FORT BEND COUNTY TOLL ROAD AUTHORITY
For the Year Ended September 30, 2010

Prepared by:

Fort Bend County Auditor's Office

Robert Ed Sturdivant, CPA

County Auditor

FORT BEND COUNTY TOLL ROAD AUTHORITY
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COUNTY AUDITOR
Fort Bend County, Texas

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July 13, 2011

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, for the fiscal year ended September 30, 2010. 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, LLP has issued an unqualified (or "clean") opinion on the Authority's financial statements for the year ended September 30, 2010. 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 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 Commissioners' 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 currently completed two key county mobility projects, the Fort Bend Parkway and the Fort Bend Westpark Tollway. Both toll roads offer 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 ties into Harris County's Westpark Toll Road. 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 Fort Bend Westpark project was completed on August 10, 2005, and is located in the Houston metropolitan area of southeast Texas.

Local Economy

Fort Bend County continues to experience the impact of the national economic slowdown. The impact of the slowdown is evident in the reduction in new home sales, a slightly lower increase in the labor force, and an increase in the unemployment rate. However, this has not decreased the demand for mobility improvements by the citizens of Fort Bend County. The Authority continues to use a conservative approach to the allocation of resources to serve the County's needs in relation to the Toll Road system to ensure that Fort Bend County is prepared as the economic slowdown continues. This ongoing conservative approach will not reduce the level of service provided by our 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 Fort Bend 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 Parkway and Westpark toll roads to enhance Fort Bend 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 Parkway and Westpark Toll Roads as well as building tolled overpasses on State Highway 99 (Grand Parkway). The Grand Parkway Toll Road will be administered by the Grand Parkway Toll Road Authority.

Debt Policy

The purpose of Fort Bend 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.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fort Bend County, Texas, for its Comprehensive Annual Financial Report for the year ended September 30, 2009. This was the twenty-first consecutive year that the County has received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated September 30, 2009. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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, 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.

THE STATE OF TEXAS

FORT BEND COUNTY

Sandersen Knox & Co, L.L.P.
Certified Public Accountants
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, 2010, 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, 2010, 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, 2010, 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 section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical 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.

Sugar Land, Texas
July 13, 2011

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, 2010. 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 $45.5 million at the close of the most recent fiscal year.

As of September 30, 2010, the Authority's net assets included $10.1 million for investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The remaining $35.3 million represents unrestricted net assets. 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, 2010 and 2009

	2010	2009
Current and other assets	$ 36,503,960	$ 29,485,579
Capital assets, net	149,158,994	152,943,067
Total Assets	185,662,954	182,428,646
Long-term liabilities	139,035,014	139,177,969
Other liabilities	1,160,543	866,825
Total Liabilities	140,195,557	140,044,794
Net Assets:		
Invested in capital assets, net of debt	10,123,980	13,765,098
Unrestricted	35,343,417	28,618,754
Total Net Assets	$ 45,467,397	$ 42,383,852

The Authority's assets exceeded its liabilities by $45.5 million, resulting in an increase of $3.1 million from the prior year. This increase is a result of revenues exceeding expenses. Due to the age of the facilities, current maintenance expenses are low. The growth in net assets is being maintained in the revenue fund for future maintenance and construction.

FORT BEND COUNTY TOLL ROAD AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
For the years ended September 30, 2010 and 2009

	2010	2009
Revenues		
Operating revenues:		
Toll revenue	$ 17,185,507	$ 17,027,190
Capital grants and contributions	480,002	3,792
Non-operating revenues:		
Earnings on investments	165,305	319,012
Amortization of bond premium	142,955	142,956
Miscellaneous income	8,175	
Total Revenues	17,981,944	17,492,950
Expenses		
Operating expenses:		
Salaries and personnel costs	20,020	20,554
Fees	3,752,419	3,965,993
Utilities	129,679	129,811
Depreciation	4,201,662	4,190,221
Non-operating expenses:		
Interest on long-term debt	6,753,431	6,753,431
Debt service fees	6,000	6,000
Amortization of debt issuance costs	35,188	35,188
Total Expenses	14,898,399	15,101,198
Change in Net Assets	3,083,545	2,391,752
Net Assets, Beginning	42,383,852	39,992,100
Net Assets, Ending	$ 45,467,397	$ 42,383,852

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.

