

**FORT BEND COUNTY TOLL ROAD AUTHORITY
FINANCIAL REPORT
For the Year Ended September 30, 2015**



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

Robert Ed Sturdivant
County Auditor

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

March 17, 2016

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, 2015. 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, 2015. 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. 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 2015. This is evident by a modest increase in new home sales, labor force, and employment rate. The demand for services regarding the governmental functions performed by the County continues to increase at a greater rate. 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

In the fall of 2014, the Authority kicked off a \$10.1 million dollar Toll Conversion project that will upgrade the tolling system on the Fort Bend Parkway and the Westpark Tollway. The purpose of this Toll Conversion project is to remove and replace the outdated tolling infrastructure and equipment with upgraded equipment and facilities that are more accurate, efficient, and reliable. This change will make all of the tolling equipment on roads operated by the FBCTRA compatible. The Toll Conversion project was completed in the summer in 2015.

During February 2015, the Authority began the \$30.3 million dollar Highway 6 Overpass project. The overpass bridge will connect the existing Fort Bend Parkway main lanes north of Trammel-Fresno Road to the main lanes south of Knight Road. The overpass will be a half mile long and will include entrance and exit ramps, as well as U-turn lanes located on either side of Highway 6. The project is still on schedule to be completed by the end of 2016.

The Westpark Tollway expansion, currently under construction, will widen the existing two-lane, undivided road into a four-lane, divided highway. The project will extend the current four-lane controlled access tollway to the west from its current terminus at Grand Parkway/SH 99 through the FM 723/Spring Green intersection. In addition, the County will construct one-way, two-lane frontage roads on the north and south of the Westpark Expansion as non-tolled lanes. Construction is scheduled to be completed by early 2018.

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 AUDITOR'S 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, 2015, 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, 2015, 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 4 through 8 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 supplementary information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2016, 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.



Houston, Texas
March 17, 2016

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, 2015. 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 exceeded liabilities by \$78,199,149 at the close of the most recent fiscal year.

The following table provides a summary of the Authorities net position at September 30, 2015 and 2014:

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

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 89,524,794	\$ 68,737,293
Capital assets, net	197,605,705	163,786,819
Total Assets	<u>287,130,499</u>	<u>232,524,112</u>
 Total Deferred Outflow of Resources	 10,240,356	 10,850,203
Long-term liabilities	212,446,904	167,870,110
Other liabilities	6,724,802	3,201,795
Total Liabilities	<u>219,171,706</u>	<u>171,071,905</u>
 Net Position:		
Net investment in capital assets	18,837,565	11,026,993
Restricted	7,679,464	2,915,323
Unrestricted	51,682,120	58,360,094
Total Net Position	<u>\$ 78,199,149</u>	<u>\$ 72,302,410</u>

As of September 30, 2015, the Authority's net position included \$18,837,565 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, \$7,679,464, is restricted. This amount represents funds held by a trustee for debt service payments. The remaining balance of \$51,682,120 is unrestricted.

The Authority's assets exceeded its liabilities by \$78,199,149, resulting in an increase in net position of \$5,896,739 from the prior year. This increase is a result of an increase in revenues due primarily to increased utilization of the Fort Bend County Toll Road System, offset by an increase in operating expenses, 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 Authorities operations for the years ended September 30, 2015 and 2014:

**FORT BEND COUNTY TOLL ROAD AUTHORITY
STATEMENT OF CHANGES IN NET POSITION**

For the years ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues		
Operating revenues:		
Toll revenue	\$ 26,859,669	\$ 23,724,115
Non-operating revenues:		
Earnings on investments	294,397	175,305
Amortization of bond premium	1,175,988	1,117,852
Miscellaneous income	3,281	2,065
Total Revenues	<u>28,333,335</u>	<u>25,019,337</u>
Expenses		
Operating expenses:		
Salaries and personnel costs	152,950	33,669
Fees	8,792,442	3,897,378
Utilities	149,918	125,403
Depreciation	4,720,593	4,166,469
Non-operating expenses:		
Interest on long-term debt	9,010,425	7,552,458
Debt service fees	11,000	14,750
Amortization of bond discounts	11,656	11,656
Debt issuance costs	518,776	
Total Expenses	<u>23,367,760</u>	<u>15,801,783</u>
Net Income before Contributions	4,965,575	9,217,554
Capital contributions	931,164	
Change in Net Position	5,896,739	9,217,554
Net Position, Beginning	<u>72,302,410</u>	<u>63,084,856</u>
Net Position, Ending	<u>\$ 78,199,149</u>	<u>\$ 72,302,410</u>

