

**CAPITAL AREA METROPOLITAN  
PLANNING ORGANIZATION**

**Financial Statements  
with Independent Auditors' Report  
For the Year Ended September 30, 2009**

 **MONDAY N. RUFUS, P.C.**  
*Certified Public Accountants and Consultants*

**CAPITAL AREA METROPOLITAN PLANNING ORGANIZATION**  
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**SEPTEMBER 30, 2009**

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**CAPITAL AREA METROPOLITAN PLANNING ORGANIZATION  
TRANSPORTATION POLICY BOARD - MEMBERS  
SEPTEMBER 30, 2009**

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**BOARD MEMBERS:**

Sam Biscoe, Chair  
Cynthia Long, Vice Chair  
Ciara Beckett  
Joe Clifford  
Sheryl Cole  
John P. Cyrier  
Jeff Coleman  
Sarah Eckhardt  
Frank Fernandez  
George Garver  
Karen Huber  
Lee Leffingwell  
Bob Lemon  
Carlos Lopez  
Jeff Mills  
Susan Narviaz  
Chris Riley  
William Spelman  
Liz Sumter

**REPRESENTING:**

Travis County  
Williamson County  
Bastrop  
Round Rock  
Austin  
Caldwell  
Pflugerville  
Travis County  
Capital Metro Representative  
Georgetown  
Travis County  
Austin  
Cedar Park  
TxDOT- District Engineer  
Travis County  
San Marcos  
Austin  
Austin  
Hays County



**MEMORANDUM**

**TO:** Members, Transportation Policy Board  
**FROM:** Joseph Cantalupo, AICP  
Executive Director  
**DATE:** June 11, 2010  
**SUBJECT:** Financial Report for Fiscal Year 2009

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Attached, please find the Official Annual Financial Report for the Fiscal Year ending September 30, 2009.

During Fiscal Year 2009 we put in place several financial and administrative processes that continue to keep us on the right financial track. These include how we develop, manage and track our budget; how we do our billings; how request and manage local match; and, how we track and manage our contracts and agreements. Please be assured that we will continue to strive to ensure that we will meet and exceed our fiduciary responsibilities.

Attachment

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## **Independent Auditor's Report**

To the Transportation Policy Board of the  
Capital Area Metropolitan Planning Organization

We have audited the accompanying statement of the governmental activities and each governmental fund of the Capital Area Metropolitan Planning Organization (CAMPO) as of and for the year ended September 30, 2009, which collectively comprise the basic financial statements of CAMPO as listed in the table of contents. These financial statements are the responsibility of CAMPO's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each governmental fund of CAMPO as of September 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 11, 2010 on our consideration of CAMPO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 6-8 and the budgetary comparison information on pages 23 & 24, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted accounting in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CAMPO's basic financial statements. The supplementary information and schedule of expenditures of federal awards, on page 25, are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

*Manday N. Rufus, P.C.*

Austin, Texas

June 11, 2010

**CAPTIAL AREA METROPOLITAN PLANNING ORGANIZATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009**

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As financial management of Capital Area Metropolitan Planning Organization (hereinafter referred to as "CAMPO"), we offer readers of these basic financial statements this narrative overview and analysis of the financial activities of CAMPO for the fiscal year ended September 30, 2009. This discussion and analysis is designed to assist readers in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here and with the financial statements, which follow this section, taken as a whole.

**Financial Highlights**

- Income from all sources for CAMPO was \$2,583,874 for the fiscal year 2009. This represents an increase of 25.3% from the previous year's total of \$2,061,502. The increase in 2009 was, for the most part, the result of an increase in grant revenue and donations.
- Total Assets for CAMPO was \$498,850 for the fiscal year 2009. This represents an increase of 128% from the previous year's total of \$218,788. The increase was due to increased planning projects for 2009
- Net Assets at the end of 2009 were \$203,244. These funds are available to meet the future planning objectives of the organization.

**Overview of Financial Statements**

CAMPO's basic financial statements are comprised of three parts: 1) management's discussion and analysis, 2) the basic financial statements, and 3) supplementary schedules presenting details of required supplemental financial data.

Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of CAMPO's financial condition and financial performance as a whole. Summary financial statement data, key financial and operating indicators used in the strategic plan, budget, and other management tools were used for the analysis.

