PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

Central Texas Regional Mobility Authority

Financial Statements and
Management Discussion and Analysis

June 30, 2011 and 2010
(With Independent Auditors' Report Thereon)

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, 2011. Please read it in conjunction with the Authority financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Bonds payable were issued in 2005 and have an outstanding balance of $172.8 million as of June 30, 2011. The bonds are repayable over the next 35 years.
- Bonds payable were issued in 2010 and have an outstanding balance of $140.1 million as of June 30, 2011. The bonds are repayable over the next 30 years. A portion of these proceeds were used to refund and redeem $15 million of notes which were previously issued in 2009.
- Bonds payable were issued in 2011 and have an outstanding balance of $370.0 million as of June 30, 2011. The bonds are repayable over the next 30 years. A portion of these proceeds were used to repay a $31.61 million loan from the State Infrastructure Bank (SIB) and $60 million of notes which were previously issued in 2010.
- Investments increased by $212.9 million from 2010 to 2011.
- Total operating expenses were approximately $29.6 million in both 2011 and 2010.
- Total construction in progress was approximately $202.9 million, $69.0 million, and $31.9 million as of June 30, 2011, 2010 and 2009, 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 and the notes to the financial statements.

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 $80.3 million, $56.1 million, and $59.5 million, as of June 30, 2011, 2010, and 2009, respectively (See Table A-1). In 2011, total assets increased 76.9% to $886.6 million and total liabilities increased 81.2% to $806.4 million resulting in a increase of 43.0% in total net assets. The increase of $24.1 million is the result of 2011 operating income of $35.8 million which was offset by net interest expense of $11.9 million.

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

	2011	2010	2009
Current assets	$ 14,049	$ 9,864	$ 4,238
Restricted assets	433,409	185,367	53,837
Capital assets	423,060	295,013	265,320
Bond issuance cost	16,095	10,825	9,039
Total assets	$886,613	$501,069	$332,434
Total liabilities	$806,361	$444,951	$272,934
Net assets:			
Invested in capital assets	$ 25,694	$ 11,916	$ 12,642
Restricted for other purposes	40,509	34,339	42,620
Unrestricted	14,049	9,863	4,238
Total net assets	$ 80,252	$ 56,118	$ 59,500

Changes in Net Assets

Changes in net assets as of June 30, 2011 and 2010 were approximately $24.1 million and ($3.4) million, respectively, a 43% increase in total net assets from 2010. The Authority's total revenues were $53.7 million, an increase of 104% from 2010, and total expenses were $29.6 million, which were consistent with 2010. See Table A-2.

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

	2011	2010	2009
Revenues:			
Toll revenue	$21,458	$20,216	$17,404
Grants and contributions	31,989	5,675	-
Other revenue	243	371	868
Total revenues	53,690	26,262	18,272
Expenses:			
Administration	26,970	28,081	26,635
Professional services	2,586	1,563	2,856
Total expenses	29,556	29,644	29,491
Contributed capital	-	-	-
Change in net assets	24,134	(3,382)	(11,219)
Total net assets, beginning of the year	56,118	59,500	70,719
Total net assets, end of the year	$80,252	$56,118	$59,500

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2011, and 2010, and 2009 the Authority had invested approximately $202.9 million, $69.0 million, and $31.9 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)

	2011	2010	2009
Property and equipment	$ 9,701	$ 9,632	$ 9,583
Toll Road	241,474	240,135	240,005
Accumulated depreciation	(31,007)	(23,716)	(16,135)
Construction work in progress	202,892	68,962	31,867
Net capital assets	$423,060	$295,013	$265,320

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 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. The maturity date of the TIFIA Bond is January 1, 2042. Interest on the TIFIA Bond accrues at an annual rate of 4.69% with interest payable each January 1 and July 1, commencing January 1, 2012.

The Authority issued its Revenue Notes, Taxable Series 2009, in an aggregate principal amount of $15,000,000 (Series 2009 Notes) on May 1, 2009 to (i) pay a portion of the Costs of the 2009 Projects described in the Indenture and (ii) pay costs of issuance for the Series 2009 Notes. The 2009 Series Notes were refunded and redeemed in full during fiscal year ended June 30, 2010.

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 (Series 2009 Notes), (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.

On December 2, 2009, the Authority entered into an agreement to borrow $31.61 million from the State Infrastructure Bank to finance the cost of right of way acquisition and partial final design funding for a portion of the 290 East Project (SIB Loan). The term of the loan is 30 years. Interest on the SIB Loan accretes at an interest rate of 2.95% per annum from December 2, 2009 until February 1, 2012, with such interest being compounded on each February 1 and August 1, commencing February 1, 2010. The Authority repaid the loan in full from proceeds of the Series 2011 Senior Lien Revenue Bonds issued by the Authority in 2011, as described below.

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 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.

As of June 30, 2011, the Authority had total bond debt outstanding of approximately $761 million. See Table A-4.

Table A-4
Long-Term Debt
(in thousands of dollars)

	2011	2010	2009
Series 2005, 2009, 2010 and 2011 Obligations			
Capital Appreciation Bonds	$ 61,332	$ 50,833	$ 16,332
Current Interest Bonds	621,542	262,208	171,680
TIFIA Bond	77,627	74,110	70,753
SIB Loan	-	32,153	-
Net bond debt outstanding	$760,501	$419,304	$258,765

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, 301 Congress Avenue, Suite 650, Austin, TX 78701.