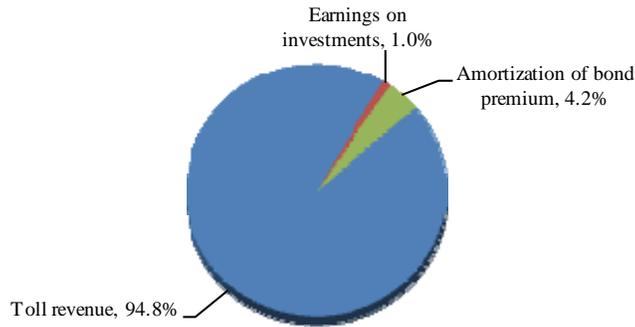
At the end of the current fiscal year, the Authority was able to report a positive balance in net position. The same situation held true for the prior fiscal year.

Toll Road operations increased the Authority's net position by \$5,896,739. This increase is down from last year's increase of \$9,217,554. The key elements of this decrease in the change in net position of \$4,251,979 are as follows:

- Increase in toll revenue of \$3,135,554 primarily due to increased utilization.
- Increase in fees of \$4,895,064 due to increased maintenance costs of the system and increased non-capital construction costs.
- Increase in interest on long-term debt of \$1,457,967 due to the increase in total debt.
- Increase in debt issuance costs due of \$518,776 to the issuance of debt in the current fiscal year.

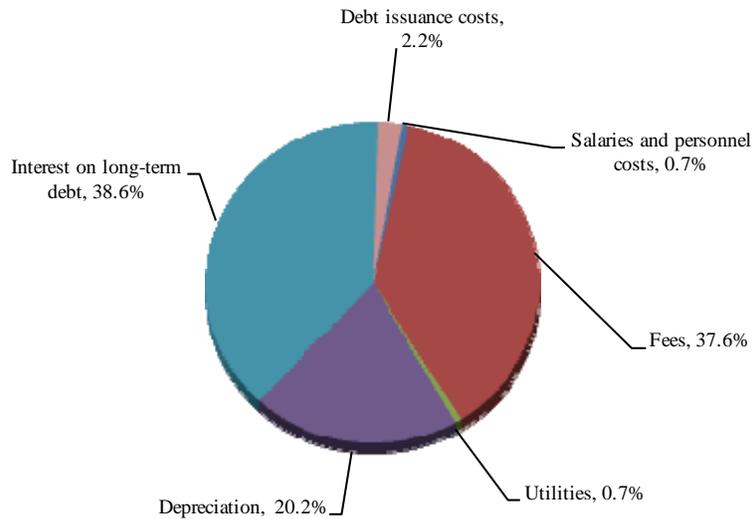
Toll Road revenues for fiscal year 2015 are graphically displayed as follows:

TOLL ROAD REVENUES



Toll Road expenses for fiscal year 2015 are graphically displayed as follows:

TOLL ROAD EXPENSES



Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2015, the Authority had 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 \$33,818,886 from the previous fiscal year.

FORT BEND COUNTY TOLL ROAD AUTHORITY'S CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
Non-Depreciable Capital Assets		
Land	\$ 26,309,133	\$ 12,493,128
Construction in progress	23,112,190	5,999,750
Other Capital Assets, Net		
Office furniture and equipment	13,456	
Infrastructure	148,170,926	145,293,941
Totals	<u>\$ 197,605,705</u>	<u>\$ 163,786,819</u>

Increase in toll road infrastructure of \$2,876,985 was primarily due to completion of the toll conversion project. Increase construction in progress of \$17,112,440 was primarily due to the progress of the Highway 6 overpass project on schedule for completion by the end of 2016. Increase in land of \$13,816,005 due to the acquisition of right of way along the Wespark Tollway extension corridor.

