Texas Bond Review Board

2015 LOCAL GOVERNMENT ANNUAL REPORT

FISCAL YEAR ENDED AUGUST 31, 2015

Texas Bond Review Board
Local Government
Annual Report 2015

Fiscal Year Ended August 31, 2015

Greg Abbott, Governor
Chairman

Dan Patrick, Lieutenant Governor

Joe Straus, Speaker of the House of Representatives

Glenn Hegar, Comptroller of Public Accounts

Robert C. Kline
Executive Director

December 2015

Contents

Chapter 1: Texas Local Debt in Perspective 1

Chapter 2: Texas Cities, Towns and Villages 17

Chapter 3: Texas Public School District Debt 35

Chapter 4: Texas Water Districts and Authorities 48

Chapter 5: Texas Counties 57

Chapter 6: Texas Other Special Districts and Authorities 67

Chapter 7: Texas Community and Junior College Districts 76

Chapter 8: Texas Health/Hospital Districts and Authorities 84

Appendix A: Bond Election Results 93

Appendix B: Capital Appreciation Bonds 105

Appendix C: Texas Charter Schools 108

Appendix D: Cost of Issuance 112

Appendix E: Glossary 118

Figures

Figure 1.1: Texas Local Government - Total Tax-Supported Debt Per Capita 3

Figure 1.2: Texas Local Government - Debt Outstanding by Fiscal Year. 6

Figure 1.3: Texas Local Government - Tax-Supported Debt-Service Requirements by Fiscal Year.....7

Figure 1.4: Texas Local Government - Revenue Debt-Service Requirements by Fiscal Year.....8

Figure 1.5: Texas Local Governments - CAB Maturity Amount Outstanding.....12

Figure 1.6: Texas Local Governments - Total Debt Service Outstanding.....12

Figure 1.7: Texas Local Government - Total CO Debt Outstanding.....14

Figure 1.8: Texas Local Government - CO Debt Issuance by Cities, Counties, and Health and Hospital Districts by Fiscal Year 14

Figure 2.1: Texas Cities - Percent of Tax & Revenue Principal Outstanding.....18

Figure 2.2: Texas Cities - Total Debt Outstanding.....19

Figure 2.3: Texas Cities - Tax-Supported Debt Outstanding.....20

Figure 2.4: Texas Cities - Tax-Supported Debt Per Capita.....20

Figure 2.5: Texas Cities - Total Tax-Supported Debt Outstanding 24

Figure 2.6: Texas Cities - Revenue Debt Outstanding 27

Figure 2.7: Texas Cities - Debt-Service Requirements 30

Figure 2.8: Texas Cities - Tax-Supported Debt-Service Requirements.....31

Figure 3.1: Texas Public School Districts - Voter-Approved Tax Debt Outstanding.....36

Figure 3.2: Texas Public School Districts - Voter-Approved Debt-Service Requirements 37

Figure 3.3: Texas Public School Districts - Total Debt Service.....42

Figure 3.4: Texas Public School Districts - CAB Issuance as a % of Total School District Issuance 42

Figure 3.5: Texas Public School Districts - Qualified Zone Academy Bonds Outstanding 44

Figure 3.6: Texas Public School Districts - Debt Guaranteed by PSF 46

Figure 3.7: Texas Public School Districts - Full-Year Average Daily Attendance 47

Figure 3.8: Texas Public School Districts - Average Voter-Approved Tax Debt Per Student for Districts with Debt Outstanding 47

Figure 4.1: Texas Water Districts and Authorities - Debt Outstanding 49

Figure 4.2: Texas Water Districts and Authorities - Debt-Service Requirements 53

Figure 5.1: Texas Counties - Tax-Supported and Revenue Debt Outstanding 58

Figure 5.2: Texas Counties - Tax-Supported Debt Per Capita 60

Figure 5.3: Texas Counties - Total Tax-Supported Debt Outstanding 63

Figure 5.4: Texas Counties - Debt-Service Requirements by Fiscal Year 64

Figure 6.1: Texas Other Special Districts and Authorities - Debt Outstanding by Fiscal Year 69

Figure 6.2: Texas Other Special Districts and Authorities - Debt-Service Requirements 71

Figure 6.3: Texas Other Special Districts and Authorities - Total Debt Service 72

Figure 7.1: Texas Community and Junior College Districts - Tax and Revenue Debt Outstanding 77

Figure 7.2: Texas Community and Junior College Districts - Student Enrollment 79

Figure 7.3: Texas Community and Junior College Districts - Average Tax-Supported Debt Per Student 80

Figure 7.4: Texas Community and Junior College Districts - Debt-Service Requirements 81

Figure 8.1: Texas Health/Hospital Districts and Authorities - Debt Outstanding 85

Figure 8.2: Texas Health/Hospital Districts and Authorities - Total Tax-Supported Debt Outstanding 88

Figure 8.3: Texas Health/Hospital Districts and Authorities - Debt-Service Requirements 89

Figure D1: Texas Local Government - Total Direct Bond Costs for Fiscal 2015 113

Figure D2: Texas Local Government - Bond Counsel Fees for Fiscal 2015 114

Figure D3: Texas Local Government - Financial Advisor Fees for Fiscal 2015 114

Figure D4: Texas Local Government - Total Ratings Fees for Fiscal 2015 115

Figure D5: Texas Local Government - Total Underwriter's Spread Fees for Fiscal 2015 115

Tables

Table 1.1: Texas Local Government - Debt Outstanding As of August 31, 2015 2

Table 1.2: Texas Local Government - Debt Outstanding by Fiscal Year.....5

Table 1.3: Texas Local Government - Rate of Debt Retirement 9

Table 1.4: Texas Local Government - Debt Issuance by Fiscal Year.....10

Table 1.5: Texas Local Government - Capital Appreciation Bonds Par Amount Issued by Fiscal Year 13

Table 1.6: Texas Local Government - Top 20 Issuers with Certificates of Obligation Debt Outstanding 15

Table 1.7: Texas Local Government - Build America Bonds Outstanding.....16

Table 2.1: Texas Cities - Debt Outstanding by Fiscal Year 18

Table 2.2: Texas Cities - Top 30 Issuers of Tax-Supported Debt 21

Table 2.3: Texas Cities - Big 6 Cities with Tax-Supported Debt Outstanding.....22

Table 2.4: Texas Cities - Top 10 Issuers of CABs.....23

Table 2.5: Texas Cities - Top 30 Issuers of Certificates of Obligation.....25

Table 2.6: Texas Cities - Big 6 Cities with CO Debt Outstanding As of August 31, 2015.....26

Table 2.7: Texas Cities - Top 20 Issuers of Revenue Debt.....28

Table 2.8: Texas Cities - Commercial Paper Outstanding As of August 31, 2015.....29

Table 2.9: Texas Cities - Rate of Debt Retirement.....32

Table 2.10: Texas Cities - Debt Issuance 33

Table 2.11: Texas Cities - Build America Bonds Outstanding As of August 31, 2015 34

Table 3.1: Texas Public School Districts - Debt Outstanding by Fiscal Year.....36

Table 3.2: Texas Public School Districts - Debt-Service Requirements by Fiscal Year 37

Table 3.3: Texas Public School Districts - Rate of Debt Retirement 38

Table 3.4: Texas Public School Districts - Debt Issued by Fiscal Year.....39

Table 3.5: Texas Public School Districts – Top 20 School Districts with Tax-Supported Debt Outstanding.....40

Table 3.6: Texas Public School Districts - Top 10 Issuers of CABs 41

Table 3.7: Texas Public School Districts - Top 10 School Districts with Build America Bonds Outstanding.....43

Table 3.8: Texas Public School Districts - Top 10 Districts with Qualified Zone Academy Bonds Outstanding 44

Table 3.9: Texas Public School Districts - Top 10 Districts with Qualified School Construction Bonds Outstanding 45

Table 3.10: Texas Public School Districts - Total Debt Outstanding Guaranteed by PSF 46

Table 4.1: Texas Water Districts and Authorities - Debt Outstanding by Fiscal Year 49

Table 4.2: Texas Water Districts and Authorities - Top 10 Tax-Supported Debt Outstanding.....50

Table 4.3: Texas Water Districts and Authorities - Issuers with Most Revenue Debt Outstanding 51

Table 4.4: Texas Water Districts and Authorities - Commercial Paper Programs 52

Table 4.5: Texas Water Districts and Authorities - Debt-Service Requirements by Fiscal Year.....53

Table 4.6: Texas Water Districts and Authorities - Rate of Debt Retirement.....54

Table 4.7: Texas Water Districts and Authorities - Top 10 Issuers of CABs.....55

Table 4.8: Texas Water Districts and Authorities - Debt Issuance by Fiscal Year 56

