2012

Local Government Annual Report

Texas Bond Review Board

Fiscal Year Ended
August 31, 2012

Texas Bond Review Board
Local Government
Annual Report 2012

Fiscal Year Ended August 31, 2012

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Chairman

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August 2013

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Disclosure

Texas Government Code 1202.008 directs 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. For each debt transaction received, the BRB staff: 1) logs the cost of issuance information, 2) reruns the debt service schedule to calculate debt statistics and align it with the state's fiscal year, and 3) removes refunded maturities from the outstanding debt database.

Pursuant to state statute, debt issuances for some component corporations of governmental entities such as housing finance corporations or industrial development corporations and other such conduit entities are not reported to the BRB. Additionally, the BRB does not receive information on non-securitized debt including intergovernmental loans such as State Infrastructure Bank loans for transportation, or water development state participation loans.

This report is intended to inform the Legislature and citizens, not to present comprehensive data for investors. Data is provided as of the date indicated and may not reflect debt, debt service, population or other data as of any subsequent date.

Local governmental entities are not required to file continuing disclosure with the BRB. While debt refundings are captured through the standard process and accounted for in the totals, cash defeasances historically have not been captured. In 2012, staff developed a process to source defeasance information and has removed defeased maturities from debt outstanding data as of fiscal year end 2012 for the local governmental entities in order to account for debt that has been retired with cash. Defeasances reduced FY 2012 total local debt outstanding by approximately $8.2 billion. Data for prior years has not been restated, and as a result, charts comparing data for previous years do not reflect those defeasances.

Although accurate city and county demographic information is readily available, current data for the remaining five categories of local debt is difficult to obtain. Staff often relies on information provided in the last official statement which may not be current. Readers are encouraged to contact the local governmental entity for more specific information.

The data in this report and on the agency's website is compiled from information provided to the BRB from various sources and has not been independently verified.

Chapter 1
Texas Local Debt in Perspective

Overview

Local governments in Texas issue debt to finance construction and renovation of government facilities (i.e., schools, public safety buildings, city halls and county courthouses), public infrastructure (i.e., roads, water and sewer systems) and various other projects authorized by law. Key factors that affect a government's need and ability to borrow funds for infrastructure development include population changes, revenue sources, tax rates and levies, interest rates and construction costs. Local governments issue two main types of debt – tax (general obligation or GO) and revenue. General obligation debt is secured by the full faith and credit of the issuer's tax revenue while revenue debt is secured by a specified revenue source.

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. For reporting purposes issuances that combine both tax-supported and revenue bonds are categorized as tax-supported debt.

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 does require the BRB to prepare statistical reports on local government debt. This information on debt issued by political subdivisions is primarily collected by the OAG in its review and approval of public securities under Chapter 1202 of the Government Code and then forwarded to the BRB for its report on local debt statistics pursuant to Section 1202.008 of the Government Code. Local indebtedness and certain conduit revenue debt that is not in the form of public securities approved by the OAG or incurred by nonprofit corporations created by the local governments will not be 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 ratios and population data by government type at each fiscal-year end. In fiscal 2012, approximately 4,700 different users of the BRB's website downloaded over 19,200 spreadsheets containing Texas local government debt data. The BRB posts this information to its website annually within four months after the close of the fiscal year.

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

The data in this report and on the website is compiled from information provided to the Bond Review Board from various sources and has not been independently verified. Although local governments are not required to report cash defeasances, BRB staff identified $8.2 billion in cash defeasances that have been removed from the FY 2012 data. Data for prior years have not been restated.

Local Government Debt Outstanding

As of fiscal-year end 2012 Texas local governments had $195.81 billion in outstanding debt *(Table 1.1),* an increase of $35.51 billion (22.2%) since fiscal 2008. Of that amount 60.0 percent ($117.43 billion) is GO debt to be repaid from local tax collections while the remaining 40.0 percent ($78.37 billion) will be repaid from revenues generated by various projects such as water, sewer and electric utility fees. Since fiscal 2008, tax-supported debt outstanding increased 20.6 percent ($20.04 billion) and revenue debt outstanding increased 22.2 percent ($35.51 billion).

Table 1.1
Texas Local Government
Debt Outstanding As of August 31, 2012*
(amounts in thousands)

Type of Issuer		Tax-Supported	Revenue	Total Debt**
Public School Districts	Voter-approved tax	$ 63,096,858		$ 63,096,858
	Maintenance tax (ed. equipment)	653,111		653,111
	Lease-purchase contracts		329,803	329,803
	Revenue (athletic facilities)		$ 3,035	3,035
	Subtotal	**$ 63,749,968**	**$ 332,838**	**$ 64,082,806**
Cities, Towns, Villages	Tax	$ 26,967,466		$ 26,967,466
	Revenue		$ 36,019,512	36,019,512
	Sales Tax		226,095	226,095
	Conduit revenue***		-	-
	Lease-purchase contracts (jail facilities only)***		61,395	61,395
	Subtotal	**$ 26,967,466**	**$ 36,307,002**	**$ 63,274,468**
Water Districts and Authorities	Tax	$ 10,870,103		$ 10,870,103
	Revenue		$ 10,872,325	10,872,325
	Conduit revenue***		9,234,695	9,234,695
	Subtotal	**$ 10,870,103**	**$ 20,107,020**	**$ 30,977,123**
Other Special Districts and Authorities	Tax	$ 192,807		$ 192,807
	Sales Tax		$ 4,505,725	4,505,725
	Revenue		11,347,574	11,347,574
	Lease-purchase contracts		105,870	105,870
	Subtotal	**$ 192,807**	**$ 15,959,169**	**$ 16,151,976**
Counties	Tax	$ 10,599,078		$ 10,599,078
	Revenue		$ 2,699,345	2,699,345
	Conduit revenue***		-	-
	Lease-purchase contracts (jail facilities only)***		523,486	523,486
	Subtotal	**$ 10,599,078**	**$ 3,222,831**	**$ 13,821,909**
Community and Junior Colleges	Tax	$ 2,961,397		$ 2,961,397
	Revenue		$ 989,443	989,443
	Lease-purchase contracts (ed. facilities)		307,487	307,487
	Subtotal	**$ 2,961,397**	**$ 1,296,930**	**$ 4,258,327**
Health/Hospital Districts and Authorities	Tax	$ 2,093,061		$ 2,093,061
	Sales Tax		23,131	23,131
	Revenue		$ 1,123,189	1,123,189
	Conduit revenue***		-	0
	Subtotal	**$ 2,093,061**	**$ 1,146,320**	**$ 3,239,381**
	Total Local Debt Outstanding	**$ 117,433,881**	**$ 78,372,109**	**$ 195,805,991**

*Does not include obligations of less than one-year maturity and special obligations not requiring Attorney General approval.

**Local debt outstanding for FY 2012 has been reduced by cash defeasances totaling an estimated $8.20 billion.

***Does not include certain conduit debt issued for which the Bond Review Board does not receive issuance information.

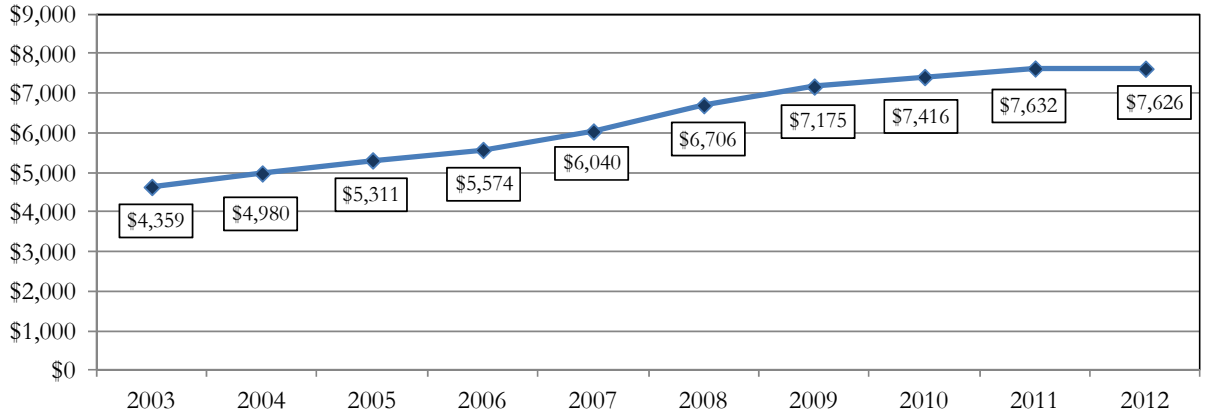
Source: Texas Bond Review Board - Bond Finance Office

School Districts accounted for 32.7 percent ($64.08 billion) of all local debt outstanding and Cities accounted for 32.3 percent ($63.27 billion). WDs held the third highest percentage and accounted for 15.8 percent ($30.98 billion) of all local debt outstanding. The remaining 19.2 percent ($37.47 billion) was held by CCDs, Counties, HHDs and OSDs.

The most recent U.S. Census Bureau data (2009-2010) showed that Texas continued to be ranked 2nd in population, 2nd among the ten most populous states in terms of Local Debt Per Capita, 4th in Total State and Local Debt Per Capita but 9th in State Debt Per Capita.

Total local debt per capita (tax-supported and revenue) decreased by .08 percent from $7,632 in FY 2011 to $7,626 in FY 2012. Over the past 10 years debt per capita has increased by 64.4 percent ($2,988) while the state's population has increased by 16.1 percent ($3.6 million) *(Figure 1.1)*.

Figure 1.1
Texas Local Government*
Total Debt Per Capita



*Local debt outstanding for FY 2012 has been reduced by cash defeasances totaling an estimated $8.20 billion.
Source: Texas Bond Review Board - Bond Finance Office; December 2011 U.S. Census Bureau, Population Division.

Tax-Supported Debt – 21 Percent Increase in Five Years

As of fiscal-year end 2012 Texas local governments had $195.81 billion in debt outstanding, an increase of 22.2 percent ($35.51 billion) since fiscal 2008. During that time tax-supported debt increased by 20.6 percent ($20.42 billion) and revenue debt increased by 24.6 percent ($15.47 billion) *(Table 1.2)*.

Of the $195.81 billion in total local debt outstanding, 60.0 percent ($117.43 billion) was tax-supported debt, and the remaining 40.0 percent ($78.37 billion) was debt secured by revenues generated by various projects such as water, sewer and utility projects.

School Districts accounted for 54.3 percent ($63.75 billion) of the total tax-supported local debt outstanding. Cities accounted for 23.0 percent ($26.97 billion), WDs accounted for 9.3 percent ($10.87 billion), and the remaining 13.6 percent ($16.00 billion) was attributable to CCDs, Counties, HHDs and OSDs.

During fiscal 2012 tax-supported debt increased by 0.8 percent ($898.9 million) from $116.54 billion to $117.43 billion, 54.3 percent ($64.08 billion) of which was issued by School Districts. During the same time period, revenue debt increased by 2.9 percent ($2.17 billion) from $76.20 billion to $77.37 billion, 46.3 percent ($36.31 billion) of which was issued by Cities.

Revenue Debt - 25 Percent Increase in Five Years

Since fiscal 2008 revenue debt has increased by 24.6 percent ($15.47 billion) from $62.90 billion to $78.37 billion *(Table 1.2)*.

City revenue debt increased by 12.6 percent from $32.24 billion to $36.31 billion in the five-year period. As the state's population increased by 7.4 percent (1.8 million) since fiscal 2008, urban areas have experienced particularly rapid growth that has created the need for new infrastructure needs including roads and construction for 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.

County revenue debt increased by 20.1 percent from $2.68 billion to $3.22 billion in the five-year period. Of that amount, Harris County toll road projects accounted for 62.7 percent ($2.02 billion).

Since fiscal 2008, CCD revenue debt rose by 10.4 percent from $1.17 billion to $1.30 billion as a response to increased enrollments.

Since fiscal 2008 revenue debt for OSDs increased 82.9 percent from $8.73 billion to $15.96 billion. This increase was largely due to the North Texas Tollway Authority's issuances totaling $9.74 billion between fiscal years 2008 and 2012 to refund previous debt issues, defease bond anticipation notes and extend toll roads. Dallas Area Rapid Transit contributed to the increase by issuing a total of $2.56 billion to improve and expand the Dallas public transportation system.

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 thousands)

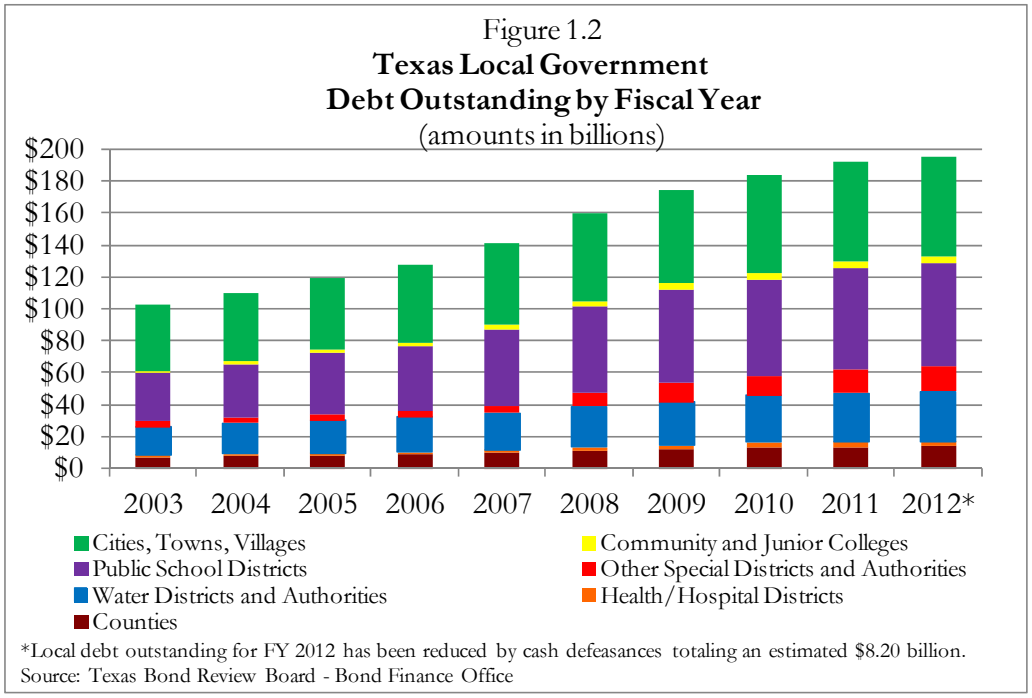
	8/31/2008	8/31/2009	8/31/2010	8/31/2011	8/31/2012*
Public School Districts					
Tax-Supported	$54,019,635	$58,532,116	$59,868,710	$63,251,221	$63,749,968
Revenue**	330,064	305,145	370,800	376,470	332,838
Total	**$54,349,699**	**$58,837,261**	**$60,239,510**	**$63,627,691**	**$64,082,806**
Cities					
Tax-Supported	$22,918,520	$24,576,951	$26,394,258	$26,957,078	$26,967,466
Revenue**	32,243,672	33,906,064	34,767,876	35,995,279	36,307,002
Total	**$55,162,192**	**$58,483,014**	**$61,162,134**	**$62,952,357**	**$63,274,468**
Water Districts and Authorities					
Tax-Supported	$9,100,898	$9,849,025	$10,415,762	$10,718,298	$10,870,103
Revenue**	16,305,279	17,272,507	18,885,133	19,602,192	20,107,020
Total	**$25,406,178**	**$27,121,532**	**$29,300,895**	**$30,320,490**	**$30,977,123**
Other Special Districts and Authorities					
Tax-Supported	$98,676	$117,643	$144,500	$155,406	$192,807
Revenue**	8,725,180	11,917,946	12,385,631	14,604,840	15,959,169
Total	**$8,823,856**	**$12,035,589**	**$12,530,131**	**$14,760,246**	**$16,151,976**
Counties					
Tax-Supported	$8,697,410	$9,204,643	$10,138,442	$10,304,743	$10,599,078
Revenue**	2,683,182	2,720,646	2,995,052	3,018,487	3,222,831
Total	**$11,380,592**	**$11,925,289**	**$13,133,494**	**$13,323,230**	**$13,821,909**
Community College Districts					
Tax-Supported	$2,060,990	$2,551,582	$2,881,206	$3,041,021	$2,961,397
Revenue**	1,174,764	1,133,324	1,211,160	1,265,412	1,296,930
Total	**$3,235,753**	**$3,684,905**	**$4,092,365**	**$4,306,432**	**$4,258,327**
Health/Hospital Districts and Authorities					
Tax-Supported	$496,061	$1,049,108	$1,894,921	$2,107,982	$2,093,061
Revenue**	1,439,104	1,403,733	1,421,458	1,334,534	1,146,320
Total	**$1,935,165**	**$2,452,841**	**$3,316,379**	**$3,442,515**	**$3,239,381**
Total Tax-Supported	$97,392,190	$105,881,067	$111,737,799	$116,535,749	$117,433,880
Total Revenue**	$62,901,246	$68,659,364	$72,037,108	$76,197,213	$78,372,110
Total Debt Outstanding	**$160,293,436**	**$174,540,432**	**$183,774,907**	**$192,732,962**	**$195,805,990**

*Local debt outstanding for FY 2012 has been reduced by cash defeasances totaling an estimated $8.20 billion.

**Does not include certain conduit debt issued for which the Bond Review Board does not receive issuance information.

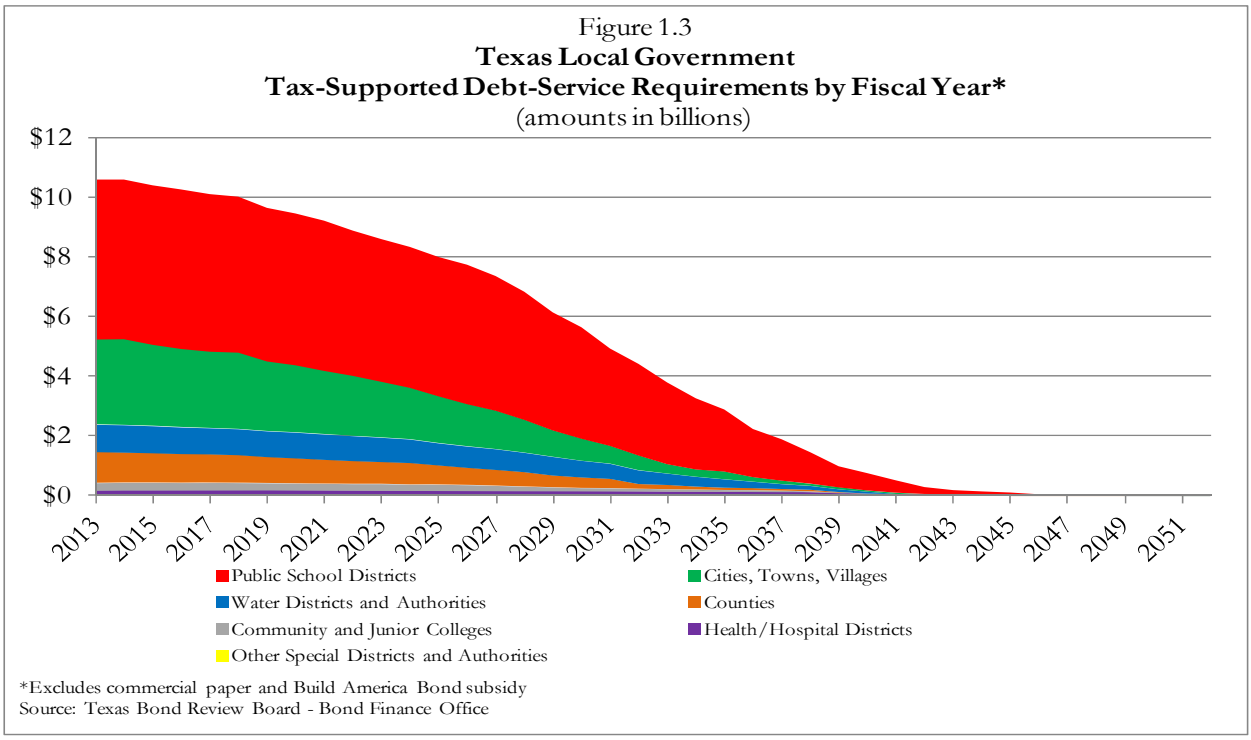
Source: Texas Bond Review Board - Bond Finance Office

Figure 1.2 illustrates the local debt outstanding 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, 2012. Tax-Supported debt service steadily declines from a peak of $10.63 billion in Fiscal Year 2014.

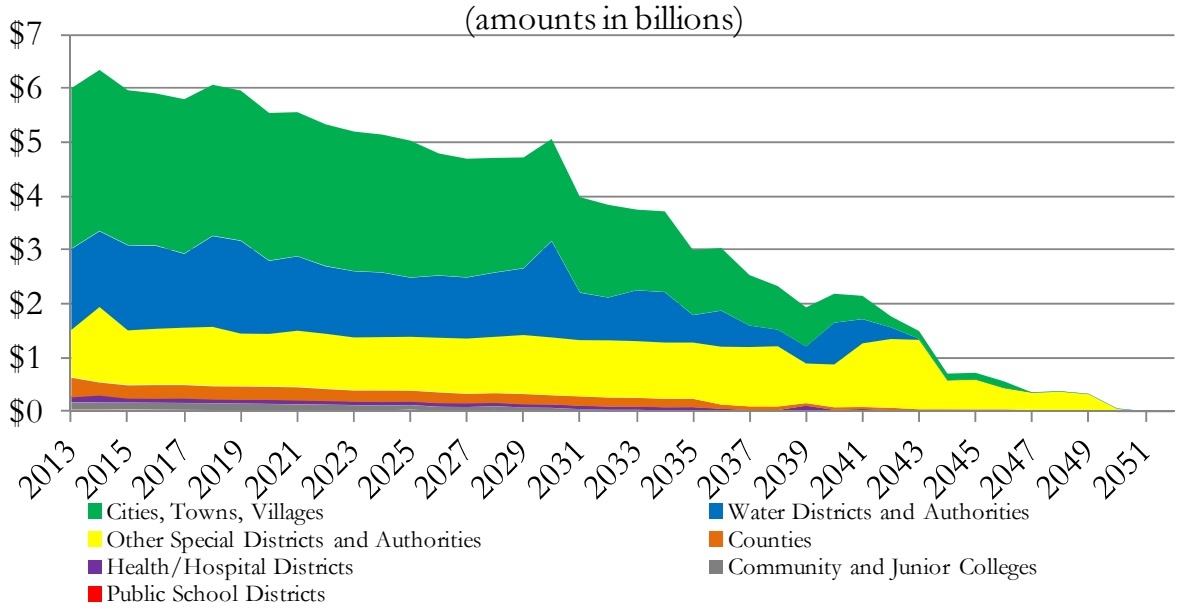


CCDs and OSDs expect to repay their current tax-supported debt service outstanding within the next 30 years, and School Districts, Cities, Water Districts, Counties and HHDs expect to repay their debt service within the next 40 years.

Figure 1.4 shows the revenue debt-service requirements for all categories of debt outstanding as of August 31, 2012. Revenue debt service peaks at $6.33 billion in Fiscal Year 2014.

School districts expect to retire all their revenue debt within the next 20 years, CCDs expect to repay theirs in the next 30 years and the remaining categories expect to repay theirs over the next 40 years.

Figure 1.4
Texas Local Government
Revenue Debt-Service Requirements by Fiscal Year*
(amounts in billions)



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

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. 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. Rate of debt retirement for HHD tax-supported debt is low because over half of HHD Debt was issued as Build America Bonds (BABs) with most principal repayments scheduled after 10 years.

