

**NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY**

**FINANCIAL STATEMENTS**

**May 31, 2016**





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## ACCOUNTANT'S COMPILATION REPORT

June 29, 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 May 31, 2016 and the related statement of revenues, expenses and change in net assets for the eight month periods ended May 31, 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 an opinion, a conclusion, nor provide any assurance on such information.

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



**North East Texas Regional Mobility Authority**  
**Statement of Net Assets**  
**May 31, 2016**

| <b>Assets</b>                                      |              |                |
|--|--------------|----------------|
| <b>Current Assets:</b>                             |              |                |
| Cash (Restricted \$239,369)                        | \$ 425,474   |                |
| Cash - Toll Revenue & Operating Funds (restricted) | 11,032,833   |                |
| Cash - Project Construction Fund (restricted)      | 2,652,382    |                |
| Toll Revenue and Fees Receivable                   | 3,787,128    |                |
| Grants Receivable                                  | 22,374       |                |
| Prepaid Insurance and Other                        | 9,490        |                |
| Total  | 17,929,681   | 17,929,681     |
| <b>Capital Assets:</b>                             |              |                |
| 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                           | 7,733,318    |                |
| Website and Office Equipment                       | 78,221       |                |
| Accumulated Depreciation                           | (14,908,032) |                |
| Total  | 235,843,204  | 235,843,204    |
| Total Assets                                       |              | \$ 253,772,885 |
| <b>Liabilities and Net Assets</b>                  |              |                |
| <b>Current Liabilities:</b>                        |              |                |
| Accounts Payable - Operations                      | \$ 646,038   |                |
| Accounts Payable - Construction in progress        | 546,641      |                |
| Accounts Payable - Other                           | 61,947       |                |
| Rusk County Funds - Loop 571                       | 239,369      |                |
| Total  | 1,493,995    | 1,493,995      |
| <b>Long-term Liabilities:</b>                      |              |                |
| Note Payable - Bank of America                     | 65,000,000   |                |
| Accrued Interest Payable                           | 157,083      |                |
| Total  | 65,157,083   | 65,157,083     |
| <b>Net Assets:</b>                                 |              |                |
| Invested in Capital Assets                         |              |                |
| Net of Related Debt                                | 167,877,247  |                |
| Restricted for:                                    |              |                |
| Capital Projects                                   | 4,914,615    |                |
| Other Purposes                                     | 14,329,945   |                |
| Total  | 187,121,807  | 187,121,807    |
| Total Liabilities and Net Assets                   |              | \$ 253,772,885 |

See Accompanying Accountant's Compilation Report.



**North East Texas Regional Mobility Authority**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**For the Eight Month Periods Ended May 31, 2016 and 2015**

|                                     | 2016           | 2015           |
|-------------------------------------|----------------|----------------|
| Revenue:                            |                |                |
| Toll revenue - electronic           | \$ 5,714,043   | \$ 4,475,875   |
| Toll revenue - video                | 2,131,727      | 1,736,626      |
| Video violation fees                | 758,957        | 521,791        |
| County contributions                | 34,000         | 36,000         |
| Design settlement                   | 275,000        | -              |
| Grants and related revenue          | 81,490         | 47,748         |
| Total Revenue                       | 8,995,217      | 6,818,040      |
| General Expenses:                   |                |                |
| Accounting fees                     | 30,580         | 30,390         |
| Auditing fees                       | 32,367         | 26,127         |
| Legal fees                          | 361,154        | 243,522        |
| Employee salaries and benefits      | 111,957        | 101,417        |
| Board and staff travel              | 10,530         | 2,141          |
| Office and related expenses         | 17,693         | 10,811         |
| Surety bonds, dues and trustee fees | 14,148         | 4,940          |
| IT support                          | 25,888         | 21,255         |
| Website maintenance                 | 14,800         | 17,885         |
| Other general expenses              | 38,001         | 7,504          |
| Grant related expenses              | 81,490         | 47,748         |
| Total General Expenses              | 738,608        | 513,740        |
| Toll 49 Operating Expenses:         |                |                |
| Project director                    | 184,078        | 150,480        |
| General engineering consultants     | 369,582        | 213,247        |
| Toll processing costs               | 592,410        | 612,986        |
| Toll maintenance support            | 284,285        | 138,390        |
| Toll operating system support       | 338,737        | 343,482        |
| Roadway maintenance                 | 620,914        | 939,001        |
| Insurance expense                   | 18,595         | 18,608         |
| Depreciation expense                | 4,368,216      | 4,029,345      |
| Total Toll 49 Operating Expenses    | 6,776,817      | 6,445,539      |
| Operating Income (Loss)             | 1,479,792      | (141,239)      |
| Other Income and (Expense):         |                |                |
| Interest income                     | 5,428          | 418            |
| Interest expense                    | (1,290,415)    | (1,245,118)    |
| East Texas Hour Glass Study         | -              | (27,837)       |
| Loss on camera replacement          | (100,860)      | -              |
| Loan fees and expenses              | (840,362)      | -              |
| Net Other Income (Expense)          | (2,226,209)    | (1,272,537)    |
| Change in Net Assets                | (746,417)      | (1,413,776)    |
| Net Assets - Beginning of Period    | 187,868,224    | 188,783,303    |
| Net Assets - End of Period          | \$ 187,121,807 | \$ 187,369,527 |

