

**FORT BEND COUNTY TOLL ROAD AUTHORITY
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2024**



Prepared by:

Fort Bend County Auditor's Office

Robert Ed Sturdivant, CPA

County Auditor

FORT BEND COUNTY TOLL ROAD AUTHORITY
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COUNTY AUDITOR

Fort Bend County, Texas

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County Auditor

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February 14, 2025

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, 2024. 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, 2024. 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 \$71.4m in series 2021 senior lien toll road 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 completed in the Fall of 2024 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.

At year end, the design work on the 4-mile Westpark Toll Road expansion from FM-723 to Texas Heritage Parkway was completed and construction begun in Fall of 2024 with a total project budget of \$89 million.

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 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, 2024, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of September 30, 2024, 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 14, 2025, 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, professional style.

Houston, Texas
February 14, 2025

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, 2024. 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 \$255,695,148 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, 2024 and 2023:

FORT BEND COUNTY TOLL ROAD AUTHORITY
SCHEDULE OF NET POSITION
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 288,230,901	\$ 170,482,885
Capital assets, net	330,167,841	311,348,170
Total Assets	<u>618,398,742</u>	<u>481,831,055</u>
Total Deferred Outflow of Resources	1,262,257	1,643,432
Long-term liabilities	354,244,038	259,744,293
Other liabilities	7,730,621	7,179,505
Total Liabilities	<u>361,974,659</u>	<u>266,923,798</u>
Total Deferred Inflow of Resources	1,407,264	-
Net Position:		
Net investment in capital assets	81,372,730	74,831,718
Restricted	27,221,194	20,074,824
Unrestricted	147,101,224	121,644,147
Total Net Position	<u>\$ 255,695,148</u>	<u>\$ 216,550,689</u>

The Authority's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by \$255.7 million, resulting in an increase in net position of \$39.1 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, 2024, the Authority had a positive net investment in capital assets of \$81,372,730. 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, \$27,221,194, is restricted. This amount represents funds held by a trustee for debt service payments. The remaining balance of \$147,101,224 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, 2024 and 2023:

FORT BEND COUNTY TOLL ROAD AUTHORITY
SCHEDULE OF CHANGES IN NET POSITION
For the Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues		
Operating revenues		
Toll revenue	\$ 61,134,201	\$ 56,183,254
Non-operating revenues		
Earnings on investments	11,598,440	7,675,592
Total Revenues	<u>72,732,641</u>	<u>63,858,846</u>
Expenses		
Operating expenses		
Salaries and personnel costs	171,344	156,435
Fees and supplies	14,546,243	12,398,078
Utilities	132,569	121,390
Depreciation	7,802,504	7,266,108
Non-operating expenses:		
Interest and fiscal agent fees	9,100,228	7,618,073
Debt issuance costs	1,835,294	-
Total Expenses	<u>33,588,182</u>	<u>27,560,084</u>
Change in Net Position	39,144,459	36,298,762
Net Position, Beginning	<u>216,550,689</u>	<u>180,251,927</u>
Net Position, Ending	<u>\$ 255,695,148</u>	<u>\$ 216,550,689</u>

The Authority's revenues were sufficient to cover all expenses incurred during the year ended September 30, 2024, resulting in a change in net position of \$39,144,459. This change in net position is greater than last year's change of \$36,298,762 by \$2,845,697. The key elements of this difference in the change in net position were due to the following:

- Increase in toll revenue of \$5.0 million or nine percent due to traffic counts of more than 92.2 million system-wide reads passing fiscal year 2023 reads by almost 7.7 million or nine percent and a heightened effort applied to collections of toll violations that resulted in a 18.9 percent increase in violation revenue collections.
- Due to the increased interest rate climate nationally, the Authority's investment earnings have increased by \$2.2 million year over year.
- Debt related expenses of interest and issuance costs increased year over year reflecting the issuance of the Series 2024 Senior Lien Revenue and Refunding Bonds for ongoing projects.

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

Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2024, the Authority had \$330,167,841 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 \$18,819,671 from the previous fiscal year.

	<u>2024</u>	<u>2023</u>
Non-Depreciable Capital Assets		
Land	\$ 32,994,966	\$ 32,994,966
Construction in progress	60,168,877	79,243,697
Depreciable Capital Assets, Net		
Office furniture and equipment	-	22,099
Infrastructure	237,003,998	199,087,408
Totals	<u>\$ 330,167,841</u>	<u>\$ 311,348,170</u>

The decrease in construction in progress of \$19,074,820 was primarily due to the Fall of 2023 completion of the Fort Bend Parkway extension project which is now reflected in the infrastructure category.

