

Bethany Special Utility District
 Bexar Metropolitan Water District*/+
 Central Texas Council of Governments*/+
 Dallas County# /^
 Denton County Transit Authority*/+/
 East Texas Council of Governments*/+
 Edwards Aquifer Authority*
 Ellis County Rural Rail Transport
 Emergency Communication District of Ector Co.
 Fort Worth Transportation Authority*
 Greenville Electric Utility^
 Houston Galveston Area Council# /^
 Lake Cities Municipal Utility Authority#
 Lancaster Housing Authority*
 Lubbock Housing Authority*
 McKinney Housing Authority*
 MHMR of Tarrant County*
 Monahans Housing Authority*
 North Texas Tollway Authority^
 North Central Texas Council of Governments*/# /+/
 North Texas Municipal Water District# /^
 Odessa Housing Authority*
 Pecos County TJPC
 Reeves County TJPC
 Region XI Education Service Center#
 Region XIII Education Service Center^
 Stanton Housing Authority*
 Tarrant County Tax Collectors Office#
 Tarrant Regional Water District#
 Trinity River Authority+/
 Williamson County */+

State Entities

Employee Retirement System of Texas# /^
 Texas Adjutant General's Office
 Texas Department of Insurance#
 Texas Health Services Authority^
 Texas Lottery Commission
 Texas Military Department^
 Texas Municipal Power Agency+
 Texas Permanent School Fund
 Texas State Auditor's Office

Municipalities

City of Arlington^
 City of Allen*/+
 City of Benbrook*
 City of Bryan*/+/# /^
 City of Cedar Hill*/+
 City of Dallas^
 City of Denton*/+/#
 City of Euless, Texas*/+
 City of Friendswood*/+
 City of Galveston*/+
 City of Grand Prairie*/+
 City of Greenville*/+/# /^
 City of Houston# /^
 City of Killeen*/+
 City of Lewisville^
 City of McKinney*/+/#
 City of Midlothlan+
 City of Rowlett+
 City of Saginaw*
 City of Sanger
 City of Southlake*/# /+
 City of Springtown*

City of Tomball */+
 City of University Park*/+
 City of Wylie*/+
 Town of Addison*/# /+/
 Town of Little Elm*/+
 Town of Highland Park*/+
 Town of Trophy Club+

Educational Entities

Burleson ISD*/+
 Conroe ISD*/+
 Dallas County Schools
 El Paso ISD^
 Fort Worth ISD*/+/# /^
 Frisco ISD# /^
 Garland ISD*/+/#
 Hurst-Euless-Bedford ISD*/+
 Higher Education Servicing Corporation#
 Highland Park ISD*/+
 Irving ISD*/+/# /^
 Keller ISD Education Foundation, Inc.
 Keller ISD*/+
 La Porte ISD*/+
 Laredo ISD */+
 Mesquite ISD*
 McKinney ISD^
 Midland ISD*
 Montgomery ISD */+
 North Texas Higher Education Authority
 Northside ISD
 Plano ISD*/+
 Rockwall ISD*/^
 Tarrant County College District*/+/#

Legend: * A-133 Single Audit | + Recipients of GFOA Award | # IT Audit | ^ Risk Advisory

B. Primary Contact

Adam McCane, who is relocating from Weaver's headquarters to Central Texas in order to better support our growing client base in the region, will serve as the engagement partner for the Mobility Authority, and will manage this engagement from Weaver's Austin office. In this role, he will serve as your primary point of contact, and provide overall guidance and coordination for the audit. He will also remain available to you throughout the year for routine questions and guidance. Adam's contact information is provided below:

Adam McCane, CPA | Partner, Assurance Services | Direct: 512.609.1968 | Email: adam.mccane@weaver.com

C. Engagement Team

At Weaver, we continually strive to bring you our best and brightest. Weaver engagement teams are marked by continuity, cross-functional communication, leadership and stability—all important factors for any engagement team to be effective. Team members for every engagement are selected for their technical ability, experience, management skills and capacity to meet client deadlines.

One of the ways we ensure capacity to meet deadlines and schedules is through our function-specific approach to engagement staffing: we focus on leveraging the right resources at the right times, ensuring that teams are assigned based on the specific tasks required during each of the audit phases, as well as the timing of those tasks.

As mentioned previously, our public sector services group is made up of more than 120 professionals, and we are also able to draw upon any of our other professionals across the organization, as engagement needs dictate, to ensure that we meet timing and other engagement needs.

Brief profiles of the team leadership have been provided below; more detailed resumes have been provided in Appendix A.

Adam McCane, CPA | Engagement Partner

Adam will serve as the engagement partner for the Mobility Authority. In this role, he will provide overall guidance and coordination, and will be instrumental in planning the engagement specifics and managing the plan. Adam has more than a decade of experience working in public accounting. He serves as the audit engagement partner for many public sector organizations, including numerous special-purpose entities and authorities, cities

and school districts, many of which require A-133 single audits and CAFR preparation. Authoring numerous articles for professional and business publications, he provides valuable technical and industry insights. Adam is licensed to practice as a Certified Public Accountant in Texas. He is a member of the Government Finance Officers Association Special Review Committee, is a former treasurer of the Presbyterian Night Shelter of Tarrant County, and is an active local member of the AICPA and the TSCPA. He earned a bachelor's degree in accounting and finance from Texas Christian University.

Jerry Gailther, CPA, CGMA | Technical Review Partner

Jerry has more than 37 years of experience leading engagement teams in financial audits for the most complex government entities. In addition, he is responsible for developing Weaver's audit methodologies for financial auditing of government entities including cities, regional governments and public school districts as well as single audits meeting the requirements of the U.S. Office of Management and Budget (OMB) A-133. He is an associate member of the Government Finance Officers Association and also serves on the Special Review Committee. Jerry is a Certified Government Finance Manager and a former member of the Technical Issues Committee of the American Institute of Certified Public Accountants as liaison to the Governmental Accounting Standards Board. He graduated with a bachelor's of business administration degree in accounting from Texas Christian University.

Roger Tovar, CPA | Audit Manager

Roger will serve as audit manager, supervising audit staff throughout the engagement and ensuring that work is progressing on schedule. He has more than eight years of public accounting experience, and has audited a wide variety of public sector clients. He is skilled in applying single audit, government auditing standards and AICPA auditing standards, federal single audits under OMB Circular A-133, and preparing financial reports that meet GFOA requirements. A member of the Texas Society of Certified Public Accountants and the American Institute of Certified Public Accountants, he earned a Bachelor of Business Administration in accounting from Angelo State University.

Marlon Williams, CPA, ACDA | Data Analytics Subject Matter Advisor

Marlon has more than 17 years of experience in public accounting, with a practice concentration on providing accounting and auditing services for companies in the manufacturing, wholesale, financial services and professional service industries, as well as for government and nonprofit entities. As one of few ACL Certified Data

Analysts in the state of Texas, Marlon specializes in using technology to increase the efficiency and accuracy of Weaver's engagements.

Brittany George, CISA | Information Technology Subject Matter Advisor

Brittany has more than 10 years of IT advisory experience, including more than two years of experience in KPMG's Information Technology Advisory practice, and more than two years with TXU/Capgemini Energy. Her practice emphasis includes IT audit, security and consulting services; she is also highly experienced with SOX attestations, SOC reporting and compliance audits. She has helped plan and execute some of Weaver's most significant IT controls engagements, with a heavy focus on information security. A Certified Information Systems Auditor (CISA), Brittany also serves on the North Texas board of the ISACA, and is a member of IIA, AFCOM, and the Metroplex Technology Business Council (MTBC), where she is involved in MTBC's Cloud Computing Special Interest Group.

D. Nature of Services Performed for Government Entities

Having provided services to public sector entities for more than six decades, and with more than 300 recent public sector clients, it would be prohibitive to list all of the services provided for each. We have included a summary of services provided for each reference provided on page 5, and would be happy to provide additional details regarding services provided for additional similar clients. For a full listing of the services provided by the firm, please refer to Item H.

E. Engagement Approach

Overview of Our Approach

Weaver's audit methodology is designed to be collaborative, comprehensive and efficient, with guidance from your engagement partner throughout. We focus on identifying potential risks that could lead to material misstatement of the basic financial statements, and tailor our audit accordingly.

When we evaluate your risks, we focus not only on understanding your operations and accounting processes, but also on examining your internal control systems and the capabilities of its personnel. We also take time to properly identify major programs for single audit purposes, so that the audit meets requirements without wasting our time or your money.



