

RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository) and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

Issuer Name: Fort Bend Grand Parkway Toll Road Authority

Issue(s):

\$ 155,085,000 Limited Contract Tax & Subordinate Lien Toll Road Revenue Bonds, Series 2012

Filing Format X electronic ___ paper; If available on the Internet, give URL: _____

CUSIP Numbers to which the information filed relates (optional):

X Nine-digit number(s) (see following page(s)):

___ Six-digit number if information filed relates to all securities of the issuer

* * *

Financial & Operating Data Disclosure Information

X Annual Financial Report or CAFR

X Financial Information & Operating Data

___ Other (describe)

X Fiscal Period Covered: FYE 2012

___ Monthly ___ Quarterly X Annual ___ Other:

* * *

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: James D. Condrey, DDS

Title: Chairman, Board of Directors

Employer: Fort Bend Grand Parkway Toll Road Authority

Voice Telephone Number: (713) 860-6415

Email Address: _____

DESCRIPTION OF ISSUES COVERED BY THIS REPORT

Limited Contract Tax & Subordinate Lien Toll Road Revenue Bonds, Series 2012

Date	Principal	CUSIP
03/01/21	\$ 1,230,000	346832AQ1
03/01/22	2,460,000	346832AA6
03/01/23	3,575,000	346832AB4
03/01/24	3,750,000	346832AC2
03/01/25	3,930,000	346832AD0
03/01/26	4,125,000	346832AE8
03/01/27	4,325,000	346832AF5
03/01/28	4,535,000	346832AG3
03/01/29	4,710,000	346832AH1
03/01/30	4,890,000	346832AJ7
03/01/31	5,080,000	346832AK4
03/01/32	5,275,000	346832AL2
03/01/37	30,525,000	346832AM0
03/01/42	38,850,000	346832AN8
03/01/46	37,825,000	346832AP3
	<u>\$ 155,085,000</u>	

CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2012

FORT BEND GRAND PARKWAY TOLL ROAD
AUTHORITY

TOLL REVENUE DEBT



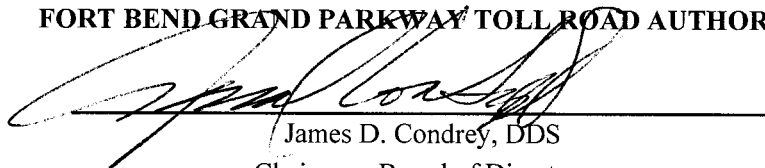
FINANCIAL STATEMENTS

The audited financial statements for the District for the fiscal year ended September 30, 2012 are being separately filed directly with the Nationally Recognized Municipal Securities Information Repository and any applicable State Information Depository, and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

SIGNATURE OF ISSUER

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY



James D. Condrey, DDS
Chairman, Board of Directors

Approved for Submission:

Date

CERTIFICATE OF SUBMISSION OF ANNUAL REPORT

Subject to the continuing disclosure requirements of SEC Rule 15c2-12, this Annual Continuing Disclosure Report for the Fort Bend Grand Parkway Toll Road Authority with respect to the issues listed on the report cover was submitted directly to the National Recognized Municipal Securities Information Repository ("NRMSIR") listed below as well as to any applicable State Information Depository ("SID").

NRMSIR

Municipal Securities Rulemaking Board ("MSRB")
via the Electronic Municipal Market Access ("EMMA") system

First Southwest Company

Signed by:

/s/ Francine Stefan

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

2013 GENERAL OBLIGATION DEBT REPORT

TOLL RATE SCHEDULE

<u>Mainlane Plazas</u>		<u>Toll</u>
2 axle	Class 2	\$ 0.35
3 axle	Class 3	0.50
4 axle	Class 4	0.80
5 axle	Class 5	1.05
6 axle	Class 6	1.30

Source: The Authority.

