

**GENERAL MEETING OF THE BOARD OF DIRECTORS
OF THE NORTH EAST TEXAS
REGIONAL MOBILITY AUTHORITY**

RESOLUTION NO. 26-06

WHEREAS, the North East Texas Regional Mobility Authority (“NET RMA”) was created pursuant to the request of Gregg and Smith Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 43 Tex. Admin. Code § 26.1, *et seq.* (the “RMA Rules”); and

WHEREAS, the Board of Directors of the NET RMA has been constituted in accordance with the Transportation Code and the RMA Rules; and

WHEREAS, subsequent to the initial formation of the NET RMA the Counties of Cherokee, Rusk, Harrison, Upshur, Bowie, Panola, Titus, Van Zandt, Wood, Kaufman, Camp, and Cass joined the Authority and are represented on the Board of Directors; and

WHEREAS, prudent management and fiscal oversight are overriding objectives of the NET RMA Board of Directors; and

WHEREAS, Section 370.182 of the Transportation Code requires that a certified public accountant audit the NET RMA’s books and accounts at least annually; and

WHEREAS, the Board of Directors previously selected Prothro, Wilhelmi & Company, PLLC to provide auditing services to the NET RMA; and

WHEREAS, Prothro, Wilhelmi & Company, PLLC has completed its audit of the NET RMA for the 2025 Fiscal Year, a copy of which is attached as Attachment “A”; and

WHEREAS, the NET RMA Audit Committee has reviewed the audit in detail and recommends its acceptance.

NOW THEREFORE, BE IT RESOLVED, that the NET RMA Board of Directors accepts the audit for the 2025 Fiscal Year.

Adopted by the Board of Directors of the North East Texas Regional Mobility Authority on the 31st day of March, 2026.

Submitted and reviewed by:

Approved:

Signed by:

Brian O'Reilly

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Brian O'Reilly

General Counsel for the North East
Texas Regional Mobility Authority

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Gary Halbrooks

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Gary Halbrooks

Chair, Board of Directors
Date Passed: 03/31/2026
Resolution No. 26-06

Attachment A

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
FINANCIAL STATEMENTS
WITH AUDITOR'S REPORT THEREON
SEPTEMBER 30, 2025 AND 2024

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 10
Financial Statements:	
Statements of Net Position	11
Statements of Revenues, Expenses, and Changes in Net Position	12
Statements of Cash Flows	13
Notes to the Financial Statements	14 - 43
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios	44
Schedule of Employer Contributions	45
Compliance and Internal Control:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46 - 47

ETERNAL VALUES

INFINITE POTENTIAL



INDEPENDENT AUDITOR'S REPORT

Board of Directors
North East Texas Regional Mobility Authority
Tyler, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of business-type activities of North East Texas Regional Mobility Authority (the Authority), as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of September 30, 2025 and 2024, and the respective statements of revenues, expenses, and changes in net position, and, where applicable, cash flows, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise doubt shortly thereafter.

PROTHRO, WILHELM AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 10) be presented to supplement the basic financial statements. The Schedule of Changes in Net Pension Liability and Related Ratios (page 44), and Schedule of Employer Contributions (page 45) are also presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB") who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



PROTHRO, WILHELMI AND COMPANY, PLLC

Tyler, Texas
March 23, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

The North East Texas Regional Mobility Authority (the Authority) presents the following discussion and analysis of the Authority's financial activities during the fiscal years that ended September 30, 2025 and 2024. This section is intended to be read in conjunction with the Authority's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Capital assets being depreciated, which includes toll roads and equipment, were \$345,476,346 and \$344,483,301 as of September 30, 2025 and 2024, respectively. Depreciable capital assets had a net increase of \$993,045 from 2024 to 2025. This increase was due to 1) the completion of a mill and inlay project, 2) the purchase and upfitting of a new maintenance vehicle and 3) the cost of replacing the portion of a mainline gantry impaired by a vehicle impact.
- Construction in progress was \$13,834,348 and \$6,210,907 as of September 30, 2025 and 2024, respectively. Construction in progress increased \$7,623,441 from 2024 to 2025 largely due to the Segment 3B North overlay project and the continuation of work related to Segment 6.
- Long-term liabilities decreased \$4,631,554 from 2024 to 2025 due to 1) the reclass of the current portion of Revenue Bonds due within a year to the current liabilities section; 2) the amortization of premiums related to the Revenue Bonds and 3) the \$2,550,000 total principal payments on the Senior Lien and Subordinate Lien Bonds.
- Effective October 1, 2024, the Authority adopted GASB Statement No. 101, *Compensated Absences*. This statement updates guidance related to the recognition and measurement of compensated absences, including vacation, sick leave and other leave arrangements. Under the new guidance, compensated absences are recognized as liabilities when the leave is attributable to past service and is expected to be paid or settled. The implementation of this standard required a restatement of fiscal year 2024 reported salaries, benefits and payroll taxes for the employer portion of payroll taxes applicable to the liability. This increase resulted in the reduction of the Authority's ending net position by \$3,902 from \$159,027,460 as originally reported to \$159,023,558 for fiscal year 2024. Additional information regarding the implementation of GASB Statement No. 101 and the related restatement is provided in Note 1 – Significant Accounting Policies – New Accounting Pronouncements to the financial statements.
- Toll revenues (net of expenses) increased \$2,450,532 from 2024 to 2025. This increase is attributable to a marginal increase of 2% in toll road transactions as well as a toll rate escalation as outlined by the Authority's bond indenture. The toll rate escalation was effective January 1, 2025.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

- Total operating expenses were \$18,272,951 and \$17,272,474 in 2025 and 2024, respectively. The overall net increase was due to various factors as follows: 1) an increase in salaries, benefits and payroll taxes due to new Director of Engineering position; 2) an increase in legal and professional expenses due to increased auditing costs associated with required SOC audits; 3) budgeted increases in general engineering and roadway maintenance expenses and 4) an increase in toll equipment maintenance expense due to need for temporary treadles.

OVERVIEW OF FINANCIAL STATEMENTS

The financial section of this report consists of four parts: management's discussion and analysis, the basic financial statements, the notes to the financial statements and the required supplementary information.

The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Basic financial statements: The financial statements are designed to provide readers with an overview of the Authority's finances in a manner similar to a private-sector business.

The *Statements of Net Position* present information on all of the Authority's assets and deferred outflows, as well as the Authority's liabilities and deferred inflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* present information showing how the Authority's net position changed during the fiscal years ended September 30, 2025 and 2024. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The increase or decrease in net position may serve as an indicator of the effect of the Authority's current year operations on its financial position.

The *Statements of Cash Flows* summarize all of the Authority's cash flows into three categories as applicable: 1) cash flows from operating activities; 2) cash flows from capital related financing activities and 3) cash flows from investing activities. The Statements of Cash Flows, along with the related notes and information in other financial statements, can be useful in assessing the following:

- The Authority's ability to generate future cash flows
- The Authority's ability to pay its debt as the debt matures
- Reasons for the difference between the Authority's operating cash flows and operating income

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

- The impact of the Authority’s financial position of cash and noncash transactions from investing, capital, and financing activities.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net position: As noted above, net position may serve over time as a useful indicator of the Authority’s financial position. The net position reflects an un-expendable and expendable portion of net position. The Authority’s assets and deferred outflows exceeded liabilities and deferred inflows by \$159,257,260 and \$159,023,558 as of September 30, 2025 and 2024, respectively.

Net Position

	<u>2025</u>	<u>Restated 2024</u>
Current assets	\$ 45,793,862	\$ 49,145,018
Noncurrent assets	309,365,535	305,001,357
Total assets	<u>\$ 355,159,397</u>	<u>\$ 354,146,375</u>
Deferred outflows of resources	205,312	180,876
Total assets and deferred outflows of resources	<u>\$ 355,364,709</u>	<u>\$ 354,327,251</u>
Current liabilities	\$ 10,959,346	\$ 5,509,597
Long-term liabilities	185,022,796	189,654,350
Total liabilities	<u>195,982,142</u>	<u>195,163,947</u>
Deferred inflows of resources	125,307	139,746
Total liabilities and deferred inflows of resources	<u>\$ 196,107,449</u>	<u>\$ 195,303,693</u>
Net position		
Invested in capital assets	\$ 107,017,312	\$ 109,700,201
Restricted	43,639,283	42,051,495
Unrestricted	<u>8,600,665</u>	<u>7,271,862</u>
Total net position	<u>\$ 159,257,260</u>	<u>\$ 159,023,558</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 355,364,709</u>	<u>\$ 354,327,251</u>

The largest portion of the Authority’s net position is reflected in investment in capital assets net of any outstanding debt used to acquire those assets. Although the Authority’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Authority’s net position, \$43,639,283, represents resources that are subject to external restrictions on how they may be used.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

The remaining balance of \$8,600,665 is unrestricted and may be used to meet the Authority’s ongoing obligations.

Changes in net position: The Authority’s operating revenues increased \$2,410,532 overall from 2024 to 2025. The Authority’s toll revenues net of expenses increased \$2,450,532 from 2024 to 2025. This increase is attributable to a marginal increase of 2% in toll road transactions as well as a toll rate escalation as outlined by the Authority’s bond indenture, effective January 1, 2025. Member contributions decreased \$40,000 from 2024 to 2025 as the Authority’s Board of Directors discontinued indefinitely the requirement for member counties to submit such annual fee to the Authority.