The Transition to Weaver: Making it Easy on Your Personnel

Weaver's goal is to make the transition process seamless and efficient. Current auditing standards require us to get certain information from the previous auditor before accepting a new engagement. Once those inquiries are finished, we will coordinate the work paper review as quickly as possible and begin the planning stages of the audit, with the goal of a timely understanding of your controls and processes. This understanding enables us to tailor our request list accordingly, and ensures that we are only requesting information that has a direct impact on your financial processes. This makes the transition easier not only on you, but also on your third-party vendors and investment managers. Our objective is to allocate only those tasks to you that will result in the greatest cost-efficiency overall. Whenever possible, we attempt to minimize the audit's impact on your staff by using the information your management already prepares and uses regularly. Weaver can accept electronic data from virtually every accounting system on the market, which reduces the time required by your personnel to send us necessary information.

Weaver will not bill you for the time spent during the first year enhancing our understanding your operations, developing programs and documenting internal controls. We see this time as an investment in continuing our long-term relationship with you.

Use of Technology during the Audit

Weaver uses cutting-edge electronic technology to further improve our efficiency throughout the audit process. We were one of the first CPA firms to adopt the paperless environment. Now, over years of practice, we have organized our system to create the most efficient workflow. Our audit file software is used to store, share, review and track all items related to the engagement. As our client, you will have access to a portal system to exchange files—no matter how large—in a secure environment. Our portal allows both our team and yours to store files for instant, secure access, creating a virtual network where the audit team can collaborate with you.

Weaver auditors also leverage instant messaging and screen-sharing tools among the team, which enables team members to look at documents together or review findings no matter where they are physically working.

Communication Approach

Adding value and ensuring quality starts with open and regular communication. For Weaver, that means hands-on partner involvement and team leaders who communicate with clients on a regular basis. This serves as the ever-valuable foundation in every Weaver engagement. Throughout the audit — and throughout our entire relationship with you — Weaver will remain in close communication with your management team.

Our philosophy is a “no-surprises” audit. Therefore, whenever there is a question or a potential issue, we will immediately bring it to your attention, seek your confirmation of the data, and ask about any relevant circumstances. Conferences held during the engagement will include entrance and exit conferences at the beginning and conclusion of interim work; entrance conferences at the beginning of fieldwork; weekly progress conferences with appropriate Mobility Authority management during fieldwork; and exit conferences at the end of fieldwork. We will also meet with you on a regular basis to facilitate a constructive exchange about work in progress and related issues; provide technical updates and discuss how they affect the organization; learn about changes in your forward-looking strategies as we look to the next season; and gain an understanding of your overall satisfaction to date.

Auditing Computer Systems

Organizations are heavily dependent upon their internal computer systems. Whether utilizing “off the shelf” vendor-created software or custom-developed systems tailored to the organization’s needs, the information produced through these systems must be complete, accurate and reliable. Our experience with data analytics and assessing IT controls for a wide variety of organizations and systems allows us to comprehensively assess an organization’s internal control environment and provide insights on achieving efficiencies.

Using data-mining software that can analyze any size and number of records, Weaver can perform audit procedures over computer systems in support of the financial statement audit team in the fulfillment of their obligations under professional standards. We are able to perform analytical reviews, review general ledger information, import trial balances, review check registers, and examine various other data obtained during the audit efficiently and effectively using ACL.

F. Procedures and Work Schedule

Phase 1: Planning

(Timing: May, 2015)

During the planning phase, we will meet with you to learn more about your operations and processes, find out your preferences, ask for the reports and data we will need, and set milestones and deadlines. We will also review prior-year work papers and financial statements, identify potential risks, and calculate a preliminary estimate of materiality. As we flesh out our detailed audit approach, we will ensure that audit tests are efficient, not repetitive. We will also modify the audit program as needed to reflect changes in conditions or audit standards, unexpected results from tests of operating effectiveness of internal accounting controls, new information or unanticipated activities.

Phase 2: Control Documentation & Preliminary Field Work Activities

(Timing: June/July 2015)

As an integral part of our audit planning, we complete questionnaires, narratives and walkthroughs relating to internal control, operations and accounting processes. A more in-depth understanding will enable us to perform a more thorough, efficient and effective audit. In addition, the better we understand your organization, the more helpful our management comments and recommendations will be.

During this phase, we will examine your internal controls to make sure they are properly designed and functioning as intended, particularly when those controls may affect grant expenditures (as required by OMB Circular A-133). We will test the internal control structure as part of our interim fieldwork. When we examine internal controls, we will also be looking at the laws and regulations that affect your grant reporting, from state rules to federal single audit requirements.

Single Audit (OMB Circular A-133)

We will test internal controls over compliance requirements for major federal and state programs that have a direct and material impact on each program. Following are the compliance requirements to be considered for all federal programs:

- Transactions are properly accounted for and recorded to:
 - Permit the preparation of reliable financial statements and Federal reports

- o Maintain accountability over assets
- o Demonstrate compliance with laws, regulations and other compliance requirements
- Transactions are executed in compliance with:
 - o Laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on a Federal program
 - o Any other laws and regulations that are identified in the Compliance Supplement
- Funds, property and other assets are safeguarded against loss from unauthorized use or disposition
- Specific requirements for major federal financial assistance programs have been addressed, as applicable:

<ul style="list-style-type: none"> o Activities allowed or disallowed o Allowable costs/cost principles o Cash management o Davis-Bacon Act o Eligibility o Equipment and real property management o Matching, level of effort, earmarking o Period of availability of federal funds 	<ul style="list-style-type: none"> o Procurement and suspension and debarment o Program income o Real property acquisition and relocation assistance o Reporting o Sub-recipient monitoring o Special tests and provisions
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Phase 3: Final Fieldwork

(Timing: August 2015)

After you complete the year-end closing of accounts, our team will begin final fieldwork. This is the time when we perform most of the substantive tests on your data and prepare our audit work papers. Weaver will be onsite for the majority of this time due the efficiency of working collaboratively with your finance department and accounting staff. During this time, the auditors will:

- Perform audit tests and complete preparation of audit work papers
- Complete audit programs, procedures and conclusions
- Audit conversion entries to government-wide financial statements
- Discuss audit findings and adjusting entries with your in-house auditor or management

- Obtain your representations and attorney letters

Substantive Procedures

Weaver determines the audit approach and the specific procedures performed for various financial statement accounts and transactions (e.g., cash and investments, long-term debt, etc.) based on our experience with similar entities. We tailor these procedures to your specific accounting system and controls in order to perform the audit thoroughly and efficiently.

The financial objectives of these procedures are to provide reasonable assurance that you will be able to accurately process, summarize and report financial data consistent with management's assertions. Those assertions cover classes of transactions, year-end account balances, and presentation and disclosure of financial data.

Between our assurance and advisory groups, we currently have more than a dozen computer specialists experienced in evaluating computer controls. These specialists have the ability to review all computer control checklists completed by the Mobility Authority's staff and make additional inquiries and recommendations, when appropriate. Additionally, if so requested, the firm's computer specialists are available to meet with the Mobility Authority to discuss any matters of concern that the Mobility Authority may have related to its use of technology and computer systems.

Phase 4: Financial Review and Quality Control

(Timing: August/September 2015)

Weaver has built multi-layered quality assurance processes into our audit methodology. These layers give us repeated opportunities to check each other's work; they also ensure that the engagement partner and technical review partner are closely involved with your audit.

After fieldwork is complete, the engagement partner will review the entire engagement, with particular attention to significant audit areas. In addition, the draft report and work papers will be reviewed by the technical review partner, to determine the completeness with which the engagement has been performed. The auditor's review will determine whether judgments made by others are reasonable in relation to the supporting data and to generally accepted accounting principles, auditing standards, government auditing standards and firm policy.

In addition to performing our internal quality review, we will also present the draft report to you, reviewing any management comments or recommendations. If there were questions or potential issues, of course, we would have brought them to your attention during the fieldwork. When discussing the draft report, we will seek your confirmation of our findings and answer any questions you have about the recommendations.

Phase 5: Reporting

(Timing: Draft of financial statements, A-133 single audit and management letter – September 2015; Final report no later than second week of October)

After our internal reviews have confirmed that the audit is accurate and complete, you have reviewed the draft reports, and we have incorporated your management responses and related information, Weaver will issue the final audit documents:

- A report on the fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles
- A report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements
- A report on compliance for each major program and on internal control over compliance, as applicable
- A management letter

Our final reports on compliance and internal controls will detail any “significant deficiencies” in internal control found during the audit. Significant deficiencies that are also material weaknesses will be identified as such in the report. Lesser deficiencies will be reported in a separate letter to management.

