

**FORT BEND COUNTY TOLL ROAD AUTHORITY
FINANCIAL REPORT
For the Year Ended September 30, 2012**



Prepared by:

Fort Bend County Auditor's Office

Robert Ed Sturdivant, CPA

County Auditor

FORT BEND COUNTY TOLL ROAD AUTHORITY
TABLE OF CONTENTS

Page(s)

INTRODUCTORY SECTION

| | |
|-----------------------|-------|
| Letter of Transmittal | i-iii |
|-----------------------|-------|

FINANCIAL SECTION

| | |
|-------------------------------------|-----|
| Independent Auditors' Report | 1-2 |
|-------------------------------------|-----|

| | |
|---|-----|
| Management's Discussion and Analysis | 3-7 |
|---|-----|

Basic Financial Statements

| | |
|-------------------------|----|
| Statement of Net Assets | 11 |
|-------------------------|----|

| | |
|---|----|
| Statement of Revenues, Expenses and Changes in Net Assets | 12 |
|---|----|

| | |
|-------------------------|----|
| Statement of Cash Flows | 13 |
|-------------------------|----|

| | |
|-----------------------------------|-------|
| Notes to the Financial Statements | 14-21 |
|-----------------------------------|-------|

OTHER SUPPLEMENTARY INFORMATION (Unaudited)
SECTION

| | |
|---|-------|
| Statement of Revenues, Expenses and Changes in Net Assets | 24-25 |
|---|-------|

| | |
|---|-------|
| Revenues by Toll Road Components/Segments | 26-27 |
|---|-------|

| | |
|---------------------|-------|
| Traffic Count Table | 28-29 |
|---------------------|-------|

| | |
|--|-------|
| Historical Toll Road Operating Results and Coverages | 30-31 |
|--|-------|

| | |
|--------------------|----|
| Toll Rate Schedule | 32 |
|--------------------|----|



COUNTY AUDITOR

Fort Bend County, Texas

Robert Ed Sturdivant
County Auditor

281-341-3769, 281-341-3744 (fax)
sturdrob@co.fort-bend.tx.us

March 4, 2013

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 ("Authority"), a component unit of Fort Bend County, Texas ("County"), for the fiscal year ended September 30, 2012. 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.

Sandersen Knox and Company, L.L.P., has issued an unqualified (or "clean") opinion on the Authority's financial statements for the year ended September 30, 2012. 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 ("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 connects the Sam Houston Tollway (Beltway 8) with State Highway 6, easing traffic problems and stimulating economic development in the eastern part of the County. The second project, the Fort Bend Westpark Tollway, ties into Harris County's Westpark Tollway. Both toll roads provide seamless access to commuters with a standard EZ-TAG.

The Fort Bend Parkway opened August 30, 2004 to approximately 6,000 commuters taking advantage of their new travel option. The Authority is currently constructing the second segment of the Fort Bend Parkway, from State Highway 6 to Sienna Parkway. The first segment of the Fort Bend Westpark Tollway was completed on August 10, 2005, and is located in the Houston metropolitan area of southeast Texas.

Local Economy

Fort Bend County experienced a slight upturn in the local economy for fiscal year 2012. 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 continue to 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 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.

Capital Improvement Program

The Authority maintains a multi-year Capital Projects Plan that includes toll road mobility projects. These capital initiatives include extension of the existing Fort Bend County Toll Road System.

Debt Policy

The purpose of the County's Debt Policy (which includes the Authority) is to establish guidelines for the utilization of debt instruments issued by the County and Authority whether payable from County taxes or payable from certain revenues of the County or Authority.

The County and Authority will ensure all uses of debt instruments are in compliance with all statutory requirements, and in accordance with the guidelines, outstanding ordinances, insurance covenants, and existing agreements. Further, the County and Authority will ensure that the utilization of any debt

instrument provides the most prudent and cost-effective funding possible, taking all material matters into account.

Major Initiatives

Mobility remains one of the top priorities of the Authority as the County continues to grow and develop. With the major roadways already heavily congested, mobility has been, and continues to be, a primary concern. Continued residential and commercial expansion has increased the use of County roads. Right-of-way acquisitions for future roads have required more focus on future planning to prevent project delays. Completed toll road projects have proven to be effective in reducing congestion and enhancing safety within the County.