The basic financial statements consist of entity wide and fund financial statements that are combined for this annual report. These financial statements provide both the short and long term financial information about CAMPO's financial and operating activities, and of which are governmental activities. These statements report information about CAMPO using full accrual accounting methods and economic resources focus as utilized by similar business activities in the private sector. Information concerning all of CAMPO's assets and liabilities, both financial and capital, and short term and long term debt are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported.

The basic financial statements of CAMPO include a statement of net assets and governmental fund balance sheet, statement of activities and governmental fund revenues, expenditures, and changes in fund balances, and notes to the financial statements, which are described as follows:

- A statement of net assets and governmental fund balance sheet presents information on all of CAMPO's assets and liabilities at the end of its fiscal year, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether CAMPO's financial position is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net assets, which indicate in improved financial condition.
- The statement of activities and governmental fund revenues, expenditures, and changes in fund balances present the results of business operations over the course of the fiscal year and information as to how CAMPO's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenue and expense are reported in this statement for some items that will only result in cash flows in future fiscal periods. These government activities are primarily supported by member assessments and operating grants from federal, state, and other governments.
- The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about CAMPO's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning CAMPO's Schedule of Federal Awards.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. CAMPO uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Reconciliation of the government-wide and fund financial statements is provided in Note 2 on page 15. All of CAMPO's special revenue programs are shown combined, as all are federal and state reimbursable operating grants and private contributions.

### **Government Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of CAMPO, assets exceeded liabilities by \$203,244.

Statement of Net Assets  
Year Ended September 30,

	<u>2008</u>	<u>2009</u>
Current and other assets	\$ <u>218,788</u>	\$ <u>498,850</u>
Total Assets	218,788	498,850
Current Liabilities	<u>217,497</u>	<u>295,606</u>
Total Liabilities	217,497	295,606
Unrestricted Net Assets	<u>1,291</u>	<u>203,244</u>
Total Net Assets	<u><u>1,291</u></u>	<u><u>203,244</u></u>

Statement of Changes in Net Assets

	<u>2008</u>	<u>2009</u>
Revenues:		
Planning revenues:		
Grant Revenue	\$1,953,351	\$2,203,874
Local Match Funds	100,000	80,000
Private Donations	8,151	<u>300,000</u>
Total Revenues	2,061,502	2,583,874
Expenses:		
General Government	<u>1,875,734</u>	<u>2,381,921</u>
Total Expenses	<u>1,875,734</u>	<u>2,381,921</u>
Change in Net Assets	185,768	201,953
Net Assets – Beginning (10-01)	<u>-184,477</u>	<u>1,291</u>
Net Assets – Ending (09-30)	<u><u>1,291</u></u>	<u><u>203,244</u></u>

Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Organization's financing requirements. CAMPO's net assets increased \$201,953 in 2009, as a result of this year's operations.

### Financial Analysis

CAMPO's basic financial statements report its net assets and how they have changed over the reporting period. Net assets, the difference between assets and liabilities, may serve as a useful indicator of CAMPO's financial position. Over time, increases or decreases in CAMPO's net assets are a useful indicator of whether its financial health is improving or deteriorating. However, one also needs to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed governmental legislation to adequately assess its overall health.

## **Economic Factors and Next Year's Budgets and Rates**

The overall financial position and results of operations for CAMPO improved for the fiscal year ended September 30, 2009. CAMPO operated within its internal budget constraints. It is expected that the Organization's net assets will remain stable for the remainder of the next year.

Many factors are considered each year by CAMPO in its effort to establish an operating budget, to evaluate its personnel needs, and to develop uniform membership and user fees that are reasonable and, more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, general population growth, civilian labor force, unemployment rates and inflation rates.

## **Requests for Information**

The financial report is designed to provide a general overview of CAMPO's finances for all those who have expressed an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the Executive Director, P.O. Box 1088, Austin, Texas 78767

**CAPITAL AREA METROPOLITAN PLANNING ORGANIZATION  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009**

	Government Activities	Total
<b>Assets:</b>		
Cash and cash Equivalents	\$ (254,476)	\$ (254,476)
Accounts receivable	753,326	753,326
<b>Total assets</b>	<u>498,850</u>	<u>498,850</u>
<b>Liabilities:</b>		
Disbursements payable	185,710	185,710
Interest Income Pool	13	13
Deferred revenue	109,883	109,883
<b>Total liabilities</b>	<u>295,606</u>	<u>295,606</u>
<b>Net Assets:</b>		
Reserve for encumbrances	6,235	6,235
Unrestricted	197,009	197,009
<b>Total net assets</b>	<u>203,244</u>	<u>203,244</u>
<b>Total liabilities and net assets</b>	<u>\$ 498,850</u>	<u>\$ 498,850</u>

The accompanying notes are an integral part of these financial statements.