Weaver will present our findings to the parties designated by the Mobility Authority. At that time, we will explain our findings, present practical recommendations for improvement (if needed), and answer your questions. After the end of the engagement, your engagement partner and manager will remain accessible to answer your questions and help you prepare for the next audit.

G. Depth of Experience Performing Financial Audits

As mentioned previously, Weaver has been providing assurance services to Texas entities for more than six decades. Our extensive knowledge of government auditing standards includes a commitment to membership in key standards-setting bodies, including:

- Membership in AICPA's Governmental Audit Quality Control Center (GAQC)
- Membership in the AICPA National Peer Review Committee
- Membership on the AICPA Auditing Standards Board
- Membership in the Government Finance Officers Association (GFOA), including nine members on the GFOA Special Review Committee
- Membership in the Government Finance Officers Association of Texas (GFOAT)

H. In-house Technical Capabilities

Weaver is a full-service CPA firm. We have the in-house capabilities to provide a full range of assurance, advisory and tax services. In an effort to meet the page limit restriction, additional information regarding our services has been provided in Appendix B.

HUB Status and Affirmative Action Policy

Weaver is not a HUB or DBE. However, we are accustomed to dealing with diversity objectives as appropriate for our public sector and Fortune 500 clients alike. When possible and appropriate, we subcontract to MWBEs to assist clients with meeting their diversity goals. Weaver is also strongly committed to diversity in the workplace and community. Recruiting, retaining, educating and advancing men and women of all backgrounds and cultures helps reflect the diversity of Weaver's clients, partners and our communities. Weaver is committed to providing equal employment and advancement opportunities regardless of age, race, creed, color, national origin, ancestry, marital status, gender, military status, sexual orientation, or disability that can be reasonably accommodated.

The firm takes pride in the different perspectives and experiences that make up our environment, embracing people from varied national and international cultural and community backgrounds. This diversity applies to Weaver's staff, selection of business partners and vendors, and the way in which business is generally conducted. Weaver believes that promoting such diversity among its staff helps position itself as a stronger, more competitive firm in the marketplace. Weaver's efforts in our communities reflect the ongoing commitment to build diverse partnerships and to promote and celebrate the unique experiences, beliefs and differences of individuals. Maintaining these core values provides our communities with the support and relationships that are necessary in order to work together in the fullest potential.

Appendix A: Engagement Team Resumes

Adam McCane, CPA

Partner, Assurance Services

Professional Experience	<ul style="list-style-type: none"> • More than 11 years of public accounting experience • Practice concentration includes audit and assurance engagements for local government entities such as cities, school districts and counties • Serves as audit engagement partner for government entities with revenues exceeding \$200 million 	
Representative Client Experience	<ul style="list-style-type: none"> • Fort Worth Transportation Authority • Bethany Special Utility District • Texas Emergency Services Retirement System • MHMR of Tarrant County • City of Benbrook • City of the Colony • City of Euless • City of Grand Prairie • City of Lancaster 	<ul style="list-style-type: none"> • City of Midlothian • City of Springtown • City of Weatherford • City of White Settlement • Town of Northlake • Arlington ISD • Birdville ISD • Crowley ISD • Grapevine-Colleyville ISD • Hurst-Euless-Bedford ISD • Dallas County Schools
Professional Involvement and Recognition	<ul style="list-style-type: none"> • Member, Texas Society of Certified Public Accountants (TSCPA), Fort Worth chapter • Member, American Institute of Certified Public Accountants (AICPA) • Member, Special Review Committee, Government Finance Officers Association (GFOA) • Past Treasurer, Presbyterian Night Shelter of Tarrant County 	
Recent Publications and Presentations	<ul style="list-style-type: none"> • "More Credit Loss Disclosure Requirements – Are You Ready?," Bankers Digest, November 2011 • "Meeting TEA Annual Financial Audit Requirements Effectively and Efficiently," TASBO Report, May 2010 • "The Art of a Successful Audit," GFOAT Newsletter, September 2009 • Instructor, various continuing professional education classes, such as "Computer Assisted Auditing Techniques Through the Use of ACL," "Auditing Investment Companies," and "Intermediate Governmental Accounting" 	
Education and Certifications	<ul style="list-style-type: none"> • Certified Public Accountant, Texas • Bachelor of Business Administration, Accounting and Finance, Texas Christian University • Currently meets continuing professional education required by Generally Accepted Government Auditing Standards and the Texas State Board of Public Accountancy 	

Jerry L. Gaither, CPA, CGFM

*Partner-in-Charge, Public Sector Services
Partner, Assurance Services*

Professional Experience	<ul style="list-style-type: none"> • More than 37 years of public accounting experience • Extensive experience in the government and nonprofit industries providing financial audits, risk advisory services, forensic and litigation accounting support and consulting • Directs Weaver’s strategic plans for the public sector practice, including the development of staff training, audit methodology and market development • Develops Weaver’s audit methodologies for financial auditing of government entities including cities, regional governments and public school districts, providing single audits meeting the requirements of the U.S. Office of Management and Budget (OMB) A-133 • Engagement partner for four of the 25 largest Texas cities and three of the 15 largest Texas school districts • Serves as audit engagement partner for school districts with total assets up to \$1.5 billion and total revenues up to \$825 million • Serves as audit engagement partner for governmental entities with government wide assets up to \$1.3 billion and government wide revenues up to \$350 million
Representative Client Experience	<ul style="list-style-type: none"> • More than 20 Texas municipalities • More than 10 Texas school districts • North Central Texas Council of Governments • Central Texas Council of Governments • Central Texas Workforce Development Board • Greenville Electric Utility • Texas Municipal Power Agency
Professional Involvement and Recognition	<ul style="list-style-type: none"> • Member, American Institute of Certified Public Accountants (AICPA) • Member, Texas Society of Certified Public Accountants (TSCPA), Dallas chapter • Member, Association of Government Accountants (AGA) • Member, AICPA Government Audit Quality Center (GAQC) • Member, Special Review Committee, Government Finance Officers Association of Texas (GFOAT) (More than 30 years) • Associate Member, Association of School Business Officials (ASBO), Former member, Panel of Review • Former Member, Technical Issues Committee to AICPA as a liaison to the Government Accounting Standards Board • Former member, Strategic Planning committee, Town of Addison • Former member, Charter Review committee, Town of Addison
Education and Certifications	<ul style="list-style-type: none"> • Certified Public Accountant, Texas • Certified Government Financial Manager, AGA • Bachelor of Business Administration, Accounting, Texas Christian University • Currently meets continuing professional education required by Generally Accepted Government Auditing Standards and Texas State Board of Public Accountancy

Roger Tovar, CPA

Manager, Assurance Services

Professional Experience

- More than eight years of experience in public accounting
- Practice concentration in financial statement audits in accordance with governmental auditing standards and single audits meeting the requirements of the Texas Single Audit Act and Office of Management and Budget (OMB) Circular A-133
- Practice emphasis in the public sector
- Reviews financial statements for proper reporting and disclosures
- Plans and performs financial audits in accordance with generally accepted auditing standards, the Single Audit Act, OMB Circular A-133, and GAGAS
- Supervises and reviews the work of engagement team staff

Representative Client Experience

- Austin Travis County MHMR
- Metrocare MHMR
- Heart of Texas MHMR
- Town of Pecos City
- Hale County
- Williamson County
- City of New Braunfels Northside ISD
- DeLeon ISD
- Abilene ISD
- Stephenville ISD
- Hardin Simmons University
- Abilene Christian University
- University of Mary-Hardin Baylor
- Wayland Baptist University

Professional Involvement and Recognition

- Member, Texas Society of Certified Public Accountants (TSCPA)
- Member, American Institute of Certified Public Accountants (AICPA)

Education and Certifications

- Certified Public Accountant (CPA), Texas
- Bachelor of Business Administration with an Accounting major, Angelo State University, San Angelo, Texas
- Currently meets continuing professional education required by Texas State Board of Public Accountancy and generally accepted government auditing standards

