

# TEXAS BOND REVIEW BOARD



**2016 LOCAL GOVERNMENT**

**ANNUAL REPORT**

**FISCAL YEAR ENDED AUGUST 31, 2016**



# **Texas Bond Review Board Local Government Annual Report 2016**

## **Fiscal Year Ended August 31, 2016**

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

**December 2016**



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## **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 ad valorem taxing power 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 other obligations).

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 (CPA).

#### **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, privately-placed loans, and any other debts that are not in the form of a public security, as well as 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 2016, approximately 5,030 different users of the BRB's website downloaded over 18,500 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. Additionally, this data is supplied to the CPA's office as well as the Texas Tribune for publication on their debt pages.

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 2016 Texas local governments had \$218.46 billion in outstanding debt (Table 1.1), an increase of \$22.99 billion (11.8 percent) over the past five fiscal years. Of that amount 61.9 percent (\$135.19 billion) is GO debt secured by local tax collections while the remaining 38.1 percent (\$83.3 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 16.0 percent (\$18.60 billion) and revenue debt outstanding increased 5.6 percent (\$4.39 billion).

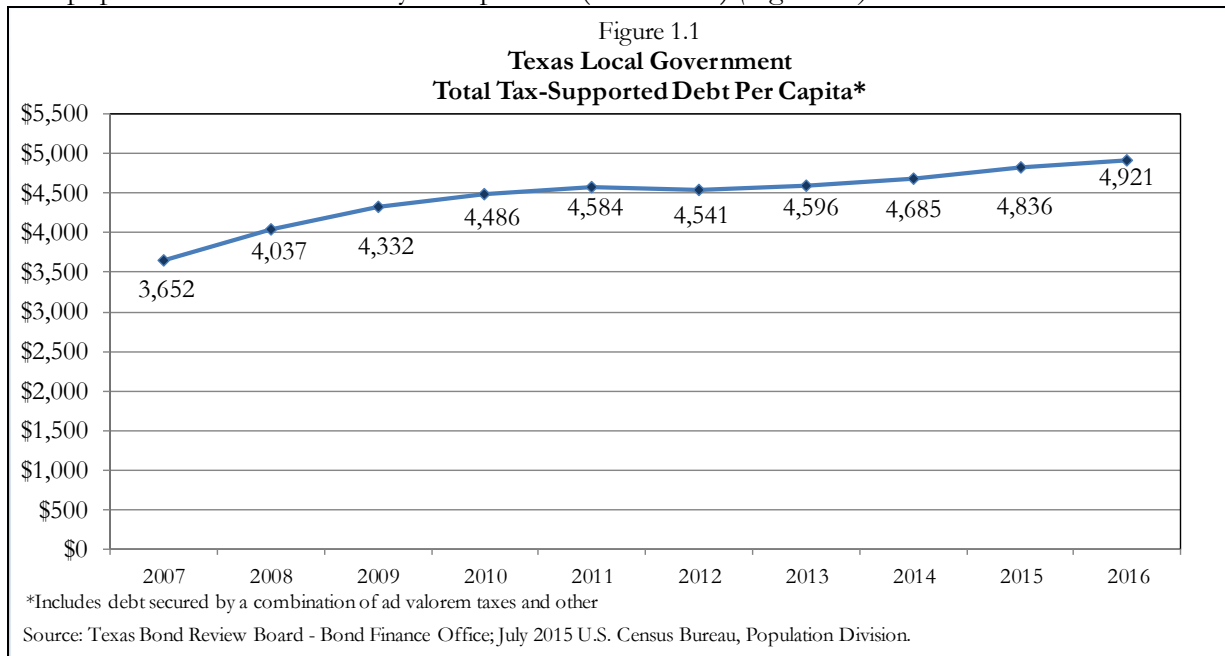
Table 1.1 TEXAS LOCAL GOVERNMENTS Debt Outstanding Summary* As of August 31, 2016 (amounts in millions)				
Type of Issuer		Tax-Supported**	Revenue	Total Debt
Public School Districts	Voter-approved tax	\$ 73,805.6		\$ 73,805.6
	Maintenance tax (ed. equipment)	795.9		795.9
	Lease-purchase contracts		\$ 309.4	309.4
	Revenue (athletic facilities)		1.8	1.8
<b>Public School Districts Sub Total</b>		<b>\$ 74,601.5</b>	<b>\$ 311.2</b>	<b>\$ 74,912.7</b>
Cities, Towns, Villages	Tax	\$ 30,579.6		\$ 30,579.6
	Revenue		\$ 39,579.6	39,579.6
	Sales Tax		219.5	219.5
	Conduit revenue***		127.9	127.9
	Lease-purchase contracts		619.7	619.7
<b>Cities, Towns, Villages Sub Total</b>		<b>\$ 30,579.6</b>	<b>\$ 40,546.7</b>	<b>\$ 71,126.3</b>
Water Districts and Authorities	Tax	\$ 12,536.3		\$ 12,536.3
	Revenue		\$ 12,800.1	12,800.1
	Conduit revenue***		7,907.6	7,907.6
<b>Water Districts and Authorities Sub Total</b>		<b>\$ 12,536.3</b>	<b>\$ 20,707.7</b>	<b>\$ 33,244.0</b>
Other Special Districts and Authorities	Tax	\$ 177.1		\$ 177.1
	Sales Tax		\$ 4,768.6	4,768.6
	Revenue		11,497.9	11,497.9
	Lease-purchase contracts		103.8	103.8
<b>Other Special Districts and Authorities Sub Total</b>		<b>\$ 177.1</b>	<b>\$ 16,370.3</b>	<b>\$ 16,547.5</b>
Counties	Tax	\$ 11,221.3		\$ 11,221.3
	Revenue		\$ 2,453.5	2,453.5
	Conduit revenue***		-	-
	Lease-purchase contracts		457.4	457.4
<b>Counties Sub Total</b>		<b>\$ 11,221.3</b>	<b>\$ 2,910.8</b>	<b>\$ 14,132.2</b>
Community and Junior Colleges	Tax	\$ 3,676.8		\$ 3,676.8
	Revenue		\$ 1,113.0	1,113.0
	Lease-purchase contracts (ed. facilities)		220.3	220.3
<b>Community and Junior Colleges Sub Total</b>		<b>\$ 3,676.8</b>	<b>\$ 1,333.3</b>	<b>\$ 5,010.1</b>
Health / Hospital Districts	Tax	\$ 2,392.4		\$ 2,392.4
	Sales Tax		\$ 58.7	58.7
	Revenue		1,040.4	1,040.4
	Conduit revenue***		-	-
<b>Health / Hospital Districts Sub Total</b>		<b>\$ 2,392.4</b>	<b>\$ 1,099.1</b>	<b>\$ 3,491.5</b>
<b>TOTAL LOCAL DEBT OUTSTANDING</b>		<b>\$ 135,185.1</b>	<b>\$ 83,279.2</b>	<b>\$ 218,464.2</b>
*Not included are obligations of less than one-year maturity and special obligations not requiring Attorney General approval.				
**Includes debt secured by a combination of ad valorem taxes and other revenue sources.				
***The Bond Review Board does not receive all conduit debt issued by local government entities.				
Source: Texas Bond Review Board - Bond Finance				



School Districts accounted for 34.3 percent (\$74.91 billion) of all local debt outstanding and Cities accounted for 32.6 percent (\$71.13 billion). WDs held the third highest percentage and accounted for 15.2 percent (\$33.24 billion) of all local debt outstanding. The remaining 17.9 percent (\$39.18 billion) was held by CCDs, Counties, HHDs and OSDs.

The most recent U.S. Census Bureau data for state and local debt outstanding show that for census years 2012-13, Texas was ranked 2nd among the ten most populous states in terms of Local Debt Per Capita, 9th in State Debt Per Capita and 5th in Total State and Local Debt Per Capita.

Total tax-supported debt per capita increased by 1.8 percent from \$4,836 in FY 2015 to \$4,921 in FY 2016. Over the past 10 years, debt per capita has increased by 34.8 percent (\$1,270) while the state's population has increased by 17.4 percent (4.1 million) (Figure 1.1).



### Tax-Supported Debt – 16 Percent Increase in Five Years

As of fiscal-year end 2016 Texas local governments had \$135.19 billion in tax-supported debt outstanding, an increase of 16.0 percent (\$18.60 billion) in the five-year period since fiscal 2012.

School Districts accounted for 55.2 percent (\$74.60 billion) of the total tax-supported local debt outstanding. Cities accounted for 22.6 percent (\$30.58 billion), WDs accounted for 9.3 percent (\$12.54 billion), and the remaining 12.9 percent (\$17.47 billion) was attributable to CCDs, Counties, HHDs and OSDs.

School District tax-supported debt increased by 17.1 percent in the five-year period since fiscal 2012 from \$63.69 billion to \$74.60 billion due to a number of issuances, the largest of which were new money and refunding issuances by Houston ISD of \$757.2 million in 2016 and Cypress-Fairbanks ISD of \$435.7 million in 2015.

Since fiscal 2012, City tax-supported debt increased by 13.4 percent from \$26.97 billion to \$30.58 billion. As the state's population increased by 7.0 percent (1.8 million) since fiscal 2012, urban areas have experienced particularly rapid growth that has created the need for new infrastructure including new buildings and roads.

Since fiscal 2012, tax-supported debt for WDs increased 24.3 percent from \$10.09 billion to \$12.54 billion primarily as the result of a number of issuances, the largest of which were new money and refunding issuances by the Port Authority of Houston of \$116.0 million,

Since fiscal 2012, CCD tax-supported debt rose by 24.4 percent from \$2.96 billion to \$3.68 billion due to a number of issuances, the largest of which were new money issuances by Houston Community College System of \$398.8 million in 2013 and Austin Community College District of \$165.2 million in 2015.

### **Revenue Debt - 6 Percent Increase in Five Years**

As of fiscal-year end 2016 Texas local governments had \$83.3 billion in revenue debt outstanding, an increase of 5.6 percent (\$4.39 billion) since fiscal 2012. Cities accounted for 48.7 percent (\$40.55 billion) of the total revenue local debt outstanding, WDs accounted for 24.9 percent (\$20.71 billion), OSDs accounted for 19.6 percent (\$16.37 billion) and the remaining 6.8 percent (\$5.65 billion) was attributable to School Districts, CCDs, Counties and HHDs.

City revenue debt increased by 11.5 percent from \$36.38 billion to \$40.55 billion in the five-year period. Since fiscal 2012, the state's population increased 7.0 percent (1.8 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.

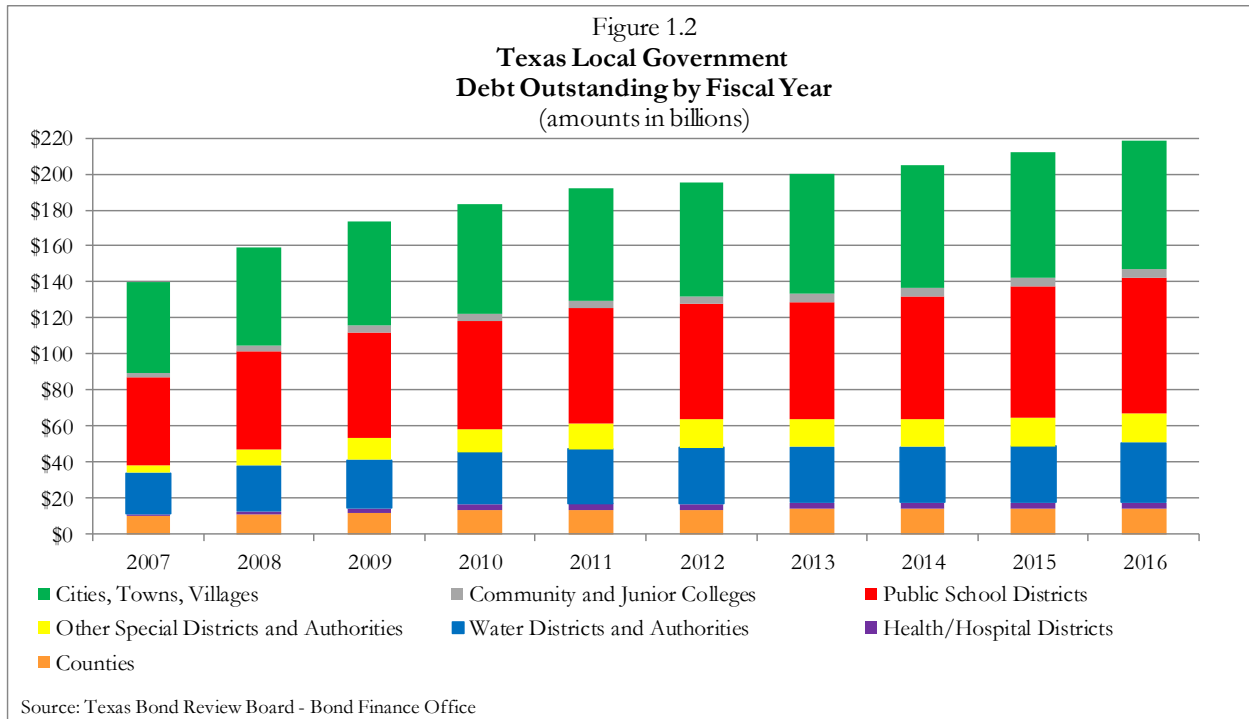
Since fiscal 2012 revenue debt for OSDs increased 4.1 percent from \$15.72 billion to \$16.37 billion, primarily as a result of four large new money issuances in fiscal 2016 by the Central Texas Regional Mobility Authority totaling \$641.0 million.

Since fiscal 2012, CCD revenue debt rose by 2.85 percent from \$1.30 billion to \$1.33 billion.

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 (amounts in millions)					
	8/31/2012	8/31/2013	8/31/2014	8/31/2015	8/31/2016
<b>Public School Districts</b>					
Tax-Supported*	\$63,687.3	\$64,844.3	\$67,704.9	\$71,990.8	\$74,601.5
Revenue**	332.8	318.6	275.6	337.8	311.2
<b>Total</b>	<b>\$64,020.1</b>	<b>\$65,162.9</b>	<b>\$67,980.6</b>	<b>\$72,328.7</b>	<b>\$74,912.7</b>
<b>Cities</b>					
Tax-Supported*	\$26,974.1	\$27,736.8	\$28,402.3	\$29,537.1	\$30,579.6
Revenue**	36,377.0	38,565.0	39,389.4	40,147.5	40,546.7
<b>Total</b>	<b>\$63,351.1</b>	<b>\$66,301.8</b>	<b>\$67,791.7</b>	<b>\$69,684.6</b>	<b>\$71,126.3</b>
<b>Water Districts and Authorities</b>					
Tax-Supported*	\$10,087.3	\$10,373.5	\$10,749.7	\$11,380.7	\$12,536.3
Revenue**	20,805.1	20,386.3	20,150.7	19,941.8	20,707.7
<b>Total</b>	<b>\$30,892.3</b>	<b>\$30,759.8</b>	<b>\$30,900.4</b>	<b>\$31,322.5</b>	<b>\$33,244.0</b>
<b>Other Special Districts and Authorities</b>					
Tax-Supported*	\$198.4	\$191.8	\$201.1	\$194.2	\$177.1
Revenue**	15,720.2	15,303.3	15,663.2	15,748.5	16,370.3
<b>Total</b>	<b>\$15,918.7</b>	<b>\$15,495.1</b>	<b>\$15,864.3</b>	<b>\$15,942.6</b>	<b>\$16,547.5</b>
<b>Counties</b>					
Tax-Supported*	\$10,586.9	\$11,098.0	\$11,112.1	\$11,259.7	\$11,221.3
Revenue**	3,223.4	3,061.1	2,980.6	3,031.8	2,910.8
<b>Total</b>	<b>\$13,810.3</b>	<b>\$14,159.0</b>	<b>\$14,092.8</b>	<b>\$14,291.5</b>	<b>\$14,132.2</b>
<b>Community College Districts</b>					
Tax-Supported*	\$2,956.4	\$3,314.4	\$3,351.1	\$3,612.4	\$3,676.8
Revenue**	1,296.5	1,358.1	1,413.0	1,392.9	1,333.3
<b>Total</b>	<b>\$4,252.9</b>	<b>\$4,672.5</b>	<b>\$4,764.1</b>	<b>\$5,005.2</b>	<b>\$5,010.1</b>
<b>Health/Hospital Districts and Authorities</b>					
Tax-Supported*	\$2,093.1	\$2,213.0	\$2,378.4	\$2,375.7	\$2,392.4
Revenue**	1,137.2	1,192.3	1,061.2	1,092.7	1,099.1
<b>Total</b>	<b>\$3,230.3</b>	<b>\$3,405.4</b>	<b>\$3,439.6</b>	<b>\$3,468.3</b>	<b>\$3,491.5</b>
<b>Total Tax-Supported*</b>	<b>\$116,583.3</b>	<b>\$119,771.8</b>	<b>\$123,899.7</b>	<b>\$130,350.5</b>	<b>\$135,185.1</b>
<b>Total Revenue**</b>	<b>\$78,892.3</b>	<b>\$80,184.7</b>	<b>\$80,933.7</b>	<b>\$81,693.0</b>	<b>\$83,279.2</b>
<b>Total Debt Outstanding</b>	<b>\$195,475.7</b>	<b>\$199,956.6</b>	<b>\$204,833.4</b>	<b>\$212,043.5</b>	<b>\$218,464.2</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, 2016. Tax-Supported debt service steadily declines from a peak of \$12.52 billion in Fiscal Year 2017.

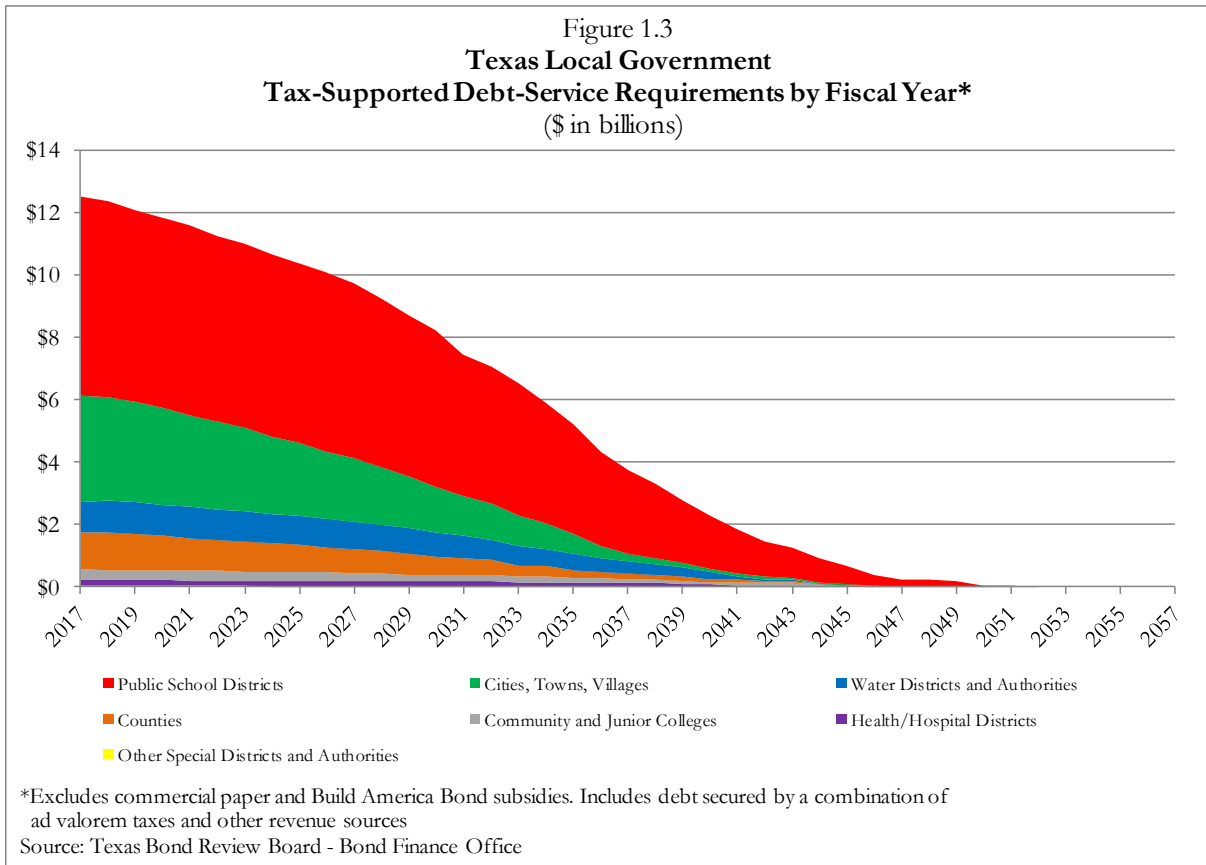
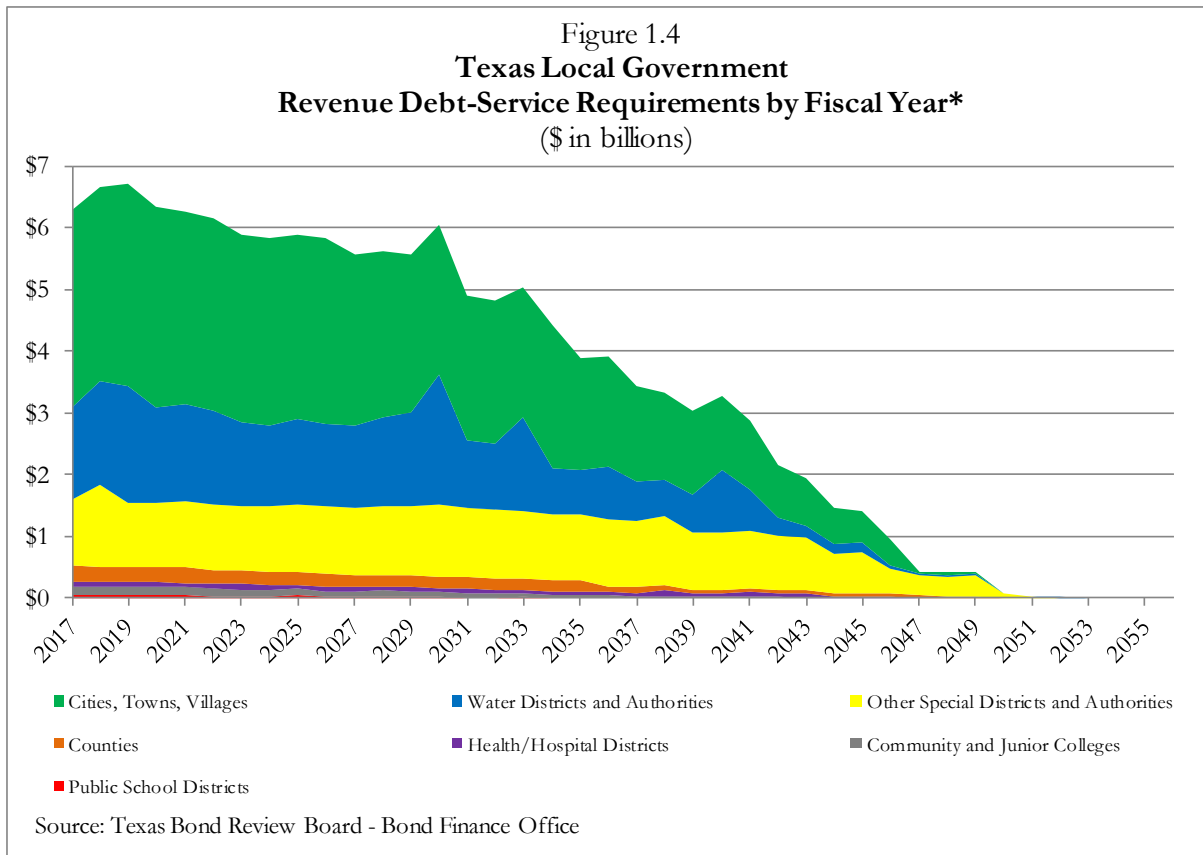


Figure 1.4 shows the revenue debt-service requirements for all categories of debt outstanding as of August 31, 2016. Aggregate revenue debt service peaks at \$6.72 billion in Fiscal Year 2019.



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 2016. 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		Revenue	
	Debt	Percent	Debt	Percent
<b>Within Five Years</b>				
Cities, Towns, Villages	\$10,596.9	34.8%	\$7,498.7	19.4%
Counties	3,485.5	31.2%	504.5	19.4%
Other Special Districts and Authorities	87.2	49.2%	1,725.9	10.8%
Community and Junior Colleges	873.4	23.8%	337.9	30.4%
Water Districts and Authorities	2,930.2	23.4%	2,744.5	21.8%
Health/Hospital Districts	370.3	15.5%	162.5	14.8%
Public School Districts	15,152.2	20.3%	155.7	50.0%
<b>Within Ten Years</b>				
Cities, Towns, Villages	\$19,721.5	64.8%	\$15,879.2	41.0%
Counties	6,616.7	59.2%	954.7	36.8%
Other Special Districts and Authorities	136.3	76.9%	3,870.9	24.2%
Community and Junior Colleges	1,760.9	47.9%	646.7	58.1%
Water Districts and Authorities	6,001.5	47.9%	5,707.7	45.3%
Health/Hospital Districts	795.9	33.3%	322.9	29.4%
Public School Districts	31,987.4	42.9%	241.4	77.6%
<b>Within Twenty Years</b>				
Cities, Towns, Villages	\$29,460.5	96.8%	\$30,854.9	79.6%
Counties	10,475.5	93.7%	2,030.2	78.2%
Other Special Districts and Authorities	176.6	99.7%	9,157.8	57.3%
Community and Junior Colleges	3,168.7	86.2%	1,048.8	94.2%
Water Districts and Authorities	11,222.3	89.5%	10,702.0	84.9%
Health/Hospital Districts	1,812.2	75.7%	669.9	61.0%
Public School Districts	63,426.0	85.0%	311.2	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 45.1 percent (\$12.27 billion) from \$27.22 in FY 2012 to \$39.49 in FY 2016. During that time period new-money issuance increased by 42.6 percent from \$11.56 billion to \$16.49 billion (\$4.93 billion). Refundings also increased by 46.9 percent from \$15.66 billion to \$23.0 billion (\$7.34 billion). Debt issuance reached a record high during FY 2016 largely as a result of the large amount of refunding transactions completed during the fiscal year (*Table 1.4*). The FY 2016 refunding transactions created an estimated \$2.94 billion in cash savings.

Table 1.4  
**Texas Local Government**  
**Debt Issuance by Fiscal Year\***  
(\$ in millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Issuers</b>	1072	1050	942	1108	1160
<b>Issuances</b>	1526	1556	1347	1704	1712
<b>Cities</b>					
New Money	\$3,510.4	\$5,271.0	\$4,471.6	\$4,721.1	\$4,819.1
Refunding	6,713.0	6,128.4	5,005.3	5,842.6	6,163.6
<b>Total Par Issued</b>	<b>\$10,223.5</b>	<b>\$11,399.4</b>	<b>\$9,476.9</b>	<b>\$10,563.8</b>	<b>\$10,982.7</b>
<b>Public School Districts</b>					
New Money	\$3,105.7	\$3,596.7	\$5,486.9	\$7,487.1	\$6,171.2
Refunding	4,546.7	5,544.3	3,704.2	10,679.1	8,402.1
<b>Total Par Issued</b>	<b>\$7,652.5</b>	<b>\$9,140.9</b>	<b>\$9,191.1</b>	<b>\$18,166.2</b>	<b>\$14,573.3</b>
<b>Water Districts</b>					
New Money	\$2,347.2	\$1,464.3	\$1,691.7	\$1,647.2	\$3,222.1
Refunding	2,135.1	2,539.0	1,237.1	2,770.1	2,350.7
<b>Total Par Issued</b>	<b>\$4,482.2</b>	<b>\$4,003.3</b>	<b>\$2,928.9</b>	<b>\$4,417.3</b>	<b>\$5,572.8</b>
<b>Counties</b>					
New Money	\$1,023.0	\$1,050.5	\$607.9	\$904.2	\$775.9
Refunding	1,441.0	1,183.4	383.0	1,319.9	2,252.6
<b>Total Par Issued</b>	<b>\$2,464.0</b>	<b>\$2,233.9</b>	<b>\$990.9</b>	<b>\$2,224.1</b>	<b>\$3,028.6</b>
<b>Other Special Districts</b>					
New Money	\$1,313.7	\$399.4	\$338.7	\$212.3	\$1,001.4
Refunding	311.9	1,146.3	89.6	2,072.4	2,997.3
<b>Total Par Issued</b>	<b>\$1,625.6</b>	<b>\$1,545.6</b>	<b>\$428.3</b>	<b>\$2,284.7</b>	<b>\$3,998.7</b>
<b>Community College Districts</b>					
New Money	\$197.1	\$623.7	\$303.8	\$503.4	\$340.7
Refunding	473.7	88.4	98.8	444.0	697.5
<b>Total Par Issued</b>	<b>\$670.7</b>	<b>\$712.1</b>	<b>\$402.6</b>	<b>\$947.4</b>	<b>\$1,038.2</b>
<b>Health/Hospital Districts</b>					
New Money	\$67.3	\$301.1	\$233.9	\$144.6	\$160.9
Refunding	33.6	222.3	94.1	32.7	135.3
<b>Total Par Issued</b>	<b>\$100.9</b>	<b>\$523.4</b>	<b>\$328.1</b>	<b>\$177.3</b>	<b>\$296.1</b>
<b>Total New Money</b>	<b>\$11,564.4</b>	<b>\$12,706.6</b>	<b>\$13,134.6</b>	<b>\$15,619.9</b>	<b>\$16,491.3</b>
<b>Total Refunding</b>	<b>\$15,655.0</b>	<b>\$16,852.1</b>	<b>\$10,612.2</b>	<b>\$23,160.7</b>	<b>\$22,999.2</b>
<b>Total Par</b>	<b>\$27,219.3</b>	<b>\$29,558.7</b>	<b>\$23,746.8</b>	<b>\$38,780.6</b>	<b>\$39,490.5</b>

\*Excludes commercial paper

Source: Texas Bond Review Board - Bond Finance Office



### **Use of Proceeds**

During fiscal 2016, 58.2 percent of local debt issuance was used to refund debt, 16.5 percent was used to finance educational facilities and equipment, 8.6 percent was used to finance water-related infrastructure, 7.2 percent was used for general-purpose debt, and 4.3 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 5.2 percent of local debt issuance was used for multiple purposes including combined utility systems, recreation and health-related facilities.

### **Capital Appreciation Bonds**

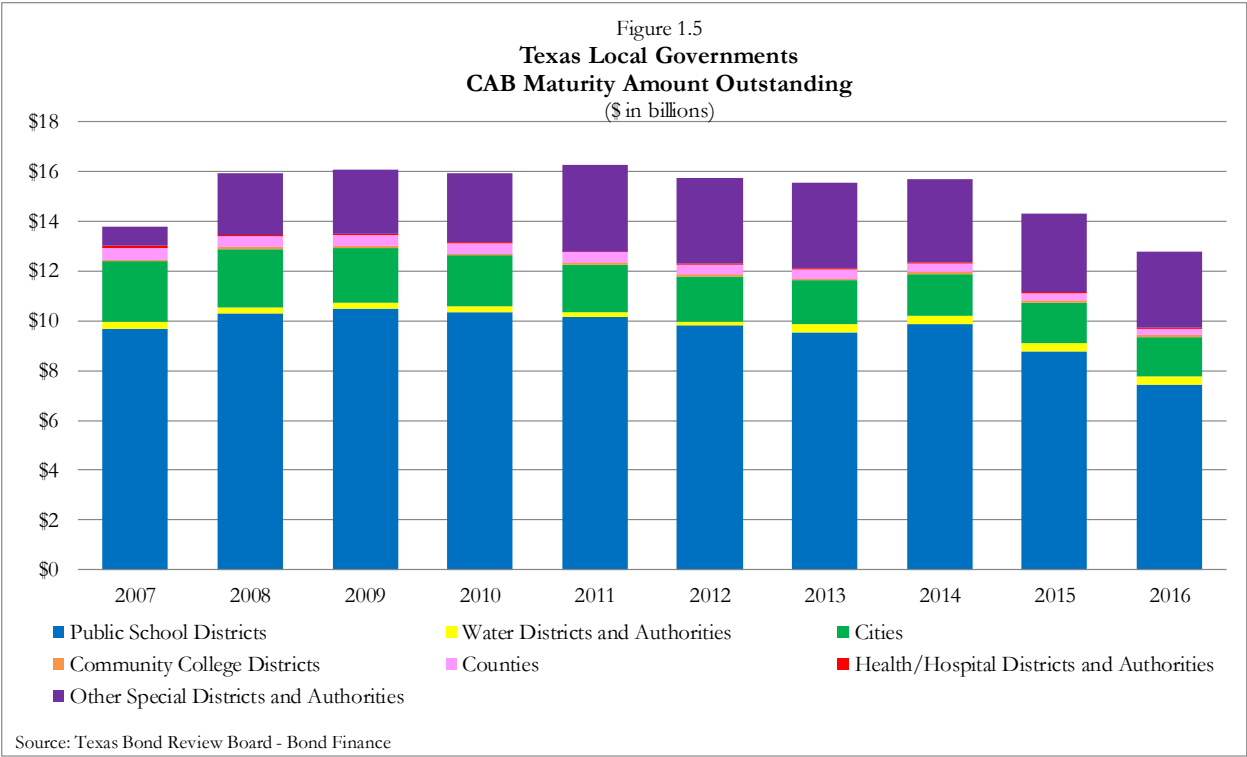
Capital appreciation bonds (CABs) are sold at a discounted price called the par amount. They are often sold in combination with current interest bonds (CIBs). While the debt service for CIBs is paid throughout the life of the obligation, principal and interest on CABs is paid at maturity. Interest on 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.

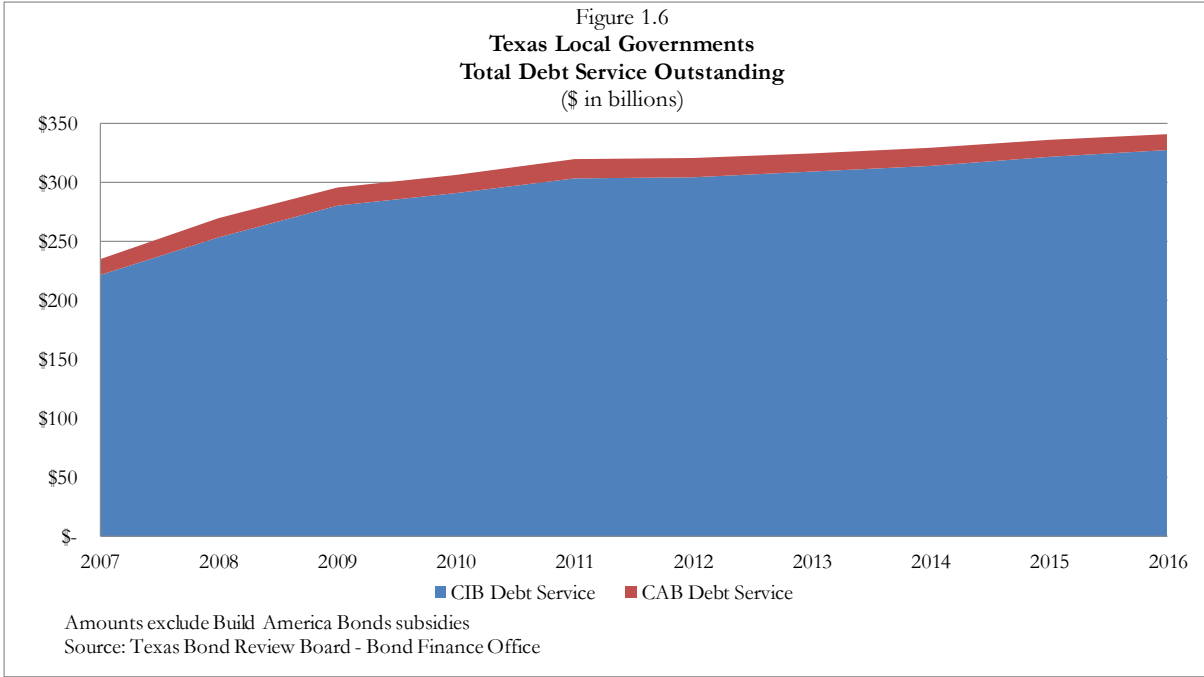
Over the past decade total CAB maturity amounts outstanding have decreased by 7.5 percent from \$13.81 billion in FY 2007 to \$12.77 billion in FY 2016. Additionally, CAB maturity amounts outstanding have decreased 21.4 percent from the record \$16.25 billion outstanding in FY 2011. (*Figure 1.5*). The outstanding CAB maturities range from 2017 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 2016 as defined by the “Maturity Value/Proceeds” ratio. CABs become increasingly more expensive as interest continues to compound with longer-term maturities.

The 84<sup>th</sup> Legislature passed House Bill 114, effective September 1, 2015 that prohibits Texas local governments from issuing CABs secured by property taxes with terms of more than 20 years, and (with some exceptions) from refunding CABs to extend their maturity dates. It also limits each government’s CAB debt to no more than 25 percent of its total outstanding bond debt including principal and interest.



In FY 2016, total CAB maturity amounts accounted for 3.7 percent (\$12.77 billion) of the total debt service outstanding (*Figure 1.6*)



During fiscal 2016 local governments issued \$73.8 million of capital appreciation bonds (CABs), approximately 0.2 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)					
	2012	2013*	2014	2015	2016
Public School Districts	\$202.3	\$218.7	\$471.9	\$214.1	70.5
Cities, Towns, Villages	21.3	30.0	-	-	0.7
Water Districts and Authorities	19.5	69.6	1.0	1.8	2.5
Community and Junior Colleges	2.5	2.2	1.0	-	-
Health/Hospital Districts	0.1	0.0	1.3	-	-
Other Special Districts and Authorities	-	-	-	-	-
Counties	1.8	-	1.4	-	-
<b>Total CAB Par Amount Issued</b>	<b>\$247.5</b>	<b>\$320.5</b>	<b>\$476.7</b>	<b>\$215.9</b>	<b>\$73.8</b>
<b>Total Par Amount Issued**</b>	<b>\$27,014.5</b>	<b>\$29,548.7</b>	<b>\$23,586.8</b>	<b>\$38,779.0</b>	<b>\$39,490.5</b>
<b>CAB Par Amount % of Total</b>	<b>0.9%</b>	<b>1.1%</b>	<b>2.0%</b>	<b>0.6%</b>	<b>0.2%</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.

