

TEXAS BOND REVIEW BOARD

LOCAL GOVERNMENT  
ANNUAL REPORT



2014

FISCAL YEAR ENDED AUGUST 31, 2014



**Texas Bond Review Board  
Local Government  
Annual Report 2014**

**Fiscal Year Ended August 31, 2014**

Greg Abbott, Governor  
Chairman

Dan Patrick, Lieutenant Governor

Joe Straus, Speaker of the House of Representatives

Glenn Hegar, Comptroller of Public Accounts

Robert C. Kline  
Executive Director

**March 2015**



# Contents

Chapter 1: Texas Local Debt in Perspective .....	1
Chapter 2: Texas Cities, Towns and Villages.....	16
Chapter 3: Texas Public School District Debt .....	32
Chapter 4: Texas Water Districts and Authorities .....	45
Chapter 5: Texas Counties.....	53
Chapter 6: Texas Other Special Districts and Authorities.....	63
Chapter 7: Texas Community and Junior College Districts .....	71
Chapter 8: Texas Health/Hospital Districts and Authorities.....	78
Appendix A: Bond Election Results .....	86
Appendix B: Capital Appreciation Bonds .....	96
Appendix C: Glossary.....	99

# Figures

Figure 1.1:	Texas Local Government - Total Tax-Supported Debt Per Capita .....	3
Figure 1.2:	Texas Local Government - Debt Outstanding by Fiscal Year.....	6
Figure 1.3:	Texas Local Government - Tax-Supported Debt-Service Requirements by Fiscal Year.....	7
Figure 1.4:	Texas Local Government - Revenue Debt-Service Requirements by Fiscal Year .....	7
Figure 1.5:	Texas Local Government - CAB Maturity Amount Outstanding .....	11
Figure 1.6:	Texas Local Government - Total Debt Service Outstanding.....	11
Figure 1.7:	Texas Local Government - Total CO Debt Outstanding.....	13
Figure 1.8:	Texas Local Government - CO Debt Issuance by Cities, Counties, and Health and Hospital Districts by Fiscal Year .....	13
Figure 2.1:	Texas Cities - Percent of Tax & Revenue Principal Outstanding .....	17
Figure 2.2:	Texas Cities - Total Debt Outstanding .....	18
Figure 2.3:	Texas Cities - Tax-Supported Debt Outstanding.....	19
Figure 2.4:	Texas Cities - Tax-Supported Debt Per Capita.....	19
Figure 2.5:	Texas Cities - Total Tax-Supported Debt Outstanding .....	23
Figure 2.6:	Texas Cities - Revenue Debt Outstanding .....	26
Figure 2.7:	Texas Cities - Debt-Service Requirements .....	29
Figure 2.8:	Texas Cities - Tax-Supported Debt-Service Requirements.....	30
Figure 3.1:	Texas Public School Districts - Voter-Approved Tax Debt Outstanding.....	33
Figure 3.2:	Texas Public School Districts - Voter-Approved Debt-Service Requirements .....	34
Figure 3.3:	Texas Public School Districts - Total Debt Service .....	39

Figure 3.4:	Texas Public School Districts - CAB Issuance as a % of Total School District Issuance .....	39
Figure 3.5:	Texas Public School Districts - Qualified Zone Academy Bonds Outstanding.....	41
Figure 3.6:	Texas Public School Districts - Debt Guaranteed by PSF.....	42
Figure 3.7:	Texas Public School Districts - Full-Year Average Daily Attendance .....	43
Figure 3.8:	Texas Public School Districts - Average Voter-Approved Tax Debt Per Student for Districts with Debt Outstanding.....	44
Figure 4.1:	Texas Water Districts and Authorities - Debt Outstanding .....	46
Figure 4.2:	Texas Water Districts and Authorities - Debt-Service Requirements .....	50
Figure 5.1:	Texas Counties - Tax-Supported and Revenue Debt Outstanding .....	54
Figure 5.2:	Texas Counties - Tax-Supported Debt Per Capita.....	56
Figure 5.3:	Texas Counties - Total Tax-Supported Debt Outstanding.....	59
Figure 5.4:	Texas Counties - Debt-Service Requirements by Fiscal Year.....	60
Figure 6.1:	Texas Other Special Districts and Authorities - Debt Outstanding by Fiscal Year.....	64
Figure 6.2:	Texas Other Special Districts and Authorities -Debt-Service Requirements .....	66
Figure 6.3:	Texas Other Special Districts and Authorities - Total Debt Service.....	68
Figure 7.1:	Texas Community and Junior College Districts - Tax and Revenue Debt Outstanding.....	72
Figure 7.2:	Texas Community and Junior College Districts - Student Enrollment .....	73
Figure 7.3:	Texas Community and Junior College Districts - Average Tax-Supported Debt Per Student.....	74
Figure 7.4:	Texas Community and Junior College Districts - Debt-Service Requirements .....	75
Figure 8.1:	Texas Health/Hospital Districts and Authorities - Debt Outstanding....	79

Figure 8.2:	Texas Health/Hospital Districts and Authorities - Total Tax-Supported Debt Outstanding.....	82
Figure 8.3:	Texas Health/Hospital Districts and Authorities - Debt-Service Requirements .....	83



## Tables

Table 1.1:	Texas Local Government - Debt Outstanding As of August 31, 2014 .....	2
Table 1.2:	Texas Local Government - Debt Outstanding by Fiscal Year .....	5
Table 1.3:	Texas Local Government - Rate of Debt Retirement .....	8
Table 1.4:	Texas Local Government - Debt Issuance by Fiscal Year.....	9
Table 1.5:	Texas Local Government - Capital Appreciation Bonds Par Amount Issued by Fiscal Year .....	12
Table 1.6:	Texas Local Government - Top 20 Issuers with Certificates of Obligation Debt Outstanding .....	14
Table 1.7:	Texas Local Government - Build America Bonds Outstanding .....	15
Table 2.1:	Texas Cities - Debt Outstanding by Fiscal Year .....	17
Table 2.2:	Texas Cities - Top 30 Issuers of Tax-Supported Debt .....	20
Table 2.3:	Texas Cities - Big 6 Cities with Tax-Supported Debt Outstanding.....	21
Table 2.4:	Texas Cities - Top 10 Issuers of CABs .....	22
Table 2.5:	Texas Cities - Top 30 Issuers of Certificates of Obligation.....	24
Table 2.6:	Texas Cities - Big 6 Cities with CO Debt Outstanding As of August 31, 2014.....	25
Table 2.7:	Texas Cities - Top 20 Issuers of Revenue Debt.....	27
Table 2.8:	Texas Cities - Commercial Paper Outstanding As of August 31, 2014.....	28
Table 2.9:	Texas Cities - Rate of Debt Retirement.....	30
Table 2.10:	Texas Cities - Debt Issuance .....	31
Table 3.1:	Texas Public School Districts - Debt Outstanding by Fiscal Year .....	33
Table 3.2:	Texas Public School Districts - Debt-Service Requirements by Fiscal Year .....	34
Table 3.3:	Texas Public School Districts - Rate of Debt Retirement .....	35

Table 3.4:	Texas Public School Districts - Debt Issued by Fiscal Year.....	36
Table 3.5:	Texas Public School Districts - Debt Outstanding for 20 Largest School Districts with Tax-Supported Debt Outstanding.....	37
Table 3.6:	Texas Public School Districts - Top 10 Issuers of CABs .....	38
Table 3.7:	Texas Public School Districts - Top 10 Build America Bonds Outstanding.....	40
Table 3.8:	Texas Public School Districts - Top 10 Qualified Zone Academy Bonds Outstanding .....	41
Table 3.9:	Texas Public School Districts - Top Qualified School Construction Bonds Outstanding .....	42
Table 3.10:	Texas Public School Districts - Total Debt Outstanding Guaranteed by PSF .....	43
Table 4.1:	Texas Water Districts and Authorities - Debt Outstanding by Fiscal Year .....	46
Table 4.2:	Texas Water Districts and Authorities - Top 10 Tax-supported Debt Outstanding.....	47
Table 4.3:	Texas Water Districts and Authorities - Issuers with Most Revenue Debt Outstanding .....	48
Table 4.4:	Texas Water Districts and Authorities - Commercial Paper Programs .....	49
Table 4.5:	Texas Water Districts and Authorities - Debt-Service Requirements by Fiscal Year.....	49
Table 4.6:	Texas Water Districts and Authorities - Rate of Debt Retirement.....	50
Table 4.7:	Texas Water Districts and Authorities - Top 10 Issuers of CABs.....	51
Table 4.8:	Texas Water Districts and Authorities - Debt Issuance by Fiscal Year .....	52
Table 5.1:	Texas Counties - Debt Outstanding by Fiscal Year.....	54
Table 5.2:	Texas Counties - Top 10 Tax-Supported Debt Outstanding As of August 31, 2014.....	55
Table 5.3:	Texas Counties - Issuers of CABs .....	57

Table 5.4:	Texas Counties - Top 20 Certificates of Obligation Issuers.....	58
Table 5.5:	Texas Counties - Debt-Service Requirements by Fiscal Year .....	59
Table 5.6:	Texas Counties - Rate of Debt Retirement.....	60
Table 5.7:	Texas Counties - Debt Issuance by Fiscal Year.....	61
Table 6.1:	Texas Other Special Districts and Authorities - Debt Outstanding by Fiscal Year.....	64
Table 6.2:	Texas Other Special Districts and Authorities - Issuers with Most Debt Outstanding .....	65
Table 6.3:	Texas Other Special Districts and Authorities - Commercial Paper Outstanding.....	65
Table 6.4:	Texas Other Special Districts and Authorities - Debt-Service Requirements by Fiscal Year .....	66
Table 6.5:	Texas Other Special Districts and Authorities - Rate of Debt Retirement .....	67
Table 6.6:	Texas Other Special Districts and Authorities - Issuers of CABs .....	68
Table 6.7:	Texas Other Special Districts and Authorities - Debt Issued by Fiscal Year .....	69
Table 6.8:	Texas Other Special Districts and Authorities - Build America Bonds Outstanding.....	70
Table 7.1:	Texas Community and Junior College Districts - Debt Outstanding by Fiscal Year .....	71
Table 7.2:	Texas Community and Junior College Districts - Issuers with Most Tax-Supported Debt Outstanding.....	72
Table 7.3:	Texas Community and Junior College Districts - Debt-Service Requirements by Fiscal Year .....	74
Table 7.4:	Texas Community and Junior College Districts - Rate of Debt Retirement.....	75
Table 7.5:	Texas Community and Junior College Districts - Issuers of CABs.....	76

Table 7.6:	Texas Community and Junior College Districts - Debt Issued by Fiscal Year .....	77
Table 8.1:	Texas Health/Hospital Districts and Authorities - Debt Outstanding by Fiscal Year.....	79
Table 8.2:	Texas Health/Hospital Districts and Authorities - Top 10 Issuers with Total Debt Outstanding.....	80
Table 8.3:	Texas Health/Hospital Districts and Authorities - Debt Outstanding of Top 10 Issuers of Tax-supported Debt Outstanding .....	80
Table 8.4:	Texas Health/Hospital Districts and Authorities - Issuers of CABs .....	81
Table 8.5:	Texas Health/Hospital Districts and Authorities - With CO Debt Outstanding .....	81
Table 8.6:	Texas Health/Hospital Districts and Authorities - Debt-Service Requirements by Fiscal Year .....	82
Table 8.7:	Texas Health/Hospital Districts and Authorities - Rate of Debt Retirement.....	83
Table 8.8:	Texas Health/Hospital Districts and Authorities - Debt Issued by Fiscal Year .....	84
Table 8.9:	Texas Health/Hospital Districts and Authorities - Build America Bond Outstanding As of August 31, 2014.....	85
Table A1:	Texas Local Government - Estimated Bond Election Results by Fiscal Year .....	87
Table A2:	Texas Local Government - Carried Propositions - Bond Elections May 10, 2014 .....	88
Table A3:	Texas Local Government - Defeated Propositions - Bond Elections May 10, 2014.....	91
Table A4:	Texas Local Government - Carried Propositions - Bond Elections November 5, 2013 .....	92
Table A5:	Texas Local Government - Defeated Propositions - Bond Elections November 5, 2013.....	95
Table B1:	Texas Public School Districts - Top 100 Most Expensive CABs Outstanding As of August 31, 2014.....	97

## **Cautionary Statements**

Section 1202.008 of the Texas Government Code authorizes the Office of the Attorney General to collect local debt information and to send that information to the Bond Review Board (BRB) for inclusion in debt statistic reports. Chapter 1231 of the Texas Government Code requires the BRB to submit biennial reports with such data to the legislature. This report is intended to satisfy this Chapter 1231 duty.

The data in this report and on the BRB's website is compiled from information reported to the BRB from various sources and has not been independently verified. The reported debt and defeasance data may vary from actual debt outstanding, and the variance for a specific issuer or types of or all issuers could be substantial.

Local governments are not required to report data for debt that either is not considered a public security as defined by state statute, e.g., a loan not evidenced by a note or evidenced by a note payable to order, or does not require approval by the Office of the Attorney General of the State of Texas, such as certain short-term notes, certain bond anticipation notes and certain lease purchase agreements for personal property. Consequently, the BRB does not receive information on many privately-placed loans or intergovernmental loans such as State Infrastructure Bank loans for transportation or water development state participation loans that are not evidenced by a public security. In addition, debt issuances for some component corporations of governmental entities such as housing finance corporations, industrial development corporations and other conduit entities are not reported to the BRB. Outstanding debt excludes debt for which sufficient funds have been escrowed to retire the debt either from proceeds of refunding debt or from other sources, if reported to the BRB. Debt totals, percentages, trends and other data are based entirely on debt and defeasances reported to the BRB.

Future debt repayment and debt-service information for variable-rate, commercial paper, and other short-term and demand debt is estimated on the basis of interest rate and refinancing assumptions described in the report. Actual future data could be affected by changes in issuer financing decisions, prevailing interest rates, market conditions, and other factors that cannot be predicted. Consequently, actual future data could differ from the estimates, and the difference could be substantial. The BRB assumes no obligation to update any such estimate of future data.

Historical data and trends presented are not intended to predict future events or continuing trends, and no representation is made that past experience will continue in the future.

This report is intended to meet Chapter 1231 requirements and inform the state leadership and the Legislature. This report is not intended to inform investors in making a decision to buy, hold, or sell any securities, nor may it be relied upon as such. Data is provided as of the date indicated and may not reflect debt, debt-service, population or other data as of any subsequent date. This data may have changed from the date as of which it is provided. For more detailed or more current information, see the issuers' web sites or their filings at Electronic Municipal Market Access (EMMA®). The BRB does not control or make any representation regarding the accuracy, completeness or currency of any such site, and no referenced site is incorporated herein by reference or otherwise.

## **Chapter 1**

### **Texas Local Debt in Perspective**

#### **Overview**

Local governments in Texas issue debt to finance construction and renovation of government facilities (i.e., schools, public safety buildings, city halls and county courthouses), public infrastructure (i.e., roads, water and sewer systems) and various other projects authorized by law. Key factors that affect a government's need and ability to borrow funds for infrastructure development include population changes, revenue sources, tax rates and levies, interest rates and construction costs. Local governments issue two main types of debt – tax (general obligation or GO) and revenue. General obligation debt is secured by the full faith and credit of the issuer's tax revenue while revenue debt is secured by a specified revenue source. Tax-supported debt includes debt secured by a combination of ad valorem taxes and other revenue sources, even though the debt may be paid in whole or part from non-tax revenue. Tax-supported debt generally must be voter-approved (with the exception for Certificates of Obligation, tax notes, school district maintenance tax notes, certain time warrants, and certain county road bonds and contractual obligations for personal property).

State law sets limitations on certain local government debt issuers by setting maximum ad valorem tax rates per \$100 of assessed property valuation. These rates vary by government type, but all must generate sufficient funds based on annual ad valorem tax collections to provide for the payment of the debt service on outstanding and projected ad valorem tax (GO) debt. Additionally, all public securities issued by local debt issuers must be approved by the Office of the Attorney General – Public Finance Division (OAG) and registered with the Texas Comptroller of Public Accounts.

#### **Texas Bond Review Board and Local Government Debt**

The Texas Bond Review Board (BRB) has no direct oversight of local government debt issuance. Chapter 1231 of the Texas Government Code requires the BRB to prepare statistical reports on local government debt. This information on debt issued by political subdivisions is primarily prepared by the political subdivision, collected by the OAG as a part of the review and approval procedures as required under Chapter 1202 of the Government Code, and then forwarded to the BRB for its report on local debt statistics. Intergovernmental loans and privately-placed loans as well as debts that are not evidenced by the issuance of public securities approved by the OAG and certain conduit debts incurred by nonprofit corporations created by the local governments are not reflected in this report.

All reporting on local debt is presented on the agency's website. Visitors to the site can search databases and download spreadsheets that contain debt outstanding, debt issuances, debt ratios and population data as available by government type at each fiscal-year end. In fiscal 2014, approximately 8,400 different users of the BRB's website downloaded over 35,600 spreadsheets containing Texas local government debt data. The BRB posts this information to its website annually within four months after the close of the state's fiscal year.

The BRB separates the local government issuances into seven categories: Cities, Towns, Villages (Cities); Public School Districts (School Districts); Water Districts and Authorities (WD); Counties; Other Special Districts and Authorities (OSD); Community and Junior Colleges (CCD); and Health/Hospital Districts and Authorities (HHD).

The data in this report and on the website is compiled from information provided to the Bond Review Board from various sources and has not been independently verified.

## Local Government Debt Outstanding

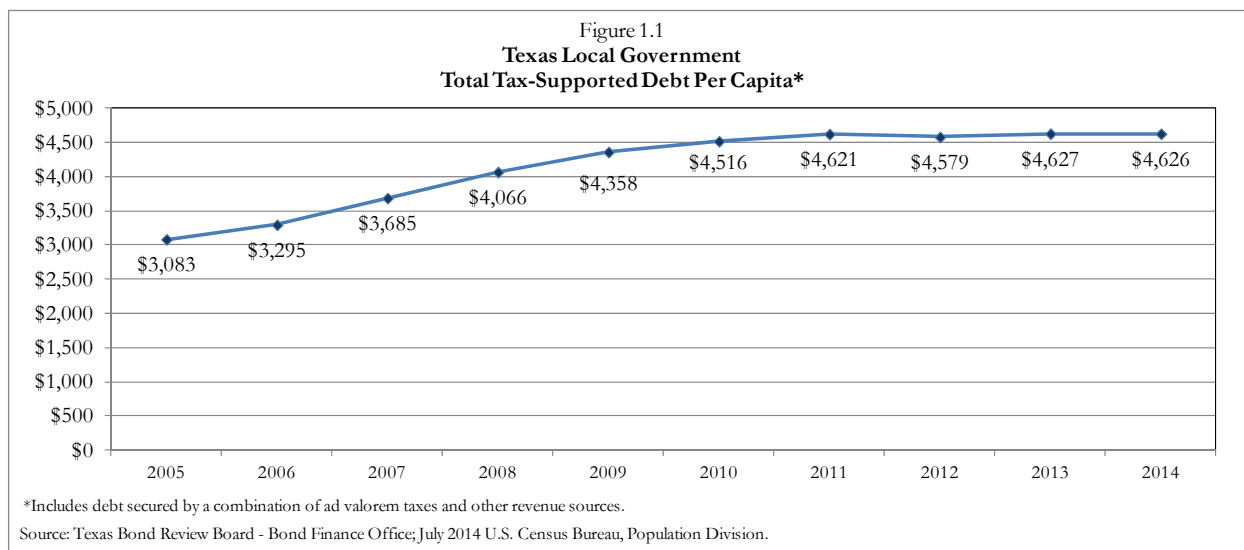
As of fiscal-year end 2014 Texas local governments had \$205.15 billion in outstanding debt (*Table 1.1*), an increase of \$22.53 billion (12.3 percent) over the past five fiscal years. Of that amount 60.8 percent (\$124.70 billion) is GO debt secured by local tax collections while the remaining 39.2 percent (\$80.45 billion) is secured by revenues generated by various projects such as water, sewer and electric utility fees. Over the past five fiscal years tax-supported debt outstanding increased 11.4 percent (\$12.77 billion) and revenue debt outstanding increased 12.5 percent (\$8.97 billion).

Type of Issuer		Tax-Supported*	Revenue**	Total Debt
Cities, Towns, Villages	Tax	\$ 28,452.2		\$ 28,452.2
	Revenue		\$ 38,746.2	38,746.2
	Sales Tax		179.6	179.6
	Lease-purchase contracts		582.4	582.4
	<b>Subtotal</b>	<b>\$ 28,452.2</b>	<b>\$ 39,508.2</b>	<b>\$ 67,960.4</b>
Public School Districts	Voter-approved tax	\$ 66,972.6		\$ 66,972.6
	Maintenance tax (ed. equipment)	715.9		715.9
	Lease-purchase contracts		\$ 272.7	272.7
	Revenue (athletic facilities)		2.3	2.3
	<b>Subtotal</b>	<b>\$ 67,688.6</b>	<b>\$ 275.0</b>	<b>\$ 67,963.5</b>
Water Districts and Authorities	Tax	\$ 11,498.6		\$ 11,498.6
	Revenue		\$ 11,045.8	11,045.8
	Conduit revenue		8,477.8	8,477.8
	<b>Subtotal</b>	<b>\$ 11,498.6</b>	<b>\$ 19,523.6</b>	<b>\$ 31,022.2</b>
Other Special Districts and Authorities	Tax	\$ 201.1		\$ 201.1
	Sales Tax		\$ 4,843.2	4,843.2
	Revenue		10,739.9	10,739.9
	Lease-purchase contracts		80.1	80.1
	<b>Subtotal</b>	<b>\$ 201.1</b>	<b>\$ 15,663.2</b>	<b>\$ 15,864.3</b>
Counties	Tax	\$ 11,120.7		\$ 11,120.7
	Revenue		\$ 2,541.1	2,541.1
	Lease-purchase contracts		467.4	467.4
	<b>Subtotal</b>	<b>\$ 11,120.7</b>	<b>\$ 3,008.5</b>	<b>\$ 14,129.2</b>
Community and Junior Colleges	Tax	\$ 3,351.1		\$ 3,351.1
	Revenue		\$ 1,122.5	1,122.5
	Lease-purchase contracts (ed. facilities)		294.5	294.5
	<b>Subtotal</b>	<b>\$ 3,351.1</b>	<b>\$ 1,417.0</b>	<b>\$ 4,768.1</b>
Health/Hospital Districts and Authorities	Tax	\$ 2,378.4		\$ 2,378.4
	Sales Tax		\$ 61.3	61.3
	Revenue		997.8	997.8
	<b>Subtotal</b>	<b>\$ 2,378.4</b>	<b>\$ 1,059.1</b>	<b>\$ 3,437.5</b>
<b>Total Local Debt Outstanding</b>		<b>\$ 124,690.8</b>	<b>\$ 80,454.5</b>	<b>\$ 205,145.2</b>
*Includes debt secured by a combination of ad valorem taxes and other revenue sources.				
**Does not include certain conduit debt issued for which the Bond Review Board does not receive issuance information.				
Source: Texas Bond Review Board - Bond Finance Office				

School Districts accounted for 33.1 percent (\$67.96 billion) of all local debt outstanding and Cities accounted for 33.1 percent (\$67.96 billion). WDs held the third highest percentage and accounted for 15.1 percent (\$31.02 billion) of all local debt outstanding. The remaining 18.7 percent (\$38.20 billion) was held by CCDs, Counties, HHDs and OSDs.

The most recent U.S. Census Bureau debt data (2012) showed that Texas continued to be ranked 2<sup>nd</sup> in population, 2<sup>nd</sup> among the ten most populous states in terms of Local Debt Per Capita, 4<sup>th</sup> in Total State and Local Debt Per Capita and 9<sup>th</sup> in State Debt Per Capita.

Total tax-supported debt per capita decreased by 0.03 percent from \$4,627 in FY 2013 to \$4,626 in FY 2014. Over the past 10 years debt per capita has increased by 50.1 percent (\$1,543) while the state's population has increased by 19.9 percent (4.5 million) (Figure 1.1).



### Tax-Supported Debt – 11 Percent Increase in Five Years

As of fiscal-year end 2014 Texas local governments had \$124.69 billion in tax-supported debt outstanding, an increase of 11.4 percent (\$12.77 billion) in the five-year period since fiscal 2010.

School Districts accounted for 54.3 percent (\$67.69 billion) of the total tax-supported local debt outstanding. Cities accounted for 22.8 percent (\$28.45 billion), WDs accounted for 9.2 percent (\$11.50 billion), and the remaining 13.7 percent (\$17.05 billion) was attributable to CCDs, Counties, HHDs and OSDs.

Since fiscal 2010 City tax-supported debt increased by 8.5 percent from \$26.23 billion to \$28.45 billion. As the state's population increased by 8.8 percent (2.2 million) since fiscal 2010, urban areas have experienced particularly rapid growth that has created the need for new infrastructure including new buildings and roads.

County tax-supported debt increased by 5.3 percent from \$10.56 billion to \$11.12 billion in the five-year period. Of that amount, Harris County accounted for 21.6 percent (\$2.41 billion) which included \$324.4 million in commercial paper and \$369.8 million in toll road debt backed by the full faith and credit of Harris County.



Since fiscal 2010, CCD tax-supported debt rose by 17.3 percent from \$2.86 billion to \$3.35 billion due to a number of issuances, the largest of which were new money issuances by Houston Community College System of \$630.9 million and Lone Star College System of \$285.9 million.

Since fiscal 2010 tax-supported debt for OSDs increased 33.8 percent from \$150.3 million to \$201.1 million primarily as the result of a number of issuances, the largest of which were new-money issuances by Dallas County Schools of \$100.8 million and Cibolo Canyons Special Improvement District of \$22.5 million.

### **Revenue Debt - 13 Percent Increase in Five Years**

As of fiscal-year end 2014 Texas local governments had \$80.45 billion in revenue debt outstanding, an increase of 12.5 percent (\$8.97 billion) since fiscal 2010. Cities accounted for 49.1 percent (\$39.51 billion) of the total revenue local debt outstanding, WDs accounted for 24.3 percent (\$19.52 billion), OSDs accounted for 19.5 percent (\$15.66 billion) and the remaining 7.2 percent (\$5.76 billion) was attributable to School Districts, CCDs, Counties and HHDs.

City revenue debt increased by 13.8 percent from \$34.72 billion to \$39.51 billion in the five-year period. Since fiscal 2010 the state's population increased 8.8 percent (2.2 million), and urban areas have experienced particularly rapid growth creating the need for new infrastructure including roads, bridges and new and expanded water and sewer systems. The majority of city revenue debt has been used to finance utility-related projects including water, wastewater and in some localities, electric utility systems.

Since fiscal 2010 county revenue debt increased by 2.4 percent from \$2.94 billion to \$3.01 billion in the five-year period for which Harris County toll road projects accounted for 62.4 percent (\$1.88 billion).

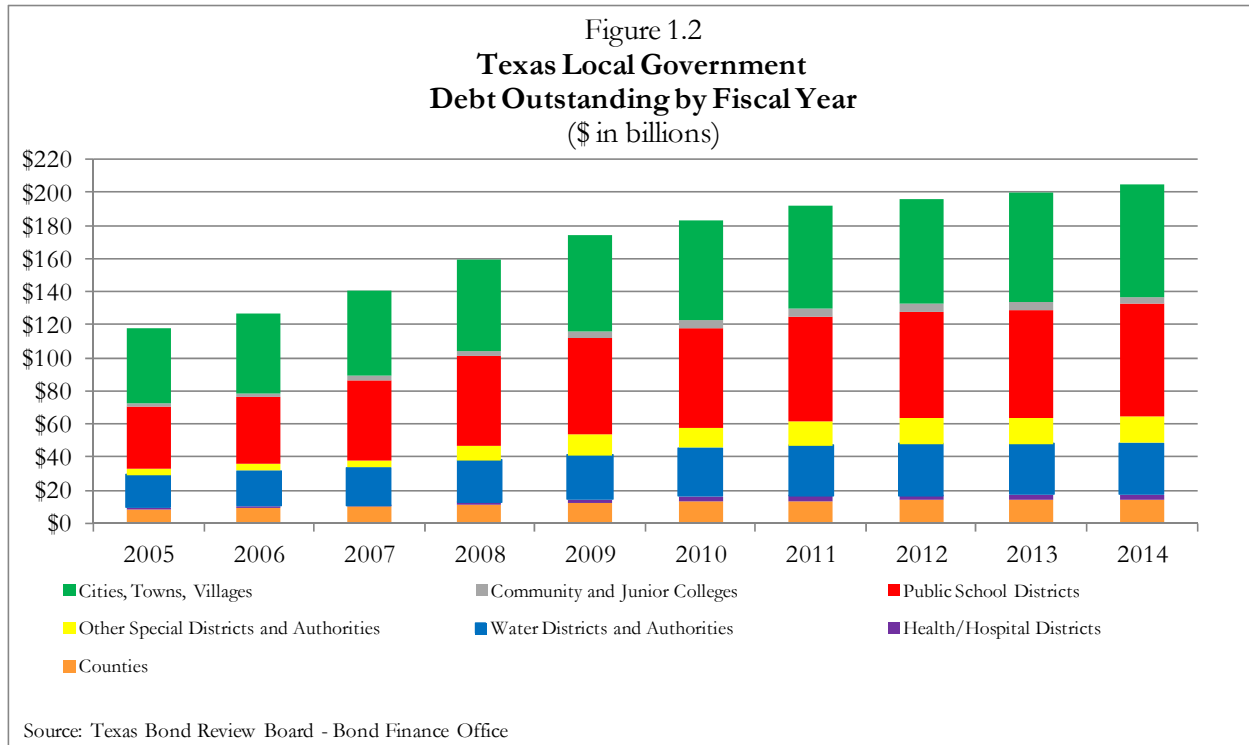
Since fiscal 2010, CCD revenue debt rose by 17.9 percent from \$1.20 billion to \$1.42 billion in response to increased student enrollment.

Since fiscal 2010 revenue debt for OSDs increased 26.7 percent from \$12.37 billion to \$15.66 billion primarily as a result of North Texas Tollway Authority issuing a total of \$2.13 billion in new money for transportation purposes.

Table 1.2 lists the state's local debt outstanding by category from highest to lowest total amount outstanding.

Table 1.2 Texas Local Government Debt Outstanding by Fiscal Year (\$ in millions)					
	8/31/2010	8/31/2011	8/31/2012	8/31/2013	8/31/2014
<b>Public School Districts</b>					
Tax-Supported*	\$59,865.8	\$63,160.3	\$63,850.8	\$64,856.2	\$67,688.6
Revenue**	363.2	372.6	332.8	317.9	275.0
<b>Total</b>	<b>\$60,229.0</b>	<b>\$63,532.9</b>	<b>\$64,183.6</b>	<b>\$65,174.1</b>	<b>\$67,963.5</b>
<b>Cities</b>					
Tax-Supported*	\$26,229.1	\$26,806.1	\$27,001.9	\$27,767.3	\$28,452.2
Revenue**	34,722.7	35,942.5	36,236.2	38,674.4	39,508.2
<b>Total</b>	<b>\$60,951.8</b>	<b>\$62,748.6</b>	<b>\$63,238.0</b>	<b>\$66,441.7</b>	<b>\$67,960.4</b>
<b>Water Districts and Authorities</b>					
Tax-Supported*	\$10,365.9	\$10,680.2	\$10,851.8	\$11,128.1	\$11,498.6
Revenue**	18,601.6	19,315.7	20,034.5	19,619.0	19,523.6
<b>Total</b>	<b>\$28,967.5</b>	<b>\$29,995.9</b>	<b>\$30,886.3</b>	<b>\$30,747.1</b>	<b>\$31,022.2</b>
<b>Other Special Districts and Authorities</b>					
Tax-Supported*	\$150.3	\$161.1	\$198.4	\$191.8	\$201.1
Revenue**	12,367.2	14,525.3	15,720.2	15,303.3	15,663.2
<b>Total</b>	<b>\$12,517.5</b>	<b>\$14,686.4</b>	<b>\$15,918.7</b>	<b>\$15,495.1</b>	<b>\$15,864.3</b>
<b>Counties</b>					
Tax-Supported*	\$10,559.6	\$10,748.6	\$10,595.8	\$11,106.7	\$11,120.7
Revenue**	2,939.1	2,996.0	3,218.3	3,091.8	3,008.5
<b>Total</b>	<b>\$13,498.7</b>	<b>\$13,744.6</b>	<b>\$13,814.1</b>	<b>\$14,198.5</b>	<b>\$14,129.2</b>
<b>Community College Districts</b>					
Tax-Supported*	\$2,857.3	\$3,017.6	\$2,960.6	\$3,316.6	\$3,351.1
Revenue**	1,201.9	1,256.4	1,296.9	1,360.2	1,417.0
<b>Total</b>	<b>\$4,059.2</b>	<b>\$4,274.0</b>	<b>\$4,257.6</b>	<b>\$4,676.8</b>	<b>\$4,768.1</b>
<b>Health/Hospital Districts and Authorities</b>					
Tax-Supported*	\$1,897.8	\$2,110.4	\$2,093.1	\$2,213.0	\$2,378.4
Revenue**	1,291.2	1,257.9	1,134.8	1,190.1	1,059.1
<b>Total</b>	<b>\$3,188.9</b>	<b>\$3,368.3</b>	<b>\$3,227.9</b>	<b>\$3,403.1</b>	<b>\$3,437.5</b>
<b>Total Tax-Supported*</b>	<b>\$111,925.8</b>	<b>\$116,684.2</b>	<b>\$117,552.3</b>	<b>\$120,579.8</b>	<b>\$124,690.8</b>
<b>Total Revenue**</b>	<b>\$71,486.9</b>	<b>\$75,666.5</b>	<b>\$77,973.8</b>	<b>\$79,556.7</b>	<b>\$80,454.5</b>
<b>Total Debt Outstanding</b>	<b>\$183,412.7</b>	<b>\$192,350.7</b>	<b>\$195,526.2</b>	<b>\$200,136.5</b>	<b>\$205,145.2</b>
*Includes debt secured by a combination of ad valorem taxes and other revenue sources.					
**Does not include certain conduit debt issued for which the Bond Review Board does not receive issuance information.					
Source: Texas Bond Review Board - Bond Finance Office					

Figure 1.2 illustrates the local debt outstanding by category over the past 10 fiscal years.



### Debt-Service Requirements

Figure 1.3 shows the tax-supported debt-service requirements (principal and interest) for all categories of debt outstanding as of August 31, 2014. Tax-Supported debt service steadily declines from a peak of \$11.41 billion in Fiscal Year 2015.

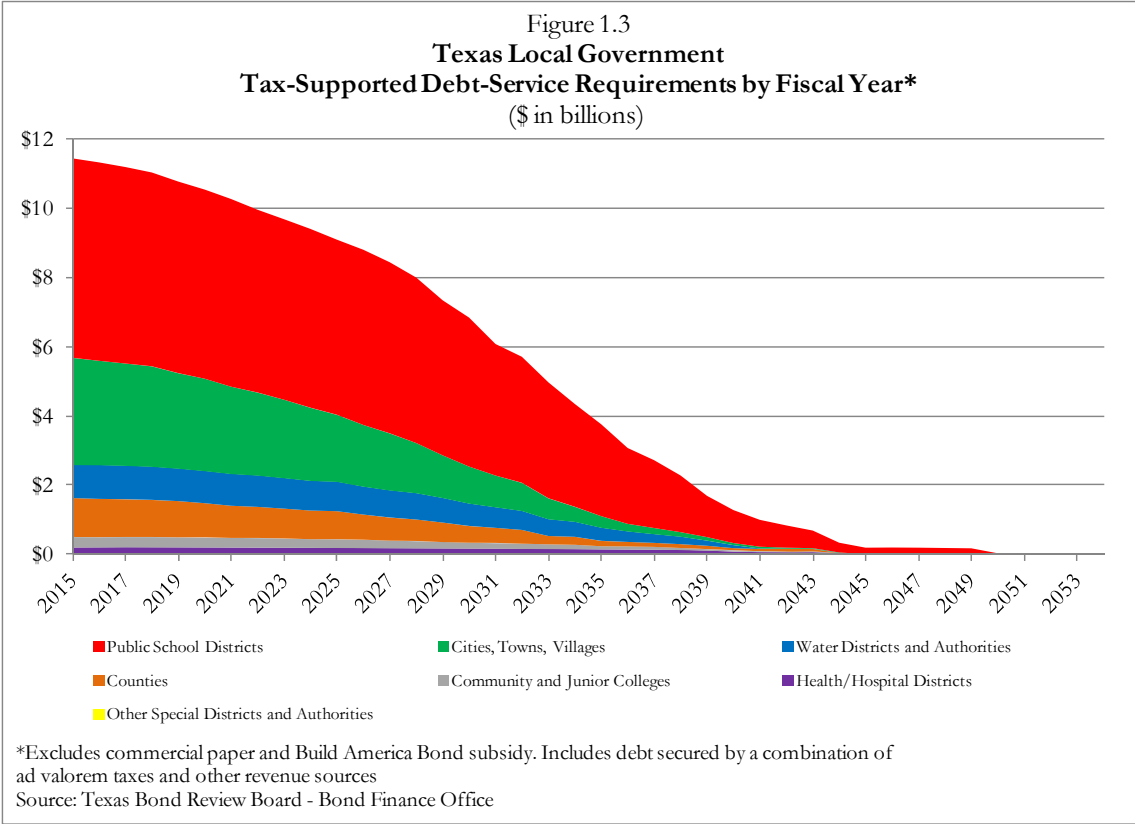
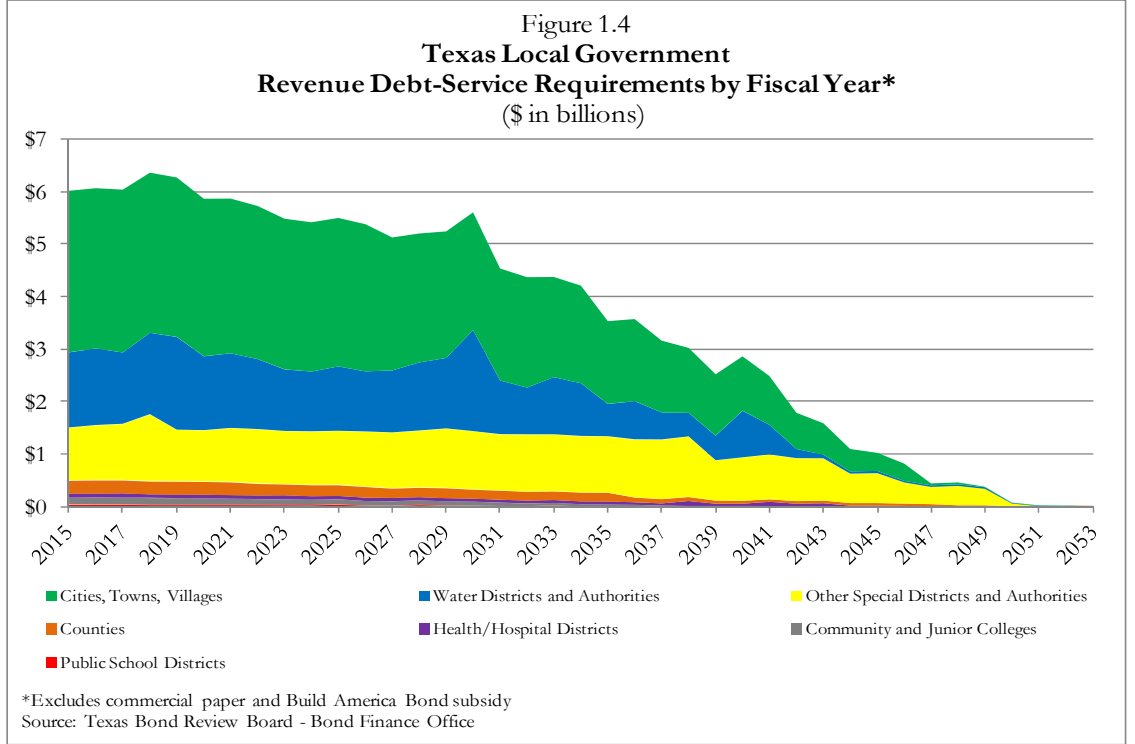


Figure 1.4 shows the revenue debt-service requirements for all categories of debt outstanding as of August 31, 2014. Aggregate revenue debt service peaks at \$6.37 billion in Fiscal Year 2018.



Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal one quarter through the life of the debt and 50 percent halfway through the life of the debt. Generally, local governments issue debt with varying maturities up to 40 years.

Table 1.3 illustrates the amount of debt retired in the next five, ten and twenty year periods for both tax-supported and revenue debt outstanding as of fiscal year 2014. Rate of debt retirement for HHD tax-supported debt is low because over half of HHD debt was issued as Build America Bonds (BABs) most of which do not begin principal repayment for 10 years.

Table 1.3 Texas Local Government* Rate of Debt Retirement (\$ in millions)				
Debt Repaid (Principal Only)	Tax-Supported	Percent	Revenue	Percent
<b>Within Five Years</b>				
Cities, Towns, Villages	\$9,509.4	33.4%	\$6,795.3	17.5%
Counties	3,184.5	29.5%	542.2	18.0%
Other Special Districts and Authorities	87.3	43.4%	1,275.0	8.2%
Community and Junior Colleges	756.5	22.6%	386.5	27.3%
Water Districts and Authorities	2,556.0	22.2%	2,477.9	22.7%
Health/Hospital Districts	300.0	12.6%	156.4	14.8%
Public School Districts	13,585.1	20.1%	82.1	29.8%
<b>Within Ten Years</b>				
Cities, Towns, Villages	\$18,140.8	63.8%	\$14,482.2	37.2%
Counties	6,141.3	56.9%	1,126.7	37.5%
Other Special Districts and Authorities	154.1	76.6%	2,938.5	18.9%
Community and Junior Colleges	1,589.2	47.4%	763.2	53.9%
Water Districts and Authorities	5,336.1	46.4%	4,936.4	45.2%
Health/Hospital Districts	675.6	28.4%	310.6	29.3%
Public School Districts	28,323.6	41.9%	162.2	59.0%
<b>Within Twenty Years</b>				
Cities, Towns, Villages	\$27,408.2	96.3%	\$29,202.2	75.0%
Counties	10,086.1	93.4%	2,306.8	76.7%
Other Special Districts and Authorities	199.2	99.1%	7,736.1	49.6%
Community and Junior Colleges	2,942.8	87.8%	1,328.3	93.7%
Water Districts and Authorities	10,243.8	89.1%	9,287.5	85.0%
Health/Hospital Districts	1,596.9	67.1%	635.5	60.0%
Public School Districts	57,655.1	85.3%	275.0	100.0%
*Excludes commercial paper and conduit revenue. Source: Texas Bond Review Board - Bond Finance Office				

## Debt Issuance

Over the past five fiscal years local government debt issuance increased by 6.6 percent (\$1.45 billion) from \$22.13 in FY 2010 to \$23.59 in FY 2014. During that time period new-money issuance decreased by 2.1 percent from \$13.26 billion to \$12.97 billion (\$284.2 million) but refundings increased by 19.6 percent from \$8.88 billion to \$10.61 billion (\$1.74 billion). Debt issuance reached a record high during FY 2013 largely as a result of the record amount of refunding transactions totaling \$16.85 billion completed during the fiscal year (*Table 1.4*). The record amount of refundings created an estimated \$1.50 billion in cash savings.

Table 1.4 Texas Local Government Debt Issuance by Fiscal Year* (\$ in millions)					
	2010	2011	2012	2013	2014
<b>Issuers</b>	728	859	944	1066	1044
<b>Issuances</b>	1319	1336	1522	1554	1345
<b>Cities</b>					
New Money	\$3,926.5	\$3,866.1	\$3,309.6	\$5,261.0	\$4,411.6
Refunding	3,405.0	4,696.0	6,713.0	6,128.4	5,005.3
<b>Total Par Issued</b>	<b>\$7,331.5</b>	<b>\$8,562.1</b>	<b>\$10,022.6</b>	<b>\$11,389.4</b>	<b>\$9,416.9</b>
<b>Public School Districts</b>					
New Money	\$3,389.4	\$5,320.3	\$3,105.7	\$3,596.7	\$5,386.9
Refunding	1,980.5	2,538.9	4,542.7	5,544.3	3,704.2
<b>Total Par Issued</b>	<b>\$5,369.9</b>	<b>\$7,859.1</b>	<b>\$7,648.4</b>	<b>\$9,140.9</b>	<b>\$9,091.1</b>
<b>Water Districts</b>					
New Money	\$2,033.4	\$1,687.1	\$2,347.2	\$1,464.3	\$1,691.7
Refunding	1,676.8	1,318.1	2,135.1	2,542.0	1,239.3
<b>Total Par Issued</b>	<b>\$3,710.1</b>	<b>\$3,005.3</b>	<b>\$4,482.2</b>	<b>\$4,006.4</b>	<b>\$2,931.1</b>
<b>Counties</b>					
New Money	\$1,639.5	\$746.6	\$1,023.0	\$1,050.5	\$607.9
Refunding	1,083.5	667.2	1,441.0	1,183.4	383.0
<b>Total Par Issued</b>	<b>\$2,723.0</b>	<b>\$1,413.8</b>	<b>\$2,464.0</b>	<b>\$2,233.9</b>	<b>\$990.9</b>
<b>Other Special Districts</b>					
New Money	\$728.7	\$2,215.1	\$1,313.7	\$399.4	\$338.7
Refunding	507.4	543.1	311.9	1,143.2	87.4
<b>Total Par Issued</b>	<b>\$1,236.1</b>	<b>\$2,758.2</b>	<b>\$1,625.6</b>	<b>\$1,542.6</b>	<b>\$426.2</b>
<b>Community College Districts</b>					
New Money	\$581.5	\$357.5	\$197.1	\$623.7	\$303.8
Refunding	84.6	153.5	473.7	88.4	98.8
<b>Total Par Issued</b>	<b>\$666.1</b>	<b>\$511.0</b>	<b>\$670.7</b>	<b>\$712.1</b>	<b>\$402.6</b>
<b>Health/Hospital Districts</b>					
New Money	\$959.8	\$274.5	\$67.3	\$301.1	\$233.9
Refunding	138.4	7.4	33.6	222.3	94.1
<b>Total Par Issued</b>	<b>\$1,098.2</b>	<b>\$281.8</b>	<b>\$100.9</b>	<b>\$523.4</b>	<b>\$328.1</b>
<b>Total New Money</b>	<b>\$13,258.8</b>	<b>\$14,467.2</b>	<b>\$11,363.5</b>	<b>\$12,696.6</b>	<b>\$12,974.6</b>
<b>Total Refunding</b>	<b>\$8,876.1</b>	<b>\$9,924.1</b>	<b>\$15,650.9</b>	<b>\$16,852.1</b>	<b>\$10,612.2</b>
<b>Total Par</b>	<b>\$22,134.9</b>	<b>\$24,391.4</b>	<b>\$27,014.5</b>	<b>\$29,548.7</b>	<b>\$23,586.8</b>

\*Excludes commercial paper  
Source: Texas Bond Review Board - Bond Finance Office

### **Use of Proceeds**

During fiscal 2014, 45.0 percent of local debt issuance was used to refund debt, 24.2 percent was used to finance educational facilities and equipment, 13.6 percent was used for general-purpose debt, 9.0 percent was used to finance water-related infrastructure, and 4.4 percent was used to finance transportation projects. Water-related financings are likely understated because some issuers, especially cities, borrow for multiple purposes, over half of which involve financings for water and transportation purposes. The remaining 3.8 percent of local debt issuance was used for multiple purposes including combined utility systems, solid waste and health-related facilities.

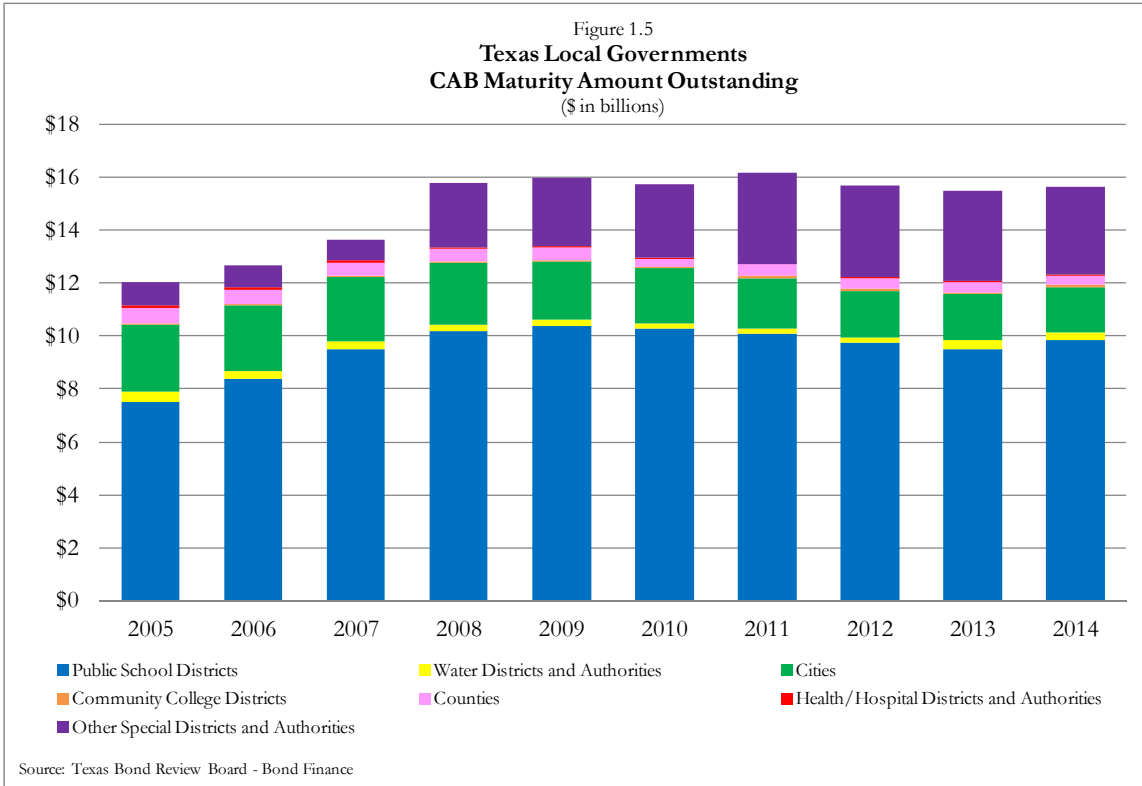
### **Capital Appreciation Bonds**

Capital appreciation bonds (CABs) are sold at a discounted price called the par amount. They are often sold in combination with current interest bonds (CIBs). While the debt service for CIBs is paid throughout the life of the obligation, principal and interest on CABs is paid at maturity. Interest on CABs compounds semiannually and accumulates over the life of the bond, and the amount paid at the maturity is called the maturity value. Interest rates for CABs are generally higher than for CIBs, and CABs can be more expensive than CIBs because of the compounding interest; however, CABs can be an effective financing tool if they are used moderately and with reasonable terms. School Districts utilize CABs more frequently than other issuers of local debt (*See Chapter 3*).

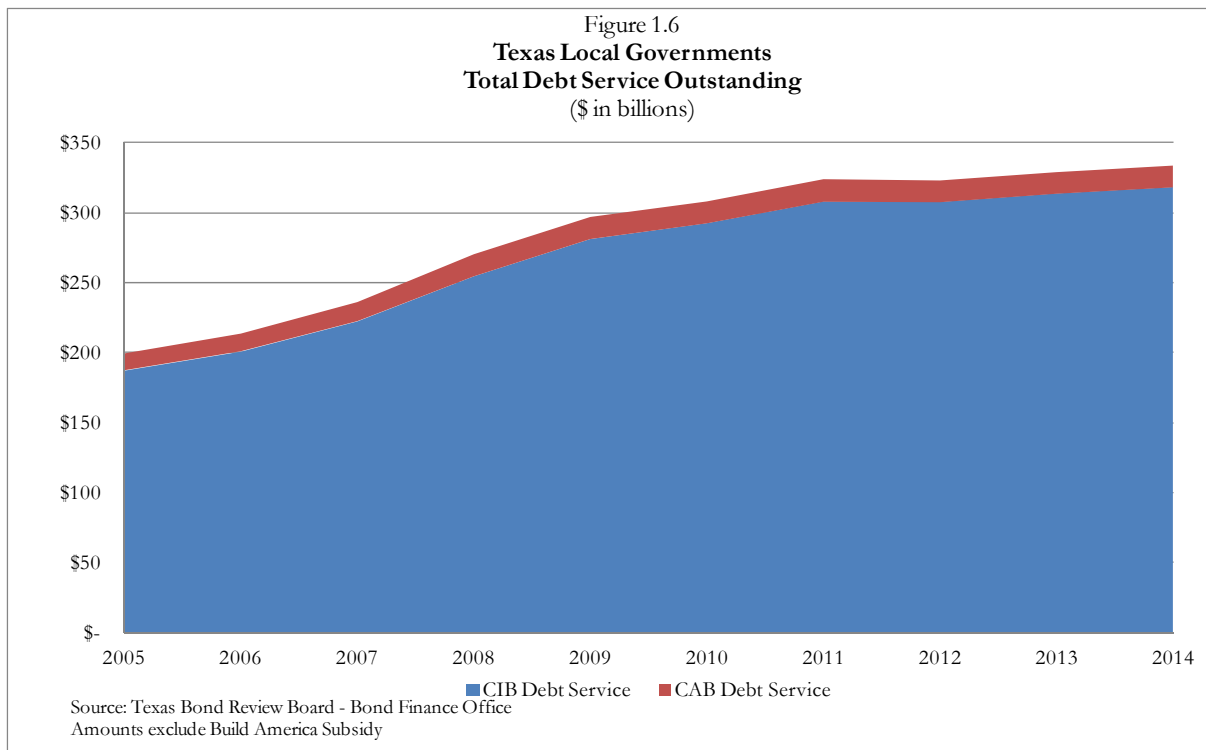
*Premium* CABs (PCABs) provide a lower initial stated par amount and are sold with a premium. PCABs are issued to: (1) raise additional proceeds, (2) preserve debt limits, and (3) help local governments reach tax-rate targets. Local governments issue more PCABs than non-premium CABs.

Over the past decade total CAB maturity amounts outstanding have increased by 30.0 percent from \$12.03 billion in FY 2005 to \$15.64 billion in FY 2014 (*Figure 1.5*). The outstanding CAB maturities range from 2015 to 2053.

Table B1 in Appendix B lists the top 100 most expensive CABs issued and outstanding for school districts as of fiscal-year end 2014 as defined by the “Maturity Value/Proceeds” ratio. CABs become increasingly more expensive as interest continues to compound with longer-term maturities.



In FY 2014, total CAB maturity amounts accounted for 4.7 percent (\$15.64 billion) of the total debt service outstanding (*Figure 1.6*)





During fiscal 2014 local governments issued \$476.7 million of capital appreciation bonds (CABs), approximately 2.0 percent of the total par amount issued by local governments (*Table 1.5*).

Table 1.5 Texas Local Government Capital Appreciation Bonds Par Amount Issued by Fiscal Year (\$ in millions)					
	2010	2011	2012	2013*	2014
Public School Districts	\$139.0	\$227.3	\$202.3	\$218.7	\$471.9
Cities, Towns, Villages	0.7	7.8	21.3	30.0	-
Water Districts and Authorities	1.8	3.9	19.5	69.6	1.0
Community and Junior Colleges	-	28.9	2.5	2.2	1.0
Health/Hospital Districts	-	-	0.1	0.0	1.3
Other Special Districts and Authorities	35.0	194.9	-	-	-
Counties	0.1	-	1.8	-	1.4
<b>Total CAB Par Amount Issued</b>	<b>\$176.6</b>	<b>\$462.8</b>	<b>\$247.5</b>	<b>\$320.5</b>	<b>\$476.7</b>
<b>Total Par Amount Issued**</b>	<b>\$22,134.9</b>	<b>\$24,391.4</b>	<b>\$27,014.5</b>	<b>\$29,548.7</b>	<b>\$23,586.8</b>
<b>CAB Par Amount % of Total</b>	<b>0.8%</b>	<b>1.9%</b>	<b>0.9%</b>	<b>1.1%</b>	<b>2.0%</b>

\* HHDs issued \$30,000 in CABs  
\*\* Includes current interest bonds  
Source: Bond Review Board - Bond Finance Office

### Certificates of Obligation

Certificates of Obligation (COs) are authorized by the Certificate of Obligation Act of 1971, Subchapter C of Chapter 271 of the Texas Local Government Code. COs are generally issued as tax-supported debt to pay for the construction of a public work; purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way; and to pay for professional services such as engineers, architects, attorneys and financial advisors. Debt for COs is paid from ad-valorem taxes and/or a combination of revenues available from other sources. CO issuance does not require voter approval unless a valid petition requesting an election is presented. Only Cities, Counties and certain HHDs are authorized to issue COs.

Since fiscal 2005 CO debt outstanding has increased by 107.4% (\$7.10 billion) from \$6.61 billion outstanding in fiscal 2004 to \$13.71 billion outstanding at August 31, 2014. At August 31, 2014, Cities accounted for 74.4 percent of the total CO debt outstanding (*Figure 1.7*).

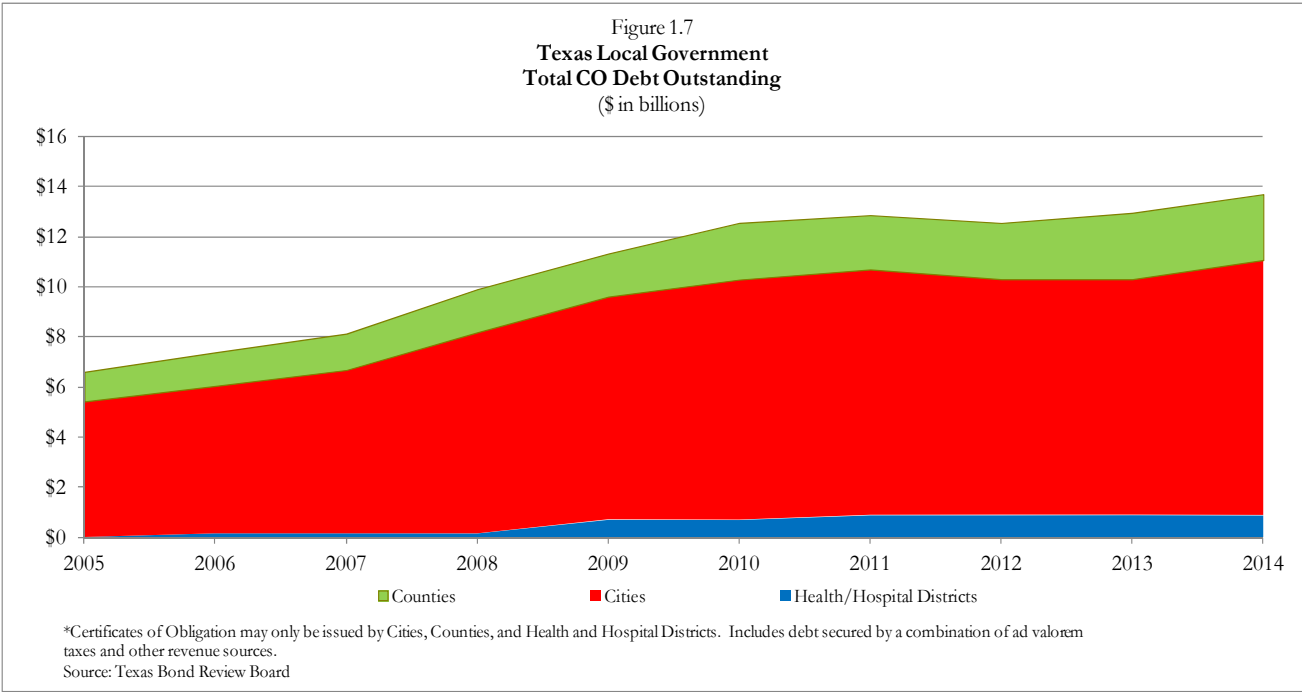
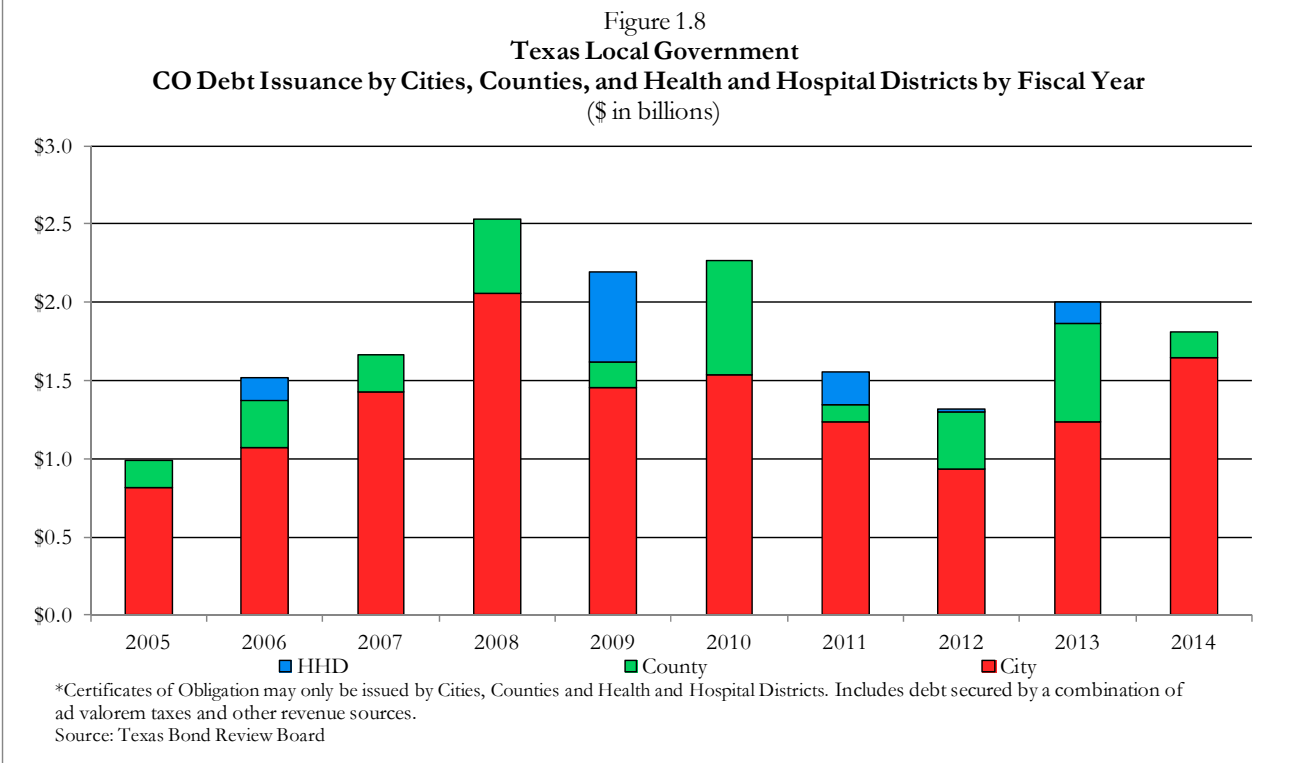


Figure 1.8 illustrates the relative amounts of CO debt issued by Cities, Counties and HHDs over the past ten fiscal years.



The twenty highest issuers of CO debt accounted for 46.1 percent of all CO debt outstanding (*Table 1.6*)

<b>Table 1.6</b>	
<b>Texas Local Government</b>	
<b>Top 20 Issuers with Certificates of Obligation Debt Outstanding</b>	
	<b>CO Amount</b> (\$ in millions)
Bexar County	\$1,273.0
Health System)	709.1
Lubbock	687.9
El Paso	485.7
Fort Worth	337.9
Denton	285.1
San Antonio	283.9
Laredo	251.6
Frisco	249.2
Travis County	238.9
El Paso County	170.3
Beaumont	170.0
Austin	166.2
Irving	161.8
Sugar Land	161.2
San Angelo	156.2
Waco	138.7
El Paso County Hospital District	135.8
Amarillo	133.8
League City	127.6
Subtotal	\$6,324.1
Other CO Issuers	7,384.5
Total	\$13,708.5
Includes debt secured by a combination of ad valorem taxes and other revenue sources.	
<b>Source:</b> Texas Bond Review Board - Bond Finance Office	

### Build America Bonds

BABs were created by the American Recovery and Reinvestment Act of 2010 and could be issued as Tax Credit BABs or Direct-Payment BABs. Tax Credit BABs provide a federal subsidy to investors equal to 35% of the interest payable, and Direct-Payment BABs provide a direct federal subsidy payment to state and local governmental issuers equal to 35% of the interest payable. With the implementation of the Budget Control Act of 2011, the BAB subsidies were reduced by 7.6 percent to 32.34 percent of the interest payable. Authority to issue BABs expired in December 2010. (See Glossary for discussion on BABs).

During fiscal years 2010-2011, 63 local government issuers issued \$10.96 billion in Direct-Payment BABs. Of that amount \$10.23 billion was issued for new-money purposes and \$728.5 million was issued for refunding purposes. Local governments in Texas accounted for approximately 6.0 percent of the total national BAB issuance of \$181.26 billion.

As of August 31, 2014, BABs debt outstanding was \$10.39 billion or 5.06 percent of total local debt outstanding (*Table 1.7*).

Table 1.7 Texas Local Government Build America Bonds Outstanding (\$ in millions)	
Government Type	Amount
Public School Districts	\$3,245.7
Other Special Districts and Authorities	2,792.1
Cities, Towns, Villages	2,406.1
Health/Hospital Districts	1,256.0
Counties	419.1
Water Districts and Authorities	236.7
Community and Junior Colleges	33.5
<b>Total</b>	<b>\$10,389.2</b>
Includes debt secured by a combination of ad valorem taxes and other revenue sources.	
Source: Texas Bond Review Board - Bond Finance Office	

## **Chapter 2**

### **Texas Cities, Towns and Villages**

#### **Overview**

Texas cities, towns and villages (Cities) issue both tax-supported and revenue debt. Revenue debt also includes sales tax, conduit and lease-revenue obligations. As of August 31, 2014 total city debt outstanding was \$67.96 billion (33.1 percent) of total local debt outstanding.

Tax-supported debt financing is used for authorized municipal purposes, such as the acquisition of vehicles, road maintenance equipment, road construction and maintenance materials; construction of road and bridge improvements; maintaining public safety for the police, fire and EMS; renovation, equipping and construction of city buildings and utility systems; acquisition of real property; and the acquisition of computer equipment and software.

Revenue debt financing is used for such purposes as acquiring, constructing, enlarging, remodeling and renovating authorized municipal systems and infrastructure, such as waste water and sewer systems, toll roads, and airports.

Cities also issue debt that is supported by a combination of tax and revenue for similar purposes listed above.

Sales tax revenue debt is issued by certain cities for such purposes as constructing and improving municipal parks and recreation facilities/entertainment centers as well as hike and bike trails.

Lease-revenue obligations as reported to the BRB are issued by nonprofit corporations created by home rule cities to finance the acquisition of land and to construct or expand, furnish and equip certain correctional facilities. Pursuant to Chapter 1202 the BRB does not receive issuance information for all lease-revenue obligations, and reported data only reflects the amount of debt issued for certain municipalities.

#### **Total Debt Outstanding**

As of August 31, 2014, 218 Cities had both tax-supported and revenue debt outstanding, 767 had tax-supported debt outstanding, 269 had revenue debt outstanding and three (San Antonio, Houston, and Crystal City) had lease-revenue obligations outstanding. Of the 1,218 cities in Texas, 401 had neither tax-supported nor revenue debt outstanding.

During fiscal 2014 total debt outstanding for Cities increased by 2.3 percent from \$66.44 billion in fiscal 2013 to \$67.96 billion including commercial paper (CP). Of the amount outstanding at fiscal year-end, 41.9 percent (\$28.45 billion) was tax-supported, 58.1 percent (\$39.5 billion) was revenue debt including \$582.4 million of lease-revenue obligations.

Tax-supported debt for the state's six largest cities, Houston, San Antonio, Dallas, Austin, Fort Worth and El Paso (collectively, the Big Six), was 33.4 percent (\$9.50 billion) of total Cities tax-supported debt outstanding. Revenue debt for the Big Six was 82.8 percent (\$32.21 billion) of total Cities revenue debt outstanding.

Over the five-year period since FY 2010, tax-supported debt increased by 8.5 percent (\$2.22 billion) and revenue debt increased by 13.8 percent (\$4.79 billion) (*Table 2.1*).

Table 2.1 Texas Cities Debt Outstanding by Fiscal Year* (\$ in millions)					
	2010	2011	2012	2013	2014
Big Six Tax**	\$9,256.9	\$9,334.9	\$9,253.0	\$9,400.5	\$9,501.9
Big Six Revenue**	28,545.3	29,792.6	29,797.4	31,689.7	32,800.3
All Other Cities Tax	16,972.3	17,471.2	17,748.9	18,366.9	18,950.3
All Other Cities Revenue	6,177.4	6,150.0	6,438.8	6,984.7	6,707.9
	<b>\$60,951.8</b>	<b>\$62,748.6</b>	<b>\$63,238.0</b>	<b>\$66,441.7</b>	<b>\$67,960.4</b>

\*Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.  
 \*\*Comprised of Houston, Dallas, San Antonio, Austin, El Paso, and Fort Worth.  
 Source: Texas Bond Review Board - Bond Finance Office

Figure 2.1 illustrates the principal amount of tax and revenue debt outstanding by percentage as of fiscal year-end 2014.

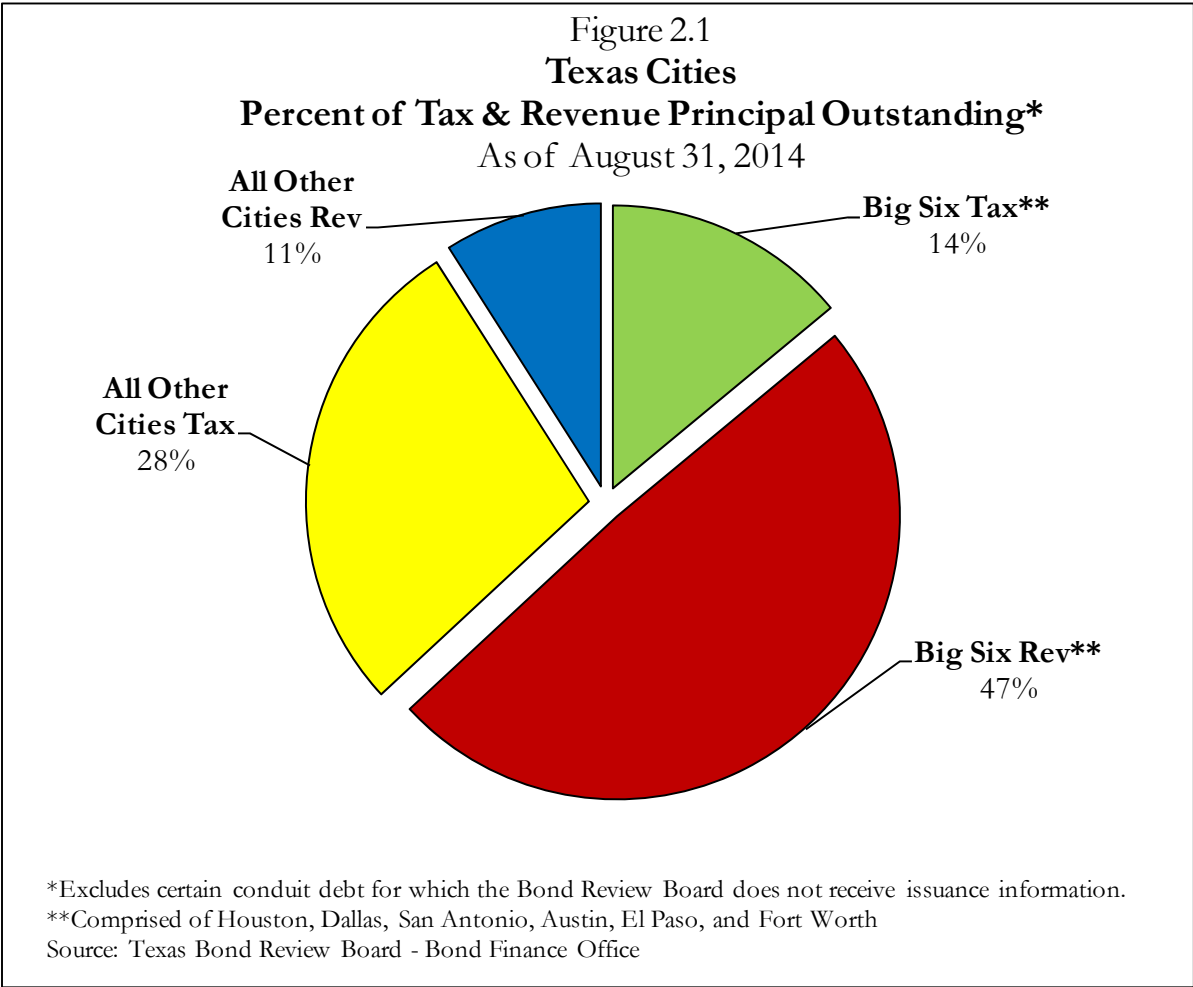
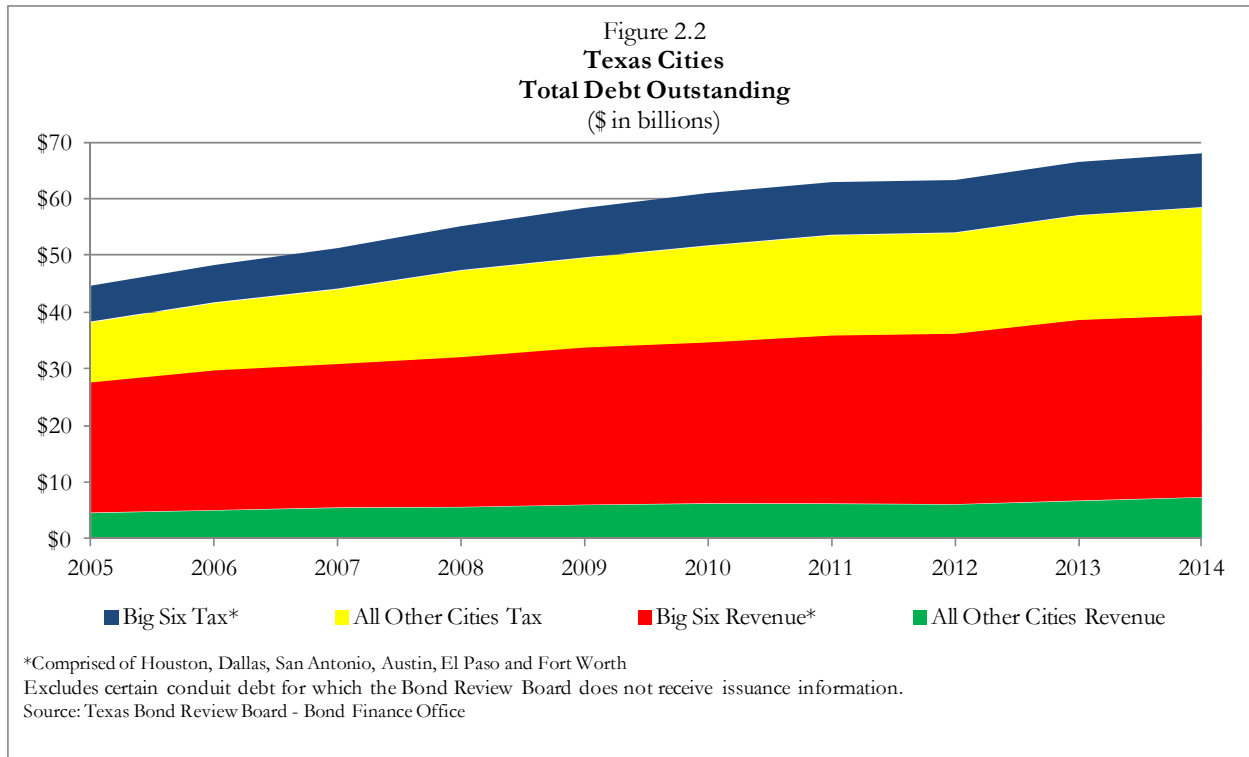


Figure 2.2 illustrates tax-supported and revenue debt outstanding over the past 10 years. Since 2005 total tax-supported debt and total revenue debt have increased by 68.4 percent (\$11.55 billion) and 40.9 percent (\$11.3 billion), respectively. During the same period, tax-supported debt for the Big Six has increased 49.9 percent (\$3.16 billion) and revenue debt increased by 41.9 percent (\$9.69 billion). As of August 31, 2014 Cities had \$2.40 billion in Build America Bonds outstanding. (See glossary for a definition of Build America Bonds.)

