

**FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
FINANCIAL REPORT
For the Year Ended September 30, 2022**



Prepared by:

Fort Bend County Auditor's Office

Robert Ed Sturdivant, CPA

County Auditor

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
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COUNTY AUDITOR

Fort Bend County, Texas

Robert Ed Sturdivant
County Auditor

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February 10, 2023

To the Board of Directors of the
Fort Bend Grand Parkway Toll Road Authority,
Members of the Commissioners Court, and
Citizens of Fort Bend County, Texas:

The Fort Bend County Auditor's Office is pleased to present the basic financial statements of the Fort Bend Grand Parkway Toll Road Authority (the "Authority"), a component unit of Fort Bend County, Texas (the "County"), for the fiscal year ended September 30, 2022. This report is submitted in accordance with Section 114.025 of the Texas Local Government Code and was prepared by the staff of the County Auditor's Office.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Whitley Penn, LLP, has issued an unmodified opinion on the Authority's financial statements for the year ended September 30, 2022. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Authority

In 2007, during the 80th Texas Legislature, Senate Bill 792 was signed into law giving counties the option to take over development of the Grand Parkway from the Texas Department of Transportation ("TxDOT"). In September of 2009, Fort Bend County Commissioners Court (the "Court") signed their order to assume the responsibility of financing, designing, constructing, operating and tolling Segment D of the Grand Parkway. The Authority was created by the Court as a local government corporation pursuant to the Texas Transportation Code.

The Authority, located in Sugar Land, Texas, has completed the initial improvement of Segment D of the Grand Parkway. Segment D of the Grand Parkway is the third initiative by the County to provide

alternative transportation options for Fort Bend County residents and the greater Houston area in the form of a toll road.

In May of 2011, the Authority executed the "Right of Use" agreement with TxDOT allowing the Authority to use state highway right-of-way and giving the green light to begin construction of nine (9) new tolled overpasses and eight (8) miles of main-lane development for and construction of Segment D of the Grand Parkway. Construction of all overpasses was completed in April 2014.

Additional information about the Authority is available on Fort Bend County Toll Road Authority's website: <http://www.fbctra.com>.

Local Economy

Fort Bend County continues to assist the residents and businesses with funds provided by the US Treasury for the Pandemic recovery effort. Even with this ongoing assistance, the Fort Bend County Toll Road System has fully recovered from the economic downturn experienced during the summer of 2020 in relation to the Pandemic. The demand for services regarding the governmental functions performed by the County continues to increase as the population grows. The Commissioners Court and the Authority use a conservative approach to the allocation of resources to serve the County's needs to ensure that Fort Bend County is prepared as the local economy responds to and recovers from the pandemic. This ongoing conservative approach will allow the County and Authority to meet the service demands of the residents in Fort Bend County. This ongoing conservative approach will not reduce the level of service provided by the Fort Bend Grand Parkway Toll Road System to the residents.

Long-Term Financial Planning and Relevant Financial Policies

Budget

The Authority adopts a one-year budget through its fully coordinated financial planning process. The budget implements strategies, both financial and operational, identified through the strategic and long-range planning process to meet existing challenges and to effectively plan for future needs. The budget is a financial plan for a fiscal year of operations that matches all planned revenues and expenses with the services provided the citizens of the County based on the established budget policy. Decisions are not based solely on current conditions but on the long-term welfare of the community. The budget is developed and resources allocated based on the vision, mission, and goals of the Authority and County.

Long-Term Comprehensive Plan

The Authority's long-term plan is to manage, maintain, and expand the Fort Bend Grand Parkway to enhance the County's master thoroughfare system. The future expansion of the toll road will be appropriately timed to meet the demand when financially feasible.

Capital Improvement Program

The Authority maintains a multi-year Capital Projects Plan that includes toll road mobility projects. These capital initiatives involve the future expansion of the Grand Parkway Toll Road.

Debt Policy

The purpose of the County's Debt Policy (which includes the Authority) is to establish guidelines for the utilization of debt instruments issued by the County and Authority whether payable from County taxes or payable from certain revenues of the County or Authority.

The County and Authority will ensure all uses of debt instruments are in compliance with all statutory requirements, and in accordance with the guidelines, outstanding ordinances, insurance covenants, and existing agreements. Further, the County and Authority will ensure that the utilization of any debt instrument provides the most prudent and cost-effective funding possible, taking all material matters into account.

Major Initiatives

Mobility remains one of the top priorities of the Authority as the County continues to grow and develop. With the major roadways already heavily congested, mobility has been, and continues to be, a primary concern. Continued residential and commercial expansion has increased the use of County roads. Right-of-way acquisitions for future roads have required more focus on future planning to prevent project delays. Completed toll road projects have proven to be effective in reducing congestion and enhancing safety within the County. In July 2021, the Authority issued subordinate lien revenue bonds under the County's credit totaling \$37.85 million. With the proceeds, the Authority began construction of the Peek Rd overpass on Grand Parkway as well as additional U-Turns, ramps, and auxiliary lanes on Grand Parkway near W. Airport Rd both expected to be completed in early 2023. Additionally, the Authority began construction of the Westpark Tollway eastbound to Grand Parkway northbound direct connector and the Westpark Tollway westbound to Grand Parkway northbound direct connector with construction is expected to be completed in 2024.

Acknowledgements

The preparation of this report could not be achieved without the efficient and dedicated services of the staff of the County Auditor's Office and Whitley Penn, LLP, our independent auditor.

Respectfully submitted,



Robert E. Sturdivant, CPA
County Auditor
Fort Bend County, Texas

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY MISSION STATEMENT

The Fort Bend Grand Parkway Toll Road Authority ("FBGPTRA") was created by the Fort Bend County Commissioners Court as a local government corporation pursuant to the Texas Transportation Code, to aid, assist, and act on behalf of the County in the performance of its essential government purposes, including toll road projects.