Table 5.1: Texas Counties - Debt Outstanding by Fiscal Year.....58

Table 5.2: Texas Counties - Top 10 Tax-Supported Debt Outstanding As of August 31, 2015 59

Table 5.3: Texas Counties - Issuers of CABs 61

Table 5.4: Texas Counties - Top 20 Certificates of Obligation Issuers 62

Table 5.5: Texas Counties - Debt-Service Requirements by Fiscal Year 63

Table 5.6: Texas Counties - Rate of Debt Retirement 65

Table 5.7: Texas Counties - Debt Issuance by Fiscal Year 66

Table 6.1: Texas Other Special Districts and Authorities - Debt Outstanding by Fiscal Year 68

Table 6.2: Texas Other Special Districts and Authorities - Issuers with Most Debt Outstanding 69

Table 6.3: Texas Other Special Districts and Authorities - Commercial Paper Outstanding 70

Table 6.4: Texas Other Special Districts and Authorities - Debt-Service Requirements by Fiscal Year 70

Table 6.5: Texas Other Special Districts and Authorities - Rate of Debt Retirement 72

Table 6.6: Texas Other Special Districts and Authorities - Issuers of CABs 73

Table 6.7: Texas Other Special Districts and Authorities - Debt Issued by Fiscal Year 74

Table 6.8: Texas Other Special Districts and Authorities - Build America Bonds Outstanding 75

Table 7.1: Texas Community and Junior College Districts - Debt Outstanding by Fiscal Year 76

Table 7.2: Texas Community and Junior College Districts - Issuers with Most Tax-Supported Debt Outstanding 78

Table 7.3: Texas Community and Junior College Districts - Debt-Service Requirements by Fiscal Year 80

Table 7.4: Texas Community and Junior College Districts - Rate of Debt Retirement 81

Table 7.5: Texas Community and Junior College Districts - Issuers of CABs.....82

Table 7.6: Texas Community and Junior College Districts - Debt Issued by Fiscal Year.....83

Table 8.1: Texas Health/Hospital Districts and Authorities - Debt Outstanding by Fiscal Year.....85

Table 8.2: Texas Health/Hospital Districts and Authorities - Top 10 Issuers with Total Debt Outstanding.....86

Table 8.3: Texas Health/Hospital Districts and Authorities - Debt Outstanding of Top 10 Issuers of Tax-Supported Debt Outstanding.....86

Table 8.4: OMITTED FOR 2015

Table 8.5: Texas Health/Hospital Districts and Authorities - With CO Debt Outstanding.....87

Table 8.6: Texas Health/Hospital Districts and Authorities - Debt-Service Requirements by Fiscal Year.....88

Table 8.7: Texas Health/Hospital Districts and Authorities - Rate of Debt Retirement.....90

Table 8.8: Texas Health/Hospital Districts and Authorities - Debt Issued by Fiscal Year.....91

Table 8.9: Texas Health/Hospital Districts and Authorities - Build America Bond Outstanding As of August 31, 2015.....92

Table A1: Texas Local Government – Number of Bond Elections Approved by Fiscal Year.....93

Table A2: Texas Local Government - Estimated Bond Election Results by Fiscal Year.....94

Table A3: Texas Local Government - Carried Propositions - Bond Elections May 9, 2015.....95

Table A4: Texas Local Government - Defeated Propositions - Bond Elections May 9, 2015.....99

Table A5: Texas Local Government - Carried Propositions - Bond Elections November 4, 2014.....100

Table A6: Texas Local Government - Defeated Propositions - Bond Elections November 4, 2014 104

Table B1: Texas Public School Districts - Top 100 Most Expensive CABs Outstanding As of August 31, 2015 106

Table C1: Total Charter School Debt by Issuer As of November 30, 2015 110

Table C2: Charter School Debt Outstanding Guaranteed by the PSF as of November 30, 2015 111

Table D1: Texas Local Governments Total COI for FY 2015 112

Table D2: Texas Local Government COI Statistics Summary for Fiscal Year 2015 117

Disclosure

Texas Government Code 1202.008 authorizes the Office of the Attorney General to collect local debt information and to send that information to the Bond Review Board (BRB) for inclusion in debt statistic reports. For each local security 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 ending August 31st, and 3) removes refunded and cash defeased maturities from the outstanding debt database.

Local governments are not required to report data for debt that is either not considered a public security as defined by state statute or does not require approval by the Office of the Attorney General of the State of Texas such as certain short-term notes, certain bond anticipation notes and certain lease purchase agreements for personal property. The BRB does not receive information on non-securitized debt including privately placed loans or intergovernmental loans such as State Infrastructure Bank loans for transportation or water development state participation loans that are not in the form of a public security. In addition, debt issuances for some component corporations of governmental entities such as housing finance corporations, industrial development corporations and other such conduit entities are not reported to the BRB.

This report is intended to inform the state leadership, the Legislature and citizens; the report is not meant to present comprehensive data for investors, nor may it be relied upon as such. Data is provided as of the date indicated and may not reflect changes in total debt, debt service, population or other data since the date the information was originally provided to the BRB. Local governmental entities are not required to file continuing disclosure with the BRB.

Although accurate city and county demographic information is readily available, current demographic data for the remaining five categories of local debt (Community and Junior College Districts, Water Districts & Authorities, Health/Hospital Districts, School Districts and Other Special Districts) 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. The data in this report is calculated and presented as of the state's fiscal year ending August 31, 2015.

Chapter 1
Texas Local Debt in Perspective

Overview

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

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

Texas Bond Review Board and Local Government Debt

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

All reporting on local debt is presented on the agency's website. Visitors to the site can search databases and download spreadsheets that contain debt outstanding, debt issuances, debt ratios and population data as available by government type at each fiscal-year end. In fiscal 2015, approximately 7,750 different users of the BRB's website downloaded over 27,650 spreadsheets containing Texas local government debt data. The BRB posts this information to its website annually within four months after the close of the state's fiscal year.

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

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

Local Government Debt Outstanding

As of fiscal-year end 2015 Texas local governments had $212.44 billion in outstanding debt *(Table 1.1),* an increase of $20.09 billion (10.4 percent) over the past five fiscal years. Of that amount 61.7 percent ($131.03 billion) is GO debt secured by local tax collections while the remaining 38.3 percent ($81.4 billion) is secured by revenues generated by various projects such as water, sewer and electric utility fees. Over the past five fiscal years tax-supported debt outstanding increased 12.3 percent ($14.35 billion) and revenue debt outstanding increased 7.6 percent ($5.75 billion).

Table 1.1
Texas Local Government
Debt Outstanding As of August 31, 2015
($ in millions)

Type of Issuer		Tax-Supported*	Revenue**	Total Debt
Cities, Towns, Villages	Tax	$ 29,528.0		$ 29,528.0
	Revenue		$ 39,572.1	39,572.1
	Sales Tax		165.7	165.7
	Lease-purchase contracts		633.2	633.2
	Subtotal	**$ 29,528.0**	**$ 40,371.0**	**$ 69,898.9**
Public School Districts	Voter-approved tax	$ 71,183.8		$ 71,183.8
	Maintenance tax (ed. equipment)	829.7		829.7
	Lease-purchase contracts		$ 335.2	335.2
	Revenue (athletic facilities)		2.0	2.0
	Subtotal	**$ 72,013.5**	**$ 337.2**	**$ 72,350.7**
Water Districts and Authorities	Tax	$ 12,039.5		$ 12,039.5
	Revenue		$ 11,265.4	11,265.4
	Conduit revenue		8,169.2	8,169.2
	Subtotal	**$ 12,039.5**	**$ 19,434.7**	**$ 31,474.2**
Other Special Districts and Authorities	Tax	$ 194.2		$ 194.2
	Revenue		10,663.2	10,663.2
	Sales Tax		$ 4,970.2	4,970.2
	Lease-purchase contracts		115.0	115.0
	Subtotal	**$ 194.2**	**$ 15,748.5**	**$ 15,942.6**
Counties	Tax	$ 11,268.2		$ 11,268.2
	Revenue		$ 2,542.6	2,542.6
	Lease-purchase contracts		489.3	489.3
	Subtotal	**$ 11,268.2**	**$ 3,031.8**	**$ 14,300.1**
Community and Junior Colleges	Tax	$ 3,612.4		$ 3,612.4
	Revenue		$ 1,159.2	1,159.2
	Lease-purchase contracts (ed. facilities)		237.3	237.3
	Subtotal	**$ 3,612.4**	**$ 1,396.5**	**$ 5,008.9**
Health/Hospital Districts and Authorities	Tax	$ 2,375.7		$ 2,375.7
	Revenue		1,032.3	1,032.3
	Sales Tax		$ 60.1	60.1
	Subtotal	**$ 2,375.7**	**$ 1,092.4**	**$ 3,468.1**
	Total Local Debt Outstanding	**$ 131,031.4**	**$ 81,412.0**	**$ 212,443.5**