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Independent Auditors' Report

Members of the Central Texas Regional Mobility Authority:

We have audited the statements of net assets of the Central Texas Regional Mobility Authority (the Authority), as of June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 5 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. The Supplemental Schedule – Bond Covenants Coverage Calculation on page 29 is presented for purposes of additional analysis and is not a required part of the financial statements. 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.

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October 26, 2011

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CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY

Statements of Net Assets

June 30, 2011 and 2010

	2011	2010
Assets:		
Current assets:		
Cash and cash equivalents (note 2)	$ 343,397	$ 124,518
Investments (note 2)	7,690,809	3,362,663
Due from other agencies	5,880,736	6,236,288
Accrued interest receivable	98,481	99,905
Prepaid expenses and other assets	35,554	40,609
Total current assets	14,048,977	9,863,983
Restricted assets:		
Cash and cash equivalents (note 2)	76,452,979	36,995,359
Investments (note 2)	356,955,630	148,371,858
Total restricted assets	433,408,609	185,367,217
Property, toll road and equipment, net (note 3)	220,167,912	226,051,265
Construction work in progress (note 3)	202,892,304	68,961,711
Bond issuance costs, net	16,095,508	10,825,177
Total assets	$ 886,613,310	$ 501,069,353
Liabilities:		
Current liabilities:		
Accounts payable	$ 29,978,373	$ 13,623,816
Accrued interest payable	8,549,247	7,641,363
Accrued expenses	436,231	416,381
Total current liabilities	38,963,851	21,681,560
Noncurrent liabilities:		
TIFIA bond (note 4)	77,626,562	74,110,047
State Infrastructure Bank Loan (note 4)	-	32,153,244
Bonds payable - 2005 Series (note 4)	172,758,917	172,924,728
Bonds payable - 2010 Series (note 4)	140,083,302	140,116,204
Bonds payable - 2011 Series (note 4)	370,031,771	-
Accumulated accretion on capital appreciation bonds (note 4)	6,897,462	3,831,815
Retainage payable	-	134,317
Total liabilities	806,361,865	444,951,915
Net assets:		
Invested in capital assets, net of related debt	25,693,973	11,915,783
Restricted for other purposes	40,508,495	34,337,672
Unrestricted	14,048,977	9,863,983
Total net assets	80,251,445	56,117,438
Total liabilities and net assets	$ 886,613,310	$ 501,069,353

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, 2011 and 2010

	2011	2010
Operating Revenues		
Tolls	$ 21,458,000	$ 20,216,374
Grants and contributions	31,989,492	5,675,189
Other	3,383	917
Total revenues	53,450,875	25,892,480
Operating expenses		
Salaries and wages	2,443,879	2,055,813
Other contractual services	3,049,833	3,232,206
Professional services	2,585,915	1,563,241
General and administrative	9,601,791	10,858,442
Total operating expenses	17,681,418	17,709,702
Total operating increase	35,769,457	8,182,778
Nonoperating revenues/expenses		
Interest income, net of interest capitalized, (note 2)	239,771	369,867
Interest expense	(11,875,221)	(11,934,768)
Change in net assets	24,134,007	(3,382,123)
Total net assets at beginning of the year	56,117,438	59,499,561
Total net assets at end of the year	$ 80,251,445	$ 56,117,438

See accompanying notes to financial statements.

CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY

Statements of Cash Flows

For the years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from toll fees	$ 21,813,552	$ 14,675,345
Receipts from grants and other income	31,992,875	5,676,106
Receipts from interest income	241,195	487,929
Payments to vendors	(3,423,724)	(7,689,117)
Payments to professionals	(2,585,915)	(1,563,241)
Payments to employees	(2,395,308)	(1,891,600)
Net cash flows provided by operating activities	45,642,675	9,695,422
Cash flows from capital and related financing activities:		
Acquisitions of property and equipment	(1,407,644)	(179,063)
Payments on interest	(7,439,500)	(7,439,500)
Acquisitions of construction in progress	(121,295,208)	(31,094,063)
Payment of State Infrastrucure Loan	(32,943,677)	-
Proceeds from Series 2010 Obligations	-	175,539,243
Proceeds from Series 2011 Bonds	370,031,771	-
Payment of Series 2009 Notes	-	(15,000,000)
Net cash flows provided by capital and related financing activities	206,945,742	121,826,617
Cash flows from investing activities:		
Purchase of investments	(394,066,109)	(275,333,312)
Proceeds from sale or maturity of investments	181,154,191	163,376,679
Net cash flows used in provided by investing activities	(212,911,918)	(111,956,633)
Net increase in cash and cash equivalents	39,676,499	19,565,406
Cash and cash equivalents at beginning of year	37,119,877	17,554,471
Cash and cash equivalents at end of year (including $76,452,979 for 2011 and $36,995,359 for 2010 reported in restricted assets)	$ 76,796,376	$ 37,119,877
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	$ 24,134,007	$ (3,382,123)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	7,290,997	7,580,638
Nonoperating interest	7,439,500	7,439,500
Changes in assets and liabilities:		
Increase in prepaid expenses and other assets	5,055	2,649
(Increase) decrease in non-cash revenue (due from other agencies)	355,552	(5,541,029)
Increase in accounts payable	6,397,714	3,543,881
Increase in accrued expenses	19,850	51,906
Total adjustments	21,508,668	13,077,545
Net cash flows provided by operating activities	$ 45,642,675	$ 9,695,422

See accompanying notes to financial statements.