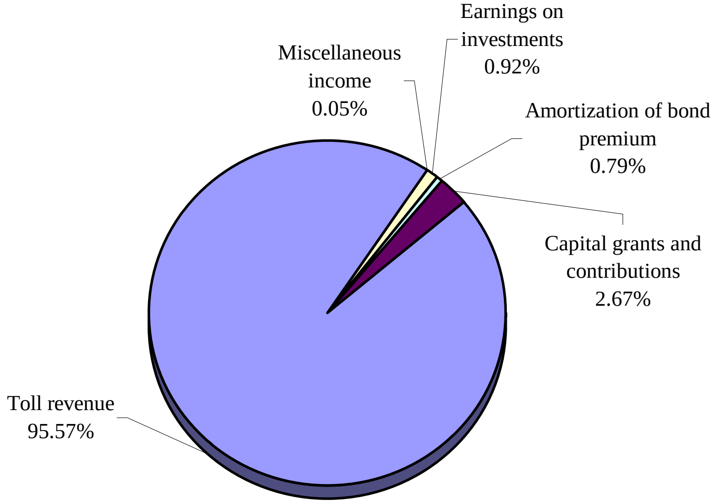
Toll Road operations increased the Authority's net assets by $3.1 million. This increase is up from last year's increase of $2.4 million. The key elements of the increase in net assets are as follows:

- Increase in toll revenue of $158 thousand primarily due to increased utilization. Increase in capital contributions of $476 thousand due to a settlement with an engineering firm. Decrease in interest revenue of $154 thousand due to reduced interest rates.

- Decrease in expenses of $203 thousand primarily due to a reduction of fees.

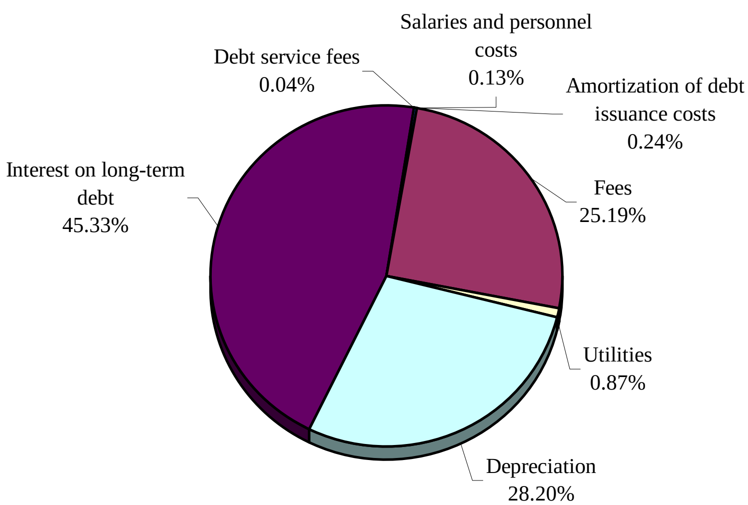
Toll Road revenues for fiscal year 2010 are graphically displayed as follows:

TOLL ROAD REVENUES



Toll Road expenses for fiscal year 2010 are graphically displayed as follows:

TOLL ROAD EXPENSES



Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2010, the Authority had $149.2 million invested in toll road infrastructure net of accumulated depreciation, as reflected in the following schedule. This represents a decrease of $3.8 million from the previous fiscal year.

FORT BEND COUNTY TOLL ROAD AUTHORITY'S CAPITAL ASSETS

	2010	2009
Other Capital Assets, Net		
Infrastucture	$ 149,158,994	$ 152,943,067
Totals	$ 149,158,994	$ 152,943,067

Additions to toll road infrastructure totaled $418 thousand for improvement studies on the expansion of the toll road system. Depreciation expense totaled $4.2 million. As for future expansions, the Authority has planned an extension of the current Parkway Toll Road past Highway 6 toward the Brazos River. The Authority is coordinating with the County to determine the feasibility of extending the Westpark Toll Road through Fulshear.

Long-Term Debt - At the end of the current fiscal year, the Authority had total bonds outstanding of $135.9 million. This balance is the same as the previous year since the debt payment structure was interest-only through fiscal year 2010. Fiscal year 2011 debt service payments will include principal reductions.

LONG TERM DEBT

	2010	2009
General Obligation Bonds	$ 135,890,000	$ 135,890,000
Total	$ 135,890,000	$ 135,890,000

The County received an insured rating of Aaa from Moody's and Standard and Poors on the Toll Road bond issuances. The uninsured ratings were as follows:

Moody Investor Service Aa2
Standard and Poor's AA+

Economic Factors

The County continues to enjoy growth in various demographic areas during this ongoing economic slowdown.