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

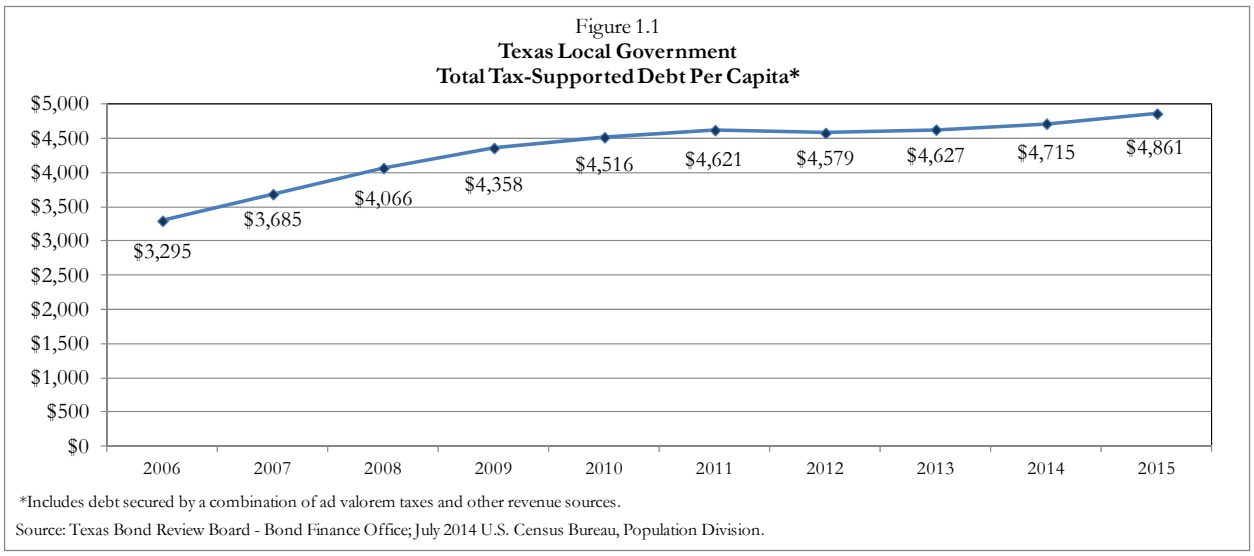
**Does not indude certain conduit debt issued for which the Bond Review Board does not receive issuance information.

Source: Texas Bond Review Board - Bond Finance Office

School Districts accounted for 34.1 percent ($72.35 billion) of all local debt outstanding and Cities accounted for 32.9 percent ($69.9 billion). WDs held the third highest percentage and accounted for 14.8 percent ($31.47 billion) of all local debt outstanding. The remaining 18.2 percent ($38.72 billion) was held by CCDs, Counties, HHDs and OSDs.

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

Total tax-supported debt per capita increased by 3.1 percent from $4,715 in FY 2014 to $4,861 in FY 2015. Over the past 10 years debt per capita has increased by 47.5 percent ($1,566) while the state's population has increased by 17.9 percent (4.1 million) *(Figure 1.1)*.



Tax-Supported Debt – 12 Percent Increase in Five Years

As of fiscal-year end 2015 Texas local governments had $131.03 billion in tax-supported debt outstanding, an increase of 12.3 percent ($14.35 billion) in the five-year period since fiscal 2011.

School Districts accounted for 55 percent ($72.01 billion) of the total tax-supported local debt outstanding. Cities accounted for 22.5 percent ($29.53 billion), WDs accounted for 9.2 percent ($12.04 billion), and the remaining 13.3 percent ($17.45 billion) was attributable to CCDs, Counties, HHDs and OSDs.

Since fiscal 2011 City tax-supported debt increased by 10.1 percent from $26.81 billion to $29.53 billion. As the state's population increased by 6.7 percent (1.7 million) since fiscal 2011, urban areas have experienced particularly rapid growth that has created the need for new infrastructure including new buildings and roads.

County tax-supported debt increased by 4.8 percent from $10.75 billion to $11.27 billion in the five-year period. Of that amount, Harris County accounted for 21.1 percent ($2.38 billion) which included $24.17 million in commercial paper and $329.09 million in toll road debt backed by the full faith and credit of Harris County.

Since fiscal 2011, CCD tax-supported debt rose by 19.7 percent from $3.02 billion to $3.61 billion due to a number of issuances, the largest of which were new money issuances by Houston

Community College System of $398.8 million in 2013 and Austin Community College District of $165.2 million in 2015.

Since fiscal 2011 tax-supported debt for OSDs increased 20.5 percent from $161.1 million to $194.2 million primarily as the result of a number of issuances, the largest of which were new-money issuances from 2012 by Dallas County Schools totaling $47.7 million.

Revenue Debt - 8 Percent Increase in Five Years

As of fiscal-year end 2015 Texas local governments had $81.4 billion in revenue debt outstanding, an increase of 7.6 percent ($5.75 billion) since fiscal 2011. Cities accounted for 49.6 percent ($40.37 billion) of the total revenue local debt outstanding, WDs accounted for 23.9 percent ($19.43 billion), OSDs accounted for 19.3 percent ($15.75 billion) and the remaining 7.2 percent ($5.76 billion) was attributable to School Districts, CCDs, Counties and HHDs.

City revenue debt increased by 12.3 percent from $35.94 billion to $40.37 billion in the five-year period. Since fiscal 2011 the state's population increased 6.7 percent (1.7 million), and urban areas have experienced particularly rapid growth creating the need for new infrastructure including roads, bridges and new and expanded water and sewer systems. The majority of city revenue debt has been used to finance utility-related projects including water, wastewater and in some localities, electric utility systems.

Since fiscal 2011 county revenue debt increased by 1.2 percent from $3 billion to $3.03 billion in the five-year period for which Harris County toll road projects accounted for 60.0 percent ($1.82 billion).

Since fiscal 2011, CCD revenue debt rose by 11.2 percent from $1.26 billion to $1.40 billion.

Since fiscal 2011 revenue debt for OSDs increased 8.4 percent from $14.53 billion to $15.75 billion primarily as a result of two large new money issuances in fiscal 2012, one by North Texas Tollway Authority totaling $566.9 million, and another by Metropolitan Transit Authority of Harris County totaling $461.0 million.

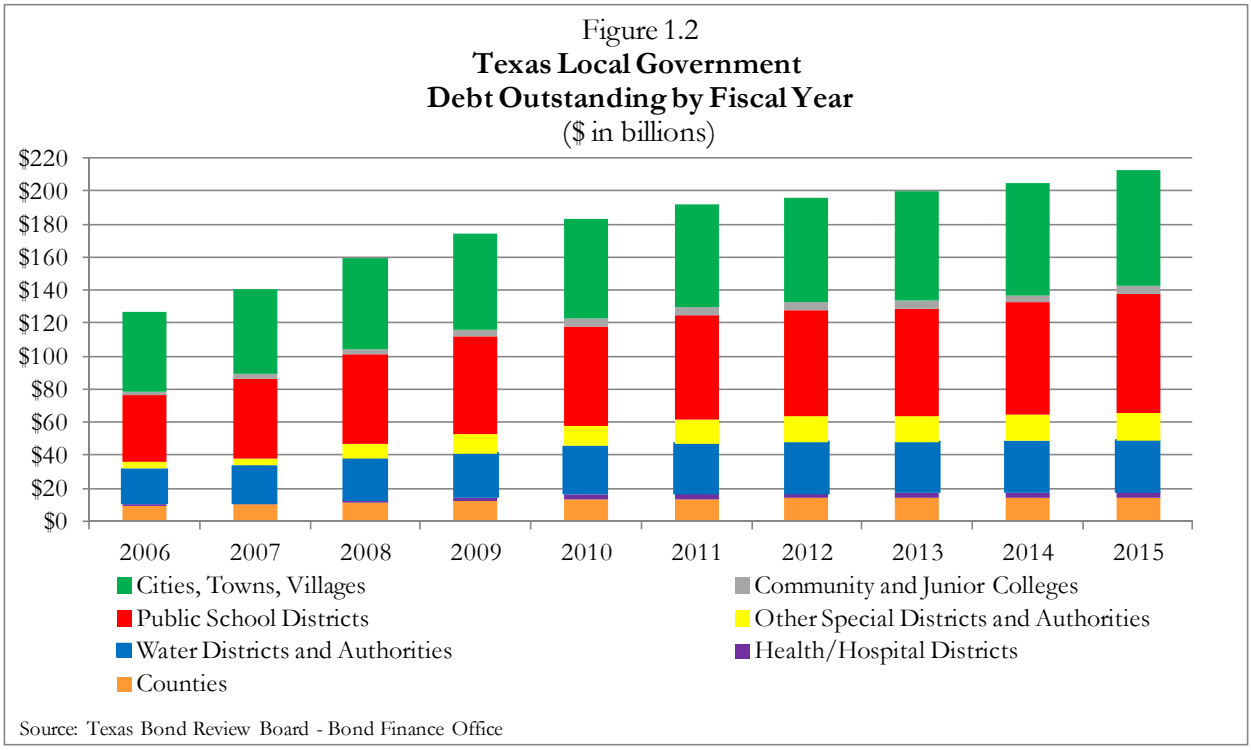
Table 1.2 lists the state's local debt outstanding by category from highest to lowest total amount outstanding.