1. Organization and Summary of Significant Accounting Policies

The financial statements of the Central Texas Regional 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 Authority applies the codification of Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails, and all of the GASB pronouncements issued subsequently. 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, 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 77^{th} 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 year ending June 30, 2011, the Company reported revenue of $53.5 million, and a change in net assets of approximately $24.1 million. Management believes that it has cash on hand, anticipated 2012 operating results, and available credit facilities that are sufficient to fund its operations through June 30, 2012.

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, depreciation is removed from the respective accounts, and the resulting gain or loss, if any, is recorded in operations.

Prior to the reclassification of the construction-in-progress related to the 183-A toll road to property and equipment, the majority of capitalized costs for the year ended June 30, 2011 and 2010 related to construction-in-progress. During fiscal years 2011 and 2010, computer and other types of equipment were obtained and depreciated using the straight-line method over periods ranging from 3 to 7 years.

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.

In addition, the Authority recognizes revenues, expenses, and changes in net assets relating to earnings from restricted grants.

F. Grants and Contracts - Revenues include charges paid by a related party for a sublease contract agreement. 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 year ended June 30, 2011, the Authority received $31,989,492 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, 2011, there was no deferred grant revenue.

During the year ended June 30, 2011, the Authority received 60% and 22%, respectively, of total 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 statement of net asset 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. Bond issuance cost is amortized over the estimated life of the bonds. In the years ended June 30, 2011 and 2010, the Authority amortized $298,307 and $288,547 of issuance costs, respectively.

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. 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, 2011, this date was October 26, 2011.

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, 2011 and 2010, the Authority had the following investments:

Summary of Investments by Type		**2011**	**2010**
TexSTAR Investment Pool	$	31,106,287	40,365,479
Certificates of Deposit		3,100,000	3,100,000
Guaranteed Investment Contract		266,522,987	100,209,006
U.S. Government Agency securities:			
Federal Home Loan Mortgage Corp.		63,917,165	8,060,036
Total investments	$	364,646,439	151,734,521
Unrestricted investments	$	7,690,809	3,362,663
Restricted investments		356,955,630	148,371,858
Total investments	$	364,646,439	151,734,521
Interest income	$	1,032,616	584,171
Less: interest income capitalized		(792,845)	(214,304)
Total investment income	$	239,771	369,867

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, 2011, the carrying amount of the Authority's cash and cash equivalents was $76,796,376. The bank balance was $350,931 as of June 30, 2011. The remaining amount was maintained in money market accounts. At June 30, 2010, the carrying amount of the Authority's cash and cash equivalents was $37,119,877. The bank balance was $139,977 as of June 30, 2010. The remaining amount is maintained in money market accounts.

There is no limit on the amount the Authority may deposit in any one institution. The Authority is fully collateralized with pledged securities for amounts in excess of the FDIC limit for the year ended June 30, 2011.

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, 2011 and 2010, the Authority's portfolio consisted of the following:

	2011	2010
TexSTAR Investment Pool	8.5%	26.6%
Certificates of Deposit	0.9%	2.0%
Guaranteed Investment Contracts	73.1%	66.0%
United States Government Agency securities	17.5%	5.3%

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, 2011 and 2010, all of the Authority's investments mature within one year. The weighted average maturity of the TexSTAR Investment Pool at June 30, 2011 and 2010 was 46 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, 2011 and 2010:

Property, toll road and equipment as of June 30, 2011:

	2010	Additions/ Disposals	Reclass	2011
Property and equipment	$ 9,632,022	69,284	-	$ 9,701,306
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	1,094,546	338,360	-	1,432,906
Right of way	23,683,551	1,000,000	-	24,683,551
Accumulated depreciation	(23,715,887)	(7,290,997)	-	(31,006,884)
Net property and equipment	$ 226,051,265	(5,883,353)	-	$ 220,167,912

Property, toll road and equipment as of June 30, 2010:

	2009	Additions/ Disposals	Reclass	2010
Property and equipment	$ 9,582,667	49,355	-	$ 9,632,022
Toll Road				
Building and toll facilities	7,062,332	-	-	7,062,332
Highways and bridges	198,169,868	111,469	-	198,281,337
Toll equipment	4,382,721	-	-	4,382,721
Signs	5,630,643	-	-	5,630,643
Land improvements	1,078,913	15,633	-	1,094,546
Right of way	23,680,945	2,606	-	23,683,551
Accumulated depreciation	(16,135,249)	(7,580,638)	-	(23,715,887)
Net property and equipment	$ 233,452,840	(7,401,575)	-	$ 226,051,265

Construction in progress as of June 30, 2011:

	2010	Additions/ Disposals	Reclass	2011
Construction in progress				
Preliminary costs	$ 48,231,054	122,040,776	-	$ 170,271,830
Engineering	8,277	(8,277)	-	-
Construction	17,345,528	2,385,293	-	19,730,821
Collection system	69,828	-	-	69,828
Capitalized interest	3,307,024	9,512,801	-	12,819,825
Net construction in progress	$ 68,961,711	133,930,593	-	$ 202,892,304

