

**FORT BEND COUNTY TOLL ROAD AUTHORITY
FINANCIAL REPORT
For the Year Ended September 30, 2023**



Prepared by:

Fort Bend County Auditor's Office

Robert Ed Sturdivant, CPA

County Auditor

FORT BEND COUNTY TOLL ROAD AUTHORITY
TABLE OF CONTENTS

| | Page |
|--|-------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | i |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 4 |
| Basic Financial Statements | |
| Statement of Net Position | 10 |
| Statement of Revenues, Expenses and Changes in Net Position | 11 |
| Statement of Cash Flows | 12 |
| Notes to the Financial Statements | 13 |
| OTHER INFORMATION SECTION (Unaudited) | |
| Schedule of Net Position | 24 |
| Schedule of Changes in Net Position | 26 |
| Revenues by Toll Road Components/Segments | 28 |
| Traffic Count Table | 30 |
| Historical Toll Road Operating Results and Coverages | 32 |
| Toll Rate Schedule | 34 |
| Independent Auditors' Report on Internal Control over Financial Reporting | 35 |



COUNTY AUDITOR

Fort Bend County, Texas

Robert Ed Sturdivant
County Auditor

281-341-3769, 281-341-3744 (fax)
Ed.Sturdivant@fortbendcountytexas.gov

February 19, 2024

To the Board of Directors of the
Fort Bend County 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 County Toll Road Authority (the "Authority"), a component unit of Fort Bend County, Texas (the "County"), for the fiscal year ended September 30, 2023. 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, 2023. 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

The Authority was created by the Fort Bend County Commissioners Court (the "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. The Board of Directors of the Authority includes five members appointed by the Court. All actions of the Authority are presented to the Court for approval.

The Authority's main office is located in Sugar Land, Texas, and has completed construction of two key components of the Fort Bend County Toll Road System, the first segments of the Fort Bend Parkway and the Fort Bend Westpark Tollway. The Fort Bend County Toll Road system offers new transportation options, relieving traffic congestion for commuters.

In November 2000, Fort Bend County citizens overwhelmingly approved a \$140 million bond issue to support revenue bond financing to pay for the construction of the two toll road projects; the Fort Bend Parkway Toll Road and the Fort Bend Westpark Tollway. This toll road system provides seamless access to commuters through the use of an electronic toll tag issued by Harris County Toll Road Authority (EZ-TAG), Texas Department of Transportation (TxTag), or the North Texas Tollway Authority (TollTag).

Fort Bend Parkway Toll Road

The Fort Bend Parkway Toll Road connects Sienna Parkway on the south end to US-90A or South Main at the north end. The Fort Bend County Toll Road Authority operates the approximately 6.2 mile section of toll road in Fort Bend County from Beltway 8 to Sienna Parkway. Original construction was completed in August 2004 with the goals of easing traffic problems, enhancing mobility options, and stimulating economic development in the eastern part of the county. The Harris County Toll Road Authority operates the section in Harris County from Beltway 8 to US-90A.

The Fort Bend Parkway is a four-lane facility, two lanes in each direction, with major interchanges at Highway 6, Lake Olympia Parkway, FM-2234 / McHard Road, Beltway 8 and US-90A. There are four main lane toll plazas at Sienna Parkway, Lake Olympia, McHard and Fondren.

The Fort Bend Westpark Tollway

The Westpark Tollway connects SH-99, the Grand Parkway, to Loop 610 in Houston. The Fort Bend County Toll Road Authority operates the approximately 8.3 miles of toll road located in Fort Bend County. This begins at the Fort Bend/Harris County line just east of FM-1464 and continues west to Spring Green Rd. / FM-723 to the west of the Grand Parkway. There are three tolling locations in this section of the roadway. The Harris County Toll Road Authority operates the portion of the toll road in Harris County. TxDOT operates and maintains FM-1093, which are the east-west surface roads on either side of the toll lanes.

The Westpark Tollway drastically improves mobility for Fort Bend county residents by creating an east-west corridor with access to SH 6, the Sam Houston Tollway/Beltway 8, US-59, and the Galleria Area. Original construction of the Fort Bend Westpark Tollway was completed in August 2005. Parallel to the Fort Bend Westpark Tollway, FM-1093 was also widened to four lanes by TxDOT resulting in an eight-lane transportation corridor.

Additional information about the Authority is available on their 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 County 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 Toll Road System to enhance the County's master thoroughfare system. The future expansion of the system 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 extension and improvement of the existing Fort Bend County Toll Road System.

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. With the proceeds of previously issued \$80.1m in senior lien revenue bonds the Authority has begun the process of constructing improvements to the system with the major projects. Improvements underway include direct connectors on the Westpark Toll Road at the Grand Parkway Toll Road interchange as well as the extension of Fort Bend Parkway segment B2 from Sienna Parkway to Sienna Ranch Road which was completed in Fall of 2023.

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 COUNTY TOLL ROAD AUTHORITY MISSION STATEMENT

The Fort Bend County Toll Road Authority 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 County 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 County Toll Road Authority (the "Authority"), a component unit of Fort Bend County, Texas, as of and for the year ended September 30, 2023, 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, 2023, 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 County 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 statements. 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 inquiries of management about the methods of preparing the information and 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 County 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 19, 2024, 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.

Whitley Penn LLP

Houston, Texas
February 19, 2024

FORT BEND COUNTY TOLL ROAD AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Fort Bend County 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, 2023. 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 County 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 and deferred outflow of resources exceeded liabilities by \$216,550,689 at the close of the most recent fiscal year.

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

The following table provides a summary of the Authority's net position at September 30, 2023 and 2022:

FORT BEND COUNTY TOLL ROAD AUTHORITY
SCHEDULE OF NET POSITION
September 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|-----------------------|
| Current and other assets | \$ 170,482,885 | \$ 165,485,487 |
| Capital assets, net | 311,348,170 | 290,248,764 |
| Total Assets | <u>481,831,055</u> | <u>455,734,251</u> |
| Total Deferred Outflow of Resources | 1,643,432 | 2,071,005 |
| Long-term liabilities | 259,744,293 | 273,000,467 |
| Other liabilities | 7,179,505 | 4,552,862 |
| Total Liabilities | <u>266,923,798</u> | <u>277,553,329</u> |
| Net Position: | | |
| Net investment in capital assets | 74,831,718 | 67,755,577 |
| Restricted | 20,074,824 | 15,693,160 |
| Unrestricted | 121,644,147 | 96,803,190 |
| Total Net Position | <u>\$ 216,550,689</u> | <u>\$ 180,251,927</u> |

Fiscal year 2022 balances have been restated for a change unamortized bond premiums.
See Note 8 to the financial statements for more details.