DEBT SERVICE REQUIREMENTS

Fiscal Year			Total
September 30	Principal	Interest	Debt Service
2013	\$ 0	\$ 7,359,705	\$ 7,359,705
2014	0	7,180,200	7,180,200
2015	0	7,180,200	7,180,200
2016	0	7,180,200	7,180,200
2017	0	7,180,200	7,180,200
2018	0	7,180,200	7,180,200
2019	0	7,180,200	7,180,200
2020	0	7,180,200	7,180,200
2021	1,230,000	7,149,450	8,379,450
2022	2,460,000	7,057,200	9,517,200
2023	3,575,000	6,906,325	10,481,325
2024	3,750,000	6,723,200	10,473,200
2025	3,930,000	6,531,200	10,461,200
2026	4,125,000	6,329,825	10,454,825
2027	4,325,000	6,118,575	10,443,575
2028	4,535,000	5,897,075	10,432,075
2029	4,710,000	5,713,050	10,423,050
2030	4,890,000	5,520,150	10,410,150
2031	5,080,000	5,321,700	10,401,700
2032	5,275,000	5,113,625	10,388,625
2033	5,535,000	4,843,375	10,378,375
2034	5,805,000	4,559,875	10,364,875
2035	6,090,000	4,262,500	10,352,500
2036	6,390,000	3,950,500	10,340,500
2037	6,705,000	3,623,125	10,328,125
2038	7,040,000	3,279,500	10,319,500
2039	7,385,000	2,918,875	10,303,875
2040	7,750,000	2,540,500	10,290,500
2041	8,135,000	2,143,375	10,278,375
2042	8,540,000	1,726,500	10,266,500
2043	8,920,000	1,334,600	10,254,600
2044	9,265,000	970,900	10,235,900
2045	9,630,000	593,000	10,223,000
2046	10,010,000	200,200	10,210,200
Total	<u>\$ 155,085,000</u>	<u>\$ 168,949,305</u>	<u>\$ 324,034,305</u>

COUNTY TAX INFORMATION

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2012/2013 Certified Appraised Value by Fort Bend Central Appraisal District (excluding totally exempt property)		\$ 50,143,091,447
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemptions	\$ 5,234,423,941	
Over 65 Exemptions	1,882,571,927	
Disabled & Deceased Veteran's Exemptions	304,427,912	
Lease Vehicle Exemption	150,552,705	
Abatements	240,645,790	
Productivity Loss	2,295,318,430	
Pollution	380,152,350	
House Bill 366	216,245	
Historical	12,914,781	
Community Housing Development	16,080,470	
Prorated Exempt Property	3,510,274	
10% Homestead Cap Adjustment	182,329,568	
Prorated Exempt Property	<u>10,703,144,393</u>	
2012/2013 Taxable Assessed Valuation		\$ 39,439,947,054
County Funded Debt Payable from Ad Valorem Taxes (as of March 31, 2013)		
Limited Tax Bonds	\$ 183,590,000	
Unlimited Tax Road Bonds	156,255,000	
Unlimited Tax Toll Road Bonds ⁽¹⁾	120,805,000	
Fort Bend Flood Control Water Supply Corp. Revenue Bonds	<u>7,710,000</u>	
County Funded Debt Payable from Ad Valorem Taxes		\$ 468,360,000
Ratio Tax Supported Gross Debt to Taxable Assessed Valuation		1.19%
2013 Population Estimate - 639,969 ⁽²⁾		
Per Capita Taxable Assessed Valuation - \$61,628		
Per Capita Tax Debt - \$732		

(1) The Toll Road Bonds are secured by a subordinate lien on all net revenues from the operation of the Toll Roads. In addition, the Toll Road Bonds are secured by a pledge of the County's ad valorem taxes in the event that the net revenues from the operation of the Toll Roads are insufficient to pay principal and interest on the Toll Road Bonds.