The population of the County is estimated at 581,830 in 2010 and is expected to grow by 4.44% annually through 2015. Total employment is estimated at 226,060 in 2010 and is expected to grow by 3.37% annually over the same period.

The number of households has increased to 187,030 in 2010 and is expected to grow to 230,330 by 2015. Mean household income for 2010 is $119,831 and is estimated to rise to $146,579 by 2015. Income per capita is currently at $38,866 and is expected to grow to $48,116 by 2015. Retail sales increased by 8.9% to $5.74 billion in 2010 and are expected to grow to $7.37 billion by 2015.

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, 2010

Assets	
Cash and cash equivalents	$ 33,068,213
Miscellaneous receivables	2,661,612
Deferred bond issuance costs	774,135
Capital assets, net	149,158,994
Total Assets	185,662,954
Liabilities and Net Assets	
Liabilities	
Due to other governments	597,757
Accrued interest payable	562,786
Long-term liabilities due within one year	1,400,000
Long-term liabilities due in more than one year	137,635,014
Total Liabilities	140,195,557
Net Assets	
Invested in capital assets, net of related debt	10,123,980
Unrestricted	35,343,417
Total Net Assets	$ 45,467,397

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

FORT BEND COUNTY TOLL ROAD AUTHORITY

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2010

Operating Revenues	
Toll revenue	$ 17,185,507
Capital grants and contributions	480,002
Total Operating Revenues	17,665,509
Operating Expenses	
Salaries and personnel costs	20,020
Fees	3,752,419
Utilities	129,679
Depreciation	4,201,662
Total Operating Expenses	8,103,780
Operating Income	9,561,729
Non-Operating Revenues	
Earnings on investments	165,305
Amortization of bond premiums	142,955
Miscellaneous income	8,175
Total Non-Operating Revenues	316,435
Non-Operating Expenses	
Interest on long-term debt	6,753,431
Debt service fees	6,000
Amortization of debt issuance costs	35,188
Total Non-Operating Expenses	6,794,619
Change in Net Assets	3,083,545
Total Net Assets, Beginning of Year	42,383,852
Total Net Assets, Ending of Year	$ 45,467,397

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, 2010

Cash Flows from Operating Activities	
Receipts from tolls	$ 15,674,746
Payment of toll operation expenses	(3,475,470)
Receipts from capital grants and contributions	480,002
Receipts from miscellaneous income	8,175
Net Cash Provided by Operating Activities	12,687,453
Cash Flows from Investing Activities	
Interest earned on investments	165,305
Net Cash Provided by Investing Activities	165,305
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(417,589)
Interest and fees paid on capital debt	(6,759,431)
Net Cash (Used) by Capital and Related Financing Activities	(7,177,020)
Net Increase in Cash and Cash Equivalents	5,675,738
Cash and Cash Equivalents, Beginning of Year	27,392,475
Cash and Cash Equivalents, End of Year	$ 33,068,213
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$ 9,561,729
Adjustments to operations:	
Depreciation	4,201,662
Other non-operating revenues	8,175
Change in assets and liabilities:	
(Increase) Decrease in other receivables	(1,377,830)
Increase (Decrease) in due to primary government	293,717
Total adjustments	3,125,724
Net Cash Provided by Operating Activities	$ 12,687,453

The accompanying notes are an integral part of these 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 Toll Road system. This Toll Road system includes the Fort Bend Parkway Toll Road that extends from Sam Houston Parkway in Harris County at State Highway 90A to State Highway 6 in Fort Bend County near Sienna Plantation. It also includes the Westpark Toll Road that extends from the Sam Houston Parkway at the Harris County Westpark Toll Road 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 ("the 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 that is 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.

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 July 13, 2011, 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 rates 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. Authority 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.

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. 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, 2010, 99.1% of the Authority's 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 utilizing weighted average maturity analysis. In accordance with its investment policy, the County reduces its 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	$ 32,777,668	1	99.1%
Investment Pools:			
Texas CLASS	288,532	42	0.9%
Texas TERM	1,004	52	0.0%
LOGIC	1,009	43	0.0%
Total Cash and Cash Equivalents	$ 33,068,213		
Portfolio weighted average maturity (days)		1	

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.

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

C. Interest Rate Risk (continued)

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 ('the board'), 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.

D. Credit Risk

The County's investment policy does not require investments to hold certain credit ratings issued by nationally recognized statistical rating organizations. As of September 30, 2010, all of the Authority's investments were rated "AAAm" by Standard and Poor's.