Table 1.3
Texas Local Government*
Rate of Debt Retirement
(amounts in thousands)

Debt Repaid (Principal Only)	**Tax-Supported**	**Percent**	**Revenue**	**Percent**
Within Five Years				
Cities, Towns, Villages	$ 8,587,403	32.1%	$ 6,494,834	18.5%
Counties	2,793,811	26.9%	602,059	18.7%
Other Special Districts and Authorities	77,384	40.1%	1,276,244	8.4%
Community and Junior Colleges	669,245	22.6%	355,943	27.4%
Water Districts and Authorities	2,216,968	20.4%	2,684,205	25.6%
Health/Hospital Districts	219,581	10.5%	215,554	18.8%
Public School Districts	12,011,213	18.8%	101,311	30.4%
Within Ten Years				
Cities, Towns, Villages	16,564,967	62.0%	13,575,045	38.6%
Counties	5,612,602	54.1%	1,197,540	37.2%
Other Special Districts and Authorities	127,977	66.4%	2,811,813	18.4%
Community and Junior Colleges	1,408,969	47.6%	717,130	55.3%
Water Districts and Authorities	4,738,500	43.6%	5,041,500	48.0%
Health/Hospital Districts	523,131	25.0%	375,947	32.8%
Public School Districts	25,582,412	40.1%	187,693	56.4%
Within Twenty Years				
Cities, Towns, Villages	25,675,401	96.1%	27,451,962	78.1%
Counties	9,807,236	94.6%	2,373,700	73.7%
Other Special Districts and Authorities	183,422	95.1%	7,080,479	46.4%
Community and Junior Colleges	2,632,989	88.9%	1,211,201	93.4%
Water Districts and Authorities	9,462,373	87.0%	9,133,189	87.0%
Health/Hospital Districts	1,276,471	61.0%	743,461	64.9%
Public School Districts	53,403,653	83.8%	332,838	100.0%

*Exdudes commercial paper and conduit revenue.

Source: Texas Bond Review Board - Bond Finance Office

Debt Issuance

Debt issuance for Texas local governments increased by 10.0 percent ($2.47 billion) from $24.74 billion issued in FY 2011 to $27.21 billion issued in FY 2012. Debt Issuance during FY 2012 was the second highest in five years compared to the record high of $30.11 billion issued in fiscal 2008 (*Table 1.4*).

During fiscal 2012 new-money debt issued totaled $11.56 billion and refunding debt totaled a record high of $15.65 billion. Cities, school districts and water districts comprised 77.5 percent of the new-money transaction volume ($8.96 billion) and 85.6 percent of the refunding volume ($13.39 billion).

Table 1.4
Texas Local Government
Debt Issuance by Fiscal Year
($ amounts in thousands)

	2008	2009	2010	2011	2012
Issuers	865	728	859	945	1069
Issuances	1217	1047	1321	1339	1523
Cities					
New Money	$ 5,304,113	$ 5,017,748	$ 4,751,511	$ 4,213,436	$ 3,509,605
Refunding	2,758,421	3,211,729	3,405,020	4,696,000	6,713,028
Total Par Issued	**$ 8,062,534**	**$ 8,229,477**	**$ 8,156,531**	**$ 8,909,435**	**$ 10,222,633**
Counties					
New Money	$ 2,009,792	$ 1,188,035	$ 1,639,496	$ 746,641	$ 1,022,965
Refunding	439,035	767,725	1,083,500	667,192	1,441,031
Total Par Issued	**$ 2,448,827**	**$ 1,955,760**	**$ 2,722,996**	**$ 1,413,833**	**$ 2,463,996**
Water Districts					
New Money	$ 3,016,162	$ 1,955,951	$ 2,033,371	$ 1,689,783	$ 2,347,178
Refunding	1,199,680	992,586	1,676,761	1,318,143	2,135,058
Total Par Issued	**$ 4,215,842**	**$ 2,948,537**	**$ 3,710,132**	**$ 3,007,926**	**$ 4,482,236**
Public School Districts					
New Money	$ 7,712,443	$ 6,271,570	$ 3,389,425	$ 5,320,276	$ 3,105,723
Refunding	1,111,992	999,970	1,980,465	2,538,873	4,542,681
Total Par Issued	**$ 8,824,435**	**$ 7,271,539**	**$ 5,369,890**	**$ 7,859,149**	**$ 7,648,404**
Community College Districts					
New Money	$ 473,050	$ 613,250	$ 581,525	$ 357,516	$ 197,050
Refunding	25,595	163,105	84,565	153,523	473,685
Total Par Issued	**$ 498,645**	**$ 776,355**	**$ 666,090**	**$ 511,039**	**$ 670,735**
Health/Hospital Districts					
New Money	$ 499,070	$ 607,377	$ 959,798	$ 274,475	$ 67,301
Refunding	235,096	51,445	138,389	7,355	33,570
Total Par Issued	**$ 734,166**	**$ 658,822**	**$ 1,098,187**	**$ 281,830**	**$ 100,871**
Other Special Districts					
New Money	$ 795,540	$ 2,688,465	$ 742,072	$ 2,215,113	$ 1,313,710
Refunding	4,529,619	1,549,123	507,407	543,055	311,870
Total Par Issued	**$ 5,325,159**	**$ 4,237,588**	**$ 1,249,480**	**$ 2,758,168**	**$ 1,625,580**
Total New Money	$ 19,810,170	$ 18,342,396	$ 14,097,199	$ 14,817,240	$ 11,563,532
Total Refunding	10,299,438	7,735,683	8,876,108	9,924,141	15,650,923
Total Par	**$ 30,109,608**	**$ 26,078,079**	**$ 22,973,306**	**$ 24,741,380**	**$ 27,214,455**

Source: Texas Bond Review Board - Bond Finance Office

Proceeds of Issuance
During fiscal 2012, 55.5 percent of Texas' local debt issuance was used to refund debt, 12.9 percent was used to finance educational facilities and equipment, 9.1 percent was used to finance transportation projects, 8.9 percent was used for general-purpose debt and 9.1 percent was used to finance water-related infrastructure. 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 4.5 percent of local debt issuance was used for multiple purposes including combined utility systems, solid waste and health-related facilities.

Capital Appreciation Bonds
During fiscal 2012 local governments issued $232.5 million of capital appreciation bonds (CABs), approximately 0.9 percent of the total par amount issued by local governments. (*See Table 1.5*)

CABs are sold at a discounted price called the par amount. Interest 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 bonds with current-pay interest. CABs are usually issued along with current interest bonds. While the debt service for the current interest issuance may be paid throughout the life of the obligation, principal and interest on the CABs is paid at maturity.

The total debt outstanding figures are understated to the extent that these bonds are reported at their par issuance price rather than their maturity value.

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

Table 1.5
Texas Local Government
Capital Appreciation Bonds Par Amount Issued by Fiscal Year
(amounts in thousands)

	2008	2009	2010	2011	2012
Public School Districts	$ 306,458	$ 168,438	$ 139,030	$ 267,255	$ 189,033
Other Special Districts and Authorities	399,999	199,998	3,500	158,176	-
Community and Junior Colleges	35	7,245	-	28,916	2,486
Cities, Towns, Villages	200	3,847	750	7,810	21,264
Counties	675	1,930	60	-	70
Health/Hospital Districts	15	-	-	-	135
Water Districts and Authorities	800	260	1,789	3,860	19,488
Total CAB Par Amount Issued	**$ 708,182**	**$ 381,718**	**$ 145,129**	**$ 466,016**	**$ 232,476**
Total Par Amount Issued	$ 30,109,608	$ 26,078,079	$ 22,973,306	$ 24,741,380	$ 27,214,455
CAB Par Amount % of Total	**2.4%**	**1.5%**	**0.6%**	**1.9%**	**0.9%**

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 and are issued 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 revenues and does not require an election unless a valid petition requesting an election is presented.

As of August 31, 2012, COs accounted for 6.4 percent ($12.60 billion) of total local debt outstanding (*Table 1.6*).

Table 1.6
Texas Local Government
Certificates of Obligation Outstanding
($ amounts in thousands)

Cities	$ 9,452,519
Counties	2,249,299
Health/Hospital Districts	894,705
Total	**$12,596,523**

Source: Texas Bond Review Board - Bond Finance Office

During fiscal 2012 local governments issued $1.32 billion in COs, approximately 4.8 percent of the total debt issued (*Table 1.7*).

Table 1.7
Texas Local Government
Certificates of Obligation Issuance
($ amounts in thousands)

	2008	**2009**	**2010**	**2011**	**2012**
Cities	$ 2,057,608	$ 1,455,851	$ 1,532,786	$ 1,236,549	$ 934,309
Counties	475,927	164,345	732,266	115,894	365,909
Health/Hospital Districts	-	572,635	-	204,885	16,000
Total Issued	**$ 2,533,535**	**$ 2,192,831**	**$ 2,265,052**	**$ 1,557,328**	**$1,316,219**

Source: Texas Bond Review Board - Bond Finance Office

Build America Bonds

BABs were created by the American Recovery and Reinvestment Act of 2009 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. Authority to issue BABs expired in December 2010. (See Glossary for discussion on BABs).

As of August 31, 2012, BABs accounted for 5.6 percent ($10.92 billion) of total local debt outstanding (*Table 1.8*).

Table 1.8
Texas Local Government
Build America Bonds Outstanding
(amounts in thousands)

Government Type	Amount
Public School Districts	$ 3,266,183
Other Special Districts and Authorities	2,897,095
Cities, Towns, Villages	2,796,855
Health/Hospital Districts	1,264,084
Counties	428,140
Water Districts and Authorities	236,650
Community and Junior Colleges	33,470
Total	**$10,922,477**

Source: Texas Bond Review Board - Bond Finance Office

During fiscal years 2009-2011, 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.

Texas local governments accounted for approximately 6.0 percent ($10.96 billion) of the national BAB issuance of $181.26 billion.

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, 2012 total city debt outstanding was 32.3 percent ($63.27 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 waste water and sewer systems, toll roads, and airports.

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

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

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

Total Debt Outstanding

As of August 31, 2012, 244 Cities had both tax-supported and revenue debt outstanding, 744 had only tax-supported debt outstanding, 305 had only revenue debt outstanding and three (Crystal City, Pecos City and Houston) had lease-revenue obligations outstanding. During fiscal 2012 total debt outstanding for Cities increased by 0.5 percent from $62.95 billion in fiscal 2011 to $63.27 billion including commercial paper (CP) *(Table 2.1)*. Of the amount outstanding, 42.6 percent ($26.97 billion) was tax-supported, 57.4 percent ($36.31 billion) was revenue debt including $226.1 million of sales tax revenue and $61.4 million of lease-revenue obligations.

Over the five-year period since FY 2008, tax-supported debt increased by 17.7 percent ($4.05 billion) and revenue debt increased by 12.6 percent ($4.06 billion) *(Table 2.1)*.

Revenue debt for the state's six largest cities (Houston, San Antonio, Dallas, Austin, Fort Worth and El Paso (collectively, the Big Six) accounted for 83.4 percent ($30.26 billion) of the total revenue debt outstanding as of August 31, 2012 while tax-supported debt for the Big Six was 34.2 percent ($9.23 billion) of total tax-supported debt outstanding.

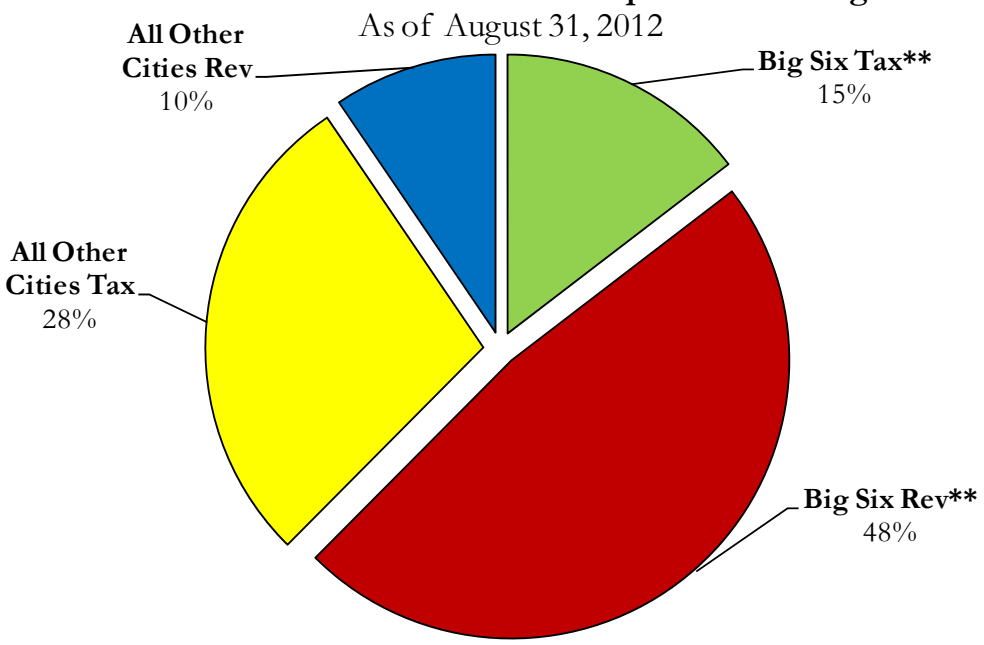
Table 2.1
Texas Cities
Debt Outstanding*
(amounts in thousands)

	2008	2009	2010	2011	2012**
Big Six Tax***	$ 7,817,701	$ 8,781,578	$ 9,322,497	$ 9,374,930	$ 9,227,982
Big Six Revenue***	26,422,303	27,751,403	28,434,160	29,678,076	30,262,846
All Other Cities Tax	15,100,819	15,795,372	17,071,761	17,582,148	17,739,484
All Other Cities Revenue	5,821,370	6,154,660	6,333,715	6,317,203	6,044,156
	$ 55,162,192	**$ 58,483,014**	**$ 61,162,134**	**$ 62,952,357**	**$ 63,274,468**

*Exdudes certain conduit debt for which the Bond Review Board does not receive issuance information.
**Local debt outstanding for FY 2012 has been reduced by cash defeasances.
***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 2012.

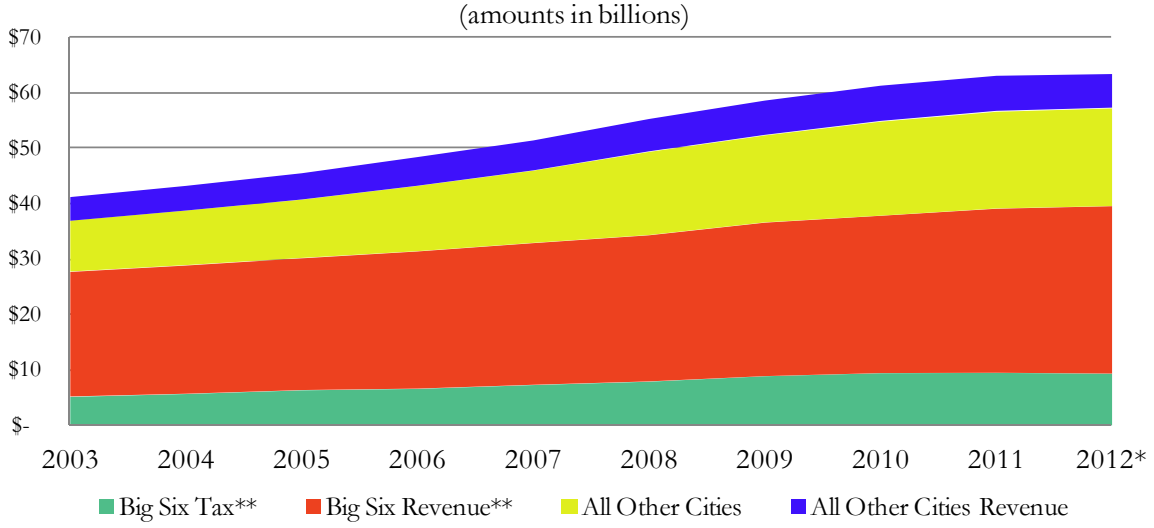
Figure 2.1
Texas Cities
Percent of Tax & Revenue Principal Outstanding*
As of August 31, 2012



*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 2.2 illustrates the debt outstanding for tax-supported and revenue debt over the past 10 years. Since 2003 total tax-supported debt and total revenue debt have increased by 88.2 percent ($12.64 billion) and 35.6 percent ($9.52 billion), respectively. During the same time period, tax-supported debt for the Big Six has increased 81.1 percent ($4.13 billion) while revenue debt for the Big Six has increased by 34.4 percent ($7.74 billion). As of August 31, 2012 Cities had $2.80 billion in Build America Bonds outstanding. (See glossary for a definition of Build America Bonds.)

Figure 2.2
Texas Cities
Total Debt Outstanding
(amounts in billions)



*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

Tax-Supported Debt Outstanding

Figure 2.3 illustrates tax-supported debt outstanding over the past 10 years. Since 2003 tax-supported debt has increased by 88.2 percent ($12.64 billion). Tax-supported debt for the Big Six has increased 81.1 percent ($4.13 billion) which consisted of increases for Dallas by 127.4 percent ($933.5 million); El Paso by 110.8 percent ($458.1 million); Fort Worth by 103.8 percent ($329.2 million); Houston by 90.7 percent ($1.64 billion); San Antonio by 51.4 percent ($469.9 million); and Austin by 33.5 percent ($305.1 million). Over the past 10 years tax-supported debt for all other cities has increased by 92.1 percent ($8.51 billion).

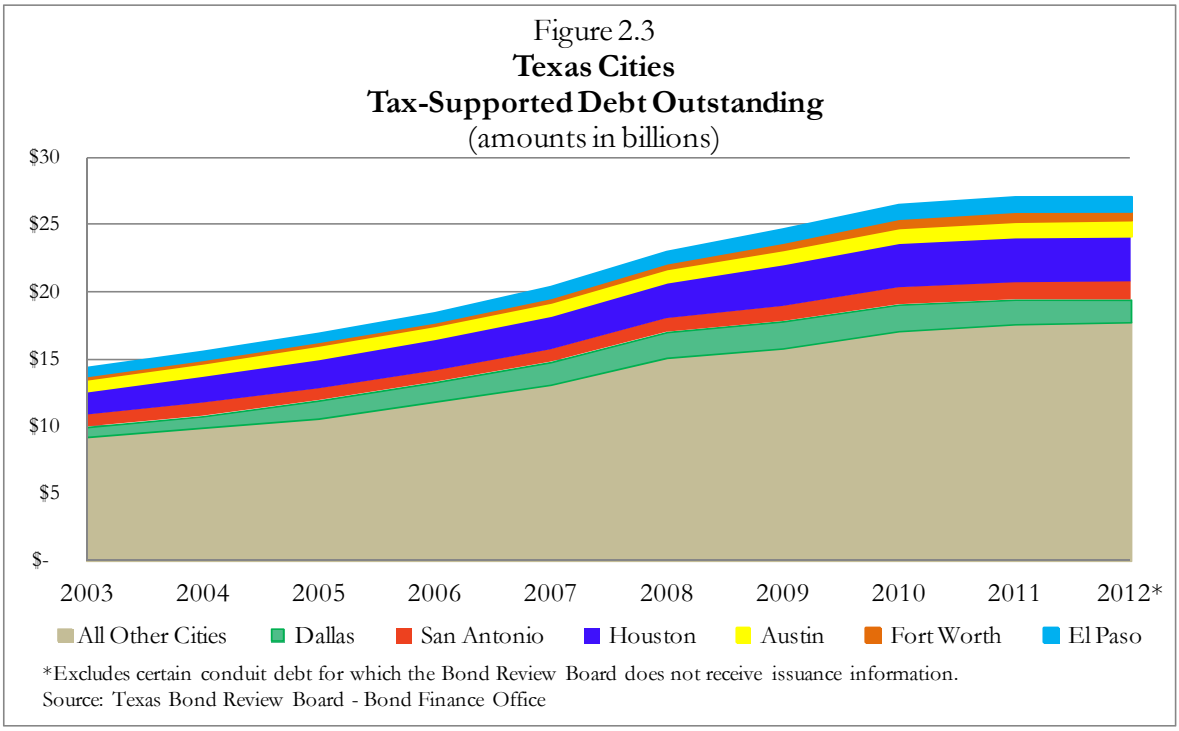
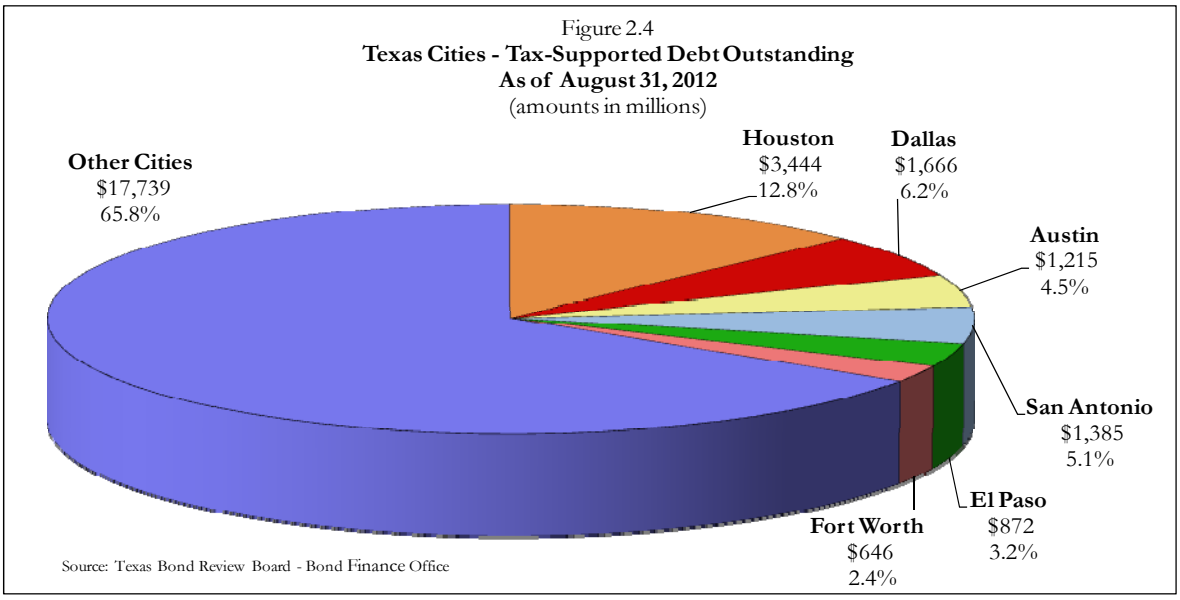
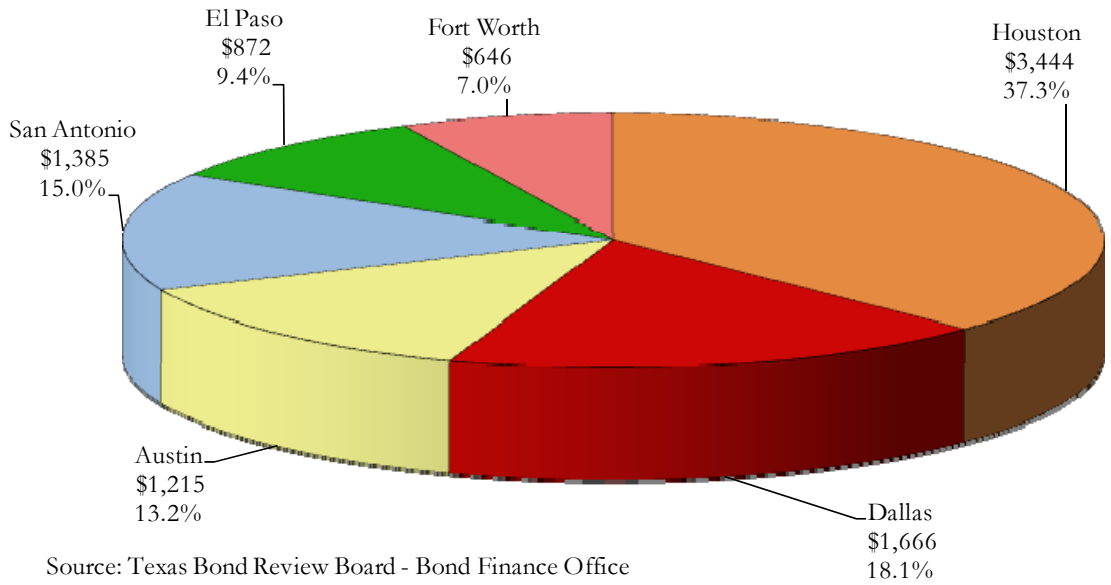


Figure 2.4 shows total tax-supported debt outstanding ($26.97 billion) for the Big Six and other Cities as of August 31, 2012.