Long-Term Debt - At the end of the current and prior fiscal years, the Authority had total bonds outstanding as follows reflecting the issuance of the Series 2024 Senior Lien Toll Road Revenue and Refunding Bonds:

	<u>2024</u>	<u>2023</u>
Revenue bonds	\$ 334,570,000	\$ 240,440,000
Premiums on bonds	19,674,038	19,304,293
Total	<u>\$ 354,244,038</u>	<u>\$ 259,744,293</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, 2021 and 2024	A2	AA+
General Obligation Refunding Bonds Taxable, Series 2020	Aa1	AAA

Economic Factors

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

The population of the County is estimated at 944,637 in 2024 and is expected to grow to over 1 million by the end of 2026.

In 2024 of the estimated 270,136 households, approximately 78 percent were owner occupied with an educational achievement for adults over 25 years of age with at least some college of 74 percent.

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, 2024

Assets

Cash and cash equivalents	\$ 135,037,966
Investments	147,448,953
Tolls receivable	5,743,982
Capital assets, not subject to depreciation	93,163,843
Capital assets, net of accumulated depreciation	<u>237,003,998</u>
Total Assets	<u><u>618,398,742</u></u>

Deferred Outflow of Resources

Deferred outflows - debt refunding	<u>1,262,257</u>
Total Deferred Outflow of Resources	<u><u>1,262,257</u></u>

Liabilities

Accounts payable and accrued expenses	583,929
Retainage payable	109,544
Due to primary government	6,428,689
Accrued interest payable	1,192,387
Long-term liabilities due within one year	12,890,000
Long-term liabilities due in more than one year	<u>341,354,038</u>
Total Liabilities	<u><u>362,558,587</u></u>

Deferred Inflow of Resources

Deferred inflows - debt refunding	<u>1,407,264</u>
Total Deferred Inflow of Resources	<u><u>1,407,264</u></u>

Net Position

Net investment in capital assets	81,372,730
Restricted for:	
Debt service	27,221,194
Unrestricted	<u>147,101,224</u>
Total Net Position	<u><u>\$ 255,695,148</u></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, 2024

Operating Revenue	
Toll revenue	\$ 61,134,201
Total Operating Revenue	<u>61,134,201</u>
Operating Expenses	
Salaries and personnel costs	171,344
Fees	14,546,243
Utilities	132,569
Depreciation	7,802,504
Total Operating Expenses	<u>22,652,660</u>
Operating Income	38,481,541
Non-Operating Revenues (Expenses)	
Earnings on investments	11,598,440
Interest on long-term debt	(9,100,228)
Debt issuance costs	(1,835,294)
Total Non-Operating Revenues (Expenses)	<u>662,918</u>
Change in Net Position	39,144,459
Net Position, Beginning of Year	<u>216,550,689</u>
Net Position, End of Year	<u><u>\$ 255,695,148</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, 2024

Cash Flows from Operating Activities	
Receipts from tolls and other	\$ 61,424,544
Payment of toll operation expenses	<u>(14,266,227)</u>
Net Cash Provided by Operating Activities	<u>47,158,317</u>
Cash Flows from Investing Activities	
Purchase of Investments	(126,143,065)
Interest earned on investments	<u>10,877,227</u>
Net Cash (Used) by Investing Activities	<u>(115,265,838)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(30,002,149)
Borrowings from primary government	3,384,191
Principal paid on capital debt	(29,645,000)
Interest expense	(8,753,742)
Debt issuance costs	(1,835,294)
Proceeds from capital debt	<u>126,326,786</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>59,474,792</u>
Net Decrease in Cash and Cash Equivalents	(8,632,729)
Cash and Cash Equivalents, Beginning of Year	<u>143,670,694</u>
Cash and Cash Equivalents, End of Year	<u>\$ 135,037,966</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 38,481,541
Adjustments to operations:	
Depreciation	7,802,504
Change in assets and liabilities:	
Decrease in other receivables	290,343
Increase in accounts payable and accrued expenses	583,929
Total adjustments	<u>8,676,776</u>
Net Cash Provided by Operating Activities	<u>\$ 47,158,317</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 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. Investments

The Authority's investments, when held, are comprised of holdings of U.S. Government Securities and commercial papers. All investments are generally held to maturity. The Authority reports investments at fair value.

The Authority categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

E. Receivables

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

FORT BEND COUNTY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

F. 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.

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.

G. Amortization of Bond Premiums

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

H. Deferred Outflows and Inflows 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.

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 gain 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.

I. 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.

FORT BEND COUNTY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

J. 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.

K. Date of Management's Review

In preparing the financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through February 14, 2025, the date that the financial statements were available to be issued.

L. – New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements effective for the 2024 fiscal year, all of which have been implemented by the Authority with no material impact on the current year financial statements.