The Authority's assets and deferred outflow of resources exceeded its liabilities by \$216.6 million, resulting in an increase in net position of \$36.3 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, 2023, the Authority had a positive net investment in capital assets of \$74,831,718. The Authority's capital assets consist primarily of infrastructure that was constructed using related debt. The Authority uses capital assets to provide services to the toll road customers. Consequently, these assets are not available for future spending.

An additional portion of the Authority's net position, \$20,074,824, is restricted. This amount represents funds held by a trustee for debt service payments. The remaining balance of \$121,644,147 is unrestricted.

FORT BEND COUNTY 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, 2023 and 2022:

FORT BEND COUNTY TOLL ROAD AUTHORITY
SCHEDULE OF CHANGES IN NET POSITION
For the Years Ended September 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|-----------------------|
| Revenues | | |
| Operating revenues | | |
| Toll revenue | \$ 56,183,254 | \$ 49,663,330 |
| Nonoperating revenues | | |
| Earnings on investments | 7,675,592 | 588,299 |
| Total Revenues | <u>63,858,846</u> | <u>50,251,629</u> |
| Expenses | | |
| Operating expenses | | |
| Salaries and personnel costs | 156,435 | 122,051 |
| Fees and supplies | 12,398,078 | 10,214,271 |
| Utilities | 121,390 | 123,123 |
| Depreciation | 7,266,108 | 7,300,925 |
| Non-operating expenses: | | |
| Interest and fiscal agent fees | 7,618,073 | 8,569,412 |
| Debt issuance costs | - | 35,715 |
| Total Expenses | <u>27,560,084</u> | <u>26,365,497</u> |
| Income before Contributions | 36,298,762 | 23,886,132 |
| Capital grants and contributions | - | 328,817 |
| Change in Net Position | 36,298,762 | 24,214,949 |
| Net Position, Beginning (as restated) | <u>180,251,927</u> | <u>156,036,978</u> |
| Net Position, Ending | <u>\$ 216,550,689</u> | <u>\$ 180,251,927</u> |

The Authority's revenues were sufficient to cover all expenses incurred during the year ended September 30, 2023, resulting in a change in net position of \$36,298,762. This change in net position is greater than last year's change of \$24,214,949 by \$12,083,813. The key elements of this difference in the change in net position were due to the following:

- Increase in toll revenue of \$6.5 million or 13 percent due to traffic counts in excess of 84.3 million system-wide reads passing fiscal year 2022 reads by almost 4.6 million or six percent and a heightened effort applied to collections of toll violations that resulted in a 20% increase in violation revenue collections.
- Due to the increased interest rate climate nationally, the Authority's investment earnings have increased by \$7.1 million year over year.

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

- Fees relating primarily to increased traffic counts and the heightened efforts applied to the collection of toll violations increased \$1.4 million or 18 percent.

Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2023, the Authority had \$311,348,170 invested in toll road land, construction in progress, equipment and infrastructure, net of accumulated depreciation, as reflected in the following schedule. This represents an increase of \$21,099,406 from the previous fiscal year.

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|-----------------------|
| Non-Depreciable Capital Assets | | |
| Land | \$ 32,994,966 | \$ 32,994,966 |
| Construction in progress | 79,243,697 | 50,878,183 |
| Depreciable Capital Assets, Net | | |
| Office furniture and equipment | - | 22,099 |
| Infrastructure | 199,109,507 | 206,353,516 |
| Totals | <u>\$ 311,348,170</u> | <u>\$ 290,248,764</u> |

The increase in construction in progress of \$28,365,514 was primarily due to the construction of the Westpark direct connectors to the Grand Parkway toll road system and the Fort Bend Parkway extension project. The decrease in toll road infrastructure of \$7,244,009 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>2023</u> | <u>(Restated)</u> <u>2022</u> |
|-------------------|-----------------------|----------------------------------|
| Revenue bonds | \$ 240,440,000 | \$ 250,605,000 |
| Premiums on bonds | 19,304,293 | 22,395,467 |
| Total | <u>\$ 259,744,293</u> | <u>\$ 273,000,467</u> |

FORT BEND COUNTY 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> |
|--|----------------|--------------|
| Senior Lien Toll Road Revenue Bonds, Series 2014, 2016 and 2021 | A2 | A+ |
| General Obligation Refunding Bonds Taxable, Series 2020 | 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 893,999 in 2023 and is expected to grow to 967,142 by 2025.

The number of households has increased to 276,165 in 2023 and is expected to grow to 294,135 by 2025. Mean household income for 2023 is \$250,323 and is estimated to rise to \$274,278 by 2025. Income per capita is currently at \$75,926 and is expected to grow to \$83,768 by 2025.

Mobility improvements continue to be a demand from the residents of Fort Bend County. The Authority is proceeding with several toll road projects 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 COUNTY TOLL ROAD AUTHORITY
STATEMENT OF NET POSITION
September 30, 2023

| | |
|---|-----------------------|
| Assets | |
| Cash and cash equivalents | \$ 143,670,694 |
| Investments | 20,584,675 |
| Due from primary government | 193,191 |
| Tolls receivable | 6,034,325 |
| Capital assets, not subject to depreciation | 112,238,663 |
| Capital assets, net of accumulated depreciation | 199,109,507 |
| Total Assets | <u>481,831,055</u> |
| Deferred Outflow of Resources | |
| Deferred outflows - debt refunding | <u>1,643,432</u> |
| Total Deferred Outflow of Resources | <u>1,643,432</u> |
| Liabilities | |
| Retainage payable | 3,489,518 |
| Due to primary government | 2,851,307 |
| Accrued interest payable | 838,680 |
| Long-term liabilities due within one year | 10,505,000 |
| Long-term liabilities due in more than one year | 249,239,293 |
| Total Liabilities | <u>266,923,798</u> |
| Net Position | |
| Net investment in capital assets | 74,831,718 |
| Restricted for: | |
| Debt service | 20,074,824 |
| Unrestricted | 121,644,147 |
| Total Net Position | <u>\$ 216,550,689</u> |