Total tax-supported debt of the Big Six was $9.22 billion which is 34.2 percent of the total tax-supported debt outstanding. *Figure 2.5* illustrates the percent of tax-supported debt outstanding among the Big Six. Of the Big Six, the three largest cities (Houston, San Antonio and Dallas) had 70.4 percent ($6.50 billion) of the tax-supported debt for the Big Six with Houston accounting for $3.44 billion.

Figure 2.5
Texas Cities
Tax-Supported Debt Outstanding of the Big Six
As of August 31, 2012
(amounts in millions)



Source: Texas Bond Review Board - Bond Finance Office

Texas Cities had $9.45 billion of Certificates of Obligation (CO) debt outstanding which is 35.0 percent of the total tax-supported debt outstanding and 14.9 percent of the total debt outstanding including revenue debt. Ten Cities had $2.72 billion (28.8 percent) of the total CO debt outstanding *(Table 2.2)*. (See Glossary for a definition of COs.)

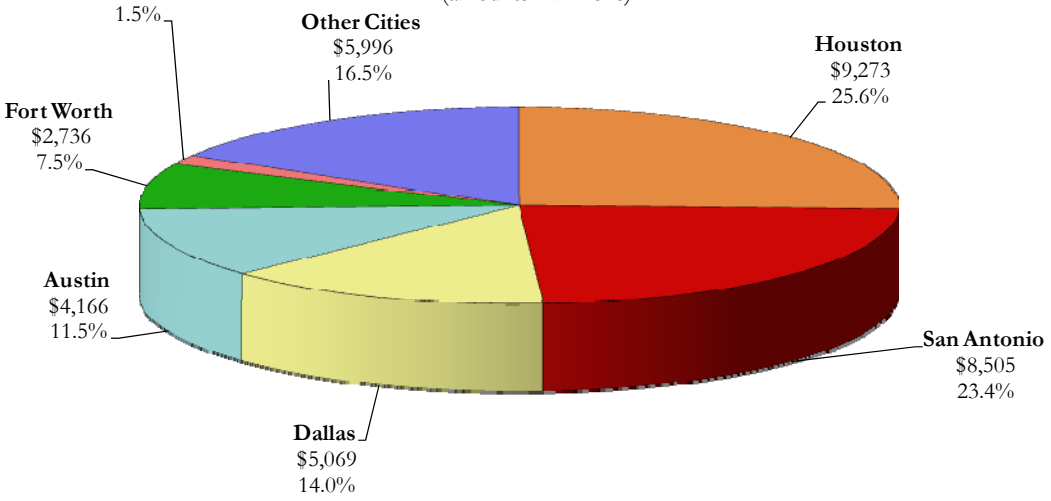
Table 2.2 **Texas Cities** **Issuers with the Most** **Certificates of Obligation Outstanding**		
Issuer	**Par Amount** (thousands)	**Debt Per Capita**
Lubbock	$736,525	$3,151
San Antonio	334,620	246
El Paso	307,620	462
Laredo	259,835	1,074
Fort Worth	246,275	325
San Angelo	180,925	1,914
Frisco	176,965	1,458
Denton	161,600	1,379
Waco	161,020	1,271
Sugar Land	153,345	1,877
Other Cities	6,733,789	N/A
Total	**$9,452,519**	

Source: Texas Bond Review Board; July 2011 US Census Population Division

Revenue Debt Outstanding

Revenue debt increased for four of the Big Six during FY 2012: Fort Worth by 14.2 percent ($340.0 million); Dallas by 7.2 percent ($341.1 million); San Antonio by 4.8 percent ($387.9 million); and Austin by 0.3 percent ($13.9 million). Revenue debt decreased for Houston by 4.4 percent ($429.4 million) and for El Paso by 3.6 percent ($21.0 million) during FY 2012. *Figure 2.6* shows total revenue debt outstanding ($36.31 billion) for the Big Six and other Cities as of August 31, 2012.

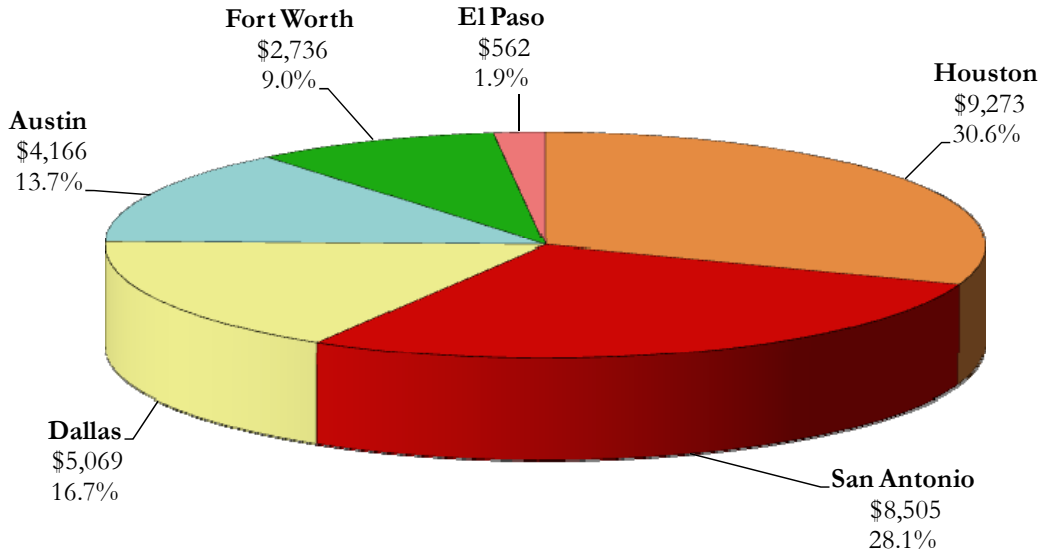
Figure 2.6
Texas Cities - Revenue Debt Outstanding*
As of August 31, 2012
(amounts in millions)



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

Total revenue debt for the Big Six was $30.31 billion, 83.5 percent of the total cities revenue debt outstanding. *Figure 2.7* illustrates the percent of revenue debt outstanding among the Big Six, the three largest (Houston, San Antonio and Dallas) of which had 75.4 percent ($22.85 billion) of the total debt of the Big Six.

Figure 2.7
Texas Cities - Revenue Debt Outstanding of the Big Six*
As of August 31, 2012
(amounts in millions)



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

Commercial Paper Outstanding

Eight Texas Cities utilize general obligation (GO) and/or revenue CP programs to provide interim financing for infrastructure improvements, additions and extensions. As of August 31, 2012, six Cities had $1.42 billion in CP outstanding *(Table 2.3)*.

During FY 2009, Dallas authorized up to $300 million for a new waterworks and sewer system revenue note program. During FY 2010, Houston created a tax-supported note program not to exceed $125 million to finance capital improvements, and a utility system note program not to exceed $700 million. During FY 2011, Dallas created a tax-supported note program Series 2010A, B and C not to exceed $350 million to finance capital improvements. During FY 2012 both Corpus Christi and El Paso terminated their CP programs.

Table 2.3 **Texas Cities - Commercial Paper Outstanding*** **As of August 31, 2012** (amounts in thousands)			
	Tax-Supported	**Revenue**	**Total**
San Antonio	-	$500,745	$500,745
Austin	n/a	254,306	254,306
Houston	$236,900	203,400	440,300
Garland	10,000	-	10,000
Dallas	-	193,385	193,385
Brownsville	n/a	24,450	24,450
Arlington	-	n/a	-
Fort Worth	-	-	-
Total	**$246,900**	**$1,176,286**	**$1,423,186**

*Does not reflect total authorization amount.

Source: Texas Bond Review Board - Bond Finance Office

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. Texas Cities will repay 32.1 percent ($8.59 billion) of tax-supported debt within five years, 62.0 percent ($16.56 billion) within ten years and 96.1 percent ($25.68 billion) within twenty years. Revenue debt principal repayment is expected to be 18.5 percent ($6.49 billion) within five years, 38.6 percent ($13.57 billion) within ten years and 78.1 percent ($27.45 billion) within twenty years *(Table 2.4)*. As of August 31, 2012, the final maturity for total tax-supported debt and revenue debt was 39 years and 37 years, respectively.

Table 2.4 **Texas Cities - Rate of Debt Retirement***				
Debt Repaid	**Tax-Supported Debt** (billions)	**Percent**	**Revenue Debt** (billions)	**Percent**
Within Five Years	$8.59	32.1%	$6.49	18.5%
Within Ten Years	$16.56	62.0%	$13.57	38.6%
Within Twenty Years	$25.68	96.1%	$27.45	78.1%

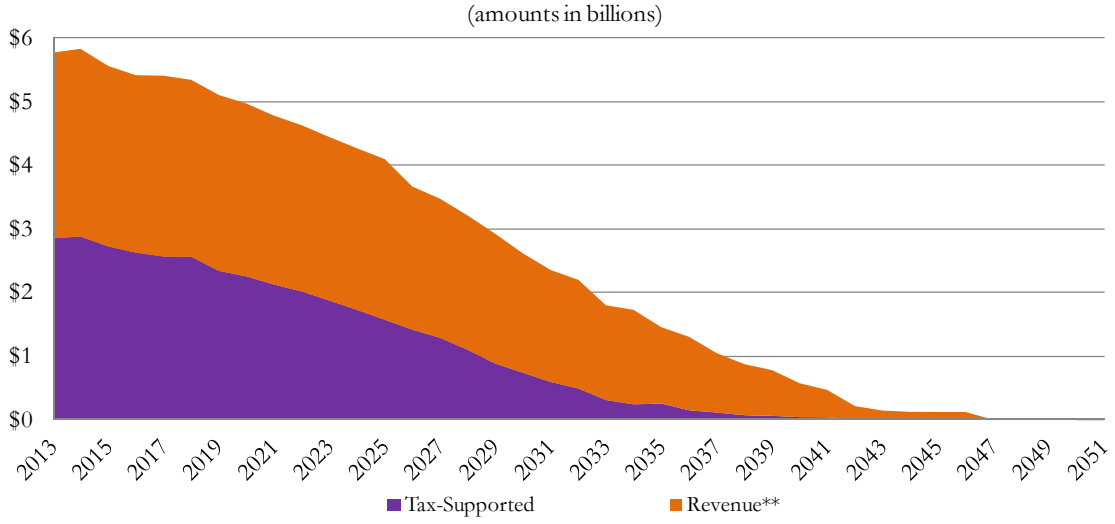
*Excludes commercial paper and conduit-revenue debt

Source: Texas Bond Review Board - Bond Finance Office

Debt-Service Requirements

With $63.24 billion of total debt outstanding as of August 31, 2012, total debt-service requirements (scheduled principal and interest) for Cities totaled $96.96 billion. *Figure 2.8* illustrates the projected annual debt service for tax-supported and revenue debt outstanding as of August 31, 2012.

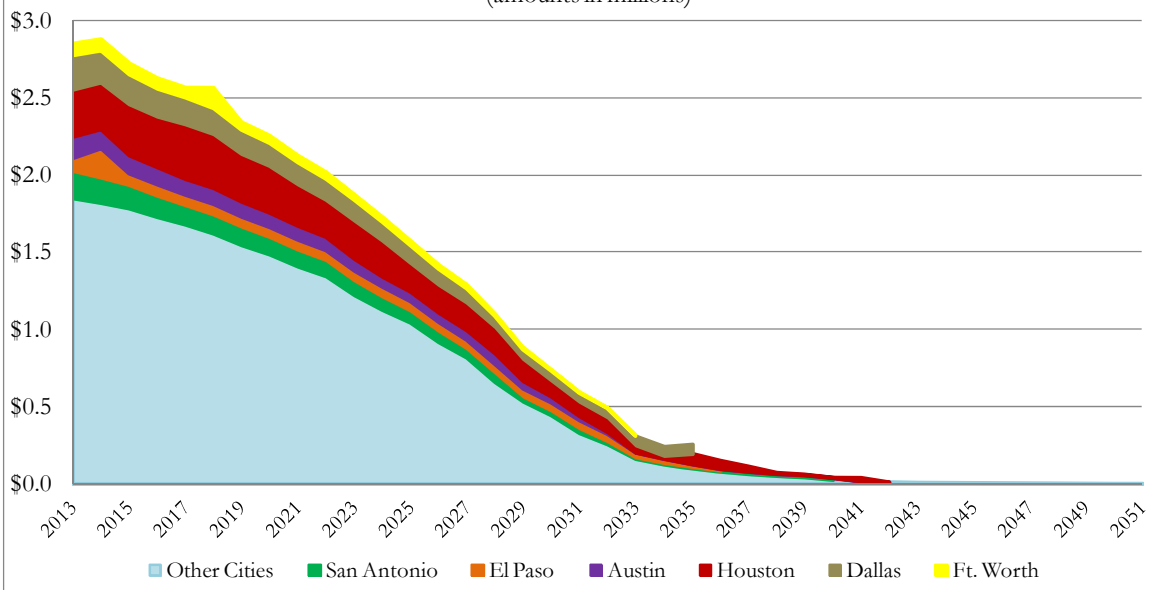
Figure 2.8
Texas Cities
Debt-Service Requirements*
(amounts in billions)



*Excludes commercial paper, Build America Bond subsidy, and conduit debt issued by local governments for which the Bond Review Board does not receive issuance information.
**Includes Sales Tax and Lease-Revenue Obligations.
Source: Texas Bond Review Board - Bond Finance Office

Figure 2.9 illustrates annual debt-service requirements for the Big Six and other Cities with tax-supported debt outstanding. With $26.97 billion of tax-supported debt outstanding as of August 31, 2012, total tax-supported debt-service requirements (principal and interest) for Cities totaled $37.93 billion.

Figure 2.9
Texas Cities
Tax-Supported Debt Service Requirements*
(amounts in millions)



*Excludes commercial paper, Build America Bond subsidy, and conduit debt issued by local governments for which the Bond Review Board does not receive issuance information.
Source: Texas Bond Review Board - Bond Finance Office

Debt Issuance in FY 2012

During FY 2012 Texas Cities completed 481 financing transactions totaling $10.22 billion of which 396 ($3.99 billion) were tax-supported issuances and 84 ($6.22 billion) were revenue backed.

During FY 2012 City debt issuance increased by 14.7 percent ($1.31 billion) from the prior fiscal year *(Table 2.5)*.

Table 2.5
Texas Cities - Debt Issuance
($ in thousands)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Issuers	268	225	254	285	278
Issuances	489	394	481	475	481
Tax					
New Money	$3,950,849	$2,963,985	$3,443,856	$2,216,790	$1,843,660
Refunding	831,858	1,144,033	1,752,265	1,875,808	2,148,816
Subtotal	**$4,782,707**	**$4,108,018**	**$5,196,121**	**$4,092,598**	**$3,992,476**
Revenue					
New Money	$1,312,024	$2,035,938	$1,299,970	$1,984,471	$1,655,500
Refunding	1,926,563	2,067,696	1,639,365	2,779,392	4,564,212
Subtotal	**$3,238,587**	**$4,103,634**	**$2,939,335**	**$4,763,863**	**$6,219,712**
Sales Tax Revenue					
New Money	$41,240	$17,825	$7,685	$12,175	$10,445
Refunding	0	0	13,390	40,800	0
Subtotal	**$41,240**	**$17,825**	**$21,075**	**$52,975**	**$10,445**
Total New Money	$5,304,113	$5,017,748	$4,751,511	$4,213,436	$3,509,605
Total Refunding	$2,758,421	$3,211,729	$3,405,020	$4,696,000	$6,713,028
Total Par Amount	**$8,062,534**	**$8,229,477**	**$8,156,531**	**$8,909,436**	**$10,222,633**

Source: Texas Bond Review Board - Bond Finance Office

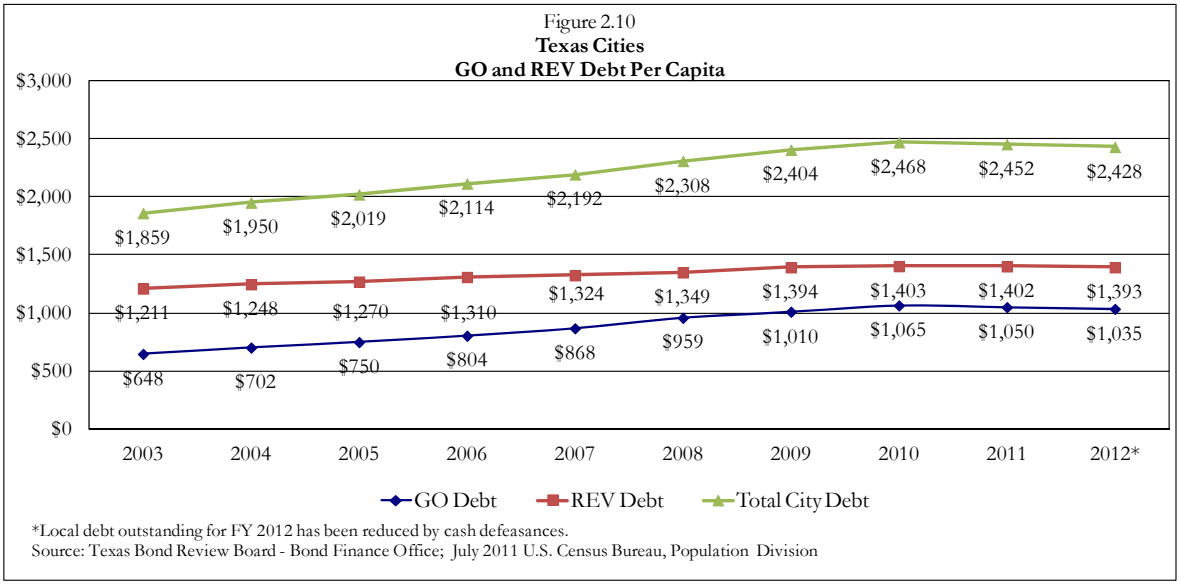
During fiscal 2012 San Antonio and the Dallas-Fort Worth International Airport (DFW) had the largest debt issuances. San Antonio issued $655.4 million to refund outstanding city debt and $521.0 million to expand its electric and gas systems. DFW issued $475.0 million to finance certain improvements and additions to the airport as well as $433.8 million and $300.5 million to refund outstanding airport debt. DFW debt is divided between Dallas (60 percent) and Fort Worth (40 percent). Houston and Austin also issued several series of refunding transactions totaling $1.84 billion and $665.8 million , respectively, during FY 2012.

Over the past five fiscal years less than 0.2 percent of the total City debt had been issued as capital appreciation bonds (CABs). (The total debt outstanding figures for CABs are understated to the extent that these bonds are reported at their discounted issuance price rather than their maturity value). In FY 2012 new-money CAB issuances totaled $21,263,832 of which the City of Austin issued a total of $20,817,518 of revenue CABs in two issuances.

During FY 2009 the City of Houston issued the only pension obligation bonds issued over the past five fiscal years. The issuances totaled $402.8 million, all of which remained outstanding as of August 31, 2012.

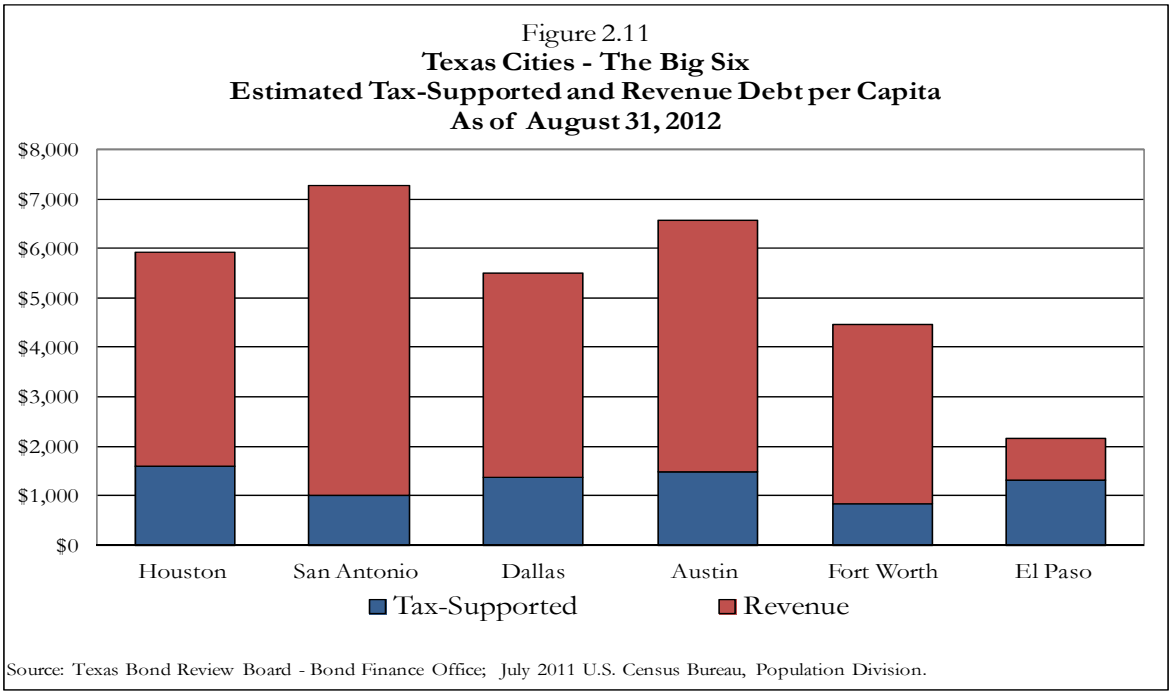
Debt per Capita

Total debt per capita (tax-supported and revenue combined) increased by 30.6 percent from $1,859 in FY 2003 to $2,428 in FY 2012. Tax-supported debt per capita and revenue debt per capita have increased by 59.7 percent and 15.1 percent, respectively from FY 2003 through FY 2012 while the state's population has increased by 17.8 percent (3.9 million) over the past 10 years *(Figure 2.10)*.



*Local debt outstanding for FY 2012 has been reduced by cash defeasances.
Source: Texas Bond Review Board - Bond Finance Office; July 2011 U.S. Census Bureau, Population Division

Of the Big Six cities at fiscal year-end 2012, San Antonio had the largest amount of revenue and total debt per capita and Houston had the largest amount of tax-supported debt per capita *(Figure 2.11)*.



Source: Texas Bond Review Board - Bond Finance Office; July 2011 U.S. Census Bureau, Population Division.

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 nonprofit corporations is not included in School district debt. As of August 31, 2012 total school district debt outstanding was 32.7 percent ($64.08 billion) of total local debt outstanding.