Table 1.2
Texas Local Government
Debt Outstanding by Fiscal Year
($ in millions)

	8/31/2011	8/31/2012	8/31/2013	8/31/2014	8/31/2015
Public School Districts					
Tax-Supported*	$63,160.3	$63,852.7	$64,860.8	$67,706.6	$72,013.5
Revenue**	372.6	332.8	317.9	275.0	337.2
Total	**$63,532.9**	**$64,185.5**	**$65,178.7**	**$67,981.6**	**$72,350.7**
Cities					
Tax-Supported*	$26,806.1	$26,999.0	$27,764.5	$28,448.7	$29,528.0
Revenue**	35,942.5	36,365.3	38,794.3	39,627.2	40,371.0
Total	**$62,748.6**	**$63,364.3**	**$66,558.8**	**$68,075.9**	**$69,898.9**
Water Districts and Authorities					
Tax-Supported*	$10,681.8	$10,853.3	$11,129.6	$11,500.7	$12,039.5
Revenue**	19,315.7	20,034.5	19,619.0	19,523.6	19,434.7
Total	**$29,997.5**	**$30,887.8**	**$30,748.5**	**$31,024.3**	**$31,474.2**
Other Special Districts and Authorities					
Tax-Supported*	$161.1	$198.4	$191.8	$201.1	$194.2
Revenue**	14,525.3	15,720.2	15,303.3	15,663.2	15,748.5
Total	**$14,686.4**	**$15,918.7**	**$15,495.1**	**$15,864.3**	**$15,942.6**
Counties					
Tax-Supported*	$10,748.6	$10,595.8	$11,106.7	$11,120.7	$11,268.2
Revenue**	2,996.5	3,223.4	3,061.1	2,980.6	3,031.8
Total	**$13,745.0**	**$13,819.2**	**$14,167.8**	**$14,101.3**	**$14,300.1**
Community College Districts					
Tax-Supported*	$3,017.6	$2,960.6	$3,316.6	$3,351.1	$3,612.4
Revenue**	1,256.4	1,296.9	1,360.2	1,417.0	1,396.5
Total	**$4,274.0**	**$4,257.6**	**$4,676.8**	**$4,768.1**	**$5,008.9**
Health/Hospital Districts and Authorities					
Tax-Supported*	$2,110.4	$2,093.1	$2,213.0	$2,378.4	$2,375.7
Revenue**	1,257.9	1,134.8	1,190.1	1,059.1	1,092.4
Total	**$3,368.3**	**$3,227.9**	**$3,403.1**	**$3,437.5**	**$3,468.1**
Total Tax-Supported*	$116,685.8	$117,552.9	$120,583.1	$124,707.3	$131,031.4
Total Revenue**	$75,666.9	$78,108.1	$79,645.8	$80,545.7	$81,412.0
Total Debt Outstanding	**$192,352.7**	**$195,661.0**	**$200,228.9**	**$205,253.0**	**$212,443.5**

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

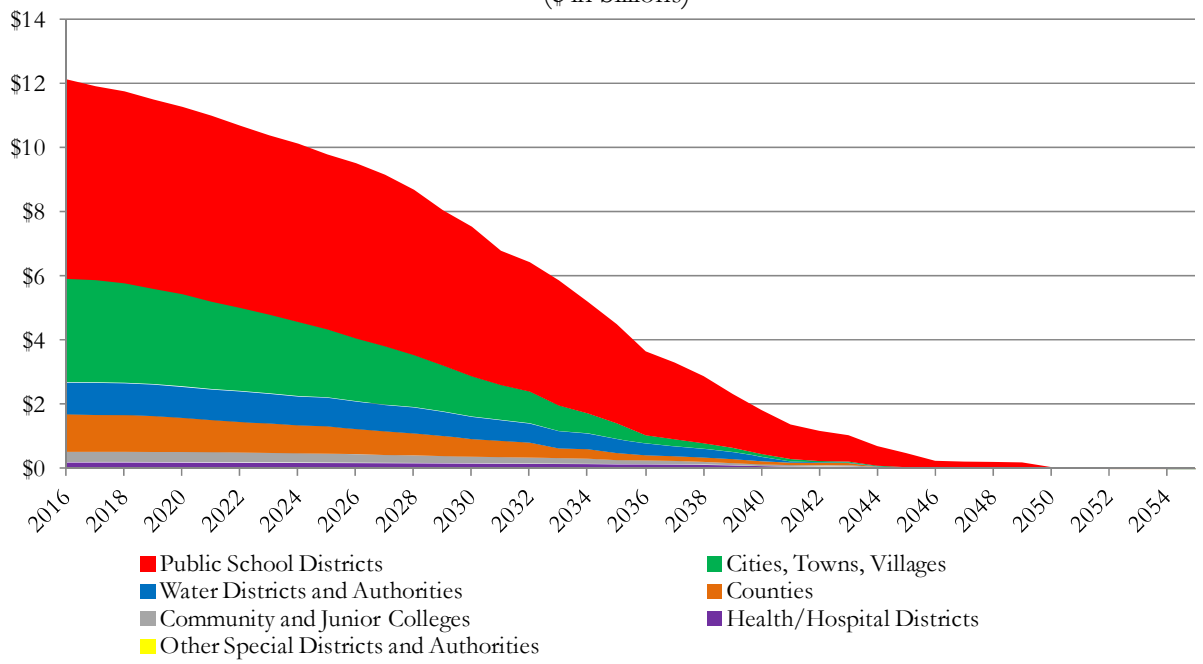
Figure 1.2 illustrates the local debt outstanding by category over the past 10 fiscal years.



Debt-Service Requirements

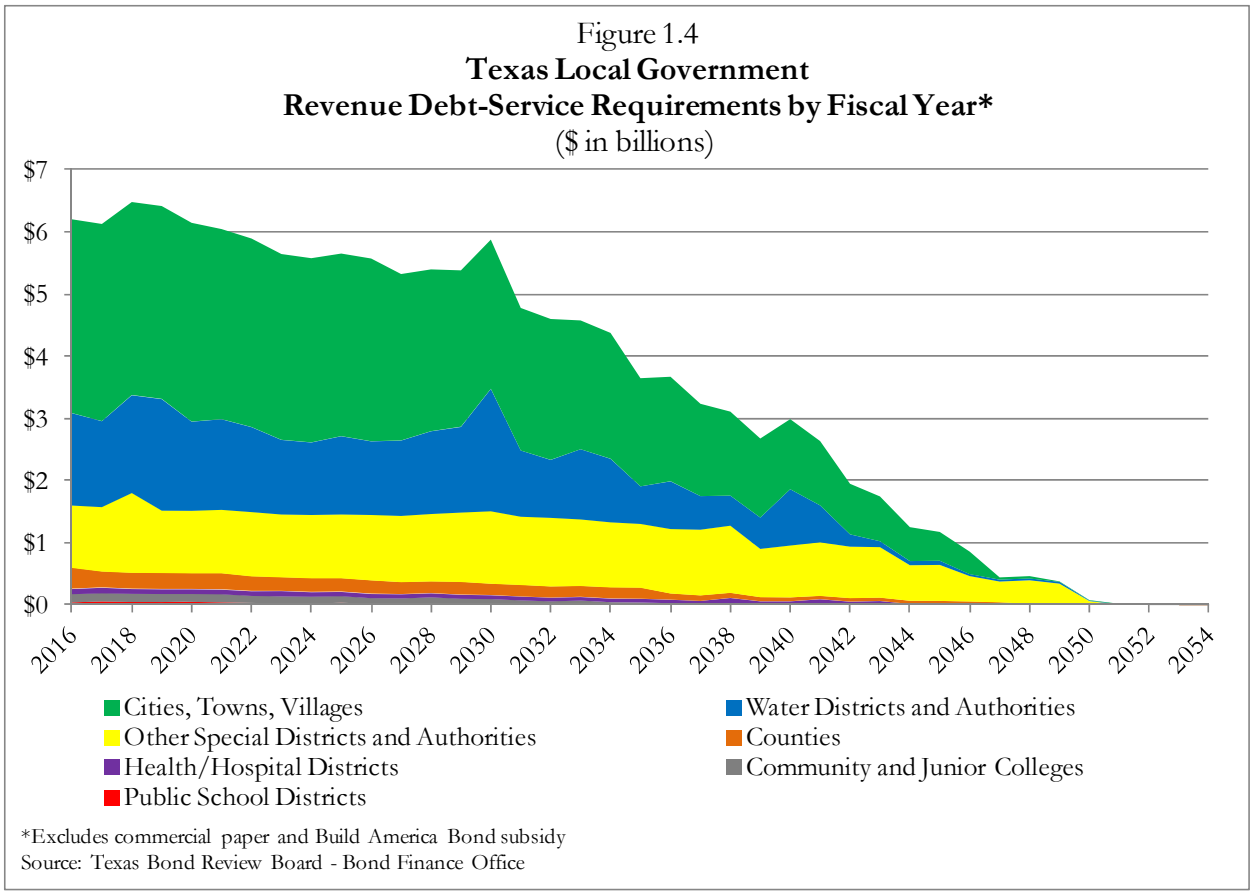
Figure 1.3 shows the tax-supported debt-service requirements (principal and interest) for all categories of debt outstanding as of August 31, 2015. Tax-Supported debt service steadily declines from a peak of $12.13 billion in Fiscal Year 2016.