Total operating expenses increased \$1,000,477 from fiscal year 2024 to fiscal year 2025. The overall net increase was due to various factors as follows: 1) an increase in salaries, benefits and payroll taxes mainly due to new Director of Engineering position; 2) an increase in legal and professional expenses due to increased auditing costs associated with the Authority’s consultants required SOC audits; 3) budgeted increases in general engineering and roadway maintenance expenses and 4) an increase in toll equipment maintenance expense due to need for temporary treadles utilized at toll road gantries.

The following table indicates change in net position for the Authority:

	Changes in Net Position	
	<u>2025</u>	<u>Restated 2024</u>
Operating revenues:		
Toll revenues – electronic, net	\$ 18,875,749	\$ 16,811,267
Toll revenues – video, net	5,716,335	5,330,285
Contributions – member counties	-	40,000
Total operating revenues	<u>24,592,084</u>	<u>22,181,552</u>
Operating expenses:		
General expenses	2,299,717	1,920,079
Toll operating expenses	<u>15,973,234</u>	<u>15,352,395</u>
Total operating expenses	<u>18,272,951</u>	<u>17,272,474</u>
Nonoperating revenues (expenses)	<u>(6,085,431)</u>	<u>(5,419,254)</u>
Change in net position	233,702	(510,176)
Net position, beginning of year	<u>159,023,558</u>	<u>159,533,734</u>
Net position, end of year	<u>\$ 159,257,260</u>	<u>\$ 159,023,558</u>

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

Capital Assets, Right of Use Assets/Leases and Long-Term Debt

The Authority’s capital assets, net of accumulated depreciation, decreased by overall by \$2,718,929. Depreciable capital assets had a net increase of \$993,045 due to 1) the completion of a mill and inlay project, 2) the purchase and upfitting of a new maintenance vehicle and 3) the cost of replacing the portion of a mainline gantry destroyed by a vehicle impact. The nondepreciable capital asset, Construction in Progress, increased \$7,623,441 due to the Segment 3B North overlay project and continued work related to Segment 6. The recording of the Authority’s depreciation expense on the Authority’s capital assets increased accumulated depreciation and offsets the Authority’s capital additions.

Capital Assets

	2025	2024
Property, toll roads, equipment, and right of use assets	\$ 393,956,913	\$ 392,963,868
Construction in progress	13,834,348	6,210,907
Accumulated depreciation and amortization	(106,187,388)	(94,851,973)
 Total capital assets, net	 \$ 301,603,873	 \$ 304,322,802

During the fiscal year ended September 30, 2025, the Authority experienced a partial destruction of a toll road gantry due to vehicle impact. The event resulted in a permanent impairment of the damaged portion of the gantry, for which an impairment loss of \$67,963 was recorded. The remaining portion of the gantry continued to operate normally and was not impaired. At year-end, insurance recoveries related to the impairment and cost to replace the toll gantry of \$323,355 were considered probable and were recorded as a receivable. The incident also caused a temporary disruption of toll collection, resulting in a reduction of toll revenues of \$247,816. Insurance proceeds of \$247,816 were considered probable at year end and were recorded as a receivable in the Authority’s financial statements. Toll operations were restored following the implementation of a temporary solution completed by the Authority’s toll integrator, and the event did not have a lasting impact on the Authority’s ability to generate toll revenues. Overall, while the Authority recorded both a capital asset impairment and a temporary revenue reduction, the event had no material effect on the Authority’s net position or operational capacity.

Right of Use Assets/Leases

Based on the provisions of GASB 87, the Authority must recognize certain lease assets and liabilities for leases previously classified as operating leases and recognize inflows of resources or outflows of resources based on the payment provisions of the contract. Under the Statement, a lessee is required to recognize a lease liability and an intangible right of use lease asset. Right of use assets, net of accumulated amortization, totaling \$356,120 and \$416,915 as of September 30, 2025 and 2024, respectively, is inclusive of the Authority’s long-term operating leases for office space and a copy machine. The lease liability is broken out between current and noncurrent liabilities. For the year ended September 30, 2025, the current portion of leases payable is \$60,195 and the noncurrent leases payable is \$347,127.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

Long-Term Debt

Senior Lien Revenue Bonds, Series 2016A:

The terms of the Senior Lien Bonds are as follows:

1. The Authority issued bonds to fund the construction of Segment 4 and paying off the remaining balance of the interim loan.
2. The Senior Lien Bond was issued June 16, 2016 in the amount of \$124,735,000 and has a stated maturity date of January 1, 2046.
3. Interest on the aggregate disbursed principal amount of the bond shall be accrued at an interest rate of 5.00 percent per annum, with such interest being payable on each January 1 and July 1, commencing January 1, 2017. Accrued interest payable on the Senior Lien Bond as of September 30, 2025 and 2024 was \$1,512,125 and \$1,527,125, respectively.
4. The next principal payment is due January 1, 2026.

Subordinate Lien Revenue Bonds, Series 2016B:

The terms of the Subordinate Lien Bonds are as follows:

1. The Authority issued bonds to fund the construction of Segment 4 and paying off the remaining balance of the interim loan.
2. The Subordinate Lien Bond was issued June 16, 2016 in the amount of \$56,615,000 and has a stated maturity date of January 1, 2046.
3. Interest on the aggregate disbursed principal amount of the bond shall be accrued at an interest rate of 5.00 percent per annum, with such interest being payable on each January 1 and July 1, commencing January 1, 2017. Accrued interest payable on the Subordinate Lien Bond as of September 30, 2025 and 2024 was \$632,250 and \$649,125 respectively.
4. The next principal payment is due January 1, 2026.

Bond Ratings

S&P Global Ratings assessed the Authority's bonds and gave a rating of A to the Senior Lien Revenue Bonds and a rating of A- to the Subordinate Lien Revenue Bonds. Moody's Investor Services assessed the Authority's bonds and gave a rating of Baa1 to the Senior Lien Revenue Bonds and a rating of Baa2 to the Subordinate Lien Revenue Bonds.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

As of September 30, 2025 and 2024, the Authority had the following long-term debt:

	September 30, 2025	September 30, 2024
Long-Term Debt		
Long-term liabilities:		
Revenue bonds payable	\$ 184,638,165	\$ 189,228,602
Lease liability	347,127	407,322
Compensated absences	37,504	18,426
Total long-term liabilities	\$ 185,022,796	\$ 189,654,350

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Subsequent to fiscal year-end, on October 1, 2025, the Authority issued \$133,365,000 Senior Lien Revenue and Refunding Bonds, Series 2025A and \$47,755,000 Subordinate Lien Revenue Refunding Bonds Series 2025B. The proceeds of the bonds will be used to refund the Authority’s outstanding Senior Lien Revenue Bonds, Series 2016A and Subordinate Lien Revenue Bonds, Series 2016 B to realize a present value debt service savings as well as pay certain issuance costs of the Series 2025 obligations. In addition, the new money component will provide funding for capital projects, reflecting continued investment in the Authority’s infrastructure to support operational needs and long-term service capacity. Favorable market conditions at the time of issuance allowed the Authority to access long-term financing at competitive interest rates, supporting its overall financial strategy.

The gross operating revenue estimate for fiscal year 2026 of \$30,225,000 is an approximate 12% increase over the fiscal year 2025 budget. This increase is reflective of better-than-expected toll revenue collections for fiscal year 2025 compared to budgeted amount plus an anticipated marginal increase in toll road revenue. Operating expenses estimate for fiscal year 2026 of \$11,21,603 is an approximate 6% increase over the fiscal year 2025 budget. The increased operating expenditures are primarily attributable to continued inflationary pressures affecting labor, supplies and services, as well as planned increases in spending for targeted operational priorities. These expenditures are intended to address current and anticipated needs in a measured manner, supporting the Authority’s ongoing efforts to maintain service levels, manage risk and sustain long-term operations in a challenging economic environment.

CONTACTING THE AUTHORITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide patrons, and other interested parties with a general overview of the Authority’s finances and to show the Authority’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the North East Texas Regional Mobility Authority, 1011 Pruitt Place, Tyler, Texas 75703.