- GASB Statement No. 99, Omnibus 2022, with requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.
- GASB Statement No. 100, Accounting Changes and Error Corrections with the requirements effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.
- GASB Implementation Guide 2021-1, Implementation Guidance Update – 2021 with requirements for governments to capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant which are effective for reporting periods beginning after June 15, 2023.
- GASB Implementation Guide 2023-1, Implementation Guidance Update – 2023 provides guidance that clarifies, explains, or elaborates on GASB Statements related to leases.

FORT BEND COUNTY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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.

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, 2024, the Authority reported deposits in the amount of \$6.6 million. The entire amount was covered by federal depository insurance or by collateral held by the County’s agent in the Authority’s name at year end.

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 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:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Percentage of Total Portfolio</u>
Demand Deposits	\$ 6,570,918	1	2.3%
Money Market	95,908,247	38	34.0%
Investment Pools:			
Texas CLASS	26,526,812	39	9.4%
Texas Range	1,190	41	0.0%
LOGIC	6,030,799	48	2.1%
Governmental Securities:			
US Treasury Securities	71,234,066	273	25.2%
Agency Notes	24,818,709	219	8.8%
Commercial Paper	51,396,178	31	18.2%
Total Fair Value	<u>\$ 282,486,919</u>		
Portfolio weighted average maturity (days)		<u>111</u>	

On September 30, 2024, the Authority has reported the fair value of the government securities and commercial paper using quoted prices for similar assets in active markets (Level 1). 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

FORT BEND COUNTY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

subsidiary of Cutwater Asset Management. It maintains a Net Asset Value of approximately \$1 per share.

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, 2024, S&P Global Ratings rated Texas CLASS, LOGIC and Fidelity “AAAm”. Fitch Ratings rated Texas Range “AAAmf”. U.S. Government securities have been rated AA+ and Aaa by Fitch and S&P Global Ratings, respectively. Commercial Paper investments have been rated P-1 by Moody’s.

E. Earnings on Investments

Earnings on investments are presented net of unrealized gains on governmental and commercial paper securities. The calculation of investment earnings is as follows:

Interest on investments	\$ 10,877,227
Unrealized gain (loss) on investments	721,213
Earnings on investments	<u>\$ 11,598,440</u>

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2024, 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, 2024, is as follows:

	Balance 9/30/2023	Increases	Decreases	Balance 9/30/2024
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 32,994,966	\$ -	\$ -	\$ 32,994,966
Construction in progress	79,243,697	26,622,174	(45,696,994)	60,168,877
Total capital assets not depreciated	112,238,663	26,622,174	(45,696,994)	93,163,843
Depreciable capital assets				
Office furniture and equipment	363,120	-	-	363,120
Infrastructure	293,142,560	45,696,995	-	338,839,555
Total depreciable capital assets	293,505,680	45,696,995	-	339,202,675
Accumulated depreciation for:				
Office furniture and equipment	(363,120)	-	-	(363,120)
Infrastructure	(94,033,053)	(7,802,504)	-	(101,835,557)
Total accumulated depreciation	(94,396,173)	(7,802,504)	-	(102,198,677)
Total depreciable capital assets, net	199,109,507	37,894,491	-	237,003,998
Total capital assets	\$ 311,348,170	\$ 64,516,665	\$ (45,696,994)	\$ 330,167,841

Depreciation expense for the Authority for the year ended September 30, 2024, totaled \$7,802,504. 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:

	Construction In Progress	Commitments
Fort Bend Parkway	\$ 1,412,497	\$ 577,283
Direct Connectors	42,395,413	-
Westpark Extension	9,758,042	70,926,021
Fort Bend Parkway Segment C	2,228,899	589,888
Fort Bend Parkway Extension	4,281,257	1,300,451
Projects under \$1MM	92,769	-
Total	\$ 60,168,877	\$ 73,393,643

Net Investment in Capital Assets

The Authority classifies a portion of Net Position as Net Investment in Capital Assets calculated as follows:

Capital Assets	\$ 330,167,841
Bonds Payable including premiums	(354,244,038)
Net deferred outflows and inflows on debt refunding	(145,007)
less unspent bond proceeds	105,593,934
Net Investment in Capital Assets	\$ 81,372,730

FORT BEND COUNTY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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.

