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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 three months and year ended December 31, 2008, and cash flows for the three months ended December 31, 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.

January 9, 2009

NET RMA
Statement of Net Assets
As of December 31, 2008

Assets		
Current Assets		
Cash	\$ 39,954	
Financial Assistance Receivable	<u>10,031</u>	
Total Current Assets		49,985
Fixed Assets		
Capital Assets		
Property Plant & Equipment, net		5,000
Construction Work In Process		
Project Director	58,148	
Annual Report	2,825	
Legal Fees	116,012	
Engineering WA #1	288,041	
Engineering WA #2	1,544,982	
Engineering WA #3	1,331,874	
Engineering WA #4	693,673	
Engineering WA #6	<u>409,656</u>	
Total Construction Work in Process	<u>4,445,211</u>	
Total Capital Assets		<u>4,450,211</u>
Total Assets		<u><u>\$4,500,196</u></u>
Liabilities		
Current Liabilities		
Accounts Payable	<u>\$ 77,459</u>	
Total Current Liabilities		77,459
Long-term Liabilities		
Financial Assistance Payable	<u>4,737,022</u>	
Total Long-term Liabilities		<u>4,737,022</u>
Total Liabilities		4,814,481
Net Assets		
Beginning Balance	(324,433)	
Current Period	<u>10,148</u>	
Net Assets		<u>(314,285)</u>
Total Liabilities and Net Assets		<u><u>\$4,500,196</u></u>

See Accompanying Accountant's Compilation Report.

NET RMA
Statement of Revenues, Expenses, and Changes in Net Assets
For the Three Months Ended December 31, 2008

		<u>Period</u> <u>10/1/08-12/31/08</u>		<u>Year to Date</u> <u>10/1/08-12/31/08</u>
Revenue				
Contributions	\$ 22,000		\$ 22,000	
Total Revenue		22,000		22,000
Expenses				
Accounting	831		831	
Advertising-Legal	-		-	
Auditing	5,000		5,000	
Legal	2,733		2,733	
Depreciation	2,500		2,500	
Dues & Subscriptions	-		-	
Seminars and Conferences	-		-	
Board-Travel	125		125	
Office Supplies	-		-	
Surety Bonds	663		663	
Public Notices	-		-	
Postage Expense	-		-	
Printing and Copying	-		-	
Total Expenses		<u>11,852</u>		<u>11,852</u>
Change in Net Assets		<u>\$ 10,148</u>		<u>\$ 10,148</u>

See Accompanying Accountant's Compilation Report.

NET RMA
Statement of Cash Flows
For the Three Months Ended December 31, 2008

Cash Flows From Operating Activities

From County Contributions	\$ 22,000	
To Pay Vendors	<u>(5,788)</u>	
Net Cash Flows From Operating Activities		\$ 16,212

Cash Flows From Investing Activities

Construction in Progress	(749,129)	
Net Cash Flows From Investing Activities	<u>(749,129)</u>	(749,129)

Cash Flows From Financing Activities

Receipts from TXDOT Grant	753,717	
Net Cash Flows From Financing Activities	<u>753,717</u>	753,717

Net Increase/(Decrease) in Cash and Cash Equivalents		20,800
Cash and Cash Equivalents, Beginning of Year		<u>19,154</u>
Cash and Cash Equivalents, End of Period		<u><u>\$ 39,954</u></u>

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

Change in Net Assets		\$ 10,148
Adjustments to reconcile change in net assets to net cash provided/ used by operating activities		
Depreciation		2,500
Change in working capital		
Change in operating receivables and payables		<u>3,564</u>
Net Cash Flows From Operating Activities		<u><u>\$ 16,212</u></u>

See Accompanying Accountant's Compilation Report.

Supplementary Information

NET RMA
Construction Budget to Actual Comparison
As of December 31, 2008

	Annual Budget	Budget YTD	Actual YTD
Financial Assistance Agreement	\$ 6,361,834	\$ 1,590,459	\$ 753,717
Postage and Delivery	\$ -	\$ -	\$ -
WA #06 GEC	511,200	127,800	-
Printing and Copying	-	-	-
Annual Report	-	-	-
Marketing	-	-	-
Project Director	30,000	7,500	-
Legal Fees	150,000	37,500	7,448
Website Operation	-	-	-
Engineering WA #1	-	-	-
Engineering WA #2	-	-	-
Engineering WA #3A	2,396,134	599,034	37,530
Engineering WA #3B South	1,634,750	408,688	-
Engineering WA #3B North	1,634,750	408,688	-
Engineering WA #4	-	-	-
Engineering WA #6	-	-	88,031
Engineering WA #X	-	-	-
Public Involvement	5,000	1,250	-
Total Expenditures	\$ 6,361,834	\$ 1,590,459	\$ 133,009

See Accompanying Accountant's Compilation Report.

NET RMA
Change in Net Assets Budget to Actual Comparison
October 1, 2008 - December 31, 2008

	Annual Budget	YTD Budget	YTD Actual
Revenue			
Contributions	\$ 25,000	\$ 6,250	\$ 22,000
Total Revenue	<u>25,000</u>	<u>6,250</u>	<u>22,000</u>
Expenses			
Accounting	4,000	1,000	831
Advertising-Legal	500	125	-
Auditing	16,000	4,000	5,000
Legal	50,000	12,500	2,733
Depreciation	7,500	2,500	2,500
Dues & Subscriptions	1,000	250	
Travel-Conference hotels	4,000	1,000	
Travel-mileage (Board)	6,000	1,500	125
Office Supplies	1,000	250	
Surety Bonds	2,400	600	663
Public Notices	250	63	-
Postage Expense	250	63	-
Printing and Copying	1,000	250	-
Total Expenses	<u>93,900</u>	<u>24,100</u>	<u>11,852</u>
Change in Net Assets	<u>\$ (68,900)</u>	<u>\$ (17,850)</u>	<u>\$ 10,148</u>

See Accompanying Accountant's Compilation Report.