With the passage of House Bill 1378 during the 84<sup>th</sup> Legislative Session, effective January 1, 2016, a CO may not be issued if the voters rejected a bond proposition for the same purpose within the preceding three years, except in the case of public calamity, public health, unforeseen damage to public property, or to comply with a state or federal regulation. Only Counties and certain Cities HHDs are authorized to issue COs.

Since fiscal 2007 CO debt outstanding has increased by 63.0% (\$5.12 billion) from \$8.13 billion outstanding in fiscal 2007 to \$13.25 billion outstanding at August 31, 2016. At August 31, 2016, Cities accounted for 77.3 percent of the total CO debt outstanding (*Figure 1.7*).

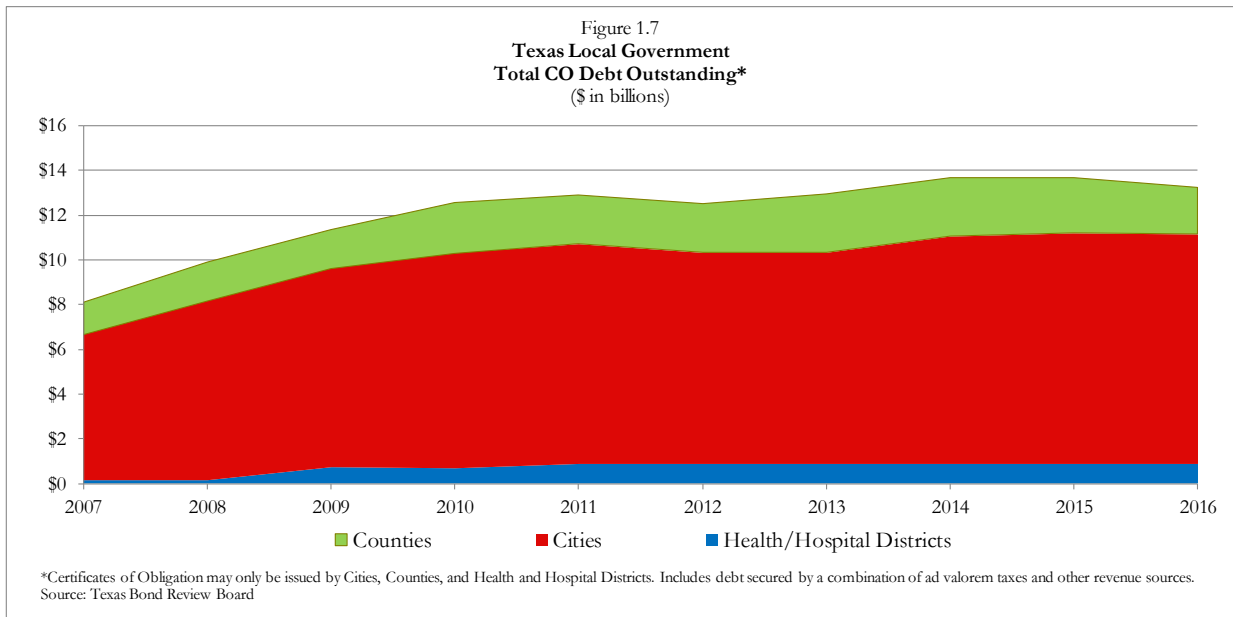
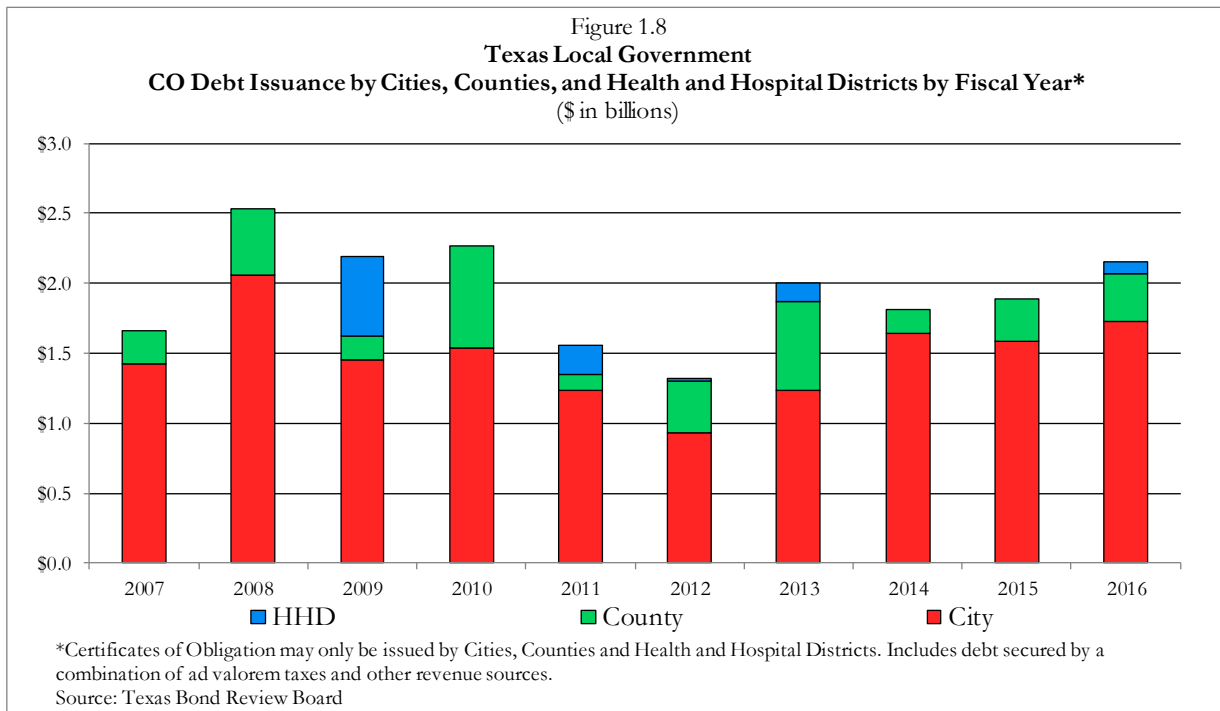


Figure 1.8 illustrates the relative amounts of CO debt issued by Cities, Counties and HHDs over the past ten fiscal years.



The twenty highest issuers of CO debt accounted for 44.7 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 (\$ in millions)</b>	
Bexar County	\$941.4
Bexar County Hospital District	690.5
Lubbock	662.2
El Paso	533.8
Denton	410.9
San Antonio	310.2
Frisco	260.7
Fort Worth	225.8
Austin	219.9
Abilene	203.1
Sugar Land	197.7
Travis County	165.1
Irving	161.3
Waco	147.4
Grand Prairie	147.1
San Angelo	137.9
El Paso County Hospital District	132.6
League City	130.7
Laredo	126.5
Amarillo	116.0
Subtotal	\$5,920.8
Other CO Issuers	7,327.8
Total	\$13,248.6
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

Build America Bonds (BAB) 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, 2016, BAB debt outstanding was \$10.33 billion or 4.73 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	\$3,221.4
Other Special Districts and Authorities	2,792.1
Cities, Towns, Villages	2,384.2
Health/Hospital Districts	1,250.9
Counties	409.5
Water Districts and Authorities	233.8
Community and Junior Colleges	33.1
<b>Total</b>	<b>\$10,325.1</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, 2016 total city debt outstanding was 32.6 percent (\$71.13 billion) 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 wastewater 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 or conduit issuances, and reported data only reflects the amount of debt issued for certain municipalities.

#### **Total Debt Outstanding**

As of August 31, 2016, 826 cities had debt outstanding; 201 cities had both tax-supported and revenue debt outstanding, 778 had tax-supported debt outstanding, 258 had revenue debt outstanding, including 10 which had sales tax revenue debt outstanding and 3 (Alvarado, Crystal City, and San Antonio) which had lease revenue obligations outstanding. Of the 1220 cities in Texas, 394 had neither tax-supported nor revenue debt outstanding.

During fiscal 2016, total debt outstanding for Cities increased by 2.1 percent from \$69.68 billion in fiscal 2015 to \$71.13 billion including commercial paper (CP). Of the amount outstanding at fiscal year-end, 43.0 percent (\$30.58 billion) was tax-supported and 57.0 percent (\$40.55 billion) was revenue debt, including \$219.5 million of sales tax revenue debt and \$619.7 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 32.7 percent (\$9.99 billion) of total Cities tax-supported debt outstanding. Revenue debt for the Big Six was 83.4 percent (\$33.80 billion) of total Cities revenue debt outstanding.

Over the five-year period since FY 2012, tax-supported debt increased by 13.4 percent (\$3.61 billion) and revenue debt increased by 11.5 percent (\$4.17 billion) (Table 2.1).

Table 2.1 Texas Cities Debt Outstanding by Fiscal Year* (\$ in millions)					
	2012	2013	2014	2015	2016
Big Six Tax**	\$ 9,253.0	\$ 9,388.9	\$ 9,506.9	\$ 9,745.5	\$ 9,988.1
Big Six Revenue**	30,367.0	32,472.6	33,238.2	33,728.5	33,797.4
All Other Cities Tax	17,721.1	18,347.9	18,895.4	19,791.6	20,591.6
All Other Cities Revenue	6,010.0	6,092.5	6,151.2	6,419.0	6,749.3
	<b>\$ 63,351.1</b>	<b>\$ 66,301.8</b>	<b>\$ 67,791.7</b>	<b>\$ 69,684.6</b>	<b>\$ 71,126.3</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 2016.

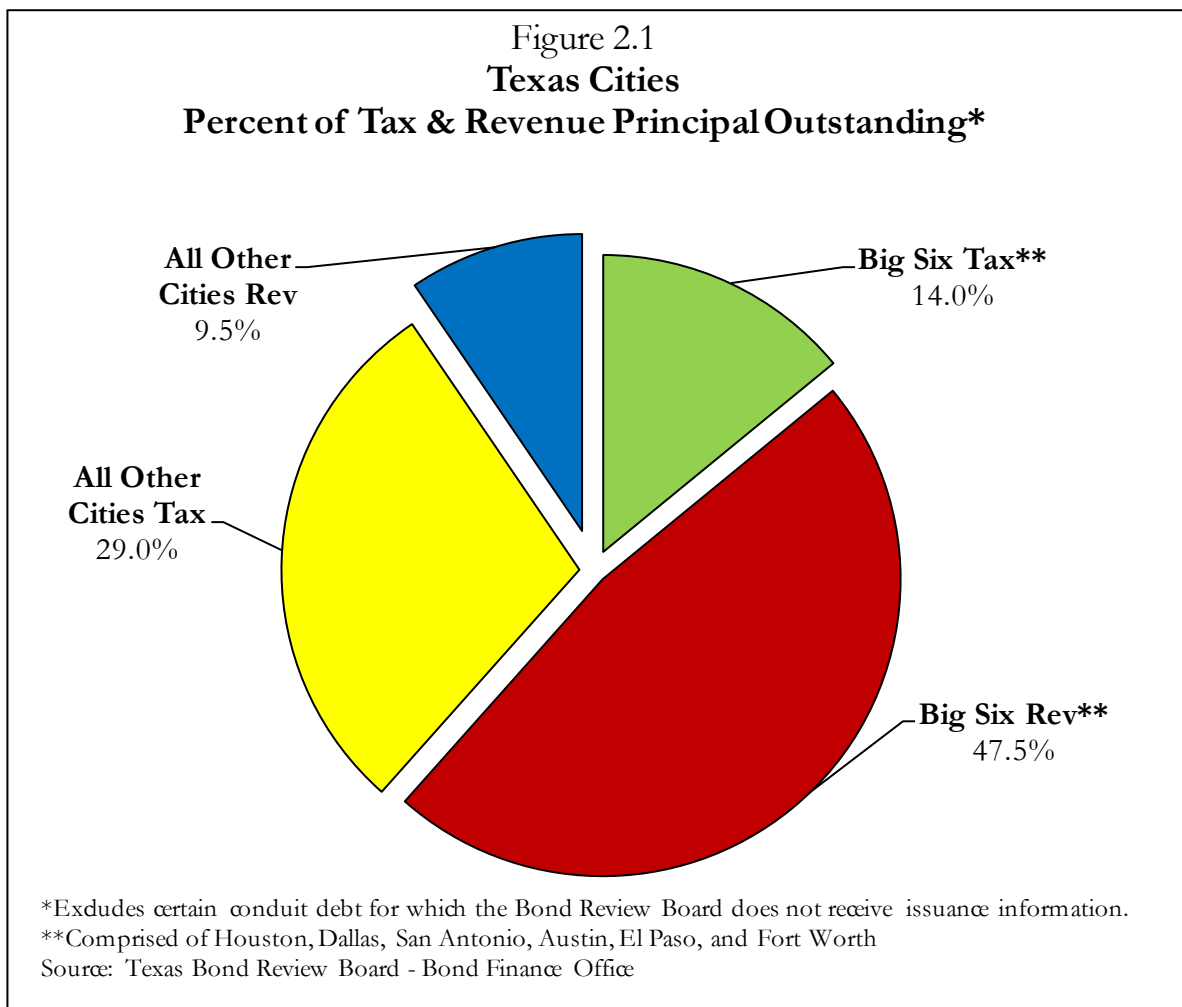
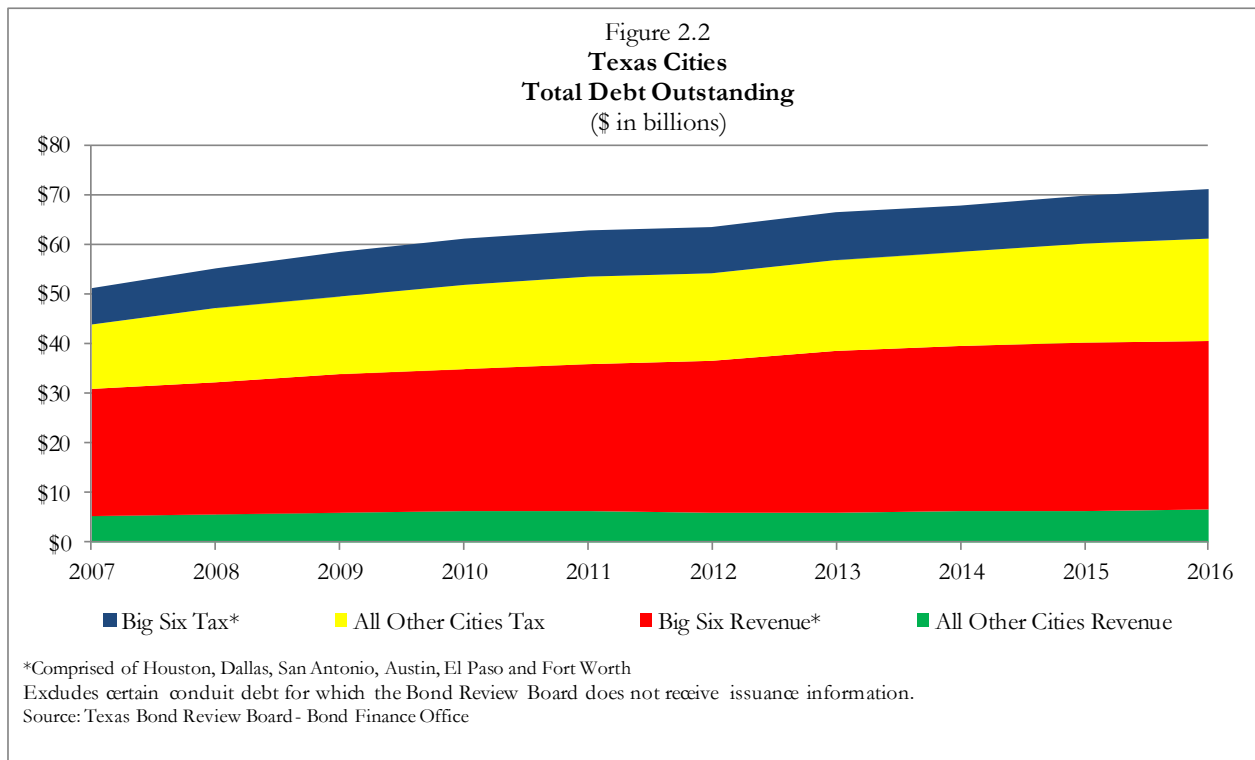




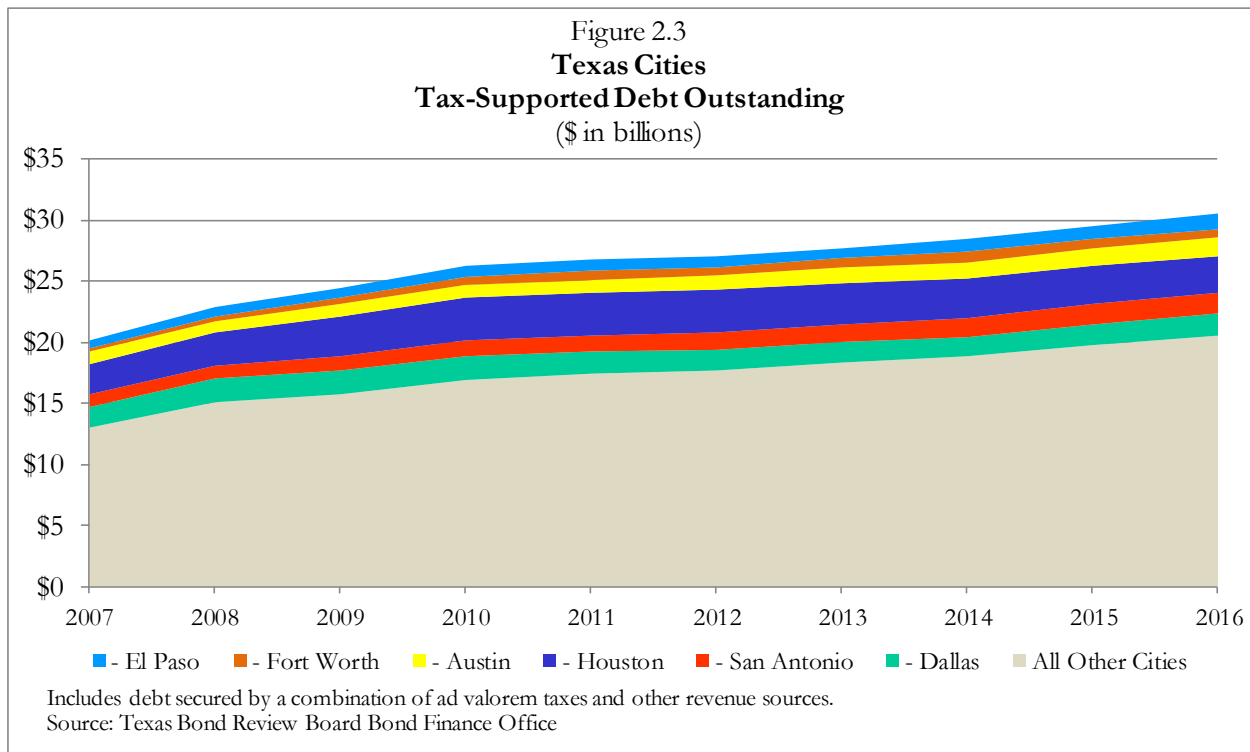
Figure 2.2 illustrates tax-supported and revenue debt outstanding over the past 10 years. Since 2007 total tax-supported debt and total revenue debt have increased by 51.4 percent (\$10.38 billion) and 31.1 percent (\$9.62 billion), respectively. During the same period, Big Six tax-supported debt increased 39.6 percent (\$2.83 billion) and Big Six revenue debt increased 31.5 percent (\$8.10 billion).



### Tax-Supported Debt Outstanding

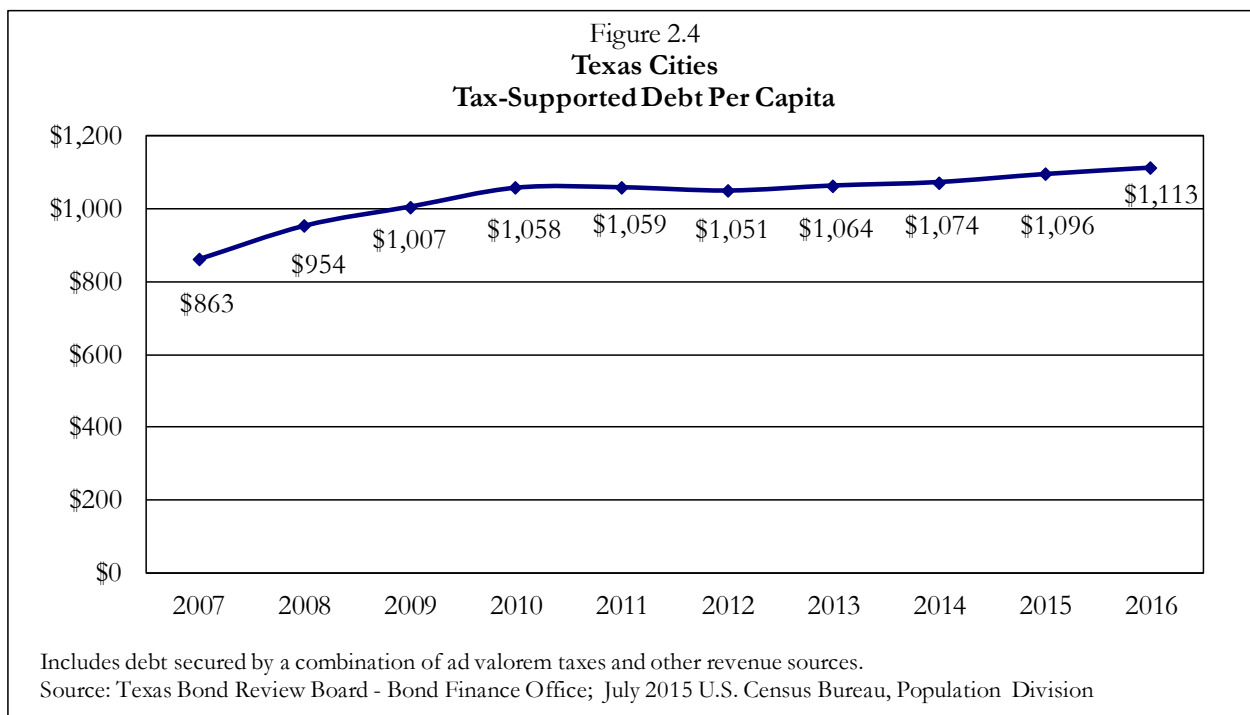
Since 2007, tax-supported debt for Cities has increased by 51.4 percent (\$10.38 billion) from \$20.20 billion in 2007 to \$30.58 billion in 2016. Over the past 10 years, tax-supported debt for the Big Six has increased by 39.6 percent (\$2.83 billion) and for all other cities by 57.9 percent (\$7.55 billion).

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



### Tax Supported Debt per Capita

Tax-supported debt per capita for Cities increased by 29.0 percent from \$863 per capita in FY 2007 to \$1,113 per capita in FY 2016. Over this time the state's population increased by 17.4 percent (4.1 million) (Figure 2.4).



The top 30 City issuers of tax-supported debt accounted for 60.8 percent (\$18.58 billion) of the Cities total tax-supported debt outstanding (*Table 2.2*).

Table 2.2		
<b>Texas Cities</b>		
<b>Top 30 Issuers with Tax-Supported Debt Outstanding</b>		
	<b>Amount*</b>	<b>Debt per</b>
	(\$ in millions)	<b>Capita**</b>
Houston	\$ 3,059.2	\$1,332
Dallas	1,774.9	1,365
San Antonio	1,624.1	1,105
Austin	1,473.4	1,581
El Paso	1,293.0	1,898
Lubbock	1,046.0	4,200
Fort Worth	763.4	916
Frisco	751.4	4,866
Denton	663.5	5,063
Corpus Christi	503.7	1,554
Garland	492.9	2,080
Irving	392.1	1,657
Waco	355.2	2,683
Arlington	354.2	913
Plano	330.1	1,164
Pearland	323.0	2,968
Sugar Land	294.6	3,341
Laredo	288.9	1,131
Abilene	270.9	2,226
San Marcos	265.8	4,380
College Station	257.8	2,389
McKinney	248.3	1,524
Richardson	241.8	2,182
Grand Prairie	230.8	1,229
Temple	227.3	3,145
Pflugerville	222.8	3,900
League City	215.7	2,194
Beaumont	213.2	1,805
Cedar Park	204.1	3,094
Killeen	202.1	1,436
<b>Subtotal</b>	<b>\$ 18,584.2</b>	
Other Cities	11,995.4	
<b>Total</b>	<b>\$ 30,579.6</b>	

\* Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
\*\* Population data from the July 2015 US Census Population Division.

Source: Texas Bond Review Board - Bond Finance Office

Tax-supported debt for the Big Six accounted for 32.7 percent (\$9.99 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	\$ 3,059.2	\$ 1,332	1st
Dallas	1,774.9	1,365	2nd
San Antonio	1,624.1	1,105	3rd
Austin	1,473.4	1,581	4th
El Paso	1,293.0	1,898	5th
Fort Worth	763.4	916	7th
Subtotal	\$ 9,988.1		
Other Cities	20,591.6		
<b>Total</b>	<b><u><u>\$30,579.6</u></u></b>		

\* Population data from the July 2015 US Census Population Division.  
Source: Texas Bond Review Board - Bond Finance Office

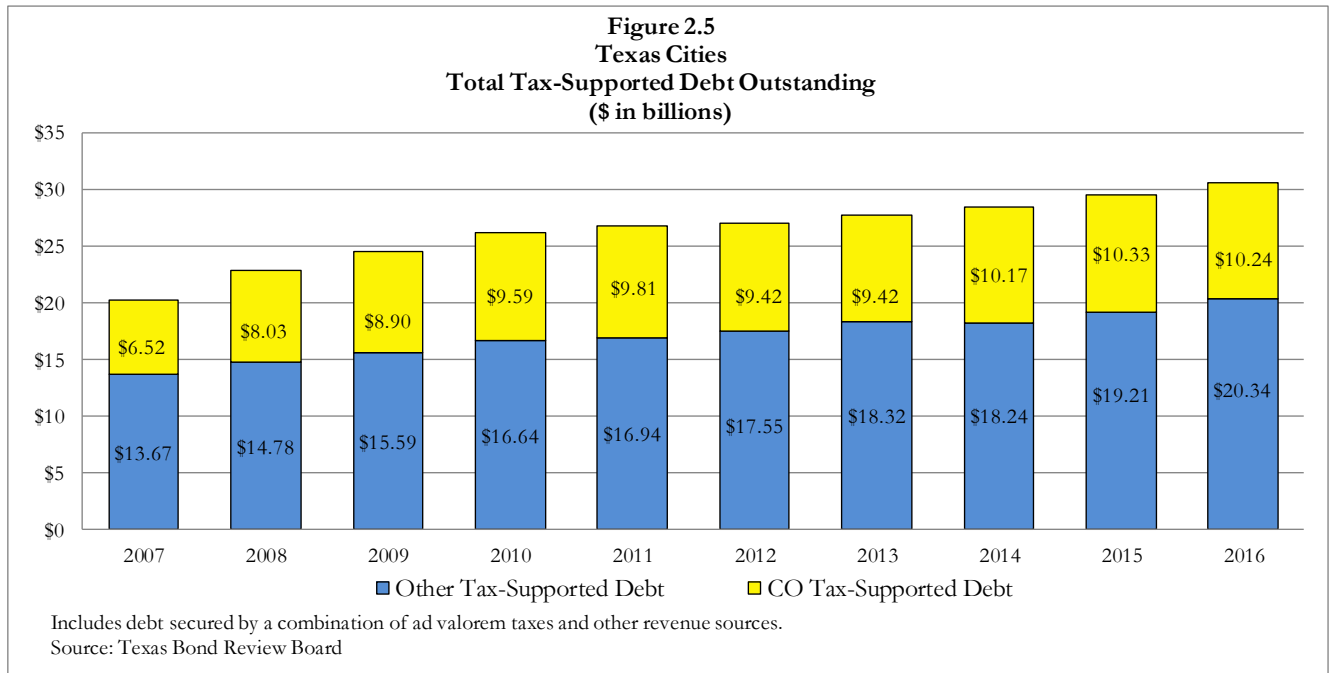
As of fiscal year 2016, twelve cities had CAB debt outstanding. The top 10 cities with CABs outstanding accounted for 99.95 percent of all city CABs outstanding. CAB debt service accounts for 2.6 percent of the total debt service owed by the twelve issuers, and 1.5 percent of the total debt service owed by all cities (\$106.17 billion) (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	\$ 680.5	\$ 19,382.2	3.5%
Dallas	603.4	13,237.9	4.6%
Austin	173.2	9,410.5	1.8%
San Antonio	99.5	17,526.7	0.6%
Midlothian	17.4	118.2	14.7%
Galveston	6.3	180.5	3.5%
New Braunfels	4.4	415.1	1.1%
Trophy Club	3.7	69.1	5.3%
Cleburne	2.9	142.7	2.0%
Center	0.6	16.5	3.7%
Top 10 Issuers Subtotal	\$ 1,591.9	\$ 60,499.4	2.6%
Other City CAB Issuers:			
Providence Village	0.4	40.3	1.0%
Prairie View	0.3	8.4	3.7%
Total	\$ 1,592.6	\$ 60,548.1	2.6%

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

*Certificates of Obligation*

Over the past ten fiscal years, tax-supported CO debt outstanding has increased by 56.9 percent (\$3.72 billion) from \$6.52 billion to \$10.24 billion. (See Glossary for a definition of CO.) As of fiscal year 2016, all outstanding CO debt is tax-supported and represents 33.5 percent of the total Cities tax-supported debt outstanding and 14.4 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 Cities with CO debt outstanding accounted for 50.6 percent (\$5.18 billion) of the total City CO debt outstanding (*Table 2.5*).

Table 2.5 Texas Cities Top 30 Issuers with Certificates of Obligation Outstanding				
	CO Amount (\$ in millions)	CO Debt per Capita*	CO as % of Tax- Supported Debt Outstanding	
Lubbock	\$ 662.2	\$ 2,659	63.3%	
El Paso	533.8	784	41.3%	
Denton	410.9	3,136	61.9%	
San Antonio	310.2	211	19.1%	
Frisco	260.7	1,689	34.7%	
Fort Worth	225.8	271	29.6%	
Austin	219.9	236	14.9%	
Abilene	203.1	1,669	75.0%	
Sugar Land	197.7	2,243	67.1%	
Irving	161.3	682	41.1%	
Waco	147.4	1,113	41.5%	
Grand Prairie	147.1	783	63.7%	
San Angelo	137.9	1,373	72.1%	
League City	130.7	1,329	60.6%	
Laredo	126.5	495	43.8%	
Amarillo	116.0	584	93.8%	
College Station	112.3	1,041	43.6%	
San Marcos	111.9	1,844	42.1%	
Midland	103.5	778	86.6%	
Garland	99.7	421	20.2%	
Beaumont	94.4	799	44.3%	
Conroe	79.3	1,157	66.3%	
Temple	78.6	1,088	34.6%	
Wichita Falls	77.6	741	75.4%	
Bryan	75.8	923	56.6%	
Mesquite	74.9	518	48.6%	
New Braunfels	74.1	1,051	45.2%	
Brownsville	70.3	382	47.3%	
Pflugerville	70.1	1,228	31.5%	
Southlake	64.9	2,169	57.5%	
Subtotal	\$ 5,178.7			
Other Cities	5,060.2			
<b>Total</b>	<b>\$ 10,239.0</b>			

Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
 \* Population data from the July 2015 US Census Population Division  
 Source: Texas Bond Review Board - Bond Finance Office

The CO debt for the 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				
	Amount (\$ in millions)	Debt per Capita	CO as % of Tax-Supported Debt Outstanding	Rank by CO Debt Outstanding
El Paso	\$533.8	\$784	41.3%	2nd
San Antonio	310.2	211	19.1%	4th
Fort Worth	225.8	271	29.6%	6th
Austin	219.9	236	14.9%	7th
Dallas	16.6	13	0.9%	128th
Houston	16.4	7	0.5%	129th
<b>Subtotal</b>	1,322.8			
Other City CO Issuers	8,916.2			
<b>Total</b>	<b>10,239.0</b>			

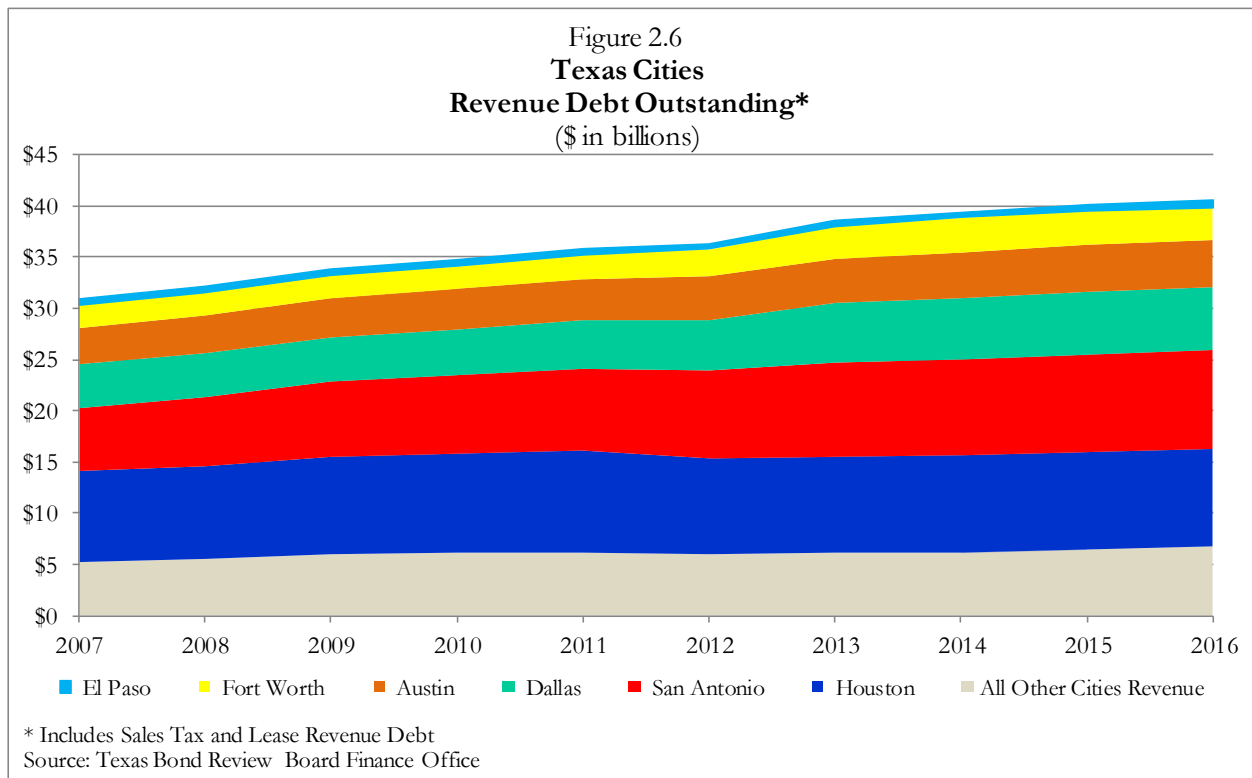
Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
 \* Population data from the July 2015 US Census Population Division  
 Source: Texas Bond Review Board - Bond Finance Office



## Revenue Debt Outstanding

Since 2007 revenue debt for Cities has increased by 31.1 percent (\$9.62 billion) from \$30.92 billion at fiscal-year end 2007 to \$40.55 billion at fiscal-year end 2016. Over the past 10 years, revenue debt for the Big Six has increased by 31.5 percent (\$8.10 billion) and by 29.2 percent (\$1.52 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 with revenue debt outstanding accounted for 93.5 percent (\$37.90 billion) of the total Cities revenue debt outstanding (*Table 2.7*).

Table 2.7		
Texas Cities		
Top 20 Issuers with Revenue Debt Outstanding*		
	Amount (\$ in millions)	Debt per Capita**
San Antonio	\$ 9,697	\$6,597
Houston	9,551	4,159
Dallas	6,071	4,670
Austin	4,551	4,884
Fort Worth	3,232	3,879
Corpus Christi	824	2,543
El Paso	696	1,022
Garland	552	2,330
Arlington	500	1,288
Laredo	375	1,467
Brownsville	298	1,619
Bryan	277	3,368
Irving	265	1,119
Pearland	193	1,771
Lewisville	161	1,552
Beaumont	157	1,329
McAllen	155	1,107
Grand Prairie	152	810
New Braunfels	113	1,607
Conroe	97	1,420
<b>Subtotal</b>	<b>\$ 37,917</b>	
Other Cities	2,630	
<b>Total</b>	<b>\$ 40,547</b>	

\* Includes Sales Tax and Lease Revenue  
 \*\* Population data from the July 2015 US Census Population Division  
 Source: Texas Bond Review Board - Bond Finance Office

## Outstanding Debt per Capita

The ten Cities with the highest debt outstanding per capita were not among either the top 30 with tax-supported debt outstanding or the top 20 with revenue debt outstanding. Debt outstanding for these ten Cities accounted for 0.6 percent (\$438.6 million) of City total debt outstanding (Table 2.7A).

Table 2.7A Texas Cities Top 10 Issuers with Highest Debt Outstanding Per Capita			
	County	Amount	Debt per Capita*
Westlake	Tarrant-Denton	\$ 53,317,000	\$42,181
Hackberry	Denton	31,085,000	29,976
Alvarado	Johnson	77,034,000	19,187
Celina	Collin	147,090,000	19,110
Liberty Hill	Williamson	23,205,000	16,706
Morgan's Point	Harris	5,780,000	16,374
Aubrey	Denton	32,972,000	9,837
Rollingwood	Travis	14,300,000	9,268
Mont Belvieu	Chambers-Liberty	47,005,000	9,052
Montgomery	Montgomery	6,780,000	8,412
<b>Top 10 Total</b>		<b>\$ 438,568,000</b>	
<b>Total City Debt Outstanding</b>		<b>\$ 71,126,294,518</b>	
<b>Top 10 Cities - % of Total City Debt Outstanding</b>			<b>0.6%</b>
* Population data from the July 2015 US Census Population Division			
Source: Texas Bond Review Board - Bond Finance Office			

## Commercial Paper Outstanding

Nine Texas cities utilize tax-supported general obligation (GO) and/or revenue commercial paper (CP) programs to provide interim financing for infrastructure improvements, additions and extensions. As of August 31, 2016, seven cities had a total of \$1.17 billion in CP outstanding, including revolving note and direct purchase note program amounts (*Table 2.8*).

