

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY**

**FINANCIAL STATEMENTS**

**June 30, 2016**





**TOM J. FITZGERALD**  
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## ACCOUNTANT'S COMPILATION REPORT

August 2, 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 June 30, 2016 and the related statement of revenues, expenses and change in net assets for the nine month periods ended June 30, 2016 and 2015 and cash flows for the period ended June 30, 2016 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 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**  
**June 30, 2016**

**Assets**

**Current Assets:**

Cash (Restricted \$239,369)	\$ 439,224	
Cash - Toll Revenue & Operating Funds (restricted \$2,142,666)	18,139,705	
Cash - Project Construction Fund (restricted)	109,896,563	
Toll Revenue and Fees Receivable	3,778,027	
Grants and Other Receivables	137,570	
Prepaid Insurance and Other	<u>7,168</u>	
Total		132,398,257

**Noncurrent Assets:**

Cash- Debt Service Reserve Funds (restricted)	24,890,138
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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	12,005,472	
Construction in Progress	11,386,607	
Website and Office Equipment	78,221	
Accumulated Depreciation	<u>(15,454,059)</u>	
Total		<u>238,950,466</u>

Total Assets	<u><u>\$ 396,238,861</u></u>
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**Liabilities and Net Assets**

**Current Liabilities:**

Accounts Payable - Operations	\$ 534,456	
Accounts Payable - Construction in progress	450,813	
Accounts Payable - Other	62,321	
Accrued Interest Payable	377,813	
Rusk County Funds - Loop 571	<u>239,369</u>	
Total		1,664,772

**Long-term Liabilities:**

Senior Lien Bonds Payable	124,735,000	
Subordinated Lien Bonds Payable	56,615,000	
Unamortized Bond Premiums	<u>28,899,108</u>	
Total		210,249,108

**Net Assets:**

Invested in Capital Assets		
Net of Related Debt	167,488,303	
Restricted for:		
Capital Projects	(4,828,870)	
Other Purposes	<u>21,665,548</u>	
Total		<u>184,324,981</u>

Total Liabilities and Net Assets	<u><u>\$ 396,238,861</u></u>
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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 Nine Month Periods Ended June 30, 2016 and 2015**

	2016	2015
Revenue:		
Toll revenue - electronic	\$ 6,488,894	\$ 5,090,270
Toll revenue - video	2,522,476	2,044,986
Video violation fees	867,956	602,715
County contributions	34,000	36,000
Design settlement	275,000	-
Grants and related revenue	81,864	49,245
Total Revenue	<u>10,270,190</u>	<u>7,823,216</u>
General Expenses:		
Accounting fees	37,070	33,115
Auditing fees	33,647	26,127
Legal fees	383,464	286,703
Employee salaries and benefits	135,777	114,593
Board and staff travel	14,669	2,295
Office and related expenses	21,442	11,615
Surety bonds, dues and trustee fees	14,148	5,215
IT support	28,228	22,639
Website maintenance	15,580	17,885
Other general expenses	39,187	7,504
Grant related expenses	81,490	49,245
Total General Expenses	<u>804,702</u>	<u>576,936</u>
Toll 49 Operating Expenses:		
Project director	200,280	170,631
General engineering consultants	404,164	270,747
Toll processing costs	669,267	683,909
Toll maintenance support	310,785	155,689
Toll operating system support	401,112	538,856
Roadway maintenance	744,364	1,064,265
Insurance expense	20,918	20,877
Depreciation expense	4,914,243	4,533,017
Total Toll 49 Operating Expenses	<u>7,665,133</u>	<u>7,437,991</u>
Operating Income (Loss)	<u>1,800,355</u>	<u>(191,711)</u>
Other Income and (Expense):		
Interest income	5,843	476
Interest expense	(1,692,145)	(1,401,575)
East Texas Hour Glass Study	-	(27,837)
Loss on camera replacement	(100,860)	-
Loan fees and expenses	(3,556,435)	-
Net Other Income (Expense)	<u>(5,343,597)</u>	<u>(1,428,936)</u>
Change in Net Assets	(3,543,242)	(1,620,647)
Net Assets - Beginning of Period	187,868,224	188,783,303
Net Assets - End of Period	<u>\$ 184,324,982</u>	<u>\$ 187,162,656</u>

See Accompanying Accountant's Compilation Report.