(2) Source: Fort Bend County.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Tax Year					
	2012		2011		2010	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$32,696,769,609	65.21%	\$31,039,400,739	64.21%	\$32,405,502,925	64.81%
Real, Residential, Multi-Family	1,038,540,000	2.07%	985,883,440	2.04%	974,134,090	1.95%
Real, Vacant Lots/Tracts	961,783,939	1.92%	982,287,088	2.03%	1,017,512,443	2.04%
Real, Acreage (Land Only)	2,535,052,048	5.06%	2,536,288,590	5.25%	2,640,019,515	5.28%
Real, Farm and Ranch Improvements	348,241,112	0.69%	331,068,370	0.68%	336,375,780	0.67%
Real, Commercial and Industrial	7,134,533,264	14.23%	7,050,117,340	14.58%	7,186,318,692	14.37%
Real, Oil, Gas & Other Mineral Reserves	333,441,300	0.66%	273,529,460	0.57%	334,652,480	0.67%
Real and Tangible Personal, Utilities	615,750,037	1.23%	661,509,515	1.37%	680,505,438	1.36%
Tangible Personal, Commercial and Industrial	3,599,878,815	7.18%	3,611,035,498	7.47%	3,519,402,303	7.04%
Tangible Personal, Other	55,486,280	0.11%	55,860,570	0.12%	56,757,845	0.11%
Real, Inventory	730,016,310	1.46%	729,776,091	1.51%	789,447,630	1.58%
Special Inventory	84,571,490	0.17%	74,140,120	0.15%	46,825,140	0.09%
Intangible Property and/or Uncertified Property	9,027,243	0.02%	10,398,285	0.02%	10,051,655	0.02%
Total Appraised Value Before Exemptions	\$50,143,091,447	100.00%	\$48,341,295,106	100.00%	\$49,997,505,936	100.00%
Less: Total Exemptions/Reductions	10,703,144,393		10,306,807,994		10,994,891,710	
Taxable Assessed Value	<u>\$39,439,947,054</u>		<u>\$38,034,487,112</u>		<u>\$39,002,614,226</u>	

Category	Tax Year			
	2009		2008	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$31,469,106,324	62.57%	\$29,600,226,897	62.03%
Real, Residential, Multi-Family	933,131,501	1.86%	856,320,675	1.79%
Real, Vacant Lots/Tracts	1,117,900,848	2.22%	1,025,949,648	2.15%
Real, Acreage (Land Only)	2,747,928,916	5.46%	2,327,690,553	4.88%
Real, Farm and Ranch Improvements	337,629,492	0.67%	332,671,171	0.70%
Real, Commercial and Industrial	7,657,173,417	15.22%	7,381,581,427	15.47%
Real, Oil, Gas & Other Mineral Reserves	288,508,240	0.57%	460,348,230	0.96%
Real and Tangible Personal, Utilities	708,852,540	1.41%	714,323,255	1.50%
Tangible Personal, Commercial and Industrial	3,901,899,997	7.76%	3,721,004,950	7.80%
Tangible Personal, Other	65,568,290	0.13%	67,335,172	0.14%
Real, Inventory	998,032,310	1.98%	1,154,054,680	2.42%
Special Inventory	61,579,430	0.12%	73,003,110	0.15%
Intangible Property and/or Uncertified Property	9,736,015	0.02%	7,596,006	0.02%
Total Appraised Value Before Exemptions	\$50,297,047,320	100.00%	\$47,722,105,774	100.00%
Less: Total Exemptions/Reductions	10,958,724,489		10,086,091,068	
Taxable Assessed Value	<u>\$39,338,322,831</u>		<u>\$37,636,014,706</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Fort Bend Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended Sept 30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Tax Supported Debt Outstanding at End of Year ⁽³⁾	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Tax Supported Debt Per Capita	Tax Year
2008	501,974	\$ 33,115,582,569	\$ 65,971	\$ 367,690,000	1.11%	\$ 732	2007
2009	528,392	37,636,014,706	71,227	479,050,000	1.27%	907	2008
2010	547,876	39,338,322,831	71,802	467,300,000	1.19%	853	2009
2011	585,375	39,002,614,226	66,628	452,755,000	1.16%	773	2010
2012	606,786	38,034,487,112	62,682	437,810,000	1.15%	722	2011
2013	639,969	39,439,947,054	61,628	470,260,000	1.19%	735	2012

(1) Source: Fort Bend Economic Development Council.

(2) As reported by the Fort Bend Central Appraisal District; subject to change during the ensuing year.

(3) Includes toll road system debt. The Toll Road Bonds are secured by a subordinate lien on all net revenues from the operation of the Toll Roads. In addition, the Toll Road Bonds are secured by a pledge of the County's ad valorem taxes in the event that the net revenues from the operation of the Toll Roads are insufficient to pay principal and interest on the Toll Road Bonds.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended	Tax Rate	Tax Levy	% Current Collections ⁽¹⁾	% Total Collections ⁽²⁾
2008	\$ 0.51674	\$ 171,968,101	98.28%	99.76%
2009	0.49976	188,619,369	98.62%	99.77%
2010	0.49976	196,759,412	99.00%	99.73%
2011	0.49976	194,970,852	99.12%	99.61%
2012	0.49976	197,638,205	99.22%	99.22%

(1) Collected within the Fiscal Year of the levy.