Table 2.8 Texas Cities Commercial Paper Outstanding* As of August 31, 2016 (\$ in millions)			
	Tax- Supported Revenue		Total
San Antonio	\$ -	\$ 635.8	\$ 635.8
Houston	134.9	147.0	281.9
Austin	-	103.7	103.7
Garland	10.0	75.0	85.0
Dallas	-	43.8	43.8
Brownsville	-	7.0	7.0
Arlington	-	-	-
El Paso	-	17.5	17.5
Fort Worth	-	-	-
<b>Total</b>	<b>\$ 144.9</b>	<b>\$ 1,029.8</b>	<b>\$ 1,174.7</b>

\*Does not reflect total authorization amount.  
Source: Texas Bond Review Board - Bond Finance Office

### Debt Service Requirements

As of August 31, 2016 total debt-service requirements (principal and interest) projected over the life of the debt for both tax-supported and revenue debt for Cities totaled \$106.17 billion (*Figure 2.7*).

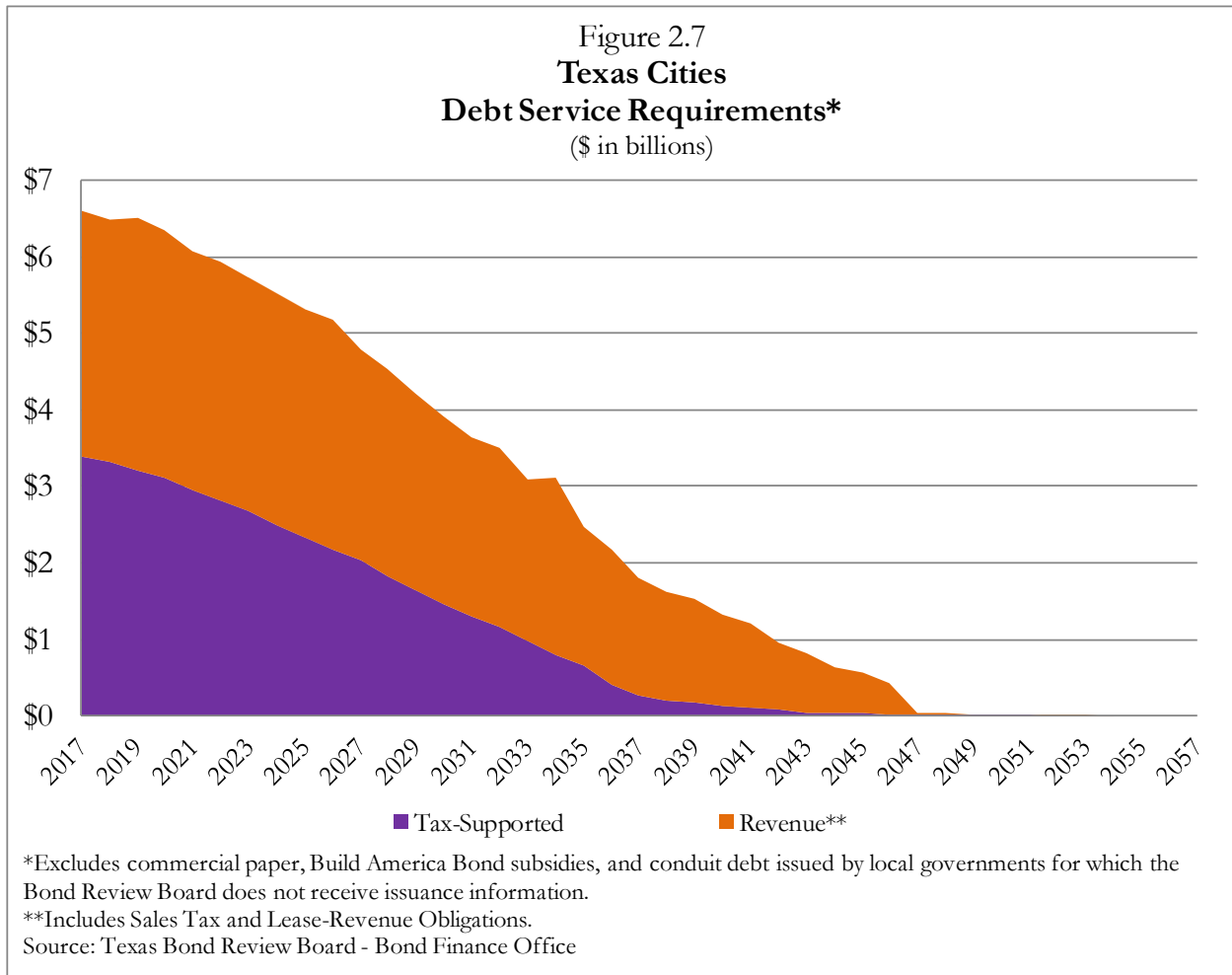
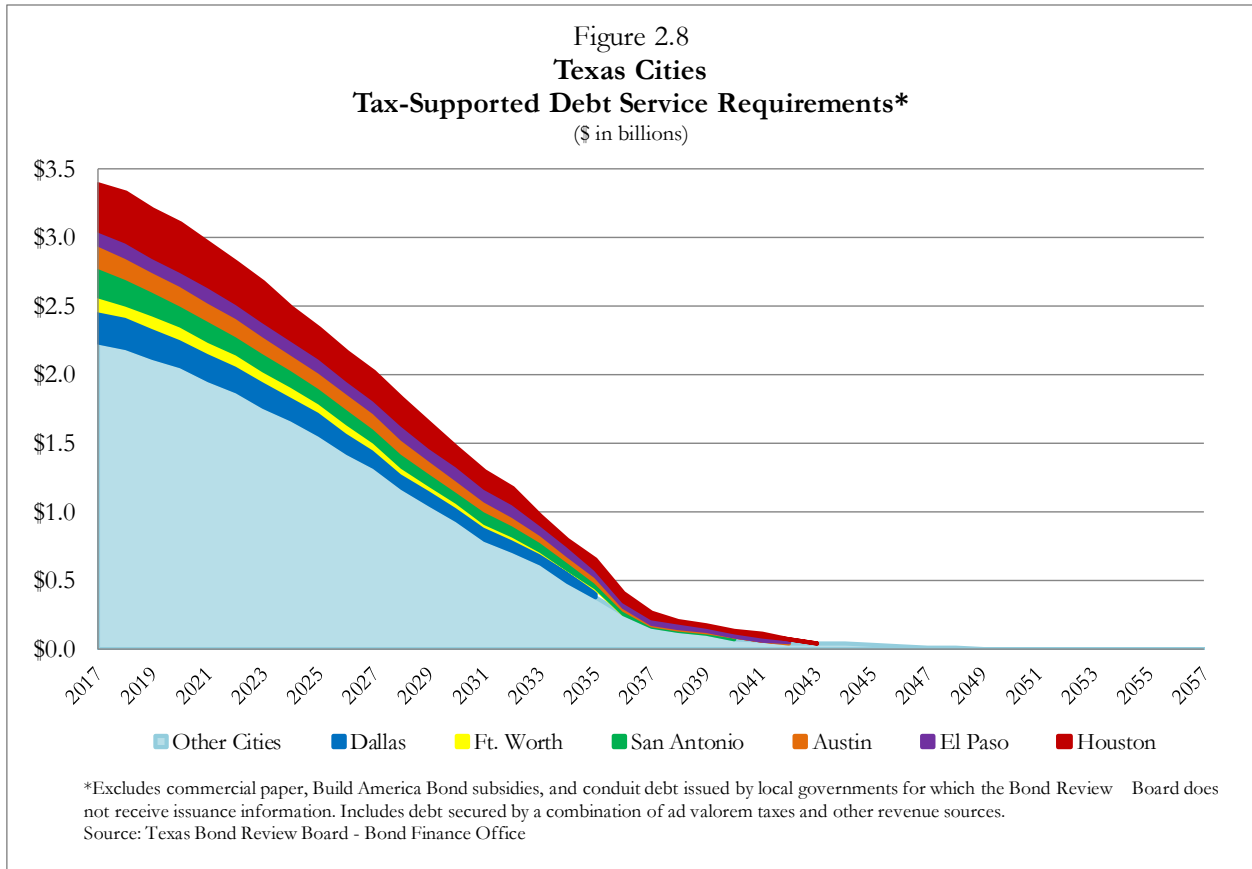


Figure 2.8 illustrates annual tax-supported debt-service requirements for the Big Six and other Cities. As of August 31, 2016, total tax-supported debt-service requirements (principal and interest) projected over the life of the debt for Cities totaled \$41.89 billion.



*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 2016, Texas Cities will repay 34.8 percent (\$10.60 billion) of tax-supported debt within five years, 64.8 percent (\$19.72 billion) within ten years and 69.8 percent (\$29.46 billion) within twenty years. Revenue debt principal repayment is expected to be 19.4 percent (\$7.50 billion) within five years, 41.0 percent (\$15.88 billion) within ten years and 79.6 percent (\$30.85 billion) within twenty years (*Table 2.9*). As of August 31, 2016, the final maturities for total tax-supported debt and revenue debt was 41 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	\$10.60	34.8%	\$7.50	19.4%
Within Ten Years	\$19.72	64.8%	\$15.88	41.0%
Within Twenty Years	\$29.46	96.8%	\$30.85	79.6%

\*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, excluding commercial paper (Table 2.10). During fiscal 2016 Cities completed 521 issuances totaling \$10.98 billion of which 427 (\$6.04 billion) were tax-supported and 94 (\$4.94 billion) were revenue-backed.

During fiscal 2016, Houston and San Antonio issued the most debt. Houston completed 5 transactions that consisted of \$304.8 million in new money for various city improvements and \$1.55 billion to refund outstanding debt. San Antonio completed 10 transactions that consisted of \$618.8 million in new money for various city improvements and \$908.0 million to refund outstanding debt.

Table 2.10 Texas Cities Debt Issuance* (\$ in millions)					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Issuers</b>	278	314	286	258	288
<b>Issuances</b>	480	552	494	466	521
<b>Tax</b>					
New Money	\$1,643.7	\$2,096.4	\$2,517.0	\$2,878.7	\$3,037.2
Refunding	2,148.8	2,249.3	1,431.8	2,492.8	3,007.2
<b>Subtotal</b>	<b>\$3,792.5</b>	<b>\$4,345.7</b>	<b>\$3,948.8</b>	<b>\$5,371.5</b>	<b>\$6,044.5</b>
<b>Revenue</b>					
New Money	\$1,655.5	\$2,837.9	\$1,894.6	\$1,775.6	\$1,701.0
Refunding	4,564.2	3,642.4	3,573.5	3,329.3	3,156.4
<b>Subtotal</b>	<b>\$6,219.7</b>	<b>\$6,480.3</b>	<b>\$5,468.1</b>	<b>\$5,104.9</b>	<b>\$4,857.5</b>
<b>Sales Tax Revenue</b>					
New Money	\$10.4	\$0.0	\$0.0	\$3.4	\$80.8
Refunding	0.0	13.0	0.0	20.5	0.0
<b>Subtotal</b>	<b>\$10.4</b>	<b>\$13.0</b>	<b>\$0.0</b>	<b>\$24.0</b>	<b>\$80.8</b>
<b>Lease Revenue</b>					
New Money	\$0.0	\$326.6	\$0.0	\$63.4	\$0.0
Refunding	0.0	223.7	0.0	0.0	0.0
<b>Subtotal</b>	<b>\$0.0</b>	<b>\$550.3</b>	<b>\$0.0</b>	<b>\$63.4</b>	<b>\$0.0</b>
<b>Total New Money</b>	<b>\$3,309.6</b>	<b>\$5,260.9</b>	<b>\$4,411.6</b>	<b>\$4,721.1</b>	<b>\$4,819.1</b>
<b>Total Refunding</b>	<b>\$6,713.0</b>	<b>\$6,128.4</b>	<b>\$5,005.3</b>	<b>\$5,842.6</b>	<b>\$6,163.6</b>
<b>Total Par Amount</b>	<b>\$10,022.6</b>	<b>\$11,389.3</b>	<b>\$9,416.9</b>	<b>\$10,563.8</b>	<b>\$10,982.7</b>
*Excludes commercial paper.					
Source: Texas Bond Review Board - Bond Finance Office					



## Build America Bonds Outstanding

As of August 31, 2016, twelve cities had Build America Bonds (BAB) outstanding totaling \$2.38 billion (*Table 2.11*). With the implementation of the Budget Control Act of 2011, the BAB subsidies were reduced by 7.6 percent to 32.34 of the interest payable. Authority to issue BABs expired in December 2010. (See Glossary for discussion on BABs).

Table 2.11 Texas Cities Build America Bonds Outstanding As of August 31, 2016 (\$ in millions)	
	Amount
Austin	\$ 277.9
Beaumont	19.0
Corpus Christi	60.6
Dallas	85.4
El Paso	171.9
Houston	268.2
Lancaster	31.2
Laredo	51.4
Lubbock	111.9
San Antonio	1,265.5
San Marcos	18.2
Victoria	23.0
<b>Total</b>	<b>\$ 2,384.2</b>
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, 2016, total school district debt outstanding was 34.4 percent (\$74.91 billion) of total local debt outstanding.

Over 98.5 percent of school district debt outstanding is voter-approved. The proceeds from voter-approved 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. Voter-approved 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 maintenance tax is approved by the voters; Once the voters approve the maintenance tax and the maximum rate, the maintenance tax debt may be issued without an election.

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, 2016, 879 of the state's 1,025 school districts had one or more types of debt outstanding: 853 had voter-approved debt, 182 had M&O debt, 40 had lease-revenue obligations and 2 had revenue debt while 141 school districts had no debt outstanding. Total school district debt outstanding increased by 3.6 percent from \$72.33 billion at FYE 2015 to \$74.91 billion at FYE 2016. Of that amount, 98.5 percent (\$73.81 billion) was voter-approved, 1.1 percent (\$795.9 million) was M&O, 0.4 percent (\$309.4 million) was lease-revenue obligations and 0.002 percent (\$1.8 million) was revenue debt.

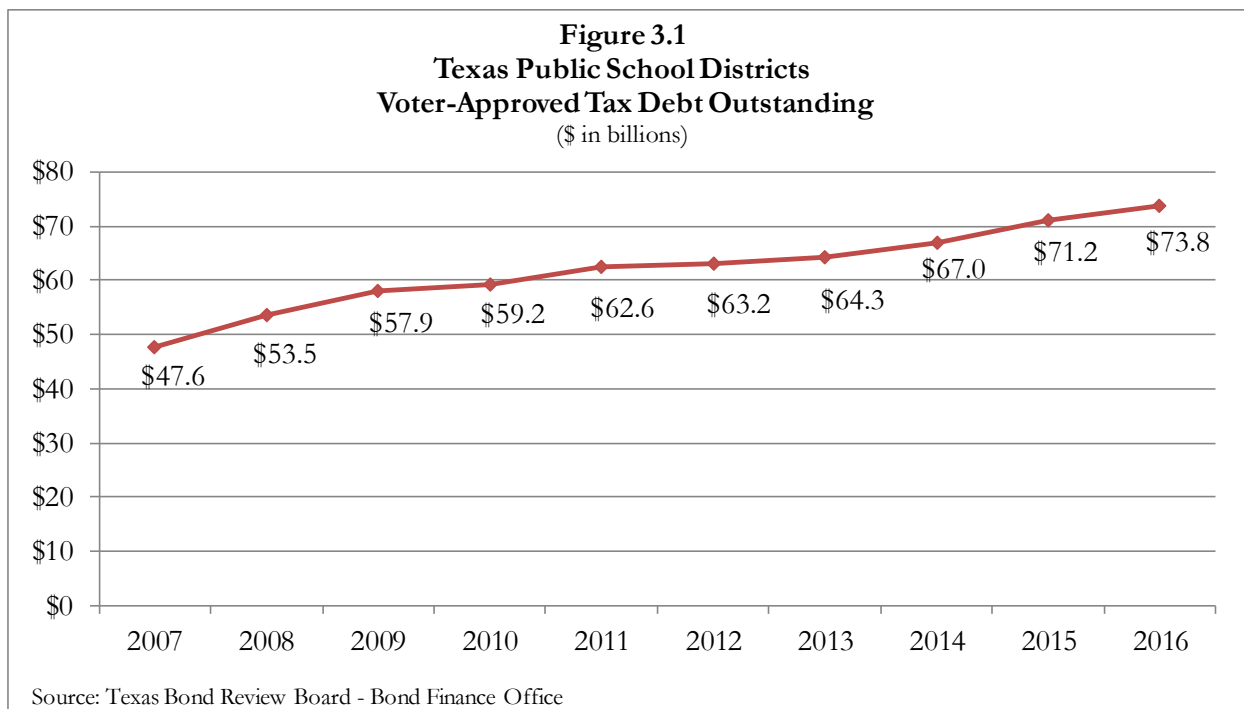
Over the past five years, total school district debt has increased by 17.0 percent from \$64.02 billion at FYE 2012 to \$74.91 billion at FYE 2016 (*Table 3.1*).

Table 3.1 Texas Public School Districts Debt Outstanding by Fiscal Year (\$ in millions)					
	2012	2013	2014	2015	2016
Voter-approved tax	\$ 63,034.1	\$ 64,245.5	\$ 66,992.0	\$ 71,173.2	\$ 73,805.6
M&O tax	653.2	598.8	713.0	817.6	795.9
Lease-Revenue Obligations	329.8	315.9	273.4	335.8	309.4
Revenue	3.0	2.7	2.3	2.0	1.8
<b>Total Debt Outstanding</b>	<b>64,020.1</b>	<b>65,162.9</b>	<b>67,980.6</b>	<b>72,328.7</b>	<b>74,912.7</b>

Source: Texas Bond Review Board - Bond Finance Office

Two school districts, Austin ISD and San Antonio ISD, have commercial paper programs. The Austin ISD CP program is backed by a bond M&O tax with \$150.0 million authorized but had no commercial paper outstanding at fiscal year-end 2016. The San Antonio ISD CP program is backed by a voter-approved tax with a \$100.0 million authorization set to expire on April 1, 2017 but had outstanding at fiscal year-end 2016.

Voter-approved tax debt outstanding has increased 55.2 percent (\$26.24 billion) since fiscal 2007, a compound annual growth rate of 4.5 percent (*Figure 3.1*).



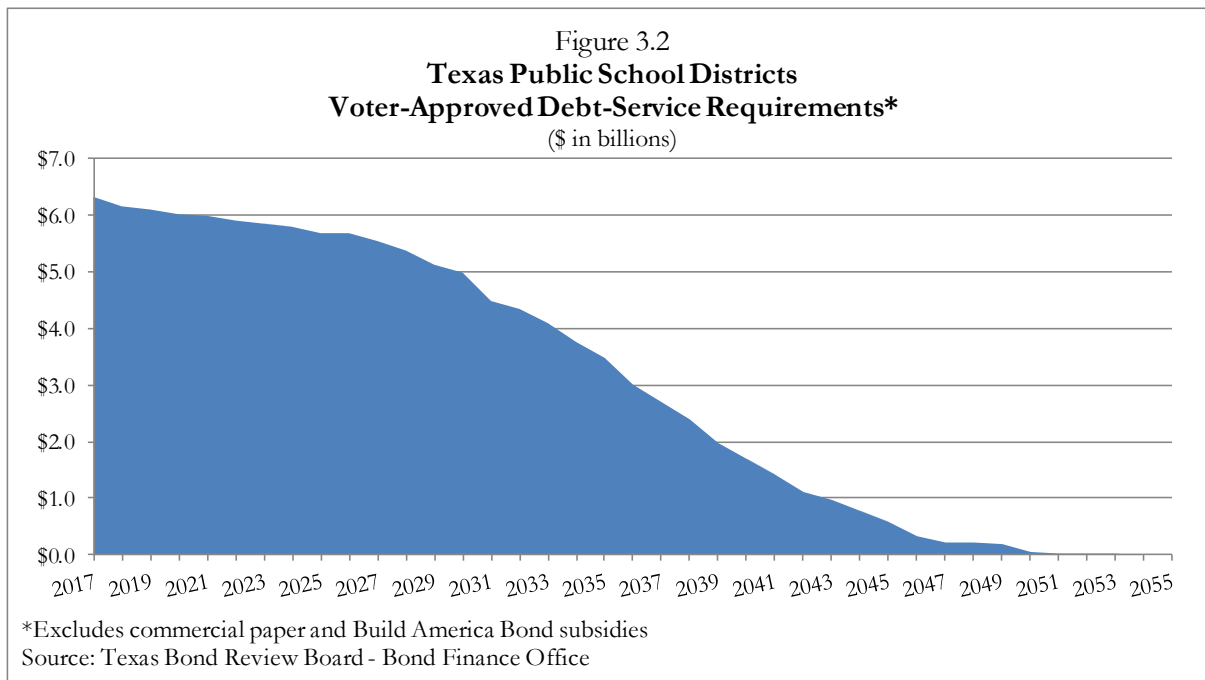
### Debt-Service Requirements

At August 31, 2016, debt-service requirements (principal and interest) for school districts totaled \$119.87 billion, 98.7 percent (\$118.33 billion) of which was for voter-approved debt. The remaining categories accounted for 1.3 percent (\$1.54 billion) (*Table 3.2*).

Table 3.2 Texas Public School Districts Debt-Service Requirements by Fiscal Year* (\$ in millions)						
	2017	2018	2019	2020	2021	2022 & Beyond
Voter-approved tax	\$ 6,316.1	\$ 6,166.8	\$ 6,093.1	\$ 6,025.8	\$ 5,986.9	\$ 87,742.7
M&O tax	69.0	90.4	68.3	69.0	78.5	735.3
Lease-Revenue Obligations	52.1	44.3	44.0	44.1	43.3	199.9
Revenue	0.3	0.3	0.3	0.2	0.2	0.8
<b>Total Debt Service</b>	<b>\$ 6,437.5</b>	<b>\$ 6,301.9</b>	<b>\$ 6,205.7</b>	<b>\$ 6,139.0</b>	<b>\$ 6,108.8</b>	<b>\$88,678.6</b>

\*Excludes commercial paper and Build America Bond subsidies  
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, 2016 the final maturity for total tax-supported debt is 39 years and the final maturity for total revenue debt is 17 years. School districts are scheduled to repay 20.3 percent (\$15.15 billion) in principal outstanding of tax-supported debt within five years, 42.9 percent (\$31.99 billion) within ten years and 85.0 percent (\$63.43 billion) within twenty years. 50.0 percent (\$155.7 million) of revenue debt principal will be repaid within five years, 77.6 percent (\$241.4 million) within ten years and 100 percent (\$311.2 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
<b>Within Five Years</b>	\$15.15	20.3%	\$155.7	50.0%
<b>Within Ten Years</b>	\$31.99	42.9%	\$241.4	77.6%
<b>Within Twenty Years</b>	\$63.43	85.0%	\$311.2	100%
* Excludes commercial paper				
Source: Texas Bond Review Board - Bond Finance Office				

### Debt Issuance

School district debt issuance decreased by 19.8 percent from \$18.17 billion in fiscal 2015 to \$14.57 billion in fiscal 2016. Of that amount, 99.6 percent (\$14.51 billion) was voter-approved, 0.4 percent (\$64.7 million) was M&O, and no lease revenue or revenue debt was issued.

Of the total amount issued, 42.3 percent (\$6.17 billion) was issued as new-money debt, a decrease of 17.6 percent (\$1.32 billion) from the \$7.49 billion issued during fiscal 2015. The remaining 57.7 percent (\$8.40 billion) was issued as refunding debt, a decrease of 21.3 percent (\$2.28 billion) from the \$10.68 billion issued during fiscal 2015.

Over the past five fiscal years, school district debt issuance has grown by 85.4 percent (\$6.7 billion) from \$7.65 billion in fiscal 2012 to \$14.57 billion in fiscal 2016 (*Table 3.4*). The state's population grew by 7.07 percent (1.8 million) during the same time period.

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Issuers</b>	305	306	268	415	372
<b>Issuances</b>	404	431	364	613	499
<b>Voter-Approved Tax</b>					
New Money	\$ 3,025.4	\$ 3,508.5	\$ 5,158.9	\$ 7,261.1	\$ 6,108.8
Refunding	4,526.5	5,543.5	3,703.5	10,637.2	8,399.8
<b>Subtotal</b>	<b>\$ 7,552.0</b>	<b>\$ 9,051.9</b>	<b>\$ 8,862.3</b>	<b>\$ 17,898.3</b>	<b>\$ 14,508.6</b>
<b>M&amp;O Tax</b>					
New Money	\$ 80.2	\$ 82.0	\$ 199.5	\$ 144.3	\$ 62.4
Refunding	14.6	0.8	0.7	41.8	2.3
<b>Subtotal</b>	<b>\$ 94.7</b>	<b>\$ 82.8</b>	<b>\$ 200.2</b>	<b>\$ 186.2</b>	<b>\$ 64.7</b>
<b>Lease-Revenue Obligations</b>					
New Money	\$ -	\$ 6.2	\$ 28.6	\$ 81.7	\$ -
Refunding	5.7	-	-	-	-
<b>Subtotal</b>	<b>\$ 5.7</b>	<b>\$ 6.2</b>	<b>\$ 28.6</b>	<b>\$ 81.7</b>	<b>\$ -</b>
<b>Revenue</b>					
New Money	\$ -	\$ -	\$ -	\$ -	\$ -
Refunding	-	-	-	-	-
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total New Money</b>	<b>\$ 3,105.6</b>	<b>\$ 3,596.7</b>	<b>\$ 5,386.9</b>	<b>\$ 7,487.1</b>	<b>\$ 6,171.2</b>
<b>Total Refunding</b>	<b>4,546.9</b>	<b>5,544.3</b>	<b>3,704.2</b>	<b>10,679.1</b>	<b>8,402.1</b>
<b>Total Debt Issued</b>	<b>\$ 7,652.5</b>	<b>\$ 9,140.9</b>	<b>\$ 9,091.1</b>	<b>\$ 18,166.2</b>	<b>\$ 14,573.3</b>

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

## Top 20 School Districts with Tax-Supported Debt Outstanding

Over the past five fiscal years, debt outstanding for the Top 20 school districts with tax-supported debt outstanding grew by an average of 18.3 percent, and Average Daily Attendance (ADA) grew by an average of 6.5 percent. Over that time the ADA for all school districts increased by 4.5 percent (Table 3.5).

Issuer	(\$ in millions)					'12 -'16 Debt	'12-'16 ADA	2016
	2012	2013	2014	2015	2016	% Growth	% Growth	Debt/Student
Dallas ISD	\$2,555	\$2,471	\$2,558	\$2,553	\$3,015	18.0%	0.5%	\$20,692
Houston ISD	2,223	2,445	2,309	2,537	2,827	27.2%	6.5%	14,552
Cypress-Fairbanks ISD	1,737	1,739	1,853	2,069	2,304	32.6%	5.8%	21,496
Northside ISDa	1,830	1,858	1,983	2,091	2,159	18.0%	7.4%	22,037
Frisco ISD	1,310	1,353	1,525	1,742	1,851	41.3%	33.2%	35,992
Katy ISD	1,167	1,209	1,195	1,273	1,449	24.2%	17.7%	20,792
North East ISD	1,278	1,445	1,449	1,370	1,309	2.5%	0.1%	20,561
Lewisville ISD	1,056	1,114	1,129	1,177	1,087	2.9%	2.6%	21,522
Conroe ISD	956	973	978	970	1,042	9.1%	11.4%	18,902
Leander ISD	931	909	1,088	1,073	1,033	11.0%	11.9%	29,114
Klein ISD	737	742	753	958	922	25.0%	10.0%	19,324
Clear Creek ISD	631	603	858	888	861	36.5%	5.0%	22,274
Denton ISD	609	587	751	879	848	39.3%	10.4%	32,938
Fort Bend ISD	905	875	844	905	836	-7.6%	5.8%	11,931
Austin ISD	809	808	792	800	820	1.4%	-3.1%	10,723
Arlington ISD	465	445	580	760	814	74.9%	-1.8%	13,979
San Antonio ISD	635	617	695	743	784	23.4%	-2.8%	16,529
Mansfield ISD	724	691	720	788	764	5.5%	4.0%	23,752
Round Rock ISD	705	664	622	716	756	7.2%	6.5%	16,667
Plano ISD	999	981	923	853	743	-25.6%	-1.4%	14,366

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 50-cent test that limits debt service (interest and sinking fund payments) to a maximum of \$0.50 per \$100 of valuation.

The 84<sup>th</sup> Legislature passed House Bill 114, effective September 1, 2015, that prohibits Texas local governments from issuing CABs secured by property taxes with terms of more than 20 years, and (with some exceptions) from refunding CABs to extend their maturity dates. It also limits each government's CAB debt to no more than 25 percent of its total outstanding bond debt including principal and interest.

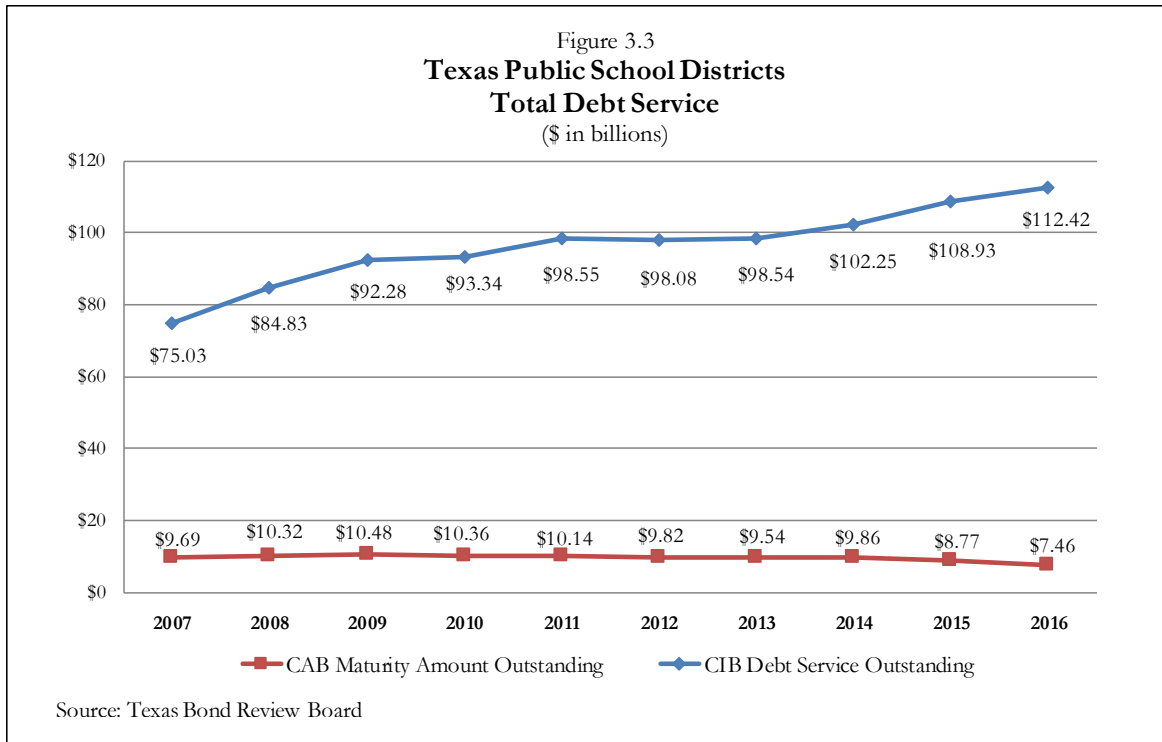
As of fiscal year 2016 the top 10 school districts with CABs outstanding accounted for 56.5 percent of all school district CABs outstanding. CAB debt service accounts for 39.8 percent of the total debt service owed by the ten issuers (*Table 3.6*).

<b>Table 3.6</b>			
<b>Texas Public School Districts</b>			
<b>Top 10 Issuers with CABs Outstanding*</b>			
(\$ in millions)			
	<b>CAB Maturity Amount</b>	<b>Total Debt Service</b>	<b>CAB Maturity Amount as % of Total Debt Service</b>
Leander ISD	\$2,222.3	\$3,212.2	69.2%
Wylie ISDa	541.0	694.9	77.9%
Forney ISD	309.2	688.3	44.9%
Ennis ISD	257.4	346.2	74.4%
Frisco ISD	213.3	3,271.4	6.5%
De Soto ISD	159.6	316.8	50.4%
Galena Park ISD	152.7	343.8	44.4%
Coppell ISD	135.9	555.1	24.5%
Rockwall ISD	112.6	853.7	13.2%
Weatherford ISD	109.5	302.6	36.2%
SUBTOTAL	\$4,213.3	\$10,585.0	39.8%
Other CAB Issuers	\$3,242.8	\$64,563.2	5.0%
TOTAL	\$7,456.1	\$75,148.2	9.9%

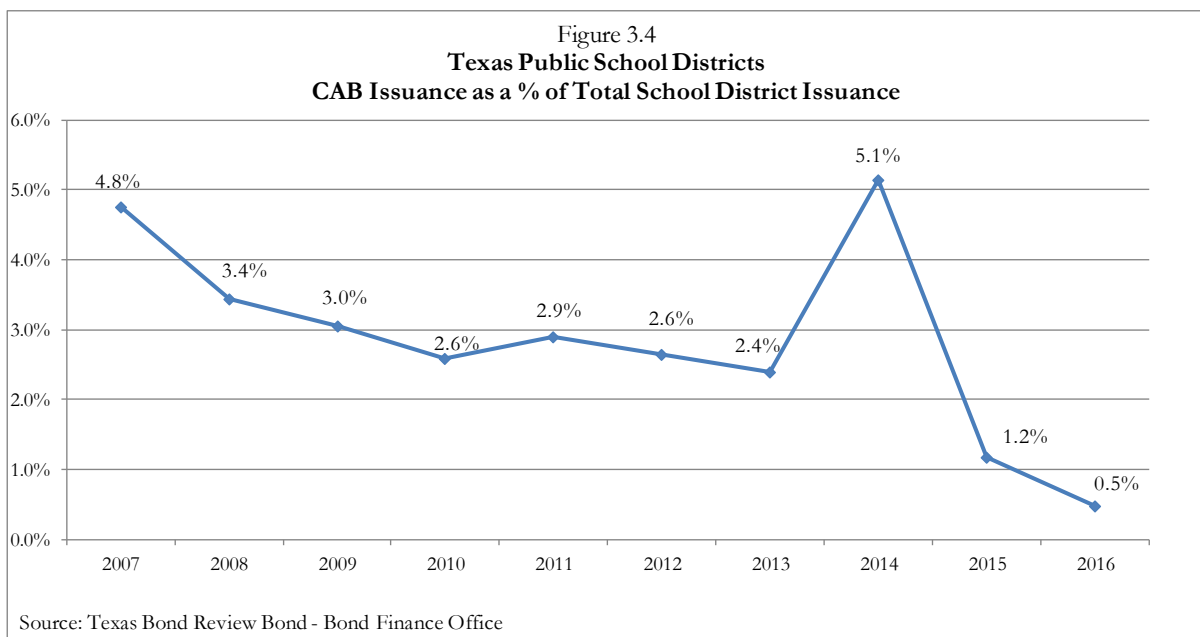
\*Excludes commercial paper and Build America Bond subsidies  
Source: Texas Bond Review Board - Bond Finance Office



Over the past decade School District CAB maturity amounts outstanding have decreased by 23.0 percent from \$9.69 billion in FY 2007 to \$7.46 billion in FY 2016. The chart below shows scheduled CAB debt service and CIB debt service for school districts since 2007 (Figure 3.3).



Over the past five years School District CAB issuances have decreased by 65.1 percent from \$202.3 million in FY 2012 to \$70.6 million in FY 2016. During fiscal 2016 CAB issuances were 0.5 percent (\$70.6 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.



### Build America Bonds Outstanding

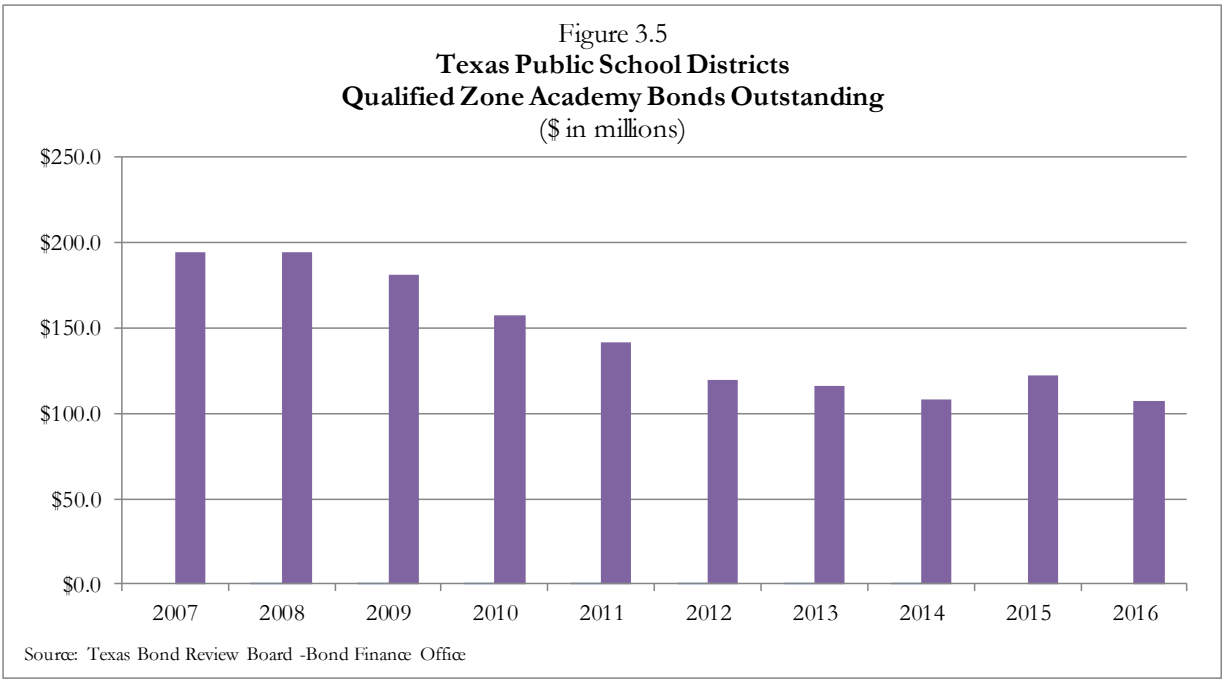
As of August 31, 2016, 31 school districts had BABs outstanding totaling \$3.22 billion or 4.3 percent of the total school district debt outstanding. Ten school districts accounted for 75.6 percent (\$2.44 billion) of the outstanding BAB debt (*Table 3.7*). With the implementation of the Budget Control 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 School Districts with Build America Bonds Outstanding (\$ in millions)	
Issuer	Amount
Dallas ISD	\$950.3
Houston ISD	371.0
Cypress-Fairbanks ISD	191.5
Katy ISD	155.0
Round Rock ISD	149.0
San Antonio ISD	140.2
Spring Branch ISD	137.1
Northside ISDa	133.1
Carroll ISD	110.6
Corpus Christi ISD	98.5
<b>Subtotal</b>	2,436.2
Other School Districts	785.2
<b>Total</b>	<b>\$3,221.4</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).