FINANCIAL STATEMENTS

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024

ASSETS	2025	Restated 2024
Current assets:		
Cash and cash equivalents	\$ 6,731,391	\$ 6,841,696
Due from other agencies, net	2,355,523	2,659,417
Other assets	1,684,520	270,128
Restricted assets:		
Cash and cash equivalents	35,022,428	24,651,513
Investments	-	14,722,264
Total current assets	45,793,862	49,145,018
Noncurrent assets:		
Investments - restricted	7,575,324	496,712
Capital assets:		
Nondepreciable	61,738,752	54,115,311
Depreciable, net of depreciation	239,509,001	249,790,576
Right of use assets, net of amortization	356,120	416,915
Net capital assets	301,603,873	304,322,802
Pension asset	186,338	181,843
Total noncurrent assets	309,365,535	305,001,357
Total assets	355,159,397	354,146,375
Deferred outflows of resources related to pension	205,312	180,876
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 355,364,709	\$ 354,327,251
 LIABILITIES		
Current liabilities:		
Accounts payable	\$ 4,949,225	\$ 308,584
Accrued expenses	376,466	282,651
Accrued interest payable	2,144,375	2,176,250
Compensated absences, current portion	44,085	36,489
Retainage payable	100,000	100,000
Lease liability, current portion	60,195	55,623
Bonds payable, current portion	3,285,000	2,550,000
Total current liabilities	10,959,346	5,509,597
Long-term liabilities:		
Compensated absences, net of current portion	37,504	18,426
Lease liability, net of current portion	347,127	407,322
Bonds payable, net of current portion	184,638,165	189,228,602
Total long-term liabilities	185,022,796	189,654,350
Total liabilities	195,982,142	195,163,947
Deferred inflows of resources related to pension	125,307	139,746
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	196,107,449	195,303,693
 NET POSITION		
Net investment in capital assets	107,017,312	109,700,201
Restricted	43,639,283	42,051,495
Unrestricted	8,600,665	7,271,862
Total net position	159,257,260	159,023,558
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 355,364,709	\$ 354,327,251

See accompanying notes to the financial statements.

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	Restated 2024
OPERATING REVENUES		
Toll revenues - electronic, net	\$ 18,875,749	\$ 16,811,267
Toll revenues and fees - video, net	5,716,335	5,330,285
Contributions - member counties	-	40,000
Total operating revenues	<u>24,592,084</u>	<u>22,181,552</u>
GENERAL EXPENSES		
Administrative	243,205	225,885
Salaries, benefits and payroll taxes	1,494,021	1,283,124
Legal and professional	562,491	411,070
Total general expenses	<u>2,299,717</u>	<u>1,920,079</u>
TOLL OPERATING EXPENSES		
Depreciation and amortization expense	11,399,071	11,367,454
General engineering consultants	634,319	491,068
Project director	42,072	35,191
Roadway maintenance	2,137,791	1,885,567
Toll equipment maintenance	751,186	585,655
Transmission line charges	54,660	71,525
Legal fees	31,431	36,909
Toll operating system support	84,365	75,873
Utilities	22,074	17,831
Insurance	141,623	146,878
Marketing and advertising	508,753	490,292
Traffic and revenue study	136,795	117,931
Other operating expenses	29,094	30,221
Total toll operating expenses	<u>15,973,234</u>	<u>15,352,395</u>
Total expenses	<u>18,272,951</u>	<u>17,272,474</u>
Operating income	<u>\$ 6,319,133</u>	<u>\$ 4,909,078</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	1,942,765	1,857,682
Income on investments (net of fees)	96,037	332,377
Interest expense	(7,324,007)	(7,432,694)
Priority projects	(620,000)	-
Interstate commerce park project expense	(850,000)	-
Project development	(165,258)	(141,151)
Loss on disposal	(67,963)	(22,578)
Bond issuance costs	(184,061)	-
Marketing - Segment 6	(4,000)	-
Insurance proceeds	571,171	70,982
Undeveloped project loss	(333,540)	(88,991)
Other income	853,425	5,119
Total nonoperating revenues (expenses)	<u>(6,085,431)</u>	<u>(5,419,254)</u>
Change in net position	233,702	(510,176)
NET POSITION, beginning of year	<u>159,023,558</u>	<u>159,533,734</u>
NET POSITION, end of year	<u>\$ 159,257,260</u>	<u>\$ 159,023,558</u>

See accompanying notes to the financial statements.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	2025	Restated 2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from toll revenues	\$ 24,897,943	\$ 22,309,510
Receipts from member counties	-	46,000
Receipts from other revenue sources	225	5,119
Payments to employees	(1,355,799)	(1,196,446)
Payments to vendors	(5,124,670)	(5,056,337)
	<u>18,417,699</u>	<u>16,107,846</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets and construction in progress	(5,175,256)	(1,390,707)
Proceeds from insurance	-	70,982
Utility permit deposit and other	13,000	-
Payments on grants and project development	(1,330,435)	-
Payments on bond issuance costs	(163,811)	-
Payments on principal	(2,550,000)	(2,375,000)
Payments on interest	(8,641,250)	(8,764,375)
	<u>(17,847,752)</u>	<u>(12,459,100)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(9,075,275)	(22,316,252)
Proceeds from sale or maturity of investments	16,830,000	27,524,509
Interest earned	1,935,938	1,964,004
	<u>9,690,663</u>	<u>7,172,261</u>
Net cash flows provided by (used in) investing activities	9,690,663	7,172,261
Net increase in cash and cash equivalents	10,260,610	10,821,007
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>31,493,209</u>	<u>20,672,202</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 41,753,819</u>	<u>\$ 31,493,209</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 6,319,133	\$ 4,909,078
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	11,399,071	11,367,454
Loss on disposal	67,963	22,578
Change in assets and liabilities:		
(Increase) decrease in due from other agencies	303,894	163,115
(Increase) decrease in other assets	(551)	241
(Increase) decrease in net pension asset	(4,495)	(38,165)
(Increase) decrease in deferred outflows of resources	(24,436)	13,998
Increase (decrease) in operating and other accounts payable	251,800	(295,481)
Increase (decrease) in accrued expenses	89,183	(25,215)
Increase (decrease) in compensated absences payable	30,576	3,643
Increase (decrease) in deferred inflows of resources	(14,439)	(13,400)
	<u>\$ 18,417,699</u>	<u>\$ 16,107,846</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Unrestricted cash and cash equivalents	\$ 6,731,391	\$ 6,841,696
Restricted cash and cash equivalents	35,022,428	24,651,513
Total	<u>\$ 41,753,819</u>	<u>\$ 31,493,209</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

1. SIGNIFICANT ACCOUNTING POLICIES

General Statement

The financial statements of North East Texas Regional Mobility Authority (“Authority”) have been prepared in conformity with accounting practices generally accepted in the United States of America as applied to government units. Generally accepted accounting principles for government units include those principles prescribed by the Governmental Accounting Standards Board (“GASB”). The more significant Authority’s accounting policies are described below.

Reporting Entity

The Authority was formed by the State of Texas in 2004. As of September 30, 2025 and 2024, the member counties included: Bowie, Cherokee, Gregg, Harrison, Kaufman, Panola, Rusk, Smith, Titus, Upshur, Wood, Van Zandt, Camp and Cass.

Under the power given by the State Legislature, the Authority has the ability to finance, acquire, design, construct, operate, maintain, expand, or extend local transportation projects. The primary purpose of the Authority is to accelerate the development of transportation projects that will enhance the quality of life and economic environment in North East Texas.

Basis of Presentation

The operations of the Authority are accounted for within a single proprietary fund. Proprietary Fund Financial Statements include a Statements of Net Position; a Statements of Revenues, Expenses, and Changes in Net Position; and a Statements of Cash Flows.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statements of Net Position. The Statements of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand and demand deposits as of September 30, 2025 and 2024. These deposits are fully collateralized or covered by federal deposit insurance. Investments are reported at fair value. Short-term investments have an original maturity greater than three months but less than one year at the time of purchase. Long-term investments include investments with original maturities greater than one year at the time of purchase. The Authority intends to hold these investments until maturity. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants. The net change in fair value of investments is recorded in the Statements of Revenues, Expenses and Changes in Net Position and includes the unrealized and realized gains and losses on investments.

Restricted Assets

Certain proceeds from the Authority's bonds and grants are classified as restricted assets because their use is restricted by applicable bond covenants. In addition, the bond covenants specify that toll revenues collected be held in bank accounts for the purposes of construction, operation and maintenance, renewal and replacement, and debt service of Toll 49.

Capital Assets

Capital assets are reported at cost and typically include property, equipment, and infrastructure assets. Construction in progress costs are not depreciated until construction is complete and the assets are placed in service. Depreciation is computed on the straight-line method over the following estimated useful lives:

- Bridges – 45 years
- Roads – 30 years
- Gantries – 20 years
- Improvements – 30 years
- Signage, guardrails, and lighting – 10 years
- Equipment – 7 years

The Authority tests for impairment of capital assets when significant unexpected decline in service utility occurs. There was no asset impairment in fiscal year 2024. See Note 5 for description of an asset impairment which occurred in fiscal year 2025.

Leases

Leases are defined by the Authority as the right to use an underlying asset. The Authority recognizes a lease liability and an intangible right-of-use lease asset at the beginning of the lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Leases - continued

The Authority calculates the amortization of the discount rate on the lease liability and reports that amount as outflow of resources. Payments are allocated first to accrued interest liability and then to the lease liability.

Long-term Obligations

Long-term obligations are reported as liabilities in the statements of net position and consist of bonds payable net of unamortized premiums and discounts as applicable. The Authority amortizes premiums and discounts over the estimated life of the bonds as an adjustment to interest expense using the effective interest method.