Construction in progress as of June 30, 2010:

	2009	Additions/ Disposals	Reclass	2010
Construction in progress				
Preliminary costs	$ 16,222,995	32,008,059	-	$ 48,231,054
Engineering	215,177	(206,900)	-	8,277
Construction	15,365,680	1,979,848	-	17,345,528
Collection system	62,841	6,987	-	69,828
Capitalized interest	-	3,307,024	-	3,307,024
Net construction in progress	$ 31,866,693	37,095,018	-	$ 68,961,711

Depreciation expense for the years ended June 30, 2011 and 2010 was $7,290,997 and $7,580,638, respectively. No retirements of capital assets occurred during the years ended June 30, 2011 and 2010.

Capitalized interest consists of the following as of June 30, 2011 and 2010:

	2011	2010
Interest accrued on bonds	$ 13,539,803	$ 3,450,819
Plus: bond issuance cost amortization	287,171	70,509
Interest expense capitalized	13,826,974	3,521,328
Less: cumulative interest earned on bond proceeds invested	(1,007,149)	(214,304)
	$ 12,819,825	$ 3,307,024

4. Bonds Payable

The following schedule summarizes the bonds payable as of June 30, 2011 and 2010:

Bonds Payable as of June 30, 2011:

	2010	Additions/ Amortization	Payments	2011
Series 2005 Bonds	$ 172,924,728	(165,811)	-	$ 172,758,917
TIFIA Bond	74,110,047	3,516,515	-	77,626,562
Series 2010 Obligations	140,116,204	(32,902)		140,083,302
State Infrastructure Bank Loan	32,153,244	790,433	(32,943,677)	-
Series 2010 Taxable Revenue Note (Interim Financing)	-	60,163,333	(60,163,333)	-
Series 2011 Obligations	-	370,031,771	-	370,031,771
Total	$ 419,304,223	434,303,339	(93,107,010)	$ 760,500,552

Bonds Payable as of June 30, 2010:

	2009	Additions/ Amortization	Payments	2010
Series 2005 Bonds	$ 173,082,981	(158,253)	-	$ 172,924,728
TIFIA Bond	70,752,832	3,357,215	-	74,110,047
Series 2009 Taxable Revenue Note	14,929,167	-	(14,929,167)	-
Series 2010 Obligations	-	140,116,204		140,116,204
State Infrastructure Bank Loan	-	32,153,244		32,153,244
Total	$ 258,764,980	175,468,410	(14,929,167)	$ 419,304,223

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 are scheduled to mature on the dates and in the principal amounts shown below. Interest on the Series 2005 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 2005 CIBs is payable on each July 1 and January 1, commencing July 1, 2005.

The Series 2005 Convertible CABs are scheduled to mature on the dates shown below at an aggregated maturity amount of $24,010,000. As of June 30, 2011, the aggregate maturity amount is $21,063,781.

The principal amounts shown below for the Series 2005 Convertible CABs represent the total amount of outstanding principal plus the accreted and compounded interest as of June 30, 2011.

Interest on the Series 2005 Convertible CABs will accrete from the date of initial delivery until January 1, 2014 at the interest rates noted below and will compound on each July 1 and January 1, commencing July 1, 2005, and on January 1, 2014. From and after January 1, 2014, interest on the maturity amount of the Series 2005 Convertible CABs will accrue at the interest rates noted below and will be payable each July 1 and January 1.