Over the past ten years QZAB debt outstanding decreased 0.4 percent (\$87.3 million) from \$194.5 million in fiscal 2007. At August 31, 2016, 38 school districts had QZAB debt outstanding totaling \$107.2 million (*Figure 3.5*).



Of the 38 school districts with QZAB debt outstanding, the top ten accounted for 68.2 percent (\$83.5 million) of the total QZABs outstanding (*Table 3.8*).

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

<b>Issuer</b>	<b>Amount</b>
Pharr-San Juan-Alamo ISD	\$15.6
Mount Pleasant ISD	9.0
De Soto ISD	8.7
Laredo ISD	8.0
Pearsall ISD	8.0
Southwest ISD	8.0
Lancaster ISD	6.1
Austin ISD	5.2
Bridge City ISD	3.7
Brazosport ISD	2.8
<b>Subtotal</b>	<b>75.0</b>
Other School Districts	32.2
<b>Total</b>	<b>\$107.2</b>

Source: Texas Bond Review Board- Bond Finance Office

During fiscal years 2012 through 2015, fourteen school districts issued a total of \$54.4 million in QZABs. No QZABs were issued in 2016.

### 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, 2016, 136 school districts had QSCBs outstanding totaling \$1.30 billion. Ten school districts accounted for 37.1 percent (\$483.5 million) of the total QSCs outstanding (*Table 3.9*).

Table 3.9 Texas Public School Districts Top 10 Districts with Qualified School Construction Bonds Outstanding (\$ in millions)	
Issuer	Amount
Dallas ISD	\$143.3
San Antonio ISD	61.1
Arlington ISD	50.0
North East ISD	37.5
Cypress-Fairbanks ISD	36.6
Fort Worth ISD	34.5
Brownsville ISD	33.5
Lewisville ISD	29.9
Pasadena ISD	29.1
Northside ISDa	28.0
<b>Subtotal</b>	<b>483.5</b>
Other School Districts	818.8
<b>Total</b>	<b>\$1,302.3</b>
Source: Texas Bond Review Board- Bond Finance Office	

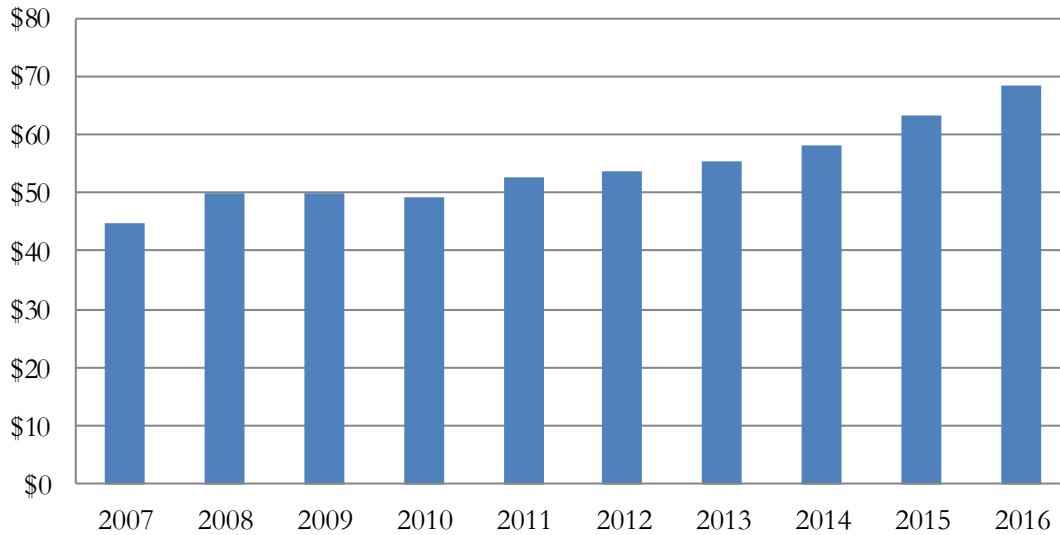
During fiscal years 2009 through 2016, 138 school districts issued \$1.42 billion in QSCBs of which \$33.8 million was issued in fiscal 2016.

### 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, 2016, the PSF's Bond Guarantee Program (BGP) guaranteed 3,278 bond issues for debt totaling \$68.29 billion (*Figure 3.6*).

Figure 3.6  
**Texas Public School Districts  
 Debt Guaranteed by PSF\***  
 (\$ in billions)



Source 2012-2015: Texas Permanent School Fund AFR

\* 2016 PSF Annual Report not available; 2016 Total from PSF Bond Guarantee Program Summary

At August 31, 2015, (the most recent PSF annual report available) five school districts (Dallas ISD, Houston ISD, Northside ISD (Bexar County), Cypress-Fairbanks ISD, and Frisco ISD) accounted for 15.3 percent (\$9.66 billion) of the total debt guaranteed by the PSF (*Table 3.10*.) The balance of the guarantees was spread among 823 other school districts with PSF guaranteed debt.

Table 3.10  
**Texas Public School Districts  
 Total Debt Outstanding Guaranteed by PSF**  
 (\$ in millions)

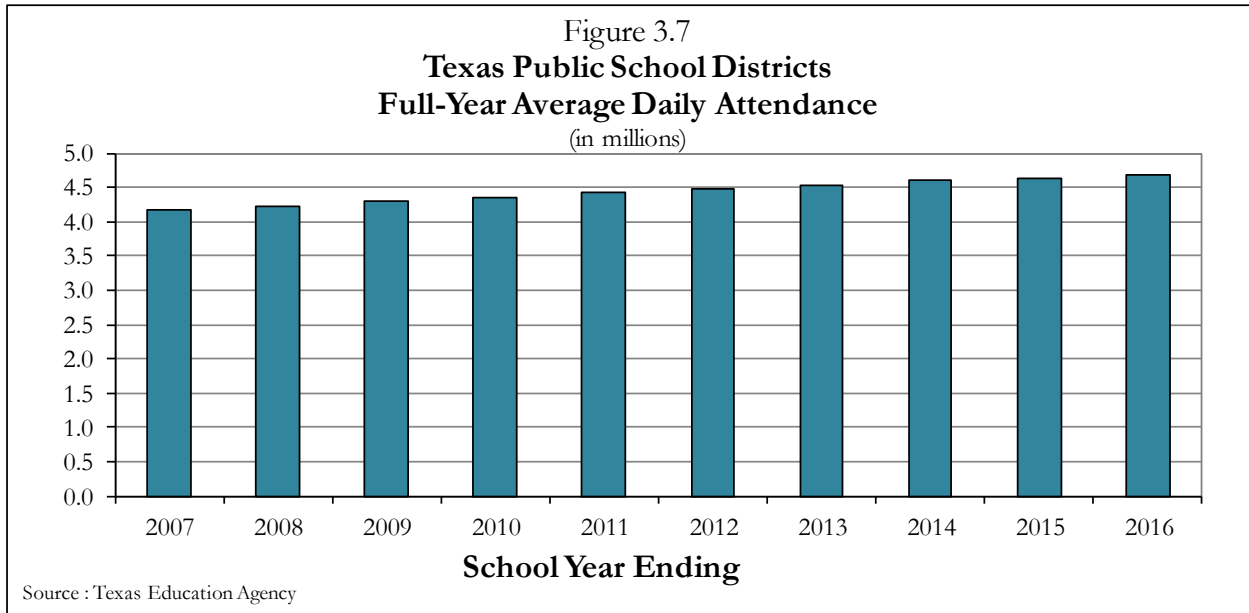
	2012	2013	2014	2015	2016*
Dallas ISD	\$ 2,508.0	\$ 2,508.0	\$ 2,404.5	\$ 2,326.7	\$ -
Houston ISD	1,554.0	1,554.0	1,736.3	1,995.9	-
Northside ISD - Bexar County	1,656.0	1,656.0	1,815.3	1,927.9	-
Cypress-Fairbanks ISD	1,515.0	1,515.0	1,634.6	1,852.5	-
Frisco ISD	1,111.8	1,161.1	1,337.5	1,559.8	-
Other ISD Issuers	45,289.7	46,824.8	49,133.5	53,534.9	-
<b>Total Debt Outstanding</b>	<b>\$ 53,634.5</b>	<b>\$ 55,218.9</b>	<b>\$ 58,061.8</b>	<b>\$ 63,197.5</b>	<b>\$ 68,292.3</b>

Source 2012-2015: Texas Permanent School Fund AFR

\* 2016 PSF AFR not available; Total from PSF Bond Guarantee Program Summary

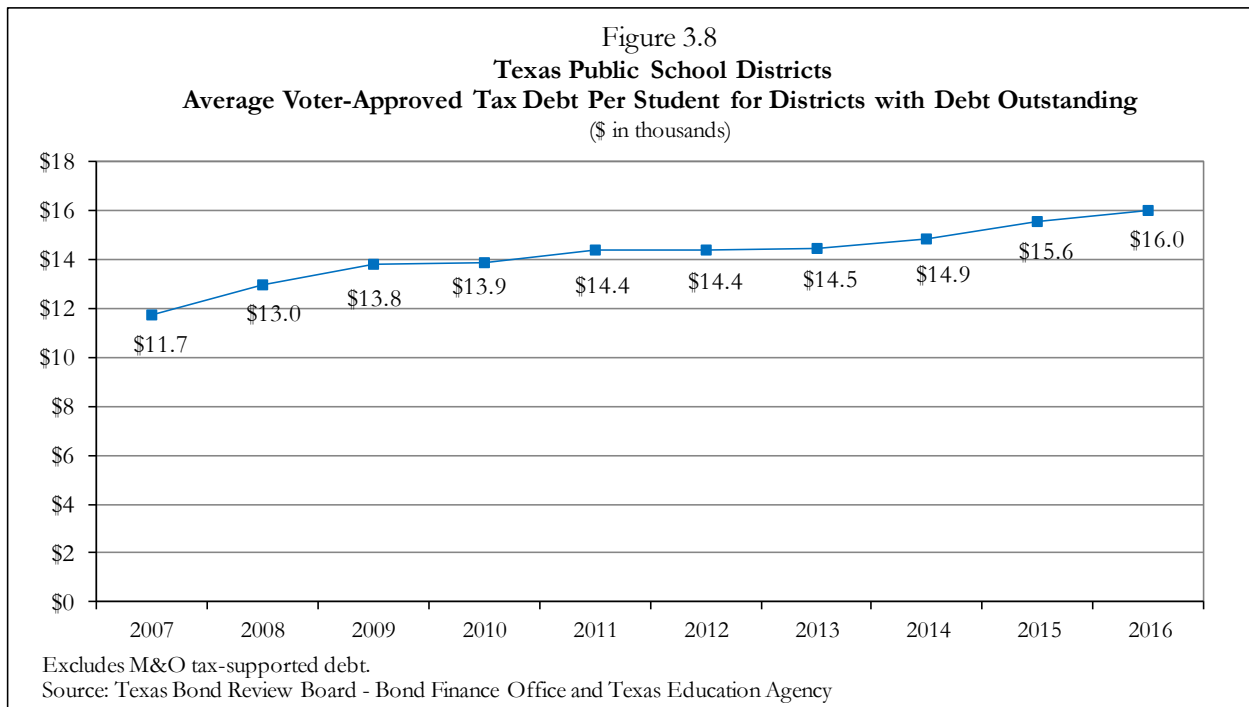
### Average Daily Attendance

The ADA for all school districts with taxing authority was 4,686,258 in fiscal year 2016, an increase of 4.5 percent (200,443) since 2012 and 12.3 percent (514,671) since 2007 (Figure 3.7).



### Debt per Student

Based on the ADA, as of August 31, 2016, those public school districts with voter-approved debt outstanding had an average debt of \$15,988 per student, an increase of 2.6 percent (\$404) from the average for 2015. The state’s average voter-approved debt per student has increased 11.3 percent (\$1,625) per student since FY 2012 and 36.4 percent (\$4,266) since FY 2007 (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, 2016 total WD debt outstanding was 15.2 percent (\$33.24 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, 2016, 920 Texas WDs had debt outstanding of which 764 had tax-supported debt, 193 had revenue debt and 17 had conduit revenue debt outstanding. Including commercial paper (CP), total debt outstanding for WDs increased 6.1 percent from \$31.32 billion in fiscal 2015 to

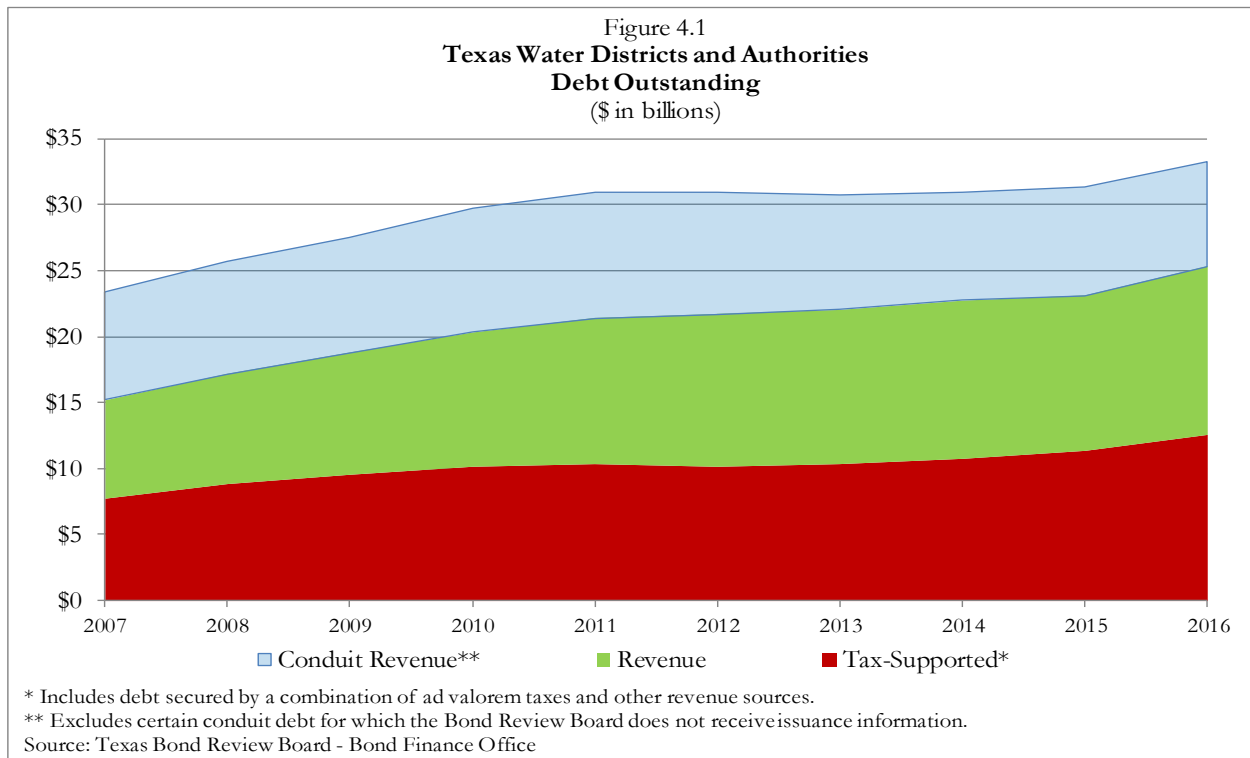
\$33.24 billion in fiscal 2016. Of that amount, 37.7 percent (\$12.54 billion) was tax-supported, 62.3 percent (\$20.71 billion) was revenue debt including \$7.91 billion of conduit revenue debt and \$192.03 million of CP.

Over the five fiscal year period ended August 31, 2016, WD tax-supported debt increased by 24.3 percent (\$2.45 billion) to \$12.54 billion, revenue debt increased by 10.1 percent (\$1.18 billion) to \$12.80 billion and conduit-revenue debt decreased by 13.9 percent (\$1.28 billion) (Table 4.1).

Table 4.1 Texas Water Districts and Authorities Debt Outstanding By Fiscal Year (\$ in millions)					
	2012	2013	2014	2015	2016
Tax-Supported*	\$ 10,087.3	\$ 10,373.5	\$ 10,749.7	\$ 11,380.7	\$ 12,536.3
Revenue	11,621.9	11,669.7	11,996.5	11,694.1	12,800.1
Conduit Revenue**	9,183.1	8,716.7	8,154.2	8,247.7	7,907.6
<b>Total Debt Outstanding</b>	<b>\$ 30,892.3</b>	<b>\$ 30,759.8</b>	<b>\$ 30,900.4</b>	<b>\$ 31,322.5</b>	<b>\$ 33,244.0</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 WDs are not liable, has increased by 42.2 percent (\$9.87 billion) from \$23.37 billion at fiscal year-end 2007 to \$33.24 billion at fiscal year-end 2016 (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 14.7 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	\$ 674.3	\$ 152
Dallas County U&RD	Dallas	246.1	29,738
Harris-Montgomery Counties MUD 386	Harris	148.3	9,312
Hidalgo County DD 1	Hidalgo	145.3	181
Harris County ID 18***	Harris	113.6	688,545
Harris County FCD	Harris	113.2	25
Harris County MUD 165	Harris	104.9	5,239
Fort Bend County MUD 058	Fort Bend	101.9	20,507
Northwest Harris County MUD 05	Harris	97.3	5,247
Sienna Plantation LID	Fort Bend	96.4	3,668
<b>Total</b>		<b>\$1,841.2</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.			
*** Harris County ID 18 (estimated population 165) is a mixed use urban district with industrial, commercial, and residential areas. The district first issued debt in 2013 to build infrastructure.			
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 66.8 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 +	\$ 1,934.7
North Texas MWD	Collin	1,809.8
Tarrant Regional WD	Tarrant	1,696.8
Trinity RA	Dallas +	1,366.0
San Jacinto RA	Montgomery	653.0
<b>Sub Total</b>		<b>\$7,460.4</b>
<b>Conduit Revenue**</b>		
Brazos RA-CONDUIT	McLennan +	\$ 1,974.4
Lower Colorado RA-CONDUIT	Travis +	1,689.0
Port of Port Arthur ND-CONDUIT	Jefferson	1,438.7
Matagorda County ND 1-CONDUIT	Matagorda	816.7
Sabine River Authority-CONDUIT	Newton +	458.1
<b>Sub Total</b>		<b>\$6,376.9</b>
<b>Total</b>		<b>\$13,837.2</b>
* Includes Commercial Paper		
** Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.		
+ Indicates the water district spans multiple counties.		
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, 2016, a total of \$233.8 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*

Five 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, 2016, no tax-supported CP was outstanding and three WDs had \$192.3 million in revenue CP outstanding (*Table 4.4*).

Table 4.4		
Texas Water Districts and Authorities		
Commercial Paper Programs*		
(\$ in millions)		
Government Name	County	Amount Outstanding
<b>Revenue</b>		
Lower Colorado RA	Travis +	\$ 128.8
Upper Trinity Regional WD	Denton	33.5
Trinity RA	Dallas +	30.0
Port of Houston Authority	Harris	0.0
<b>Tax-Supported</b>		
Harris County FCD	Harris	0.0
<b>Total</b>		<b>\$192.3</b>
*Does not reflect total authorization amounts.		
+ Indicates the water district spans multiple counties.		
Source: Texas Bond Review Board - Bond Finance Office.		

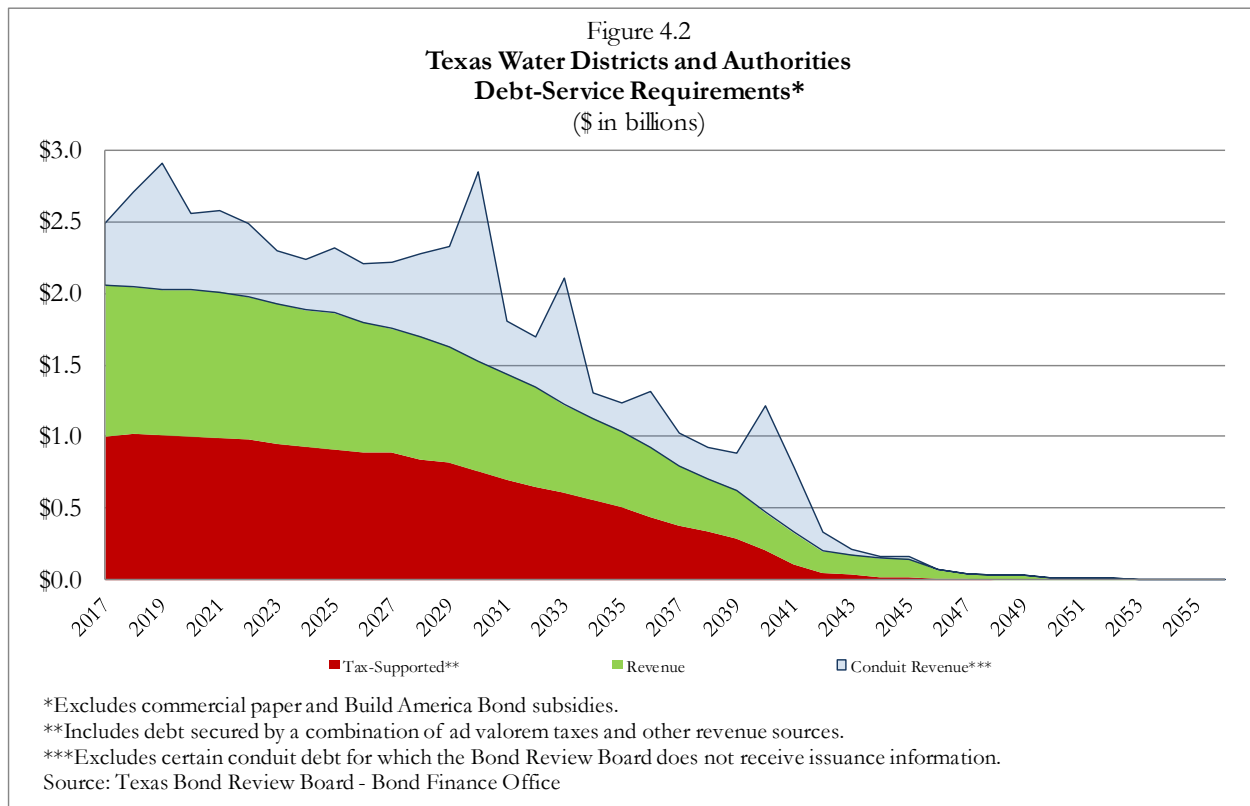
## Debt-Service Requirements

Scheduled debt-service requirements (principal and interest) for WDs totaled \$49.8 billion as of August 31, 2016, 35.9 percent of which was for tax-supported debt, 38.7 percent of which was for revenue debt, and 25.4 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)						
	2017	2018	2019	2020	2021	2022 & beyond
Tax-Supported**	\$ 998.9	\$ 1,021.0	\$ 1,010.0	\$ 999.2	\$ 989.5	\$ 12,870.3
Revenue	1,061.5	1,023.3	1,014.8	1,023.7	1,017.7	14,112.3
Conduit Revenue***	426.7	664.9	880.7	530.9	574.6	9,579.4
<b>Total Debt Service</b>	<b>\$ 2,487.1</b>	<b>\$ 2,709.2</b>	<b>\$ 2,905.4</b>	<b>\$ 2,553.8</b>	<b>\$ 2,581.9</b>	<b>\$ 36,562.0</b>

\* Excludes commercial paper and Build America Bond subsidies  
 \*\* 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, 2016. (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 2016, Texas WDs will repay 23.4 percent (\$2.93 billion) of tax-supported principal outstanding within five years, 47.9 percent (\$6.00 billion) within ten years and 89.5 percent (\$11.22 billion) within twenty years. 21.8 percent (\$2.74 billion) of revenue principal will be repaid within five years, 45.3 percent (\$5.71 billion) will be repaid within ten years and 84.9 percent (\$10.70 billion) within 20 years. The last maturity for WD tax-supported debt and WD revenue debt will be repaid within 39 years (fiscal 2055) and 40 years (fiscal 2056), respectively (*Table 4.6*).

Table 4.6 Texas Water Districts and Authorities - Rate of Debt Retirement*				
Debt Repaid	Tax-Supported Debt (billions)	Percent	Revenue Debt (billions)	Percent
Within Five Years	\$2.93	23.4%	\$2.74	21.8%
Within Ten Years	\$6.00	47.9%	\$5.71	45.3%
Within Twenty Years	\$11.22	89.5%	\$10.70	84.9%

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

As of fiscal-year 2016 the top 10 water districts with CABs outstanding accounted for 94.8 percent of all water district CABs outstanding. CAB debt service accounts for 30.5 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	\$472.8	43.6%
Orange County WCID 1	32.0	66.6	48.0%
Northeast Texas MWD	26.1	47.2	55.2%
Valwood Improvement Authority	7.7	22.2	34.8%
Travis County WCID 17 (B) Steiner Ranch	5.5	101.1	5.5%
Viridian Municipal Management District	4.4	90.3	4.8%
Horizon Regional MUD	3.5	84.5	4.1%
Fort Bend County LID 011	3.3	25.8	13.0%
Northgate Crossing MUD 2	2.2	20.8	10.7%
Sonterra MUD	2.2	31.3	7.0%
Subtotal	\$293.1	\$962.5	30.5%
Other CAB Issuers	16.0	2,140.1	0.7%
Total	\$309.1	\$3,102.6	10.0%

\*Excludes commercial paper and Build America Bond subsidies

Source: Texas Bond Review Board - Bond Finance Office

### Debt Issuance in FY 2016

During fiscal 2016, 400 WDs issued a total of \$5.57 billion of debt, an increase of 26.2 percent (\$1.16 billion) from the \$4.42 billion issued in fiscal 2015. Of the debt issued in fiscal 2016, 54.7 percent (\$3.05 billion) was tax-supported, 45.3 percent (\$2.53 billion) was revenue debt. Data reported to the Bond Review Board indicates that no conduit revenue debt was issued.

Of the total WD debt issued during fiscal 2016, 57.8 percent (\$3.22 billion) was new-money debt, an increase of 95.6 percent from the \$1.65 billion issued during fiscal 2015. The remaining 42.2 percent (\$2.35 billion) was refunding debt, a decrease of 15.1 percent from the \$2.77 billion issued during fiscal 2015. 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)

	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Issuers</b>	375	328	292	349	400
<b>Issuances</b>	473	422	354	486	540
<b>Tax</b>					
New Money	\$637.7	\$697.1	\$810.3	\$1,069.3	\$1,632.4
Refunding	1,080.3	915.8	833.7	1,414.4	1,415.3
<b>Subtotal</b>	<b>\$1,718.0</b>	<b>\$1,612.9</b>	<b>\$1,644.0</b>	<b>\$2,483.7</b>	<b>\$3,047.7</b>
<b>Revenue</b>					
New Money	\$1,582.2	\$745.1	\$881.4	\$578.0	\$1,589.7
Refunding	445.0	1,417.4	405.6	1,109.6	935.4
<b>Subtotal</b>	<b>\$2,027.2</b>	<b>\$2,162.5</b>	<b>\$1,287.0</b>	<b>\$1,687.6</b>	<b>\$2,525.1</b>
<b>Conduit Revenue**</b>					
New Money	\$127.3	\$22.2	\$0.0	\$0.0	\$0.0
Refunding	609.7	208.8	0.0	246.0	0.0
<b>Subtotal</b>	<b>\$737.0</b>	<b>\$231.0</b>	<b>\$0.0</b>	<b>\$246.0</b>	<b>\$0.0</b>
<b>Total New Money</b>	<b>\$2,347.2</b>	<b>\$1,464.4</b>	<b>\$1,691.7</b>	<b>\$1,647.3</b>	<b>\$3,222.1</b>
<b>Total Refunding</b>	<b>\$2,135.0</b>	<b>\$2,542.0</b>	<b>\$1,239.3</b>	<b>\$2,770.0</b>	<b>\$2,350.7</b>
<b>Total Par Amount</b>	<b>\$4,482.2</b>	<b>\$4,006.4</b>	<b>\$2,931.0</b>	<b>\$4,417.3</b>	<b>\$5,572.8</b>
*Excludes issuances of commercial paper					
**Excludes certain conduit debt for which the Bond Review Board does not receive issuance information. WDs are not liable for conduit debt.					
Source: Texas Bond Review Board - Bond Finance Office					

The largest tax-supported issuance during fiscal 2016 was a refunding transaction by the Hidalgo County Drainage District 1 for \$52.6 million, the largest revenue transaction was an issuance of \$300.0 million of water revenue bonds by the Tarrant Regional Water District.

## **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, 2016, county debt was 6.5% (\$14.1 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.

Historically conduit-revenue debt has been issued for pollution control and residential rental projects. Pursuant to Chapter 1202 of the Texas Government Code, the BRB does not receive issuance information for all lease-revenue obligations and conduit-revenue debt.

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

Of the 254 Texas counties, 167 had tax-supported debt, 14 had revenue debt, and 15 had lease-revenue obligations outstanding as of August 31, 2016. Sixty-eight counties had neither tax-supported nor revenue debt outstanding. During fiscal 2016 total debt outstanding for counties decreased 1.1 percent from \$14.30 billion in fiscal 2015 to \$14.13 billion including commercial paper (CP). Of that amount, 79.4 percent (\$11.22 billion) was tax-supported debt, 17.4 percent (\$2.45 billion) was revenue debt, and 3.2 percent (\$457.4 million) was lease-revenue debt. (*Table 5.1*). Scheduled debt retirement over the past five years totaled \$5.3 billion including \$4.6 billion of tax supported debt and \$645.0 million of revenue debt.

Over the past five fiscal-years ending August 31, 2016, tax-supported debt for counties increased by 6.0 percent, revenue debt decreased by 6.4 percent and lease-revenue obligations declined by 24.1 percent.

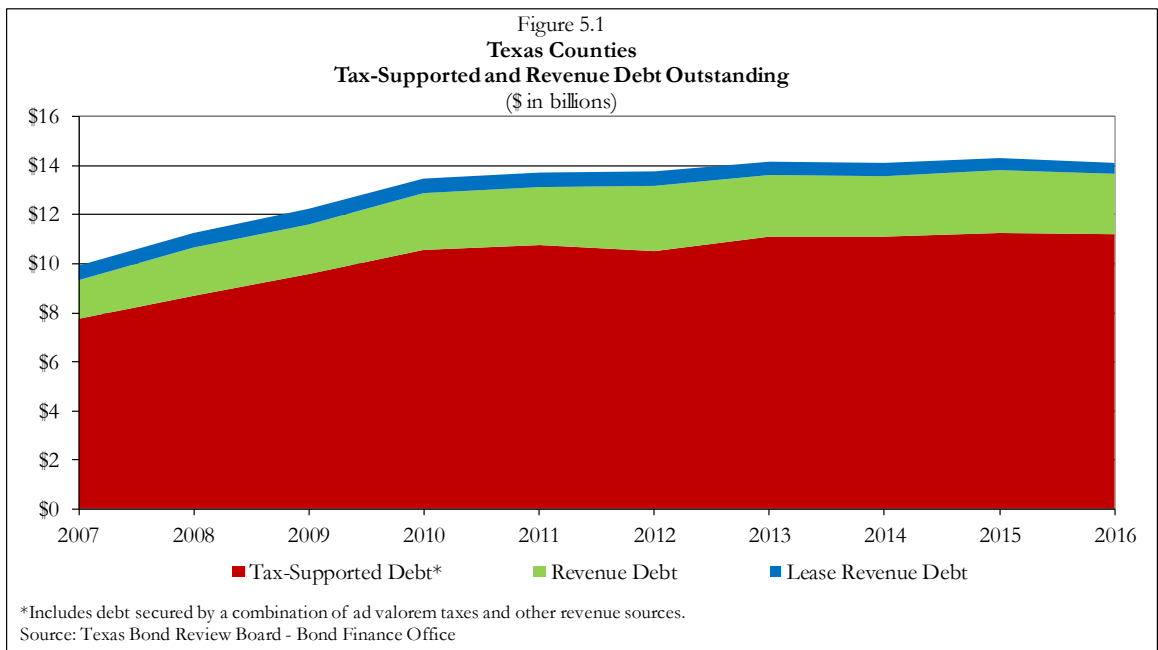


Table 5.1  
**Texas Counties**  
**Debt Outstanding by Fiscal Year**  
(\$ in millions)

	2012	2013	2014	2015	2016
Tax-Supported*	\$10,586.9	\$11,098.0	\$11,112.1	\$11,259.7	\$11,221.3
Revenue**	2,620.8	2,524.8	2,467.1	2,542.6	2,453.5
Lease-Revenue Obligations	602.6	536.3	513.5	489.3	457.4
<b>Total Debt Outstanding</b>	<b>\$13,810.3</b>	<b>\$14,159.0</b>	<b>\$14,092.8</b>	<b>\$14,291.5</b>	<b>\$14,132.2</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 fiscal years ended August 31, 2016, total county debt has increased by 42.4 percent (\$4.21 billion) from \$9.92 billion at fiscal-year end 2007 to \$14.13 billion at fiscal-year end 2016 (Figure 5.1).



As of August 31, 2016, Harris County had the state's only tax-supported county CP outstanding. The total program authorization was \$600.0 million of which \$36.7 million was outstanding.

As of August 31, 2016, seven counties had a total of \$409.5 million in Build America Bonds outstanding. (See glossary for a definition of Build America Bonds.)

The ten counties listed below accounted for 71.4 percent of all Texas county tax-supported debt outstanding as of August 31, 2016 (*Table 5.2*).

Table 5.2 Texas Counties Top 10 Tax-Supported Debt Outstanding as of August 31, 2016		
County	Amount (\$ in millions)	Debt Per Capita
Harris*	\$2,228.0	\$491
Bexar	1,586.7	836
Williamson	931.6	1,832
Travis	707.8	602
Denton	603.0	772
Fort Bend**	518.5	724
Montgomery	426.5	793
Collin	367.0	401
Tarrant	338.4	171
Hays	302.4	1,553
Other Counties	3,211.4	N/A
<b>Total</b>	<b>\$11,221.3</b>	
<small>* Includes Harris Co. GO Toll Road Debt of \$302.7 million and commercial paper of \$36.7 million.  ** Includes Fort Bend Co. GO Toll Road Debt of \$112.6 million.  Population data from the July 2015 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 2016 US Census</small>		

### Tax-Supported Debt per Capita

Over the past ten fiscal years, county tax-supported debt per capita has increased by 23.5 percent (\$78) from \$331 in FY 2007 to \$409 in FY 2016. During this time period the state's population increased by 17.4 percent (4.06 million) (*Figure 5.2*).

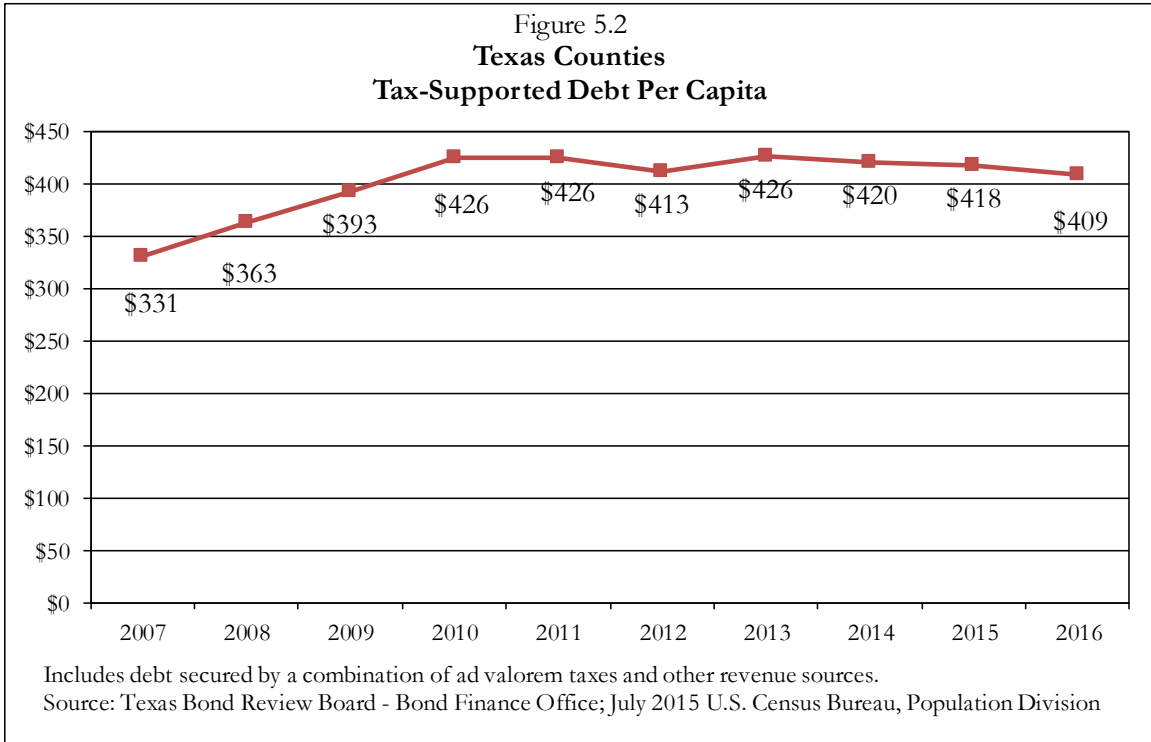


Table 5.2A  
**Texas Counties**  
**Top 10 Counties with Highest Total Debt Outstanding per Capita**  
**as of August 31, 2016**

<b>County</b>	<b>Amount</b> (\$ in millions)	<b>Debt Per</b> <b>Capita</b>	<b>Tax Assessed</b> <b>Valuation</b> (\$ in millions)
Loving	\$22.1	\$197,277	\$1,101
La Salle	89.1	11,679	7,619
Garza	40.7	6,341	581
McMullen	4.6	5,616	3,219
Hudspeth	18.3	5,411	428
Reeves	64.1	4,348	2,956
Willacy	91.6	4,180	753
Titus	134.2	4,113	2,352
Andrews	65.1	3,593	4,981
Crockett	12.1	3,260	2,137
Other Counties	13,590.5	N/A	N/A
<b>Total</b>	<b>\$14,132.2</b>		

Population data from the July 2015 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; July 2015 US Census

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 \$197,277 debt per capita is a result of a \$22.1 million issuance combined with a population of only 112. However, the county has a tax assessed valuation of \$1.10 billion (Table 5.2A). Please visit the BRB website at <http://www.brb.state.tx.us/lgs/lgs.aspx> for downloadable data related to counties.