(2) As of September 30, 2012 for each respective year's levy.

TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS

	Tax Year				
	2012	2011	2010	2009	2008
General Fund	\$ 0.37776	\$ 0.38184	\$ 0.38100	\$ 0.38620	\$ 0.39595
Road & Bridge Fund	0.02800	0.03032	0.02770	0.03100	0.03920
Debt Service Fund ⁽¹⁾	0.07500	0.06880	0.07146	0.06180	0.04861
Drainage District	0.01900	0.01880	0.01960	0.02076	0.01600
Farm-to-Market & Lateral Road Fund	0.00000	0.00000	0.00000	0.00000	0.00000
County Total Tax Rate	<u>\$ 0.49976</u>	<u>\$ 0.49976</u>	<u>\$ 0.49976</u>	<u>\$ 0.49976</u>	<u>\$ 0.49976</u>

(1) The debt service fund tax includes a levy for unlimited tax bonds which are outside the constitutional tax limit.

TABLE 6 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2012/2013 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
NRG Texas Power LLC	Electric Utility	\$ 1,285,769,990	3.26%
Centerpoint Energy Electric	Electric Utility	245,048,200	0.62%
Katy Mills Mall LP ⁽¹⁾	Shopping Mall	110,641,490	0.28%
Brazos Valley Energy LLC	Utility	91,081,570	0.23%
First Colony Mall LLC	Shopping Mall	88,703,240	0.22%
Jetta Operating Company Inc.	Oil & Gas	85,991,600	0.22%
Schlumberger Tech Corp. - Well Services	Oil & Gas	84,985,930	0.22%
Lakepointe Assets LLC	Commercial	81,300,000	0.21%
Tramontina USA Inc.	Manufacturing	78,235,670	0.20%
Cardinal Health 411 Inc.	Healthcare	73,980,610	0.19%
		<u>\$ 2,225,738,300</u>	<u>5.64%</u>

(1) The County has agreed to participate in a City of Katy TIRZ that includes the Katy Mills Mall. Under its TIRZ Participation Agreement with the City of Katy, the County has agreed to contribute fifty percent of the tax increment produced in the City of Katy TIRZ to the City of Katy tax increment fund.

TABLE 7 - TAX ADEQUACY

2013 Principal and Interest Requirements.....	\$	40,978,905
\$0.10830 Tax Rate at 96% Collection Produces	\$	41,004,924
 Average Principal and Interest Requirements (2013-2021).....	\$	40,936,018
\$0.10820 Tax Rate at 96% Collection Produces	\$	40,967,062
 Average Principal and Interest Requirements (2022-2026).....	\$	38,391,718
\$0.10140 Tax Rate at 96% Collection Produces	\$	38,392,422
 Average Principal and Interest Requirements (2027-2032).....	\$	29,022,189
\$0.07670 Tax Rate at 96% Collection Produces	\$	29,040,422
 Maximum Principal and Interest Requirements (2019).....	\$	41,279,798
\$0.10910 Tax Rate at 96% Collection Produces	\$	41,307,823

