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Board of Directors
North East Texas Regional Mobility Authority

I have compiled the accompanying statement of net assets of the North East Texas Regional Mobility Authority (the Authority) and the related statements of revenues, expenses, and changes in net assets for the two months and year ended September 30, 2008, and cash flows for the year ended September 30, 2008, and the accompanying supplementary information contained in Schedules I and II, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements and supplementary schedules, information that is the representation of the Authority's management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's net assets, revenues, expenses, changes in net assets and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to the North East Texas Regional Mobility Authority.

Michael Thomas CPA, P.C.

October 13, 2008

NET RMA
Statement of Net Assets
As of September 30, 2008

Assets		
Current Assets		
Cash	\$ 19,154	
Financial Assistance Receivable	<u>623,058</u>	
Total Current Assets		642,212
Fixed Assets		
Capital Assets		
Property Plant & Equipment, net	7,500	
Construction Work In Process		
Project Director	58,148	
Annual Report	2,825	
Legal Fees	108,564	
Engineering WA #1	288,041	
Engineering WA #2	1,544,982	
Engineering WA #3	1,294,344	
Engineering WA #4	693,673	
Engineering WA #6	<u>321,624</u>	
Total Construction Work in Process	<u>4,312,201</u>	
Total Capital Assets		<u>4,319,701</u>
Total Assets		<u>\$4,961,913</u>
Liabilities		
Current Liabilities		
Accounts Payable	<u>\$ 690,014</u>	
Total Current Liabilities		690,014
Long-term Liabilities		
Financial Assistance Payable	<u>4,596,332</u>	
Total Long-term Liabilities		<u>4,596,332</u>
Total Liabilities		5,286,346
Net Assets		
Beginning Balance	(299,131)	
Current Period	<u>(25,302)</u>	
Net Assets		<u>(324,433)</u>
Total Liabilities and Net Assets		<u>\$4,961,913</u>

See Accompanying Accountant's Compilation Report.

NET RMA
Statement of Revenues, Expenses, and Changes in Net Assets
For the Two Months and Year Ended September 30, 2008

		<u>Period</u> <u>8/1/08-9/30/08</u>		<u>Year to Date</u> <u>10/1/07-9/30/08</u>
Revenue				
Contributions	\$ -		\$ 22,000	
Total Revenue		-		22,000
Expenses				
Accounting	700		2,991	
Advertising-Legal	-			
Auditing	-		17,500	
Legal	-		13,772	
Depreciation	1,666		10,000	
Dues & Subscriptions	-			
Seminars and Conferences	-		75	
Board-Travel	72		764	
Office Supplies	-			
Surety Bonds	900		2,200	
Public Notices	-		-	
Postage Expense	-		-	
Printing and Copying	-		-	
Total Expenses		<u>3,338</u>		<u>47,302</u>
Change in Net Assets		<u>\$ (3,338)</u>		<u>\$ (25,302)</u>

See Accompanying Accountant's Compilation Report.

NET RMA
Statement of Cash Flows
For the Year Ended September 30, 2008

Cash Flows From Operating Activities

To Pay Vendors	\$ (28,471)	
From County Contributions	<u>22,000</u>	
Net Cash Flows From Operating Activities		\$ (6,471)

Cash Flows From Capital and Related Financing Activities

Construction in Progress	(1,167,993)	
Receipts from TXDOT Grant	<u>1,184,452</u>	
Net Cash Flows From Capital and Related Financing Activities		16,459

Cash Flows From Investing Activities

		<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		9,988
Cash and Cash Equivalents, Beginning of Year		<u>9,166</u>
Cash and Cash Equivalents, End of Period		<u><u>\$ 19,154</u></u>

**Reconciliation of Operating Income to Net
Cash Provided by Operating Activities**

Change in Net Assets		\$ (25,302)
Adjustments to reconcile change in net assets to net cash provided/ used by operating activities		
Depreciation		10,000
Change in assets and liabilities		
Decrease in Financial Assistance Receivable		(246,708)
Increase in Capital Assets		(1,493,654)
Increase in Toll Equity Grant Payable		1,415,292
Increase in Accounts Payable		<u>333,901</u>
Net Cash Flows From Operating Activities		<u><u>\$ (6,471)</u></u>

See Accompanying Accountant's Compilation Report.

Supplementary Information

NET RMA
Construction Budget to Actual Comparison
As of September 30, 2008

	<u>Annual Budget</u>	<u>Budget YTD</u>	<u>Actual YTD</u>
Financial Assistance Agreement	<u>\$ 5,615,117</u>	<u>\$ 5,615,117</u>	<u>\$ 810,624</u>
Postage and Delivery	\$ -	\$ -	\$ -
WA #06 GEC	565,000	565,000	-
Printing and Copying	-	-	-
Annual Report	5,000	5,000	-
Marketing	-	-	-
Project Director	30,000	30,000	33,564
Legal Fees	50,000	50,000	55,460
Website Operation	-	-	-
Engineering WA #1	-	-	-
Engineering WA #2	-	-	249,090
Engineering WA #3	-	-	661,955
Engineering WA #4	-	-	69,370
Engineering WA #6	-	-	321,625
Public Involvement	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total Expenditures	<u><u>\$ 675,000</u></u>	<u><u>\$ 675,000</u></u>	<u><u>\$ 1,391,064</u></u>

See Accompanying Accountant's Compilation Report.

NET RMA
Change in Net Assets Budget to Actual Comparison
October 1, 2007 - September 30, 2008

	<u>Annual Budget</u>	<u>YTD Budget</u>	<u>YTD Actual</u>
Revenue			
Contributions	\$ 25,000	\$ 25,000	\$ 22,000
Total Revenue	<u>25,000</u>	<u>25,000</u>	<u>22,000</u>
Expenses			
Accounting	4,000	4,000	2,991
Advertising-Legal	500	500	-
Auditing	5,000	5,000	17,500
Legal	120,000	120,000	13,772
Depreciation	10,000	10,000	10,000
Dues & Subscriptions	1,000	1,000	-
Seminars and Conferences	2,700	2,700	75
Board-Travel	8,600	8,600	764
Office Supplies	1,000	1,000	-
Surety Bonds	2,400	2,400	2,200
Public Notices	250	250	-
Postage Expense	250	250	-
Printing and Copying	250	250	-
Total Expenses	<u>155,950</u>	<u>155,950</u>	<u>47,302</u>
Change in Net Assets	<u>\$ (130,950)</u>	<u>\$ (130,950)</u>	<u>\$ (25,302)</u>

See Accompanying Accountant's Compilation Report.