

**FORT BEND COUNTY TOLL ROAD AUTHORITY
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2025**



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 16, 2026

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, 2025. 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.

Forvis Mazars, LLP, has issued an unmodified opinion on the Authority's financial statements for the year ended September 30, 2025. 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 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 and 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.

During the 2025 fiscal year, construction began on the 4-mile Westpark Toll Road expansion from FM-723 through Charger Way with a total project budget of \$116.5 million. Additionally, construction began on the segments B3 & B4 (Sienna Ranch to FM-2759) of the Fort Bend Parkway extension with a budget of \$211.0 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 Forvis Mazars, 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 Auditor's Report

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 the Fort Bend County Toll Road Authority (Authority), a component unit of Fort Bend County, Texas, as of and for the year ended September 30 2025, and the related notes to the financial statements as listed in the table of the contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2025 and the changes in financial position and its cash flows 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 *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 relating 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinion. 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 judgment 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 judgment, 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 a 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 GAAS, 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.

Other Information

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the introductory section and other information section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 16, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its

compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Authority's 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.

Forvis Mazars, LLP

**Houston, Texas
February 16, 2026**

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, 2025. 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 and deferred inflows of resources by \$296,004,835 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, 2025 and 2024:

FORT BEND COUNTY TOLL ROAD AUTHORITY
SCHEDULE OF NET POSITION
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 492,378,006	\$ 288,230,901
Capital assets, net	379,764,735	330,167,841
Total Assets	<u>872,142,741</u>	<u>618,398,742</u>
Total Deferred Outflow of Resources	929,253	1,262,257
Long-term liabilities	550,566,171	354,244,038
Other liabilities	20,362,498	8,314,549
Total Liabilities	<u>570,928,669</u>	<u>362,558,587</u>
Total Deferred Inflow of Resources	6,138,490	1,407,264
Net Position:		
Net investment in capital assets	94,878,715	81,372,730
Restricted	29,410,899	27,221,194
Unrestricted	171,715,221	147,101,224
Total Net Position	<u>\$ 296,004,835</u>	<u>\$ 255,695,148</u>

The Authority's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by \$296.0 million, resulting in an increase in net position of \$40.3 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, 2025, the Authority had a positive net investment in capital assets of \$94,878,715. 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, \$29,410,899, is restricted. This amount represents funds held by a trustee for debt service payments. The remaining balance of \$171,715,221 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, 2025 and 2024:

FORT BEND COUNTY TOLL ROAD AUTHORITY
SCHEDULE OF CHANGES IN NET POSITION

For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenues		
Operating revenues		
Toll revenue	\$ 68,541,996	\$ 61,134,201
Non-operating revenues		
Earnings on investments	14,764,045	11,598,440
Total Revenues	<u>83,306,041</u>	<u>72,732,641</u>
Expenses		
Operating expenses		
Personnel costs	409,085	171,344
Professional fees	2,001,402	2,198,982
Law enforcement	419,213	253,045
Toll collections	11,416,930	9,734,938
Travel and training	2,525	-
Utilities	145,527	132,569
Maintenance	5,150,558	2,359,278
Depreciation	8,903,593	7,802,504
Non-operating expenses:		
Interest and fiscal agent fees	11,364,931	9,100,228
Debt issuance costs	3,182,590	1,835,294
Total Expenses	<u>42,996,354</u>	<u>33,588,182</u>
Change in Net Position	40,309,687	39,144,459
Net Position, Beginning	<u>255,695,148</u>	<u>216,550,689</u>
Net Position, Ending	<u>\$ 296,004,835</u>	<u>\$ 255,695,148</u>

The Authority's revenues were sufficient to cover all expenses incurred during the year ended September 30, 2025, resulting in a change in net position of \$40,309,687. This change in net position is slightly greater than last year's change of \$39,144,459. The key elements of this difference in the change in net position were due to the following:

- Increase in toll revenue of \$7.4 million or twelve percent due to traffic counts exceeding 103 million system-wide reads passing fiscal year 2024 reads by almost 11.2 million or 12 percent.
- Due to the increased interest rate climate nationally and the issuance of over \$380 million in bonds over the last two years, the Authority's investment earnings have increased by \$3.1 million year over year.
- Debt related expenses of interest and issuance costs offset the increase in investment earnings by \$3.6 million because of the two bond issuances 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 2025, the Authority had \$379,764,734 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 \$49,596,893 from the previous fiscal year.