Compensated Absences

Full-time regular employees are eligible for paid time off for sick and vacation time, which accrue per pay period. Employees with one to five years of service accrue 120 hours per year. Employees with five years of service and over accrue 176 hours per year. As a condition of employment and as reflected in the employment agreement, the Executive Director and the Director of Engineering accrue 240 hours per year. Also, as a condition of employment and as reflected in the employment agreement, the Senior Roadway Maintenance Specialist, as a tenured former TxDOT employee of thirty years, accrues 217 hours per year. Employees' unused paid time off may carry over into subsequent years, except that employees may bank no more than 240 hours at any given time. If an employee reaches the 240-hour cap, the employee will accrue no more paid time off until the employee uses paid time off and falls below the 240-hour cap. Accrued paid time off on the Statements of Net Position is \$81,589 and \$54,915 as of September 30, 2025 and 2024, respectively.

Arbitrage Rebate Payable

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements, and arbitrage rebate liability on issuers of tax-exempt debt. This represents interest on bond proceed earnings more than amount allowed under the Act. The Act requires remittance to the Internal Revenue Service (IRS) of 90% of the cumulative arbitrage rebate within 60 days of the end of each five-year reporting period following the issuance of governmental bonds. The cumulative arbitrage rebate liability for the years ended September 30, 2025 and 2024, respectively, is \$0.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds.

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Net Position - continued

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The Authority's policy is to first use restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Income Taxes

The Authority is a quasi-governmental entity formed by the State of Texas. As a result, income earned by the operation of the Authority is exempt from state or federal income taxes.

Pensions

The net pension asset/liability, deferred outflows and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Authority's participation in the Texas County and District Retirement System (TCDRS), an Agent Plan, and additions/deductions from TCDRS's fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized in the TCDRS net pension liability calculations when due and payable in accordance with the benefit terms. The investments are stated at fair value.

Deferred Outflows and Inflows of Resources

The Authority has classified as deferred inflows of resources items that represent acquisition of net position that applies to future periods and will not be recognized as a revenue until then. The Authority has classified as deferred outflows of resources certain items that represent a consumption of resources that applies to a future period and, therefore, will not be recognized as an expense until then.

Toll Revenues and Related Costs

Toll revenues and related costs associated with the collection of toll revenues are reported on the financials at their net amounts.

Classification of Operating and Nonoperating Revenue and Expenses

The Authority defines operating revenues and expenses as those revenues and expenses generated by the Authority's Tolling System. It also includes all revenues and expenses not related to capital and related financing, noncapital financing or investing activities. This definition is consistent with the Codification of Governmental Accounting and Financial Reporting Standards, which defines operating receipts as cash receipts from customers and other cash receipts that do not result from transactions defined as capital and related financing, noncapital financing or investing activities. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Reclassification

Certain reclassifications have been made to the prior year's amounts reflected within the statements of net position to enhance comparability with the current year's financial statements and to enhance the comparability with the periodic reporting completed by the Authority. The right of use assets, net of amortization, was moved to a line under capital assets and is now included in the total net capital assets.

New Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decision or assessing accountability. There was no impact on the financial statements as a result of implementation of this standard.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation required the recognition of certain items that were not previously reported in the financial statements. For the Authority, previously reported compensated absences liability did not include the employer portion of payroll taxes applicable to that liability. As a result of the implementation, salaries, benefits and payroll taxes reported for the year ended September 30, 2024 increased by \$3,902, from \$1,279,222 as originally reported to \$1,283,124. This increase resulted in the reduction of the Authority's ending net position by \$3,902 from \$159,027,460 as originally reported to \$159,023,558. As the Authority presents comparative financial statements, these financial statement line items were restated for 2024.

GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess and disclose information regarding certain concentrations or constraints and related events that may have a substantial impact on and negatively affect the level of service a government provides. The adoption of this standard had no impact on the financial statements.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

2. CASH AND INVESTMENTS

Cash and investments are reflected on the statements of net position at September 30, 2025 and 2024 as follows:

	September 30, 2025	September 30, 2024
Cash and cash equivalents	\$ 6,731,391	\$ 6,841,696
Restricted cash and cash equivalents	35,022,428	24,651,513
Restricted investments		
Current	-	14,722,264
Noncurrent	7,575,324	496,712
Total	\$ 49,329,143	\$ 46,712,185

The Authority has an operating reserve policy that requires twelve-months of budgeted operating and maintenance expenditures be set aside. The reserve requirement at September 30, 2025 and 2024 was 100% of budgeted operating and maintenance expenses and totaled \$6,492,230 and \$6,606,512, respectively.

The Authority utilizes various methods to measure the fair value of investments on a recurring basis. GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets and liabilities that the Authority has the ability to access.

Level 2: Inputs are observable other than quoted prices included in Level 1 for the asset or liability, either directly or indirectly. These inputs may include quotes prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3: Inputs are unobservable for the asset or liability, to the extent relevant observable inputs are not available, representing the Authority’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

2. CASH AND INVESTMENTS - continued

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments measured at net asset value do not have significant terms or conditions for redemption or commitment for additional funding. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table summarizes the inputs used as of September 30, 2025 for the Authority’s investments measured at fair value:

Investment Type	Fair Value Hierarchy			Fair Value
	Level 1	Level 2	Level 3	
Federal Farm Credit Bank	\$ -	\$ 998,691	\$ -	\$ 998,691
Federal National Mortgage Assn.	-	1,449,656	-	1,449,656
Federal Home Loan Mortgage Corp.	-	2,125,838	-	2,125,838
Federal Home Loan Bank	-	3,001,139	-	3,001,139
Total	<u>\$ -</u>	<u>\$ 7,575,324</u>	<u>\$ -</u>	<u>\$ 7,575,324</u>

The following table summarizes the inputs used as of September 30, 2024 for the Authority’s investments measured at fair value:

Investment Type	Fair Value Hierarchy			Fair Value
	Level 1	Level 2	Level 3	
Federal Farm Credit Bank	\$ -	\$ 4,661,558	\$ -	\$ 4,661,558
Federal National Mortgage Assn.	-	-	-	-
United States Treasury	-	7,470,504	-	7,470,504
Federal Home Loan Bank	-	3,086,914	-	3,086,914
Total	<u>\$ -</u>	<u>\$ 15,218,976</u>	<u>\$ -</u>	<u>\$ 15,218,976</u>

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

2. CASH AND INVESTMENTS – continued

As of September 30, 2025, the Authority’s investments in debt securities mature as follows:

Investment Type	Investment Maturities			
	90 Days or Less	91 Days to 180 Days	181 Days to 365 Days	Greater than 365 Days
Federal Farm Credit Bank	\$ -	\$ -	\$ -	\$ 998,690
Federal National Mortgage Assn.	-	-	-	1,449,656
Federal Home Loan Mortgage Corp.	-	-	-	2,125,838
Federal Home Loan Bank	-	-	-	3,001,140
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,575,324</u>

As of September 30, 2024, the Authority’s investments in debt securities mature as follows:

Investment Type	Investment Maturities			
	90 Days or Less	91 Days to 180 Days	181 Days to 365 Days	Greater than 365 Days
Federal Farm Credit Bank	\$ 2,388,024	\$ -	\$ 2,273,534	\$ -
Federal National Mortgage Assn.	-	-	-	-
United States Treasury	3,630,560	2,620,063	1,219,881	-
Federal Home Loan Bank	-	1,281,495	1,308,707	496,712
Total	<u>\$ 6,018,584</u>	<u>\$ 3,901,558</u>	<u>\$ 4,802,122</u>	<u>\$ 496,712</u>

The Authority’s eligible investments are governed by the 2016 Senior and Subordinate lien revenue bond indentures, state statutes and the Authority’s investment policy. By contractual agreement, the Authority may invest all or a portion of the funds from the Senior and Subordinate lien revenue bonds. The investments maximum stated maturity of an individual investment cannot exceed five years unless approved by the Board of Directors (Board). Interest earned, or profits realized from any investments must be retained in the investment account. Any profit realized from the liquidation of investments must be retained in the investment account. Likewise, any loss resulting from the liquidation of investments must be charged to the investment account. As of September 30, 2025, all the Authority’s investments were rated AA+ by S&P Global Ratings and Fitch Ratings. As of September 30, 2024, all the Authority’s investments were rated AAA by S&P Global Ratings and Fitch Ratings.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

2. CASH AND INVESTMENTS - continued

Custodial Credit Risk - Deposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The Authority's deposits were fully insured as required by state statutes at September 30, 2025 and 2024.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by the counterparty, its trust or agent, but not in the Authority's name. The Authority's investment securities are not exposed to custodial credit risk because all securities are held by the Authority's custodial bank in the Authority's name.

Interest Rate Risk - Deposits

Interest rate risk is the risk that earnings on interest bearing deposits will fall due to changes in general interest rates. The Authority holds restricted cash related to loan covenants of the Senior and Subordinate lien revenue bonds in interest bearing accounts with Amegy Bank.