**CAPITAL AREA METROPOLITAN PLANNING ORGANIZATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	Government Activities	Total
<b>Revenues:</b>		
Planning Revenues		
Grant Revenue	\$ 2,203,874	\$ 2,203,874
Local Match Funds	80,000	80,000
Private Donations	<u>300,000</u>	<u>300,000</u>
Total revenues	2,583,874	2,583,874
<b>Expenditures / Expenses:</b>		
General Government	<u>2,381,921</u>	<u>2,381,921</u>
Change in Net Assets	201,953	201,953
Net Assets - Beginning (10-01)	<u>1,291</u>	<u>1,291</u>
Net Assets - Ending (09-30)	<u><u>203,244</u></u>	<u><u>203,244</u></u>

The accompanying notes are an integral part of these financial statements

**CAPITAL AREA METROPOLITAN PLANNING ORGANIZATION  
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND  
BALANCE SHEET  
SEPTEMBER 30, 2009**

	General Fund	Special Revenue Funds	Total
<b>Assets:</b>			
Cash and cash Equivalents	\$ -	\$ (254,476)	\$ (254,476)
Accounts receivable	-	753,326	753,326
Total assets	-	498,850	498,850
<b>Liabilities:</b>			
Disbursements payable	-	185,710	185,710
Interest Income Pool	-	13	13
Deferred revenue	-	109,883	109,883
Total liabilities	-	295,606	295,606
<b>Fund Balances / Net Assets:</b>			
<b>Fund Balances:</b>			
Reserve for encumbrances	-	6,235	6,235
Fund balance / Net assets	-	197,009	197,009
Total fund balances	-	203,244	203,244
Total liabilities and fund balances	\$ -	\$ 498,850	\$ 498,850

The accompanying notes are an integral part of these financial statements.

**CAPITAL AREA METROPOLITAN PLANNING ORGANIZATION  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND -  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	General Fund	Special Revenue Funds	Total
<b>Revenues:</b>			
Planning Revenues	\$ -	2,583,874	2,583,874
Total revenues	-	2,583,874	2,583,874
<b>Expenditures / Expenses:</b>			
Staffing	-	1,318,927	1,318,927
Consultants - other	-	147,745	147,745
Services - Accounting	-	12,000	12,000
Services - Legal	-	40,932	40,932
Services - Non-emergency	-	180	180
Services - Other	-	567,895	567,895
Rent - Office	-	56,073	56,073
Rent - Other	-	9,028	9,028
Rent - Copiers	-	9,959	9,959
Insurance - General Liability	-	6,688	6,688
Maintenance - software	-	792	792
Priority mail	-	85	85
Advertisting and publicity	-	1,542	1,542
Printing and binding	-	14,158	14,158
Seminar Fees	-	3,972	3,972
Education Travel	-	8,088	8,088
Mileage reimbursement	-	2,557	2,557
Memberships	-	2,500	2,500
Subscriptions	-	1,280	1,280
Miscellaneous	-	500	500
Food and ice	-	1,872	1,872
Books - library	-	53	53
Office supplies	-	6,819	6,819
Computer supplies	-	61	61
Software	-	468	468
Minor hardware	-	399	399
Indirect Cost	-	155,000	155,000
Computer software	-	4,995	4,995
Computer hardware	-	7,352	7,352
Total expenditures / expenses	-	2,381,921	2,381,921
Excess of revenue over (under) expenses	-	201,953	201,953
<b>Fund Balances / Net Assets:</b>			
Beginning of year	-	1,291	1,291
End of year	\$ -	203,244	203,244

The accompanying notes are an integral part of these financial statements

# CAPTIAL AREA METROPOLITAN PLANNING ORGANIZATION

## NOTES TO THE FINANCIAL STATEMENTS

September 30, 2009

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Capital Area Metropolitan Planning Organization (“CAMPO”) have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body promulgating governmental accounting and financial reporting principles. The following is a summary of its significant accounting policies:

#### A. Reporting Entity

CAMPO is the federally required Metropolitan Planning Organization responsible for the continuous and comprehensive transportation planning process for the Williamson, Travis and Hays counties in central Texas. Its purpose is to coordinate regional transportation planning with counties, cities, the Capital Metropolitan Transportation Authority (Capital Metro), the Capital Area Rural Transportation System (CARTS), Texas Department of Transportation (TxDOT), and other transportation providers in the region and to approve the use of federal transportation funds within the region. CAMPO was established in 1973 and is governed by the Transportation Policy Board (CAMPO board) comprised of state, regional and local officials.