	<u>2025</u>	<u>2024</u>
Non-Depreciable Capital Assets		
Land	\$ 32,994,966	\$ 32,994,966
Construction in progress	76,279,223	60,168,877
Depreciable Capital Assets, Net		
Office furniture and equipment	-	22,099
Infrastructure	270,490,545	236,981,899
Totals	<u>\$ 379,764,734</u>	<u>\$ 330,167,841</u>

The increase in construction in progress of \$16.1 million was primarily due to the work on the Westpark extension through the Charger Way intersections while the \$33.5 million increase in infrastructure is a result of the \$42.4 million capitalization of the direct connectors project net of depreciation of \$8.9 million.

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 2025 Senior Lien Toll Road Revenue and Refunding Bonds:

	<u>2025</u>	<u>2024</u>
Revenue bonds	\$ 526,910,000	\$ 334,570,000
Premiums on bonds	23,656,171	19,674,038
Total	<u>\$ 550,566,171</u>	<u>\$ 354,244,038</u>

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

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

	<u>Moody's</u>	<u>Fitch</u>
Senior Lien Toll Road Revenue & Refunding Bonds	A2	A+
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 989,748 in 2025 and is expected to grow to over 1 million by the end of 2026.

In 2024, an estimated 270,136 households were recorded, of which approximately 78 percent were owner-occupied. Among adults aged 25 and older, 74 percent had completed at least some college education.

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 complement 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, 2025

Assets

Cash and cash equivalents	\$ 68,080,690
Investments	411,227,653
Tolls receivable	13,069,663
Capital assets, not subject to depreciation	109,274,190
Capital assets, net of accumulated depreciation	270,490,545
Total Assets	<u>872,142,741</u>

Deferred Outflow of Resources

Deferred outflows - debt refunding	929,253
Total Deferred Outflow of Resources	<u>929,253</u>

Liabilities

Accounts payable and accrued expenses	583,929
Retainage payable	2,244,371
Due to primary government	15,115,542
Accrued interest payable	2,418,656
Long-term liabilities due within one year	14,635,000
Long-term liabilities due in more than one year	535,931,171
Total Liabilities	<u>570,928,669</u>

Deferred Inflow of Resources

Deferred inflows - debt refunding	6,138,490
Total Deferred Inflow of Resources	<u>6,138,490</u>

Net Position

Net investment in capital assets	94,878,715
Restricted for:	
Debt service	29,410,899
Unrestricted	171,715,221
Total Net Position	<u>\$ 296,004,835</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, 2025

Operating Revenue	
Toll revenue	\$ 68,541,996
Total Operating Revenue	<u>68,541,996</u>
Operating Expenses	
Personnel costs	409,085
Professional fees	2,001,402
Law enforcement	419,213
Toll collections	11,416,930
Travel and training	2,525
Utilities	145,527
Maintenance	5,150,558
Depreciation	8,903,593
Total Operating Expenses	<u>28,448,833</u>
Operating Income	40,093,163
Non-Operating Revenues (Expenses)	
Earnings on investments	14,764,045
Interest on long-term debt	(11,364,931)
Debt issuance costs	(3,182,590)
Total Non-Operating Revenues (Expenses)	<u>216,524</u>
Change in Net Position	40,309,687
Net Position, Beginning of Year	<u>255,695,148</u>
Net Position, End of Year	<u><u>\$ 296,004,835</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, 2025

Cash Flows from Operating Activities	
Receipts from tolls and other	\$ 61,216,315
Payment of toll operation expenses	(19,545,240)
Net Cash Provided by Operating Activities	<u>41,671,075</u>
Cash Flows from Investing Activities	
Purchase of Investments	(258,121,571)
Interest earned on investments	9,106,916
Net Cash (Used) by Investing Activities	<u>(249,014,655)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(57,054,503)
Borrowings from primary government	8,686,853
Principal paid on capital debt	(69,005,000)
Interest expense	(12,891,678)
Debt issuance costs	(3,182,590)
Proceeds from capital debt	273,833,222
Net Cash Provided by Capital and Related Financing Activities	<u>140,386,304</u>
Net Decrease in Cash and Cash Equivalents	(66,957,276)
Cash and Cash Equivalents, Beginning of Year	<u>135,037,966</u>
Cash and Cash Equivalents, End of Year	<u>\$ 68,080,690</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 40,093,163
Adjustments to operations:	
Depreciation	8,903,593
Change in assets and liabilities:	
Increase in other receivables	(7,325,681)
Total adjustments	<u>1,577,912</u>
Net Cash Provided by Operating Activities	<u>\$ 41,671,075</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 is 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. All receivables are considered collectible at year end.