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fort Bend Grand Parkway Toll Road Authority
Fort Bend County, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fort Bend Grand Parkway Toll Road Authority (the "Authority"), a component unit of Fort Bend County, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Directors
Fort Bend Grand Parkway Toll Road Authority
Fort Bend County, Texas

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are no conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statement. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors
Fort Bend Grand Parkway Toll Road Authority
Fort Bend County, Texas

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and other information sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
February 10, 2023

**FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Fort Bend Grand Parkway Toll Road Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Overview of the Financial Statements

Management's discussion and analysis serves as an introduction to the Authority's basic financial statements. The Authority's basic financial statements include two components: the enterprise fund financial statements; and notes to the financial statements.

Enterprise Fund Financial Statements

The Fort Bend Grand Parkway Toll Road Authority is a local government corporation and a component unit of Fort Bend County (the "County"). It is a single-purpose government with one business-type activity. Because the Authority is a single-purpose government, this report only includes the required Management Discussion and Analysis, the Enterprise Fund financial statements and the notes to the financial statements. The Enterprise Fund financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The enterprise fund financial statements, which are found on pages 10 through 12 of this report, are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to private-sector businesses.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the enterprise fund financial statements. The notes to the financial statements are found immediately following the enterprise fund financial statements.

Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$50,623,613 at the close of the most recent fiscal year.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The following table provides a summary of the Authority's net position at September 30, 2022 and 2021:

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
SCHEDULE OF NET POSITION
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 92,401,781	\$ 90,460,250
Capital assets, net	<u>166,268,143</u>	<u>151,179,268</u>
Total Assets	258,669,924	241,639,518
Long-term liabilities	191,787,328	203,802,184
Other liabilities	<u>7,053,695</u>	<u>1,706,365</u>
Total Liabilities	198,841,023	205,508,549
Deferred inflows - refunding	9,205,288	-
Net Position:		
Net investment in capital assets	(16,461,039)	(16,972,934)
Restricted	7,203,273	6,062,384
Unrestricted	<u>59,881,379</u>	<u>47,041,519</u>
Total Net Position	<u>\$ 50,623,613</u>	<u>\$ 36,130,969</u>

Fiscal year 2021 balances have been restated for a change in accounting principles.
See Note 8 to the financial statements for more details.

The Authority's assets and deferred inflows of resources exceeded its liabilities by \$50.6 million, an increase in net position of \$14.5 million from the prior year. Increased toll revenues and traffic counts drove this increase. The growth in net position is being maintained for future maintenance and construction.

As of September 30, 2022, the Authority had a negative net investment in capital assets of \$16,461,039. The Authority's capital assets consist primarily of infrastructure constructed using related debt. The Authority uses capital assets to provide services to toll road customers. Consequently, these assets are not available for future spending.

An additional portion of the Authority's net position, \$7,203,273, is restricted. This amount represents funds held by a trustee for debt service payments. The remaining balance of \$59,881,379 is unrestricted.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The following table provides a summary of the Authority's operations for the years ended September 30, 2022 and 2021:

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
SCHEDULE OF CHANGES IN NET POSITION

For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Operating revenues:		
Toll revenue	\$ 30,613,399	\$ 27,650,789
Non-operating revenues:		
Earnings on investments	631,634	87,472
Total Revenues	<u>31,245,033</u>	<u>27,738,261</u>
Expenses		
Operating expenses:		
Salaries and personnel costs	81,354	76,849
Fees and supplies	7,847,170	7,074,592
Utilities	118,025	121,207
Depreciation	4,279,012	4,257,626
Non-operating expenses:		
Interest and fiscal agent fees	4,727,420	6,684,084
Debt issuance costs	2,036,972	501,366
Total Expenses	<u>19,089,953</u>	<u>18,715,724</u>
Income before Contributions	12,155,080	9,022,537
Capital grants and contributions	2,337,564	2,381,761
Change in net position	14,492,644	11,404,298
Net Position, Beginning (as restated)	<u>36,130,969</u>	<u>24,726,671</u>
Net Position, Ending	<u>\$ 50,623,613</u>	<u>\$ 36,130,969</u>

Fiscal year 2021 activity have been restated for a change in accounting principles.
See Note 8 to the financial statements for more details.

The Authority's revenues were sufficient to cover all expenses incurred during the year ended September 30, 2022, resulting in a change in net position of \$14,492,644. This change in net position is greater than last year's change of by \$11,404,298. The key elements of this difference in the change in net position were due to the following:

- Increase in toll revenue of \$2.9 million or 11 percent due to traffic counts in excess of 69.6 million system-wide reads passing fiscal year 2021 reads by almost 5.4 million or 8 percent and an improved toll violation collection process which resulted in a 35% increase in violation revenue collection.
- Fees relating primarily to increased traffic counts and the heightened efforts applied to the collection of toll violations increased at a similar rate of 11 percent but were more than offset by a decrease in interest expense on long-term debt of \$1.9 million due to the refunding of Authority's 2012 bonds in December of 2021.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

- A rebound in earnings on investments of \$544,000 due to some favorable interest rates and the results of bond proceeds available for investment.

Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2022, the Authority had invested in land, toll road construction in progress, infrastructure, land improvements, net of accumulated depreciation, as reflected in the following schedule. This represents an increase of \$15,088,875 from the previous fiscal year.

	<u>2022</u>	<u>2021</u>
Non-Depreciable Capital Assets		
Land	\$ 4,845,955	\$ 4,845,955
Construction in progress	23,635,152	4,267,264
Depreciable Capital Assets, Net		
Buildings, facilities and improvements:	15,031	17,343
Infrastructure	137,772,005	142,048,706
Totals	<u>\$ 166,268,143</u>	<u>\$ 151,179,268</u>

The increase in construction in progress of \$19,367,888 was primarily due to the construction of the Fort Bend Parkway extension project. The decrease in toll road infrastructure of \$4,276,701 was primarily due to depreciation.