Long-Term Debt - At the end of the current fiscal year, the Authority had total bonds outstanding of \$191,660,000.

LONG-TERM DEBT

	<u>2015</u>	<u>2014</u>
Revenue bonds	\$ 191,660,000	\$ 149,235,000
Premiums on bonds	21,074,428	18,934,291
Discounts on bonds	(287,524)	(299,180)
Total	<u>\$ 212,446,904</u>	<u>\$ 167,870,111</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 both the 2012 Senior Lien issue and the 2014 Senior Lien issue.

Economic Factors

The population of the County is estimated at 687,439 in 2015 and is expected to grow to 804,228 by 2020.

The number of households has increased to 221,896 in 2015 and is expected to grow to 260,307 by 2020. Average household income for 2015 is \$119,163 and is estimated to rise to \$134,687 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, 2015

Assets

Cash and cash equivalents	\$ 80,124,411
Investments	4,821,817
Miscellaneous receivables	4,578,566
Capital assets, not subject to depreciation	49,421,323
Capital assets, net of accumulated depreciation	<u>148,184,382</u>
Total Assets	<u><u>287,130,499</u></u>

Deferred Outflow of Resources

Deferred charges-debt refunding	<u>10,240,356</u>
Total Deferred Outflow of Resources	<u><u>10,240,356</u></u>

Liabilities

Retainage payable	561,975
Due to primary government	5,432,912
Accrued interest payable	729,915
Long-term liabilities due within one year	4,645,000
Long-term liabilities due in more than one year	<u>207,801,904</u>
Total Liabilities	<u><u>219,171,706</u></u>

Net Position

Net investment in capital assets	18,837,565
Restricted for:	
Debt service	7,679,464
Unrestricted	<u>51,682,120</u>
Total Net Position	<u><u>\$ 78,199,149</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, 2015

Operating Revenue	
Toll revenue	\$ 26,859,669
Total Operating Revenue	<u>26,859,669</u>
Operating Expenses	
Salaries and personnel costs	152,950
Fees	8,792,442
Utilities	149,918
Depreciation	4,720,593
Total Operating Expenses	<u>13,815,903</u>
Operating Income	13,043,766
Non-Operating Revenues	
Earnings on investments	294,397
Amortization of bond premiums	1,175,988
Miscellaneous income	3,281
Total Non-Operating Revenues	<u>1,473,666</u>
Non-Operating Expenses	
Interest on long-term debt	9,010,425
Debt service fees	11,000
Amortization of bond discounts	11,656
Debt issuance costs	518,776
Total Non-Operating Expenses	<u>9,551,857</u>
Net Income Before Contributions	4,965,575
Capital contributions	<u>931,164</u>
Change in Net Position	5,896,739
Net Position, Beginning of Year	<u>72,302,410</u>
Net Position, End of Year	<u><u>\$ 78,199,149</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, 2015

Cash Flows from Operating Activities	
Receipts from tolls and other	\$ 24,172,665
Payment of toll operation expenses	(9,095,310)
Net Cash Provided by Operating Activities	<u>15,077,355</u>
Cash Flows from Investing Activities	
Purchase of Investments	(4,821,817)
Interest earned on investments	294,397
Net Cash (Used) by Investing Activities	<u>(4,527,420)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(37,046,340)
Repayment of loan to Fort Bend Grand Parkway Toll Road Authority	167,765
Loan from primary government	2,808,901
Principal paid on capital debt	(2,575,000)
Interest expense	(8,256,165)
Debt Issuance Costs	(518,776)
Proceeds from capital debt	48,316,125
Net Cash (Used) by Capital and Related Financing Activities	<u>2,896,510</u>
Net Increase in Cash and Cash Equivalents	13,446,445
Cash and Cash Equivalents, Beginning of Year	<u>66,677,966</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 80,124,411</u></u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Operating Income	\$ 13,043,766
Adjustments to operations:	
Depreciation	4,720,593
Change in assets and liabilities:	
(Increase) in other receivables	(2,687,004)
Total adjustments	<u>2,033,589</u>
Net Cash Provided by Operating Activities	<u><u>\$ 15,077,355</u></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 State Highway 99. 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 estimated fair 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 17, 2016, 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, 2015, the Authority reported deposits in the amount of \$76,243,994 and the bank balance was \$76,243,994. The Authority's collateral requirement, in accordance with the County's investment policy is 110%. Of the bank balance, 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, 2015.