NOTE 3 – RECEIVABLES

Receivables at September 30, 2010 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, 2010 is as follows:

	Balance 10/01/09	Increases	Decreases	Balance 09/30/10
Business-type Activities:				
Other capital assets				
Infrastructure	$ 166,777,872	$ 417,589	$	$ 167,195,461
Total capital assets	166,777,872	417,589		167,195,461
Accumulated depreciation for:				
Infrastructure	(13,834,805)	(4,201,662)		(18,036,467)
Total Net Assets	$ 152,943,067	$ (3,784,073)	$	$ 149,158,994

Depreciation expense for the Authority for the year ended September 30, 2010 totaled $4.2 million.

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, 2010:

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	2032	$ 63,695,000
72,195,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2004	3.63 - 5.00	2032	72,195,000
	Total General Obligation Bonds			$ 135,890,000

A summary of the long-term liability transactions of the Authority for the year ended September 30, 2010 is as follows:

	Balance Oct. 1, 2009	Additions	Retirements	Balance Sept. 30, 2010	Amounts Due Within One Year
General Obligation Bonds	$ 135,890,000	$	$	$ 135,890,000	$ 1,400,000
Premiums on bonds	3,287,969		142,955	3,145,014	
Totals	$ 139,177,969	$	$ 142,955	$ 139,035,014	$ 1,400,000

NOTE 5 – LONG-TERM DEBT (continued)

Annual debt service requirements to maturity are summarized as follows:

	Principal	Interest	Totals
2011	$ 1,400,000	$ 6,725,432	$ 8,125,432
2012	1,645,000	6,665,741	8,310,741
2013	1,900,000	6,596,050	8,496,050
2014	2,345,000	6,499,425	8,844,425
2015	2,820,000	6,370,300	9,190,300
2016	3,530,000	6,209,138	9,739,138
2017	4,240,000	6,009,488	10,249,488
2018	5,050,000	5,774,250	10,824,250
2019	5,550,000	5,509,250	11,059,250
2020	6,000,000	5,220,500	11,220,500
2021	6,320,000	4,912,500	11,232,500
2022	6,650,000	4,588,250	11,238,250
2023	6,975,000	4,247,625	11,222,625
2024	7,365,000	3,889,125	11,254,125
2025	7,720,000	3,512,000	11,232,000
2026	8,130,000	3,115,750	11,245,750
2027	8,550,000	2,698,750	11,248,750
2028	8,980,000	2,260,500	11,240,500
2029	9,430,000	1,800,250	11,230,250
2030	9,940,000	1,316,000	11,256,000
2031	10,410,000	807,250	11,217,250
2032	10,940,000	273,500	11,213,500
Totals	$ 135,890,000	$ 95,001,074	$ 230,891,074

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, 2010.

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.

NOTE 8 – SUBSEQUENT EVENTS

The Authority has planned to extend the Parkway Toll Road from the existing terminus at State Highway 6 toward the Brazos River. The Authority is coordinating with the County to determine the feasibility of extending the Westpark Toll Road from its terminus at State Highway 99 through Fulshear. The Authority is working with its financial advisors to replace the existing subordinate-lien toll road revenue bonds issued in 2003 and 2004 with first-lien revenue bonds by the second quarter of fiscal year 2012.

OTHER INFORMATION (Unaudited)

FORT BEND COUNTY TOLL ROAD AUTHORITY

TRAFFIC COUNT TABLE

LAST FIVE FISCAL YEARS

(Unaudited)

	Fiscal Year				
Components/Segments	2006	2007	2008	2009	2010
Parkway:					
Lake Olympia East	18,848	25,300	26,841	37,156	36,967
Lake Olympia West	26,592	33,950	36,185	48,082	47,838
McHard East (d)	383,775	518,721	547,930	683,448	627,428
McHard West	389,475	516,621	543,955	693,692	649,054
Main Line Plaza	3,560,627	4,873,670	5,165,747	6,031,617	5,727,763
Subtotal: (c)	4,379,317	5,968,262	6,320,658	7,493,995	7,089,050
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	7,089,050
Westpark (b)	11,118,230	15,740,320	16,621,641	14,925,065	14,535,380
Total Transactions Parkway and Westpark:	17,847,016	24,612,878	25,353,905	22,419,060	21,624,430

(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.

