

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

August 31, 2015

THE UNIVERSITY OF CHICAGO

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ACCOUNTANT'S COMPILATION REPORT

September 29, 2015

Board of Directors
North East Texas Regional Mobility Authority

I have compiled the accompanying statement of net assets of the North East Texas Regional Mobility Authority (the Authority) as of August 31, 2015 and the related statements of revenues, expenses, and change in net assets for the eleven month periods ended August 31, 2015 and 2014, and the accompanying supplemental information contained in Schedule 1, which is presented only for supplementary analysis purposes. I have not audited or reviewed the accompanying financial statements and supplemental information and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplemental schedule is in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

North East Texas Regional Mobility Authority
Statement of Net Assets
August 31, 2015

Assets

Current Assets:

Cash (Restricted \$239,369)	\$ 391,548	
Cash - SIB & Toll Equity Funds (restricted)	456,701	
Cash - Toll Revenue & Operating Funds (restricted)	7,282,965	
Toll Revenue and Fees Receivable	2,719,522	
Grant Receivable and other	7,585	
Prepaid Insurance	2,271	
Total		10,860,592

Capital Assets:

Toll 49 - Right of way	39,808,067	
Toll 49 - Bridges	64,191,695	
Toll 49 - Highway	126,943,753	
Toll 49 - Gantries and other	12,074,529	
Construction in progress	3,322,217	
Website and office equipment	61,986	
Accumulated Depreciation	(10,127,025)	
Total		236,275,222

Total Assets	<u><u>\$ 247,135,814</u></u>
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Liabilities and Net Assets

Current Liabilities:

Accounts Payable - Operations	\$ 546,049	
Accounts Payable- Construction in progress	928,413	
Accounts Payable - Other	41,613	
Rusk County Funds - Loop 571	239,369	
Total		1,755,444

Long Term Liabilities:

Financial Assistance Payable	12,250,000	
Note Payable - SIB loan	45,854,604	
Accrued Interest Payable	159,727	
Total		58,264,331

Net Assets:

Invested in Capital Assets, Net of Related Debt	174,688,674	
Restricted for:		
Capital Projects	3,116,369	
Other Purposes	9,310,996	
Total		187,116,039

Total Liabilities and Net Assets	<u><u>\$ 247,135,814</u></u>
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North East Texas Regional Mobility Authority
Statement of Revenues, Expenses and Change in Net Assets
For the Eleven Month Periods Ended August 31, 2015 and 2014

	2015	2014
Revenue:		
Toll revenue - electronic	\$ 6,389,774	\$ 4,377,381
Toll revenue - video	2,564,267	1,723,648
Video violation fees	775,044	676,865
County contributions	36,000	36,000
Grants and related revenue	55,133	45,564
Total Revenue	<u>9,820,218</u>	<u>6,859,458</u>
General Expenses:		
Accounting fees	39,480	35,150
Auditing fees	32,627	32,861
Legal fees - other	160,008	94,981
Travel expenses	2,435	1,030
Surety bonds, dues and trustee fees	12,370	9,513
Office and other expenses	74,854	9,859
Salaries and payroll taxes	145,235	3,734
Grant related expenses	55,133	45,547
Total General Expenses	<u>522,142</u>	<u>232,675</u>
Toll 49 Operating Expenses:		
Project director	211,773	217,993
General engineering consultants	343,326	631,372
Project support	-	206,780
Legal fees - Toll 49	159,529	366,520
Electronic processing costs	424,500	287,048
Video processing costs	413,397	365,065
Toll equipment maintenance	190,286	472,263
Toll operating system support	48,088	147,295
Transmission line charges	59,853	59,159
Utilities	14,614	16,577
Roadway maintenance	1,255,878	569,480
Insurance expense	25,291	24,550
Depreciation expense	5,540,517	3,599,828
Total Toll 49 Operating Expenses	<u>8,687,052</u>	<u>6,963,930</u>
Operating Income (Loss)	<u>611,024</u>	<u>(337,147)</u>
Other Income and (Expense):		
Contribution from the State of Texas	-	136,389,584
Grants from TxDOT	-	3,545,000
Interest income	600	329
Interest expense	(1,717,759)	(3,730,898)
East Texas Hour Glass Study	(28,700)	-
Traffic and revenue study	(532,429)	-
Net Other Income (Expense)	<u>(2,278,288)</u>	<u>136,204,015</u>
Change in Net Assets	(1,667,264)	135,866,868
Net Assets (Deficit) - Beginning of Period	188,783,303	(2,864,926)
Net Assets (Deficit) - End of Period	<u>\$ 187,116,039</u>	<u>\$ 133,001,942</u>

See Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Revenues and Expenses - Budget to Actual Comparison
For the Eleven Months Ended August 31, 2015

	Annual Budget	Budget YTD	Actual YTD
Revenue:			
Toll revenue - electronic	\$ 4,017,080	\$ 3,682,323	\$ 6,389,774
Toll revenue - video	2,908,920	2,666,510	3,339,311
County contributions	36,000	33,000	36,000
Interest income	-	-	600
Total	6,962,000	6,381,833	9,765,685
Expenses:			
Accounting	30,000	27,500	39,480
Auditing	28,000	25,667	32,627
Contractual employee	180,000	165,000	211,773
Employees salaries and benefits	183,872	168,549	145,235
Equipment	25,000	22,917	-
Insurance expense	28,120	25,777	25,291
Legal expense - general	215,000	197,083	160,008
Legal expense - Toll 49	145,000	132,917	159,529
Marketing	20,000	18,333	-
Website maintenance	10,000	9,167	22,385
Board travel	10,000	9,167	2,435
Other administrative expenses	17,922	16,429	12,370
Office supplies and expense	-	-	52,469
General engineering consultants	377,200	345,767	343,326
Public involvement	32,000	29,333	-
Project support	310,000	284,167	-
Roadway maintenance	975,796	894,480	1,255,878
Toll tag processing	281,196	257,763	424,500
Video processing	316,926	290,516	411,972
Court liason	100,000	91,667	1,425
Toll equipment maintenance	318,000	291,500	190,286
Toll operating system support	75,000	68,750	48,088
Transmission line charges	95,820	87,835	59,853
Utilities	17,469	16,013	14,614
East Texas Hour Glass Study	-	-	28,700
Traffic and revenue study	-	-	532,429
	3,792,321	3,476,294	4,174,673
Financing cost on interim loan	450,000	412,500	-
Total	4,242,321	3,888,794	4,174,673
Net Operating Cash Flow	2,719,679	2,493,039	5,591,012
Non-Cash Expenses:			
Interest expense	1,871,211	1,715,277	1,717,759
Depreciation expense	6,039,885	5,536,561	5,540,517
Total	7,911,096	7,251,838	7,258,276
Excess of (Expenses) over Revenue	\$ (5,191,417)	\$ (4,758,799)	\$ (1,667,264)

