

**FORT BEND COUNTY TOLL ROAD AUTHORITY  
FINANCIAL REPORT  
For the Year Ended September 30, 2017**



**Prepared by:**

**Fort Bend County Auditor's Office**

**Robert Ed Sturdivant, CPA**

**County Auditor**

**FORT BEND COUNTY TOLL ROAD AUTHORITY**  
**TABLE OF CONTENTS**

	<b><u>Page(s)</u></b>
<b><u>INTRODUCTORY SECTION</u></b>	
<b>Letter of Transmittal</b>	i-iii
<b><u>FINANCIAL SECTION</u></b>	
<b>Independent Auditors' Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-7
<b>Basic Financial Statements</b>	
Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13
Notes to the Financial Statements	14-20
<b><u>OTHER INFORMATION (Unaudited) SECTION</u></b>	
Statement of Revenues, Expenses and Changes in Net Position	22-23
Revenues by Toll Road Components/Segments	24-25
Traffic Count Table	26-27
Historical Toll Road Operating Results and Coverages	28-29
Toll Rate Schedule	30
<b>Independent Auditors' Report on Internal Control over Financial Reporting</b>	31-32



## COUNTY AUDITOR

Fort Bend County, Texas

**Robert Ed Sturdivant**  
County Auditor

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

March 21, 2018

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, 2017. 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 ("clean") opinion on the Authority's financial statements for the year ended September 30, 2017. 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 four-lane, 6.2 mile, Fort Bend Parkway Toll Road, which opened August 2004, connects the Sam Houston Tollway (Beltway 8) with State Highway 6. The Fort Bend Westpark Tollway, which opened August 2005, ties into Harris County's Westpark Tollway just east of FM-1464 and continues west to the Grand Parkway for 6 miles. The Authority opened the 1.2 mile segment of the Fort Bend Parkway Toll Road in May 2014 that extended the toll road south of Highway 6 to Sienna Parkway. The Authority completed construction of the Highway 6 overpass in March of 2017 to connect the existing Parkway main lanes north of Trammel-Fresno Road to the main lanes south of Knight Road. The Westpark Tollway expansion project was begun in 2016 to extend the current Westpark Tollway from its terminus at Grand Parkway to FM 1453. The first phase of this project was completed in November 2017 opening 4 toll lanes constructed by the Authority and 4 frontage road lanes constructed by the County for 4 miles to FM 1463. The first part of phase two of the project is scheduled to be completed by the end of 2018. This expansion of Westpark also includes County funded access roads on either side of the Westpark Tollway from the Grand Parkway to James Ln just east of Fulshear. 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).

Additional information about the Authority is available on their website: <http://www.fbctra.com>.

## **Local Economy**

Fort Bend County continues to experience improvement in the local economy for fiscal year 2017. 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 improves. 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**

The Authority completed the \$35.3 million dollar Highway 6 Overpass project in March 2017. The overpass bridge connects the existing Fort Bend Parkway main lanes north of Trammel-Fresno Road to the main lanes south of Knight Road. The overpass is a half mile long and includes entrance and exit ramps, as well as U-turn lanes located on either side of Highway 6.

The Authority completed the \$38.1 million dollar phase one Westpark Tollway expansion in November 2017 which constructed a four-lane, divided highway. The project extends the current four-lane controlled access tollway to the west from its current terminus at Grand Parkway/SH 99 to FM 1463. In addition, the County completed the \$27.7 million dollar phase one construction of one-way two-lane frontage roads on the north and south of the Westpark Expansion as non-tolled lanes. The initial part of phase two of this project includes the County completing the frontage roads out to west of Cross Creek Ranch from FM 1463 with a scheduled completion date of December 2018. The remaining portion of phase two will be completed by the County and will extend the frontage roads from west of Cross Creek Ranch to James Ln which is just east of Fulshear with a scheduled completion date in the Summer of 2019.

## **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 Financial Statements

We have audited the accompanying financial statements of Fort Bend County Toll Road Authority (the "Authority"), a component unit of Fort Bend County, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's financial statements as listed in the table of contents.

### Management's Responsibility 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of September 30, 2017, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory and other information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and other information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2018, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Whitley Penn LLP*

Houston, Texas  
March 21, 2018



## **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, 2017. 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 is intended to serve 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 can be found on pages 11 through 13 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 can be found on pages 14 through 20 of this report.