Under the bond indenture relating to the Series 2005 Obligations, the debt service reserve fund for the Series 2005 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
Series 2005 Senior Lien Revenue Bonds					
Convertible Capital Appreciation Bonds	2015	4.20%	$ 1,593,394	$ -	$ 1,593,394
Convertible Capital Appreciation Bonds	2016	4.25%	3,124,749	-	3,124,749
Convertible Capital Appreciation Bonds	2017	4.35%	2,738,819	-	2,738,819
Convertible Capital Appreciation Bonds	2018	4.45%	2,423,743	-	2,423,743
Convertible Capital Appreciation Bonds	2019	4.50%	2,177,004	-	2,177,004
Convertible Capital Appreciation Bonds	2020	4.55%	1,969,370	-	1,969,370
Convertible Capital Appreciation Bonds	2021	4.60%	2,305,532	-	2,305,532
Total Convertible Capital Appreciation Bonds			16,332,611	-	16,332,611
Current Interest Serial Bonds	2012	5.00%	1,495,000	12,530	1,507,530
Current Interest Serial Bonds	2013	5.00%	2,720,000	60,679	2,780,679
Current Interest Serial Bonds	2014	3.50%	3,100,000	(5,995)	3,094,005
Current Interest Serial Bonds	2022	5.00%	3,260,000	171,204	3,431,204
Current Interest Serial Bonds	2023	5.00%	3,115,000	161,434	3,276,434
Current Interest Serial Bonds	2024	5.00%	2,995,000	150,319	3,145,319
Current Interest Term Bonds	2025	4.50%	2,950,000	(16,709)	2,933,291
Current Interest Term Bonds	2026	4.50%	4,235,000	(24,494)	4,210,506
Current Interest Term Bonds	2027	4.50%	4,280,000	(25,216)	4,254,784
Current Interest Term Bonds	2028	4.50%	3,815,000	(22,848)	3,792,152
Current Interest Term Bonds	2029	4.50%	3,870,000	(23,521)	3,846,479
Current Interest Term Bonds	2030	5.00%	3,930,000	157,745	4,087,745
Current Interest Term Bonds	2031	5.00%	5,200,000	211,251	5,411,251
Current Interest Term Bonds	2032	5.00%	5,250,000	215,624	5,465,624
Current Interest Term Bonds	2033	5.00%	5,315,000	220,455	5,535,455
Current Interest Term Bonds	2034	5.00%	5,395,000	225,808	5,620,808
Current Interest Term Bonds	2035	5.00%	5,490,000	231,693	5,721,693
Current Interest Term Bonds	2036	5.00%	7,170,000	253,030	7,423,030
Current Interest Term Bonds	2037	5.00%	7,320,000	260,116	7,580,116
Current Interest Term Bonds	2038	5.00%	7,485,000	267,686	7,752,686
Current Interest Term Bonds	2039	5.00%	7,670,000	275,919	7,945,919
Current Interest Term Bonds	2040	5.00%	7,875,000	284,843	8,159,843
Current Interest Term Bonds	2041	5.00%	9,000,000	327,180	9,327,180
Current Interest Term Bonds	2042	5.00%	9,245,000	337,663	9,582,663
Current Interest Term Bonds	2043	5.00%	9,520,000	349,227	9,869,227
Current Interest Term Bonds	2044	5.00%	9,810,000	361,326	10,171,326
Current Interest Term Bonds	2045	5.00%	10,125,000	374,357	10,499,357
Total Current Interest Bonds			151,635,000	4,791,306	156,426,306
Total Series 2005 Senior Lien Revenue Bonds			$ 167,967,611	$ 4,791,306	$ 172,758,917

The amount of accumulated accreted interest on the Series 2005 Convertible CABs as of June 30, 2011 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, 2005.

Description	Maturity January 1	Interest Rate	Outstanding Principal	Accumulated Accretion	Total
Convertible Capital Appreciation Bonds	2015	4.20%	$ 1,593,394	$ 436,968	$ 2,030,362
Convertible Capital Appreciation Bonds	2016	4.25%	3,124,749	868,310	3,993,059
Convertible Capital Appreciation Bonds	2017	4.35%	2,738,819	781,111	3,519,930
Convertible Capital Appreciation Bonds	2018	4.45%	2,423,743	709,058	3,132,801
Convertible Capital Appreciation Bonds	2019	4.50%	2,177,004	644,936	2,821,940
Convertible Capital Appreciation Bonds	2020	4.55%	1,969,370	590,694	2,560,064
Convertible Capital Appreciation Bonds	2021	4.60%	2,305,532	700,093	3,005,625
Total Convertible Capital Appreciation Bonds			$ 16,332,611	$ 4,731,170	$ 21,063,781

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 (Series 2009 Notes), (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 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. As of June 30, 2011, the aggregate maturity amount is $37,166,002.

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, 2011.

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

On August 1, 2010, the Authority issued its Revenue Notes, Taxable Series 2010 (Build America Bonds – Direct Subsidy) in an aggregate 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.

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. The debt service reserve fund for the Series 2010 Subordinate Lien BABs requires an amount equal to the amounts set forth in the supplemental indenture relating thereto.

Description	Maturity January 1	Interest Rate	Outstanding Principal	Unamortized Premium (Discount)	Total
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	6,809	146,809
Current Interest Serial Bonds	2017	5.75%	1,620,000	57,799	1,677,799
Current Interest Serial Bonds	2018	5.75%	3,475,000	100,423	3,575,423
Current Interest Serial Bonds	2019	5.75%	5,310,000	116,661	5,426,661
Current Interest Serial Bonds	2020	5.75%	7,240,000	111,771	7,351,771
Current Interest Term Bonds	2021	5.75%	8,530,000	(37,500)	8,492,500
Current Interest Term Bonds	2022	5.75%	9,365,000	(41,831)	9,323,169
Current Interest Term Bonds	2023	5.75%	10,215,000	(46,265)	10,168,735
Current Interest Term Bonds	2024	5.75%	11,075,000	(50,782)	11,024,218
Current Interest Term Bonds	2025	5.75%	2,910,000	(13,493)	2,896,507
Total Current Interest Bonds			59,880,000	203,592	60,083,592
Total Series 2010 Senior Lien Revenue Bonds			94,879,710	203,592	95,083,302