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, 2015, 89.8% 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>
Demand Deposits	\$ 76,243,994	1
Investment Pools:		
Texas CLASS	290,832	53
TexasTERM	1,008	37
LOGIC	1,015	33
Wells Fargo Government Money Market Fund	3,587,562	21
Governmental Securities:		
Wells Fargo FFCB	2,009,839	933
Wells Fargo FHLB	2,811,978	758
Total Fair Value	<u>\$ 84,946,228</u>	
Portfolio weighted average maturity (days)		<u>2</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. Texas CLASS is considered a '2a-7 like pool' under Governmental Accounting Standards Statement No. 31; it will operate the pool consistent with the SEC's Rule 2a7. 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. TexasTERM's TexasDAILY portfolio is considered a '2a-7 like pool' under Governmental Accounting Standards Statement No. 31; it will operate the pool consistent with the SEC's Rule 2a7. 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. LOGIC is considered a '2a-7 like pool' under Governmental Accounting Standards Statement No. 31; it will operate the pool consistent with the SEC's Rule 2a7. 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.

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, 2015, 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, 2015, consist of toll revenue due from the Harris County Toll Road Authority, net of applicable fees.

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2015, is as follows:

	<u>Balances</u> <u>10/1/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>9/30/15</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 12,493,128	\$ 13,816,005	\$	\$ 26,309,133
Construction in progress	5,999,750	23,783,467	(6,671,027)	23,112,190
Total capital assets not depreciated	<u>18,492,878</u>	<u>37,599,472</u>	<u>(6,671,027)</u>	<u>49,421,323</u>
Other capital assets:				
Office furniture and equipment		14,951		14,951
Infrastructure	182,390,582	7,596,083		189,986,665
Total other capital assets	<u>182,390,582</u>	<u>7,611,034</u>		<u>190,001,616</u>
Accumulated depreciation for:				
Office furniture and equipment		(1,495)		(1,495)
Infrastructure	(37,096,641)	(4,719,098)		(41,815,739)
Total accumulated depreciation	<u>(37,096,641)</u>	<u>(4,720,593)</u>		<u>(41,817,234)</u>
Other capital assets, net	145,293,941	2,890,441		148,184,382
Total capital assets	<u>\$ 163,786,819</u>	<u>\$ 40,489,913</u>	<u>\$ (6,671,027)</u>	<u>\$ 197,605,705</u>

Depreciation expense for the Authority for the year ended September 30, 2015, totaled \$4,720,593. Construction in progress is primarily comprised of activity on the Westpark section B and Parkway section B extensions. The contract commitments as of September 30, 2015 are as follows:

Westpark B Engineering	\$ 1,952,449
Highway 6 Overpass	21,379,573
Total	<u>\$23,332,022</u>

NOTE 5 – LONG-TERM DEBT

The Authority issued subordinate lien revenue bonds for the purpose of financing the construction of the Toll Road System. These subordinate 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 lien revenue bonds as of September 30, 2015:

<u>Original</u> <u>Issue</u>	<u>Description</u>	<u>Interest</u> <u>Rate %</u>	<u>Matures</u>	<u>Debt</u> <u>Outstanding</u>
Revenue Bonds				
\$ 30,775,000	Senior Lien Toll Road Revenue Bonds, Series 2012	2.00 - 4.125	2040	\$ 30,775,000
116,940,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds Series 2012	3.125 - 5.0	2032	115,885,000
45,000,000	Senior Lien Toll Road Revenue Bonds, Series 2014	2.0 - 5.0	2042	<u>45,000,000</u>
	Total Revenue Bonds			<u>\$ 191,660,000</u>