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

FORT BEND COUNTY TOLL ROAD AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year ended September 30, 2023

| | |
|--|------------------------------|
| Operating Revenue | |
| Toll revenue | \$ 56,183,254 |
| Total Operating Revenue | <u>56,183,254</u> |
| Operating Expenses | |
| Salaries and personnel costs | 156,435 |
| Fees | 12,398,078 |
| Utilities | 121,390 |
| Depreciation | 7,266,108 |
| Total Operating Expenses | <u>19,942,011</u> |
| Operating Income | 36,241,243 |
| Non-Operating Revenues (Expenses) | |
| Earnings on investments | 7,675,592 |
| Interest on long-term debt | (7,618,073) |
| Total Non-Operating Revenues (Expenses) | <u>57,519</u> |
| Change in Net Position | 36,298,762 |
| Net Position, Beginning of Year (as restated) | <u>180,251,927</u> |
| Net Position, End of Year | <u><u>\$ 216,550,689</u></u> |

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

FORT BEND COUNTY TOLL ROAD AUTHORITY
STATEMENT OF CASH FLOWS
For the Year ended September 30, 2023

| | |
|--|-----------------------|
| Cash Flows from Operating Activities | |
| Receipts from tolls and other | \$ 55,725,383 |
| Payment of toll operation expenses | <u>(12,675,903)</u> |
| Net Cash Provided by Operating Activities | <u>43,049,480</u> |
| Cash Flows from Investing Activities | |
| Purchase of Investments | (12,019,961) |
| Interest earned on investments | <u>7,980,953</u> |
| Net Cash (Used) by Investing Activities | <u>(4,039,008)</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Purchase of capital assets | (26,463,325) |
| Borrowings from primary government | 573,614 |
| Principal paid on capital debt | (10,165,000) |
| Interest expense | <u>(10,324,025)</u> |
| Net Cash (Used) by Capital and Related Financing Activities | <u>(46,378,736)</u> |
| Net Decrease in Cash and Cash Equivalents | (7,368,264) |
| Cash and Cash Equivalents, Beginning of Year | <u>151,038,958</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 143,670,694</u> |
| Reconciliation of Operating Income to Net Cash | |
| Provided by Operating Activities | |
| Operating Income | \$ 36,241,243 |
| Adjustments to operations: | |
| Depreciation | 7,266,108 |
| Change in assets and liabilities: | |
| (Increase) in other receivables | <u>(457,871)</u> |
| Total adjustments | <u>6,808,237</u> |
| Net Cash Provided by Operating Activities | <u>\$ 43,049,480</u> |

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

FORT BEND COUNTY 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 County 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 roads and highways in Fort Bend County, Texas (the "County"). In particular, the Authority is to assist in the building and operation of the Fort Bend County Toll Road System (the "System"). The System currently includes the Fort Bend Parkway Toll Road that extends from Sam Houston Parkway in Harris County to across State Highway 6 in the Sienna Plantation area of the County. The System also includes the Westpark Tollway that extends from the County line to FM 1463.

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, money market accounts 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 COUNTY 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

The Authority amortizes bond premiums over the life of the bonds issued using the interest method.

G. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has one item that qualifies for reporting in this category:

- Deferred charges on refunding - Reported in the statement of net position, this deferred charge 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. Use of 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 19, 2024, the date that the financial statements were available to be issued.

K. – New Pronouncements

The Government Accounting Standards Board (GASB) has issued the following pronouncements: GASBS No. 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements, GASBS No. 96 Subscription-Based Information Technology Arrangements (SBITA), and GASBS No. 99, Omnibus 2022. Management does not believe the ramifications of these standards have any material effect on the Authority's financial statements.

NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS

A. Authorization for Deposits and Investments

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

FORT BEND COUNTY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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: (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, 2023, the Authority reported deposits in the amount of \$114,455. 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, 2023.

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:

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

FORT BEND COUNTY 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 utilizing weighted average maturity analysis. In accordance with its investment policy, the County reduces the Authority's exposure to declines in fair values by limiting the maximum allowable stated maturity of any individual investment to sixty (60) months and limiting the weighted average maturity (WAM) of its investment portfolio as a whole to a maximum of thirty (30) months.

At year-end, the Authority's cash and investment balances and the weighted average maturity of these investments were as follows:

| | Fair Value | Weighted Average Maturity (Days) | Percentage of Total Portfolio |
|---|-----------------------|---|--|
| Demand Deposits | \$ 114,455 | 1 | 0.1% |
| Fidelity Gov Part III FCGXX money market fund | 328,828 | 25 | 0.2% |
| Investment Pools: | | | |
| Texas CLASS | 128,941,397 | 49 | 78.5% |
| Texas Range | 1,129 | 33 | 0.0% |
| LOGIC | 14,284,885 | 42 | 8.7% |
| Governmental Securities: | | | |
| Federal Home Loan Bank Bond | 20,584,675 | 164 | 12.5% |
| Total Fair Value | <u>\$ 164,255,369</u> | | |
| Portfolio weighted average maturity (days) | | <u>63</u> | |

At September 30, 2023, the Authority has reported the fair value of the investment in Federal Home Loan Bank Bonds using quoted prices for similar assets in active markets. The Money Market Funds and External Investment Pools are measured at amortized cost or fair value in accordance with GASB Nos. 72 and 79.

Fidelity Gov Part III FCGXX is a money market fund investing at least 99.5% of the fund's total assets in cash, U.S. Government securities and/or repurchase agreements that are collateralized fully (i.e., collateralized by cash or government securities) with a focus on quality, maturity, liquidity and diversification of investments. The fund's investments are valued at net asset value, which is designed to approximate fair value and the fund maintains a Net Asset Value of approximately \$1 per share.

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.

FORT BEND COUNTY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The Texas Range Local Government Investment Pool (“Texas Range”) is organized in conformity with the Texas Public Funds Investment Act of the Texas Government Code. It provides for a fixed-rate, fixed-term investment for a period of 60 days to one year and includes TexasDAILY, a portfolio of the Local Government Pool, providing daily access to funds. An Advisory Board composed of participants in Texas Range and other parties who do not participate in the Pool, has responsibility for the overall management of the Pool, including formulation and implementation of its Investment and Operating Policies. PFM Asset Management LLC (“PFM”), a leading national financial and investment advisory firm, is the investment advisor to the pool. It maintains a Net Asset Value of approximately \$1 per share.

Local Government Investment Cooperative (“LOGIC”) 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. The Pool was created in April 1994 through a contract among its participating governmental units, and is governed by a board of directors, to provide for the joint investment of participant's public funds and funds under their control. 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, 2023, S&P Global Ratings rated Texas CLASS, LOGIC and Fidelity “AAAm”. Fitch Ratings rated Texas Range “AAAmf”. Federal Home Loan Bank securities are rated AA+ by S&P.

