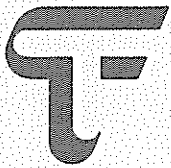


NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

September 30, 2012



TOM J. FITZGERALD
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MEMBER OF:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

October 30, 2012

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) as of September 30, 2012 and the related statement of revenues, expenses, and changes in net assets for the year then ended, and the accompanying supplemental information contained in Schedules 1 and 2, which are presented only for supplementary analysis purposes. I have not audited or reviewed the accompanying financial statements and supplemental information and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplemental schedules are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. 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, and changes in assets. Accordingly, these financial statements and supplemental information 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.

North East Texas Regional Mobility Authority
Statement of Net Assets
September 30, 2012

Assets		
Current Assets:		
Cash (Restricted \$268,650)	\$ 369,211	
Cash- SIB & Toll Equity Funds	7,105,974	
Grants receivable- Smith Co. Multimodal Study	<u>27,194</u>	
Total		\$ 7,502,379
Capital Assets:		
Property, plant and equipment - net	<u>-</u>	-
Construction Work-In-Progress:		
Toll 49- Prior year segments funded by Financial Assistance Agreement	11,074,548	
Toll 49- Segment 3B costs funded by SIB/TEL funds	71,925,270	
Construction period interest	<u>3,621,807</u>	
Total		86,621,625
Other:		
Deferred expense - loan issuance costs		<u>705,592</u>
Total Assets		<u><u>\$ 94,829,596</u></u>

Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable - SIB/TEL	\$ 689,100	
Accounts Payable - Other	91,572	
Rusk County Funds - Loop 571	<u>268,650</u>	
Total		1,049,322
Long Term Liabilities:		
Financial Assistance Payable	12,250,749	
Note Payable- SIB loan	36,519,748	
Note Payable- Toll Equity loan	46,611,682	
Accrued interest payable	<u>579,149</u>	
Total		95,961,328
Net Assets (Deficit)		
Unrestricted deficit		<u>(2,181,054)</u>
Total Liabilities and Net Assets		<u><u>\$ 94,829,596</u></u>

See Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Revenues, Expenses and Change in Net Assets
For the Year Ended September 30, 2012

Revenue:	
Contributions from counties	\$ 34,000
Interest income	2,078
Total	<u>36,078</u>
Expenses:	
Accounting fees	19,017
Auditing fees	22,500
Legal fees - Toll 49	263,460
Legal fees - other	68,103
Dues & subscriptions	500
Seminars and conferences	275
Board travel	-
Surety bonds	2,115
Other expenses	348
Adm. and public information expense	82,403
Railway ROW appraisal	20,599
Website expenses	17,605
Amortization of loan issuance costs	27,138
Total	<u>524,063</u>
Change in Net Assets (Decrease)	<u>\$ (487,985)</u>

See Accountant's Compilation Report.

**North East Texas Regional Mobility Authority
Change in Net Assets - Budget to Actual Comparison
For the Year Ended September 30, 2012**

	Annual Budget	Actual YTD	Actual Over (Under) Budget
Revenue:			
Contributions	\$ 36,000	\$ 34,000	\$ (2,000)
Interest income	-	2,078	2,078
Total	<u>36,000</u>	<u>36,078</u>	<u>78</u>
Expenses:			
Accounting fees *	18,000	19,017	1,017
Auditing fees *	20,000	22,500	2,500
Legal fees - Toll 49 *	165,500	263,460	97,960
Legal fees - other *	10,000	68,103	58,103
Seminars and conferences	100	275	175
Travel	2,000	-	(2,000)
Surety bonds	3,500	2,115	(1,385)
Dues and subscriptions	150	500	350
Other expenses *	3,700	348	(3,352)
Adm. and public information expense *	52,000	82,403	30,403
Railroad ROW appraisal	25,000	20,599	(4,401)
Website expenses *	15,000	17,605	2,605
Amortization of loan issuance costs	-	27,138	27,138
Total	<u>314,950</u>	<u>524,063</u>	<u>209,113</u>
Change in Net Assests (Decrease)	<u>\$ (278,950)</u>	<u>\$ (487,985)</u>	<u>\$ 209,035</u>

* Funded in whole or in part by SIB and Toll Equity loans.

**North East Texas Regional Mobility Authority
Construction Budgets to Actual Comparison
For the Year Ended September 30, 2012**

	Revised Annual Budget	Actual YTD
Toll 49		
Sources of Funds:		
State Infrastructure Bank Loan	\$ 18,283,561	\$ 18,283,561
Toll Equity Loan	23,336,073	23,336,073
Funds carried forward from prior year	7,711,272	12,988,820
Funds carried forward to future period	<u>(511,594)</u>	<u>(6,414,797)</u>
Total	<u>\$ 48,819,312</u>	<u>\$ 48,193,657</u>
Project Expenditures:		
Design build developer costs	\$ 40,561,805	\$ 41,764,774
Construction contingencies	500,000	882,628
Right-of-way purchases	64,148	115,614
Design oversight and quality assurance	700,000	801,309
Construction oversight and quality assurance	1,983,500	1,648,556
Toll system integration contract	1,538,941	769,946
Material testing lab	407,000	395,696
Environmental permitting and archeological permits	1,440,620	543,831
Environmental monitoring	32,990	74,513
TxDOT offsite plant inspection	60,108	27,781
Other project expenses	114,000	69,488
Administrative costs *	741,200	950,690
Enviornmental Study of East Texas Hour Glass	<u>675,000</u>	<u>148,831</u>
Total	<u>\$ 48,819,312</u>	<u>\$ 48,193,657</u>

* Some of these costs are recognized as expenses in the operating budget.

**North East Texas Regional Mobility Authority
Construction Budgets to Actual Comparison
For the Year Ended September 30, 2012**

	Annual Budget	Actual YTD
Loop 571 Rusk County		
Sources of Funds:		
Funds carried forward from prior year	\$ 288,424	\$ 287,723
Funds carried forward to future year	<u>(45,000)</u>	<u>(268,650)</u>
Total	<u>\$ 243,424</u>	<u>\$ 19,073</u>
Project Expenditures:		
ROW acquisition services	\$ 90,895	\$ 19,073
Environmental permitting and archeological permits	67,389	-
Project management and coordination	20,140	-
Project director	30,000	-
Legal services	25,000	-
Other expenses	<u>10,000</u>	<u>-</u>
Total	<u>\$ 243,424</u>	<u>\$ 19,073</u>
Smith County Multimodal Facility Study		
Sources of Funds:		
Grants	<u>\$ 130,000</u>	<u>\$ 104,921</u>
Project Expenditures:		
Feasibility planning	<u>\$ 130,000</u>	<u>\$ 104,921</u>

See Accountant's Compilation Report.