A summary of the long-term liability transactions of the Authority for the year ended September 30, 2015 is as follows:

	Balances 10/1/14	Additions	Retirements	Balances 9/30/15	Amounts Due Within One Year
Revenue bonds	\$ 149,235,000	\$ 45,000,000	\$ (2,575,000)	\$ 191,660,000	\$ 4,645,000
Premiums on bonds	18,934,291	3,316,125	(1,175,988)	21,074,428	
Discounts on bonds	(299,180)		11,656	(287,524)	
Totals	\$ 167,870,111	\$ 48,316,125	\$ (3,739,332)	\$ 212,446,904	\$ 4,645,000

Annual debt service requirements to maturity are summarized as follows:

	Principal	Interest	Totals
2016	\$ 4,645,000	\$ 8,680,025	\$ 13,325,025
2017	5,390,000	8,508,175	13,898,175
2018	6,260,000	8,276,288	14,536,288
2019	6,820,000	8,011,187	14,831,187
2020	7,345,000	7,714,575	15,059,575
2021-2025	43,235,000	32,823,866	76,058,866
2026-2030	55,040,000	21,070,888	76,110,888
2031-2035	36,510,000	8,416,256	44,926,256
2036-2040	20,885,000	3,296,478	24,181,478
2041-2042	5,530,000	223,400	5,753,400
Totals	\$ 191,660,000	\$ 107,021,138	\$ 298,681,138

On December 15, 2014, the Authority issued \$45,000,000 of Senior Lien Toll Road Revenue Bonds, Series 2014 to finance the construction of the Highway 6 overpass, the purchase of right-of-way for Westpark B extensions, and the toll conversion project for Parkway A and Westpark 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, 2015.

NOTE 7 – STATEWIDE INTEROPERABILITY OF ELECTRONIC TOLL COLLECTIONS

The Fort Bend Grand Parkway Toll Road Authority (“FBGPTRA”) entered into an agreement by resolution on October 29, 2013 to participate in the Statewide Interoperability of Electronic Toll Collections with Texas Department of Transportation, Harris County (acting through Harris County Toll Road Authority), North Texas Tollway Authority, and Central Texas Regional Mobility Authority, for the

collection of tolls from customers. The Fort Bend County Toll Road Authority joined the FBGPTRA in this agreement through a Joint Project Agreement with the FBGPTRA executed on February 19, 2014.

NOTE 8 – SUBSEQUENT EVENTS

On February 9, 2016, the Authority issued \$64,440,000 in senior lien revenue bonds to finance phase one of the Westpark Toll Way extension.

OTHER SUPPLEMENTARY INFORMATION (Unaudited)