The following is a summary of the outstanding subordinate and senior lien revenue bonds as of September 30, 2024:

<u>Original Issue</u>	<u>Description</u>	<u>Interest Rate %</u>	<u>Matures</u>	<u>Debt Outstanding</u>
Revenue Bonds				
\$ 45,000,000	Senior Lien Toll Road Revenue Bonds, Series 2014	2.0 - 5.0	2042	\$ 16,615,000
64,440,000	Senior Lien Toll Road Revenue Bonds, Series 2016	2.0 - 5.0	2045	59,405,000
80,770,000	General Obligation Refunding Bonds Taxable Series 2020	2.1 - 5.0	2032	66,010,000
71,430,000	Senior Lien Toll Road Revenue Bonds Series 2021	3.0 - 5.0	2051	68,765,000
123,775,000	Senior Lien Toll Road Revenue & Refunding Bonds, Series 2024	4.125 - 5.0	2054	<u>123,775,000</u>
	Total Revenue Bonds			<u><u>\$ 334,570,000</u></u>

A summary of the long-term liability transactions of the Authority for the year ended September 30, 2024 is as follows:

	<u>Balances 9/30/2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances 9/30/2024</u>	<u>Amounts Due Within One Year</u>
Revenue bonds	\$ 240,440,000	\$ 123,775,000	\$ (29,645,000)	\$ 334,570,000	\$ 12,890,000
Premiums on bonds	19,304,293	2,551,786	(2,182,041)	19,674,038	-
Totals	<u>\$ 259,744,293</u>	<u>\$ 126,326,786</u>	<u>\$ (31,827,041)</u>	<u>\$ 354,244,038</u>	<u>\$ 12,890,000</u>

In May 2024, the Authority issued \$123.8 million in Senior Lien Toll Road Revenue and Refunding bonds, series 2024. These bonds were issued in the amount of (\$106.1M) for toll road expansion projects and (\$17.7M) for refunding. The proceeds of the refunding bonds (\$19.6M) were used to pay issuance costs and provide for a deposit into a refunding escrow account to defease \$19.1M of the series 2014 bonds outstanding. The refunding resulted in a savings of \$2.2M in future debt payments or an economic gain or net present value savings of \$1.8M over the life of the bonds. The entire refunded portion of the 2014 bonds were called on June 5, 2024 at 100 percent of face value.

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>
2025	\$ 12,890,000	\$ 13,986,395	\$ 26,876,395
2026	13,455,000	13,327,770	26,782,770
2027	14,155,000	12,637,520	26,792,520
2028	14,880,000	11,911,645	26,791,645
2029	15,650,000	11,148,395	26,798,395
2030-2034	69,005,000	46,823,871	115,828,871
2035-2039	53,220,000	34,850,970	88,070,970
2040-2044	60,575,000	22,085,366	82,660,366
2045-2049	44,475,000	11,200,050	55,675,050
2050-2054	36,265,000	3,395,440	39,660,440
Totals	<u>\$ 334,570,000</u>	<u>\$ 181,367,421</u>	<u>\$ 515,937,421</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, 2024.

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.



**OTHER INFORMATION
(Unaudited)**

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Assets					
Cash and cash equivalents	\$ 80,124,410	\$ 94,093,648	\$ 45,873,638	\$ 75,409,629	\$ 83,051,098
Investments	4,821,817	30,203,442	31,005,272	11,038,383	19,998,119
Due from primary government	-	-	-	-	-
Tolls receivable	4,578,566	2,614,068	3,344,082	6,225,089	6,823,713
Capital assets, net	197,605,705	239,344,840	260,027,140	264,533,926	258,900,659
Total Assets	287,130,498	366,255,998	340,250,132	357,207,027	368,773,589
Deferred Outflows of Resources					
Deferred Outflows - debt refunding	10,245,433	9,597,799	8,956,345	8,322,875	7,699,341
Total Deferred Outflows of Resources	10,245,433	9,597,799	8,956,345	8,322,875	7,699,341
Liabilities and Net Position					
Liabilities					
Due to primary government	5,432,913	7,239,603	(15,423,326)	(2,797,830)	2,370,036
Accounts payable and accrued liabilities	-	-	-	-	-
Retainage payable	561,976	1,242,883	-	-	22,069
Accrued interest payable	729,915	981,506	966,022	942,859	921,423
Long-term liabilities	211,994,855	280,365,050	272,992,086	264,749,123	255,696,159
Total Liabilities	218,719,659	289,829,042	258,534,782	262,894,152	259,009,687
Deferred Inflows of Resources					
Deferred Inflows - debt refunding	-	-	-	-	-
Total Deferred Outflow of Resources	-	-	-	-	-
Net Position					
Net investment in capital assets	19,294,690	20,677,347	21,988,864	23,861,359	23,279,380
Restricted for:					
Debt service	7,679,464	19,944,005	20,822,526	21,537,584	22,281,830
Unrestricted	51,682,118	45,403,403	47,860,305	57,236,807	71,902,033
Total Net Position	\$ 78,656,272	\$ 86,024,755	\$ 90,671,695	\$ 102,635,750	\$ 117,463,243