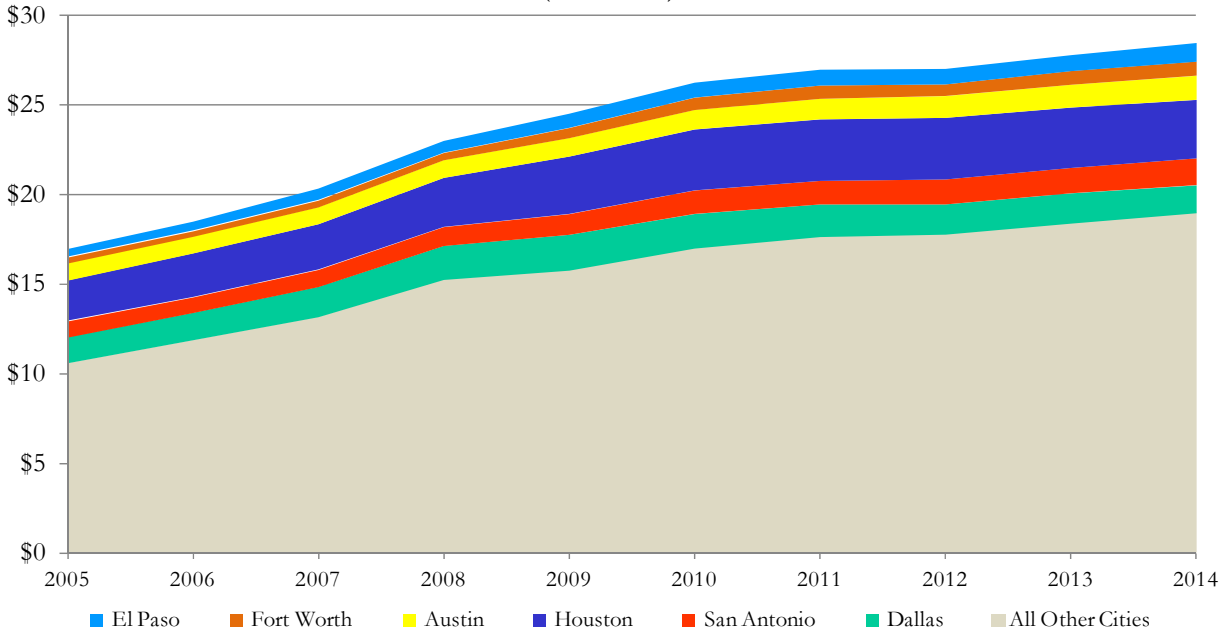


### Tax-Supported Debt Outstanding

Since 2005 tax-supported debt for Cities has increased by 68.4 percent (\$11.55 billion) from \$16.90 billion in 2005 to \$28.45 billion in 2014. Over the past 10 years tax-supported debt for the Big Six has increased by 49.9 percent (\$3.16 billion) and by 79.5 percent (\$8.39 billion) for all other cities.

Figure 2.3 illustrates the increase in tax-supported debt outstanding over the past 10 years.

Figure 2.3  
**Texas Cities**  
**Tax-Supported Debt Outstanding**  
 (\$ in billions)

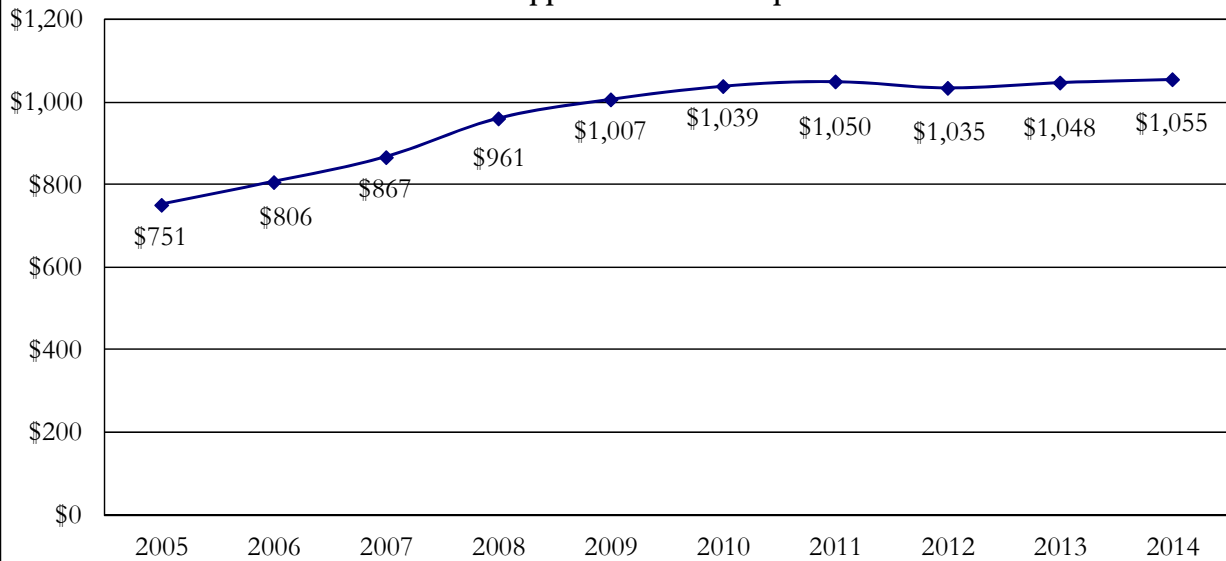


Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
 Source: Texas Bond Review Board Bond Finance Office

**Tax Supported Debt per Capita**

Tax-supported debt per capita for Cities increased by 40.5 percent from \$751 per capita in FY 2005 to \$1,055 per capita in FY 2014. Over this time the state’s population increased by 19.9 percent (4.46 million) (Figure 2.4).

Figure 2.4  
**Texas Cities**  
**Tax-Supported Debt Per Capita**



Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
 Source: Texas Bond Review Board - Bond Finance Office; July 2014 U.S. Census Bureau, Population Division



The top 30 City issuers of tax-supported debt accounted for 60.2 percent (\$17.14 billion) of the total Cities tax-supported debt outstanding (*Table 2.2*).

Table 2.2 Texas Cities Top 30 Issuers of Tax-Supported Debt		
	Amount*	Debt per
	(\$ in millions)	Capita**
Houston	\$3,239.7	\$1,475
Dallas	1,547.2	1,230
San Antonio	1,494.8	1,061
Austin	1,344.2	1,518
El Paso	1,046.4	1,552
Lubbock	981.5	4,097
Fort Worth	786.0	992
Frisco	630.8	4,611
Denton	462.6	3,758
Garland	452.5	1,929
Corpus Christi	443.5	1,402
Irving	390.0	1,706
Arlington	356.6	940
Plano	327.6	1,194
Laredo	313.6	1,264
Waco	301.8	2,339
Pearland	297.4	2,972
Richardson	262.7	2,514
Sugar Land	237.2	2,829
San Marcos	232.2	4,295
Beaumont	227.7	1,933
Grand Prairie	222.2	1,212
Killeen	217.9	1,589
McKinney	209.3	1,409
Baytown	200.3	2,655
San Angelo	192.0	1,969
College Station	191.5	1,914
Temple	189.3	2,697
League City	176.4	1,938
Round Rock	166.9	1,520
<b>Subtotal</b>	<u>\$17,141.7</u>	
Other Tax-Supported Issuers	11,310.4	
<b>Total</b>	<u><u>\$28,452.2</u></u>	

\* Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
\*\* Population data from the July 2014 US Census Population Division. Total population based on issuers with debt outstanding.  
Source: Texas Bond Review Board - Bond Finance Office

Tax-supported debt for the Big Six accounted for 33.4 percent (\$9.50 billion) of the total Cities tax-supported debt outstanding (*Table 2.3*).

Table 2.3 Texas Cities Big 6 Cities Tax-Supported Debt Outstanding			
	Amount (\$ in millions)	Tax- Supported Debt per Capita*	Rank by Tax- supported Debt Outstanding
Houston	\$3,269.6	\$1,489	1st
Dallas	1,560.9	1,241	2nd
San Antonio	1,494.8	1,061	3rd
Austin	1,344.2	1,518	4th
El Paso	1,046.4	1,552	5th
Fort Worth	786.0	992	7th
Subtotal	\$9,501.9		
Other Cities	18,950.3		
<b>Total</b>	<b><u>\$28,452.2</u></b>		

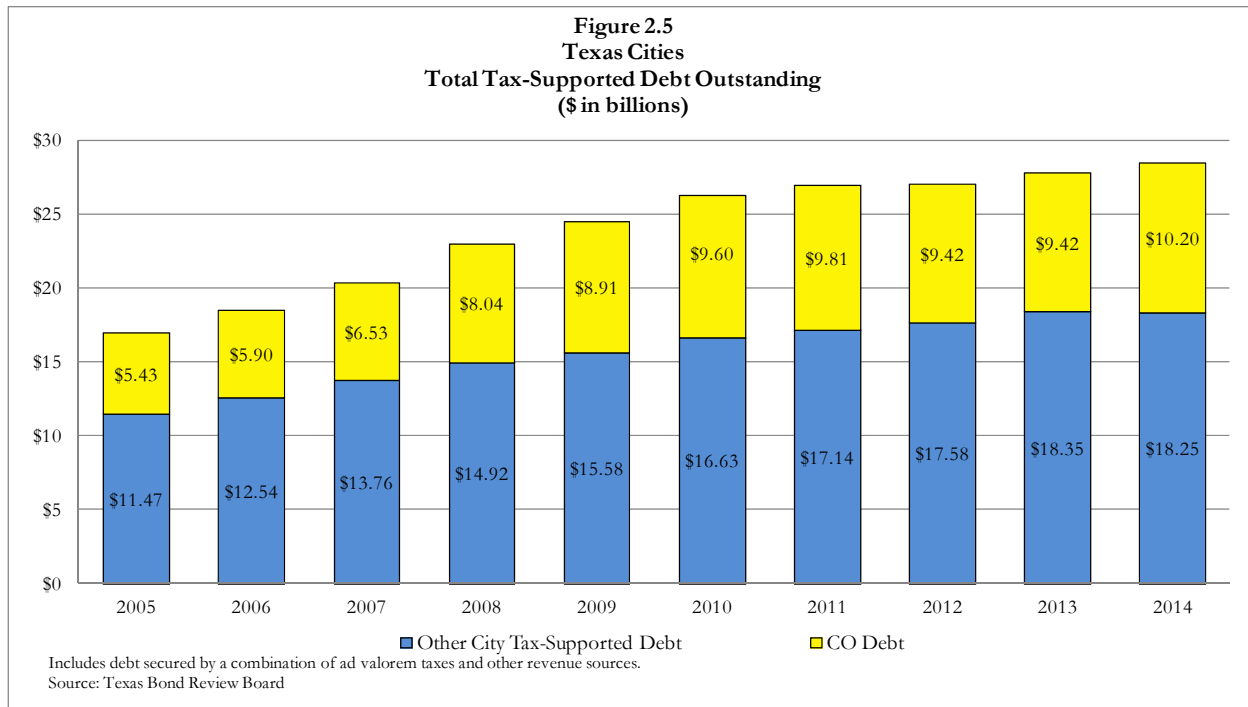
\* Population data from the July 2014 US Census Population Division. Total population based on issuers with debt outstanding.  
Source: Texas Bond Review Board - Bond Finance Office

As of fiscal-year 2014 the top 10 cities with CABs outstanding accounted for 99.9 percent of all city CABs outstanding. CAB debt service accounts for 2.8 percent of the total debt service owed by the ten issuers (*Table 2.4*).

Table 2.4 Texas Cities Top 10 Issuers of CABs* (\$ in millions)			
	CAB Maturity Amount	Total Debt Service	CAB Maturity Amount as % of Total Debt Service
Houston	\$687.1	\$20,422.5	3.4%
Dallas	649.9	12,761.4	5.1%
Austin	219.2	8,792.1	2.5%
San Antonio	106.2	17,617.4	0.6%
Midlothian	17.4	127.0	13.7%
Galveston	7.2	178.9	4.0%
Floresville	6.9	42.4	16.2%
New Braunfels	4.7	252.8	1.9%
Cleburne	2.9	109.4	2.6%
Duncanville	1.3	13.7	9.7%
Subtotal	<u>\$1,702.8</u>	<u>\$60,317.7</u>	2.8%
Other CAB Issuers	1.9	47.9	4.0%
Total	<u><u>\$1,704.7</u></u>	<u><u>\$60,365.6</u></u>	2.8%
*Excludes commercial paper and Build America Bond subsidy			
Source: Texas Bond Review Board - Bond Finance Office			

*Certificates of Obligation*

Over the past ten fiscal years CO debt outstanding debt has increased by 87.9 percent (\$4.77 billion) from \$5.43 billion to \$10.20 billion. (See Glossary for a definition of CO.) CO debt represents 35.8 percent of the total Cities tax-supported debt outstanding and 15.0 percent of the total Cities debt outstanding including revenue debt. *Figure 2.5* illustrates the portion of total City tax-supported debt attributable to CO.



The top 30 city CO issuers accounted for 51.0 percent (\$5.20 billion) of the total Cities CO's outstanding (*Table 2.5*).

Table 2.5 Texas Cities Top 30 Issuers of Certificates of Obligation			
	CO Amount (\$ in millions)	CO Debt per Capita*	CO as % of Tax- supported Debt Outstanding
Lubbock	\$687.9	\$2,872	70.1%
El Paso	485.7	720	46.4%
Fort Worth	337.9	426	43.0%
Denton	285.1	2,316	61.6%
San Antonio	283.9	201	19.0%
Laredo	251.6	1,014	80.2%
Frisco	249.2	1,822	39.5%
Beaumont	170.0	1,443	74.6%
Austin	166.2	188	12.4%
Irving	161.8	708	41.5%
Sugar Land	161.2	1,923	68.0%
San Angelo	156.2	1,602	81.3%
Waco	138.7	1,075	46.0%
Amarillo	133.8	681	92.9%
League City	127.6	1,403	72.4%
Grand Prairie	121.6	663	54.7%
Odessa	117.6	1,062	81.7%
Midland	110.5	892	80.2%
New Braunfels	101.1	1,598	74.1%
Waxahachie	99.0	3,134	69.9%
Abilene	98.3	818	65.9%
San Marcos	97.6	1,804	42.0%
Baytown	92.7	1,230	46.3%
College Station	83.8	837	43.8%
Bryan	83.5	1,061	56.4%
Conroe	81.4	1,291	86.7%
Southlake	80.7	2,859	55.7%
Mesquite	80.6	562	66.1%
Arlington	80.3	212	22.5%
Garland	77.1	329	16.3%
Subtotal	<u>\$5,202.8</u>		
Other	<u>4,995.6</u>		
<b>Total</b>	<b><u>\$10,198.4</u></b>		

\* Population data from the July 2014 US Census Population Division  
Source: Texas Bond Review Board - Bond Finance Office

The CO debt for Big Six accounted for 12.9 percent (\$1.32 billion) of the total Cities CO debt outstanding (*Table 2.6*).

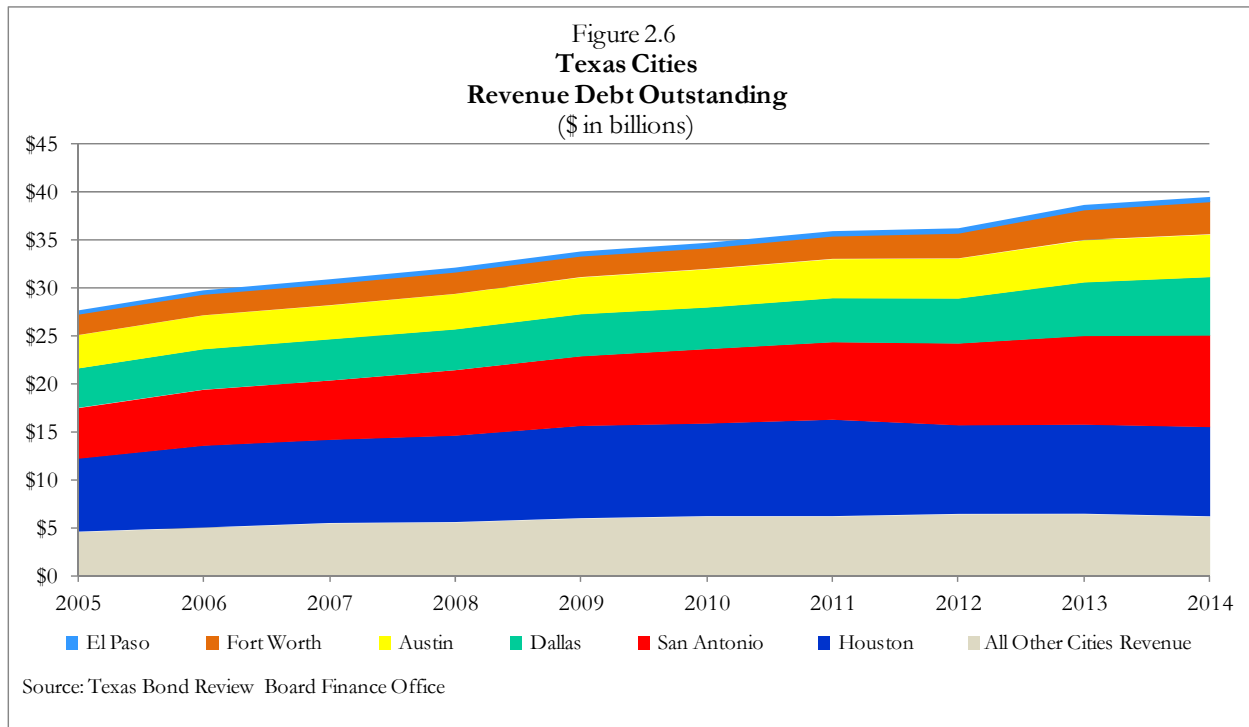
Table 2.6 Texas Cities Big 6 Cities with CO Debt Outstanding As of August 31, 2014					
	Amount	(\$ in millions)	Debt per Capita	CO's % of Tax-supported Debt	Rank by CO Debt Outstanding
El Paso	\$485.7		\$720	46.4%	2nd
Fort Worth	337.9		426	43.0%	3rd
San Antonio	283.9		201	19.0%	5th
Austin	166.2		188	12.4%	9th
Dallas	24.3		19	1.6%	85th
Houston	18.7		8	0.6%	108th
<b>Subtotal</b>	<u>\$1,316.5</u>				
Other City CO Issuers	<u>8,881.9</u>				
<b>Total</b>	<u><u>\$10,198.4</u></u>				

\* Population data from the July 2014 US Census Population Division  
Source: Texas Bond Review Board - Bond Finance Office

### Revenue Debt Outstanding

Since 2005 revenue debt for Cities has increased by 42.7 percent (\$11.82 billion) from \$27.68 billion at fiscal-year end 2005 to \$39.51 billion at fiscal-year end 2014. Over the past 10 years revenue debt for the Big Six has increased by 44.1 percent (\$10.22 billion) and by 35.4 percent (\$1.61 billion) for all other cities.

Figure 2.6 illustrates the growth in revenue debt outstanding for Cities over the past 10 years.



The top 20 City issuers of revenue debt accounted for 93.5 percent (\$36.95 billion) of the total Cities revenue outstanding (Table 2.7).

Table 2.7 Texas Cities Top 20 Issuers of Revenue Debt		
	Amount (\$ in millions)	Debt per Capita*
Houston	\$9,339.0	\$4,253
San Antonio	9,503	6,745
Dallas	6,117	4,864
Austin	4,443	5,018
Fort Worth	3,425	4,321
Corpus Christi	646	2,042
El Paso	547	811
Arlington	469	1,236
Garland	380	1,618
Laredo	344	1,388
Brownsville	312	1,713
Irving	271	1,185
Bryan	242	3,075
Beaumont	172	1,456
Lewisville	143	1,419
McAllen	138	1,008
Denton	131	1,064
Pearland	129	1,292
Round Rock	103	936
Wichita Falls	96	910
<b>Subtotal</b>	<b>\$36,950.2</b>	
Other Revenue Issuers	2,558.0	
<b>Total</b>	<b>\$39,508.2</b>	

\* Population data from the July 2014 US Census Population Division  
Source: Texas Bond Review Board - Bond Finance Office



*Commercial Paper Outstanding*

Eight Texas Cities utilize general obligation (GO) and/or revenue CP programs to provide interim financing for infrastructure improvements, additions and extensions. As of August 31, 2014, seven Cities had \$980.3 million in CP outstanding (*Table 2.8*).

Table 2.8 Texas Cities Commercial Paper Outstanding* As of August 31, 2014 (\$ in millions)			
	Tax- Supported	Revenue	Total
San Antonio	n/a	\$508.8	\$508.8
Austin	n/a	194.4	194.4
Houston	\$29.9	61.5	91.4
Garland	20.0	15.0	35.0
Dallas	13.7	129.1	142.8
Brownsville	n/a	8.0	8.0
Arlington	-	n/a	-
Fort Worth	n/a	-	-
<b>Total</b>	<b>\$63.6</b>	<b>\$916.7</b>	<b>\$980.3</b>
*Does not reflect total authorization amount. Source: Texas Bond Review Board - Bond Finance Office			

## Debt-Service Requirements

As of August 31, 2014, total debt-service requirements (principal and interest) projected over the life of the debt for both tax-supported and revenue debt for Cities totaled \$103.34 billion (*Figure 2.7*).

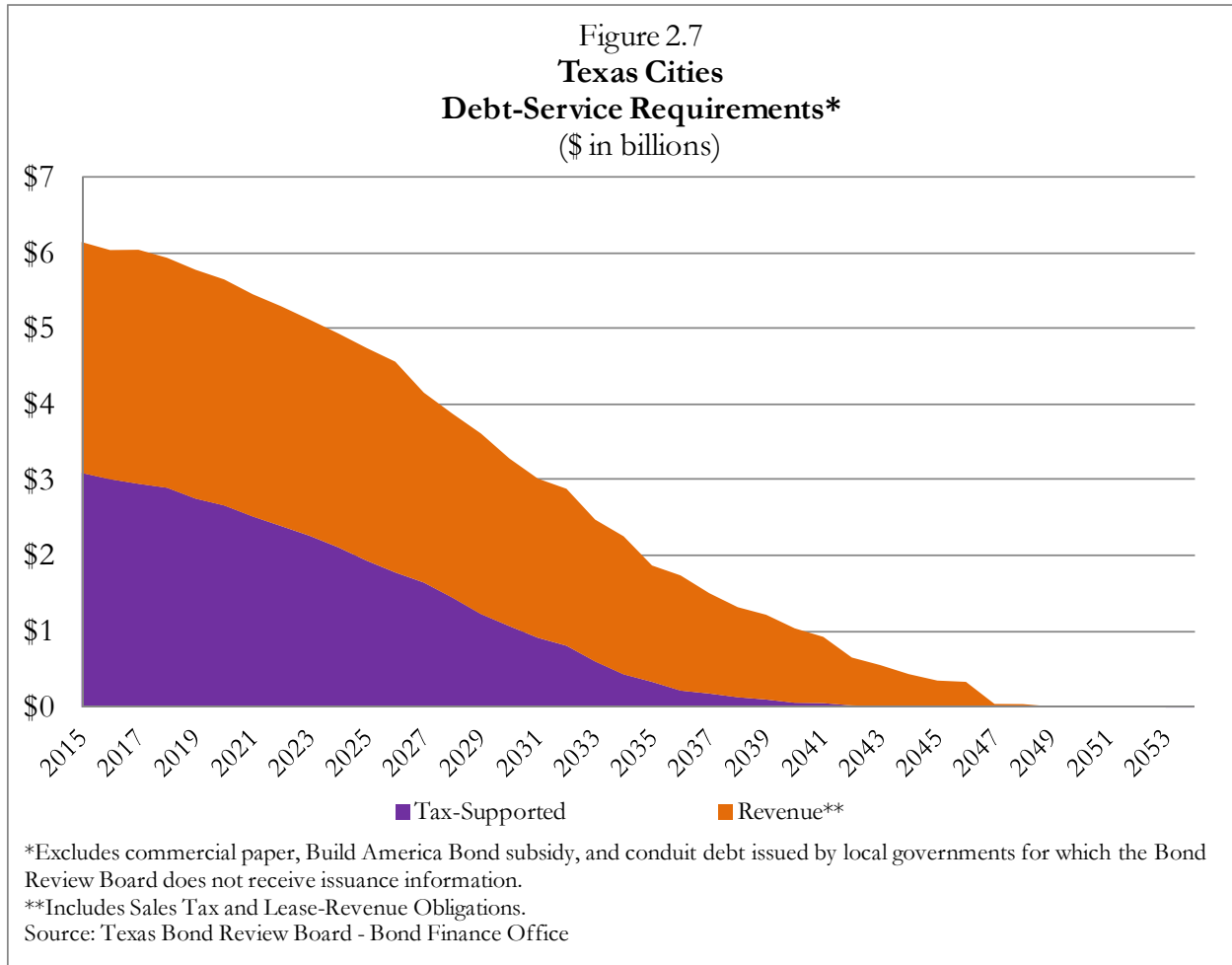
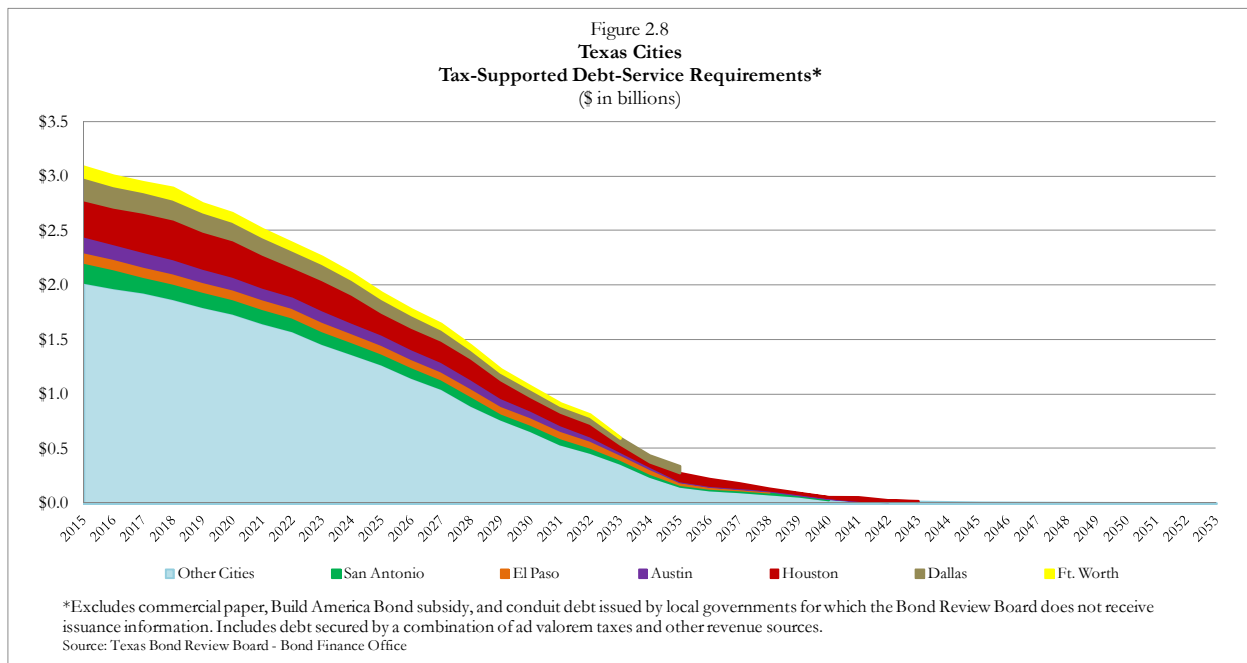


Figure 2.8 illustrates annual tax-supported debt-service requirements for the Big Six and other Cities. As of August 31, 2014, total tax-supported debt-service requirements (principal and interest) projected over the life of the debt for Cities totaled \$39.70 billion.



### Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year 2014, Texas Cities will repay 33.4 percent (\$9.51 billion) of tax-supported debt within five years, 63.8 percent (\$18.14 billion) within ten years and 96.3 percent (\$27.41 billion) within twenty years. Revenue debt principal repayment is expected to be 17.5 percent (\$6.80 billion) within five years, 37.2 percent (\$14.48 billion) within ten years and 75 percent (\$29.2 billion) within twenty years (Table 2.9). As of August 31, 2014, the final maturity for total tax-supported debt and revenue debt was 40 years and 40 years, respectively.

Table 2.9 Texas Cities Rate of Debt Retirement*				
Debt Repaid	Tax-Supported Debt** (billions)	Percent	Revenue Debt (billions)	Percent
Within Five Years	\$9.51	33.4%	\$6.80	17.5%
Within Ten Years	\$18.14	63.8%	\$14.48	37.2%
Within Twenty Years	\$27.41	96.3%	\$29.20	75.0%

\*Excludes commercial paper and conduit-revenue debt  
\*\*Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
Source: Texas Bond Review Board - Bond Finance Office

## Debt Issuance

Debt issuance over the past five fiscal years is shown below (*Table 2.10*). During fiscal 2014 Cities completed 494 issuances totaling \$9.42 billion of which 464 (\$3.95 billion) were tax-supported and 89 (\$5.47 billion) were revenue-backed.

During fiscal 2014 Houston issued the most debt, completing 8 transactions that consisted of \$348.79 million in new money for various city improvements and \$2.21 billion to refund outstanding debt.

Table 2.10 Texas Cities Debt Issuance* (\$ in millions)					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>Issuers</b>	254	287	278	314	286
<b>Issuances</b>	479	473	480	552	494
<b>Tax</b>					
New Money	\$2,618.9	\$1,869.4	\$1,643.7	\$2,096.4	\$2,517.0
Refunding	1,752.3	1,875.8	2,148.8	2,249.3	1,431.8
<b>Subtotal</b>	<b>\$4,371.2</b>	<b>\$3,745.2</b>	<b>\$3,792.5</b>	<b>\$4,345.7</b>	<b>\$3,948.8</b>
<b>Revenue</b>					
New Money	\$1,300.0	\$1,984.5	\$1,655.5	\$2,837.9	\$1,894.6
Refunding	1,639.4	2,779.4	4,564.2	3,642.4	3,573.5
<b>Subtotal</b>	<b>\$2,939.4</b>	<b>\$4,763.9</b>	<b>\$6,219.7</b>	<b>\$6,480.3</b>	<b>\$5,468.1</b>
<b>Sales Tax Revenue</b>					
New Money	\$7.7	\$12.2	\$10.4	\$0.0	\$0.0
Refunding	13.4	40.8	0.0	13.0	0.0
<b>Subtotal</b>	<b>\$21.1</b>	<b>\$53.0</b>	<b>\$10.4</b>	<b>\$13.0</b>	<b>\$0.0</b>
<b>Lease Revenue</b>					
New Money	\$0.0	\$0.0	\$0.0	\$326.6	\$0.0
Refunding	0.0	0.0	0.0	223.7	0.0
<b>Subtotal</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$550.3</b>	<b>\$0.0</b>
<b>Total New Money</b>	<b>\$3,926.6</b>	<b>\$3,866.1</b>	<b>\$3,309.6</b>	<b>\$5,260.9</b>	<b>\$4,411.6</b>
<b>Total Refunding</b>	<b>\$3,405.1</b>	<b>\$4,696.0</b>	<b>\$6,713.0</b>	<b>\$6,128.4</b>	<b>\$5,005.3</b>
<b>Total Par Amount</b>	<b>\$7,331.7</b>	<b>\$8,562.1</b>	<b>\$10,022.6</b>	<b>\$11,389.3</b>	<b>\$9,416.9</b>

\*Excludes commercial paper.  
Source: Texas Bond Review Board - Bond Finance Office

## **Chapter 3**

### **Texas Public School District Debt**

#### **Overview of School Debt Types**

School districts issue four types of debt: voter-approved, maintenance and operations (M&O), lease-revenue, and revenue. Charter school debt issued by non-profit corporations is not included in school district debt. As of August 31, 2014 total school district debt outstanding was 33.1 percent (\$67.96 billion) of total local debt outstanding.

Over 98.5 percent of school district debt outstanding is voter-approved. The proceeds from school district debt can be used for school capital projects such as buildings, renovations, technology, athletic facilities, school transportation and performing arts or to refund M&O debt. School district debt is subject to the 50-cent test that limits debt service (interest and sinking fund payments) to a maximum of \$0.50 per \$100 of valuation as described in the Texas Education Code Section 45.0031. This debt has to be approved by the voters prior to a school district issuing new debt.

M&O debt proceeds can be used for administration and operational costs of schools (teachers, buses, classrooms, etc.) but cannot be used for the new construction of school facilities. Tax rates for M&O debt are generally limited to a maximum of \$1.50 per \$100 valuation under Chapter 45 of the Education Code. For M&O debt, only the rate levied to make debt-service payments is approved by the voters.

Lease-revenue obligations are issued by a public facility corporation created by a school district and used for acquiring, constructing and equipping school facilities.

Proceeds from revenue debt issuances are mainly used to build and maintain sports facilities. Revenue and lease-revenue debt do not require voter approval.

#### **Total School Debt Outstanding**

As of August 31, 2014, 867 of the state's 1,020 school districts had one or more types of debt outstanding: 842 had voter-approved debt, 173 had M&O debt, 45 had lease-revenue obligations and 3 had revenue debt, while 151 school districts had no debt outstanding. Total school district debt outstanding increased by 4.3 percent from \$65.17 billion at FYE 2013 to \$67.96 billion at FYE 2014. Of that amount, 98.5 percent (\$66.97 billion) was voter-approved, 1.05 percent (\$715.9 million) was M&O, 0.4 percent (\$272.7 million) was lease-revenue obligations and 0.003 percent (\$2.3 million) was revenue debt.

Over the past five years total school district debt has increased by 12.8 percent from \$60.23 billion at FYE 2010 to \$67.96 billion at FYE 2014 (*Table 3.1*).

**Table 3.1**  
**Texas Public School Districts**  
**Debt Outstanding by Fiscal Year**  
(\$ in millions)

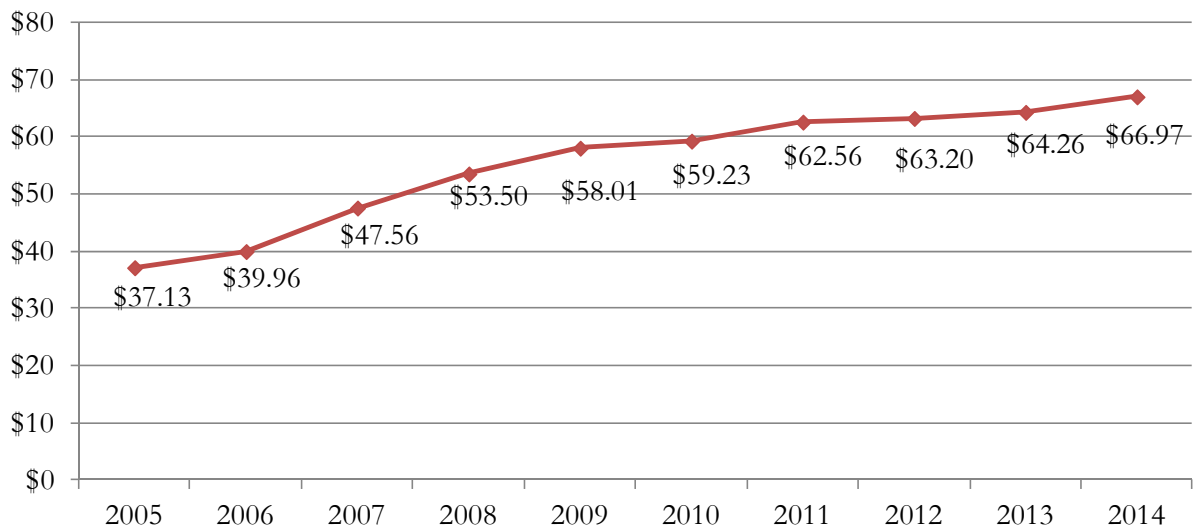
	2010	2011	2012	2013	2014
Voter-approved tax	\$59,228.4	\$62,553.6	\$63,198.3	\$64,255.8	\$66,972.6
M&O tax	637.4	606.7	652.5	600.4	715.9
Lease-Revenue Obligations	361.6	369.2	329.8	315.2	272.7
Revenue	1.6	3.4	3.0	2.7	2.3
<b>Total Debt Outstanding</b>	<b>\$60,229.0</b>	<b>\$63,532.9</b>	<b>\$64,183.6</b>	<b>\$65,174.1</b>	<b>\$67,963.5</b>

Source: Texas Bond Review Board - Bond Finance Office

Two school districts, Austin ISD and San Antonio ISD have commercial paper programs. San Antonio ISD CP program was created in FY 2014, is backed by Voter-approved Tax and had a total of \$100.0 million outstanding at fiscal-year end 2014. Austin ISD CP program is backed by a bond M&O Tax and had zero outstanding at fiscal-year end 2014.

