

## 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**  electronic \_\_\_ paper; If available on the Internet, give URL: \_\_\_\_\_

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

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

Annual Financial Report or CAFR

Financial Information & Operating Data

\_\_\_ Other (describe) \_\_\_\_\_

Fiscal Period FYE 2014

\_\_\_ Monthly \_\_\_ Quarterly  Annual \_\_\_ Other: \_\_\_\_\_

\* \* \*

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

Signature: /s/ Ed Sturdivant

Name: Ed Sturdivant Title: County Auditor

Employer: Fort Bend County, Texas

Voice Telephone Number: (281) 341-3760

Email Address: ed.sturdivant@fortbendcountytexas.gov

## DESCRIPTION OF ISSUES COVERED BY THIS REPORT

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

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
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, 2014

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, 2014 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**

/s/ Ed Sturdivant

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Ed Sturdivant  
County Auditor

Approved for Submission:

03/31/2015

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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/ Jonathan Church

# FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

## 2015 GENERAL OBLIGATION DEBT REPORT

### HISTORICAL TRAFFIC COUNT – (UNAUDITED)

<u>Components/Segments</u>	<u>2014</u>
Grand Parkway	\$ 18,402,235
Sienna Parkway <sup>(1)</sup>	<u>(552,555)</u>
<b>Total Transactions Grand Parkway <sup>(2)</sup></b>	<b><u>\$ 17,849,680</u></b>

Source: The County.

- (1) Due to software issues Sienna Parkway transactions are included in the Grand Parkway transaction totals. The amount reported here is an allocation from Fort Bend Grand Parkway based on a percentage that is determined quarterly. The software issues are expected to be resolved by the end of FY2015.
- (2) AVI & VPS do not break down transactions for the Grand Parkway tollroad by location. Includes transactions for Riverpark, New Territory, US 90A, West Airport, West Bellfort, Bellaire and Westpark plazas.

### TOLL RATE SCHEDULE (AS OF NOVEMBER 22, 2014)

<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	1.10
6 axle	Class 6	1.30

Source: The Authority.

**SELECTED FINANCIAL INFORMATION OF THE AUTHORITY**

	2014
<b>Operating Revenues</b>	
Toll revenues	\$ 6,770,539
<b>Total Operating Revenues</b>	<u>6,770,539</u>
<b>Operating Expenses</b>	
Fees	2,904,328
Utilities	91,291
Depreciation	1,689,028
<b>Total Operating Expenses</b>	<u>4,684,647</u>
<b>Income from Operations</b>	<u>2,085,892</u>
<b>Nonoperating Revenues</b>	
Earnings on investments	81,124
Amortization of bond premiums	552,981
<b>Total Nonoperating Revenues</b>	<u>634,105</u>
<b>Nonoperating Expenses</b>	
Interest on long-term debt	7,180,200
Debt service fees	5,500
<b>Total Nonoperating Expenses</b>	<u>7,185,700</u>
Change in Net Position	<u>(4,465,703)</u>
<b>Total Net Position, Beginning of Year</b>	(11,379,994)
<b>Total Net Position, Ending of Year</b>	<u><u>\$ (15,845,697)</u></u>

Source: The County.

**HISTORICAL TOLL ROAD OPERATING RESULTS AND COVERAGES – (UNAUDITED)**

Fiscal Year	Project Revenues	Other Earnings	O&M Expenses	Revenues Available for Subordinate Lien Debt Service	Debt Service Bonds	Coverage Ratio on Subordinate Lien Debt Service
2014	\$ 6,770,539	\$ 81,124	\$ 2,995,619	\$ 3,856,044	\$ 7,185,700	0.537 x

Source: The County.