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. This debt must be authorized by voters and is subject to the 50-cent test that limits 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.

M&O debt 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 is generally limited to a maximum of $1.50 per $100 valuation under Chapter 45 of the Education Code.

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

Revenue debt is used to build and maintain sports facilities.

Total School Debt Outstanding

As of August 31, 2012, 855 of the state's 1,024 school districts had one or more types of debt outstanding: 829 had voter-approved debt, 162 had M&O debt, 48 had lease-revenue obligations and 4 had revenue debt. School district total debt outstanding increased by 0.7 percent from $63.63 billion in FY 2011 to $64.08 billion in FY 2012. Of the amount outstanding, 98.5 percent ($63.10 billion) was voter-approved, 1.0 percent ($653.1 million) was M&O, 0.5 percent ($329.8 million) was lease-revenue obligations and 0.005 percent ($3.0 million) was revenue debt (*Table 3.1*).

Table 3.1
Texas Public School Districts
Debt Outstanding
(amount in thousands)

	2008	2009	2010	2011	2012*
Voter-approved tax	$ 53,527,893	$ 58,010,079	$ 59,226,367	$ 62,638,765	$ 63,096,858
M&O tax	491,742	522,037	642,343	612,456	653,111
Lease-Revenue Obligations	327,679	303,115	369,155	373,100	329,803
Revenue	2,385	2,030	1,645	3,370	3,035
Total Debt Outstanding	**$ 54,349,699**	**$ 58,837,261**	**$60,239,510**	**$63,627,691**	**$ 64,082,806**

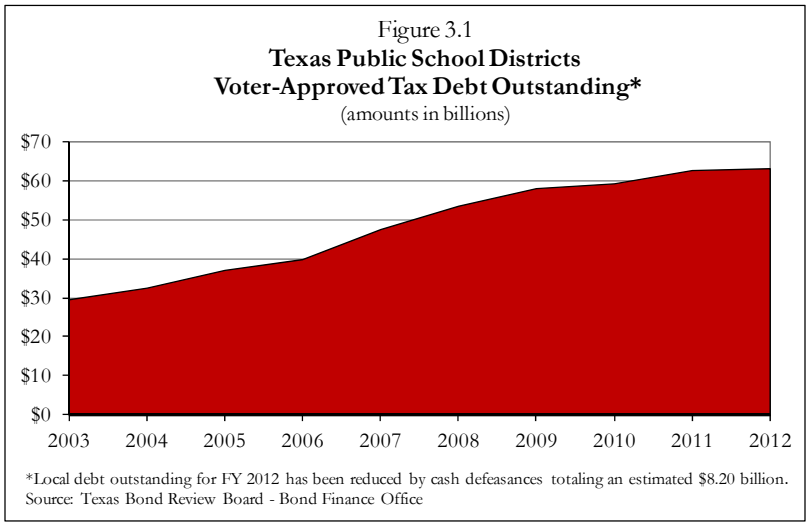
*Local debt outstanding for FY 2012 has been reduced by cash defeasances.

Source: Texas Bond Review Board - Bond Finance Office

The total school debt outstanding figures are understated to the extent that capital appreciation bonds (CABs) were issued. These bonds are reported at their discounted issuance price rather than their value at maturity. Over the past five fiscal years approximately $1.07 billion in CABs were issued of which $189.0 million were issued during fiscal year 2012.

Austin ISD is the only school district with a commercial paper program. The program is backed by bond M&O Tax and had a total of $58.3 million outstanding at the end of FY 2012.

The following figure shows the trends in voter-approved tax debt outstanding over the past 10 fiscal years. Voter-approved tax debt outstanding has increased 17.9 percent ($9.57 billion) since fiscal 2008 and 113.0 percent ($33.48 billion) since fiscal 2003.



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, 2012, the final maturity for total tax-supported debt is 38 years and the final maturity for total revenue debt is 13 years. School districts are scheduled to repay 18.8 percent ($12.01 billion) in principal outstanding of tax-supported debt within five years, 40.1 percent ($25.58 billion) within ten years and 83.8 percent ($53.40 billion) within twenty years. 30.4 percent ($101.3 million) of revenue debt principal will be repaid within five years, 56.4 percent ($187.7 million) within ten years and 100.0 percent ($332.8 million) within twenty years *(Table 3.2)*.

Table 3.2 **Texas Public School Districts - Rate of Debt Retirement***				
Debt Repaid	**Tax-Supported Debt** (billions)	**Percent**	**Revenue Debt** (millions)	**Percent**
Within Five Years	$12.01	18.8%	$101.3	30.4%
Within Ten Years	$25.58	40.1%	$187.7	56.4%
Within Twenty Years	$53.40	83.8%	$332.8	100.0%

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

School Districts with Debt Outstanding

Over the past five fiscal years debt outstanding for the 20 largest school districts with debt outstanding grew by an average of 25.6 percent, and Average Daily Attendance (ADA) grew by an average of 10.7 percent. Over that time the ADA for all school districts increased by 6.1 percent *(Table 3.3)*.

Table 3.3
Texas Public School Districts
Debt Outstanding for 20 Largest School Districts with Debt Outstanding*

	(five year trend in millions)					08-12 Debt	08-12 ADA	2012
Issuer	**2008**	**2009**	**2010**	**2011**	**2012**	**% Growth**	**% Growth**	**Debt/Student**
Dallas ISD	$1,423	$1,784	$1,708	$2,619	$2,555	79.6%	0.1%	$17,631
Houston ISD	2,122	2,084	2,507	2,449	2,336	10.1%	1.7%	12,810
Northside ISD (Bexar)	1,279	1,467	1,602	1,755	1,744	36.3%	14.4%	19,113
Cypress-Fairbanks ISD	1,606	1,797	1,815	1,765	1,737	8.1%	11.4%	17,143
Frisco ISD	978	1,144	1,178	1,247	1,310	33.9%	47.4%	33,941
North East ISD	1,301	1,268	1,232	1,225	1,278	-1.8%	9.2%	20,077
Katy ISD	957	950	918	1,084	1,167	21.9%	15.8%	19,698
Conroe ISD	773	841	849	1,007	1,106	43.1%	14.3%	22,344
Lewisville ISD	787	928	996	1,015	1,056	34.2%	4.9%	21,459
Plano ISD	833	963	1,043	977	999	19.9%	3.9%	19,030
Leander ISD	947	949	985	953	931	-1.7%	26.1%	29,367
Fort Bend ISD	841	990	976	955	915	8.9%	2.6%	13,823
Austin ISD	682	763	793	813	809	18.7%	5.8%	10,250
Spring Branch ISD	544	519	614	685	740	36.1%	6.1%	23,832
Klein ISD	527	551	655	715	737	39.9%	7.4%	17,009
Mansfield ISD	704	688	669	700	724	2.9%	11.0%	23,413
Fort Worth ISD	532	683	691	756	715	34.4%	5.5%	9,405
Round Rock ISD	502	610	666	745	705	40.4%	11.1%	16,553
Keller ISD	603	735	726	713	700	16.1%	16.2%	22,258
San Antonio ISD	486	468	455	655	635	30.7%	-1.1%	13,009

*Local debt outstanding for FY 2012 has been reduced by cash defeasances totaling an estimated $8.20 billion.
Source: Texas Bond Review Board - Bond Finance Office; Texas Education Agency for average daily attendance (ADA).

Build America Bonds Outstanding

As of August 31, 2012, 33 school districts had Direct Payment Build America Bonds (BABs) outstanding totaling $3.27 billion or 5.1 percent of the total school district debt outstanding (*Table 3.4*). (See Glossary for discussion on BABs)

Table 3.4
Texas Public School Districts
Build America Bonds Outstanding
(amounts in thousands)

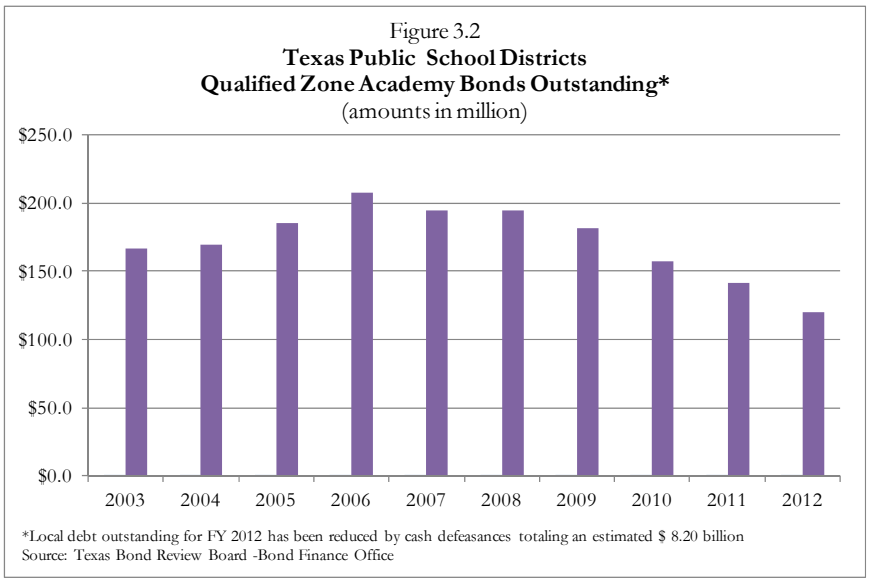
Issuer	Amount
Dallas ISD	$950,300
Houston ISD	371,030
Cypress-Fairbanks ISD	191,465
Round Rock ISD	162,345
Katy ISD	155,000
San Antonio ISD	151,450
Spring Branch ISD	137,085
Northside ISD (Bexar County)	133,070
Carroll ISD	115,255
Corpus Christi ISD	98,500
Other School Districts	800,683
Total	**$3,266,183**

Source: Texas Bond Review Board- Bond Finance Office

Qualified Zone Academy Bonds

Qualified Zone Academy Bonds (QZAB) 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).

At August 31, 2012, 38 school districts had QZAB debt outstanding totaling $119.7 million, the lowest level in ten years (*Figure 3.2*).



Of the 38 school districts with QZAB debt outstanding, the top ten accounted for 67.6 percent ($81.0 million) (Table 3.5).

Table 3.5
Texas Public School Districts
Qualified Zone Academy Bonds Outstanding
(amounts in thousands)

Issuer	Amount
Laredo ISD	$16,000
Austin ISD	10,916
Dallas ISD	8,000
Pearsall ISD	8,000
Southwest ISD	8,000
Galena Park ISD	7,693
Goose Creek ISD	6,352
Cotulla ISD	5,925
Brazosport ISD	5,883
Pittsburg ISD	4,200
Other School Districts	38,741
Total	**$119,710**

Source: Texas Bond Review Board- Bond Finance Office

During fiscal years 2008 through 2012, four school districts issued a total of $13.2 million in QZABs.

Qualified School Construction Bonds

Qualified School Construction Bond (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, 2012, 107 school districts have QSCBs outstanding totaling $1.04 billion (Table 3.6)

Table 3.6
Texas Public School Districts
Qualified School Construction Bonds Outstanding*
(amounts in thousands)

Issuer	Amount
San Antonio ISD	$61,115
Cypress-Fairbanks ISD	51,170
Arlington ISD	49,975
Fort Worth ISD	44,625
Brownsville ISD	38,230
North East ISD	37,545
Plano ISD	30,570
Lewisville ISD	29,900
Alief ISD	29,518
Pasadena ISD	29,050
Other School Districts	642,101
Total	**$1,043,798**

Source: Texas Bond Review Board- Bond Finance Office

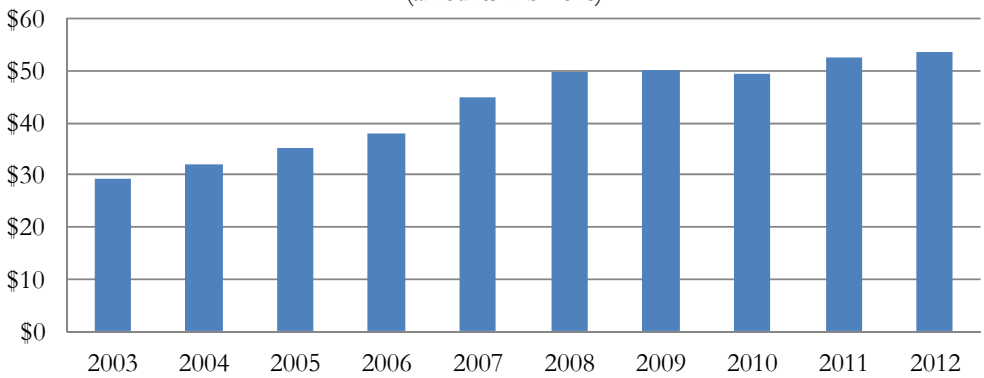
During fiscal years 2009 through 2012, 106 school districts issued $1.10 billion in QSCBs of which $138.5 million was issued in fiscal 2012.

Permanent School Fund

The Texas Permanent School Fund (PSF) was created in 1854 by the 5th Legislature 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, 2012, the PSF's Bond Guarantee Program (BGP) guaranteed debt totaling $53.63 billion for 800 school districts in Texas (*Figure 3.3*).

Figure 3.3
Texas Public School Districts
Debt Guaranteed by PSF
(amounts in billions)



Source: Texas Permanent School Fund CAFR

At August 31, 2012, five school districts (Dallas ISD, Northside ISD-Bexar County, Houston ISD, Cypress-Fairbanks ISD and North East ISD) accounted for 15.8 percent ($8.47 billion) of the total debt guaranteed by the BGP *(Table 3.7)*. The balance of the guarantees was spread among the remaining 795 school districts.

Table 3.7
Texas Public School Districts
Total Debt Outstanding Guaranteed by PSF
(amounts in millions)

	2008	2009	2010	2011	2012
Dallas ISD	$ 1,415	$ 1,658	$ 1,604	$ 2,544	$ 2,508
Northside ISD - Bexar County	1,266	1,307	1,341	1,579	1,656
Houston ISD	1,724	1,668	1,618	1,588	1,554
Cypress-Fairbanks ISD	1,606	1,572	1,590	1,541	1,515
North East ISD	1,301	1,268	1,232	1,188	1,240
Other Issuers	42,548	42,560	41,917	44,215	45,161
Total Debt Outstanding	**$ 49,861**	**$50,033**	**$ 49,302**	**$ 52,654**	**$ 53,634**

Source: Texas Permanent School Fund CAFR

Debt-Service Requirements

At August 31, 2012 debt-service requirements (principal and interest) for school districts totaled $108.05 billion, 98.8 percent ($106.78 billion) of which was for voter-approved debt. The remaining categories accounted for 1.2 percent ($1.27 billion) *(Table 3.8)*.

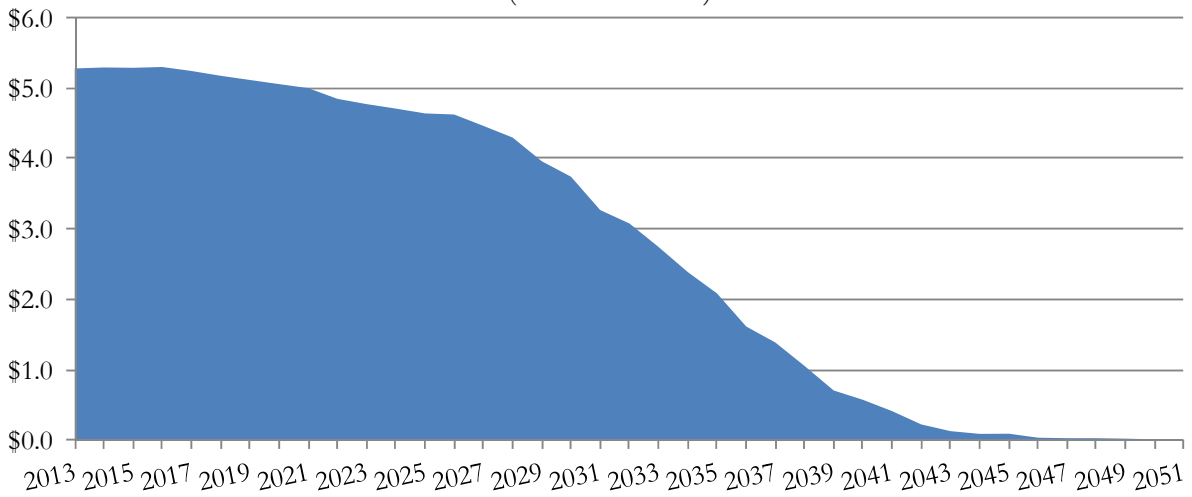
Table 3.8
Texas Public School Districts
Debt-Service Requirements by Fiscal Year*
(amounts in thousands)

	2013	2014	2015	2016	2017	2018 & beyond
Voter-approved tax	$ 5,274,331	$ 5,288,640	$ 5,284,792	$ 5,294,689	$ 5,238,822	$ 80,396,065
M&O tax	94,634	70,373	67,134	56,466	45,664	424,760
Lease-Revenue Obligations	39,431	40,854	38,810	37,023	36,997	316,715
Revenue	506	505	344	328	326	1,798
Total Debt Service	**$ 5,408,902**	**$ 5,400,372**	**$ 5,391,080**	**$ 5,388,505**	**$ 5,321,809**	**$ 81,139,338**

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

Figure 3.4 illustrates annual debt-service requirements for the voter-approved debt outstanding.

Figure 3.4
Texas Public School Districts
Voter-Approved Debt-Service Requirements
(amounts in billions)



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

Of the 855 school districts with debt outstanding, ten accounted for 24.9 percent ($26.87 billion) of the total debt-service requirements and 38 accounted for 50.6 percent ($54.69 billion).

School District Debt Issuance in FY 2012

School district debt issuance decreased by 2.7 percent from $7.86 billion in fiscal 2011 to $7.65 billion in fiscal 2012. Of that amount, 98.7 percent ($7.55 billion) was voter-approved, 1.2 percent ($94.7 million) was M&O, 0.1 percent ($5.7 million) was lease-revenue obligations and no revenue debt was issued.

Of the total amount issued, 40.6 percent ($3.11 billion) was issued as new money debt, a decrease of 41.6 percent ($2.21 billion) from the $5.32 billion issued during fiscal 2011. The remaining 59.6 percent ($4.54 billion) was issued as refunding debt, an increase of 78.9 percent ($2.00 billion) from the $2.54 billion issued during fiscal 2011 *(Table 3.9)*.

Table 3.9
Texas Public School Districts
Debt Issued by Fiscal Year
($ in thousands)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Issuers	251	208	240	305	304
Issuances	289	272	333	399	403
Voter-Approved Tax					
New Money	$ 7,478,010	$ 6,164,160	$ 3,175,491	$ 5,154,283	$ 3,025,551
Refunding	1,111,082	991,760	1,968,040	2,522,707	4,522,375
Subtotal	**$ 8,589,092**	**$ 7,155,919**	**$ 5,143,531**	**$ 7,676,990**	**$ 7,547,926**
M&O Tax					
New Money	$ 221,728	$ 93,428	$ 126,807	$ 135,382	$ 80,172
Refunding	910	8,210	2,035	11,560	14,560
Subtotal	**$ 222,638**	**$ 101,638**	**$ 128,842**	**$ 146,942**	**$ 94,732**
Lease-Revenue Obligations					
New Money	$ 12,705	$ 13,982	$ 87,128	$ 28,591	$ -
Refunding	-	-	10,390	4,606	5,746
Subtotal	**$ 12,705**	**$ 13,982**	**$ 97,518**	**$ 33,197**	**$ 5,746**
Revenue					
New Money	$ -	$ -	$ -	$ 2,020	$ -
Refunding	-	-	-	-	-
Subtotal	**$ -**	**$ -**	**$ -**	**$ 2,020**	**$ -**
Total New Money	$ 7,712,443	$ 6,271,570	$ 3,389,425	$ 5,320,276	$ 3,105,723
Total Refunding	1,111,992	999,970	1,980,465	2,538,873	4,542,681
Total Debt Issued	**$ 8,824,435**	**$ 7,271,539**	**$ 5,369,890**	**$ 7,859,149**	**$ 7,648,404**

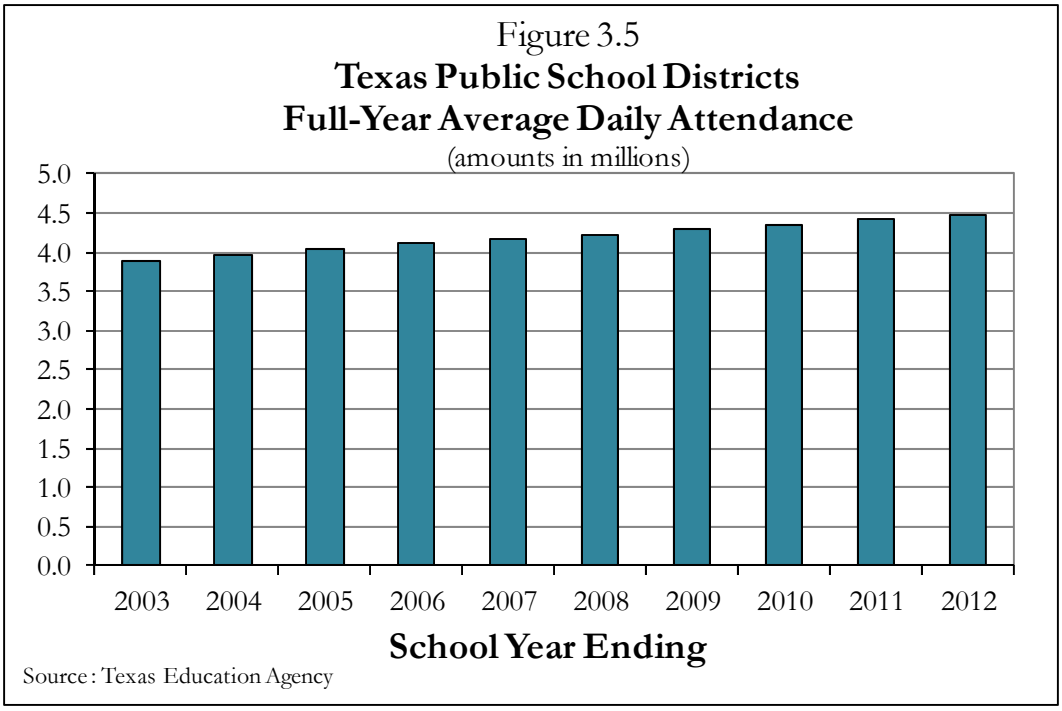
Source: Texas Bond Review Board - Bond Finance Office

Capital Appreciation Bonds
To defer the interest costs and maintain low tax rates in the near-term, school districts issue CABs. During fiscal 2012 school districts issued 2.5 percent ($189.0 million) of their total par amount as CABs.

CABs are sold at a discounted price called the par amount. 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 bonds with current-pay interest. While the debt service for the current interest issuance may be paid throughout the life of the obligation, interest on the CAB portion is only paid at maturity. The total debt outstanding figures are understated to the extent that these bonds are reported at their par issuance price rather than their maturity value.