Voter-approved tax debt outstanding has increased 80.4 percent (\$29.84 billion) since fiscal 2005, a compound annual growth rate of 6.1 percent (*Figure 3.1*).

**Figure 3.1**  
**Texas Public School Districts**  
**Voter-Approved Tax Debt Outstanding\***  
(\$ in billions)



Source: Texas Bond Review Board - Bond Finance Office

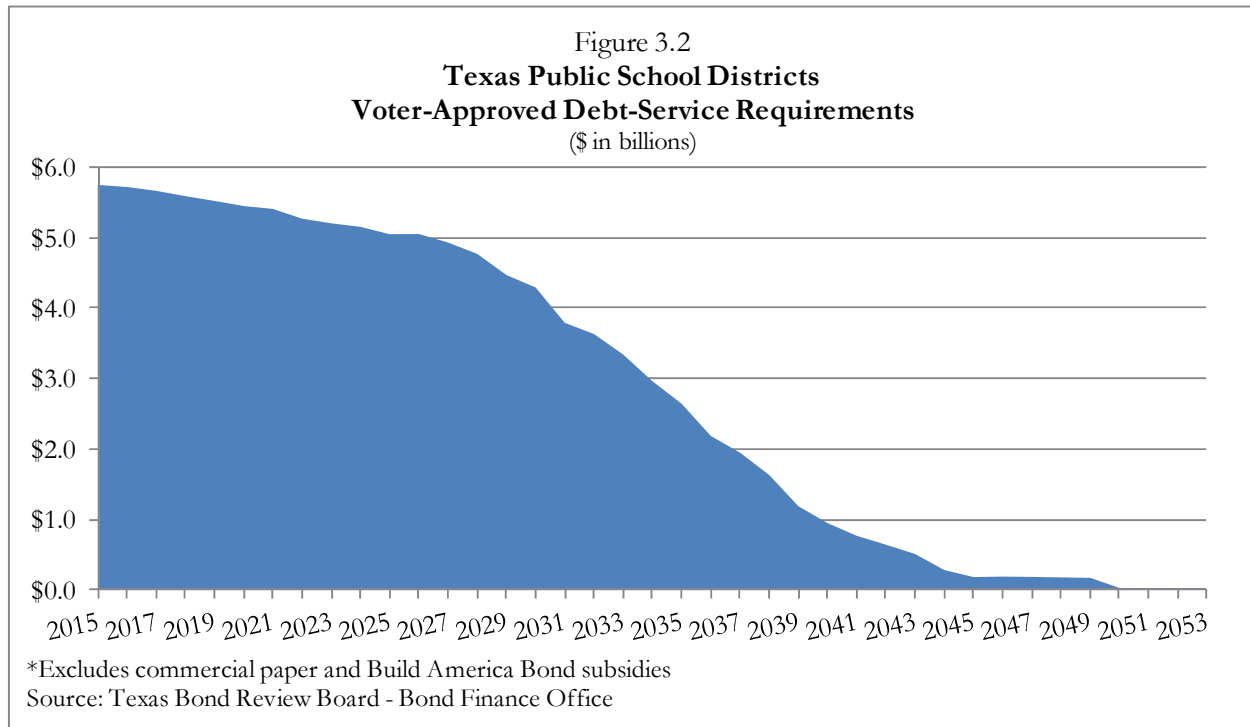
## Debt-Service Requirements

At August 31, 2014 debt-service requirements (principal and interest) for school districts totaled \$112.12 billion, 98.7 percent (\$110.69 billion) of which was for voter-approved debt. The remaining categories accounted for 1.3 percent (\$1.43 billion) (*Table 3.2*).

Table 3.2 Texas Public School Districts Debt-Service Requirements by Fiscal Year* (\$ in millions)						
	2015	2016	2017	2018	2019	2020 & beyond
Voter-approved tax	\$ 5,743.5	\$ 5,712.8	\$ 5,659.9	\$ 5,583.9	\$ 5,515.6	\$ 82,474.9
M&O tax	82.1	71.9	62.4	82.1	54.5	654.9
Lease-Revenue Obligations	36.2	34.6	34.6	26.8	26.4	261.6
Revenue	0.3	0.3	0.3	0.3	0.3	1.2
<b>Total Debt Service</b>	<b>\$ 5,862.2</b>	<b>\$ 5,819.5</b>	<b>\$ 5,757.2</b>	<b>\$ 5,693.1</b>	<b>\$ 5,596.8</b>	<b>\$ 83,392.5</b>

\*Excludes commercial paper and Build America Bond subsidy  
Source: Texas Bond Review Board - Bond Finance Office

Figure 3.2 illustrates annual debt-service requirements for the voter-approved debt outstanding.



### Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. Local governments issue debt with varying terms up to 40 years or more. As of August 31, 2014 the final maturity for total tax-supported debt is 39 years and the final maturity for total revenue debt is 19 years. School districts are scheduled to repay 20.1 percent (\$13.59 billion) in principal outstanding of tax-supported debt within five years, 41.9 percent (\$28.32 billion) within ten years and 85.3 percent (\$57.66 billion) within twenty years. 29.8 percent (\$82.1 million) of revenue debt principal will be repaid within five years, 59.0 percent (\$162.2 million) within ten years and 100.0 percent (\$275.0 million) within twenty years (*Table 3.3*).

Table 3.3 Texas Public School Districts Rate of Debt Retirement*				
Debt Repaid	Tax-Supported Debt (billions)	Percent	Revenue Debt (millions)	Percent
Within Five Years	\$13.59	20.1%	\$82.1	29.8%
Within Ten Years	\$28.32	41.9%	\$162.2	59.0%
Within Twenty Years	\$57.66	85.3%	\$275.0	100.0%

\* Excludes commercial paper  
Source: Texas Bond Review Board - Bond Finance Office

### Debt Issuance

School district debt issuance decreased by 0.5 percent from \$9.14 billion in fiscal 2013 to \$9.09 billion in fiscal 2014. Of that amount, 97.5 percent (\$8.86 billion) was voter-approved, 2.2 percent (\$200.2 million) was M&O, 0.3 percent (\$28.6 million) was lease-revenue obligations and no revenue debt was issued.

Of the total amount issued, 59.3 percent (\$5.39 billion) was issued as new-money debt, an increase of 49.8 percent (\$1.79 billion) from the \$3.60 billion issued during fiscal 2013. The remaining 40.7 percent (\$3.70 billion) was issued as refunding debt, a decrease of 33.2 percent (\$1.84 billion) from the record \$5.54 billion issued during fiscal 2013.

Over the past five fiscal years school district debt issuance has grown by 69.3 percent (\$3.72 billion) from \$5.37 billion in fiscal 2010 to \$9.09 billion in fiscal 2014 (*Table 3.4*). The state's population grew by 8.8 percent (2.2 million) during the same time period.



Table 3.4 Texas Public School Districts Debt Issued by Fiscal Year* (\$ in millions)					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>Issuers</b>	240	305	304	306	269
<b>Issuances</b>	333	399	403	431	364
<b>Voter-Approved Tax</b>					
New Money	\$ 3,175.5	\$ 5,154.3	\$ 3,025.6	\$ 3,508.5	\$ 5,158.9
Refunding	1,968.0	2,522.7	4,522.4	5,544.3	3,703.5
<b>Subtotal</b>	<b>\$ 5,143.5</b>	<b>\$ 7,677.0</b>	<b>\$ 7,547.9</b>	<b>\$ 9,052.7</b>	<b>\$ 8,862.3</b>
<b>M&amp;O Tax</b>					
New Money	\$ 126.8	\$ 135.4	\$ 80.2	\$ 82.0	\$ 199.5
Refunding	2.04	11.56	14.56	-	0.70
<b>Subtotal</b>	<b>\$ 128.8</b>	<b>\$ 146.9</b>	<b>\$ 94.7</b>	<b>\$ 82.0</b>	<b>\$ 200.2</b>
<b>Lease-Revenue Obligations</b>					
New Money	\$ 87.1	\$ 28.6	\$ -	\$ 6.2	\$ 28.6
Refunding	10.39	4.6	5.7	-	-
<b>Subtotal</b>	<b>\$ 97.5</b>	<b>\$ 33.2</b>	<b>\$ 5.7</b>	<b>\$ 6.2</b>	<b>\$ 28.6</b>
<b>Revenue</b>					
New Money	\$ -	\$ 2.0	\$ -	\$ -	\$ -
Refunding	-	-	-	-	-
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total New Money</b>	<b>\$ 3,389.4</b>	<b>\$ 5,320.3</b>	<b>\$ 3,105.7</b>	<b>\$ 3,596.7</b>	<b>\$ 5,386.9</b>
<b>Total Refunding</b>	<b>1,980.5</b>	<b>2,538.9</b>	<b>4,542.7</b>	<b>5,544.3</b>	<b>3,704.2</b>
<b>Total Debt Issued</b>	<b>\$ 5,369.9</b>	<b>\$ 7,859.1</b>	<b>\$ 7,648.4</b>	<b>\$ 9,140.9</b>	<b>\$ 9,091.1</b>
* Excludes commercial paper.					
Source: Texas Bond Review Board - Bond Finance Office					

## Debt Outstanding for the 20 Largest School Districts

Over the past five fiscal years debt outstanding for the 20 largest school districts with debt outstanding grew by a non-weighted average of 15.8 percent, and Average Daily Attendance (ADA) grew by an average of 8.7 percent. Over that time the ADA for all school districts increased by 5.9 percent (Table 3.5).

Issuer	(\$ in millions)					'10 -'14 Debt	'10-'14 ADA	2014
	2010	2011	2012	2013	2014	% Growth	% Growth	Debt/Student
Dallas ISD	\$1,708	\$2,619	\$2,555	\$2,471	\$2,558	49.8%	32.6%	\$13,428
Houston ISD	2,363	2,330	2,223	2,445	2,309	-2.3%	-18.9%	15,711
Northside ISD (Bexar Co)	1,691	1,844	1,830	1,858	1,983	17.2%	11.6%	20,828
Cypress-Fairbanks ISD	1,815	1,765	1,737	1,739	1,853	2.1%	7.5%	17,704
Frisco ISD	1,178	1,247	1,310	1,353	1,525	29.4%	36.8%	34,307
North East ISD	1,232	1,225	1,278	1,445	1,449	17.6%	4.6%	22,530
Katy ISD	916	1,079	1,167	1,230	1,195	30.4%	15.4%	18,652
Lewisville ISD	996	1,015	1,056	1,114	1,129	13.3%	3.7%	22,616
Leander ISD	985	953	931	909	1,088	10.5%	17.2%	32,250
Conroe ISD	849	1,007	956	973	978	15.1%	12.0%	18,871
Plano ISD	1,043	977	999	981	923	-11.6%	0.4%	17,756
Fort Bend ISD	976	955	915	889	859	-12.0%	2.3%	12,706
Clear Creek ISD	670	655	631	603	858	28.1%	6.2%	22,853
Austin ISD	793	813	809	808	792	0.0%	1.6%	10,160
Spring Branch ISD	614	685	740	716	754	22.8%	8.8%	23,212
Klein ISD	655	715	737	742	753	15.0%	7.7%	16,618
Denton ISD	612	593	609	587	751	22.7%	15.6%	30,498
Fort Worth ISD	691	756	715	673	748	8.2%	5.5%	9,660
Mansfield ISD	669	700	724	691	720	7.6%	4.7%	23,023
San Antonio ISD	458	655	635	617	695	51.7%	-0.7%	14,331

Source: Texas Bond Review Board - Bond Finance Office; Texas Education Agency for average daily attendance (ADA).

## Debt Structure: Capital Appreciation Bonds and Current Interest Bonds

Capital appreciation bonds (CABs) are sold at a discounted price called the par amount. They are often sold in combination with current interest bonds (CIBs). While the debt service for CIBs is paid throughout the life of the obligation, principal and interest on CABs is paid at maturity. Interest on CABs compounds semiannually and accumulates over the life of the bond, and the amount paid at the maturity is called the maturity value. Interest rates for CABs are generally higher than for CIBs, and CABs can be more expensive than CIBs because of the compounding interest; however, CABs can be an effective financing tool if they are used moderately and with reasonable terms.

*Premium* CABs (PCABs) provide a lower initial stated par amount and are sold with a premium. PCABs are issued to: (1) raise additional proceeds, (2) preserve debt limits, and (3) help local governments reach tax-rate targets. Local governments issue more PCABs than non-premium CABs.

Among other reasons, school districts may issue CABs to delay debt service costs and thus remain within the limitations of the 50-cent test that limits debt service (interest and sinking fund payments) to a maximum of \$0.50 per \$100 of valuation.

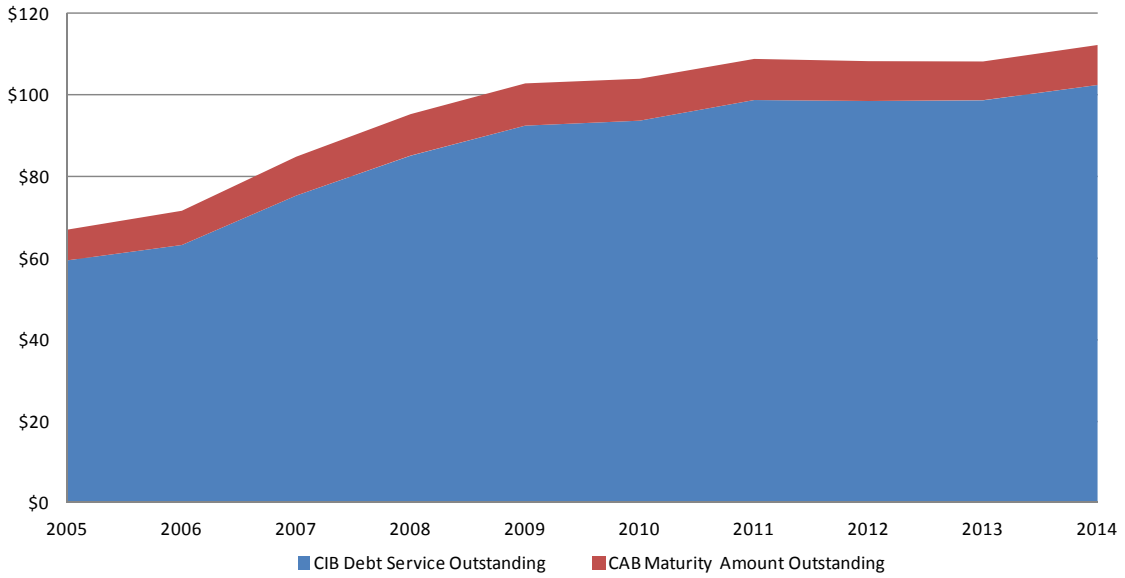
As of fiscal year 2014 the top 10 school districts with CABs outstanding accounted for 50.9 percent of all school district CABs outstanding. CAB debt service accounts for 37.6 percent of the total debt service owed by the ten issuers (*Table 3.6*).

Table 3.6 Texas Public School Districts Top 10 Issuers of CABs* (\$ in millions)			
	CAB Maturity Amount	Total Debt Service	CAB Maturity Amount as % of Total Debt Service
Leander ISD	\$2,668.7	\$3,457.8	77.2%
Ennis ISD	340.3	383.7	88.7%
Wylie ISDa	332.1	472.8	70.2%
Grand Prairie ISD	320.5	922.7	34.7%
Forney ISD	310.5	721.9	43.0%
Schertz-Cibolo-U City	236.8	574.0	41.2%
Frisco ISD	220.7	2,845.5	7.8%
Lewisville ISD	207.9	1,697.3	12.3%
Denton ISD	186.8	1,352.9	13.8%
Irving ISD	173.6	876.6	19.8%
Subtotal	<u>\$4,998.0</u>	<u>\$13,305.2</u>	37.6%
Other CAB Issuers	<u>\$4,824.4</u>	<u>\$68,833.5</u>	7.0%
Total	<u><u>\$9,822.4</u></u>	<u><u>\$82,138.7</u></u>	12.0%

\*Excludes commercial paper and Build America Bond subsidy  
Source: Texas Bond Review Board - Bond Finance Office

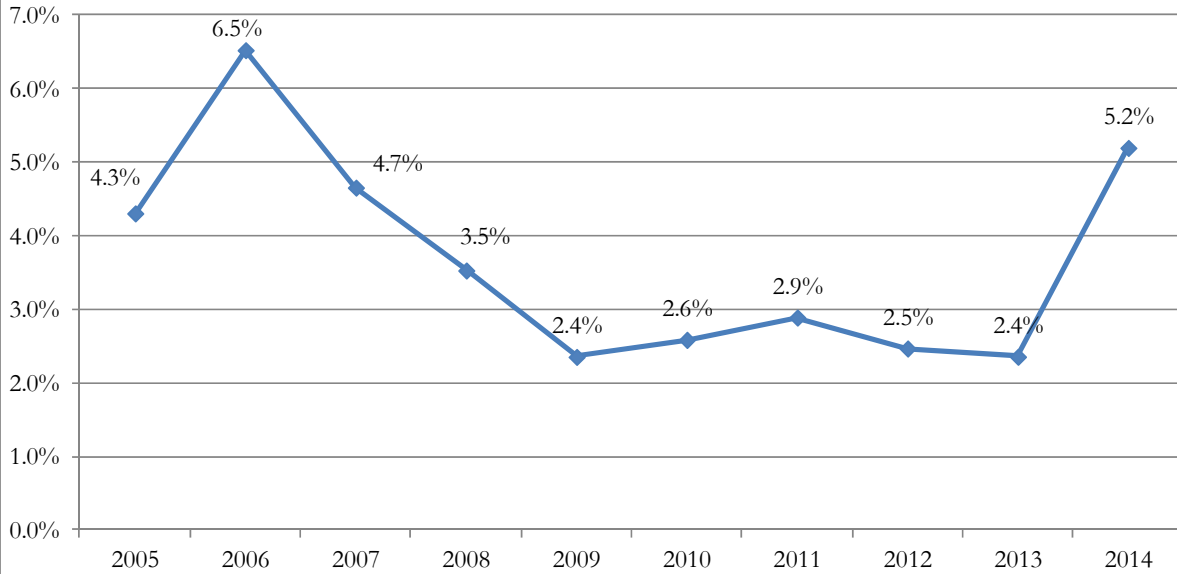
Over the past decade School District CAB maturity amounts outstanding have increased by 30.5 percent from \$7.53 billion in FY 2005 to \$9.82 billion in FY 2014. The chart below shows scheduled CIB debt-service and CAB debt-service for school districts since 2005 (Figure 3.3).

Figure 3.3  
**Texas Public School Districts  
 Total Debt Service**  
 (\$ in billions)



Over the past five years School District CAB issuances have increased by 239.5 percent from \$139.0 million in FY 2010 to \$471.9 million in FY 2014. During fiscal 2014 CAB issuances were 5.2 percent (\$471.9 million) of the total par amount of school district debt issued. *Figure 3.4* illustrates CAB par issuance as a percentage of total school district debt issuance over the past ten years.

Figure 3.4  
**Texas Public School Districts  
 CAB Issuance as a % of Total School District Issuance**



Source: Texas Bond Review Bond - Bond Finance Office

### Build America Bonds Outstanding

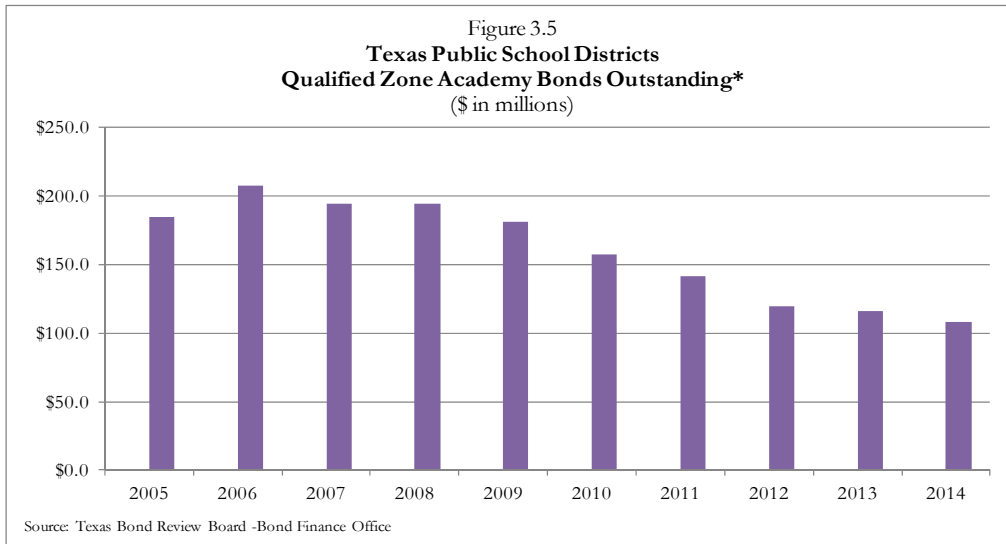
As of August 31, 2014, 32 school districts had BABs outstanding totaling \$3.25 billion or 4.8 percent of the total school district debt outstanding (*Table 3.7*). With the implementation of the Budget Control Act of 2011, the BAB subsidies were reduced by 7.6 percent to 32.34 percent of the interest payable. Authority to issue BABs expired in December 2010. (See Glossary for discussion of BABs)

Table 3.7 Texas Public School Districts Top 10 Build America Bonds Outstanding (\$ in millions)	
Issuer	Amount
Dallas ISD	\$950.3
Houston ISD	371.0
Cypress-Fairbanks ISD	191.5
Round Rock ISD	155.8
Katy ISD	155.0
San Antonio ISD	147.8
Spring Branch ISD	137.1
Northside ISDa	133.1
Carroll ISD	113.8
Corpus Christi ISD	98.5
Other School Districts	792.0
<b>Total</b>	<b>\$3,246</b>
Source: Texas Bond Review Board- Bond Finance Office	

### Qualified Zone Academy Bonds

Qualified Zone Academy Bonds (QZABs) were created under the Taxpayer Relief Act in 1997 to help schools raise funds to renovate and repair buildings, invest in technology, develop curricula and train teachers (See Glossary for discussion on QZABs).

QZAB debt outstanding has steadily declined since fiscal 2006, and at August 31, 2014, 40 school districts had QZAB debt outstanding totaling \$108.3 million (*Figure 3.5*).



Of the 40 school districts with QZAB debt outstanding, the top ten accounted for 63.7 percent (\$69.0 million) of the total QZABs outstanding (*Table 3.8*).

Table 3.8  
**Texas Public School Districts  
 Top 10 Qualified Zone Academy Bonds Outstanding**  
 (\$ in millions)

Issuer	Amount
Mount Pleasant ISD	\$9.0
Austin ISD	8.1
Dallas ISD	8.0
Laredo ISD	8.0
Pearsall ISD	8.0
Southwest ISD	8.0
Lancaster ISD	6.1
Galena Park ISD	5.3
Brazosport ISD	4.3
Pittsburg ISD	4.2
Other School Districts	39.4
<b>Total</b>	<b>\$108.3</b>

Source: Texas Bond Review Board- Bond Finance Office

During fiscal years 2010 through 2014, eleven school districts issued a total of \$25.90 million in QZABs.

### Qualified School Construction Bonds

Qualified School Construction Bonds (QSCBs) were created by the American Recovery and Reinvestment Act of 2009 in February 2009 to be issued for construction, land acquisition and rehabilitation or repair of public school facilities.

As of August 31, 2014, 128 school districts had QSCBs outstanding totaling \$1.29 billion (*Table 3.9*).

Table 3.9 Texas Public School Districts Top Qualified School Construction Bonds Outstanding* (\$ in millions)	
Issuer	Amount
Dallas ISD	\$143.3
San Antonio ISD	61.1
Arlington ISD	50.0
Cypress-Fairbanks ISD	43.9
Fort Worth ISD	40.7
North East ISD	37.5
Brownsville ISD	35.8
Lewisville ISD	29.9
Pasadena ISD	29.1
Northside ISDa	28.0
Other School Districts	793.4
<b>Total</b>	<b>\$1,292.7</b>

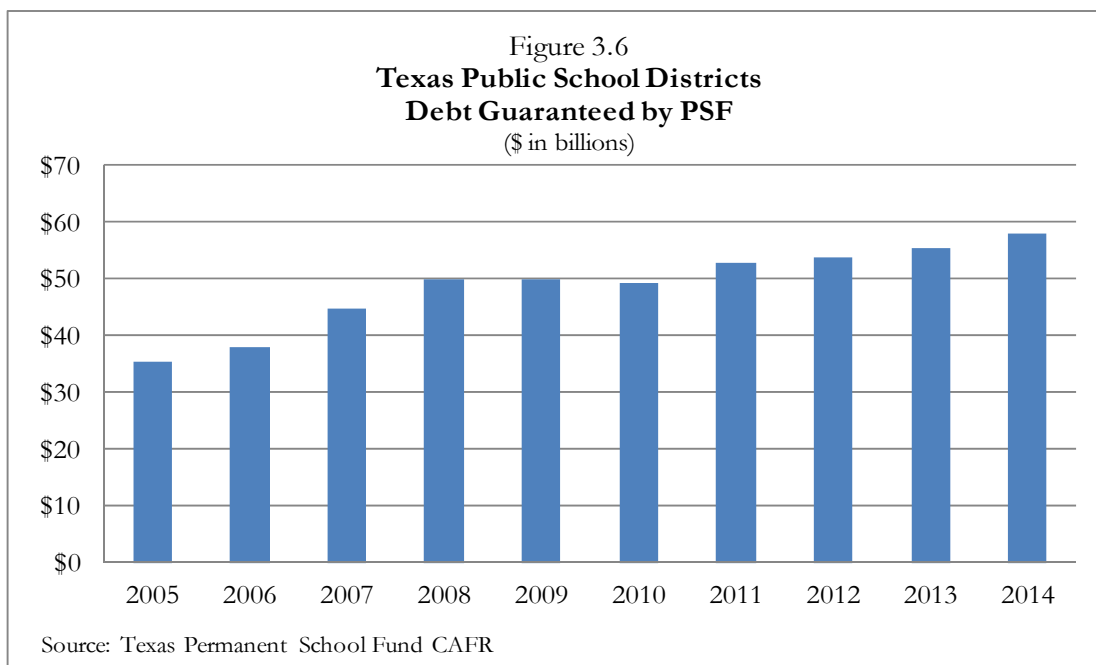
Source: Texas Bond Review Board- Bond Finance Office

During fiscal years 2009 through 2014, 130 school districts issued \$1.33 billion in QSCBs of which \$213.0 million was issued in fiscal 2014.

### Permanent School Fund

The Texas Permanent School Fund (PSF) was created in 1854 by the 5<sup>th</sup> Legislature. The PSF Bond Guarantee Program was created in 1983 to lower borrowing costs for public schools by providing a guarantee for voter-approved public school bond issuances. The Constitution requires that the fund's principal can only be used for that purpose.

At August 31, 2014 the PSF's Bond Guarantee Program (BGP) guaranteed debt totaling \$58.06 billion for 810 of the 1020 school districts in Texas (*Figure 3.6*).



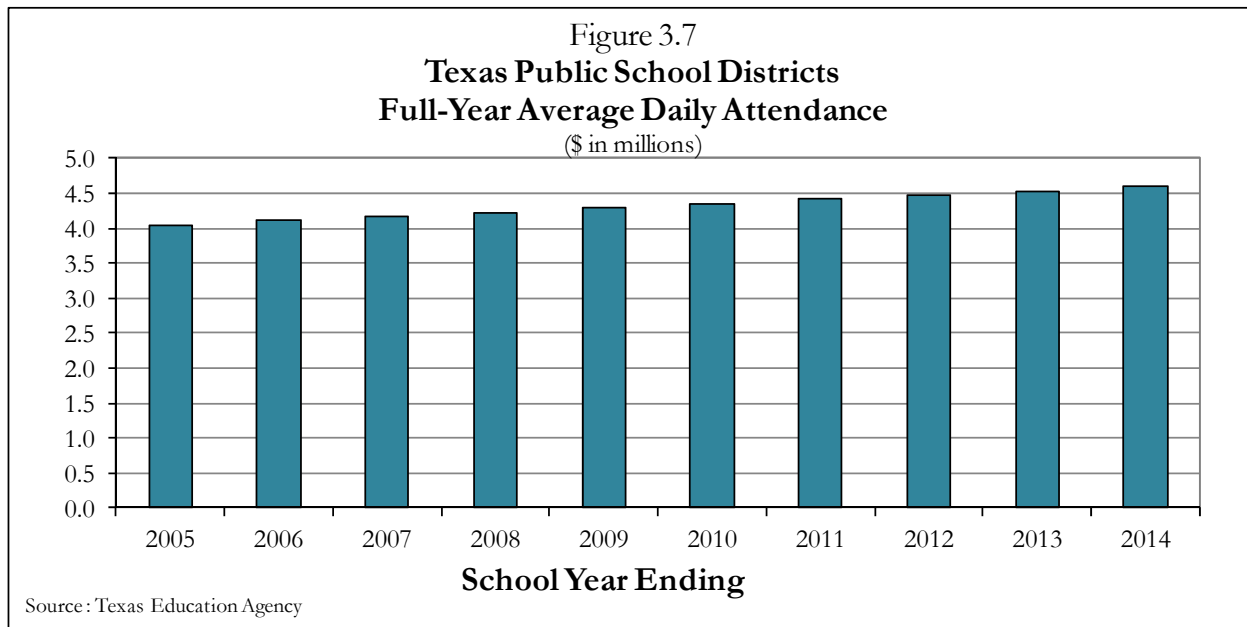
At August 31, 2014 five school districts (Dallas ISD, Houston ISD, Northside ISD-Bexar County, Cypress-Fairbanks ISD and North East ISD) accounted for 15.5 percent (\$9.00 billion) of the total debt guaranteed by the PSF (Table 3.10). The balance of the guarantees was spread among the remaining 805 school districts.

Table 3.10 Texas Public School Districts Total Debt Outstanding Guaranteed by PSF (\$ in millions)					
	2010	2011	2012	2013	2014
Dallas ISD	\$ 1,604	\$ 2,544	\$ 2,508	\$ 2,453	\$ 2,405
Northside ISD - Bexar County	1,341	1,579	1,656	1,686	1,815
Houston ISD	1,618	1,588	1,554	1,829	1,736
Cypress-Fairbanks ISD	1,590	1,541	1,515	1,518	1,635
North East ISD	1,232	1,188	1,240	1,407	1,411
Other Issuers	41,917	44,215	45,161	46,325	49,060
<b>Total Debt Outstanding</b>	<b>\$49,302</b>	<b>\$52,654</b>	<b>\$53,634</b>	<b>\$55,218</b>	<b>\$58,062</b>

Source: Texas Permanent School Fund CAFR

### Average Daily Attendance

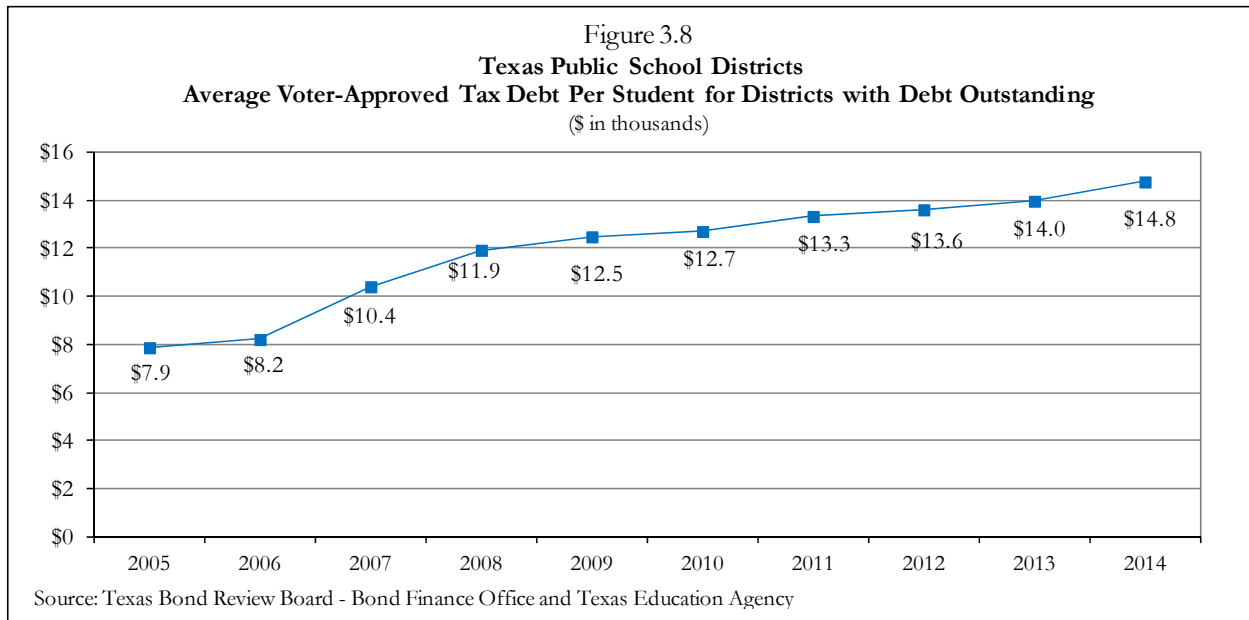
Since 2010 the ADA for all school districts with taxing authority has increased by 5.4 percent (235,664) to 4,593,927. Since 2005, the ADA has increased by 13.7 percent (553,566) (Figure 3.7).





### Debt per Student

Based on the ADA, as of August 31, 2014 those public school districts with voter-approved debt outstanding had an average debt of \$14,765 per student, an increase of 5.8 percent (\$804) from the average for 2013. The state's average voter-approved debt per student has increased 16.2 percent (\$2,062) per student since FY 2010 and 87.7 percent (\$6,899) since FY 2005 (*Figure 3.8*)



**Chapter 4**  
**Texas Water Districts and Authorities**

**Overview**

Texas water districts and authorities (collectively, WD) are local governmental entities that provide limited water-related services to customers and residents. WDs can be created by the Texas Commission on Environmental Quality, a county commissioner’s court or the legislature. WDs issue both tax-supported and revenue debt. (See generally, Texas Water Code Chapters 49, 51, 54, 65, and subtitle G to the Special District Local Laws Code). Certain WDs are authorized to issue conduit revenue debt. Many Water Districts issuers create conduit issuers for pollution and solid waste disposal facilities. As of August 31, 2014 total WD debt outstanding was 15.2 percent (\$31.31 billion) of total local debt outstanding.

Texas has many types of WDs. The four most common types that provide services to residential customers are: municipal utility districts (MUD), water control and improvement districts (WCID), special utility districts (SUD), river authorities (RA) and Utility & Reclamation District (U&RD). The function of each is described below.

Municipal Utility District	Provides waterworks systems, sanitary sewer systems and drainage systems
Water Control and Improvement District	Supplies and stores water for domestic, commercial and industrial use; operates wastewater systems; and provides irrigation, drainage and water quality controls
Special Utility District	Provides water, wastewater and fire-fighting services
River Authority	Operates major reservoirs and sells untreated water on a wholesale basis. Provides for flood control, soil conservation and water quality protection
Utility and Reclamation District	Provides conservation and development of all the natural resources within the district

Tax-supported and revenue debt, including conduit revenue debt, issued by WDs is used to pay capital costs to engineer, construct, acquire and/or improve water plants, wastewater treatment facilities and sewer system drainage. (Debt service for conduit revenue debt is the obligation of the conduit borrower, not the WD issuer.) Certain WDs can also issue tax debt for road and park construction and conduit revenue debt for pollution control facilities for private entities. (This report does not include certain types of conduit debt for which the Bond Review Board does not receive issuance information).

