PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

Central Texas Regional Mobility Authority

Financial Statements, Supplemental Schedule, and
Management Discussion and Analysis
June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

Central Texas Regional Mobility Authority

Financial Statements, Supplemental Schedule, and
Management Discussion and Analysis
June 30, 2013 and 2012

Central Texas Regional Mobility Authority
Management's Discussion and Analysis
Years Ended June 30, 2013 and 2012

This section of the Central Texas Regional Mobility Authority (the "Authority") financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year that ended June 30, 2013. Please read it in conjunction with the Authority's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The Authority restated its 2012 and 2011 financial statements to be in compliance with the recent accounting pronouncement of Governmental Accounting Standards Board ("GASB") Statement No. 65, "Items Previously Reported as Assets and Liabilities".
- GASB Statement No. 65 established updated guidance for debt issuance costs and indicated that debt issuance costs, except any portion related to prepaid insurance costs, are required be recognized as an expense in the period incurred. This lead to a $10 million adjustment to the Authority's 2012 asset and net asset balance.
- The Authority issued Series 2013A Senior Lien Revenue Refunding Bonds, Series 2013B Senior lien Revenue Refunding Put Bonds, and Series 2013 Subordinate Lien Revenue Refunding Bonds, collectively called the Series 2013 Obligations, on May 16, 2013.
- The 2013 Obligations were used to pay down the 2005 Current Interest Bonds (Series 2005 CIBs), Convertible Capital Appreciation Bonds (Convertible CABs), 2010 Subordinate Lien Revenue Build America Bonds (Subordinate Lien BABs) and TIFIA bonds.
- The remaining Bonds payable balances related to the 2010, 2011 and 2013 and have a combined outstanding balance of $779 million as of June 30, 2013.
- Construction in progress decreased by $63.1 million from 2012 to 2013 in part due to completion of construction contracts and movement of completed construction into property, toll road and equipment.
- Total Investments decreased by $146.7 million from 2012 to 2013. Restricted investments decreased by $150.5 million which was offset by an increase in unrestricted investments by $3.8 million. The overall decrease in investments was largely due to a reduction in the U.S. Government Agency Securities and the TexSTAR Investment Pool.
- Total operating expenses were approximately $24.8 million and $17.1 million in 2013 and 2012, respectively.
- Total construction in progress was approximately $301.7 million, and $364.8 million as of June 30, 2013 and, 2012 respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of two parts: management's discussion and analysis (this section), and the basic financial statements, the notes to the financial statements, and the supplemental schedule.

The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the statements of revenues, expenses, and changes in net assets. All assets and liabilities associated with the operation of the Authority are included in the statements of net assets.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Assets

The Authority's total net assets were approximately $172 million, $94 million, and $80.3 million, as of June 30, 2013, 2012, and 2011, respectively (See Table A-1). In 2013, total assets increased 9.79% to $998.3 million and total liabilities increased 1.35% to $826.6 million resulting in an increase of 81.91% in total net assets. The increase of $77.6 million is the result of 2013 operating income of $77.6 million.

Table A-1
Net Assets
(in thousands of dollars)

	2013	2012 as restated	2011 as restated
Current assets	$ 37,096	$ 19,025	$ 14,049
Restricted assets	237,413	307,840	433,409
Capital assets	718,495	577,833	424,471
Bond issuance cost	5,338	4,842	5,161
Total assets	$ 998,342	$ 909,540	$ 877,090
Total liabilities	$ 826,623	$ 815,480	$ 807,773
Net assets:			
Invested in capital assets	(93,591)	19,871	25,694
Restricted for other purposes	213,310	68,669	40,508
Unrestricted	52,000	5,520	3,115
Total net assets	171,719	94,060	80,251
Total liabilities and net assets	$ 998,342	$ 909,540	$ 877,090

Changes in Net Assets

Changes in net assets as of June 30, 2013 and 2012 were approximately $77.6 million and $13.8 million, respectively, a 82.56% and 17%, respectively, increase in total net assets from 2012 and 2011. The Authority's total revenues for the year ended June 30, 2013 were $124.8 million, an increase of 139% from 2012, and total expenses were $47.2 million. See Table A-2.

Table A-2
Changes in Net Assets
(in thousands of dollars)

	2013	2012 as restated	2011 as restated
Revenues:			
Toll revenue	$32,160	$23,604	$21,458
Grants and contributions	92,205	28,424	31,989
Other revenue	456	210	243
Total revenues	124,821	52,238	53,690
Expenses:			
Administration	44,124	36,174	26,970
Professional services	3,036	2,256	2,586
Total expenses	47,160	38,430	29,556
Contributed capital	-	-	-
Change in net assets	77,659	13,808	24,134
Total net assets, beginning of the year	94,060	80,252	56,118
Total net assets, end of the year	$171,719	$94,060	$80,252

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, 2012 and 2011 the Authority had invested approximately $301.7 million, $364.9 million, and $204.3 million, respectively, in construction-in-progress, including engineering fees and preliminary costs such as funding, consulting, environmental, legal, and traffic analysis fees. See Table A-3.

Table A-3
Capital Assets
(net of depreciation, in thousands of dollars)

	2013	2012 as restated	2011 as restated
Property and equipment	$ 9,712	$ 9,726	$ 9,701
Toll Road	439,807	241,474	241,474
Accumulated depreciation	(47,648)	(38,220)	(31,007)
Construction work in progress	301,720	364,853	204,303
Net capital assets	$703,591	$577,833	$424,471

Long-Term Debt

The Authority issued its Series 2005 Senior Lien Revenue Bonds and Series 2005 Subordinate Lien Revenue Bond Anticipation Notes (Series 2005 Subordinate Lien BANs) on March 2, 2005, collectively called the Series 2005 Obligations. The Series 2005 Senior Lien Revenue Bonds were issued in part as Current Interest Bonds (Series 2005 CIBs) and in part as Convertible Capital Appreciation Bonds (Series 2005 Convertible CABs).

The proceeds from the Series 2005 Obligations were used to: i) finance a portion of the costs of planning, designing, engineering, developing, and constructing the interim phase of the 183-A Turnpike Project, ii) pay a portion of the costs of studying, evaluating, and designing additional turnpike projects within the Authority's jurisdiction, iii) pay capitalized interest with respect to the Series 2005 Obligations, iv) fund a debt service reserve fund for the Series 2005 Senior Lien Revenue Bonds, v) provide working capital to the Authority, and vi) pay the issuance costs of the Series 2005 Obligations.

The Series 2005 CIBs and Series A Convertible CAB's were refunded and defeased in whole by the Authority on May 16, 2013 with portion of the proceeds of the Series 2013A Senior Lien Revenue Refunding Bonds and the Series 2013B Senior Lien Revenue Refunding Put Bonds, and other lawfully available funds of the Authority.

The U.S. Department of Transportation agreed to lend the Authority up to $66 million (TIFIA Bond) to pay or reimburse a portion of the costs of the 2005 Project, including any refinancing of the Series 2005 Subordinate Lien BANs, under a secured loan agreement between the Authority and the U.S. Department of Transportation.

On January 1, 2008, the Authority borrowed the entire balance of the $66 million TIFIA Bond to pay down the Series 2005 Subordinate Lien BANS in full. The maturity date of the TIFIA Bond is January 1, 2042. Interest on the TIFIA Bond accrued at an annual rate of 4.69% with interest payable each January 1 and July 1, commencing January 1, 2012.

The 2005 TIFIA Bond was refunded and prepaid in whole by the Authority on June 5, 2013 with a portion of the proceeds of the Series 2013A Senior Lien Revenue Refunding Bonds and the Series 2013 Subordinate Lien Revenue Refunding Bonds, issued by the Authority on May 16, 2013 and other lawfully available funds of the Authority.

The Authority issued its Series 2010 Senior Lien Revenue Bonds and Taxable Series 2010 Subordinate Lien Revenue Bonds (Build America Bonds – Direct Subsidy) (Series 2010 Subordinate Lien Bonds) on March 1, 2010, collectively called the Series 2010 Obligations. The Series 2010 Senior Lien Revenue Bonds were issued in part as Current Interest Bonds (Series 2010 CIBs) and in part as Capital Appreciation Bonds (Series 2010 CABs).

On August 1, 2010, the Authority issued its Revenue Notes, Taxable Series 2010 (Build America Bonds – Direct Subsidy) in an aggregate principal amount of $60 million (Series 2010 Notes). The proceeds were used to: (i) pay a portion of the Costs of the 290 East Project, and (ii) pay certain issuance costs of the Series 2010 Notes. The Series 2010 Notes were redeemed in full from proceeds of the Series 2011 Senior Lien Revenue Bonds issued by the Authority in 2011, as described below.

The proceeds from the Series 2010 Obligations were used to: to (i) finance a portion of the costs of the 183A Phase II Project, (ii) currently refund and redeem, in whole, the Authority's outstanding Revenue Notes, Taxable Series 2009, (iii) pay capitalized interest with respect to the Series 2010 Obligations, (iv) make a deposit to the Senior Lien Debt Service Reserve Fund and the Subordinate Lien Debt Service Reserve Fund, and (v) pay certain issuance costs of the Series 2010 Obligations.

The Series 2010 Subordinate Lien BABs were refunded and redeemed in whole by the Authority on June 5, 2013 with a portion of the proceeds of the Series 2013 Subordinate Lien Revenue Refunding Bonds issued by the Authority on May 16, 2013, and other lawfully available funds of the Authority.

The Authority issued its Series 2011 Senior Lien Revenue Bonds and Series 2011 Subordinate Lien Revenue Bonds on June 29, 2011, collectively called the Series 2011 Obligations. The Series 2011 Senior Lien Revenue Bonds were issued in part as Current Interest Bonds (Series 2011 CIBs) and in part as Capital Appreciation Bonds (Series 2011 CABs).