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 is 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 assets 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 16, 2026, 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 2025 fiscal year, all of which have been implemented by the Authority with no material impact on the current year financial statements.

- GASB Statement No. 101, *Compensated Absences*, the primary objective of this Statement is to meet the information needs of financial statement users by updating recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.
- GASB Statement No. 102, *Certain Risk Disclosures*, the primary objective of this Statement is to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

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.

FORT BEND COUNTY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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 comply with this policy.

As of September 30, 2025, the Authority reported deposits in the amount of \$2.1 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, 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%

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:

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

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Percentage of Total Portfolio</u>
Demand Deposits	\$ 2,058,840	1	0.4%
Money Market Funds	12,290,630	36	2.6%
Investment Pools:			
Texas CLASS	22,123,405	17	4.6%
Texas Range	1,244	47	0.0%
LOGIC	6,310,155	54	1.3%
Texas Connect	25,296,416	41	5.3%
Commercial Paper	127,012,182	134	26.5%
Governmental Securities:			
US Treasury Securities	248,603,873	544	51.9%
US Agency Notes	35,611,598	587	7.4%
Total Fair Value	<u>\$ 479,308,343</u>		
Portfolio weighted average maturity (days)		<u>366</u>	

On September 30, 2025, 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 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

FORT BEND COUNTY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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.

Texas Connect 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 Trust is supervised by a Board of Trustees (the "Board"). The Board has entered into contracts and agreements on behalf of the Trust to effectuate the terms of the Trust Agreement. The Board has also adopted an Investment Policy to govern the management of the assets of the Pool. 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, 2025, S&P Global Ratings rated Texas CLASS, LOGIC and Fidelity AAAM. Fitch Ratings rated Texas Range AAAmmf. U.S. Government securities have been rated AA+ and Aaa by Fitch and Moody's, 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	\$	8,847,257
Unrealized gain (loss) on investments		5,916,788
Earnings on investments	\$	<u>14,764,045</u>

FORT BEND COUNTY TOLL ROAD AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2025, consist of toll revenue due from the Harris County Toll Road Authority, Texas Tollway, and North Texas Tollway, net of applicable fees.

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2025, is as follows:

	<u>Balance 9/30/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/2025</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 32,994,966	\$ -	\$ -	\$ 32,994,966
Construction in progress	<u>60,168,877</u>	<u>58,505,759</u>	<u>(42,395,413)</u>	<u>76,279,223</u>
Total capital assets not depreciated	<u>93,163,843</u>	<u>58,505,759</u>	<u>(42,395,413)</u>	<u>109,274,189</u>
Depreciable capital assets				
Office furniture and equipment	363,120	-	-	363,120
Infrastructure	<u>338,839,555</u>	<u>42,390,140</u>	<u>-</u>	<u>381,229,695</u>
Total depreciable capital assets	<u>339,202,675</u>	<u>42,390,140</u>	<u>-</u>	<u>381,592,815</u>
Accumulated depreciation for:				
Office furniture and equipment	(363,120)	-	-	(363,120)
Infrastructure	<u>(101,835,557)</u>	<u>(8,903,593)</u>	<u>-</u>	<u>(110,739,150)</u>
Total accumulated depreciation	<u>(102,198,677)</u>	<u>(8,903,593)</u>	<u>-</u>	<u>(111,102,270)</u>
Total depreciable capital assets, net	<u>237,003,998</u>	<u>33,486,547</u>	<u>-</u>	<u>270,490,545</u>
Total capital assets	<u>\$ 330,167,841</u>	<u>\$ 91,992,306</u>	<u>\$ (42,395,413)</u>	<u>\$ 379,764,734</u>

Depreciation expense for the Authority for the year ended September 30, 2025, totaled \$8,903,593. 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	\$ 2,263,608	\$ 975,012
Westpark Extension through Charger Way	53,005,391	17,103,521
Fort Bend Parkway C2	3,475,184	3,809,497
Fort Bend Parkway Segment C	4,754,950	191,508
Fort Bend Parkway Extension Projects under \$1MM	<u>3,221,433</u>	<u>14,145,093</u>
Total	<u>\$ 76,279,223</u>	<u>\$ 39,306,267</u>

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

Net Investment in Capital Assets

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

Capital Assets	\$ 379,764,735
Bonds Payable including premiums	(550,566,171)
Net deferred outflows and inflows on debt refunding	(5,209,237)
less unspent bond proceeds	270,889,388
Net Investment in Capital Assets	<u><u>\$ 94,878,715</u></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 secured by and paid from toll revenues collected by the Authority.