**Water District Debt Outstanding**

As of August 31, 2014, 883 Texas WDs had debt outstanding of which 734 had tax-supported debt, 180 had revenue debt and 18 had conduit revenue debt outstanding. Including commercial paper (CP), total debt outstanding for WDs increased 0.9 percent from \$30.75 billion in fiscal 2013 to

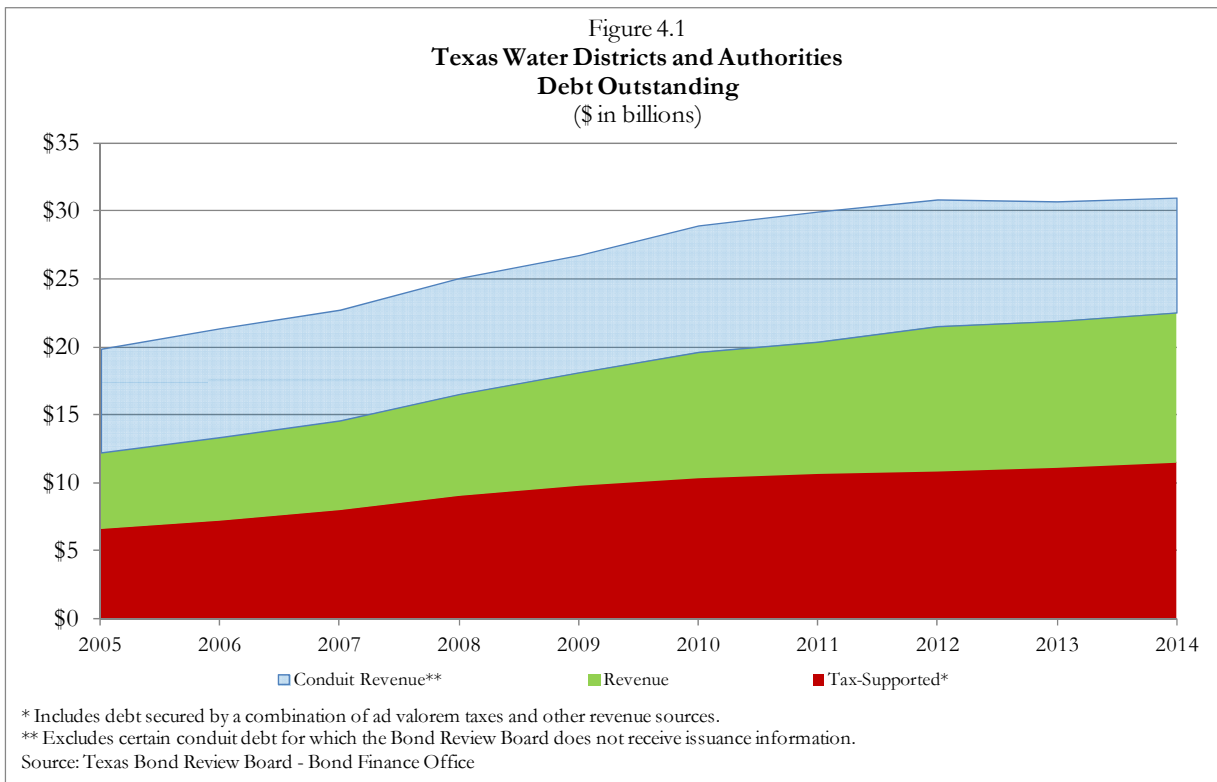
\$31.02 billion in fiscal 2014. Of that amount, 37.1 percent (\$11.50 billion) was tax-supported, 62.9 percent (\$19.52 billion) was revenue debt including \$8.48 billion of conduit revenue debt and \$298.5 million of CP.

Over the five fiscal year period ended August 31, 2014, WD tax-supported debt increased by 10.9 percent (\$1.13 billion) to \$11.50 billion, revenue debt increased by 19.2 percent (\$1.78 billion) to \$11.05 billion and conduit-revenue debt decreased by 9.1 percent (\$0.85 billion) (Table 4.1).

Table 4.1 Texas Water Districts and Authorities Debt Outstanding By Fiscal Year (\$ in millions)					
	2010	2011	2012	2013	2014
Tax-Supported*	\$ 10,365.9	\$ 10,680.2	\$ 10,851.8	\$ 11,128.1	\$ 11,498.6
Revenue	9,270.1	9,708.0	10,683.0	10,793.1	11,045.8
Conduit Revenue**	9,331.5	9,607.7	9,351.5	8,825.9	8,477.8
<b>Total Debt Outstanding</b>	<b>\$ 28,967.5</b>	<b>\$ 29,995.9</b>	<b>\$ 30,886.3</b>	<b>\$ 30,747.1</b>	<b>\$ 31,022.2</b>

\*Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
 \*\*Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.  
 Source: Texas Bond Review Board - Bond Finance Office

Over the past ten years total WD debt, including conduit revenue debt for which the WD is not liable, has increased by 56.1 percent (\$11.15 billion) from \$19.87 billion at fiscal year-end 2005 to \$31.02 billion at fiscal year-end 2014 (Figure 4.1).



*Tax-Supported Debt Outstanding*

WDs with the largest amounts of debt outstanding are located in heavily populated areas or near major bodies of water such as Houston, Port Arthur, Dallas, Austin, and Baytown. The ten largest issuers of tax-supported debt accounted for 20.4 percent of water district tax-supported debt outstanding (*Table 4.2*).

Table 4.2 Texas Water Districts and Authorities Top 10 Tax-Supported Debt Outstanding*			
Government Name	County	Amount (\$ in millions)	Estimated WD Debt Per Capita**
Port of Houston Authority	Harris	\$717.6	\$ 185
Harris County FCD	Harris	660.9	152
Dallas County U&RD	Dallas	251.6	12,903
Hidalgo County DD 1	Hidalgo	163.5	235
Harris-Montgomery Counties MUD 386	Harris	115.9	9,049
Montgomery County MUD 46	Montgomery	96.5	4,422
Clear Lake City WA	Harris	86.5	1,029
Travis County WCID 17 (B) Steiner Ranch	Travis	85.8	6,221
Harris County MUD 165	Harris	85.6	4,722
Fort Bend County MUD 025	Fort Bend	82.4	5,988
<b>Total</b>		<b>\$2,346.3</b>	
* Includes Commercial Paper. Includes debt secured by a combination of ad valorem taxes and other revenue sources.			
** Population data for each issuer is as of the most recent data provided to the BRB in the official statement.			
Source: Texas Bond Review Board - Bond Finance Office			

*Revenue Debt Outstanding*

The top 5 issuers of revenue debt and the top 5 issuers of conduit debt account for 68.8 percent of water district revenue debt outstanding (*Table 4.3*).

Table 4.3 Texas Water Districts and Authorities Issuers with Most Revenue Debt Outstanding*		
Government Name	County	Amount (\$ in millions)
<b>Revenue</b>		
Lower Colorado RA	Travis et al	\$1,851.7
North Texas MWD	Collin	1,613.7
Trinity RA	Dallas	1,470.6
Tarrant Regional WD	Tarrant	1,295.6
San Jacinto RA	Montgomery	634.8
<b>Sub Total</b>		<b>\$6,866.4</b>
<b>Conduit Revenue**</b>		
Brazos RA	McLennan	\$1,974.4
Lower Colorado RA	Travis et al	1,776.8
Port of Port Arthur ND	Jefferson	1,438.7
Matagorda County ND 1	Matagorda	816.7
Port Freeport	Brazoria	567.7
<b>Sub Total</b>		<b>\$6,574.3</b>
<b>Total</b>		<b>\$13,440.7</b>
* Includes Commercial Paper		
** Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.		
Source: Texas Bond Review Board - Bond Finance Office		

*BABs*

Two WDs issued Direct Payment Build America Bonds (BABs) during fiscal years 2010 and 2011. As of August 31, 2014, the total of \$236.7 million of BABs issued by both remains outstanding. With the implementation of the Budget Control Act of 2011, the BAB subsidies were reduced by 7.6 percent to 32.34 percent of the interest payable. Authority to issue BABs expired in December 2010. (See Glossary for discussion on BABs.)

### Commercial Paper Outstanding

Three WDs utilize either general obligation (tax) and/or revenue CP programs to provide short-term financing for infrastructure improvements, additions and extensions. As of August 31, 2014, no tax-supported CP was outstanding and two WDs had \$298.5 million in revenue CP outstanding (Table 4.4). No additional CP programs were authorized during fiscal year 2014.

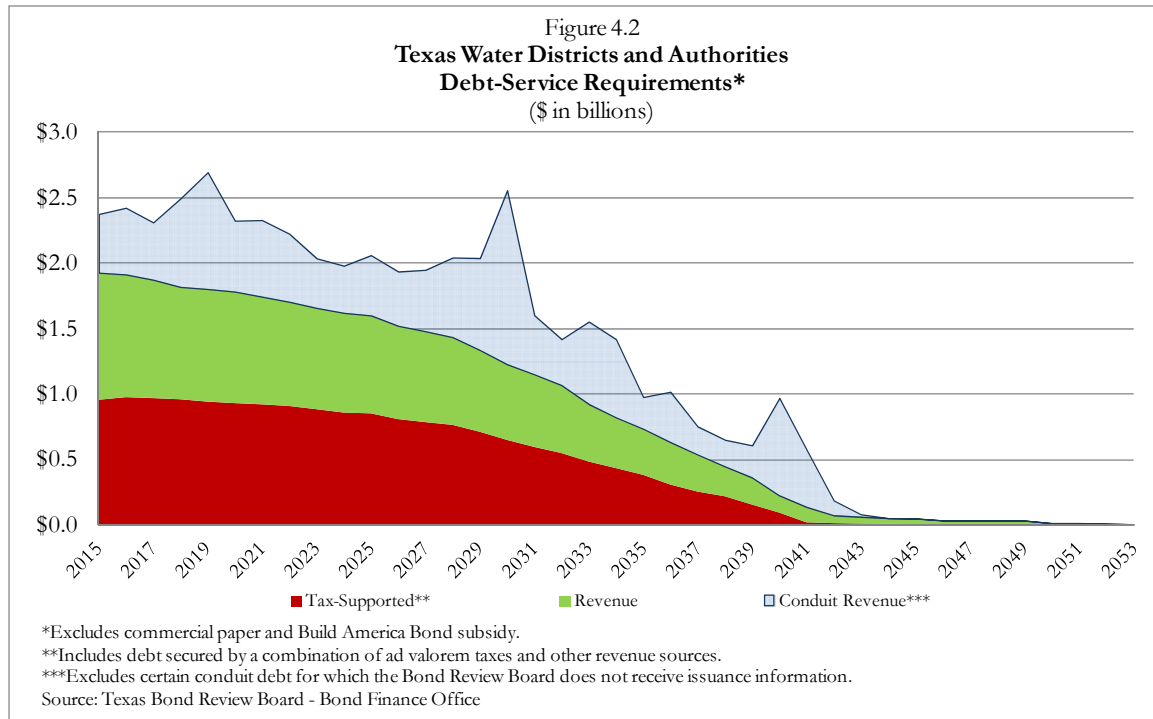
Table 4.4 Texas Water Districts and Authorities Commercial Paper Programs* (\$ in millions)		
Government Name	County	Amount
<b>Revenue</b>		
Lower Colorado RA**	Travis	\$264.4
Upper Trinity Regional WD	Denton	34.1
<b>Tax-Supported</b>		
Harris County FCD	Harris	0.0
<b>Total</b>		<b>\$298.5</b>
*Does not reflect total authorization amounts.		
**\$183.6 million of total outstanding is LCRA Transmission Services Corporation's commercial paper.		
Source: Texas Bond Review Board - Bond Finance Office.		

### Debt-Service Requirements

Debt-service requirements (principal and interest) for WDs totaled \$47.76 billion as of August 31, 2014, 36.2 percent of which was for tax-supported debt, 34.5 percent of which was for revenue debt, and 29.3 percent of which was for conduit-revenue debt service. Debt-service requirements are shown below (Table 4.5).

Table 4.5 Texas Water Districts and Authorities Debt-Service Requirements by Fiscal Year* (\$ in millions)						
	2015	2016	2017	2018	2019	2020 & beyond
Tax-Supported**	\$ 952.9	\$ 973.0	\$ 965.8	\$ 956.7	\$ 938.6	\$ 12,504.4
Revenue	972.0	938.4	905.1	859.4	861.7	11,946.7
Conduit Revenue***	448.9	509.7	438.8	676.9	892.4	11,017.3
<b>Total Debt Service</b>	<b>\$ 2,373.8</b>	<b>\$ 2,421.1</b>	<b>\$ 2,309.7</b>	<b>\$ 2,493.0</b>	<b>\$ 2,692.7</b>	<b>\$ 35,468.4</b>
* Excludes commercial paper and Build America Bond subsidy						
** Includes debt secured by a combination of ad valorem taxes and other revenue sources.						
***Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.						
Source: Texas Bond Review Board - Bond Finance Office						

Figure 4.2 illustrates the projected annual debt service for WD tax-supported, revenue and conduit-revenue debt outstanding as of August 31, 2014. (Debt service for conduit revenue debt is the obligation of the conduit borrower, not the WD issuer.)



### Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess an issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year 2014, Texas WDs will repay 22.2 percent (\$2.56 billion) of tax-supported principal outstanding within five years, 46.4 percent (\$5.34 billion) within ten years and 89.1 percent (\$10.24 billion) within twenty years. 22.7 percent (\$2.48 billion) of revenue principal will be repaid within five years, 45.2 percent (\$4.94 billion) will be repaid within ten years and 85.0 percent (\$9.29 billion) within 20 years. The last maturity for WD tax-supported debt and WD revenue debt will be repaid within 36 years (fiscal 2050) and 38 years (fiscal 2052), respectively (Table 4.6).

Debt Repaid	Tax-Supported Debt (billions)	Percent	Revenue Debt (billions)	Percent
Within Five Years	\$2.56	22.2%	\$2.48	22.7%
Within Ten Years	\$5.34	46.4%	\$4.94	45.2%
Within Twenty Years	\$10.24	89.1%	\$9.29	85.0%

\*Excludes commercial paper and conduit-revenue debt.  
 Source: Texas Bond Review Board - Bond Finance Office

As of fiscal-year 2014 the top 10 water districts with CABs outstanding accounted for 94.4 percent of all water district CABs outstanding. CAB debt service accounts for 24.1 percent of the total debt service owed by the ten issuers (*Table 4.7*).

Table 4.7 Texas Water Districts and Authorities Top 10 Issuers of CABs* (\$ in millions)			
	CAB Maturity Amount	Total Debt Service	CAB Maturity Amount as % of Total Debt Service
Midland County FWSD 1	\$206.2	\$486.4	42.4%
Orange County WCID 1	32.0	72.1	44.3%
Northeast Texas MWD	26.1	51.6	50.6%
Dallas County U&RD	16.1	374.6	4.3%
Valwood Improvement Auth	13.8	13.8	100.0%
Lakeway MUD	3.6	30.5	11.7%
Travis County WCID 17 (B)	3.4	116.5	2.9%
Fort Bend County LID 011	3.3	31.6	10.6%
Northgate Crossing MUD 2	2.2	23.3	9.6%
Denton County FWSD 06	2.0	80.3	2.5%
Subtotal	\$308.7	\$1,280.6	24.1%
Other CAB Issuers	17.9	2,455.9	0.7%
Total	\$326.6	\$3,736.5	8.7%

\*Excludes commercial paper and Build America Bond subsidy  
Source: Texas Bond Review Board - Bond Finance Office

### Debt Issuance in FY 2014

During fiscal 2014, 325 WDs issued a total of \$2.93 billion of debt, a decrease of 26.8 percent (\$1.08 billion) from the \$4.01 billion issued in fiscal 2013. Of the debt issued in fiscal 2014, 56.1 percent (\$1.64 billion) was tax-supported, 43.9 percent (\$1.29 billion) was revenue debt. No conduit-revenue debt was issued during the fiscal year 2014.

Of the total WD debt issued during fiscal 2014, 57.7 percent (\$1.69 billion) was new-money debt, an increase of 15.5 percent from the \$1.46 billion issued during fiscal 2013. The remaining 42.3 percent (\$1.24 billion) was refunding debt, a decrease of 51.2 percent from the \$2.54 billion issued during fiscal 2013. WD debt issuance over the past five fiscal years is shown below (*Table 4.8*).



Table 4.8 Texas Water Districts and Authorities Debt Issuance by Fiscal Year* (\$ in millions)					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>Issuers</b>	277	277	375	328	292
<b>Issuances</b>	351	342	473	422	354
<b>Tax</b>					
New Money	\$805.0	\$619.0	\$637.7	\$697.1	\$810.3
Refunding	737.2	647.1	1,080.3	915.8	833.7
<b>Subtotal</b>	<b>\$1,542.2</b>	<b>\$1,266.1</b>	<b>\$1,718.0</b>	<b>\$1,612.9</b>	<b>\$1,644.0</b>
<b>Revenue</b>					
New Money	\$715.0	\$768.2	\$1,582.2	\$745.1	\$881.4
Refunding	602.9	670.9	445.0	1,417.4	405.6
<b>Subtotal</b>	<b>\$1,317.9</b>	<b>\$1,439.1</b>	<b>\$2,027.2</b>	<b>\$2,162.5</b>	<b>\$1,287.0</b>
<b>Conduit Revenue**</b>					
New Money	\$513.4	\$300.0	\$127.3	\$22.2	\$0.0
Refunding	336.6	0.0	609.7	208.8	0.0
<b>Subtotal</b>	<b>\$850.0</b>	<b>\$300.0</b>	<b>\$737.0</b>	<b>\$231.0</b>	<b>\$0.0</b>
<b>Total New Money</b>	<b>\$2,033.4</b>	<b>\$1,687.2</b>	<b>\$2,347.2</b>	<b>\$1,464.4</b>	<b>\$1,691.7</b>
<b>Total Refunding</b>	<b>\$1,676.7</b>	<b>\$1,318.0</b>	<b>\$2,135.0</b>	<b>\$2,542.0</b>	<b>\$1,239.3</b>
<b>Total Par Amount</b>	<b>\$3,710.1</b>	<b>\$3,005.2</b>	<b>\$4,482.2</b>	<b>\$4,006.4</b>	<b>\$2,931.0</b>
*Excludes issuances of commercial paper					
**Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.					
Source: Texas Bond Review Board - Bond Finance Office					

The largest tax-supported issuance during fiscal 2014 was a refunding transaction by the Harris County Flood Control District for \$133.8 million, and the largest revenue transaction was an issuance of \$202.1 million of refunding bonds by the Tarrant Regional Water District. No conduit revenue issuances were reported to the Bond Review Board for the fiscal year 2014.

On April 29, 2014, Energy Future Holdings, the parent company of TXU Energy, filed for reorganization under Chapter 11 of the U.S. bankruptcy code. TXU is the obligor on approximately \$1.79 billion of conduit-revenue debt issued through the Brazos, Sabine and Trinity River Authorities.

## **Chapter 5**

### **Texas Counties**

#### **Overview**

Counties issue two types of debt: tax-supported and revenue which also includes lease-revenue. Conduit-revenue debt is issued by non-profit corporations. As of August 31, 2014, county debt was 6.9% (\$14.13 billion) of total local debt outstanding.

Tax-supported debt is used for authorized county purposes such as the acquisition of vehicles, road maintenance equipment, road construction and maintenance materials; construction of road and bridge improvements; renovation, equipping and construction of County buildings and jails; acquisition of real property; and the acquisition of computer equipment and software.

Revenue debt is used for authorized county purposes such as acquiring, constructing, enlarging, remodeling and renovating waste water and sewer systems, toll roads, and hospitals.

Lease-revenue obligations are issued by counties that form non-profit corporations to finance the acquisition of land and to construct or expand, furnish and equip county projects, including adult or juvenile correctional facilities that may house county, state or federal prisoners. Pursuant to Chapter 1202 of the Texas Government Code, the BRB does not receive issuance information for all lease-revenue obligations and only reports data for correctional facilities.

Historically conduit-revenue debt has also been issued for pollution control and residential rental projects.

#### **Total County Debt Outstanding**

Of the 254 Texas counties, 169 had tax-supported debt, 14 had revenue debt, and 18 had lease-revenue obligations issued for jail/detention facilities outstanding as of August 31, 2014. Seventy-six counties had neither tax-supported nor revenue debt outstanding. During fiscal 2014 total debt outstanding for counties decreased 0.5 percent from \$14.20 billion in fiscal 2013 to \$14.13 billion including commercial paper (CP). Of that amount, 78.7 percent (\$11.12 billion) was tax-supported debt, 18.0 percent (\$2.54 billion) was revenue debt, and 3.3 percent (\$467.4 million) was lease-revenue debt. No conduit debt for counties has been outstanding over the past five fiscal years (*Table 5.1*).

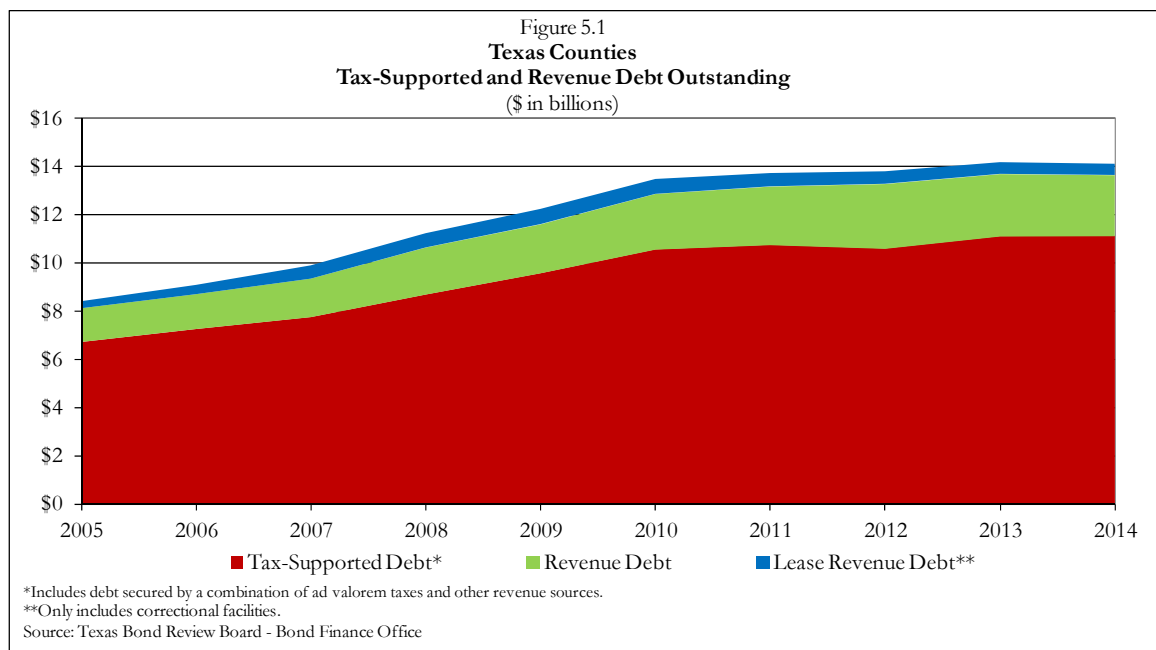
Over the past five fiscal-years ending August 31, 2014, tax-supported debt for counties increased by 5.3 percent, revenue debt increased by 9.5 percent and lease-revenue obligations declined by 24.4 percent.

Table 5.1 Texas Counties Debt Outstanding by Fiscal Year (\$ in millions)					
	2010	2011	2012	2013	2014
Tax-Supported*	\$10,559.6	\$10,748.6	\$10,595.8	\$11,106.7	\$11,120.7
Revenue	2,320.6	2,443.1	2,699.4	2,601.2	2,541.1
Lease-Revenue Obligations***	618.4	552.9	519.0	490.7	467.4
<b>Total Debt Outstanding</b>	<b>\$13,498.7</b>	<b>\$13,744.6</b>	<b>\$13,814.1</b>	<b>\$14,198.5</b>	<b>\$14,129.2</b>

\*Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
\*\*Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.  
\*\*\*Only includes correctional facilities.  
Source: Texas Bond Review Board - Bond Finance Office

As of August 31, 2014 Harris County had the state’s only tax-supported county CP outstanding. The total program authorization was \$600.0 million of which \$324.4 million was outstanding.

Over the past ten fiscal years ended August 31, 2014 total county debt has increased by 68.0 percent (\$5.72 billion) from \$8.41 billion at fiscal-year end 2005 to \$14.13 billion at fiscal-year end 2014 (Figure 5.1). As of August 31, 2014, seven counties had a total of \$419.1 million in Build America Bonds outstanding. (See glossary for a definition of Build America Bonds.)



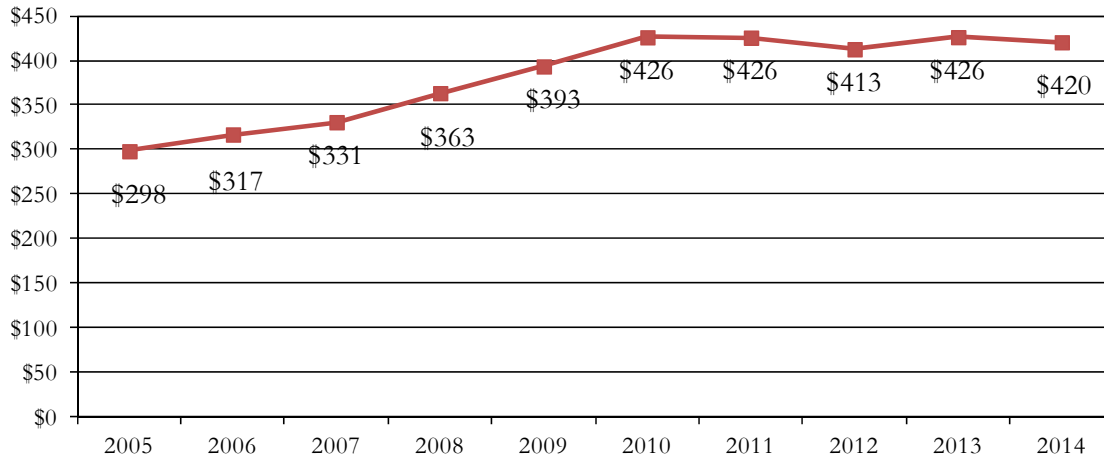
The ten counties listed below accounted for 70.5 percent of all Texas county tax-supported debt outstanding as of August 31, 2014 (*Table 5.2*).

Table 5.2 Texas Counties Top 10 Tax-Supported Debt Outstanding as of August 31, 2014		
County	Amount (\$ in millions)	Debt Per Capita
Harris*	\$2,410.3	\$556
Bexar	1,432.5	788
Williamson	849.6	1,804
Travis	660.9	590
Denton	615.0	844
Fort Bend**	441.9	677
Montgomery	421.1	844
Collin	391.4	458
Tarrant	317.8	166
Hays	298.5	1,696
Other Counties	3,281.8	N/A
<b>Total</b>	<b>\$11,120.7</b>	
* Includes Harris Co. GO Toll Road Debt of \$369.8 million and Commercial Paper of \$324.4 million.		
** Includes Fort Bend Co. GO Toll Road Debt of \$118.5 million.		
Population data from the July 2014 US Census Population Division.		
Includes debt secured by a combination of ad valorem taxes and other revenue sources.		
Source: Texas Bond Review Board - Bond Finance Office; March 2013 US Census		

### Tax-Supported Debt per Capita

Over the past ten fiscal years county tax-supported debt per capita has increased by 41.0 percent (\$122) from \$298 in FY 2005 to \$420 in FY 2014. During this time period the state's population increased by 17.6 percent (4.0 million) (*Figure 5.2*).

Figure 5.2  
**Texas Counties**  
**Tax-Supported Debt Per Capita**



Includes debt secured by a combination of ad valorem taxes and other revenue sources.

Source: Texas Bond Review Board - Bond Finance Office; July 2014 U.S. Census Bureau, Population Division

Rating agencies consider an overall debt per capita for counties less than \$600 to be low and over \$1,800 to be high; however, many other factors are involved in assessing credit risk, such as population, taxpayer concentration and various economic, administrative and financial factors.

Some counties may have a small population, but have a large tax assessed valuation to cover the cost of bond transactions. For example, Loving County's \$195,053 debt per capita is a result of a \$18.5 million issuance combined with a population of only 95. However they have a tax assessed valuation of \$605.9 million. Please visit the BRB website at <http://www.brb.state.tx.us/lgs/lgspubs2014.aspx> for downloadable data related to counties.

Nine county issuers had CAB debt outstanding as of fiscal year 2014. CAB debt service accounts for 3.8 percent of the total debt service owed by the nine issuers (*Table 5.3*).

Table 5.3  
**Texas Counties**  
**Issuers of CABs\***  
(\$ in millions)

	CAB Maturity Amount	Total Debt Service	CAB Maturity Amount as % of Total Debt Service
Harris County	\$244.4	\$6,266.8	3.9%
Galveston County	71.2	421.8	16.9%
Williamson County	10.0	1,235.7	0.8%
Ellis County	7.0	76.8	9.2%
Johnson County	2.9	17.0	17.2%
Lamar County	2.8	5.2	53.9%
Parker County	2.8	147.7	1.9%
Travis County	2.7	854.8	0.3%
Kaufman County	1.9	63.5	3.0%
<b>Total</b>	<b>\$345.8</b>	<b>\$9,089.4</b>	<b>3.8%</b>

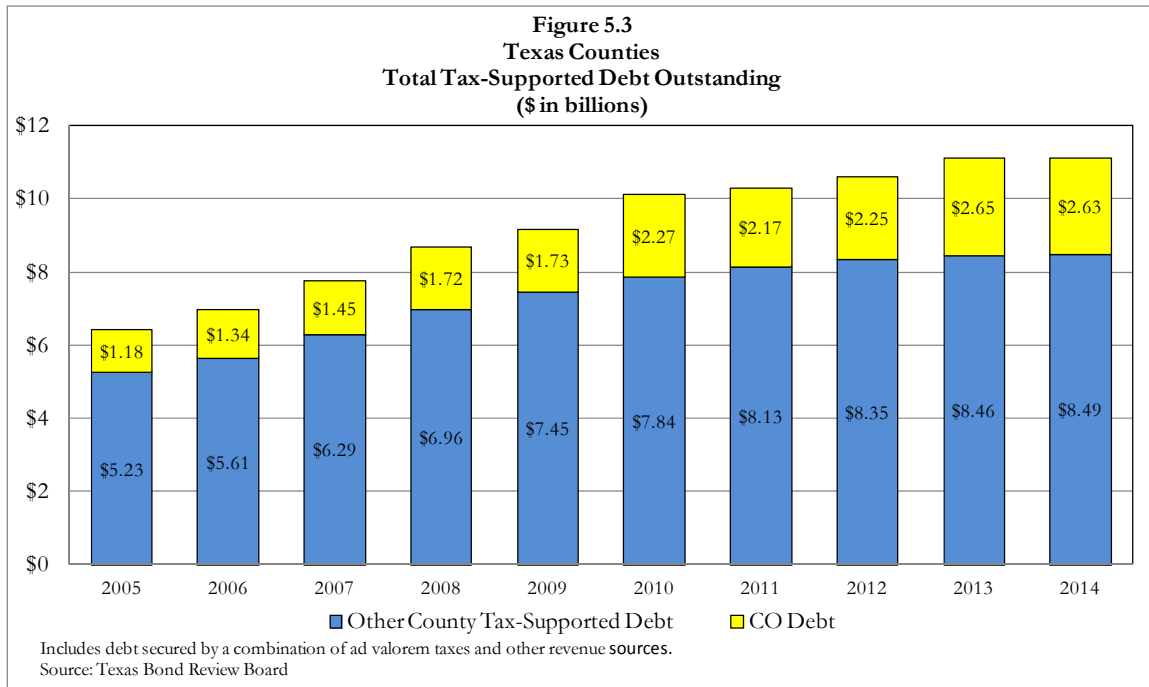
\*Excludes commercial paper and Build America Bond subsidy  
Source: Texas Bond Review Board - Bond Finance Office

*Certificates of Obligation*

As of August 31, 2014 Texas counties had \$2.63 billion of Certificates of Obligation (CO) debt outstanding which was 23.6 percent of the county tax-supported debt outstanding. Of the 85 counties with CO debt outstanding, the top 20 had \$2.33 billion (88.8 percent) of the total county CO debt outstanding (*Table 5.4*). (See Glossary for a definition of COs.)

<b>Table 5.4</b>			
<b>Texas Counties</b>			
<b>Top 20 Certificates of Obligation Issuers</b>			
	<b>CO Amount</b>	<b>Debt per</b>	<b>% of Tax-</b>
	(\$ in millions)	<b>Capita*</b>	<b>supported</b>
			<b>Debt</b>
Bexar County	\$1,273.0	\$700	88.9%
Travis County	238.9	213	36.1%
El Paso County	170.3	1,092	78.7%
Hidalgo County	83.1	102	54.8%
Montgomery County	74.6	149	17.7%
Hays County	71.5	406	23.9%
La Salle County	71.3	1,444	75.5%
Cameron County	60.2	144	45.4%
Brazoria County	35.2	107	39.0%
Nueces County	32.8	93	33.6%
Randall County	29.0	229	73.3%
Webb County	28.3	108	37.5%
Bastrop County	25.0	329	60.4%
Uvalde County	22.5	836	100.0%
Dimmit County	22.3	2,047	84.7%
Brazos County	21.0	103	22.6%
Comal County	20.4	172	33.9%
Zapata County	20.0	1,392	51.9%
Walker County	18.5	269	100.0%
San Patricio County	16.7	252	100.0%
Subtotal	\$2,334.5	348	36.2%
Other CO Issuers	295.7	59	2.7%
<b>Total</b>	<b>\$2,630.2</b>	<b>225</b>	<b>23.6%</b>
* Population data from the July 2014 US Census Population Division. Total population based on issuers with debt outstanding.			
Includes debt secured by a combination of ad valorem taxes and other revenue sources.			
Source: Texas Bond Review Board - Bond Finance Office			

Over the past ten fiscal years ending August 31, 2014, CO debt outstanding has increased by 122.7 percent from \$1.18 billion to \$2.63 billion. The increase was mainly due to Bexar County issuing a total of \$1.35 billion over the period for flood control purposes and improvements to the courthouse and jail (*Figure 5.3*).



Over the past ten fiscal years county revenue debt has increased by 80.2 percent (\$1.13 billion) from \$1.41 billion at fiscal-year end 2005 to \$2.54 billion at fiscal-year end 2014.

Harris County Toll Road bonds accounted for 73.8 percent (\$1.88 billion) of the total county revenue debt and Fort Bend County Toll Road accounted for 7.3 percent (\$185.9 million) of total county revenue debt.

### Debt-Service Requirements

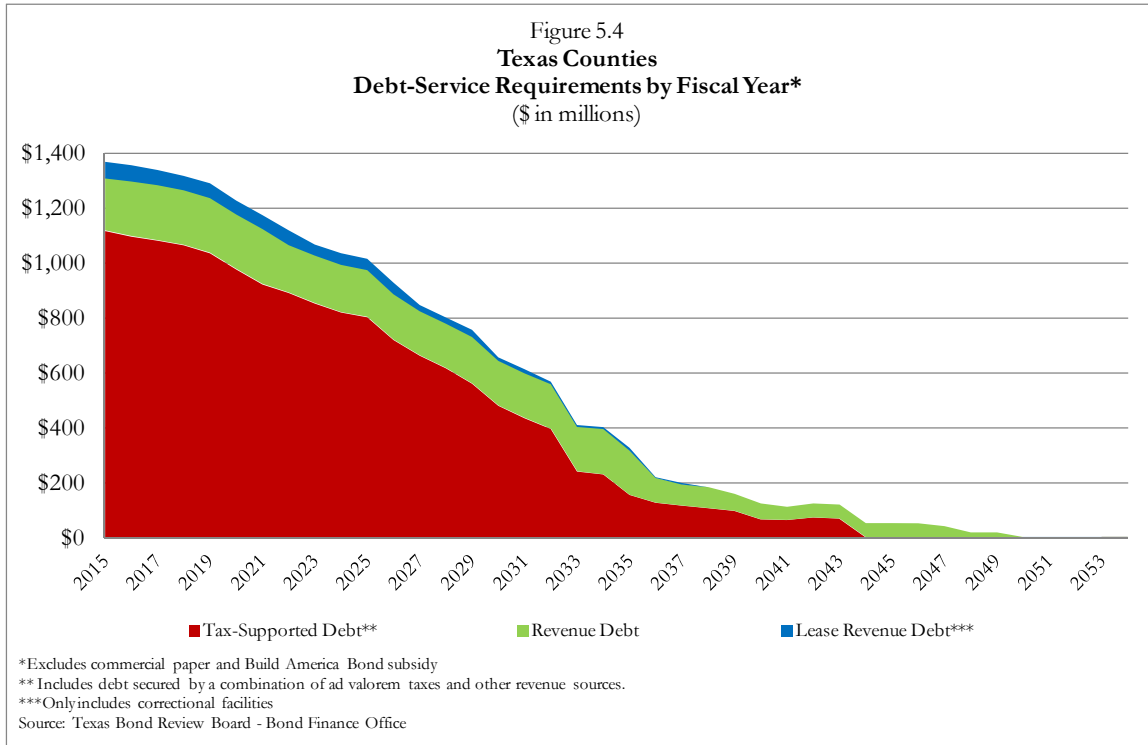
Table 5.5 illustrates annual debt-service requirements (principal and interest) for county tax-supported debt, revenue debt and lease-revenue obligations outstanding.