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

	Fiscal Year			
	2006	2007	2008	2009
Operating Revenues				
Toll revenue	\$ 11,636,441	\$ 15,504,417	\$ 15,715,542	\$ 17,027,190
Total Operating Revenues	<u>11,636,441</u>	<u>15,504,417</u>	<u>15,715,542</u>	<u>17,027,190</u>
Operating Expenses				
Salaries and personnel costs				20,554
Fees	2,091,935	1,799,192	3,403,869	3,965,993
Utilities	184,118	154,071	162,089	129,811
Depreciation	3,755,036	3,844,267	3,953,604	3,953,604
Total Operating Expenses	<u>6,031,089</u>	<u>5,797,530</u>	<u>7,519,562</u>	<u>8,069,962</u>
Operating Income	5,605,352	9,706,887	8,195,980	8,957,228
Non-Operating Revenues				
Earnings on investments	772,797	925,535	763,184	319,012
Amortization of bond premiums	142,955	142,955	142,955	142,956
Miscellaneous income	5,468	1,155		
Total Non-Operating Revenues	<u>921,220</u>	<u>1,069,645</u>	<u>906,139</u>	<u>461,968</u>
Non-Operating Expenses				
Interest on long-term debt	6,750,322	6,756,541	6,753,431	6,753,431
Debt service fees			6,000	6,000
Amortization of bond discounts				
Debt issuance costs				
Total Non-Operating Expenses	<u>6,750,322</u>	<u>6,756,541</u>	<u>6,759,431</u>	<u>6,759,431</u>
Net Income (Loss) Before Contributions	(223,750)	4,019,991	2,342,688	2,659,765
Capital contributions	8,666,316	802,322	91,500	3,792
Contribution from FBGPTRA				
Change in Net Position	8,442,566	4,822,313	2,434,188	2,663,557
Net Position, Beginning of Year	<u>19,806,716</u>	<u>28,249,282</u>	<u>33,071,595</u>	<u>35,505,783</u>
Net Position, End of Year	<u>\$ 28,249,282</u>	<u>\$ 33,071,595</u>	<u>\$ 35,505,783</u>	<u>\$ 38,169,340</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
<u>\$ 17,185,507</u>	<u>\$ 17,694,231</u>	<u>\$ 19,325,050</u>	<u>\$ 21,853,536</u>	<u>\$ 23,724,115</u>	<u>\$ 26,859,669</u>
<u>17,185,507</u>	<u>17,694,231</u>	<u>19,325,050</u>	<u>21,853,536</u>	<u>23,724,115</u>	<u>26,859,669</u>
20,020	30,849	31,527	31,549	33,669	152,950
3,752,419	3,975,987	4,027,097	3,253,537	3,897,378	8,792,442
129,679	124,226	127,960	120,737	125,403	149,918
3,962,606	3,986,219	3,870,677	3,870,676	4,166,469	4,720,593
<u>7,864,724</u>	<u>8,117,281</u>	<u>8,057,261</u>	<u>7,276,499</u>	<u>8,222,919</u>	<u>13,815,903</u>
9,320,783	9,576,950	11,267,789	14,577,037	15,501,196	13,043,766
165,305	354,629	523,604	180,323	175,305	294,397
142,955	142,955	3,107,603	1,109,451	1,117,852	1,175,988
8,175	54,501	1,781		2,065	3,281
<u>316,435</u>	<u>552,085</u>	<u>3,632,988</u>	<u>1,289,774</u>	<u>1,295,222</u>	<u>1,473,666</u>
6,753,431	6,720,764	4,705,623	7,652,789	7,552,458	9,010,425
6,000	6,000	6,000	17,750	14,750	11,000
		3,885	11,656	11,656	11,656
		1,494,267			518,776
<u>6,759,431</u>	<u>6,726,764</u>	<u>6,209,775</u>	<u>7,682,195</u>	<u>7,578,864</u>	<u>9,551,857</u>
2,877,787	3,402,271	8,691,002	8,184,616	9,217,554	4,965,575
480,002		761,500			931,164
	518,338				
3,357,789	3,920,609	9,452,502	8,184,616	9,217,554	5,896,739
38,169,340	41,527,129	45,447,738	54,900,240	63,084,856	72,302,410
<u>\$ 41,527,129</u>	<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>

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

Components/Segments	Fiscal Year			
	2006	2007	2008	2009
Parkway:				
Lake Olympia East	\$ 9,233	\$ 12,021	\$ 11,224	\$ 12,256
Lake Olympia West	13,056	15,662	14,768	15,790
McHard East (e)	148,930	153,656	137,157	91,908
McHard West	184,784	203,966	183,827	136,873
Sienna Parkway (h)				
Main Line Plaza	4,914,011	6,493,247	6,308,489	7,295,807
Subtotal: (a)	<u>5,270,014</u>	<u>6,878,552</u>	<u>6,655,465</u>	<u>7,552,634</u>
Westpark (b)	<u>5,687,034</u>	<u>8,093,489</u>	<u>8,574,029</u>	<u>8,774,580</u>
Revenue from Parkway and Westpark:	10,957,048	14,972,041	15,229,494	16,327,214
Credit Tolls and Replacement (d)	(226)	(278)	(536)	(3,935)
Toll Violations (f)	<u>679,619</u>	<u>532,655</u>	<u>486,584</u>	<u>703,911</u>
Total Revenue Parkway and Westpark: (c) (g)	<u><u>\$ 11,636,441</u></u>	<u><u>\$ 15,504,418</u></u>	<u><u>\$ 15,715,542</u></u>	<u><u>\$ 17,027,190</u></u>

