

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

February 28, 2017



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ACCOUNTANT'S COMPILATION REPORT

April 5, 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 February 28, 2017 and the related statement of revenues, expenses and change in net position for the five months ended February 28, 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 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 Position
February 28, 2017

Assets

Current Assets:

Cash (Restricted \$239,369)	\$	399,935	
Cash - Toll Revenue & Operating Funds (restricted)		19,716,043	
Cash - Construction Fund (restricted)		8,837,829	
Construction Fund Investments (at cost) (restricted)		73,892,207	
Toll Revenue and Fees Receivable		5,606,183	
Prepaid Expenses and Other		26,705	
Total		<u>108,478,902</u>	\$ 108,478,902

Noncurrent Assets:

Cash- Debt Service Reserve Funds (restricted)			22,646,364
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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		45,538,338	
Website, Office Equipment and Software		146,892	
Accumulated Depreciation		(19,645,630)	
Total		<u>269,034,006</u>	

Total Assets		<u>400,159,272</u>	\$ 400,159,272
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Liabilities and Net Assets

Current Liabilities:

Accounts Payable - Operations	\$	843,363	
Accounts Payable - Construction in Progress		5,121,769	
Accounts Payable - Other		54,966	
Accrued Interest Payable		1,511,250	
Rusk County Funds - Loop 571		239,369	
Total		<u>7,770,717</u>	7,770,717

Long-term Liabilities:

Senior Lien Bonds Payable		124,735,000	
Subordinated Lien Bonds Payable		56,615,000	
Unamortized Bond Premiums		27,982,389	
Total		<u>209,332,389</u>	209,332,389

Net Position:

Invested in Capital Assets			
Net of Related Debt		164,432,703	
Restricted		18,513,422	
Unrestricted		110,041	
Total		<u>183,056,166</u>	183,056,166

Total Liabilities and Net Assets		<u>400,159,272</u>	\$ 400,159,272
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See Accompanying Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Five Months Ended February 28, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue:		
Toll revenue - electronic	\$ 3,832,556	\$ 3,411,604
Toll revenue - video	1,356,826	1,197,151
Video violation fees	410,765	494,036
County contributions	10,000	24,000
Settlement proceeds	-	275,000
Grants and related revenue	-	56,716
Total Revenue	<u>5,610,147</u>	<u>5,458,507</u>
General Expenses:		
Accounting fees	23,590	19,430
Auditing fees	33,294	31,119
Legal fees	196,643	240,540
Employee salaries and benefits	198,866	69,943
Board and staff travel	7,229	4,872
Office and related expenses	13,380	8,636
Rent	12,871	1,750
Surety bonds, dues and trustee fees	1,314	10,898
IT support	22,152	17,647
Website maintenance	6,102	10,300
Other general expenses	44,710	16,522
Grant related expenses	-	56,716
Total General Expenses	<u>560,151</u>	<u>488,373</u>
Toll 49 Operating Expenses:		
Project director	82,757	99,243
General engineering consultants	213,951	207,774
Toll processing costs	355,890	371,543
Toll maintenance support	149,383	175,600
Toll operating system support	106,945	250,041
Roadway maintenance	281,662	421,170
Insurance expense	13,350	11,627
Depreciation expense	2,704,750	2,730,135
Total Toll 49 Operating Expenses	<u>3,908,688</u>	<u>4,267,133</u>
Operating Income (Loss)	<u>1,141,308</u>	<u>703,001</u>
Other Income and (Expense):		
Interest income	38,226	1,547
Income on Investments (net of fees)	188,618	-
Interest expense	(3,204,503)	(801,973)
Loss on camera replacement	-	(100,860)
Net Other Income (Expense)	<u>(2,977,659)</u>	<u>(901,286)</u>
Change in Net Assets	(1,836,351)	(198,285)
Net Position - Beginning of Period	<u>184,892,517</u>	<u>187,868,224</u>
Net Position - End of Period	<u>\$ 183,056,166</u>	<u>\$ 187,669,939</u>

See Accompanying Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Revenues and Expenses - Budget to Actual Comparison
For the Five Months Ended February 28, 2017

	Annual Budget	Budget YTD	Actual YTD
Revenue:			
Toll revenue - electronic	\$ 9,330,069	\$ 3,887,529	\$ 3,832,556
Toll revenue - video	4,226,506	1,761,044	1,767,591
County contributions	36,000	15,000	10,000
Interest Income	-	-	38,226
Income on investments (net of fees)	-	-	188,618
Total	<u>13,592,575</u>	<u>5,663,573</u>	<u>5,836,991</u>
Expenses:			
Accounting	24,200	10,083	23,590
Auditing	38,000	15,833	33,294
Legal fees	530,000	220,833	196,643
Employee salaries and benefits	580,452	241,855	198,866
Board and staff travel	17,000	7,083	7,229
Office and related expenses	22,180	9,242	13,380
Rent	44,400	18,500	12,871
Project development support	500,000	208,333	-
Surety bonds, dues and trustee fees	18,000	7,500	1,314
IT support	36,000	15,000	22,152
Website maintenance	12,000	5,000	6,102
Other general expenses	28,100	11,708	44,710
Project director	117,000	48,750	82,757
General engineering consultants	465,250	193,854	213,951
Toll processing costs	809,000	337,083	355,890
Toll maintenance support	408,000	170,000	149,383
Toll operating system support	280,688	116,953	106,945
Insurance expense	30,000	12,500	13,350
Roadway maintenance	948,400	395,167	281,662
	<u>4,908,670</u>	<u>2,045,277</u>	<u>1,764,089</u>
Interest on bonded debt	7,691,525	3,204,802	3,204,503
Total	<u>12,600,195</u>	<u>5,250,079</u>	<u>4,968,592</u>
Net Operating Cash Flow	<u>992,380</u>	<u>413,494</u>	<u>868,399</u>
Non-Cash Expenses:			
Depreciation expense	<u>7,476,609</u>	<u>3,115,254</u>	<u>2,704,750</u>
Total	<u>7,476,609</u>	<u>3,115,254</u>	<u>2,704,750</u>
Excess of (Expenses) over Revenue	<u>\$ (6,484,229)</u>	<u>\$ (2,701,760)</u>	<u>\$ (1,836,351)</u>