Figure 1.3
Texas Local Government
Tax-Supported Debt-Service Requirements by Fiscal Year*
($ in billions)



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

Figure 1.4 shows the revenue debt-service requirements for all categories of debt outstanding as of August 31, 2015. Aggregate revenue debt service peaks at $6.47 billion in Fiscal Year 2018.



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

Table 1.3 illustrates the amount of debt retired in the next five, ten and twenty year periods for both tax-supported and revenue debt outstanding as of fiscal year 2015. Rate of debt retirement for HHD tax-supported debt is low because over half of HHD debt was issued as Build America Bonds (BABs) most of which do not begin principal repayment for 10 years.

Table 1.3 **Texas Local Government*** **Rate of Debt Retirement** ($ in millions)				
Debt Repaid (Principal Only)	**Tax-Supported Debt**	**Percent**	**Revenue**	**Percent**
Within Five Years				
Cities, Towns, Villages	$10,064.1	34.1%	$7,127.5	17.7%
Counties	3,395.7	30.1%	642.6	21.2%
Other Special Districts and Authorities	90.8	46.8%	1,477.6	9.4%
Community and Junior Colleges	801.5	22.2%	387.9	27.8%
Water Districts and Authorities	2,761.7	22.9%	2,501.4	12.9%
Health/Hospital Districts	329.0	13.9%	169.8	15.5%
Public School Districts	14,492.5	20.1%	142.2	42.2%
Within Ten Years				
Cities, Towns, Villages	$18,944.4	64.2%	$15,191.4	37.6%
Counties	6,472.7	57.4%	1,221.5	40.3%
Other Special Districts and Authorities	148.4	76.4%	3,351.3	21.3%
Community and Junior Colleges	1,697.6	47.0%	768.5	55.0%
Water Districts and Authorities	5,741.5	47.7%	5,037.4	25.9%
Health/Hospital Districts	727.4	30.6%	337.4	30.9%
Public School Districts	30,285.2	42.1%	254.0	75.3%
Within Twenty Years				
Cities, Towns, Villages	$28,431.0	96.3%	$30,394.8	75.3%
Counties	10,488.8	93.1%	2,438.2	80.4%
Other Special Districts and Authorities	193.8	99.8%	8,463.5	53.7%
Community and Junior Colleges	3,113.9	86.2%	1,320.6	94.6%
Water Districts and Authorities	10,785.1	89.6%	9,439.7	48.6%
Health/Hospital Districts	1,690.2	71.1%	687.0	62.9%
Public School Districts	60,843.8	84.5%	337.2	100.0%

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

Debt Issuance

Over the past five fiscal years local government debt issuance increased by 59 percent ($14.39 billion) from $24.39 in FY 2011 to $38.78 in FY 2015. During that time period new-money issuance increased by 8 percent from $14.47 billion to $15.62 billion ($1.15 billion) refundings also increased by 133.4 percent from $9.92 billion to $23.16 billion ($13.24 billion). Debt issuance reached a record high during FY 2015 largely as a result of the record amount of refunding transactions completed during the fiscal year (*Table 1.4*). The record amount of refundings created an estimated $2.49 billion in cash savings.

Table 1.4

Texas Local Government

Debt Issuance by Fiscal Year*

($ in millions)

	2011	2012	2013	2014	2015
Issuers	945	1067	1048	940	1106
Issuances	1336	1522	1554	1345	1703
Cities					
New Money	$3,866.1	$3,309.6	$5,261.0	$4,411.6	$4,721.1
Refunding	4,696.0	6,713.0	6,128.4	5,005.3	5,842.6
Total Par Issued	**$8,562.1**	**$10,022.6**	**$11,389.4**	**$9,416.9**	**$10,563.8**
Public School Districts					
New Money	$5,320.3	$3,105.7	$3,596.7	$5,386.9	$7,487.1
Refunding	2,538.9	4,542.7	5,544.3	3,704.2	10,679.1
Total Par Issued	**$7,859.1**	**$7,648.4**	**$9,140.9**	**$9,091.1**	**$18,166.2**
Water Districts					
New Money	$1,687.1	$2,347.2	$1,464.3	$1,691.7	$1,647.2
Refunding	1,318.1	2,135.1	2,542.0	1,239.3	2,770.1
Total Par Issued	**$3,005.3**	**$4,482.2**	**$4,006.4**	**$2,931.1**	**$4,417.3**
Counties					
New Money	$746.6	$1,023.0	$1,050.5	$607.9	$904.2
Refunding	667.2	1,441.0	1,183.4	383.0	1,319.9
Total Par Issued	**$1,413.8**	**$2,464.0**	**$2,233.9**	**$990.9**	**$2,224.1**
Other Special Districts					
New Money	$2,215.1	$1,313.7	$399.4	$338.7	$212.3
Refunding	543.1	311.9	1,143.2	87.4	2,072.4
Total Par Issued	**$2,758.2**	**$1,625.6**	**$1,542.6**	**$426.2**	**$2,284.7**
Community College Districts					
New Money	$357.5	$197.1	$623.7	$303.8	$503.4
Refunding	153.5	473.7	88.4	98.8	444.0
Total Par Issued	**$511.0**	**$670.7**	**$712.1**	**$402.6**	**$947.4**
Health/Hospital Districts					
New Money	$274.5	$67.3	$301.1	$233.9	$144.6
Refunding	7.4	33.6	222.3	94.1	32.7
Total Par Issued	**$281.8**	**$100.9**	**$523.4**	**$328.1**	**$177.3**
Total New Money	$14,467.2	$11,363.5	$12,696.6	$12,974.6	$15,619.9
Total Refunding	$9,924.1	$15,650.9	$16,852.1	$10,612.2	$23,160.7
Total Par	**$24,391.4**	**$27,014.5**	**$29,548.7**	**$23,586.8**	**$38,780.6**

*Exdudes commercial paper

Source: Texas Bond Review Board - Bond Finance Office

Use of Proceeds

During fiscal 2015, 60.0 percent of local debt issuance was used to refund debt, 20.6 percent was used to finance educational facilities and equipment, 8.0 percent was used for general-purpose debt, 5.9 percent was used to finance water-related infrastructure, and 3.1 percent was used to finance transportation projects. Water-related financings are likely understated because some issuers, especially cities, borrow for multiple purposes, over half of which involve financings for water and transportation purposes. The remaining 2.4 percent of local debt issuance was used for multiple purposes including combined utility systems, recreation and health-related facilities.