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				
	2020	2021	2022	2023	2024
Assets					
Cash and cash equivalents	\$ 121,645,885	\$ 191,223,251	\$ 151,038,958	\$ 143,670,694	\$ 135,037,966
Investments	-	22,041,356	8,870,075	20,584,675	147,448,953
Due from primary government	-	-	-	193,191	-
Tolls receivable	5,191,875	4,039,780	5,576,454	6,034,325	5,743,982
Capital assets, net	256,138,871	250,994,957	290,248,764	311,348,170	330,167,841
Total Assets	382,976,631	468,299,344	455,734,251	481,831,055	618,398,742
Deferred Outflows of Resources					
Deferred Outflows - debt refunding	3,082,751	2,549,516	2,071,005	1,643,432	1,262,257
Total Deferred Outflows of Resources	3,082,751	2,549,516	2,071,005	1,643,432	1,262,257
Liabilities and Net Position					
Liabilities					
Due to primary government	2,586,010	1,178,433	2,084,502	2,851,307	6,428,689
Accounts payable and accrued liabilities	-	-	-	-	583,929
Retainage payable	-	-	1,587,327	3,489,518	109,544
Accrued interest payable	826,213	1,059,814	881,033	838,680	1,192,387
Long-term liabilities	243,167,649	312,573,635	273,000,467	259,744,293	354,244,038
Total Liabilities	246,579,872	314,811,882	277,553,329	266,923,798	362,558,587
Deferred Inflows of Resources					
Deferred Inflows - debt refunding	-	-	-	-	1,407,264
Total Deferred Outflow of Resources	-	-	-	-	1,407,264
Net Position					
Net investment in capital assets	22,874,419	25,612,104	67,755,577	74,831,718	81,372,730
Restricted for:					
Debt service	24,622,397	22,661,157	15,693,160	20,074,824	27,221,194
Unrestricted	91,982,694	107,763,717	96,803,190	121,644,147	147,101,224
Total Net Position	\$ 139,479,510	\$ 156,036,978	\$ 180,251,927	\$ 216,550,689	\$ 255,695,148