COUNTY DEBT INFORMATION

TABLE 9 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Year End September 30	County Debt Paid From Ad Valorem Taxes					
	Limited Tax Bonds	Unlimited Tax Bonds	Flood Control	Total	Toll Road Unlimited Tax Bonds ⁽¹⁾	Grand Total Requirements
			Water Supply Corporation	Debt Service Paid From		
			Limited Tax Bonds	Ad Valorem Taxes		
2013	\$ 15,912,200	\$ 15,193,110	\$ 1,270,119	\$ 32,375,429	\$ 8,603,476	\$ 40,978,905
2014	15,916,938	15,092,910	1,323,700	32,333,548	8,176,450	40,509,998
2015	15,915,238	14,991,335	1,262,300	32,168,873	8,288,725	40,457,598
2016	15,918,338	14,898,898	1,182,100	31,999,335	8,839,625	40,838,960
2017	15,509,113	14,785,785	1,128,000	31,422,898	9,346,625	40,769,523
2018	15,513,038	14,689,135	1,074,500	31,276,673	9,921,875	41,198,548
2019	15,512,088	14,583,585	1,026,500	31,122,173	10,157,625	41,279,798
2020	15,513,488	14,482,085	949,500	30,945,073	10,321,875	41,266,948
2021	15,512,944	14,384,741	893,200	30,790,885	10,333,000	41,123,885
2022	15,512,750	12,545,326		28,058,076	10,339,125	38,397,201
2023	15,512,125	12,535,649		28,047,774	10,320,250	38,368,024
2024	15,515,500	12,543,281		28,058,781	10,354,875	38,413,656
2025	15,511,344	12,539,469		28,050,813	10,332,250	38,383,063
2026	15,512,875	12,541,647		28,054,522	10,342,125	38,396,647
2027	15,508,556	10,177,963		25,686,519	10,347,875	36,034,394
2028	15,512,588	8,267,450		23,780,038	10,339,000	34,119,038
2029	15,513,969	8,269,150		23,783,119	10,329,875	34,112,994
2030	15,511,213	4,497,000		20,008,213	10,357,188	30,365,400
2031	9,884,306	4,493,500		14,377,806	10,317,375	24,695,181
2032		4,494,625		4,494,625.00	10,311,500	14,806,125
	<u>\$ 290,718,606</u>	<u>\$ 236,006,643</u>	<u>\$ 10,109,919</u>	<u>\$ 536,835,168</u>	<u>\$ 197,680,714</u>	<u>\$ 734,515,881</u>

(1) The Toll Road Bonds are secured by a subordinate lien on all net revenues from the operation of the Toll Roads. In addition, the Toll Road Bonds are secured by a pledge of the County's ad valorem taxes in the event that the net revenues from the operation of the Toll Roads are insufficient to pay principal and interest on the Toll Road Bonds.

TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending September 30, 2013		\$40,978,905
Interest and Sinking Fund, September 30, 2012	\$3,991,101	
Estimated Interest and Sinking Fund Tax Levy @ 97% Collections	28,692,561	
Transfer from Toll Road Authority	8,603,476	
Projected Other Income	<u>1,045,000</u>	<u>42,332,139</u>
Estimated Balance, September 30, 2013		<u>\$ 1,353,234</u>

TABLE 11 - AUTHORIZED BUT UNISSUED BONDS

Purpose	Date Authorized	Amount Authorized	Issued To Date	This Issue	Unissued Balance
County Roads	5/12/2007	\$ 156,000,000	\$ 50,000,000	\$ 65,000,000	\$ 41,000,000
		<u>\$ 156,000,000</u>	<u>\$ 50,000,000</u>	<u>\$ 65,000,000</u>	<u>\$ 41,000,000</u>

TABLE 12 - OTHER OBLIGATIONS

As of September 30, 2012, the County has no other outstanding obligations.

PENSION FUND

The County provides pension, disability and death benefits for all of its full-time employees through a non-traditional, joint contributory, defined contribution plan in the state-wide Texas County and District Retirement System (TCDRS). Under the state law governing TCDRS, the contribution rate of the County is a fixed percent equal to twice the contribution rate payable by the employee member. Currently, the employee member is required to contribute 7% and the County contributes 14%. This rate is not actuarially determined and is one of the rates that can be adopted by the County in accordance with the TCDRS Act. The matching rate is funded by direct allocation by the County along with plan savings from the prior year, therefore the actual allocation rate is less. The following schedule shows the County allocation rate over the past five years that was necessary to achieve a contribution rate of 14%:

Year:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Rate:	10.07%	10.83%	10.65%	11.12%	11.55%

The plan of benefits adopted by the employer at the time of plan inception and when benefit increases are adopted is limited by statute to what the actuary determines can be adequately financed by the commitment of the employer to contribute on behalf of the employee to achieve the match described above. The statute specifies that the actuary's determination is based on a maximum period for amortizing the unfunded pension benefit obligation of 30 years. The schedule below shows a 5-year analysis of the County's pension benefit funding (data as of 12/31/2012 is not yet available):

<u>Schedule of Funding Information</u>					
Actuarial valuation date	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>
Actuarial value of assets	\$ 205,614,643	\$ 209,747,313	\$ 238,298,754	\$ 257,926,802	\$277,022,916
Actuarial accrued liability (AAL)	\$ 232,539,055	\$ 254,807,906	\$ 283,956,716	\$ 307,767,507	\$334,116,854
Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL)	\$ 26,924,412	\$ 45,060,593	\$ 45,657,962	\$ 49,840,705	\$57,093,938
Funded ratio	88.42%	82.32%	83.92%	83.81%	82.91%
Annual covered payroll (actuarial)	\$ 81,337,945	\$ 92,096,921	\$ 104,983,019	\$ 106,041,139	\$108,712,740
UAAL or OAAL as % of covered payroll	33.10%	48.93%	43.49%	47.00%	52.52%

(For more detailed information concerning the retirement plan, see the County's Annual Financial Report for Fiscal Year Ending September 30, 2012 - Note 8.)