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 Sandersen Knox & Company, L.L.P., 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.





130 Industrial Blvd, Suite 130 • Sugar Land, Texas 77478 • 281/242-3232 • fax 281/242-3252 • www.sktx.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Fort Bend County Toll Road Authority (the "Authority") as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion 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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1A, the financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of Fort Bend County, Texas, as of September 30, 2012, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2012, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The introductory and other supplementary information sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The introductory and other supplementary 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.

A handwritten signature in black ink, appearing to read "Sanb & Co.", with a stylized, cursive script.

Sugar Land, Texas
March 4, 2013

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

As management of the Fort Bend County Toll Road Authority ("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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$56,409,962 at the close of the most recent fiscal year.

As of September 30, 2012, the Authority's net assets included \$12,831,291 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.

FORT BEND COUNTY TOLL ROAD AUTHORITY
CONDENSED STATEMENT OF NET ASSETS
September 30, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|-----------------------------|-----------------------------|-----------------------------|
| Current and other assets | \$ 87,170,303 | \$ 38,632,933 |
| Capital assets, net | <u>148,570,862</u> | <u>145,603,930</u> |
| Total Assets | <u>235,741,165</u> | <u>184,236,863</u> |
| Long-term liabilities | 174,319,100 | 137,492,059 |
| Other liabilities | <u>5,012,103</u> | <u>558,119</u> |
| Total Liabilities | <u>179,331,203</u> | <u>138,050,178</u> |
| Net Assets: | | |
| Invested in capital assets, | | |
| net of related debt | 12,831,291 | 8,850,818 |
| Restricted | 3,460,767 | 957,057 |
| Unrestricted | <u>40,117,904</u> | <u>36,378,810</u> |
| Total Net Assets | <u><u>\$ 56,409,962</u></u> | <u><u>\$ 46,186,685</u></u> |

As of September 30, 2012, the Authority had restricted net assets of \$3,460,767, which represents funds held by a trustee for debt service payments. The remaining balance of \$40,117,904 is unrestricted.

The Authority's assets exceeded its liabilities by \$56,409,962, resulting in an increase of \$10,223,277 from the prior year. This increase is a result of revenues exceeding expenses due primarily to increased utilization of the Fort Bend County Toll Road System as well as a toll rate increase. However, operating expenses also increased as shown on the next page. The growth in net assets is being maintained in the revenue fund for future maintenance and construction.

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

FORT BEND COUNTY TOLL ROAD AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
For the years ended September 30, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|--|----------------------|----------------------|
| Revenues | | |
| Operating revenues: | | |
| Toll revenue | \$ 19,325,050 | \$ 17,694,231 |
| Operating reimbursement from FBGPTRA | | 518,338 |
| Non-operating revenues: | | |
| Earnings on investments | 523,604 | 354,629 |
| Amortization of bond premium | 3,107,603 | 142,955 |
| Miscellaneous income | 1,781 | 54,501 |
| Total Revenues | <u>22,958,038</u> | <u>18,764,654</u> |
| Expenses | | |
| Operating expenses: | | |
| Salaries and personnel costs | 31,527 | 30,849 |
| Fees | 4,027,097 | 3,975,986 |
| Utilities | 127,960 | 124,226 |
| Depreciation | 3,870,677 | 3,986,219 |
| Non-operating expenses: | | |
| Interest on long-term debt | 4,705,623 | 6,720,764 |
| Debt service fees | 6,000 | 6,000 |
| Amortization of bond discounts | 3,885 | |
| Amortization of debt issuance costs | 723,492 | 35,188 |
| Total Expenses | <u>13,496,261</u> | <u>14,879,232</u> |
| Net Income before Contributions | 9,461,777 | 3,885,422 |
| Capital contributions | 761,500 | |
| Change in Net Assets | 10,223,277 | 3,885,422 |
| Net Assets, Beginning | 46,186,685 | 42,301,263 |
| Net Assets, Ending | <u>\$ 56,409,962</u> | <u>\$ 46,186,685</u> |