E. Earnings on Investments

Earnings on investments are presented net of an unrealized gain on Federal Home Loan Bank Bonds as a result of the approach of maturities of these long-term investments. Management intends to hold these investments until maturity in April of 2024. The calculation of investment earnings is as follows:

| | | |
|---------------------------------------|----|------------------|
| Interest on investments | \$ | 7,237,780 |
| Unrealized gain (loss) on investments | | 437,812 |
| Earnings on investments | \$ | <u>7,675,592</u> |

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2023, consist of toll revenue due from the Harris County Toll Road Authority, Texas Tollway, and North Texas Tollway, net of applicable fees.

FORT BEND COUNTY 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, 2023, is as follows:

| | <u>Balance 9/30/2022</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance 9/30/2023</u> |
|--|------------------------------|----------------------|------------------|------------------------------|
| Business-type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 32,994,966 | \$ - | \$ - | \$ 32,994,966 |
| Construction in progress | 50,878,183 | 28,365,514 | - | 79,243,697 |
| Total capital assets not depreciated | <u>83,873,149</u> | <u>28,365,514</u> | <u>-</u> | <u>112,238,663</u> |
| Depreciable capital assets | | | | |
| Office furniture and equipment | 363,120 | - | - | 363,120 |
| Infrastructure | 293,142,560 | - | - | 293,142,560 |
| Total depreciable capital assets | <u>293,505,680</u> | <u>-</u> | <u>-</u> | <u>293,505,680</u> |
| Accumulated depreciation for: | | | | |
| Office furniture and equipment | (341,021) | (22,099) | - | (363,120) |
| Infrastructure | (86,789,044) | (7,244,009) | - | (94,033,053) |
| Total accumulated depreciation | <u>(87,130,065)</u> | <u>(7,266,108)</u> | <u>-</u> | <u>(94,396,173)</u> |
| Total depreciable capital assets, net | <u>206,375,615</u> | <u>(7,266,108)</u> | <u>-</u> | <u>199,109,507</u> |
| Total capital assets | <u>\$ 290,248,764</u> | <u>\$ 21,099,406</u> | <u>\$ -</u> | <u>\$ 311,348,170</u> |

Depreciation expense for the Authority for the year ended September 30, 2023, totaled \$7,266,108. Construction in progress is mainly comprised of activity on the Fort Bend Parkway extension project and the Direct Connectors project. The contract commitments at year end are as follows:

| | <u>Construction In Progress</u> | <u>Commitments</u> |
|-----------------------------|-------------------------------------|----------------------|
| Fort Bend Parkway | \$ 42,071,515 | \$ 2,354,572 |
| Direct Connectors | 31,019,437 | 11,706,834 |
| Westpark Extension | 3,746,521 | 232,057 |
| Fort Bend Parkway Extension | 1,587,890 | 3,222,789 |
| Projects under \$1MM | 818,334 | 2,425,527 |
| Total | <u>\$ 79,243,697</u> | <u>\$ 19,941,779</u> |

NOTE 5 – LONG-TERM DEBT

The Authority issued subordinate lien revenue bonds and senior lien revenue bonds for financing the construction of the Toll Road System. These subordinate and senior lien revenue bonds are paid through the Authority's Debt Service Fund from toll fees collected by the Authority.

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

The following is a summary of the outstanding subordinate and senior lien revenue bonds as of September 30, 2023:

| Original Issue | Description | Interest Rate % | Matures | Debt Outstanding |
|----------------------------|--|-----------------|---------|------------------------------|
| Revenue Bonds | | | | |
| \$ 45,000,000 | Senior Lien Toll Road Revenue Bonds, Series 2014 | 2.0 - 5.0 | 2042 | \$ 36,965,000 |
| 64,440,000 | Senior Lien Toll Road Revenue Bonds, Series 2016 | 2.0 - 5.0 | 2045 | 60,690,000 |
| 80,770,000 | General Obligation Refunding Bonds Taxable Series 2020 | 2.1 - 5.0 | 2032 | 72,655,000 |
| 71,430,000 | Senior Lien Toll Road Revenue Bonds Series 2021 | 3.0 - 5.0 | 2051 | 70,130,000 |
| Total Revenue Bonds | | | | <u><u>\$ 240,440,000</u></u> |

A summary of the long-term liability transactions of the Authority for the year ended September 30, 2023 is as follows:

| | Balances (a) 9/30/2022 | Additions | Retirements | Balances 9/30/2023 | Amounts Due Within One Year |
|-------------------|------------------------------|--------------------|-------------------------------|------------------------------|-----------------------------------|
| Revenue bonds | \$ 250,605,000 | \$ - | \$ (10,165,000) | \$ 240,440,000 | \$ 10,505,000 |
| Premiums on bonds | 22,395,467 | | (3,091,174) | 19,304,293 | - |
| Totals | <u><u>\$ 273,000,467</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (13,256,174)</u></u> | <u><u>\$ 259,744,293</u></u> | <u><u>\$ 10,505,000</u></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 COUNTY 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> |
|---------------|-----------------------|-----------------------|-----------------------|
| 2024 | \$ 10,505,000 | \$ 9,801,526 | \$ 20,306,526 |
| 2025 | 11,280,000 | 9,256,901 | 20,536,901 |
| 2026 | 11,865,000 | 8,678,276 | 20,543,276 |
| 2027 | 12,480,000 | 8,069,651 | 20,549,651 |
| 2028 | 13,120,000 | 7,429,651 | 20,549,651 |
| 2029-2033 | 65,255,000 | 28,649,602 | 93,904,602 |
| 2034-2038 | 37,195,000 | 19,172,525 | 56,367,525 |
| 2039-2043 | 42,915,000 | 10,575,675 | 53,490,675 |
| 2044-2048 | 24,900,000 | 3,322,500 | 28,222,500 |
| 2049-2051 | 10,925,000 | 498,075 | 11,423,075 |
| Totals | <u>\$ 240,440,000</u> | <u>\$ 105,454,381</u> | <u>\$ 345,894,381</u> |

In the bond resolutions, 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, 2023.

