

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

December 31, 2015



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ACCOUNTANT'S COMPILATION REPORT

February 1, 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 December 31, 2015 and the related statement of revenues, expenses and change in net assets for the periods ended December 31, 2015 and December 31, 2014 and cash flows for the period ended December 31, 2015 in accordance with accounting principles generally accepted in the United States of America. I have performed the compilation engagement in accordance with 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 these financial statements.

Management has elected to omit substantially all the disclosures ordinarily included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's 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 an 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
December 31, 2015

Assets

Current Assets:

Cash (Restricted \$239,369)	\$ 388,583	
Cash - Toll Revenue & Operating Funds (restricted)	8,401,245	
Toll Revenue and Fees Receivable	3,643,222	
Grants Receivable and Other	22,660	
Prepaid Insurance	20,904	
Total		12,476,614

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	4,494,133	
Website and office equipment	61,986	
Accumulated Depreciation	(12,311,290)	
Total		235,262,873

Total Assets	<u><u>\$ 247,739,487</u></u>
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Liabilities and Net Assets

Current Liabilities:

Accounts Payable - Operations	\$ 282,659	
Accounts Payable- Construction in progress	450,996	
Accounts Payable - Other	54,157	
Rusk County Funds - Loop 571	239,369	
Total		1,027,181

Long Term Liabilities:

Financial Assistance Payable	12,250,000	
Note Payable - SIB loan	45,854,604	
Accrued Interest Payable	798,634	
Total		58,903,238

Net Assets:

Invested in Capital Assets, Net of Related Debt	171,865,472	
Restricted for:		
Capital Projects	4,043,167	
Other Purposes	11,900,429	
Total		187,809,068

Total Liabilities and Net Assets	<u><u>\$ 247,739,487</u></u>
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See Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Revenues, Expenses and Change in Net Assets
For the Three Months Ended December 31, 2015 and 2014

	2015	2014
Revenue:		
Toll revenue - electronic	\$ 2,032,518	\$ 1,558,918
Toll revenue - video	766,774	443,454
Video violation fees	313,422	142,963
County contributions	-	-
Grants and related revenue	34,866	12,201
Total Revenue	<u>3,147,580</u>	<u>2,157,536</u>
General Expenses:		
Accounting fees	11,155	12,570
Auditing fees	25,400	22,227
Legal fees	91,495	101,169
Employee salaries and benefits	41,398	37,664
Board and staff travel	892	1,389
Office and related expenses	6,622	7,671
Surety bonds, dues and trustee fees	10,347	738
IT support	11,598	9,525
Website Maintenance	4,500	450
Other general expenses	-	350
Grant related expenses	34,866	12,201
Total General Expenses	<u>238,273</u>	<u>205,954</u>
Toll 49 Operating Expenses:		
Project director	58,078	48,879
General engineering consultants	113,694	83,457
Toll processing costs	239,940	220,779
Toll maintenance support	76,885	51,896
Toll operating system support	176,389	25,153
Roadway maintenance	179,424	341,387
Insurance expense	6,982	6,806
Depreciation expense	1,638,081	1,510,994
Total Toll 49 Operating Expenses	<u>2,489,473</u>	<u>2,289,351</u>
Operating Income (Loss)	<u>419,834</u>	<u>(337,769)</u>
Other Income and (Expense):		
Interest income	191	168
Interest expense	(479,181)	(450,349)
East Texas Hour Glass Study	-	(23,900)
Net Other Income (Expense)	<u>(478,990)</u>	<u>(474,081)</u>
Change in Net Assets	(59,156)	(811,850)
Net Assets - Beginning of Period	187,868,224	188,783,303
Net Assets - End of Period	<u>\$ 187,809,068</u>	<u>\$ 187,971,453</u>

See Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Cash Flows
For the Three Months Ended December 31, 2015

Cash Flows from Operating Activities:

Received from toll customers	\$ 3,100,155
Grant revenue received	21,281
Paid to contractors and consultants	(1,535,545)
Paid for salaries and payroll taxes	(41,383)
Paid for other expenses	(45,748)
Net Cash Provided by Operating Activities	<u>1,498,760</u>

Cash Flows from Capital and Financing Activities:

Segment 4 expenditures	(1,048,722)
Net Cash Used in Capital and Financing Activities	<u>(1,048,722)</u>

Cash Flows from Investing Activities:

Interest earned	191
Net Cash Provided by Investing Activities	<u>191</u>

Net Increase in Cash and Cash Equivalents 450,229

Cash and Cash Equivalents - Beginning of Period

8,339,599

Cash and Cash Equivalents - End of Period

\$ 8,789,828

Reconciliation of Change in Net Assets to Net

Cash Provided by Operating Activities:

Change in Net Assets	\$ (59,156)
Adjustments to reconcile to net cash provided by operating activities:	
Interest income	(191)
Depreciation expense	1,638,081
Interest expense	479,181
Change in assets and liabilities:	
Increase in tolls and other receivables (net)	(49,984)
Decrease in accounts payable - operations and other (net)	(509,171)
Net Cash Provided by Operating Activities	<u>\$ 1,498,760</u>

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

	Annual Budget	Budget YTD	Actual YTD
Revenue:			
Toll revenue - electronic	\$ 6,510,000	\$ 1,627,500	\$ 2,032,518
Toll revenue - video	3,990,000	997,500	1,080,196
County contributions	36,000	9,000	-
Interest income	-	-	191
Total	<u>10,536,000</u>	<u>2,634,000</u>	<u>3,112,905</u>
Expenses:			
Accounting	42,000	10,500	11,155
Auditing	30,000	7,500	25,400
Legal Fees	385,000	96,250	91,495
Employee salaries and benefits	168,991	42,248	41,398
Board and staff travel	9,000	2,250	892
Office and related expenses	19,748	4,937	6,622
Public involvement	7,000	1,750	-
Project development support	400,000	100,000	-
Surety bonds, dues and trustee fees	14,000	3,500	10,347
IT support	21,300	5,325	11,598
Website maintenance	18,000	4,500	4,500
Other general expenses	4,000	1,000	-
Project director	225,000	56,250	58,078
General engineering	404,000	101,000	113,694
Toll processing costs	691,381	172,845	239,940
Toll maintenance support	318,000	79,500	76,885
Toll operations support	344,500	86,125	176,389
Insurance expense	29,000	7,250	6,982
Roadway maintenance	1,760,000	440,000	179,424
	<u>4,890,920</u>	<u>1,222,730</u>	<u>1,054,799</u>
Interest expense on interim loan	250,000	62,500	-
Interest expense on SIB loan (1)	1,304,521	-	-
Total	<u>6,445,441</u>	<u>1,285,230</u>	<u>1,054,799</u>
Net Operating Cash Flow	<u>4,090,559</u>	<u>1,348,770</u>	<u>2,058,106</u>
Non-Cash Expenses:			
Interest expense on SIB Loan (2)	638,907	479,180	479,181
Depreciation expense	6,651,665	1,662,916	1,638,081
Total	<u>7,290,572</u>	<u>2,142,096</u>	<u>2,117,262</u>
Excess of (Expenses) over Revenue	<u>\$ (3,200,013)</u>	<u>\$ (793,326)</u>	<u>\$ (59,156)</u>

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

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

See Accountant's Compilation Report.