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

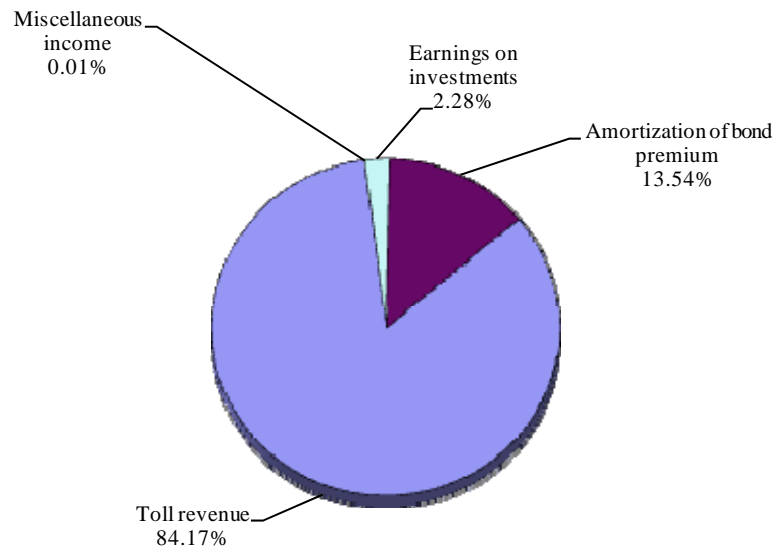
Toll Road operations increased the Authority's net assets by \$10,223,277 . This increase is up from last year's increase of \$3,885,422. The key elements of the change in increase of \$6,337,855 in net assets are as follows:

- Increase in toll revenue of \$1,630,819 primarily due to increased utilization and increase in toll rates. Decrease in operating reimbursements of \$518,338 from the Fort Bend Grand Parkway Toll Road Authority ("FBGPTRA") for reimbursement of expenses incurred by the Authority for the FBGPTRA in the prior year. Increase in earnings on investments of \$168,975 due to increased cash balance. Increase in amortization of bond premium of \$2,964,648 due to premium generated from the 2012 refunding bonds. Increase in capital contributions of \$761,500 due to reimbursements from developers.
- Decrease in interest on long-term debt of \$2,015,141 primarily due to the refunding of a material portion of the 2003 and 2004 bonds. Increase in amortization of debt issuance costs of \$688,304 due to issuance costs generated from the 2012 refunding bonds.

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

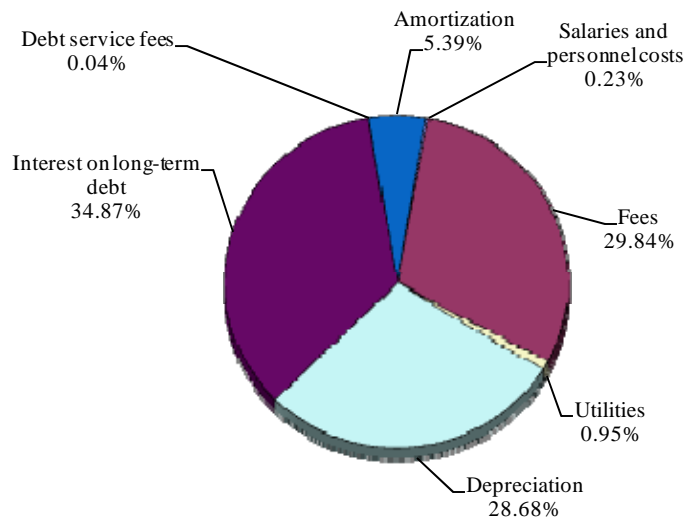
Toll Road revenues for fiscal year 2012 are graphically displayed as follows:

TOLL ROAD REVENUES



Toll Road expenses for fiscal year 2012 are graphically displayed as follows:

TOLL ROAD EXPENSES



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

Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2012, the Authority had \$148,570,862 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 \$2,966,932 from the previous fiscal year.

FORT BEND COUNTY TOLL ROAD AUTHORITY'S CAPITAL ASSETS

| | 2012 | 2011 |
|---------------------------------------|-----------------------|-----------------------|
| Non-Depreciable Capital Assets | | |
| Land | \$ 12,295,060 | \$ 10,973,709 |
| Construction-in-progress | 6,608,144 | 1,091,886 |
| Other Capital Assets, Net | | |
| Infrastructure | 129,667,658 | 133,538,335 |
| Totals | <u>\$ 148,570,862</u> | <u>\$ 145,603,930</u> |

Additions to toll road construction-in-progress totaled \$5,516,258 for construction, engineering and consulting on the expansion of the Fort Bend County Toll Road System. Land acquisitions increased by \$1,321,351 due to purchase of right-of-way along the Westpark Tollway and Fort Bend Parkway Toll Road extensions. Infrastructure, net of depreciation, decreased by \$3,870,677 due to depreciation expense. Construction-in-progress has a balance of \$6,608,144 at the end of the fiscal year primarily consisting of activity on the extension of Westpark section B and Parkway section B.