Interest Rate Risk - Investments

Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. Interest rate risk may be mitigated by investing operating funds primarily in shorter term securities, money market funds or similar investment pools and limiting the average maturity of the portfolio.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

3. RESTRICTED ASSETS

Restricted assets of the Authority, consisting primarily of cash and cash equivalents, investments, toll receivables and payables from restricted accounts at September 30, 2025 and 2024, are as follows:

	September 30, 2025	September 30, 2024
Cash and Investments:		
Bond debt service accounts	\$ 22,426,826	\$ 22,233,073
Revenue fund	1,364,368	1,168,192
Operating and maintenance fund	1,312,037	1,766,450
Renewal and replacement fund	8,009,040	4,681,118
General fund	9,485,481	10,021,656
Total restricted cash and investments	42,597,752	39,870,489
Other restrictions:		
Restricted receivables	2,355,523	2,659,417
Amounts payable out of restricted assets	(1,313,992)	(478,411)
Total other restrictions	1,041,531	2,181,006
Restricted net position	\$ 43,639,283	\$ 42,051,495

Included in restricted cash is the general fund. According to the loan covenants of the Senior and Subordinate lien revenue bonds, cash from the general fund will be used to satisfy deficiencies in the bond debt service accounts, if necessary. After satisfying those requirements, such cash may be expended or transferred from time to time for any of the following purposes, with no one item having priority over any of the others:

- a) To purchase, redeem, or repay obligations;
- b) To pay maintenance expenses and operating expenses;
- c) To make payments into the construction fund;
- d) To fund improvements, extensions, and replacements of the System toll roads; or
- e) For any other lawful purpose.

The Authority has the right under the bond indentures to pledge amounts on deposit in the general fund to the payment of any obligation of the Authority.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

4. DUE FROM OTHER AGENCIES

Due from other agencies consists of amounts due from tolling service providers for electronic toll tag transactions and other agencies for video tolls and violation fees from Toll 49.

Due from other agencies - video tolls and violation fees are reported as a net amount because the tolling service provider serves as a collection agency for these type tolls and fees. The allowance for uncollectible video tolls and fees is estimated annually based upon historical placement of tolls and subsequent collection rates. Any net adjustment to due from other agencies – video tolls and fees is reflected as an increase/decrease to video toll revenue and violation fees or as bad debt expense. For the years ended September 30, 2025 and 2024, the adjustments to reflect the amount due for video tolls and fees resulted in a net decrease of \$210,569 and \$196,353, respectively. The net overall decrease to revenue for both years was the result of 1) adjusting the video tolls and fees receivable to actual at year end and 2) adjusting the video toll and fees allowance accounts to the amount estimated to be collectible at year end based on collection rate data from NTTA.

	September 30, 2025	September 30, 2024
Tolls receivable - electronic	\$ 176,095	\$ 269,420
Tolls receivable - video and fees	12,667,050	11,949,985
Allowance for uncollectible video tolls and fees	(10,487,622)	(9,559,988)
	2,179,428	2,389,997
Due From Other Agencies	\$ 2,355,523	\$ 2,659,417

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

5. CAPITAL ASSETS

Capital assets of the Authority consisted of the following as of September 30, 2025:

	September 30, 2024	Additions	Transfers/ Retirements	September 30, 2025
Capital Assets not being depreciated:				
Toll 49 Right of Way	\$ 47,904,404	\$ -	\$ -	\$ 47,904,404
Construction in progress	6,210,907	8,275,822	(652,381)	13,834,348
Total Capital Assets not being depreciated	54,115,311	8,275,822	(652,381)	61,738,752
Capital Assets being depreciated:				
Toll 49 Bridges	84,286,695	-	-	84,286,695
Toll 49 Highway	235,092,467	665,099	-	235,757,566
Toll 49 Gantries and toll equipment	20,240,480	274,287	(131,619)	20,383,148
Toll 49 Improvements	2,645,300	-	-	2,645,300
NTTA Backoffice System	1,134,995	-	-	1,134,995
Office equipment and other	767,931	81,096	-	849,027
Pruitt Place - Furniture, Signs, Etc.	211,266	-	-	211,266
Trucks and Auto	104,167	104,182	-	208,349
Total Capital Assets being depreciated	344,483,301	1,124,664	(131,619)	345,476,346
Less Accumulated Depreciation	(94,692,725)	(11,338,276)	63,656	(105,967,345)
Total Capital Assets being depreciated, net	249,790,576	(10,213,612)	(67,963)	239,509,001
Right of Use Assets				
Lease - Office Space	561,035	-	-	561,035
Lease - Copy Machine	15,128	-	-	15,128
Total Right of Use Assets	576,163	-	-	576,163
Less Accumulated Amortization for:				
Lease - Office Space	(154,284)	(56,104)	-	(210,388)
Lease - Copy Machine	(4,964)	(4,691)	-	(9,655)
Total Accumulated Amortization	(159,248)	(60,795)	-	(220,043)
Total Right of Use Assets, net	416,915	(60,795)	-	356,120
Total Capital Assets, net	\$ 304,322,802	\$ (1,998,585)	\$ (720,344)	\$ 301,603,873

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

5. CAPITAL ASSETS - continued

Capital assets of the Authority consisted of the following as of September 30, 2024:

	September 30, 2023	Additions	Transfers/ Retirements	September 30, 2024
Capital Assets not being depreciated:				
Toll 49 Right of Way	\$ 47,904,404	\$ -	\$ -	\$ 47,904,404
Construction in progress	6,633,450	1,440,295	(1,862,838)	6,210,907
Total Capital Assets not being depreciated	54,537,854	1,440,295	(1,862,838)	54,115,311
Capital Assets being depreciated:				
Toll 49 Bridges	84,286,695	-	-	84,286,695
Toll 49 Highway	234,241,023	851,444	-	235,092,467
Toll 49 Gantries and toll equipment	20,240,480	-	-	20,240,480
Toll 49 Improvements	1,770,635	874,665	-	2,645,300
NTTA Backoffice System	1,134,995	-	-	1,134,995
Office equipment and other	607,912	183,400	(23,381)	767,931
Pruitt Place - Furniture, Signs, Etc.	186,920	24,346	-	211,266
Trucks and Auto	137,256	-	(33,089)	104,167
Total Capital Assets being depreciated	342,605,916	1,933,855	(56,470)	344,483,301
Less Accumulated Depreciation	(83,420,508)	(11,306,660)	34,443	(94,692,725)
Total Capital Assets being depreciated, net	259,185,408	(9,372,805)	(22,027)	249,790,576
Right of Use Assets				
Lease - Office Space	561,035	-	-	561,035
Lease - Copy Machine	15,128	-	-	15,128
Total Right of Use Assets	576,163	-	-	576,163
Less Accumulated Amortization for:				
Lease - Office Space	(98,180)	(56,104)	-	(154,284)
Lease - Copy Machine	(274)	(4,690)	-	(4,964)
Total Accumulated Amortization	(98,454)	(60,794)	-	(159,248)
Total Right of Use Assets, net	477,709	(60,794)	-	416,915
Total Capital Assets, net	\$ 314,200,971	\$ (7,993,304)	\$(1,884,865)	\$ 304,322,802

Including amortization expense, depreciation expense for the years ended September 30, 2025 and 2024 was \$11,399,071 and \$11,367,454, respectively.

Impairment of Capital Asset

During the fiscal year ended September 30, 2025, the Authority experienced a partial destruction of a toll road gantry because of a vehicle impact. The damage resulted in a permanent impairment of a portion of the gantry, as that portion no longer provided service utility.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025 AND 2024**

5. CAPITAL ASSETS - continued

The impaired asset was a toll road gantry with a historical cost of \$131,619 and accumulated depreciation of \$63,656 prior to the event. The impairment was measured using a cost allocation approach to estimate the carrying value of the damaged portion. Based on an assessment of the damaged portion, the Authority recorded an impairment loss of \$67,963 representing the estimated carrying value of the destroyed portion of the gantry. The remaining portion of the gantry continued to operate normally and was not impaired. The impairment loss is reported in the Statements of Revenue, Expenses and Changes in Net Position. At year-end, insurance recoveries related to the impairment and cost to replace the toll gantry of \$323,355 were considered probable and were recorded as a receivable.

6. ACCOUNTS PAYABLE

Accounts payable consisted of the following at September 30, 2025 and 2024:

	September 30, 2025	September 30, 2024
Accounts payable – capital	\$ 4,011,699	\$ 104,804
Accounts payable – operations	913,579	192,239
Accounts payable – other	23,947	11,541
Total	\$ 4,949,225	\$ 308,584

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

7. BONDS PAYABLE

The following summarizes long-term debt activity of the Authority for the years ended September 30, 2025 and 2024:

	<u>September 30, 2024</u>	<u>Additions/ Amortization</u>	<u>Reductions</u>	<u>September 30, 2025</u>
Long-term debt:				
Bonds - Senior lien	\$ 122,170,000	\$ -	\$ (1,200,000)	\$ 120,970,000
Bonds - Subordinate lien	51,930,000	-	(1,350,000)	50,580,000
Subtotal	<u>174,100,000</u>	<u>-</u>	<u>(2,550,000)</u>	<u>171,550,000</u>
Bond premium payable:				
Bond premiums	28,956,440	-	-	28,956,440
Bond premiums amortization	<u>(11,277,838)</u>	<u>(1,305,437)</u>	<u>-</u>	<u>(12,583,275)</u>
Subtotal	<u>17,678,602</u>	<u>(1,305,437)</u>	<u>-</u>	<u>16,373,165</u>
Total long-term debt	191,778,602	(1,305,437)	(2,550,000)	187,923,165
Less: Bonds payable, current portion	<u>(2,550,000)</u>	<u>(3,285,000)</u>	<u>2,550,000</u>	<u>(3,285,000)</u>
Bonds payable, net of current portion	<u>\$ 189,228,602</u>	<u>\$ (4,590,437)</u>	<u>\$ -</u>	<u>\$ 184,638,165</u>
Current year interest payable:				
Bond accrued interest	<u>\$ 2,176,250</u>	<u>\$ 8,609,375</u>	<u>\$ (8,641,250)</u>	<u>\$ 2,144,375</u>