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

Toll Rate Schedule Effective as of January 1, 2009		
Two-Axle Vehicles		
Parkway Toll Road	$	0.35-1.25
Westpark Toll Road	$	0.60
Three to Six Axle Vehicles		
Parkway Toll Road	$	1.00-6.25
Westpark Toll Road	$	1.00-3.25

FORT BEND COUNTY TOLL ROAD AUTHORITY

CHANGES IN NET ASSETS - ACCRUAL BASIS OF ACCOUNTING

LAST FIVE FISCAL YEARS

(Unaudited)

	Fiscal Year				
	2006	2007	2008	2009	2010
Operating Revenues					
Toll revenue	$ 11,636,441	$ 15,504,417	$ 15,715,542	$ 17,027,190	$ 17,185,507
Capital grants and contributions	8,666,316	802,322	91,500	3,792	480,002
Total Operating Revenues	20,302,757	16,306,739	15,807,042	17,030,982	17,665,509
Operating Expenses					
Salaries and personnel costs				20,554	20,020
Fees	2,091,935	1,799,192	3,403,869	3,965,993	3,752,419
Utilities	184,118	154,071	162,089	129,811	129,679
Depreciation	3,918,060	14,047	4,190,221	4,190,221	4,201,662
Total Operating Expenses	6,194,113	1,967,310	7,756,179	8,306,579	8,103,780
Operating Income	14,108,644	14,339,429	8,050,863	8,724,403	9,561,729
Non-Operating Revenues					
Earnings on investments	772,797	925,535	763,184	319,012	165,305
Amortization of bond premiums	142,955	142,955	142,955	142,956	142,955
Miscellaneous income	5,468	1,155			8,175
Total Non-Operating Revenues	921,220	1,069,645	906,139	461,968	316,435
Non-Operating Expenses					
Interest on long-term debt	6,750,322	6,756,541	6,753,431	6,753,431	6,753,431
Debt service fees			6,000	6,000	6,000
Amortization of debt issuance costs	35,188	35,188	35,188	35,188	35,188
Total Non-Operating Expenses	6,785,510	6,791,729	6,794,619	6,794,619	6,794,619
Change in Net Assets	8,244,354	8,617,345	2,162,383	2,391,752	3,083,545
Total Net Assets, Beginning of Year	20,968,018	29,212,372	37,829,717	39,992,100	42,383,852
Total Net Assets, Ending of Year	$ 29,212,372	$ 37,829,717	$ 39,992,100	$ 42,383,852	$ 45,467,397

FORT BEND COUNTY TOLL ROAD AUTHORITY

HISTORICAL TOLL ROAD OPERATING RESULTS AND COVERAGES

LAST FIVE FISCAL YEARS

(Unaudited)

Fiscal Year Ending	Project Revenues	Other Earnings	O & M Expenses	Capital Expenses	Revenues Available for Unlimited Subordinate Lien Tax Bonds	Debt Service Bonds	Coverage Ratio on Unlimited Subordinate Lien Tax Bonds
2006	$ 11,636,441	$ 9,444,581	$2,276,055	$ 14,402,945	$ 4,402,022	$ 6,753,431	0.652
2007	15,504,417	1,729,012	1,953,261	2,458,729	12,821,439	6,753,431	1.899
2008	15,715,542	854,684	3,565,958	4,100,141	8,904,127	6,759,431	1.317
2009	17,027,190	322,802	4,116,358		13,233,634	6,759,431	1.958
2010	17,185,507	653,483	3,902,118	417,589	13,519,283	6,759,431	2.000

FORT BEND COUNTY TOLL ROAD AUTHORITY

REVENUES BY TOLL ROAD COMPONENTS/SEGMENTS

LAST FIVE FISCAL YEARS

(Unaudited)

	Fiscal Year				
Components/Segments	2006	2007	2008	2009	2010
Parkway:					
Lake Olympia East	$ 9,233	$ 12,021	$ 11,224	$ 12,256	$ 13,060
Lake Olympia West	13,056	15,662	14,768	15,790	16,862
McHard East (e)	148,930	153,656	137,157	91,908	109,369
McHard West	184,784	203,966	183,827	136,873	135,835
Main Line Plaza	4,914,012	6,493,246	6,308,490	7,295,807	7,306,382
Subtotal: (a)	5,270,014	6,878,551	6,655,465	7,552,634	7,581,508
Westpark (b)	5,687,034	8,093,489	8,574,029	8,774,580	8,954,123
Revenue from Parkway and Westpark:	10,957,048	14,972,039	15,229,494	16,327,214	16,535,631
Credit Tolls and Replacement (d)	(226)	(278)	(536)	(3,935)	(2,549)
Toll Violations (f)	679,620	532,655	486,584	703,911	652,425
Total Revenue Parkway and Westpark: (c) (g)	$ 11,636,441	$ 15,504,417	$ 15,715,542	$ 17,027,190	$ 17,185,507

(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.

(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.