**North East Texas Regional Mobility Authority**  
**Statement of Cash Flows**  
**For the Nine Months Ended June 30, 2016**

Cash Flows From Operating Activities:

Received from toll customers	\$ 9,738,681
Received from counties	34,000
Design Settlement	275,000
Grant revenue received	90,739
Paid to contractors and consultants	(3,746,618)
Paid for salaries, benefits and payroll taxes	(134,231)
Paid for other expenses	(78,145)
Net Cash Provided by Operating Activities	<u>6,179,426</u>

Cash Flows From Capital and Financing Activities:

Proceeds from bank loan	65,000,000
Proceeds from bonded debt	210,306,440
Payment of Financial Assistance Agreement	(12,250,000)
Payment of SIB loan	(46,812,965)
Payment of banks loan	(65,000,000)
Payment of loan and banks fees	(3,500,223)
Payment of interest expense	(732,758)
Purchases of cameras and equipment	(181,431)
Segment 4 expenditures	(7,997,591)
Sale of right of way	9,290
Net Cash Provided by Capital and Financing Activities	<u>138,840,762</u>

Cash Flows from Investing Activities:

Interest earned	<u>5,843</u>
Net Cash Provided by Investing Activities	<u>5,843</u>

Net Increase in Cash and Cash Equivalents 145,026,031

Cash and Cash Equivalents - Beginning of Period	8,339,599
Cash and Cash Equivalents - End of Period	<u>\$ 153,365,630</u>

Reconciliation of Operating Income

To Net Cash Provided by Operating Activities:

Operating Income	\$ 1,800,355
Adjustments to reconcile operating income to net cash provided by operations:	
Depreciation expense	4,914,243
Change in assets and liabilities:	
Increase in accounts receivable, net	(285,963)
Decrease in accounts payable, net	(249,209)
Net Cash Provided by Operating Activities	<u>\$ 6,179,426</u>

See Accompanying Accountant's Compilation Report.



**North East Texas Regional Mobility Authority**  
**Revenues and Expenses - Budget to Actual Comparison**  
**For the Nine Months Ended June 30, 2016**

Schedule 1

	Annual Budget	Budget YTD	Actual YTD
Revenue:			
Toll revenue - electronic	\$ 6,510,000	\$ 4,882,500	\$ 6,488,894
Toll revenue - video	3,990,000	2,992,500	3,390,432
County contributions	36,000	27,000	34,000
Design settlement	-	-	275,000
Interest income	-	-	5,843
Total	<u>10,536,000</u>	<u>7,902,000</u>	<u>10,194,169</u>
Expenses:			
Accounting	42,000	31,500	37,070
Auditing	30,000	22,500	33,647
Legal fees	385,000	288,750	383,464
Employee salaries and benefits	168,991	126,743	135,777
Board and staff travel	9,000	6,750	14,669
Office and related expenses	19,748	14,811	21,442
Public involvement	7,000	5,250	-
Project development support	400,000	300,000	-
Surety bonds, dues and trustee fees	14,000	10,500	14,148
IT support	21,300	15,975	28,228
Website maintenance	18,000	13,500	15,580
Other general expenses	4,000	3,000	39,187
Project director	225,000	168,750	200,280
General engineering consultants	404,000	303,000	404,164
Toll processing costs	691,381	518,536	669,267
Toll maintenance support	318,000	238,500	310,785
Toll operating system support	344,500	258,375	401,112
Insurance expense	29,000	21,750	20,918
Roadway maintenance	<u>1,760,000</u>	<u>1,320,000</u>	<u>744,364</u>
	4,890,920	3,668,190	3,474,102
Interest expense on interim loan	250,000	187,500	297,917
Interest expense on SIB loan (1)	1,304,521	815,326	434,841
Interest on bonded debt	-	-	320,480
Loan fees and expenses	-	-	3,556,435
Total	<u>6,445,441</u>	<u>4,671,016</u>	<u>8,083,775</u>
Net Operating Cash Flow	<u>4,090,559</u>	<u>3,230,984</u>	<u>2,110,394</u>
Non-Cash Expenses:			
Interest expense on SIB loan (2)	638,907	638,907	638,907
Depreciation expense	6,651,665	4,988,749	4,914,243
Loss on camera replacement	-	-	100,860
Total	<u>7,290,572</u>	<u>5,627,656</u>	<u>5,654,010</u>
Excess of (Expenses) over Revenue	<u>\$ (3,200,013)</u>	<u>\$ (2,396,672)</u>	<u>\$ (3,543,616)</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