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				
	2015	2016	2017	2018	2019
Operating Revenues					
Toll revenue	\$ 26,859,669	\$ 29,480,670	\$ 27,059,416	\$ 34,222,563	\$ 40,167,473
Total Operating Revenues	<u>26,859,669</u>	<u>29,480,670</u>	<u>27,059,416</u>	<u>34,222,563</u>	<u>40,167,473</u>
Operating Expenses					
Salaries and personnel costs	152,950	178,610	206,247	247,803	126,423
Fees and supplies	8,008,321	7,433,288	7,943,818	6,958,371	10,432,924
Utilities	149,918	156,604	116,574	138,159	124,682
Depreciation	4,570,271	4,726,112	5,237,764	6,349,922	7,121,623
Total Operating Expenses	<u>12,881,460</u>	<u>12,494,614</u>	<u>13,504,403</u>	<u>13,694,255</u>	<u>17,805,652</u>
Operating Income	13,978,209	16,986,056	13,555,013	20,528,308	22,361,821
Non-Operating Revenues (Expenses)					
Earnings on investments	294,396	694,418	953,602	1,482,625	2,270,335
Interest on long-term debt	(7,445,698)	(9,621,680)	(10,354,184)	(10,097,281)	(9,821,322)
Debt issuance costs	(518,776)	(785,311)	-	-	-
Total Non-Operating Revenues (Expenses)	<u>(7,670,078)</u>	<u>(9,712,573)</u>	<u>(9,400,582)</u>	<u>(8,614,656)</u>	<u>(7,550,987)</u>
Income Before Contributions	6,308,131	7,273,483	4,154,431	11,913,652	14,810,834
Capital grants and contributions	-	95,000	492,509	50,403	16,659
Change in Net Position	6,308,131	7,368,483	4,646,940	11,964,055	14,827,493
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 78,656,272</u>	<u>\$ 86,024,755</u>	<u>\$ 90,671,695</u>	<u>\$ 102,635,750</u>	<u>\$ 117,463,243</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				
	2020	2021	2022	2023	2024
Operating Revenues					
Toll revenue	\$ 35,098,454	\$ 41,775,763	\$ 49,663,330	\$ 56,183,254	\$ 61,134,201
Total Operating Revenues	<u>35,098,454</u>	<u>41,775,763</u>	<u>49,663,330</u>	<u>56,183,254</u>	<u>61,134,201</u>
Operating Expenses					
Salaries and personnel costs	130,285	115,288	122,051	156,435	171,344
Fees and supplies	7,823,468	8,944,733	10,214,271	12,398,078	14,546,243
Utilities	119,516	130,404	123,123	121,390	132,569
Depreciation	7,268,476	7,288,208	7,300,925	7,266,108	7,802,504
Total Operating Expenses	<u>15,341,745</u>	<u>16,478,633</u>	<u>17,760,370</u>	<u>19,942,011</u>	<u>22,652,660</u>
Operating Income	19,756,709	25,297,130	31,902,960	36,241,243	38,481,541
Non-Operating Revenues (Expenses)					
Earnings on investments	1,371,593	366,627	588,299	7,675,592	11,598,440
Interest on long-term debt	(8,665,375)	(7,922,550)	(8,569,412)	(7,618,073)	(9,100,228)
Debt issuance costs	(713,660)	(1,183,739)	(35,715)	-	(1,835,294)
Total Non-Operating Revenues (Expenses)	<u>(8,007,442)</u>	<u>(8,739,662)</u>	<u>(8,016,828)</u>	<u>57,519</u>	<u>662,918</u>
Income Before Contributions	11,749,267	16,557,468	23,886,132	36,298,762	39,144,459
Capital grants and contributions	10,267,000	-	328,817	-	-
Change in Net Position	22,016,267	16,557,468	24,214,949	36,298,762	39,144,459
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 139,479,510</u>	<u>\$ 156,036,978</u>	<u>\$ 180,251,927</u>	<u>\$ 216,550,689</u>	<u>\$ 255,695,148</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				
	2015	2016*	2017	2018	2019
Parkway:					
Lake Olympia East	\$ 21,279	\$ -	\$ -	\$ -	\$ -
Lake Olympia West	24,281	-	-	-	-
McHard East	145,345	-	-	-	-
McHard West	181,837	-	-	-	-
Sienna Parkway	300,429	-	-	-	-
Main Line Plaza	10,347,699	-	-	-	-
Fondren - Northbound	-	2,437,351	2,264,772	2,371,928	3,468,255
Fondren - Southbound	-	2,180,520	2,052,735	2,164,829	3,160,259
Lake Olympia - Northbound	-	2,007,952	1,740,901	1,639,729	1,607,586
Lake Olympia - Southbound	-	1,802,897	1,564,367	1,511,863	1,462,586
McHard - Northbound	-	2,458,227	2,286,461	2,411,907	2,339,109
McHard - Southbound	-	2,226,996	2,079,114	2,218,061	2,134,656
Sienna Parkway - Northbound	-	554,144	645,593	746,952	751,527
Sienna Parkway - Southbound	-	528,199	634,912	721,065	685,053
Sienna Ranch - Northbound	-	-	-	-	-
Sienna Ranch - Southbound	-	-	-	-	-
Total Parkway	11,020,870	14,196,286	13,268,855	13,786,334	15,609,031
Westpark:					
Katy Gaston - Eastbound	-	-	106	1,513,469	2,187,908
Katy Gaston - Westbound	-	-	267	1,520,591	2,168,153
Peek - Eastbound	-	3,095,724	2,905,607	4,011,086	4,429,930
Peek - Westbound	-	2,699,663	2,434,292	3,340,781	3,665,727
Westmoor - Eastbound	-	3,645,896	3,404,879	4,672,331	5,124,417
Westmoor - Westbound	-	3,638,080	3,282,216	4,532,225	4,988,622
Total Westpark	14,181,191	13,079,363	12,027,367	19,590,483	22,564,757
Gross Revenues by Toll Plaza	25,202,061	27,275,649	25,296,222	33,376,817	38,173,788
Revenue not Allocated Due to Timing Differences:					
Toll Violations	1,657,608	2,205,021	1,763,194	845,746	1,993,685
Total Revenues	\$ 26,859,669	\$ 29,480,670	\$ 27,059,416	\$ 34,222,563	\$ 40,167,473

*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				
	2020	2021	2022	2023	2024
Parkway:					
Lake Olympia East	\$ -	\$ -	\$ -	\$ -	\$ -
Lake Olympia West	-	-	-	-	-
McHard East	-	-	-	-	-
McHard West	-	-	-	-	-
Sienna Parkway	-	-	-	-	-
Main Line Plaza	-	-	-	-	-
Fondren - Northbound	3,161,289	3,440,442	3,920,025	4,388,238	4,719,741
Fondren - Southbound	2,881,513	3,179,925	3,604,678	4,079,084	4,398,809
Lake Olympia - Northbound	1,443,729	1,542,278	1,749,612	2,000,037	2,128,663
Lake Olympia - Southbound	1,321,601	1,449,552	1,619,046	1,852,691	2,045,974
McHard - Northbound	2,140,274	2,374,936	2,727,163	3,076,305	3,333,299
McHard - Southbound	1,960,595	2,218,354	2,508,989	2,872,728	3,085,330
Sienna Parkway - Northbound	694,063	793,459	969,598	1,073,031	1,178,972
Sienna Parkway - Southbound	641,002	731,301	869,026	916,656	1,001,817
Sienna Ranch - Northbound	-	-	-	-	200,243
Sienna Ranch - Southbound	-	-	-	-	229,480
Total Parkway	14,244,066	15,730,247	17,968,137	20,258,770	22,322,328
Westpark:					
Katy Gaston - Eastbound	2,117,225	2,495,846	2,993,499	3,370,758	3,495,925
Katy Gaston - Westbound	2,050,150	2,417,576	3,008,581	3,229,769	3,437,623
Peek - Eastbound	3,751,616	4,212,560	4,955,337	5,380,041	5,621,754
Peek - Westbound	3,021,649	3,449,106	4,305,004	4,795,545	5,112,581
Westmoor - Eastbound	4,393,306	4,932,373	5,779,031	6,348,841	6,663,449
Westmoor - Westbound	4,120,524	4,586,972	5,397,761	5,947,202	6,330,601
Total Westpark	19,454,470	22,094,433	26,439,213	29,072,156	30,661,933
Gross Revenues by Toll Plaza	33,698,536	37,824,680	44,407,350	49,330,926	52,984,261
Revenue not Allocated Due to Timing Differences:					
Toll Violations	1,399,918	3,951,083	5,255,980	6,852,328	8,149,940
Total Revenues	\$ 35,098,454	\$ 41,775,763	\$ 49,663,330	\$ 56,183,254	\$ 61,134,201