Marlon Williams, CPA, ACDA

Partner, Assurance Services

Professional Experience	<ul style="list-style-type: none"> • More than 17 years of experience in public accounting • Leads the Weaver Analytics practice group, developing sophisticated data-mining and automated tools that can identify anomalies and potential areas of concern in large volumes of electronic data • Directs Weaver’s use of ACL, a software tool used to analyze financial and other data during audits • Practice emphasis in auditing and consulting with numerous nonprofit organizations, municipalities and independent school districts • Significant experience in accounting and auditing of companies in the manufacturing, wholesale/distribution, financial services and service industries • Member of Weaver’s Technical Integration Task Force
Representative Client Experience	<ul style="list-style-type: none"> • Trinity River Authority • North Texas Regional Water District • Lake Cities Municipal Utility Authority • Garland ISD • Irving ISD • Allen ISD • City of Cedar Hill • City of Greenville • City of Lancaster • City of McKinney • Tarrant County College District
Professional Involvement and Recognition	<ul style="list-style-type: none"> • Member, Texas Society of Certified Public Accountants (TSCPA) • Member, American Institute of Certified Public Accountants (AICPA) • Member, Texas ACL User Group
Education and Certifications	<ul style="list-style-type: none"> • Certified Public Accountant, Texas • ACL Certified Data Analyst • Bachelor of Business Administration, Accounting, Abilene Christian University • Currently meets continuing professional education required by Generally Accepted Government Auditing Standards and Texas State Board of Public Accountancy

Brittany George, CISA

Senior Manager, Advisory Services

Professional Experience

- Nearly 10 years of experiencing performing IT audit, security and consulting services, including more than six years of public accounting experience
- Experience in oversight of the planning and performance of many of Weaver's most significant IT controls engagements, which have a heavy focus on information security
- Practice emphasis in internal and external IT audits including risk assessment, planning and execution
- More than two years of experience in KPMG's Information Technology Advisory practice and two and a half years with TXU/Capgemini Energy
- Managed System, Integration and User Acceptance testing activities across multiple project teams for projects sponsored by ERCOT (Energy Regulatory Commission of Texas) involving market participants across Texas while at TXU/Capgemini Energy
- Responsible for the oversight and management of the development and maintenance of annual IT audit and security project plans for multiple Fortune 500 companies. Additional experience in leading compliance engagement sections/phases, including the documentation of controls design and testing of controls
- Documented and evaluated (SAP) internal general and application controls for compliance with security policies
- Professional IT experience includes security controls testing performed in SAP, JD Edwards, Oracle Database, UNIX / LINUX, and Microsoft (SQL Server, Windows Server and Active Directory) environments

Representative Client Experience

- | | |
|---|---|
| <ul style="list-style-type: none"> • Trinity River Authority • Tarrant Regional Water District • City of Denton • City of Fort Worth • City of Garland • City of Greenville • Frisco Independent School District | <ul style="list-style-type: none"> • Garland Independent School District • Irving Independent School District • McKinney Independent School District • Tarrant County Community College |
|---|---|

Professional Involvement and Recognition

- Board Member, Information Systems Audit and Control Association (ISACA)
- Member, Institute of Internal Auditors (IIA)
- Member, AFCOM
- Member, Metroplex Technology Business Council (MTBC)
- Steering Committee Member, Cloud Computing Special Interest Group of the MTBC
- Member, Cloud Security Alliance (CSA)

Education and Certifications

- Certified Information Systems Auditor
- SAP Certified Consultant
- Bachelor of Business Administration, Management Information Systems, University of Oklahoma

Appendix B: Weaver's Services

ASSURANCE	ADVISORY	TAX
<p>145+ professionals, including 50+ partners, directors and senior managers, many with Big Four backgrounds.</p> <ul style="list-style-type: none"> • Audit, Review & Compilation Services • Employee Benefit Plan Audit Services • Agreed-Upon Procedures & Attest Services • IFRS Assessment & Conversion Services • Peer Review • Public Company Services • SSAE 16/SOC 1, 2 & 3 	<p>85+ professionals, including 20+ partners, directors and senior managers with a wide array of Industry certifications.</p> <ul style="list-style-type: none"> • Risk Advisory Services • IT Advisory Services • Transaction Advisory Services • Public Company Services • Financial Institutions Consulting • Energy Compliance & Consulting • Forensics & Litigation Services 	<p>170+ professionals, including 50+ partners, directors and senior managers, many with Big Four backgrounds.</p> <ul style="list-style-type: none"> • Federal Tax Compliance & Planning • International Tax Services • Public Company Services • State & Local Tax Services • Wealth Strategies

KEY INDUSTRIES

Under the guidance of defined industry-specific group leadership, Weaver professionals understand the distinct issues and opportunities present in key industries. This depth of industry experience impacts our work every day. There are no one-size-fit-all solutions from Weaver—we customize our service approach to each client.

- Government Services
- Education
- Nonprofit Organizations
- Healthcare
- Construction
- Oil & Gas
- Oilfield Services
- Energy Compliance & Renewables
- Manufacturing, Distribution & Retail
- Financial Services
- Insurance
- Real Estate
- Technology

1. The first part of the document is a list of names and addresses.

Name	Address
John Doe	123 Main St, New York, NY 10001
Jane Smith	456 Elm St, Los Angeles, CA 90001
Bob Johnson	789 Oak St, Chicago, IL 60601
Alice Brown	101 Pine St, San Francisco, CA 94101
Charlie White	202 Cedar St, Houston, TX 77001
Diana Green	303 Birch St, Phoenix, AZ 85001
Frank Black	404 Spruce St, Philadelphia, PA 19101
Grace King	505 Willow St, San Diego, CA 92101
Henry Lee	606 Ash St, Dallas, TX 75201
Ivy Hill	707 Hickory St, Austin, TX 78701
Jack Adams	808 Maple St, Fort Worth, TX 76101
Karen Baker	909 Poplar St, San Antonio, TX 78201
Liam Clark	1010 Sycamore St, San Jose, CA 95101
Mia Evans	1111 Walnut St, Columbus, OH 43201
Noah Foster	1212 Chestnut St, Indianapolis, IN 46201
Olivia Garcia	1313 Elm St, Jacksonville, FL 32201
Peter Hall	1414 Oak St, San Luis Obispo, CA 93401
Quinn Harris	1515 Pine St, Sacramento, CA 95801
Rachel King	1616 Cedar St, Kansas City, MO 64101
Samuel Lee	1717 Birch St, Louisville, KY 40201
Tina Miller	1818 Spruce St, Memphis, TN 38101
Uma Moore	1919 Willow St, Milwaukee, WI 53201
Victor Nelson	2020 Ash St, Albuquerque, NM 87101
Wendy Ortiz	2121 Hickory St, Anchorage, AK 99501
Xavier Perez	2222 Maple St, Honolulu, HI 96801
Yara Quinn	2323 Poplar St, Boise, ID 83701
Zoe Reed	2424 Sycamore St, Denver, CO 80201

Original

**Proposal to Provide
Professional Services to:**

**Central Texas Regional
Mobility Authority**



**CENTRAL TEXAS
Regional Mobility Authority**

Maxwell Locke & Ritter LLP
Scott Krchnak
401 Congress Avenue, Suite 1100
Austin, TX 78701
(512) 370-3239
skrchnak@mlrpc.com
www.mlrpc.com





MAXWELL LOCKE & RITTER LLP

Accountants and Consultants
An Affiliate of CPAmerica International
tel (512) 370 3200 fax (512) 370 3250
www.mlrpc.com

Austin: 401 Congress Avenue, Suite 1100
Austin, TX 78701

Round Rock: 303 East Main Street
Round Rock, TX 78664

March 12, 2015

Cindy Demers, Controller
Central Texas Regional Mobility Authority
3300 North IH-35
Suite 300
Austin, TX 78705

Dear Cindy:

Maxwell Locke & Ritter welcomes the opportunity to present our credentials to serve as independent auditors for Central Texas Regional Mobility Authority (the Mobility Authority). With roots extending back to the 1960's, Maxwell Locke & Ritter has become part of the fabric of Central Texas. Our vision is to be a place where people love their work, provide great service to clients and support the community. This vision, along with the distinguishing characteristics detailed in this proposal and summarized below, differentiate our firm:

- **Industry Focus** - Unique vertical industry experience of our firm and our staff. We understand your business.
- **Staffed for Efficiency** - Experienced engagement team with staff that average eight years and a minimum of three years of experience per person. You will not train our people on your nickel.
- **Trusted Business Advisors** - Key relationships in the community to help solve your issues as they arise throughout the year. We think broadly about your business and will help you achieve your goals.

