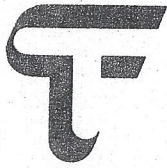


NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

April 30, 2016



TOM J. FITZGERALD
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MEMBER OF:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
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ACCOUNTANT'S COMPILATION REPORT

May 27, 2016

Board of Directors
North East Texas Regional Mobility Authority

Management is responsible for the accompanying financial statements of the North East Texas Regional Mobility Authority (the Authority), which comprise the statement of net assets as of April 30, 2016 and the related statement of revenues, expenses and change in net assets for the seven month periods ended April 30, 2016 and 2015 in accordance with accounting principles generally accepted in the United States of America. I have performed the compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, nor provide any assurance on the financial statements.

Management has elected to omit substantially all the disclosures and the statement of cash flows ordinarily included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Authority's assets, liabilities, net assets, revenues, expenses, and change in net assets and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The accompanying information in Schedule 1 is presented for the purpose of additional analysis and is not a required part of the financial statements. The information is the representation of management and was subject to the compilation engagement, however, I have not audited or reviewed the information and accordingly, do not express and opinion, a conclusion, nor provide any assurance on such information.

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

Tom J. Fitzgerald, CPA

North East Texas Regional Mobility Authority
Statement of Net Assets
April 30, 2016

Assets		
Current Assets:		
Cash (Restricted \$239,369)	\$ 427,953	
Cash - Toll Revenue & Operating Funds (restricted)	10,171,455	
Cash - Project Construction Fund (restricted)	4,580,615	
Toll Revenue and Fees Receivable	3,787,417	
Grants Receivable	2,400	
Prepaid Insurance and Other	11,813	
Total		18,981,653
Capital Assets:		
Toll 49 - Right of Way	39,798,777	
Toll 49 - Bridges	64,191,695	
Toll 49 - Highway	126,943,753	
Toll 49 - Gantries and other	12,005,472	
Construction in Progress	5,812,157	
Website and Office Equipment	63,094	
Accumulated Depreciation	(14,362,005)	
Total		234,452,943
Total Assets		<u>\$ 253,434,596</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable - Operations	\$ 467,173	
Accounts Payable - Construction in progress	399,083	
Accounts Payable - Other	38,709	
Rusk County Funds - Loop 571	239,369	
Total		1,144,334
Long-term Liabilities:		
Note Payable - Bank of America	65,000,000	
Accrued Interest Payable	48,750	
Total		65,048,750
Net Assets:		
Invested in Capital Assets		
Net of Related Debt	168,516,480	
Restricted for:		
Capital Projects	5,069,245	
Other Purposes	13,655,787	
Total		187,241,512
Total Liabilities and Net Assets		<u>\$ 253,434,596</u>

See Accompanying Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Revenues, Expenses and Changes in Net Assets
For the Seven Month Periods Ended April 30, 2016 and 2015

	2016	2015
Revenue:		
Toll revenue - electronic	\$ 4,940,193	\$ 3,706,188
Toll revenue - video	1,800,917	1,483,987
Video violation fees	675,131	452,995
County contributions	34,000	36,000
Design settlement	275,000	-
Grants and related revenue	59,116	43,072
Total Revenue	<u>7,784,357</u>	<u>5,722,242</u>
General Expenses:		
Accounting fees	26,895	28,370
Auditing fees	31,119	26,127
Legal fees	379,710	188,155
Employee salaries and benefits	97,791	88,346
Board and staff travel	8,377	1,820
Office and related expenses	15,256	9,538
Surety bonds, dues and trustee fees	14,148	4,777
IT support	23,843	18,157
Website maintenance	13,300	17,885
Other general expenses	37,013	7,504
Grant related expenses	59,116	43,072
Total General Expenses	<u>706,568</u>	<u>433,751</u>
Toll 49 Operating Expenses:		
Project director	152,869	131,642
General engineering consultants	317,939	172,130
Toll processing costs	519,702	522,201
Toll maintenance support	228,600	121,091
Toll operating system support	318,729	155,224
Roadway maintenance	531,361	759,964
Insurance expense	16,272	16,340
Depreciation expense	3,822,189	3,525,673
Total Toll 49 Operating Expenses	<u>5,907,661</u>	<u>5,404,265</u>
Operating Income (Loss)	<u>1,170,128</u>	<u>(115,774)</u>
Other Income and (Expense):		
Interest income	4,268	365
Interest expense	(1,122,498)	(1,088,661)
East Texas Hour Glass Study	-	(27,837)
Loss on camera replacement	(100,860)	-
Loan fees and expenses	(577,750)	-
Net Other Income (Expense)	<u>(1,796,840)</u>	<u>(1,116,133)</u>
Change in Net Assets	(626,712)	(1,231,907)
Net Assets - Beginning of Period	187,868,224	188,783,303
Net Assets - End of Period	<u>\$ 187,241,512</u>	<u>\$ 187,551,396</u>

See Accompanying Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Revenues and Expenses - Budget to Actual Comparison
For the Seven Months Ended April 30, 2016

Schedule 1

	Annual Budget	Budget YTD	Actual YTD
Revenue:			
Toll revenue - electronic	\$ 6,510,000	\$ 3,797,500	\$ 4,940,193
Toll revenue - video	3,990,000	2,327,500	2,476,048
County contributions	36,000	21,000	34,000
Design settlement	-	-	275,000
Interest Income	-	-	4,268
Total	<u>10,536,000</u>	<u>6,146,000</u>	<u>7,729,509</u>
Expenses:			
Accounting	42,000	24,500	26,895
Auditing	30,000	17,500	31,119
Legal fees	385,000	224,583	379,710
Employee salaries and benefits	168,991	98,578	97,791
Board and staff travel	9,000	5,250	8,377
Office and related expenses	19,748	11,520	15,256
Public involvement	7,000	4,083	-
Project development support	400,000	233,333	-
Surety bonds, dues and trustee fees	14,000	8,167	14,148
IT support	21,300	12,425	23,843
Website maintenance	18,000	10,500	13,300
Other general expenses	4,000	2,333	37,013
Project director	225,000	131,250	152,869
General engineering consultants	404,000	235,667	317,939
Toll processing costs	691,381	403,306	519,702
Toll maintenance support	318,000	185,500	228,600
Toll operations support	344,500	200,958	318,729
Insurance expense	29,000	16,917	16,272
Roadway maintenance	<u>1,760,000</u>	<u>1,026,667</u>	<u>531,361</u>
	4,890,920	2,853,037	2,732,924
Interest expense on interim loan	250,000	145,833	48,750
Interest expense on SIB loan (1)	1,304,521	489,195	434,841
Loan fees and expenses	-	-	577,750
Total	<u>6,445,441</u>	<u>3,488,065</u>	<u>3,794,265</u>
Net Operating Cash Flow	<u>4,090,559</u>	<u>2,657,935</u>	<u>3,935,244</u>
Non-Cash Expenses:			
Interest expense on SIB loan (2)	638,907	638,907	638,907
Depreciation expense	6,651,665	3,880,138	3,822,189
Loss on camera Replacement	-	-	100,860
Total	<u>7,290,572</u>	<u>4,519,045</u>	<u>4,561,956</u>
Excess of (Expenses) over Revenue	<u>\$ (3,200,013)</u>	<u>\$ (1,861,110)</u>	<u>\$ (626,712)</u>

(1) Interest 2/1/16 through 9/30/16

(2) Interest 10/1/15 through 1/31/16

See Accompanying Accountant's Compilation Report