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

Components/Segments	Fiscal Year				
	2015	2016*	2017	2018	2019
Parkway:					
Lake Olympia East	82,628	-	-	-	-
Lake Olympia West	94,384	-	-	-	-
McHard East	1,207,115	-	-	-	-
McHard West	1,145,415	-	-	-	-
Main Line Plaza	11,635,202	-	-	-	-
Sienna Parkway	762,257	-	-	-	-
Fondren - Northbound	-	4,584,913	4,790,191	5,449,596	5,950,115
Fondren - Southbound	-	4,101,788	4,341,714	4,973,778	5,433,111
Lake Olympia - Northbound	-	3,777,168	3,682,159	3,767,341	4,099,904
Lake Olympia - Southbound	-	3,391,439	3,308,774	3,473,562	3,768,468
McHard - Northbound	-	4,624,183	4,836,066	5,541,449	6,064,902
McHard - Southbound	-	4,189,214	4,397,508	5,096,079	5,539,077
Sienna Parkway - Northbound	-	1,042,404	1,365,485	1,716,150	1,931,249
Sienna Parkway - Southbound	-	993,598	1,342,895	1,656,675	1,769,196
Sienna Ranch - Northbound	-	-	-	-	-
Sienna Ranch - Southbound	-	-	-	-	-
Total Parkway Transactions	14,927,001	26,704,707	28,064,792	31,674,630	34,556,022
Westpark:					
Katy Gaston - Eastbound	-	-	225	2,448,068	3,248,679
Katy Gaston - Westbound	-	-	564	2,459,588	3,219,755
Peek - Eastbound	-	5,823,383	6,145,613	6,488,015	6,718,441
Peek - Westbound	-	5,078,349	5,148,741	5,403,783	5,588,605
Westmoor - Eastbound	-	6,858,314	7,201,617	7,557,592	7,803,549
Westmoor - Westbound	-	6,843,609	6,942,173	7,330,966	7,589,957
Total Westpark Transactions	21,391,903	24,603,655	25,438,933	31,688,012	34,168,986
Total Transactions	36,318,904	51,308,362	53,503,725	63,362,642	68,725,008

*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				
	2020	2021	2022	2023	2024
Parkway:					
Lake Olympia East	-	-	-	-	-
Lake Olympia West	-	-	-	-	-
McHard East	-	-	-	-	-
McHard West	-	-	-	-	-
Main Line Plaza	-	-	-	-	-
Sienna Parkway	-	-	-	-	-
Fondren - Northbound	5,398,582	6,109,257	6,831,051	7,227,024	7,776,356
Fondren - Southbound	4,955,473	5,665,022	6,317,265	6,754,219	7,343,766
Lake Olympia - Northbound	3,594,064	3,920,625	4,397,929	4,799,022	5,249,929
Lake Olympia - Southbound	3,353,456	3,783,162	4,138,737	4,527,312	5,104,899
McHard - Northbound	5,481,099	6,260,302	7,091,002	7,573,755	8,288,060
McHard - Southbound	5,057,729	5,853,643	6,593,757	7,132,224	7,827,262
Sienna Parkway - Northbound	1,718,167	2,005,821	2,401,571	2,576,116	2,807,384
Sienna Parkway - Southbound	1,595,411	1,854,153	2,163,633	2,212,482	2,424,982
	-	-	-	-	521,080
	-	-	-	-	548,567
Total Parkway Transactions	31,153,981	35,451,985	39,934,945	42,802,154	47,892,285
Westpark:					
Katy Gaston - Eastbound	3,054,975	3,642,057	4,309,393	4,661,439	4,874,973
Katy Gaston - Westbound	2,965,384	3,543,400	4,301,495	4,455,878	4,799,313
Peek - Eastbound	5,580,904	6,424,159	7,502,079	7,827,492	8,444,647
Peek - Westbound	4,504,815	5,422,464	6,465,993	6,877,107	7,374,885
Westmoor - Eastbound	6,553,216	7,685,683	8,886,860	9,294,522	9,702,393
Westmoor - Westbound	6,164,434	7,081,015	8,293,968	8,588,092	9,080,545
Total Westpark Transactions	28,823,728	33,798,778	39,759,788	41,704,530	44,276,756
Total Transactions	59,977,709	69,250,763	79,694,733	84,506,684	92,169,041

