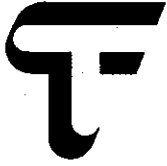


**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY**

**FINANCIAL STATEMENTS**

**August 31, 2014**



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

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## ACCOUNTANT'S COMPILATION REPORT

October 1, 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 August 31, 2014 and the related statements of revenues, expenses, and changes in net assets and cash flows for the eleven months 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.

*Tom J. Fitzgerald, CPA*

**North East Texas Regional Mobility Authority**  
**Statement of Net Assets**  
**August 31, 2014**

<b>Assets</b>		
<b>Current Assets:</b>		
Cash (Restricted \$239,369)	\$ 385,467	
Cash - SIB & Toll Equity Funds (restricted)	735,061	
Cash - Toll Revenue & Operating Funds (restricted)	8,007,023	
Toll Revenue and Fees Receivable	918,517	
Grant Receivable	5,157	
Prepaid Insurance and deposit	2,432	
Total	\$ 10,053,657	
<b>Capital Assets:</b>		
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	
East Texas Hour Glass Study	1,330,985	
Website and office equipment	30,958	
Accumulated Depreciation	(4,083,122)	
Total	236,751,855	
Total Assets	\$ 246,805,512	
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts Payable - Construction	\$ 242,720	
Accounts Payable - Operations	509,175	
Accounts Payable - Other	69,884	
Rusk County Funds - Loop 571	239,369	
Total	1,061,148	
<b>Long Term Liabilities:</b>		
Financial Assistance Payable	12,250,000	
Note Payable - SIB loan	43,996,339	
Note Payable - Toll Equity Loan	56,154,368	
Accrued Interest Payable	341,716	
Total	112,742,423	
<b>Net Assets:</b>		
Invested in Capital Assets, Net of Related Debt	124,009,432	
Restricted for:		
Capital Projects	4,037,341	
Other Purposes	4,955,168	
Total	133,001,941	
Total Liabilities and Net Assets	\$ 246,805,512	

See Accountant's Compilation Report.

**North East Texas Regional Mobility Authority  
Statement of Revenues, Expenses and Change in Net Assets  
For the Eleven Months Ended August 31, 2014**

Revenue:	
Toll revenue - electronic	\$ 4,377,381
Toll revenue - video	1,932,124
Video billing fees	371,725
Video violation fees	2,069,994
Contributions from counties	36,000
Grants - MMF Regional Call Center & Mobility Manager	43,030
Rusk County - Loop 571	2,534
Total Revenue	8,832,788
General Expenses:	
Accounting fees	35,150
Auditing fees	32,861
Legal fees - other	94,981
Dues and subscriptions	4,122
Board travel	1,030
Trustee fees	3,250
Surety bonds	2,141
Salary and payroll taxes	3,734
MMF Regional Call Center & Mobility Manager	43,013
Rusk County - Loop 571	2,534
Total General Expenses	222,816
Toll 49 Operating Expenses:	
Project director	217,993
General engineering consultants	631,372
Project support	206,780
Legal fees - Toll 49	366,520
Electronic processing costs	287,048
Video processing costs	945,267
Video violation fees	1,393,129
Toll equipment maintenance	472,263
Toll operating system support	147,295
Transmission line charges	59,159
Utilities	17,348
Roadway maintenance	569,480
Insurance expense	24,550
Other expense	9,088
Depreciation expense	3,599,828
Total Toll 49 Operating Expenses	8,947,120
Operating Income (Loss)	(337,148)
Other Income and (Expense):	
Contribution from the State of Texas - Roadway	136,389,584
TxDOT grant for tolling equipment	3,545,000
Interest income	329
Interest expense	(3,730,898)
Net Other Income	136,204,015
Change in Net Assets	135,866,867
Net Assets (Deficit) - Beginning of Period	(2,864,926)
Net Assets - End of Period	\$ 133,001,941

See Accountant's Compilation Report.

**North East Texas Regional Mobility Authority**  
**Statement of Cash Flows**  
**For the Eleven Months Ended August 31, 2014**

Cash Flows from Operating Activities:	
Received from toll customers	\$ 7,242,506
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	(3,672,974)
Paid for salary and payroll taxes	(3,734)
Paid for other expenses	(110,782)
Net Cash Provided by Operating Activities	<u>3,531,423</u>
Cash Flows from Capital and Financing Activities:	
Construction expenditures	(3,652,739)
Purchase of office equipment	(958)
TxDOT grant for tolling equipment	3,545,000
Net Cash Used in Capital and Financing Activities	<u>(108,697)</u>
Cash Flows from Investing Activities:	
Interest earned	329
Net Cash Provided by Investing Activities	<u>329</u>
Net Increase in Cash and Cash Equivalents	3,423,055
Cash and Cash Equivalents - Beginning of Period	<u>5,704,496</u>
Cash and Cash Equivalents - End of Period	<u>\$ 9,127,551</u>
Reconciliation of Change in Net Assets to Net	
Cash Provided by Operating Activities:	
Change in Net Assets	\$ 135,866,867
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)
Interest income	(329)
Depreciation expense	3,599,828
Interest expense	3,730,898
Change in assets and liabilities:	
Decrease in accounts receivable	242,036
Increase in prepaid expenses and deposits	(2,432)
Increase in customer overpayments	8,943
Increase in accounts payable	20,196
Net Cash Provided by Operating Activities	<u>\$ 3,531,423</u>

See Accountant's Compilation Report.