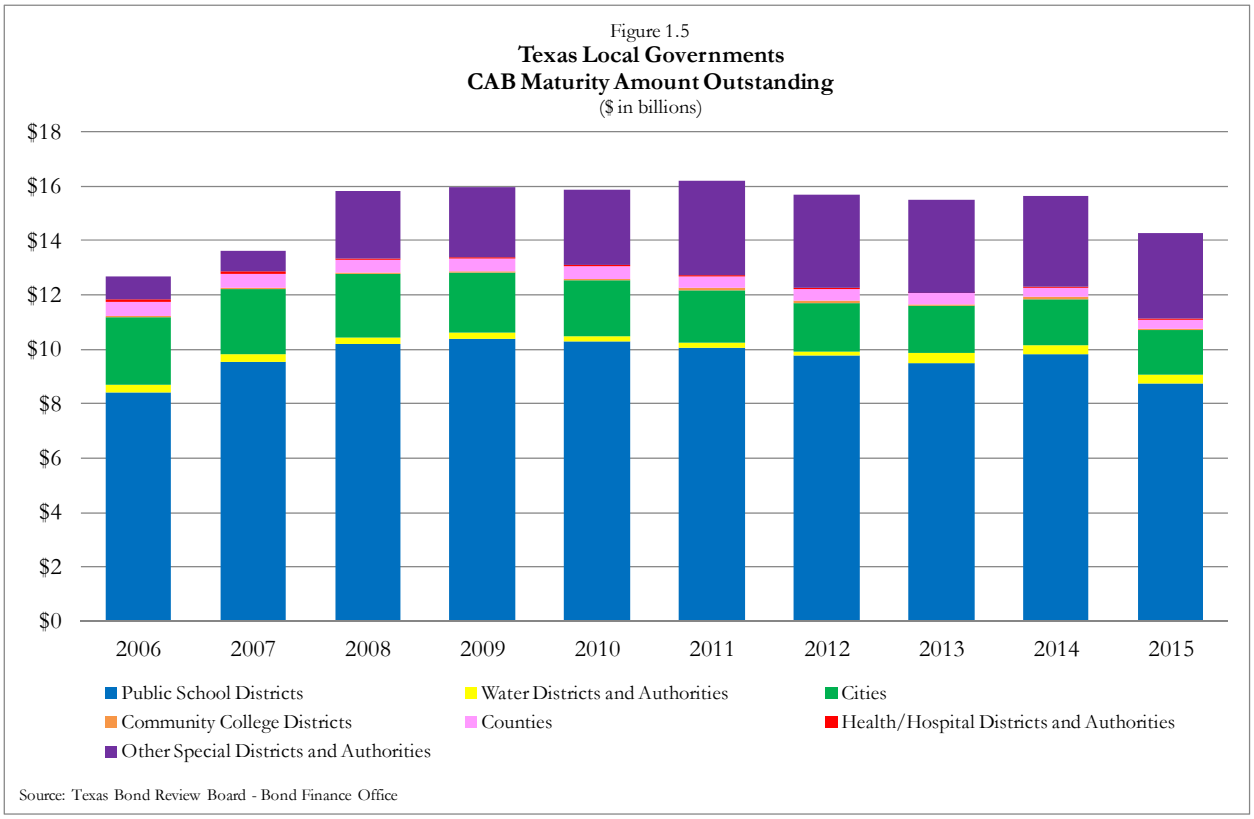
Capital Appreciation Bonds

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

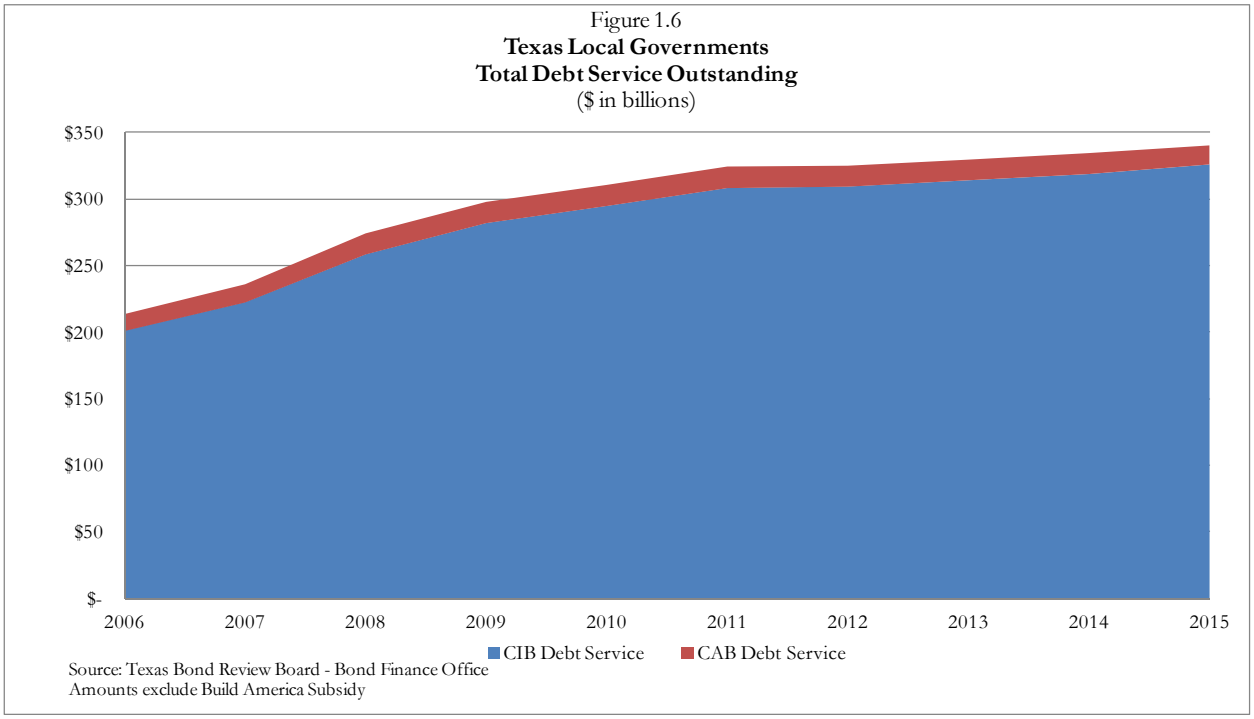
Premium CABs (PCABs) provide a lower initial stated par amount and are sold with a premium. PCABs are issued to: (1) raise additional proceeds, (2) preserve debt limits, and (3) help local governments reach tax-rate targets. Local governments issue more PCABs than non-premium CABs.

Over the past decade total CAB maturity amounts outstanding have increased by 12.7 percent from $12.67 billion in FY 2006 to $14.27 billion in FY 2015. However, total CAB maturity amounts outstanding decreased by 8.8 percent from $15.52 billion in FY 2014 to $14.27 billion in FY 2015. This marks the lowest CAB maturity amount outstanding since FY 2007 (*Figure 1.5*). The outstanding CAB maturities range from 2016 to 2053.

Table B1 in Appendix B lists the top 100 most expensive CABs issued and outstanding for school districts as of fiscal-year end 2015 as defined by the "Maturity Value/Proceeds" ratio. CABs become increasingly more expensive as interest continues to compound with longer-term maturities. The passage of House Bill 114 during the 84th Legislative Session has placed certain restrictions on the issuance of certain capital appreciation bonds payable from ad valorem taxes.



In FY 2015, total CAB maturity amounts accounted for 4.2 percent ($14.27 billion) of the total debt service outstanding (*Figure 1.6*)



During fiscal 2015 local governments issued $215.9 million of capital appreciation bonds (CABs), approximately 0.6 percent of the total par amount issued by local governments (*Table 1.5*).

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

	2011	2012	2013*	2014	2015
Public School Districts	$227.3	$202.3	$218.7	$471.9	214.1
Cities, Towns, Villages	7.8	21.3	30.0	-	-
Water Districts and Authorities	3.9	19.5	69.6	1.0	1.8
Community and Junior Colleges	28.9	2.5	2.2	1.0	-
Health/Hospital Districts	-	0.1	0.0	1.3	-
Other Special Districts and Authorities	194.9	-	-	-	-
Counties	-	1.8	-	1.4	-
Total CAB Par Amount Issued	**$462.8**	**$247.5**	**$320.5**	**$476.7**	**$215.9**
Total Par Amount Issued**	$24,391.4	$27,014.5	$29,548.7	$23,586.8	$38,780.6
CAB Par Amount % of Total	**1.9%**	**0.9%**	**1.1%**	**2.0%**	**0.6%**