Long-Term Debt - At the end of the current fiscal year, the Authority had total bonds outstanding of \$153,480,000.

LONG-TERM DEBT

| | 2012 | 2011 |
|--------------------------|-----------------------|-----------------------|
| General Obligation Bonds | \$ 153,480,000 | \$ 134,490,000 |
| Premiums on bonds | 21,161,593 | 3,002,059 |
| Discounts on bonds | (322,493) | |
| Total | <u>\$ 174,319,100</u> | <u>\$ 137,492,059</u> |

The County and Authority received an insured rating of Aaa from Moody's and Standard and Poors on the 2003 and 2004 Toll Road bond issuances, 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 issue.

Economic Factors

The population of the County is estimated at 639,969 in 2012 and is expected to grow by 4.44% annually through 2015. Total employment is estimated at 239,123 in 2012 and is expected to grow by 3.37% annually over the same period.

The number of households has increased to 206,797 in 2012 and is expected to grow to 244,020 by 2015. Mean household income for 2012 is \$151,333 and is estimated to rise to \$171,460 by 2015. Income per capita is currently at \$42,194 and is expected to grow to \$48,354 by 2015. Retail sales increased by 5.7% to \$6.54 billion in 2012 and are expected to grow to \$7.37 billion by 2015.

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

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 533, Richmond, TX 77469, telephone (281) 341-3760.



BASIC FINANCIAL STATEMENTS



FORT BEND COUNTY TOLL ROAD AUTHORITY

STATEMENT OF NET ASSETS

September 30, 2012

Assets

| | |
|---|--------------------|
| Cash and cash equivalents | \$ 72,120,973 |
| Miscellaneous receivables | 1,469,710 |
| Deferred bond issuance costs | 1,509,722 |
| Deferred charges-debt refunding | 12,069,898 |
| Capital assets, not subject to depreciation | 18,903,204 |
| Capital assets, net of accumulated depreciation | 129,667,658 |
| Total Assets | <u>235,741,165</u> |

Liabilities and Net Assets

Liabilities

| | |
|---|--------------------|
| Retainage payable | 72,106 |
| Due to primary government | 3,573,989 |
| Accrued interest payable | 1,366,008 |
| Long-term liabilities due within one year | 1,900,000 |
| Long-term liabilities due in more than one year | 172,419,100 |
| Total Liabilities | <u>179,331,203</u> |

Net Assets

| | |
|--|----------------------|
| Invested in capital assets, net of related debt | 12,831,291 |
| Restricted for: | |
| Debt service | 3,460,767 |
| Unrestricted | 40,117,904 |
| Total Net Assets | <u>\$ 56,409,962</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 ASSETS
For the Year Ended September 30, 2012

| | |
|--|----------------------|
| Operating Revenue | |
| Toll revenue | \$ 19,325,050 |
| Total Operating Revenue | <u>19,325,050</u> |
| Operating Expenses | |
| Salaries and personnel costs | 31,527 |
| Fees | 4,027,097 |
| Utilities | 127,960 |
| Depreciation | 3,870,677 |
| Total Operating Expenses | <u>8,057,261</u> |
| Operating Income | 11,267,789 |
| Non-Operating Revenues | |
| Earnings on investments | 523,604 |
| Amortization of bond premiums | 3,107,603 |
| Miscellaneous income | 1,781 |
| Total Non-Operating Revenues | <u>3,632,988</u> |
| Non-Operating Expenses | |
| Interest on long-term debt | 4,705,623 |
| Debt service fees | 6,000 |
| Amortization of bond discounts | 3,885 |
| Amortization of debt issuance costs | 723,492 |
| Total Non-Operating Expenses | <u>5,439,000</u> |
| Net Income Before Contributions | 9,461,777 |
| Capital contributions | <u>761,500</u> |
| Change in Net Assets | 10,223,277 |
| Total Net Assets, Beginning of Year | <u>46,186,685</u> |
| Total Net Assets, End of Year | <u>\$ 56,409,962</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, 2012***Cash Flows from Operating Activities**

| | |
|--|-------------------|
| Receipts from tolls and other | \$ 20,702,671 |
| Payment of toll operation expenses | (4,186,584) |
| Net Cash Provided by Operating Activities | <u>16,516,087</u> |

