

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY**

**FINANCIAL STATEMENTS**

**July 31, 2016**



**TOM J. FITZGERALD**  
**CERTIFIED PUBLIC ACCOUNTANT**

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## ACCOUNTANT'S COMPILATION REPORT

August 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 July 31, 2016 and the related statement of revenues, expenses and change in net assets for the ten month periods ended July 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 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**  
**July 31, 2016**

**Assets**

<b>Current Assets:</b>		
Cash (Restricted \$239,369)	\$	651,174
Cash - Toll Revenue & Operating Funds (restricted \$2,980,977)		19,001,338
Cash - Construction Fund (restricted)		109,778,057
Toll Revenue and Fees Receivable		3,793,619
Grants and other receivables		137,570
Prepaid Insurance and Other		4,845
Total		133,366,603
 <b>Noncurrent Assets:</b>		
Cash- Debt Service Reserve Funds (restricted)		24,606,830
 <b>Capital Assets:</b>		
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		12,005,472
Construction in Progress		15,892,645
Website and Office Equipment		78,221
Accumulated Depreciation		(16,000,086)
Total		242,910,477
Total Assets		\$ 400,883,910

**Liabilities and Net Assets**

<b>Current Liabilities:</b>		
Accounts Payable - Operations	\$	565,275
Accounts Payable - Construction in progress		4,848,385
Accounts Payable - Other		40,501
Accrued Interest Payable		1,133,437
Rusk County Funds - Loop 571		239,369
Total		6,826,967
 <b>Long-term Liabilities:</b>		
Senior Lien Bonds Payable		124,735,000
Subordinated Lien BondsP Payable		56,615,000
Unamortized Bond Premiums		28,784,444
Total		210,134,444
 <b>Net Assets:</b>		
Invested in Capital Assets		
Net of Related Debt		166,942,276
Restricted for:		
Capital Projects		(5,763,178)
Other Purposes		22,743,401
Total		183,922,499
Total Liabilities and Net Assets		\$ 400,883,910

See Accompanying Accountant's Compilation Report.

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

	2016	2015
Revenue:		
Toll revenue - electronic	\$ 7,274,143	\$ 5,685,456
Toll revenue - video	2,797,024	2,318,274
Video violation fees	950,451	692,868
County contributions	35,300	36,000
Design settlement	275,000	-
Grants and related revenue	312,624	53,263
Total Revenue	11,644,542	8,785,861
General Expenses:		
Accounting fees	42,215	36,815
Auditing fees	33,647	26,127
Legal fees	442,236	311,778
Employee salaries and benefits	162,212	131,806
Board and staff travel	15,863	2,336
Office and related expenses	23,007	13,069
Surety bonds, dues and trustee fees	14,987	12,020
IT support	30,631	26,629
Website maintenance	18,111	20,885
Other general expenses	40,383	7,504
Grant related expenses	312,250	53,263
Total General Expenses	1,135,542	642,232
Toll 49 Operating Expenses:		
Project director	218,541	190,358
General engineering consultants	428,228	320,768
Toll processing costs	741,343	762,317
Toll maintenance support	337,285	172,988
Toll operating system support	411,379	592,708
Roadway maintenance	854,683	1,161,977
Insurance expense	23,241	23,146
Depreciation expense	5,460,270	5,036,767
Total Toll 49 Operating Expenses	8,474,970	8,261,029
Operating Income (Loss)	2,034,030	(117,400)
Other Income and (Expense):		
Interest income	9,296	535
Interest expense	(2,333,105)	(1,558,032)
East Texas Hour Glass Study	-	(27,837)
Loss on camera replacement	(100,860)	-
Loan fees and expenses	(3,555,086)	-
Net Other Income (Expense)	(5,979,755)	(1,585,334)
Change in Net Assets	(3,945,725)	(1,702,734)
Net Assets - Beginning of Period	187,868,224	188,783,303
Net Assets - End of Period	\$ 183,922,499	\$ 187,080,569

See Accompanying Accountant's Compilation Report.

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

Schedule 1

	Annual Budget	Budget YTD	Actual YTD
<b>Revenue:</b>			
Toll revenue - electronic	\$ 6,510,000	\$ 5,425,000	\$ 7,274,143
Toll revenue - video	3,990,000	3,325,000	3,747,475
County contributions	36,000	30,000	35,300
Design settlement	-	-	275,000
Interest Income	-	-	9,296
Total	<u>10,536,000</u>	<u>8,780,000</u>	<u>11,341,214</u>
<b>Expenses:</b>			
Accounting	42,000	35,000	42,215
Auditing	30,000	25,000	33,647
Legal fees	385,000	320,833	442,236
Employee salaries and benefits	168,991	140,826	162,212
Board and staff travel	9,000	7,500	15,863
Office and related expenses	19,748	16,457	23,007
Public involvement	7,000	5,833	-
Project development support	400,000	333,333	-
Surety bonds, dues and trustee fees	14,000	11,667	14,987
IT support	21,300	17,750	30,631
Website maintenance	18,000	15,000	18,111
Other general expenses	4,000	3,333	40,383
Project director	225,000	187,500	218,541
General engineering consultants	404,000	336,667	428,228
Toll processing costs	691,381	576,151	741,343
Toll maintenance support	318,000	265,000	337,285
Toll operating system support	344,500	287,083	411,379
Insurance expense	29,000	24,167	23,241
Roadway maintenance	1,760,000	1,466,667	854,683
	<u>4,890,920</u>	<u>4,075,767</u>	<u>3,837,992</u>
Interest expense on interim loan	250,000	208,333	297,917
Interest expense on SIB loan (1)	1,304,521	978,391	434,841
Interest on bonded debt	-	-	961,440
Loan fees and expenses	-	-	3,555,086
Total	<u>6,445,441</u>	<u>5,262,491</u>	<u>9,087,276</u>
<b>Net Operating Cash Flow</b>	<u>4,090,559</u>	<u>3,517,509</u>	<u>2,253,938</u>
<b>Non-Cash Expenses:</b>			
Interest expense on SIB loan (2)	638,907	638,907	638,907
Depreciation expense	6,651,665	5,543,054	5,460,270
Loss on camera replacement	-	-	100,860
Total	<u>7,290,572</u>	<u>6,181,961</u>	<u>6,200,037</u>
<b>Excess of (Expenses) over Revenue</b>	<u>\$ (3,200,013)</u>	<u>\$ (2,664,452)</u>	<u>\$ (3,946,099)</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