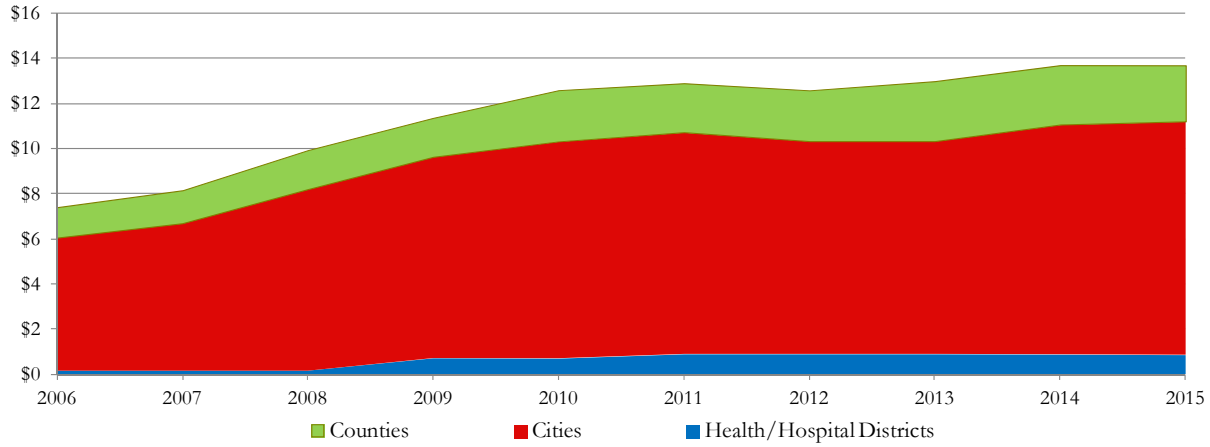
* HHDs issued $30,000 in CABs
** Includes current interest bonds
Source: Bond Review Board - Bond Finance Office

Certificates of Obligation

Certificates of Obligation (COs) are authorized by the Certificate of Obligation Act of 1971, Subchapter C of Chapter 271 of the Texas Local Government Code. COs are generally issued as tax-supported debt to pay for the construction of a public work; purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way; and to pay for professional services such as engineers, architects, attorneys and financial advisors. Debt for COs is paid from ad-valorem taxes and/or a combination of revenues available from other sources. CO issuance does not require voter approval unless a valid petition requesting an election is presented. With the passage of House Bill 1378 during the 84th Legislative Session, effective January 1, 2016, a city may not issue a CO if the voters voted down a bond proposition for the same purpose within the preceding three years, except in the case of public calamity, public health, unforeseen damage to public property, or to comply with a state or federal regulation. Only certain Cities, Counties and certain HHDs are authorized to issue COs.

Since fiscal 2006 CO debt outstanding has increased by 84.9% ($6.28 billion) from $7.4 billion outstanding in fiscal 2006 to $13.67 billion outstanding at August 31, 2015. At August 31, 2015, Cities accounted for 75.6 percent of the total CO debt outstanding (*Figure 1.7*).

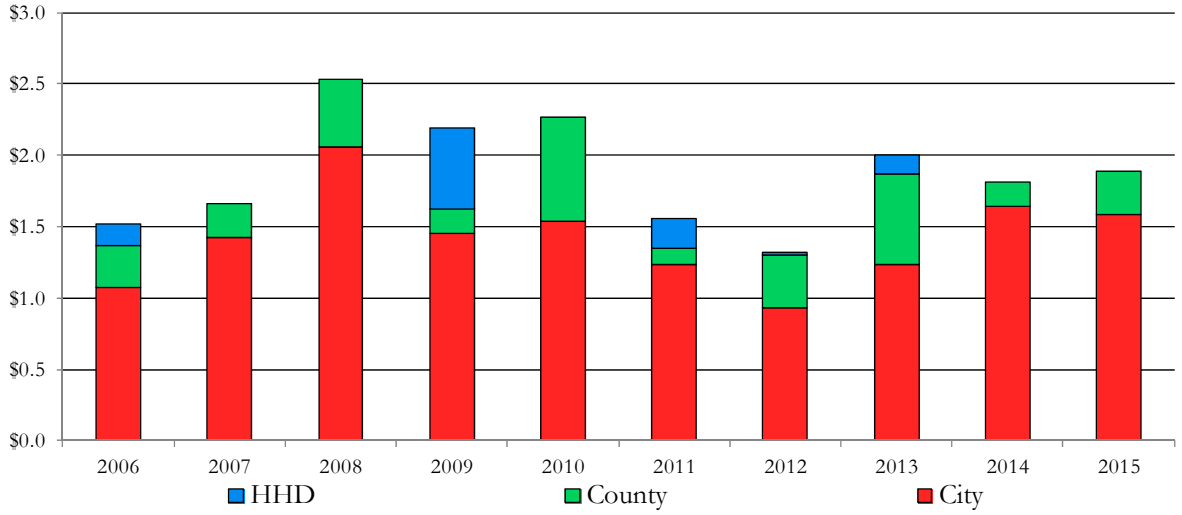
Figure 1.7
Texas Local Government
Total CO Debt Outstanding
($ in billions)



*Certificates of Obligation may only be issued by Cities, Counties, and Health and Hospital Districts. Includes debt secured by a combination of ad valorem taxes and other revenue sources.
Source: Texas Bond Review Board

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

Figure 1.8
Texas Local Government
CO Debt Issuance by Cities, Counties, and Health and Hospital Districts by Fiscal Year
($ in billions)



*Certificates of Obligation may only be issued by Cities, Counties and Health and Hospital Districts. Includes debt secured by a combination of ad valorem taxes and other revenue sources.
Source: Texas Bond Review Board

The twenty highest issuers of CO debt accounted for 45.6 percent of all CO debt outstanding *(Table 1.6)*

Table 1.6 **Texas Local Government** **Top 20 Issuers with Certificates of Obligation Debt Outstanding** **CO Amount ($ in millions)**	
Bexar County	$1,190.9
Bexar County Hospital District	695.6
Lubbock	626.8
El Paso	523.1
Denton	357.3
San Antonio	294.2
Fort Worth	286.3
Travis County	230.4
Frisco	224.9
Abilene	217.4
Sugar Land	208.8
Austin	205.0
Laredo	181.0
Irving	161.6
San Angelo	153.1
El Paso County	141.9
Grand Prairie	138.2
League City	136.5
El Paso County Hospital District	133.5
Beaumont	127.0
Subtotal	$6,233.4
Other CO Issuers	7,432.4
Total	$13,665.8

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

Build America Bonds

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

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

As of August 31, 2015, BAB debt outstanding was $10.36 billion or 4.87 percent of total local debt outstanding (*Table 1.7*).

Table 1.7
Texas Local Government
Build America Bonds Outstanding
($ in millions)

Government Type	Amount
Public School Districts	$3,233.3
Other Special Districts and Authorities	2,792.1
Cities, Towns, Villages	2,397.8
Health/Hospital Districts	1,253.7
Counties	414.4
Water Districts and Authorities	236.7
Community and Junior Colleges	33.3
Total	**$10,361.3**

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

Source: Texas Bond Review Board - Bond Finance Office

Chapter 2
Texas Cities, Towns and Villages

Overview

Texas cities, towns and villages (Cities) issue both tax-supported and revenue debt. Revenue debt also includes sales tax, conduit and lease-revenue obligations. As of August 31, 2015 total city debt outstanding was $69.90 billion (32.9 percent) of total local debt outstanding.

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

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

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

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

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

Total Debt Outstanding

As of August 31, 2015, 814 cities had debt outstanding; 260 Cities had both tax-supported and revenue debt outstanding, 765 had tax-supported debt outstanding, 260 had revenue debt outstanding, including 12 which had sales tax revenue debt outstanding and 4 (Alvarado, Crystal City, Houston and San Antonio) which had lease revenue obligations outstanding. Of the 1,219 cities in Texas, 405 had neither tax-supported nor revenue debt outstanding.

During fiscal 2015 total debt outstanding for Cities increased by 2.7 percent from $68.08 billion in fiscal 2014 to $69.90 billion including commercial paper (CP). Of the amount outstanding at fiscal year-end, 42.2 percent ($29.53 billion) was tax-supported and 57.8 percent ($40.37 billion) was revenue debt, including $165.7 million of sales tax revenue debt and $633.2 million of lease-revenue obligations.

Tax-supported debt for the state's six largest cities, Houston, San Antonio, Dallas, Austin, Fort Worth and El Paso (collectively, the Big Six), was 33.0 percent ($9.75 billion) of total Cities tax-supported debt outstanding. Revenue debt for the Big Six was 84.1 percent ($33.97 billion) of total Cities revenue debt outstanding.

Over the five-year period since FY 2011, tax-supported debt increased by 10.2 percent ($2.72 billion) and revenue debt increased by 12.3 percent ($4.43 billion) *(Table 2.1)*.