#### **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 \$89,379,862 at the close of the most recent fiscal year.

The following table provides a summary of the Authority's net position at September 30, 2017 and 2016:

**FORT BEND COUNTY TOLL ROAD AUTHORITY  
CONDENSED STATEMENT OF NET POSITION**

*September 30, 2017 and 2016*

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 95,646,318	\$ 126,911,157
Capital assets, net	260,027,140	239,344,840
<b>Total Assets</b>	<u>355,673,458</u>	<u>366,255,997</u>
<b>Total Deferred Outflow of Resources</b>	9,020,661	9,630,508
Long-term liabilities	274,348,234	281,269,148
Other liabilities	966,023	9,463,992
<b>Total Liabilities</b>	<u>275,314,257</u>	<u>290,733,140</u>
Net Position:		
Net investment in capital assets	19,141,803	19,805,959
Restricted	20,822,525	19,944,002
Unrestricted	49,415,534	45,403,404
<b>Total Net Position</b>	<u>\$ 89,379,862</u>	<u>\$ 85,153,365</u>

As of September 30, 2017, the Authority's net position included \$19,141,803 for investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority net position, \$20,822,525, is restricted. This amount represents funds held by a trustee for debt service payments. The remaining balance of \$49,415,534 is unrestricted.

The Authority's assets and deferred outflow of resources exceeded its liabilities by \$89,379,862, resulting in an increase in net position of \$4,226,497 from the prior year. This increase is a result of a continued increase in revenues due primarily to increased utilization of the Fort Bend County Toll Road System and along with holding operating expenses relatively flat to allow for the growth in non-operating expenses caused by scheduled debt service increases, as shown on the next page. The growth in net position is being maintained in the revenue fund for future maintenance and construction.

The following table provides a summary of the Authority's operations for the years ended September 30, 2017 and 2016:

**FORT BEND COUNTY TOLL ROAD AUTHORITY**  
**STATEMENT OF CHANGES IN NET POSITION**  
*For the years ended September 30, 2017 and 2016*

	<b>2017</b>	<b>2016</b>
<b>Revenues</b>		
Operating revenues:		
Toll revenue	\$ 27,059,416	\$ 29,480,671
Non-operating revenues:		
Earnings on investments	953,603	694,415
<b>Total Revenues</b>	<b>28,013,019</b>	<b>30,175,086</b>
<b>Expenses</b>		
Operating expenses:		
Salaries and personnel costs	206,248	178,611
Fees	7,943,819	7,433,285
Utilities	116,574	156,604
Depreciation	5,237,764	4,726,112
Non-operating expenses:		
Interest on long-term debt	10,748,626	10,015,947
Debt service fees	26,000	20,000
Debt issuance costs		785,311
<b>Total Expenses</b>	<b>24,279,031</b>	<b>23,315,870</b>
<b>Income before Contributions</b>	3,733,988	6,859,216
Capital contributions	492,509	95,000
Change in Net Position	4,226,497	6,954,216
<b>Net Position, Beginning</b>	85,153,365	78,199,149
<b>Net Position, Ending</b>	<b>\$ 89,379,862</b>	<b>\$ 85,153,365</b>

At the end of the current fiscal year, the Authority was able to report a positive balance in net position. The same situation held true for the prior fiscal year.

Toll Road operations increased the Authority's net position by \$4,226,497. This increase is down from last year's increase of \$6,954,216. The key elements of this decrease in the change in net position of \$2,727,719 are as follows:

- Decrease in toll revenue of \$2,421,255 primarily due to two weeks of no tolls due to Hurricane Harvey and a delay in toll violation collections.
- Increase on earnings on investments of \$259,188 due to more aggressive investing in the market.
- Increase in fees of \$510,534 due to increased non-capital construction costs.
- Increase in interest on long-term debt of \$732,679 due to new debt issued at the end of FY2016.
- Decrease in debt issuance costs of \$785,311 due to no new debt issuance in the current fiscal year.
- Increase in capital contributions of \$397,509 due to an increase in capital assets of the Authority being funded from other sources.

## Capital Assets and Debt Administration

**Capital Assets** - At the end of fiscal year 2017, the Authority had \$260,027,140 invested in toll road land, construction in progress, and infrastructure, net of accumulated depreciation, as reflected in the following schedule. This represents an increase of \$20,682,300 from the previous fiscal year.

