

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

May 31, 2017



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ACCOUNTANT'S COMPILATION REPORT

July 10, 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 May 31, 2017 and the related statement of revenues, expenses and change in net position for the eight months ended May 31, 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
May 31, 2017

Assets

Current Assets:		
Cash (Restricted \$239,369)	\$	440,026
Cash - Toll Revenue & Operating Funds (restricted)		19,517,806
Cash - Construction Fund (restricted)		16,502,382
Construction Fund Investments (at cost) (restricted)		62,348,284
Toll Revenue and Fees Receivable		5,476,766
Prepaid Expenses and Other		19,502
Total		104,304,766
Noncurrent Assets:		
Cash- Debt Service Reserve Funds (restricted)		21,807,580
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	57,302,724	
Website, Office Equipment and Truck	225,220	
Accumulated Depreciation	(21,275,639)	
Total		279,246,711
Total Assets		\$ 405,359,057

Liabilities and Net Assets

Current Liabilities:		
Accounts Payable - Operations	\$	634,288
Accounts Payable - Construction in Progress		5,814,607
Accounts Payable - Other		56,869
Accrued Interest Payable		3,778,125
Rusk County Funds - Loop 571		239,369
Total		10,523,258
Long-term Liabilities:		
Senior Lien Bonds Payable	124,735,000	
Subordinated Lien Bonds Payable	56,615,000	
Unamortized Bond Premiums	27,638,395	
Total		208,988,395
Net Position:		
Invested in Capital Assets		
Net of Related Debt	164,155,649	
Restricted	21,543,599	
Unrestricted	148,156	
Total		185,847,404
Total Liabilities and Net Assets		\$ 405,359,057

See Accompanying Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Revenues, Expenses and Change in Net Position
For the Eight Months Ended May 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue:		
Toll revenue - electronic	\$ 5,978,596	\$ 5,714,043
Toll revenue - video	2,181,627	2,131,727
Video violation fees	700,595	758,957
County contributions	28,000	34,000
Settlement proceeds	-	275,000
Grants and related revenue	-	81,490
Total Revenue	<u>8,888,818</u>	<u>8,995,217</u>
General Expenses:		
Accounting fees	38,378	30,580
Auditing fees	37,503	32,367
Legal fees	359,643	361,154
Employee salaries and benefits	327,553	111,957
Board and staff travel	11,223	10,530
Office and related expenses	25,921	14,893
Rent	26,909	2,800
Surety bonds, dues and trustee fees	11,827	14,148
IT support	34,744	25,888
Website maintenance	9,172	14,800
Other general expenses	64,034	38,001
Grant related expenses	-	81,490
Total General Expenses	<u>946,907</u>	<u>738,608</u>
Toll 49 Operating Expenses:		
Project director	126,679	184,078
General engineering consultants	361,402	369,582
Toll processing costs	569,343	592,410
Toll maintenance support	233,903	284,285
Toll operating system support	162,303	338,737
Roadway maintenance	538,678	620,914
Insurance expense	21,523	18,595
Depreciation expense	4,334,759	4,368,216
Total Toll 49 Operating Expenses	<u>6,348,590</u>	<u>6,776,817</u>
Operating Income (Loss)	<u>1,593,321</u>	<u>1,479,792</u>
Other Income and (Expense):		
FHWA & TxDOT grant	4,040,014	-
Interest income	75,943	5,428
Income on Investments (net of fees)	373,062	-
Interest expense	(5,127,453)	(1,290,415)
Loss on camera replacement	-	(100,860)
Loan fees and expenses	-	(840,362)
Net Other Income (Expense)	<u>(638,434)</u>	<u>(2,226,209)</u>
Change in Net Position	954,887	(746,417)
Net Position - Beginning of Period	184,892,517	187,868,224
Net Position - End of Period	<u>\$ 185,847,404</u>	<u>\$ 187,121,807</u>

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, 2017

	Annual Budget	Budget YTD	Actual YTD
Revenue:			
Toll revenue - electronic	\$ 9,330,069	\$ 6,220,046	\$ 5,978,596
Toll revenue - video	4,226,506	2,817,671	2,882,222
County contributions	36,000	24,000	28,000
Interest Income	-	-	75,943
Income on investments (net of fees)	-	-	373,062
Total	<u>13,592,575</u>	<u>9,061,717</u>	<u>9,337,823</u>
Expenses:			
Accounting	24,200	16,133	38,378
Auditing	38,000	25,333	37,503
Legal fees	530,000	353,333	359,643
Employee salaries and benefits	580,452	386,968	327,553
Board and staff travel	17,000	11,333	11,223
Office and related expenses	22,180	14,787	25,921
Rent	44,400	29,600	26,909
Project development support	500,000	333,333	-
Surety bonds, dues and trustee fees	18,000	12,000	11,827
IT support	36,000	24,000	34,744
Website maintenance	12,000	8,000	9,172
Other general expenses	28,100	18,733	64,034
Project director	117,000	78,000	126,679
General engineering consultants	465,250	310,167	361,402
Toll processing costs	809,000	539,333	569,343
Toll maintenance support	408,000	272,000	233,903
Toll operating system support	280,688	187,125	162,303
Insurance expense	30,000	20,000	21,523
Roadway maintenance	948,400	632,267	538,678
	<u>4,908,670</u>	<u>3,272,445</u>	<u>2,960,738</u>
Interest on bonded debt	7,691,525	5,127,683	5,127,453
Total	<u>12,600,195</u>	<u>8,400,128</u>	<u>8,088,191</u>
Net Operating Cash Flow	<u>992,380</u>	<u>661,589</u>	<u>1,249,632</u>
Non-Cash Expenses:			
Depreciation expense	7,476,609	4,984,406	4,334,759
Total	<u>7,476,609</u>	<u>4,984,406</u>	<u>4,334,759</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>\$ (4,322,817)</u>	<u>\$ 954,887</u>