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.

Seven county issuers had CAB debt outstanding as of fiscal year 2016. CAB debt service accounts for 3.0 percent of the total debt service owed by the seven issuers (*Table 5.3*).

<b>Table 5.3</b> <b>Texas Counties</b> <b>Issuers of CABs*</b> (\$ in millions)			
	CAB Maturity Amount	Total Debt Service	CAB Maturity Amount as % of Total Debt Service
Harris County	\$162.4	\$5,881.6	2.8%
Galveston County	71.2	358.3	19.9%
Williamson County	10.0	1,320.9	0.8%
Ellis County	4.9	65.1	7.6%
Lamar County	2.4	4.1	58.2%
Kaufman County	1.9	61.2	3.1%
Travis County	1.7	899.0	0.2%
<b>Total</b>	<b>\$254.5</b>	<b>\$8,590.3</b>	<b>3.0%</b>

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

*Certificates of Obligation*

As of August 31, 2016, Texas counties had \$2.11 billion of Certificates of Obligation (CO) debt outstanding which was 18.8 percent of the county tax-supported debt outstanding. Of the 83 counties with CO debt outstanding, the top 20 had \$1.83 billion (86.4 percent) of the total county CO debt outstanding (*Table 5.4*). (See Glossary for a definition of COs.)

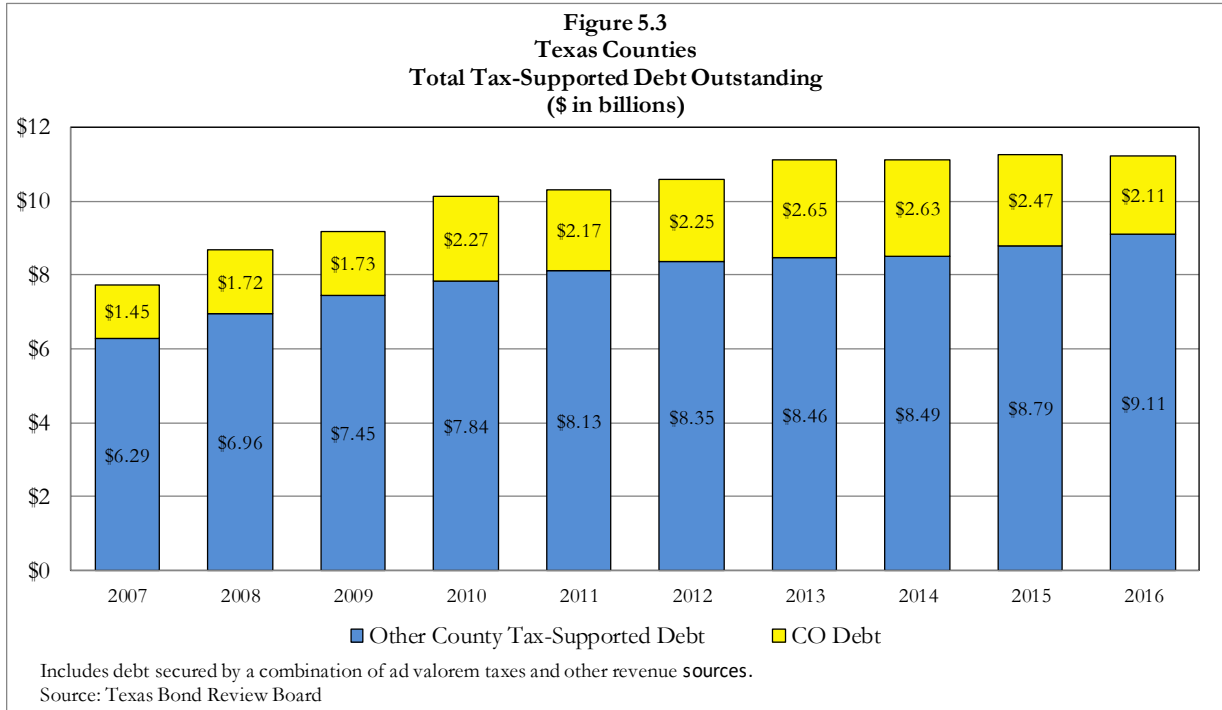
<b>Table 5.4</b>			
<b>Texas Counties</b>			
<b>Top 20 Certificates of Obligation Issuers</b>			
	<b>CO Amount</b>	<b>Debt per</b>	<b>% of Tax-</b>
	(\$ in millions)	<b>Capita*</b>	<b>supported</b>
			<b>Debt</b>
Bexar County	\$941.4	\$496	59.3%
Travis County	165.1	140	23.3%
Hidalgo County	103.5	123	52.2%
El Paso County	85.4	102	42.6%
Williamson County	59.6	117	6.4%
Montgomery County	58.5	109	13.7%
La Salle County	53.4	7,000	74.5%
Tom Green County	50.0	423	100.0%
Bell County	40.4	121	31.8%
Cameron County	37.8	90	30.2%
Dimmit County	30.2	2,751	93.6%
Brazos County	28.0	130	30.8%
Randall County	25.1	193	71.6%
Brazoria County	25.1	73	31.8%
Webb County	22.7	84	35.9%
Potter County	21.5	176	87.8%
Uvalde County	21.1	775	100.0%
Johnson County	20.6	129	64.7%
Zapata County	18.2	1,269	55.4%
Nueces County	18.1	50	18.0%
Subtotal	\$1,826.0	\$219	37.0%
Other CO Issuers	286.5	117	32.5%
<b>Total</b>	<b>\$2,112.5</b>	<b>\$196</b>	<b>18.8%</b>

\* Population data from the July 2015 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, 2016, CO debt outstanding has increased by 45.2 percent from \$1.45 billion to \$2.11 billion. The increase was mainly due to multiple issuances by Bexar County totaling \$1.50 billion over the period for flood control purposes and improvements to the courthouse and jail (*Figure 5.3*).



### Revenue Debt

Over the past ten fiscal years, county revenue debt has increased by 52.8 percent (\$848.0 million) from \$1.61 billion at fiscal-year end 2007 to \$2.45 billion at fiscal-year end 2016.

As of Fiscal 2016, Harris County Toll Road bonds accounted for 68.2 percent (\$1.67 billion) of the total county revenue debt and Bexar County accounted for 16.0 percent (\$393.8 million).

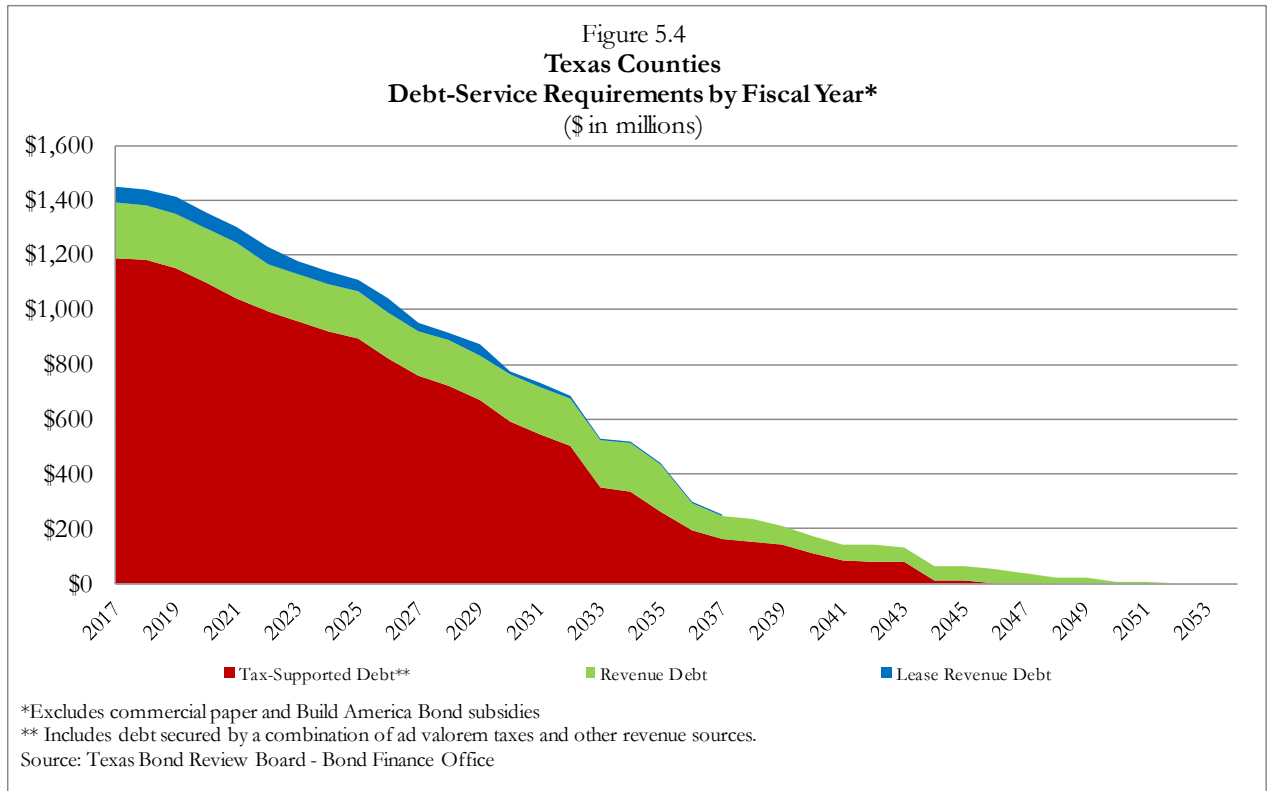
## Debt-Service Requirements

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)						
	2017	2018	2019	2020	2021	2022 & Beyond
Tax-Supported**	\$1,187.1	\$1,181.2	\$1,152.0	\$1,099.2	\$1,043.5	\$10,360.8
Revenue	201.8	197.8	198.2	197.5	200.0	3,213.1
Lease-Revenue Obligations	58.2	58.7	60.0	57.0	57.3	407.2
<b>Total Debt Service</b>	<b>\$1,447.1</b>	<b>\$1,437.7</b>	<b>\$1,410.1</b>	<b>\$1,353.7</b>	<b>\$1,300.8</b>	<b>\$13,981.2</b>

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

At August 31, 2016, debt-service requirements for counties totaled \$20.93 billion, 76.6 percent (\$16.02 billion) of which was tax-supported debt, 20.1 percent (\$4.21 billion) of which was revenue debt and 3.3 percent (\$698.3 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 2016, counties are expected to repay 31.2 percent (\$3.49 billion), 59.2 percent (\$6.62 billion) and 93.7 percent (\$10.48 billion) of the tax-supported debt outstanding over the next five, ten and twenty years, respectively. Repayment of revenue debt is expected to be 20.4 percent (\$594.0 million), 40.0 percent (\$1,164.8 million) and 80.3 percent (\$2,338.9 million) 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 34 years (fiscal 2050) and 38 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	\$3.49	31.2%	\$594.0	20.4%
Within Ten Years	\$6.62	59.2%	\$1,164.8	40.0%
Within Twenty Years	\$10.48	93.7%	\$2,338.9	80.3%
*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 2016

During fiscal 2016, 48 counties issued debt totaling \$3.01 billion of which 72.4 percent (\$2.19 billion) was tax-supported, 27.6 percent (\$835.1 million) was revenue debt and data collected by the BRB indicates that no lease-revenue debt was issued.

County debt issuance increased by 36.2 percent (\$804.5 million) from \$2.22 billion in fiscal 2015 to \$3.03 billion in fiscal 2016 of which 25.6 percent (\$775.9 million) was issued as new-money debt, a decrease of 14.2 percent (\$128.3 million) from the \$904.2 million issued during fiscal 2015. The remaining 70.7 percent (\$2.25 billion) was refunding debt which increased 70.7 percent (\$932.77 million) from the \$1.32 billion issued during fiscal 2015. Refunding debt increased during FY 2016 due to multiple counties taking advantage of record low interest rates.

Table 5.7 Texas Counties Debt Issuance by Fiscal Year* (\$ in millions)					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Issuers</b>	66	56	52	43	48
<b>Issuances</b>	101	91	79	80	79
<b>Tax-Supported</b>					
New Money	\$ 717.6	\$ 1,046.3	\$ 603.1	\$ 764.8	\$ 711.5
Refunding	1,205.2	694.0	351.6	1,250.5	1,482.0
<b>Subtotal</b>	<b>\$1,922.8</b>	<b>\$1,740.3</b>	<b>\$954.7</b>	<b>\$2,015.2</b>	<b>\$2,193.5</b>
<b>Revenue</b>					
New Money	\$ 305.4	\$ 0.0	\$ 4.8	\$ 139.4	\$ 64.4
Refunding	199.9	468.9	0.0	0.0	770.6
<b>Subtotal</b>	<b>\$505.3</b>	<b>\$468.9</b>	<b>\$4.8</b>	<b>\$139.4</b>	<b>\$835.1</b>
<b>Lease Revenue Obligations</b>					
New Money	\$ 0.0	\$ 4.2	\$ 0.0	\$ 0.0	\$ 0.0
Refunding	35.9	20.5	31.4	69.4	0.0
<b>Subtotal</b>	<b>\$35.9</b>	<b>\$24.7</b>	<b>\$31.4</b>	<b>\$69.4</b>	<b>\$0.0</b>
<b>Total New Money</b>	<b>\$ 1,023.0</b>	<b>\$ 1,050.5</b>	<b>\$ 607.9</b>	<b>\$ 904.2</b>	<b>\$ 775.9</b>
<b>Total Refunding</b>	<b>1,441.0</b>	<b>1,183.4</b>	<b>383.0</b>	<b>1,319.9</b>	<b>2,252.6</b>
<b>Total Debt Issued</b>	<b>\$2,464.0</b>	<b>\$2,233.9</b>	<b>\$990.9</b>	<b>\$2,224.1</b>	<b>\$3,028.6</b>
*Excludes commercial paper					
Source: Texas Bond Review Board - Bond Finance Office					

**Chapter 6**  
**Texas Other Special Districts and Authorities**

**Overview**

Other Special Districts and Authorities (OSD) include tollway authorities, transit authorities, housing authorities, regional mobility authorities, power agencies, public utility agencies, road districts, events venue districts, education districts and various economic and community development districts.

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

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

<b>Texas Other Special Districts and Authorities</b>	
<b>Type</b>	<b>Use of Proceeds</b>
<b>Economic and Community Development Districts</b>	Community development, redevelopment and strategic planning; public improvements necessary to serve the District.
<b>Education Districts</b>	Provide services to the school districts and are funded by education taxes at the county and the school district levels.
<b>Events Venue Districts</b>	Items related to creating and maintaining venues.
<b>Housing Authorities</b>	Programs to provide affordable housing.
<b>Power Agencies</b>	Improvements to the electric transmission service.
<b>Public Utility Agencies</b>	An agency created by two or more public entities to plan, finance, construct, own, operate, or maintain facilities.
<b>Regional Mobility Authorities</b>	Constructing and maintaining highways, tollways, ferries, airports, bikeways, and all-purpose transportation centers.
<b>Road Districts</b>	Constructing and maintaining roads.
<b>Tollway Authorities</b>	Develop, construct and maintain toll roads.
<b>Transit Authorities</b>	Public transportation
Source: Texas Bond Review Board - Bond Finance Office	

## Debt Outstanding

As of August 31, 2016, total OSD debt outstanding was 7.6 percent (\$16.55 billion) of total local debt outstanding. As of that date, ten OSDs had tax-supported debt outstanding, twenty-three had revenue debt outstanding, nine had sales tax revenue debt outstanding and three had lease revenue debt outstanding.

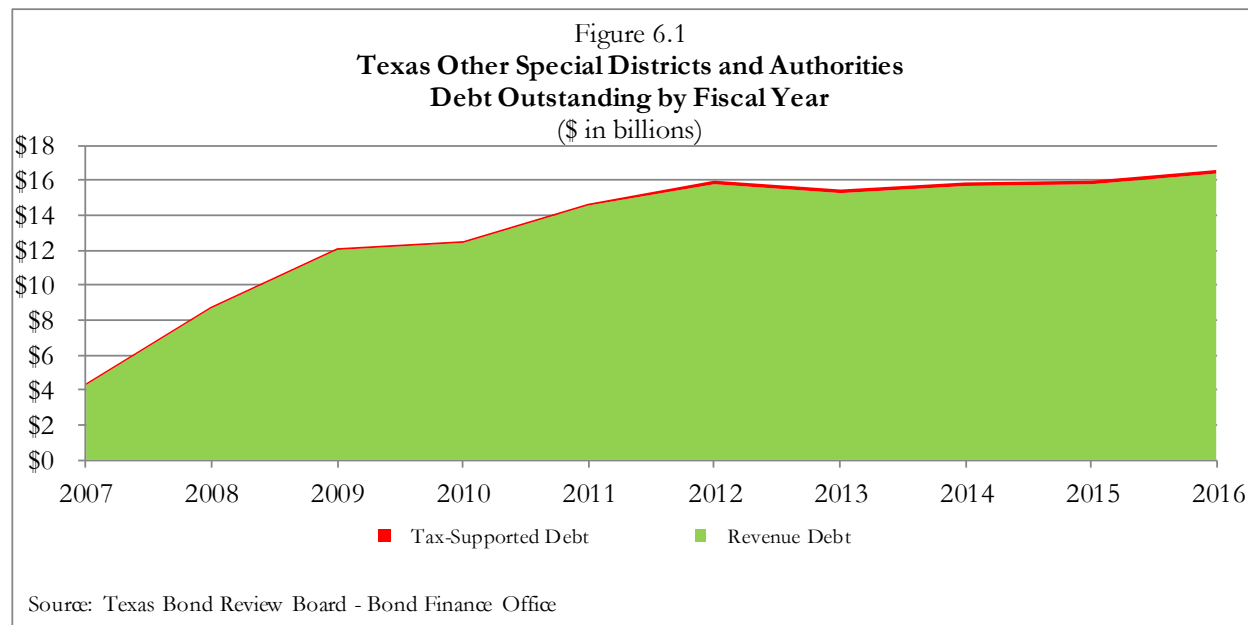
During fiscal 2016 total debt outstanding for OSDs increased 3.8 percent to \$16.55 billion from \$15.94 billion outstanding in fiscal 2015. Of that amount, 1.1 percent was tax-supported debt, 69.5 percent was revenue debt, 28.8 percent was sales tax debt, and 0.6 percent was lease revenue debt.

Since fiscal 2012 tax-supported debt has decreased by 10.7 percent (\$23.1 million), revenue debt has increased by 2.8 percent (\$315.8 million), sales tax revenue debt has increased 7.6 percent (\$336.3 million), and lease revenue debt has decreased 2.0 percent (\$2.1 million) (*Table 6.1*).

Table 6.1					
Texas Other Special Districts and Authorities					
Debt Outstanding by Fiscal Year					
(\$ in millions)					
	2012	2013	2014	2015	2016
Tax-Supported	\$ 198.4	\$ 191.8	\$ 201.1	\$ 194.2	\$ 177.1
Revenue	11,182.1	10,550.8	10,731.6	10,663.2	11,497.9
Sales Tax Revenue	4,432.3	4,655.6	4,843.2	4,970.2	4,768.6
Lease Revenue Obligations	105.9	97.0	88.4	115.0	103.8
<b>Total Debt Outstanding</b>	<b>\$ 15,918.7</b>	<b>\$ 15,495.1</b>	<b>\$ 15,864.3</b>	<b>\$ 15,942.6</b>	<b>\$ 16,547.5</b>

Source: Texas Bond Review Board - Bond Finance Office

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



Over the past ten years, OSD debt outstanding has increased 282.8 percent (\$12.23 billion.) Tax-supported debt rose by 73.9 percent (\$75.3 million), revenue debt rose by 295.0 percent (\$8.59 billion), sales tax revenue debt rose by 270.2 percent (\$3.48 billion) and lease revenue debt rose by 379.1 percent (\$82.1 million). Combined revenue debt (including sales tax and lease revenue debt) rose by 287.9 percent (\$12.15 billion.)

The rise in revenue debt is primarily due to \$8.99 billion in transportation-related new money issuances, to be supported by \$4.96 billion in revenues, \$3.92 billion in sales tax revenues, and \$108.0 million in lease revenues.

Four OSDs issued the bulk of this transportation-related debt. North Texas Tollway Authority (NTTA) issued \$3.96 billion in revenue debt during fiscal years 2009 through 2012. Dallas Area Rapid Transit (DART) issued \$2.37 billion in sales tax revenue debt during fiscal years 2008 through 2013. Metropolitan Transit Authority (MTA) of Harris County issued \$1.45 billion in sales tax revenue debt during fiscal years 2008 through 2015 and \$450.0 million in lease revenue debt in fiscal year 2009.

The North Texas Tollway Authority accounts for 51.8 percent (\$8.57 billion) of the total OSD debt outstanding, and the four next largest OSDs shown in the following table account for 39.8 percent (\$6.58 billion) (Table 6.2).

Table 6.2			
Texas Other Special Districts and Authorities			
Issuers with Most Debt Outstanding			
(\$ in millions)			
	County		Amount
North Texas Tollway Authority (NTTA)	Dallas	\$	8,571.0
Dallas Area Rapid Transit (DART)	Dallas		3,529.4
Metropolitan Transit Authority (MTA) of Harris County	Harris		1,454.7
Central Texas Regional Mobility Authority	Travis-Williamson		1,128.5
Texas Municipal Power Agency	Brazos et al.		468.9
Other Issuers			1,394.9
<b>Total</b>		<b>\$</b>	<b>16,547.5</b>

Source: Texas Bond Review Board - Bond Finance Office

### Commercial Paper

Three OSDs have commercial paper (CP) programs with debt outstanding. The Dallas Area Rapid Transit (DART)'s program is supported by sales tax revenue and is authorized for \$200 million. The Texas Municipal Power Agency has a revenue-supported program, authorized for \$125 million. The Metropolitan Transit Authority of Harris County's program is supported by both general revenue and sales tax revenue and is authorized for \$400 million. The North Texas Tollway Authority converted their CP program to a revenue-supported revolving note purchase program in 2015, authorized for \$200 million. At fiscal year-end 2016, CP accounted for 2.3 percent (\$376.5 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
Dallas Area Rapid Transit (DART)	Dallas	\$	170.0
Metropolitan Transit Authority (MTA) of Harris County	Harris		117.4
Texas Municipal Power Agency	Brazos		89.1
North Texas Tollway Authority (NTTA) *	Dallas		-
<b>Total</b>		<b>\$</b>	<b>376.5</b>

\* Revolving note purchase program

Source: Texas Bond Review Board - Bond Finance Office

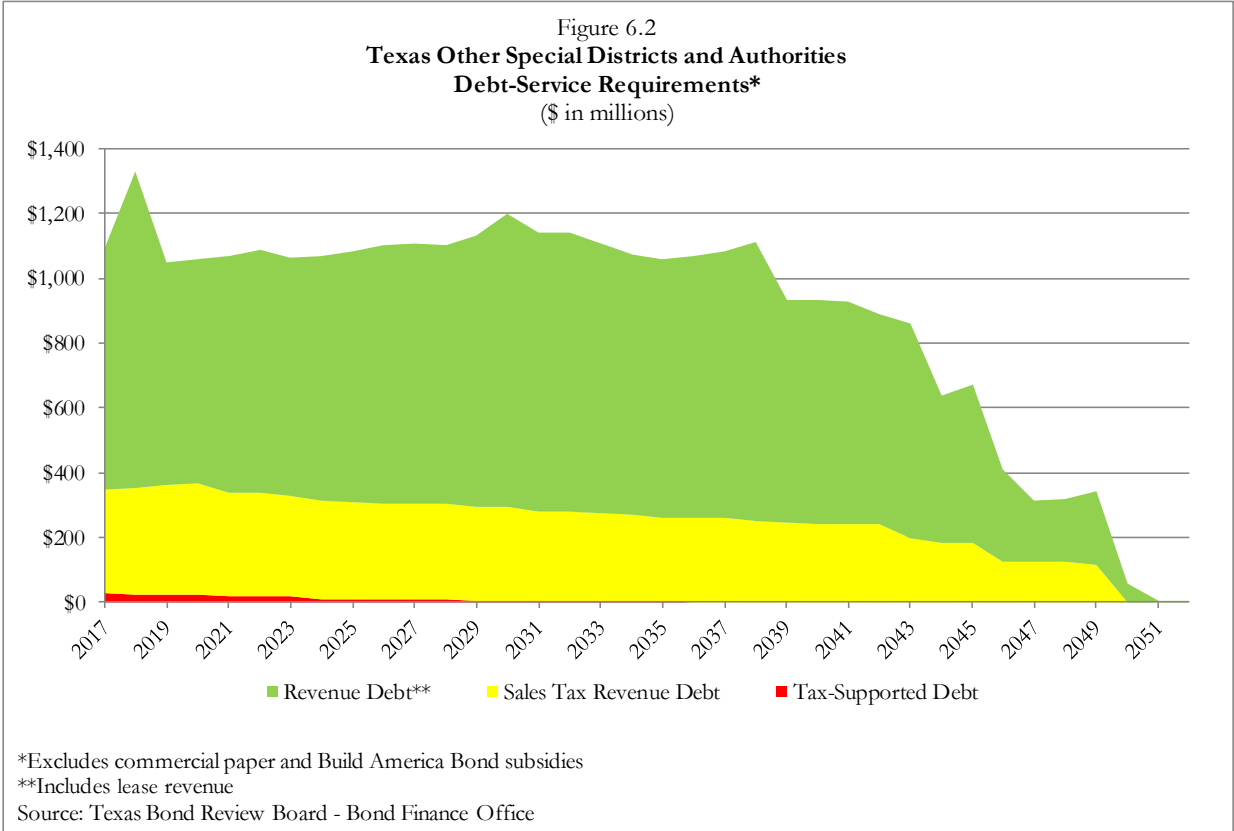
### Debt-Service Requirements

As of August 31, 2016 debt-service requirements (principal and interest) for OSDs totaled \$31.62 billion of which revenue debt was 72.0 percent (\$22.78 billion), sales tax revenue debt was 26.8 percent (\$8.47 billion), tax-supported debt was 0.7 percent (\$228 million) and lease revenue obligations were 0.4 percent (\$137.3 million) (*Table 6.4*).

Table 6.4						
Texas Other Special Districts and Authorities						
Debt-Service Requirements by Fiscal Year*						
(\$ in millions)						
	2017	2018	2019	2020	2021	2022 & Beyond
Tax-Supported	\$ 25.7	\$ 24.1	\$ 23.3	\$ 22.9	\$ 19.5	\$ 112.5
Revenue	722.3	961.7	673.2	675.6	716.8	19,033.2
Sales Tax Revenue	321.5	329.6	337.9	345.3	317.5	6,821.2
Lease Revenue Obligations	16.4	16.4	16.4	16.4	16.5	55.1
<b>Total Debt Service</b>	<b>\$ 1,085.9</b>	<b>\$ 1,331.8</b>	<b>\$ 1,050.8</b>	<b>\$ 1,060.3</b>	<b>\$ 1,070.3</b>	<b>\$ 26,021.9</b>

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

Figure 6.2 illustrates the projected annual debt service for debt outstanding as of August 31, 2016. The sharp rise during fiscal 2018 is due to scheduled end-of-term principal payments totaling \$208.0 million by the Texas Municipal Power Agency for two series of bonds. 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 2016, Texas OSDs are expected to repay 49.2 percent (\$87.2 million) in principal outstanding of tax-supported debt within five years, 76.9 percent (\$136.3 million) within ten years and 99.7 percent (\$176.6 million) within twenty years. Revenue debt principal repayment is expected to be 10.8 percent (\$1.73 billion) within five years, 24.3 percent (\$3.88 billion) within ten years and 57.3 percent (\$9.17 billion) within twenty years (*Table 6.5*). The low repayment percentage for revenue debt is due to \$6.83 billion of bonds outstanding scheduled to be repaid beyond the next twenty years with maturities up to 2052. As of August 31, 2016 the final maturity for total tax-supported OSD debt is 24 years, and the final maturity for total OSD revenue debt is 36 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	\$ 87.2	49.2%	\$ 1,733.6	10.8%
Within Ten Years	\$ 136.3	76.9%	\$ 3,881.8	24.3%
Within Twenty Years	\$ 176.6	99.7%	\$ 9,168.8	57.3%

\*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 285.4 percent from \$793.5 million in FY 2007 to \$3.06 billion in FY 2016. This increase was primarily the result of \$2.85 billion of CAB debt issued from 2008 to 2011. Since 2011 OSD outstanding CAB maturity amounts have declined each year for an overall decrease of 11.3 percent from \$3.45 billion in 2011.



The chart below shows scheduled Current Interest Bond (CIB) debt-service and CAB debt-service for OSD since 2007 (Figure 6.3).

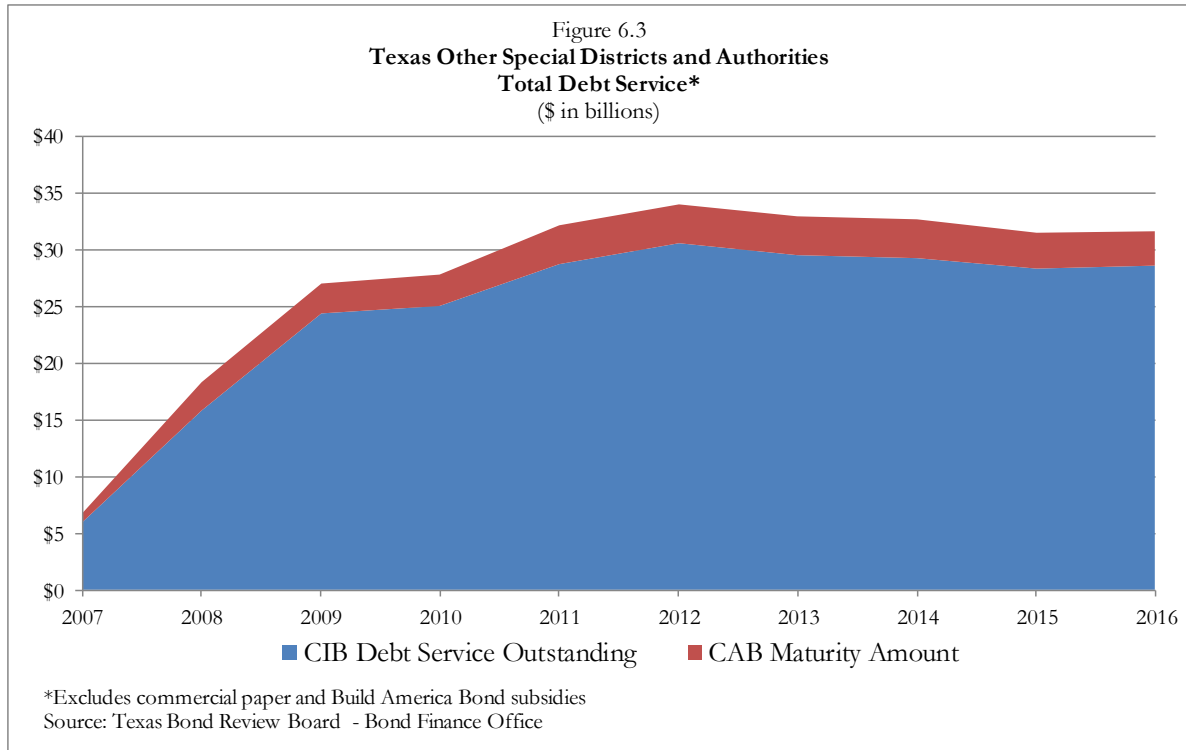


Table 6.6 shows the four OSD issuers with CAB debt outstanding. CAB debt service accounts for 14.6 percent of the total debt service owed by the four issuers.

**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	\$17,485.0	15.2%
Texas Municipal Power Agency	208.8	630.9	33.1%
Central Texas Regional Mobility Authority	198.3	2,877.9	6.9%
Northgate Crossing Road UD	0.5	5.6	8.5%
<b>Total</b>	<b>\$3,057.7</b>	<b>\$20,999.4</b>	<b>14.6%</b>

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

## OSD Debt Issuance

During fiscal year 2016 twelve OSDs closed 25 transactions totaling \$4.00 billion primarily for the purpose of refunding outstanding debt. Of that amount 80.2 percent (\$3.21 billion) was revenue debt, 19.4 percent (\$776.5 million) was sales-tax revenue debt and 0.4 percent (\$17.1 million) was tax-supported debt. No OSD lease revenue debt was issued. Of the total debt issued in fiscal 2016, 25.0 percent (\$1.00 billion) was issued as new-money debt and 75.0 percent (\$3.00 billion) was issued as refunding debt (*Table 6.7*).

The largest issuance for 2016 was a refunding transaction issued by the North Texas Tollway Authority (NTTA) for \$987.8 million to refund certain of its First Tier Revenue Refunding Bonds.

*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 2012	FY 2013	FY 2014	FY 2015	FY 2016	
<b>Issuers</b>	11	9	11	10	12	
<b>Issuances</b>	19	15	16	19	25	
<b>Tax-Supported</b>						
New Money	\$ 47.5	\$ 28.9	\$ 24.4	\$ 9.0	\$ 1.1	
Refunding	17.3	-	9.7	2.0	16.0	
<b>Subtotal</b>	<b>\$ 64.8</b>	<b>\$ 28.9</b>	<b>\$ 34.1</b>	<b>\$ 11.0</b>	<b>\$ 17.1</b>	
<b>Revenue</b>						
New Money	\$ 709.1	\$ 122.1	\$ 148.2	\$ 91.9	\$ 983.8	
Refunding	294.6	1,143.2	66.8	1,550.0	2,221.3	
<b>Subtotal</b>	<b>\$ 1,003.7</b>	<b>\$ 1,265.3</b>	<b>\$ 215.0</b>	<b>\$ 1,641.9</b>	<b>\$ 3,205.2</b>	
<b>Sales Tax</b>						
New Money	\$ 557.1	\$ 248.3	\$ 166.1	\$ 111.4	\$ 16.5	
Refunding	-	-	1.2	478.6	760.0	
<b>Subtotal</b>	<b>\$ 557.1</b>	<b>\$ 248.3</b>	<b>\$ 167.3</b>	<b>\$ 590.0</b>	<b>\$ 776.5</b>	
<b>Lease-Revenue Obligations</b>						
New Money	\$ -	\$ -	\$ -	\$ -	\$ -	
Refunding	-	-	9.7	41.8	-	
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9.7</b>	<b>\$ 41.8</b>	<b>\$ -</b>	
<b>Total New Money</b>	<b>\$ 1,313.7</b>	<b>\$ 399.4</b>	<b>\$ 338.7</b>	<b>\$ 212.3</b>	<b>\$ 1,001.4</b>	
<b>Total Refunding</b>	<b>311.9</b>	<b>1,143.2</b>	<b>87.4</b>	<b>2,072.4</b>	<b>2,997.3</b>	
<b>Total Debt Issued</b>	<b>\$ 1,625.6</b>	<b>\$ 1,542.6</b>	<b>\$ 426.2</b>	<b>\$ 2,284.7</b>	<b>\$ 3,998.7</b>	
*Excludes commercial paper						
Source: Texas Bond Review Board - Bond Finance Office						

### Build America Bonds

As of August 31, 2016, 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.)

Table 6.8		
Texas Other Special Districts and Authorities		
Build America Bonds Outstanding		
(\$ in millions)		
	County	Amount
Dallas Area Rapid Transit (DART)	Dallas	\$ 1,559.0
North Texas Tollway Authority (NTTA)	Dallas	1,135.0
Metropolitan Transit Authority (MTA) of Harris County	Harris	82.6
Cameron County 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, 2016 total CCD debt outstanding was 2.3 percent (\$5.01 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.