### FORT BEND COUNTY TOLL ROAD AUTHORITY'S CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
<b>Non-Depreciable Capital Assets</b>		
Land	\$ 33,844,840	\$ 26,717,288
Construction in progress	47,029,634	63,492,689
<b>Other Capital Assets, Net</b>		
Office furniture and equipment	7,476	10,466
Infrastructure	179,145,190	149,124,398
<b>Totals</b>	<u>\$ 260,027,140</u>	<u>\$ 239,344,840</u>

Increase in toll road infrastructure of \$35,255,566 was primarily due to completion of the Highway 6 overpass project in March 2017. Decrease of construction in progress of \$16,463,055 was primarily due to the progress on the Westpark Tollway extension project with an increase of \$19,294,666 completed in November 2017 and a decrease of \$35,757,721 primarily due to the completion of the Highway 6 overpass noted above. Increase in land of \$7,127,552 was due to the acquisition of right of way along the Westpark Tollway extension corridor.

**Long-Term Debt** - At the end of the current fiscal year, the Authority had total bonds outstanding of \$246,065,000.

### LONG-TERM DEBT

	<u>2017</u>	<u>2016</u>
Revenue bonds	\$ 246,065,000	\$ 251,455,000
Premiums on bonds	28,547,445	30,090,015
Discounts on bonds	(264,211)	(275,867)
<b>Total</b>	<u>\$ 274,348,234</u>	<u>\$ 281,269,148</u>

The County and Authority received an insured rating of Aaa from Moody's and Standard and Poors on the 2004 Toll Road bond issuance, and uninsured ratings of Aa2 and AA+ from Moody's and Standard and Poors, respectively. The County and Authority received uninsured ratings of Aa1 and AA+ from Moody's and Fitch, respectively on the 2012 Refunding issue. The Authority received uninsured ratings of A2 and A+ from Moody's and Fitch, respectively on the 2012 Senior Lien, the 2014 Senior Lien issue, and the 2016 Senior Lien issue.

### Economic Factors

The population of the County is estimated at 741,237 in 2017 and is expected to grow to 824,340 by 2020.

The number of households has increased to 236,315 in 2017 and is expected to grow to 259,760 by 2020. Mean household income for 2016 is \$191,862 and is estimated to rise to \$204,735 by 2020. Income per capita is currently at \$60,117 and is expected to grow to \$64,840 by 2020.

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, 2017

### Assets

Cash and cash equivalents	\$ 45,873,638
Investments	31,005,272
Due from primary government	15,423,326
Miscellaneous receivables	3,344,082
Capital assets, not subject to depreciation	80,874,474
Capital assets, net of accumulated depreciation	<u>179,152,666</u>
<b>Total Assets</b>	<u><u>355,673,458</u></u>

### Deferred Outflow of Resources

Deferred charges-debt refunding	<u>9,020,661</u>
<b>Total Deferred Outflow of Resources</b>	<u><u>9,020,661</u></u>

### Liabilities

Accrued interest payable	966,023
Long-term liabilities due within one year	6,260,000
Long-term liabilities due in more than one year	<u>268,088,234</u>
<b>Total Liabilities</b>	<u><u>275,314,257</u></u>

### Net Position

Net investment in capital assets	19,141,803
Restricted for:	
Debt service	20,822,525
Unrestricted	<u>49,415,534</u>
<b>Total Net Position</b>	<u><u>\$ 89,379,862</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, 2017*

<b>Operating Revenue</b>	
Toll revenue	\$ 27,059,416
<b>Total Operating Revenue</b>	<u>27,059,416</u>
<b>Operating Expenses</b>	
Salaries and personnel costs	206,248
Fees	7,943,819
Utilities	116,574
Depreciation	5,237,764
<b>Total Operating Expenses</b>	<u>13,504,405</u>
<b>Operating Income</b>	13,555,011
<b>Non-Operating Revenues (Expenses)</b>	
Earnings on investments	953,603
Interest on long-term debt	(10,748,626)
Debt service fees	(26,000)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(9,821,023)</u>
<b>Income Before Contributions</b>	3,733,988
Capital contributions	<u>492,509</u>
<b>Change in Net Position</b>	4,226,497
<b>Net Position, Beginning of Year</b>	<u>85,153,365</u>
<b>Net Position, End of Year</b>	<u><u>\$ 89,379,862</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, 2017*