The following is a summary of the outstanding subordinate and senior lien revenue bonds as of September 30, 2025:

<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	\$ 15,340,000
64,440,000	Senior Lien Toll Road Revenue Bonds, Series 2016	2.0 - 5.0	2026	1,685,000
80,770,000	General Obligation Refunding Bonds, Taxable Series 2020	2.1 - 5.0	2032	59,045,000
71,430,000	Senior Lien Toll Road Revenue Bonds, Series 2021	3.0 - 5.0	2051	67,330,000
122,165,000	Senior Lien Toll Road Revenue & Refunding Bonds, Series 2024	4.125 - 5.0	2054	122,165,000
261,345,000	Senior Lien Toll Road Revenue & Refunding Bonds, Series 2025	5.0 - 5.25	2055	<u>261,345,000</u>
	Total Revenue Bonds			<u><u>\$ 526,910,000</u></u>

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

A summary of the long-term liability transactions of the Authority for the year ended September 30, 2025 is as follows:

	<u>Balances 9/30/2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances 9/30/2025</u>	<u>Amounts Due Within One Year</u>
Revenue bonds	\$ 334,570,000	\$ 261,345,000	\$ (69,005,000)	\$ 526,910,000	\$ 14,635,000
Premiums on bonds	19,674,038	12,488,222	(8,506,089)	23,656,171	-
Totals	<u>\$ 354,244,038</u>	<u>\$ 273,833,222</u>	<u>\$ (77,511,089)</u>	<u>\$ 550,566,171</u>	<u>\$ 14,635,000</u>

In June 2025, the Authority issued \$261.3 million in Senior Lien Toll Road Revenue and Refunding bonds, series 2025. These bonds were issued in the amount of (\$208.4M) for toll road expansion projects and (\$52.9M) for refunding. The proceeds of the refunding bonds (\$56.3M) were used to pay issuance costs and provide for a deposit into a refunding escrow account to defease \$56.1M of the series 2016 bonds outstanding. The refunding resulted in savings of \$3.5M in future debt payments or an economic gain or net present value savings of \$2.8M over the life of the bonds. The entire refunded portion of the 2016 bonds were called on July 1, 2025, at 100 percent of face value.

Annual debt service requirements to maturity are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 14,635,000	\$ 26,221,164	\$ 40,856,164
2027	17,000,000	22,993,457	39,993,457
2028	17,870,000	22,121,707	39,991,707
2029	18,795,000	21,205,082	40,000,082
2030	19,745,000	20,371,698	40,116,698
2031-2035	82,575,000	90,958,817	173,533,817
2036-2040	83,975,000	73,006,508	156,981,508
2041-2045	96,445,000	52,089,473	148,534,473
2046-2050	88,070,000	31,759,087	119,829,087
2051-2055	87,800,000	10,383,946	98,183,946
Totals	<u>\$ 526,910,000</u>	<u>\$ 371,110,940</u>	<u>\$ 898,020,940</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.

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

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, 2025.

NOTE 7 – CENTRAL US REGIONAL INTEROPERABILITY OF ELECTRONIC TOLL COLLECTIONS

In March 2017, in connection with toll agencies in Texas transitioning to a new Central U.S. regional hub, Texas tolling entities, including TxDOT, NTTA, HCTRA and the Authority, together with the Oklahoma Turnpike Authority and the Kansas Turnpike Authority, entered into a new Central U.S. interoperability agreement that superseded and replaced the prior interoperability agreement. The 2017 agreement updated and revised the interoperability transaction fees paid by the toll road owner or operator to the transponder issuer. The new regional hub became operational in May 2017.