Series 2010 Subordinate Lien BABs					
Subordinate Lien BABs (Fixed Rate)	2015	11.625%	395,000	-	395,000
Subordinate Lien BABs (Fixed Rate)	2016	11.625%	425,000	-	425,000
Subordinate Lien BABs (Fixed Rate)	2017	11.625%	460,000	-	460,000
Subordinate Lien BABs (Fixed Rate)	2018	11.625%	490,000	-	490,000
Subordinate Lien BABs (Fixed Rate)	2019	11.625%	530,000	-	530,000
Subordinate Lien BABs (Fixed Rate)	2020	11.625%	570,000	-	570,000
Subordinate Lien BABs (Fixed Rate)	2021	11.625%	610,000	-	610,000
Subordinate Lien BABs (Fixed Rate)	2022	11.625%	660,000	-	660,000
Subordinate Lien BABs (Fixed Rate)	2023	11.625%	710,000	-	710,000
Subordinate Lien BABs (Fixed Rate)	2024	11.625%	760,000	-	760,000
Subordinate Lien BABs (Fixed Rate)	2025	11.625%	820,000	-	820,000
Subordinate Lien BABs (Fixed Rate)	2026	11.625%	880,000	-	880,000
Subordinate Lien BABs (Fixed Rate)	2027	11.625%	950,000	-	950,000
Subordinate Lien BABs (Fixed Rate)	2028	11.625%	1,020,000	-	1,020,000
Subordinate Lien BABs (Fixed Rate)	2029	11.625%	1,095,000	-	1,095,000
Subordinate Lien BABs (Fixed Rate)	2030	11.625%	1,180,000	-	1,180,000
Subordinate Lien BABs (Fixed Rate)	2031	11.625%	1,270,000	-	1,270,000
Subordinate Lien BABs (Fixed Rate)	2032	11.625%	1,455,000	-	1,455,000
Subordinate Lien BABs (Fixed Rate)	2033	11.625%	1,660,000	-	1,660,000
Subordinate Lien BABs (Fixed Rate)	2034	11.625%	1,880,000	-	1,880,000
Subordinate Lien BABs (Fixed Rate)	2035	11.625%	2,125,000	-	2,125,000
Subordinate Lien BABs (Fixed Rate)	2036	11.625%	2,385,000	-	2,385,000
Subordinate Lien BABs (Fixed Rate)	2037	11.625%	2,675,000	-	2,675,000
Subordinate Lien BABs (Fixed Rate)	2038	11.625%	2,985,000	-	2,985,000
Subordinate Lien BABs (Fixed Rate)	2039	11.625%	3,320,000		3,320,000
Subordinate Lien BABs (Fixed Rate)	2040	11.625%	3,690,000	-	3,690,000
Total Subordinate Lien BABs (Fixed Rate)			35,000,000	-	35,000,000
Subordinate Lien BABs (Variable Rate)	2015	variable	110,000	-	110,000
Subordinate Lien BABs (Variable Rate)	2016	variable	120,000	-	120,000
Subordinate Lien BABs (Variable Rate)	2017	variable	130,000	-	130,000
Subordinate Lien BABs (Variable Rate)	2018	variable	140,000	-	140,000
Subordinate Lien BABs (Variable Rate)	2019	variable	150,000	-	150,000
Subordinate Lien BABs (Variable Rate)	2020	variable	165,000	-	165,000
Subordinate Lien BABs (Variable Rate)	2021	variable	175,000	-	175,000
Subordinate Lien BABs (Variable Rate)	2022	variable	190,000	-	190,000
Subordinate Lien BABs (Variable Rate)	2023	variable	205,000	-	205,000
Subordinate Lien BABs (Variable Rate)	2024	variable	225,000	-	225,000
Subordinate Lien BABs (Variable Rate)	2025	variable	240,000	-	240,000
Subordinate Lien BABs (Variable Rate)	2026	variable	260,000	-	260,000
Subordinate Lien BABs (Variable Rate)	2027	variable	285,000	-	285,000
Subordinate Lien BABs (Variable Rate)	2028	variable	305,000	-	305,000
Subordinate Lien BABs (Variable Rate)	2029	variable	330,000	-	330,000
Subordinate Lien BABs (Variable Rate)	2030	variable	360,000	-	360,000
Subordinate Lien BABs (Variable Rate)	2031	variable	385,000	-	385,000
Subordinate Lien BABs (Variable Rate)	2032	variable	420,000	-	420,000
Subordinate Lien BABs (Variable Rate)	2033	variable	455,000	-	455,000
Subordinate Lien BABs (Variable Rate)	2034	variable	515,000	-	515,000
Subordinate Lien BABs (Variable Rate)	2035	variable	590,000	-	590,000
Subordinate Lien BABs (Variable Rate)	2036	variable	665,000	-	665,000
Subordinate Lien BABs (Variable Rate)	2037	variable	750,000	-	750,000
Subordinate Lien BABs (Variable Rate)	2038	variable	840,000	-	840,000
Subordinate Lien BABs (Variable Rate)	2039	variable	940,000		940,000
Subordinate Lien BABs (Variable Rate)	2040	variable	1,050,000	-	1,050,000
Total Subordinate Lien BABs (Variable Rate)			10,000,000		10,000,000
Total Series 2010 Subordinate Lien BABs			45,000,000		45,000,000
Total Series 2010 Obligations			$ 139,879,710	$ 203,592	$ 140,083,302