<b>Cash Flows from Operating Activities</b>	
Receipts from tolls and other	\$ 26,329,403
Payment of toll operation expenses	(8,266,641)
<b>Net Cash Provided by Operating Activities</b>	<u>18,062,762</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of Investments	(801,831)
Interest earned on investments	953,603
<b>Net Cash Provided by Investing Activities</b>	<u>151,772</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of capital assets	(26,670,438)
Loan from primary government	(22,662,929)
Principal paid on capital debt	(5,390,000)
Interest expense	(11,711,176)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>(66,434,543)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(48,220,009)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>94,093,647</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 45,873,638</u>
<b>Reconciliation of Operating Income to Net Cash</b>	
<b>Provided by Operating Activities</b>	
Operating Income	\$ 13,555,011
Adjustments to operations:	
Depreciation	5,237,764
Change in assets and liabilities:	
Decrease in other receivables	(730,013)
<b>Total adjustments</b>	<u>4,507,751</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 18,062,762</u>

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

**FORT BEND COUNTY TOLL ROAD AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

These financial statements include all of the funds and activities of the Fort Bend County Toll Road Authority (the "Authority"). The Authority is a component unit of Fort Bend County, Texas (the "County"). Financial statements of the Authority are included as a discretely presented component unit in the County's financial statements.

The Authority is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. It was created to assist in the planning, designing, financing and building of County roads and highways. In particular, the Authority is to assist in the building and operation of the Fort Bend County Toll Road System. This Fort Bend County Toll Road System currently includes the Fort Bend Parkway Toll Road that extends from Sam Houston Parkway in Harris County to State Highway 6 in Fort Bend County near Sienna Plantation. It also includes the Westpark Tollway that extends from the Fort Bend County line to FM 1463. The primary criteria for the inclusion of the Authority in the County's reporting entity, is that of financial accountability. The Commissioners Court, as the elected governing body of the County, appoints the Authority's governing body. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. As such, the County is financially accountable for the Authority and the Authority is considered a discretely presented component unit of the County.

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

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

**C. Cash and Cash Equivalents**

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

**D. Receivables**

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

**E. Capital Assets**

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

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

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

#### **F. 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.

#### **G. 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.

#### **H. Date of Management's Review**

In preparing the financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through March 21, 2018, the date that the financial statements were available to be issued.

### **NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS**

#### **A. Authorization for Deposits and Investments**

The Texas Public Funds Investment Act ("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, 2017, the Authority reported deposits in the amount of \$30,517,102 . The Authority's collateral requirement, in accordance with the County's investment policy is 110%. The entire amount was covered by federal depository insurance or by collateral held by the County's agent in the Authority's name as of September 30, 2017.

## B. Concentration of Credit Risk

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

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

As of September 30, 2017, 39.7% of the Authority's cash and cash equivalents were contained in demand deposit accounts.

## 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 weighted average maturity of its investment portfolio as a whole to no more than 3 years. At year-end, the Authority's cash and investment balances and the weighted average maturity of these investments were as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Percentage of Total Portfolio</u>
Demand Deposits	\$ 30,517,102	1	39.7%
Investment Pools:			
Texas CLASS	8,534,309	54	11.1%
Texas TERM	1,019	36	0.0%
LOGIC	1,031	43	0.0%
Wells Fargo Government Money Market Fund	6,820,177	31	8.9%
Governmental Securities:			
Wells Fargo FFCB	8,020,594	643	10.4%
Wells Fargo FHLMC	8,016,307	272	10.4%
Wells Fargo FNMA	2,895,051	514	3.8%
US Treasury Note	12,073,320	151	15.7%
Total Fair Value	<u>\$ 76,878,910</u>		
Portfolio weighted average maturity (days)		<u>148</u>	

Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, Texas Government Code, and the Public Funds Investment Act, chapter 2256, Texas Government Code. Texas CLASS was established in 1996. Pursuant to the Trust Agreement, Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its

affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. Cutwater Investor Services Corp. serves as Program Administrator. Cutwater Investor Services Corp. is a subsidiary of Cutwater Asset Management. It maintains a Net Asset Value of approximately \$1 per share.

The TexasTERM Local Government Investment Pool (“TexasTERM”) 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 TexasTERM 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.