**OTHER INFORMATION
(Unaudited)**

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Assets					
Cash and cash equivalents	\$ 94,093,648	\$ 45,873,638	\$ 75,409,629	\$ 83,051,098	\$ 121,645,885
Investments	30,203,442	31,005,272	11,038,383	19,998,119	-
Due from primary government	-	-	-	-	-
Tolls receivable	2,614,068	3,344,082	6,225,089	6,823,713	5,191,875
Capital assets, net	239,344,840	260,027,140	264,533,926	258,900,659	256,138,871
Total Assets	366,255,998	340,250,132	357,207,027	368,773,589	382,976,631
Deferred Outflows of Resources					
Deferred Outflows - debt refunding	9,597,799	8,956,345	8,322,875	7,699,341	3,082,751
Total Deferred Outflows of Resources	9,597,799	8,956,345	8,322,875	7,699,341	3,082,751
Liabilities and Net Position					
Liabilities					
Due to primary government	7,239,603	(15,423,326)	(2,797,830)	2,370,036	2,586,010
Accounts payable and accrued liabilities	-	-	-	-	-
Retainage payable	1,242,883	-	-	22,069	-
Accrued interest payable	981,506	966,022	942,859	921,423	826,213
Long-term liabilities	280,365,050	272,992,086	264,749,123	255,696,159	243,167,649
Total Liabilities	289,829,042	258,534,782	262,894,152	259,009,687	246,579,872
Deferred Inflows of Resources					
Deferred Inflows - debt refunding	-	-	-	-	-
Total Deferred Outflow of Resources	-	-	-	-	-
Net Position					
Net investment in capital assets	20,146,046	21,988,864	23,861,359	23,279,380	22,874,419
Restricted for:					
Debt service	19,944,005	20,822,526	21,537,584	22,281,830	24,622,397
Unrestricted	45,934,704	47,860,305	57,236,807	71,902,033	91,982,694
Total Net Position	\$ 86,024,755	\$ 90,671,695	\$ 102,635,750	\$ 117,463,243	\$ 139,479,510

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				
	2021	2022	2023	2024	2025
Assets					
Cash and cash equivalents	\$ 191,223,251	\$ 151,038,958	\$ 143,670,694	\$ 135,037,966	\$ 68,080,690
Investments	22,041,356	8,870,075	20,584,675	147,448,953	411,227,653
Due from primary government	-	-	193,191	-	-
Tolls receivable	4,039,780	5,576,454	6,034,325	5,743,982	13,069,663
Capital assets, net	250,994,957	290,248,764	311,348,170	330,167,841	379,764,735
Total Assets	468,299,344	455,734,251	481,831,055	618,398,742	872,142,741
Deferred Outflows of Resources					
Deferred Outflows - debt refunding	2,549,516	2,071,005	1,643,432	1,262,257	929,253
Total Deferred Outflows of Resources	2,549,516	2,071,005	1,643,432	1,262,257	929,253
Liabilities and Net Position					
Liabilities					
Due to primary government	1,178,433	2,084,502	2,851,307	6,428,689	15,115,542
Accounts payable and accrued liabilities	-	-	-	583,929	583,929
Retainage payable	-	1,587,327	3,489,518	109,544	2,244,371
Accrued interest payable	1,059,814	881,033	838,680	1,192,387	2,418,656
Long-term liabilities	312,573,635	273,000,467	259,744,293	354,244,038	550,566,171
Total Liabilities	314,811,882	277,553,329	266,923,798	362,558,587	570,928,669
Deferred Inflows of Resources					
Deferred Inflows - debt refunding	-	-	-	1,407,264	6,138,490
Total Deferred Outflow of Resources	-	-	-	1,407,264	6,138,490
Net Position					
Net investment in capital assets	25,612,104	67,755,577	74,831,718	81,372,731	94,878,715
Restricted for:					
Debt service	22,661,157	15,693,159	20,074,823	27,221,194	29,410,899
Unrestricted	107,763,717	96,803,191	121,644,148	147,101,223	171,715,221
Total Net Position	\$ 156,036,978	\$ 180,251,927	\$ 216,550,689	\$ 255,695,148	\$ 296,004,835