The amount of accumulated accreted interest on the Series 2010 CABs as of June 30, 2011 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
Capital Appreciation Bonds	2025	7.20%	$ 3,158,010	$ 185,220	$ 3,343,230
Capital Appreciation Bonds	2026	7.30%	3,516,022	209,118	3,725,140
Capital Appreciation Bonds	2027	7.40%	3,264,322	196,825	3,461,147
Capital Appreciation Bonds	2028	7.48%	3,171,378	193,228	3,364,606
Capital Appreciation Bonds	2029	7.56%	2,932,886	180,678	3,113,564
Capital Appreciation Bonds	2030	7.65%	2,702,667	168,566	2,871,233
Capital Appreciation Bonds	2031	7.71%	2,254,554	141,658	2,396,212
Capital Appreciation Bonds	2032	7.77%	2,103,884	133,302	2,237,186
Capital Appreciation Bonds	2033	7.78%	1,980,266	125,658	2,105,924
Capital Appreciation Bonds	2034	7.79%	1,860,557	118,193	1,978,750
Capital Appreciation Bonds	2035	7.80%	1,745,753	111,025	1,856,778
Capital Appreciation Bonds	2036	7.81%	1,418,625	90,361	1,508,986
Capital Appreciation Bonds	2037	7.82%	1,337,508	85,208	1,422,716
Capital Appreciation Bonds	2038	7.83%	1,258,995	80,445	1,339,440
Capital Appreciation Bonds	2039	7.84%	1,183,406	75,698	1,259,104
Capital Appreciation Bonds	2040	7.85%	1,110,877	71,109	1,181,986
Total Capital Appreciation Bonds			$ 34,999,710	$ 2,166,292	$ 37,166,002

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. The maturity date of the TIFIA Bond is January 1, 2042. Interest on the TIFIA bond accrues at an annual rate of 4.69% with interest payable each January 1 and July 1, commencing January 1, 2012. As of June 30, 2011, the Authority had a total of $11,626,561 of interest accrued on the $66,000,000 balance for a total of $77,626,562 in outstanding principal and interest. As of June 30, 2010, the Authority had a total of $8,110,047 of interest accrued on the $66,000,000 balance for a total of $74,110,047 in outstanding principal and interest.

State Infrastructure Bank Loan

On December 2, 2009, the Authority entered into an agreement to borrow $31.61 million from the State Infrastructure Bank to finance the cost of right of way acquisition and partial final design funding for a portion of the 290 East Project (SIB Loan). The term of the loan is 30 years. Interest on the SIB Loan accretes at an interest rate of 2.95% per annum from December 2, 2009 until February 1, 2012, with such interest being compounded on each February 1 and August 1, commencing February 1, 2010.

As of June 30, 2010, the balance of the SIB Loan was $32,153,244 which included $543,244 of accrued interest. As of June 30, 2011, the SIB Loan was paid in full from a portion of the proceeds of the Series 2011 Obligations, as described below.

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 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.

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. As of June 30, 2011, the aggregate maturity amount is $9,999,944.

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, 2011.

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.

Description	**Maturity January 1**	**Interest Rate**	**Outstanding Principal**	**Unamortized Premium (Discount)**	**Total**
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	(3,446,624)	1,183,376
Current Interest Term Bonds	2027	5.75%	7,725,000	(219,317)	7,505,683
Current Interest Term Bonds	2028	5.75%	8,170,000	(211,495)	7,958,505
Current Interest Term Bonds	2029	5.75%	8,645,000	(203,165)	8,441,835
Current Interest Term Bonds	2030	5.75%	9,140,000	(194,320)	8,945,680
Current Interest Term Bonds	2031	5.75%	9,665,000	(184,803)	9,480,197
Current Interest Term Bonds	2032	6.00%	10,225,000	(174,880)	10,050,120
Current Interest Term Bonds	2033	6.00%	10,835,000	(164,524)	10,670,476
Current Interest Term Bonds	2034	6.00%	11,485,000	(153,579)	11,331,421
Current Interest Term Bonds	2035	6.00%	12,175,000	(142,163)	12,032,837
Current Interest Serial Bonds	2036	6.00%	12,905,000	(130,259)	12,774,741
Current Interest Term Bonds	2037	6.00%	13,675,000	(117,708)	13,557,292
Current Interest Term Bonds	2038	6.00%	14,500,000	(104,622)	14,395,378
Current Interest Term Bonds	2039	6.00%	15,365,000	(90,842)	15,274,158
Current Interest Term Bonds	2040	6.00%	16,290,000	(76,481)	16,213,519
Current Interest Term Bonds	2041	6.00%	27,560,000	(98,169)	27,461,831
Current Interest Term Bonds	2042	6.25%	15,980,000	(41,544)	15,938,456
Current Interest Term Bonds	2043	6.25%	17,165,000	(33,343)	17,131,657
Current Interest Term Bonds	2044	6.25%	18,425,000	(24,541)	18,400,459
Current Interest Term Bonds	2045	6.25%	19,750,000	(15,105)	19,734,895
Current Interest Term Bonds	2046	6.25%	31,620,000	(70,689)	31,549,311
Total Current Interest Bonds			295,930,000	(5,898,173)	290,031,827
Total Series 2011 Senior Lien Revenue Bonds			305,929,944	(5,898,173)	300,031,771
Subordinate Lien Term Bonds	2023	6.75%	700,000	-	700,000
Subordinate Lien Term Bonds	2024	6.75%	1,900,000	-	1,900,000
Subordinate Lien Term Bonds	2025	6.75%	2,300,000	-	2,300,000
Subordinate Lien Term Bonds	2026	6.75%	2,500,000	-	2,500,000
Subordinate Lien Term Bonds	2027	6.75%	2,700,000	-	2,700,000
Subordinate Lien Term Bonds	2028	6.75%	2,800,000	-	2,800,000
Subordinate Lien Term Bonds	2029	6.75%	3,000,000	-	3,000,000
Subordinate Lien Term Bonds	2030	6.75%	3,200,000	-	3,200,000
Subordinate Lien Term Bonds	2031	6.75%	3,500,000	-	3,500,000
Subordinate Lien Term Bonds	2032	6.75%	3,600,000	-	3,600,000
Subordinate Lien Term Bonds	2033	6.75%	3,700,000	-	3,700,000
Subordinate Lien Term Bonds	2034	6.75%	3,900,000	-	3,900,000
Subordinate Lien Term Bonds	2035	6.75%	4,000,000	-	4,000,000
Subordinate Lien Term Bonds	2036	6.75%	4,100,000	-	4,100,000
Subordinate Lien Term Bonds	2037	6.75%	4,300,000	-	4,300,000