The accompanying financial statements present the financial position and results of operations of the applicable funds controlled by or dependent on CAMPO. In evaluating CAMPO as a reporting entity, management has addressed all potential component units for which the entity may or may not be financially accountable and, as such, be includable within CAMPO’s financial statements. No component units exist which would require inclusion in CAMPO’s financial statements.

#### B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the financial activities of CAMPO. The effect of interfund activities, when applicable, has been removed from these statements. All of CAMPO’s activities are governmental activities which are supported from population-based service fee assessments to its government-member organizations, contributions, and government grants. CAMPO does not engage in any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: intergovernmental revenues, which includes operating grants and financial assistance received from federal, state, local government member assessments, contributions, reimbursements for program costs incurred to conduct specialized program studies, and miscellaneous revenues. General revenues

include interest earnings. Fund financial statements are presented for CAMPO's general and special revenue funds. There are no other funds.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded as earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, CAMPO considers revenues to be available if they are collected within 90 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, when applicable, are recorded only when payment is due.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is CAMPO's policy to use restricted resources first, then unrestricted resources as they are needed.

### **D. Assets, Liabilities, and Net Assets or Equity**

#### *1. Deposits and Investments*

CAMPO's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments or other short-term, highly-liquid investments. Cash balances are pooled and invested with other funds by the City of Austin. Interests earned are deposited to the account of each participating fund.

#### *2. Receivables*

All receivables and amounts due from other governments are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends.

#### *4. Deferred Revenue*

Deferred revenues are reported when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the organization before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods,

when both revenue criteria are met, or when CAMPO has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

#### 5. *Use of Estimates*

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

### **NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

#### **A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Statement of Net Assets**

Capital assets, net of accumulated depreciation, which are applicable to the Organization's governmental activities, are included in the statement of net assets. There were no capital assets at September 30, 2009

### **NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **Budgetary Information**

Individual annual budgets were adopted for CAMPO's governmental funds. The basis on which the budgets were prepared is consistent with generally accepted accounting principles for the fund. All annual appropriations lapse at fiscal year end.

No later than 60 days prior to fiscal year end, the proposed budget is presented to the Transportation Policy Board for review. The Board holds public meetings and a final budget must be prepared and legally adopted prior to July 1. The annual budget is prepared by department and object. Transfers of appropriations between departments require approval of the Policy Board. The legal level of budgetary control is at the department level.

### **NOTE 4 – CASH DEPOSITS AND INVESTMENTS**

At September 30, 2009, CAMPO's had no surplus cash funds. CAMPO, through the City of Austin, follows the requirements of Chapter 2256 of the Texas Government Code which authorizes the City to invest its funds under a written investment policy. These deposits are invested pursuant to the Investment Policy, which is approved annually by the City of Austin Council.

*Interest Rate Risk.* Investments are governed as discussed above.

*Credit Risk.* CAMPO's investment policies are governed as discussed above.

*Concentrations of Credit Risk.* CAMPO's investment policies are governed as discussed above. At September 30, 2009, CAMPO had no surplus funds to invest.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a failure of a depository, CAMPO's deposits may not be returned to it. At September 30, 2009, CAMPO had no custodial credit risk.

## **NOTE 5 – RECEIVABLES**

A summary of CAMPO's receivables at September 30, 2009, is as follows:

Texas Department of Transportation	<u>\$753,326</u>
Total Accounts Receivable	<u>\$753,326</u>

## **NOTE 6 – CAPITAL ASSETS**

CAMPO had no capital assets at September 30, 2009

## **NOTE 7 – OPERATING LEASE**

CAMPO maintains offices provided by the City of Austin, Texas. The rent for the office space is computed and charged to CAMPO through the City of Austin Cost Allocation Plan. CAMPO pays its proportionate share of the building costs as if it was a city department. The rent expense was \$56,073 for the fiscal year ended September 30, 2009. Rent expense was governed by an operating lease under a fiscal management agreement that expired September 30, 2009. CAMPO has subsequently signed a new fiscal management agreement with the City of Austin covering the period October 1, 2009 through September 30, 2015. The estimated rent expense for the six year agreement is \$56,073 per fiscal year, with a total estimated rent lease obligation of \$336,438.

