

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

FINANCIAL STATEMENTS

March 31, 2017



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ACCOUNTANT'S COMPILATION REPORT

May 1, 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 March 31, 2017 and the related statement of revenues, expenses and change in net position for the six months ended March 31, 2017 and 2016 and cash flows for the six months ended March 31, 2017 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 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.

Tom J. Fitzgerald, CPA

North East Texas Regional Mobility Authority
Statement of Net Position
March 31, 2017

Assets

Current Assets:		
Cash (Restricted \$239,369)	\$	406,922
Cash - Toll Revenue & Operating Funds (restricted)		19,741,734
Cash - Construction Fund (restricted)		9,746,474
Construction Fund Investments (at cost) (restricted)		70,381,772
Toll Revenue and Fees Receivable		5,698,665
Prepaid Expenses and Other		23,981
Total		\$ 105,999,548
 Noncurrent Assets:		
Cash- Debt Service Reserve Funds (restricted)		22,364,966
 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	50,776,915	
Website, Office Equipment and Software	173,267	
Accumulated Depreciation	(20,188,267)	
Total		273,756,321
Total Assets		\$ 402,120,835

Liabilities and Net Assets

Current Liabilities:		
Accounts Payable - Operations	\$	547,641
Accounts Payable - Construction in Progress		6,965,004
Accounts Payable - Other		54,965
Accrued Interest Payable		2,266,875
Rusk County Funds - Loop 571		239,369
Total		10,073,854
 Long-term Liabilities:		
Senior Lien Bonds Payable	124,735,000	
Subordinated Lien Bonds Payable	56,615,000	
Unamortized Bond Premiums	27,867,725	
Total		209,217,725
 Net Position:		
Invested in Capital Assets		
Net of Related Debt	165,191,068	
Restricted	17,521,160	
Unrestricted	117,028	
Total		182,829,256
Total Liabilities and Net Assets		\$ 402,120,835

See Accompanying Accountant's Compilation Report.

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

	2017	2016
Revenue:		
Toll revenue - electronic	\$ 4,681,678	\$ 4,187,330
Toll revenue - video	1,670,041	1,521,443
Video violation fees	521,446	593,339
County contributions	28,000	34,000
Settlement proceeds	-	275,000
Grants and related revenue	-	59,116
Total Revenue	6,901,165	6,670,228
General Expenses:		
Accounting fees	30,303	23,120
Auditing fees	33,294	31,119
Legal fees	244,692	309,901
Employee salaries and benefits	242,712	83,852
Board and staff travel	8,134	5,169
Office and related expenses	14,701	11,668
Rent	17,961	2,100
Surety bonds, dues and trustee fees	1,477	14,148
IT support	28,773	20,052
Website maintenance	6,881	11,800
Other general expenses	47,681	26,251
Grant related expenses	-	59,116
Total General Expenses	676,609	598,296
Toll 49 Operating Expenses:		
Project director	97,041	122,172
General engineering consultants	266,660	262,383
Toll processing costs	437,894	448,918
Toll maintenance support	180,866	202,100
Toll operating system support	117,157	265,855
Roadway maintenance	362,969	471,540
Insurance expense	16,074	13,950
Depreciation expense	3,247,387	3,276,162
Total Toll 49 Operating Expenses	4,726,048	5,063,080
Operating Income (Loss)	1,498,508	1,008,852
Other Income and (Expense):		
Interest income	46,832	2,763
Income on Investments (net of fees)	236,862	-
Interest expense	(3,845,463)	(965,038)
Loss on camera replacement	-	(100,860)
Net Other Income (Expense)	(3,561,769)	(1,063,135)
Change in Net Position	(2,063,261)	(54,283)
Net Position - Beginning of Period	184,892,517	187,868,224
Net Position - End of Period	\$ 182,829,256	\$ 187,813,941

See Accompanying Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Statement of Cash Flows
For the Six Months Ended March 31, 2017