Cash Flows from Investing Activities

| | |
|--|----------------|
| Interest earned on investments | 548,729 |
| Net Cash Provided by Investing Activities | <u>548,729</u> |

Cash Flows from Capital and Related Financing Activities

| | |
|--|-------------------|
| Purchase of capital assets | (6,004,003) |
| Repayment of loan to Fort Bend Grand Parkway Toll Road Authority | 2,000,000 |
| Loan from primary government | 4,862,748 |
| Principal paid on capital debt | (1,645,000) |
| Interest expense | (3,903,734) |
| Debt issuance costs | (1,494,267) |
| Deferred charges | (12,069,898) |
| Proceeds from capital debt | 41,575,759 |
| Net Cash (Used) by Capital and Related Financing Activities | <u>23,321,605</u> |

Net Increase in Cash and Cash Equivalents 40,386,421

Cash and Cash Equivalents, Beginning of Year 31,734,552

Cash and Cash Equivalents, End of Year \$ 72,120,973

Reconciliation of Operating Income to Net Cash**Provided by Operating Activities**

| | |
|-----------------------------------|------------------|
| Operating Income | \$ 11,267,789 |
| Adjustments to operations: | |
| Depreciation | 3,870,677 |
| Change in assets and liabilities: | |
| Decrease in other receivables | 1,377,621 |
| Total adjustments | <u>5,248,298</u> |

Net Cash Provided by Operating Activities \$ 16,516,087

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

The Fort Bend County Toll Road Authority (“Authority”) is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. The Authority was created to assist in the planning, designing, financing and building of 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 Sam Houston Parkway at the Harris County Westpark Tollway to State Highway 99.

Based on criteria prescribed by generally accepted accounting principles, the Authority is considered a discretely presented component unit of Fort Bend County, Texas (“County”). The primary criteria for the inclusion of the Authority in the County’s reporting entity is that of financial accountability. The Commissioners Court, 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 assets.

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, 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.

FORT BEND COUNTY TOLL ROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets (continued)

The Authority applies a half-year convention for depreciation on all assets. Therefore, one-half year of depreciation is charged to operations the first and last year that an asset is in service. Depreciation is computed using the straight-line method over an estimated useful life of 20 to 40 years.

F. 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 Assets

It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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 4, 2013, 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.

FORT BEND COUNTY TOLL ROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS (continued)

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:

| Investment Type | Maximum Investment % |
|--|-----------------------------|
| 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% |

At September 30, 2012, 92.9% 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:

| | Fair Value | Weighted Average Maturity | Percentage of Total Portfolio |
|--|----------------------|----------------------------------|--------------------------------------|
| Demand Deposits | \$ 67,002,474 | 1 | 92.9% |
| Investment Pools: | | | |
| Texas CLASS | 289,706 | 39 | 0.4% |
| Texas TERM | 1,006 | 54 | 0.0% |
| LOGIC | 1,013 | 50 | 0.0% |
| Wells Fargo 100 % Treasury Money Market Fund | 2,710,059 | 54 | 3.8% |
| Wells Fargo Government Money Market Fund | 2,116,715 | 33 | 2.9% |
| Total Fair Value | <u>\$ 72,120,973</u> | | |
| Portfolio weighted average maturity (days) | | <u>4</u> | |

FORT BEND COUNTY TOLL ROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS (continued)

C. Interest Rate Risk (continued)

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 100% Treasury Money Market Fund seeks current income exempt from most state and local individual income taxes, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Treasury obligations.

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.

FORT BEND COUNTY TOLL ROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS (continued)

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, 2012, the Authority's investments in Texas CLASS, Texas TERM, and LOGIC were rated "AAAm" by Standard and Poor's. The Authority's investments in both Wells Fargo Money Market Funds were rated "AAAm" and "Aaa-mf" by Standard and Poor's and Moody's Investments, respectively.

