

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2016



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ACCOUNTANT'S COMPILATION REPORT

April 27, 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 March 31, 2016 and the related statement of revenues, expenses and change in net assets for the six month periods ended March 31, 2016 and 2015 and cash flows for the period ended March 31, 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 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.

Tom J. Fitzgerald, CPA

North East Texas Regional Mobility Authority
Statement of Net Assets
March 31, 2016

Assets		
Current Assets:		
Cash (Restricted \$239,369)	\$ 427,461	
Cash - Toll Revenue & Operating Funds (restricted)	9,732,210	
Toll Revenue and Fees Receivable	3,777,478	
Grants Receivable	2,400	
Prepaid Insurance and Other	14,136	
Total		13,953,685
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	4,956,352	
Website and office equipment	62,746	
Accumulated Depreciation	(13,815,978)	
Total		234,142,817
Total Assets		<u>\$ 248,096,502</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable - Operations	\$ 433,126	
Accounts Payable - Construction in progress	183,818	
Accounts Payable - Other	37,153	
Rusk County Funds - Loop 571	239,369	
Total		893,466
Long-term Liabilities:		
Financial Assistance Payable	12,250,000	
Note Payable - SIB Loan	46,812,965	
Accrued Interest Payable	326,130	
Total		59,389,095
Net Assets:		
Invested in Capital Assets		
Net of Related Debt	170,168,562	
Restricted for:		
Capital Projects	4,772,534	
Other Purposes	12,872,845	
Total		187,813,941
Total Liabilities and Net Assets		<u>\$ 248,096,502</u>

See Accompanying Accountant's Compilation Report.

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

	2016	2015
Revenue:		
Toll revenue - electronic	\$ 4,187,329	\$ 3,160,245
Toll revenue - video	1,521,443	1,185,528
Video violation fees	593,339	370,416
County contributions	34,000	36,000
Design settlement	275,000	-
Grants and related revenue	59,116	36,931
Total Revenue	<u>6,670,227</u>	<u>4,789,120</u>
General Expenses:		
Accounting fees	23,120	24,450
Auditing fees	31,119	26,127
Legal fees	309,901	164,155
Employee salaries and benefits	83,852	75,226
Board and staff travel	5,169	1,557
Office and related expenses	13,768	8,486
Surety bonds, dues and trustee fees	14,148	4,777
IT support	20,051	15,895
Website maintenance	11,800	10,985
Other general expenses	26,251	7,504
Grant related expenses	59,116	36,931
Total General Expenses	<u>598,295</u>	<u>376,093</u>
Toll 49 Operating Expenses:		
Project director	122,172	112,435
General engineering consultants	262,383	133,947
Toll processing costs	448,918	436,259
Toll maintenance support	202,100	103,792
Toll operating system support	265,855	94,673
Roadway maintenance	471,540	637,037
Insurance expense	13,950	14,071
Depreciation expense	3,276,162	3,022,002
Total Toll 49 Operating Expenses	<u>5,063,080</u>	<u>4,554,216</u>
Operating Income (Loss)	<u>1,008,852</u>	<u>\$ (141,189)</u>
Other Income and (Expense):		
Interest income	2,763	310
Interest expense	(965,038)	(932,204)
East Texas Hour Glass Study	-	(27,652)
Loss on camera replacement	(100,860)	-
Net Other Income (Expense)	<u>(1,063,135)</u>	<u>(959,546)</u>
Change in Net Assets	(54,283)	(1,100,735)
Net Assets - Beginning of Period	187,868,224	188,783,303
Net Assets - End of Period	<u>\$ 187,813,941</u>	<u>\$ 187,682,568</u>

See Accompanying Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Cash Flows
For the Six Months Ended March 31, 2016

Cash Flows From Operating Activities:

Received from toll customers	\$ 6,158,343
Received from counties	34,000
Design Settlement	275,000
Grant revenue received	65,591
Paid to contractors and consultants	(2,636,040)
Paid for salaries and payroll taxes	(83,828)
Paid for other expenses	(60,972)
Net Cash Flows From Operating Activities	<u>3,752,094</u>

Cash Flows From Capital and Financing Activities:

Segment 4 expenditures	(1,778,119)
Purchase of cameras and other equipment	(165,956)
Sale of right of way	9,290
Net Cash Used in Capital and Financing Activities	<u>(1,934,785)</u>

Cash Flows from Investing Activities:

Interest earned	2,763
Net Cash Provided by Investing Activities	<u>2,763</u>
Net Increase in Cash and Cash Equivalents	1,820,072

Cash and Cash Equivalents - Beginning of Period	8,339,599
Cash and Cash Equivalents - End of Period	<u>\$ 10,159,671</u>

Reconciliation of Change in Net Assets to Net

Cash Provided by Operating Activities:

Change in Net Assets	\$ (54,283)
Adjustments to reconcile net cash provided by operating activities:	
Interest income	(2,763)
Depreciation expense	3,276,162
Interest expense	965,038
Loss on camera replacement	100,860
Change in assets and liabilities:	
Increase in tolls and other receivables (net)	(157,213)
Decrease in accounts payable - operations and other (net)	(375,707)
Net Cash Provided by operating accounts	<u>\$ 3,752,094</u>

See Accompanying Accountant's Compilation Report.

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

Schedule 1

	Annual Budget	Budget YTD	Actual YTD
Revenue:			
Toll revenue - electronic	\$ 6,510,000	\$ 3,255,000	\$ 4,187,329
Toll revenue - video	3,990,000	1,995,000	2,114,782
County contributions	36,000	18,000	34,000
Design settlement	-	-	275,000
Interest Income	-	-	2,763
Total	<u>10,536,000</u>	<u>5,268,000</u>	<u>6,613,874</u>
Expenses:			
Accounting	42,000	21,000	23,120
Auditing	30,000	15,000	31,119
Legal Fees	385,000	192,500	309,901
Employee salaries and benefits	168,991	84,496	83,852
Board and staff travel	9,000	4,500	5,169
Office and related expenses	19,748	9,874	13,768
Public involvement	7,000	3,500	-
Project development support	400,000	200,000	-
Surety bonds, dues and trustee fees	14,000	7,000	14,148
IT support	21,300	10,650	20,051
Website Maintenance	18,000	9,000	11,800
Other general expenses	4,000	2,000	26,251
Project director	225,000	112,500	122,172
General Engineering	404,000	202,000	262,383
Toll processing costs	691,381	345,691	448,918
Toll maintenance support	318,000	159,000	202,100
Toll operations support	344,500	172,250	265,855
Insurance expense	29,000	14,500	13,950
Roadway maintenance	<u>1,760,000</u>	<u>880,000</u>	<u>471,540</u>
	4,890,920	2,445,460	2,326,097
Interest expense on interim loan	250,000	125,000	-
Interest expense on SIB loan (1)	<u>1,304,521</u>	<u>326,130</u>	<u>326,131</u>
Total	<u>6,445,441</u>	<u>2,896,590</u>	<u>2,652,228</u>
Net Operating Cash Flow	<u>4,090,559</u>	<u>2,371,410</u>	<u>3,961,646</u>
Non-Cash Expenses:			
Interest expense on SIB loan (2)	638,907	638,907	638,907
Depreciation expense	6,651,665	3,325,833	3,276,162
Loss on camera Replacement	-	-	100,860
Total	<u>7,290,572</u>	<u>3,964,740</u>	<u>4,015,929</u>
Excess of (Expenses) over Revenue	<u>\$ (3,200,013)</u>	<u>\$ (1,593,330)</u>	<u>\$ (54,283)</u>

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

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

See Accountant's Compilation Report