Other Post-Employment Benefits

In addition to providing pension benefits through the TCDRS, the County sponsors and administers a single-employer defined benefit health care plan titled “Fort Bend County Employee Benefit Plan” (the “Plan”). The Plan was established and approved by Fort Bend County Commissioners Court and Chapter 175 of the Local Government Code which provides eligible employees, retirees, and their eligible dependents with the following post-employment benefits:

- Eligible retirees have a portion of their medical and dental insurance premiums paid by the County for participation with the County’s healthcare provider; and at the County’s cost to cover current employees
- Eligible dependents of retirees have a portion of their medical and dental insurance premiums paid by the County for participation with the County’s healthcare provider; and at the County’s cost to cover current employees

The Plan does not issue a separate, publicly available report.

The contribution requirements of the County and plan members are established and may be amended by Commissioners Court. These contributions are neither guaranteed nor mandatory. The County has retained the right to unilaterally modify its payments toward retiree healthcare benefits. The Plan provides for the payment of a portion of the health and dental insurance premiums for eligible retired employees and their dependents. Plan members receiving benefits contribute a percentage of the monthly insurance premium. Currently, the Plan pays a portion of the retiree’s premiums, as well as his or her dependent coverage. The retiree contributes the premium cost each month, less the Plan subsidy.

The County is statutorily required to permit retiree participation in the health insurance program on a pooled non-differentiated basis. The County, therefore, charges both groups an equal, blended rate premium. Although both groups are charged the same rate, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separately from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. However, the County has elected to contribute to the Plan at a rate that is based on an actuarial valuation prepared using the blended rate premium that is actually charged to the Plan.

The County recognizes its share of the costs of providing these benefits when paid, on a “pay-as-you-go” basis. These payments are budgeted annually. The County contributed approximately \$4.1 million for the fiscal year ended September 30, 2012. At September 30, 2012, there were 418 retirees receiving benefits and approximately 2,463 active members not yet eligible to receive such benefits. Commencing in fiscal year 2008, the County implemented GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.” The County performs an annual actuarial valuation of its post-retirement benefit liability. The County discusses the pre-funding of this liability annually during the budget process while reviewing the actuarial valuation. The County has chosen to first modify the Plan to control and reduce cost before pre-funding the OPEB liability. The changes are not influencing the actuarial calculation yet. The major changes are:

- Increase the vesting period to be eligible to retire from 8 years to 16 years beginning 1/1/2010.
- Changed to a national provider network in 2012 to achieve greater discounts.
- Opened an employee/retiree primary care clinic January 2012 to control utilization and costs.

The financial statement disclosures for 2012 are as follows:

For fiscal year 2012, the County's annual OPEB cost for the Plan was \$32,376,384. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended September 30, 2012, were as follows:

	Fiscal Year Ending 9/30/12
Determination of Annual Required Contribution	
Normal Cost at Fiscal Year End	\$ 18,173,276
Amortization of Unfunded Actuarial Accrued Liability	15,791,161
Annual Required Contribution (ARC)	<u>33,964,437</u>
Determination of Net OPEB Obligation	
Annual Required Contribution	33,964,437
Interest on prior-year Net OPEB Obligation	4,070,402
Adjustment to ARC	<u>(5,658,455)</u>
Annual OPEB Cost	<u>32,376,384</u>
Less Assumed Contributions Made	<u>(4,106,516)</u>
Estimated Increase in Net OPEB Obligation	28,269,868
Net OPEB Obligation - Beginning of Year	<u>101,760,042</u>
Net OPEB Obligation - End of Year	<u>\$ 130,029,910</u>
Percentage of OPEB Cost Contributed	12.7%

The following table shows the annual OPEB cost and net OPEB obligation for fiscal years 2008-2012 assuming the plan is not prefunded (4% discount)