A portion of the proceeds from the Series 2011 Obligations was used to (i) prepay the SIB Loan in full, (ii) redeem the Series 2010 Notes in whole, (iii) pay capitalized interest with respect to the Series 2011 Obligations, (iv) make a deposit to the Senior Lien Debt Service Reserve Fund and the Subordinate Lien Debt Service Reserve Fund and (v) pay certain issuance costs of the Series 2011 Obligations. The remaining proceeds of the Series 2011 Obligations will be used to finance a portion of the costs of the Manor Expressway Phase II Project and as otherwise authorized in the Indenture.

In December 2011, the Authority entered into a Secured Loan Agreement with a bank for a secured draw down note facility in an aggregate amount up to $5 million (Draw Down Note). The Draw Down Note bears interest at the one-month LIBOR rate plus 2.85%. The Draw Down Note matures on December 15, 2015 and requires monthly interest payments on outstanding balances. Certain funds of the Authority are collateral for the Draw Down Note.

Proceeds from the Draw Down Note are to be used to pay (i) expenses of studying the cost, design, engineering, and feasibility of transportation projects, (ii) expenses associated with securing the Draw Down Note, and (iii) the reimbursement to the Authority of costs attributable to certain preliminary cost and feasibility and other expenses relating to the preparation of financing of the transportation projects incurred prior to the execution of the Draw Down Note.

The Authority issued its Series 2013A Senior Lien Revenue Refunding Bonds (Series 2013A Senior Lien Bonds), Series 2013B Senior Lien Revenue Refunding Put Bonds (Series 2013B Senior Lien Put Bonds), and Series 2013 Subordinate Lien Revenue Refunding Bonds (Series 2013 Subordinate Lien Bonds), collectively called the Series 2013 Obligations, on May 16, 2013.

The proceeds from the Series 2013 Obligations were used to (i) refund the Series 2005 Senior Lien Revenue Bonds, the 2005 TIFIA Bond, and the Series 2010 Subordinate Lien BABs, (ii) make a deposit to the Subordinate Lien Debt Service Reserve Fund, and (iii) pay certain issuance costs of the Series 2013 Obligations.

On June 27, 2013, the Authority entered into a Secured Loan Agreement with a Bank ("2013 Note") for an aggregate principal amount not to exceed $5,300,000 (the "Loan"). The Loan bears interest at 2.25% per annum and matures on January 1, 2019. The loan requires semiannual interest payments on the outstanding balance. Certain funds of the Authority are collateral for the Loan.

Proceeds from the Loan are to be used to pay (i) expenses of studying the cost, design, engineering, and feasibility of transportation projects, (ii) expenses associated with securing the Loan, and (iii) the reimbursement to the Authority of costs attributable to certain preliminary cost and feasibility of the Mopac project and other expenses relating to the preparation of financing of the transportation projects incurred prior to the execution of the Loan.

As of June 30, 2013, the Authority had total debt outstanding of approximately $786 million. See Table A-4.

Table A-4
Total Debt
(in thousands of dollars)

	2013	2012 as restated	2011 as restated
Capital Appreciation Bonds	$ 100,423	$ 61,332	$ 61,332
Current Interest Bonds	678,373	619,791	621,542
TIFIA Bond	-	77,656	77,627
2013 Note	5,300	-	-
Draw Down Note	1,975	400	-
Net Debt Outstanding	786,071	759,179	760,501

The total debt obligations include current portion of the obligation of $1,350, $2,870 and $1,595 for 2013, 2012 and 2011 respectively.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Central Texas Regional Mobility Authority, 3300 N. IH 35, Suite 300, Austin, 78705.

PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Members of the Central Texas Regional Mobility Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of Central Texas Regional Mobility Authority (the "Authority"), which comprise the statements of net assets as of June 30, 2013 and 2012, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Texas Regional Mobility Authority as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion on pages 1 to 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Indenture Cash Flow and Debt Service Coverage on page 33 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Restatement of Previously Reported Financial Statements
As discussed in Note 1 to the financial statements, the Authority restated amounts previously reported as and for the year ended June 30, 2012.

PMB Helin Donovan, LLP

PMB Helin Donovan, LLP

Austin, TX
September 30, 2013 (October 22, 2012 as to Note 1 and the effects of the restatement)

CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY
Statements of Net Assets
June 30, 2013 and 2012

	2013	2012 as restated
Assets:		
Current assets:		
Cash and cash equivalents (note 2)	$ 827,616	$ 96,087
Investments (note 2)	8,345,711	4,563,052
Due from other agencies (note 12)	27,654,822	13,863,197
Accrued interest receivable	216,923	477,627
Prepaid expenses and other assets	50,878	25,216
Total current assets	37,095,950	19,025,179
Restricted assets:		
Cash and cash equivalents (note 2)	125,217,295	45,098,220
Investments (note 2)	112,195,570	262,742,034
Total restricted assets	237,412,865	307,840,254
Property, toll roads and equipment, net (note 3)	401,870,275	212,980,016
Construction work in progress (note 3)	301,720,870	364,852,641
Deferred inflow of resources (note 6)	14,903,935	-
Bond issuance costs, net	5,337,706	4,842,159
Total assets	$ 998,341,601	$ 909,540,249
Liabilities:		
Current liabilities:		
Accounts payable	$ 12,219,671	$ 21,580,593
Accrued interest payable	16,489,704	21,088,563
Due to other agencies	465,504	-
Accrued expenses	265,875	236,811
Deferred revenue	-	34,774
TIFIA bond - current portion	-	150,000
Bonds payable - 2005 Series - current portion	-	2,720,000
Bonds payable - 2013 Series - current portion	1,350,000	-
Total current liabilities	30,790,754	45,810,741
Noncurrent liabilities:		
Draw down note (note 4)	1,974,569	400,000
TIFIA bond (note 4)	-	77,506,077
Bonds payable - 2005 Series (note 4)	-	168,382,977
Bonds payable - 2010 Series (note 4)	95,011,738	140,048,511
Bonds payable - 2011 Series (note 4)	370,226,319	369,971,128
Bonds payable - 2013 Series (note 4)	312,208,620	-
2013 note (note 4)	5,300,000	-
Total long term debt	784,721,246	756,308,693
Accumulated accretion on capital appreciation bonds (note 4)	11,110,405	13,360,344
Total liabilities	826,622,405	815,479,778
Net assets:		
Invested in capital assets, net of related debt	(93,590,506)	19,870,933
Restricted for other purposes	213,309,817	68,669,502
Unrestricted	51,999,885	5,520,036
Total net assets	171,719,196	94,060,471
Total liabilities and net assets	$ 998,341,601	$ 909,540,249

See accompanying notes to financial statements

CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Assets

For the years ended June 30, 2013 and 2012

	2013	2012 as restated
Operating Revenues		
Tolls	$ 32,159,157	$ 23,603,505
Grants and contributions	92,205,336	28,423,670
Other	455,792	210,622
Total revenues	124,820,285	52,237,797
Operating expenses		
Salaries and wages	2,451,766	2,379,779
Other contractual services	3,495,639	2,761,992
Professional services	3,036,187	2,255,640
General and administrative	15,834,659	9,660,153
Total operating expenses	24,818,251	17,057,564
Total operating increase	100,002,034	35,180,233
Nonoperating revenues/expenses		
Gain on legal settlement	-	835,312
Interest income, net of interest capitalized, (note 2)	230,171	190,933
Interest expense	(22,573,480)	(22,397,452)
Change in net assets	77,658,725	13,809,026
Total adjusted net assets at beginning of the year	94,060,471	80,251,445
Total net assets at end of the year	$ 171,719,196	$ 94,060,471

See accompanying notes to financial statements.

CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY

Statements of Cash Flows

For the years ended June 30, 2013 and 2012

	2013	2012 as restated
Cash flows from operating activities:		
Receipts from toll fees	$ 31,011,717	$ 28,553,058
Receipts from grants and other income	68,937,574	27,574,251
Receipts from interest income	13,248	289,414
Payments to vendors	(6,393,455)	(4,628,154)
Payments to professionals	(2,699,043)	(2,523,335)
Payments to employees	(2,447,161)	(2,377,417)
Net cash flows provided by operating activities	88,422,880	46,887,817
Cash flows from capital and related financing activities:		
Acquisitions of property and equipment	(112,473,225)	(24,951)
Payments on interest	(32,231,123)	(8,934,500)
Acquisitions of construction in progress	(10,495,498)	(165,676,788)
Payment of Series 2005 Bonds	(173,124,727)	(1,495,000)
Payments of Series 2010 Subordinated Lien Bonds	(45,000,000)	-
Payment of TIFIA bond	(77,656,077)	(100,000)
Proceeds from 2013 note	5,300,000	-
Proceeds from Issuance of 2013 Series Bonds	289,770,000	-
Proceeds from Draw Down Note	1,574,569	400,000
Net cash flows provided by (used in) capital and related financing activities	(154,336,081)	(175,831,239)
Cash flows from investing activities:		
Purchase of investments	(54,655,334)	(427,003,296)
Proceeds from sale or maturity of investments	201,419,139	524,344,649
Net cash flows provided by investing activities	146,763,805	97,341,353
Net increase (decrease) in cash and cash equivalents	80,850,604	(31,602,069)
Cash and cash equivalents at beginning of year	45,194,307	76,796,376
Cash and cash equivalents at end of year (including $125,217,295 for 2013 and $45,098,220 for 2012 reported in restricted assets)	$ 126,044,911	$ 45,194,307
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ 77,658,725	$ 13,809,026
Adjustments to reconcile change in net assets to		
Net cash used in operating activities:		
Depreciation and amortization	9,482,695	7,212,847
Amortization of premium/discount	(115,332)	(160,940)
Interest accretion	496,072	1,424,874
Issuance cost expense	395,307	10,560,001
Nonoperating interest	32,231,123	8,934,500
Changes in assets and liabilities:		
(Increase) decrease in prepaid expenses and other assets	(25,662)	10,338
(Increase) in non-cash revenue (due from other agencies)	(13,326,121)	(7,982,461)
(Decrease) increase in accounts payable	(3,464,282)	13,244,278
Increase (decrease) in accrued expenses	29,064	(199,420)
(Decrease) increase in deferred revenue	(34,774)	34,774
(Increase) in deferred inflow of resources	(14,903,935)	-
Total adjustments	10,764,155	33,078,791
Net cash flows provided by operating activities	$ 88,422,880	$ 46,887,817

See accompanying notes to financial statements.