## DEBT SERVICE REQUIREMENTS

<u>Fiscal Year</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
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>\$ 154,409,400</u>	<u>\$ 309,494,400</u>

## COUNTY TAX INFORMATION

**TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2014/2015 Certified Appraised Value by Fort Bend Central Appraisal District (excluding totally exempt property)	\$ 57,517,166,488
Less Exemptions/Reductions at 100% Market Value:	
Residential Homestead Exemptions	\$ 5,920,081,475
Over 65 Exemptions	2,192,286,633
Disabled & Deceased Veteran's Exemptions	367,196,325
Lease Vehicle Exemption	129,723,804
Abatements	289,720,050
Productivity Loss	2,202,474,830
Pollution	307,246,460
House Bill 366	246,088
Historical	13,075,671
Community Housing Development	4,490,000
Prorated Exempt Property	7,033,896
10% Homestead Cap Adjustment	362,670,741
	11,796,245,973
2014/2015 Taxable Assessed Valuation	\$ 45,720,920,515
County Funded Debt Payable from Ad Valorem Taxes (as of March 1, 2015)	
Limited Tax Bonds	\$ 169,145,000
Unlimited Tax Road Bonds	138,575,000
Unlimited Tax Toll Road Bonds <sup>(1)</sup>	115,885,000
Fort Bend Flood Control Water Supply Corp. Revenue Bonds	5,640,000
Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax Bonds <sup>(2)</sup>	155,085,000
	584,330,000
County Funded Debt Payable from Ad Valorem Taxes	\$ 584,330,000
Ratio Tax Supported Gross Debt to Taxable Assessed Valuation	1.28%
2015 Population Estimate - 677,770 <sup>(3)</sup> Per Capita Taxable Assessed Valuation - \$67,458 Per Capita Tax Debt - \$862	

- (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 bonds. The County has not yet been required to levy any taxes for this purpose.
- (2) The County has a joint project agreement with the Fort Bend Grand Parkway Toll Road Authority (the "Authority") in which it agrees to make payments to the Authority, calculated annually and equal to the debt service on the Authority's bonds less the estimated amount of available net toll revenues. The County has not yet been required to levy any taxes for this purpose.
- (3) Source: Fort Bend County.

**TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY**

Category	Tax Year					
	2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 38,197,156,012	66.41%	\$ 34,939,222,040	66.00%	\$ 32,696,769,609	65.21%
Real, Residential, Multi-Family	1,492,817,879	2.60%	1,223,124,193	2.31%	1,038,540,000	2.07%
Real, Vacant Lots/Tracts	854,963,794	1.49%	910,690,568	1.72%	961,783,939	1.92%
Real, Acreage (Land Only)	2,455,020,886	4.27%	2,405,933,092	4.54%	2,535,052,048	5.06%
Real, Farm and Ranch Improvements	380,697,030	0.66%	368,553,330	0.70%	348,241,112	0.69%
Real, Commercial and Industrial	7,759,852,998	13.49%	7,241,630,477	13.68%	7,134,533,264	14.23%
Real, Oil, Gas & Other Mineral Reserves	256,495,180	0.45%	262,592,210	0.50%	333,441,300	0.66%
Real and Tangible Personal, Utilities	754,452,129	1.31%	627,521,930	1.19%	615,750,037	1.23%
Tangible Personal, Commercial and Industrial	4,181,424,859	7.27%	3,979,309,449	7.52%	3,599,878,815	7.18%
Tangible Personal, Other	62,049,925	0.11%	60,883,115	0.12%	55,486,280	0.11%
Real, Inventory	999,071,390	1.74%	793,911,390	1.50%	730,016,310	1.46%
Special Inventory	109,766,186	0.19%	102,899,736	0.19%	84,571,490	0.17%
Intangible Property and/or Uncertified Property	13,398,220	0.02%	25,039,550	0.05%	9,027,243	0.02%
Total Appraised Value Before Exemptions	\$ 57,517,166,488	100.00%	\$ 52,941,311,080	100.00%	\$ 50,143,091,447	100.00%
Less: Total Exemptions/Reductions	11,796,245,973		10,963,642,810		10,703,144,393	
Taxable Assessed Value	<u>\$ 45,720,920,515</u>		<u>\$ 41,977,668,270</u>		<u>\$ 39,439,947,054</u>	

