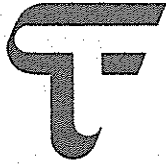


NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

September 30, 2014



TOM J. FITZGERALD
CERTIFIED PUBLIC ACCOUNTANT

MEMBER OF:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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ACCOUNTANT'S COMPILATION REPORT

November 4, 2014

Board of Directors
North East Texas Regional Mobility Authority

I have compiled the accompanying statement of net assets of the North East Texas Regional Mobility Authority (the Authority) as of September 30, 2014 and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended, and the accompanying supplemental information contained in Schedules 1 and 2, which are presented only for supplementary analysis purposes. I have not audited or reviewed the accompanying financial statements and supplemental information and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplemental schedules are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by 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 net assets, revenues, expenses, and changes in assets and cash flows. Accordingly, these financial statements and supplemental information are not designed for those who are not informed about such matters.

I am not independent with respect to the North East Texas Regional Mobility Authority.

North East Texas Regional Mobility Authority
Statement of Net Assets
September 30, 2014

Assets

Current Assets:

Cash (Restricted \$239,369)	\$	373,436	
Cash - SIB & Toll Equity Funds (restricted)		486,076	
Cash - Toll Revenue & Operating Funds (restricted)		7,614,524	
Toll Revenue and Fees Receivable		1,305,168	
Grant Receivable and other		5,357	
Total			\$ 9,784,561

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		8,529,519	
Construction in progress		2,771,753	
Website and office equipment		40,674	
Accumulated Depreciation		<u>(4,586,508)</u>	
Total			<u>237,698,953</u>

Total Assets			<u><u>\$ 247,483,514</u></u>
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Liabilities and Net Assets

Current Liabilities:

Accounts Payable - Operations	\$	533,567	
Accounts Payable- Construction in progress	\$	2,771,753	
Accounts Payable - Other		73,201	
Rusk County Funds - Loop 571		<u>239,369</u>	
Total			3,617,890

Long Term Liabilities:

Financial Assistance Payable		12,250,000	
Note Payable - SIB loan		43,996,339	
Accrued Interest Payable		<u>300,233</u>	
Total			56,546,572

Net Assets:

Invested in Capital Assets, Net of Related Debt		178,380,628	
Restricted for:			
Capital Projects		4,028,587	
Other Purposes		<u>4,909,837</u>	
Total			<u>187,319,052</u>

Total Liabilities and Net Assets			<u><u>\$ 247,483,514</u></u>
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North East Texas Regional Mobility Authority
Statement of Revenues, Expenses and Change in Net Assets
For the Year Ended September 30, 2014

Revenue:	
Toll revenue - electronic	\$ 4,808,640
Toll revenue - video	2,064,421
Video billing fees	394,196
Video violation fees	2,209,986
Contributions from counties	36,000
Grants and related revenue	45,564
Total Revenue	9,558,807
General Expenses:	
Accounting fees	38,895
Auditing fees	32,861
Legal fees - other	117,195
Dues and subscriptions	4,122
Travel expenses	3,439
Trustee fees and surety bonds	5,391
Office and other expenses	5,365
Salary and payroll taxes	11,145
Grant related expenses	45,547
Total General Expenses	263,960
Toll 49 Operating Expenses:	
Project director	239,202
General engineering consultants	654,550
Project support	368,404
Legal fees - Toll 49	405,733
Electronic processing costs	315,429
Video processing costs	1,013,684
Video violation fees	1,490,434
Toll equipment maintenance	513,684
Toll operating system support	153,707
Transmission line charges	64,834
Utilities	17,925
Roadway maintenance	790,638
Insurance expense	26,781
Other expense	19,088
Depreciation expense	4,103,214
Total Toll 49 Operating Expenses	10,177,307
Operating Income (Loss)	(882,460)
Other Income and (Expense):	
Contribution from the State of Texas - Roadway	136,389,584
TxDOT grant for tolling equipment	3,545,000
TxDOT grant for debt extinguishment	56,537,568
Interest income	375
Interest expense	(4,072,614)
East Texas Hour Glass Study	(1,333,475)
Net Other Income	191,066,438
Change in Net Assets	190,183,978
Net Assets (Deficit) - Beginning of Period	(2,864,926)
Net Assets - End of Period	\$ 187,319,052

See Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Cash Flows
For the Year Ended September 30, 2014