1. Organization and Summary of Significant Accounting Policies

The financial statements of the Central Texas Regional Mobility Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below:

A. **Reporting Entity -** The Central Texas Regional Mobility Authority (the "Authority") was authorized by the State of Texas in 2002. The Authority is authorized to construct, maintain, repair, and operate turnpike projects at locations authorized by the Legislature of the State of Texas and approved by the State Department of Transportation. The Authority receives its revenues from tolls, fees, grants, and rents from the operation of turnpike projects. The Authority may issue revenue bonds for the purpose of paying the costs of turnpike projects.

The Authority was formed through the joint efforts of Travis and Williamson Counties (the "Counties"). Their efforts began in September 2002, following the enactment of provisions by the 77th Texas Legislature authorizing the formation of regional mobility authorities (RMAs). The petition to form the Authority was filed by the Counties, and the Texas Transportation Commission granted approval for its formation in October 2002. The Counties appointed its initial board of directors in January 2003. Each County appointed three directors, and the Governor appointed the presiding officer. The members are appointed in belief that the composition of the board and the common interest in the region shared by all board members will result in adequate representation of all political subdivisions within the geographic area of the RMA and to serve without pay for terms of two years. The Authority has full control over all operations, but must comply with certain bond indentures and trust agreements. The Authority employs an Executive Director who manages the day-to-day operations.

In evaluating how to define the Authority, for financial reporting purposes, management has determined that there are no entities over which the Authority exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Authority. Since the Authority does not exercise significant influence or accountability over other entities, it has no component units.

Liquidity – During the year ending June 30, 2013, the Company reported revenue of $124.8 million, and a change in net assets of approximately $77.7 million. Management believes that it has cash on hand, anticipated 2014 operating results, and available credit facilities that are sufficient to fund its operations through June 30, 2014.

B. Basis of Accounting - The operations of the Authority are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the Authority are included in the Statements of Net Assets. Operating expenses for the Authority include the costs of operating the turnpikes, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Cash, Cash Equivalents and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less form the date of acquisition. These deposits are fully collateralized or covered by federal deposit insurance.

Investments are reported at fair value. The net change in fair value of investments is recorded on the statements of revenues, expenses and changes in net assets and includes the unrealized and realized gains and losses on investments.

D. Compensated Absences - Vested or accumulated vacation leave is recorded as an expense and a liability as the benefits accrue to employees. There are no accumulating sick leave benefits that vest for which any liability must be recognized.

E. Capital Assets - Capital assets, which include property, equipment, and infrastructure assets, are reported at cost. Capital assets are defined as assets with initial, individual costs exceeding \$500 to \$20,000 depending on asset category. Depreciation is computed on the straight-line method over the following estimated useful lives:

Roads and bridges, 40 years
Improvements, 5-20 years
Buildings, 20-30 years
Equipment, 3-7 years

A full month's depreciation is taken in the month an asset is placed in service. When property and equipment are disposed, the cost and accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is recorded in operations.

The Authority capitalizes interest cost of restricted tax-exempt borrowings less any interest earned on temporary investment of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use.

F. Grants and Contributions - Revenues on grants and contributions include right-of-way property that is restricted to meeting the operational or capital requirements of a particular program. The Authority considers all grants and contributions to be 100% collectible.

The Authority has entered into several grant agreements with the Texas Department of Transportation (TxDot) for construction costs using Highway Planning and Construction federal funding for transportation improvements. During the years ended June 30, 2013 and 2012, the Authority received $92,205,336 and $28,423,670, respectively, from TxDot. The Authority defers the recognition of revenue when funds are received in advance of when the amounts are earned. As of June 30, 2013, there was no deferred grant revenue.

During the years ended June 30, 2013 and 2012, the Authority received 100% and 90%, respectively, of total grant revenue from contracts funded through federal and state governments. It is possible that at some time in the future these contracts could terminate, or funding could be reduced. However, the Authority does not currently expect that these contracts will be terminated or that funding will be reduced in the near future.

G. **Investments -** The Authority invests funds in accordance with its investment policy, bond indentures, and the Texas Public Funds Investment Act. Investments are carried at fair value. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value is determined typically by quoted market prices.

H. **Restricted Assets -** Certain proceeds of the Authority's bonds and grants, as well as certain other resources, are classified as restricted assets in the statements of net assets because they are maintained in separate investment accounts and their use is limited by applicable bond covenants and grant agreements. The Authority's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

I. **Income Taxes -** The Authority is an instrumentality of the State of Texas. As such, income earned in the exercise of its essential government functions is exempt from state or federal income taxes. Bond obligations issued by state and local governments are tax-exempt only if the issuers pay rebate to the federal government of the earnings on the investment of the proceeds of a tax-exempt issue in excess of the yield on such obligations and any income earned on such excess.

J. **Bond Premiums, Discounts, and Issuance Costs -** The Authority amortizes premiums and discounts over the estimated life of the bonds as an adjustment to capitalized interest using the effective interest method. Bond issuance cost is expensed as incurred, in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 65 "Items Previously Reported as Assets and Liabilities" further discussed in Note O.

K. **Classification of Operating and Non-operating Revenue and Expenses -** The Authority defines operating revenues and expenses as those revenues and expenses generated by a specified program offering either a good or service. This definition is consistent with the codification of Government and Financial Reporting Standards which defines operating receipts as cash receipts from customers and other cash receipts that do not result from transactions defined as capital and related financing, non-capital financing or investing activities.

L. Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Examples of management's use of estimates and assumptions include, but are not limited to, depreciable lives and estimated residual value of property and equipment, amortization period of deferred costs, and the valuation of investments.

M. Reclassification - Certain amounts reported in previous periods have been reclassified to conform to the current year presentation.

N. Subsequent Events - The Authority evaluates events that occur subsequent to the statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Authority's financial statements are issued. For the financial statements as of and for the year ending June 30, 2013, this date was September 30, 2013.

O. Recent Accounting Pronouncements - In June 2012, the Governmental Accounting Standards Board issued GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement establishes updated guidance for debt issuance costs and indicates that debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs, financing costs, and other related costs. Under GASB Statement No. 65 such debt issuance costs, except any portion related to prepaid insurance costs, are required be recognized as an expense in the period incurred. Prepaid insurance costs are required to be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

The amended guidance was applicable for annual reporting periods on or after December 15, 2012. Accounting changes adopted to conform to the provisions of this Statement are to be applied retroactively by restating financial statements, if practical, for all periods presented. If restatement is not practical, the cumulative effect of applying this Statement, if any, is to be reported as a restatement of beginning net position or fund balance, as appropriate, for the earliest period restated.

Other accounting standards that have been issued or proposed by the GASB such as GASB Statement No.66 amending Statement No.10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", in addition to accounting standards issued or proposed by other standards-setting bodies are not expected to have a material impact on the Authority's financial position, results of operations or cash flows.

P. Restatement of financial statements -The Authority has restated its 2012 financial statements from the amounts previously reported when the Authority adopted GASB Statement No. 65. The restatement includes an adjustment to (a) expense prior period debt issuance costs of $10,258,143 related to the Series 2005, Series 2010 and Series 2011 bond obligations, and (b) to decrease total net assets by $10,258,143. The effects of the restatement on the statement of net assets and statements of revenues, expenses, and changes in net assets as of June 30, 2012 are as follows:

	June 30, 2012			
		As Previously Reported		Restated
Total Assets	$	919,798,392	$	909,540,249
Ending Net Assets	$	104,318,614	$	94,060,471
Beginning Net Assets	$	80,251,445	$	80,251,445

2. Cash and Investments

Deposit and investment resources are exposed to risks that have the potential to result in losses that could impact the delivery of the Authority's services. The Authority's Board has adopted an Investment Policy to set forth the factors involved in the management of investment assets for the Authority. The Authority seeks to mitigate risk by investing in compliance with the investment policy, qualifying the broker or financial institution with whom the Authority will transact, maintain sufficient collateralization, portfolio diversification, and limiting maturity.

As of June 30, 2013 and 2012, the Authority had the following investments:

Summary of Investments by Type		2013		2012
TexSTAR Investment Pool	$	24,003,529	$	55,416,489
Certificates of Deposit		8,000,000		-
U.S. Government Agency securities:				
Federal Home Loan Mortgage Corp.		88,537,752		211,888,597
Total investments	$	120,541,281	$	267,305,086
Unrestricted investments	$	8,345,711	$	4,563,052
Restricted investments		112,195,570		262,742,034
Total investments	$	120,541,281	$	267,305,086
Interest income	$	825,835	$	1,096,573
Less: interest income capitalized		(595,664)		(905,640)
Total investment income	$	230,171	$	190,933

Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover its collateral securities that are in the possession of an outside party. While the Board has no formal policy specific to custodial credit risk, operating bank accounts are fully collateralized with pledged securities.

At June 30, 2013, the carrying amount of the Authority's cash and cash equivalents was $126,044,911. The bank balance confirmed was $1,516,176 as of June 30, 2013. The remaining amount was maintained in money market accounts. At June 30, 2012, the carrying amount of the Authority's cash and cash equivalents was $45,194,307. The bank balance confirmed was $1,208,945 as of June 30, 2012. The remaining amount was maintained in money market accounts.

There is no limit on the amount the Authority may deposit in any one institution. The Authority was fully collateralized with pledged securities for amounts in excess of the FDIC limit for the years ended June 30, 2013 and 2012.

Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Authority, and are held by the counterparty, its trust or agent, but not in the Authority's name. The Authority's investment securities are not exposed to custodial credit risk because all securities are held by the Authority's custodial bank in the Authority's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority is authorized to invest funds in accordance with its investment policy, bond indentures, and the Texas Public Funds Investment Act. Authorized investments include, but are not limited to: U.S. Treasury and Federal Agency issues, certificates of deposit issued by a state or national bank domiciled in the State of Texas, repurchase agreements collateralized by U.S. Treasury or Federal Agency securities, guaranteed investment contracts (GICs), obligations of states and municipalities, SEC registered no-load money market mutual funds, and local government investment funds. The Authority's investments are insured or registered and are held by the Authority or its agent in the Authority's name.

With regards to investment composition, the Authority's investment policy currently states that local government investment pools may not exceed 80% of the total investment portfolio less bond funds. Bond funds may be invested at 100% of total investment portfolio. No other parameters for investment composition are stated in the approved investment policy.

As of June 30, 2013 and 2012, the Authority's portfolio consisted of the following:

	2013	2012
TexSTAR Investment Pool	19.9%	20.7%
Certificates of Deposit	7%	-
United States Government Agency Securities	73.5%	79.3%

Interest Rate Risk

Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. Interest rate risk may be mitigated by investing operating funds primarily in shorter term securities, money market funds or similar investment pools and limiting the average maturity of the portfolio.

The Authority's investment policy notes that with regard to maximum maturities, the Authority will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Authority will not directly invest operating or general funds in securities maturing more than sixteen months from the date of purchase, unless approved by the Authority's Board. Investment of bond proceeds shall not exceed the projected expenditure schedule of the related project. Reserve funds may be invested in securities exceeding twelve months if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

As of June 30, 2013 and 2012, all of the Authority's investments mature within one year. The weighted average maturity of the TexSTAR Investment Pool at June 30, 2013 and 2012 was 55 days and 47 days, respectively.

Credit Risk

Credit risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligations to the Authority. To help mitigate credit risk, credit quality guidelines are incorporated into the investment policy, as follows:

- Limiting investments to the safest types of securities, as listed above under the 'Concentration of Credit Risk' section; and
- Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the Authority will do business

The TexSTAR Investment Pool is rated AAA by Standard and Poor's and is fully collateralized and maintains a weighted average maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The amounts can be withdrawn with limited notice. The United States government agency securities are obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government and are not considered to have credit risk.

3. Capital Assets

The following schedule summarizes the capital assets of the Authority as of June 30, 2013 and 2012:

Property, toll road and equipment as of June 30, 2013:

	2012	Additions/ Disposals	2013
Property and equipment	$ 9,726,257	(14,351)	$ 9,711,906
Toll Road			
Building and toll facilities	7,062,332	10,895	7,073,225
Highways and bridges	198,281,337	158,600,180	356,881,517
Toll equipment	4,382,721	11,139,923	15,522,644
Signs	5,630,643	4008,555	9,639,198
Land improvements	1,432,906	2,799,044	4,231,950
Right of way	24,683,551	21,774,751	46,458,302
Accumulated depreciation	(38,219,731)	(9,482,695)	(47,648,469)
Net property and equipment	$ 212,980,016	188,836,302	$ 401,870,275

Property, toll road and equipment as of June 30, 2012:

	2011	Additions/ Disposals	2012
Property and equipment	$ 9,701,306	24,951	$ 9,726,257
Toll Road			
Building and toll facilities	7,062,332	-	7,062,332
Highways and bridges	198,281,337	-	198,281,337
Toll equipment	4,382,721	-	4,382,721
Signs	5,630,643	-	5,630,643
Land improvements	1,432,906	-	1,432,906
Right of way	24,683,551	-	24,683,551
Accumulated depreciation	(31,006,884)	(7,212,847)	(38,219,731)
Net property and equipment	$ 220,167,912	(7,187,896)	$ 212,980,016

Construction in progress as of June 30, 2013:

	2012	Additions/ Disposals	2013
Construction in progress			
Preliminary costs	$ 287,173,818	(63,017,561)	$ 224,156,257
Engineering	10,249		10,249
Construction	26,951,498	(311,838)	26,639,660
Collection system	3,683,752	(899,237)	2,784,515
Capitalized interest	47,033,324	1,096,865	48,130,189
Net construction in progress	$ 364,852,641	(62,648,723)	$ 301,720,870

Construction in progress as of June 30, 2012:

		2011	Additions/ Disposals		2012
Construction in progress					
Preliminary costs	$	170,271,830	116,901,988	$	287,173,818
Engineering		-	10,249		10,249
Construction		19,730,821	7,220,677		26,951,498
Collection system		69,828	3,613,924		3,683,752
Capitalized interest		14,230,785	32,802,539		47,033,324
Net construction in progress	$	204,303,264	160,549,377	$	364,852,641

Depreciation expense for the years ended June 30, 2013 and 2012 was $9,482,695 and $7,212,847 respectively. No retirements of capital assets occurred during the years ended June 30, 2013 and 2012.

Capitalized interest consists of the following as of June 30, 2013 and 2012:

		2013		2012
Interest accrued on bonds	$	49,534,589	$	48,325,594
Less: cumulative interest earned on bond proceeds invested		(1,404,400)		(1,292,270)
	$	48,130,189	$	47,033,324

4. **Total Debt obligation**

The following schedule summarizes total debt for the years ended June 30, 2013 and 2012:

Total debt for the year ended June 30, 2013:

		2012	Additions/ Amortization	Payments/ Debt Defeasance		2013
Draw Down Note	$	400,000	2,800,000	(1,225,431)	$	1,974,569
2013 Note		-	5,300,000	-		5,300,000
Series 2005 Bonds		171,102,977	(97,057)	(171,005,920)		-
TIFIA Bond		77,656,077	-	(77,656,077)		-
Series 2010 Obligations		140,048,511	(36,773)	(45,000,000)		95,011,738
Series 2011 Obligations		369,971,128	(255,191)	-		370,226,319
Series 2013 Obligations		-	313,558,620	-		313,558,620
Total	$	759,178,693	321,269,599	(294,887,428)	$	786,071,246

Total debt for the year ended June 30, 2012:

		2011	Additions/ Amortization	Payments		2012
Draw Down Note	$	-	400,000	-	$	400,000
Series 2005 Bonds		172,758,917	(160,940)	(1,495,000)		171,102,977
TIFIA Bond		77,626,562	129,515	(100,000)		77,656,077
Series 2010 Obligations		140,083,302	(34,791)	-		140,048,511
Series 2011 Obligations		370,031,771	(60,643)	-		369,971,128
Total	$	760,500,552	273,141	(1,595,000)	$	759,178,693

The total debt obligations include current portion of the obligation of $1,350,000 and $2,870,000 for 2013 and 2012 respectively.

Series 2005 Obligations

The Authority issued its Series 2005 Senior Lien Revenue Bonds on March 2, 2005. The Series 2005 Senior Lien Revenue Bonds were issued in part as Current Interest Bonds (Series 2005 CIBs) and in part as Convertible Capital Appreciation Bonds (Series 2005 Convertible CABs).

The proceeds from the Series 2005 Obligations were used to: (i) finance a portion of the costs of planning, designing, engineering, developing, and constructing the interim phase of the 183-A Turnpike Project, (ii) pay a portion of the costs of studying, evaluating, and designing additional turnpike projects within the Authority's jurisdiction, (iii) pay capitalized interest with respect to the Series 2005 Obligations, (iv) fund a debt service reserve fund for the Series 2005 Senior Lien Revenue Bonds, (v) provide working capital to the Authority, and vi) pay the issuance costs of the Series 2005 Obligations.

The Series 2005 CIBs and Series 2005 Convertible CAB's were refunded and defeased in whole by the Authority on May 16, 2013 with portion of the proceeds of the Series 2013A Senior Lien Revenue Refunding Bonds and the Series 2013B Senior Lien Revenue Refunding Put Bonds, and other lawfully available funds of the Authority.

As a result of adopting GASB 65 "Items Previously Reported as Assets and Liabilities" (Note 1) all debt issuance costs related to the Series 2005 obligations were written off. The Authority had capitalized debt issuance costs to construction in progress during the prior years. As construction was completed these issuance costs were then capitalized as property, toll road and equipment and depreciated over the life of the assets. With the adoption of GASB 65 the capitalized issuance costs from prior years were written off to net assets.

Series 2010 Obligations

The Authority issued its Series 2010 Senior Lien Revenue Bonds and Taxable Series 2010 Subordinate Lien Revenue Build America Bonds (Series 2010 Subordinate Lien BABs) on March 1, 2010, collectively called the Series 2010 Obligations. The Series 2010 Senior Lien Revenue Bonds were issued in part as Current Interest Bonds (Series 2010 CIBs) and in part as Capital Appreciation Bonds (Series 2010 CABs).

The proceeds from the Series 2010 Obligations were used to: to (i) finance a portion of the costs of the 183A Phase II Project, (ii) currently refund and redeem, in whole, the Authority's outstanding Revenue Notes, Taxable Series 2009, (iii) pay capitalized interest with respect to the Series 2010 Obligations, (iv) make a deposit to the Senior Lien Debt Service Reserve Fund and the Subordinate Lien Debt Service Reserve Fund, and (v) pay certain issuance costs of the Series 2010 Obligations.

The Series 2010 CIBs are scheduled to mature on the dates and in the principal amounts shown below. Interest on the Series 2010 CIBs is calculated on the basis of a 360-day year of twelve 30-day months at the interest rates shown below. Interest on the Series 2010 CIBs is payable on each July 1 and January 1, commencing July 1, 2010.

The Series 2010 CABs are scheduled to mature on the dates shown below at an aggregated maturity amount of $176,120,000. The principal amounts shown below for the Series 2010 CABs represent the total amount of outstanding principal plus the accreted and compounded interest as of June 30, 2013. As of June 30, 2013, the aggregate maturity amount is $44,781,359.