Category	Tax Year			
	2011		2010	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 31,039,400,739	64.21%	\$ 32,405,502,925	64.81%
Real, Residential, Multi-Family	985,883,440	2.04%	974,134,090	1.95%
Real, Vacant Lots/Tracts	982,287,088	2.03%	1,017,512,443	2.04%
Real, Acreage (Land Only)	2,536,288,590	5.25%	2,640,019,515	5.28%
Real, Farm and Ranch Improvements	331,068,370	0.68%	336,375,780	0.67%
Real, Commercial and Industrial	7,050,117,340	14.58%	7,186,318,692	14.37%
Real, Oil, Gas & Other Mineral Reserves	273,529,460	0.57%	334,652,480	0.67%
Real and Tangible Personal, Utilities	661,509,515	1.37%	680,505,438	1.36%
Tangible Personal, Commercial and Industrial	3,611,035,498	7.47%	3,519,402,303	7.04%
Tangible Personal, Other	55,860,570	0.12%	56,757,845	0.11%
Real, Inventory	729,776,091	1.51%	789,447,630	1.58%
Special Inventory	74,140,120	0.15%	46,825,140	0.09%
Intangible Property and/or Uncertified Property	10,398,285	0.02%	10,051,655	0.02%
Total Appraised Value Before Exemptions	\$ 48,341,295,106	100.00%	\$ 49,997,505,936	100.00%
Less: Total Exemptions/Reductions	10,306,807,994		10,994,891,710	
Taxable Assessed Value	<u>\$ 38,034,487,112</u>		<u>\$ 39,002,614,226</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 <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Taxable Assessed Valuation Per Capita	Tax	Ratio of Tax	Tax	Tax Year
				Supported Debt Outstanding at End of Year <sup>(3)</sup>	Supported Debt to Taxable Assessed Valuation	Supported Debt Per Capita	
2010	581,830	\$ 39,338,322,831	\$ 67,611	\$ 467,300,000	1.19%	\$ 803	2009
2011	606,786	39,002,614,226	64,277	452,755,000	1.16%	746	2010
2012	639,969	38,034,487,112	59,432	437,810,000	1.15%	684	2011
2013	643,408	39,439,947,054	61,299	468,360,000	1.19%	728	2012
2014	652,365	41,977,668,270	64,347	448,570,000	1.07%	688	2013
2015	677,700	45,720,920,515	67,465	429,245,000 <sup>(4)</sup>	0.94% <sup>(4)</sup>	633 <sup>(4)</sup>	2014

(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.

(4) Projected.

**TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended	Tax Rate	Tax Levy	% Current Collections <sup>(1)</sup>	% Total Collections <sup>(2)</sup>
2010	\$ 0.49976	\$ 197,186,186	98.79%	99.68%
2011	0.49976	195,336,172	98.93%	99.66%
2012	0.49976	197,641,781	99.22%	99.60%
2013	0.49976	205,745,210	99.36%	99.36%
2014	0.49976	220,723,660	99.40%	99.40%
2015	0.49476	231,440,796	<sup>(3)</sup>	<sup>(3)</sup>

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

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

(3) In the process of collections.

**TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS**

	Tax Year				
	2014	2013	2012	2011	2010
General Fund	\$ 0.37826	\$ 0.38076	\$ 0.37776	\$ 0.38184	\$ 0.38100
Road & Bridge Fund	0.02850	0.03100	0.02800	0.03032	0.02770
Debt Service Fund <sup>(1)</sup>	0.06600	0.07300	0.07500	0.06880	0.07146
Drainage District	0.02200	0.01500	0.01900	0.01880	0.01960
Farm-to-Market & Lateral Road Fund	0.00000	0.00000	0.00000	0.00000	0.00000
County Total Tax Rate	<u>\$ 0.49476</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	2014/2015 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
NRG Texas Power LLC	Electric Utility	\$ 1,027,570,020	2.25%
Centerpoint Energy Electric	Electric Utility	281,831,250	0.62%
Malls at Katy Mills LP <sup>(1)</sup>	Shopping Mall	126,799,160	0.28%
AmerisourceBergen Drug Corporation	Drug Corp	123,943,360	0.27%
LCFRE Sugar Land Town Square LLC	Land	92,988,258	0.20%
Brazos Valley Energy LLC	Utility	91,711,140	0.20%
First Colony Mall LLC	Shopping Mall	88,847,240	0.19%
Tramontina USA Inc.	Manufacturing	81,135,390	0.18%
Lakepointe Assets LLC	Commercial	81,000,000	0.18%
Fairfield Industries	Oil & Gas	79,068,140	0.17%
		<u>\$ 2,074,893,958</u>	<u>4.54%</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**