	<u>September 30, 2023</u>	<u>Additions/ Amortization</u>	<u>Reductions</u>	<u>September 30, 2024</u>
Long-term debt:				
Bonds - Senior lien	\$ 123,260,000	\$ -	\$ (1,090,000)	\$ 122,170,000
Bonds - Subordinate lien	53,215,000	-	(1,285,000)	51,930,000
Subtotal	<u>176,475,000</u>	<u>-</u>	<u>(2,375,000)</u>	<u>174,100,000</u>
Bond premium payable:				
Bond premiums	28,956,440	-	-	28,956,440
Bond premiums amortization	<u>(9,953,187)</u>	<u>(1,324,651)</u>	<u>-</u>	<u>(11,277,838)</u>
Subtotal	<u>19,003,253</u>	<u>(1,324,651)</u>	<u>-</u>	<u>17,678,602</u>
Total long-term debt	195,478,253	(1,324,651)	(2,375,000)	191,778,602
Less: Bonds payable, current portion	<u>(2,375,000)</u>	<u>(2,550,000)</u>	<u>2,375,000</u>	<u>(2,550,000)</u>
Bonds payable, net of current portion	<u>\$ 193,103,253</u>	<u>\$ (3,874,651)</u>	<u>\$ -</u>	<u>\$ 189,228,602</u>
Current year interest payable:				
Bond accrued interest	<u>\$ 2,205,938</u>	<u>\$ 8,734,687</u>	<u>\$ (8,764,375)</u>	<u>\$ 2,176,250</u>

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

7. BONDS PAYABLE – continued

Additions to long-term liabilities

	September 30, 2025	September 30, 2024
Bond interest expense	\$ 7,303,938	\$ 7,410,036
Bond premium amortization	1,305,437	1,324,651
Additions to long-term liabilities	\$ 8,609,375	\$ 8,734,687

Senior and Subordinate Lien Revenue Bonds:

On June 16, 2016, the Authority issued two bonds totaling approximately \$181 million for the purpose of providing financial assistance in connection with the design, development, financing, right-of-way acquisition, and construction of Segment 4 of the Toll 49.

Senior Lien Revenue Bonds:

The terms of the Senior Lien Bonds are as follows:

1. The Authority issued bonds to fund the construction of Segment 4 and pay the remaining balance of the interim loan.
2. The Senior Lien Bond was issued June 16, 2016 in the amount of \$124,735,000 and has a stated maturity date of January 1, 2046.
3. Interest on the aggregate disbursed principal amount of the bond shall accrue at an interest rate of 5.00 percent per annum, with such interest being payable on each January 1 and July 1, commencing January 1, 2017. Accrued interest payable on the Senior Lien Bond was \$1,512,125 and \$1,527,125 for years ended September 30, 2025, and 2024, respectively.

Subordinate Lien Revenue Bonds:

The terms of the Subordinate Lien Bonds are as follows:

1. The Authority issued bonds to fund the construction of Segment 4 and paying the remaining balance of the interim loan.
2. The Subordinate Lien Bond was issued June 16, 2016 in the amount of \$56,615,000 and has a stated maturity date of January 1, 2046.
3. Interest on the aggregate disbursed principal amount of the bond shall accrue at an interest rate of 5.00 percent per annum, with such interest being payable on each January 1 and July 1, commencing January 1, 2017. Accrued interest payable on the Subordinate Lien Bond was \$632,250 and \$649,125 for years ended September 30, 2025 and 2024, respectively.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

7. BONDS PAYABLE – continued

Future payments of principal and interest on the Authority’s Revenue Bonds as of September 30, 2025 are as follows:

Fiscal Year Ended September 30	Principal	Interest	Total Amount
2026	\$ 3,285,000	\$ 8,495,375	\$ 11,780,375
2027	3,450,000	8,327,000	11,777,000
2028	4,270,000	8,134,000	12,404,000
2029	4,535,000	7,913,875	12,448,875
2030	4,915,000	7,677,625	12,592,625
2031-2035	32,220,000	34,067,500	66,287,500
2036-2040	46,230,000	24,165,500	70,395,500
2041-2045	59,010,000	11,072,750	70,082,750
2046	13,635,000	340,875	13,975,875
Total obligations	<u>\$ 171,550,000</u>	<u>\$ 110,194,500</u>	<u>\$ 281,744,500</u>

8. INTERLOCAL AND OTHER AGREEMENTS

Cooperative Interlocal Agreement

On January 14, 2020, the Authority entered into an agreement with the Local Government Purchasing Cooperative (Cooperative). Under the agreement, the Authority staff have identified participation in the Cooperative, also known as “BuyBoard,” as a method to enhance efficiencies and costs in eligible procurements. The purpose of the interlocal participation agreement is to facilitate compliance with the state procurement requirements, to identify qualified vendors of commodities, goods, and services, to relieve the burdens of the governmental purchasing function, and to realize the various potential economies, including administrative cost savings, for members of the Cooperative. The agreement automatically renews for successive one-year terms unless terminated.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

8. INTERLOCAL AND OTHER AGREEMENTS – continued

Priority Project Commitments

The Authority approved program grant funds for the various member counties as reflected below:

Fiscal Year Awarded	County Awarded	Amount Awarded (Paid Out)	Comments
2018	Bowie County	\$ 350,000	Expired 2022
		(248,752)	Paid November 12, 2021
		(101,248)	Restriction released
	Harrison County	<u>150,000</u>	Extended without timeline
		150,000	
2019	Titus County	320,000	Extended without timeline
	Upshur County	280,000	Extended without timeline
		40,000	Carryover from 2017
		(215,077)	Various payments to Atkins
		<u>(104,923)</u>	Restriction released
		320,000	
2020	Gregg County	270,000	Expired 2022
		(270,000)	Paid January 20, 2022
	Rusk County	240,000	Expired 2022
		(240,000)	Paid January 20, 2022
	Wood County	125,000	Expired 2022
	<u>(125,000)</u>	Paid May 25, 2023	
		-	
2021	Gregg County	200,000	Expired 2023
		(200,000)	Paid December 15, 2022
	Cherokee County	<u>125,000</u>	Extended without timeline
		125,000	
2022	Harrison County	105,392	Expires 2024
		<u>(105,392)</u>	Paid October 5, 2023
		-	
2023	Titus County	297,000	Expires 2025
	Harrison County	300,000	Expires 2025
		(297,000)	Project delayed; funds cancelled
		<u>(300,000)</u>	Paid January 14, 2025
		-	
	Total	<u>\$ 595,000</u>	

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

8. INTERLOCAL AND OTHER AGREEMENTS – continued

Priority Project Commitments- continued

Priority projects are funds awarded on a reimbursement basis to member counties who are approved by the Board based on project proposals submitted. Once approved, the commitment stands for two years, pending the start of the project. Once the project is started, it begins to earn reimbursements once funds have been expended and submitted to the Authority. Commitment terms expire when a project is not started within the two years unless an extension is requested and granted by the Board. The length of extensions are currently on a case-by-case basis. If the commitment term expires prior to starting the project, the project will need to be re-submitted for consideration to receive any funds from the Authority.

North Texas Tollway Authority Tolling Services Agreement

On September 24, 2021, the Authority entered into an agreement with the NTTA to be the exclusive provider of tolling services for all tolled lanes in the Authority's service area. Tolling services to be provided by NTTA include customer service, customer account maintenance for TollTag users, NTTA TollTag transponder supply and replacement, toll collection service, image review, clearinghouse, billing and bankruptcy processing, transaction processing and interoperability services. Amendment No. 1 to the agreement was executed October 18, 2021. Amendment No. 2 to the agreement clarifying NTTA's compensation for V-Toll transactions was executed October 11, 2022.

The agreement provides that the Authority will compensate NTTA for each transaction that the Authority transmits to NTTA without regards to whether the toll is collected. On the 8th business day of each month, the compensation for the prior month calendar month will be deducted from that day's payment to the Authority. If the deduction results in a negative payment, NTTA will allocate the deduction across additional consecutive business days until no negative payments results. NTTA's compensation also includes 50% of all late fees collected.

The agreement between NTTA and the Authority is effective until September 24, 2026. The agreement will automatically renew and be extended for successive five-year periods unless terminated.

SICE Agreement

SICE, Inc. specializes in the implementation of advanced technology solutions for tolling systems. Coinciding with the Authority's agreement with NTTA, the Authority began utilizing SICE as its tolling system provider. To the extent of the agreement, SICE designed, developed, installed, integrated, tested, trained, and commissioned the renovation of the tolling system, which was activated in July 2022. SICE also manages the Authority's maintenance system along with the hardware, software, and communications equipment that capture the activity of the Authority's toll roads.