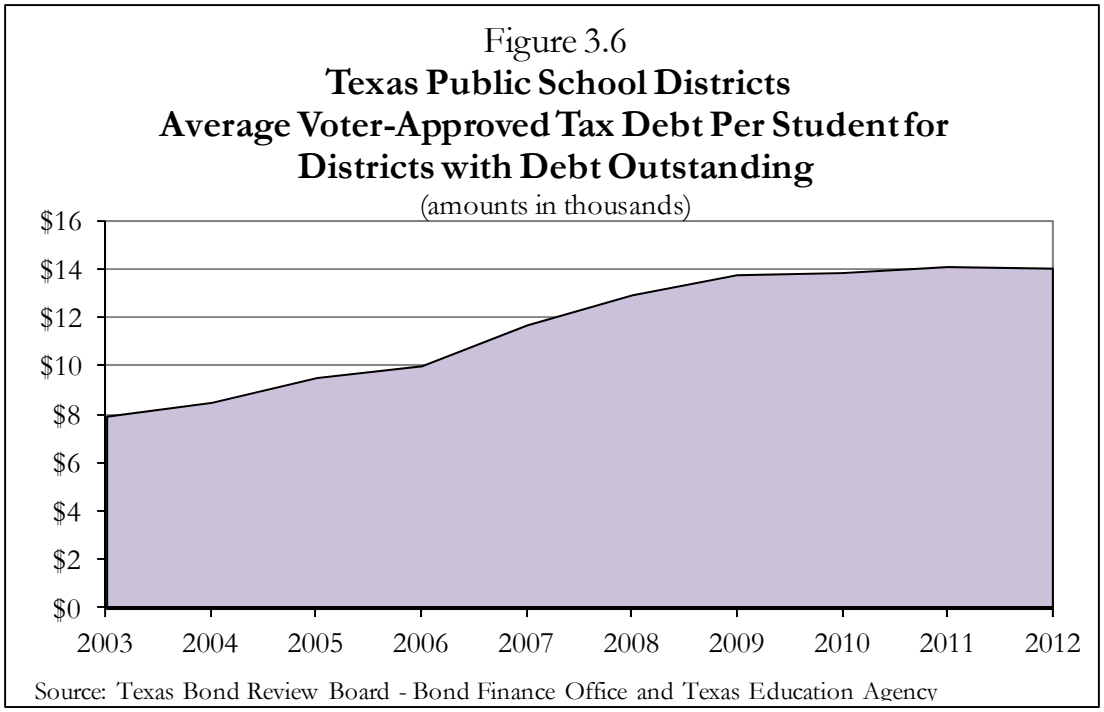
Premium CABs provide a lower initial stated par amount and are issued to: (1) raise additional proceeds, (2) preserve debt limits, and (3) help school districts reach tax-rate targets. School districts issue more premium CABs than non-premium CABs.

Average Daily Attendance
Since FY 2008 the ADA for all school districts with taxing authority has increased by 6.1 percent (256,071) to 4,485,815. Since FY 2003 the ADA has increased by 15.5 percent (600,608) *(Figure 3.5)*.



Debt per Student

Based on the ADA, as of August 31, 2012 those public school districts with voter-approved debt outstanding had a debt of $14,067 per student, a decrease of 0.5 percent ($66) from 2011. The state's voter-approved debt per student has increased 8.5 percent ($1,102) per student since FY 2008, and increased 93.2 percent ($6,118) since FY 2003 (*Figure 3.6*).



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. As of August 31, 2012 total WD debt outstanding was 15.8 percent ($30.98 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) and river authorities (RA). The function of each is described below.

MUD	Provides waterworks systems, sanitary sewer systems and drainage systems
WCID	Supplies and stores water for domestic, commercial and industrial use; operates wastewater systems; and provides irrigation, drainage and water quality controls
SUD	Provides water, wastewater and fire-fighting services
RA	Operates major reservoirs and sells untreated water on a wholesale basis. Provides for flood control, soil conservation and water quality protection

Revenue and tax-supported debt including conduit revenue 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. 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).

Total Water District Debt Outstanding

As of August 31, 2012, 876 Texas WDs had debt outstanding, of which 733 had tax-supported debt, 175 had revenue debt and 19 had conduit revenue debt.

Including commercial paper (CP), total debt outstanding for WDs increased 1.4 percent from $30.32 billion in fiscal 2011 to $30.97 billion in fiscal 2012. Of that amount, 35.1 percent ($10.87 billion) was tax-supported, 64.9 percent ($20.11 billion) was revenue debt including $9.23 billion of conduit revenue debt and $369.0 million of CP.

Over the five fiscal year period ended August 31, 2012, WD tax-supported debt increased by 19.4 percent ($1.77 billion) to $10.87 billion, revenue debt increased by 43.7 percent ($3.31 billion) to $10.87 billion and conduit-revenue debt increased by 5.7 percent ($494.0 million) *(Table 4.1)*.

Table 4.1
Texas Water Districts and Authorities
Debt Outstanding
(amounts in thousands)

	2008	2009	2010	2011	2012*
Tax-Supported	$ 9,100,898	$ 9,849,025	$ 10,415,762	$ 10,718,298	$ 10,870,103
Revenue	7,564,569	8,384,462	9,395,488	10,017,372	10,872,325
Conduit Revenue**	8,740,710	8,888,045	9,489,645	9,584,820	9,234,695
Total Debt Outstanding	**$ 25,406,178**	**$ 27,121,532**	**$ 29,300,895**	**$ 30,320,490**	**$ 30,977,123**

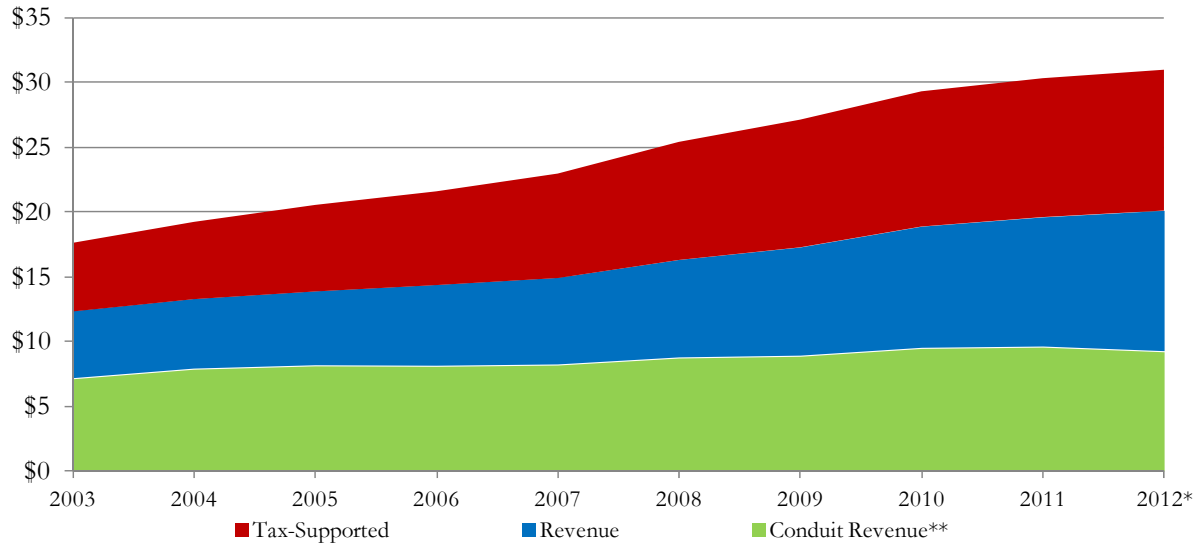
*Local debt outstanding for FY 2012 has been reduced by cash defeasances.

**Exdudes 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 tax-supported WD debt has grown at an average of 8.4 percent per year, revenue debt has grown at an average of 8.6 percent per year and conduit debt has grown at an average of 3.0 percent per year *(Figure 4.1)*.

Figure 4.1
Texas Water Districts and Authorities
Debt Outstanding
(amounts in billions)



*Local debt outstanding for FY 2012 has been reduced by cash defeasances.
**Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.
Source: Texas Bond Review Board - Bond Finance Office

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, Waco, and Baytown. The five highest issuers in each category of debt accounted for 49.9 percent of water district debt outstanding *(Table 4.2)*.

Table 4.2
Texas Water Districts and Authorities
Issuers with Most Debt Outstanding by Type of Debt*
(amounts in thousands)

Government Name	County	Amount
Tax-Supported		
Port of Houston Authority	Harris	$745,874
Harris County FCD	Harris	680,090
Dallas County U&RD	Dallas	268,354
Montgomery County MUD 46	Montgomery	103,150
Hidalgo County DD 1	Hidalgo	93,740
Total		**$1,891,208**
Revenue		
Lower Colorado RA**	Travis et al.	$2,440,275
North Texas MWD	Collin	1,585,995
Trinity RA	Dallas	1,489,800
Tarrant Regional WD	Tarrant	848,035
North Harris County Regional WA	Harris	447,260
Total		**$6,811,365**
Conduit Revenue***		
Brazos RA	McLennan	$2,193,725
Lower Colorado RA	Travis et al.	1,411,970
Port of Port Arthur ND	Jefferson	1,401,710
Gulf Coast Waste Disposal Authority	Chambers	1,147,080
Matagorda County ND 1	Matagorda	875,600
Total		**$7,030,085**

* Includes Commercial Paper*

** Most LCRA debt is issued for electric generation*

*** Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.

Source: Texas Bond Review Board - Bond Finance Office

Build America Bonds
In fiscal 2012, North Texas Municipal Water District had $217.9 million and North Fort Bend Water Authority had $18.8 million in Direct Payment Build America Bonds (BABs) outstanding. (See Glossary for discussion on BABs.)

Commercial Paper Outstanding
Four 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, 2012, two WDs had $369.0 million in revenue CP outstanding *(Table 4.3)*, an increase of 15.5 percent ($49.4 million) from fiscal 2011. As of August 31, 2012 no tax-supported CP was outstanding and no additional CP programs were authorized during fiscal year 2012.

Table 4.3
Texas Water Districts and Authorities
Commercial Paper Programs*
(amounts in thousands)

Government Name	County	Amount
Revenue		
Lower Colorado RA**	Travis	$330,400
Upper Trinity Regional WD	Denton	38,550
Tax-Supported		
Harris County FCD	Harris	-
Port of Houston Authority	Harris	-
Total		**$368,950**

*Does not reflect total authorization amounts.

**$168.4 million of total outstanding is LCRA Transmission Services Corporation's commercial paper.

Source: Texas Bond Review Board - Bond Finance Office.

Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess an issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. Texas WDs will repay 20.4 percent ($2.22 billion) of tax-supported principal outstanding within five years, 43.6 percent ($4.74 billion) within ten years and 87.0 percent ($9.46 billion) within twenty years. 25.6 percent ($2.68 billion) of revenue principal will be repaid within five years, 48.0 percent ($5.04 billion) will be repaid within ten years and 87.0 percent ($9.13 billion) within 20 years. The last maturity for WD tax-supported debt and WD revenue debt will be repaid within 38 years (fiscal 2050) and 40 years (fiscal 2052), respectively *(Table 4.4)*.

Table 4.4

Texas Water Districts and Authorities - Rate of Debt Retirement*

Debt Repaid	**Tax-Supported Debt** (billions)	**Percent**	**Revenue Debt** (billions)	**Percent**
Within Five Years	$2.22	20.4%	$2.68	25.6%
Within Ten Years	$4.74	43.6%	$5.04	48.0%
Within Twenty Years	$9.46	87.0%	$9.13	87.0%

*Excludes commercial paper and conduit-revenue debt.

Source: Texas Bond Review Board - Bond Finance Office

Debt-Service Requirements

Debt-service requirements (principal and interest) for WDs totaled $49.17 billion as of August 31, 2012, 34.6 percent of which was for tax-supported debt, 32.5 percent of which was for revenue debt, and 32.9 percent of which was for conduit-revenue debt service *(Table 4.5)*.

Table 4.5

Texas Water Districts and Authorities

Debt-Service Requirements by Fiscal Year*

(amounts in thousands)

	2013	**2014**	**2015**	**2016**	**2017**	**2018 & beyond**
Tax-Supported	$ 919,433	$ 918,391	$ 909,708	$ 893,017	$ 878,257	$ 12,485,704
Revenue	1,019,056	925,149	999,430	939,821	855,375	11,225,374
Conduit Revenue**	483,547	483,174	580,613	603,699	516,397	13,531,126
Total Debt Service	**$ 2,422,036**	**$ 2,326,714**	**$ 2,489,751**	**$ 2,436,538**	**$ 2,250,028**	**$ 37,242,204**

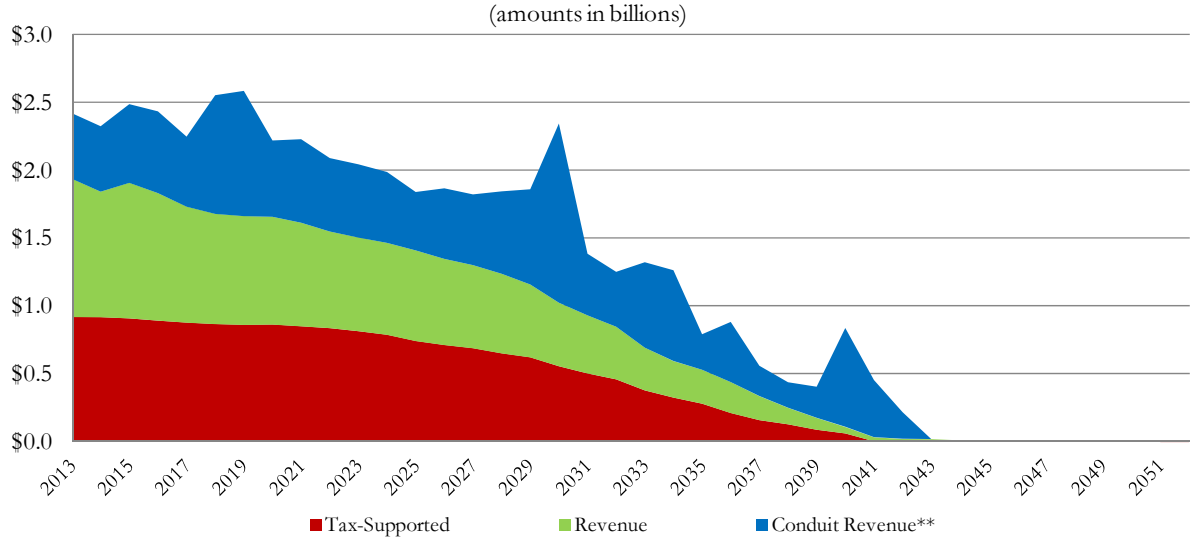
* Excludes commercial paper and Build America Bond subsidy

**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, 2012.

Figure 4.2
Texas Water Districts and Authorities
Debt-Service Requirements*
(amounts in billions)



*Excludes commercial paper and Build America Bond subsidy.
**Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.
Source: Texas Bond Review Board - Bond Finance Office

Debt Issuance in FY 2012

During fiscal 2012, 375 WDs issued a record debt of $4.48 billion, an increase of 49.0 percent ($1.47 billion) from $3.01 billion in fiscal 2011. Of the debt issued, 38.3 percent ($1.72 billion) was tax-supported, 45.2 percent ($2.03 billion) was revenue debt and 16.4 percent ($737.1 million) was conduit-revenue debt.

Of the total WD debt issued, 52.4 percent ($2.35 billion) was new money debt, an increase of 38.9 percent from the $1.69 billion issued during fiscal 2011. The remaining 47.6 percent ($2.14 billion) was refunding debt, an increase of 62.0 percent from the $1.32 billion issued during fiscal 2011 *(Table 4.6)*.

Table 4.6
Texas Water Districts and Authorities - Debt Issuance by Fiscal Year
(amounts in thousands)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Issuers	237	219	276	278	375
Issuances	277	255	351	343	473
Tax					
New Money	$1,619,322	$981,030	$804,953	$621,629	$637,670
Refunding	608,110	245,365	737,189	647,175	1,080,288
Subtotal	**$2,227,432**	**$1,226,395**	**$1,542,142**	**$1,268,804**	**$1,717,958**
Revenue					
New Money	$961,840	$874,921	$715,018	$768,154	$1,582,208
Refunding	224,075	478,671	602,972	670,968	444,975
Subtotal	**$1,185,915**	**$1,353,592**	**$1,317,990**	**$1,439,122**	**$2,027,183**
Conduit Revenue*					
New Money	$435,000	$100,000	$513,400	$300,000	$127,300
Refunding	367,495	268,550	336,600	0	609,795
Subtotal	**$802,495**	**$368,550**	**$850,000**	**$300,000**	**$737,095**
Total New Money	$3,016,162	$1,955,951	$2,033,371	$1,689,783	$2,347,178
Total Refunding	$1,199,680	$992,586	$1,676,761	$1,318,143	$2,135,058
Total Par Amount	**$4,215,842**	**$2,948,537**	**$3,710,132**	**$3,007,926**	**$4,482,236**

*Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.

Source: Texas Bond Review Board - Bond Finance Office

The largest tax-supported issuance during fiscal 2012 was a refunding transaction by the Port of Houston Authority for $47.3 million, and the largest revenue transaction was an issuance of $358.8 million by the North Texas MWD. The largest conduit-revenue issuance was a combined Series 2011A & 2011B refunding transaction of $599.2 million by Lower Colorado River Authority.

Over the past five fiscal years less than 0.2 percent of the total WD debt had been issued as capital appreciation bonds (CABs); however the debt outstanding figures are slightly understated to the extent that these bonds are reported at their discounted issuance price rather than their maturity value.

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, 2012, county debt was 7.1% ($13.82 billion) of total local debt outstanding.

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

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

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

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

Total County Debt Outstanding

Of the 254 Texas counties, 168 had tax-supported debt, 13 had revenue debt, and 20 had lease-revenue obligations issued for jail/detention facilities as of August 31, 2012. During fiscal 2012 total debt outstanding for counties increased 3.7 percent from $13.32 billion in fiscal 2011 to $13.82 billion including commercial paper (CP). Of that amount, 76.7 percent ($10.60 billion) was tax-supported debt, 19.5 percent ($2.70 billion) was revenue debt, and 3.8 percent ($523.5 million) was lease-revenue debt. No county conduit debt was outstanding as of August 31, 2012 (*Table 5.1*).

During the five-year period ending August 31, 2012, tax-supported debt for counties increased by 21.9 percent, revenue debt increased by 31.4 percent, conduit-revenue debt declined to zero and lease-revenue obligations declined by 15.9 percent.

Table 5.1
Texas Counties
Debt Outstanding
(amounts in thousands)

	2008	2009	2010	2011	2012*
Tax-Supported	$ 8,697,410	$ 9,204,643	$ 10,138,442	$ 10,304,743	$ 10,599,078
Revenue	2,053,786	2,078,702	2,349,515	2,460,765	2,699,345
Conduit Revenue**	7,300	-	-	-	-
Lease-Revenue Obligations***	622,096	641,944	645,537	557,722	523,486
Total Debt Outstanding	**$ 11,380,592**	**$ 11,925,289**	**$ 13,133,494**	**$ 13,323,230**	**$13,821,909**

*Local debt outstanding for FY 2012 has been reduced by cash defeasances.

**Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.

***Only includes correctional facilities.

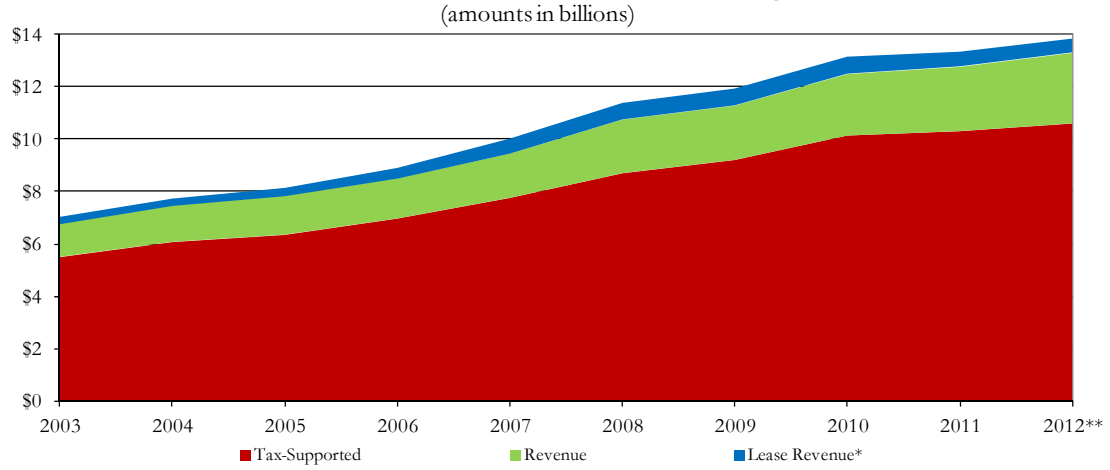
Source: Texas Bond Review Board - Bond Finance Office

Harris County Toll Road bonds accounted for 74.8 percent ($2.02 billion) of the total county revenue debt and Fort Bend County Toll Road accounts for 6.9 percent ($185.9 million). Bexar County accounts for 12.3 percent ($331.1 million).

As of August 31, 2012 only Harris County had tax-supported CP outstanding. Its total program authorization was $600.0 million, of which $228.0 million was outstanding.

Over the past ten years, tax-supported debt for counties has grown at an average of 7.36 percent per year, revenue debt has grown at an average of 9.3 percent per year and lease-revenue obligations have increased at an average of 9.33 percent per year *(Figure 5.1)*. As of August 31, 2012, seven counties had a total of $428.1 million in Build America Bonds outstanding. (See glossary for a definition of Build America Bonds.)

Figure 5.1
Texas Counties
Tax-Supported and Revenue Debt Outstanding
(amounts in billions)



*Only includes correctional facilities.
**Local debt outstanding for FY 2012 has been reduced by cash defeasances.
Source: Texas Bond Review Board - Bond Finance Office

Table 5.2 lists the ten counties that accounted for 70.6 percent of all Texas county tax-supported debt outstanding as of August 31, 2012.

Table 5.2
Texas Counties
Issuers with Most Tax-Supported Debt Outstanding

County	Amount (thousands)	Debt Per Capita
Harris*	$2,574,980	$617
Bexar	962,710	548
Williamson	789,720	1,784
Travis	640,995	603
Denton	553,915	807
Fort Bend**	477,225	786
Montgomery	452,950	960
Collin	393,210	484
Galveston	319,793	1,081
Tarrant	317,725	172
Total	**$7,483,224**	

* Includes Harris Co. GO Toll Road Debt of $490.2 million.
** Includes Fort Bend Co. GO Toll Road Debt of $122.7 million.
Source: Texas Bond Review Board - Bond Finance Office; July 2011 US Census

Certificates of Obligation
Texas counties had $2.25 billion of Certificates of Obligation (CO) debt outstanding which was 21.2 percent of the county tax-supported debt outstanding and 16.5 percent of the total county debt outstanding including revenue debt. Of the 97 counties with CO debt outstanding, the top ten had $802.3 million (35.7 percent) of the total CO debt outstanding *(Table 5.3)*. (See Glossary for a definition of COs.)

Table 5.3 **Texas Counties** **Issuers with the Most** **Certificates of Obligation Outstanding**		
Issuer	**Par Amount** (thousands)	**Debt Per Capita**
Bexar	$784,080	$446
Travis	236,410	222
El Paso	177,230	1,160
Hidalgo	102,645	129
Montgomery	101,120	214
Hays	77,835	474
Cameron	56,650	137
Dallas	41,670	17
Nueces	41,555	121
Brazoria	37,075	116
Other Counties	593,029	N/A
Total	**$2,249,299**	

Source: Texas Bond Review Board; July 1 2011 Census Population Data

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. Counties are expected to repay 26.9 percent ($2.79 billion), 54.1 percent ($5.61 billion) and 94.6 percent ($9.81 billion) of the tax-supported debt outstanding over the next five, ten and twenty years, respectively. Repayment of revenue debt is expected to be 18.7 percent ($602.1 million), 37.2 percent ($1,197.5 million) and 73.7 percent ($2.37 billion) over the next five, ten years and twenty years, respectively. The last maturity for county tax-supported debt and county revenue debt will be repaid within 38 years (fiscal 2050) and 40 years (fiscal 2052), respectively *(Table 5.4)*.

