

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

July 31, 2015



TOM J. FITZGERALD
CERTIFIED PUBLIC ACCOUNTANT

3650 OLD BULLARD ROAD • STE. 330
TYLER, TEXAS 75701
(903) 561-1148

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

ACCOUNTANT'S COMPILATION REPORT

August 31, 2015

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 July 31, 2015 and the related statements of revenues, expenses, and change in net assets for the ten month periods ended July 31, 2015 and 2014, and the accompanying supplemental information contained in Schedule 1, which is 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 schedule is 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 and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement were included in the financial statements, they might influence the user's conclusions about the Authority's net assets, revenues, expenses, and change in net assets and cash flows. Accordingly, these financial statements 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
July 31, 2015

| Assets | | |
|--|-------------|----------------|
| Current Assets: | | |
| Cash (Restricted \$239,369) | \$ 384,287 | |
| Cash - SIB & Toll Equity Funds (restricted) | 456,697 | |
| Cash - Toll Revenue & Operating Funds (restricted) | 7,161,806 | |
| Toll Revenue and Fees Receivable | 2,602,062 | |
| Grant Receivable and other | 5,715 | |
| Prepaid Insurance | 4,539 | |
| Total | | 10,615,106 |
| 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 | 6,212,387 | |
| Website and office equipment | 61,986 | |
| Accumulated Depreciation | (9,623,275) | |
| Total | | 236,124,132 |
| Total Assets | | \$ 246,739,238 |

| Liabilities and Net Assets | | |
|--|-------------|----------------|
| Current Liabilities: | | |
| Accounts Payable - Operations | \$ 656,134 | |
| Accounts Payable- Construction in progress | 607,460 | |
| Accounts Payable - Other | 51,103 | |
| Rusk County Funds - Loop 571 | 239,369 | |
| Total | | 1,554,066 |
| Long Term Liabilities: | | |
| Financial Assistance Payable | 12,250,000 | |
| Note Payable - SIB loan | 44,915,862 | |
| Accrued Interest Payable | 938,742 | |
| Total | | 58,104,604 |
| Net Assets: | | |
| Invested in Capital Assets, Net of Related Debt | 171,807,141 | |
| Restricted for: | | |
| Capital Projects | 6,327,489 | |
| Other Purposes | 8,945,938 | |
| Total | | 187,080,568 |
| Total Liabilities and Net Assets | | \$ 246,739,238 |

See Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Revenues, Expenses and Change in Net Assets
For the Ten Month Periods Ended July 31, 2015 and 2014

| | 2015 | 2014 |
|--|----------------|----------------|
| Revenue: | | |
| Toll revenue - electronic | \$ 5,685,456 | \$ 4,004,386 |
| Toll revenue - video | 2,318,274 | 1,512,126 |
| Video violation fees | 692,869 | 599,651 |
| County contributions | 36,000 | 36,000 |
| Grants and related revenue | 53,263 | 43,857 |
| Total Revenue | 8,785,862 | 6,196,020 |
| General Expenses: | | |
| Accounting fees | 36,815 | 31,680 |
| Auditing fees | 26,127 | 30,508 |
| Legal fees - other | 147,957 | 85,040 |
| Travel expenses | 2,336 | 946 |
| Surety bonds, dues and trustee fees | 12,370 | 8,412 |
| Office and other expenses | 67,738 | 626 |
| Salaries and payroll taxes | 131,806 | - |
| Grant related expenses | 53,263 | 43,840 |
| Total General Expenses | 478,412 | 201,052 |
| Toll 49 Operating Expenses: | | |
| Project director | 190,358 | 200,342 |
| General engineering consultants | 320,768 | 553,447 |
| Project support | - | 186,036 |
| Legal fees - Toll 49 | 163,821 | 334,749 |
| Electronic processing costs | 377,856 | 261,952 |
| Video processing costs | 384,461 | 324,863 |
| Toll equipment maintenance | 172,988 | 430,843 |
| Toll operating system support | 34,530 | 136,973 |
| Transmission line charges | 54,459 | 53,654 |
| Utilities | 12,759 | 15,204 |
| Roadway maintenance | 1,161,977 | 438,363 |
| Insurance expense | 23,146 | 22,318 |
| Depreciation expense | 5,036,767 | 3,096,505 |
| Total Toll 49 Operating Expenses | 7,933,890 | 6,055,249 |
| Operating Income (Loss) | 373,560 | (60,281) |
| Other Income and (Expense): | | |
| Contribution from the State of Texas | - | 136,389,584 |
| Interest income | 535 | 292 |
| Interest expense | (1,558,032) | (3,389,182) |
| East Texas Hour Glass Study | (27,837) | - |
| Traffic and revenue study | (490,960) | - |
| Net Other Income (Expense) | (2,076,294) | 133,000,694 |
| Change in Net Assets | (1,702,734) | 132,940,413 |
| Net Assets (Deficit) - Beginning of Period | 188,783,303 | (2,864,926) |
| Net Assets (Deficit) - End of Period | \$ 187,080,569 | \$ 130,075,487 |

See Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Revenues and Expenses - Budget to Actual Comparison
For the Ten Months Ended July 31, 2015

| | Annual Budget | Budget YTD | Actual YTD |
|--|-----------------------|--------------------------|--------------------------|
| Revenue: | | | |
| Toll revenue - electronic | \$ 4,017,080 | \$ 3,347,566.67 | \$ 5,685,456.00 |
| Toll revenue - video | 2,908,920 | 2,424,100 | 3,011,143 |
| County contributions | 36,000 | 30,000 | 36,000 |
| Interest income | - | - | 535 |
| Total | <u>6,962,000</u> | <u>5,801,667</u> | <u>8,733,134</u> |
| Expenses: | | | |
| Accounting | 30,000 | 25,000 | 36,815 |
| Auditing | 28,000 | 23,333 | 26,127 |
| Contractual employee | 180,000 | 150,000 | 190,358 |
| Employees salaries and benefits | 183,872 | 153,227 | 131,806 |
| Equipment | 25,000 | 20,833 | - |
| Insurance expense | 28,120 | 23,433 | 23,146 |
| Legal expense - general | 215,000 | 179,167 | 147,957 |
| Legal expense - Toll 49 | 145,000 | 120,833 | 163,821 |
| Marketing | 20,000 | 16,667 | - |
| Website maintenance | 10,000 | 8,333 | 20,885 |
| Board travel | 10,000 | 8,333 | 2,336 |
| Other administrative expenses | 17,922 | 14,935 | 12,370 |
| Office supplies and expense | - | - | 46,853 |
| General engineering consultants | 377,200 | 314,333 | 320,768 |
| Public involvement | 32,000 | 26,667 | - |
| Project support | 310,000 | 258,333 | - |
| Roadway maintenance | 975,796 | 813,163 | 1,161,977 |
| Toll tag processing | 281,196 | 234,330 | 377,856 |
| Video processing | 316,926 | 264,105 | 383,361 |
| Court liason | 100,000 | 83,333 | 1,100 |
| Toll equipment maintenance | 318,000 | 265,000 | 172,988 |
| Toll operating system support | 75,000 | 62,500 | 34,530 |
| Transmission line charges | 95,820 | 79,850 | 54,459 |
| Utilities | 17,469 | 14,558 | 12,759 |
| East Texas Hour Glass Study | - | - | 27,837 |
| Traffic and revenue study | - | - | 490,960 |
| | <u>3,792,321</u> | <u>3,160,268</u> | <u>3,841,069</u> |
| Financing cost on interim loan | 450,000 | 375,000 | - |
| Total | <u>4,242,321</u> | <u>3,535,268</u> | <u>3,841,069</u> |
| Net Operating Cash Flow | <u>2,719,679</u> | <u>2,266,399</u> | <u>4,892,065</u> |
| Non-Cash Expenses: | | | |
| Interest expense | 1,871,211 | 1,559,343 | 1,558,032 |
| Depreciation expense | 6,039,885 | 5,033,238 | 5,036,767 |
| Total | <u>7,911,096</u> | <u>6,592,580</u> | <u>6,594,799</u> |
| Excess of (Expenses) over Revenue | <u>\$ (5,191,417)</u> | <u>\$ (4,326,180.83)</u> | <u>\$ (1,702,734.00)</u> |

See Accountant's Compilation Report.