- (a) In August 2008, Parkway toll road became 100% EZ tag. Cash vault report did not agree with cost report for the months of December 2005, August 2006 and June 2007. The variance was due to bank adjustments which did not reflect on the cash vault report. HCTRA represents all adjustments were for Main Line Plaza location.
- (b) AVI & VPS do not breakdown revenue for Westpark toll road by location. Includes revenue for Moore Road East/West and Peek Road East/West.
- (c) Monthly AVI and VPS revenue minus credit tolls plus toll replacement reconciles to Recap report.
- (d) Breakdown by location of credit tolls not provided in historical reports, therefore total revenue adjusted for credit tolls. Beginning in June 2009, FBC paid for toll replacement. Breakdown by location of toll replacement not provided in historical reports, therefore total revenue adjusted for toll replacement. FY2009 increase in credit tolls attributable to January toll rate change - Greenwich Meantime went into effect rather than CST thus charging the new rates 6 hours earlier than allowable. FY2012 increase in credit tolls attributable to \$18,366 credit issued to Metro for the year. Another credit in the amount of \$4,365 was issued in December 2012 to patrons due to an accident on Westpark toll road.
- (e) Credit tolls are created at the McHard ramps on the Fort Bend Parkway which is very near the Main Line plaza. A credit is given to travelers who enter or exit at this ramp and go through the Main Line.
- (f) Toll violations are not broken down by location, therefore the amount disclosed represents total violation deposits for Parkway and Westpark for fiscal years October 1st thru September 30th.
- (g) Revenue consist of EZ tag fees, cash fees thru July 2008, violations, credit tolls and toll replacements.
- (h) Due to software issues Sienna Parkway revenue is included in the Fort Bend Grand Parkway revenue totals. The amount reported here is an allocation from the Grand Parkway based on a percentage that is determined quarterly. The software issues are expected to be resolved by the end of FY2015.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 13,060	\$ 13,260	\$ 14,465	\$ 15,752	\$ 19,445	\$ 21,279
16,862	16,747	16,905	18,497	22,021	24,281
109,369	98,569	108,159	131,894	128,686	145,345
135,835	131,587	153,949	182,626	179,106	181,837
				200,690	300,429
<u>7,306,382</u>	<u>7,273,269</u>	<u>7,905,653</u>	<u>8,637,580</u>	<u>9,204,622</u>	<u>10,347,699</u>
<u>7,581,508</u>	<u>7,533,432</u>	<u>8,199,131</u>	<u>8,986,349</u>	<u>9,754,570</u>	<u>11,020,870</u>
<u>8,954,123</u>	<u>9,397,608</u>	<u>10,380,478</u>	<u>12,091,094</u>	<u>13,131,186</u>	<u>14,181,191</u>
16,535,631	16,931,040	18,579,609	21,077,443	22,885,756	25,202,061
(2,549)	(5,649)	(23,997)	(11,705)	(21,006)	(1,067)
<u>652,425</u>	<u>768,840</u>	<u>769,438</u>	<u>787,798</u>	<u>859,365</u>	<u>1,658,675</u>
<u><u>\$ 17,185,507</u></u>	<u><u>\$ 17,694,231</u></u>	<u><u>\$ 19,325,050</u></u>	<u><u>\$ 21,853,536</u></u>	<u><u>\$ 23,724,115</u></u>	<u><u>\$ 26,859,669</u></u>

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

Components/Segments	Fiscal Year			
	2006	2007	2008	2009
Parkway:				
Lake Olympia East	18,848	25,300	26,841	37,156
Lake Olympia West	26,592	33,950	36,185	48,082
McHard East (d)	383,775	518,721	547,930	683,448
McHard West	389,475	516,621	543,955	693,692
Sienna Parkway (e)				
Main Line Plaza	3,560,627	4,873,670	5,165,747	6,031,617
Subtotal: (c)	4,379,317	5,968,262	6,320,658	7,493,995
Cash Transactions (a)	2,349,469	2,904,296	2,411,606	
Total Parkway:	6,728,786	8,872,558	8,732,264	7,493,995
Westpark (b)	11,118,230	15,740,320	16,621,641	14,925,065
Total Transactions Parkway and Westpark:	17,847,016	24,612,878	25,353,905	22,419,060