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 COUNTY 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 changed its accounting method for amortizing these amounts to the interest method using the average interest rate and premiums for all maturities in a particular issue and adjusted the beginning balances in long-term liabilities and net position. In fiscal year 2023, the Authority refined its calculations for these amounts using the interest rate of the individual maturities, which resulted in a further adjustment to beginning net position. The beginning balances for both fiscal year 2023 and 2022 for the following financial statement captions have been restated as of the beginning of each of the fiscal years.

| | As Previously Reported | Correction of an Error | As Restated |
|---|-----------------------------------|-----------------------------------|--------------------|
| Fiscal Year 2023 | | | |
| Long-term liabilities due in more than one year | \$ 264,832,944 | \$ (1,997,477) | \$ 262,835,467 |
| Total Net Position | \$ 178,254,450 | \$ 1,997,477 | \$ 180,251,927 |
| Fiscal Year 2022 | | | |
| Deferred outflows - debt refunding | \$ 3,207,514 | \$ (657,998) | \$ 2,549,516 |
| Long-term liabilities due in more than one year | \$ 305,662,980 | \$ (3,164,345) | \$ 302,498,635 |
| Total Net Position | \$ 153,530,631 | \$ 2,506,347 | \$ 156,036,978 |



**OTHER INFORMATION
(Unaudited)**

FORT BEND COUNTY TOLL ROAD AUTHORITY
SCHEDULE OF NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Assets | | | | | |
| Cash and cash equivalents | \$ 66,677,965 | \$ 80,124,410 | \$ 94,093,648 | \$ 45,873,638 | \$ 75,409,629 |
| Investments | - | 4,821,817 | 30,203,442 | 31,005,272 | 11,038,383 |
| Due from primary government | - | - | - | - | - |
| Tolls receivable | 1,891,562 | 4,578,566 | 2,614,068 | 3,344,082 | 6,225,089 |
| Capital assets, net | 163,786,819 | 197,605,705 | 239,344,840 | 260,027,140 | 264,533,926 |
| Total Assets | 232,356,346 | 287,130,498 | 366,255,998 | 340,250,132 | 357,207,027 |
| Deferred Outflows of Resources | | | | | |
| Deferred Outflows - debt refunding | 10,895,938 | 10,245,433 | 9,597,799 | 8,956,345 | 8,322,875 |
| Total Deferred Outflows of Resources | 10,895,938 | 10,245,433 | 9,597,799 | 8,956,345 | 8,322,875 |
| Liabilities and Net Position | | | | | |
| Liabilities | | | | | |
| Due to primary government | 2,459,528 | 5,432,913 | 7,239,603 | (15,423,326) | (2,797,830) |
| Retainage payable | - | 561,976 | 1,242,883 | - | - |
| Accrued interest payable | 574,502 | 729,915 | 981,506 | 966,022 | 942,859 |
| Long-term liabilities | 167,870,113 | 211,994,855 | 280,365,050 | 272,992,086 | 264,749,123 |
| Total Liabilities | 170,904,143 | 218,719,659 | 289,829,042 | 258,534,782 | 262,894,152 |
| Net Position | | | | | |
| Net investment in capital assets | 11,072,726 | 19,294,690 | 20,677,347 | 21,988,864 | 23,861,359 |
| Restricted for: | | | | | |
| Debt service | 2,915,323 | 7,679,464 | 19,944,005 | 20,822,526 | 21,537,584 |
| Unrestricted | 58,360,092 | 51,682,118 | 45,403,403 | 47,860,305 | 57,236,807 |
| Total Net Position | \$ 72,348,141 | \$ 78,656,272 | \$ 86,024,755 | \$ 90,671,695 | \$102,635,750 |

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 COUNTY TOLL ROAD AUTHORITY
SCHEDULE OF NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Assets | | | | | |
| Cash and cash equivalents | \$ 83,051,098 | \$121,645,885 | \$191,223,251 | \$151,038,958 | \$143,670,694 |
| Investments | 19,998,119 | - | 22,041,356 | 8,870,075 | 20,584,675 |
| Due from primary government | - | - | - | - | 193,191 |
| Tolls receivable | 6,823,713 | 5,191,875 | 4,039,780 | 5,576,454 | 6,034,325 |
| Capital assets, net | 258,900,659 | 256,138,871 | 250,994,957 | 290,248,764 | 311,348,170 |
| Total Assets | 368,773,589 | 382,976,631 | 468,299,344 | 455,734,251 | 481,831,055 |
| Deferred Outflows of Resources | | | | | |
| Deferred Outflows - debt refunding | 7,699,341 | 3,082,751 | 2,549,516 | 2,071,005 | 1,643,432 |
| Total Deferred Outflows of Resources | 7,699,341 | 3,082,751 | 2,549,516 | 2,071,005 | 1,643,432 |
| Liabilities and Net Position | | | | | |
| Liabilities | | | | | |
| Due to primary government | 2,370,036 | 2,586,010 | 1,178,433 | 2,084,502 | 2,851,307 |
| Retainage payable | 22,069 | - | - | 1,587,327 | 3,489,518 |
| Accrued interest payable | 921,423 | 826,213 | 1,059,814 | 881,033 | 838,680 |
| Long-term liabilities | 255,696,159 | 243,167,649 | 312,573,635 | 273,000,467 | 259,744,293 |
| Total Liabilities | 259,009,687 | 246,579,872 | 314,811,882 | 277,553,329 | 266,923,798 |
| Net Position | | | | | |
| Net investment in capital assets | 23,279,380 | 22,874,419 | 25,612,104 | 67,755,577 | 74,831,718 |
| Restricted for: | | | | | |
| Debt service | 22,281,830 | 24,622,397 | 22,661,157 | 15,693,160 | 20,074,824 |
| Unrestricted | 71,902,033 | 91,982,694 | 107,763,717 | 96,803,190 | 121,644,147 |
| Total Net Position | \$117,463,243 | \$139,479,510 | \$156,036,978 | \$180,251,927 | \$216,550,689 |