See Accompanying Accountant's Compilation Report.



**North East Texas Regional Mobility Authority**  
**Revenues and Expenses - Budget to Actual Comparison**  
**For the Eight Months Ended May 31, 2016**

Schedule 1

|  | Annual<br>Budget      | Budget<br>YTD         | Actual<br>YTD       |
|--|-----------------------|-----------------------|---------------------|
| <b>Revenue:</b>                          |                       |                       |                     |
| Toll revenue - electronic                | \$ 6,510,000          | \$ 4,340,000          | \$ 5,714,043        |
| Toll revenue - video                     | 3,990,000             | 2,660,000             | 2,890,684           |
| County contributions                     | 36,000                | 24,000                | 34,000              |
| Design settlement                        | -                     | -                     | 275,000             |
| Interest Income                          | -                     | -                     | 5,428               |
| Total                                    | <u>10,536,000</u>     | <u>7,024,000</u>      | <u>8,919,155</u>    |
| <b>Expenses:</b>                         |                       |                       |                     |
| Accounting                               | 42,000                | 28,000                | 30,580              |
| Auditing                                 | 30,000                | 20,000                | 32,367              |
| Legal fees                               | 385,000               | 256,667               | 361,154             |
| Employee salaries and benefits           | 168,991               | 112,661               | 111,957             |
| Board and staff travel                   | 9,000                 | 6,000                 | 10,530              |
| Office and related expenses              | 19,748                | 13,165                | 17,693              |
| Public involvement                       | 7,000                 | 4,667                 | -                   |
| Project development support              | 400,000               | 266,667               | -                   |
| Surety bonds, dues and trustee fees      | 14,000                | 9,333                 | 14,148              |
| IT support                               | 21,300                | 14,200                | 25,888              |
| Website maintenance                      | 18,000                | 12,000                | 14,800              |
| Other general expenses                   | 4,000                 | 2,667                 | 38,001              |
| Project director                         | 225,000               | 150,000               | 184,078             |
| General engineering consultants          | 404,000               | 269,333               | 369,582             |
| Toll processing costs                    | 691,381               | 460,921               | 592,410             |
| Toll maintenance support                 | 318,000               | 212,000               | 284,285             |
| Toll operating system support            | 344,500               | 229,667               | 338,737             |
| Insurance expense                        | 29,000                | 19,333                | 18,595              |
| Roadway maintenance                      | 1,760,000             | 1,173,333             | 620,914             |
|  | <u>4,890,920</u>      | <u>3,260,613</u>      | <u>3,065,719</u>    |
| Interest expense on interim loan         | 250,000               | 166,667               | 216,667             |
| Interest expense on SIB loan (1)         | 1,304,521             | 652,261               | 434,841             |
| Loan fees and expenses                   | -                     | -                     | 840,362             |
| Total                                    | <u>6,445,441</u>      | <u>4,079,541</u>      | <u>4,557,589</u>    |
| <b>Net Operating Cash Flow</b>           | <u>4,090,559</u>      | <u>2,944,460</u>      | <u>4,361,566</u>    |
| <b>Non-Cash Expenses:</b>                |                       |                       |                     |
| Interest expense on SIB loan (2)         | 638,907               | 638,907               | 638,907             |
| Depreciation expense                     | 6,651,665             | 4,434,443             | 4,368,216           |
| Loss on camera Replacement               | -                     | -                     | 100,860             |
| Total                                    | <u>7,290,572</u>      | <u>5,073,350</u>      | <u>5,107,983</u>    |
| <b>Excess of (Expenses) over Revenue</b> | <u>\$ (3,200,013)</u> | <u>\$ (2,128,891)</u> | <u>\$ (746,417)</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