Interest on the Series 2010 CABs will accrete from the date of initial delivery to stated maturity at the interest rates noted below and will compound on each July 1 and January 1, commencing July 1, 2010. Such accreted and compounded interest will be paid as part of the maturity amount at stated maturity.

The Series 2010 Subordinate Lien BABs were refunded and redeemed in whole by the Authority on June 5, 2013 with a portion of the proceeds of the Series 2013 Subordinate Lien Revenue Refunding Bonds issued by the Authority on May 16, 2013, and other lawfully available funds of the Authority.

Under the bond indenture relating to the Series 2010 Obligations, the debt service reserve fund for the Series 2010 Senior Lien Revenue Bonds requires an amount equal to the least of i) the maximum annual debt service of all outstanding senior lien obligations, ii) 1.25 times the average annual debt service of all outstanding senior lien obligations, or iii) ten percent of the aggregate amount of the outstanding senior lien obligations, as determined on the date each series of senior lien obligations is issued.

Description	Maturity January 1	Interest Rate	Outstanding Principal	Unamortized Premium (Discount)	Total June 30, 2013
Series 2010 Senior Lien Revenue Bonds					
Capital Appreciation Bonds	2025	7.20%	$ 3,158,010	$ -	$ 3,158,010
Capital Appreciation Bonds	2026	7.30%	3,516,022	-	3,516,022
Capital Appreciation Bonds	2027	7.40%	3,264,322	-	3,264,322
Capital Appreciation Bonds	2028	7.48%	3,171,378	-	3,171,378
Capital Appreciation Bonds	2029	7.56%	2,932,886	-	2,932,886
Capital Appreciation Bonds	2030	7.65%	2,702,667	-	2,702,667
Capital Appreciation Bonds	2031	7.71%	2,254,554	-	2,254,554
Capital Appreciation Bonds	2032	7.77%	2,103,884	-	2,103,884
Capital Appreciation Bonds	2033	7.78%	1,980,266	-	1,980,266
Capital Appreciation Bonds	2034	7.79%	1,860,557	-	1,860,557
Capital Appreciation Bonds	2035	7.80%	1,745,753	-	1,745,753
Capital Appreciation Bonds	2036	7.81%	1,418,625	-	1,418,625
Capital Appreciation Bonds	2037	7.82%	1,337,508	-	1,337,508

Capital Appreciation Bonds	2038	7.83%	$ 1,258,995	$ -	$ 1,258,995
Capital Appreciation Bonds	2039	7.84%	1,183,406	-	1,183,406
Capital Appreciation Bonds	2040	7.85%	1,110,877	-	1,110,877
Total Capital Appreciation Bonds			34,999,710	-	34,999,710
Current Interest Serial Bonds	2015	5.75%	140,000	3,041	143,041
Current Interest Serial Bonds	2017	5.75%	1,620,000	38,573	1,658,573
Current Interest Serial Bonds	2018	5.75%	3,475,000	73,022	3,548,022
Current Interest Serial Bonds	2019	5.75%	5,310,000	89,949	5,399,949
Current Interest Serial Bonds	2020	5.75%	7,240,000	89,921	7,329,921
Current Interest Term Bonds	2021	5.75%	8,530,000	(30,650)	8,499,350
Current Interest Term Bonds	2022	5.75%	9,365,000	(35,190)	9,329,810
Current Interest Term Bonds	2023	5.75%	10,215,000	(39,871)	10,175,129
Current Interest Term Bonds	2024	5.75%	11,075,000	(44,679)	11,030,321
Current Interest Term Bonds	2025	5.75%	2,910,000	(12,088)	2,897,912
Total Current Interest Bonds			$ 59,880,000	$ 132,028	$ 60,012,028
Total Series 2010 Senior Lien Revenue Bonds			$ 94,879,710	$ 132,028	$ 95,011,738

The amount of accumulated accreted interest on the Series 2010 CABs as of June 30, 2013 is set forth in the following table. The accumulated accreted interest is added to the outstanding principal on July 1 and January 1 of each year beginning July 1, 2010.

Description	Maturity January 1	Interest Rate	Outstanding Principal	Accumulated Accretion	Total June 30, 2013
Capital Appreciation Bonds	2025	7.20%	$ 3,158,010	$ 831,870	$ 3,989,880
Capital Appreciation Bonds	2026	7.30%	3,516,022	940,430	4,456,452
Capital Appreciation Bonds	2027	7.40%	3,264,322	886,375	4,150,697
Capital Appreciation Bonds	2028	7.48%	3,171,378	871,285	4,042,663
Capital Appreciation Bonds	2029	7.56%	2,932,886	815,302	3,748,188
Capital Appreciation Bonds	2030	7.65%	2,702,667	761,294	3,463,961
Capital Appreciation Bonds	2031	7.71%	2,254,554	640,506	2,895,060
Capital Appreciation Bonds	2032	7.77%	2,103,884	602,963	2,706,847
Capital Appreciation Bonds	2033	7.78%	1,980,266	568,339	2,548,605
Capital Appreciation Bonds	2034	7.79%	1,860,557	534,735	2,395,292
Capital Appreciation Bonds	2035	7.80%	1,745,753	502,465	2,248,218
Capital Appreciation Bonds	2036	7.81%	1,418,625	408,878	1,827,503
Capital Appreciation Bonds	2037	7.82%	1,337,508	385,999	1,723,507
Capital Appreciation Bonds	2038	7.83%	1,258,995	363,975	1,622,970
Capital Appreciation Bonds	2039	7.84%	1,183,406	342,594	1,526,000
Capital Appreciation Bonds	2040	7.85%	1,110,877	324,640	1,435,517
Total Capital Appreciation Bonds			$ 34,999,710	$ 9,781,649	$ 44,781,359

TIFIA Bond

The U.S. Department of Transportation agreed to lend the Authority up to $66 million to pay or reimburse a portion of the costs of the 2005 Project, including any refinancing of the Series 2005 Subordinate Lien BANs, under a secured loan agreement between the Authority and the U.S. Department of Transportation. On March 2, 2005, the Authority issued its 2005 TIFIA Bond to evidence its obligation to repay any borrowing under such secured loan agreement.

On January 1, 2008, the Authority borrowed the entire balance of $66 million to pay down the Series 2005 Subordinate Lien BANS in full. The maturity date of the TIFIA Bond was January 1, 2042. Interest on the TIFIA bond accrued at an annual rate of 4.69% with interest payable each January 1 and July 1, commencing January 1, 2012. As of June 30, 2012, the Authority had a total of $11,656,077 of interest accrued on the $66,000,000 balance for a total of $77,656,077 in outstanding principal and interest.

The 2005 TIFIA Bond was refunded and prepaid in whole by the Authority on June 5, 2013 with a portion of the proceeds of the Series 2013A Senior Lien Revenue Refunding Bonds and the Series 2013 Subordinate Lien Revenue Refunding Bonds, issued by the Authority on May 16, 2013 and other lawfully available funds of the Authority.

Series 2011 Obligations

The Authority issued its Series 2011 Senior Lien Revenue Bonds and Series 2011 Subordinate Lien Revenue Bonds (Series 2011 Subordinate Lien Bonds) on June 29, 2011, collectively called the Series 2011 Obligations. The Series 2011 Senior Lien Revenue Bonds were issued in part as Current Interest Bonds (Series 2011 CIBs) and in part as Capital Appreciation Bonds (Series 2011 CABs).

A portion of the proceeds from the Series 2011 Obligations was used to (i) prepay the State Infrastructure Bank loan in full, (ii) redeem the Series 2010 Notes in whole, (iii) pay capitalized interest with respect to the Series 2011 Obligations, (iv) make a deposit to the Senior Lien Debt Service Reserve Fund and the Subordinate Lien Debt Service Reserve Fund and (v) pay certain issuance costs of the Series 2011 Obligations. The remaining proceeds of the Series 2011 Obligations were used to finance a portion of the costs of the Manor Expressway Phase II Project and as otherwise authorized in the Indenture.

The Series 2011 CIBs are scheduled to mature on the dates and in the principal amounts shown below. Interest on the Series 2011 CIBs is calculated on the basis of a 360-day year of twelve 30-day months at the interest rates shown below. Interest on the Series 2011 CIBs is payable on each July 1 and January 1, commencing January 1, 2012.

The Series 2011 CABs are scheduled to mature on the dates shown below at an aggregated maturity amount of $22,130,000. The principal amounts shown below for the Series 2011 CABs represent the total amount of outstanding principal plus the accreted and compounded interest as of June 30, 2013. As of June 30, 2013, the aggregate maturity amount is $10,641,550.

Interest on the Series 2011 CABs will accrete from the date of initial delivery to stated maturity at the interest rates noted below and will compound on each July 1 and January 1, commencing July 1, 2011. Such accreted and compounded interest will be paid as part of the maturity amount at stated maturity.

The Series 2011 Subordinate Lien Bonds are scheduled to mature on the date and in the principal amount shown below. Interest on the Series 2011 Subordinate Lien Bonds is calculated on the basis of a 360-day year of twelve 30-day months at the interest rate shown below. Interest on the Series 2011 Subordinate Lien Bonds is payable on each July 1 and January 1, commencing January 1, 2012.

Under the bond indenture relating to the Series 2011 Obligations, the debt service reserve fund for the Series 2011 Senior Lien Revenue Bonds requires an amount equal to the least of (i) the maximum annual debt service of all outstanding senior lien obligations, (ii) 1.25 times the average annual debt service of all outstanding senior lien obligations, or(iii) ten percent of the aggregate amount of the outstanding senior lien obligations, as determined on the date each series of senior lien obligations is issued. The debt service reserve fund for the Series 2011 Subordinate Lien Bonds requires an amount equal to the least of (i) the maximum annual debt service on the Series 2011 Subordinate Lien Bonds, (ii) 1.25 times the average annual debt service on the Series 2011 Subordinate Lien Bonds, or (iii) ten percent of the stated principal amount of the Series 2011 Subordinate Lien Bonds.