Wells Fargo Government Money Market Fund seeks current income, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, 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, 2017, the Authority’s investments in Texas CLASS, Texas TERM, and LOGIC were rated “AAAm” by Standard and Poor’s. The Authority’s investments in the Wells Fargo Government Money Market Funds was rated “AAAm” and “Aaa-mf” by Standard and Poor’s and Moody’s Investments, respectively.

#### **NOTE 3 – RECEIVABLES**

Receivables as of September 30, 2017, 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, 2017, is as follows:

	<u>Balances</u> <u>10/1/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>9/30/17</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 26,717,288	\$ 7,127,552		\$ 33,844,840
Construction in progress	63,492,689	19,294,665	(35,757,720)	47,029,634
<b>Total capital assets not depreciated</b>	<u>90,209,977</u>	<u>26,422,217</u>	<u>(35,757,720)</u>	<u>80,874,474</u>
Other capital assets:				
Office furniture and equipment	14,951			14,951
Infrastructure	195,663,258	35,255,567		230,918,825
<b>Total other capital assets</b>	<u>195,678,209</u>	<u>35,255,567</u>		<u>230,933,776</u>
Accumulated depreciation for:				
Office furniture and equipment	(4,485)	(2,990)		(7,475)
Infrastructure	(46,538,861)	(5,234,774)		(51,773,635)
Total accumulated depreciation	<u>(46,543,346)</u>	<u>(5,237,764)</u>		<u>(51,781,110)</u>
Other capital assets, net	149,134,863	30,017,803		179,152,666
<b>Total capital assets</b>	<u>\$ 239,344,840</u>	<u>\$ 56,440,020</u>	<u>\$ (35,757,720)</u>	<u>\$ 260,027,140</u>

Depreciation expense for the Authority for the year ended September 30, 2017, totaled \$5,237,764. Construction in progress is comprised of activity on the Westpark section B extension. The contract commitments as of September 30, 2017 are as follows:

	<u>Construction</u> <u>In Progress</u>	<u>Commitments</u>
Westpark B Construction	\$ 42,044,137	\$ 10,266,957
Westpark B Engineering	4,985,497	45,968
Total	<u>\$ 47,029,634</u>	<u>\$ 10,312,925</u>



**NOTE 5 – LONG-TERM DEBT**

The Authority issued subordinate lien revenue bonds and senior lien revenue bonds for the purpose of 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, 2017:

<b>Original Issue</b>	<b>Description</b>	<b>Interest Rate %</b>	<b>Matures</b>	<b>Debt Outstanding</b>
<b>Revenue Bonds</b>				
\$ 30,775,000	Senior Lien Toll Road Revenue Bonds, Series 2012	2.00 - 4.125	2040	\$ 29,710,000
116,940,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds Series 2012	3.125 - 5.0	2032	108,735,000
45,000,000	Senior Lien Toll Road Revenue Bonds, Series 2014	2.0 - 5.0	2042	43,180,000
64,440,000	Senior Lien Toll Road Revenue Bonds, Series 2016	2.0 - 5.0	2045	64,440,000
<b>Total Revenue Bonds</b>				<b>\$ 246,065,000</b>

A summary of the long-term liability transactions of the Authority for the year ended September 30, 2017 is as follows:

	<b>Balances 10/1/16</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balances 9/30/17</b>	<b>Amounts Due Within One Year</b>
Revenue bonds	\$ 251,455,000		\$ (5,390,000)	\$ 246,065,000	\$ 6,260,000
Premiums on bonds	30,090,015		(1,542,570)	28,547,445	
Discounts on bonds	(275,867)		11,656	(264,211)	
<b>Totals</b>	<b>\$ 281,269,148</b>	<b>\$</b>	<b>\$ (6,920,914)</b>	<b>\$ 274,348,234</b>	<b>\$ 6,260,000</b>

Annual debt service requirements to maturity are summarized as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2018	\$ 6,260,000	\$ 11,453,288	\$ 17,713,288
2019	7,070,000	11,185,688	18,255,688
2020	7,845,000	10,881,575	18,726,575
2021	8,530,000	10,518,375	19,048,375
2022	9,230,000	10,109,975	19,339,975
2023-2027	55,275,000	43,090,322	98,365,322
2028-2032	71,000,000	27,815,144	98,815,144
2033-2037	32,040,000	15,156,481	47,196,481
2038-2042	36,030,000	7,160,966	43,190,966
2043-2045	12,785,000	980,125	13,765,125
<b>Totals</b>	<b>\$ 246,065,000</b>	<b>\$ 148,351,938</b>	<b>\$ 394,416,938</b>

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, 2017.