You will be an important client to our firm and will receive the highest level of quality service from our team. We understand the scope of work includes an audit of the financial statements as of and for the year ending June 30, 2015.

Should you have any questions about our proposal or desire additional information, please contact me at (512) 370-3239 or skrchnak@mlrpc.com. If you wish to see additional information on our firm, please feel free to visit our website at www.mlrpc.com.

Sincerely,

Scott Krchnak
Partner

Affiliated Company
ML&R WEALTH MANAGEMENT LLC
"A Registered Investment Advisor"
This firm is not a CPA firm

GENERAL INFORMATION

- A. Our complete firm name is Maxwell Locke & Ritter LLP.
- B. Maxwell Locke & Ritter currently has two locations. Our corporate headquarters is located in Austin at 401 Congress Avenue, Suite 1100, Austin, Texas, 78701. Our second location is located in Round Rock at 303 East Main Street, Round Rock, Texas, 78664.
- C. The engagement team serving the Mobility Authority will be stationed out of our Austin, Texas location.
- D. Relationships with our clients go far beyond the traditional accounting, tax and auditing services. Our range of services includes:
 - Audits, Reviews, Compilations & Agreed Upon Procedures
 - Tax Return Preparation & Planning
 - Mergers & Acquisitions/Due Diligence Consulting
 - Family Office Services

Our professionals are highly competent and are trained to deliver high quality professional services. Our firm provides several benefits that are described below:

- ***Experienced staff committed to meeting your deadlines.*** You will not train our service team. Our reputation is built on our proven ability to serve clients effectively, cost-wise and time-wise.
- ***Continuity of professional staff who serve clients.*** Our staffing decisions are made locally so that quality service is provided on a continuous basis by experienced people who already understand your business and needs.
- ***Partner involvement.*** The partners leading our service team are on the scene regularly, as often as makes sense. They remain informed and accessible. We communicate regularly - informally as well as through formal reports and letters. We will not waste your time, but we will not let problems escalate nor opportunities slip away.
- ***Orderly work approach.*** We are organized so our people are able to meet their scheduling commitments. If we say we will be somewhere on a particular day, you can count on it. We identify issues early. You will get no last minute surprises from your service team.

Our affiliate firm, ML&R Wealth Management LLC, is a Registered Investment Advisor dedicated to helping clients achieve their financial goals through a well thought out wealth management plan, providing services for high net worth individuals, trusts, nonprofits and retirement plans. ML&R Wealth Management's service offerings include:

- Wealth Management *
- Retirement, Succession, Estate & Education Planning
- Customized Portfolio Design & Implementation
- Qualified Retirement Planning & 401(k) Management

* Investment advice provided through ML&R Wealth Management LLC, a registered investment advisor

We have resources comparable to the national firms, yet we maintain the efficiency, flexibility and focus that comes with local autonomy. We are a member of CPAmerica International (CPAmerica), one of the world's largest associations of independent CPA and consulting firms. As a member, our firm has instant access to the expertise and resources of 2,500 professionals across America.

E. During the history of our firm that was established in 1991, Maxwell Locke & Ritter has not been the subject of disciplinary actions taken as a result of any Federal or State desk or field reviews, or any other regulatory bodies or professional organizations. We have the following internal and external quality control standards:

- **Internal Inspection** - Maxwell Locke & Ritter has an annual inspection program to review the quality of audit work and compliance with standards.
- **External** - Within the public accounting profession, members of our firm have taken a leading role in the quality control "peer review" program that was established by the AICPA in 1976. We have had a review of our auditing practice quality control system in accordance with the standards for peer reviews promulgated by the peer review committee of the AICPA Division for CPA Firms. Maxwell Locke & Ritter has never been under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and/or licensing boards of other states. We have been a member of the AICPA Division for CPA Firms since 1991. As indicated by the report outlined in the Peer Review section of this proposal, our system of quality control was found to meet the objectives of quality control standards established by the AICPA. Our planned frequency of peer reviews is every three years.

FINANCIAL AUDIT EXPERTISE

A. Our industry experience adds value to our clients that goes beyond the expertise required to provide basic auditing, accounting and tax services. Our firm currently serves the following related clients, among others:

Client	Served Since
1. Bastrop County Water Control & Improvement District No.2	2013
2. Bastrop County Water Control & Improvement District No.3	2012
3. Brushy Creek Municipal Utility District	2008
4. Central Health f.k.a. Travis County Healthcare District	2005
5. Chisholm Trail Special Utility District	2013
6. Comal Independent School District	2013
7. Cypress Ranch Water Control & Improvement District No.1	2006
8. Del Valle Independent School District	2002
9. Eanes Independent School District	1993
10. Elgin Independent School District	2013
11. Georgetown Independent School District	2011
12. Greenhawe Water Control & Improvement District No. 2	2008
13. Hays County Municipal Utility District No. 4	2008
14. Hays County Water Control & Improvement District No. 1	2003
15. Hays County Water Control & Improvement District No. 2	2005
16. Johnson County Ranch Municipal Utility District	2014

17. Lake Travis Independent School District	2006
18. Lakeside Municipal Utility District No. 3	2008
19. Leander Independent School District	1991
20. Lone Star Investment Pool	2006
21. Manor Independent School District	2014
22. Meadows at Chandler Creek Municipal Utility District	2011
23. Moore's Crossing Municipal Utility District	2009
24. North Hays County Municipal Utility District No.1	2006
25. Northeast Travis County Utility District	2005
26. Presidential Glen Municipal Utility District	2014
27. Reunion Ranch Water Control & Improvement District	2013
28. River Place Municipal Utility District	2008
29. Round Rock Independent School District	2004
30. Shady Hollow Municipal Utility District	2009
31. Siena Municipal Utility District No. 1	2014
32. Siena Municipal Utility District No. 2	2014
33. South Buda Water Control & Improvement District No. 1	2006
34. State Bar of Texas	2006
35. Stonewall Ranch Municipal Utility District	2007
36. Taylor Independent School District	2010
37. Texas State Affordable Housing Corporation	2014
38. Travis County Emergency Services District No. 5	2014
39. Travis County Emergency Services District No. 6	2007
40. Travis County Emergency Services District No. 11	2013
41. Travis County Emergency Services District No. 14	2009
42. Travis County Municipal Utility District No. 3	2008
43. Travis County Municipal Utility District No. 14	2008
44. Travis County Municipal Utility District No. 17	2014
45. Travis County Municipal Utility District No. 18	2014
46. Travis County Water Control & Improvement District No. 10	1991
47. Travis County Water Control & Improvement District No. 20	1995
48. The University of Texas at Austin Department of Intercollegiate Athletics	1996
49. Upper Brushy Creek Water Control & Improvement District	2002
50. West Travis County Municipal Utility District No. 3	2008
51. West Travis County Municipal Utility District No. 5	2008
52. West Travis County Public Utility Agency	2012
53. West Williamson County Municipal Utility District No. 1	2014
54. Williamson County Municipal Utility District No. 12	2008
55. Williamson County Municipal Utility District No. 13	2006
56. Williamson County Municipal Utility District No. 19	2008
57. Williamson County Municipal Utility District No. 22	2014
58. Williamson County Water, Sewer, Irrigation and Drainage District No. 3	2002
59. Williamson-Travis Counties Municipal Utility District No. 1	2009

We also currently serve the following OMB Circular A-133 Single Audit clients:

	Client	Audit	Tax	Served Since
1.	AIDS Services of Austin, Inc.	X	X	2005
2.	American Youthworks	X	X	2014
3.	Austin Habitat for Humanity	X	X	2010
4.	Austin Presbyterian Theological Seminary	X	X	2005
5.	Austin Recovery, Inc.	X	X	2012
6.	Comal Independent School District	X		2013
7.	CommUnityCare	X	X	2009
8.	Del Valle Independent School District	X		2002
9.	Eanes Independent School District	X		1993
10.	Easter Seals Central Texas, Inc.	X	X	2014
11.	Elgin Independent School District	X		2013
12.	Foundation Communities, Inc.	X		2004
13.	Georgetown Independent School District	X		2011
14.	Lake Travis Independent School District	X		2006
15.	Leander Independent School District	X		1991
16.	Manor Independent School District	X		2014
17.	National Domestic Violence Hotline	X	X	2004
18.	Pecan Street, Inc.	X	X	2010
19.	Round Rock Independent School District	X		2004
20.	Skyonic Corporation	X		2011
21.	Taylor Independent School District	X		2010
22.	Texas CASA, Inc.	X	X	2012
23.	Texas Center for the Judiciary	X	X	2010
24.	Texas Health Institute	X	X	2010
25.	Texas Health Services Authority	X	X	2011
26.	Women's Health & Family Planning Association of Texas	X	X	2013

Maxwell Locke & Ritter is also a member of the American Institute of Certified Public Accountants (AICPA) Governmental Audit Quality Center (the Center). The Center is a voluntary membership center for CPA firms that perform governmental audits, including all audits and attestation engagements performed under Government Auditing Standards and OMB Circular A-133 of federal, state, or local governments; nonprofit organizations (NPO); and certain for-profit organizations that receive federal assistance. The AICPA established the Center to help CPAs perform quality audits by providing resources and guidance to help them navigate the increased complexity of the federal rules and regulations underlying governmental auditing.