- (a) August 2008, Parkway toll road became 100% EZ tag. Historical cash vault reports does not provide breakdown of transactions by location. Cash transactions are the total of monthly cash transactions represented on the Cost Sheet provided by the Harris County Toll Road.
- (b) AVI & VPS do not breakdown transactions for Westpark toll road by location. Includes transactions for Moore Road East/West and Peek Road East/West.
- (c) Monthly AVI and VPS transactions reconciles to Cost report transactions posted less interop transactions.
- (d) Credit tolls are created at the McHard ramps on the Fort Bend Parkway which is very near the Main Line plaza. A credit is given to travelers who enter or exit at this ramp and go through the Main Line.
- (e) Due to software issues Sienna Parkway transactions are included in the Fort Bend Grand Parkway transaction totals. The amount reported here is an allocation from the Grand Parkway based on a percentage that is determined quarterly. The software issues are expected to be resolved by the end of FY2015.

Fiscal Year					
2010	2011	2012	2013	2014	2015
36,967	37,586	40,968	44,931	48,980	82,628
47,838	47,570	47,800	52,890	55,632	94,384
627,428	630,991	644,356	706,642	724,057	1,207,115
649,054	643,996	641,506	696,284	682,373	1,145,415
				552,555	762,257
<u>5,727,763</u>	<u>5,689,146</u>	<u>5,971,736</u>	<u>6,396,081</u>	<u>6,796,389</u>	<u>11,635,202</u>
<u>7,089,050</u>	<u>7,049,289</u>	<u>7,346,366</u>	<u>7,896,828</u>	<u>8,859,986</u>	<u>14,927,001</u>
<u>7,089,050</u>	<u>7,049,289</u>	<u>7,346,366</u>	<u>7,896,828</u>	<u>8,859,986</u>	<u>14,927,001</u>
<u>14,535,380</u>	<u>15,224,942</u>	<u>16,741,990</u>	<u>18,586,669</u>	<u>20,121,013</u>	<u>21,391,903</u>
<u><u>21,624,430</u></u>	<u><u>22,274,231</u></u>	<u><u>24,088,356</u></u>	<u><u>26,483,497</u></u>	<u><u>28,980,999</u></u>	<u><u>36,318,904</u></u>

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

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Project</u> <u>Revenues</u>	<u>Other</u> <u>Earnings</u>	<u>Senior Lien</u> <u>Debt Service</u>	<u>Coverage</u> <u>Ratio on</u> <u>Senior Lien</u> <u>Revenue Bonds</u>	<u>O & M</u> <u>Expenses</u>	<u>Revenues</u> <u>Available for</u> <u>Unlimited</u> <u>Subordinate</u> <u>Lien Tax Bonds</u>
2006	\$ 11,636,441	\$ 9,444,581	n/a	n/a	\$ 2,276,055	\$ 18,804,967
2007	15,504,417	1,729,012	n/a	n/a	1,953,261	15,280,168
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

Debt Service Bonds	Coverage Ratio on Unlimited Subordinate Lien Tax Bonds
\$ 6,753,431	2.785
6,753,431	2.263
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

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

Toll Rate Schedule Effective as of October 26, 2013

<u>Two-Axle Vehicles</u>	
Parkway Toll Road	\$ 0.40-1.35
Westpark Toll Road	\$ 0.65
<u>Three to Six Axle Vehicles</u>	
Parkway Toll Road	\$ 1.10-6.75
Westpark Toll Road	\$ 1.10-3.50

Toll Rate Schedule Effective as of May 13, 2015

<u>Two-Axle Vehicles</u>	
Parkway Toll Road	\$ 0.40-0.75
Westpark Toll Road	\$ 0.65-0.80
<u>Three to Six Axle Vehicles</u>	
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 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, 2015, 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 17, 2016.

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 17, 2016