The proceeds of Series 2011 Obligations were used in part to redeem the Series 2010 Notes in whole. As noted in the guidance, the remaining discount from the Series 2010 Notes is to be amortized over the original life of the Series 2010 Notes or the Series 2011 Obligations, whichever is shorter in length of time. As such, the discount will be amortized over the original life of the Series 2010 Notes. As of June 30, 2013, the remaining unamortized balance of the discount is $276,000.

Description	**Maturity January 1**	**Interest Rate**	**Outstanding Principal**	**Unamortized Premium (Discount)**	**Total June 30, 2013**
Series 2011 Senior Lien Revenue Bonds					
Capital Appreciation Bonds	2022	5.90%	$ 480,449	$ -	$ 480,449
Capital Appreciation Bonds	2023	6.10%	1,868,357	-	1,868,357
Capital Appreciation Bonds	2024	6.25%	3,346,475	-	3,346,475
Capital Appreciation Bonds	2025	6.40%	3,183,732	-	3,183,732
Capital Appreciation Bonds	2026	6.50%	1,120,931	-	1,120,931
Total Capital Appreciation Bonds			9,999,944	-	9,999,944
Current Interest Term Bonds	2026	5.75%	4,630,000	(27,614)	4,602,386
Current Interest Term Bonds	2027	5.75%	7,725,000	(49,666)	7,675,334
Current Interest Term Bonds	2028	5.75%	8,170,000	(56,318)	8,113,682
Current Interest Term Bonds	2029	5.75%	8,645,000	(63,592)	8,581,408
Current Interest Term Bonds	2030	5.75%	9,140,000	(71,450)	9,068,550
Current Interest Term Bonds	2031	5.75%	9,665,000	(79,999)	9,585,001
Current Interest Term Bonds	2032	6.00%	10,225,000	(89,317)	10,135,683
Current Interest Term Bonds	2033	6.00%	10,835,000	(99,586)	10,735,414
Current Interest Term Bonds	2034	6.00%	11,485,000	(110,769)	11,374,231
Current Interest Term Bonds	2035	6.00%	12,175,000	(122,912)	12,052,088
Current Interest Serial Bonds	2036	6.00%	12,905,000	(136,055)	12,768,945
Current Interest Term Bonds	2037	6.00%	13,675,000	(150,237)	13,524,763
Current Interest Term Bonds	2038	6.00%	14,500,000	(165,659)	14,334,341
Current Interest Term Bonds	2039	6.00%	15,365,000	(182,186)	15,182,814
Current Interest Term Bonds	2040	6.00%	16,290,000	(200,072)	16,089,928
Current Interest Term Bonds	2041	6.00%	27,560,000	(348,875)	27,211,125
Current Interest Term Bonds	2042	6.25%	15,980,000	(208,736)	15,771,264
Current Interest Term Bonds	2043	6.25%	17,165,000	(230,794)	16,934,206
Current Interest Term Bonds	2044	6.25%	18,425,000	(254,215)	18,170,785
Current Interest Term Bonds	2045	6.25%	19,750,000	(278,306)	19,471,694
Current Interest Term Bonds	2046	6.25%	31,620,000	(516,259)	31,103,741
Total Current Interest Bonds			295,930,000	(3,442,617)	292,487,383
Total Series 2011 Senior Lien Revenue Bonds			305,929,944	(3,442,617)	302,487,327

Subordinate Lien Term Bonds	2023	6.75%	$	700,000	$	(9,298)	$	690,702
Subordinate Lien Term Bonds	2024	6.75%		1,900,000		(27,825)		1,872,175
Subordinate Lien Term Bonds	2025	6.75%		2,300,000		(36,793)		2,263,207
Subordinate Lien Term Bonds	2026	6.75%		2,500,000		(43,357)		2,456,643
Subordinate Lien Term Bonds	2027	6.75%		2,700,000		(50,442)		2,649,558
Subordinate Lien Term Bonds	2028	6.75%		2,800,000		(56,046)		2,743,954
Subordinate Lien Term Bonds	2029	6.75%		3,000,000		(64,028)		2,935,972
Subordinate Lien Term Bonds	2030	6.75%		3,200,000		(72,510)		3,127,490
Subordinate Lien Term Bonds	2031	6.75%		3,500,000		(83,870)		3,416,130
Subordinate Lien Term Bonds	2032	6.75%		3,600,000		(90,923)		3,509,077
Subordinate Lien Term Bonds	2033	6.75%		3,700,000		(98,190)		3,601,810
Subordinate Lien Term Bonds	2034	6.75%		3,900,000		(108,426)		3,791,574
Subordinate Lien Term Bonds	2035	6.75%		4,000,000		(116,186)		3,883,814
Subordinate Lien Term Bonds	2036	6.75%		4,100,000		(124,099)		3,975,901
Subordinate Lien Term Bonds	2037	6.75%		4,300,000		(135,250)		4,164,750
Subordinate Lien Term Bonds	2038	6.75%		4,400,000		(143,416)		4,256,584
Subordinate Lien Term Bonds	2039	6.75%		4,600,000		(154,847)		4,445,153
Subordinate Lien Term Bonds	2040	6.75%		4,700,000		(162,703)		4,537,297
Subordinate Lien Term Bonds	2041	6.75%		10,100,000		(406,799)		9,693,201
Total Series 2011 Subordinate Lien Term Bonds				70,000,000		(1,985,008)		68,014,992
Total Series 2010 Notes Discount				-		(276,000)		(276,000)
Total Series 2011 Obligations			$	375,929,944	$	(5,703,625)	$	370,226,319

The amount of accumulated accreted interest on the Series 2011 CABs as of June 30, 2013 is set forth in the following table. The accumulated accreted interest is added to the outstanding principal on July 1 and January 1 of each year beginning July 1, 2011.

Description	Maturity January 1	Interest Rate		Outstanding Principal		Accumulated Accretion		Total June 30, 2013
Capital Appreciation Bonds	2022	5.90%	$	480,449	$	59,428	$	509,380
Capital Appreciation Bonds	2023	6.10%		1,868,357		239,280		1,984,696
Capital Appreciation Bonds	2024	6.25%		3,346,475		439,641		3,560,118
Capital Appreciation Bonds	2025	6.40%		3,183,732		428,812		3,391,950
Capital Appreciation Bonds	2026	6.50%		1,120,931		161,594		1,195,406
Total Capital Appreciation Bonds			$	9,999,944	$	641,606	$	10,641,550

Series 2013 Obligations

The Authority issued its Series 2013A Senior Lien Revenue Refunding Bonds (Series 2013A Senior Lien Bonds), Series 2013B Senior Lien Revenue Refunding Put Bonds (Series 2013B Senior Lien Put Bonds), and Series 2013 Subordinate Lien Revenue Refunding Bonds (Series 2013 Subordinate Lien Bonds), collectively called the Series 2013 Obligations, on May 16, 2013. The proceeds from the Series 2013 Obligations were used to (i) refund the Series 2005 Senior Lien Revenue Bonds, the 2005 TIFIA Bond, and the Series 2010 Subordinate Lien BABs, (ii) make a deposit to the Subordinate Lien Debt Service Reserve Fund, and (iii) pay certain issuance costs of the Series 2013 Obligations.

The Series 2013A Senior Lien Bonds were issued as Current Interest Bonds in the aggregate amount of $155,810,000 and are scheduled to mature on the dates and in the principal amounts shown below. Interest on the Series 2013A Senior Lien Bonds is calculated on the basis of a 360-day year of twelve 30-day months. Interest on the Series 2013A Senior Lien Bonds is payable on each July 1 and January 1, commencing July 1, 2013.

The Series 2013B Senior Lien Put Bonds were issued as Current Interest Bonds in the aggregate amount of $30,000,000, constitute Variable Rate Obligations under the bond indenture and are scheduled to mature on the date and in the principal amount shown below. Through the period that commenced on the issuance date thereof and ends on January 3, 2016 (Initial Multiannual Rate Period), the Series 2013B Senior Lien Put Bonds will bear interest at a rate of 3.00% per annum. Commencing on January 4, 2016, the Bonds are subject to mandatory tender at a purchase price equal to the principal amount thereof plus accrued interest to such purchase date. If, on such date, all Series 2013B Senior Lien Put Bonds are not successfully remarketed, the Authority has no obligation purchase such Bonds on such date and all Series 2013B Senior Lien Put Bonds will continue to be outstanding and will bear interest at a rate of 9.00% per annum until subsequently remarketed.

Interest on the Series 2013B Senior Lien Put Bonds during the Initial Multiannual Rate Period is payable on each July 1 and January 1, commencing July 1, 2013. Pursuant to the terms of the bond indenture, the Series 2013B Senior Lien Put Bonds are subject to conversion to another interest rate mode following the Initial Multiannual Rate Period.