Table 5.4 **Texas Counties - Rate of Debt Retirement***				
Debt Repaid	**Tax-Supported Debt** (billions)	**Percent**	**Revenue Debt** (millions)	**Percent**
Within Five Years	$2.79	26.9%	$602.1	18.7%
Within Ten Years	$5.61	54.1%	$1,197.5	37.2%
Within Twenty Years	$9.81	94.6%	$2,373.7	73.7%

*Excludes commercial paper.

Source: Texas Bond Review Board - Bond Finance Office

Debt-Service Requirements

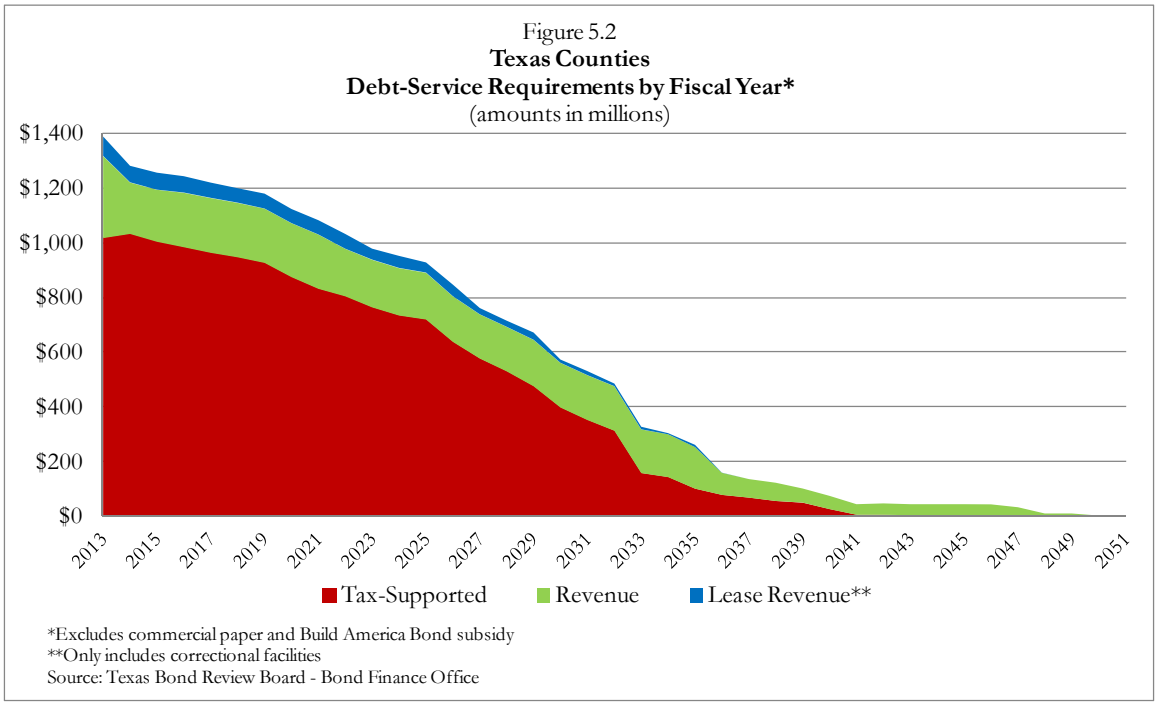
Table 5.5 illustrates annual debt-service requirements (principal and interest) for county tax-supported debt, revenue debt and lease-revenue obligations outstanding.

Table 5.5
Texas Counties - Debt-Service Requirements by Fiscal Year*
(amounts in thousands)

	2013	2014	2015	2016	2017	2018 & beyond
Tax-Supported	$ 1,017,525	$ 1,032,909	$ 1,004,377	$ 984,025	$ 963,502	$ 10,542,067
Revenue	300,874	188,678	190,342	199,836	201,194	3,719,846
Lease-Revenue Obligations**	70,773	60,048	61,968	60,121	55,483	556,509
Total Debt Service	**$1,389,172**	**$1,281,635**	**$1,256,687**	**$1,243,983**	**$1,220,180**	**$ 14,818,422**

*Excludes commercial paper and Build America Bond subsidy
**Only includes correctional facilities
Source: Texas Bond Review Board - Bond Finance Office

At August 31, 2012 debt-service requirements for counties totaled $21.21 billion, 73.3 percent ($15.54 billion) of which was tax-supported debt, 22.6 percent ($4.80 billion) of which was revenue debt and 4.1 percent ($864.9 million) of which was lease-revenue debt *(Figure 5.2)*.



County Debt Issuance in FY 2012

During fiscal 2012, 67 counties issued debt totaling $2.46 billion of which 78.0 percent ($1.92 billion) was tax-supported, 20.5 percent ($505.3 million) was revenue debt and 1.5 percent ($35.9 million) were lease-revenue obligations issued to refund outstanding debt.

County debt issuance increased by 74.3 percent ($1.05 billion) from $1.41 billion in fiscal 2011 to $2.46 billion in fiscal 2012 of which 58.5 percent ($1.44 billion) was issued as refunding debt, an increase of 116.0 percent ($773.93 million) from the $667.2 million issued

during fiscal 2011. The remaining 37.0 percent ($1.02 billion) was new-money debt which increased 37.0 percent ($276.3 million) from the $746.6 million issued during fiscal 2011.

During the five-year period ending August 31, 2012, new-money issuances decreased by 49.1 percent ($986.8 million), but, as a result of record low interest rates, refunding issuances increased by 228.2 percent ($1.00 billion). During fiscal year 2012 Harris County issued five refunding series including a toll road refunding bond of $199.9 million that accounted for 40.0 percent ($575.7 million) of the total county debt refunded in fiscal 2012 *(Table 5.6)*.

Table 5.6
Texas Counties - Debt Issuance by Fiscal Year
($ in thousands)

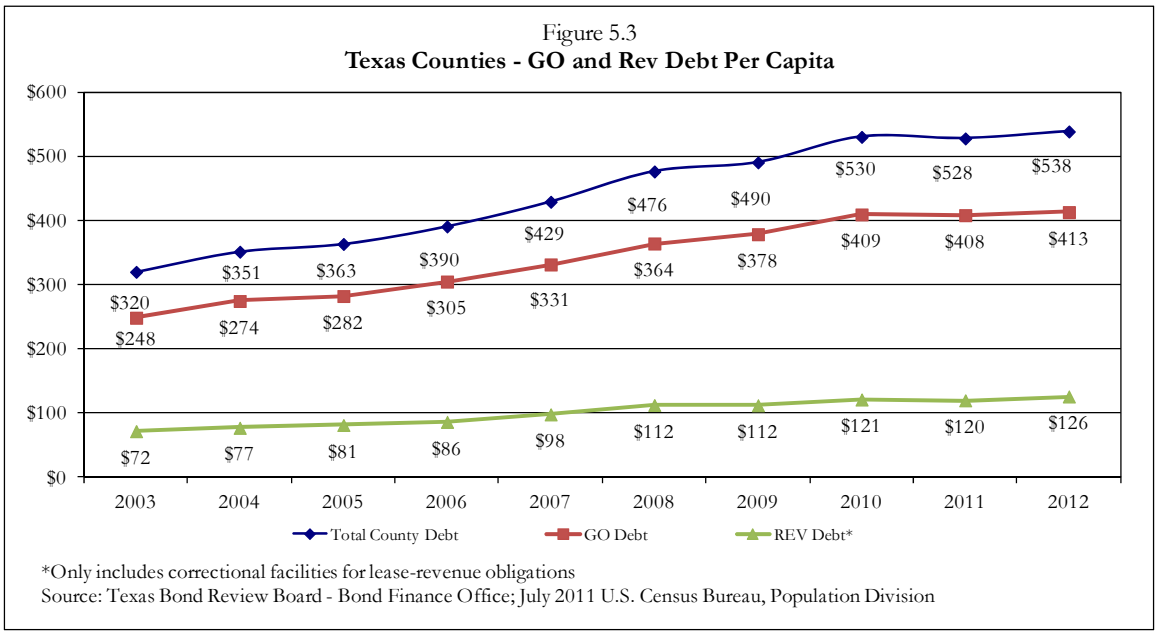
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Issuers	70	42	51	47	67
Issuances	107	70	95	73	101
Tax-Supported					
New Money	$1,689,157	$866,585	$1,283,981	$587,546	$717,563
Refunding	345,030	474,855	883,585	266,167	1,205,226
Subtotal	**$2,034,187**	**$1,341,440**	**$2,167,566**	**$853,713**	**$1,922,789**
Revenue					
New Money	$254,475	$236,965	$312,065	$149,865	$305,402
Refunding	94,005	292,870	199,915	340,070	199,915
Subtotal	**$348,480**	**$529,835**	**$511,980**	**$489,935**	**$505,317**
Lease Revenue Obligations*					
New Money	$66,160	$84,485	$43,450	$9,230	$0
Refunding	0	0	0	60,955	35,890
Subtotal	**$66,160**	**$84,485**	**$43,450**	**$70,185**	**$35,890**
Total New Money	$2,009,792	$1,188,035	$1,639,496	$746,641	$1,022,965
Total Refunding	$439,035	$767,725	$1,083,500	$667,192	$1,441,031
Total Debt Issued	**$2,448,827**	**$1,955,760**	**$2,722,996**	**$1,413,833**	**$2,463,996**

*Only includes correctional facilities
Source: Texas Bond Review Board - Bond Finance Office

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

Debt per Capita

County debt per capita (tax supported and revenue combined) has increased by 68.4 percent ($219) from $320 in FY 2003 to $538 in FY 2012. During this time period tax debt per capita has increased by 66.3 percent ($165) and revenue debt per capita has increased by 75.5% ($54) while the state's population has increased by 16.1 percent (3.6 million) *(Figure 5.3)*.



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. *Table 5.7* shows the 33 counties with a tax-supported debt per capita greater than $600.

Table 5.7 **Texas Counties** **Tax-Supported Debt Per Capita** **Greater than $600**	
Andrews	$4,680
Titus	4,561
Zapata	2,845
Williamson	1,784
Shackelford	1,733
Hays	1,726
Somervell	1,611
Winkler	1,446
Garza	1,249
Carson	1,119
Scurry	1,097
Galveston	1,081
Roberts	1,017
Montgomery	960
Dimmit	928
Uvalde	895
Lampasas	890
Rockwall	860
Mitchell	853
Aransas	849
Stephens	842
Denton	807
Childress	800
Fort Bend	786
Val Verde	711
Upton	659
Parker	650
Jack	649
Polk	648
Edwards	633
Comal	614
Live Oak	606
Travis	603

Source: Texas Bond Review Board - Bond Finance Office; July 2011 U.S. Census Bureau, Population Division

Chapter 6
Texas Other Special Districts and Authorities

Overview

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

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

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

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

Debt Outstanding

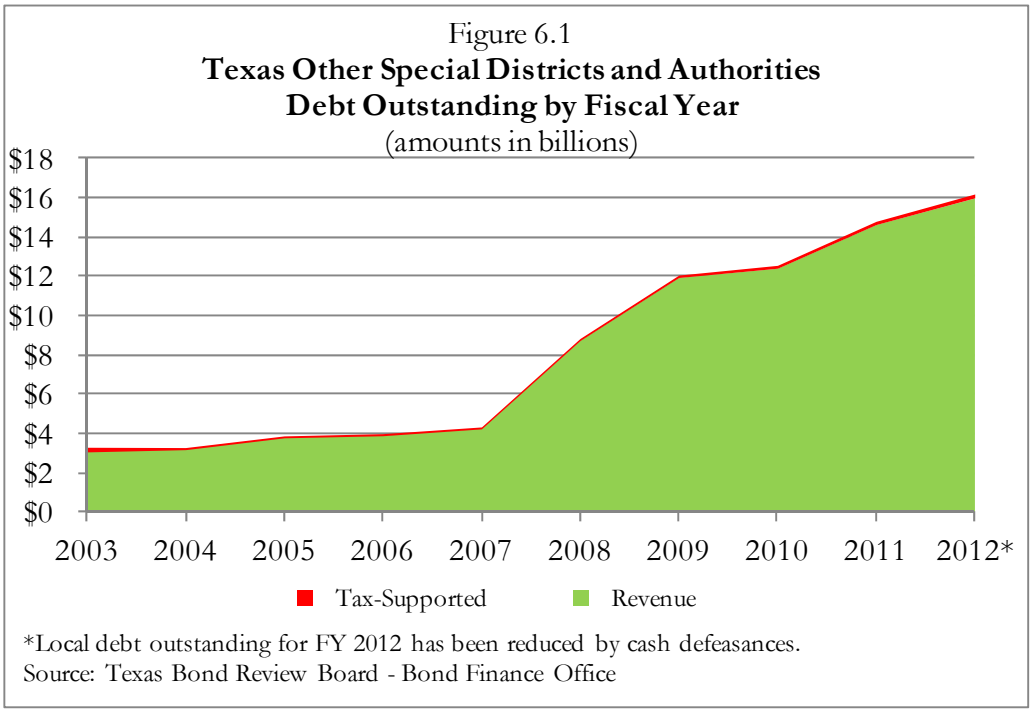
As of August 31, 2012 total OSD debt outstanding was 8.2% ($16.15 billion) of total local debt outstanding. As of that date, 11 OSDs had tax-supported debt outstanding and 25 had revenue (including one that has lease revenue debt) debt outstanding. During fiscal 2012 total debt outstanding for OSDs increased 9.4 percent from $14.76 billion in fiscal 2011 to $16.15 billion. Of that amount, 70.3 percent was revenue debt, 27.9 percent was sales-tax debt, 1.2 percent was tax-supported debt and 0.7 percent was lease-revenue debt.

The following table indicates the amount of OSD debt outstanding at August 31, 2012.

Table 6.1 **Texas Other Special Districts and Authorities** **Debt Outstanding** (amounts in millions)					
	2008	**2009**	**2010**	**2011**	**2012***
Revenue	$ 6,788	$ 8,742	$ 9,112	$ 10,523	$ 11,348
Sales Tax Revenue	1,854	3,094	3,197	3,967	4,506
Tax-Supported	99	118	145	155	193
Lease-Revenue Obligations	83	82	77	114	106
Total Debt Outstanding	**$ 8,824**	**$ 12,036**	**$ 12,530**	**$ 14,760**	**$ 16,152**

* Local debt outstanding for FY 2012 has been reduced by cash defeasances.
Source: Texas Bond Review Board - Bond Finance Office

Since fiscal 2008 tax-supported debt has increased 95.4 percent ($94.1 million) while revenue debt has increased by 67.2 percent ($4.56 billion) and sales-tax revenue debt has increased 143.0 percent ($2.65 billion) (*Figure 6.1)*. The rise in revenue-supported debt over the past five years is due to issuances by three Regional Mobility Authorities: excluding commercial paper, North Texas Tollway Authority issued $9.74 billion to extend their highway system including $3.06 of new money and $6.68 of refunding money; Dallas Area Rapid Transit (DART) issued $2.56 billion of sales tax revenue debt including $2.12 billion to expand the bus and light rail system and $436.2 million to refund outstanding debt; and the Metropolitan Transit Authority (MTA) of Harris County issued $913.6 million of new-money sales tax revenue debt to build a light rail system and expand its bus system. *Figure 6.1* shows the growth of OSD debt outstanding over the past ten years.



The North Texas Tollway Authority (NTTA) accounts for 57.0 percent ($9.21 billion) of the total OSD debt outstanding, and the next four OSDs shown in the following table account for 43.0 percent ($6.94 billion) (*Table 6.2)*.

Table 6.2
Texas Other Special Districts and Authorities
Issuers with Most Debt Outstanding
(amounts in millions)

	County	Amount
NTTA	Dallas	$ 9,206
DART	Dallas	3,440
MTA of Harris County	Harris	1,144
Central Texas Regional Mobility Auth.	Travis-Williamson	808
Texas Municipal Power Agency	Brazos et al.	518
Other Issuers		1,036
Total		**$ 16,152**

Source: Texas Bond Review Board - Bond Finance Office

As of August 31, 2012 OSDs had $2.90 billion in Build America Bonds outstanding *(Table 6.3)*. (See glossary for a definition of Build America Bonds.)

Table 6.3
Texas Other Special Districts and Authorities
Build America Bonds Outstanding
(amounts in thousands)

	County	Amount
DART	Dallas	$1,559,005
NTTA	Dallas	1,135,000
Central Texas Regional Mobility Authority	Travis-Williamson	105,000
MTA of Harris County	Harris	82,555
Cameron Co Regional Mobility Authority	Cameron	15,535
Total		**$2,897,095**

Source: Texas Bond Review Board - Bond Finance Office

Commercial Paper

Four OSDs have revenue-supported commercial paper (CP) programs. The NTTA and the Texas Municipal Power Agency have revenue-supported programs, and the MTA of Harris County and the DART have sales-tax revenue supported CP programs. During fiscal 2012 CP accounted for 4.4 percent ($713.4 million) of the total OSD debt outstanding (*Table 6.4*).

Table 6.4 **Texas Other Special Districts and Authorities** **Commercial Paper Outstanding** (amounts in thousands)		
	County	**Amount**
MTA of Harris County	Harris	$ 265,000
Texas Municipal Power Agency	Brazos et al.	207,800
DART	Dallas	150,000
NTTA	Dallas	90,600
Total		**$ 713,400**
Source: Texas Bond Review Board - Bond Finance Office		

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. Texas OSDs are expected to repay 40.1 percent ($77.4 million) in principal outstanding of tax-supported debt within five years, 66.4 percent ($128.0 million) within ten years and 95.1 percent ($183.4 million) within twenty years. Revenue-debt principal repayment is expected to be 8.4 percent ($1.28 billion) within five years, 18.4 percent ($2.81 billion) within ten years and 46.4 percent ($7.08 billion) within twenty years (*Table 6.5*). The low repayment percentage for revenue debt is due to NTTA's $9.23 billion bonds with maturities up to 2050. As of August 31, 2012, the final maturity for total tax-supported OSD debt is 26 years, and the final maturity for total OSD revenue debt is 38 years.

Table 6.5 **Texas Other Special Districts and Authorities** **Rate of Debt Retirement*** ($ in millions)				
Debt Repaid	**Tax-Supported Debt**	**Percent**	**Revenue Debt**	**Percent**
Within Five Years	$77.4	40.1%	$1,276.2	8.4%
Within Ten Years	$128.0	66.4%	$2,811.8	18.4%
Within Twenty Years	$183.4	95.1%	$7,080.5	46.4%
*Excludes commercial paper Source: Texas Bond Review Board - Bond Finance Office				

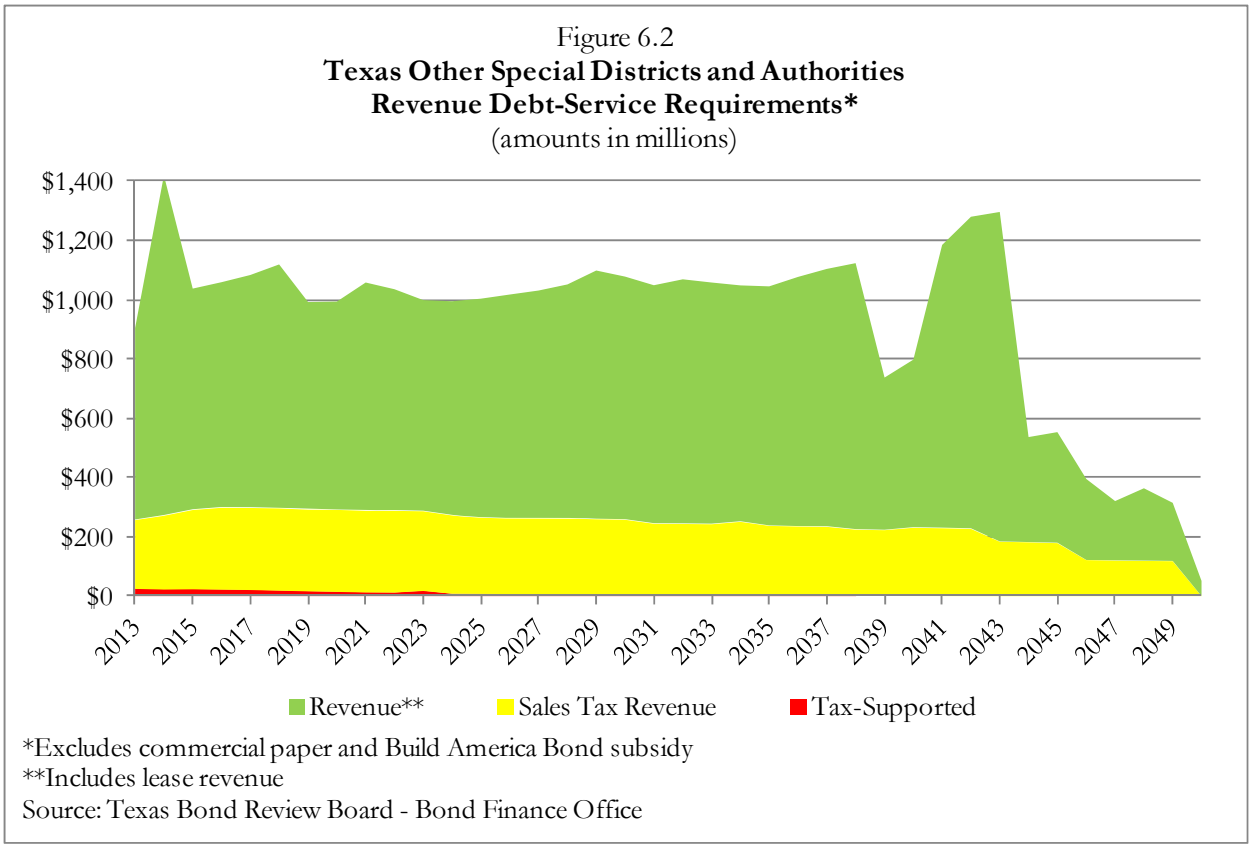
Debt-Service Requirements

As of August 31, 2012 debt-service requirements (principal and interest) for OSDs totaled $35.31 billion of which revenue debt was 74.5 percent ($26.30 billion), sales tax revenue was 24.4 percent ($8.62 billion), tax-supported was 1.8 percent ($265.4 million) and lease-revenue obligations were 0.4 percent ($134.0 million) *(Table 6.6)*.

Table 6.6 **Texas Other Special Districts and Authorities** **Debt-Service Requirements by Fiscal Year*** (amounts in thousands)						
	2013	**2014**	**2015**	**2016**	**2017**	**2018 & beyond**
Revenue	$630,797	$1,129,765	$729,291	$743,521	$768,274	$22,295,019
Sales Tax Revenue	$233,772	$250,492	$270,438	$278,483	$278,445	$7,306,354
Tax-Supported	$24,282	$22,297	$21,877	$21,300	$20,755	$154,932
Lease-Revenue Obligations	$13,891	$13,892	$13,875	$13,894	$13,874	$64,594
Total Debt Service	**$902,743**	**$1,416,447**	**$1,035,481**	**$1,057,198**	**$1,081,348**	**$29,820,899**

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

Figure 6.2 illustrates the projected annual debt service for revenue and sales tax revenue debt outstanding as of August 31, 2012.



OSD Debt Issuance in FY 2012

During fiscal year 2012 eleven OSDs closed 19 transactions totaling $1.63 billion for transportation related purposes. Of that amount 61.7 percent ($1.00 billion) was revenue, 34.3 percent ($557.1 million) was sales-tax revenue and 4.0 percent ($64.8 million) was tax-supported debt. No lease revenue obligations were issued in fiscal 2012.