NOTE 3 – RECEIVABLES

Receivables at September 30, 2012 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, 2012 is as follows:

| | Balance 10/1/11 | Increases | Decreases | Balance 9/30/12 |
|---|----------------------------|---------------------|------------------|----------------------------|
| Business-type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 10,973,709 | \$ 1,321,351 | \$ | \$ 12,295,060 |
| Construction-in-progress | 1,091,886 | 5,516,258 | | 6,608,144 |
| Total capital assets not depreciated | <u>12,065,595</u> | <u>6,837,609</u> | | <u>18,903,204</u> |
| Other capital assets: | | | | |
| Infrastructure | 158,727,154 | | | 158,727,154 |
| Total other capital assets | <u>158,727,154</u> | | | <u>158,727,154</u> |
| Accumulated depreciation for: | | | | |
| Infrastructure | (25,188,819) | (3,870,677) | | (29,059,496) |
| Total accumulated depreciation | <u>(25,188,819)</u> | <u>(3,870,677)</u> | | <u>(29,059,496)</u> |
| Other capital assets, net | 133,538,335 | (3,870,677) | | 129,667,658 |
| Total capital assets | <u>\$ 145,603,930</u> | <u>\$ 2,966,932</u> | <u>\$</u> | <u>\$ 148,570,862</u> |

Depreciation expense for the Authority for the year ended September 30, 2012 totaled \$3,870,677. Construction-in-progress is primarily comprised of activity on the Westpark section B and Parkway section B extensions. There are also contract commitments for these projects of approximately \$6.0 million as of the end of fiscal year 2012.

FORT BEND COUNTY TOLL ROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

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, 2012:

| Original Issue | Description | Interest Rate % | Matures | Debt Outstanding |
|---------------------------------------|--|----------------------------|----------------|------------------------------|
| General Obligation Bonds | | | | |
| \$ 63,695,000 | Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2003 | 4.00 - 5.00 | 2014 | \$ 2,145,000 |
| 72,195,000 | Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2004 | 4.00 - 5.00 | 2015 | 3,620,000 |
| 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 - 5.00 | 2032 | <u>116,940,000</u> |
| Total General Obligation Bonds | | | | <u><u>\$ 153,480,000</u></u> |

A summary of the long-term liability transactions of the Authority for the year ended September 30, 2012 is as follows:

| | Balance 10/1/11 | Additions | Retirements | Balance 9/30/12 | Amounts Due Within One Year |
|--------------------------|----------------------------|-----------------------|-------------------------|----------------------------|--|
| General obligation bonds | \$ 134,490,000 | \$ 147,715,000 | \$ (128,725,000) | \$ 153,480,000 | \$ 1,900,000 |
| Premiums on bonds | 3,002,059 | 21,267,137 | (3,107,603) | 21,161,593 | |
| Discounts on bonds | | (326,378) | 3,885 | (322,493) | |
| Totals | <u>\$ 137,492,059</u> | <u>\$ 168,655,759</u> | <u>\$ (131,828,718)</u> | <u>\$ 174,319,100</u> | <u>\$ 1,900,000</u> |

Annual debt service requirements to maturity are summarized as follows:

| | Principal | Interest | Totals |
|---------------|-----------------------|----------------------|-----------------------|
| 2013 | \$ 1,900,000 | \$ 7,824,676 | \$ 9,724,676 |
| 2014 | 2,345,000 | 6,952,650 | 9,297,650 |
| 2015 | 2,575,000 | 6,834,925 | 9,409,925 |
| 2016 | 3,745,000 | 6,705,875 | 10,450,875 |
| 2017 | 4,470,000 | 6,552,225 | 11,022,225 |
| 2018-2022 | 31,370,000 | 29,040,450 | 60,410,450 |
| 2023-2027 | 41,295,000 | 20,486,572 | 61,781,572 |
| 2028-2032 | 52,335,000 | 9,298,019 | 61,633,019 |
| 2033-2037 | 7,920,000 | 1,954,931 | 9,874,931 |
| 2038-2040 | 5,525,000 | 347,841 | 5,872,841 |
| Totals | <u>\$ 153,480,000</u> | <u>\$ 95,998,164</u> | <u>\$ 249,478,164</u> |

FORT BEND COUNTY TOLL ROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – LONG-TERM DEBT (continued)

On July 12, 2012, the Authority issued \$116,940,000 of Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds Series 2012 to refund and defease a material portion of the Authority's outstanding Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2003 and Series 2004 in the amounts of \$59,550,000 and \$67,530,000, respectively. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$19,956,586 and resulted in an economic gain of \$17,834,986.