**North East Texas Regional Mobility Authority**  
**Change in Net Assets - Budget to Actual Comparison**  
**For the Eleven Months Ended August 31, 2014**

	Annual Budget	Budget YTD	Actual YTD
<b>Revenues:</b>			
Toll revenue - electronic	\$ 3,552,000	\$ 3,256,000	\$ 4,377,381
Toll revenue - video	1,667,000	1,528,083	1,932,124
Video billing fees	361,000	330,917	371,725
Video violation fees	2,246,000	2,058,833	2,069,994
Contributions from counties	34,000	31,167	36,000
Interest income	500	458	329
Total Revenue	<u>7,860,500</u>	<u>7,205,458</u>	<u>8,787,553</u>
<b>General Expenses:</b>			
Accounting fees	25,000	22,917	35,150
Auditing fees	25,000	22,917	32,861
Legal fees - other	58,750	53,854	94,981
Dues and subscriptions	4,000	3,667	4,122
Board travel	3,000	2,750	1,030
Trustee fees	3,000	2,750	3,250
Surety bonds	3,000	2,750	2,141
Salary and payroll taxes	-	-	3,734
Seminars and conferences	1,000	917	-
Other administrative expense	1,000	917	-
Total General Expenses	<u>123,750</u>	<u>113,439</u>	<u>177,269</u>
<b>Toll 49 Operating Expenses:</b>			
Project director	204,000	187,000	217,993
General engineering consultants	632,000	579,333	631,372
Project support	240,000	220,000	206,780
Legal fees - Toll 49	176,250	161,562	366,520
Electronic processing costs	284,000	260,333	287,048
Video processing	673,000	616,917	945,267
Video violation fees	1,792,000	1,642,667	1,393,129
Court liason	100,000	91,667	-
Toll equipment maintenance	497,000	455,583	472,263
Toll operating system support	95,000	87,083	147,295
Transmission line charges	61,000	55,917	59,159
Utilities	-	-	17,348
Roadway maintenance	761,000	697,583	569,480
Insurance expense	28,000	25,667	24,550
Marketing	20,000	18,333	-
Other expense	-	-	9,088
Total Toll 49 Operating Expenses	<u>5,563,250</u>	<u>5,099,645</u>	<u>5,347,292</u>
<b>Net From Operations</b>	<u>2,173,500</u>	<u>1,992,374</u>	<u>3,262,992</u>
<b>Other Non-Cash or Non-Budgeted Income or (Expense):</b>			
Contribution from the State of Texas - Roadway	-	-	136,389,584
TxDOT grant for tolling equipment	-	-	3,545,000
Depreciation	-	-	(3,599,828)
Interest expense	(4,072,614)	(3,733,230)	(3,730,898)
Amortization of capitalized loan costs	(27,140)	(24,878)	-
Total Other	<u>(4,099,754)</u>	<u>(3,758,108)</u>	<u>132,603,858</u>
<b>Change in Net Assets</b>	<u>\$ (1,926,254)</u>	<u>\$ (1,765,734)</u>	<u>\$ 135,866,850</u>

See Accountant's Compilation Report.

**North East Texas Regional Mobility Authority  
Grant and Construction Budgets to Actual Comparison  
For the Eleven Months Ended August 31, 2014**

	<u>Annual Budget</u>	<u>Budget YTD</u>	<u>Actual YTD</u>
<b>Rusk County Loop 571</b>			
Sources of Funds:			
Funds carried forward from prior year	\$ 243,200	\$ 243,200	\$ 241,903
Funds carried forward to future year	(83,200)	(96,533)	(239,369)
Total	<u>\$ 160,000</u>	<u>\$ 146,667</u>	<u>\$ 2,534</u>
Project Expenditures:			
Project development	<u>\$ 160,000</u>	<u>\$ 146,667</u>	<u>\$ 2,534</u>
 <b>Multi Modal Facility Regional Call Center</b>			
Source of Funds:			
Grant	<u>\$ 31,500</u>	<u>\$ 28,875</u>	<u>\$ 31,517</u>
Project Expenditures:			
Supplemental feasibility study	<u>\$ 31,500</u>	<u>\$ 28,875</u>	<u>\$ 31,500</u>
 <b>Regional Mobility Manager</b>			
Source of Funds:			
Grant	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,513</u>
Project Expenditures:			
Regional transit planning	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,513</u>