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 COUNTY TOLL ROAD AUTHORITY
SCHEDULE OF CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Operating Revenues | | | | | |
| Toll revenue | \$ 23,724,115 | \$ 26,859,669 | \$ 29,480,670 | \$ 27,059,416 | \$ 34,222,563 |
| Total Operating Revenues | <u>23,724,115</u> | <u>26,859,669</u> | <u>29,480,670</u> | <u>27,059,416</u> | <u>34,222,563</u> |
| Operating Expenses | | | | | |
| Salaries and personnel costs | 33,669 | 152,950 | 178,610 | 206,247 | 247,803 |
| Fees and supplies | 3,895,315 | 8,008,321 | 7,433,288 | 7,943,818 | 6,958,371 |
| Utilities | 125,403 | 149,918 | 156,604 | 116,574 | 138,159 |
| Depreciation | 4,166,469 | 4,570,271 | 4,726,112 | 5,237,764 | 6,349,922 |
| Total Operating Expenses | <u>8,220,856</u> | <u>12,881,460</u> | <u>12,494,614</u> | <u>13,504,403</u> | <u>13,694,255</u> |
| Operating Income | 15,503,259 | 13,978,209 | 16,986,056 | 13,555,013 | 20,528,308 |
| Non-Operating Revenues (Expenses) | | | | | |
| Earnings on investments | 175,305 | 294,396 | 694,418 | 953,602 | 1,482,625 |
| Interest on long-term debt | (6,415,279) | (7,445,698) | (9,621,680) | (10,354,184) | (10,097,281) |
| Debt issuance costs | - | (518,776) | (785,311) | - | - |
| Total Non-Operating Revenues (Expenses) | <u>(6,239,974)</u> | <u>(7,670,078)</u> | <u>(9,712,573)</u> | <u>(9,400,582)</u> | <u>(8,614,656)</u> |
| Income Before Contributions | 9,263,285 | 6,308,131 | 7,273,483 | 4,154,431 | 11,913,652 |
| Capital grants and contributions | - | - | 95,000 | 492,509 | 50,403 |
| Change in Net Position | 9,263,285 | 6,308,131 | 7,368,483 | 4,646,940 | 11,964,055 |
| Net Position, Beginning of Year | <u>63,084,856</u> | <u>72,348,141</u> | <u>78,656,272</u> | <u>86,024,755</u> | <u>90,671,695</u> |
| Net Position, End of Year | <u>\$ 72,348,141</u> | <u>\$ 78,656,272</u> | <u>\$ 86,024,755</u> | <u>\$ 90,671,695</u> | <u>\$ 102,635,750</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 COUNTY TOLL ROAD AUTHORITY
SCHEDULE OF CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating Revenues | | | | | |
| Toll revenue | \$ 40,167,473 | \$ 35,098,454 | \$ 41,775,763 | \$ 49,663,330 | \$ 56,183,254 |
| Total Operating Revenues | <u>40,167,473</u> | <u>35,098,454</u> | <u>41,775,763</u> | <u>49,663,330</u> | <u>56,183,254</u> |
| Operating Expenses | | | | | |
| Salaries and personnel costs | 126,423 | 130,285 | 115,288 | 122,051 | 156,435 |
| Fees and supplies | 10,432,924 | 7,823,468 | 8,944,733 | 10,214,271 | 12,398,078 |
| Utilities | 124,682 | 119,516 | 130,404 | 123,123 | 121,390 |
| Depreciation | 7,121,623 | 7,268,476 | 7,288,208 | 7,300,925 | 7,266,108 |
| Total Operating Expenses | <u>17,805,652</u> | <u>15,341,745</u> | <u>16,478,633</u> | <u>17,760,370</u> | <u>19,942,011</u> |
| Operating Income | 22,361,821 | 19,756,709 | 25,297,130 | 31,902,960 | 36,241,243 |
| Non-Operating Revenues (Expenses) | | | | | |
| Earnings on investments | 2,270,335 | 1,371,593 | 366,627 | 588,299 | 7,675,592 |
| Interest on long-term debt | (9,821,322) | (8,665,375) | (7,922,550) | (8,569,412) | (7,618,073) |
| Debt issuance costs | - | (713,660) | (1,183,739) | (35,715) | - |
| Total Non-Operating Revenues (Expenses) | <u>(7,550,987)</u> | <u>(8,007,442)</u> | <u>(8,739,662)</u> | <u>(8,016,828)</u> | <u>57,519</u> |
| Income Before Contributions | 14,810,834 | 11,749,267 | 16,557,468 | 23,886,132 | 36,298,762 |
| Capital grants and contributions | 16,659 | 10,267,000 | - | 328,817 | - |
| Change in Net Position | 14,827,493 | 22,016,267 | 16,557,468 | 24,214,949 | 36,298,762 |
| Net Position, Beginning of Year | <u>102,635,750</u> | <u>117,463,243</u> | <u>139,479,510</u> | <u>156,036,978</u> | <u>180,251,927</u> |
| Net Position, End of Year | <u>\$117,463,243</u> | <u>\$139,479,510</u> | <u>\$156,036,978</u> | <u>\$180,251,927</u> | <u>\$216,550,689</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 COUNTY TOLL ROAD AUTHORITY
REVENUES BY TOLL ROAD COMPONENTS/SEGMENTS
LAST TEN FISCAL YEARS
(Unaudited)

| Components/Segments | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2014 | 2015 | 2016* | 2017 | 2018 |
| Parkway: | | | | | |
| Lake Olympia East | \$ 19,445 | \$ 21,279 | \$ - | \$ - | \$ - |
| Lake Olympia West | 22,021 | 24,281 | - | - | - |
| McHard East | 128,686 | 145,345 | - | - | - |
| McHard West | 179,106 | 181,837 | - | - | - |
| Sienna Parkway | 200,690 | 300,429 | - | - | - |
| Main Line Plaza | 9,204,622 | 10,347,699 | - | - | - |
| Fondren - Northbound | - | - | 2,437,351 | 2,264,772 | 2,371,928 |
| Fondren - Southbound | - | - | 2,180,520 | 2,052,735 | 2,164,829 |
| Lake Olympia - Northbound | - | - | 2,007,952 | 1,740,901 | 1,639,729 |
| Lake Olympia - Southbound | - | - | 1,802,897 | 1,564,367 | 1,511,863 |
| McHard - Northbound | - | - | 2,458,227 | 2,286,461 | 2,411,907 |
| McHard - Southbound | - | - | 2,226,996 | 2,079,114 | 2,218,061 |
| Sienna Parkway - Northbound | - | - | 554,144 | 645,593 | 746,952 |
| Sienna Parkway - Southbound | - | - | 528,199 | 634,912 | 721,065 |
| Total Parkway | 9,754,570 | 11,020,870 | 14,196,286 | 13,268,855 | 13,786,334 |
| Westpark: | | | | | |
| Katy Gaston - Eastbound | - | - | - | 106 | 1,513,469 |
| Katy Gaston - Westbound | - | - | - | 267 | 1,520,591 |
| Peek - Eastbound | - | - | 3,095,724 | 2,905,607 | 4,011,086 |
| Peek - Westbound | - | - | 2,699,663 | 2,434,292 | 3,340,781 |
| Westmoor - Eastbound | - | - | 3,645,896 | 3,404,879 | 4,672,331 |
| Westmoor - Westbound | - | - | 3,638,080 | 3,282,216 | 4,532,225 |
| Total Westpark | 13,131,186 | 14,181,191 | 13,079,363 | 12,027,367 | 19,590,483 |
| Gross Revenues by Toll Plaza | 22,885,756 | 25,202,061 | 27,275,649 | 25,296,222 | 33,376,817 |
| Revenue not Allocated Due to Timing Differences: | | | | | |
| Credit Tolls and Toll Replacement | (21,006) | (1,067) | - | - | - |
| Toll Violations | 859,365 | 1,658,675 | 2,205,022 | 1,763,194 | 845,746 |
| Total Revenues | \$ 23,724,115 | \$ 26,859,669 | \$ 29,480,671 | \$ 27,059,416 | \$ 34,222,563 |