On May 23, 2012, the Authority issued \$30,775,000 of Senior Lien Toll Road Revenue Bonds, Series 2012 to finance the construction of Parkway section B and assist with funding preliminary engineering for the construction of Westpark section B.

In fiscal year 2012 the County defeased a material portion of the Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2003 and 2004 on behalf of the Authority by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service on the refunded bonds. The trust account assets and the liability for the defeased bonds are not included in the Authority's basic financial statements. As of September 30, 2012, the outstanding balance of these refunded bonds was \$127,080,000.

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, 2012.

NOTE 7 – CONTRACT WITH HARRIS COUNTY TOLL ROAD AUTHORITY

The Authority has contracted with the Harris County Toll Road Authority ("HCTRA") to operate and maintain the Fort Bend County Toll Road System. HCTRA charges the Authority for these services based on a fee schedule detailed in the contract, and deducts these fees from the toll revenue remitted to the Authority.

FORT BEND COUNTY TOLL ROAD AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – RESTATEMENT OF NET ASSETS

During the 2012 fiscal year, the Authority made adjustments to its capital asset records. As a result of these adjustments, the Authority has restated its beginning capital asset balances for land by \$9,284,943, construction in progress by (\$1,997), and infrastructure by (\$9,282,946), for right-of-way purchases in prior fiscal years that were erroneously treated as an increase in the construction in progress and toll road system assets. The result of the change in the value of the toll road system and a miscalculation of depreciation in fiscal year 2007 caused a restatement of accumulated depreciation of \$2,927,261. The net of these corrections caused a decrease in beginning net assets of \$2,927,261.

NOTE 9 – SUBSEQUENT EVENTS

The Authority plans to issue approximately \$60 million in first lien revenue bonds in 2013 to finance the construction of Westpark section B.



OTHER SUPPLEMENTARY INFORMATION (Unaudited)

FORT BEND COUNTY TOLL ROAD AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
LAST SEVEN 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 | | | | |
| Amortization of debt issuance costs | 35,188 | 35,188 | 35,188 | 35,188 |
| Total Non-Operating Expenses | <u>6,785,510</u> | <u>6,791,729</u> | <u>6,794,619</u> | <u>6,794,619</u> |
| Net Income Before Contributions | (258,938) | 3,984,803 | 2,307,500 | 2,624,577 |
| Capital contributions | 8,666,316 | 802,322 | 91,500 | 3,792 |
| Contribution from FBGPTRA | | | | |
| Change in Net Assets | 8,407,378 | 4,787,125 | 2,399,000 | 2,628,369 |
| Total Net Assets, Beginning of Year | <u>20,756,790</u> | <u>29,164,168</u> | <u>33,951,293</u> | <u>36,350,293</u> |
| Total Net Assets, Ending of Year | <u>\$ 29,164,168</u> | <u>\$ 33,951,293</u> | <u>\$ 36,350,293</u> | <u>\$ 38,978,662</u> |

| Fiscal Year | | |
|----------------------|----------------------|----------------------|
| 2010 | 2011 | 2012 |
| <u>\$ 17,185,507</u> | <u>\$ 17,694,231</u> | <u>\$ 19,325,050</u> |
| <u>17,185,507</u> | <u>17,694,231</u> | <u>19,325,050</u> |
| 20,020 | 30,849 | 31,527 |
| 3,752,419 | 3,975,986 | 4,027,097 |
| 129,679 | 124,226 | 127,960 |
| 3,962,606 | 3,986,219 | 3,870,677 |
| <u>7,864,724</u> | <u>8,117,280</u> | <u>8,057,261</u> |
| 9,320,783 | 9,576,951 | 11,267,789 |
| 165,305 | 354,629 | 523,604 |
| 142,955 | 142,955 | 3,107,603 |
| 8,175 | 54,501 | 1,781 |
| <u>316,435</u> | <u>552,085</u> | <u>3,632,988</u> |
| 6,753,431 | 6,720,764 | 4,705,623 |
| 6,000 | 6,000 | 6,000 |
| | | 3,885 |
| 35,188 | 35,188 | 723,492 |
| <u>6,794,619</u> | <u>6,761,952</u> | <u>5,439,000</u> |
| 2,842,599 | 3,367,084 | 9,461,777 |
| 480,002 | | 761,500 |
| | <u>518,338</u> | |
| 3,322,601 | 3,885,422 | 10,223,277 |
| 38,978,662 | 42,301,263 | 46,186,685 |
| <u>\$ 42,301,263</u> | <u>\$ 46,186,685</u> | <u>\$ 56,409,962</u> |

