

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

June 30, 2015



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ACCOUNTANT'S COMPILATION REPORT

July 29, 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 June 30, 2015 and the related statements of revenues, expenses, and change in net assets for the nine month periods ended June 30, 2015 and 2014, cash flows for the nine months ended June 30, 2015 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 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 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.

North East Texas Regional Mobility Authority
Statement of Net Assets
June 30, 2015

Assets		
Current Assets:		
Cash (Restricted \$239,369)	\$ 360,510	
Cash - SIB & Toll Equity Funds (restricted)	456,693	
Cash - Toll Revenue & Operating Funds (restricted)	7,254,249	
Toll Revenue and Fees Receivable	2,675,817	
Grant Receivable and other	18,216	
Prepaid Insurance	6,808	
Total		10,772,293
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	5,860,293	
Website and office equipment	61,986	
Accumulated Depreciation	(9,119,525)	
Total		236,275,788
Total Assets		<u>\$ 247,048,081</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable - Operations	\$ 828,743	
Accounts Payable- Construction in progress	825,678	
Accounts Payable - Other	43,489	
Rusk County Funds - Loop 571	239,369	
Total		1,937,279
Long Term Liabilities:		
Financial Assistance Payable	12,250,000	
Note Payable - SIB loan	44,915,862	
Accrued Interest Payable	782,285	
Total		57,948,147
Net Assets:		
Invested in Capital Assets, Net of Related Debt	172,467,348	
Restricted for:		
Capital Projects	5,753,235	
Other Purposes	8,942,072	
Total		187,162,655
Total Liabilities and Net Assets		<u>\$ 247,048,081</u>

See Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Revenues, Expenses and Change in Net Assets
For the Nine Month Periods Ended June 30, 2015 and 2014

	2015	2014
Revenue:		
Toll revenue - electronic	\$ 5,090,270	\$ 3,510,039
Toll revenue - video	2,044,986	1,327,247
Video violation fees	602,715	539,571
County contributions	36,000	36,000
Grants and related revenue	49,244	40,407
Total Revenue	<u>7,823,215</u>	<u>5,453,264</u>
General Expenses:		
Accounting fees	33,115	27,435
Auditing fees	26,127	30,508
Legal fees - other	151,496	70,766
Travel expenses	2,295	590
Surety bonds, dues and trustee fees	5,565	8,412
Office and other expenses	59,293	481
Salaries and payroll taxes	114,594	-
Grant related expenses	49,244	40,390
Total General Expenses	<u>441,729</u>	<u>178,582</u>
Toll 49 Operating Expenses:		
Project director	170,631	177,775
General engineering consultants	270,747	486,131
Project support	-	154,525
Legal fees - Toll 49	135,207	302,099
Electronic processing costs	337,651	229,266
Video processing costs	346,257	291,849
Toll equipment maintenance	155,689	389,422
Toll operating system support	23,412	130,868
Transmission line charges	50,927	47,476
Utilities	11,348	13,902
Roadway maintenance	1,064,265	282,770
Insurance expense	20,877	20,086
Depreciation expense	4,533,017	2,593,182
Total Toll 49 Operating Expenses	<u>7,120,028</u>	<u>5,119,351</u>
Operating Income (Loss)	<u>261,458</u>	<u>155,331</u>
Other Income and (Expense):		
Contribution from the State of Texas	-	136,389,584
Interest income	476	258
Interest expense	(1,401,575)	(3,047,465)
East Texas Hour Glass Study	(27,837)	-
Traffic and revenue study	(453,170)	-
Net Other Income (Expense)	<u>(1,882,106)</u>	<u>133,342,377</u>
Change in Net Assets	(1,620,648)	133,497,708
Net Assets (Deficit) - Beginning of Period	188,783,303	(2,864,926)
Net Assets (Deficit) - End of Period	<u>\$ 187,162,655</u>	<u>\$ 130,632,782</u>

See Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Cash Flows
For the Nine Months Ended June 30, 2015

Cash Flows from Operating Activities:

Received from toll customers	\$ 7,844,835
Received from counties	36,000
Grant revenue received	36,385
Paid to contractors and consultants	(3,011,511)
Paid for salaries and payroll taxes	(114,594)
Paid for other expenses	(142,878)
Net Cash Provided by Operating Activities	<u>4,648,237</u>

Cash Flows from Capital and Financing Activities:

Gantry equipment expenditures	(2,924,635)
Segment 4 expenditures	(2,102,766)
Purchase of office equipment	(16,682)
Expended on Union Pacific ROW	(7,214)
Net Cash Used in Capital and Financing Activities	<u>(5,051,297)</u>

Cash Flows from Investing Activities:

Interest earned	<u>476</u>
Net Cash Provided by Investing Activities	<u>476</u>
Net Decrease in Cash and Cash Equivalents	(402,584)

Cash and Cash Equivalents - Beginning of Period	8,474,036
Cash and Cash Equivalents - End of Period	<u><u>\$ 8,071,452</u></u>

Reconciliation of Change in Net Assets to Net

Cash Provided by Operating Activities:

Change in Net Assets	\$ (1,620,648)
Adjustments to reconcile to net cash provided by operating activities:	
Interest income	(476)
Depreciation expense	4,533,017
Interest expense	1,401,575
Change in assets and liabilities:	
Decrease in tolls and other receivable	80,744
Increase in prepaid insurance	(6,808)
Increase in accounts payable - operations and other	260,833
Net Cash Provided by Operating Activities	<u><u>\$ 4,648,237</u></u>

North East Texas Regional Mobility Authority
Revenues and Expenses - Budget to Actual Comparison
For the Nine Months Ended June 30, 2015

	Annual Budget	Budget YTD	Actual YTD
Revenue:			
Toll revenue - electronic	\$ 4,017,080	\$ 3,012,810	\$ 5,090,270
Toll revenue - video	2,908,920	2,181,690	2,647,701
County contributions	36,000	27,000	36,000
Interest income	-	-	476
Total	<u>6,962,000</u>	<u>5,221,500</u>	<u>7,774,447</u>
Expenses:			
Accounting	30,000	22,500	33,115
Auditing	28,000	21,000	26,127
Contractual employee	180,000	135,000	170,631
Employees salaries and benefits	183,872	137,904	114,594
Equipment	25,000	18,750	-
Insurance expense	28,120	21,090	20,877
Legal expense - general	215,000	161,250	151,496
Legal expense - Toll 49	145,000	108,750	135,207
Marketing	20,000	15,000	-
Website maintenance	10,000	7,500	10,985
Board travel	10,000	7,500	2,295
Other administrative expenses	17,922	13,442	5,565
Office supplies and expense	-	-	48,308
General engineering consultants	377,200	282,900	270,747
Public involvement	32,000	24,000	-
Project support	310,000	232,500	-
Roadway maintenance	975,796	731,847	1,064,265
Toll tag processing	281,196	210,897	337,651
Video processing	316,926	237,695	345,832
Court liaison	100,000	75,000	425
Toll equipment maintenance	318,000	238,500	155,689
Toll operating system support	75,000	56,250	23,412
Transmission line charges	95,820	71,865	50,927
Utilities	17,469	13,102	11,348
East Texas Hour Glass study	-	-	27,837
Traffic and revenue study	-	-	453,170
	<u>3,792,321</u>	<u>2,844,241</u>	<u>3,460,503</u>
Financing cost on interim loan	450,000	337,500	-
Total	<u>4,242,321</u>	<u>3,181,741</u>	<u>3,460,503</u>
Net Operating Cash Flow	<u>2,719,679</u>	<u>2,039,759</u>	<u>4,313,944</u>
Non-Cash Expenses:			
Interest expense	1,871,211	1,403,408	1,401,575
Depreciation expense	6,039,885	4,529,914	4,533,017
Total	<u>7,911,096</u>	<u>5,933,322</u>	<u>5,934,592</u>
Excess of (Expenses) over Revenue	<u>\$ (5,191,417)</u>	<u>\$ (3,893,563)</u>	<u>\$ (1,620,648)</u>

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