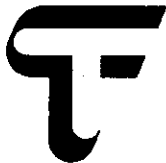


NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

August 31, 2016



TOM J. FITZGERALD
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ACCOUNTANT'S COMPILATION REPORT

September 30, 2016

Board of Directors
North East Texas Regional Mobility Authority

Management is responsible for the accompanying financial statements of the North East Texas Regional Mobility Authority (the Authority), which comprise the statement of net assets as of August 31, 2016 and the related statement of revenues, expenses and change in net assets for the eleven month periods ended August 31, 2016 and 2015 in accordance with accounting principles generally accepted in the United States of America. I have performed the compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, nor provide any assurance on the financial statements.

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

The accompanying information in Schedule 1 is presented for the purpose of additional analysis and is not a required part of the financial statements. The information is the representation of management and was subject to the compilation engagement, however, I have not audited or reviewed the information and accordingly, do not express and opinion, a conclusion, nor provide any assurance on such information.

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, 2016

Assets

Current Assets:

Cash (Restricted \$239,369)	\$	407,803	
Cash - Toll Revenue & Operating Funds (restricted \$4,090,548)		20,107,652	
Cash - Construction Fund (restricted)		108,872,043	
Toll Revenue and Fees Receivable		3,681,023	
Prepaid Insurance and Other		2,523	
Total			\$ 133,071,044

Noncurrent Assets:

Cash- Debt Service Reserve Funds (restricted)			24,328,366
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Capital Assets:

Toll 49 - Right of Way		39,798,777	
Toll 49 - Bridges		64,191,695	
Toll 49 - Highway		126,943,753	
Toll 49 -Gantries and other		12,060,181	
Construction in Progress		21,551,855	
Website and Office Equipment		78,221	
Accumulated Depreciation		(16,457,114)	
Total			248,167,368

Total Assets			\$ 405,566,778
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Liabilities and Net Assets

Current Liabilities:

Accounts Payable - Operations	\$	1,039,977	
Accounts Payable - Construction in progress		9,455,472	
Accounts Payable - Other		44,341	
Accrued Interest Payable		1,889,063	
Rusk County Funds - Loop 571		239,369	
Total			12,668,222

Long-term Liabilities:

Senior Lien Bonds Payable		124,735,000	
Subordinated Lien Bonds Payable		56,615,000	
Unamortized Bond Premiums		28,669,779	
Total			210,019,779

Net Assets:

Invested in Capital Assets			
Net of Related Debt		166,539,957	
Restricted for:			
Capital Projects		(6,536,494)	
Other Purposes		22,875,314	
Total			182,878,777

Total Liabilities and Net Assets			\$ 405,566,778
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See Accompanying Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Revenues, Expenses and Changes in Net Assets
For the Eleven Month Periods Ended August 31, 2016 and 2015

	2016	2015
Revenue:		
Toll revenue - electronic	\$ 7,952,436	\$ 6,389,774
Toll revenue - video	3,070,529	2,564,267
Video violation fees	1,029,457	775,044
County contributions	35,300	36,000
Design settlement	275,000	-
Grants and related revenue	312,624	55,133
Total Revenue	12,675,346	9,820,218
General Expenses:		
Accounting fees	45,275	39,480
Auditing fees	33,647	32,627
Legal fees	463,405	319,538
Employee salaries and benefits	196,406	145,235
Board and staff travel	18,180	2,435
Office and related expenses	25,652	14,750
Surety bonds, dues and trustee fees	14,987	12,020
IT support	34,808	29,665
Website maintenance	17,564	22,385
Other general expenses	52,003	8,404
Grant related expenses	312,250	55,133
Total General Expenses	1,214,177	681,672
Toll 49 Operating Expenses:		
Project director	230,586	211,773
General engineering consultants	463,037	343,327
Toll processing costs	805,086	837,898
Toll maintenance support	363,785	190,286
Toll operating system support	426,683	654,983
Roadway maintenance	1,486,868	1,255,878
Insurance expense	25,563	25,291
Depreciation expense	6,006,297	5,540,517
Total Toll 49 Operating Expenses	9,807,905	9,059,953
Operating Income (Loss)	1,653,264	78,593
Other Income and (Expense):		
Interest income	18,069	601
Interest expense	(2,974,066)	(1,717,759)
East Texas Hour Glass Study	-	(28,700)
Loss on camera replacement	(130,527)	-
Loan fees and expenses	(3,556,187)	-
Net Other Income (Expense)	(6,642,711)	(1,745,858)
Change in Net Assets	(4,989,447)	(1,667,265)
Net Assets - Beginning of Period	187,868,224	188,783,303
Net Assets - End of Period	\$ 182,878,777	\$ 187,116,038

See Accompanying Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Revenues and Expenses - Budget to Actual Comparison
For the Eleven Months Ended August 31, 2016

Schedule 1

	Annual Budget	Budget YTD	Actual YTD
Revenue:			
Toll revenue - electronic	\$ 6,510,000	\$ 5,967,500	\$ 7,952,436
Toll revenue - video	3,990,000	3,657,500	4,099,986
County contributions	36,000	33,000	35,300
Design settlement	-	-	275,000
Interest Income	-	-	18,069
Total	<u>10,536,000</u>	<u>9,658,000</u>	<u>12,380,791</u>
Expenses:			
Accounting	42,000	38,500	45,275
Auditing	30,000	27,500	33,647
Legal fees	385,000	352,917	463,405
Employee salaries and benefits	168,991	154,908	196,406
Board and staff travel	9,000	8,250	18,180
Office and related expenses	19,748	18,102	25,652
Public involvement	7,000	6,417	-
Project development support	400,000	366,667	-
Surety bonds, dues and trustee fees	14,000	12,833	14,987
IT support	21,300	19,525	34,808
Website maintenance	18,000	16,500	17,564
Other general expenses	4,000	3,667	52,003
Project director	225,000	206,250	230,586
General engineering consultants	404,000	370,333	463,037
Toll processing costs	691,381	633,766	805,086
Toll maintenance support	318,000	291,500	363,785
Toll operating system support	344,500	315,792	426,683
Insurance expense	29,000	26,583	25,563
Roadway maintenance	1,760,000	1,613,333	1,486,868
	<u>4,890,920</u>	<u>4,483,343</u>	<u>4,703,535</u>
Interest expense on interim loan	250,000	208,333	297,917
Interest expense on SIB loan (1)	1,304,521	1,141,456	434,841
Interest on bonded debt	-	-	1,602,401
Loan fees and expenses	-	-	3,556,187
Total	<u>6,445,441</u>	<u>5,833,132</u>	<u>10,594,881</u>
Net Operating Cash Flow	<u>4,090,559</u>	<u>3,824,868</u>	<u>1,785,910</u>
Non-Cash Expenses:			
Interest expense on SIB loan (2)	638,907	638,907	638,907
Depreciation expense	6,651,665	6,097,360	6,006,297
Loss on camera replacement	-	-	130,527
Total	<u>7,290,572</u>	<u>6,736,267</u>	<u>6,775,731</u>
Excess of (Expenses) over Revenue	<u>\$ (3,200,013)</u>	<u>\$ (2,911,399)</u>	<u>\$ (4,989,821)</u>

(1) Interest 2/1/16 through 9/30/16

(2) Interest 10/1/15 through 1/31/16

See Accompanying Accountant's Compilation Report