Long-Term Debt - At the end of the current fiscal year, the Authority had total bonds outstanding as follows:

	<u>2022</u>	<u>2021</u>
Revenue bonds	\$ 173,185,000	\$ 188,245,000
Premium on bonds	18,602,328	15,557,184
Totals	<u>\$ 191,787,328</u>	<u>\$ 203,802,184</u>

Fiscal year 2021 premium balances have been restated for a change in accounting principles. See Note 8 to the financial statements for more details.

During the 2022 fiscal year, the Authority refunded \$151,395,000 of Series 2012 Limited Contract Tax & Subordinate Lien Toll Road Revenue Bonds by issuing Limited Contract Tax and Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2021A for \$138,795,000, reducing future debt service payments by \$52.6 million through the 2046 fiscal year.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The County and Authority received the following uninsured ratings from Moody's and Fitch:

	<u>Moody's</u>	<u>Fitch</u>
Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2021 and 2021A	Aa1	AA+

Economic Factors

The County continues to enjoy growth in various demographic areas as the economy improves.

The population of the County is estimated at 883,240 in 2022 and is expected to grow to 960,690 by 2025.

The number of households has increased to 270,130 in 2022 and is expected to grow to 298,830 by 2025. Mean household income for 2022 is \$213,676 and is estimated to rise to \$264,344 by 2025. Income per capita is currently at \$71,181 and is expected to grow to \$82,098 by 2025.

Mobility improvements continue to be a demand from the residents of Fort Bend County. The Authority is proceeding with the Segment C Grand Parkway toll road project that will enhance and compliment the County's road system.

Requests for Information

This financial report is designed to provide a general overview of Authority's finances for all of those with an interest in the Authority's finances. Questions concerning this report or requests for additional financial information should be directed to Ed Sturdivant, County Auditor, 301 Jackson, Suite 701, Richmond, TX 77469, telephone (281) 341-3760.

BASIC FINANCIAL STATEMENTS

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
STATEMENT OF NET POSITION
September 30, 2022

Assets

Cash and cash equivalents	\$ 89,395,608
Tolls receivable	3,006,173
Capital assets, not subject to depreciation	28,481,107
Capital assets, net of accumulated depreciation	<u>137,787,036</u>
Total Assets	<u><u>258,669,924</u></u>

Liabilities

Due to primary government	5,845,489
Retainage payable	702,454
Accrued interest payable	505,752
Long-term liabilities due within one year	4,175,000
Long-term liabilities due in more than one year	<u>187,612,328</u>
Total Liabilities	<u><u>198,841,023</u></u>

Deferred Inflow of Resources

Deferred Inflows - debt refunding	<u>9,205,288</u>
Total Deferred Inflow of Resources	<u><u>9,205,288</u></u>

Net Position

Net investment in capital assets	(16,461,039)
Restricted for:	
Debt service	7,203,273
Unrestricted	<u>59,881,379</u>
Total Net Position	<u><u>\$ 50,623,613</u></u>

The accompanying notes are an integral part of these financial statements.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2022

Operating Revenues	
Toll revenue	\$ 30,613,399
Total Operating Revenues	<u>30,613,399</u>
Operating Expenses	
Salaries and personnel costs	81,354
Fees and supplies	7,847,170
Utilities	118,025
Depreciation	4,279,012
Total Operating Expenses	<u>12,325,561</u>
Operating Income	18,287,838
Non-Operating Revenues (Expenses)	
Earnings on investments	631,634
Interest on long-term debt	(4,727,420)
Debt issuance costs	(2,036,972)
Total Non-Operating Revenues (Expenses)	<u>(6,132,758)</u>
Income Before Contributions	12,155,080
Capital grants and contributions	<u>2,337,564</u>
Change in Net Position	14,492,644
Net Position, Beginning of Year (as restated)	<u>36,130,969</u>
Net Position, End of Year	<u>\$ 50,623,613</u>

The accompanying notes are an integral part of these financial statements.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2022

Cash Flows from Operating Activities	
Receipts from tolls and other	\$ 30,281,620
Payments to suppliers	<u>(8,046,549)</u>
Net Cash Provided by Operating Activities	<u>22,235,071</u>
Cash Flows from Investing Activities	
Sale of investments	6,050,755
Interest earned on investments	<u>631,634</u>
Net Cash Provided by Investing Activities	<u>6,682,389</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(18,786,053)
Capital contributions	2,337,564
Loan from primary government	4,973,240
Principal paid on capital debt	(153,855,000)
Interest and fees paid on long-term debt	(10,566,096)
Proceeds from capital debt	<u>154,639,393</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(21,256,952)</u>
Net Increase in Cash and Cash Equivalents	7,660,508
Cash and Cash Equivalents, Beginning of Year	<u>81,735,101</u>
Cash and Cash Equivalents, End of Year	<u>\$ 89,395,608</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Operating Income	\$ 18,287,838
Adjustments to operations:	
Depreciation	4,279,012
Change in assets and liabilities:	
Decrease in other receivables	<u>(331,779)</u>
Total adjustments	<u>3,947,233</u>
Net Cash Provided by Operating Activities	<u>\$ 22,235,071</u>

The accompanying notes are an integral part of these financial statements.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

These financial statements include all of the funds and activities of the Fort Bend Grand Parkway Toll Road Authority (the "Authority"). Organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act, the Authority was created to assist in the planning, designing, financing and building of the Fort Bend County (the "County") Grand Parkway/State Highway 99. In particular, the Authority is to assist in the building and operation of Segment D of the Grand Parkway Toll Road. This Toll Road system includes tolling locations along with overpasses at West River Park, New Territory Blvd., US90A/FM1464, West Airport, Harlem Road, Mason Road, West Belfort/Morton Road, Peek Road (design only), Bellaire Blvd., and FM1093/Westpark Tollway.

The Authority is considered a discretely presented component unit of the County. The County's elected governing body, the Commissioners Court, appoints the Authority's governing body. Through this action, the County able to impose its will on the Authority meeting a threshold of financial accountability that calls for the Authority to be a discretely presented component unit of the County. As such, the Authority's financial information is included in the County's financial statements as well as this separately issued report.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accompanying basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included in the statement of net position.

C. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of demand deposits and investment pools.

D. Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

E. Capital Assets

Capital assets consist of infrastructure, land, office furniture and equipment, and construction in progress that are used in the Authority's operations. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and the resulting gain or loss is included in the results of operations.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The Authority applies a half-year convention for depreciation on all capital assets. Therefore, one-half year of depreciation is charged to operations the first and last year that a capital asset is in service. Depreciation is computed using the straight-line method over an estimated useful life of 5 to 40 years.

F. Amortization of Bond Premiums

Effective for fiscal year 2022, the Authority amortizes bond premiums over the life of the bonds issued using the interest method.

G. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (reduction of interest expense) until that time. The Authority has one item that qualifies for reporting in this category:

- Deferred inflows on refunding - Reported in the statement of net position, this deferred balance on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt using the interest method.

H. Restricted/Unrestricted Net Position

It is the Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

J. Date of Management's Review

In preparing the financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through February 10, 2023, the date that the financial statements were available to be issued.

NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS

A. Authorization for Deposits and Investments

The Texas Public Funds Investment Act, as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the Authority.

In accordance with applicable statutes, the County has a depository contract with an area bank (depository) providing for interest to be earned on deposited funds and for banking charges the Authority incurs for banking services received. The Authority may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of:

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. County policy requires the collateralization level to be at least 110% of market value of principal and accrued interest.

Commissioners Court has adopted a written investment policy regarding the investment of the Authority's funds as defined by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The investments of the Authority are in compliance with this policy.

As of September 30, 2022 the Authority reported deposits in the amount of \$36,828,098. The entire amount was covered by federal depository insurance or by collateral held by the County's agent in the Authority's name as of September 30, 2022.

A portion of these deposits described above (\$7,709,025) is held by Zions Bancorporation, National Association, Amegy Bank Division ("Amegy") pursuant to Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond Trust Indenture dated July 1, 2012 using Amegy's Deposit Sweep Program (the "PROGRAM"). Under this program, the first \$245,000 (FDIC insurance limit) is deposited with Zions Bancorporation, National Association, Zions Bank Division ("Zions"). Amounts in excess of \$245,000 are deposited through a network of financial institutions selected by IntraFi Network LLC ("Intra Fi") to maintain deposits at individual institution at or below the FDIC insurance limit to ensure adequate FDIC insurance coverage for all deposits on hand.

B. Concentration of Credit Risk

It is the County's policy to diversify its portfolio to eliminate the risk of loss resulting from a concentration of assets in a specific maturity (save and except zero duration funds), a specific issuer or a specific class of investments. The County manages adherence to this policy for the Authority. To achieve this diversification, the County will limit investments in specific types of securities to the following percentages of the total portfolio:

<u>Investment Type</u>	<u>Maximum Investment %</u>
Repurchase Agreements	up to 35%
Certificates of Deposit	up to 50%
U.S. Treasury Bills/Notes	up to 100%
Other U.S. Government Securities	up to 80%
Authorized Local Government Investment Pools	up to 80%
No Load Money Market Mutual Funds	up to 50%
Bankers Acceptances	up to 15%

As of September 30, 2022, 41.2% of the Authority's cash and cash equivalents were contained in demand deposit accounts.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The County monitors interest rate risk for the Authority by utilizing weighted average maturity analysis. In accordance with its investment policy, the County reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 3 years. At year-end, the Authority’s cash and investment balances and the weighted average maturity of these investments were as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Percentage of Total Portfolio</u>
Demand Deposits	\$ 36,828,098	1	41.2%
Investment Pools:			
Texas CLASS	52,567,510	31	58.8%
Total Cash and Cash Equivalents	<u>\$ 89,395,608</u>		
 Portfolio weighted average maturity (days)		<u>19</u>	

Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, Texas Government Code, and the Public Funds Investment Act, chapter 2256, Texas Government Code. Texas CLASS was established in 1996. Pursuant to the Trust Agreement, Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. Cutwater Investor Services Corp. serves as Program Administrator. Cutwater Investor Services Corp. is a subsidiary of Cutwater Asset Management. It maintains a Net Asset Value of approximately \$1 per share.

The local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

D. Credit Risk

The County’s investment policy, which includes the Authority, does not require investments to hold certain credit ratings issued by nationally recognized statistical rating organizations. As of September 30, 2022, the Authority’s investment in Texas CLASS was rated “AAAm” by Standard and Poor’s.

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2022, consist of toll revenue due from the Harris County Toll Road Authority, Texas Tollway, and North Texas Tollway, net of applicable fees.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2022 is as follows:

	Balances 9/30/21	Increases	Decreases	Balances 9/30/22
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 4,845,955	\$ -	\$ -	\$ 4,845,955
Construction in progress	4,267,264	19,367,888	-	23,635,152
Total capital assets not depreciated	9,113,219	19,367,888	-	28,481,107
Depreciable capital assets:				
Office furniture and equipment	14,951	-	-	14,951
Buildings, facilities and improvements	23,125	-	-	23,125
Infrastructure	171,067,994	-	-	171,067,994
Total depreciable capital assets	171,106,070	-	-	171,106,070
Accumulated depreciation for:				
Office furniture and equipment	(14,951)	-	-	(14,951)
Buildings, facilities and improvements	(5,782)	(2,312)	-	(8,094)
Infrastructure	(29,019,288)	(4,276,701)	-	(33,295,989)
Total accumulated depreciation	(29,040,021)	(4,279,013)	-	(33,319,034)
Total depreciable capital assets, net	142,066,049	(4,279,013)	-	137,787,036
Total capital assets	\$ 151,179,268	\$ 15,088,875	\$ -	\$ 166,268,143

The increase in construction in progress was primarily the result of work on the Peek Road overpass, direct connectors to the Westpark Toll Road as well as entrance and exit ramps at West Airport. The contract commitments as of September 30, 2022 are as follows:

	Construction In Progress	Commitments
Peek Road Overpass	\$ 11,892,588	\$ 3,537,268
West Airport Ramps	3,139,223	1,573,775
Dedicated Fiber	3,059,119	46,207
Direct Connectors to Westpark Toll Road	2,554,156	7,667,953
Harlem to Mason Aux Lane	1,178,160	651,217
West Airport U-Turns	764,709	379,877
FM 1464 to W. Airport Main Lanes	533,215	3,420,622
Stavinoah Bridge Erosion	472,118	-
ITS System	41,864	-
Total	\$ 23,635,152	\$ 17,276,919

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 5 – LONG-TERM DEBT

During the 2022 fiscal year, the Authority refunded \$151,395,000 of Series 2012 Limited Contract Tax & Subordinate Lien Toll Road Revenue Bonds with an average coupon of 4.545 percent by issuing \$138,795,000 of Series 2021A Limited Contract Tax and Subordinate Lien Toll Road Revenue Refunding Bonds with an average coupon of 3.099 percent, reducing future debt service payments by \$52.6 million through the 2046 fiscal year. The refunding resulted in net present value savings of \$39.9 million or 26.35 percent savings of the refunded bonds.

The following is a summary of the outstanding subordinate lien bonds as of September 30, 2022:

Original Issue	Description of Bonds	Interest Rate %	Matures	Debt Outstanding
Revenue Bonds				
\$ 34,390,000	Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2021	3.00 - 5.00	2051	\$ 34,390,000
138,795,000	Limited Contract Tax and Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2021A	2.50 - 5.00	2051	<u>138,795,000</u>
Total Revenue Bonds				<u>\$ 173,185,000</u>

A summary of the long-term liability transactions of the Authority for the year ended September 30, 2022 is as follows:

	Balances (a) 9/30/2021	Additions	Retirements	Balances 9/30/2022	Amounts Due Within One Year
Revenue bonds	\$ 188,245,000	\$ 138,795,000	\$ (153,855,000)	\$ 173,185,000	\$ 4,175,000
Premium on bonds	15,557,184	15,238,322	(12,193,178)	18,602,328	-
Totals	<u>\$ 203,802,184</u>	<u>\$ 154,033,322</u>	<u>\$ (166,048,178)</u>	<u>\$ 191,787,328</u>	<u>\$ 4,175,000</u>

(a) The Authority has restated the beginning balances in bond premiums based on a change in the method used to calculate amortization of premiums. See Note 8 for more detail.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS***(Continued)*

Annual debt service requirements to maturity are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 4,175,000	\$ 5,964,650	\$ 10,139,650
2024	4,380,000	5,750,775	10,130,775
2025	4,590,000	5,526,525	10,116,525
2026	4,825,000	5,291,150	10,116,150
2027	5,055,000	5,044,150	10,099,150
2028-2032	29,240,000	21,107,350	50,347,350
2033-2037	35,240,000	14,815,350	50,055,350
2038-2042	40,645,000	9,103,800	49,748,800
2043-2047	38,215,000	3,155,563	41,370,563
2048-2051	6,820,000	416,700	7,236,700
Totals	<u>\$ 173,185,000</u>	<u>\$ 76,176,013</u>	<u>\$ 249,361,013</u>

In the bond resolution, the Authority has the following agreement for the benefit of the holders and beneficial owners of the bonds. The Authority is required to observe the agreement for so long as it remains obligated to advance funds to pay the bonds. Under the agreement, the Authority will be obligated to provide certain updated financial information and operational data annually, and timely notice of specified material events, and certain information to the Municipal Securities Rulemaking Board (“MSRB”). The MSRB has established the Electronic Municipal Market Access (“EMMA”) system.

NOTE 6 - CONTINGENCIES AND COMMITMENTS**Litigation and Other Contingencies**

The Authority is contingently liable with respect to lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would not materially affect the financial position of the Authority as of September 30, 2022.

NOTE 7 – STATEWIDE INTEROPERABILITY OF ELECTRONIC TOLL COLLECTIONS

The Authority entered into an agreement by resolution on October 29, 2013 to participate in the Statewide Interoperability of Electronic Toll Collections with Texas Department of Transportation, Harris County (acting through Harris County Toll Road Authority), North Texas Tollway Authority, and Central Texas Regional Mobility Authority for the collection of tolls from customers. The Fort Bend County Toll Road Authority joined the Authority in this agreement through a Joint Project Agreement with the Authority executed on February 19, 2014.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 8 – PRIOR PERIOD RESTATEMENT

In the past, the Authority has used the straight-line method of amortizing certain bond related amounts to include discounts, premiums and deferred charges on refunding. While the straight-line method approximated the results that would have been achieved using the generally accepted accounting principal of the interest method, as the Authority’s debt issues have grown, the two methods have become less comparable. For the fiscal year ended September 30, 2022, the Authority has changed its accounting method for amortizing these amounts to the interest method. The beginning balances in the following financial statement captions have been restated as of the beginning of the year.

	As Previously Reported	Change in Amortization Method	As Restated
Long-term liabilities due in more than one year	\$ 203,494,166	\$ (2,151,983)	\$ 201,342,183
Total Net Position	\$ 33,978,986	\$ 2,151,983	\$ 36,130,969

**OTHER INFORMATION
(Unaudited)**

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
SCHEDULE OF NET POSITION
LAST NINE FISCAL YEARS
(Unaudited)