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

9. TOLL REVENUES AND RELATED COSTS

Electronic and video revenues and related costs are detailed below for the years ended September 30, 2025 and 2024:

	<u>September 30,</u> <u>2025</u>	<u>September 30,</u> <u>2024</u>
Toll revenues – electronic	\$ 20,089,571	\$ 17,941,229
Less: electronic processing costs	<u>(1,213,822)</u>	<u>(1,129,962)</u>
Toll revenues – electronic, net	<u>\$ 18,875,749</u>	<u>\$ 16,811,267</u>
Toll revenues – video	\$ 6,038,976	\$ 5,214,197
Video violation fees	2,680,604	3,010,054
Less: video processing costs	<u>(3,003,245)</u>	<u>(2,893,966)</u>
Toll revenues and fees – video, net	<u>\$ 5,716,335</u>	<u>\$ 5,330,285</u>

For the years ended September 30, 2025 and 2024, video toll revenue and violation fees were recorded internally at their gross amounts to provide more useful information to management and the Board. Likewise, video processing fees were also recorded internally at their gross amounts.

The net video toll revenue and fees of \$5,716,335 and \$5,330,285 presented in the Statements of Revenues, Expenses, and Changes in Net Position for the years ended September 30, 2025 and 2024, respectively, reflect the net portion of revenue after the provider’s retention of their share of the video tolls and fees. Please see Note 8 for more information on the agreement with video toll collection provider.

10. LEASES

The Authority entered into a 39-month lease agreement, effective September 10, 2023, for the use of an upgraded copier. The monthly payment amount is \$455, with the first month of rent pro-rated. Lease payments for the years ended September 30, 2025 and 2024 was \$5,460 and \$5,416 respectively.

The Authority entered into a commercial lease agreement commencing January 1, 2022 for a 4,234 square foot office space located at 1011 Pruitt Place in Tyler, Texas, expiring December 31, 2026. The Authority has the option to extend the term of the lease for two additional terms of 60 months each. Lease payments for this lease was \$92,787 and \$90,698 for the years ended September 30, 2025 and 2024 respectively.

At the time of the initial measurement, there was no interest rate specified in the lease agreements.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

10. LEASES – continued

The Authority used an estimated borrowing rate of 4.5%, which was provided by the Authority’s local bank president, to discount the annual lease payments for the office space in order to recognize the respective lease asset and lease liability on September 30, 2025 and 2024. With regards to the Pruitt Place office space lease, the Authority anticipates exercising the first lease extension upon completion of the initial lease term. The Authority used an estimated borrowing rate of 8.75%, which was provided by the Authority’s local bank president, to discount the annual lease payments for the upgraded copier in order to recognize the respective lease asset and lease liability on September 30, 2025 and 2024.

Annual requirements to amortize these lease liabilities and related interest are as follows:

Year Ending September 30	Pruitt Place Office Space		Copier		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 55,060	\$ 16,939	\$ 5,135	\$ 325	\$ 60,195	\$ 17,264
2027	59,437	14,372	900	10	60,337	14,382
2028	62,640	11,624	-	-	62,640	11,624
2029	65,518	8,746	-	-	65,518	8,746
2030	68,528	5,737	-	-	68,528	5,737
2031-2032	90,104	2,726	-	-	90,104	2,726
	<u>\$ 401,287</u>	<u>\$ 60,144</u>	<u>\$ 6,035</u>	<u>\$ 335</u>	<u>\$ 407,322</u>	<u>\$ 60,479</u>

11. PENSION PLAN

Plan description: The Authority participates in the Texas County & District Retirement System, which is a statewide, agent multiple-employer, public employee retirement system. The TCDRS Act is the basis for administration of the pension system. The pension system is governed by a nine-member Board of Trustees and is managed by an administrative staff in Austin. Although the Governor, with the advice and consent of the Senate, appoints the Board, TCDRS is not fiscally dependent on the State of Texas.

TCDRS is a nonprofit public trust providing pension, disability, and death benefits for the eligible employees of participating counties and districts. TCDRS was established by legislative act in 1967 under authority of Article XVI of the Texas Constitution (Subtitle F, Title 8, Texas Government Code). TCDRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TCDRS issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That annual report may be downloaded at www.tcdrs.org.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025 AND 2024**

11. PENSION PLAN - continued

Benefits provided: The Authority provides retirement, disability, and death benefits for all its full and part-time non-temporary employees, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership. TCDRS is a savings-based plan. For the Authority’s plan, 6% of each employee’s pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity. There are no automatic cost of living adjustments (COLAs). Each year, the Authority may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation. Benefit terms are established under the TCDRS Act. They may be amended as of January 1st each year but must remain in conformity with the Act. Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more.

Plan membership: The following employees were covered by the benefit terms as of the valuation date December 31:

	2024	2023
Inactive employees entitled to, but not yet receiving benefits	3	3
Active employees	8	8
Total	11	11

Contributions: The Authority has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the Authority based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the Authority is actuarially determined annually. The Authority contributed using the actuarial rate of 8.93% for the months of the accounting year 2025 and 8.77% for the months of the accounting year 2024. The Authority’s contributions to the plan were \$104,683 and \$90,498 for the years ended September 30, 2025 and 2024, respectively.

Net pension asset: The Authority’s net pension asset was measured as of December 31, 2024 and 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Actuarial assumptions: The actuarial assumption that determined the total pension liability as of December 31, 2024 was based on the results of an actuarial experience study for the period January 1, 2017, through December 31, 2020, except where required to be different by GASB Statement No. 68.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

11. PENSION PLAN – continued

The total pension liability in the December 31, 2024 and 2023 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2024	2023
Inflation	2.50%	2.50%
Salary increases (including inflation-varies by age and service - average over career)	4.70%	4.70%
Investment rate of return	7.50%	7.50%

Mortality rates were based on the following:

Depositing members: For the December 31, 2024 and 2023 valuations, 135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirees, beneficiaries, and non-depositing members: For the December 31, 2024 and 2023 valuations, 135% of the Pub-210 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Disabled retirees: For the December 31, 2024 and 2023 valuations, 160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Long-term rate of return on assets: The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS’ investment consultant. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the actuarial standards of practice.

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

11. PENSION PLAN - continued

The capital market assumptions and information shown below are provided by TCDRS' investment consultant based on January 2025 information for a ten-year time horizon.

Asset Class	Benchmark	Target Allocation(1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
United States Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
International Equities - Developed	MSCI World Ex USA (net) Index	6.00%	4.75%
International Equities - Emerging	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment - Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Index (3)	4.00%	6.80%
REIT Equities	67% FTSE NAREIT Equity REITs Index plus 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index (5)	25.00%	8.15%
Hedge Funds	Hedge Fund Research, Inc. Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U. S. Treasury	2.00%	1.10%

- (1) Target asset allocation adopted at the March 2025 TCDRS Board of Trustees meeting.
- (2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation of 2.35%, per investment consultant's 2025 capital market assumptions.
- (3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.
- (4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.
- (5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

11. PENSION PLAN - continued

The capital market assumptions and information shown below are provided by TCDRS' investment consultant based on January 2024 information for a ten-year time horizon.

Asset Class	Benchmark	Target Allocation(1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
United States Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment - Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Index (3)	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index plus 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index (5)	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U. S. Treasury	2.00%	60.00%

- (1) Target asset allocation adopted at the March 2024 TCDRS Board of Trustees meeting.
- (2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation of 2.2%, per investment consultant's 2024 capital market assumptions.
- (3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.
- (4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.
- (5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount rate: The discount rate used to measure the total pension liability was 7.60% for December 31, 2024 and 2023, respectively. In order to determine the discount rate to be used by the employer, the TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

- (1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability shall be amortized as a level percent of pay over 20-year closed layered periods.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

11. PENSION PLAN – continued

- (2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- (3) The employer’s assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- (4) Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Changes in net pension liability (asset): Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the Authority is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB Statement No. 68 purposes. Therefore, the system has used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

11. PENSION PLAN – continued

Changes in Net Pension Liability (Asset) 2024

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2023	\$ 898,203	\$ 1,080,046	\$ (181,843)
Changes for the year:			
Service cost	145,184	-	145,184
Interest on total pension liability (1)	79,297	-	79,297
Effect of plan changes (2)	-	-	-
Effect of economic/demographic (gains) or losses	43,285	-	43,285
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	(736)	736
Member contributions	-	61,370	(61,370)
Net investment income	-	113,293	(113,293)
Employer contributions	-	89,702	(89,702)
Other (3)	-	8,632	(8,632)
Balances as of December 31, 2024	<u>\$ 1,165,969</u>	<u>\$ 1,352,307</u>	<u>\$ (186,338)</u>

Changes in Net Pension Liability (Asset) 2023

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2022	\$ 692,338	\$ 836,016	\$ (143,678)
Changes for the year:			
Service cost	131,716	-	131,716
Interest on total pension liability (1)	62,581	-	62,581
Effect of plan changes (2)	-	-	-
Effect of economic/demographic (gains) or losses	12,820	-	12,820
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(1,252)	(1,252)	-
Benefit payments	-	-	-
Administrative expenses	-	(564)	564
Member contributions	-	56,720	(56,720)
Net investment income	-	93,302	(93,302)
Employer contributions	-	88,294	(88,294)
Other (3)	-	7,532	(7,532)
Balances as of December 31, 2023	<u>\$ 898,203</u>	<u>\$ 1,080,046</u>	<u>\$ (181,843)</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) No plan changes valued.