**OTHER INFORMATION (Unaudited)**

**FORT BEND COUNTY TOLL ROAD AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

	Fiscal Year			
	2008	2009	2010	2011
<b>Operating Revenues</b>				
Toll revenue	\$ 15,715,542	\$ 17,027,190	\$ 17,185,507	\$ 17,694,231
<b>Total Operating Revenues</b>	<u>15,715,542</u>	<u>17,027,190</u>	<u>17,185,507</u>	<u>17,694,231</u>
<b>Operating Expenses</b>				
Salaries and personnel costs		20,554	20,020	30,849
Fees	3,403,869	3,965,993	3,744,244	3,921,486
Utilities	162,089	129,811	129,679	124,226
Depreciation	3,953,604	3,953,604	3,962,606	3,986,219
<b>Total Operating Expenses</b>	<u>7,519,562</u>	<u>8,069,962</u>	<u>7,856,549</u>	<u>8,062,780</u>
<b>Operating Income</b>	8,195,980	8,957,228	9,328,958	9,631,451
<b>Non-Operating Revenues (Expenses)</b>				
Earnings on investments	763,184	319,012	165,305	354,629
Interest on long-term debt	(6,610,476)	(6,610,475)	(6,610,476)	(6,577,809)
Debt service fees	(6,000)	(6,000)	(6,000)	(6,000)
Debt issuance costs				
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(5,853,292)</u>	<u>(6,297,463)</u>	<u>(6,451,171)</u>	<u>(6,229,180)</u>
<b>Income Before Contributions</b>	2,342,688	2,659,765	2,877,787	3,402,271
Capital contributions	91,500	3,792	480,002	518,338
Change in Net Position	2,434,188	2,663,557	3,357,789	3,920,609
<b>Net Position, Beginning of Year</b>	<u>33,071,595</u>	<u>35,505,783</u>	<u>38,169,340</u>	<u>41,527,129</u>
<b>Net Position, End of Year</b>	<u>\$ 35,505,783</u>	<u>\$ 38,169,340</u>	<u>\$ 41,527,129</u>	<u>\$ 45,447,738</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 19,325,050	\$ 21,853,536	\$ 23,724,115	\$ 26,859,669	29,480,671	27,059,416
<u>19,325,050</u>	<u>21,853,536</u>	<u>23,724,115</u>	<u>26,859,669</u>	<u>29,480,671</u>	<u>27,059,416</u>
31,527	31,549	33,669	152,950	178,611	206,248
4,025,316	3,253,537	3,895,313	8,789,161	7,433,285	7,943,819
127,960	120,737	125,403	149,918	156,604	116,574
<u>3,870,677</u>	<u>3,870,676</u>	<u>4,166,469</u>	<u>4,720,593</u>	<u>4,726,112</u>	<u>5,237,764</u>
<u>8,055,480</u>	<u>7,276,499</u>	<u>8,220,854</u>	<u>13,812,622</u>	<u>12,494,612</u>	<u>13,504,405</u>
11,269,570	14,577,037	15,503,261	13,047,047	16,986,059	13,555,011
523,604	180,323	175,305	294,397	694,415	953,603
(1,601,905)	(6,554,994)	(6,446,262)	(7,846,093)	(10,015,947)	(10,748,626)
(6,000)	(17,750)	(14,750)	(11,000)	(20,000)	(26,000)
<u>(1,494,267)</u>	<u>(6,392,421)</u>	<u>(6,285,707)</u>	<u>(518,776)</u>	<u>(785,311)</u>	<u>(9,821,023)</u>
<u>(2,578,568)</u>	<u>(6,392,421)</u>	<u>(6,285,707)</u>	<u>(8,081,472)</u>	<u>(10,126,843)</u>	<u>(9,821,023)</u>
8,691,002	8,184,616	9,217,554	4,965,575	6,859,216	3,733,988
761,500			931,164	95,000	492,509
9,452,502	8,184,616	9,217,554	5,896,739	6,954,216	4,226,497
<u>45,447,738</u>	<u>54,900,240</u>	<u>63,084,856</u>	<u>72,302,410</u>	<u>78,199,149</u>	<u>85,153,365</u>
<u>\$ 54,900,240</u>	<u>\$ 63,084,856</u>	<u>\$ 72,302,410</u>	<u>\$ 78,199,149</u>	<u>\$ 85,153,365</u>	<u>\$ 89,379,862</u>