As a member of the Center, we have made a commitment to adhere to Center membership requirements that are designed to introduce additional quality control features to our practice. As a Center member, we receive comprehensive resources to assist us in performing governmental audits. We receive up-to-date information on a variety of technical, legislative and regulatory subjects that we then apply to your audit to help ensure that you are in compliance with the appropriate standards and changes in regulation. These resources help us respond nimbly to new standards and requirements to ensure the efficiency of your audit engagement.

References: We believe the best indicator of services you can expect from us comes from those with whom we have previously worked. We urge you to contact the following references:

Lake Travis ISD
Johnny Hill
Assistant Superintendent for Business, Financial and Auxiliary Services
Phone: 512-533-6016

Texas State Affordable Housing Association
Melinda Smith
Chief Financial Officer
Phone: 512-904-1399

Central Health (f.k.a. Travis County Healthcare District)
Jeff Knodel
Chief Financial Officer
Phone: 512-978-8000

B. The Mobility Authority's primary account representative will be:

Scott Krchnak, Partner
Maxwell Locke & Ritter LLP
401 Congress Avenue, Suite 1100
Austin, TX 78701
Phone: (512) 370-3239
Email: skrchnak@mlrpc.com

C. The engagement team we have committed to the Mobility Authority has extensive experience in providing personal attention to government entities. Team members, their role in serving you and years of experience follow:

<u>Name</u>	<u>Role</u>	<u>Years of Experience</u>
Scott Krchnak	Audit Partner responsible for audit services	27
Dena Jansen	Concurring Partner on audit services	13
Ashlee Martin	Audit Associate managing audit fieldwork	14
Nancy Olson	Audit Associate performing audit fieldwork	11
Tara Hojnacki	Audit Associate performing audit fieldwork	4

Scott Krchnak is the audit partner who leads our governmental practice and will supervise all services provided to Mobility Authority. He will also be responsible for seeing that our professional services meet or exceed your expectations. Scott has a BBA from Southwest Texas State University and serves as partner on all of Maxwell Locke & Ritter's governmental clients. He is a licensed CPA in the State of Texas. During the past five years, Scott has exceeded the governmental related CPE requirements of the GAO and has taken courses on *Government Auditing Standards* (the Yellow Book); new and recently issued GASB Standards, including GASB Pension Standards; Single Audits; Governmental Accounting, Reporting & Auditing standards, among others. He is a member of the American Institute of Certified Public Accountants and Texas Society of Certified Public Accountants.

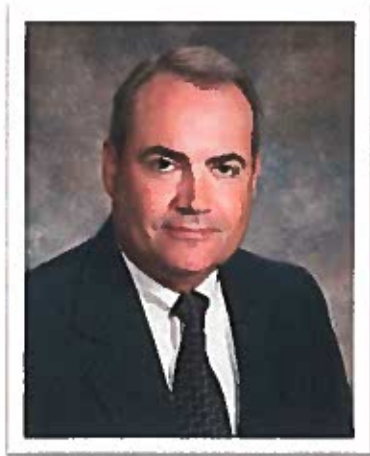
Dena Jansen is the audit partner who serves as the main partner on our nonprofit clients and as concurring partner on our governmental clients. Dena has a BBA and MPA from Texas Tech University and is a licensed CPA in the State of Texas. During the past five years, Dena has exceeded the governmental related CPE requirements of the GAO and has taken courses on *Government Auditing Standards* (the Yellow Book); new and recently issued GASB Standards, including GASB Pension Standards; Single Audits; Governmental Accounting, Reporting & Auditing standards, among others. She is a member of the American Institute of Certified Public Accountants and Texas Society of Certified Public Accountants.

Ashlee Martin is one of our audit managers who supervises our governmental practice and will oversee all associates performing audit services to Mobility Authority. Ashlee has a BS from Southwestern University and serves as manager on a number of Maxwell Locke & Ritter's governmental clients. She is a licensed CPA in the State of Texas. During the past five years, Ashlee has exceeded the governmental related CPE requirements of the GAO and has taken courses on *Government Auditing Standards* (the Yellow Book); new and recently issued GASB Standards, including GASB Pension Standards; Single Audits; Governmental Accounting, Reporting & Auditing standards, among others. She has also taught numerous courses on various governmental industry reporting and accounting updates and GASB & Yellow Book Updates. She is a member of the American Institute of Certified Public Accountants and Texas Society of Certified Public Accountants.

Nancy Olson is one of our audit associates who works in our governmental practice and will have responsibility of managing substantial portions of the audit fieldwork for Mobility Authority. She is a graduate of the University of Texas at Austin, where she received her BBA and MPA. She is a licensed CPA in the State of Texas and works on a number of Maxwell Locke & Ritter's governmental clients. During the past five years, Nancy has exceeded the governmental related CPE requirements of the GAO and has taken courses on *Government Auditing Standards* (the Yellow Book); new and recently issued GASB Standards, including GASB Pension Standards; Single Audits; Governmental Accounting, Reporting & Auditing standards, among others. She is a member of the American Institute of Certified Public Accountants and Texas Society of Certified Public Accountants.

Tara Hojnacki is one of our audit associates who works in our governmental practice and will have responsibility of performing substantial portions of the audit fieldwork for Mobility Authority. She is a graduate of the University of Texas at Austin, where she received her BBA and MPA. She is a licensed CPA in the State of Texas and works on a number of Maxwell Locke & Ritter's governmental clients. During the past five years, Tara has exceeded the governmental related CPE requirements of the GAO and has taken courses on *Government Auditing Standards* (the Yellow Book); new and recently issued GASB Standards, including GASB Pension Standards; Single Audits; Governmental Accounting, Reporting & Auditing standards, among others. She is a member of the American Institute of Certified Public Accountants and Texas Society of Certified Public Accountants.

Throughout the engagement there will be multiple professionals that understand your business and are available to assist you. One of the advantages of working with a locally owned firm is continuity of service. Members of your service team will not be transferred to another branch office. Because of the extensive training and experience of your service team, we do not anticipate any need to bring in outside specialists or consultants. Resumes of your engagement team are shown on the following pages.



Scott Krchnak, CPA

Audit Partner

Email: skrchnak@mlrpc.com

Phone: (512) 370-3239

Professional Experience

After graduation, Scott moved to Houston to work at Arthur Andersen & Company. When Scott had the opportunity to transfer back to Austin in 1991, the decision was an easy one. Scott continued his public accounting career in Austin and joined Maxwell Locke & Ritter in 1994.

As a business consultant with a background in auditing, Scott helps clients such as Texas Methodist Foundation, Round Rock Independent School District, The Ex-Students Association of The University of Texas, and others with their overall financial reporting and financial statement presentations. He is the designated firm nonprofit and governmental expert, and has outstanding skills in auditing, and the implementation of recently issued accounting pronouncements and auditing standards. He also helps clients identify business opportunities by establishing on-going, two-way communication and has provided assistance to a number of nonprofit boards. Scott particularly enjoys the communication with clients and finds it rewarding to help them find positive business solutions. He tries to establish a relationship of trust so that clients feel comfortable calling him with any and all questions.

Industry Focuses

- Government
- Nonprofit

Education

Southwest Texas State University
Bachelor of Business Administration in Accounting

Community

Current: Lee County Chapter of Ducks Unlimited, Committee Member; St. Margaret's Catholic Church, Parish Council, Finance Committee and Building Committee

Past: Lee County Little League, Treasurer; Lee County Chapter of Ducks Unlimited, Treasurer

Affiliations

American Institute of Certified Public Accountants (AICPA), Texas Society of Certified Public Accountants (TSCPA)



Dena Jansen, CPA Audit Partner

Email: djansen@mlrpc.com

Phone: (512) 370-3247

Professional Experience

After graduation, Dena joined a local public accounting firm in Lubbock for one year focusing her efforts on audits of local governmental entities.