	Fiscal Year			
	2014	2015	2016	2017
Assets				
Cash and cash equivalents	\$ 27,306,476	\$ 19,680,210	\$ 22,428,406	\$ 15,632,494
Investments	-	2,302,211	-	3,595,287
Tolls receivable	1,506,048	3,174,839	2,200,543	4,371,973
Capital assets, net	<u>133,459,947</u>	<u>137,702,866</u>	<u>145,470,920</u>	<u>154,405,714</u>
Total Assets	<u>162,272,471</u>	<u>162,860,126</u>	<u>170,099,869</u>	<u>178,005,468</u>
Liabilities and Net Position				
Liabilities				
Due to primary government	832,973	2,624,770	4,803,922	4,897,142
Retainage payable	3,952,552	811,739	192,184	278,801
Accrued interest payable	598,350	598,350	598,350	598,350
Long-term liabilities	<u>172,268,279</u>	<u>171,469,239</u>	<u>170,670,198</u>	<u>169,871,158</u>
Total Liabilities	<u>177,652,154</u>	<u>175,504,098</u>	<u>176,264,654</u>	<u>175,645,451</u>
Deferred Inflow of Resources				
Deferred Inflows - debt refunding	-	-	-	-
Total Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Net investment in capital assets	(26,101,842)	(28,038,679)	(19,716,531)	(12,505,469)
Restricted for:				
Debt service	6,531,083	2,306,838	(589,808)	3,024,150
Unrestricted	<u>4,191,076</u>	<u>13,087,869</u>	<u>14,141,554</u>	<u>11,841,336</u>
Total Net Position	<u>\$ (15,379,683)</u>	<u>\$ (12,643,972)</u>	<u>\$ (6,164,785)</u>	<u>\$ 2,360,017</u>

In fiscal year 2022, The Authority changed from a straight-line method of amortizing premiums, discounts and deferred amounts from refunding transactions to the interest method of amortization. All previous years balances have been restated to reflect this change in accounting principles.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
SCHEDULE OF NET POSITION
LAST NINE FISCAL YEARS
(Unaudited)

	Fiscal Year				
	2018	2019	2020	2021	2022
Assets					
Cash and cash equivalents	\$ 19,410,265	\$ 29,986,860	\$ 38,648,644	\$ 81,735,101	\$ 89,395,608
Investments	-	-	-	6,050,755	-
Tolls receivable	4,270,159	4,454,996	3,735,013	2,674,394	3,006,173
Capital assets, net	<u>157,349,288</u>	<u>153,785,569</u>	<u>152,458,874</u>	<u>151,179,268</u>	<u>166,268,143</u>
Total Assets	<u>181,029,712</u>	<u>188,227,425</u>	<u>194,842,531</u>	<u>241,639,518</u>	<u>258,669,924</u>
Liabilities and Net Position					
Liabilities					
Due to primary government	3,989,758	1,267,451	2,187,187	872,249	5,845,489
Retainage payable	739	-	65,894	120,620	702,454
Accrued interest payable	598,350	598,350	598,350	713,496	505,752
Long-term liabilities	<u>169,072,117</u>	<u>168,273,077</u>	<u>167,474,036</u>	<u>203,802,184</u>	<u>191,787,328</u>
Total Liabilities	<u>173,660,964</u>	<u>170,138,878</u>	<u>170,325,467</u>	<u>205,508,549</u>	<u>198,841,023</u>
Deferred Inflow of Resources					
Deferred Inflows - debt refunding	-	-	-	-	9,205,288
Total Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,205,288</u>
Net Position					
Net investment in capital assets	(8,930,487)	(10,859,842)	(16,231,628)	(16,972,934)	(16,461,039)
Restricted for:					
Debt service	(553,113)	(566,954)	4,221,841	6,062,384	7,203,273
Unrestricted	<u>16,852,348</u>	<u>29,515,343</u>	<u>36,526,851</u>	<u>47,041,519</u>	<u>59,881,379</u>
Total Net Position	<u>\$ 7,368,748</u>	<u>\$ 18,088,547</u>	<u>\$ 24,517,064</u>	<u>\$ 36,130,969</u>	<u>\$ 50,623,613</u>

In fiscal year 2022, The Authority changed from a straight-line method of amortizing premiums, discounts and deferred amounts from refunding transactions to the interest method of amortization. All previous years balances have been restated to reflect this change in accounting principles.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
SCHEDULE OF CHANGES IN NET POSITION
LAST NINE FISCAL YEARS
(Unaudited)

	Fiscal Year			
	2014	2015	2016	2017
Operating Revenues				
Toll revenue	\$ 6,770,539	\$ 18,731,285	\$ 24,172,877	\$ 24,499,686
Total Operating Revenues	<u>6,770,539</u>	<u>18,731,285</u>	<u>24,172,877</u>	<u>24,499,686</u>
Operating Expenses				
Salaries and personnel costs	-	-	-	136,494
Fees and supplies	2,904,328	6,611,205	7,803,112	7,227,542
Utilities	91,291	127,971	125,849	120,697
Depreciation	1,689,028	3,414,015	3,491,183	3,684,132
Total Operating Expenses	<u>4,684,647</u>	<u>10,153,191</u>	<u>11,420,144</u>	<u>11,168,865</u>
Operating Income	2,085,892	8,578,094	12,752,733	13,330,821
Non-Operating Revenues (Expenses)				
Earnings on investments	81,124	67,869	113,113	218,294
Interest on long-term debt	(6,386,659)	(6,392,159)	(6,386,659)	(6,386,659)
Debt issuance costs	-	-	-	-
Total Non-Operating Revenues (Expenses)	<u>(6,305,535)</u>	<u>(6,324,290)</u>	<u>(6,273,546)</u>	<u>(6,168,365)</u>
Income Before Contributions	(4,219,643)	2,253,804	6,479,187	7,162,456
Capital grants and contributions	-	481,907	-	1,362,346
Change in Net Position	(4,219,643)	2,735,711	6,479,187	8,524,802
Net Position, Beginning of Year	<u>(11,160,040)</u>	<u>(15,379,683)</u>	<u>(12,643,972)</u>	<u>(6,164,785)</u>
Net Position, End of Year	<u>\$ (15,379,683)</u>	<u>\$ (12,643,972)</u>	<u>\$ (6,164,785)</u>	<u>\$ 2,360,017</u>

In fiscal year 2022, The Authority changed from a straight-line method of amortizing premiums, discounts and deferred amounts from refunding transactions to the interest method of amortization. All previous years activity has been restated to reflect this change in accounting principles.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
SCHEDULE OF CHANGES IN NET POSITION
LAST NINE FISCAL YEARS
(Unaudited)