Table 5.5						
Texas Counties						
Debt-Service Requirements by Fiscal Year*						
(\$ in millions)						
	2015	2016	2,017	2018	2019	2020 & Beyond
Tax-Supported**	\$1,442.0	\$1,097.1	1,082.31	\$1,065.5	\$1,036.5	\$10,468.6
Revenue	192.57	201.8	203.41	201.6	201.9	3,485.8
Lease-Revenue Obligations***	60.87	59.5	55.16	52.6	53.9	464.5
<b>Total Debt Service</b>	<b>\$1,695.4</b>	<b>\$1,358.4</b>	<b>\$1,340.9</b>	<b>\$1,319.7</b>	<b>\$1,292.3</b>	<b>\$14,419.0</b>

\*Excludes commercial paper and Build America Bond subsidy  
 \*\* Includes debt secured by a combination of ad valorem taxes and other revenue sources  
 \*\*\*Only includes correctional facilities  
 Source: Texas Bond Review Board - Bond Finance Office

At August 31, 2014 debt-service requirements for counties totaled \$21.10 billion, 75.2 percent (\$15.87 billion) of which was tax-supported debt, 21.3 percent (\$4.49 billion) of which was revenue debt and 3.5 percent (\$747.6 million) of which was lease-revenue debt (Figure 5.4).





*Debt Repayment*

Timely repayment of debt is an important factor used by rating agencies to assess an issuer’s financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year 2014, Counties are expected to repay 29.5 percent (\$3.18 billion), 56.9 percent (\$6.14 billion) and 93.4 percent (\$10.09 billion) of the tax-supported debt outstanding over the next five, ten and twenty years, respectively. Repayment of revenue debt is expected to be 18.0 percent (\$542.2 million), 37.5 percent (\$1,126.7 million) and 76.7 percent (\$2.31 billion) over the next five, ten and twenty years, respectively. The last maturity for county tax-supported debt and county revenue debt will be repaid within 36 years (fiscal 2050) and 40 years (fiscal 2054), respectively (*Table 5.6*).

Table 5.6 Texas Counties Rate of Debt Retirement*				
Debt Repaid	Tax-Supported Debt** (billions)	Percent	Revenue Debt (millions)	Percent
Within Five Years	\$3.18	29.5%	\$542.2	18.0%
Within Ten Years	\$6.14	56.9%	\$1,126.7	37.5%
Within Twenty Years	\$10.09	93.4%	\$2,306.8	76.7%

\*Excludes commercial paper.  
 \*\*Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
 Source: Texas Bond Review Board - Bond Finance Office

### County Debt Issuance in FY 2014

During fiscal 2014, 52 counties issued a record low amount of debt totaling \$990.9 million of which 96.3 percent (\$954.7 million) was tax-supported, 3.2 percent (\$31.4 million) was lease-revenue debt and 0.5 percent (\$4.8 million) was revenue debt.

County debt issuance decreased by 55.6 percent (\$1.24 billion) from \$2.23 billion in fiscal 2013 to \$900.9 million in fiscal 2014 of which 61.3 percent (\$607.9 million) was issued as new-money debt, a decrease of 42.1 percent (\$442.6 million) from the \$1.05 billion issued during fiscal 2013. The remaining 38.7 percent (\$383.0 million) was refunding debt which decreased 67.6 percent (\$800.4 million) from the \$1.18 billion issued during fiscal 2013.

Due to the low debt issuance in fiscal 2014, both total new-money issuances and refunding issuances decreased by 62.9 percent (\$1.03 billion) and 64.7 percent (\$700.5 million), respectively since fiscal 2010. During fiscal year 2014 Williamson County issued the largest amount of county debt totaling \$111.3 million of which \$91.8 million was for road improvements and \$19.5 million for parks and recreations improvements (*Table 5.7*).

Table 5.7					
Texas Counties					
Debt Issuance by Fiscal Year*					
(\$ in millions)					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>Issuers</b>	51	46	66	56	52
<b>Issuances</b>	95	73	101	91	79
<b>Tax-Supported</b>					
New Money	\$1,284.0	\$587.5	\$717.6	\$1,046.3	\$603.1
Refunding	883.6	266.2	1,205.2	694.0	351.6
<b>Subtotal</b>	<b>\$2,167.6</b>	<b>\$853.7</b>	<b>\$1,922.8</b>	<b>\$1,740.3</b>	<b>\$954.7</b>
<b>Revenue</b>					
New Money	\$312.1	\$149.9	\$305.4	\$0.0	\$4.8
Refunding	199.9	340.1	199.9	468.9	0.0
<b>Subtotal</b>	<b>\$512.0</b>	<b>\$489.9</b>	<b>\$505.3</b>	<b>\$468.9</b>	<b>\$4.8</b>
<b>Lease Revenue Obligations**</b>					
New Money	\$43.5	\$9.2	\$0.0	\$4.2	\$0.0
Refunding	0.0	61.0	35.9	20.5	31.4
<b>Subtotal</b>	<b>\$43.5</b>	<b>\$70.2</b>	<b>\$35.9</b>	<b>\$24.7</b>	<b>\$31.4</b>
<b>Total New Money</b>	<b>\$1,639.5</b>	<b>\$746.6</b>	<b>\$1,023.0</b>	<b>\$1,050.5</b>	<b>\$607.9</b>
<b>Total Refunding</b>	<b>1,083.5</b>	<b>667.2</b>	<b>1,441.0</b>	<b>1,183.4</b>	<b>383.0</b>
<b>Total Debt Issued</b>	<b>\$2,723.0</b>	<b>\$1,413.8</b>	<b>\$2,464.0</b>	<b>\$2,233.9</b>	<b>\$990.9</b>
*Excludes commercial paper					
**Only includes correctional facilities					
Source: Texas Bond Review Board - Bond Finance Office					

Over the past five fiscal years less than 0.1 percent of the total county debt was issued as capital appreciation bonds (CABs); however the total debt outstanding figures are understated to the extent that CABs are reported at their discounted issuance price rather than their maturity value.

## Chapter 6 Texas Other Special Districts and Authorities

### Overview

Other Special Districts and Authorities (OSD) include tollway authorities, transit authorities, regional mobility authorities, power agencies, road districts, events venue districts, public improvement districts and education districts.

OSDs issue both tax-supported and revenue debt including sales tax and lease-revenue debt. OSD tax-supported and revenue debt are both used for road improvements, water and sewer improvements, and developing and maintaining mass transportation systems.

The table below shows the various types of OSD in the state.

Texas Other Special Districts and Authorities	
Type	Use of Proceeds
<b>Tollway Authorities</b>	Develop, construct and maintain toll roads.
<b>Transit Authorities</b>	Public transportation
<b>Regional Mobility Authorities</b>	Constructing and maintaining highways, tollways, ferries, airports, bikeways, and all-purpose transportation centers.
<b>Power Agencies</b>	Improvements to the electric transmission service.
<b>Road Districts</b>	Constructing and maintaining roads.
<b>Events Venue Districts</b>	Items related to creating and maintaining venues.
<b>Education Districts</b>	Provide services to the school districts and are funded by education taxes at the county and the school district levels.

Source: Texas Bond Review Board - Bond Finance Office

### Debt Outstanding

As of August 31, 2014 total OSD debt outstanding was 7.7 percent (\$15.86 billion) of total local debt outstanding. As of that date, 12 OSDs had tax-supported debt outstanding, and 28 had revenue debt outstanding including two that had lease-revenue debt. During fiscal 2014 total debt outstanding for OSDs increased 2.4 percent to \$15.86 billion from \$15.49 billion outstanding in fiscal 2013. Of that amount, 67.7 percent was revenue debt, 30.5 percent was sales-tax debt, 1.3 percent was tax-supported debt, and 0.5 percent was lease-revenue debt.

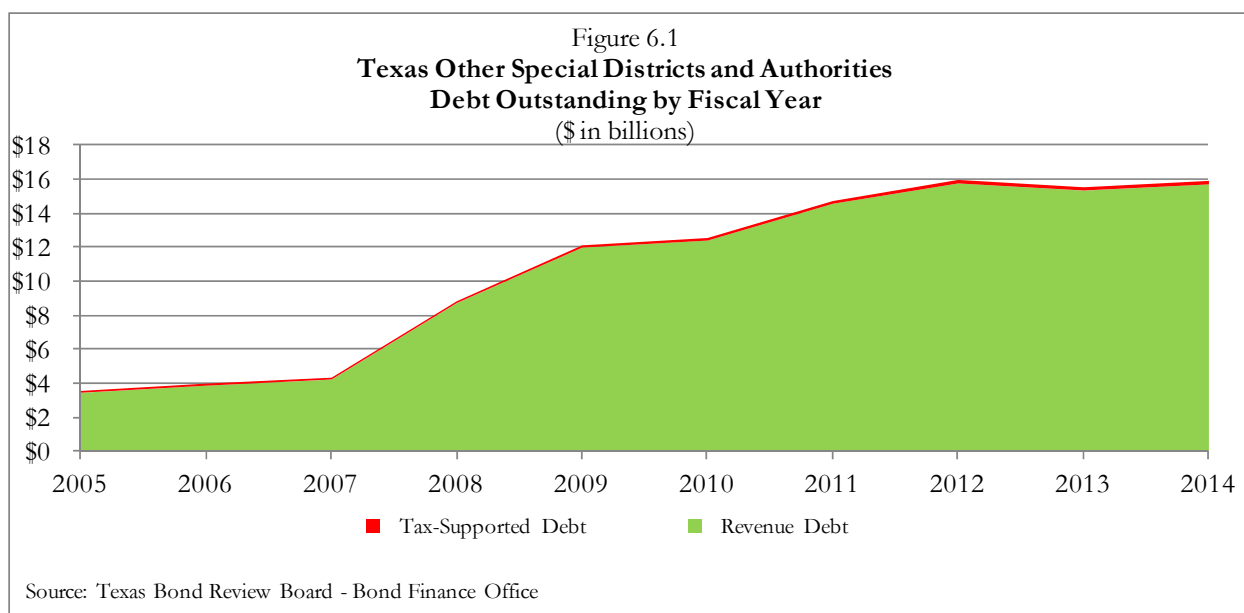
Since fiscal 2010 revenue debt has increased by 19.2 percent (\$1.73 billion) and sales-tax revenue debt has increased 47.7 percent (\$1.56 billion) while tax-supported debt has increased 33.8 percent (\$50.8 million) (*Table 6.1*). The rise in revenue debt, including sales-tax revenue debt over the past five years is due to issuances by three Regional Mobility Authorities: excluding commercial paper, North Texas Tollway Authority (NTTA) issued \$3.73 billion to extend its highway system including \$2.13 billion of new money and \$1.59 billion of refunding debt; Dallas Area Rapid Transit (DART) issued \$1.07 billion of sales-tax revenue debt including \$977.1 million to expand the bus and light rail system and \$95.2 million to refund outstanding debt; and the Metropolitan Transit Authority

(MTA) of Harris County issued \$716.4 million of new-money sales-tax revenue debt to build a light rail system and expand its bus system.

Table 6.1 Texas Other Special Districts and Authorities Debt Outstanding by Fiscal Year (\$ in millions)					
	2010	2011	2012	2013	2014
Revenue	\$9,010.9	\$10,361.1	\$11,182.1	\$10,550.8	\$10,739.9
Sales-Tax Revenue	3,279.6	4,049.9	4,432.3	4,655.6	4,843.2
Tax-Supported	150.3	161.1	198.4	191.8	201.1
Lease-Revenue Obligations	76.7	114.4	105.9	97.0	80.1
<b>Total Debt Outstanding</b>	<b>\$12,517.5</b>	<b>\$14,686.4</b>	<b>\$15,918.7</b>	<b>\$15,495.1</b>	<b>\$15,864.3</b>

Source: Texas Bond Review Board - Bond Finance Office

Figure 6.1 shows the growth of OSD debt outstanding over the past ten years.



The North Texas Tollway Authority accounts for 54.6 percent (\$8.66 billion) of the total OSD debt outstanding, and the four next largest OSDs shown in the following table account for 35.8 percent (\$5.68 billion) (Table 6.2).

Table 6.2 Texas Other Special Districts and Authorities Issuers with Most Debt Outstanding (\$ in millions)		
	County	Amount
NTTA	Dallas	\$8,664.4
DART	Dallas	3,497.9
MTA of Harris County	Harris	968.0
Central Texas Regional Mobility Auth.	Travis-Williamson	759.2
Texas Municipal Power Agency	Brazos et al.	454.9
Other Issuers		1,519.9
<b>Total</b>		<b>\$15,864.3</b>
Source: Texas Bond Review Board - Bond Finance Office		

### Commercial Paper

Four OSDs have revenue-supported commercial paper (CP) programs. The NTTA and the Texas Municipal Power Agency have revenue-supported programs, and the MTA of Harris County and the DART have sales-tax revenue-supported CP programs. At fiscal year-end 2014, CP accounted for 2.8 percent (\$455.1 million) of the total OSD debt outstanding (*Table 6.3*).

Table 6.3 Texas Other Special Districts and Authorities Commercial Paper Outstanding (\$ in millions)		
	County	Amount
MTA of Harris County	Harris	\$183.4
DART	Dallas	150.0
Texas Municipal Power Agency	Brazos	76.7
NTTA	Dallas	45.0
<b>Total</b>		<b>\$455.1</b>
Source: Texas Bond Review Board - Bond Finance Office		

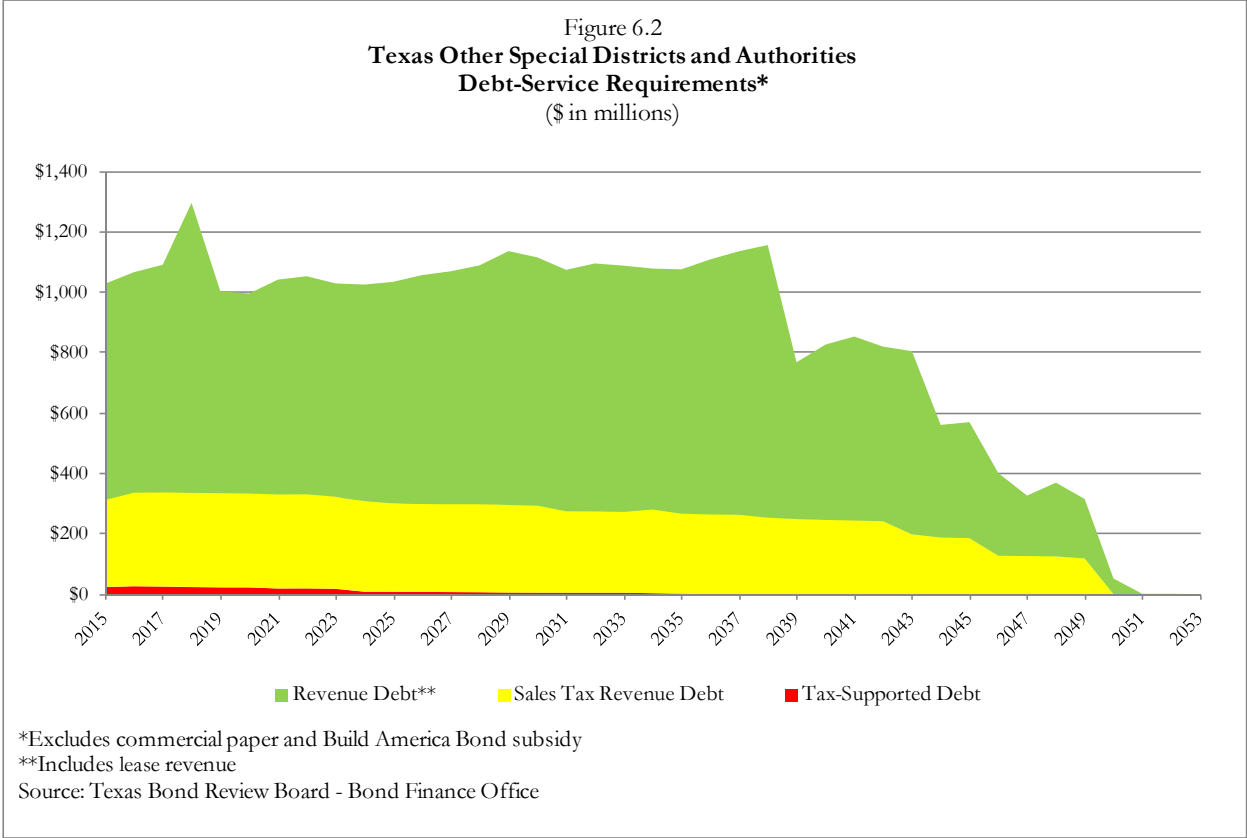
### Debt-Service Requirements

As of August 31, 2014 debt-service requirements (principal and interest) for OSDs totaled \$32.63 billion of which revenue debt was 71.3 percent (\$23.27 billion), sales-tax revenue was 27.6 percent (\$9 billion), tax-supported was 0.8 percent (\$267.6 million) and lease-revenue obligations were 0.3 percent (\$96.0 million) (*Table 6.4*).

Table 6.4 Texas Other Special Districts and Authorities Debt-Service Requirements by Fiscal Year* (\$ in millions)						
	2015	2016	2017	2018	2019	2020 & Beyond
Revenue	\$703.6	\$718.1	\$741.7	\$948.7	\$656.5	\$19,503.5
Sales-Tax Revenue	288.3	309.7	311.9	312.0	312.0	7,463.9
Tax-Supported	23.7	26.4	25.4	23.5	22.7	145.9
Lease-Revenue Obligations	13.4	12.6	12.5	12.5	12.5	32.4
<b>Total Debt Service</b>	<b>\$1,028.9</b>	<b>\$1,066.8</b>	<b>\$1,091.5</b>	<b>\$1,296.7</b>	<b>\$1,003.7</b>	<b>\$27,145.7</b>

\*Excludes commercial paper and Build America Bond subsidy  
Source: Texas Bond Review - Bond Finance Office

Figure 6.2 illustrates the projected annual debt service for debt outstanding as of August 31, 2014. The sharp rise during fiscal 2018 is due to a scheduled refunding of \$196.0 million of commercial paper by the Texas Municipal Power Agency. Debt service for OSD revenue debt was structured to increase in later years because much of the associated debt is related to transportation projects for which revenues are projected to increase in succeeding years.



*Debt Repayment*

Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer’s financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. Local governments issue debt with varying terms up to 40 years or more. For debt outstanding as of fiscal year 2014, Texas OSDs are expected to repay 43.4 percent (\$87.3 million) in principal outstanding of tax-supported debt within five years, 76.6 percent (\$154.1 million) within ten years and 99.1 percent (\$199.2 million) within twenty years. Revenue-debt principal repayment is expected to be 8.2 percent (\$1.28 billion) within five years, 18.9 percent (\$2.94 billion) within ten years and 49.6 percent (\$7.74 billion) within twenty years (*Table 6.5*). The low repayment percentage for revenue debt is due to NTTA’s \$8.71 billion of bonds outstanding with maturities up to 2052. As of August 31, 2014 the final maturity for total tax-supported OSD debt is 24 years, and the final maturity for total OSD revenue debt is 38 years.

Table 6.5 Texas Other Special Districts and Authorities Rate of Debt Retirement* (\$ in millions)				
Debt Repaid	Tax-Supported Debt	Percent	Revenue Debt	Percent
Within Five Years	\$87.3	43.4%	\$1,275.0	8.2%
Within Ten Years	\$154.1	76.6%	\$2,938.5	18.9%
Within Twenty Years	\$199.2	99.1%	\$7,736.1	49.6%
*Excludes commercial paper				
Source: Texas Bond Review Board - Bond Finance Office				

*Capital Appreciation Bonds (CABs)*

Over the past decade OSD CAB maturity amounts outstanding have increased by 279.4 percent from \$875.9 million in FY 2005 to \$3.32 billion in FY 2014. This increase is the result of CAB debt issued by tollway authorities and regional mobility authorities. The chart below shows scheduled Current Interest Bond (CIB) debt-service and CAB debt-service for OSD since 2005 (Figure 6.3).



Figure 6.3  
**Texas Other Special Districts and Authorities**  
**Total Debt Service**  
(\$ in billions)

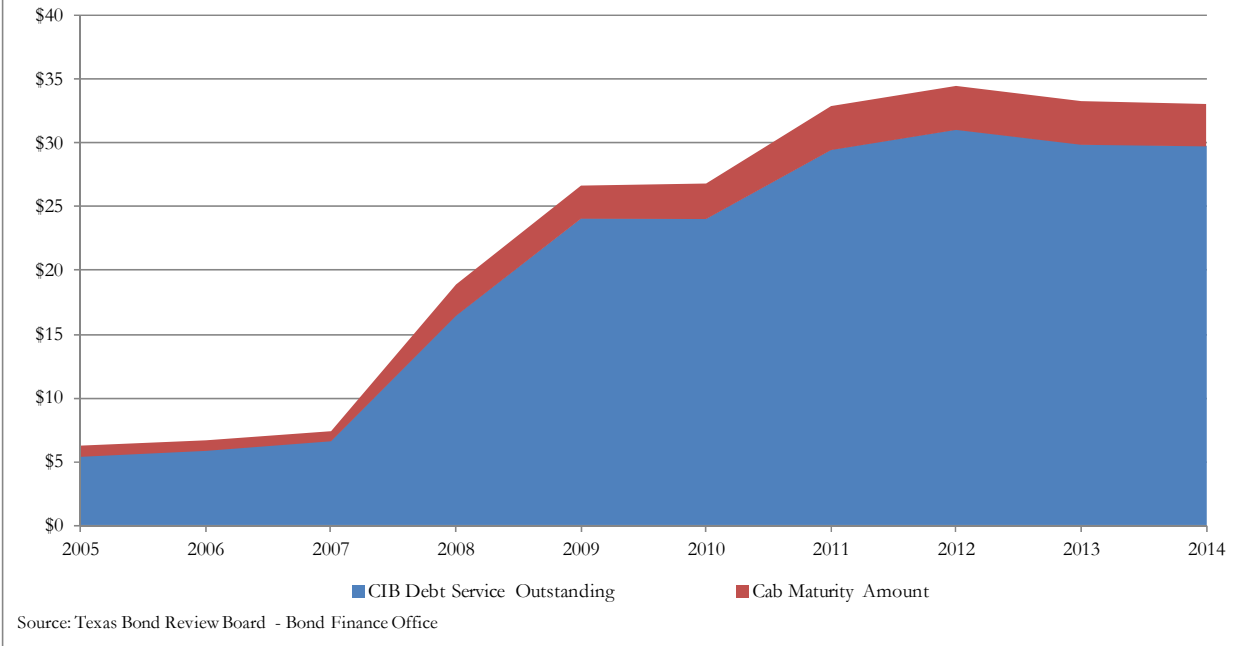


Table 6.6 shows the four OSD issuers with CAB debt outstanding. CAB debt service accounts for 15.0 percent of the total debt service owed by the four issuers.

Table 6.6  
**Texas Other Special Districts and Authorities**  
**Issuers of CABs\***  
(\$ in millions)

	CAB Maturity Amount	Total Debt Service	CAB Maturity Amount as % of Total Debt Service
North Texas Tollway Authority	2,650.2	19,469.6	13.6%
Texas Municipal Power Agency	474.5	922.9	51.4%
Central Texas Regional Mobility Authority	\$198.3	\$1,708.8	11.6%
Northgate Crossing Road UD	\$0.475	\$6.5	7.3%
<b>Total</b>	<b>\$3,323.0</b>	<b>\$22,101.3</b>	<b>15.0%</b>

\*Excludes commercial paper and Build America Bond subsidy  
Source: Texas Bond Review Board - Bond Finance Office

## OSD Debt Issuance

During fiscal year 2014 11 OSDs closed 16 transactions totaling a record low of \$426 million for transportation and education-related purposes. Of that amount 89.7 percent (\$248 million) was revenue, 31.5 percent (\$134.4 million) was sales-tax revenue, 8.0 percent (\$34.1 million) was tax-supported debt and 2.3 percent (\$9.7 million) was lease-revenue obligations. Of the total amount issued in fiscal 2014, 79.5 percent (\$338.7 million) was issued as new-money debt and 20.5 percent (\$87.5 million) was issued as refunding debt (*Table 6.6*).

The largest issuance for 2014 was a new money transaction issued by the Metropolitan Transit Authority (MTA) of Harris County for \$130.6 million to finance clean diesel transit, commuter buses and light rail vehicles.

*Table 6.7* shows debt issued by Other Special Districts and Authorities over the past five fiscal years.

Table 6.7					
Texas Other Special Districts and Authorities					
Debt Issued by Fiscal Year*					
(\$ in millions)					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>Issuers</b>	9	5	11	9	11
<b>Issuances</b>	17	14	19	15	16
<b>Tax-Supported</b>					
New Money	\$35.5	\$18.6	\$47.5	\$28.9	\$24.4
Refunding	0.0	10.8	17.3	0.0	9.7
<b>Subtotal</b>	<b>\$35.5</b>	<b>\$29.4</b>	<b>\$64.8</b>	<b>\$28.9</b>	<b>\$34.1</b>
<b>Revenue</b>					
New Money	\$617.8	\$1,467.2	\$709.1	\$122.1	\$179.9
Refunding	486.5	432.2	294.6	1,143.2	68.1
<b>Subtotal</b>	<b>\$1,104.3</b>	<b>\$1,899.4</b>	<b>\$1,003.7</b>	<b>\$1,265.3</b>	<b>\$248.0</b>
<b>Sales Tax</b>					
New Money	\$75.3	\$729.4	\$557.1	\$248.3	\$134.4
Refunding	20.9	100.0	0.0	0.0	0.0
<b>Subtotal</b>	<b>\$96.2</b>	<b>\$829.4</b>	<b>\$557.1</b>	<b>\$248.3</b>	<b>\$134.4</b>
<b>Lease-Revenue Obligations</b>					
New Money	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Refunding	0.0	0.0	0.0	0.0	9.7
<b>Subtotal</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$9.7</b>
<b>Total New Money</b>	<b>\$728.6</b>	<b>\$2,215.2</b>	<b>\$1,313.7</b>	<b>\$399.3</b>	<b>\$338.7</b>
<b>Total Refunding</b>	<b>507.4</b>	<b>543.0</b>	<b>311.9</b>	<b>1,143.2</b>	<b>87.5</b>
<b>Total Debt Issued</b>	<b>\$1,236.0</b>	<b>\$2,758.2</b>	<b>\$1,625.6</b>	<b>\$1,542.5</b>	<b>\$426.2</b>
*Excludes commercial paper					
Source: Texas Bond Review Board - Bond Finance Office					

### Build America Bonds

As of August 31, 2014 OSDs had \$2.79 billion in Build America Bonds outstanding (*Table 6.8*). With the implementation of the Budget Control Act of 2011, the BAB subsidies were reduced by 7.6 percent to 32.34 percent of the interest payable. Authority to issue BABs expired in December 2010. (See glossary for a definition of Build America Bonds.)

<b>Table 6.8</b>		
<b>Texas Other Special Districts and Authorities</b>		
<b>Build America Bonds Outstanding</b>		
(\$ in millions)		
	<b>County</b>	<b>Amount</b>
DART	Dallas	\$1,559.0
NTTA	Dallas	1,135.0
MTA of Harris County	Harris	82.6
Cameron Co Regional Mobility Authority	Cameron	15.5
<b>Total</b>		<b>\$2,792.1</b>
Source: Texas Bond Review Board - Bond Finance Office		

## Chapter 7 Texas Community and Junior College Districts

### Overview

Community and Junior College Districts (CCD) are two-year institutions that primarily serve local taxing jurisdictions and offer vocational, technical and academic courses for certifications or associates degrees. CCDs are governed under the Texas Education Code Chapter 130. As of August 31, 2014 total CCD debt outstanding was 2.3% (\$4.77 billion) of total local debt outstanding.

CCDs issue both tax-supported and revenue debt. Additionally, CCDs execute lease-purchase agreements that provide security for lease-revenue obligations issued by nonprofit corporations formed by CCDs. Proceeds from CCD debt issuances are used to construct, equip, renovate, expand and improve facilities, acquire information technology equipment and refund outstanding debt. Debt service is paid from either an ad valorem tax or various revenue streams such as tuition, technology and miscellaneous fees or lease revenue.

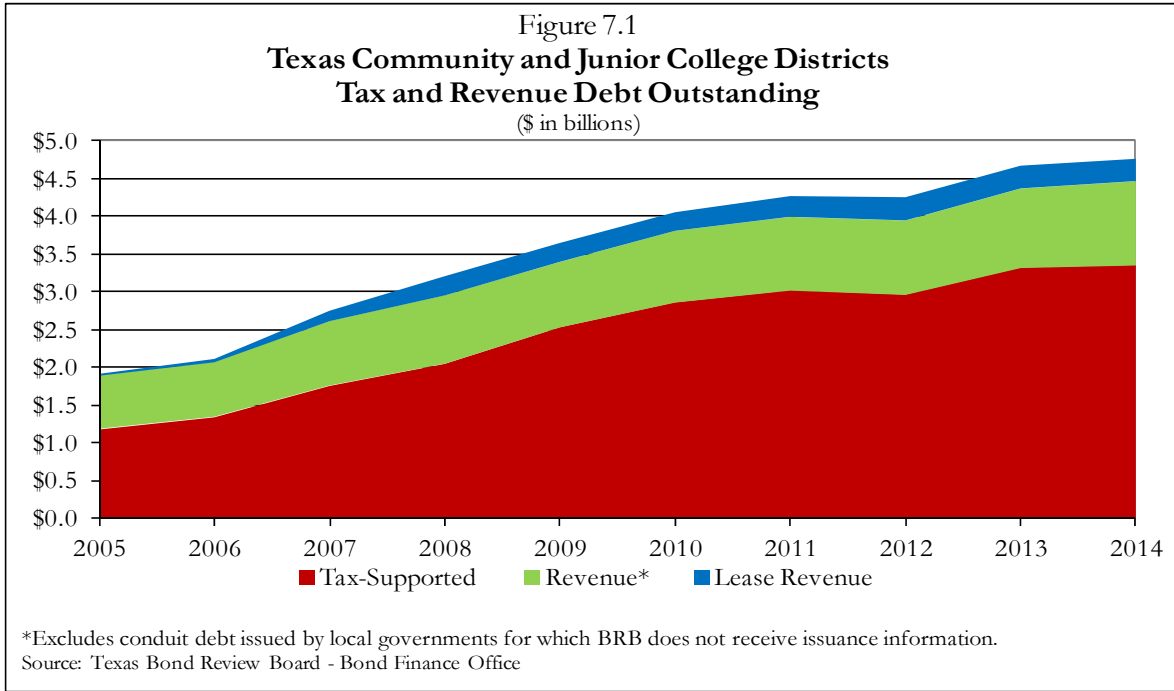
### CCD Debt Outstanding

As of August 31, 2014, 45 of the 50 CCDs had debt outstanding: 32 had tax-supported debt outstanding, 43 had revenue debt outstanding and 28 had both tax-supported and revenue debt outstanding. During fiscal year 2014 total debt outstanding for CCDs increased 1.95 percent (\$91.3 million) from \$4.68 billion in fiscal 2013 to \$4.77 billion in fiscal 2014. Of that amount, 70.2 percent (\$3.35 billion) was tax-supported, 23.5 percent (\$1.12 billion) was revenue and 6.2 percent (\$294.5 million) was lease-revenue obligation debt (*Table 7.1*).

Table 7.1 Texas Community and Junior College Districts Debt Outstanding by Fiscal Year (\$ in millions)					
	2010	2011	2012	2013	2014
Tax-Supported	\$2,857.3	\$3,017.6	\$2,960.6	\$3,316.6	\$3,351.1
Revenue*	955.7	982.0	989.4	1,058.9	1,122.5
Lease-Revenue Obligations	246.2	274.4	307.5	301.3	294.5
<b>Total Debt Outstanding</b>	<b>\$ 4,059.2</b>	<b>\$ 4,274.0</b>	<b>\$ 4,257.6</b>	<b>\$ 4,676.8</b>	<b>\$ 4,768.1</b>

\*Excludes conduit debt issued by local governments for which BRB does not receive issuance information  
Source: Texas Bond Review Board - Bond Finance Office

Tax-supported debt increased 184.5 percent (\$2.17 billion) since FY 2005. The increase was largely due to facilities construction and renovation by Alamo CCD, Houston CCD, Lone Star College and Dallas CCD that have issued \$745.3 million, \$706.8 million, \$558.8 million and \$478.7 million in tax-supported debt, respectively since FY 2005 (*Figure 7.1*).



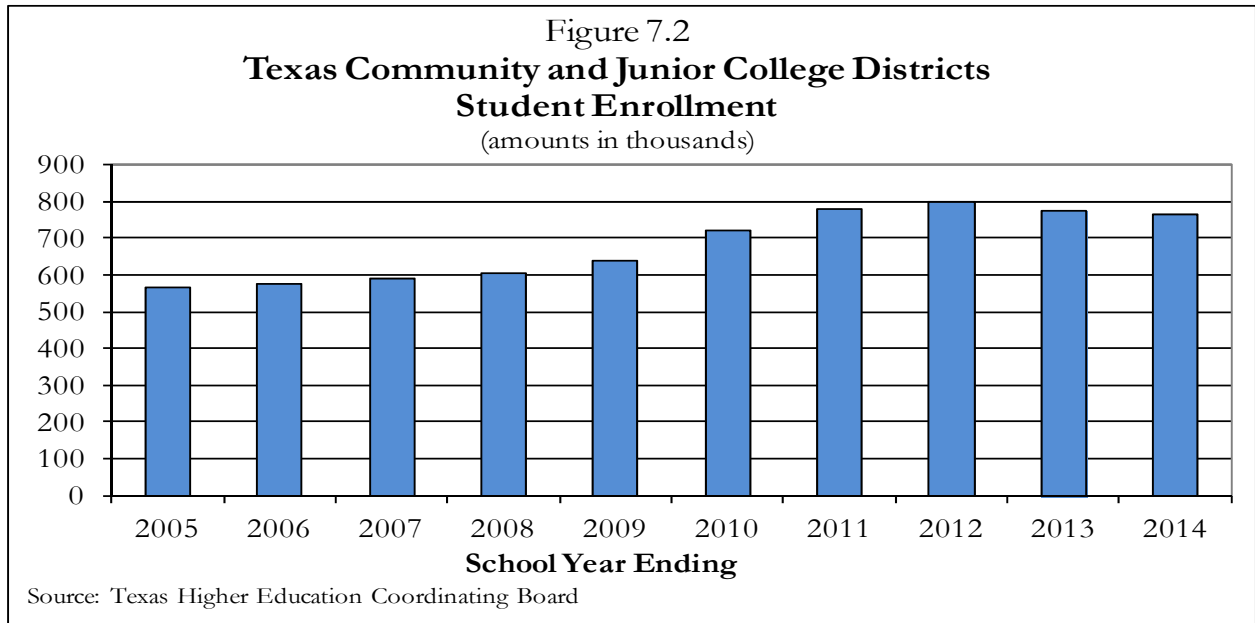
Of the 45 CCDs with debt outstanding, most were located in or near major metropolitan areas. Ten CCDs accounted for 81.5 percent of the total tax-supported debt outstanding (*Table 7.2*).

<b>Table 7.2</b>			
<b>Texas Community and Junior College Districts</b>			
<b>Issuers with Most Tax-Supported Debt Outstanding*</b>			
	Amount (millions)	Debt Per Capita	Debt per Student
Houston Community College System	\$661.4	\$297	\$11,389
Alamo CCD	488.0	267	7,514
Lone Star College System	471.7	197	5,984
Dallas County CCD	339.0	137	4,003
San Jacinto CCD	288.0	594	8,192
Laredo CCD	167.6	628	19,136
South Texas CCD	88.8	96	2,881
Austin CCD	82.7	81	1,979
McLennan CCD	73.6	309	8,177
Corpus Christi (Del Mar) JCD, City of	69.7	204	6,640
Other Issuers	620.4	N/A	N/A
<b>Total</b>	<b>\$3,351.1</b>		

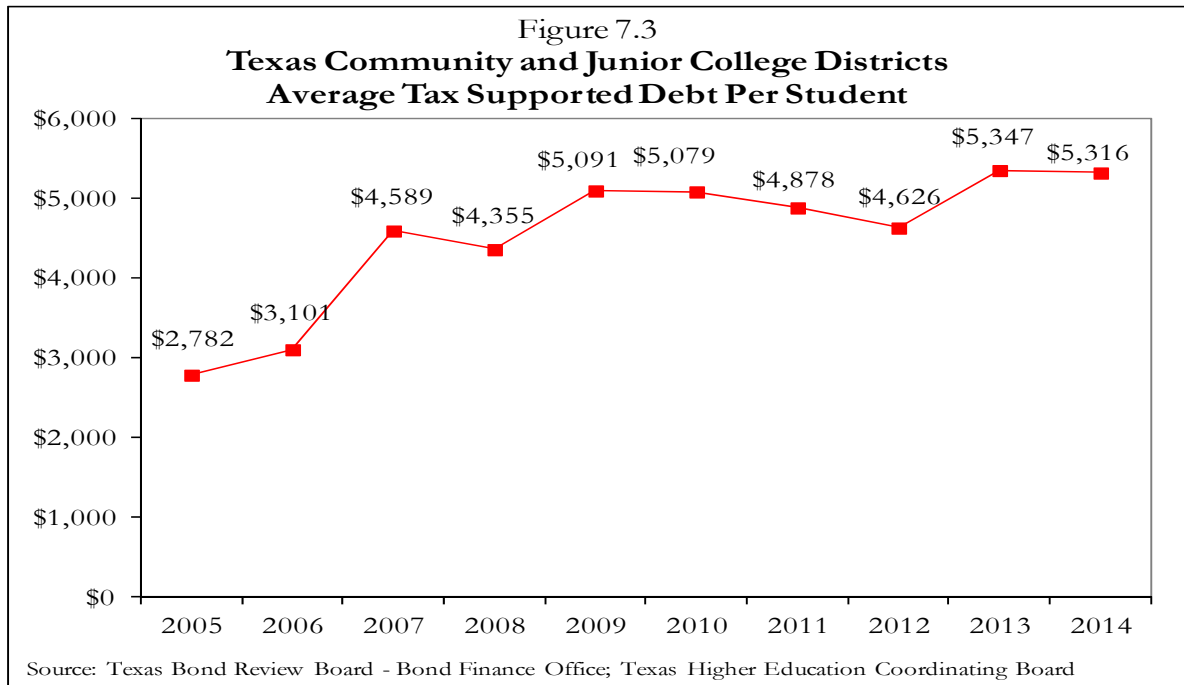
\* Population data for each issuer is as of the most recent data provided to the BRB in the official statement.  
Source: Texas Bond Review Board - Bond Finance Office

### Debt per Student

Enrollment at all CCDs has increased by 5.9 percent over the past five years from 722,938 in 2010 to 765,437 in 2014 (*Figure 7.2*). This growth has been supported by increasing costs at traditional 4-year institutions and increasing numbers of workers seeking additional job training. However, student enrollment at CCDs declined by 1.2 percent in the school year ending 2014 after a record high of 796,755 students in 2012. This reversal is believed to be the result of the increasing job availability across the state.