FORT BEND COUNTY TOLL ROAD AUTHORITY
REVENUES BY TOLL ROAD COMPONENTS/SEGMENTS
LAST SEVEN 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 |
| Main Line Plaza | 4,914,011 | 6,493,247 | 6,308,489 | 7,295,807 |
| Subtotal: (a) | 5,270,014 | 6,878,552 | 6,655,465 | 7,552,634 |
| Westpark (b) | 5,687,034 | 8,093,489 | 8,574,029 | 8,774,580 |
| 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) | 679,619 | 532,655 | 486,584 | 703,911 |
| Total Revenue Parkway and Westpark: (c) (g) | <u>\$ 11,636,441</u> | <u>\$ 15,504,418</u> | <u>\$ 15,715,542</u> | <u>\$ 17,027,190</u> |

- (a) In August 2008, Parkway tollroad 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 tollroad 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.

| Fiscal Year | | |
|-----------------------------|-----------------------------|-----------------------------|
| 2010 | 2011 | 2012 |
| \$ 13,060 | \$ 13,260 | \$ 14,465 |
| 16,862 | 16,747 | 16,905 |
| 109,369 | 98,569 | 108,159 |
| 135,835 | 131,587 | 153,949 |
| <u>7,306,382</u> | <u>7,273,269</u> | <u>7,905,653</u> |
| 7,581,508 | 7,533,432 | 8,199,131 |
| <u>8,954,123</u> | <u>9,397,608</u> | <u>10,380,478</u> |
| 16,535,631 | 16,931,040 | 18,579,609 |
| (2,549) | (5,649) | (23,997) |
| <u>652,425</u> | <u>768,840</u> | <u>769,438</u> |
| <u><u>\$ 17,185,507</u></u> | <u><u>\$ 17,694,231</u></u> | <u><u>\$ 19,325,050</u></u> |

FORT BEND COUNTY TOLL ROAD AUTHORITY
TRAFFIC COUNT TABLE
LAST SEVEN 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 |
| 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 tollroad 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 tollroad 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.

| Fiscal Year | | |
|--------------------------|--------------------------|--------------------------|
| 2010 | 2011 | 2012 |
| 36,967 | 37,586 | 40,968 |
| 47,838 | 47,570 | 47,800 |
| 627,428 | 630,991 | 644,356 |
| 649,054 | 643,996 | 641,506 |
| <u>5,727,763</u> | <u>5,689,146</u> | <u>5,971,736</u> |
| 7,089,050 | 7,049,289 | 7,346,366 |
| <u>7,089,050</u> | <u>7,049,289</u> | <u>7,346,366</u> |
| <u>14,535,380</u> | <u>15,224,942</u> | <u>16,741,990</u> |
| <u><u>21,624,430</u></u> | <u><u>22,274,231</u></u> | <u><u>24,088,356</u></u> |

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

| Fiscal Year Ending | Project Revenues | Other Earnings | Senior Lien Debt Service | Coverage Ratio on Senior Lien Revenue Bonds | O & M Expenses | Revenues Available for Unlimited Subordinate Lien Tax Bonds |
|--------------------------|---------------------|-------------------|-----------------------------|--|-------------------|---|
| 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 | 305,216 | 67.532 | 4,186,584 | 16,120,135 |

| | 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 | 3.140 |

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

Toll Rate Schedule Effective as of October 1, 2011

Two-Axle Vehicles

| | | |
|--------------------|----|-----------|
| Parkway Toll Road | \$ | 0.35-1.30 |
| Westpark Toll Road | \$ | 0.60 |

Three to Six Axle Vehicles

| | | |
|--------------------|----|-----------|
| Parkway Toll Road | \$ | 1.05-6.50 |
| Westpark Toll Road | \$ | 1.05-3.35 |