Cash Flows From Operating Activities:	
Received from toll customers	\$ 6,808,611
Received from counties	28,000
Paid to contractors and consultants	(2,648,399)
Paid for salaries, benefits and payroll taxes	(242,289)
Paid for other expenses	<u>(126,804)</u>
Net Cash Flows From Operating Activities	<u>3,819,119</u>
Cash Flows From Capital and Financing Activities:	
Segment 4 and 3B expenditures	(25,778,583)
Purchases of office furniture and equipment	(125,046)
Payment of interest expense	<u>(4,911,562)</u>
Net Cashed Used by Capital and Financing Activities	<u>(30,815,191)</u>
Cash Flows from Investing Activities:	
Interest earned	46,832
Income from investments (net of fees)	236,862
Purchases of investment securities	(84,149,326)
Sales or maturities of investment securities	<u>13,767,554</u>
Net Cash Used by Investing Activities	<u>(70,098,078)</u>
Net Decrease in Cash and Cash Equivalents	(97,094,150)
Cash and Cash Equivalents - Beginning of Period	<u>149,354,246</u>
Cash and Cash Equivalents - End of Period	<u>\$ 52,260,096</u>
Reconciliation of Operating Income	
To Net Cash Provided by Operating Activities:	
Operating Income	\$ 1,498,508
Adjustments to reconcile operating income	
to net cash provided by operations:	
Depreciation expense	3,247,387
Change in assets and liabilities:	
Increase in accounts receivable, net	(74,764)
Increase in prepaid expenses and other	(20,776)
Decrease in accounts payable	(841,869)
Increase in other liabilities	<u>10,633</u>
Net Cash Provided by Operating Activities	<u>\$ 3,819,119</u>

See Accompanying Accountant's Compilation Report.

North East Texas Regional Mobility Authority
Revenues and Expenses - Budget to Actual Comparison
For the Six Months Ended March 31, 2017

	Annual Budget	Budget YTD	Actual YTD
Revenue:			
Toll revenue - electronic	\$ 9,330,069	\$ 4,665,035	\$ 4,681,678
Toll revenue - video	4,226,506	2,113,253	2,191,487
County contributions	36,000	18,000	28,000
Interest Income	-	-	46,832
Income on investments (net of fees)	-	-	236,862
Total	<u>13,592,575</u>	<u>6,796,288</u>	<u>7,184,859</u>
Expenses:			
Accounting	24,200	12,100	30,303
Auditing	38,000	19,000	33,294
Legal fees	530,000	265,000	244,692
Employee salaries and benefits	580,452	290,226	242,712
Board and staff travel	17,000	8,500	8,134
Office and related expenses	22,180	11,090	14,701
Rent	44,400	22,200	17,961
Project development support	500,000	250,000	-
Surety bonds, dues and trustee fees	18,000	9,000	1,477
IT support	36,000	18,000	28,773
Website maintenance	12,000	6,000	6,881
Other general expenses	28,100	14,050	47,681
Project director	117,000	58,500	97,041
General engineering consultants	465,250	232,625	266,660
Toll processing costs	809,000	404,500	437,894
Toll maintenance support	408,000	204,000	180,866
Toll operating system support	280,688	140,344	117,157
Insurance expense	30,000	15,000	16,074
Roadway maintenance	948,400	474,200	362,969
	<u>4,908,670</u>	<u>2,454,335</u>	<u>2,155,270</u>
Interest on bonded debt	7,691,525	3,845,763	3,845,463
Total	<u>12,600,195</u>	<u>6,300,098</u>	<u>6,000,733</u>
Net Operating Cash Flow	<u>992,380</u>	<u>496,190</u>	<u>1,184,126</u>
Non-Cash Expenses:			
Depreciation expense	7,476,609	3,738,305	3,247,387
Total	<u>7,476,609</u>	<u>3,738,305</u>	<u>3,247,387</u>
Excess of (Expenses) over Revenue	<u>\$ (6,484,229)</u>	<u>\$ (3,242,115)</u>	<u>\$ (2,063,261)</u>