As of August 31, 2014, tax-supported debt per student averaged \$5,316 for CCDs, a decrease of 0.6 percent (\$31) from FY 2013. Since FY 2010, tax-supported debt per student has increased 4.7 percent from \$5,079 to \$5,316. Since FY 2005, tax-supported debt per student has increased by 91.1 percent from \$2,782 to \$5,316 (*Figure 7.3*).



### Debt-Service Requirements

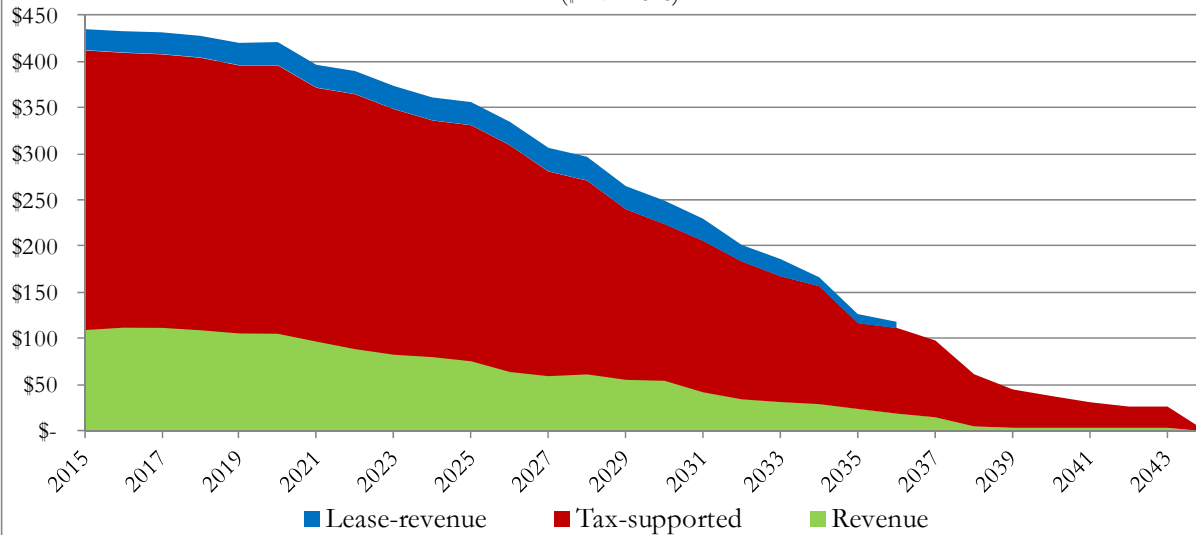
Table 7.3 illustrates annual debt-service requirements (principal and interest) for CCDs by fiscal year for tax-supported, revenue, and lease-revenue obligations outstanding.

Table 7.3						
Texas Community and Junior College Districts						
Debt-Service Requirements by Fiscal Year*						
(\$ in millions)						
	2015	2016	2017	2018	2019	2020 & Beyond
Tax-Supported	\$302.2	\$297.1	\$295.5	\$294.5	\$289.5	\$3,697.0
Revenue	109.5	112.0	111.9	109.2	105.8	1,045.0
Lease-Revenue Obligations	22.5	22.9	23.4	23.4	24.0	361.4
<b>Total Debt Service</b>	<b>\$434.2</b>	<b>\$431.9</b>	<b>\$430.7</b>	<b>\$427.0</b>	<b>\$419.4</b>	<b>\$5,103.4</b>

\*Excludes commercial paper and Build America Bond subsidy  
Source: Texas Bond Review Board - Bond Finance Office

As of August 31, 2014, debt-service requirements for CCDs totaled \$7.25 billion for which tax-supported debt was 71.4 percent (\$5.18 billion), revenue debt was 22.0 percent (\$1.59 billion) and lease-revenue obligations were 6.59 percent (\$477.6 million) (Figure 7.4).

Figure 7.4  
**Texas Community and Junior College Districts**  
**Debt-Service Requirements**  
(\$ in millions)



\* Excludes commercial paper and Build America Bond subsidy  
Source: Texas Bond Review Board - Bond Finance Office

*Debt Repayment*

Timely repayment of debt is an important factor used by rating agencies to assess an issuer’s financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year 2014, CCDs are expected to repay 22.6 percent (\$756.5 million) of tax-supported debt outstanding within five years, 47.4 percent (\$1.59 billion) within ten years and 87.8 percent (\$2.94 billion) within twenty years. Revenue debt principal repayment is expected to be 27.3 percent (\$386.5 million) within five years, 53.9 percent (\$763.2 million) within ten years and 93.7 percent (\$1.33 billion) within twenty years (Table 7.4).

Table 7.4  
**Texas Community and Junior College Districts**  
**Rate of Debt Retirement\***  
(\$ in millions)

Debt Repaid	Tax-Supported Debt	Percent	Revenue Debt	Percent
Within Five Years	\$756.5	22.6%	\$386.5	27.3%
Within Ten Years	\$1,589.2	47.4%	\$763.2	53.9%
Within Twenty Years	\$2,942.8	87.8%	\$1,328.3	93.7%

\*Excludes commercial paper

Source: Texas Bond Review Board - Bond Finance Office

Ten CCD issuers had CAB debt outstanding as of fiscal year 2014. CAB debt service accounts for 3.6 percent of the total debt service owed by the ten issuers (Table 7.5).



Table 7.5  
**Texas Community and Junior College Districts**  
**Issuers of CABs\***  
(\$ in millions)

	CAB Maturity Amount	Total Debt Service	CAB Maturity Amount as % of Total Debt Service
San Jacinto CCD	\$40.9	\$485.3	8.4%
Austin CCD	12.3	717.7	1.7%
Northeast Texas CCD	10.6	30.6	34.5%
Laredo CCD	3.3	363.6	0.9%
South Texas CCD	2.4	132.3	1.8%
Midland County JCD	2.0	52.9	3.8%
North Central Texas (Cooke Co) CCD	1.2	28.7	4.3%
McLennan CCD	0.9	134.5	0.7%
Victoria JCD	0.9	44.0	2.1%
Corpus Christi (Del Mar) JCD City of	0.9	119.5	0.7%
<b>Total</b>	<b>\$75.4</b>	<b>\$2,109.1</b>	<b>3.6%</b>

\*Excludes commercial paper and Build America Bond subsidy

Source: Texas Bond Review Board - Bond Finance Office

### Debt Issuance

During fiscal year 2014 CCDs issued \$402.5 million in debt, a decrease of 43.5 percent from the \$712.3 million issued in fiscal 2013. Of that amount, 59.7 percent (\$240.2 million) was tax-supported, and 40.3 percent (\$162.3 million) was revenue debt. No lease-revenue obligations were issued in fiscal 2014. Of the total amount issued, 75.5 percent (\$303.7 million) was new-money debt and 24.5 percent (\$98.8 million) was refunding debt. Refunding debt issuance increased by 11.6 percent from FY 2013 (*Table 7.6*).

Table 7.6  
**Texas Community and Junior College Districts**  
**Debt Issued by Fiscal Year\***  
(\$ in millions)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>Issuers</b>	14	18	22	20	13
<b>Issuances</b>	24	25	32	24	17
<b>Tax-Supported</b>					
New Money	\$ 448.2	\$ 250.8	\$ 88.9	\$ 486.2	\$ 181.5
Refunding	62.9	78.7	358.4	68.9	58.7
<b>Subtotal</b>	<b>\$ 511.1</b>	<b>\$ 329.5</b>	<b>\$ 447.3</b>	<b>\$ 555.1</b>	<b>\$ 240.2</b>
<b>Revenue</b>					
New Money	\$ 133.3	\$ 73.2	\$ 63.7	\$ 137.6	\$ 122.2
Refunding	21.7	74.8	115.3	19.6	40.1
<b>Subtotal</b>	<b>\$ 155.0</b>	<b>\$ 148.0</b>	<b>\$ 179.0</b>	<b>\$ 157.2</b>	<b>\$ 162.3</b>
<b>Lease-Revenue Obligations</b>					
New Money	\$ -	\$ 33.5	\$ 44.4	\$ -	\$ -
Refunding	-	-	-	-	-
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 33.5</b>	<b>\$ 44.4</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total New Money</b>	<b>\$ 581.5</b>	<b>\$ 357.5</b>	<b>\$ 197.0</b>	<b>\$ 623.8</b>	<b>\$ 303.7</b>
<b>Total Refunding</b>	<b>84.6</b>	<b>153.5</b>	<b>473.7</b>	<b>88.5</b>	<b>98.8</b>
<b>Total Debt Issued</b>	<b>\$ 666.1</b>	<b>\$ 511.0</b>	<b>\$ 670.7</b>	<b>\$ 712.3</b>	<b>\$ 402.5</b>

\*Excludes commercial paper  
Source: Texas Bond Review Board - Bond Finance Office

### Build America Bonds

During fiscal years 2009-2011, Austin Community College was the only CCD issuer of Direct Payment Build America Bonds (BAB) with \$33.5 million issued in fiscal year 2011. As of August 31, 2014, the total amount of that issue was outstanding. (See Glossary for a discussion on BABs)

## Chapter 8 Texas Health/Hospital Districts and Authorities

### Overview

Health/Hospital districts and authorities (HHD) provide a legal framework to create hospital systems to provide hospital and medical care facilities, emergency services and mental health services to district residents. As of August 31, 2014 HHD debt outstanding was 1.7 percent (\$3.44 billion) of total local debt outstanding.

HHD tax-supported and revenue debt is used to construct, acquire and/or improve buildings for hospital, fire, emergency and mental health facilities. HHD conduit-revenue debt was last issued in 1985 and matured in 2011. (This report does not include certain conduit debt for which the Bond Review Board does not receive issuance information.)

BRB collects debt information on four types of hospital, health or public safety districts: hospital districts (HD), hospital authorities (HA), emergency services districts (ESD) and mental health mental retardation centers (MHMR). They are described as follows:

<b>District</b>	<b>Purpose</b>	<b>Voter Approved /Taxing Authority</b>	<b>Authorizing Texas Health and Safety Code Chapter</b>
Hospital District	Creates hospital systems to provide hospital and medical care facilities. HDs must be voter approved and have taxing authority.	Yes/Yes	Chapters 281, 282 or 283
Hospital Authority	Creates hospital systems to provide hospital and medical care facilities. HAs are created by a municipality's governing board, do not require voter approval and do not have taxing authority.	No/No	Chapter 262
Emergency Service District	Provides rural fire prevention and emergency medical services. ESDs must be voter approved and have taxing authority.	Yes/Yes	Chapter 775
Mental Health & Mental Retardation	Provides child, adolescent and adult mental health services; substance abuse recovery services; and skills training. MHMRs do not require voter approval and do not have taxing authority.	No/No	Chapter 534

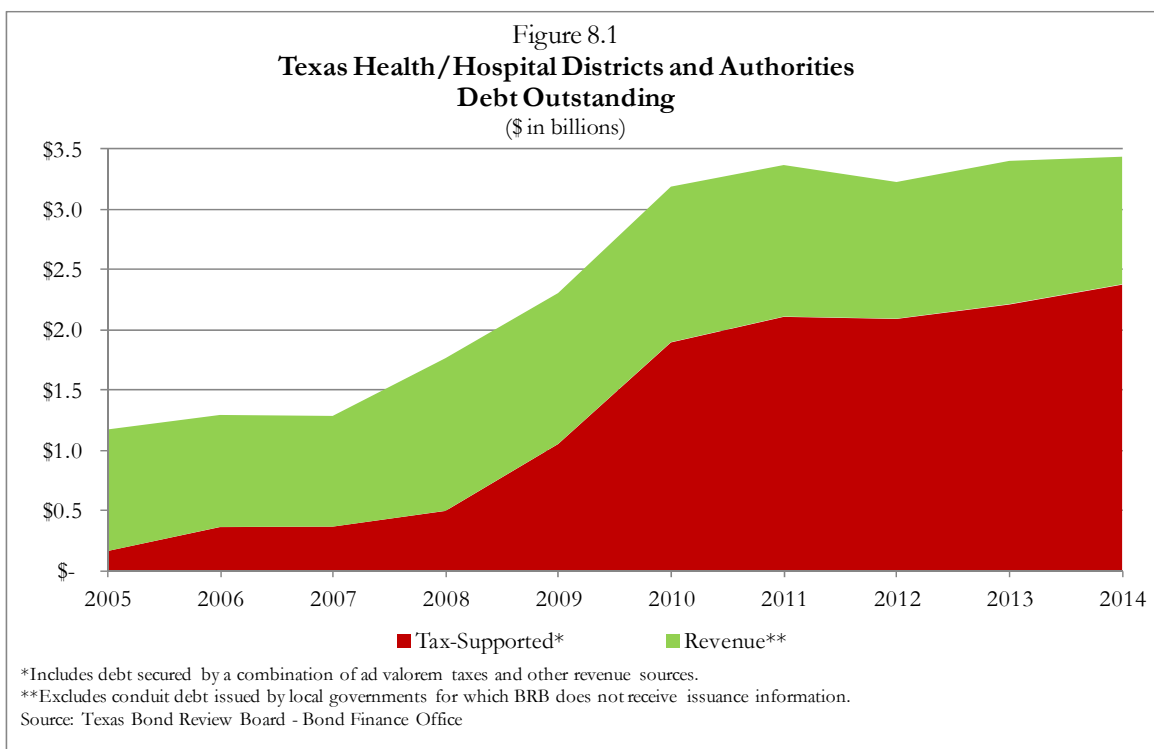
## Debt Outstanding

As of August 31, 2014, 42 HHDs had tax-supported debt outstanding, 55 had revenue debt outstanding. During fiscal 2014 total debt outstanding for HHDs increased 1.0 percent (\$34.4 million) from \$3.40 billion in fiscal 2013 to \$3.44 billion in fiscal 2014 of which 69.2 percent (\$2.38 billion) was tax-supported debt, 29.0 percent (\$997.8 million) was revenue debt and 1.8 percent (\$61.3 million) was sales-tax revenue debt (*Table 8.1*).

Table 8.1 Texas Health/Hospital Districts and Authorities Debt Outstanding by Fiscal Year (\$ in millions)					
	2010	2011	2012	2013	2014
Tax-Supported*	\$1,897.8	\$2,110.4	\$2,093.1	\$2,213.0	\$2,378.4
Revenue**	1,266.3	1,233.9	1,111.7	1,127.7	997.8
Sales Tax	24.9	24.0	23.1	62.4	61.3
<b>Total Debt Outstanding</b>	<b>\$3,188.9</b>	<b>\$3,368.3</b>	<b>\$3,227.9</b>	<b>\$3,403.1</b>	<b>\$3,437.5</b>

\*Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
 \*\*Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.  
 Source: Texas Bond Review Board - Bond Finance Office

Over the past decade tax-supported debt for HHDs has increased 1,378.5 percent (\$2.22 billion), a compound annual growth rate of 30.9 percent, primarily due to the issuances of \$572.6 million by the Bexar County Hospital District in fiscal 2009 and \$705.0 million by Dallas County Hospital District in fiscal 2010 (*Figure 8.1*).



Of the 89 HHDs with debt outstanding as of August 31, 2014, most were located in or near major metropolitan areas. 10 districts accounted for 75.6 percent of the total outstanding (*Table 8.2*).

Table 8.2 Texas Health/Hospital Districts and Authorities Top 10 Issuers with Total Debt Outstanding (\$ in millions)			
	Tax- Supported*	Revenue	Total
Dallas County Hospital District	\$736.2	\$0.0	\$736.2
Bexar County Hospital District (University Health System)	709.1	0.0	709.1
El Paso County Hospital District	369.7	0.0	369.7
Harris County Hospital District	0.0	285.9	285.9
Decatur Hospital Authority	0.0	112.7	112.7
Midland County Hospital District (Midland Memorial)	106.2	4.4	110.6
Joint Guadalupe County-City of Seguin Hospital Board of Managers	0.0	89.0	89.0
OakBend Medical Center	0.0	73.4	73.4
Nacogdoches County Hospital District	0.0	61.3	61.3
Ector County Hospital District	0.0	50.8	50.8
Other Issuers	457.2	381.6	838.8
<b>Total</b>	<b>\$ 2,378.4</b>	<b>\$ 1,059.1</b>	<b>\$ 3,437.5</b>

\*Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
Source: Texas Bond Review Board - Bond Finance Office

Table 8.3 shows debt outstanding and debt per capita for the top 10 issuers of HHD tax-supported debt.

Table 8.3 Texas Health/Hospital Districts and Authorities Debt Outstanding of Top 10 Issuers of Tax-supported Debt		
	Amount (\$ in millions)	Debt per Capita*
Bexar County HD (University Health System)	\$736.2	291
Dallas County HD	709.1	433
El Paso County HD	369.7	450
Midland County HD (Midland Memorial)	106.2	819
Seminole Memorial HD	47.0	3,262
Andrews County HD	42.1	3,269
Reagan HD	32.2	9,266
Deaf Smith County HD	26.3	1,350
McCamey HD	25.0	11,119
Rankin HD	24.7	16,919

\* Population data for each issuer is as of the most recent data provided to the BRB in the official statement.  
Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
Source: Texas Bond Review Board - Bond Finance Office

Two HHD issuers had CAB debt outstanding as of fiscal year 2014. CAB debt service accounts for 19.0 percent of the total debt service owed by the two issuers (Table 8.4).

Table 8.4 Texas Health/Hospital Districts and Authorities Issuers of CABs* (\$ in millions)			
	CAB Maturity Amount	Total Debt Service	CAB Maturity Amount as % of Total Debt Service
OakBend Medical Center	\$37.9	\$137.2	27.6%
Andrews County HD	0.1	62.7	0.2%
<b>Total</b>	<b>\$38.0</b>	<b>\$199.9</b>	<b>19.0%</b>

\*Excludes commercial paper and Build America Bond subsidy  
Source: Texas Bond Review Board - Bond Finance Office

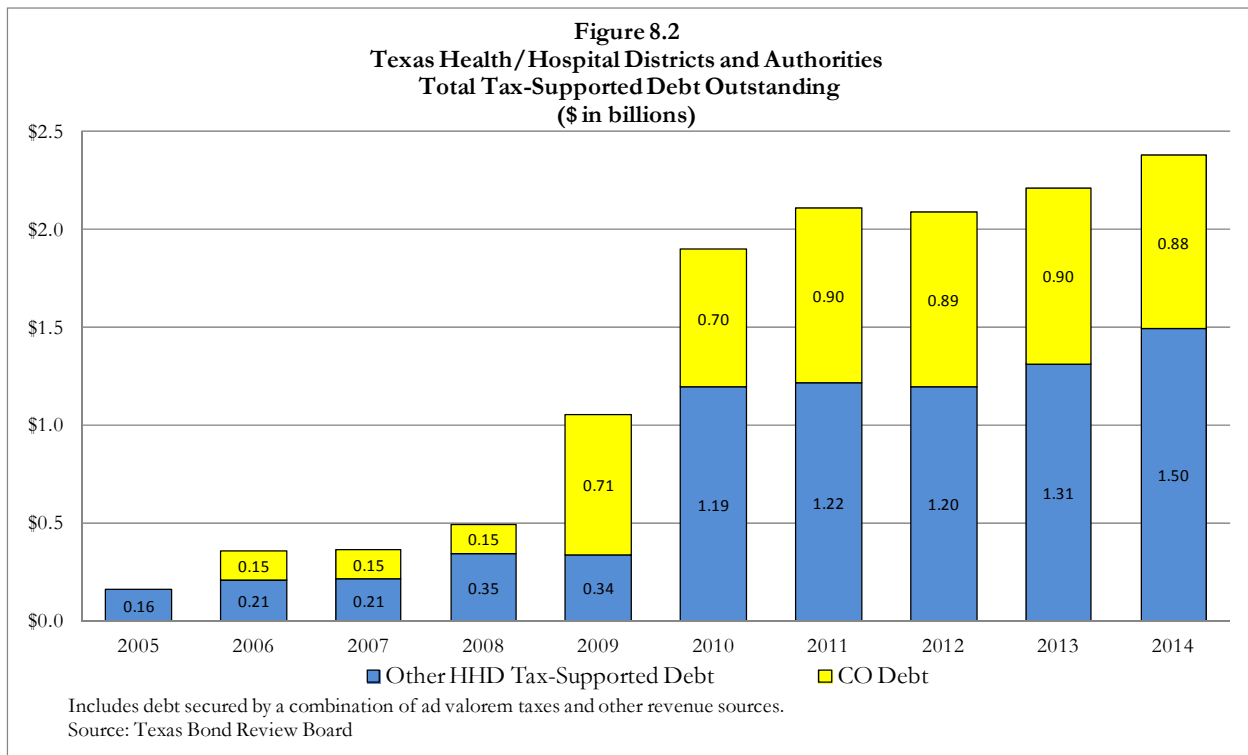
*Certificates of Obligation Outstanding*

As of August 31, 2014, four HHDs had issued CO debt totaling \$882.6 million. These issuances accounted for 37.1 percent of total HHD tax-supported debt outstanding and 25.7% of total HHD debt outstanding including revenue debt (*Table 8.5*). (See Glossary for a definition of CO debt.)

Table 8.5 Texas Health/Hospital Districts and Authorities with CO Debt Outstanding		
Issuer	Amount* (\$ in millions)	CO's as % of Tax-Supported Debt Outstanding
Bexar County HD (University Health System)	\$709.1	100.0%
El Paso County HD	135.8	36.7%
Tarrant County HD	24.4	100.0%
Travis County Healthcare District	13.2	100.0%
<b>Total</b>	<b>\$882.6</b>	

\*Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
Source: Texas Bond Review Board

Figure 8.2 shows HHD CO debt outstanding relative to total tax-supported HHD debt outstanding.



### Commercial Paper Outstanding

As of August 31, 2014, Harris County Hospital District, the only hospital district authorized to issue commercial paper notes, had no commercial paper outstanding.

### Debt-Service Requirements

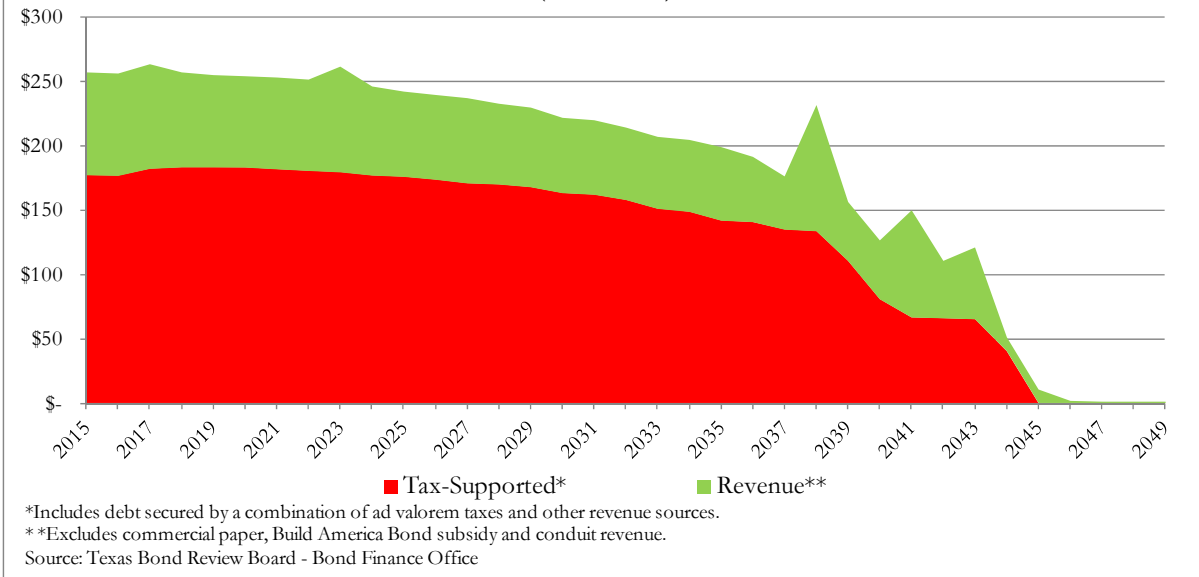
Table 8.6 illustrates annual debt-service requirements for HHD tax-supported, revenue and sales-tax debt outstanding.

Table 8.6						
<b>Texas Health/Hospital Districts and Authorities</b>						
<b>Debt-Service Requirements by Fiscal Year*</b>						
(\$ in millions)						
	2015	2016	2017	2018	2019	2020 & beyond
Tax-Supported	\$176.7	\$176.2	\$181.6	\$182.7	\$182.7	\$3,512.7
Revenue	76.1	75.6	77.3	70.0	67.9	1,428.2
Sales-Tax Revenue	3.8	3.8	3.8	3.8	3.8	90.6
<b>Total Debt Service</b>	<b>\$256.5</b>	<b>\$255.6</b>	<b>\$262.7</b>	<b>\$256.5</b>	<b>\$254.3</b>	<b>\$5,031.5</b>

\*Excludes commercial paper and Build America Bond subsidy  
Source: Texas Bond Review Board - Bond Finance Office

As of August 31, 2014, debt-service requirements for HHDs totaled \$6.32 billion of which tax-supported debt was 69.9 percent (\$4.41 billion), revenue debt was 28.4 percent (\$1.80 billion) and sales tax debt was 1.7 percent (\$109.5 million). *Figure 8.3* illustrates annual debt-service requirements for HHDs with tax and revenue debt outstanding.

Figure 8.3  
**Texas Health/Hospital Districts and Authorities**  
**Debt-Service Requirements**  
(\$ in millions)



*Debt Repayment*

Timely repayment of debt is an important factor used by rating agencies to assess an issuer’s financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year 2014, HHDs are expected to repay 12.6 percent (\$300.0 million) in principal outstanding of tax-supported debt within five years, 28.4 percent (\$675.6 million) within ten years and 67.1 percent (\$1,596.9 million) within twenty years. Revenue debt principal repayment is expected to be 14.8 percent (\$156.4 million) within five years, 29.3 percent (\$391.8 million) within ten years and 60.0 percent (\$635.5 million) within twenty years. The last maturity for HHD tax-supported debt and HHD revenue debt will be repaid within 30 years (fiscal 2044) and 35 years (fiscal 2049), respectively (*Table 8.7*).

Table 8.7  
**Texas Health/Hospital Districts and Authorities**  
**Rate of Debt Retirement\***  
(\$ in millions)

Debt Repaid	Tax-Supported		Revenue	
	Debt**	Percent	Debt	Percent
Within Five Years	\$300.0	12.6%	\$156.4	14.8%
Within Ten Years	\$675.6	28.4%	\$310.6	29.3%
Within Twenty Years	\$1,596.9	67.1%	\$635.5	60.0%

\*Excludes commercial paper and conduit revenue.

\*\*Includes debt secured by a combination of ad valorem taxes and other revenue sources.

Source: Texas Bond Review Board - Bond Finance Office



## HHD Debt Issuance

During FY 2014 HHDs issued \$328.1 million in total debt, a decrease of 37.3 percent from the \$523.4 million issued in FY 2013. Of the FY 2014 issuances, 66.5 percent (\$218.2 million) was tax-supported and 33.5 percent (\$109.9 million) was revenue debt. No conduit-revenue debt has been issued in the past five fiscal years.

Of the total amount issued in fiscal 2014, 71.3 percent (\$233.9 million) was new-money debt and 28.7 percent (\$94.1 million) was refunding debt (*Table 8.8*). The largest transaction issued in fiscal 2014 was a revenue transaction for \$93.7 million by Decatur Hospital Authority that accounted for 28.6 percent of the total debt issued in fiscal 2014 to refund outstanding debt and to improve certain hospital facilities.

Table 8.8					
<b>Texas Health/Hospital Districts and Authorities</b>					
<b>Debt Issued by Fiscal Year*</b>					
(\$ in millions)					
	2010	2011	2012	2013	2014
<b>Issuers</b>	15	7	11	15	17
<b>Issuances</b>	20	10	14	19	21
<b>Tax</b>					
New Money	\$ 871.0	\$ 244.4	\$ 16.0	\$ 164.7	\$ 211.7
Refunding	25.8	7.4	23.1	119.7	6.5
<b>Subtotal</b>	<b>\$ 896.8</b>	<b>\$ 251.7</b>	<b>\$ 39.1</b>	<b>\$284.4</b>	<b>\$ 218.2</b>
<b>Revenue</b>					
New Money	\$ 88.8	\$ 30.1	\$ 51.3	\$ 96.5	\$ 22.2
Refunding	112.6	-	10.5	98.1	87.6
<b>Subtotal</b>	<b>\$ 201.4</b>	<b>\$ 30.1</b>	<b>\$ 61.8</b>	<b>\$194.6</b>	<b>\$ 109.9</b>
<b>Sales Tax Revenue</b>					
New Money	-	-	-	\$ 40	-
Refunding	-	-	-	4.5	-
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44.4</b>	<b>\$ -</b>
<b>Total New Money</b>	<b>\$ 959.8</b>	<b>\$ 274.5</b>	<b>\$ 67.3</b>	<b>\$ 301.1</b>	<b>\$ 233.9</b>
<b>Total Refunding</b>	<b>138.4</b>	<b>7.4</b>	<b>33.6</b>	<b>222.3</b>	<b>94.1</b>
<b>Total Debt Issued</b>	<b>\$1,098.2</b>	<b>\$ 281.8</b>	<b>\$ 100.9</b>	<b>\$523.4</b>	<b>\$ 328.1</b>
*Excludes commercial paper					
Source: Texas Bond Review Board - Bond Finance Office					

### Build America Bonds Outstanding

As of August 31, 2014, four HHDs had Direct Payment Build America Bonds (BAB) outstanding totaling \$1.26 billion (*Table 8.9*). With the implementation of the Budget Control Act of 2011, the BAB subsidies were reduced by 7.6 percent to 32.34 percent of the interest payable. Authority to issue BABs expired in December 2010. (See Glossary for discussion on BABs).

<b>Table 8.9</b>	
<b>Texas Health/Hospital Districts and Authorities</b>	
<b>Build America Bonds Outstanding</b>	
<b>As of August 31, 2014</b>	
(\$ in millions)	
	<b>Amount</b>
Dallas County HD	\$680.2
Bexar County HD (University Health System)	432.8
Midland County HD (Midland Memorial)	98.4
Ector County HD	44.7
<b>Total</b>	<b>\$1,256.0</b>
Source: Texas Bond Review Board - Bond Finance Office	

## **Appendix A**

### **Bond Election Results**

Bond Elections are required before the issuance of certain debt obligations that pledge unlimited or limited ad valorem taxes of a local government for repayment. Bond elections are generally held on a uniform election date. Section 41.001 of the Election Code states a uniform election date is one of the following: (1) the second Saturday in May in an odd-numbered year; (2) the second Saturday in May in an even-numbered year (excluding counties); (3) the first Tuesday after the first Monday in November.

Texas Local Governments are not required to provide the BRB with bond election information. Such information has been obtained from the Office of the Attorney General - Public Finance Division, newspaper articles, the Municipal Advisory Council's *Texas Bond Reporter*, and the U.S. Department of Justice.

*Table A1* shows the voter-approved election amounts for the past five fiscal years for each of the local government categories. The detailed results of the fiscal 2014 elections are shown in *Tables A2 through A5*. Over 182 local governments held bond elections during FY 2014.

On November 4, 2014, bond elections were held by 69 local governments, 60 of whom approved debt totaling \$5.63 billion.