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

<b>Components/Segments</b>	<b>Fiscal Year</b>			
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Parkway:</b>				
Lake Olympia East	\$ 11,224	\$ 12,256	\$ 13,060	\$ 13,260
Lake Olympia West	14,768	15,790	16,862	16,747
McHard East	137,157	91,908	109,369	98,569
McHard West	183,827	136,873	135,835	131,587
Sienna Parkway				
Main Line Plaza	6,308,489	7,295,807	7,306,382	7,273,269
Fondren - Northbound				
Fondren - Southbound				
Lake Olympia - Northbound				
Lake Olympia - Southbound				
McHard - Northbound				
McHard - Southbound				
Sienna Parkway - Northbound				
Sienna Parkway - Southbound				
<b>Total Parkway</b>	<b>6,655,465</b>	<b>7,552,634</b>	<b>7,581,508</b>	<b>7,533,432</b>
<b>Westpark:</b>				
Katy Gaston - Eastbound				
Katy Gaston - Westbound				
Peek - Eastbound				
Peek - Westbound				
Westmoor - Eastbound				
Westmoor - Westbound				
<b>Total Westpark</b>	<b>8,574,029</b>	<b>8,774,580</b>	<b>8,954,123</b>	<b>9,397,608</b>
<b>Gross Revenues by Toll Plaza</b>	<b>15,229,494</b>	<b>16,327,214</b>	<b>16,535,631</b>	<b>16,931,040</b>
<b>Revenue not Allocated Due to Timing Differences:</b>				
Credit Tolls and Toll Replacement	(536)	(3,935)	(2,549)	(5,649)
Toll Violations	486,584	703,911	652,425	768,840
<b>Total Revenues</b>	<b>\$ 15,715,542</b>	<b>\$ 17,027,190</b>	<b>\$ 17,185,507</b>	<b>\$ 17,694,231</b>

\* Effective FY2016 revenues by Toll Plaza are allocated based on the Traffic Count table on pages 26 and 27.

Fiscal Year					
2012	2013	2014	2015	2016*	2017*
\$ 14,465	\$ 15,752	\$ 19,445	\$ 21,279	\$	\$
16,905	18,497	22,021	24,281		
108,159	131,894	128,686	145,345		
153,949	182,626	179,106	181,837		
		200,690	300,429		
7,905,653	8,637,580	9,204,622	10,347,699		
				2,437,351	2,264,772
				2,180,520	2,052,735
				2,007,952	1,740,901
				1,802,897	1,564,367
				2,458,227	2,286,461
				2,226,996	2,079,114
				554,144	645,593
				528,199	634,912
<u>8,199,131</u>	<u>8,986,349</u>	<u>9,754,570</u>	<u>11,020,870</u>	<u>14,196,286</u>	<u>13,268,855</u>
					106
					267
				3,095,724	2,905,607
				2,699,663	2,434,292
				3,645,896	3,404,879
				3,638,080	3,282,216
<u>10,380,478</u>	<u>12,091,094</u>	<u>13,131,186</u>	<u>14,181,191</u>	<u>13,079,363</u>	<u>12,027,367</u>
18,579,609	21,077,443	22,885,756	25,202,061	27,275,649	25,296,222
(23,997)	(11,705)	(21,006)	(1,067)		
769,438	787,798	859,365	1,658,675	2,205,022	1,763,194
<u>\$ 19,325,050</u>	<u>\$ 21,853,536</u>	<u>\$ 23,724,115</u>	<u>\$ 26,859,669</u>	<u>\$ 29,480,671</u>	<u>\$ 27,059,416</u>