Dena moved back to Austin in 2003 and joined Deloitte & Touche. During her time there she audited governmental and nonprofit entities, including state departments, local municipalities and institutions of higher education. She left the firm as a senior manager.

Dena joined Maxwell Locke & Ritter in 2011, where she devotes all of her time to the nonprofit niche clients. She leads the nonprofit niche with a focus on facilitating technical and nontechnical training to internal associates and clients, as well as external groups. She enjoys creating connections for her nonprofit clients to other resources in the Central Texas area and serving as a trusted business advisor.

Industry Focuses

- Nonprofit
- Government

Education

Texas Tech University
Bachelor of Business Administration
Masters of Science in Accounting

Community

Current: Greenlights for Nonprofit Success, Board Member; Hays Consolidated Independent School District Education Foundation, Board Member; TSCPA Nonprofit Conference, Committee Member; TSCPA Governmental and Single Audit Conference, Committee Member; Seton Hays Council, Community Member; Greenlights for Nonprofit Success, Nonprofit Financial Management Course Instructor; Greenlights for Nonprofit Success, 501 Council Chair; United Way Campaign, Chair; Meals on Wheels, Volunteer; Hays County Livestock Show, Volunteer

Past: American Heart Association, Go Red for Women-Circle of Red Member

Affiliations

American Institute of Certified Public Accountants (AICPA), Texas Society of Certified Public Accountants (TSCPA)



Ashlee Martin, CPA

Audit Associate

Email: amartin@mlrpc.com

Phone: (512) 370-3265

Professional Experience

Ashlee started in the San Antonio office of Deloitte & Touche where she audited a variety of commercial clients in the healthcare, insurance, and manufacturing industries.

In 2003, Ashlee brought her Big-Four experience to Austin and joined Maxwell Locke & Ritter. She says Maxwell Locke and Ritter stood out because of their reputation in the Central Texas community and the family-oriented culture that supports personal as well as professional development. During her tenure at Maxwell Locke & Ritter, Ashlee has focused her professional development on attestation and consulting services. In serving her clients, she strives to establish a relationship beyond that of the basic audit and focuses on open communication and trust so that clients feel comfortable calling with any business related questions.

While at Maxwell Locke and Ritter, Ashlee has developed a diverse client base with a primary focus on governmental entities, nonprofit entities, healthcare entities, and a variety of closely-held companies. She provides services to area school districts, municipal utility districts/water control and improvement districts, governmental and not-for-profit healthcare entities, emergency services districts, food and beverage franchise entities, and closely-held service and retail companies. Her current client list includes Eanes Independent School District, Lake Travis Independent School District, Comal Independent School District, Brushy Creek Municipal Utility District, Central Health fka Travis County Healthcare District, Mr. Gatti's Pizza, and The Texas State Affordable Housing Corporation.

Industry Focuses

- State and Local Governments
- Nonprofit
- Healthcare
- Middle-market

Education

Southwestern University
Bachelor of Science in Accounting

Community

American Cancer Society, Board Member; Texas Hearing & Service Dogs, Board Treasurer; Southwestern University, Delta Delta Delta, House Corporation Treasurer and Athletic Hall of Fame Committee Member; Executive Women's Golf Association (EWGA), Board Treasurer; Texas Association of School Business Officials (TASBO) Audit & Finance Committee Member and Internal Audit Committee Member

Affiliations

American Institute of Certified Public Accountants (AICPA), Texas Society of Certified Public Accountants (TSCPA)



Nancy Olson, CPA Audit Associate

Email: nolson@mlrpc.com

Phone: (512) 370-3253

Professional Experience

In 2003, Nancy joined Ernst & Young LLP in Austin where she spent four years in Assurance and Advisory Business Services. During her years with them, she gained experience in a variety of industries, including manufacturing and technology. Most of her audit work was focused on software revenue recognition and FAS 123R.

Nancy joined Maxwell Locke & Ritter LLP in December 2007. While at Maxwell Locke and Ritter, Nancy has developed experience in governmental industries, including school districts and municipal utility districts/water control and improvement districts. She has also continued to work with clients in the service and software industry. Her current client list includes Eanes Independent School District, Lake Travis Independent School District, Del Valle Independent School District, Brushy Creek Municipal Utility District, Innography, Inc. and Mr. Gatti's Pizza.

Industry Focuses

- School Districts
- Municipal Utility Districts
- Middle Market Companies

Education

The University of Texas at Austin

Bachelor of Business Administration and Master in Professional Accounting

Community

Girlstart, Volunteer; AnyBabyCan, Volunteer

Affiliations

American Institute of Certified Public Accountants (AICPA), Texas Society of Certified Public Accountants (TSCPA)



Tara Hojnacki, CPA Audit Associate

Email: tcawthron@mlrpc.com

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Professional Experience

While in college, Tara interned with the audit department of the Grant Thornton Dallas office, which she joined immediately following graduation. Tara served with Grant Thornton as a senior auditor for privately-held companies operating in various industries, including not-for-profit, governmental, and higher education. Some of her clients included City of

Plano, City of Mesquite, Austin Community College District, Texas Christian University, and VHA Inc.

Tara joined Maxwell Locke & Ritter in 2013 and is excited to work for a firm with such an amazing culture and community involvement and looks forward to developing a diverse client base.

Industry Focuses

- Manufacturing
 - Chemicals
 - Electronics
- Residential Real Estate
- Technology
- Wholesale & Retail

Education

The University of Texas at Austin
Bachelor of Business Administration
Master in Professional Accounting

Community

Current: Texas Exes; Meals on Wheels, Volunteer; Terry Scholar Alumni Association

Past: Foundation Communities, Volunteer; American Heart Association-Heart Walk, Team Captain

Affiliations

American Institute of Certified Public Accountants (AICPA)

D. The first list of governmental clients outlined in Clause A are all audit only clients and we have listed the year we began serving the client in the right hand column. The second list of OMB Circular A-133 clients outlined in Clause A are designated as Audit and/or Tax clients, along with the year we began serving them in the right hand column. In addition to performing audit services for the clients outlined in Clause A, we have also performed agreed-upon procedures and other consulting services for many of our clients, including but not limited to bond issue and developer reimbursement related agreed-upon procedures engagements for a number of our water district clients and internal audit consulting work for the State Bar of Texas. We also prepare or assist with the preparation of Comprehensive Annual Financial Reports for three of our school district clients: Comal Independent School District, Leander Independent School District, and Round Rock Independent School District. All of these clients annually receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada.

E. **Our Audit Philosophy:** Our audit philosophy for serving the Mobility Authority is based on the premise that you deserve more from your independent auditors than just an audit opinion. Our audit philosophy is distinctly different, for a number of reasons, including:

- **Professional quality.** Our audit approach ensures professional quality that exceeds the highest auditing standards of our profession. Indeed, our audits have warranted the respect of our clients, the financial community and regulatory agencies.
- **Industry perspective.** In our audit of the Mobility Authority, we are assigning individuals with significant experience in serving other clients with similar attributes.
- **Tailored and individualized audit.** Our audit is tailored for each client. We employ an approach which is a conceptual framework, rather than a routine. Routine applications are easily done by computers and should not be the work of audit professionals. Our audits are people-driven and computer assisted. We teach our professionals concepts - systems evaluation, risk assessment, and business evaluation techniques - which are applied to the specific situation of a particular individual client. We utilize sampling techniques and current technology to provide an efficient and effective audit.
- **Usefulness to management.** The external audit process has traditionally been geared to produce the "opinion" of the external auditor as to the fairness of your financial statements and the adherence to generally accepted accounting principles. Our audits are also designed to identify areas that should be of concern to management and to recommend alternate approaches. Should we encounter significant audit issues or possible illegal acts, we immediately discuss them with the appropriate level of management and/or board and assist in the resolution of such matters.

If an auditor only completes an audit and signs the opinion, without providing information and recommendations directly relevant to improving the management function of an organization, that auditor has failed.