Subordinate Lien Term Bonds	2038	6.75%	4,400,000	-	4,400,000
Subordinate Lien Term Bonds	2039	6.75%	4,600,000	-	4,600,000
Subordinate Lien Term Bonds	2040	6.75%	4,700,000	-	4,700,000
Subordinate Lien Term Bonds	2041	6.75%	10,100,000	-	10,100,000
Total Series 2011 Subordinate Lien Term Bonds			70,000,000	-	70,000,000
Total Series 2011 Obligations			$ 375,929,944	$ (5,898,173)	$ 370,031,771

The amount of accumulated accreted interest on the Series 2011 CABs as of June 30, 2011 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
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

Series 2005 Senior Lien Revenue Bonds, Series 2010 Obligations, Series 2011 Obligations and TIFIA Bond

Future payments of principal and interest on the Series 2005 Senior Lien Revenue Bonds, Series 2010 Obligations, Series 2011 Obligations and the TIFIA Bond (based on the scheduled payments) as of June 30, 2011 are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total Amount
2012	$ 100,000	$ 42,938,969	$ 43,038,969
2013	150,000	45,754,275	45,904,275
2014	200,000	46,033,326	46,233,326
2015	895,000	46,219,627	47,114,627
2016	2,019,404	39,621,981	41,641,385
2017 and thereafter	748,039,480	971,900,105	1,719,939,585
Total obligations	$ 751,403,884	$ 1,192,468,283	$ 1,943,872,167

Below is a reconciliation of the principal payments to the balance sheet as of June 30, 2011:

	Principal
Total obligations	$ 751,403,884
Add: unamortized premium / discount	9,096,668
Total Series 2005 Senior Lien Revenue Bonds, Series 2010 Obligations, Series 2011 Obligations and TIFIA Bond	$ 760,500,552

5. 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, 2011.

6. 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 2011 and 2010.

7. 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 2011 and 2010, 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 14.50% of gross pay for 2011 and 2010 which totaled $250,475 and $224,930 for 2011 and 2010, respectively.

8. Disaggregation of Receivable and Payable Balances

Receivables are comprised of current intergovernmental receivables, representing 100% of the balance at June 30, 2011 and 2010. Payable balances are comprised of 100% current payables to contractors and vendors at June 30, 2011 and 2010.

9. 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 $31,106,287 and $40,365,479 in TexSTAR as of June 30, 2011 and 2010, respectively.

10. Commitments and Contingent Liabilities

On July 15, 2005, the Authority entered into a 7-year lease agreement for office space at 301 Congress Avenue, Austin, Texas. The aggregate future minimum lease payments are as follows:

2012	$	106,491
2013		62,120
	$	168,611

The Authority's total rental expense for fiscal years 2011 and 2010 amounted to $185,771 and $185,354, respectively.

11. 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, 2011 and 2010, the receivable from the TxDot authority comprises approximately 88% and 94%, respectively, of the total balance due from other agencies, respectively, as follows.

		2011		**2010**
TxDot	$	5,158,130	$	5,874,267
Other Agencies		722,606		362,021
Total	$	5,880,736	$	6,236,288

CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY

Supplemental Schedule - Indenture Cash Flow and Debt Service Coverage

For the year ended June 30, 2011

Toll Revenues		$ 21,458,000	
Other Revenues		2,383	[1]
Interest Income Available to Pay Debt Service		239,771	
Total Revenues		21,700,154	
Less: System Operating Expenses		(5,848,981)	
Revenues Available for Rate Covenant and Additional Bonds Tests		15,851,173	
Net Senior Lien Debt Service	$ 7,439,500		
Net Subordinate Lien Debt Service	-		
Total Net Debt Service	7,439,500		
Debt Service Coverage Ratio for Rate Covenant and Additional Bonds Test			
Senior Lien Obligations	2.13		
Senior and Subordinate Lien Obligations	2.13		
Less: System Maintenance Expenses		(984,494)	
Revenues Available for Debt Service		14,866,679	
Debt Service Coverage Ratios for Revenues Available for Debt Service			
Senior Lien Obligations	2.00		
Senior and Subordinate Lien Obligations	2.00		
Less: Total Net Debt Service		(7,439,500)	
Less: Deposits to Renewal and Replacement Fund		-	
Less: Debt Service Payments on Other Obligations		(1,243,667)	[2]
Annual Excess		$ 6,183,512	

[1] Grant revenues of approximately $32 million is excluded from "Other Revenues" as such grant revenues are restricted for purposes other than debt service obligations.

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