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
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
2024	61,134,201	11,598,440	11,954,051	6.084	14,850,157

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	Debt Service Bonds	Coverage Ratio on Unlimited Subordinate Lien Tax Bonds
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
2024	45,928,433	9,337,476	4.919

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)

Effective Calendar Year 2023

Effective Calendar Year 2024

Fort Bend Parkway

Fort Bend Parkway

Fondren Main Lain Plaza			
Vehicles	Toll Rate for valid tag	Toll Rate for Invalid/ Non-Tag Transactions	Toll Rate for Non-Revenue Vehicles
2 axle	\$0.72	\$0.97	\$0.00
3 axle	\$1.44	\$1.69	\$0.00
4 axle	\$2.16	\$2.41	\$0.00
5 axle	\$2.88	\$3.13	\$0.00
6 axle	\$3.60	\$3.85	\$0.00

Fondren Main Lain Plaza			
Vehicles	Toll Rate for valid tag	Toll Rate for Invalid/ Non-Tag Transactions	Toll Rate for Non-Revenue Vehicles
2 axle	\$0.74	\$0.99	\$0.00
3 axle	\$1.48	\$1.73	\$0.00
4 axle	\$2.22	\$2.47	\$0.00
5 axle	\$2.96	\$3.21	\$0.00
6 axle	\$3.70	\$3.95	\$0.00

All Other Plazas			
Vehicles	Toll Rate for valid tag	Toll Rate for Invalid/ Non-Tag Transactions	Toll Rate for Non-Revenue Vehicles
2 axle	\$0.48	\$0.73	\$0.00
3 axle	\$0.96	\$1.21	\$0.00
4 axle	\$1.44	\$1.69	\$0.00
5 axle	\$1.92	\$2.17	\$0.00
6 axle	\$2.40	\$2.65	\$0.00

All Other Plazas			
Vehicles	Toll Rate for valid tag	Toll Rate for Invalid/ Non-Tag Transactions	Toll Rate for Non-Revenue Vehicles
2 axle	\$0.49	\$0.74	\$0.00
3 axle	\$0.98	\$1.23	\$0.00
4 axle	\$1.47	\$1.72	\$0.00
5 axle	\$1.96	\$2.21	\$0.00
6 axle	\$2.45	\$2.70	\$0.00

West Park Tollway

West Park Tollway

All Main Lane Plazas			
Vehicles	Toll Rate for valid tag	Toll Rate for Invalid/ Non-Tag Transactions	Toll Rate for Non-Revenue Vehicles
2 axle	\$0.79	\$1.04	\$0.00
3 axle	\$1.58	\$1.83	\$0.00
4 axle	\$2.37	\$2.62	\$0.00
5 axle	\$3.16	\$3.41	\$0.00
6 axle	\$3.95	\$4.20	\$0.00

All Main Lane Plazas			
Vehicles	Toll Rate for valid tag	Toll Rate for Invalid/ Non-Tag Transactions	Toll Rate for Non-Revenue Vehicles
2 axle	\$0.81	\$1.06	\$0.00
3 axle	\$1.62	\$1.87	\$0.00
4 axle	\$2.43	\$2.68	\$0.00
5 axle	\$3.24	\$3.49	\$0.00
6 axle	\$4.05	\$4.30	\$0.00

Westpark Direct Connect*			
Vehicles	Toll Rate for valid tag	Toll Rate for Invalid/ Non-Tag Transactions	Toll Rate for Non-Revenue Vehicles
2 axle	\$0.75	\$1.00	\$0.00
3 axle	\$1.50	\$1.75	\$0.00
4 axle	\$2.25	\$2.50	\$0.00
5 axle	\$3.00	\$3.25	\$0.00
6 axle	\$3.75	\$4.00	\$0.00

* Westpark Direct Connect became operational after September 30, 2024.

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, 2024, 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 14, 2025.

Report on 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 were not identified.

Report on 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 style with a large, looped initial "W".

Houston, Texas
February 14, 2025