(3) Relates to allocation of system-wide items.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

11. PENSION PLAN – continued

Sensitivity analysis: The following presents the net pension asset/liability of the Authority, calculated using the discount rate of 7.60%, as well as what the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	2024		
	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
	Total pension liability	\$ 1,323,972	\$ 1,165,971
Fiduciary net position	1,352,309	1,352,309	1,352,309
Net pension liability/(asset)	<u>\$ (28,337)</u>	<u>\$ (186,388)</u>	<u>\$ (321,302)</u>

	2023		
	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
	Total pension liability	\$ 1,022,227	\$ 898,204
Fiduciary net position	1,080,046	1,080,046	1,080,046
Net pension liability/(asset)	<u>\$ (57,819)</u>	<u>\$ (181,843)</u>	<u>\$ (287,505)</u>

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separate issued TCDRS financial report, which may be obtained at www.tcdrs.org.

Pension expense and deferred inflows of resources and deferred outflows of resources related to pensions: For the years ended September 30, 2025 and 2024, the Authority recognized pension expense of \$61,313 and \$52,932, respectively. At September 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30, 2025		September 30, 2024	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 74,327	\$ 65,198	\$ 87,273	\$ 30,198
Changes of assumptions	593	13,835	712	16,135
Net difference between projected and actual earnings	50,387	46,494	51,761	69,740
Contributions made subsequent to measurement date	-	79,785	-	64,803
	<u>\$ 125,307</u>	<u>\$ 205,312</u>	<u>\$ 139,746</u>	<u>\$ 180,876</u>

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025 AND 2024**

11. PENSION PLAN – continued

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made after the measurement date, will be recognized in pension expense as follows:

Year Ended December 31		
2025	\$	(4,798)
2026		10,884
2027		(12,366)
2028		(7,532)
2029		(2,551)
Thereafter		16,581
	\$	218

12. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments:

As of September 30, 2025, the Authority has committed to paying granted funds of \$595,000 for Priority Projects of various counties in the Authority, as detailed in Note 8. Since these granted funds are not expended until the project has been submitted for reimbursement, no liability is recorded for the commitments.

Contingencies:

As of September 30, 2025, the Authority has no contingent liabilities.

13. RISK MANAGEMENT

The Texas Municipal League (TML) Intergovernmental Risk Pool insures the Authority for workers’ compensation, auto physical damage, errors and omissions liability, automobile liability, general liability, mobile equipment, real and personal property, crime coverage and cyber liability. Bonds are purchased for each member of the Board. Separate policies are also purchased for cyber liability, inland marine and business owners coverage.

14. INSURANCE RECOVERIES FOR LOST TOLL REVENUES

During the fiscal year ended September 30, 2025, the Authority experienced a temporary disruption of toll collection due to the partial destruction of a toll road gantry because of a vehicle impact. As a result, the Authority experienced a reduction in toll revenues for the portion of revenue lost during the disruption period. At year-end, insurance recoveries of \$247,816 related to lost toll revenues were considered probable and were recorded as a receivable in the Authority’s financial statements. The insurance proceeds offset the reduction in revenue and did not have a material impact on the Authority’s overall net position. The remaining portions of the toll infrastructure continued normal operations, and no additional revenue loss was experienced.

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

15. SUBSEQUENT EVENTS

On October 1, 2025, subsequent to the fiscal year ended September 30, 2025, the Authority issued \$133,365,000 Senior Lien Revenue and Refunding Bonds, Series 2025A and \$47,755,000 Subordinate Lien Revenue Refunding Bonds, Series 2025B. The bonds bear interest at rates ranging from 5.00% to 5.25% and mature through fiscal year 2046. The proceeds will be used to 1) refund and redeem in whole all of the Authority's outstanding Senior Lien Revenue Bonds, Series 2016A and Subordinate Lien Revenue Bonds, Series 2016B, to realize a present value debt services savings, 2) finance certain costs of the System and 3) pay certain issuance costs of the Series 2025 obligations. This transaction did not affect the amounts reported in the accompanying financial statements.

The Authority has evaluated subsequent events through March 23, 2026 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
UNAUDITED REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Measurement Year 2024	Measurement Year 2023	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015
Total Pension Liability										
Service cost	\$ 145,184	\$ 131,716	\$ 141,958	\$ 131,142	\$ 117,372	\$ 99,708	\$ 78,796	\$ 51,054	\$ 24,580	\$ 16,561
Interest on total pension liability	79,297	62,581	50,936	37,331	33,169	24,882	17,301	8,592	2,372	635
Effect of plan changes	-	-	-	-	-	-	-	-	-	(1,002)
Effect of assumption changes or inputs	-	-	-	2,718	24,443	-	-	749	-	440
Effect of economic/demographic (gains) or losses	43,285	12,820	(26,807)	(1,069)	(80,927)	(9,753)	(18,531)	19,377	10,839	600
Benefits payments /refunds of contributions	-	(1,252)	(3,921)	-	(51,251)	(9,954)	-	-	-	-
Net change in total pension liability	267,766	205,865	162,166	170,122	42,806	104,883	77,566	79,772	37,791	17,233
Total pension liability, beginning	898,203	692,338	530,173	360,051	317,245	212,363	134,796	55,024	17,233	-
Total pension liability, ending (a)	<u>\$ 1,165,969</u>	<u>\$ 898,203</u>	<u>\$ 692,338</u>	<u>\$ 530,173</u>	<u>\$ 360,051</u>	<u>\$ 317,245</u>	<u>\$ 212,363</u>	<u>\$ 134,796</u>	<u>\$ 55,024</u>	<u>\$ 17,233</u>
Fiduciary Net Position										
Employer contributions	\$ 89,702	\$ 88,294	\$ 89,020	\$ 73,469	\$ 71,995	\$ 67,605	\$ 49,291	\$ 46,562	\$ 22,661	\$ 10,275
Member contributions	61,370	56,720	58,120	52,478	50,346	44,979	33,327	29,060	14,123	6,489
Investment income net of investment expenses	113,293	93,302	(54,853)	119,586	38,114	36,814	(1,715)	9,350	1,268	(142)
Benefit payments/refunds of contributions	-	(1,252)	(3,921)	-	(51,251)	(9,954)	-	-	-	-
Administrative expenses	(736)	(564)	(490)	(394)	(350)	(280)	(181)	(94)	(14)	(6)
Other	8,632	7,530	20,772	3,700	2,140	3,565	2,476	1,013	1,068	(1)
Net change in fiduciary net position	272,261	244,030	108,648	248,839	110,994	142,728	83,198	85,890	39,106	16,615
Fiduciary net position, beginning	1,080,046	836,016	727,368	478,529	367,536	224,807	141,610	55,720	16,615	-
Fiduciary net position, ending (b)	\$ 1,352,307	\$ 1,080,046	\$ 836,016	\$ 727,368	\$ 478,529	\$ 367,536	\$ 224,807	\$ 141,610	\$ 55,720	\$ 16,615
Net pension liability/(asset), ending = (a) - (b)	<u>\$ (186,338)</u>	<u>\$ (181,843)</u>	<u>\$ (143,678)</u>	<u>\$ (197,195)</u>	<u>\$ (118,479)</u>	<u>\$ (50,290)</u>	<u>\$ (12,445)</u>	<u>\$ (6,813)</u>	<u>\$ (696)</u>	<u>\$ 619</u>
Fiduciary net position as a % of total pension liability	115.98%	120.25%	120.75%	137.19%	132.91%	115.85%	105.86%	105.05%	101.26%	96.41%
Pensionable covered payroll	\$ 1,022,825	\$ 945,326	\$ 968,665	\$ 874,625	\$ 839,098	\$ 749,644	\$ 555,454	\$ 484,326	\$ 235,380	\$ 144,206
Net pension liability as a % of covered payroll	-18.22%	-19.24%	-14.83%	-22.55%	-14.12%	-6.71%	-2.24%	-1.41%	-0.30%	0.43%

See accompanying notes to the financial statements.

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY
UNAUDITED REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 10,275	\$ 10,275	\$ -	\$ 108,154	9.50%
2016	22,361	22,661	(300)	235,380	9.60%
2017	46,562	46,562	-	484,326	9.60%
2018	49,291	49,291	-	555,454	8.90%
2019	67,605	67,605	-	749,644	9.00%
2020	71,995	71,995	-	839,098	8.60%
2021	73,469	73,469	-	874,625	8.40%
2022	89,020	89,020	-	968,665	9.20%
2023	88,294	88,294	-	945,326	9.30%
2024	89,702	89,702	-	1,022,825	8.80%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date Actuarially determined contribution rates are calculated each December 31st, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in the Schedule. 2024: No changes in plan provisions were reflected in the Schedule.

See accompanying notes to the financial statements.

COMPLIANCE AND INTERNAL CONTROL

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
North East Texas Regional Mobility Authority
Tyler, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North East Texas Regional Mobility Authority (the Authority), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated March 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



PROTHRO, WILHELMI AND COMPANY, PLLC

Tyler, Texas
March 23, 2026