	Fiscal Year				
	2018	2019	2020	2021	2022
Operating Revenues					
Toll revenue	\$ 21,966,356	\$ 26,449,201	\$ 23,756,322	\$ 27,650,789	\$ 30,613,399
Total Operating Revenues	<u>21,966,356</u>	<u>26,449,201</u>	<u>23,756,322</u>	<u>27,650,789</u>	<u>30,613,399</u>
Operating Expenses					
Salaries and personnel costs	139,482	114,662	86,979	76,849	81,354
Fees and supplies	9,895,148	5,832,057	6,932,700	7,074,592	7,847,170
Utilities	115,724	116,455	113,917	121,207	118,025
Depreciation	4,021,501	4,221,140	4,229,268	4,257,626	4,279,012
Total Operating Expenses	<u>14,171,855</u>	<u>10,284,314</u>	<u>11,362,864</u>	<u>11,530,274</u>	<u>12,325,561</u>
Operating Income	7,794,501	16,164,887	12,393,458	16,120,515	18,287,838
Non-Operating Revenues (Expenses)					
Earnings on investments	336,088	672,761	421,719	87,472	631,634
Interest on long-term debt	(6,386,660)	(6,386,659)	(6,386,660)	(6,474,477)	(4,727,420)
Debt issuance costs	-	-	-	(501,366)	(2,036,972)
Total Non-Operating Revenues (Expenses)	<u>(6,050,572)</u>	<u>(5,713,898)</u>	<u>(5,964,941)</u>	<u>(6,888,371)</u>	<u>(6,132,758)</u>
Income Before Contributions	1,743,929	10,450,989	6,428,517	9,232,144	12,155,080
Capital grants and contributions	3,264,802	268,810	-	2,381,761	2,337,564
Change in Net Position	5,008,731	10,719,799	6,428,517	11,613,905	14,492,644
Net Position, Beginning of Year	<u>2,360,017</u>	<u>7,368,748</u>	<u>18,088,547</u>	<u>24,517,064</u>	<u>36,130,969</u>
Net Position, End of Year	<u>\$ 7,368,748</u>	<u>\$ 18,088,547</u>	<u>\$ 24,517,064</u>	<u>\$ 36,130,969</u>	<u>\$ 50,623,613</u>

In fiscal year 2022, The Authority changed from a straight-line method of amortizing premiums, discounts and deferred amounts from refunding transactions to the interest method of amortization. All previous years activity has been restated to reflect this change in accounting principles

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
REVENUES BY TOLL ROAD COMPONENTS/SEGMENTS
LAST NINE FISCAL YEARS
(Unaudited)

Components/Segments	Fiscal Year				
	2014	2015	2016*	2017	2018
Grand Parkway	\$ 6,489,017	\$ 16,682,668	\$ -	\$ -	\$ -
Bellaire - Northbound	-	-	1,856,954	2,033,362	2,009,878
Bellaire - Southbound	-	-	1,845,352	2,024,319	2,004,193
Harlem - Northbound	-	-	1,516,104	1,616,366	1,557,164
Harlem - Southbound	-	-	1,577,045	1,686,924	1,613,921
New Territory - Northbound	-	-	1,120,061	1,222,585	1,074,548
New Territory - Southbound	-	-	1,203,058	1,295,064	1,293,778
Riverpark Ramp - Northbound	-	-	1,045,250	1,137,137	996,512
Riverpark Ramp - Southbound	-	-	1,174,603	1,257,199	1,096,430
US 90A - Northbound	-	-	1,033,396	1,164,469	1,074,359
US 90A - Southbound	-	-	1,024,892	1,150,704	1,028,604
West Bellfort - Northbound	-	-	1,448,539	1,591,834	1,567,537
West Bellfort - Southbound	-	-	1,474,809	1,630,903	1,567,088
Westpark - Northbound	-	-	1,872,678	2,124,334	1,980,690
Westpark - Southbound	-	-	1,859,523	2,163,918	1,977,334
Total Gross Revenues	6,489,017	16,682,668	20,052,264	22,099,118	20,842,036
Revenue not Allocated Due to Timing Differences:					
Credit Tolls and Toll Replacement	(35)	(427)	-	-	-
Toll Violations	281,557	2,049,044	4,120,612	2,400,568	1,124,321
Total Revenue	\$ 6,770,539	\$ 18,731,285	\$ 24,172,876	\$ 24,499,686	\$ 21,966,357

* Effective FY 2016 revenues by Toll Plaza are allocated based on the Traffic Count table.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
REVENUES BY TOLL ROAD COMPONENTS/SEGMENTS
LAST NINE FISCAL YEARS
(Unaudited)

Components/Segments	Fiscal Year			
	2019	2020	2021	2022
Grand Parkway	\$ -	\$ -	\$ -	\$ -
Bellaire - Northbound	2,365,191	2,105,341	2,358,163	2,546,214
Bellaire - Southbound	2,304,011	2,066,465	2,291,846	2,497,906
Harlem - Northbound	1,774,259	1,495,445	1,677,899	1,874,067
Harlem - Southbound	1,826,075	1,536,060	1,697,744	1,869,459
New Territory - Northbound	1,388,327	1,293,648	1,446,491	1,571,135
New Territory - Southbound	1,420,009	1,263,039	1,406,320	1,537,174
Riverpark Ramp - Northbound	1,279,915	1,217,866	1,386,062	1,473,294
Riverpark Ramp - Southbound	1,334,714	1,185,018	1,298,543	1,401,866
US 90A - Northbound	1,330,759	1,213,206	1,377,106	1,524,687
US 90A - Southbound	1,275,782	1,135,087	1,267,440	1,424,493
West Bellfort - Northbound	1,854,245	1,664,051	1,899,409	2,098,791
West Bellfort - Southbound	1,832,197	1,627,792	1,817,708	2,010,397
Westpark - Northbound	2,224,368	1,993,334	2,198,482	2,318,932
Westpark - Southbound	2,213,687	1,956,145	2,152,206	2,310,406
Total Gross Revenues	24,423,539	21,752,497	24,275,419	26,458,821
Revenue not Allocated Due to Timing Differences:				
Credit Tolls and Toll Replacement	-	-	-	-
Toll Violations	2,025,662	2,003,825	3,375,370	4,154,578
Total Revenue	\$ 26,449,201	\$ 23,756,322	\$ 27,650,789	\$ 30,613,399

