

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

April 30, 2017



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ACCOUNTANT'S COMPILATION REPORT

June 6, 2017

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 position as of April 30, 2017 and the related statement of revenues, expenses and change in net position for the seven months ended April 30, 2017 and 2016 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 position, revenues, expenses, and change in net position 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.

North East Texas Regional Mobility Authority
Statement of Net Position
April 30, 2017

Assets		
Current Assets:		
Cash (Restricted \$239,369)	\$ 436,142	
Cash - Toll Revenue & Operating Funds (restricted)	20,142,902	
Cash - Construction Fund (restricted)	15,036,208	
Construction Fund Investments (at cost) (restricted)	66,554,248	
Toll Revenue and Fees Receivable	5,564,436	
Prepaid Expenses and Other	<u>22,227</u>	
Total		\$ 107,756,163
Noncurrent Assets:		
Cash- Debt Service Reserve Funds (restricted)		22,084,587
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	12,060,181	
Construction in Progress	54,228,792	
Website, Office Equipment and Software	175,391	
Accumulated Depreciation	<u>(20,730,903)</u>	
Total		<u>276,667,686</u>
Total Assets		<u>\$ 406,508,436</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable - Operations	\$ 546,447	
Accounts Payable - Construction in Progress	7,226,399	
Accounts Payable - Other	55,858	
Accrued Interest Payable	3,022,500	
Rusk County Funds - Loop 571	<u>239,369</u>	
Total		11,090,573
Long-term Liabilities:		
Senior Lien Bonds Payable	124,735,000	
Subordinated Lien Bonds Payable	56,615,000	
Unamortized Bond Premiums	<u>27,753,060</u>	
Total		209,103,060
Net Position:		
Invested in Capital Assets		
Net of Related Debt	164,650,556	
Restricted	21,519,077	
Unrestricted	<u>145,170</u>	
Total		<u>186,314,803</u>
Total Liabilities and Net Assets		<u>\$ 406,508,436</u>

See Accompanying Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Revenues, Expenses and Change in Net Position
For the Seven Months Ended April 30, 2017 and 2016

	2017	2016
Revenue:		
Toll revenue - electronic	\$ 5,387,151	\$ 4,940,193
Toll revenue - video	1,898,592	1,800,917
Video violation fees	597,343	675,131
County contributions	28,000	34,000
Settlement proceeds	-	275,000
Grants and related revenue	-	59,116
Total Revenue	7,911,086	7,784,357
General Expenses:		
Accounting fees	35,742	26,895
Auditing fees	37,503	31,119
Legal fees	299,503	379,710
Employee salaries and benefits	284,411	97,791
Board and staff travel	8,824	8,377
Office and related expenses	19,135	12,806
Rent	21,525	2,450
Surety bonds, dues and trustee fees	1,640	14,148
IT support	33,008	23,843
Website maintenance	9,451	13,300
Other general expenses	53,063	37,013
Grant related expenses	-	59,116
Total General Expenses	803,805	706,568
Toll 49 Operating Expenses:		
Project director	108,830	152,869
General engineering consultants	314,489	317,939
Toll processing costs	507,717	519,702
Toll maintenance support	207,366	228,600
Toll operating system support	142,258	318,729
Roadway maintenance	444,355	531,361
Insurance expense	18,799	16,272
Depreciation expense	3,790,023	3,822,189
Total Toll 49 Operating Expenses	5,533,837	5,907,661
Operating Income (Loss)	1,573,444	1,170,128
Other Income and (Expense):		
FHWA & TxDOT grant	4,040,014	-
Interest income	58,711	4,268
Income on Investments (net of fees)	236,541	-
Interest expense	(4,486,424)	(1,122,498)
Loss on camera replacement	-	(100,860)
Loan fees and expenses	-	(577,750)
Net Other Income (Expense)	(151,158)	(1,796,840)
Change in Net Position	1,422,286	(626,712)
Net Position - Beginning of Period	184,892,517	187,868,224
Net Position - End of Period	\$ 186,314,803	\$ 187,241,512

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, 2017

	Annual Budget	Budget YTD	Actual YTD
Revenue:			
Toll revenue - electronic	\$ 9,330,069	\$ 5,442,540	\$ 5,387,151
Toll revenue - video	4,226,506	2,465,462	2,495,935
County contributions	36,000	21,000	28,000
Interest Income	-	-	58,711
Income on investments (net of fees)	-	-	236,541
Total	<u>13,592,575</u>	<u>7,929,002</u>	<u>8,206,338</u>
Expenses:			
Accounting	24,200	14,117	35,742
Auditing	38,000	22,167	37,503
Legal fees	530,000	309,167	299,503
Employee salaries and benefits	580,452	338,597	284,411
Board and staff travel	17,000	9,917	8,824
Office and related expenses	22,180	12,938	19,135
Rent	44,400	25,900	21,525
Project development support	500,000	291,667	-
Surety bonds, dues and trustee fees	18,000	10,500	1,640
IT support	36,000	21,000	33,008
Website maintenance	12,000	7,000	9,451
Other general expenses	28,100	16,392	53,063
Project director	117,000	68,250	108,830
General engineering consultants	465,250	271,396	314,489
Toll processing costs	809,000	471,917	507,717
Toll maintenance support	408,000	238,000	207,366
Toll operating system support	280,688	163,735	142,258
Insurance expense	30,000	17,500	18,799
Roadway maintenance	948,400	553,233	444,355
	4,908,670	2,863,393	2,547,619
Interest on bonded debt	7,691,525	4,486,723	4,486,424
Total	<u>12,600,195</u>	<u>7,350,116</u>	<u>7,034,043</u>
Net Operating Cash Flow	<u>992,380</u>	<u>578,886</u>	<u>1,172,295</u>
Non-Cash Expenses:			
Depreciation expense	7,476,609	4,361,355	3,790,023
Total	<u>7,476,609</u>	<u>4,361,355</u>	<u>3,790,023</u>
Non-Operating Income:			
FHWA & TxDOT Grant	-	-	4,040,014
Total	<u>-</u>	<u>-</u>	<u>4,040,014</u>
Excess of (Expenses) over Revenue	<u>\$ (6,484,229)</u>	<u>\$ (3,782,469)</u>	<u>\$ 1,422,286</u>