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

FORT BEND COUNTY TOLL ROAD AUTHORITY
REVENUES BY TOLL ROAD COMPONENTS/SEGMENTS
LAST TEN FISCAL YEARS
(Unaudited)

| Components/Segments | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Parkway: | | | | | |
| Lake Olympia East | \$ - | \$ - | \$ - | \$ - | \$ - |
| Lake Olympia West | - | - | - | - | - |
| McHard East | - | - | - | - | - |
| McHard West | - | - | - | - | - |
| Sienna Parkway | - | - | - | - | - |
| Main Line Plaza | - | - | - | - | - |
| Fondren - Northbound | 3,472,809 | 3,285,878 | 3,450,696 | 3,945,242 | 4,343,114 |
| Fondren - Southbound | 3,164,409 | 2,995,076 | 3,189,402 | 3,627,868 | 4,037,140 |
| Lake Olympia - Northbound | 1,609,697 | 1,500,627 | 1,546,875 | 1,760,868 | 1,979,471 |
| Lake Olympia - Southbound | 1,464,506 | 1,373,687 | 1,453,872 | 1,629,462 | 1,833,640 |
| McHard - Northbound | 2,342,181 | 2,224,624 | 2,382,014 | 2,744,707 | 3,044,672 |
| McHard - Southbound | 2,137,459 | 2,037,864 | 2,224,965 | 2,525,130 | 2,843,189 |
| Sienna Parkway - Northbound | 752,514 | 721,416 | 795,824 | 975,836 | 1,061,997 |
| Sienna Parkway - Southbound | 685,953 | 666,265 | 733,481 | 874,616 | 907,230 |
| Total Parkway | 15,629,529 | 14,805,438 | 15,777,128 | 18,083,728 | 20,050,454 |
| Westpark: | | | | | |
| Katy Gaston - Eastbound | 2,190,781 | 2,200,667 | 2,503,284 | 3,012,756 | 3,336,097 |
| Katy Gaston - Westbound | 2,171,000 | 2,130,948 | 2,424,781 | 3,027,936 | 3,196,559 |
| Peek - Eastbound | 4,435,747 | 3,899,470 | 4,225,115 | 4,987,216 | 5,324,720 |
| Peek - Westbound | 3,670,541 | 3,140,736 | 3,459,385 | 4,332,698 | 4,746,233 |
| Westmoor - Eastbound | 5,131,146 | 4,566,451 | 4,947,073 | 5,816,208 | 6,283,558 |
| Westmoor - Westbound | 4,995,173 | 4,282,918 | 4,600,642 | 5,432,484 | 5,886,047 |
| Total Westpark | 22,544,259 | 18,893,099 | 22,047,552 | 26,323,622 | 29,280,472 |
| Gross Revenues by Toll Plaza | 38,173,788 | 33,698,537 | 37,824,680 | 44,407,350 | 49,330,926 |
| Revenue not Allocated Due to Timing Differences: | | | | | |
| Credit Tolls and Toll Replacement | - | - | - | - | - |
| Toll Violations | 1,993,685 | 1,399,918 | 3,951,083 | 5,255,980 | 6,852,328 |
| Total Revenues | \$ 40,167,473 | \$ 35,098,455 | \$ 41,775,763 | \$ 49,663,330 | \$ 56,183,254 |

FORT BEND COUNTY TOLL ROAD AUTHORITY
TRAFFIC COUNT TABLE
LAST TEN FISCAL YEARS
(Unaudited)

| Components/Segments | Fiscal Year | | | | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2015 | 2016* | 2017 | 2018 |
| Parkway: | | | | | |
| Lake Olympia East | 48,980 | 82,628 | - | - | - |
| Lake Olympia West | 55,632 | 94,384 | - | - | - |
| McHard East | 724,057 | 1,207,115 | - | - | - |
| McHard West | 682,373 | 1,145,415 | - | - | - |
| Main Line Plaza | 6,796,389 | 11,635,202 | - | - | - |
| Sienna Parkway | 552,555 | 762,257 | - | - | - |
| Fondren - Northbound | - | - | 4,584,913 | 4,790,191 | 5,449,596 |
| Fondren - Southbound | - | - | 4,101,788 | 4,341,714 | 4,973,778 |
| Lake Olympia - Northbound | - | - | 3,777,168 | 3,682,159 | 3,767,341 |
| Lake Olympia - Southbound | - | - | 3,391,439 | 3,308,774 | 3,473,562 |
| McHard - Northbound | - | - | 4,624,183 | 4,836,066 | 5,541,449 |
| McHard - Southbound | - | - | 4,189,214 | 4,397,508 | 5,096,079 |
| Sienna Parkway - Northbound | - | - | 1,042,404 | 1,365,485 | 1,716,150 |
| Sienna Parkway - Southbound | - | - | 993,598 | 1,342,895 | 1,656,675 |
| Total Parkway Transactions | 8,859,986 | 14,927,001 | 26,704,707 | 28,064,792 | 31,674,630 |
| Westpark: | | | | | |
| Katy Gaston - Eastbound | - | - | - | 225 | 2,448,068 |
| Katy Gaston - Westbound | - | - | - | 564 | 2,459,588 |
| Peek - Eastbound | - | - | 5,823,383 | 6,145,613 | 6,488,015 |
| Peek - Westbound | - | - | 5,078,349 | 5,148,741 | 5,403,783 |
| Westmoor - Eastbound | - | - | 6,858,314 | 7,201,617 | 7,557,592 |
| Westmoor - Westbound | - | - | 6,843,609 | 6,942,173 | 7,330,966 |
| Total Westpark Transactions | 20,121,013 | 21,391,903 | 24,603,655 | 25,438,933 | 31,688,012 |
| Total Transactions | 28,980,999 | 36,318,904 | 51,308,362 | 53,503,725 | 63,362,642 |