Our approach combines analytical and detail testing procedures. Analytical auditing focuses on the risk elements of your business and related systems of internal control and concentrates our detail testing into priority areas where you have higher levels of business risk. We believe four benefits will accrue through the use of our approach:

- **Effective management.** First, your client service team exercises a high degree of management control over the auditing process. Our management team is on-site during the course of our audit and readily available to you throughout the year.
- **Assurance.** Second, this approach maintains a high level of measurable assurance. This approach rests upon a quantitative diagnosis of areas which represent the greatest degree of risk and thus more efficiently directs audit resources.
- **Comprehensive perspective.** Third, our auditors are oriented toward understanding how your organization operates.
- **Efficiencies.** Fourth, this approach is productivity oriented, producing relevant auditing hours which are tailored to your operations.

The core business of Maxwell Locke & Ritter is providing professional, high quality auditing services to a wide variety of clients of differing sizes, complexities and natures. Our commitment to the most exacting standards and the highest quality of service remains the foundation of our philosophy and will certainly be the basis of our professional relationship with the Mobility Authority. We are confident our philosophy and the specific approach we adopt in the audit of the Mobility Authority are compatible with your operations, management style and needs. We are committed to providing you with the highest quality professional audit - and one which is useful and relevant to management - because it is more than an "opinion".

Specific Audit Approach: Our audit of the Mobility Authority will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The proposed audit team has met the governmental accounting and auditing continuing professional education requirements of these standards for many years. As required by U.S. generally accepted auditing standards, we will plan our audit to focus on areas of risk and use the most efficient audit methods to test those areas. Those methods may include statistical or non-statistical sampling, or other procedures, depending on which will be most effective and efficient.

Our audit engagement files are paperless. We use ProSystem fx Engagement software, which is a secure system. This software includes a trial balance component that allows us to post our audit adjustments and link the adjusted balances directly to our final reports. Our audit will be designed and implemented at the Mobility Authority in three phases that emphasize the principal stages of evaluation and testing. They are:

- **Phase I** The first phase involves obtaining knowledge of your operations, identifying and evaluating key systems and controls, and setting audit objectives based on our risk analysis, our control evaluation and management/board concerns.
- **Phase II** This phase is devoted to compliance testing of systems and assessing the level of control to formulate an opinion on whether or not system controls have operated effectively.
- **Phase III** During the third phase we perform substantive tests of the account balances and formulate an opinion on the financial statements. Our substantive tests of account balances will include samples based on stratification of the populations. During this phase, we will also perform the compliance audit in accordance with *Government Auditing Standards* and OMB Circular A-133.

Internal Control: Your internal controls consist of your control environment, your accounting system, and your control procedures. We will gain an understanding of your internal controls to assist us in designing our audit plan. Should we identify weaknesses in your internal controls, we will communicate them to your Board of Directors. We understand the Mobility Authority's management emphasizes the importance of the control environment of the Mobility Authority, is conservative in its selection and application of accounting policies, and requires compliance with standard procedures.

Materiality is the criterion used to distinguish between trivial and important matters or, said another way, it is the acceptable limit of misstatement on the financial statements. Generally accepted auditing standards define audit risk as "the risk that the auditor may unknowingly fail to appropriately modify his opinion of financial statements that are materially misstated." Audit risk at the financial statement level is referred to as engagement risk. The factors that influence our consideration of engagement risk include the following:

- Management characteristics such as aggressive attitudes, emphasis on meeting goals, high turnover or poor reputations in the community.
- Operating and industry characteristics such as having profits below industry peers, sensitivity to economic factors, participation in a quickly changing or declining industry or poorly monitored operations.
- Engagement characteristics such as contentious or difficult accounting issues, difficult to audit transactions or balances, unusual related party transactions or a history of significant audit adjustments.

In planning our audit, we will be particularly sensitive in the areas of internal controls, conflicts of interest, cash management, adherence to investment policies, changes in the equity markets and significant transactions.

Management Letter: One product of our audit is the management letter, which is prepared for the Mobility Authority focusing on those areas that we observe during the performance of our procedures which may benefit from additional attention. These will relate to specific areas for internal control improvements and also address opportunities for general improvements in your business practices.

The management letter is a direct result of audit findings, e.g., review of internal controls and testing of account balances. Added input comes from routine client service conversations involving your audit engagement team and your personnel. Our management letter will go beyond technical issues to achieve a broader, balanced business view, one that is useful and directly relevant to the Mobility Authority.

Communication: Communication during an audit engagement is very important, for both the audit firm and the Mobility Authority. Periodically, we will schedule meetings with key management to stay abreast of your activities, philosophy and objectives, as well as to discuss overall audit progress and coordination. We will participate in the pre-audit meeting with the Mobility Authority's key staff and the Board (or its designated Audit Committee). During the course of the audit, we will contact the appropriate level of management if any issues arise that we feel management or the Board should be immediately aware of. If no such issues arise, our next meeting with the Board (or its designated Audit Committee) will be the post-audit conference where we will present the audit results including any control deficiencies or recommendations for improvement that are identified. We will also present these results at the Board meeting.

- F. We are committed to performing and completing our services within a pre-determined timeline that meets your business requirements. We anticipate the following timetable for audit services provided to the Mobility Authority:

Timing	Action Steps
Upon Acceptance of Proposal	Provide the Board with an engagement letter and provide management with a Prepared By Client (PBC) questionnaire.
June 2015	Meet with management to discuss audit planning and current audit and accounting issues. Perform interim audit work consisting of planning documentation and test internal control systems.
August – September 2015	Perform detailed testing of general ledger accounts and analytically review account balances. Perform compliance testing of the Mobility Authority's investments and investment policy in accordance with the Public Funds Investment Act. Perform compliance audit in accordance with <i>Government Auditing Standards</i> and OMB Circular A-133.
September 2015	Provide drafts of the financial statements, independent auditors' reports and management letter to management.
October 2015	Present final reports to management and the Board.

The above timetable is based on your timing requests included in the request for proposal. Our ability to meet these deadlines is contingent upon the Mobility Authority being able to provide the completed PBC questionnaire and respond to audit inquiries within the agreed upon fieldwork dates. Given the needs for our staffing during this timeframe, if any delays are experienced, our ability to meet these deadlines would be compromised and we would meet with management to agree upon updated deadlines.

- G. We believe the cumulative information that we have included in the proposal outlines Maxwell Locke & Ritter's depth and breadth of experience in performing financial audits. Please refer to our client listing and referral sources outlined in Clause A, along with the Engagement Team experience outlined in Clause C of this section.
- H. **Information Technology:** Our audit engagement files are paperless. We use ProSystem fx Engagement software, which is a secure system that allows us to gain efficiencies in reporting and in sharing information between the audit and tax engagement teams. This software includes a trial balance component that allows us to post our audit adjustments and link the adjusted balances directly to our final reports. While at the Mobility Authority, we will:
- Perform inquiries with your IT personnel to gain an understanding of your IT processes.
 - Perform control testing on key controls related to your IT general controls.
 - Perform a gap analysis to identify key IT controls not in operations for a typical nonprofit organization.

At the conclusion of our audit engagement, we will return to you any and all original records you supplied to us. Your records are the primary records for your operations and comprise the backup and support for your financial reports. Our records and files are our property and are not a substitute for your own records. Our firm destroys our client files and all pertinent work papers after a retention period of five years, after which time these items will no longer be available.

HISTORICALLY UNDERUTILIZED BUSINESS

Maxwell Locke & Ritter is not a Historically Underutilized Business (HUB), nor do we intend to use a HUB subcontractor in providing services to the Mobility Authority. It is the policy of Maxwell Locke & Ritter to ensure equal employment opportunity without discrimination on the basis of race, color, religion, sex, age, national origin, disability, military service, genetic information or any other characteristic protected by law. We prohibit and will not tolerate any such discrimination. This commitment applies to all aspects of the employment relationship, including hiring, transfers, promotions, training, terminations, working conditions, compensation, and benefits.

Overall, our firm consists of 88 total employees, 62 of which are females and 6 are partners of the firm. Our audit team specifically consists of 31 overall employees, 24 of which are female. We have also committed an engagement team to the Mobility Authority that is 5 total employees, 4 of which are female. We believe this goes a long way to show our firm's commitment to being an equal employment opportunity firm.

PEER REVIEW



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System Review Report

September 11, 2013

To the Partners
Maxwell Locke & Ritter LLP
and the Peer Review Committee of the Texas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of **Maxwell Locke & Ritter LLP** (the firm) in effect for the year ended May 31, 2013. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Maxwell Locke & Ritter LLP** in effect for the year ended May 31, 2013, 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*. **Maxwell Locke & Ritter LLP** has received a peer review rating of *pass*.

Davis Kinard & Co, PC
Certified Public Accountants