Cash Flows from Operating Activities:	
Received from toll customers	\$ 7,240,174
Received from counties	36,000
Grant received for regional call center study	31,517
Grant received for mobility manager study	6,356
Rusk County - Loop 571	2,534
Paid to contractors and consultants	(4,050,332)
Paid for salary and payroll taxes	(11,145)
Paid for other expenses	(124,807)
Net Cash Provided by Operating Activities	<u>3,130,297</u>
Cash Flows from Capital and Financing Activities:	
Construction expenditures	(3,371,920)
East Texas Hour Glass expenditures	(523,538)
Purchase of office equipment	(10,674)
TxDOT grant for tolling equipment	3,545,000
Net Cash Used in Capital and Financing Activities	<u>(361,132)</u>
Cash Flows from Investing Activities:	
Interest earned	375
Net Cash Provided by Investing Activities	<u>375</u>
Net Increase in Cash and Cash Equivalents	2,769,540
Cash and Cash Equivalents - Beginning of Period	<u>5,704,496</u>
Cash and Cash Equivalents - End of Period	<u>\$ 8,474,036</u>
Reconciliation of Change in Net Assets to Net	
Cash Provided by Operating Activities:	
Change in Net Assets	\$ 190,183,978
Adjustments to reconcile to net	
cash provided by operating activities:	
Contribution of roadway by State of Texas	(136,389,584)
TxDOT grant for tolling equipment	(3,545,000)
TxDOT grant for debt extinguishment	(56,537,568)
Interest income	(375)
Depreciation expense	4,103,214
Interest expense	4,072,614
East Texas Hour Glass Study	1,333,475
Change in assets and liabilities:	
Increase in tolls and other receivable	(144,815)
Increase in accounts payable - operations and other	65,744
Decrease in Rusk County funds	(11,386)
Net Cash Provided by Operating Activities	<u>\$ 3,130,297</u>

See Accountant's Compilation Report.

**North East Texas Regional Mobility Authority
Change in Net Assets - Budget to Actual Comparison
For the Year Ended September 30, 2014**

	Annual Budget	Actual YTD
Revenues:		
Toll revenue - electronic	\$ 3,552,000	\$ 4,808,640
Toll revenue - video	1,667,000	2,064,421
Video billing fees	361,000	394,196
Video violation fees	2,246,000	2,209,986
Contributions from counties	34,000	36,000
Interest income	500	375
Total Revenue	7,860,500	9,513,618
General Expenses:		
Accounting fees	25,000	38,895
Auditing fees	25,000	32,861
Legal fees - other	58,750	117,195
Dues and subscriptions	4,000	4,122
Travel expenses	3,000	3,439
Trustee fees	3,000	3,250
Surety bonds	3,000	2,141
Salary and payroll taxes	-	11,145
Seminars and conferences	1,000	585
Other administrative expense	1,000	4,780
Total General Expenses	123,750	218,413
Toll 49 Operating Expenses:		
Project director	204,000	239,202
General engineering consultants	632,000	654,550
Project support	240,000	368,404
Legal fees - Toll 49	176,250	405,733
Electronic processing costs	284,000	315,429
Video processing	673,000	1,013,684
Video violation fees	1,792,000	1,490,434
Court liason	100,000	-
Toll equipment maintenance	497,000	513,684
Toll operating system support	95,000	153,707
Transmission line charges	61,000	64,834
Utilities	-	17,925
Roadway maintenance	761,000	790,638
Insurance expense	28,000	26,781
Marketing	20,000	-
Other expense	-	19,088
Total Toll 49 Operating Expenses	5,563,250	6,074,093
Net From Operations	2,173,500	3,221,112
Other Non-Cash or Non-Budgeted Income or (Expense):		
Contribution from the State of Texas - Roadway	-	136,389,584
TxDOT grant for tolling equipment	-	3,545,000
TxDOT grant for debt extinguishment	-	56,537,568
Depreciation	-	(4,103,214)
Interest expense	(4,072,614)	(4,072,614)
East Texas Hour Glass study	-	(1,333,475)
Amortization of capitalized loan costs	(27,140)	-
Total Other	(4,099,754)	186,962,849
Change in Net Assets	\$ (1,926,254)	\$ 190,183,961

See Accountant's Compilation Report.

**North East Texas Regional Mobility Authority
Grant and Construction Budgets to Actual Comparison
For the Year Ended September 30, 2014**

	Annual Budget	Actual YTD
Rusk County Loop 571		
Sources of Funds:		
Funds carried forward from prior year	\$ 243,200	\$ 241,903
Funds carried forward to future year	(83,200)	(239,369)
Total	\$ 160,000	\$ 2,534
Project Expenditures:		
Project development	\$ 160,000	\$ 2,534
 Multi Modal Facility Regional Call Center		
Source of Funds:		
Grant	\$ 31,500	\$ 31,517
Project Expenditures:		
Supplemental feasibility study	\$ 31,500	\$ 31,500
 Regional Mobility Manager		
Source of Funds:		
Grant	\$ -	\$ 11,513
Project Expenditures:		
Regional transit planning	\$ -	\$ 11,513