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

FORT BEND COUNTY TOLL ROAD AUTHORITY
TRAFFIC COUNT TABLE
LAST TEN FISCAL YEARS
(Unaudited)

| Components/Segments | Fiscal Year | | | | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Parkway: | | | | | |
| Lake Olympia East | - | - | - | - | - |
| Lake Olympia West | - | - | - | - | - |
| McHard East | - | - | - | - | - |
| McHard West | - | - | - | - | - |
| Main Line Plaza | - | - | - | - | - |
| Sienna Parkway | - | - | - | - | - |
| Fondren - Northbound | 5,950,115 | 5,398,582 | 6,109,257 | 6,831,051 | 7,227,024 |
| Fondren - Southbound | 5,433,111 | 4,955,473 | 5,665,022 | 6,317,265 | 6,754,219 |
| Lake Olympia - Northbound | 4,099,904 | 3,594,064 | 3,920,625 | 4,397,929 | 4,799,022 |
| Lake Olympia - Southbound | 3,768,468 | 3,353,456 | 3,783,162 | 4,138,737 | 4,527,312 |
| McHard - Northbound | 6,064,902 | 5,481,099 | 6,260,302 | 7,091,002 | 7,573,755 |
| McHard - Southbound | 5,539,077 | 5,057,729 | 5,853,643 | 6,593,757 | 7,132,224 |
| Sienna Parkway - Northbound | 1,931,249 | 1,718,167 | 2,005,821 | 2,401,571 | 2,576,116 |
| Sienna Parkway - Southbound | 1,769,196 | 1,595,411 | 1,854,153 | 2,163,633 | 2,212,482 |
| Total Parkway Transactions | 34,556,022 | 31,153,981 | 35,451,985 | 39,934,945 | 42,802,154 |
| Westpark: | | | | | |
| Katy Gaston - Eastbound | 3,248,679 | 3,054,975 | 3,642,057 | 4,309,393 | 4,661,439 |
| Katy Gaston - Westbound | 3,219,755 | 2,965,384 | 3,543,400 | 4,301,495 | 4,455,878 |
| Peek - Eastbound | 6,718,441 | 5,580,904 | 6,424,159 | 7,502,079 | 7,827,492 |
| Peek - Westbound | 5,588,605 | 4,504,815 | 5,422,464 | 6,465,993 | 6,877,107 |
| Westmoor - Eastbound | 7,803,549 | 6,553,216 | 7,685,683 | 8,886,860 | 9,294,522 |
| Westmoor - Westbound | 7,589,957 | 6,164,434 | 7,081,015 | 8,293,968 | 8,588,092 |
| Total Westpark Transactions | 34,168,986 | 28,823,728 | 33,798,778 | 39,759,788 | 41,704,530 |
| Total Transactions | 68,725,008 | 59,977,709 | 69,250,763 | 79,694,733 | 84,506,684 |

FORT BEND COUNTY TOLL ROAD AUTHORITY
HISTORICAL TOLL ROAD OPERATING RESULTS AND COVERAGES
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year Ended | Project Revenues | Other Earnings | Senior Lien Debt Service | Coverage Ratio on Senior Lien Revenue Bonds | O & M Expenses |
|-------------------|------------------|----------------|--------------------------|---|----------------|
| 2014 | \$ 23,724,115 | \$ 175,305 | \$ 1,126,700 | 21.212 | \$ 4,054,384 |
| 2015 | 26,859,669 | 294,396 | 3,757,203 | 7.227 | 8,311,189 |
| 2016 | 29,480,670 | 694,418 | 6,538,300 | 4.615 | 7,768,500 |
| 2017 | 27,059,416 | 953,602 | 7,745,050 | 3.617 | 8,266,639 |
| 2018 | 34,222,563 | 1,482,625 | 7,802,563 | 4.576 | 7,344,333 |
| 2019 | 40,167,473 | 2,270,335 | 8,109,063 | 5.233 | 10,684,029 |
| 2020 | 35,098,454 | 1,371,593 | 8,404,700 | 4.339 | 8,073,269 |
| 2021 | 41,775,763 | 366,627 | 8,715,375 | 4.835 | 9,190,425 |
| 2022 | 49,663,330 | 588,299 | 11,880,877 | 4.230 | 10,459,444 |
| 2023 | 56,183,254 | 7,675,592 | 10,998,050 | 5.806 | 12,675,904 |

Note: The debt service coverage ratios above have been calculated using the provisions outlined in the corresponding bond documents. Debt service costs show only the scheduled principal, interest and fees and to exclude any advance defeasance of debt.

FORT BEND COUNTY TOLL ROAD AUTHORITY
HISTORICAL TOLL ROAD OPERATING RESULTS AND COVERAGES
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year Ended | Revenues Available for Unlimited Subordinate Lien Tax Bonds | Unlimited Subordinate Lien Debt Service | Coverage Ratio on Unlimited Subordinate Lien Tax Bonds |
|-------------------------|---|--|--|
| 2014 | \$ 18,718,336 | \$ 8,185,431 | 2.287 |
| 2015 | 15,085,673 | 8,813,001 | 1.712 |
| 2016 | 15,868,288 | 9,463,973 | 1.677 |
| 2017 | 12,001,329 | 9,965,973 | 1.204 |
| 2018 | 20,558,292 | 10,537,223 | 1.951 |
| 2019 | 23,644,716 | 10,163,125 | 2.327 |
| 2020 | 19,992,078 | 10,296,251 | 1.942 |
| 2021 | 24,236,590 | 10,359,851 | 2.339 |
| 2022 | 27,911,308 | 10,331,226 | 2.702 |
| 2023 | 40,184,892 | 9,485,226 | 4.237 |

Note: The debt service coverage ratios above have been calculated using the provisions outlined in the corresponding bond documents. Debt service costs show only the scheduled principal, interest and fees and to exclude any advance defeasance of debt.

FORT BEND COUNTY TOLL ROAD AUTHORITY
TOLL RATE SCHEDULE
(Unaudited)

Toll Rate Schedule Effective as of January 1, 2022

Two-Axle Vehicles

| | |
|--------------------|-----------------|
| Parkway Toll Road | \$0.46 - \$0.94 |
| Westpark Toll Road | \$0.76 - \$1.01 |

Three to Six Axle Vehicles

| | |
|--------------------|-----------------|
| Parkway Toll Road | \$0.92 - \$3.70 |
| Westpark Toll Road | \$1.52 - \$4.05 |

Toll Rate Schedule Effective as of January 1, 2023

Two-Axle Vehicles

| | |
|--------------------|------------------|
| Parkway Toll Road | \$ 0.48 - \$0.97 |
| Westpark Toll Road | \$ 0.79 - \$1.04 |

Three to Six Axle Vehicles

| | |
|--------------------|------------------|
| Parkway Toll Road | \$ 0.96 - \$3.85 |
| Westpark Toll Road | \$ 1.58 - \$4.20 |

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 County 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 County Toll Road Authority (the "Authority"), a component unit of Fort Bend County, Texas, as of and for the year ended September 30, 2023, 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 19, 2024.

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 opinion 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 or significant deficiencies 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 County 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 Authority'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 Authority'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 19, 2024