Description	Maturity January 1	Interest Rate	Outstanding Principal	Unamortized Premium (Discount)	Total June 30, 2013
Series 2013A Senior Lien Revenue Bonds					
Senior Lien Term Bonds	2024	5.00%	$ 3,375,000	$ 306,193	$ 3,681,193
Senior Lien Term Bonds	2025	5.00%	3,350,000	303,925	3,653,925
Senior Lien Term Bonds	2026	5.00%	4,665,000	423,227	5,088,227
Senior Lien Term Bonds	2027	5.00%	4,755,000	431,392	5,186,392
Senior Lien Term Bonds	2028	5.00%	4,330,000	392,835	4,722,835
Senior Lien Term Bonds	2029	5.00%	4,435,000	402,361	4,837,361
Senior Lien Term Bonds	2030	5.00%	4,545,000	412,340	4,957,340
Senior Lien Term Bonds	2031	5.00%	5,840,000	529,828	6,369,828
Senior Lien Term Bonds	2032	5.00%	5,925,000	537,539	6,462,539
Senior Lien Term Bonds	2033	5.00%	6,020,000	546,158	6,566,158
Senior Lien Term Bonds	2034	5.00%	6,140,000	420,878	6,560,878
Senior Lien Term Bonds	2035	5.00%	6,275,000	430,131	6,705,131
Senior Lien Term Bonds	2036	5.00%	7,990,000	547,689	8,537,689
Senior Lien Term Bonds	2037	5.00%	8,180,000	560,713	8,740,713
Senior Lien Term Bonds	2038	5.00%	8,390,000	575,108	8,965,108
Senior Lien Term Bonds	2039	5.00%	8,615,000	590,531	9,205,531
Senior Lien Term Bonds	2040	5.00%	8,870,000	608,011	9,478,011
Senior Lien Term Bonds	2041	5.00%	10,045,000	688,553	10,733,553
Senior Lien Term Bonds	2042	5.00%	10,370,000	710,831	11,080,831
Senior Lien Term Bonds	2043	5.00%	240,000	16,451	256,451
Total Senior Lien Term Bonds			122,355,000	9,434,693	131,789,693
Senior Lien Serial Bonds	2014	3.00%	1,100,000	11,819	1,111,819
Senior Lien Serial Bonds	2015	4.00%	2,155,000	95,646	2,250,646
Senior Lien Serial Bonds	2016	5.00%	4,675,000	434,869	5,109,869
Senior Lien Serial Bonds	2017	5.00%	4,195,000	509,366	4,704,366
Senior Lien Serial Bonds	2018	5.00%	3,800,000	540,913	4,340,913
Senior Lien Serial Bonds	2019	5.00%	3,480,000	546,944	4,026,944
Senior Lien Serial Bonds	2020	5.00%	3,210,000	543,579	3,753,579
Senior Lien Serial Bonds	2021	5.00%	3,760,000	661,555	4,421,555
Senior Lien Serial Bonds	2022	5.00%	3,605,000	649,812	4,254,812

Senior Lien Serial Bonds	2023	5.00%	$ 3,475,000	$ 627,302	$ 4,102,302
Total Senior Lien Serial Bonds			33,455,000	4,612,805	38,076,805
Plus Transfer Premium from the Series 2005 Bonds pay-down				4,533,310	4,533,310
Total Series 2013A Senior Lien Bonds			155,810,000	18,589,808	174,399,808
Series 2013B Senior Lien Revenue Put Bonds					
Senior Lien Put Bonds	2039	3.00%	$ 150,000	$ 4,563	$ 154,563
Senior Lien Put Bonds	2040	3.00%	155,000	4,715	159,715
Senior Lien Put Bonds	2041	3.00%	160,000	4,867	164,867
Senior Lien Put Bonds	2042	3.00%	165,000	5,019	170,019
Senior Lien Put Bonds	2043	3.00%	9,380,000	285,349	9,665,349
Senior Lien Put Bonds	2044	3.00%	9,890,000	300,864	10,190,864
Senior Lien Put Bonds	2045	3.00%	10,100,000	307,253	10,407,253
Total 2013B Senior Lien Revenue Put Bonds			30,000,000	912,631	30,912,631
Series 2013 Subordinate Lien Revenue Bonds					
Subordinate Lien Term Bonds	2024	5.00%	2,855,000	113,673	2,968,673
Subordinate Lien Term Bonds	2025	5.00%	3,005,000	119,645	3,124,645
Subordinate Lien Term Bonds	2026	5.00%	3,150,000	125,418	3,275,418
Subordinate Lien Term Bonds	2027	5.00%	3,315,000	131,988	3,446,988
Subordinate Lien Term Bonds	2028	5.00%	3,475,000	138,358	3,613,358
Subordinate Lien Term Bonds	2029	5.00%	3,655,000	145,525	3,800,525
Subordinate Lien Term Bonds	2030	5.00%	3,835,000	152,692	3,987,692
Subordinate Lien Term Bonds	2031	5.00%	4,025,000	160,257	4,185,257
Subordinate Lien Term Bonds	2032	5.00%	4,315,000	171,803	4,486,803
Subordinate Lien Term Bonds	2033	5.00%	4,635,000	184,544	4,819,544
Subordinate Lien Term Bonds	2034	5.00%	4,985,000	101,716	5,086,716
Subordinate Lien Term Bonds	2035	5.00%	5,390,000	109,980	5,499,980
Subordinate Lien Term Bonds	2036	5.00%	5,760,000	117,529	5,877,529
Subordinate Lien Term Bonds	2037	5.00%	6,195,000	126,405	6,321,405
Subordinate Lien Term Bonds	2038	5.00%	6,640,000	135,485	6,775,485
Subordinate Lien Term Bonds	2039	5.00%	7,115,000	145,177	7,260,177
Subordinate Lien Term Bonds	2040	5.00%	7,625,000	155,584	7,780,584
Subordinate Lien Term Bonds	2041	5.00%	3,955,000	80,699	4,035,699
Subordinate Lien Term Bonds	2042	5.00%	4,225,000	86,209	4,311,209
Total Subordinate Lien Term Bonds			88,155,000	2,502,688	90,657,688
Series 2013A Senior Lien Revenue Bonds					
Subordinate Lien Serial Bonds	2014	3.00%	250,000	2,182	252,182
Subordinate Lien Serial Bonds	2015	4.00%	1,180,000	43,925	1,223,925
Subordinate Lien Serial Bonds	2016	5.00%	500,000	39,560	539,560
Subordinate Lien Serial Bonds	2017	5.00%	500,000	49,905	549,905
Subordinate Lien Serial Bonds	2018	5.00%	1,000,000	114,754	1,114,754
Subordinate Lien Serial Bonds	2019	5.00%	2,235,000	276,802	2,511,802
Subordinate Lien Serial Bonds	2020	5.00%	2,350,000	300,725	2,650,725
Subordinate Lien Serial Bonds	2021	5.00%	2,470,000	311,792	2,781,792
Subordinate Lien Serial Bonds	2022	5.00%	2,595,000	318,380	2,913,380
Subordinate Lien Serial Bonds	2023	5.00%	2,725,000	325,469	3,050,469
Total Subordinate Lien Serial Bonds			15,805,000	1,783,492	17,588,492
Total Series 2013 Subordinate Lien Bonds			103,960,000	4,286,181	108,246,181
Total Series 2013 Obligations			$ 289,770,000	$ 23,788,620	$ 313,558,620

Draw Down Note Facility

In December 2011, the Authority entered into a Secured Loan Agreement with a bank for a secured draw down note facility in an aggregate amount up to $5 million (Draw Down Note).

The loan bears interest at the one-month LIBOR rate plus 2.85%. The Draw Down Note matures on December 15, 2015 and requires monthly interest payments on outstanding balances. Certain funds of the Authority are collateral for the Draw Down Note.

Proceeds from the Draw Down Note are to be used to pay (i) expenses of studying the cost, design, engineering, and feasibility of transportation projects, (ii) expenses associated with securing the Draw Down Note, and (iii) the reimbursement to the Authority of costs attributable to certain preliminary cost and feasibility and other expenses relating to the preparation of financing of the transportation projects incurred prior to the execution of the Draw Down Note.

During fiscal year 2013, the Authority received loan proceeds of $2,800,000 under the Draw Down Note and made principal and interest payments of $1,225,431. The Draw Down Note has an outstanding balance of $1,974,569 as of June 30, 2013.

2013 Note

In June 2013, the Authority entered into a Secured Loan Agreement with a bank for an aggregate principal amount not to exceed $5,300,000 (the "Loan"). The Loan bears interest at 2.25% per annum and matures on January 1, 2019. The loan requires semiannual interest payments on the outstanding balance starting January 1, 2014. Certain funds of the Authority are collateral for the Loan.

Proceeds from the Loan are to be used to pay (i) expenses of studying the cost, design, engineering, and feasibility of transportation projects, (ii) expenses associated with securing the Loan, and (iii) the reimbursement to the Authority of costs attributable to certain preliminary cost and feasibility and other expenses relating to the preparation of financing of the transportation projects incurred prior to the execution of the Loan.

During fiscal year 2013, the Authority received loan proceeds of $5,300,000 under the Loan. The Loan has an outstanding balance of $5,300,000 as of June 30, 2013.

Future Payments on Debt Obligations

Future payments of principal and interest on the Draw Down Note, 2013 Note, Series 2010 Senior Lien Revenue Bonds, Series 2011 Obligations and Series 2013 Obligations (based on the scheduled payments) as of June 30, 2013 are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total Amount
2014	$ 1,350,000	$ 44,176,937	$ 45,526,937
2015	3,475,000	44,464,064	47,939,064
2016	7,149,569	44,709,347	51,858,916
2017	8,045,000	44,882,315	52,927,315
2018	10,040,000	44,847,622	54,887,622
2019 and thereafter	737,794,654	769,514,802	1,501,309,456
Total obligations	$ 767,854,223	$ 986,595,088	$ 1,754,449,311

Below is a reconciliation of the principal payments to the balance sheet as of June 30, 2013:

		Principal
Total obligations	$	767,854,223
Plus: unamortized premium / discount, net		18,217,023
Total Draw Down Note, 2013 Note, Series 2010 Obligations, Series 2011 Senior Lien Revenue Bonds and Series 2013 Obligations		786,071,247
Less: Bonds Payable - Current Portion		(1,350,000)
Total Non-Current Portion	$	784,721,246

5. Deferred Inflow of Resources

In accordance with GAB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" the Authority has classified all the difference between the reacquisition price and the net carrying amount of the defeased debt as a deferred inflow of resources. The deferred inflow of resources is amortized over the term of the defeased bonds and recognized as a component of interest expense annually. As of June 30, 2013 the Authority the deferred inflow of resource balance was $14,903,935.

6. Rebatable Arbitrage

Current federal income tax law and the bond indentures require that certain arbitrage profits earned on nonpurpose investments attributable to outstanding tax-exempt bonds must be rebated to the U.S. Treasury. The Authority has not accrued any rebatable arbitrage as of June 30, 2013 or 2012.