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				
	2016	2017	2018	2019	2020
Operating Revenues					
Toll revenue	\$ 29,480,670	\$ 27,059,416	\$ 34,222,563	\$ 40,167,473	\$ 35,098,454
Total Operating Revenues	<u>29,480,670</u>	<u>27,059,416</u>	<u>34,222,563</u>	<u>40,167,473</u>	<u>35,098,454</u>
Operating Expenses					
Personnel costs	178,610	206,247	247,803	126,423	130,285
Professional fees	1,718,417	3,105,209	840,842	1,494,670	1,040,220
Law enforcement	-	-	284,156	313,978	287,120
Toll collections	5,150,322	4,042,390	4,989,993	4,948,687	5,048,281
Travel and training	-	1,796	2,651	447	-
Utilities	156,604	116,574	138,159	124,682	119,516
Maintenance	564,549	794,423	840,729	3,675,142	1,447,847
Depreciation	4,726,112	5,237,764	6,349,922	7,121,623	7,268,476
Total Operating Expenses	<u>12,494,614</u>	<u>13,504,403</u>	<u>13,694,255</u>	<u>17,805,652</u>	<u>15,341,745</u>
Operating Income	16,986,056	13,555,013	20,528,308	22,361,821	19,756,709
Non-Operating Revenues (Expenses)					
Earnings on investments	694,418	953,602	1,482,625	2,270,335	1,371,593
Interest on long-term debt	(9,621,680)	(10,354,184)	(10,097,281)	(9,821,322)	(8,665,375)
Debt issuance costs	(785,311)	-	-	-	(713,660)
Total Non-Operating Revenues (Expenses)	<u>(9,712,573)</u>	<u>(9,400,582)</u>	<u>(8,614,656)</u>	<u>(7,550,987)</u>	<u>(8,007,442)</u>
Income Before Contributions	7,273,483	4,154,431	11,913,652	14,810,834	11,749,267
Capital grants and contributions	95,000	492,509	50,403	16,659	10,267,000
Change in Net Position	7,368,483	4,646,940	11,964,055	14,827,493	22,016,267
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 86,024,755</u>	<u>\$ 90,671,695</u>	<u>\$ 102,635,750</u>	<u>\$ 117,463,243</u>	<u>\$ 139,479,510</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				
	2021	2022	2023	2024	2025
Operating Revenues					
Toll revenue	\$ 41,775,763	\$ 49,663,330	\$ 56,183,254	\$ 61,134,201	\$ 68,541,996
Total Operating Revenues	<u>41,775,763</u>	<u>49,663,330</u>	<u>56,183,254</u>	<u>61,134,201</u>	<u>68,541,996</u>
Operating Expenses					
Personnel costs	115,288	122,051	156,435	171,344	409,085
Professional fees	795,098	1,134,300	1,285,870	2,198,982	2,001,402
Law enforcement	272,431	98,208	276,043	253,045	419,213
Toll collections	6,263,910	7,456,535	8,807,472	9,734,938	11,416,930
Travel and training	-	-	-	-	2,525
Utilities	130,404	123,123	121,390	132,569	145,527
Maintenance	1,613,294	1,525,228	2,028,693	2,359,278	5,150,558
Depreciation	7,288,208	7,300,925	7,266,108	7,802,504	8,903,593
Total Operating Expenses	<u>16,478,633</u>	<u>17,760,370</u>	<u>19,942,011</u>	<u>22,652,660</u>	<u>28,448,833</u>
Operating Income	25,297,130	31,902,960	36,241,243	38,481,541	40,093,163
Non-Operating Revenues (Expenses)					
Earnings on investments	366,627	588,299	7,675,592	11,598,440	14,764,045
Interest on long-term debt	(7,922,550)	(8,569,412)	(7,618,073)	(9,100,228)	(11,364,931)
Debt issuance costs	(1,183,739)	(35,715)	-	(1,835,294)	(3,182,590)
Total Non-Operating Revenues (Expenses)	<u>(8,739,662)</u>	<u>(8,016,828)</u>	<u>57,519</u>	<u>662,918</u>	<u>216,524</u>
Income Before Contributions	16,557,468	23,886,132	36,298,762	39,144,459	40,309,687
Capital grants and contributions	-	328,817	-	-	-
Change in Net Position	16,557,468	24,214,949	36,298,762	39,144,459	40,309,687
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 156,036,978</u>	<u>\$ 180,251,927</u>	<u>\$ 216,550,689</u>	<u>\$ 255,695,148</u>	<u>\$ 296,004,835</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				
	2016	2017	2018	2019	2020
Parkway:					
Fondren - Northbound	\$ 2,437,351	\$ 2,264,772	\$ 2,371,928	\$ 3,468,255	\$ 3,161,289
Fondren - Southbound	2,180,520	2,052,735	2,164,829	3,160,259	2,881,513
Lake Olympia - Northbound	2,007,952	1,740,901	1,639,729	1,607,586	1,443,729
Lake Olympia - Southbound	1,802,897	1,564,367	1,511,863	1,462,586	1,321,601
McHard - Northbound	2,458,227	2,286,461	2,411,907	2,339,109	2,140,274
McHard - Southbound	2,226,996	2,079,114	2,218,061	2,134,656	1,960,595
Sienna Parkway - Northbound	554,144	645,593	746,952	751,527	694,063
Sienna Parkway - Southbound	528,199	634,912	721,065	685,053	641,002
Sienna Ranch - Northbound	-	-	-	-	-
Sienna Ranch - Southbound	-	-	-	-	-
Total Parkway	14,196,286	13,268,855	13,786,334	15,609,031	14,244,066
Westpark:					
Katy Gaston - Eastbound	-	106	1,513,469	2,187,908	2,117,225
Katy Gaston - Westbound	-	267	1,520,591	2,168,153	2,050,150
Peek - Eastbound	3,095,724	2,905,607	4,011,086	4,429,930	3,751,616
Peek - Westbound	2,699,663	2,434,292	3,340,781	3,665,727	3,021,649
Westmoor - Eastbound	3,645,896	3,404,879	4,672,331	5,124,417	4,393,306
Westmoor - Westbound	3,638,080	3,282,216	4,532,225	4,988,622	4,120,524
Westpark-Direct Connect - Northbound	-	-	-	-	-
Total Westpark	13,079,363	12,027,367	19,590,483	22,564,757	19,454,470
Gross Revenues by Toll Plaza	27,275,649	25,296,222	33,376,817	38,173,788	33,698,536
Revenue not Allocated Due to Timing Differences:					
Toll Violations	2,205,021	1,763,194	845,746	1,993,685	1,399,918
Total Revenues	\$ 29,480,670	\$ 27,059,416	\$ 34,222,563	\$ 40,167,473	\$ 35,098,454