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
TRAFFIC COUNT TABLE
LAST NINE FISCAL YEARS
(Unaudited)

Components/Segments	Fiscal Year				
	2014	2015	2016*	2017	2018
Grand Parkway	18,402,235	45,662,279	-	-	-
Sienna Parkway (a)	(552,555)	(762,257)	-	-	-
Bellaire - Northbound	-	-	5,317,818	5,664,581	6,013,056
Bellaire - Southbound	-	-	5,284,594	5,639,389	5,996,046
Harlem - Northbound	-	-	4,341,716	4,502,907	4,658,647
Harlem - Southbound	-	-	4,516,235	4,699,467	4,828,452
New Territory - Northbound	-	-	3,207,553	3,405,903	3,214,782
New Territory - Southbound	-	-	3,445,235	3,607,817	3,870,661
Riverpark Ramp - Northbound	-	-	2,993,315	3,167,861	2,981,317
Riverpark Ramp - Southbound	-	-	3,363,749	3,502,330	3,280,246
US 90A - Northbound	-	-	2,959,369	3,244,001	3,214,215
US 90A - Southbound	-	-	2,935,015	3,205,654	3,077,328
West Bellfort - Northbound	-	-	4,148,226	4,434,564	4,689,681
West Bellfort - Southbound	-	-	4,223,458	4,543,404	4,688,338
Westpark - Northbound	-	-	5,362,848	5,918,013	5,925,732
Westpark - Southbound	-	-	5,325,171	6,028,292	5,915,691
Total Transactions	17,849,680	44,900,022	57,424,302	61,564,183	62,354,192

* Effective FY 2016 a system upgrade allowed for more detailed transactional data.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
TRAFFIC COUNT TABLE
LAST NINE FISCAL YEARS
(Unaudited)

Components/Segments	Fiscal Year			
	2019	2020	2021	2022
Grand Parkway	-	-	-	-
Sienna Parkway (a)	-	-	-	-
Bellaire - Northbound	6,346,579	5,613,789	6,238,461	6,697,733
Bellaire - Southbound	6,182,415	5,510,123	6,063,023	6,570,662
Harlem - Northbound	4,760,916	3,987,528	4,438,840	4,929,672
Harlem - Southbound	4,899,956	4,095,826	4,491,340	4,917,552
New Territory - Northbound	3,725,334	3,449,446	3,826,655	4,132,819
New Territory - Southbound	3,810,347	3,367,830	3,720,385	4,043,487
Riverpark Ramp - Northbound	3,434,431	3,247,379	3,666,793	3,875,453
Riverpark Ramp - Southbound	3,581,474	3,159,790	3,435,263	3,687,564
US 90A - Northbound	3,570,861	3,234,953	3,643,100	4,010,639
US 90A - Southbound	3,423,339	3,026,653	3,352,982	3,747,083
West Bellfort - Northbound	4,975,545	4,437,107	5,024,839	5,520,802
West Bellfort - Southbound	4,916,383	4,340,424	4,808,701	5,288,285
Westpark - Northbound	5,968,705	5,315,123	5,816,031	6,099,875
Westpark - Southbound	5,940,044	5,215,961	5,693,607	6,077,450
Total Transactions	65,536,329	58,001,932	64,220,020	69,599,076

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
HISTORICAL TOLL ROAD OPERATING RESULTS AND COVERAGES
LAST NINE FISCAL YEARS
(Unaudited)

Fiscal Year Ended	Project Revenues	Other Earnings	O & M Expenses	Revenues Available for Unlimited Subordinate Lien Tax Bonds	Debt Service Bonds	Coverage Ratio on Unlimited Subordinate Lien Tax Bonds
2014	\$ 6,770,539	\$ 81,124	2,995,619	\$ 3,856,044	\$ 7,185,700	0.537
2015	18,731,285	67,869	6,739,176	12,059,978	7,191,200	1.677
2016	24,172,877	113,113	7,928,960	16,357,030	7,185,700	2.276
2017	24,499,686	218,294	7,484,733	17,233,247	7,185,700	2.398
2018	21,966,356	336,088	10,150,354	12,152,090	7,185,700	1.691
2019	26,449,201	672,761	6,063,174	21,058,788	7,185,700	2.931
2020	23,756,322	421,719	7,133,596	17,044,445	7,185,701	2.372
2021	27,650,789	87,472	7,272,648	20,465,613	7,154,950	2.860
2022	30,613,399	631,634	8,046,549	23,198,484	9,236,352	2.512

Note: In prior years, debt service amounts shown in this schedule included the amortization of premiums and discounts on bonds issued. These amounts have been restated to show only the scheduled principal, interest and fees and to exclude any advance defeasance of debt.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
TOLL RATE SCHEDULE
(Unaudited)

Toll Rate Schedule Effective as of January 1, 2021

Two-Axle Vehicles

Fort Bend Grand Parkway Toll Road \$0.40 - \$0.55

Three to Six Axle Vehicles

Fort Bend Grand Parkway Toll Road \$0.80 - \$2.15

Toll Rate Schedule Effective as of January 13, 2022

Two-Axle Vehicles

Fort Bend Grand Parkway Toll Road \$0.42 - \$0.67

Three to Six Axle Vehicles

Fort Bend Grand Parkway Toll Road \$0.84 - \$2.35



REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Fort Bend Grand Parkway Toll Road Authority
Fort Bend County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Fort Bend Grand Parkway Toll Road Authority (the "Authority"), a component unit of Fort Bend County, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 10, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors
Fort Bend Grand Parkway Toll Road Authority
Fort Bend County, Texas

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
February 10, 2023