7. Risk Management

In conjunction with its normal operations, the Authority is exposed to various risks related to the damage or destruction of its assets from both natural and man-made occurrences, tort/liability claims, errors and omissions claims and professional liability claims. As a result of these exposures, the Authority carries insurance with a governmental risk pool under an "all risks" policy. All categories of insurance coverage in place were either maintained at current levels or increased as to overall limits of coverage and reduction of self-retained risk so as to reduce the overall exposure of risk to the Authority. There were no settlements in excess of insurance coverage in 2013 and 2012.

8. Employee Retirement Plan

Plan Description **-** The Authority participates in the Texas County and District Retirement System (the System). The System is a non-profit public trust providing pension, disability and death benefits for the eligible employees of participating counties and districts. The System was established by legislative act in 1967 under authority of Article XVI of the Texas Constitution. The TCDRS Act (Subtitle F, Title 8, Texas Government Code) is the basis for the System administration. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the Plan. That annual report may be downloaded at http://www.tcdrs.com.
Funding Policy **-** Plan members and the Authority are required to contribute at a rate set by statute. The contribution requirements of Plan members and the Authority are established and may be amended. For 2013 and 2012, the contribution rate for the Plan members was 7.0% of gross pay. The Authority pays a matching portion to the defined contribution pension plan totaling 14% and 14 % of gross pay for 2013 and 2012, respectively, which totaled $250,446 and $261,951 for 2013 and 2012, respectively.

9. Disaggregation of Receivable and Payable Balances

Receivables are comprised of current intergovernmental receivables, representing 100% of the balance at June 30, 2013 and 2012. Payable balances are comprised of 100% current payables to contractors and vendors at June 30, 2013 and 2012.

10. Related Party

The Chief Financial Officer of the Authority is the President of The Texas Short Term Asset Reserve Fund ("TexSTAR"). TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The Authority has investments of $24,003,529 and $55,416,489 in TexSTAR as of June 30, 2013 and 2012, respectively.

11. Commitments and Contingent Liabilities

Commitments

On May 2013, the Authority entered into a 10-year lease agreement for office space at 3300 N. IH 35, Austin, Texas. The aggregate future minimum lease payments under the new lease are as follows:

2014	$	250,402
2015		311,859
2016		323,627
2017		335,395
2018		347,163
Thereafter		1,843,039
	$	3,411,485

The Authority's total rental expense for fiscal years 2013 and 2012 amounted to $200,908 and $211,666, respectively.

Litigation

The Authority is involved in other miscellaneous litigation arising in the normal course of business and the Authority's management believes there are substantial defenses against these claims. The Authority believes the resolution of these lawsuits will not have a material adverse effect on its financial statements.

12. Due from Other Agencies

Due from other agencies is comprised of amounts due from other Texas tolling authorities related to toll tag transactions on the Authority's toll road. The Authority does not issue toll tags; however, the Authority has contracted with the Texas Department of Transportation (TxDot) to handle customer service and operations related to the toll tag transactions. As of June 30, 2013 and 2012, the receivable from the TxDot authority comprises approximately 94% and 17% respectively, of the total balance due from other agencies. Due to the maturity of multiple United States government securities held by the Authority at the end of fiscal year 2012, the Authority had a substantial balance due from the United States Treasury (US Treasury) that was funded to the Authority in July 2012. As of June 30, 2013 and 2012, the receivable from the US Treasury comprises approximately 0% and 79%, respectively, of the total balance due from other agencies.

	2013	2012
TxDot	$ 25,576,199	$ 2,310,311
US Treasury	-	10,997,000
Other Agencies	2,078,623	555,886
Total	$ 27,654,822	$ 13,863,197

CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY

Supplemental Schedule - Indenture Cash Flow and Debt Service Coverage

For the year ended June 30, 2013

Toll Revenues		$ 32,159,157	
Other Revenues		1,513,535	[1]
Interest Income Available to Pay Debt Service		230,171	
Total Revenues		33,902,863	
Less: System Operating Expenses		(7,615,028)	
Revenues Available for Rate Covenant and Additional Bonds Tests		26,287,835	
Net Senior Lien Debt Service	$ 13,207,242		
Net Subordinate Lien Debt Service	7,067,096 [2]		
Total Net Debt Service	20,274,338		
Debt Service Coverage Ratio for Rate Covenant and Additional Bonds Test			
Senior Lien Obligations	1.99		
Senior and Subordinate Lien Obligations	1.30		
Less: System Maintenance Expenses		(1,134,753)	
Revenues Available for Debt Service		25,153,082	
Debt Service Coverage Ratios for Revenues Available for Debt Service			
Senior Lien Obligations	1.90		
Senior and Subordinate Lien Obligations	1.24		
Less: Total Net Debt Service		(20,274,338)	
Less: Deposits to Renewal and Replacement Fund		-	
Less: Debt Service Payments on Other Obligations		-	
Annual Excess		$ 4,878,744	

[1] Grant revenues of approximately $91.2 million is excluded from "Other Revenues" as such grant revenues are restricted for purposes other than debt service obligations. Only HERO grant revenues are included in "Other Revenues" above as the corresponding expenses are included in "System Operating Expenses" and the amounts net to zero.

[2] The amount shown is net of any federal subsidy payments received and used to pay debt service on Other Obligations.

September 30, 2013

To the Board of Directors of
Central Texas Regional Mobility Authority:

We have audited the financial statements of Central Texas Regional Mobility Authority (the "Authority") for the year ended June 30, 2013, and have issued our report thereon dated September 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 23, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Central Texas Regional Mobility Authority are described in Note 1 to the financial statements. As described in Note 1, the Authority changed accounting policies related to accounting for bond issuance costs by adopting Governmental Accounting Standards Board ("GASB") Statement No. 65 "Items Previously Reported as Assets and Liabilities", in 2013. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Depreciable lives of fixed assets. We evaluated the key factors and assumptions used to develop the depreciable lives in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure regarding the adoption of GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities" and the subsequent restatement of the 2012 financial statements in Note 1 of the financial statements. The disclosure reports the updated guidance for debt issuance costs. Such debt issuance costs, except any portion related to prepaid insurance costs, are required be recognized as an expense in the period incurred. The Authority adopted GASB No. 65 which was retroactively applied to the 2012 financial statements.
- The long term debt disclosure at Note 4 to the financial statements. The disclosure reports the issuance of 2013 Bond Obligations which were used to pay down the 2005 bond obligation, the TIFIA loans and part of the 2010 bond obligations.

The financial statement disclosures are neutral, consistent, and clear.

PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements and are included in Appendix A. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 30, 2013 and are included in Appendix B.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and management of Central Texas Regional Mobility Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

PMB Helin Donovan, LLP

PMB Helin Donovan, LLP
Austin, Texas

Central Texas Regional Mobility Authority **Appendix A**
Summary of Passed Audit Differences
June 30, 2013

AD #	Account Name	Debit	Credit	Statements of Revenues, Expenses		Statements of Net Assets		
				Revenue	Expenses	Assets	Liabilities	Net Assets
1	Due from TXDot	$ 788,069		$ -	$ -	$ 788,069	$ -	$ -
	Grant revenue		$ 788,069	788,069	-	-	-	788,069
	(To record 2013 grant revenue received and recorded in 2014)							
2	Depreciation expense	893,055		-	893,055	-	-	(893,055)
	Accumulated depreciation		893,055	-	-	-	893,055	-
	(To adjust current year depreciation expense for highways and bridges put into use in FY 2013)							
3	Amortization expense	128,482		-	128,482	-	-	(128,482)
	Accumulated amortization		128,482	-	-	-	128,482	-
	(To record the amortization expense of 2013 refunding savings)							
				$ 788,069	$ 1,021,537	$ 788,069	$ 1,021,537	$ (233,468)
				December 31, 2012 balances		$ 998,341,601	$ 826,622,405	$ 171,719,196
				Impact of Passed Audit Differences		0.08%	0.12%	-0.14%

Income (Expense) Impact of Passed Audit Differences	$ (233,468)
2013 change in net assets	$ 77,658,725
Percentage of change in net assets	0.30%

September 30, 2013

PMB Helin Donovan, LLP
5918 West Courtyard Drive, Suite 500
Austin, TX 78730

CENTRAL TEXAS
Regional Mobility Authority

We are providing this letter in connection with your audits of the financial statements of Central Texas Regional Mobility Authority ("Authority) as of June 30, 2013 and 2012 and for the years then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Authority and the respective changes in financial position and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of September 30, 2013 the following representations made to you during your audit(s).

1) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

2) We have made available to you all—

    a) Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.

    b) Minutes of the meetings of Authority or summaries of actions of recent meetings for which minutes have not yet been prepared.

3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.

5) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

6) We have no knowledge of any fraud or suspected fraud affecting the entity involving:

    a) Management,

    b) Employees who have significant roles in internal control, or

    c) Others where the fraud could have a material effect on the financial statements.

7) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

8) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

9) The following, if any, have been properly recorded or disclosed in the financial statements:

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Telephone: (512) 996-9778 / Fax: (512) 996-9784 / www.MobilityAuthority.com

a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees.

b) Guarantees, whether written or oral, under which the Authority is contingently liable.

c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.

10) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

11) There are no—

a) Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification 450, Contingencies (formerly Statement of Financial Accounting Standards No. 5)

c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Accounting Standards Codification 450, Contingencies (formerly Statement of Financial Accounting Standards No. 5).

d) Reservations or designation of fund equity that were not properly authorized and approved.

12) As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

13) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

14) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

15) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

16) The financial statements properly classify all funds and activities.

17) Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.

18) Provisions for uncollectible receivables have been properly identified and recorded.

19) Deposits and investment securities are properly classified as to risk, and investments are properly valued.

20) Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.

21) Required supplementary information (RSI) is measured and presented within prescribed guidelines.

We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements [or in the schedule of findings and questioned costs].

Mike Heiligenstein
Executive Director

Bill Chapman
Chief Financial Officer