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2008	4%	\$ 26,985,307	10.5%	\$24,163,790
2009	4%	26,608,211	7.3%	48,819,922
2010	4%	30,699,706	14.4%	75,112,628
2011	4%	31,751,414	16.1%	101,760,042
2012	4%	32,376,384	12.7%	130,029,910

A schedule of funded status as of the most recent actuarial valuation is as follows:

Actuarial valuation date	October 1, 2011
Actuarial value of plan assets (a)	\$ -
Actuarial accrued liability (AAL) (b)	\$ 255,897,447
Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL)(b-a)	\$ 255,897,447
Funded Ratio (a/b)	0.0%
Annual Covered Payroll (c)	\$ 108,712,740
UALL or OAAL as % of covered payroll ((b-a)/c)	235.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

The actuarial cost method used for determining the benefit obligations is a Projected Unit Credit Cost Method. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees and is calculated based on certain assumptions and census data. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. In determining the Annual Required Contribution, The Unfunded AAL is amortized as a level dollar over 30 years. The actuarial assumptions included a 4% per annum discount rate for valuing liabilities. Employees eligible for retiree medical benefits assumed to elect continued medical coverage in retirement for themselves and their spouses is 100% and 40% respectively. The valuation assumes the following:

- Healthcare cost trend rates:
 - Pre-65 trend begins at 6.2% in fiscal year 2011 and falls to 4.7% in 2089.
 - Post-65 trend begins at 6.2% in fiscal year 2011 and falls to 4.8% in 2099.
 - Dental trend begins at 5.86% in fiscal year 2011 and falls to 3.95% in 2024.
- 4% per annum discount rate for valuing liabilities.
- Employees eligible for retiree medical benefits assumed to elect continued medical coverage in retirement for themselves and their spouses is 100% and 40% respectively.
- 2.75% inflation rate.
- No projected salary increases.

COUNTY FINANCIAL INFORMATION

TABLE 13 - CHANGE IN NET ASSETS

	Fiscal Year Ended September 30,				
	2012	2011	2010	2009	2008
<u>Revenues:</u>					
Program Revenues:					
Charges for Services	\$ 39,478,271	\$ 37,241,289	\$ 35,156,664	\$ 35,102,888	\$ 33,424,910
Operating Grants and Contributions	29,633,400	35,820,119	23,313,282	33,935,787	24,399,799
Capital Grants and Contributions	23,899,439	25,214,312	30,358,341	63,974,765	33,540,586
General Revenues:					
Property Taxes	199,213,697	196,820,339	198,888,176	191,467,403	171,832,680
Sales Taxes	1,099,103	-	-	-	-
Earnings on Investments	2,584,776	2,925,202	3,870,155	3,664,184	8,072,311
Other	6,745,855	6,065,510	4,237,069	3,901,588	2,170,172
Total Revenues	<u>\$302,654,541</u>	<u>\$304,086,771</u>	<u>\$295,823,687</u>	<u>\$332,046,615</u>	<u>\$273,440,458</u>
<u>Expenditures:</u>					
General Administration	\$ 39,469,034	\$ 40,835,503	\$ 44,235,342	\$ 40,876,045	\$ 41,632,474
Financial Administration	8,345,130	9,441,048	8,059,389	8,841,189	7,588,070
Administration of Justice	91,021,550	86,468,201	78,194,354	75,836,037	45,849,068
Construction & Maintenance	54,818,967	45,632,055	45,850,196	45,882,038	40,018,361
Road & Bridge	-	-	-	-	-
Health & Welfare	30,906,886	30,104,991	23,789,044	25,623,533	21,690,506
Cooperative Service	1,118,341	1,177,426	1,131,763	1,188,580	1,132,987
Public Safety	54,702,459	55,315,591	55,214,005	61,126,911	68,877,031
Parks & Recreation	2,614,004	2,917,574	2,576,095	1,879,525	2,114,983
Flood Control Projects	-	-	-	-	-
Libraries & Education	15,708,114	14,800,838	13,468,700	12,956,363	12,280,421
Capital Outlay, interim activity	-	-	-	-	-
Internal Service Fund, interim activity	-	-	-	-	-
Interest on Long-Term Debt	15,037,346	14,887,908	15,494,994	12,338,352	10,621,067
Total Expenditures	<u>\$313,741,831</u>	<u>\$301,581,135</u>	<u>\$288,013,882</u>	<u>\$286,548,573</u>	<u>\$251,804,968</u>
Change in Net Assets	\$ (11,087,290)	\$ 2,505,636	\$ 7,809,805	\$ 45,498,042	\$ 21,635,490
Net Assets, Beginning	<u>718,350,724</u>	<u>715,845,088</u> ⁽¹⁾	<u>708,025,880</u> ⁽¹⁾	<u>663,834,575</u> ⁽¹⁾	<u>642,199,088</u>
Ending Fund Balance	<u>\$707,263,434</u>	<u>\$718,350,724</u>	<u>\$715,835,685</u>	<u>\$709,332,617</u>	<u>\$663,834,578</u>