CAMPO leases copier services from the City of Austin, Texas. The copier lease is computed and charged to CAMPO through the City of Austin Cost Allocation Plan. CAMPO pays \$500 per month plus supply costs. The copier lease expense was \$9,959 for the fiscal year ended September 30, 2009. Copier lease expense was governed by an operating lease under a fiscal management agreement that expired September 30, 2009. CAMPO has subsequently signed a new fiscal management agreement with the City of Austin covering the period October 1, 2009 through September 30, 2015. The estimated copier lease expense for the six year agreement is \$6,000 per fiscal year, with a total estimated rent lease obligation of \$36,000.

## **NOTE 8 – STAFFING EXPENSE/COMPENSATED ABSENCES/POST EMPLOYMENT BENEFITS**

CAMPO has entered into a staffing arrangement with the City of Austin, whereby personnel services are performed by the City of Austin. As a result, the salaries and related fringe benefits (e.g., FICA, Medicare, pension, compensated absences, post employment benefits, etc.) of City of Austin employees are charged exclusively to CAMPO. The liability for all related employee compensated absences and post employment benefits is entirely the obligation of the City of Austin.

## **NOTE 9 – FEDERAL FINANCIAL ASSISTANCE**

During the year ended September 30, 2009, CAMPO expended \$2,203,874 of funds awarded by Federal programs and passed through the State of Texas. Since the threshold for the Single Audit Act is \$500,000, an audit under the Texas Single Audit was required and was performed. The Schedule of State Financial Assistance is included in the *Supplemental Audit Reports* section.

## **NOTE 10 – RISK MANAGEMENT**

CAMPO is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of asset; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by general liability insurance. Commercial insurance policies are also obtained for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

## **NOTE 11 – COMMITMENTS AND CONTINGENCIES**

CAMPO may from time to time be engaged in routine litigation incidental to the conduct of its business affairs. In the opinion of CAMPO's Counsel, no legal proceedings are pending or threatened which may materially affect the financial condition of the Organization.

Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although management expects such amounts, if any, to be immaterial.

## **NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated events and transactions which occurred through June 11, 2010, which was the date the financial statements were available to be issued. As a result of this evaluation, management has determined no events or transactions are required to be disclosed.

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

To the Transportation Policy Board of the  
Capital Area Metropolitan Planning Organization

We have audited the basic financial statements of the Capital Area Metropolitan Planning Organization (CAMPO) as of and for the year ended September 30, 2009, and have issued our report thereon dated June 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We believe the deficiency described in the accompanying Schedule of Findings and Questioned Costs (**Item 2009-1**) constitutes a material weaknesses. A contribution of cash received in 2009 with no donor-

imposed restriction was not fully recognized as revenue in the year received. Implementation of internal controls is necessary to provide reasonable assurance that that no material weaknesses exist over financial reporting.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CAMPO's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance, described in the accompanying Schedule of Findings and Questioned Costs (**Item 2009-2**) that is required to be reported under *Government Auditing Standards*.

CAMPO's response to the finding identified in our report is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit CAMPO's response, and accordingly express no opinion on it.

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

*Mandy N. Rufus, P.C.*

Austin, Texas  
June 11, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133

To the Transportation Policy Board of the  
Capital Area Metropolitan Planning Organization

### Compliance

We have audited the compliance of the Capital Area Metropolitan Planning Organization (CAMPO) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. CAMPO's major federal programs are identified in the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of CAMPO's management. Our responsibility is to express an opinion on CAMPO's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CAMPO's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of CAMPO's compliance with those requirements.

The results of our audit procedures disclosed one instance of noncompliance wherein CAMPO did not comply with the requirements related to federal financial reports, which are described in the accompanying Schedule of Findings and Questioned Costs (**Item 2009-2**). We consider instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph

In our opinion, except for the one instance of material noncompliance referred to in the third paragraph of this report and identified in the accompanying Schedule of Findings and Questioned Costs, CAMPO complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

## **Internal Control over Compliance**

The management of CAMPO is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered CAMPO's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CAMPO's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below. However, as described in the accompanying Schedule of Findings and Questioned Costs, we noted a certain deficiency related to the internal control over financial reporting that we consider to be a significant deficiency.

