

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

December 31, 2016



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ACCOUNTANT'S COMPILATION REPORT

February 3, 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 assets as of December 31, 2016 and the related statement of revenues, expenses and change in net assets for the three months ended December 31, 2016 and 2015 and cash flows for the three months ended December 31, 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 ordinarily included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's 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
December 31, 2016

Assets

Current Assets:

Cash (Restricted \$239,369)	\$	382,698	
Cash - Toll Revenue & Operating Funds (restricted \$7,534,750)		22,955,567	
Cash - Construction Fund (restricted)		5,901,683	
Construction Fund Investments (at cost) (restricted)		79,496,504	
Toll Revenue and Fees Receivable		5,630,232	
Prepaid Expenses and Other		36,734	
Total		114,403,418	\$ 114,403,418

Noncurrent Assets:

Cash- Debt Service Reserve Funds (restricted)			23,207,791
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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		40,117,791	
Website and Office Equipment		101,636	
Accumulated Depreciation		(18,568,789)	
Total		264,645,044	264,645,044

Total Assets		402,256,253	\$ 402,256,253
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Liabilities and Net Assets

Current Liabilities:

Accounts Payable - Operations	\$	1,045,267	
Accounts Payable - Construction in Progress		2,644,138	
Accounts Payable - Other		52,109	
Accrued Interest Payable		4,911,563	
Rusk County Funds - Loop 571		239,369	
Total		8,892,446	8,892,446

Long-term Liabilities:

Senior Lien Bonds Payable		124,735,000	
Subordinated Lien Bonds Payable		56,615,000	
Unamortized Bond Premiums		28,211,718	
Total		209,561,718	209,561,718

Net Assets:

Invested in Capital Assets			
Net of Related Debt		164,451,697	
Restricted for:			
Capital Projects		(3,406,531)	
Other Purposes		22,756,923	
Total		183,802,089	183,802,089

Total Liabilities and Net Assets		402,256,253	\$ 402,256,253
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See Accompanying Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Revenues, Expenses and Changes in Net Assets
For the Three Months Ended December 31, 2016 and 2015

	2016	2015
Revenue:		
Toll revenue - electronic	\$ 2,332,147	\$ 2,032,518
Toll revenue - video	794,988	766,774
Video violation fees	236,027	313,422
Grants and related revenue	-	34,866
Total Revenue	3,363,162	3,147,580
General Expenses:		
Accounting fees	13,755	11,155
Auditing fees	13,339	25,400
Legal fees	92,843	91,495
Employee salaries and benefits	111,067	41,398
Board and staff travel	1,748	892
Office and related expenses	6,592	5,572
Rent	350	1,050
Surety bonds, dues and trustee fees	938	10,347
IT support	11,202	11,598
Website maintenance	3,999	4,500
Other general expenses	16,933	-
Grant related expenses	-	34,866
Total General Expenses	272,766	238,273
Toll 49 Operating Expenses:		
Project director	43,870	58,078
General engineering consultants	124,679	113,694
Toll processing costs	219,930	239,940
Toll maintenance support	92,651	76,885
Toll operating system support	60,188	176,389
Roadway maintenance	166,539	179,425
Insurance expense	7,707	6,981
Depreciation expense	1,627,909	1,638,081
Total Toll 49 Operating Expenses	2,343,473	2,489,473
Operating Income (Loss)	746,923	419,834
Other Income and (Expense):		
Interest income	21,281	191
Income on Investments (net of fees)	63,950	-
Interest expense	(1,922,582)	(479,181)
Net Other Income (Expense)	(1,837,351)	(478,990)
Change in Net Assets	(1,090,428)	(59,156)
Net Assets - Beginning of Period	184,892,517	187,868,224
Net Assets - End of Period	\$ 183,802,089	\$ 187,809,068

See Accompanying Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Cash Flows
For the Three Months Ended December 31, 2016

Cash Flows From Operating Activities:	
Received from toll customers	\$ 3,364,338
Paid to contractors and consultants	(1,187,238)
Paid for salaries and payroll taxes	(110,797)
Paid for other expenses	(67,797)
Net Cash Flows From Operating Activities	<u>1,998,506</u>
Cash Flows From Capital and Financing Activities:	
Segment 4 and 3B expenditures	(19,440,325)
Purchases of office equipment	(53,415)
Net Cashed Used by Capital and Financing Activities	<u>(19,493,740)</u>
Cash Flows from Investing Activities:	
Interest earned	21,281
Income from investments (net of fees)	63,950
Purchases of investment securities	(84,149,326)
Sales or maturities of investment securities	4,652,822
Net Cash Used by Investing Activities	<u>(79,411,273)</u>
Net Decrease in Cash and Cash Equivalents	(96,906,507)
Cash and Cash Equivalents - Beginning of Period	<u>149,354,246</u>
Cash and Cash Equivalents - End of Period	<u>\$ 52,447,739</u>
Reconciliation of Operating Income	
To Net Cash Provided by Operating Activities:	
Operating Income	\$ 746,923
Adjustments to reconcile operating income to net cash provided by operations:	
Depreciation expense	1,627,909
Change in assets and liabilities:	
Increase in accounts receivable, net	(6,331)
Increase in prepaid expenses and other	(33,529)
Decrease in accounts payable, net	(336,466)
Net Cash Provided by Operating Activities	<u>\$ 1,998,506</u>

See Accompanying Accountant's Compilation Report.

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

	Annual Budget	Budget YTD	Actual YTD
Revenue:			
Toll revenue - electronic	\$ 9,330,069	\$ 2,332,517	\$ 2,332,147
Toll revenue - video	4,226,506	1,056,627	1,031,015
County contributions	36,000	9,000	-
Interest Income	-	-	21,281
Income on investments (net of fees)	-	-	63,950
Total	<u>13,592,575</u>	<u>3,398,144</u>	<u>3,448,393</u>
Expenses:			
Accounting	24,200	6,050	13,755
Auditing	38,000	9,500	13,339
Legal fees	530,000	132,500	92,843
Employee salaries and benefits	580,452	145,113	111,067
Board and staff travel	17,000	4,250	1,748
Office and related expenses	22,180	5,545	6,592
Rent	44,400	11,100	350
Project development support	500,000	125,000	-
Surety bonds, dues and trustee fees	18,000	4,500	938
IT support	36,000	9,000	11,202
Website maintenance	12,000	3,000	3,999
Other general expenses	28,100	7,025	16,933
Project director	117,000	29,250	43,870
General engineering consultants	465,250	116,313	124,679
Toll processing costs	809,000	202,250	219,930
Toll maintenance support	408,000	102,000	92,651
Toll operating system support	280,688	70,172	60,188
Insurance expense	30,000	7,500	7,707
Roadway maintenance	948,400	237,100	166,539
	<u>4,908,670</u>	<u>1,227,168</u>	<u>988,330</u>
Interest on bonded debt	7,691,525	1,922,881	1,922,582
Total	<u>12,600,195</u>	<u>3,150,049</u>	<u>2,910,912</u>
Net Operating Cash Flow	<u>992,380</u>	<u>248,095</u>	<u>537,481</u>
Non-Cash Expenses:			
Depreciation expense	7,476,609	1,869,152	1,627,909
Total	<u>7,476,609</u>	<u>1,869,152</u>	<u>1,627,909</u>
Excess of (Expenses) over Revenue	<u>\$ (6,484,229)</u>	<u>\$ (1,621,057)</u>	<u>\$ (1,090,428)</u>