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

<b>Components/Segments</b>	<b>Fiscal Year</b>			
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Parkway:</b>				
Lake Olympia East	26,841	37,156	36,967	37,586
Lake Olympia West	36,185	48,082	47,838	47,570
McHard East	547,930	683,448	627,428	630,991
McHard West	543,955	693,692	649,054	643,996
Main Line Plaza	5,165,747	6,031,617	5,727,763	5,689,146
Sienna Parkway				
Cash Transactions	2,411,606			
Fondren - Northbound				
Fondren - Southbound				
Lake Olympia - Northbound				
Lake Olympia - Southbound				
McHard - Northbound				
McHard - Southbound				
Sienna Parkway - Northbound				
Sienna Parkway - Southbound				
<b>Total Parkway Transactions</b>	<u>8,732,264</u>	<u>7,493,995</u>	<u>7,089,050</u>	<u>7,049,289</u>
<b>Westpark:</b>				
Katy Gaston - Eastbound				
Katy Gaston - Westbound				
Peek - Eastbound				
Peek - Westbound				
Westmoor - Eastbound				
Westmoor - Westbound				
<b>Total Westpark Transactions</b>	<u>16,621,641</u>	<u>14,925,065</u>	<u>14,535,380</u>	<u>15,224,942</u>
<b>Total Transactions</b>	<u><u>25,353,905</u></u>	<u><u>22,419,060</u></u>	<u><u>21,624,430</u></u>	<u><u>22,274,231</u></u>

\* Effective FY2016 a system upgrade allowed for more detailed transactional data.



Fiscal Year					
2012	2013	2014	2015	2016*	2017*
40,968	44,931	48,980	82,628		
47,800	52,890	55,632	94,384		
644,356	706,642	724,057	1,207,115		
641,506	696,284	682,373	1,145,415		
5,971,736	6,396,081	6,796,389	11,635,202		
		552,555	762,257		
				4,584,913	4,790,191
				4,101,788	4,341,714
				3,777,168	3,682,159
				3,391,439	3,308,774
				4,624,183	4,836,066
				4,189,214	4,397,508
				1,042,404	1,365,485
				993,598	1,342,895
<u>7,346,366</u>	<u>7,896,828</u>	<u>8,859,986</u>	<u>14,927,001</u>	<u>26,704,707</u>	<u>28,064,792</u>
					225
					564
				5,823,383	6,145,613
				5,078,349	5,148,741
				6,858,314	7,201,617
				6,843,609	6,942,173
<u>16,741,990</u>	<u>18,586,669</u>	<u>20,121,013</u>	<u>21,391,903</u>	<u>24,603,655</u>	<u>25,438,933</u>
<u>24,088,356</u>	<u>26,483,497</u>	<u>28,980,999</u>	<u>36,318,904</u>	<u>51,308,362</u>	<u>53,503,725</u>

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

<u>Fiscal Year Ending</u>	<u>Project Revenues</u>	<u>Other Earnings</u>	<u>Senior Lien Debt Service</u>	<u>Coverage Ratio on Senior Lien Revenue Bonds</u>	<u>O &amp; M Expenses</u>	<u>Revenues Available for Unlimited Subordinate Lien Tax Bonds</u>
2008	\$ 15,715,542	\$ 854,684	n/a	n/a	\$ 3,565,958	\$ 13,004,268
2009	17,027,190	322,802	n/a	n/a	4,116,358	13,233,634
2010	17,185,507	653,483	n/a	n/a	3,902,118	13,936,872
2011	17,694,231	927,468	n/a	n/a	4,131,061	14,490,638
2012	19,325,050	1,286,885	\$ 287,342	71.733	4,186,584	16,138,009
2013	21,853,536	180,323	1,126,700	19.556	3,405,823	17,501,336
2014	23,724,115	177,370	1,126,700	21.214	4,056,450	18,718,335
2015	26,859,669	303,786	2,536,940	10.707	8,729,148	15,897,367
2016	29,480,671	789,415	7,063,361	4.286	7,768,501	15,438,224
2017	27,059,416	953,603	7,749,800	3.615	8,266,642	11,996,577

Debt Service Bonds	Coverage Ratio on Unlimited Subordinate Lien Tax Bonds
\$ 6,759,431	1.924
6,759,431	1.958
6,759,431	2.062
8,131,431	1.782
5,134,341	3.143
8,615,726	2.031
8,185,431	2.287
8,813,001	1.804
8,849,625	1.745
9,351,375	1.283

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

Toll Rate Schedule Effective as of May 13, 2015

---

Two-Axle Vehicles

Parkway Toll Road	\$ 0.40-0.75
Westpark Toll Road	\$ 0.65-0.80

Three to Six Axle Vehicles

Parkway Toll Road	\$ 0.80-3.15
Westpark Toll Road	\$ 1.30-3.40

**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 the 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, 2017, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated March 21, 2018.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

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

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

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

### **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 determination of financial statement amounts. 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.

*Whitley Penn LLP*

Houston, Texas  
March 21, 2018