2015 Principal and Interest Requirements.....	\$ 47,354,079
\$0.10470 Tax Rate at 99% Collection Produces .....	\$ 47,391,106
Average Principal and Interest Requirements (2015-2021).....	\$ 48,119,639
\$0.10640 Tax Rate at 99% Collection Produces .....	\$ 48,160,589
Average Principal and Interest Requirements (2022-2026).....	\$ 48,456,952
\$0.10710 Tax Rate at 99% Collection Produces .....	\$ 48,477,435
Average Principal and Interest Requirements (2027-2032).....	\$ 39,438,718
\$0.08720 Tax Rate at 99% Collection Produces .....	\$ 39,469,956
Maximum Principal and Interest Requirements (2021).....	\$ 49,293,054
\$0.10900 Tax Rate at 99% Collection Produces .....	\$ 49,337,445

## COUNTY DEBT INFORMATION

**TABLE 9 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

Year End	County Debt Paid From Ad Valorem Taxes					Fort Bend Grand Parkway Toll Road Authority		Grand Total Requirements
	Limited Tax	Unlimited Tax	Flood Control Water Supply Corporation Limited Tax	Total Debt Service Paid From Ad Valorem	Toll Road Unlimited Tax	Limited Contract		
	Bonds	Bonds	Bonds	Taxes	Bonds <sup>(1)</sup>	Tax Bonds <sup>(2)</sup>		
September 30								
2015	\$ 15,915,238	\$ 14,707,616	\$ 1,262,300	\$ 31,885,154	\$ 8,288,725	\$ 7,180,200	\$ 47,354,079	
2016	15,918,338	14,685,754	1,182,100	31,786,191	8,839,625	7,180,200	47,806,016	
2017	15,509,113	14,572,816	1,128,000	31,209,929	9,346,625	7,180,200	47,736,754	
2018	15,513,038	14,475,297	1,074,500	31,062,835	9,921,875	7,180,200	48,164,910	
2019	15,512,088	14,371,529	1,026,500	30,910,116	10,157,625	7,180,200	48,247,941	
2020	15,513,488	14,269,654	949,500	30,732,641	10,321,875	7,180,200	48,234,716	
2021	15,512,944	14,174,460	893,200	30,580,604	10,333,000	8,379,450	49,293,054	
2022	15,512,750	12,332,319		27,845,069	10,339,125	9,517,200	47,701,394	
2023	15,512,125	12,324,268		27,836,393	10,320,250	10,481,325	48,637,968	
2024	15,515,500	12,330,325		27,845,825	10,354,875	10,473,200	48,673,900	
2025	15,511,344	12,326,438		27,837,781	10,332,250	10,461,200	48,631,231	
2026	15,512,875	12,330,444		27,843,319	10,342,125	10,454,825	48,640,269	
2027	15,508,556	10,177,963		25,686,519	10,347,875	10,443,575	46,477,969	
2028	15,512,588	8,267,450		23,780,038	10,339,000	10,432,075	44,551,113	
2029	15,513,969	8,269,150		23,783,119	10,329,875	10,423,050	44,536,044	
2030	15,511,213	4,497,000		20,008,213	10,357,188	10,410,150	40,775,550	
2031	9,884,306	4,493,500		14,377,806	10,317,375	10,401,700	35,096,881	
2032		4,494,625		4,494,625	10,311,500	10,388,625	25,194,750	
2033				-		10,378,375	10,378,375	
2034				-		10,364,875	10,364,875	
2035				-		10,352,500	10,352,500	
2036						10,340,500	10,340,500	
2037						10,328,125	10,328,125	
2038						10,319,500	10,319,500	
2039						10,303,875	10,303,875	
2040						10,290,500	10,290,500	
2041						10,278,375	10,278,375	
2042						10,266,500	10,266,500	
2043						10,254,600	10,254,600	
2044						10,235,900	10,235,900	
2045						10,223,000	10,223,000	
2046						10,210,200	10,210,200	
	<u>\$ 258,889,469</u>	<u>\$ 203,100,607</u>	<u>\$ 7,516,100</u>	<u>\$ 469,506,176</u>	<u>\$ 180,900,788</u>	<u>\$ 309,494,400</u>	<u>\$ 959,901,363</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.
- (2) The Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax Bonds are secured by a subordinate lien on all net revenues from the operation of the Grand Parkway overpasses. In addition, the County has entered into an agreement to further secure such bonds by pledging the County's limited ad valorem tax to pay any shortfall in project revenues necessary to pay debt service and operating and maintenance costs of the Grand Parkway overpasses. Interest on these bonds through fiscal year 2015 was capitalized from proceeds of such bonds. The Grand Parkway overpasses were opened and began collecting tolls in the spring of 2014. The County's expectation is that no tax will need to be collected to provide for such debt service.

**TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION**

Tax Supported Debt Service Requirements, Fiscal Year Ending September 30, 2015		\$ 47,354,079
Interest and Sinking Fund, September 30, 2014	2,754,531	
Budgeted Interest and Sinking Fund Tax Levy @ 97% Collections	32,163,490	
Transfer from Toll Road Authority	8,288,725	
Transfer from FBGPTRA	7,180,200	
Projected Other Income	774,000	51,160,946
Estimated Balance, September 30, 2015		<u>\$ 3,806,867</u>

**TABLE 11 - AUTHORIZED BUT UNISSUED BONDS**

Purpose	Date Authorized	Amount Authorized	Issued To Date	Unissued Balance
County Roads	5/12/2007	\$ 156,000,000	\$ 115,000,000	\$ 41,000,000
County Roads	11/5/2013	184,900,000	-	184,900,000
		<u>\$ 340,900,000</u>	<u>\$ 115,000,000</u>	<u>\$ 225,900,000</u>

**TABLE 12 - OTHER OBLIGATIONS**

As of September 30, 2014, 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>	<u>2014</u>
Rate:	10.07%	10.83%	10.65%	11.12%	11.55%	12.21%

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 12/31/2014 is not yet available):

**Schedule of Funding Information**

Actuarial valuation date	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>
Actuarial value of assets	\$ 238,298,754	\$ 257,926,802	\$277,022,916	\$293,944,235	\$317,963,410
Actuarial accrued liability (AAL)	\$ 283,956,716	\$ 307,767,507	\$334,116,854	\$356,860,353	\$378,799,769
Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL)	\$ 45,657,962	\$ 49,840,705	\$57,093,938	\$62,916,118	\$60,836,359
Funded ratio	83.92%	83.81%	82.91%	82.37%	83.94%
Annual covered payroll (actuarial)	\$ 104,983,019	\$ 106,041,139	\$108,712,740	\$109,715,087	\$112,043,745
UAAL or OAAL as % of covered payroll	43.49%	47.00%	52.52%	57.35%	54.30%

(For more detailed information concerning the retirement plan, see the County's Annual Financial Report for Fiscal Year Ending September 30, 2014 - 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 \$4.8 million for the fiscal year ended September 30, 2014. At September 30, 2014, there were 687 retirees receiving benefits and approximately 2,577 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 2014 are as follows:

For fiscal year 2014, the County's annual OPEB cost for the Plan was \$35,741,230. 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, 2014, were as follows:

	<b>Fiscal Year Ending 9/30/14</b>
<b>Determination of Annual Required Contribution</b>	
Normal Cost at Fiscal Year End	\$ 20,168,775
Amortization of Unfunded Actuarial Accrued Liability	18,050,360
Annual Required Contribution (ARC)	<u>38,219,135</u>
<b>Determination of Net OPEB Obligation</b>	
Annual Required Contribution	38,219,135
Interest on prior-year Net OPEB Obligation	6,351,213
Adjustment to ARC	(8,829,118)
Annual OPEB Cost	<u>35,741,230</u>
Less Assumed Contributions Made	(4,762,204)
Estimated Increase in Net OPEB Obligation	<u>30,979,026</u>
Net OPEB Obligation - Beginning of Year	<u>158,780,332</u>
Net OPEB Obligation - End of Year	<u>\$ 189,759,358</u>
Percentage of OPEB Cost Contributed	13.3%

The following table shows the annual OPEB cost and net OPEB obligation for fiscal years 2010-2014 assuming the plan is not prefunded (4% discount)

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2010	4%	\$30,699,706	\$4,420,758	14.40%	\$75,112,628
2011	4%	31,751,414	5,104,000	16.07%	101,760,042
2012	4%	32,376,384	4,106,516	12.68%	130,029,910
2013	4%	33,507,178	4,756,756	14.20%	158,780,332
2014	4%	35,741,230	4,762,204	13.32%	189,759,358

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

Actuarial valuation date	October 1, 2013
Actuarial value of plan assets (a)	\$0
Actuarial accrued liability (AAL) (b)	\$283,630,840
Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL) (b-a)	\$283,630,840
Funded Ratio (a/b)	0.0%
Annual Covered Payroll (c)	\$112,043,745
UAAL or OAAL as % of covered payroll ((b-a)/c)	253.1%

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 POSITION**

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
<u>Revenues:</u>					
Program Revenues:					
Charges for Services	\$ 44,948,760	\$ 44,068,025	\$ 39,478,271	\$ 37,241,289	\$ 35,156,664
Operating Grants and Contributions	33,096,456	33,304,392	29,633,400	35,820,119	23,313,282
Capital Grants and Contributions	36,540,480	30,132,207	23,899,439	25,214,312	30,358,341
General Revenues:					
Property Taxes	222,838,642	207,458,672	199,213,697	196,820,339	198,888,176
Sales Taxes	4,214,553	2,956,560	1,099,103	-	-
Earnings on Investments	880,712	963,652	2,584,776	2,925,202	3,870,155
Other	4,373,699	5,537,404	6,745,855	6,065,510	4,237,069
Total Revenues	<u>\$ 346,893,302</u>	<u>\$ 324,420,912</u>	<u>\$ 302,654,541</u>	<u>\$ 304,086,771</u>	<u>\$ 295,823,687</u>
<u>Expenditures:</u>					
General Administration	\$ 47,178,578	\$ 42,034,040 <sup>(1)</sup>	\$ 39,614,537	\$ 40,835,503	\$ 38,638,166
Financial Administration	9,809,215	8,849,251 <sup>(1)</sup>	8,344,714	9,441,048	8,059,389
Administration of Justice	96,510,853	94,210,925 <sup>(1)</sup>	90,907,609	86,468,201	78,173,873
Construction & Maintenance	57,430,317	50,078,091 <sup>(1)</sup>	46,468,925	45,632,055	46,946,163
Health & Welfare	34,976,018	34,630,163 <sup>(1)</sup>	30,677,345	30,104,991	28,566,454
Cooperative Service	1,152,222	1,067,104	1,118,341	1,177,426	1,123,951
Public Safety	58,412,120	55,866,404 <sup>(1)</sup>	54,954,201	55,315,591	55,269,509
Parks & Recreation	3,379,366	2,069,935 <sup>(1)</sup>	2,578,555	2,917,574	2,263,280
Libraries & Education	17,170,818	16,156,200 <sup>(1)</sup>	15,708,114	14,800,838	13,468,700
Interest on Long-Term Debt	14,836,824	15,536,759 <sup>(1)</sup>	15,037,346	14,887,908	15,494,994
Total Expenditures	<u>\$ 340,856,331</u>	<u>\$ 320,498,872</u>	<u>\$ 305,409,687</u>	<u>\$ 301,581,135</u>	<u>\$ 288,004,479</u>
Change in Net Position	\$ 6,036,971	\$ 3,922,040	\$ (2,755,146)	\$ 2,505,636	\$ 7,819,208
Net Position, Beginning	<u>715,885,065</u>	<u>711,963,025 <sup>(1)</sup></u>	<u>718,350,724</u>	<u>715,845,088</u>	<u>708,025,880</u>
Ending Fund Balance	<u>\$ 721,922,036</u>	<u>\$ 715,885,065</u>	<u>\$ 715,595,578</u>	<u>\$ 718,350,724</u>	<u>\$ 715,845,088</u>