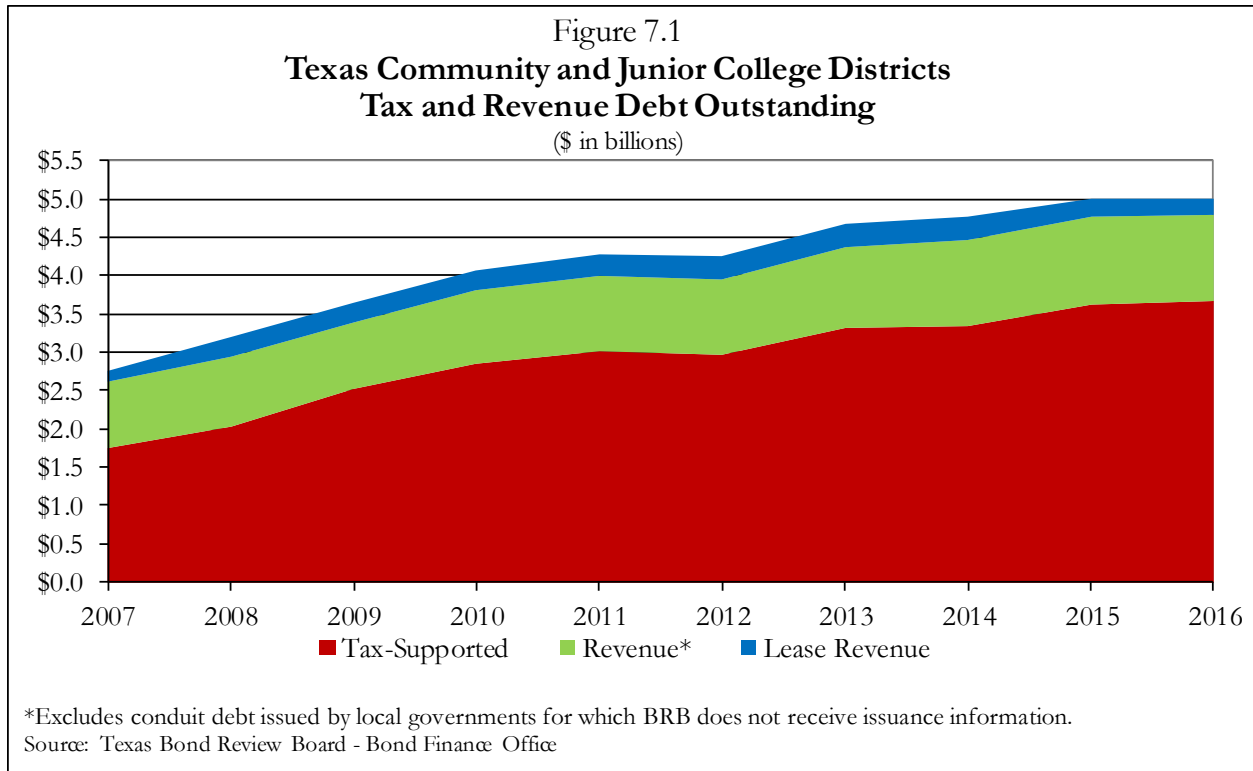
### CCD Debt Outstanding

As of August 31, 2016, 44 of the 50 CCDs had debt outstanding: 31 had tax-supported debt outstanding, 40 had revenue debt outstanding and 27 had both tax-supported and revenue debt outstanding. During fiscal year 2016 total debt outstanding for CCDs increased 0.1 percent (\$4.9 million) from \$5.00 billion in fiscal 2015 to \$5.01 billion in fiscal 2016. Of that amount, 73.4 percent (\$3.68 billion) was tax-supported, 22.2 percent (\$1.11 billion) was revenue and 4.4 percent (\$220.3 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)					
	2012	2013	2014	2015	2016
Tax-Supported	\$2,956.4	\$3,314.4	\$3,351.1	\$3,612.4	\$3,676.8
Revenue*	993.7	1,061.1	1,122.5	1,159.2	1,113.0
Lease-Revenue Obligations	302.8	297.0	290.5	233.7	220.3
<b>Total Debt Outstanding</b>	<b>\$ 4,252.9</b>	<b>\$ 4,672.5</b>	<b>\$ 4,764.1</b>	<b>\$ 5,005.2</b>	<b>\$5,010.1</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 111.4 percent (\$1.90 billion) since FY 2007 at an annual rate of 7.8 percent. The increase was largely due to facilities construction and renovation by Houston CCD, Lone Star College, Alamo CCD and Dallas CCD that have issued \$1.10 billion, \$1.01 billion, \$829.2 million and \$715.5 million in tax-supported debt, respectively, since FY 2007 (Figure 7.1).

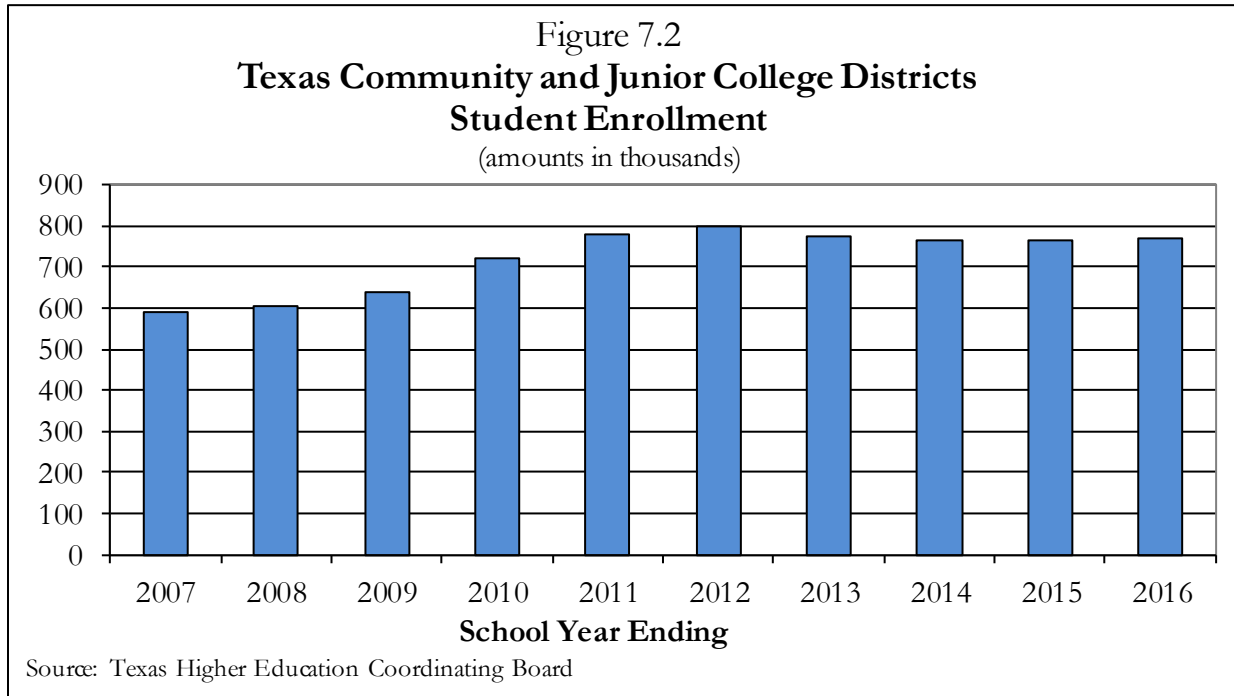


Of the 44 CCDs with debt outstanding, most were located in or near major metropolitan areas. Ten CCDs accounted for 84.2 percent of the total tax-supported debt outstanding (*Table 7.2*).

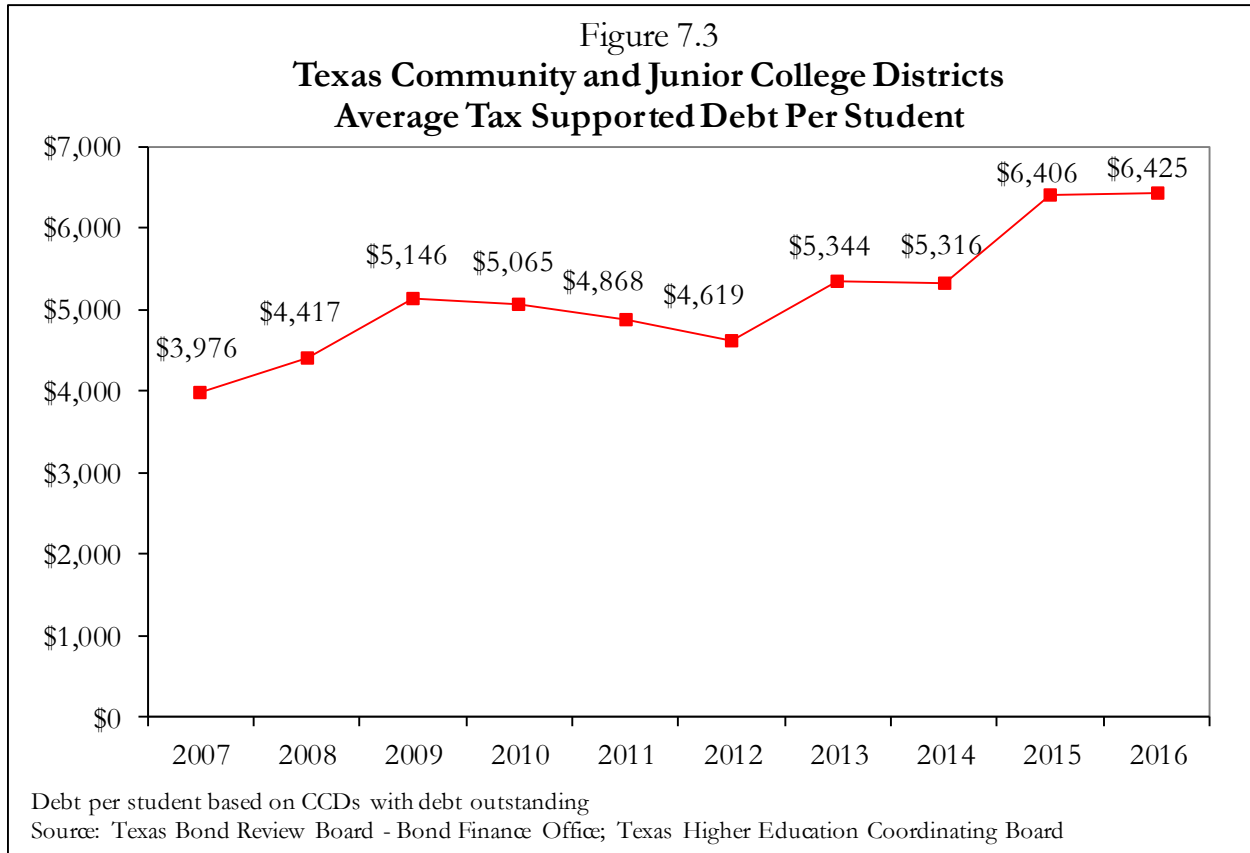
Table 7.2			
<b>Texas Community and Junior College Districts Issuers with Most Tax-Supported Debt Outstanding*</b>			
	Amount (millions)	Debt Per Capita	Debt per Student
Houston Community College System	\$624.8	\$270	\$11,057
Lone Star College System	527.7	223	6,235
Alamo CCD	422.9	221	6,281
San Jacinto CCD	405.5	762	11,533
Austin CCD	304.2	162	7,263
Dallas County CCD	294.1	117	3,477
South Texas CCD	161.9	180	4,671
Laredo CCD	155.7	617	17,778
Corpus Christi (Del Mar) JCD	132.9	373	12,115
Odessa JCD	65.8	480	11,676
Other Issuers	581.4	191	4,089
<b>Total</b>	<b>\$3,676.8</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 increased by 30.4 percent over the past ten years from 590,436 in 2007 to 769,880 in 2016 (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 has declined since a record high of 796,755 students in 2012.



As of August 31, 2016, tax-supported debt per student averaged \$6,425 for CCDs, an increase of 0.3 percent (\$18.5) from FY 2015 due to an increase in tax-supported new money issuances in fiscal 2016. Since FY 2012, tax-supported debt per student has increased 39.1 percent from \$4,619 to \$6,425. Since FY 2007, tax-supported debt per student has increased by 61.6 percent from \$3,976 to \$6,425 (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.

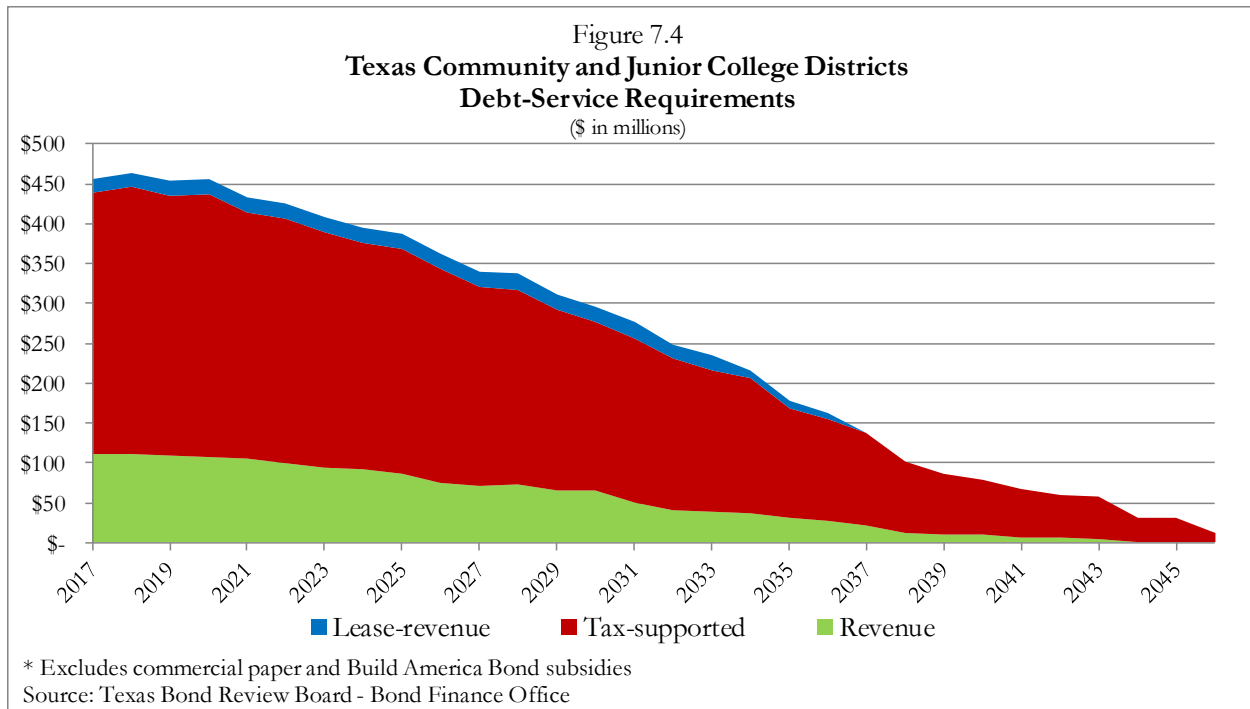
Table 7.3  
**Texas Community and Junior College Districts  
 Debt-Service Requirements by Fiscal Year\***  
 (\$ in millions)

	2017	2018	2019	2020	2021	2022 & Beyond
Tax-Supported	\$329.3	\$334.0	\$326.4	\$329.4	\$308.9	\$3,969.7
Revenue	110.5	111.7	109.0	108.1	105.7	1,021.2
Lease-Revenue Obligations	17.2	17.7	17.9	18.1	18.3	257.6
<b>Total Debt Service</b>	<b>\$457.0</b>	<b>\$463.4</b>	<b>\$453.3</b>	<b>\$455.6</b>	<b>\$432.9</b>	<b>\$5,248.5</b>

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



As of August 31, 2016, debt-service requirements for CCDs totaled \$7.51 billion for which tax-supported debt was 74.5 percent (\$5.60 billion), revenue debt was 20.9 percent (\$1.57 billion) and lease-revenue obligations were 4.6 percent (\$346.8 million) (*Figure 7.4*).



### 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 2016, CCDs are expected to repay 23.8 percent (\$873.4 million) of tax-supported debt outstanding within five years, 47.9 percent (\$1.76 billion) within ten years and 86.2 percent (\$3.17 billion) within twenty years. Revenue debt principal repayment is expected to be 28.1 percent (\$375.0 million) within five years, 55.3 percent (\$737.5 million) within ten years and 95.2 percent (\$1.27 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	\$873.4	23.8%	\$375.0	28.1%
Within Ten Years	\$1,760.9	47.9%	\$737.5	55.3%
Within Twenty Years	\$3,168.7	86.2%	\$1,269.0	95.2%

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

Seven CCD issuers had CAB debt outstanding as of fiscal year 2016. CAB debt service accounts for 3.2 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	\$32.5	\$751.4	4.3%
Austin CCD	17.1	741.7	2.3%
Northeast Texas CCD	8.8	61.3	14.3%
McLennan CCD	0.9	112.2	0.8%
Victoria JCD	0.9	37.9	2.4%
Corpus Christi (Del Mar) JCD City of	0.9	218.9	0.4%
North Central Texas (Cooke Co) CCD	0.8	24.7	3.0%
<b>Total</b>	<b>\$61.9</b>	<b>\$1,948.2</b>	<b>3.2%</b>

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

## Debt Issuance

During fiscal year 2016 CCDs issued \$1.04 billion in debt, an increase of 9.6 percent from the \$947.4 million issued in fiscal 2015. Of that amount, 76.8 percent (\$796.9 million) was tax-supported debt, 23.2 percent (\$241.3 million) was revenue debt, and data collected by the BRB indicates that no lease-revenue was issued. Of the total amount issued, 32.8 percent (\$304.7 million) was new-money debt and 67.2 percent (\$697.5 million) was refunding debt. Refunding debt issuance increased by 57.1 percent from FY 2015 (*Table 7.6*).

Table 7.6						
Texas Community and Junior College Districts						
Debt Issued by Fiscal Year*						
(\$ in millions)						
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
<b>Issuers</b>	22	20	13	15	21	
<b>Issuances</b>	32	24	17	22	33	
<b>Tax-Supported</b>						
New Money	\$ 88.9	\$ 486.2	\$ 181.5	\$ 437.7	\$ 281.1	
Refunding	358.4	68.9	58.7	227.5	515.8	
<b>Subtotal</b>	<b>\$ 447.3</b>	<b>\$ 555.1</b>	<b>\$ 240.2</b>	<b>\$ 665.2</b>	<b>\$ 796.9</b>	
<b>Revenue</b>						
New Money	\$ 63.7	\$ 137.6	\$ 122.2	\$ 65.7	\$ 59.6	
Refunding	115.3	19.6	40.1	110.9	181.7	
<b>Subtotal</b>	<b>\$ 179.0</b>	<b>\$ 157.2</b>	<b>\$ 162.3</b>	<b>\$ 176.6</b>	<b>\$ 241.3</b>	
<b>Lease-Revenue Obligations</b>						
New Money	\$ 44.4	\$ -	\$ -	\$ -	\$ -	
Refunding	-	-	-	106	-	
<b>Subtotal</b>	<b>\$ 44.4</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 105.6</b>	<b>\$ -</b>	
<b>Total New Money</b>	<b>\$ 197.0</b>	<b>\$ 623.8</b>	<b>\$ 303.7</b>	<b>\$ 503.4</b>	<b>\$ 340.7</b>	
<b>Total Refunding</b>	<b>473.7</b>	<b>88.5</b>	<b>98.8</b>	<b>444.0</b>	<b>697.5</b>	
<b>Total Debt Issued</b>	<b>\$ 670.7</b>	<b>\$ 712.3</b>	<b>\$ 402.5</b>	<b>\$ 947.4</b>	<b>\$ 1,038.2</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, 2016, 33.1 million 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, 2016, HHD debt outstanding was 1.6 percent (\$3.49 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

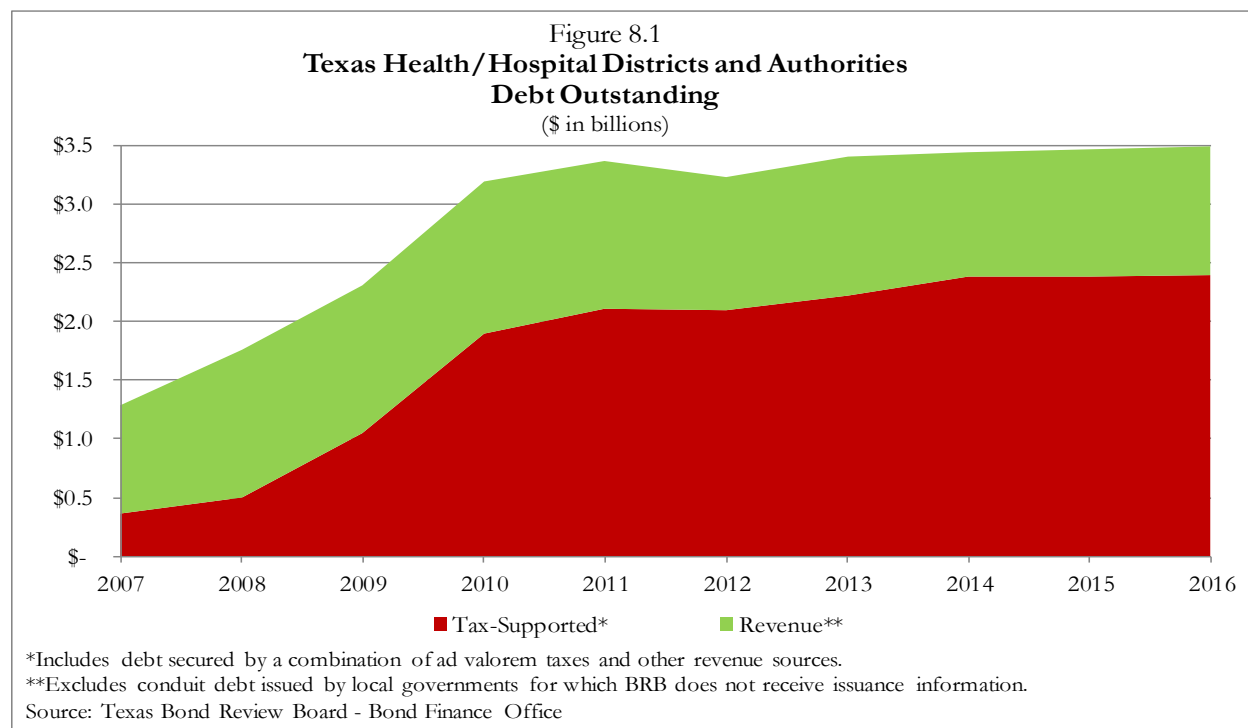
## Debt Outstanding

As of August 31, 2016, 43 HHDs had tax-supported debt outstanding, 56 had revenue debt outstanding, and one had sales tax revenue debt outstanding. During fiscal 2016 total debt outstanding for HHDs increased 0.7 percent (\$23.2 million) from \$3.47 billion in fiscal 2015 to \$3.49 billion in fiscal 2016 of which 68.5 percent (\$2.39 billion) was tax-supported debt, 29.8 percent (\$1.04 billion) was revenue debt and 1.7 percent (\$58.7 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)					
	2012	2013	2014	2015	2016
Tax-Supported*	\$2,093.1	\$2,213.0	\$2,378.4	\$2,375.7	\$2,392.4
Revenue**	1,114.1	1,130.0	999.9	1,032.6	1,040.4
Sales Tax Revenue	23.1	62.4	61.3	60.1	58.7
<b>Total Debt Outstanding</b>	<b>\$3,230.3</b>	<b>\$3,405.4</b>	<b>\$3,439.6</b>	<b>\$3,468.3</b>	<b>\$3,491.5</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 555.9 percent (\$2.03 billion), a compound annual growth rate of 20.7 percent, primarily due to the issuances of \$302.6 million by Harris County Hospital District in fiscal 2008, \$572.6 million by Bexar County Hospital District in fiscal 2009, \$705.0 million by Dallas County Hospital District in fiscal 2010, \$204.9 million by Bexar County Hospital District in fiscal 2011, and \$244.7 million by El Paso County Hospital District in fiscal 2013 (*Figure 8.1*).



Of the 90 HHDs with debt outstanding as of August 31, 2016, most were located in or near major metropolitan areas. The top 10 districts accounted for 74.9 percent of the total HHD debt 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	\$ 718.5	\$ -	\$ 718.5
Bexar County Hospital District (University Health System)	690.5	0.0	690.5
El Paso County Hospital District	357.0	0.0	357.0
Harris County Hospital District	62.8	275.2	338.1
Joint Guadalupe County-City of Seguin Hospital Board of Managers	0.0	117.2	117.2
Decatur Hospital Authority	0.0	112.7	112.7
Midland County Hospital District (Midland Memorial)	101.1	3.0	104.1
OakBend Medical Center	0.0	69.7	69.7
Nacogdoches County Hospital District	0.0	58.7	58.7
Ector County Hospital District	0.0	47.8	47.8
Other Issuers	462.6	414.7	877.2
<b>Total</b>	<b>\$ 2,392.4</b>	<b>\$ 1,099.1</b>	<b>\$ 3,491.5</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. The top 10 districts with tax-supported debt outstanding accounted for 87.7 percent (\$2.10 billion) of the total HHD tax supported debt outstanding.

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*
Dallas County Hospital District	\$ 718.5	\$ 284
Bexar County Hospital District (University Health System)	690.5	372
El Paso County Hospital District	357.0	435
Midland County Hospital District (Midland Memorial)	101.1	649
Harris County Hospital District	62.8	14
Andrews County Hospital District	44.4	2,756
Seminole Memorial Hospital District	43.7	3,035
Reagan Hospital District	30.6	8,814
Deaf Smith County Hospital District	25.4	1,302
Hunt Hospital District	24.6	285
Other Issuers	\$ 293.8	(Not Available)
<b>Total</b>	<b>\$ 2,392.4</b>	

\* 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

*CAB Debt Outstanding*

OakBend Medical Center is the only HHD issuer that had CAB debt outstanding as of fiscal year end 2016. The maturity amount is \$37.9 million and debt service accounts for 29.1 percent of the total debt service owed by the issuer.

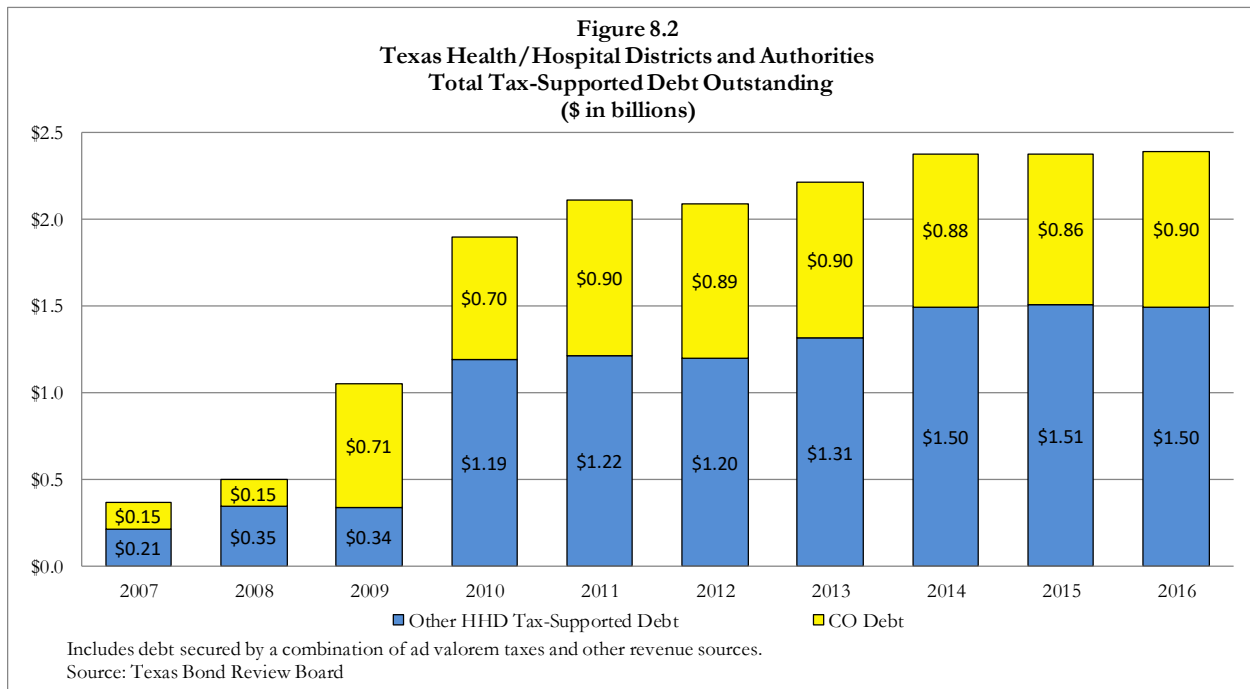
*Certificates of Obligation Outstanding*

As of August 31, 2016, four HHDs had issued CO debt totaling \$897.2 million (*Table 8.5*). These issuances accounted for 37.5 percent of total HHD tax-supported debt outstanding (*Figure 8.2*) and 25.7 percent of total HHD debt outstanding including revenue debt. (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 Hospital District (University Health System)	\$690.5	100.0%
El Paso County Hospital District	132.6	37.1%
Harris County Hospital District	62.8	100.0%
Travis County Healthcare District	11.4	100.0%
<b>Total</b>	<b>\$897.2</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, 2016, Harris County Hospital District was the only hospital district authorized to issue commercial paper notes and 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.

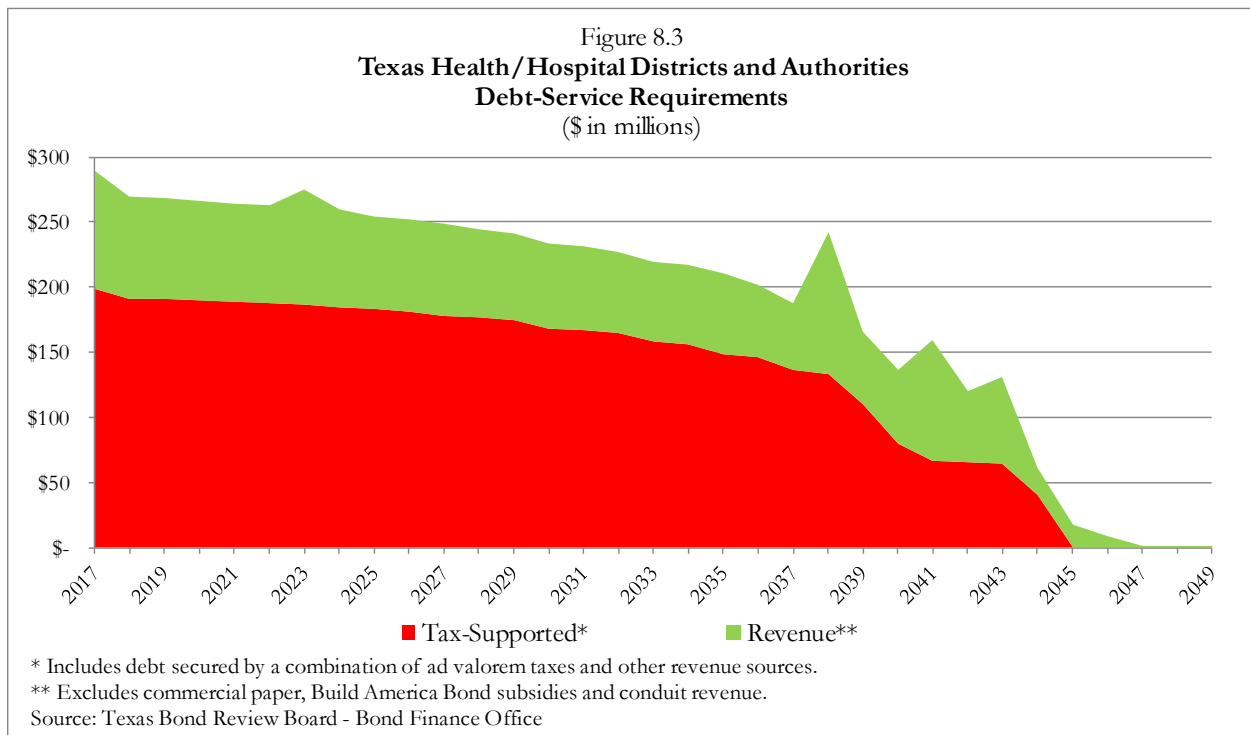
**Table 8.6**  
**Texas Health/Hospital Districts and Authorities**  
**Debt-Service Requirements by Fiscal Year\***  
**(\$ in millions)**

	2017	2018	2019	2020	2021	2022 & beyond
Tax-Supported	\$198.7	\$190.6	\$190.6	\$190.5	\$189.2	\$3,260.6
Revenue	87.4	74.7	74.3	72.2	71.3	1,470.2
Sales Tax Revenue	3.2	3.8	3.8	3.8	3.8	83.0
<b>Total Debt Service</b>	<b>\$289.3</b>	<b>\$269.0</b>	<b>\$268.6</b>	<b>\$266.5</b>	<b>\$264.2</b>	<b>\$4,813.8</b>

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



As of August 31, 2016, total scheduled debt-service requirements for HHDs totaled \$6.17 billion of which tax-supported debt service was 68.4 percent (\$4.22 billion), revenue debt service was 30.0 percent (\$1.85 billion) and sales tax revenue debt service was 1.6 percent (\$101.3 million). *Figure 8.3* illustrates annual debt-service requirements for HHDs with tax and revenue debt outstanding.



### 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 2016, HHDs are expected to repay 15.5 percent (\$370.3 million) in principal outstanding of tax-supported debt within five years, 33.3 percent (\$795.9 million) within ten years and 75.7 percent (\$1.81 billion) within twenty years. Revenue debt principal repayment is expected to be 14.8 percent (\$162.5 million) within five years, 29.4 percent (\$322.9 million) within ten years and 61.0 percent (\$669.9 million) within twenty years. The last maturity for HHD tax-supported debt and HHD revenue debt will be repaid within 28 years (fiscal 2044) and 33 years (fiscal 2049), respectively (*Table 8.7*).

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

<b>Debt Repaid</b>	<b>Tax-Supported Debt**</b>	<b>Percent</b>	<b>Revenue Debt</b>	<b>Percent</b>
Within Five Years	\$ 370.3	15.5%	\$ 162.5	14.8%
Within Ten Years	\$ 795.9	33.3%	\$ 322.9	29.4%
Within Twenty Years	\$ 1,812.2	75.7%	\$ 669.9	61.0%

\*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 2016 HHDs issued \$296.1 million in total debt, an increase of 67.0 percent from the \$177.3 million issued in FY 2015. Of the FY 2016 issuances, 35.0 percent (\$103.7 million) was tax-supported, 59.6 percent (\$176.4 million) was revenue debt, and 5.4 percent (\$16.0 million) was sales tax revenue debt.

Of the total amount issued in fiscal 2016, 54.3 percent (\$160.9 million) was new-money debt and 45.7 percent (\$135.3 million) was refunding debt (*Table 8.8*). The largest transaction issued in fiscal 2016 was a revenue transaction for \$117.2 million by Joint Guadalupe County-City of Seguin Hospital Board of Managers that accounted for 39.6 percent of the total debt issued in fiscal 2016.

Table 8.8  
**Texas Health/Hospital Districts and Authorities**  
**Debt Issued by Fiscal Year\***  
(\$ in millions)

	2012	2013	2014	2015	2016
<b>Issuers</b>	11	15	17	16	14
<b>Issuances</b>	14	19	21	17	15
<b>Tax</b>					
New Money	\$ 16.0	\$ 164.7	\$ 211.7	\$ 54.6	\$ 81.3
Refunding	23.1	119.7	6.5	32.7	22.4
<b>Subtotal</b>	<b>\$ 39.1</b>	<b>\$ 284.4</b>	<b>\$ 218.2</b>	<b>\$ 87.3</b>	<b>\$ 103.7</b>
<b>Revenue</b>					
New Money	\$ 51.3	\$ 96.5	\$ 22.2	\$ 90.0	\$ 79.5
Refunding	10.5	98.1	87.6	-	96.8
<b>Subtotal</b>	<b>\$ 61.8</b>	<b>\$ 194.6</b>	<b>\$ 109.9</b>	<b>\$ 90.0</b>	<b>\$ 176.4</b>
<b>Sales Tax Revenue</b>					
New Money	\$ -	\$ 40	\$ -	\$ -	\$ -
Refunding	-	4.5	-	-	16.0
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 44.4</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16.0</b>
<b>Total New Money</b>	<b>\$ 67.3</b>	<b>\$ 301.1</b>	<b>\$ 233.9</b>	<b>\$ 144.6</b>	<b>\$ 160.9</b>
<b>Total Refunding</b>	<b>33.6</b>	<b>222.3</b>	<b>94.1</b>	<b>32.7</b>	<b>135.3</b>
<b>Total Debt Issued</b>	<b>\$ 100.9</b>	<b>\$ 523.4</b>	<b>\$ 328.1</b>	<b>\$ 177.3</b>	<b>\$ 296.1</b>

\*Excludes commercial paper

Source: Texas Bond Review Board - Bond Finance Office

## Build America Bonds Outstanding

As of August 31, 2016, four HHDs had Direct Payment Build America Bonds (BAB) outstanding totaling \$1.25 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).

Table 8.9	
Texas Health/Hospital Districts and Authorities	
Build America Bonds Outstanding	
As of August 31, 2016	
(\$ in millions)	
	Amount
Dallas County Hospital District	\$ 680.2
Bexar County Hospital District (University Health System)	427.7
Midland County Hospital District (Midland Memorial)	98.4
Ector County Hospital District	44.7
<b>Total</b>	<b>\$ 1,250.9</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 various sources, including newspaper articles, the Municipal Advisory Council's *Texas Bond Reporter*, and the U.S. Department of Justice.

*Table A1* shows the number of voter-approved bond elections for the past five fiscal years. *Table A2* 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 2016 elections are shown in *Tables A3 through A6*. A total of 176 local governments held bond elections during FY 2016.

On November 8, 2016, bond elections were held by 44 local governments, 38 of which approved debt totaling \$4.84 billion.