Of the total amount issued, 80.8 percent ($1.31 billion) was issued as new-money debt and 19.2 percent ($311.9 million) was issued as refunding debt *(Table 6.7)*.

The largest issuance for 2012 was a new-money transactions issued by the NTTA for $566.9 million to build a 28 mile tollway between IH 30 and US 67, and the Metropolitan Transit Authority of Harris County for $461.0 million to partially fund the construction of two light rail lines as part of the Authority's Metrorail light rail system.

Table 6.7
Texas Other Special Districts and Authorities
Debt Issued by Fiscal Year
($ in thousands)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Issuers	7	12	10	5	11
Issuances	14	27	18	14	19
Tax-Supported					
New Money	$ 9,500	$ 25,245	$ 35,520	$ 18,555	$ 47,460
Refunding	-	8,790	-	10,835	17,315
Subtotal	**$ 9,500**	**$ 34,035**	**$ 35,520**	**$ 29,390**	**$ 64,775**
Revenue					
New Money	$ 313,355	$ 940,000	$ 617,847	$ 1,467,168	$ 709,125
Refunding	4,188,634	1,540,333	486,517	432,225	294,555
Subtotal	**$ 4,501,989**	**$ 2,480,333**	**$ 1,104,365**	**$ 1,899,393**	**$ 1,003,680**
Sales Tax					
New Money	$ 410,430	$ 1,677,435	$ 88,705	$ 729,390	$ 557,125
Refunding	340,985	-	20,890	99,995	-
Subtotal	**$ 751,415**	**$ 1,677,435**	**$ 109,595**	**$ 829,385**	**$ 557,125**
Lease-Revenue Obligations					
New Money	$ 62,255	$ 45,785	$ -	$ -	$ -
Refunding	-	-	-	-	-
Subtotal	**$ 62,255**	**$ 45,785**	**$ -**	**$ -**	**$ -**
Total New Money	$ 795,540	$ 2,688,465	$ 742,072	$ 2,215,113	$ 1,313,710
Total Refunding	4,529,619	1,549,123	507,407	543,055	311,870
Total Debt Issued	**$ 5,325,159**	**$ 4,237,588**	**$ 1,249,480**	**$ 2,758,168**	**$ 1,625,580**

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, 2012 total CCD debt outstanding was 2.2% ($4.26 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.

Total CCD Debt Outstanding

As of August 31, 2012, 47 of the 50 CCDs had debt outstanding, 30 of which had tax-supported debt outstanding and 42 had revenue debt outstanding. During fiscal 2012 total debt outstanding for CCDs decreased 1.1 percent from $4.31 billion in fiscal 2011 to $4.26 billion in fiscal 2012. Of that amount, 69.5 percent ($2.96 billion) was tax-supported, 23.2 percent ($989.4 million) was revenue and 7.2 percent ($307.5 million) was lease-revenue obligations (*Table 7.1*).

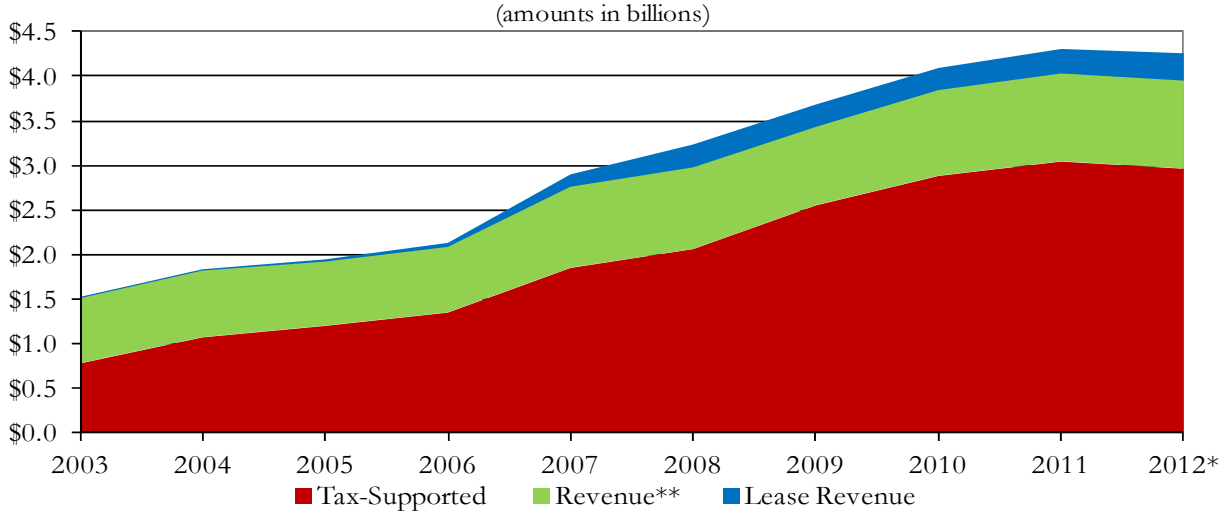
Table 7.1
Texas Community and Junior College Districts
Debt Outstanding
(amounts in thousands)

	2008	2009	2010	2011	2012*
Tax-Supported	$ 2,060,990	$ 2,551,582	$ 2,881,206	$ 3,041,021	$2,961,397
Revenue**	919,527	882,004	964,945	991,058	989,443
Lease-Revenue Obligations	255,236	251,320	246,214	274,354	307,487
Total Debt Outstanding	**$ 3,235,753**	**$ 3,684,905**	**$ 4,092,365**	**$ 4,306,432**	**$ 4,258,327**

*Local debt outstanding for FY 2012 has been reduced by cash defeasances.
**Excludes conduit debt issued by local governments for which BRB does not receive issuance information
Source: Texas Bond Review Board - Bond Finance Office

The following figure shows the trends in CCD debt outstanding over the past 10 years.

Figure 7.1
Texas Community and Junior College Districts
Tax and Revenue Debt Outstanding
(amounts in billions)



*Local debt outstanding for FY 2012 has been reduced by cash defeasances.
**Excludes conduit debt issued by local governments for which BRB does not receive issuance information.
Source: Texas Bond Review Board - Bond Finance Office

Of the 47 CCDs with debt outstanding, most were located in or near major metropolitan areas, and 10 CCDs accounted for 78.3 percent of the total debt outstanding (*Table 7.2*).

Table 7.2
Texas Community and Junior College Districts
Issuers with Most Debt Outstanding*

	Amount (thousands)	**Debt Per Capita**	**Debt per Student**
Houston Community College System	$617,112	$284	$9,676
Alamo CCD	613,965	347	9,337
Lone Star College System	550,770	231	7,338
Austin CCD	400,903	391	8,940
Dallas County CCD	395,715	160	4,491
San Jacinto CCD	309,111	638	8,837
Laredo CCD	149,732	612	14,868
Corpus Christi (Del Mar) JCD, City of	107,615	353	8,867
McLennan CCD	97,015	454	9,219
Southmost Union JCD (Texas Southmost College)	94,420	502	8,990
Other Issuers	921,969	N/A	N/A
Total	**$4,258,327**		

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

Build America Bonds
During fiscal years 2009-2011, Austin Community College was the only issuer of Direct Payment Build America Bonds (BAB) with $33.5 million issued in fiscal year 2011. (See Glossary for a discussion on BABs)

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. CCDs are expected to repay 22.6 percent ($669.2 million) of tax-supported debt outstanding within five years, 47.6 percent ($1.41 billion) within ten years and 88.9 percent ($2.63 billion) within twenty years. Revenue debt principal repayment is expected to be 27.4 percent ($355.9 million) within five years, 55.3 percent ($717.1 million) within ten years and 93.4 percent ($1.21 billion) within twenty years (*Table 7.3*).

Table 7.3
Texas Community and Junior College Districts
Rate of Debt Retirement*
($ in millions)

Debt Repaid	Tax-Supported Debt	Percent	Revenue Debt	Percent
Within Five Years	$669.2	22.6%	$355.9	27.4%
Within Ten Years	$1,409.0	47.6%	$717.1	55.3%
Within Twenty Years	$2,633.0	88.9%	$1,211.2	93.4%

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

Debt-Service Requirements
Table 7.4 illustrates annual debt-service requirements (principal and interest) for CCDs tax-supported debt, revenue debt, and lease-revenue obligations outstanding.

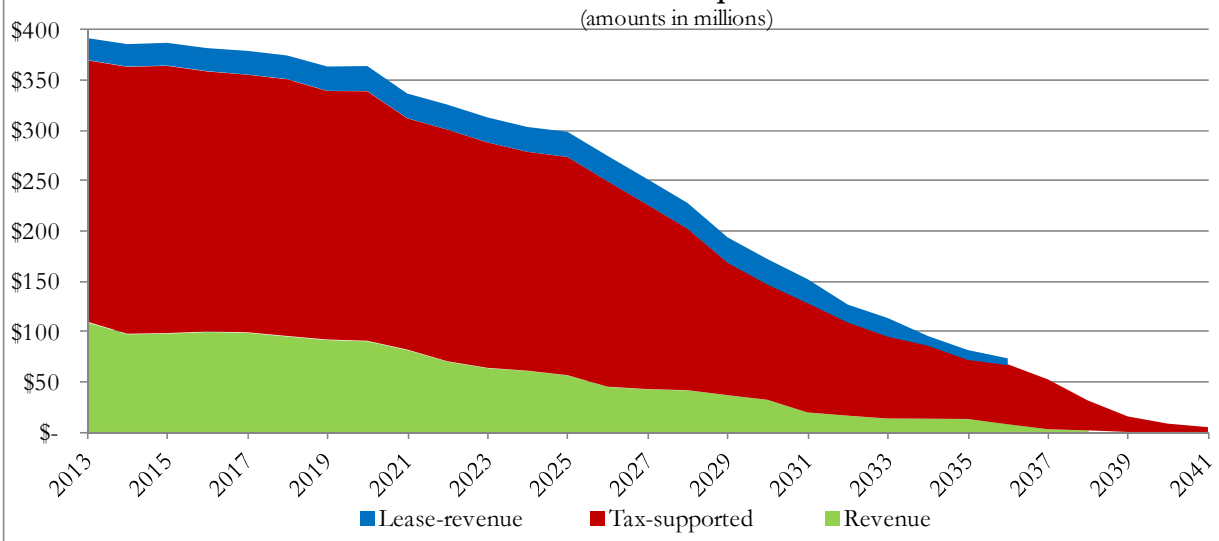
Table 7.4
Texas Community and Junior College Districts
Debt-Service Requirements by Fiscal Year*
(amounts in thousands)

	2013	2014	2015	2016	2017	2018 & beyond
Tax-Supported	$260,000	$265,599	$265,921	$258,759	$256,248	$3,251,513
Revenue	109,709	97,620	98,251	99,841	99,057	895,382
Lease-Revenue Obligations	21,737	22,135	22,524	22,858	23,397	408,783
Total Debt Service	**$391,445**	**$385,354**	**$386,696**	**$381,458**	**$378,703**	**$4,555,678**

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

As of August 31, 2012, debt-service requirements for CCDs totaled $6.48 billion of which tax-supported debt was 70.3 percent ($4.56 billion), revenue debt was 21.6 percent ($1.40 billion) and lease-revenue obligations were 8.0 percent ($521.4 million) (*Figure 7.2)*.

Figure 7.2
Texas Community and Junior College Districts
Debt-Service Requirements
(amounts in millions)



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

Debt Issuance in FY 2012

During fiscal year 2012 CCDs issued $670.7 million in debt, an increase of 31.2 percent from $511.0 million in fiscal 2011. Of that amount, 66.7 percent ($447.4 million) was tax-supported, 26.7 percent ($179.0 million) was revenue debt and 6.6 percent ($44.4 million) were lease-revenue obligations. Of the total amount issued, 29.4 percent ($197.1 million) was new-money debt and 70.6 percent ($473.7 million) was refunding debt *(Table 7.5)*.

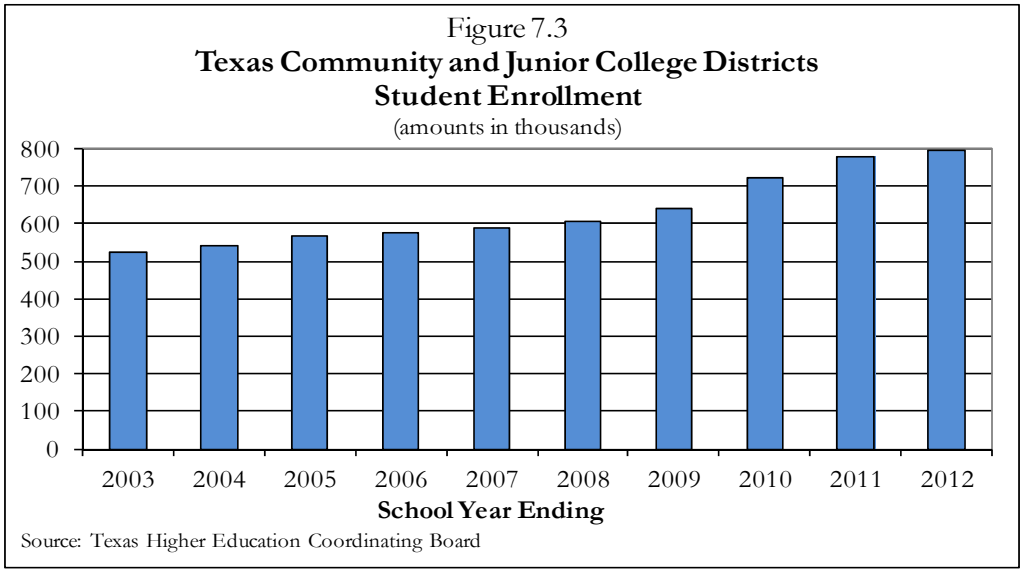
Table 7.5
Texas Community and Junior College Districts
New Money and Refunding Debt Issued by Fiscal Year
($ in thousands)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Issuers	14	12	14	18	22
Issuances	18	16	24	25	32
Tax-Supported					
New Money	$ 253,820	$ 599,490	$ 448,200	$ 250,829	$ 88,945
Refunding	12,700	125,000	62,895	78,743	358,406
Subtotal	**$ 266,520**	**$ 724,490**	**$ 511,095**	**$ 329,572**	**$ 447,351**
Revenue					
New Money	$ 100,250	$ 13,760	$ 133,325	$ 73,217	$ 63,675
Refunding	12,895	38,105	21,670	74,780	115,279
Subtotal	**$ 113,145**	**$ 51,865**	**$ 154,995**	**$ 147,997**	**$ 178,954**
Lease-Revenue Obligations					
New Money	$ 118,980	$ -	$ -	$ 33,470	$ 44,430
Refunding	-	-	-	-	-
Subtotal	**$ 118,980**	**$ -**	**$ -**	**$ 33,470**	**$ 44,430**
Total New Money	$ 473,050	$ 613,250	$ 581,525	$ 357,516	$ 197,050
Total Refunding	25,595	163,105	84,565	153,523	473,685
Total Debt Issued	**$ 498,645**	**$ 776,355**	**$ 666,090**	**$ 511,039**	**$ 670,735**

Source: Texas Bond Review Board - Bond Finance Office

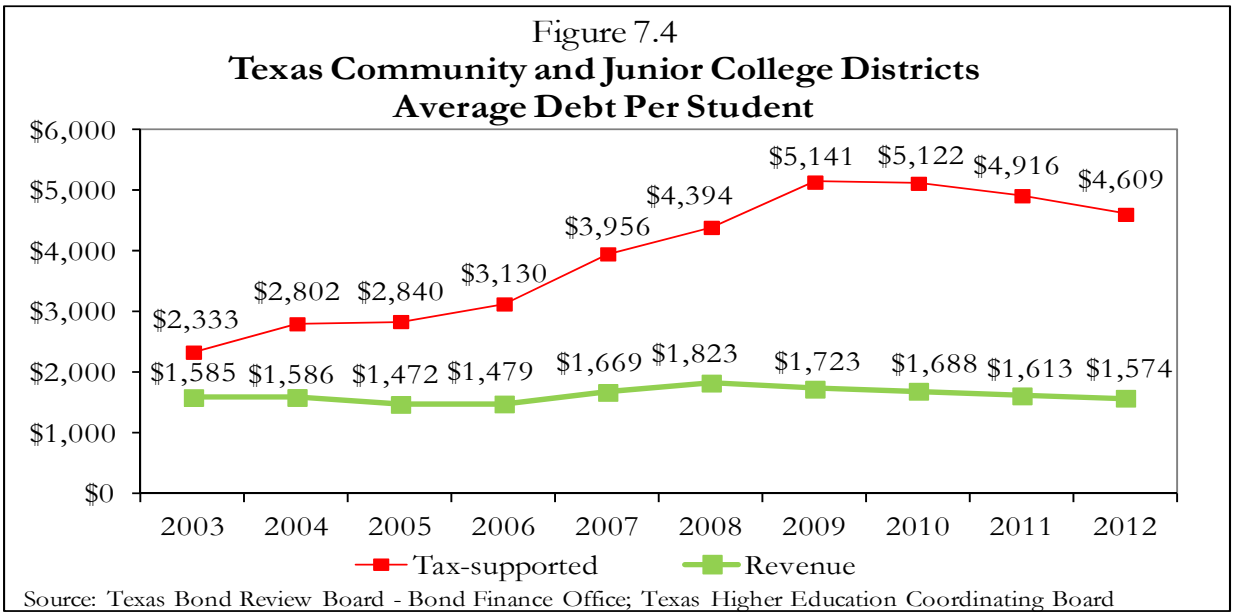
Debt per Student

Enrollment at all CCDs has increased over the past five years by 31.3 percent from 606,692 in 2008 to 796,755 in 2012 (*Figure 7.3*). This growth has been aided by increasing costs at 4-year institutions and increasing numbers of workers seeking additional job training.



As of August 31, 2012, CCDs with tax-supported debt outstanding had per student debt of $4,609, a decrease of 6.3 percent ($308) from FY 2011. Since FY 2008, tax-supported debt per student has increased 4.9 percent from $4,394 to $4,609. Since FY 2003, tax-supported debt per student has increased by 97.6 percent from $2333 to $4609 *(Figure 7.4)*.

As of August 31, 2012, CCDs with revenue debt outstanding had per student revenue debt of $1,574, a decrease of 2.4 percent from FY 2011. Revenue debt outstanding per student has remained relatively constantly since FY 2003 (*Figure 7.4*).



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, 2012 HHD debt outstanding was 1.7 percent ($3.24 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 district (ESD) and mental health mental retardation centers (MHMR). They are described as follows:

District	Purpose	Voter Approved /Taxing Authority	Authorizing Texas Health and Safety Code Chapter
HD	Create 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
HA	Create 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
ESD	Provide rural fire prevention and emergency medical services. ESDs must be voter approved and have taxing authority.	Yes/Yes	Chapter 775
MHMR	Provide 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

Total Debt Outstanding

As of August 31, 2012, 39 HHDs had tax-supported debt outstanding, 59 had revenue debt outstanding. During fiscal 2012 total debt outstanding for HHDs decreased 5.9 percent from $3.44 billion in fiscal 2011 to $3.24 billion in fiscal 2012, of which 64.6 percent ($2.09 billion) was tax-supported debt, 34.7 percent ($1.12 billion) was revenue debt, 0.7 percent ($23.1 million) was sales tax revenue and no conduit-revenue debt was outstanding (*Table 8.1*).

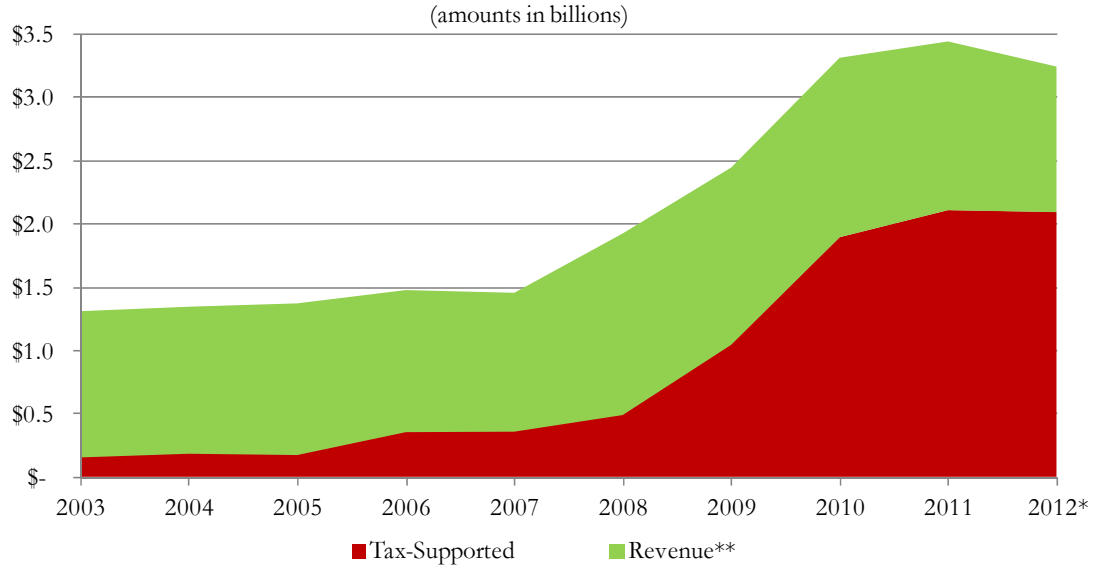
Table 8.1
Texas Health/Hospital Districts and Authorities
Debt Outstanding
(amounts in thousands)

	2008	2009	2010	2011	2012*
Tax-Supported	$ 496,061	$ 1,049,108	$ 1,894,921	$ 2,107,982	$ 2,093,061
Revenue	1,402,422	1,369,302	1,389,473	1,305,202	1,123,189
Sales Tax	26,437	25,661	24,850	24,007	23,131
Conduit Revenue**	10,245	8,770	7,135	5,325	-
Total Debt Outstanding	**$ 1,935,165**	**$ 2,452,841**	**$ 3,316,379**	**$ 3,442,516**	**$ 3,239,381**

*Local debt outstanding for FY 2012 has been reduced by cash defeasances.
**Exdudes certain conduit debt for which the Bond Review Board does not receive issuance information.
Source: Texas Bond Review Board - Bond Finance Office

Tax-supported debt increased 321.9 percent ($1.60 billion) over the past five years primarily due to the issuance of $572.6 million by the Bexar County Hospital District in 2009 and $705.0 million by Dallas County Hospital District in 2010 *(Figure 8.1)*.

Figure 8.1
Texas Health/Hospital Districts and Authorities
Debt Outstanding
(amounts in billions)



*Local debt outstanding for FY 2012 has been reduced by cash defeasances.
**Excludes conduit debt issued by local governments for which BRB does not receive issuance information.
Source: Texas Bond Review Board - Bond Finance Office

Of the 89 HHDs with debt outstanding as of August 31, 2012, most were located in or near major metropolitan areas. 10 districts accounted for 77.4 percent of the total outstanding (*Table 8.2*).

Table 8.2
Texas Health/Hospital Districts and Authorities Issuers with the Most Total Debt Outstanding
(amounts in thousands)

	Amount
Bexar County HD (University Health System)	$ 733,350
Dallas County HD	705,000
Harris County HD	295,615
El Paso County HD	251,250
Midland County HD (Midland Memorial)	121,255
Joint Guadalupe County-City of Seguin Hospital Board of Managers	95,405
Oak Bend Medical Center	92,035
Decatur HA	88,130
Richardson HA	67,590
Tarrant County HD	56,385
Other Issuers	733,366
Total	**$3,239,381**

Source: Texas Bond Review Board - Bond Finance Office

Of the 10 HHDs with the largest amount of tax-supported debt outstanding, three have a debt per capita over $1,000 *(Table 8.3)*. Schleicher County Hospital District had the highest debt per capita ($5,012) as a result of issuing $17.4 million of bonds during FY 2011 for hospital improvements. Martin County HD issued $22.1 million of bonds during FY 2011 to build new hospital facilities, and Deaf Smith County HD issued $38.8 million of new money bonds over the past 15 years to improve hospital facilities.