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

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

CAMPO's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit CAMPO's response and, accordingly, we express no opinion on it.

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

*Monday N. Rufus, P.C.*

Austin, Texas  
June 11, 2010

**CAPITAL AREA METROPOLITAN PLANNING ORGANIZATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES -  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
SEPTEMBER 30, 2009**

	Budget	Actual	Variance
<b>Revenues:</b>			
4874 Miscellaneous Revenue	\$ -	\$ -	\$ -
Total Revenue	-	-	-
<b>Expenditures:</b>			
5010 Staffing	-	-	-
5280 Consultants - other	-	-	-
5505 Services - Accounting	-	-	-
5525 Services - Auditing	-	-	-
5620 Services - Legal	-	-	-
5740 Services - Non-emergency	-	-	-
5860 Services - Other	-	-	-
6121 Rent - Office	-	-	-
6123 Rent - Other	-	-	-
6124 Rent - Copiers	-	-	-
6324 Insurance - General Liability	-	-	-
6361 Awards	-	-	-
6388 Maintenance - software	-	-	-
6416 Priority mail	-	-	-
6450 Advertisting and publicity	-	-	-
6452 Printing and binding	-	-	-
6520 Employee Recruitment	-	-	-
6531 Seminar Fees	-	-	-
6532 Educ. Travel	-	-	-
6551 Mileage reimbursement	-	-	-
6632 Memberships	-	-	-
6633 Subscriptions	-	-	-
6854 Miscellaneous	-	-	-
7454 Education & Promotion	-	-	-
7482 Food and ice	-	-	-
7486 Books - library	-	-	-
7500 Office supplies	-	-	-
7510 Computer supplies	-	-	-
7580 Software	-	-	-
7600 Small tools & Equipment	-	-	-
7610 Minor hardware	-	-	-
8000 Indirect Cost - Processing	-	-	-
9043 Computer software	-	-	-
9045 Computer hardware	-	-	-
Total Expenditures	\$ -	\$ -	\$ -

**CAPITAL AREA METROPOLITAN PLANNING ORGANIZATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES -  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
SEPTEMBER 30, 2009**

	Budget	Actual	Variance
<b>Revenues:</b>			
Planning Revenue	\$ 2,465,000	\$ 2,583,874	\$ (118,874)
Total Revenue	<u>2,465,000</u>	<u>2,583,874</u>	<u>(118,874)</u>
<b>Expenditures:</b>			
Staffing	1,419,704	1,318,927	100,777
Consultants - other	150,000	147,745	2,255
Services - Accounting	12,000	12,000	-
Services - Auditing	26,000	-	26,000
Services - Legal	25,000	40,932	(15,932)
Services - Non-emergency	3,000	180	2,820
Services - Other	1,544,869	567,895	976,974
Rent - Office	56,073	56,073	-
Rent - Other	16,000	9,028	6,972
Rent - Copiers	14,000	9,959	4,041
Insurance - General Liability	10,000	6,688	3,312
Awards	2,500	-	2,500
Maintenance - software	792	792	0
Priority mail	180	85	95
Advertisting and publicity	10,000	1,542	8,458
Printing and binding	23,500	14,158	9,342
Employee Recruitment			-
Seminar Fees	25,500	3,972	21,528
Education Travel	25,000	8,088	16,912
Mileage reimbursement	5,000	2,557	2,443
Memberships	3,000	2,500	500
Subscriptions	4,000	1,280	2,720
Miscellaneous	600	500	100
Education & Promotion			-
Food and ice	2,100	1,872	228
Books - library	781	53	728
Office supplies	19,860	6,819	13,041
Computer supplies	500	61	439
Software	500	468	32
Small tools & Equipment	100		100
Minor hardware	100	399	(299)
Indirect Cost - Processing	155,000	155,000	-
Computer software	4,995	4,995	-
Computer hardware	12,000	7,352	4,648
Total Expenditures	<u>\$ 3,572,654</u>	<u>\$ 2,381,921</u>	<u>\$ 1,190,733</u>

**CAPTIAL AREA METROPOLITAN PLANNING ORGANIZATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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Federal Grantor/ Pass through Grantor/ Program Title	Award #	Federal CFDA Number	Federal Expenditures
U.S. Department of Transportation Federal Highway Administration Passed through Texas Department of Transportation Highway Planning & Construction PL-112	50-9XXF0008	20.205	\$1,810,125
Federal Transit Administration Passed through Texas Department of Transportation Federal Transit Technical Studies Section 5303		20.505	\$ 393,749
Total U.S. Department of Transportation			<u>\$2,203,874</u>
<b>Total Federal Awards</b>			<b><u>\$2,203,874</u></b>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of the organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

No sub-recipient payments were made by CAMPO during the fiscal year ended September 30, 2009.