Table A1 Texas Local Government Number of Bond Elections Approved by Fiscal Year											
	2012		2013		2014		2015		2016		Total Percentage Approved
City	24	75%	51	93%	54	78%	64	93%	53	93%	87%
CCD	2	67%	4	100%	3	100%	5	100%	1	50%	88%
County	6	75%	7	88%	9	75%	4	80%	12	92%	83%
HHD	1	100%	3	100%	3	60%	1	33%	0	N/A	67%
OSD	1	100%	0	N/A	0	N/A	0	N/A	0	N/A	100%
ISD	60	65%	97	79%	103	68%	116	82%	108	79%	75%
WD	33	87%	50	98%	34	100%	49	96%	34	97%	96%
<b>Total</b>	<b>127</b>	<b>73%</b>	<b>212</b>	<b>87%</b>	<b>206</b>	<b>75%</b>	<b>239</b>	<b>87%</b>	<b>208</b>	<b>86%</b>	<b>83%</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**  
**Estimated Bond Election Results by Fiscal Year**  
(\$ in millions)

	2012	2013	2014	2015	2016
<b>Public School Districts</b>					
Election Amount	\$2,622.9	\$6,867.8	\$9,599.5	\$8,626.8	\$11,100.2
Amount Approved	2,101.0	5,792.9	7,965.9	7,244.1	10,555.9
Percent Approved	80.1%	84.3%	83.0%	84.0%	95.1%
<b>Counties</b>					
Election Amount	\$450.9	\$74.5	\$995.8	\$414.0	\$1,557.9
Amount Approved	248.9	67.7	663.9	64.0	1,270.6
Percent Approved	55.2%	90.9%	66.7%	15.5%	81.6%
<b>Water Districts and Authorities</b>					
Election Amount	\$1,561.7	\$2,113.4	\$7,505.5	\$2,502.2	\$1,861.8
Amount Approved	1,306.0	2,106.3	7,505.5	2,341.2	1,851.8
Percent Approved	83.6%	99.7%	100.0%	93.6%	99.5%
<b>Cities, Towns, Villages</b>					
Election Amount	\$803.9	\$2,556.2	\$1,003.6	\$1,824.8	\$1,009.8
Amount Approved	744.1	2,458.1	848.0	1,157.8	923.1
Percent Approved	92.6%	96.2%	84.5%	63.5%	91.4%
<b>Community and Junior College District</b>					
Election Amount	\$77.7	\$997.7	\$273.8	\$1,047.9	\$513.5
Amount Approved	47.0	997.7	273.8	1,047.9	425.0
Percent Approved	60.5%	100.0%	9.0%	100.0%	82.8%
<b>Health/Hospital Districts and Authorities</b>					
Election Amount	\$59.4	\$56.4	\$139.5	\$66.0	\$0.0
Amount Approved	59.4	56.4	62.5	10.0	0.0
Percent Approved	100.0%	100.0%	44.8%	15.1%	N/A
<b>Other Special Districts and Authorities</b>					
Election Amount	\$12.0	\$0.0	\$0.0	\$0.0	\$0.0
Amount Approved	12.0	0.0	0.0	0.0	0.0
Percent Approved	100.0%	N/A	N/A	N/A	N/A
<b>Total Election Amount</b>	<b>\$5,588.5</b>	<b>\$12,666.0</b>	<b>\$19,517.6</b>	<b>\$14,481.6</b>	<b>\$16,043.2</b>
<b>Total Amount Approved</b>	<b>\$4,518.3</b>	<b>\$11,479.0</b>	<b>\$17,319.7</b>	<b>\$11,864.9</b>	<b>\$15,026.4</b>
<b>Total Percent Approved</b>	<b>80.8%</b>	<b>90.6%</b>	<b>88.7%</b>	<b>81.9%</b>	<b>93.7%</b>

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

Table A3  
**Texas Local Government  
Carried Propositions  
Bond Elections May 07, 2016**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Public School Districts</b>			
Agua Dulce ISD	Nueces	School Renovation	\$5.0
Anahuac ISD	Chambers	Athletic Facilities & Renovations	15.0
Anna ISD	Collin	New Schools	155.0
Aransas Pass ISD	San Patricio	New School, Upgrades, Athletics	17.9
Boerne ISD	Kendall	New Schools, Renovations, Technology, Safety & Security	175.0
Bonham ISD	Fannin	New Schools, Additions & Renovations	30.0
Chisum ISD	Lamar	Auditorium	4.6
Chisum ISD	Lamar	School Renovations	18.5
Chisum ISD	Lamar	Multi-Purpose Center	3.9
Cleburne ISD	Johnson	New School, Renovations & Technology	130.6
Clifton ISD	Bosque	New Elementary School	18.0
Clifton ISD	Bosque	Auditorium	7.3
Clyde Cons ISD	Callahan	School Building	7.0
Coppell ISD	Dallas	Safety and Security, Technology, Renovations & District Improvements	249.0
Culberson County-Allamore ISD	Culberson	New Construction & Facility Improvements	30.0
Dickinson ISD	Galveston	School Building	70.0
East Central ISD	Bexar	School Building, Performing Arts Center, Additions & Renovations	86.1
Era ISD	Cooke	Athletics, Renovations, & Parking	3.3
Galena Park ISD	Harris	New School Building & Renovations	290.0
Ganado ISD	Jackson	School Building	24.4
Goodrich ISD	Polk	Renovations & Buses	3.0
Grapevine-Colleyville ISD	Tarrant	Additions, Technology, Infrastructure, & Safety	249.0
Highland ISD	Nolan	School Building	7.5
Huffman ISD	Harris	Additions, Renovations, Safety & Security	44.1
Industrial ISD	Jackson	School Building	25.0
Judson ISD	Bexar	New School Buildings	73.0
Judson ISD	Bexar	Renovations	135.8
Judson ISD	Bexar	Repairs	5.2
Liberty Hill ISD	Williamson	New School Building, Renovations & Land Acquisition	35.0
Liberty-Eylau ISD	Bowie	Renovations	19.9
Liberty-Eylau ISD	Bowie	Athletic Facilities	1.0
Lockney ISD	Floyd	Athletic Facilities	3.3
Lockney ISD	Floyd	School Additions, Renovation & Buses	3.3

Table A3 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 07, 2016**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Public School Districts Cont'd</b>			
Lubbock-Cooper ISD	Lubbock	New School Buildings & Additions	\$208.2
Manor ISD	Travis	New School Buildings, Technology & Buses	86.0
McKinney ISD	Collin	Renovations, Safety & Security, & Athletic Facility	220.0
Medina Valley ISD	Medina	New School Building & Renovations	78.0
Melissa ISD	Collin	Renovations, Land Acquisition, & Buses	150.0
Midway ISDa	Clay	School Building	6.3
Munday CISD	Knox	School Building	8.0
Nocona ISD	Montague	School Building (High School)	15.1
Normangee ISD	Leon	Renovations & Security	12.0
Pittsburg ISD	Camp	Gym, Renovations	11.0
Plano ISD	Collin	Renovations, Fine Arts, Technology, Safety & Security	481.0
Richardson ISD	Dallas	Renovations, Technology & Library Improvements	437.1
Rio Hondo ISD	Cameron	School Building	20.0
Round Top-Carmine ISD	Fayette	School Building & Transportation	2.4
Rusk ISD	Cherokee	Renovations	7.5
Santa Maria ISD	Cameron	School Building	9.4
Schulenburg ISD	Fayette	Renovations	5.6
Sealy ISD	Austin	School Additions & Renovations	43.2
Sheldon ISD	Harris	New Schools, Facility Improvements, & Renovations	285.0
Silverton ISD	Briscoe	School Building and Security	10.4
Somerville ISD	Burleson	School Building	12.6
Splendora ISD	Montgomery	School Building, Renovations and Athletic Facilities	30.0
Sweetwater ISD	Nolan	School Building & Technology	13.0
Tahoka ISD	Lynn	School Building	9.0
Terrell ISD	Kaufman	School Building, Learning Center & Renovations	45.0
Timpson ISD	Shelby	School Building & Buses	9.5
Tomillo ISD	El Paso	Renovations & Athletic Facilities	10.0
Venus ISD	Johnson	Renovations & Athletics	30.0
Wall ISD	Tom Green	School Building & Renovations	19.7
Wimberley ISD	Hays	Replace Athletic Turf	0.5
Wimberley ISD	Hays	School Building & Buses	6.0
Wolfe City ISD	Hunt	School Building	2.5
<b>Public School Districts Total</b>			<b>\$4,229.8</b>



Table A3 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 07, 2016**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Cities, Towns, Villages</b>			
Allen	Collin	Parks & Recreation	\$27.0
Allen	Collin	Public Facility	16.0
Allen	Collin	Streets & Drainage	23.9
Allen	Collin	Public Art	1.8
Allen	Collin	Public Safety	24.4
Beeville	Bee	Water	4.5
Commerce	Hunt	Renovating Public Library	0.6
Kaufman	Kaufman	Streets & Roads	4.2
Kaufman	Kaufman	City Hall & Police Department	6.6
Leander	Williamson	Transportation Projects	22.5
Leander	Williamson	Parks & Recreation	26.3
Leander	Williamson	Recreation Center	18.0
Leander	Williamson	Senior Center	4.2
Portland	San Patricio	Parks & Recreation	25.2
Willow Park	Parker	Public Safety Building	4.5
Willow Park	Parker	Road Repairs	2.2
<b>Cities, Towns, Villages Total</b>			<b>\$211.9</b>
<b>Water Districts</b>			
Fort Bend-Waller Counties MUD 2	Fort Bend	Road	16.8
Fort Bend-Waller Counties MUD 2	Fort Bend	Parks & Recreation	7.7
Fort Bend-Waller Counties MUD 2	Fort Bend	Water, Sewer & Drainage	40.6
Port O'Connor MUD	Calhoun	Water	12.0
Port Of Port Arthur ND	Jefferson	Port Renovations	90.0
Travis County MUD 22	Travis	Parks & Recreation	7.3
Travis County MUD 22	Travis	Water, Sewer & Drainage	102.0
Travis County MUD 22	Travis	Road	12.5
<b>Water Districts Total</b>			<b>288.7</b>
<b>Total Carried</b>			<b>4,730.4</b>

Table A4  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections May 07, 2016**  
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
<b>Public School Districts</b>			
Callisburg ISD	Cooke	School Building	\$13.0
Campbell ISD	Hunt	Renovations & Buses	5.0
Cross Plains ISD	Callahan	School Building	3.0
Donna ISD	Hidalgo	School Building	22.0
Douglass ISD	Nacogdoches	School Additions & Renovations	7.0
Dublin ISD	Erath	Renovations & Athletic Facilities	10.0
Grapeland ISD	Houston	New School Building & Transportation	9.6
Harleton ISD	Harrison	Acquisition, Renovation & Equipment	11.8
Huckabay ISD	Erath	School Buildings	6.3
Judson ISD	Bexar	Upgrades & Additions to High School	51.6
La Feria ISD	Cameron	Renovations	14.0
La Vernia ISD	Wilson	Renovations, Band Hall & Technology	33.2
Muenster ISD	Cooke	Computers & Buses	3.3
North Lamar ISD	Lamar	School Building	56.0
Perrin-Whitt Cons ISD	Jack	Athletic Facilities & School Building	2.5
Pewitt ISD	Morris	Renovations, Safety & Security	16.0
Pilot Point ISD	Denton	Additions, Athletics, & Land Acquisition	13.7
Roscoe ISD	Nolan	School Building	5.0
Schulenburg ISD	Fayette	Athletics	0.4
Weslaco ISD	Hidalgo	School Building, Renovations & Athletics	109.0
West Hardin County Cons ISD	Hardin	School Building	12.5
Woodville ISD	Tyler	School Building, Athletics, Renovations	30.0
<b>Public School Districts Total</b>			<b>\$434.7</b>
<b>Cities, Towns, Villages</b>			
Red Oak	Ellis	Parks & Recreation	\$17.3
<b>Cities, Towns, Villages Total</b>			<b>\$17.3</b>
<b>Community College Districts</b>			
Alvin CCD	Brazoria	Campus Improvements	\$88.5
<b>Community College Districts Total</b>			<b>\$88.5</b>
<b>Total Defeated</b>			<b>\$540.4</b>

Table A5  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 03, 2015**  
(\$ in millions)

<b>Issuer</b>	<b>County</b>	<b>Purpose</b>	<b>Amount Approved</b>
<b>Public School Districts</b>			
Aldine ISD	Harris	School Building	\$798.0
Allen ISD	Collin	School Building & Technology	272.6
Alvin ISD	Brazoria	School Building & Auditorium	245.0
Athens ISD	Henderson	School Building	59.9
Burkburnett ISD	Widhita	School Building	47.1
Canadian ISD	Hemphill	School Building & Buses	15.0
Cleveland ISD	Liberty	School Building	35.0
College Station ISD	Brazos	School Building and Buses	135.9
Collinsville ISD	Grayson	School Building	8.5
Conroe ISD	Montgomery	School Building	487.0
Dallas ISD	Dallas	School Building & Technology	1600.0
Dilley ISD	Frio	School Building & Buses	15.0
East Chambers ISD	Chambers	School Building	10.0
Georgetown ISD	Williamson	School Building	160.6
Godley ISD	Johnson	School Building & Technology	50.0
Grand Prairie ISD	Dallas	Refunding	65.0
Grand Prairie ISD	Dallas	School Building	91.0
Gruver ISD	Hansford	School Building (Gymnasium) & Buses	2.5
Higgins ISD	Lipscomb	School Building & Buses	2.0
Highland Park ISDa	Dallas	School Building	361.4
Ingleside ISD	San Patricio	School Building	44.0
Jourdanton ISD	Atascosa	School Buildings	46.0
Mabank ISD	Kaufman	School Building & Security	10.0
Magnolia ISD	Montgomery	District Conference Center & Turf for Football Fields	8.0
Magnolia ISD	Montgomery	School Building, Buses, & Security	84.0
Marion ISD	Guadalupe	School Building	10.0
Marion ISD	Guadalupe	Stadium Improvements	1.0
Mason ISD	Mason	Construction, Renovation & Equipment	4.5
Navarro ISD	Guadalupe	New Construction, Renovations, Additions	21.0
New Braunfels ISD	Comal	School Building, Renovation, Safety & Improvements	62.8
North East ISD	Bexar	School Building, Technology, & Security	500.0
Quitman ISD	Wood	School Building, Additions & Renovations	10.5
Rockwall ISD	Rockwall	School Buildings, Buses, & Security	256.8
San Perlita ISD	Willacy	School Building	3.0
Sunray ISD	Moore	School Building, Buses, & Stadium Improvements	5.6
Taylor ISD	Williamson	School Building, Additions & Athletics Facilities	21.0
Temple ISD	Bell	School Buildings, Renovations, & Athletics Facilities	136.5

Table A5 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 03, 2015**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Public School Districts Cont'd</b>			
Texline ISD	Dallam	School Building	\$2.1
Van ISD	Van Zandt	School Building Expansions	13.2
Waller ISD	Waller	School Building, Technology, Buses, Safety & Security	71.3
Waskom ISD	Harrison	School Building	13.4
Willis ISD	Montgomery	School Building	109.5
Ysleta ISD	El Paso	School Building, Technology, Safety & Security	430.5
<b>Public School Districts Total</b>			<b>6,326.1</b>
<b>Cities, Towns, Villages</b>			
Baytown	Harris	Golf Course	\$12.5
Canyon	Randall	Aquatic Center	6.0
Cedar Park	Williamson	Public Safety	7.6
Cedar Park	Williamson	Streets & Roads	63.0
Cedar Park	Williamson	Parks & Recreation	5.7
Cedar Park	Williamson	Library	20.5
Cibolo	Guadalupe	Street & Bridge	3.5
Cleburne	Johnson	Economic Development	25.0
Converse	Bexar	City Library Facilities	0.8
Converse	Bexar	Public Safety	3.0
Converse	Bexar	Animal Shelter	2.0
Converse	Bexar	City Parks and Recreational Facilities	1.0
Converse	Bexar	City Hall Complex	2.5
Converse	Bexar	Street Improvements	10.6
Glenn Heights	Dallas	Parks & Recreation, Community Center	3.5
Glenn Heights	Dallas	Public Safety Facilities	3.5
Glenn Heights	Dallas	Street Improvements	8.0
Hollywood Park	Bexar	Parks and Recreational Facilities	3.7
Lewisville	Denton	Parks and Recreational Facilities, New Aquatic Center	13.0
Lewisville	Denton	Parks and Recreational Facilities	39.9
Lewisville	Denton	Street Improvements	71.6
Lewisville	Denton	Public Safety Facilities	10.5
McKinney	Collin	Municipal Building Improvements	11.7
McKinney	Collin	Parks & Recreation	13.4
McKinney	Collin	Public Safety Facilities	22.5
McKinney	Collin	Street Improvements	64.1
McKinney	Collin	Flood Control	2.0
Mesquite	Dallas	Street Improvements	125.0
Pflugerville	Travis	Animal Shelter	10.7
Richardson	Collin	Parks & Recreational Facilities, Senior Center	7.2
Richardson	Collin	Sidewalks	2.2
Richardson	Collin	Street Improvements	38.8

Table A5 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 03, 2015**  
(\$ in millions)

Issuer	County	Purpose	Amount Approved
<b>Cities, Towns, Villages Cont'd</b>			
Richardson	Collin	Animal Shelter, Fire Station, & Library	\$67.0
Richland Hills	Tarrant	Parks and Recreational Facilities	8.9
Schertz	Guadalupe	Improvements	7.0
Schertz	Guadalupe	Public Safety Facilities & Fire Station	8.0
Trophy Club	Denton	Joint Police/Town Hall Facility	5.4
<b>Cities, Towns, Villages Total</b>			<b>\$711.2</b>
<b>Water Districts</b>			
Conroe Municipal Management District 1	Montgomery	Road	\$187.6
Conroe Municipal Management District 1	Montgomery	Water, Sanitary Sewer, & Drainage	250.8
Conroe Municipal Management District 1	Montgomery	Park & Recreational Facilities	29.7
Fort Bend County MUD 194	Fort Bend	Refunding	34.3
Greenwood UD	Harris	Park & Recreational Facilities	3.1
Harris County FCD	Harris	Flood Control	64.0
Harris County FWSD 52	Harris	Drainage	25.0
Harris County MUD 200	Harris	Refunding	29.0
Harris County MUD 200	Harris	Water, Sewer & Drainage	29.0
Harris County MUD 231	Harris	Water, Sewer & Drainage	50.0
Harris County MUD 231	Harris	Park & Recreational Facilities	2.0
Harris County MUD 231	Harris	Road	6.0
Harris County WCID 001	Harris	Water, Sewer & Drainage	16.0
Harris County WCID 116	Harris	Water & Wastewater System	19.9
Montgomery County MUD 148	Montgomery	Roads	200.0
Montgomery County MUD 148	Montgomery	Water, Sewer & Drainage	268.0
Montgomery County MUD 148	Montgomery	Park & Recreational Facilities	32.0
Montgomery County MUD 24	Montgomery	Sewer	44.0
Northwest Harris County MUD 28	Harris	Park & Recreational Facilities	1.1
Rolling Creek UD	Harris	Water, Sewer, Drainage, & Refunding	35.5
Stanley Lake MUD	Montgomery	Water, Sewer & Drainage	26.6
West Harris County MUD 09	Harris	Water, Sewer & Drainage	24.0
Williams Ranch MUD 1	Fort Bend	Recreation Center	8.1
Williams Ranch MUD 1	Fort Bend	Water, Sewer & Drainage	126.0
Wilmer MUD 1	Dallas	Road	18.5
Wilmer MUD 1	Dallas	Water, Sewer & Drainage	32.9
<b>Water Districts Total</b>			<b>\$1,563.1</b>

Table A5 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 03, 2015**  
(\$ in millions)

Issuer	County	Purpose	Amount Approved
<b>Counties</b>			
Comal County	Comal	Jail Facility	\$76.0
Crockett County	Crockett	Jail Facility	6.0
Crockett County	Crockett	Health Center	4.0
Fort Bend County	Fort Bend	Parks and Recreational Facilities	9.9
Fort Bend County	Fort Bend	County Fairground Improvements	6.0
Fort Bend County	Fort Bend	Justice Center	62.9
Fort Bend County	Fort Bend	County Library Facilities	19.8
Harris County	Harris	Road Improvement	700.0
Harris County	Harris	Park bonds	60.0
Harris County	Harris	Animal Care and Control	24.0
Kendall County	Kendall	Criminal Justice Center	22.0
Montgomery County	Montgomery	Road, Bridge, Drainage & Intersection Improven	280.0
<b>Counties Total</b>			<b>\$1,270.6</b>
<b>Community College Districts</b>			
San Jacinto JCD	Harris	College Facilities	\$425.0
<b>Community College Districts Total</b>			<b>\$425.0</b>
<b>Total Carried</b>			<b>\$10,296.0</b>

Table A6  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections November 03, 2015**  
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
<b>Public School Districts</b>			
Carrizo Springs Cons ISD	Dimmit	School Building	\$30.0
Childress ISD	Childress	School Building	18.0
Groesbeck ISD	Limestone	School Building & Buses	8.0
Nacogdoches ISD	Nacogdoches	New School Buildings	43.3
Natalia ISD	Medina	Capital Improvements Program	9.1
Sunray ISD	Moore	Football Stadium	1.2
<b>Public School Districts Total</b>			<b>109.6</b>
<b>Cities, Towns, Villages</b>			
McKinney	Collin	Downtown Parking Structure	\$10.0
McKinney	Collin	Airport Improvements	50.0
Pflugerville	Travis	Streets Improvements	9.5
<b>Cities, Towns, Villages Total</b>			<b>69.5</b>
<b>County</b>			
Travis County	Travis	New Courthouse	\$287.3
<b>County Total</b>			<b>\$287.3</b>
<b>Water District</b>			
Harris County FWSD 52	Harris	Parks & Recreation Facilities & Refunding	\$10.0
<b>Water District Total</b>			<b>\$10.0</b>
<b>Total Defeated</b>			<b>\$476.4</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).

The passage of House Bill 114 during the 84th Legislative Session has placed certain restrictions on the issuance of certain capital appreciation bonds payable from ad valorem taxes. ISDs are the most frequent issuers of CABs and have approximately 74.3 percent of the total of all CAB maturity values outstanding from all issuers. Table B1 below lists the top 100 most expensive CABs issued and outstanding for ISDs as of fiscal-year end 2016 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 effect of including the premiums on PCABs in the comparison. (All but 6 of the transactions listed below are PCAB issuances).



**Table B1**  
**Texas Public School Districts**  
**Top 100 Most Expensive CABs Outstanding As of August 31, 2016**

Issuer	Issue	Closing Date	CAB Maturity Date	Maturity Value/Par	Maturity Value/Proceeds	Accreted Interest / Proceeds Ratio
Forney ISD	Unl Tax Ref Bonds Txbld Ser 2014A	2/18/2014	8/15/2053	12.69	10.87	10.01
Forney ISD	Unl Tax Ref Bonds Ser 2014	2/18/2014	8/15/2053	10.17	8.34	7.52
Forney ISD	Unl Tax Ref Bonds Txbld Ser 2013B	8/27/2013	8/15/2043	7.94	6.89	6.03
Lake Worth ISD	Unl Tax Ref Bonds Ser 2015A	3/19/2015	2/15/2019	133.29	6.77	6.72
Hutto ISD	Unl Tax Ref Bonds Ser 2012A	5/3/2012	8/1/2045	249.18	6.71	6.68
Anna ISD	Unl Tax School Bldg Bonds Ser 2010A	9/21/2010	8/15/2046	3,819.06	6.25	6.25
Anna ISD	Unl Tax School Bldg Bonds Ser 2011	6/23/2011	2/15/2051	6.17	5.87	4.92
Anna ISD	Unl Tax School Bldg Bonds Ser 2010	4/8/2010	8/15/2043	12.00	5.82	5.33
Forney ISD	Unl Tax Ref Bonds Ser 2013A	8/27/2013	8/15/2043	9.35	5.49	4.90
Comal ISD	Unl Tax School Bldg Bonds Ser 2009	12/1/2009	2/1/2038	15.71	5.32	4.98
Lake Worth ISD	Unl Tax Ref Bonds Ser 1995	9/21/1995	2/15/2024	8.25	5.31	4.66
Leander ISD	Unl Tax School Bldg Bonds Ser 2014C	2/20/2014	8/15/2049	5.32	5.26	4.27
Robstown ISD	Unl Tax School Bldg & Ref Bonds Ser 1994	1/4/1995	2/15/2022	13.16	5.26	4.86
Anna ISD	Unl Tax School Bldg Bonds Ser 2009	10/15/2009	8/15/2042	7.57	5.26	4.56
Galena Park ISD	Unl Tax School Bldg & Ref Bonds Ser 1996	8/20/1996	8/15/2031	6.09	5.11	4.27
Crowley ISD	Unl Tax Ref & School Bldg Bonds Ser 1993	5/19/1993	8/1/2023	9.87	5.04	4.53
Hillsboro ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	2/15/2001	8/15/2031	75.90	4.94	4.88
Frisco ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/24/2002	8/15/2034	11.65	4.79	4.37
Crowley ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	2/19/2002	8/1/2031	47.10	4.78	4.67
Frisco ISD	Unl Tax School Bldg & Ref Bonds Ser 1999	8/10/1999	8/15/2029	59.78	4.73	4.65
Anna ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	3/17/1998	8/15/2028	19.42	4.59	4.36
Burleson ISD	Unl Tax Ref Bonds Ser 1995	12/12/1995	8/1/2024	103.51	4.46	4.41
Leander ISD	Unl Tax School Bldg & Ref Bonds Ser 2008	5/29/2008	8/15/2041	5.84	4.45	3.69
Galena Park ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/24/2002	8/15/2032	4.75	4.43	3.50
Robstown ISD	Unl Tax Ref Bonds Ser 1997	12/30/1997	2/15/2026	5.75	4.40	3.63
Coppell ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	3/27/2001	8/15/2030	6.44	4.37	3.69
Lago Vista ISD	Unl Tax School Bldg & Ref Bonds Ser 1999	10/7/1999	8/15/2030	5.86	4.35	3.61
Lake Dallas ISD	Unl Tax School Bldg Bonds Ser 2008	12/11/2008	8/15/2044	6.54	4.32	3.66
La Joya ISD	Unl Tax Ref Bonds Ser 1992	12/17/1992	8/1/2018	43.18	4.29	4.19
Lake Dallas ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	1/16/2003	8/15/2035	5.07	4.27	3.43
Holland ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	4/17/1998	8/15/2028	17.77	4.20	3.97
Andrews ISD	Unl Tax School Bldg Bonds Ser 2011	8/10/2011	2/15/2021	4.17	4.16	3.17
Alvarado ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	12/30/1998	2/15/2029	7.79	4.06	3.54
Socorro ISD	Unl Tax Ref & School Bldg Bonds Ser 2000	5/25/2000	2/15/2024	13.06	4.06	3.75
Forney ISD	Unl Tax School Bldg & Ref Bonds Ser 2000	3/15/2000	8/15/2025	4.31	4.03	3.10
Charlotte ISD	Unl Tax School Bldg Bonds Ser 2009	8/20/2009	8/1/2031	8.27	4.00	3.51
Brock ISD	Unl Tax School Bldg Bonds Ser 2013	8/8/2013	8/15/2043	4.10	3.98	3.01
Hutto ISD	Unl Tax School Bldg & Ref Bonds Ser 1997	2/6/1997	2/1/2024	12.81	3.98	3.67
Presidio ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	5/14/1998	2/15/2028	4.50	3.94	3.06
Schertz-Cibolo-U City ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	12/12/2002	8/1/2028	8.01	3.93	3.44
Lake Worth ISD	Unl Tax School Bldg Bonds Ser 2007	8/10/2007	2/15/2034	3.98	3.87	2.90
Argyle ISD	Unl Tax School Bldg Bonds Ser 1998	10/21/1998	8/15/2030	3.85	3.85	2.85
Coppell ISD	Unl Tax School Bldg & Ref Bonds Ser 1995	2/23/1995	8/15/2026	4.01	3.85	2.89
Grand Prairie ISD	Unl Tax School Bldg & Ref Bonds Ser 2000A	12/13/2000	2/15/2026	4.38	3.84	2.96
Cedar Hill ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	3/28/2002	8/15/2032	8.92	3.72	3.31
Driscoll ISD	Unl Tax School Bldg Bonds Ser 2013	10/29/2013	8/15/2043	3.72	3.72	2.72
Presidio ISD	Unl Tax Txbld Ref Bonds Ser 1998	5/14/1998	2/15/2022	4.47	3.68	2.85
Forney ISD	Unl Tax Ref Bonds Ser 2012	7/11/2012	8/15/2039	7.26	3.67	3.16
Lewisville ISD	Unl Tax School Bldg & Ref Bonds Ser 1996	8/12/1996	8/15/2021	4.15	3.66	2.78
De Soto ISD	Unl Tax School Bldg & Ref Bonds Ser 2006	2/1/2006	8/15/2040	4.51	3.62	2.82

Issuer	Issue	Closing Date	CAB Maturity Date	Maturity Value/Par	Maturity Value/Proceeds	Accreted Interest / Proceeds Ratio
Wimberley ISD	Unl Tax School Bldg Bonds Ser 2013	8/7/2013	8/15/2041	3.61	3.61	2.61
Lake Dallas ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	10/16/2001	8/15/2029	3.91	3.59	2.68
Wylie ISDa	Unl Tax School Bldg Bonds Ser 2010	4/6/2010	8/15/2039	3.64	3.59	2.61
Spring Hill ISD	Unl Tax School Bldg & Ref Bonds Ser 2011	6/9/2011	2/15/2040	4.22	3.59	2.74
Sherman ISD	Unl Tax Ref Bonds Ser 1998	7/15/1998	2/15/2024	4.56	3.58	2.80
De Soto ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	8/21/2001	8/15/2029	13.30	3.56	3.29
Hurst-Eules-Bedford ISD	Unl Tax School Bldg & Ref Bonds Ser 1994	12/7/1994	8/15/2018	4.91	3.52	2.80
Paris ISD	Unl Tax School Bldg Bonds Ser 2009	8/20/2009	2/15/2033	7.00	3.51	3.01
Bartlett ISD	Unl Tax Ref Bonds Txbld Ser 1998	4/22/1998	2/15/2028	7.26	3.48	3.00
Midlothian ISD	Unl Tax School Bldg Bonds Ser 2011A	9/13/2011	2/15/2036	6.74	3.45	2.94
Burleson ISD	Unl Tax School Bldg & Ref Bonds Ser 2011	5/26/2011	8/1/2041	5.00	3.44	2.76
Sanger ISD	Unl Tax School Bldg Bonds Ser 2000	5/10/2000	2/15/2035	3.46	3.42	2.43
Keller ISD	Unl Tax School Bldg & Ref Bonds Ser 1996A	3/21/1996	8/15/2021	4.10	3.41	2.58
Weatherford ISD	Unl Tax School Bldg & Ref Bonds Ser 2000	3/15/2000	2/15/2035	3.60	3.37	2.43
Krum ISD	Unl Tax Ref Bonds Ser 1998	5/7/1998	8/15/2024	32.67	3.35	3.24
Southwest ISD	Unl Tax School Bldg Bonds Ser 2013	6/12/2013	2/1/2043	3.34	3.34	2.34
Caddo Mills ISD	Unl Tax School Bldg & Ref Bonds Ser 2003	8/7/2003	8/15/2032	3.91	3.34	2.48
Midlothian ISD	Unl Tax School Bldg & Ref Bonds Ser 2004	5/13/2004	2/15/2022	14.48	3.32	3.09
Waxahachie ISD	Unl Tax School Bldg Bonds Ser 2007	2/22/2007	8/15/2031	4.25	3.28	2.51
Navarro ISD	Unl Tax School Bldg & Ref Bonds Ser 2004	4/7/2004	2/15/2034	5.35	3.25	2.64
West ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	4/28/1998	8/15/2027	8.83	3.24	2.88
Sunnyvale ISD	Unl Tax School Bldg Bonds Ser 2011	8/25/2011	2/15/2039	3.20	3.20	2.20
Socorro ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	12/27/2001	8/15/2022	20.00	3.13	2.98
Crandall ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/12/2002	8/15/2029	6.10	3.13	2.62
Ennis ISD	Unl Tax Ref Bonds Ser 2013	5/8/2013	8/15/2040	4.61	3.13	2.45
Lovejoy ISD	Unl Tax School Bldg Bonds Ser 2012	4/24/2012	2/15/2040	3.69	3.10	2.26
Denton ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	12/10/2002	8/15/2030	3.26	3.08	2.14
Decatur ISD	Unl Tax School Bldg Bonds Ser 2004	3/23/2004	8/15/2031	3.06	3.06	2.06
Mabank ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	2/19/2002	8/15/2030	4.22	3.05	2.33
Pearsall ISD	Unl Tax School Bldg & Ref Bonds Ser 1995	1/16/1996	2/15/2019	4.44	3.05	2.36
Midway ISDb	Unl Tax School Bldg & Ref Bonds Ser 2000	3/15/2000	8/15/2020	3.27	3.03	2.11
Willis ISD	Unl Tax Schoolhouse & Ref Bonds Ser 1998	3/11/1998	2/15/2022	6.15	3.03	2.53
Bastrop ISD	Unl Tax Ref Bonds Ser 2011	12/22/2011	2/15/2036	25.25	3.02	2.90
Weatherford ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	3/13/2002	2/15/2033	3.16	3.02	2.07
Aledo ISD	Unl Tax School Bldg Bonds Ser 2001	10/9/2001	2/15/2032	3.02	3.01	2.01
Boerne ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	4/18/2002	2/1/2024	24.37	3.00	2.88
White Settlement ISD	Unl Tax Ref Bonds Ser 2013	5/16/2013	8/15/2041	17.94	2.99	2.83
Birdville ISD	Unl Tax School Bldg Bonds Ser 2000	6/22/2000	2/15/2021	2.99	2.98	1.98
Clint ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	1/30/2002	2/15/2024	5.34	2.98	2.42
Prosper ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	3/14/2002	8/15/2028	23.55	2.96	2.84
Caddo Mills ISD	Unl Tax Ref Bonds Ser 2006	12/28/2006	8/15/2035	4.95	2.96	2.36
Terrell ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	7/24/2001	8/1/2031	3.39	2.93	2.06
Lewisville ISD	Unl Tax School Bldg & Ref Bonds Ser 2003	5/22/2003	8/15/2024	57.81	2.92	2.87
Wylie ISDa	Unl Tax School Bldg Bonds Ser 2015B	3/5/2015	8/15/2050	2.93	2.90	1.91
Princeton ISD	Unl Tax School Bldg Bonds Ser 2008	7/22/2008	2/15/2033	4.03	2.89	2.17
De Soto ISD	Unl Tax School Bldg & Ref Bonds Ser 1995	4/20/1995	8/15/2023	7.25	2.87	2.48
United ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	8/27/1998	8/15/2023	3.35	2.87	2.01
Socorro ISD	Unl Tax Ref Bonds Ser 1998	6/4/1998	8/15/2021	6.12	2.85	2.39
Melissa ISD	Unl Tax School Bldg Bonds Ser 2013	7/11/2013	8/1/2036	305.00	2.85	2.84
Aledo ISD	Unl Tax School Bldg Bonds Ser 2008	8/7/2008	2/15/2035	5.79	2.85	2.36

## **Appendix C**

### **Texas Charter Schools**

#### **History**

Local government education finance corporations (EFC) issue the majority of charter school debt in Texas. These conduit corporations are created by Texas municipalities to issue debt on behalf of charter school borrowers. Debt issued by EFCs is secured by the revenues of the borrower and is not an obligation of the municipality. (Because debt issued by local government EFCs is not reported to the BRB, staff relied on multiple sources to compile the data used in this Appendix.)

Public charter schools were authorized by the legislature in 1995 to offer publicly-funded alternate education options to parents within the public school system. The Texas Education Code Chapter 12 provides for four types of charter schools: Home-Rule Charters, Campus or District Charters, Open-Enrollment Charters and University Charters. The majority of charters in Texas are open-enrollment.

Open-enrollment charter schools function like public school districts in that they provide tuition free instruction and must accept any student that applies, subject to enrollment constraints. Charter schools have no taxing authority and receive most of their funding from the state based on their enrollment. To encourage innovation and flexibility, charter schools are subject to fewer restrictions than public schools, but they must meet certain requirements for financial, governing, and operating standards adopted by the Texas Commissioner of Education (Commissioner). State law requires fiscal and academic accountability for charter schools, and the state monitors and accredits charter schools in the same manner as public school districts.

Pursuant to Texas Education Code Section 53.351, the Texas Public Finance Authority (TPFA) established the Texas Public Finance Authority Charter School Finance Corporation (Corporation) to act as a conduit to facilitate the issuance of revenue bonds for the acquisition, construction, repair or renovation of educational facilities for authorized open-enrollment charter schools. All issuances of charter school debt issued by the Corporation must be approved by the BRB.

#### **Permanent School Fund Bond Guarantee Program**

The Texas Permanent School Fund (PSF) was created in 1854 by the 5<sup>th</sup> Legislature expressly for the benefit of public schools. In addition, the Constitution of 1876 stipulated that certain lands and proceeds from the sale of those lands would also be dedicated to the PSF. The Constitution requires that distributions from the returns on the PSF be made to the Available School Fund to be used for the benefit of public schools, and allows the PSF to be used to guarantee bonds issued by public schools.

The PSF Bond Guarantee Program (BGP) was created in 1983 as an alternative for school districts to avoid the cost of private bond insurance by obtaining a PSF guarantee for voter-approved public school bond issuances.

The Texas Education Agency (TEA) reviews each BGP applicant for financial soundness, accreditation status and complaints from the public regarding misconduct and rules violations. Applicants for the BGP must have an investment-grade rating below triple-A from at least one of the top credit-rating agencies. Bonds guaranteed by the BGP are rated triple-A from all three credit-rating agencies.

Texas Education Code Section 12.135 passed by the 82<sup>nd</sup> Legislature permits charter schools to participate in the BGP, but they must apply and be approved by the Commissioner to participate in the program. In January, 2014 the State Board of Education adopted rules for charter school participation in the BGP, and the program was opened to them in March, 2014.

The BGP capacity for all schools is currently set at a multiple of 3.25 times the PSF book value minus a five percent reserve. The capacity for charter schools is calculated using the available PSF capacity multiplied by the ratio of the number of charter school students to public school students. The Commissioner annually determines the ratio which is currently set at 4.68 percent.

The BGP has reached capacity for charter schools and is currently not accepting any applications from charter schools. Additional capacity will become available in March 2017 when the capacity multiplier used for the BGP increases from 3.25 to 3.50.

### **Charter School Closures**

Senate Bill 2 passed in the 83<sup>rd</sup> Legislature in 2013 requires the mandatory revocation of a charter by the Commissioner if a charter school fails to meet academic or financial accountability performance ratings for the preceding three school years. As a result of this legislation, 23 charter school revocations have occurred between 2014 and 2016.

As of November 30, 2016, a total of \$2.92 billion of debt had been issued for charter schools by EFCs of which \$2.30 billion is currently outstanding. *Table C1* shows total EFC issuances since the inception of the BGP.