Source: County's audited financial statements.

(1) Restated.

**TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURES HISTORY**

Revenues:	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
Taxes	\$ 169,990,645	\$ 157,461,669	\$ 152,964,339	\$ 150,611,129	\$ 154,092,302
Fees and Fines	34,136,127	31,895,803	28,304,371	26,538,216	24,501,004
Intergovernmental	23,252,647	24,270,370	15,999,897	23,894,468	18,114,404
Earnings on Investments	589,520	590,025	1,376,442	1,457,487	1,445,301
Miscellaneous	6,601,567	4,234,517	4,696,145	3,372,764	3,185,729
<b>Total Revenues</b>	<b>\$ 234,570,506</b>	<b>\$ 218,452,384</b>	<b>\$ 203,341,194</b>	<b>\$ 205,874,064</b>	<b>\$ 201,338,740</b>
<b>Expenditures:</b>					
<b>Current Operating:</b>					
General Administration	\$ 40,451,397	\$ 34,712,120	\$ 34,721,821	\$ 41,623,232	\$ 39,663,645
Financial Administration	7,883,935	7,169,404	7,216,068	7,158,932	6,709,784
Administration of Justice	57,156,400	56,060,130	56,676,737	54,210,526	50,317,627
Construction and Maintenance	2,497,848	2,699,036	2,804,010	2,843,242	2,795,780
Health & Welfare	27,026,085	24,940,619	22,806,164	17,345,040	17,576,622
Cooperative Service	944,039	883,324	960,392	986,392	933,519
Public Safety	46,011,792	43,775,844	44,403,985	42,751,912	39,189,698
Parks & Recreation	2,411,558	1,979,888	1,957,044	2,263,590	2,231,528
Libraries & Education	13,551,652	12,974,697	12,955,022	12,113,853	11,297,919
Capital Outlay	22,461,153	22,363,917	18,848,812	20,194,149	18,443,425
<b>Total Expenditures</b>	<b>\$ 220,395,859</b>	<b>\$ 207,558,979</b>	<b>\$ 203,350,055</b>	<b>\$ 201,490,868</b>	<b>\$ 189,159,547</b>
Revenues Over (Under) Expenditures	\$ 14,174,647	\$ 10,893,405	\$ (8,861)	\$ 4,383,196	\$ 12,179,193
Transfer In (Out)	\$ (14,056,769)	\$ (9,513,350)	\$ (8,023,553)	\$ (3,704,588)	\$ (3,362,527)
Beginning Fund Balance, January 1	37,406,622	36,026,567	44,058,981	43,380,373	34,563,707
Ending Fund Balance	<b>\$ 37,524,500</b>	<b>\$ 37,406,622</b>	<b>\$ 36,026,567</b>	<b>\$ 44,058,981</b>	<b>\$ 43,380,373</b>

Source: County's audited financial statements.

**TABLE 14 - CURRENT INVESTMENTS**

As of February 28, 2015, the County's investable funds were invested in the following categories:

Description	Book Value	Market Value
Money Market Accounts - Prosperity	\$ 351,038,663	\$ 351,038,663
LOGIC State Pool	6,060	6,060
Texas Term Investment Pool	3,356	3,356
MBIA Investment Pool	722,393	722,393
	<b>\$ 351,770,472</b>	<b>\$ 351,770,472</b>