**CAPTIAL AREA METROPOLITAN PLANNING ORGANIZATION  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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SUMMARY OF AUDITORS' RESULTS

**Part I – Summary of Auditors' Results**

**Financial Statements Section**

Type of auditors' report issued.....Unqualified

Internal Control over financial reporting –

    Material weaknesses identified? .....Yes

    Significant deficiencies identified that are not  
    considered to be material weaknesses.....No

    Noncompliance material to financial statements noted.....No

**Federal Awards Section**

Internal Control over major programs-

    Material weaknesses identified? .....No

    Significant deficiencies identified that are not  
    considered to be material weaknesses..... Yes

Type of auditors' report issued on compliance for major programs.....Qualified

Any audit findings disclosed that are required to be reported in  
    accordance with section .510(a) of OMB Circular A-133..... Yes

Identification of major programs-

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
20.205 .....	Federal Highway Administration (PL-112)
20.505.....	Federal Transit Administration (Section 5303)

Dollar threshold used to distinguish between Type A and Type B programs..... \$300,000

Auditee qualified as a low-risk auditee? .....No

**CAPTIAL AREA METROPOLITAN PLANNING ORGANIZATION  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
(continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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**Part II – Financial Statement Finding Section**

**Item 2009-1**

Criteria: A contribution received with no donor-imposed conditions is considered an unconditional transfer of asset and should be recognized as contribution revenue in the period received.

Condition: A contribution of \$300,000 to CAMPO with no donor-imposed conditions was not fully recognized as revenue in the year received. This contribution was initially recognized as “deposits”; a liability account. A portion was recognized as revenue as the money was spent. As of September 30, 2009, a total of \$102,991 was recognized as revenue; leaving a total of \$197,009 classified as liability.

Effect: The revenue was initially understated and liability overstated by \$197,009, respectively.

Cause: This occurred due to a lack of timely communication between CAMPO’s management and its accountant.

Recommendation: Steps should be taken to correct the material weakness identified, and internal controls should be strengthened to provide reasonable assurance that no material weaknesses exist over financial reporting.

Management’s Response: *The Organization agrees with the finding. In response to the audit finding, the management of the Capital Area Metropolitan Planning Organization staff will continue to work with City of Austin staff to correct the material weakness identified, and to strengthen internal controls to provide reasonable assurance that no material weaknesses exist over financial reporting in the future.*

**CAPTIAL AREA METROPOLITAN PLANNING ORGANIZATION  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
(continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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**Part III – Federal Award Findings and Questioned Costs Section**

**Item 2009-2**

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
20.205 .....	Federal Highway Administration (PL-112)
20.505.....	Federal Transit Administration (Section 5303)

Criteria: OMB Circular A-133 requires non-federal entities that expend \$500,000 or more in a year in Federal awards to have a single or program-specific audit conducted for that year. It also requires that the audit be completed and submitted to the Federal Audit Clearing House within the earlier of 30 days after the receipt of the auditor’s report or nine months after the end of the audit period, unless a longer period is agreed to in advance by the Federal agency that provided the funding.

Condition: Although CAMPO expended more than \$500,000 in 2008, there is evidence that the financial statements were audited and submitted.

Questioned Costs: None.

Effect: CAMPO did not comply with the provision of OMB Circular A-133

Cause: A weakness in internal control over compliance over federal awards.

Recommendation: Adopt procedures to ensure that annual financial reporting requirements are met.

Management’s Response: *The Organization agrees with the finding. In response to the audit finding, the management of the Capital Area Metropolitan Planning Organization acknowledges that procedures were not in place to comply with 31 U.S.C. 7501-750; OMB Circular A-133; and 49 CFR 18.26. We will institute controls to ensure that subsequent audit reports are completed, and submitted in a timely manner.*

**CAPTIAL AREA METROPOLITAN PLANNING ORGANIZATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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There were no prior year audit findings.