Table 8.3 **Texas Health/Hospital Districts and Authorities Debt Per Capita of Issuers with Highest Tax-supported Debt Outstanding***		
	Amount (thousands)	**Debt per Capita**
Bexar County HD (University Health System)	$733,350	$448
Dallas County HD	705,000	289
El Paso County HD	251,250	335
Midland County HD (Midland Memorial)	110,790	854
Deaf Smith County HD	27,200	1,395
Tarrant County HD	26,285	16
Gainesville HD	22,915	937
Martin County HD	21,770	4,372
Hunt HD	19,470	235
Schleicher County HD	17,345	5,012

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

Certificates of Obligation Outstanding

As of August 31, 2012, four HHDs had a total of $894.7 million in Certificates of Obligation (CO) debt outstanding. CO debt accounted for 42.7 percent of HHD tax-supported debt and 27.6% of total HHD debt outstanding including revenue debt *(Table 8.4)*. (See Glossary for a definition of COs.) As of August 31, 2012, all the tax-supported debt outstanding for Bexar County HD and Tarrant County HD was CO debt.

Table 8.4 **Texas Health/Hospital Districts and Authorities** **Issuers with CO Debt Outstanding** (amounts in thousands)		
Issuer	**Amount**	**% of Tax-Supported Debt Outstanding**
Bexar County HD (University Health System)	$733,350	100.0%
El Paso County HD	120,000	47.8%
Tarrant County HD	26,285	100.0%
Travis County Healthcare District	15,070	100.0%
Total	**$894,705**	
Source: Texas Bond Review Board		

Build America Bonds Outstanding

As of August 31, 2012, four HHDs had Direct Payment Build America Bonds (BAB) outstanding totaling $1.26 billion (*Table 8.5*). (See Glossary for discussion on BABs).

Table 8.5 **Texas Health/Hospital Districts and Authorities** **Build America Bonds Outstanding** (amounts in thousands)	
	Amount
Dallas County HD	$680,230
Bexar County HD (University Health System)	440,820
Midland County HD (Midland Memorial)	98,380
Ector County HD	44,654
Total	**$1,264,084**
Source: Texas Bond Review Board - Bond Finance Office	

Commercial Paper Outstanding
Harris County Hospital District, the only hospital district authorized to issue commercial paper notes had no commercial paper outstanding as of August 31, 2012.

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. HHDs are expected to repay 10.5 percent ($219.6 million) in principal outstanding of tax-supported debt within five years, 25.0 percent ($523.1 million) within ten years and 61.0 percent ($1,276.5 million) within twenty years. Revenue debt principal repayment is expected to be 18.8 percent ($215.6 million) within five years, 32.8 percent ($375.9 million) within ten years and 64.9 percent ($743.5 million) within twenty years (*Table 8.6*).

Table 8.6
Texas Health/Hospital Districts and Authorities
Rate of Debt Retirement*
(amounts in millions)

Debt Repaid	Tax-Supported Debt	Percent	Revenue Debt	Percent
Within Five Years	$219.6	10.5%	$215.6	18.8%
Within Ten Years	$523.1	25.0%	$375.9	32.8%
Within Twenty Years	$1,276.5	61.0%	$743.5	64.9%

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

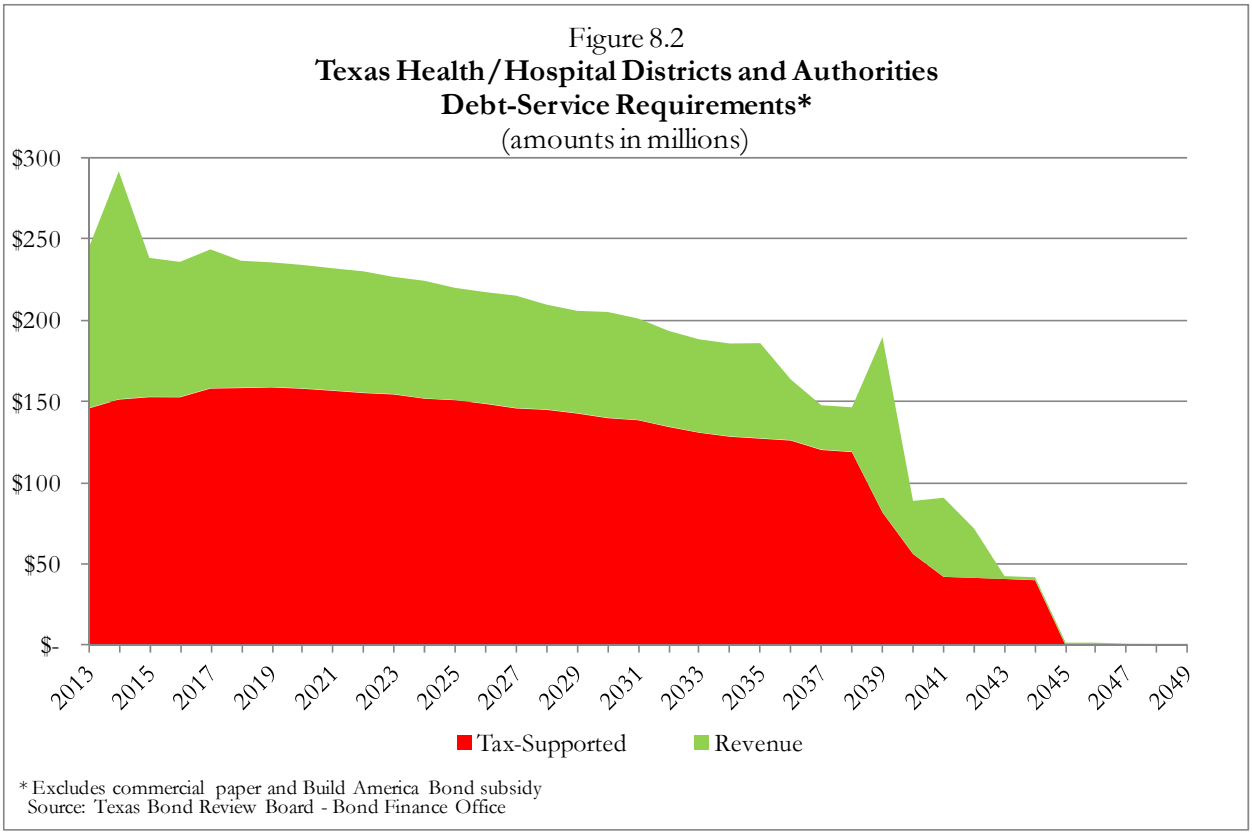
Debt-Service Requirements (Principal and Interest)
Table 8.7 illustrates annual debt-service requirements for HHDs tax-supported debt, revenue debt conduit revenue and sales tax debt outstanding.

Table 8.7
Texas Health/Hospital Districts and Authorities
Debt-Service Requirements by Fiscal Year*
(amounts in thousands)

	2013	2014	2015	2016	2017	2018 & beyond
Tax-Supported	$146,075	$151,601	$153,115	$152,975	$158,398	$3,300,947
Revenue	96,169	138,312	83,577	81,311	83,506	1,514,895
Sales Tax	1,945	1,875	1,876	1,878	1,890	25,100
Total Debt Service	**$244,190**	**$291,788**	**$238,569**	**$236,164**	**$243,794**	**$4,840,941**

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

As of August 31, 2012, debt-service requirements for HHDs totaled $6.10 billion of which tax-supported debt was 66.7 percent ($4.06 billion), revenue debt was 32.8 percent ($2.00 billion) and sales tax debt was 0.6 percent ($34.6 million). Figure 8.2 illustrates annual debt-service requirements for HHDs with tax and revenue debt outstanding.



HHD Debt Issuance in FY 2012

During FY 2012 HHDs issued $100.9 million in total debt, a decrease of 64.2 percent from the $281.8 million issued in FY 2011. Of the FY 2012 issuances, 38.8 percent ($39.1 million) was tax-supported and 61.2 percent ($61.8 million) was revenue debt. No sales tax revenue or conduit revenue debt has been issued in the past five fiscal years.

Of the total amount issued, 66.7 percent ($67.3 million) was new-money debt and 33.3 percent ($33.6 million) was refunding debt *(Table 8.8)*. The largest transaction issued in fiscal 2012 was a new money issuance for $35.8 million by Wood County Central Hospital District that accounted for 35.4 percent of the total debt issued in fiscal 2012.

Table 8.8

Texas Health/Hospital Districts and Authorities

Debt Issued by Fiscal Year*

(amounts in thousands)

	2008	2009	2010	2011	2012
Issuers	19	10	15	7	11
Issuances	23	13	20	10	14
Tax					
New Money	$ 144,975	$ 581,455	$ 871,035	$ 244,375	$ 16,000
Refunding	8,831	5,445	25,760	7,355	23,105
Subtotal	**$ 153,806**	**$586,900**	**$ 896,795**	**$ 251,730**	**$ 39,105**
Revenue					
New Money	$ 354,095	$ 25,922	$ 88,763	$ 30,100	$ 51,301
Refunding	226,265	46,000	112,629	-	10,465
Subtotal	**$ 580,360**	**$ 71,922**	**$ 201,392**	**$ 30,100**	**$ 61,766**
Total New Money	$ 499,070	$ 607,377	$ 959,798	$ 274,475	$ 67,301
Total Refunding	$ 235,096	$ 51,445	$ 138,389	$ 7,355	$ 33,570
Total Debt Issued	**$ 734,166**	**$658,822**	**$ 1,098,187**	**$ 281,830**	**$ 100,871**

*No Conduit Revenue or Sales Tax debt issued during this period.

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. 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 bond election information. Such information has been obtained from the Office of the Attorney General - Public Finance Division, newspaper articles, the Municipal Advisory Council's *Texas Bond Reporter*; and the U.S. Department of Justice.

Table A1 shows the voter-approved election amounts for the past five fiscal years for each of the local government categories. The detailed results of the fiscal 2012 elections are shown in Tables A2 through A5. Over 103 local governments held bond elections during FY 2012.

Table A1

Texas Local Government

Estimated Bond Election Results by Fiscal Year

(amounts in thousands)

	2008	2009	2010	2011	2012
Public School Districts					
Election Amount	$ 15,798,478	$ 3,161,872	$ 3,158,409	$ 4,620,393	$ 2,624,687
Amount Approved	14,110,699	2,413,647	2,110,097	3,540,360	2,110,297
Percent Approved	89.3%	76.3%	66.8%	76.6%	80.4%
Counties					
Election Amount	1,301,970	1,313,930	66,350	413,870	450,864
Amount Authorized	1,106,970	1,163,280	30,350	397,870	248,869
Percent Approved	85.0%	88.5%	45.7%	96.1%	55.2%
Water Districts and Authorities					
Election Amount	996,625	259,900	1,057,905	1,182,132	500,250
Amount Approved	996,625	256,900	1,057,905	651,772	188,150
Percent Approved	100.0%	98.8%	100.0%	55.1%	37.6%
Cities, Towns, Villages					
Election Amount	522,557	863,583	346,335	548,858	800,902
Amount Authorized	462,697	702,483	238,670	413,338	741,055
Percent Approved	88.5%	81.3%	68.9%	75.3%	92.5%
Community and Junior College District					
Election Amount	869,805	18,000	0	268,675	102,704
Amount Approved	869,805	0	0	150,000	72,000
Percent Approved	100.0%	0.0%	0.0%	55.8%	70.1%
Health/Hospital Districts and Authorities					
Election Amount	3,000	773,900	0	17,370	0
Amount Authorized	3,000	773,900	0	17,370	0
Percent Approved	100.0%	100.0%	0.0%	100.0%	0.0%
Other Special Districts and Authorities					
Election Amount	0	0	0	0	12,000
Amount Approved	0	0	0	0	12,000
Percent Approved	0.0%	0.0%	0.0%	0.0%	100.0%
Total Election Amount	**$ 19,492,434**	**$ 6,391,184**	**$ 4,628,999**	**$ 7,051,298**	**$ 4,491,407**
Total Amount Approved	**$ 17,549,795**	**$ 5,310,209**	**$ 3,437,022**	**$ 5,170,710**	**$ 3,372,371**
Total Percent Approved	**90.0%**	**83.1%**	**74.2%**	**73.3%**	**75.1%**

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

Table A2

Texas Local Government
Carried Propositons
Bond Elections May 12, 2012
(amounts in thousands)

Issuer	County	Purpose	Amount Carried
Public School Districts			
Abernathy ISD	Hale	School Building	$ 12,000
Belton ISD	Bell	School Building	60,000
Bonham ISD	Fannin	School Building	7,000
Bowie ISD	Montague	School Building	9,250
Brazosport ISD	Brazoria	School Building	40,260
Brenham ISD	Washington	School Building	26,000
Brock ISD	Parker	School Building & Buses	530
Brock ISD	Parker	Athletic Facility	2,295
Brock ISD	Parker	Athletic Facility	2,500
Brock ISD	Parker	Agriculture	150
Carthage ISD	Panola	Multi-Purpose Center	3,250
Carthage ISD	Panola	Athletic Field Improvements	750
Carthage ISD	Panola	School Building & Buses	9,500
Daingerfield-Lone Star ISD	Titus	School Building	5,400
Daingerfield-Lone Star ISD	Morris	School Building	5,400
Garner ISD	Parker	School Building	2,000
Hamshire-Fannett ISD	Jefferson	Cafeteria	2,035
Iowa Park Cons ISD	Wichita	School Building	14,700
Jasper ISD	Jasper	School Building & Buses	7,200
Klondike ISD	Dawson	Gymnasium	4,000
Loop ISD	Gaines	School Building	3,600
Loraine ISD	Mitchell	School Building	12,000
Lytle ISD	Atascosa	School Building	8,600
McMullen County ISD	McMullen	School Building & Buses	11,950
Nederland ISD	Jefferson	Heating & Cooling	21,300
Nederland ISD	Jefferson	School Building	7,300
New Caney ISD	Montgomery	School Building	97,500
North Zulch ISD	Madison	School Building	950
Poteet ISD	Atascosa	School Building	23,500
Robert Lee ISD	Coke	Athletic Facility	1,500
Seagraves ISD	Gaines	School Building	12,000
Shallowater ISD	Lubbock	School Building	19,515
Stephenville ISD	Erath	School Building	24,000
Tatum ISD	Rusk	School Building	29,900
Three Rivers ISD	Live Oak	School Building	14,220
Tidehaven ISD	Matagorda	School Building	30,900
Tidehaven ISD	Matagorda	School Building	19,600
West ISD	McLennan	School Building	2,000
Whitney ISD	Hill	School Building	5,800
Whitney ISD	Hill	Track	1,133
Wink-Loving ISD	Winkler	School Building	32,000
Wylie ISDa	Collin	School Building	21,125
Yorktown ISD	Dewitt	School Building	5,800
Public School District Total			**$ 620,413**

Table A2 (continued)

Texas Local Government

Carried Propositons

Bond Elections May 12, 2012

(amounts in thousands)

Issuer	County	Purpose	Amount Carried
Cities, Towns, Villages			
Addison	Dallas	Street	$ 29,500
Addison	Dallas	Airport	7,000
Addison	Dallas	Parking Garage	3,000
Addison	Dallas	Public Safety Improvements	2,000
Addison	Dallas	Park	3,500
Addison	Dallas	Road Utilities	10,000
Clarendon	Donley	Street	700
Farmersville	Collin	Street	3,575
Fredericksburg	Gillespie	Park	1,800
Fredericksburg	Gillespie	Pool Improvements	1,400
Hurst	Tarrant	Justice Center	16,500
Leon Valley	Bexar	Police & Fire	7,000
North Richland Hills	Tarrant	Municipal Complex	48,000
Rockwall	Rockwall	Streets & Roads	19,155
Rockwall	Rockwall	Streets & Sidewalks	8,625
Rollingwood	Travis	Wastewater	12,800
San Antonio	Bexar	Parks & Recreation	79,125
San Antonio	Bexar	Library	11,025
San Antonio	Bexar	Drainage Improvements	152,052
San Antonio	Bexar	Street & Bridge	306,997
San Antonio	Bexar	Public Health	800
Cities, Towns, Villages Total			**$ 724,555**
Community College Districts			
Tyler JCD	Smith	Ed Facility	$ 25,000
Tyler JCD	Van Zandt	Ed Facility	25,000
Victoria JCD	Victoria	College Facility	22,000
Community College Districts Total			**$ 72,000**
Water Districts			
Montgomery County UD 4	Montgomery	Water & Sewer	$ 21,000
Total Carried			**$ 1,437,968**

Table A3

Texas Local Government

Defeated Propositons

Bond Elections May 12, 2012

(amounts in thousands)

Issuer	County	Purpose	Amount Defeated
Public School Districts			
Aransas Pass ISD	San Patricio	School Building	$ 28,000
Bloomburg ISD	Cass	School Building	4,400
Caldwell ISD	Burleson	School Building	52,700
Forestburg ISD	Montague	School Building	3,500
Goldthwaite ISD	Mills	School Building	9,950
Hamshire-Fannett ISD	Jefferson	School Building	14,465
Lamesa ISD	Dawson	School Building	23,900
Lindsay ISD	Cooke	School Building	7,900
Nederland ISD	Jefferson	School Building	16,500
Nederland ISD	Jefferson	School Building	32,000
Schulenburg ISD	Fayette	School Building	8,975
Public School Districts Total			**$ 202,290**
Cities, Towns, Villages			
Rockwall	Rockwall	Parks & Recreation	$ 25,090
Rockwall	Rockwall	Park	4,950
Rockwall	Rockwall	Downtown Area	1,600
Santa Fe	Galveston	Public Safety	6,000
Cities, Towns, Villages Total			**$ 37,640**
Total Defeated			**$ 239,930**

Table A4

Texas Local Government

Carried Propositons

Bond Elections November 8, 2011

(amounts in thousands)

Issuer	County	Purpose	Amount Approved
Public School Districts			
Anthony ISD	El Paso	School Building	$ 5,000
Brownfield ISD	Terry	School Building	4,000
Carrizo Springs Cons ISD	Dimmit	School Building	45,000
Dripping Springs ISD	Hays & Travis	Refunding	3,600
Friona ISD	Parmer	School Building & Buses	4,000
Lago Vista ISD	Travis	School Building	29,600
Lake Travis ISD	Travis	School Building	158,455
Lamar Consolidated ISD	Fort Bend	School Building	249,159
Mansfield ISD	Tarrant	School Building	198,530
Marion ISD	Guadalupe	Science Lab	9,380
Marion ISD	Guadalupe	Gym	1,000
North East ISD	Bexar	School Building	399,410
Pasadena ISD	Harris	School Building	270,100
San Saba ISD	San Saba	School Building	5,900
Sharyland ISD	Hidalgo	School Building	55,000
Tuloso-Midway ISD	Nueces	School Building	36,000
Webb Cons ISD	Webb	School Building	750
West Rusk ISD	Rusk	School Building	15,000
Public School Districts Total			**$ 1,489,884**
Cities, Towns, Villages			
Alamo Heights	Bexar	Municipal Complex	$ 6,300
Lake Dallas	Denton	Economic Development	10,200
Cities, Towns, Villages Total			**$ 16,500**
Counties			
Coryell County		Law Enforcement Center	$ 18,764
Karnes County		Courthouse Improvements	4,000
Karnes County		Road & Bridge	3,000
Mitchell County		Justice Center	8,160
Travis County		Road & Bridge	132,840
Travis County		Park	82,105
Counties Total			**$ 248,869**
Other Special Districts			
Northwoods Road District	Williamson	Roads	$ 12,000
Water Districts			
Galveston County WCID 12	Galveston	Water, Sewer & Drainage	$ 4,050
Highlands at Mayfield Ranch MUD	Williamson	Water, Sewer & Drainage	42,300
Highlands at Mayfield Ranch MUD	Williamson	Parks & Recreation	7,400
Williamson-Liberty Hill County MUD	Williamson	Water, Sewer & Drainage	74,000
Williamson-Liberty Hill County MUD	Williamson	Parks & Recreation	4,800
Williamson-Liberty Hill County MUD	Williamson	Roads	5,600
Willow Fork DD	Fort Bend	Park	29,000
Water Districts Total			**$ 167,150**
Total Carried			**$ 1,934,403**

Table A5

Texas Local Government

Defeated Propositons

Bond Elections November 8, 2011

(amounts in thousands)

Issuer	County	Purpose	Amount Defeated
Public School Districts			
Boerne ISD	Kendall	School Building	$ 39,250
Boerne ISD	Kendall	School Building	33,890
Boerne ISD	Kendall	School Building, Buses & Technology	14,610
Bonham ISD	Fannin	School Building	27,100
Breckenridge ISD	Stephens	Music Hall	2,395
Brock ISD	Parker	Transportation	4,995
Cedar Hill ISD	Dallas	School Building	53,500
Dublin ISD	Erath	School Building	5,440
Frankston ISD	Anderson	Athletic Facilities & School Building	17,300
Garner ISD	Parker	Renovations	2,000
Hamshire-Fannett ISD	Jefferson	School Building	16,500
Henderson ISD	Rusk	School Building	26,000
La Grange ISD	Fayette	School Building	13,890
La Grange ISD	Fayette	Stadium Improvements	840
Marion ISD	Guadalupe	Athletic Facility	1,150
Matagorda ISD	Matagorda	School Buildings & Buses	3,100
Redwater ISD	Bowie	School Building	9,500
Robinson ISD	McLennan	School Building	39,000
Webb Cons ISD	Webb	Refunding	1,640
Public School Districts Total			**$ 312,100**
Cities, Towns, Villages			
Glenn Heights	Dallas	City Hall	$ 8,000
Glenn Heights	Dallas	Streets & Sidewalks	7,500
Groesbeck	Limestone	Library	707
White Settlement	Tarrant	Flood Control	6,000
Cities, Towns, Villages Total			**$ 22,207**
Counties			
Mitchell County		Court Facility	$ 1,995
Montgomery County		Road	200,000
Counties Total			**$ 201,995**
Community College Districts			
North Central Texas CCD	Cooke	College Facility	$ 30,704
Water Districts			
Badiff MUD	Galveston	Water System Improvements	$ 8,950
Collin County WCID #3	Collin	Water, Sewer & Drainage	187,000
Fort Bend County MUD 025	Fort Bend	Water & Sewer System	30,000
Fort Bend County MUD 025	Fort Bend	Parks & Recreation	20,000
Williamson County W.S. Irrig & Dd 3	Travis	Water, Sewer & Drainage	9,805
Water Districts Total			**$ 312,100**
Total Defeated			**$ 879,106**

Appendix B
Glossary

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

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

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

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

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

Build America Bonds (BABs) - were created by the American Recovery and Reinvestment Act of 2009 (ARRA) and could be issued as Tax Credit BABs or Direct-Payment BABs. Tax Credit BABs provided a tax credit to investors equal to 35 percent of the interest payable by the issuer. Direct-Payment BABs provided a direct federal subsidy payment to state and local governmental issuers equal to 35 percent of the interest payable.

Capital Appreciation Bonds (CABs) - A long-term security sold at a discount. The yield, or accretion, is reinvested at a stated rate until maturity at which time the investor receives total payment. The payment represents both principal and interest. For capital appreciation bonds and compound interest bonds, accreted values are calculated as interest in the year of maturity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yield – The investor's rate of return.