**Table C1**  
**Total Charter School Debt by Issuer**  
**As of November 30, 2016**

<b>Issuer</b>	<b>Par Issued</b>	<b>Par Outstanding</b>	<b>% Outstanding</b>
Clifton Higher Education Finance Corp	\$ 773,240,000	\$ 756,865,000	97.9%
Arlington Higher Education Finance Corp	591,429,000	576,560,000	97.5%
Houston Higher Education Finance Corp	384,166,600	325,436,600	84.7%
TPFA Charter School Finance Corp	353,320,000	159,995,473	45.3%
La Vernia Higher Education Finance Corp	202,390,000	53,755,000	26.6%
New Hope Cultural Education Facilities Finance Corp	102,300,000	102,300,000	100.0%
North Texas Education Finance Corp	80,780,000	76,955,000	95.3%
Danbury Higher Education Authority	65,352,000	25,510,000	39.0%
Newark Higher Education Finance Corp	54,265,000	53,245,000	98.1%
San Juan Higher Education Finance Authority	43,955,000	16,965,000	38.6%
Newark Cultural Education Facilities Finance Corp	38,580,000	695,000	1.8%
Pottsboro Higher Education Finance Corp	33,560,000	33,560,000	100.0%
Pharr Higher Education Finance Authority	29,625,000	13,575,000	45.8%
Beasley Higher Education Finance Corp	25,405,000	8,965,000	35.3%
Travis Co Cultural Education Facilities Finance Corp	20,865,000	19,695,000	94.4%
Tom Green Co Cultural Education Facilities Finance Corp	17,170,000	16,700,000	97.3%
Cameron Education Corp	16,640,000	14,075,000	84.6%
Heart of Texas Education Finance Corp	14,835,000	8,935,000	60.2%
Anson Education Facilities Corp	14,465,000	13,385,373	92.5%
Orchard Higher Education Finance Corp	11,330,000	-	0.0%
Tarrant Co Cultural Education Facilities Finance Corp	9,390,000	-	0.0%
Waxahachie Education Finance Corp	6,515,000	6,515,000	100.0%
Northeast Higher Education Facilities Corp	6,330,000	6,215,000	98.2%
Clyde Education Facilities Corp	6,240,000	6,000,000	96.2%
Fate Higher Education Facilities Corp	6,000,000	-	0.0%
Dickinson Education Facilities Corp	5,455,000	-	0.0%
Hilshire Village Higher Education Finance Corp	4,123,000	4,078,000	98.9%
<b>Total</b>	<b>\$ 2,917,725,600</b>	<b>\$ 2,299,980,447</b>	<b>78.8%</b>

Source: Municipal Advisory Council of Texas; Texas Education Agency

Of the \$2.30 billion of charter school debt outstanding as of November 30, 2016, \$1.06 billion was guaranteed by the PSF. *Table C2* shows charter school debt guaranteed by the PSF.

Table C2 Charter School Debt Outstanding Guaranteed by the PSF as of November 30, 2016			
Charter School	Total Par Outstanding	PSF Guaranteed Debt Outstanding	% PSF Guaranteed
IDEA Academy, Inc.	\$ 450,865,000	\$ 259,460,000	57.5%
Harmony Public Schools	354,605,000	268,040,000	75.6%
Uplift Education	299,790,000	-	0.0%
Responsive Education Solutions	127,785,000	127,785,000	100.0%
KIPP, Inc.	122,750,000	122,750,000	100.0%
International Leadership of Texas	111,040,000	-	0.0%
LIFESCHOOL of Dallas	90,995,000	90,995,000	100.0%
Jubilee Academic Center	73,650,000	-	0.0%
KIPP Austin Public Schools, Inc.	71,100,000	71,100,000	100.0%
YES Prep Public Schools	49,251,600	-	0.0%
Wayside Schools	36,305,000	-	0.0%
Meridian World School, LLC	29,810,000	-	0.0%
Trinity Basin Preparatory	29,605,000	29,605,000	100.0%
LTTS Charter School, Inc. d/b/a Universal Academy	29,135,000	-	0.0%
Eagle Advantage Schools, Inc.	25,405,000	20,850,000	82.1%
A.W. Brown Fellowship Charter School	24,170,516	20,195,000	83.6%
Arlington Classics Academy	23,995,000	-	0.0%
Tejano Center for Community Concerns, Inc. - Raul Yzaguirre School for Success Project	23,500,000	-	0.0%
Imagine International Academy of North Texas, LLC	22,330,000	-	0.0%
Orenda Education	21,280,000	15,335,000	72.1%
Leadership Prep School	19,350,000	-	0.0%
A+ Charter Schools, Inc.	18,720,000	-	0.0%
Newman International Academy	18,315,000	-	0.0%
Odyssey Academy	16,955,000	11,955,000	70.5%
TLC Academy	16,700,000	-	0.0%
East Grand Preparatory Academy	15,000,000	-	0.0%
Faith Family Academy Charter School	14,075,000	-	0.0%
Alcuin School Project	13,800,000	-	0.0%
Compass Academy Charter School, Inc.	13,650,000	-	0.0%
Ser-Ninos, Inc.	13,320,373	-	0.0%
Aristoi Classical Academy	11,230,000	-	0.0%
Educational Resource Center, Inc.	9,530,000	-	0.0%
Amigos Por Vida, Friends for Life Housing and Education Corp	9,145,000	-	0.0%
Riverwalk Education Foundation, Inc.	8,970,000	8,970,000	100.0%
Focus Learning Academy, Inc.	8,965,000	-	0.0%
Gateway Charter Academy	8,935,000	-	0.0%
Shekinah Learning Institute Project	8,250,000	-	0.0%
Winfree Academy Charter School	7,690,000	-	0.0%
School of Excellence in Education Project	7,565,000	-	0.0%
Southwest Winners Foundation, Inc.	7,110,000	-	0.0%
Golden Rule Schools, Inc.	7,010,000	7,010,000	100.0%
New Frontiers Charter School	6,370,000	-	0.0%
Nova Academy	6,000,000	6,000,000	100.0%
Evolution Academy Charter School	5,885,000	-	0.0%
South Texas Educational Technologies, Inc.	4,347,958	-	0.0%
El Paso Education Initiative, Inc.	3,980,000	-	0.0%
Horizon Montessori Schools	1,745,000	-	0.0%
<b>Total</b>	<b>\$ 2,299,980,447</b>	<b>\$ 1,060,050,000</b>	<b>46.1%</b>

Source: Municipal Advisory Council of Texas; Texas Education Agency

## Appendix D Cost of Issuance

For fiscal 2016 the total aggregated cost of issuance (COI) including underwriter's spread for Texas local government issuers was \$539.9 million and was comprised of total direct bond costs of \$322.2 million and total underwriter's spread of \$217.7 million (*Table D1*).

The largest components of total direct bond costs are fees for financial advisor, bond counsel and ratings agencies which totaled \$115.2 million, \$101.2 million and \$34.9 million, respectively. Other direct bond related costs were \$70.9 million and include fees for bond insurance, paying agent, trustee and escrow verification, miscellaneous bond program fees and various smaller fees.

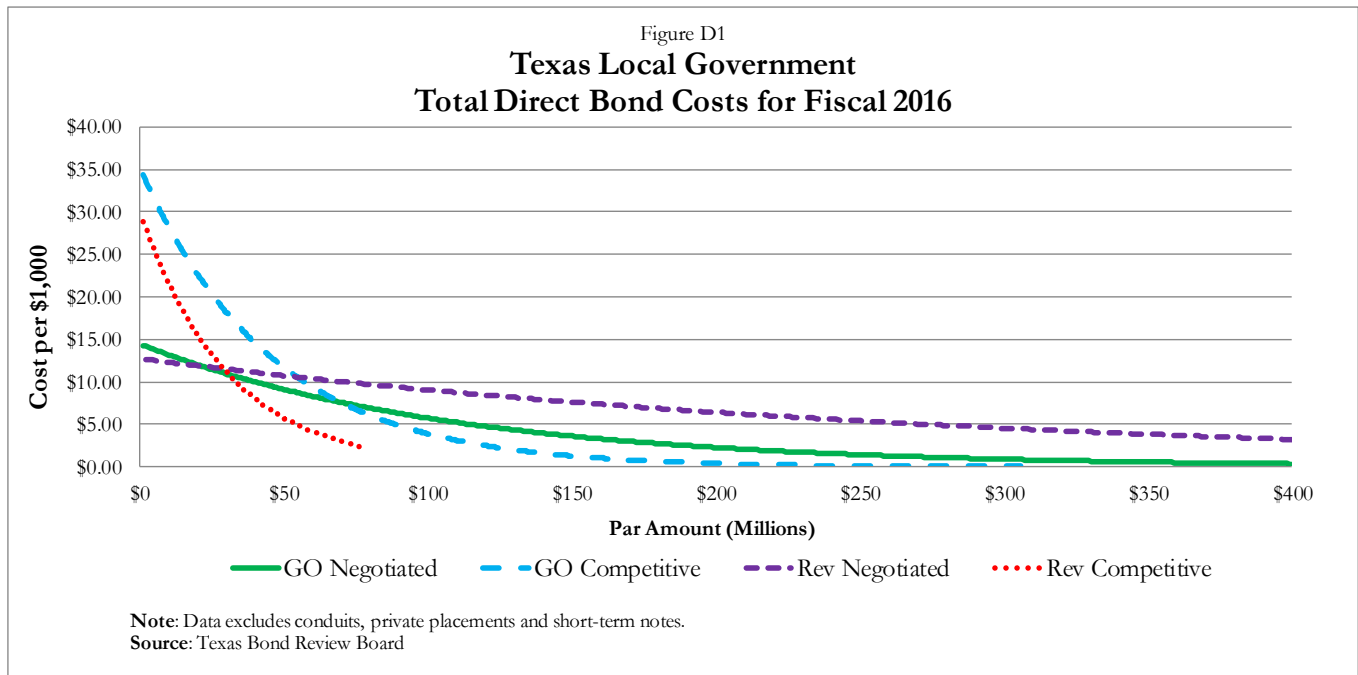
Total underwriter's spread is comprised of the takedown fee, management fee, underwriter's counsel fee and spread expenses which totaled \$169.2 million, \$22.4 million, \$14.4 million and \$11.8 million, respectively.

Financial Advisor Fees	\$	115,210,978
Bond Counsel Fees		101,175,816
Ratings Fees		34,938,869
Other Direct Bond Related Costs		70,871,714
<b>Total Direct Bond Related Costs</b>	<b>\$</b>	<b>322,197,378</b>
Takedown Fee	\$	169,187,104
Management Fee		22,365,712
Underwriter's Counsel Fee		14,372,117
Spread Expenses Fee		11,782,844
<b>Total Underwriter's Spread*</b>	<b>\$</b>	<b>217,707,778</b>
<b>Total COI including UW Spread</b>	<b>\$</b>	<b>539,905,155</b>
* Data does not include three issuances for which a breakout of the UW spread was not provided.		
Source: Texas Bond Review Board		

### Trends in Issuance Costs for Texas Local Government Bonds in 2016

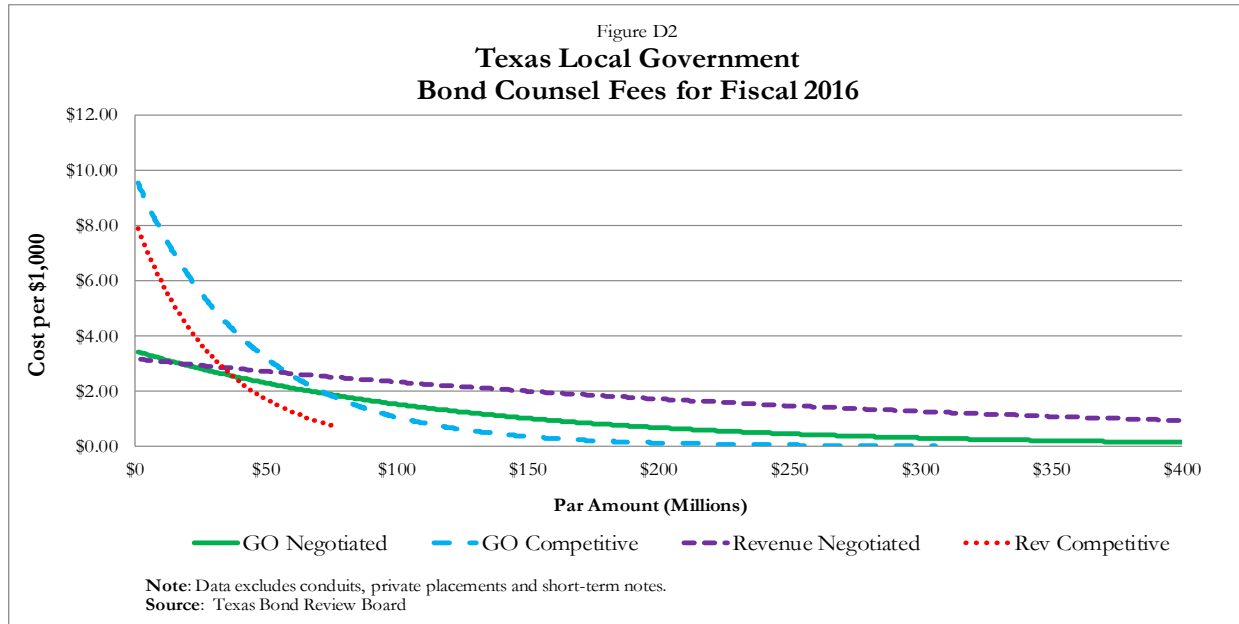
Total direct bond costs include all cost of issuance fees except underwriter's spread. To analyze these fees on a cost per \$1,000 basis for fiscal year 2016, each major cost of issuance component has been compared by bond type (general obligation vs. revenue) and by method of sale (negotiated vs. competitive) (*Figures D1, D2, D3, D4, and D5*).

Excluding issuances of conduit debt, private placement debt and short-term notes, data was collected from 1,346 transactions for fiscal 2016 of which 539 were competitive and 807 were negotiated. Of the competitive transactions, 509 were general obligation and 30 were revenue issuances. Of the negotiated transactions, 700 were general obligation and 107 were revenue transactions. The data indicates that cost per \$1,000 for all transactions declined as transaction size increased. In general, GO transactions had lower cost per \$1,000 than revenue transactions. GO competitive transactions had the highest cost per \$1,000 for transactions less than \$50.0 million - 304 of the 509 GO competitive transactions were issued for less than \$50.0 million in fiscal 2016. GO competitive transactions had the lowest cost per \$1,000 for transaction sizes larger than \$100.0 million. Revenue negotiated transactions had the highest cost per \$1,000 for transaction sizes larger than \$100.0 million (*Figure D1*).

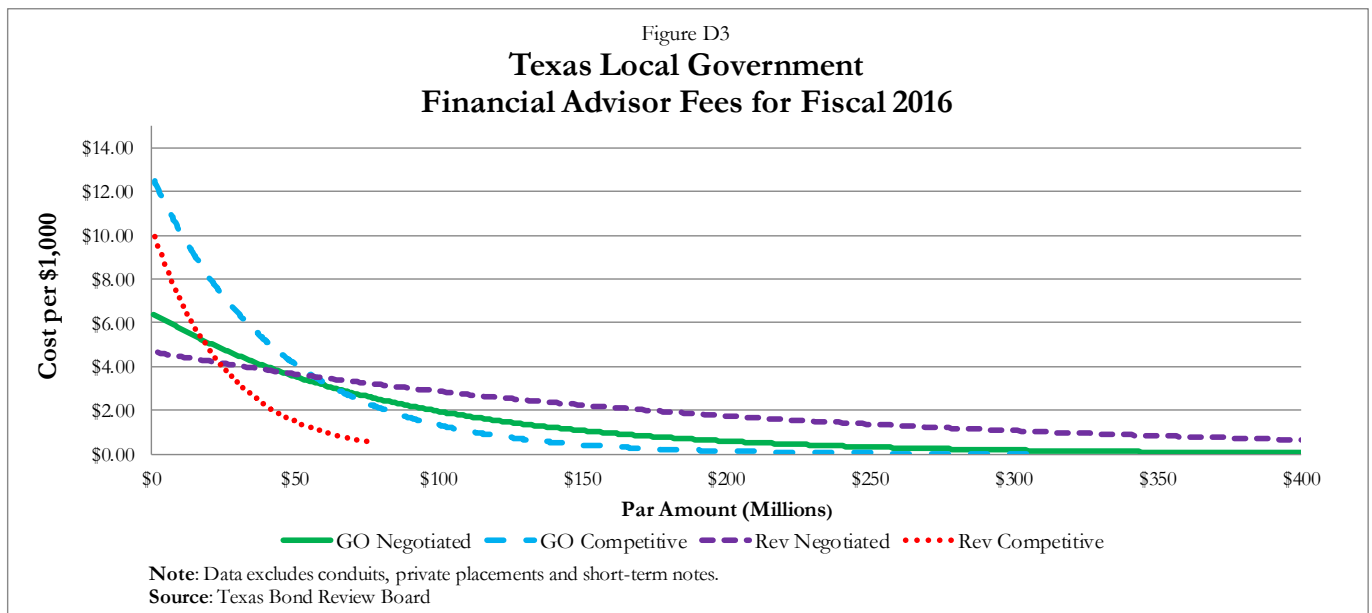




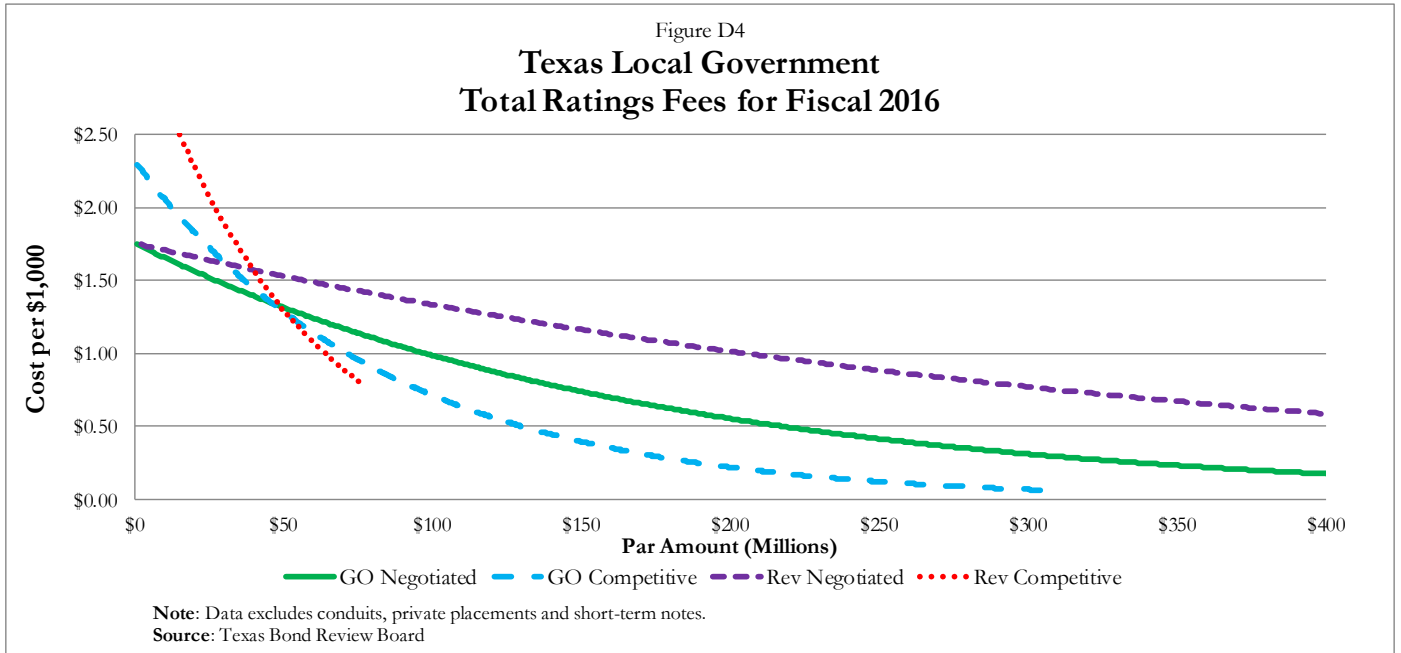
Data for bond counsel cost per \$1,000 for fiscal year 2016 indicates that GO competitive transactions had the highest cost per \$1,000 for smaller transaction sizes but had the lowest cost per \$1,000 for transaction sizes larger than \$100.0 million. Revenue competitive transactions generally had the highest cost per \$1,000 (*Figure D2*).



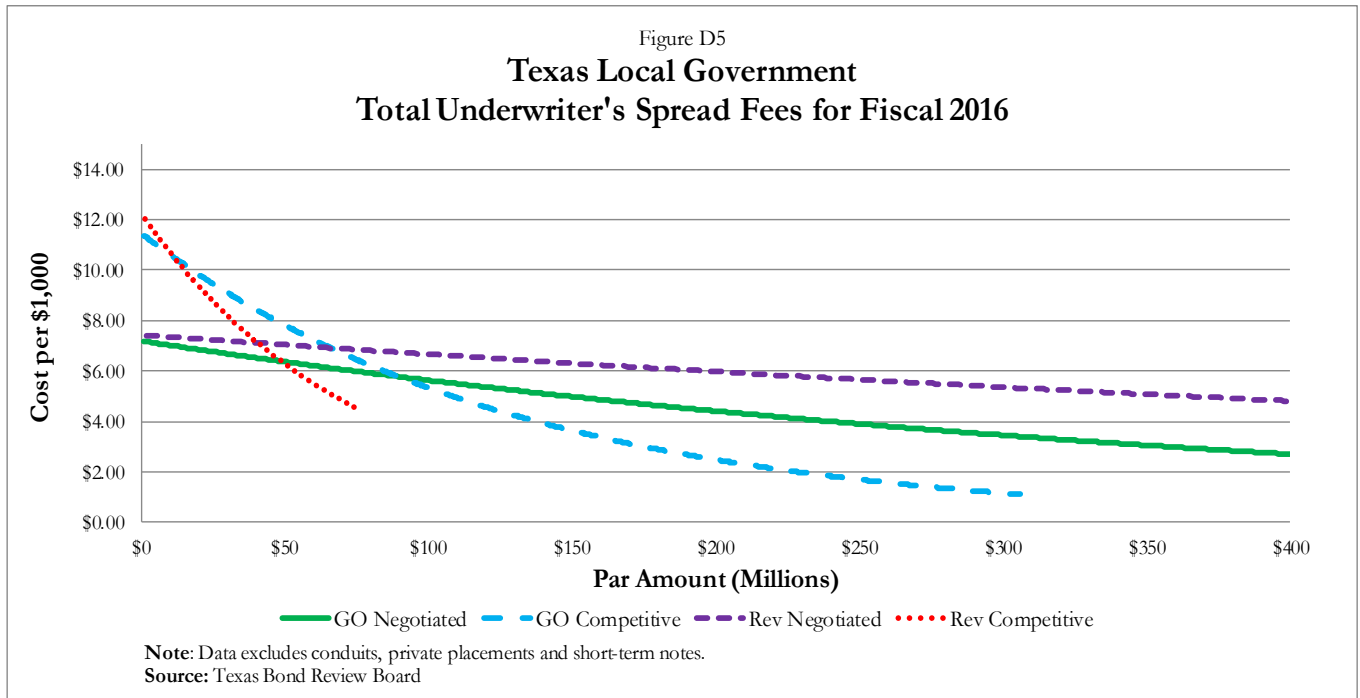
Data for financial advisor cost per \$1,000 indicates that GO competitive transactions had the highest cost per \$1,000 for smaller transaction sizes but had the lowest cost per \$1,000 for transaction sizes larger than \$100.0 million. Revenue negotiated transactions had the highest cost per \$1,000 for issuances over \$50.0 million (*Figure D3*).



Data for total ratings cost per \$1,000 indicates that revenue competitive transactions had the highest cost per \$1,000 for smaller transaction sizes and GO competitive transactions had the lowest cost per \$1,000 for larger transaction sizes. GO negotiated transactions had the lowest cost per \$1,000 for transaction sizes less than \$50.0 million. Revenue negotiated transactions had lower cost per \$1,000 than revenue competitive transactions for issuances less than \$50.0 million (*Figure D4*).



Data for total underwriter's spread cost per \$1,000 indicates that competitive transactions had the highest cost per \$1,000 for smaller transaction sizes. GO negotiated transactions had the lowest cost per \$1,000 for transaction sizes less than \$50.0 million (*Figure D5*).



**2016 Local Texas Governments Cost of Issuance Statistical Information**

*Table D2* provides COI statistical information for general obligation and revenue transactions completed during fiscal 2016.

Total COI including underwriter's spread had a weighted average of \$14.06 per \$1,000 and ranged from a minimum of \$3.67 per \$1,000 to a maximum of \$196.7 per \$1,000. The average transaction size was \$26.83 million with an average fee size of \$377,259.

Table D2

## Texas Local Government COI Statistics Summary for Fiscal Year 2016

	Total Direct Bond Costs	Bond Counsel Fees	Financial Advisor Fees	Total Ratings Fees	Total UW Spread Fees	Total COI Including UW Spread
<b>GO Negotiated</b>						
Count	700	700	694	690	700	700
Average Par	\$ 28,556,742	\$ 28,556,742	\$ 27,484,956	\$ 28,843,210	\$ 28,556,742	\$ 28,556,742
Average Fee	\$ 169,167	\$ 47,734	\$ 68,253	\$ 27,888	\$ 158,124	\$ 327,291
Minimum (\$ per 1,000)	1.51	0.19	0.36	0.25	0.58	3.67
Maximum (\$ per 1,000)	63.06	32.65	27.68	12.59	35.39	71.73
Median (\$ per 1,000)	12.13	2.21	5.70	1.52	6.79	19.12
Average (\$ per 1,000)	5.92	1.67	2.48	0.97	5.54	11.46
<b>GO Competitive</b>						
Count	509	509	509	423	509	509
Average Par	\$ 11,296,434	\$ 11,296,434	\$ 11,296,434	\$ 12,742,872	\$ 11,296,434	\$ 11,296,434
Average Fee	\$ 235,423	\$ 81,872	\$ 81,065	\$ 18,498	\$ 103,859	\$ 339,282
Minimum (\$ per 1,000)	2.61	0.52	0.33	0.05	0.89	5.21
Maximum (\$ per 1,000)	176.56	38.21	30.00	61.40	34.27	196.71
Median (\$ per 1,000)	33.89	9.15	13.95	1.87	11.01	46.69
Average (\$ per 1,000)	20.84	7.25	7.18	1.45	9.19	30.03
<b>Rev Negotiated</b>						
Count	107	107	104	91	109	107
Average Par	\$ 91,394,205	\$ 91,394,205	\$ 78,196,106	\$ 104,510,055	\$ 70,286,651	\$ 91,394,205
Average Fee	\$ 406,659	\$ 119,653	\$ 125,362	\$ 73,946	\$ 396,364	\$ 878,381
Minimum (\$ per 1,000)	0.93	0.30	0.21	0.13	2.35	4.05
Maximum (\$ per 1,000)	94.42	40.85	23.46	7.91	60.03	124.42
Median (\$ per 1,000)	8.04	1.86	3.12	1.29	5.93	14.13
Average (\$ per 1,000)	4.45	1.31	1.60	0.71	5.64	9.61
<b>Rev Competitive</b>						
Count	30	30	30	26	24	30
Average Par	\$ 19,651,000	\$ 19,651,000	\$ 19,651,000	\$ 21,533,846	\$ 31,467,917	\$ 19,651,000
Average Fee	\$ 231,914	\$ 87,245	\$ 72,987	\$ 37,835	\$ 260,590	\$ 400,173
Minimum (\$ per 1,000)	4.68	0.75	0.79	0.69	2.14	8.45
Maximum (\$ per 1,000)	61.00	30.00	23.64	9.78	34.44	85.82
Median (\$ per 1,000)	12.40	3.86	5.05	1.91	11.72	23.57
Average (\$ per 1,000)	11.80	4.44	3.71	1.76	8.28	18.70
<b>Total</b>						
Count	1346	1346	1337	1230	1346	1346
Average Par	\$ 26,826,385	\$ 26,826,385	\$ 25,090,778	\$ 28,749,874	\$ 26,826,385	\$ 26,826,385
Average Fee	\$ 214,500	\$ 67,242	\$ 77,679	\$ 28,276	\$ 162,758	\$ 377,259
Minimum (\$ per 1,000)	0.93	0.19	0.21	0.05	0.39	3.67
Maximum (\$ per 1,000)	176.56	40.85	30.00	61.40	36.75	196.71
Median (\$ per 1,000)	14.60	3.01	7.25	1.62	7.31	22.73
Average (\$ per 1,000)	8.00	2.51	3.10	0.98	6.07	14.06

**Note:** Data excludes conduits, private placements and short-term notes.

**Source:** Texas Bond Review Board

## Appendix E 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.

**Advance Refunding** – A refunding in which the refunded issue remains outstanding for a period of more than 90 days after the issuance of the refunding issue.

**Allotment** – Amount of securities distributed to each member of the underwriting syndicate to fill orders.

**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.

**Bond Counsel** – Attorney retained by the issuer to give a legal opinion that the issuer is authorized to issue the proposed securities, the legal requirements necessary for issuance have been met and the proposed securities will be exempt from federal income taxation and state and local taxation where applicable.

**Bond Insurance** – A legal commitment by an insurance company to make timely payments of principal and interest in the event that the issuer of the debt is unable 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.

**CAB Par Amount** - The face amount assigned to a capital appreciation bond at issuance and paid to the investor at maturity.

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

**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.

**Certificate of Participation** – Financing in which an individual buys a share of the lease revenues of an agreement made by a municipal or governmental entity, rather than the bond being secured by those revenues.

**Charter School** – Charter schools were created by the Texas Legislature in 1995 as part of the public school system. Under Texas Education Code Chapter 12, the purpose of charter schools is to improve student learning, to increase the choice of learning opportunities within the public school system, to create professional opportunities that will attract new teachers to the public school system, to establish a new form of accountability for public schools and to encourage different and innovative learning methods.

**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.

**Competitive Sale** – A sale in which the issuer solicits bids from underwriting firms and sells the securities to the underwriter or syndicate offering the most favorable bid that meets the specifications of the notice of sale.

**Component Unit (CU)** – A legally separate entity for which the elected officials of the primary government (PG) are financially accountable. The nature and significance of the CUs relationship with the PG is such that exclusion from the PG’s financial reports would be misleading or create incomplete financial statements.

**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. The conduit issuer is not responsible for debt service.

**Costs of Issuance** – The expenses paid by or on behalf of the issuer in connection with the sale and issuance of bonds, including underwriting costs, legal fees, rating agency fees and other fees associated with the transaction. These costs and fees may vary depending on the type and structure of the financing, among other factors.

**Coupon** – The interest rate paid on a security.

**Counterparty Risk** – The risk to each party in a swap contract that the counterparty will not fulfill its contractual obligations.

**Current Interest Bond (CIB)** – A bond in which interest payments are made on a periodic basis throughout the life of the bond as opposed to a bond such as a capital appreciation bond that pays interest only at maturity. This term is most often used in the context of a combination issuance of bonds that includes both capital appreciation bonds and current interest bonds.

**Current Refunding** – A refunding transaction in which the municipal securities being refunded will mature or be redeemed within 90 days or less from the date of issuance of the refunding issue.

**CUSIP** – A unique nine-character identification for each class of security approved for trading in the U.S. CUSIPs are used to facilitate clearing and settlement for market trades.

**Dealer Fee** – Cost of underwriting, trading or selling securities.

**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 Outstanding** – The amount of unpaid principal on a debt that will continue to generate interest until paid off.

**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.

**Derivative** - A financial instrument whose value is based on one or more underlying assets. An example is a swap contract between two counterparties that specifies conditions (especially the dates, underlying variables and notional amounts) under which payments are to be made between the parties.

**Disclosure** – The act of releasing accurately and completely all material information to investors and the securities markets for outstanding or to be issued securities.

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

**Escrow** – Fund established to hold monies or securities pledged to pay debt service.

**Escrow Agent** – Commercial bank or trust company retained to hold the investments purchased with the proceeds of an advance refunding and to use the invested funds to pay debt service on the refunded debt.

**Financial Advisor** – A securities firm that assists an issuer on matters pertaining to a proposed issue such as structuring, timing, marketing, fairness of pricing, terms and debt ratings.

**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.

**General Obligation (GO) Debt** – Debt backed by the credit and taxing power of the issuing jurisdiction.

**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.

**Indenture** – Deed or contract which may be in the form of a resolution that sets forth the legal obligations between the issuer and the securities holders. The indenture also names the trustee that represents the interests of the securities holders.

**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.

**Letter of Credit** – A letter issued to serve as a guarantee for payments made to a specified entity under specified conditions. It is often used as a credit enhancement used by an issuer to secure a higher rating for its securities through a contractual agreement between a major financial institution and the issuer consisting of an unconditional pledge of the institution's credit to make debt-service payments in the event of a default.



**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.

**Liquidity** – The relative ability of a security to be readily traded or converted into cash without substantial transaction costs or loss in value.

**Liquidity Provider** – A financial institution that facilitates the trading of a security by insuring that it will be purchased if tendered to the issuer or its agent because it cannot be immediately remarketed to new investors.

**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.

**Management Fee** – Component of the underwriting spread that compensates the underwriters for assistance in creating and implementing the financing.

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

**Mortgage Credit Certificate** – A certificate issued by certain state or local governments that allows a taxpayer to claim a tax credit for some portion of the mortgage interest paid during a given tax year.

**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.

**Negotiated Sale** – A sale in which an issuer selects an underwriting firm or syndicate to assist with the issuance process. At the time of sale, the issuer negotiates a purchase price for its securities with that underwriting firm or syndicate.

**Notice of Sale** – Publication by an issuer describing the terms of sale of an anticipated new offering of municipal securities.

**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.

**Paying Agent** – The entity responsible for processing debt-service payments from the issuer to the security holders.

**Permanent School Fund** - The Texas Permanent School Fund (PSF) was created in 1854 by the 5<sup>th</sup> Legislature expressly for the benefit of public schools. In addition, the Constitution of 1876 stipulated that certain lands and proceeds from the sale of those lands would also be dedicated to the PSF. The Constitution requires that distributions from the returns on the PSF be made to the Available School Fund to be used for the benefit of public schools, and allows the PSF to be used to guarantee bonds issued by public schools.

**Permanent School Fund Bond Guarantee** – The Permanent School Fund Bond Guarantee Program (BGP) was created in 1983 as an alternative for school districts to avoid the cost of private bond insurance by obtaining a PSF guarantee for voter-approved public school bond issuances. 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. Bonds guaranteed by the BGP are rated triple-A.

**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.

**Printer** – A business that produces the official statement, notice of sale and any bonds required to be transferred between the issuer and purchasers of the bonds. The costs associated with a printer are typically rolled into the Costs of Issuance.

**Private Placement** – A securities sale in which an issuer sells its securities directly to investors through a placement agent without a public offering.

**Proceeds** – An issuer's net proceeds equal the issue price less the issuance fees. An investor's proceeds equal the maturity or sale value plus interest earned up to the maturity date or point of sale.

**Put Bond** – A bond that allows the holder to force the issuer to repurchase the security at specified dates before maturity. The repurchase price is set at the time of issue and is usually par value.

**Qualified Energy Conservation Bonds (QECB)** – a bond that enables qualified state, tribal, and local government issuers to borrow money at attractive rates to fund energy conservation projects. While not a grant, a QECB is among the lowest-cost public financing tools available because the U.S. Department of the Treasury subsidizes the issuer's borrowing costs.

**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.

**Registrar** – An entity responsible for maintaining ownership records on behalf of the issuer.

**Remarketing Fee** – Compensation to an agent for remarketing a secondary offering of short-term securities, usually for a mandatory or optional redemption or put (return of the security to the issuer).

**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.

**Sales Tax Revenue** - Debt that is legally secured by a specified sales tax 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.

**Self-Supporting Debt** – Debt that is designed to be repaid with revenues other than state general revenues. Self-supporting debt can be either general obligation debt or revenue debt.

**Selling Group** – Group of municipal securities brokers and dealers that assist in the distribution of a new issue of securities.

**Serial Bond** – A bond issue in which a portion of the outstanding bonds matures at regular intervals until all of the bonds have matured.

**Spread Expenses** – Component of the underwriting spread representing the costs of operating the syndicate such as financial advisors, legal counsel, travel, printing, day loans, wire fees and other associated fees.

**Structuring Fee** – Component of the underwriting spread that compensates the underwriters for assistance with developing a marketable securities offering within the issuer’s legal and financial constraints.

**Swap** – A derivative in which counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument.

**Syndicate** – Group of underwriters formed to purchase a new issue of securities from the issuer and offer it for resale to investors.

**Takedown** – The discount that the members of the syndicate receive when they purchase the securities from the issuer. Takedown is also known as the selling concession.

**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 repayment. For reporting purposes, when the public security contains both a tax and revenue pledge, the public security is categorized as tax-supported debt.

**Term Bond** – A bond issue in which all or a large part of the issue comes due in a single maturity. Term bond issuers make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity or for payment at maturity.

**Trustee** – Bank or trust company designated by the issuer or borrower under the indenture or resolution as the custodian of funds. The trustee represents the interests of the security holders including making debt-service payments.

**Underwriter** – An investment banking firm that purchases securities directly from the issuer and resells them to investors.

**Underwriting Spread** – Amount representing the difference between the price at which securities are bought from the issuer by the underwriter and the price at which they are re-offered to the investor. The underwriting spread generally includes the takedown, management fee, expenses and underwriting fee.

**Underwriting Risk Fee** – A portion of the underwriting spread designed to compensate the underwriter for the risk associated with market shifts and interest rate fluctuations.

**Underwriter’s Counsel** – Attorney who prepares or reviews the issuer’s offering documents on behalf of the underwriter and prepares documentation for the underwriting agreement and the agreement among underwriters.

**Underwriter’s Risk** – The risk of loss that could arise due to overestimated demand for an issuance or due to sudden changes in market conditions borne by the underwriters until resale.

**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.)

**Years to Maturity** – The period of time for which a financial instrument remains outstanding. Maturity refers to a finite time period at the end of which the financial instrument will cease to exist, and the principal is repaid with interest.

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

**Zero Coupon Bond** – A bond that is issued at a deep discount to its face value but pays no interest.

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