Source: County's audited financial statements.

(1) Restated.

TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURES HISTORY

	Fiscal Year Ended September 30,				
Revenues:	2012	2011	2010	2009	2008
Taxes	\$152,964,339	\$150,611,129	\$154,092,302	\$150,881,918	\$139,477,502
Fees and Fines	28,304,371	26,538,216	24,501,004	22,691,631	20,061,234
Intergovernmental	15,999,897	23,894,468	18,114,404	24,989,268	14,556,972
Earnings on Investments	1,376,442	1,457,487	1,445,301	1,247,763	2,866,409
Miscellaneous	4,696,145	3,372,764	3,185,729	2,540,424	1,657,663
Total Revenues	<u>\$203,341,194</u>	<u>\$205,874,064</u>	<u>\$201,338,740</u>	<u>\$202,351,004</u>	<u>\$178,619,780</u>
Expenditures:					
Current Operating:					
General Administration	34,721,821	41,623,232	39,663,645	36,997,902	35,207,103 ⁽²⁾
Financial Administration	7,216,068	7,158,932	6,709,784	7,130,068	6,328,276
Administration of Justice	56,676,737	54,210,526	50,317,627	50,165,055	22,752,204
Road & Bridge	-	-	-	-	-
Construction and Maintenance	2,804,010	2,843,242	2,795,780	3,057,376	2,637,980
Health & Welfare	22,806,164	17,345,040	17,576,622	19,440,480	17,179,487
Cooperative Service	960,392	986,392	933,519	1,049,985	975,720
Public Safety	44,403,985	42,751,912	39,189,698	43,501,625	61,678,076 ⁽²⁾
Parks & Recreation	1,957,044	2,263,590	2,231,528	1,815,986	1,739,346
Libraries & Education	12,955,022	12,113,853	11,297,919	11,274,245	10,342,295
Capital Outlay	18,848,812	20,194,149	18,443,425	22,149,422	8,590,318
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest & Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>\$203,350,055</u>	<u>\$201,490,868</u>	<u>\$189,159,547</u>	<u>\$196,582,144</u>	<u>\$167,430,805</u>
Revenues Over (Under) Expenditures	\$ (8,861)	\$ 4,383,196	\$ 12,179,193	\$ 5,768,860	\$ 11,188,975
Transfer In (Out)	(8,023,553)	(3,704,588)	(3,362,527)	(9,950,498)	(8,145,190)
Beginning Fund Balance, January 1	<u>44,058,981</u>	<u>43,380,373</u>	<u>34,563,707</u>	<u>38,745,345 ⁽¹⁾</u>	<u>35,701,557</u>
Ending Fund Balance	<u>\$ 36,026,567</u>	<u>\$ 44,058,981</u>	<u>\$ 43,380,373</u>	<u>\$ 34,563,707</u>	<u>\$ 38,745,342</u>

Source: County's audited financial statements.

(1) Restated.

(2) Construction in Progress expenditures were previously categorized as Capital Outlay. These expenditures are now categorized based on the governmental function it benefits.

TABLE 14 - CURRENT INVESTMENTS

As of December 31, 2012, the County's investable funds were invested in the following categories:

Description	Book Value	Market Value
Money Market Accounts - Prosperity	\$ 300,846,895	\$ 300,846,895
LOGIC State Pool	7,075	7,075
Texas Term Investment Pool	4,357	4,357
MBIA Investment Pool	1,638,485	1,638,485
	<u>\$ 302,496,811</u>	<u>\$ 302,496,811</u>