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

Components/Segments	Fiscal Year				
	2021	2022	2023	2024	2025
Parkway:					
Fondren - Northbound	\$ 3,440,442	\$ 3,920,025	\$ 4,388,238	\$ 4,719,741	\$ 5,000,993
Fondren - Southbound	3,179,925	3,604,678	4,079,084	4,398,809	4,634,682
Lake Olympia - Northbound	1,542,278	1,749,612	2,000,037	2,128,663	2,263,752
Lake Olympia - Southbound	1,449,552	1,619,046	1,852,691	2,045,974	2,265,251
McHard - Northbound	2,374,936	2,727,163	3,076,305	3,333,299	3,656,145
McHard - Southbound	2,218,354	2,508,989	2,872,728	3,085,330	3,451,530
Sienna Parkway - Northbound	793,459	969,598	1,073,031	1,178,972	1,287,728
Sienna Parkway - Southbound	731,301	869,026	916,656	1,001,818	1,109,531
Sienna Ranch - Northbound	-	-	-	200,243	331,846
Sienna Ranch - Southbound	-	-	-	229,479	269,390
Total Parkway	15,730,247	17,968,137	20,258,770	22,322,328	24,270,848
Westpark:					
Katy Gaston - Eastbound	2,495,846	2,993,499	3,370,758	3,495,925	4,214,680
Katy Gaston - Westbound	2,417,576	3,008,581	3,229,769	3,437,623	3,816,556
Peek - Eastbound	4,212,560	4,955,337	5,380,041	5,621,754	6,176,597
Peek - Westbound	3,449,106	4,305,004	4,795,545	5,112,581	5,819,918
Westmoor - Eastbound	4,932,373	5,779,031	6,348,841	6,663,449	7,436,792
Westmoor - Westbound	4,586,972	5,397,761	5,947,202	6,330,601	6,779,911
Westpark-Direct Connect - Northbound	-	-	-	-	1,765,945
Total Westpark	22,094,433	26,439,213	29,072,156	30,661,933	36,010,399
Gross Revenues by Toll Plaza	37,824,680	44,407,350	49,330,926	52,984,261	60,281,247
Revenue not Allocated Due to Timing Differences:					
Toll Violations	3,951,083	5,255,980	6,852,328	8,149,940	8,260,749
Total Revenues	\$ 41,775,763	\$ 49,663,330	\$ 56,183,254	\$ 61,134,201	\$ 68,541,996

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

Components/Segments	Fiscal Year				
	2016	2017	2018	2019	2020
Parkway:					
Fondren - Northbound	4,584,913	4,790,191	5,449,596	5,950,115	5,398,582
Fondren - Southbound	4,101,788	4,341,714	4,973,778	5,433,111	4,955,473
Lake Olympia - Northbound	3,777,168	3,682,159	3,767,341	4,099,904	3,594,064
Lake Olympia - Southbound	3,391,439	3,308,774	3,473,562	3,768,468	3,353,456
McHard - Northbound	4,624,183	4,836,066	5,541,449	6,064,902	5,481,099
McHard - Southbound	4,189,214	4,397,508	5,096,079	5,539,077	5,057,729
Sienna Parkway - Northbound	1,042,404	1,365,485	1,716,150	1,931,249	1,718,167
Sienna Parkway - Southbound	993,598	1,342,895	1,656,675	1,769,196	1,595,411
Sienna Ranch - Northbound	-	-	-	-	-
Sienna Ranch - Southbound	-	-	-	-	-
Total Parkway Transactions	26,704,707	28,064,792	31,674,630	34,556,022	31,153,981
Westpark:					
Katy Gaston - Eastbound	-	225	2,448,068	3,248,679	3,054,975
Katy Gaston - Westbound	-	564	2,459,588	3,219,755	2,965,384
Peek - Eastbound	5,823,383	6,145,613	6,488,015	6,718,441	5,580,904
Peek - Westbound	5,078,349	5,148,741	5,403,783	5,588,605	4,504,815
Westmoor - Eastbound	6,858,314	7,201,617	7,557,592	7,803,549	6,553,216
Westmoor - Westbound	6,843,609	6,942,173	7,330,966	7,589,957	6,164,434
Westpark-Direct Connect - Northbound	-	-	-	-	-
Total Westpark Transactions	24,603,655	25,438,933	31,688,012	34,168,986	28,823,728
Total Transactions	51,308,362	53,503,725	63,362,642	68,725,008	59,977,709