Table A1  
**Texas Local Government**  
**Estimated Bond Election Results by Fiscal Year**  
(\$ in millions)

	2010	2011	2012	2013	2014
<b>Public School Districts</b>					
Election Amount	\$3,158.4	\$4,620.4	\$2,624.7	\$6,860.7	\$9,577.4
Amount Approved	2,110.1	3,540.4	2,110.3	5,848.7	7,967.2
Percent Approved	66.8%	76.6%	80.4%	85.2%	83.2%
<b>Counties</b>					
Election Amount	\$66.4	\$413.9	\$450.9	\$74.5	\$995.8
Amount Authorized	30.4	397.9	248.9	67.7	663.9
Percent Approved	45.7%	96.1%	55.2%	90.9%	66.7%
<b>Water Districts and Authorities</b>					
Election Amount	\$1,057.9	\$1,182.1	\$500.3	\$233.3	\$287.6
Amount Approved	1,057.9	651.8	188.2	233.3	287.6
Percent Approved	100.0%	55.1%	37.6%	100.0%	100.0%
<b>Cities, Towns, Villages</b>					
Election Amount	\$346.3	\$548.9	\$800.9	\$608.2	\$1,003.6
Amount Authorized	238.7	413.3	741.1	510.0	848.0
Percent Approved	68.9%	75.3%	92.5%	83.9%	84.5%
<b>Community and Junior College District</b>					
Election Amount	\$0.0	\$268.7	\$102.7	\$997.7	\$273.8
Amount Approved	0.0	150.0	72.0	997.7	273.8
Percent Approved	N/A	55.8%	70.1%	100.0%	100.0%
<b>Health/Hospital Districts and Authorities</b>					
Election Amount	\$0.0	\$17.4	\$0.0	\$56.4	\$139.5
Amount Authorized	0.0	17.4	0.0	56.4	62.5
Percent Approved	N/A	100.0%	N/A	100.0%	44.8%
<b>Other Special Districts and Authorities</b>					
Election Amount	\$0.0	\$0.0	\$12.0	\$0.0	\$0.0
Amount Approved	0.0	0.0	12.0	0.0	0.0
Percent Approved	N/A	N/A	100.0%	N/A	N/A
<b>Total Election Amount</b>	<b>\$4,629.0</b>	<b>\$7,051.3</b>	<b>\$4,491.4</b>	<b>\$8,830.8</b>	<b>\$12,277.6</b>
<b>Total Amount Approved</b>	<b>\$3,437.0</b>	<b>\$5,170.7</b>	<b>\$3,372.4</b>	<b>\$7,713.9</b>	<b>\$10,103.0</b>
<b>Total Percent Approved</b>	<b>74.2%</b>	<b>73.3%</b>	<b>75.1%</b>	<b>87.4%</b>	<b>82.3%</b>

Source: Bond Buyer, Municipal Advisory Council's Texas Bond Reporter and U.S. Department of Justice, Civil Rights Division - Voting Section

Table A2  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 10, 2014**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Public School Districts</b>			
Argyle ISD	Denton	School Building & Buses	\$45.0
Arlington ISD	Tarrant	School Building & Technology	663.1
Caldwell ISD	Burleson	School Building & Security	5.7
Cameron ISD	Milam	Athletic Facility	5.6
Centerville ISDa	Leon	School Building	17.0
Clifton ISD	Bosque	School Building/Auditorium	23.3
Cross Roads ISD	Henderson	School Building	4.5
Cypress-Fairbanks ISD	Harris	School Building & Security	1,209.3
Dickinson ISD	Galveston	School Building	56.0
Dodd City ISD	Fannin	School Building & Security	3.4
Dripping Springs ISD	Hays/ Travis	School Building	92.4
Electra ISD	Widhita	School Building & Security	12.0
Eula ISD	Callahan	Refunding	1.2
Eula ISD	Callahan	School Building & Buses	1.3
Ezzell ISD	Lavaca	School Building	4.0
Falls City ISD	Karnes	School Building/ Auditorium	39.5
Frenship ISD	Lubbock	School Building & Technology	85.2
Frisco ISD	Collin	School Building & Technology	775.0
Gladewater ISD	Gregg	School Building	35.0
Greenville ISD	Hunt	School Building & Technology	72.3
Hallettsville ISD	Lavaca	School Building	11.6
Hardin ISD	Liberty	School Building	16.8
Hartley ISD	Hartley	School Building	6.3
Hays Cons ISD	Hays	School Building	59.1
Hunt ISD	Kerr	School Building	4.5
Ingram ISD	Kerr	School Building	13.9
Jim Hogg County ISD	Jim Hogg	School Building	14.0
Karnes City ISD	Karnes	School Building	45.0
La Porte ISD	Harris	School Building	260.0
Leakey ISD	Real	School Building & Buses	6.8
Llano ISD	Llano	School Building	33.0
Lodkhart ISD	Caldwell	School Building	63.9
Lometa ISD	Lampasas	School Building	4.8
Lovejoy ISD	Collin	School Building/Auditorium	46.3
Lovejoy ISD	Collin	School Building & Technology	29.5
Lubbock-Cooper ISD	Lubbock	School Building	55.0
Manor ISD	Travis	School Building & Buses	124.9
Marble Falls ISD	Burnet	School Building & Technology	6.6
Miami ISD	Roberts	School Building	32.0

Table A2 continued  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 10, 2014**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Public School Districts Cont'd</b>			
Mount Vernon ISD	Franklin	School Building/Gym	14.0
Nixon-Smiley Cons ISD	Gonzales	School Building & Buses	6.5
Normangee ISD	Leon	Buses	0.6
North Hopkins ISD	Hopkins	School Building	5.0
North Zulch ISD	Madison	Buses	\$0.4
North Zulch ISD	Madison	School Building	1.9
Northside ISDa	Bexar	School Building	648.3
O'Donnell ISD	Lynn	School Building/Gym	16.0
Onalaska ISD	Polk	School Building	9.8
Peaster ISD	Parker	School Building & Buses	7.0
Pflugerville ISD	Travis	School Building & Security	287.0
Princeton ISD	Collin	School Building & Technology	49.5
Prosper ISD	Collin	Refunding	30.0
Robinson ISD	McLennan	School Building	19.5
Rogers ISD	Bell	School Building	4.9
Round Rock ISD	Williamson	Technology	25.9
Round Rock ISD	Williamson	Fine Arts Venue	38.9
Round Rock ISD	Williamson	School Building & Security	234.2
Sands ISD	Dawson	School Building	5.0
Sanford-Fritch ISD	Hutchinson	School Building & Buses	8.0
Slocum ISD	Anderson	School Building/Gym	3.3
Snyder ISD	Scurry	School Building	15.0
Stanton ISD	Martin	School Building	45.9
Sweeny ISD	Brazoria	School Building & Buses	26.0
<b>Public School District Total</b>			<b>\$5,487.4</b>

Table A2 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 10, 2014**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Cities, Towns, Villages</b>			
Farmers Branch	Dallas	Street & Drainage	\$23.5
Fort Worth	Tarrant	Transportation	219.7
Fort Worth	Tarrant	Park and Community Services	31.4
Fort Worth	Tarrant	Library	12.7
Fort Worth	Tarrant	Fire Station	9.3
Fort Worth	Tarrant	Animal Care & Control	2.4
Fort Worth	Tarrant	Facility Improvements	15.1
Fort Worth	Tarrant	Courthouse Improvements	1.5
Gainesville	Cooke	Street Projects	10.0
Live Oak	Bexar	Streets & Sidewalks	1.1
Live Oak	Bexar	Parks & Recreation	0.7
Live Oak	Bexar	Street & Bridge	8.8
Missouri City	Fort Bend	Fire Station	5.0
Missouri City	Fort Bend	Facility Improvements	5.7
Missouri City	Fort Bend	Drainage	6.5
Missouri City	Fort Bend	Mobility & Transportation	22.8
Panorama Village	Montgomery	Drainage Improvements	0.9
Pecos City	Reeves	Street Improvements	6.8
<b>Cities, Towns, Villages Total</b>			<b>\$383.9</b>
<b>Community College Districts</b>			
Laredo CCD	Webb	College Facility	\$100.0
<b>Community College Districts Total</b>			<b>\$100.0</b>
<b>Health/Hospital Districts and Authorities</b>			
Nolan County Hospital District	Nolan	Hospital	\$25.2
<b>Health/Hospital Districts and Authorities Total</b>			<b>\$25.2</b>
<b>Water Districts</b>			
Fort Bend County Lid 007	Fort Bend	Water	\$14.5
Northwest Harris County MUD 19	Harris	Water, Sewer, Drainage	29.3
<b>Water Districts Total</b>			<b>\$43.8</b>
<b>Total Carried</b>			<b>\$ 6,014.1</b>

Table A3  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections May 10, 2014**  
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
<b>Public School Districts</b>			
Chapel Hill ISDa	Smith	School Building	\$21.0
Eanes ISD	Travis	School Building & Security	89.5
East Bernard ISD	Wharton	School Building	24.9
Forestburg ISD	Montague	School Building	1.9
Grady ISD	Martin	School Building/Stadium	38.0
Hawley ISD	Jones	School Building	10.5
Latexo ISD	Houston	School Building/Gym	4.9
Marshall ISD	Harrison	School Building	150.0
Mathis ISD	San Patricio	School Building	29.0
Nacogdoches ISD	Nacogdoches	School Building	58.8
Navasota ISD	Grimes	School Building	57.8
Navasota ISD	Grimes	School Building & Security	3.9
New Diana ISD	Upshur	School Building	15.0
Onalaska ISD	Polk	School Building/Stadium	1.0
Onalaska ISD	Polk	School Building/Gym	5.6
Pleasant Grove ISD	Bowie	School Building & Technology	16.6
Savoy ISD	Fannin	School Building	1.5
Slaton ISD	Lubbock	School Building & Buses	15.0
Somerville ISD	Burleson	School Building & Buses	12.5
Texline ISD	Dallam	School Building & Buses	4.0
White Oak ISD	Gregg	School Building/Gym	25.2
Wichita Falls ISD	Wichita	School Building	125.0
<b>Public School Districts Total</b>			<b>\$711.4</b>
<b>Cities, Towns, Villages</b>			
Live Oak	Bexar	Fitness Park	\$3.2
Trophy Club	Denton	Town Hall	11.7
Wimberley	Hays	Street & Bridge	2.9
<b>Cities, Towns, Villages Total</b>			<b>\$17.8</b>
<b>Health/Hospital Districts and Authorities</b>			
Lynn County Hospital District	Lynn	Hospital	\$28.0
	Moore/Hartley/		
Moore County Hospital District	Sherman	Hospital & Assisted Living Center	49.0
<b>Health/Hospital Districts and Authorities Total</b>			<b>\$77.0</b>
<b>Total Defeated</b>			<b>\$806.2</b>



Table A4  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 5, 2013**  
(\$ in millions)

Issuer	County	Purpose	Amount Approved
<b>Public School Districts</b>			
Abilene ISD	Taylor	School Building	\$87.7
Alvin ISD	Brazoria	School Building	212.4
Azle ISD	Tarrant	School Building	20.0
Barbers Hill ISD	Chambers	School Building	60.0
Buna ISD	Jasper	School Building	20.0
Calhoun Co ISD	Calhoun	School Building	65.0
College Station ISD	Brazos	School, Buses, & Technology	83.5
Cuero ISD	Dewitt	School Building & Auditorium	76.0
Denton ISD	Denton	School Building	312.0
Fort Worth ISD	Tarrant	Specialty Schools	73.3
Fort Worth ISD	Tarrant	Buses	30.0
Fort Worth ISD	Tarrant	School Building & Technology	386.6
Ft Stockton ISD	Pecos	School Building	35.0
Gatesville ISD	Coryell	School Building	17.9
Glasscock County ISD	Glasscock	School Building	20.0
Gonzales ISD	Gonzales	School Building & Technology	21.6
Gonzales ISD	Gonzales	School Building & Buses	3.4
Graford ISD	Palo Pinto	School Building	7.5
Granbury ISD	Hood	School Building	82.0
Granbury ISD	Hood	Energy Efficiency	3.0
Hallsburg ISD	McLennan	School Building & Security	2.4
Ira ISD	Scurry	School Building	12.2
Jacksonville ISD	Cherokee	School Building	22.8
Laredo ISD	Webb	Refinance	47.2
Laredo ISD	Webb	School Building	77.8
London ISD	Nueces	School Building	9.8
Mercedes ISD	Hidalgo	School Building	20.0
Merkel ISD	Taylor	School Building	14.0
Mineral Wells ISD	Palo Pinto	School Building & Security	25.0
New Home ISD	Lynn	School Building	4.8
Palacios ISD	Matagorda	Capital Improvements	8.0
Palmer ISD	Ellis	School Building	15.2
Reagan County ISD	Reagan	School Building & Buses	14.5
Seguin ISD	Guadalupe	School Building & Technology	83.3
Silsbee ISD	Hardin	School Building	29.9
Turkey-Quitaque ISD	Hall	School Building	2.7
United ISD	Webb	School Building & Technology	408.7
Valley View ISDa	Cooke	School Building	9.8
Woodsboro ISD	Refugio	School Building & Auditorium	5.0
Yoakum ISD	Dewitt	School Building & Technology	50.0
<b>Public School Districts Total</b>			<b>\$2,479.8</b>

Table A4 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 5, 2013**  
(\$ in millions)

Issuer	County	Purpose	Amount Approved
<b>Cities, Towns, Villages</b>			
Austin	Travis/Williamson	Affordable Housing	\$65.0
Bedford	Tarrant	Park	3.2
Bellaire	Harris	Park	5.0
Bellaire	Harris	City Building	11.0
Bellaire	Harris	Discovery Center	0.5
Burleson	Johnson	Street/Transportation	12.8
Burleson	Johnson	Police station	5.0
Burleson	Johnson	Improvements	1.8
Carrollton	Dallas	Parks & Recreation	8.5
Carrollton	Dallas	Drainage Improvements	8.8
Carrollton	Dallas	Public Safety	14.5
Carrollton	Dallas	Street	43.2
Cibolo	Guadalupe	Street & Bridge	2.1
Cibolo	Guadalupe	Improvements	0.8
Copperas Cove	Coryell	Fire Station	6.0
Floydada	Floyd	Parks and Recreation	0.8
Friendswood	Galveston	Park Improvement	7.3
Friendswood	Galveston	Road	7.7
Friendswood	Galveston	Fire Station	6.6
Friendswood	Galveston	Library	2.5
Garland	Dallas	Street Improvements	26.0
Krum	Denton	Fire Station	1.9
Krum	Denton	City Building	0.4
McAllen	Hidalgo	Performing Arts	15.0
McAllen	Hidalgo	Street	15.0
McAllen	Hidalgo	Road	15.0
Rollingwood	Travis	Street Projects	2.0
Rollingwood	Travis	Water	0.9
Round Rock	Travis/Williamson	Fire Department	16.5
Round Rock	Travis/Williamson	Parks & Recreation	56.5
Round Rock	Travis/Williamson	Library	23.2
Round Rock	Travis/Williamson	Police & Fire	27.4
Seguin	Guadalupe	Library	14.8
Seguin	Guadalupe	Park	5.0
Sugar Land	Fort Bend	Hike & Bike	10.2
Sugar Land	Fort Bend	Parks & Recreation	21.3
<b>Cities, Towns, Villages Total</b>			<b>\$464.1</b>
<b>Community College Districts</b>			
North Central Texas (Cooke Co) CCD	Cooke	College Facility	\$14.8
South Texas CCD	Hidalgo/Starr	College Facility	\$159.0
<b>Community College Districts Total</b>			<b>\$173.8</b>

Table A4 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 5, 2013**  
(\$ in millions)

Issuer	County	Purpose	Amount Approved
<b>Counties</b>			
Fort Bend County	Fort Bend	Mobility Projects	\$184.9
Harris County	Harris	Jail	70.0
Hopkins County	Hopkins	Law Enforcement Center	16.0
Kaufman County	Kaufman	Road	56.0
Navarro County	Navarro	Courthouse Improvements	7.5
Val Verde County	Val Verde	Library	6.0
Williamson County	Williamson	Road	275.0
Williamson County	Williamson	Parks & Recreation	40.0
Wilson County	Wilson	Courthouse Improvements	8.5
<b>Counties Total</b>			<b>\$663.9</b>
<b>Health/Hospital Districts and Authorities</b>			
Hunt Hospital District	Hunt	Hospital	\$12.3
Rankin Hospital District	Upton	Hospital	25.0
<b>Health/Hospital Districts and Authorities Total</b>			<b>\$37.3</b>
<b>Water Districts</b>			
Forest Hills MUD	Harris	Waterworks & Sewer System	\$42.9
Fort Bend County Lid 002	Fort Bend	Levee & Drainage	48.0
Galveston County Fwsd 6	Galveston	Water, Sewer, & Refunding	8.5
Harris County MUD 001	Harris	Water, Sewer, Drainage, & Refunding	36.0
Harris County MUD 367	Harris	Parks & Recreation	4.4
Harris-Fort Bend Counties MUD 5	Fort Bend/ Harris	Refunding	12.0
Harris-Fort Bend Counties MUD 5	Fort Bend/ Harris	Wastewater & Sewer	12.0
Velasco Dd	Brazoria	Levee	80.0
<b>Water Districts Total</b>			<b>\$243.8</b>
<b>Total Carried</b>			<b>\$4,062.8</b>

Table A5  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections November 5, 2013**  
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
<b>Public School Districts</b>			
Blanket ISD	Brown	School Building	\$3.7
Bluff Dale ISD	Erath	School Building	4.0
Chapel Hill ISDa	Smith	School Building	31.2
Comal ISD	Comal	School Building & Buses	451.0
Ezzell ISD	Lavaca	School Building & Buses	4.1
Gilmer ISD	Upshur	Classroom Improvements	3.4
Gilmer ISD	Upshur	School Building	30.7
Gilmer ISD	Upshur	Multi-Purpose Center	2.2
Hallettsville ISD	Lavaca	School Building & Technology	10.5
Jim Ned Cons ISD	Taylor	School Building	20.9
Katy ISD	Harris	School Building & Stadium	99.0
Kerens ISD	Navarro	School Building	16.7
Latexo ISD	Houston	School Building & Security	5.5
Leon ISD	Leon	Athletic Field Improvements	4.2
Leon ISD	Leon	School Building	4.2
Lovejoy ISD	Collin	School Building	75.8
Marble Falls ISD	Burnet	School Building & Technology	6.6
Paradise ISD	Wise	School Building	3.3
Pleasanton ISD	Atascosa	School Building & Security	65.0
Robinson ISD	McLennan	School Building	21.0
Taylor ISD	Williamson	Athletic Facility	7.0
Trent ISD	Taylor	School Building & Buses	0.6
Trent ISD	Taylor	Athletic Facility and School Building	0.8
Trent ISD	Taylor	Renovations	0.4
Veribest ISD	Tom Green	School Building	5.9
Wall ISD	Tom Green	School Building	21.5
<b>Public School Districts Total</b>			<b>\$898.9</b>
<b>Cities, Towns, Villages</b>			
Amarillo	Randall	Recreation Center	\$31.5
Bellaire	Harris	Relocation	5.0
Burleson	Johnson	Gymnasium	0.8
Castle Hills	Bexar	Road	13.0
Corpus Christi	Nueces	Park	44.6
Keller	Tarrant	Road	8.1
Marble Falls	Burnet	Aquatic Center	2.1
Marble Falls	Burnet	Athletic Field Improvements	1.0
Pecos City	Reeves	Street	8.2
Pecos City	Reeves	Park	2.5
Pecos City	Reeves	Fire Station	2.5
Sugar Land	Fort Bend	Park	18.5
<b>Cities, Towns, Villages Total</b>			<b>\$137.8</b>
<b>Counties</b>			
Ector County	Ector	Courthouse Improvements	\$95.0
Harris County	Harris	Convention Center	217.0
Kaufman County	Kaufman	Justice Center	19.9
<b>Counties Total</b>			<b>\$331.9</b>
<b>Total Defeated</b>			<b>\$1,368.5</b>

## Appendix B

### Capital Appreciation Bonds

Capital appreciation bonds (CABs) are sold at a discounted price called the par amount. They are often sold in combination with current interest bonds (CIBs). While the debt service for CIBs is paid throughout the life of the obligation, principal and interest on CABs is paid at maturity. Interest on CABs compounds semiannually and accumulates over the life of the bond, and the amount paid at the maturity is called the maturity value. Interest rates for CABs are generally higher than for CIBs, and CABs can be more expensive than CIBs because of the compounding interest. CABs can be an effective financing tool if they are used moderately with reasonable terms, but heavy use of CABs can result in rating agency downgrades. CABs are often used to refund existing CAB and/or CIB debt.

*Premium* CABs (PCABs) provide a lower initial stated par amount and are sold with a premium. PCABs are issued to: (1) raise additional proceeds, (2) preserve debt limits, and (3) help local governments reach tax-rate targets. Local governments issue more PCABs than non-premium CABs.

Three ratios have been developed to compare CAB issuances. The first is the “Maturity Value/Par” ratio which is calculated by dividing the CAB maturity amount by the CAB par amount and represents the total amount to be repaid (principal plus interest) compared to the par amount borrowed. This ratio disregards premiums received on PCABs.

The second is the “Maturity Value/Proceeds” ratio which is calculated by dividing the CAB maturity amount by the total CAB proceeds including the additional proceeds received as premium on PCAB issuances. This ratio represents the total amount to be repaid at maturity (principal plus interest) compared to the total amount of proceeds received (par plus premium).

The third is the “Accreted Interest/Proceeds” ratio (AIPR) which is calculated by dividing the CAB maturity amount minus the original par amount by the total proceeds including the CAB premium. This ratio represents the total amount of interest to be paid at maturity compared to the total amount of proceeds received including premium (par plus premium).

Table B1 below lists the top 100 most expensive CABs issued and outstanding for ISDs as of fiscal-year end 2014 as defined by the “Maturity Value/Proceeds” ratio. CABs become increasingly more expensive as interest continues to compound with longer-term maturities. For comparison, the Maturity Value/Proceeds ratio for CIBs is generally less than 2.0 and the AIPR is generally less than 1.0. The decline in the Maturity Value/Proceeds ratio compared to the Maturity Value/Par ratio shows the affect of including the premiums on PCABs in the comparison. (All but 8 of the transactions listed below are PCAB issuances).

<b>Table B1</b>					
<b>Texas Public School Districts</b>					
<b>Top 100 Most Expensive CABs Outstanding As of August 31, 2014</b>					
Issuer	Issue	Closing Date	Maturity Value/Par	Maturity Value/Proceeds	Accreted Interest / Proceeds Ratio
Forney ISD	Unl Tax Ref Bonds Txbl Ser 2014A	2/18/2014	12.69	10.87	10.01
Forney ISD	Unl Tax Ref Bonds Ser 2014	2/15/2014	10.17	8.34	7.52
Forney ISD	Unl Tax Ref Bonds Txbl Ser 2013B	8/27/2013	7.94	6.89	6.03
Hutto ISD	Unl Tax Ref Bonds Ser 2012A	5/3/2012	249.18	6.71	6.68
Community ISD	Unl Tax School Bldg & Ref Bonds Ser 2000	3/28/2000	9.33	6.50	5.80
Anna ISD	Unl Tax School Bldg Bonds Ser 2010A	9/21/2010	3,819.06	6.25	6.25
Anna ISD	Unl Tax School Bldg Bonds Ser 2011	6/23/2011	6.17	5.87	4.92
Anna ISD	Unl Tax School Bldg Bonds Ser 2010	4/8/2010	12.00	5.82	5.33
White Settlement ISD	Unl Tax School Bldg & Ref Bonds Ser 2006	7/6/2006	5.67	5.63	4.64
Forney ISD	Unl Tax Ref Bonds Ser 2013A	8/27/2013	9.35	5.49	4.90
Comal ISD	Unl Tax School Bldg Bonds Ser 2009	12/1/2009	15.71	5.32	4.98
Lake Worth ISD	Unl Tax Ref Bonds Ser 1995	9/21/1995	8.25	5.31	4.66
Leander ISD	Unl Tax School Bldg Bonds Ser 2014C	2/20/2014	5.32	5.26	4.27
Robstown ISD	Unl Tax School Bldg & Ref Bonds Ser 1994	1/4/1995	13.16	5.26	4.86
Anna ISD	Unl Tax School Bldg Bonds Ser 2009	10/15/2009	7.57	5.26	4.56
Galena Park ISD	Unl Tax School Bldg & Ref Bonds Ser 1996	8/20/1996	6.09	5.11	4.27
Crowley ISD	Unl Tax Ref & School Bldg Bonds Ser 1993	5/19/1993	9.87	5.04	4.53
Crowley ISD	Unl Tax Ref & School Bldg Bonds Ser 1991	8/15/1991	69.87	4.99	4.92
Hillsboro ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	2/15/2001	75.90	4.94	4.88
Hutto ISD	Unl Tax School Bldg Bonds Ser 2009	5/7/2009	20.60	4.94	4.70
Frisco ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/24/2002	11.65	4.79	4.37
Crowley ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	2/19/2002	47.10	4.78	4.67
Frisco ISD	Unl Tax School Bldg & Ref Bonds Ser 1999	8/10/1999	59.78	4.73	4.65
Anna ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	3/17/1998	19.42	4.59	4.36
Burleson ISD	Unl Tax Ref Bonds Ser 1995	12/12/1995	103.51	4.46	4.41
Leander ISD	Unl Tax School Bldg & Ref Bonds Ser 2008	5/29/2008	5.84	4.45	3.69
Galena Park ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/24/2002	4.75	4.43	3.50
Robstown ISD	Unl Tax Ref Bonds Ser 1997	12/30/1997	5.75	4.40	3.63
Coppell ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	3/27/2001	6.44	4.37	3.69
Lago Vista ISD	Unl Tax School Bldg & Ref Bonds Ser 1999	10/7/1999	5.86	4.35	3.61
Lake Dallas ISD	Unl Tax School Bldg Bonds Ser 2008	12/11/2008	6.54	4.32	3.66
Grand Prairie ISD	Unl Tax Ref Bonds Ser 2009	6/30/2009	4.29	4.29	3.29
La Joya ISD	Unl Tax Ref Bonds Ser 1992	12/17/1992	43.18	4.29	4.19
Lake Dallas ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	1/16/2003	5.07	4.27	3.43
Rogers ISD	Unl Tax School Bldg and Ref Bonds Series 1998	5/26/1998	28.78	4.23	4.08
Holland ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	4/17/1998	17.77	4.20	3.97
Andrews ISD	Unl Tax School Bldg Bonds Ser 2011	8/10/2011	4.17	4.16	3.17
Alvarado ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	12/30/1998	7.79	4.06	3.54
Socorro ISD	Unl Tax Ref & School Bldg Bonds Ser 2000	5/25/2000	13.06	4.06	3.75
Forney ISD	Unl Tax School Bldg & Ref Bonds Ser 2000	3/15/2000	4.31	4.03	3.10
Charlotte ISD	Unl Tax School Bldg Bonds Ser 2009	8/20/2009	8.27	4.00	3.51
Brock ISD	Unl Tax School Bldg Bonds Ser 2013	8/8/2013	4.10	3.98	3.01
Hutto ISD	Unl Tax School Bldg & Ref Bonds Ser 1997	2/6/1997	12.81	3.98	3.67
Presidio ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	5/14/1998	4.50	3.94	3.06
Schertz-Cibolo-U City ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	12/12/2002	8.01	3.93	3.44
Lake Worth ISD	Unl Tax School Bldg Bonds Ser 2007	8/10/2007	3.98	3.87	2.90
Argyle ISD	Unl Tax School Bldg Bonds Ser 1998	10/21/1998	3.85	3.85	2.85
Coppell ISD	Unl Tax School Bldg & Ref Bonds Ser 1995	2/23/1995	4.01	3.85	2.89

**Table B1 Continued**  
**Texas Public School Districts**  
**Top 100 Most Expensive CABs Outstanding As of August 31, 2014**

<b>Issuer</b>	<b>Issue</b>	<b>Closing Date</b>	<b>Maturity Value/Par</b>	<b>Maturity Value/Proceeds</b>	<b>Accreted Interest / Proceeds Ratio</b>
Grand Prairie ISD	Unl Tax School Bldg & Ref Bonds Ser 2000A	12/13/2000	4.38	3.84	2.96
Argyle ISD	Unl Tax Ref Bonds Ser 2006	10/31/2006	9.02	3.74	3.33
Cedar Hill ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	3/28/2002	8.92	3.72	3.31
Driscoll ISD	Unl Tax School Bldg Bonds Ser 2013	10/29/2013	3.72	3.72	2.72
Northwest ISD	Unl Tax School Bldg & Ref Ser 1990	1/15/1991	4.10	3.71	2.80
Schertz-Cibolo-U City ISD	Unl Tax School Bldg Bonds Ser 2006	7/25/2006	3.70	3.70	2.70
Presidio ISD	Unl Tax Txbl Ref Bonds Ser 1998	5/14/1998	4.47	3.68	2.85
Forney ISD	Unl Tax Ref Bonds Ser 2012	7/11/2012	7.26	3.67	3.16
Lewisville ISD	Unl Tax School Bldg & Ref Bonds Ser 1996	8/12/1996	4.15	3.66	2.78
De Soto ISD	Unl Tax School Bldg & Ref Bonds Ser 2006	2/1/2006	4.51	3.62	2.82
Wimberley ISD	Unl Tax School Bldg Bonds Ser 2013	8/7/2013	3.61	3.61	2.61
Lake Dallas ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	10/16/2001	3.91	3.59	2.68
Wylie ISDa	Unl Tax School Bldg Bonds Ser 2010	4/6/2010	3.64	3.59	2.61
Spring Hill ISD	Unl Tax School Bldg & Ref Bonds Ser 2011	6/9/2011	4.22	3.59	2.74
Sherman ISD	Unl Tax Ref Bonds Ser 1998	7/15/1998	4.56	3.58	2.80
De Soto ISD	Unl Tax School Bldg and Ref Bonds Ser 2001	8/21/2001	13.30	3.56	3.29
Hurst-Eules-Bedford ISD	Unl Tax School Bldg & Ref Bonds Ser 1994	12/7/1994	4.91	3.52	2.80
Paris ISD	Unl Tax School Bldg Bonds Ser 2009	8/20/2009	7.00	3.51	3.01
Bartlett ISD	Unl Tax Ref Bonds Txbl Ser 1998	4/22/1998	7.26	3.48	3.00
Midlothian ISD	Unl Tax School Bldg Bonds Ser 2011A	9/13/2011	6.74	3.45	2.94
Burleson ISD	Unl Tax School Bldg & Ref Bonds Ser 2011	5/26/2011	5.00	3.44	2.76
Sanger ISD	Unl Tax School Bldg Bonds Ser 2000	5/10/2000	3.46	3.42	2.43
Keller ISD	Unl Tax School Bldg & Ref Bonds Ser 1996A	3/21/1996	4.10	3.41	2.58
Cypress-Fairbanks ISD	Unl Tax Ref Bonds Ser 1993A	5/27/1993	4.17	3.38	2.57
Weatherford ISD	Unl Tax School Bldg & Ref Bonds Ser 2000	3/15/2000	3.60	3.37	2.43
Krum ISD	Unl Tax Ref Bonds Ser 1998	5/7/1998	32.67	3.35	3.24
Southwest ISD	Unl Tax School Bldg Bonds Ser 2013	6/12/2013	3.34	3.34	2.34
Caddo Mills ISD	Unl Tax School Bldg & Ref Bonds Ser 2003	8/7/2003	3.91	3.34	2.48
Midlothian ISD	Unl Tax School Bldg & Ref Bonds Ser 2004	5/13/2004	14.48	3.32	3.09
South San Antonio ISD	Unl Tax Ref Bonds Ser 1994	3/17/1994	14.00	3.31	3.07
Waxahachie ISD	Unl Tax School Bldg Bonds Ser 2007	2/22/2007	4.25	3.28	2.51
Brock ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	2/27/2001	5.11	3.28	2.64
Pottsboro ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	5/6/1998	8.16	3.27	2.87
Navarro ISD	Unl Tax School Bldg & Ref Bonds Ser 2004	4/7/2004	5.35	3.25	2.64
West ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	4/28/1998	8.83	3.24	2.88
Ennis ISD	Unl Tax School Bldg & Ref Bonds Ser 2006	12/28/2006	3.49	3.23	2.30
Sunnyvale ISD	Unl Tax School Bldg Bonds Ser 2011	8/25/2011	3.20	3.20	2.20
Socorro ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	12/27/2001	20.00	3.13	2.98
Crandall ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/12/2002	6.10	3.13	2.62
Ennis ISD	Unl Tax Ref Bonds Ser 2013	5/8/2013	4.61	3.13	2.45
Schertz-Cibolo-U City ISD	Unl Tax School Bldg Bonds Ser 2006A	11/16/2006	3.10	3.10	2.10
Lovejoy ISD	Unl Tax School Bldg Bonds Ser 2012	4/24/2012	3.69	3.10	2.26
Denton ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	12/10/2002	3.26	3.08	2.14
Decatur ISD	Unl Tax School Bldg Bonds Ser2004	3/23/2004	3.06	3.06	2.06
Mabank ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	2/19/2002	4.22	3.05	2.33
Pearsall ISD	Unl Tax School Bldg & Ref Bonds Ser 1995	1/16/1996	4.44	3.05	2.36
Midway ISDb	Unl Tax School Bldg & Ref Bonds Ser 2000	3/15/2000	3.27	3.03	2.11
Willis ISD	Unl Tax Schoolhouse & Ref Bonds Ser 1998	3/11/1998	6.15	3.03	2.53
Bastrop ISD	Unl Tax Ref Bonds Ser 2011	12/22/2011	25.25	3.02	2.90
Weatherford ISD	Unl Tax School Bldg and Ref Bonds Ser 2002	3/13/2002	3.16	3.02	2.07
Aledo ISD	Unl Tax School Bldg Bonds Ser 2001	10/9/2001	3.02	3.01	2.01
Boerne ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	4/18/2002	24.37	3.00	2.88

## Appendix C Glossary

**Ad Valorem Tax** - A tax based on the assessed value of real estate or personal property. Property ad valorem taxes are a major source of revenue for local governments.

**Assessed Valuation** - A municipality's worth in dollars based on real estate and/or other property for the purpose of taxation, sometimes expressed as a percent of the full market value of the community.

**Authorized but Unissued** – Debt that has been authorized for a specific purpose by the voters but has not yet been issued.

**Average Daily Attendance (ADA)** - The number of students in ADA can be found by adding the number of students who are in attendance each day of the school year for the entire school year and then dividing that number by the number of instructional days in the school year.

**Bond** - Debt instrument in which an investor loans money to the issuer that specifies: when the loan is due (“term” or “maturity” such as 20 years), the interest rate the borrower will pay (such as 5%), when the payments will be made (such as monthly, semi-annually, annually) and the revenue source pledged to make the payments.

**Build America Bonds (BABs)** - were created by the American Recovery and Reinvestment Act of 2009 (ARRA) and could be issued as Tax Credit BABs or Direct-Payment BABs. Tax Credit BABs provide a tax credit to investors equal to 35 percent of the interest payable by the issuer. Direct-Payment BABs provide a direct federal subsidy payment to state and local governmental issuers equal to 35 percent of the interest payable. With the implementation of the Budget Control Act of 2011, the BAB subsidies were reduced by 7.6 percent to 32.34 percent of the interest payable. Authority to issue BABs expired in December 2010.

**Capital Appreciation Bond (CAB)** - A municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity. At maturity the investor receives a single payment (the “maturity value”) representing both the initial principal amount and the total investment return. CABs are distinct from traditional zero coupon bonds because the investment return is considered to be in the form of compounded [interest](#) rather than accreted original issue discount. For this reason only the initial principal amount of a CAB is counted against a municipal issuer’s statutory debt limit, rather than the total par value, as in the case of a traditional zero coupon bond.

**CAB Maturity Amount** - Total payment representing both principal and interest. For capital appreciation bonds compound accreted values are calculated as interest in the year of maturity.

**Certificate of Obligation (CO)** – An obligation issued by a county or certain cities or hospital districts under subchapter C of chapter 271 of the Local Government Code. Voter approval is not required unless at least five percent of the total voters in the taxing area sign a petition and submit it prior to approval of the authorizing document to sell such certificates.



**Commercial Paper (CP)** – Short-term, unsecured promissory notes that mature within 270 days and are backed by a liquidity provider (usually a bank) that stands by to provide liquidity in the event the notes are not remarketed or redeemed at maturity.

**Conduit Issuer** – An issuer authorized by law to issue securities to finance revenue-generating projects in which the funds generated are used by a third party (known as the "conduit borrower" or "obligor") for debt-service payments.

**Current Interest Bonds** – A bond in which interest payments are made on a periodic basis as opposed to a bond such as a capital appreciation bond that pays interest only at maturity.

**Debt per Capita** – A measurement of the value of a government's debt expressed in terms of the amount attributable to each citizen under the government's jurisdiction. The formula is the debt outstanding as of August 31 divided by the estimated residential population of the issuer.

**Debt Service** - The amount that is required to cover the repayment of principal and interest on a debt.

**Defeasance** - A provision that voids a bond or loan when the borrower sets aside cash or bonds sufficient to service the borrower's debt.

**Discount** – The amount by which the price paid for a security is less than its par value.

**Fiscal Year** - Information is sorted on the fiscal year of the state, September 1 through August 31. Debt-service adjustments have been made for local governments with different fiscal years. Information is provided on cash, not accrual basis.

**Fixed Rate** – An interest rate that does not change during the entire term of the obligation.

**Home Rule City** - Cities are classified as either "general law" or "home rule". A city may elect home rule status (i.e., draft an independent city charter) once it exceeds 5,000 population and the voters agree to home rule. Otherwise, it is classified as general law and has very limited powers. One example of the difference in the two structures regards annexation. General law cities cannot annex adjacent unincorporated areas without the property owner's consent; home rule cities may annex without consent but must provide essential services within a specified period of time (generally within three years), or the property owner may file suit to be disannexed and reimbursed. Once a city adopts home rule it may continue to keep this status even if the population later falls below 5,000.

**Issuer** – A legal entity that sells securities for the purpose of financing its operations. Issuers are legally responsible for the obligations of the issue and for reporting financial conditions, material developments and any other operational activities.

**Lease Purchase** – Financing the purchase of an asset over time through lease payments that include principal and interest. Lease purchases can be financed through a private vendor.

**Lease-Revenue Bonds** - Bonds issued by a non-profit corporation or government issuer which are secured by lease payments made by a local government for use of specified property.

**Limited Tax General Obligation Bonds** - A type of municipal bond that is guaranteed by the municipal government's pledge to use all legal resources, including the levying of property taxes up to a set statutory limit. If a municipality exhausts the property tax resources for bond repayment within that limit, other revenue sources must be used for bond repayment.

**Local Government Names** - The names of governments used in this report are taken from the *Texas Property Tax Appraisal District Directory* published by the Texas State Comptroller of Public Accounts.

**Maintenance Tax** - Funds the maintenance and operation costs of a school district, but cannot be used for new construction of school facilities.

**Maturity Date** – The date principal is due and payable to the security holder.

**Municipal Bond** – A debt security issued to finance projects for a state, municipality or county. Municipal securities are typically exempt from federal taxes and from most state and local taxes.

**Official Statement** – The document published by the issuer which provides complete and accurate material information to investors on a new issue of municipal securities including the purposes of the issue, repayment provisions and the financial, economic and social characteristics of the issuing government.

**Par** – The face value of a security that is due at maturity. A “par bond” is a bond selling at its face value.

**Permanent School Fund Bond Guarantee** - The Bond Guarantee Program (BGP) was established as an alternative to private bond insurance, but without the cost of private insurance. In order to qualify for the BGP guarantee, school districts must be accredited by the state, have investment grade bond ratings but below AAA, and have their applications approved by the Commissioner of Education and pay \$2,300 per issue. Bonds guaranteed by the BGP are rated triple-A by Moody's, Standard & Poor's and Fitch, the highest rating possible.

**Premium** - The amount by which the price paid for a security exceeds par value.

**Premium Capital Appreciation Bond (PCAB)** - a type of CAB that has a stated yield or accretion rate that is higher than its actual current yield to investors. This difference results in a lower initial stated par amount which preserves debt capacity.

**Principal** - The face value of a bond, exclusive of interest.

**Qualified School Construction Bonds (QSCB)** - QSCBs must meet three requirements: 1) all of the bond proceeds must be used for the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a bond-financed facility is to be constructed; 2) the bond is issued by a state or local government within which such school is located; and 3) the issuer designates such bonds as a qualified school construction bond. For more information regarding QSCBs, contact the Texas Education Agency.

**Qualified Zone Academy Bonds (QZAB)** - QZABs are tax-credit bonds where the proceeds are used for renovating school buildings, purchasing equipment, developing curricula, and/or training school personnel. QZABs may not be issued for new construction. To qualify to issue QZABs, school districts must create a Zone Academy that is comprised of empowerment zones or enterprise communities comprised of public schools with 35% or more of their student body on the free and/or reduced lunch programs. For more information regarding QZABs, contact the Texas Education Agency.

**Rating Agency** – An entity that provides ratings of the credit quality of securities issuers, measuring the probability of the timely repayment of principal and interest on municipal securities.

**Refunding Bond** – Bonds issued to retire or defease all or a portion of outstanding bonds.

**Revenue Debt** – Debt that is legally secured by a specified revenue source(s). Most revenue debt does not require voter approval and usually has a maturity based on the life of the project to be financed.

**Sales Tax** - A tax imposed by the government at the point of sale on retail goods and services. It is collected by the retailer and passed on to the state. Certain statutes, such as the Development Corporation Act, authorize certain issuers to pledge certain sales taxes to the repayment of debt for certain projects.

**Tax-Supported Debt** - For local governments, tax-supported debt (sometimes called tax debt) is generally secured by a pledge of the issuer's ad valorem taxing power. Tax-supported debt can have either a limited or an unlimited authority pledge of tax revenues for the repayment. For reporting purposes, when the public security contains both a tax and revenue pledge, the public security is categorized as tax-supported debt.

**Unlimited Tax General Obligation Bond** - A municipal bond that is backed by the pledge of the issuer to raise taxes, without limit, to service the debt until it is repaid.

**Variable Rate** – An interest rate that fluctuates based on market conditions or a predetermined index or formula. (Fixed rates do not change during the life of the obligation.)

**Yield** – The investor's rate of return.

The Texas Bond Review Board is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age or disability in employment, or in the provision of services, programs or activities.

In compliance with the Americans with Disabilities Act, this document may be requested in alternative formats by contacting or visiting the agency.

**TEXAS BOND REVIEW BOARD**

300 West 15<sup>th</sup> Street – Suite 409

P.O. Box 13292

Austin, TX 78711-3292

512-463-1741

<http://www.brb.state.tx.us>