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

Components/Segments	Fiscal Year				
	2021	2022	2023	2024	2025
Parkway:					
Fondren - Northbound	6,109,257	6,831,051	7,189,757	7,776,356	8,175,503
Fondren - Southbound	5,665,022	6,317,265	6,716,592	7,343,755	7,796,286
Lake Olympia - Northbound	3,920,625	4,397,929	4,776,694	5,249,929	5,561,668
Lake Olympia - Southbound	3,783,162	4,138,737	4,507,044	5,104,899	5,547,553
McHard - Northbound	6,260,302	7,091,002	7,542,668	8,288,060	8,946,281
McHard - Southbound	5,853,643	6,593,757	7,097,644	7,827,262	8,460,759
Sienna Parkway - Northbound	2,005,821	2,401,571	2,562,168	2,803,846	3,073,139
Sienna Parkway - Southbound	1,854,153	2,163,633	2,201,613	2,424,982	2,744,755
Sienna Ranch - Northbound	-	-	-	521,080	742,274
Sienna Ranch - Southbound	-	-	-	548,567	730,322
Total Parkway Transactions	35,451,985	39,934,945	42,594,180	47,888,736	51,778,540
Westpark:					
Katy Gaston - Eastbound	3,642,057	4,309,393	4,661,439	4,865,829	5,866,114
Katy Gaston - Westbound	3,543,400	4,301,495	4,455,878	4,789,742	5,308,683
Peek - Eastbound	6,424,159	7,502,079	7,827,492	8,444,647	8,916,359
Peek - Westbound	5,422,464	6,465,993	6,877,107	7,374,884	8,329,482
Westmoor - Eastbound	7,685,683	8,886,860	9,294,522	9,701,934	10,453,368
Westmoor - Westbound	7,081,015	8,293,968	8,588,092	9,071,436	10,016,784
Westpark-Direct Connect - Northbound	-	-	-	-	2,650,244
Total Westpark Transactions	33,798,778	39,759,788	41,704,530	44,248,472	51,541,034
Total Transactions	69,250,763	79,694,733	84,298,710	92,137,208	103,319,574

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
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
2025	68,541,996	14,764,045	16,114,169	5.170	19,545,243

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 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
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
2025	47,646,629	9,317,226	5.114

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 exclude any advance defeasance of debt.

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

Effective Calendar Year 2024

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	\$0.74	\$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	\$0.49	\$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

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.

Effective Calendar Year 2025

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	\$0.75	\$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
All Other Plazas			
Vehicles	Toll Rate for valid tag	Toll Rate for Invalid/ Non-Tag Transactions	Toll Rate for Non-Revenue Vehicles
2 axle	\$0.50	\$0.75	\$0.00
3 axle	\$1.00	\$1.25	\$0.00
4 axle	\$1.50	\$1.75	\$0.00
5 axle	\$2.00	\$2.25	\$0.00
6 axle	\$2.50	\$2.75	\$0.00

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	\$0.82	\$1.07	\$0.00
3 axle	\$1.64	\$1.89	\$0.00
4 axle	\$2.46	\$2.71	\$0.00
5 axle	\$3.28	\$3.53	\$0.00
6 axle	\$4.10	\$4.35	\$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	\$0.77	\$1.02	\$0.00
3 axle	\$1.54	\$1.79	\$0.00
4 axle	\$2.31	\$2.56	\$0.00
5 axle	\$3.08	\$3.33	\$0.00
6 axle	\$3.85	\$4.10	\$0.00

Report 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*

Independent Auditor's Report

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 (*Government Auditing Standards*), the financial statements of the Fort Bend Toll Road Authority (Authority), a component unit of Fort Bend County, Texas, as of and for the year ended September 30, 2025, 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 16, 2026.

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*.

Purpose of This Report

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

Forvis Mazars, LLP

**Houston, Texas
February 16, 2026**