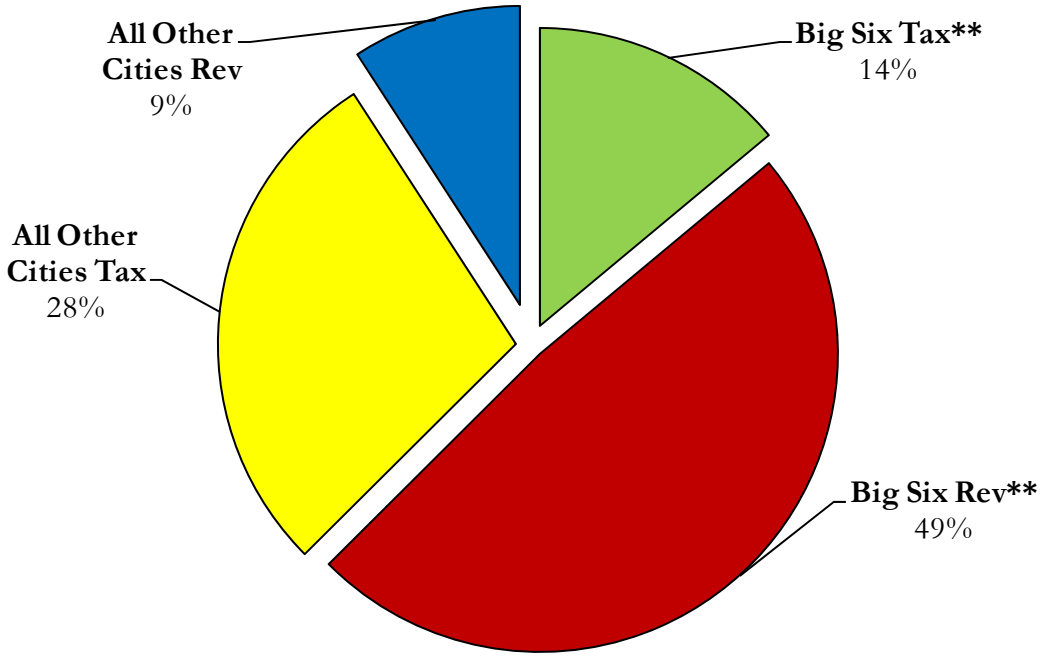
Table 2.1
Texas Cities
Debt Outstanding by Fiscal Year*
($ in millions)

	2011	2012	2013	2014	2015
Big Six Tax**	$ 9,334.9	$ 9,253.0	$ 9,400.5	$ 9,501.9	$ 9,745.5
Big Six Revenue**	29,792.6	30,377.9	33,477.5	33,482.4	33,966.5
All Other Cities Tax	17,471.2	17,746.1	18,364.0	18,946.8	19,782.5
All Other Cities Revenue	6,150.0	5,987.5	5,316.8	6,144.9	6,404.4
	$ 62,748.6	**$ 63,364.3**	**$ 66,558.8**	**$ 68,075.9**	**$ 69,898.9**

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

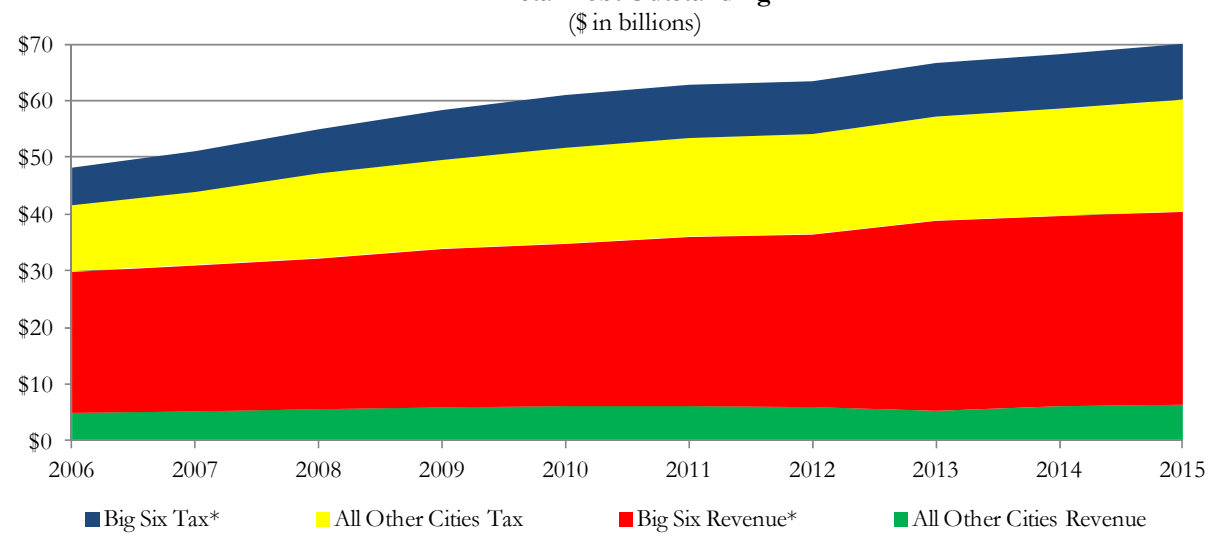
Figure 2.1 illustrates the principal amount of tax and revenue debt outstanding by percentage as of fiscal year-end 2015.

Figure 2.1
Texas Cities
Percent of Tax & Revenue Principal Outstanding*
As of August 31, 2015



*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 tax-supported and revenue debt outstanding over the past 10 years. Since 2006 total tax-supported debt and total revenue debt have increased by 60.2 percent ($11.09 billion) and 35.5 percent ($10.59 billion), respectively. During the same period, Big Six tax-supported debt increased 47.9 percent ($3.16 billion) and Big Six revenue debt increased 36.9 percent ($9.15 billion).

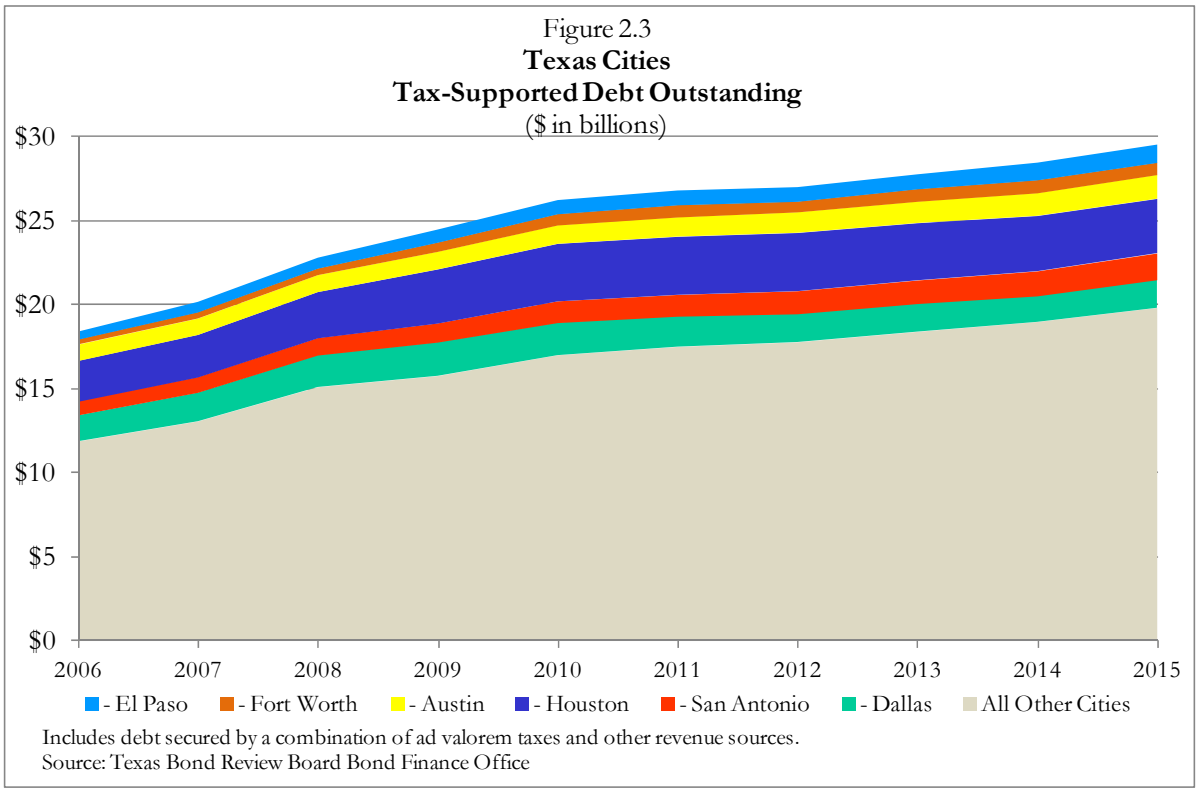


*Comprised of Houston, Dallas, San Antonio, Austin, El Paso and Fort Worth
Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.
Source: Texas Bond Review Board - Bond Finance Office

Tax-Supported Debt Outstanding

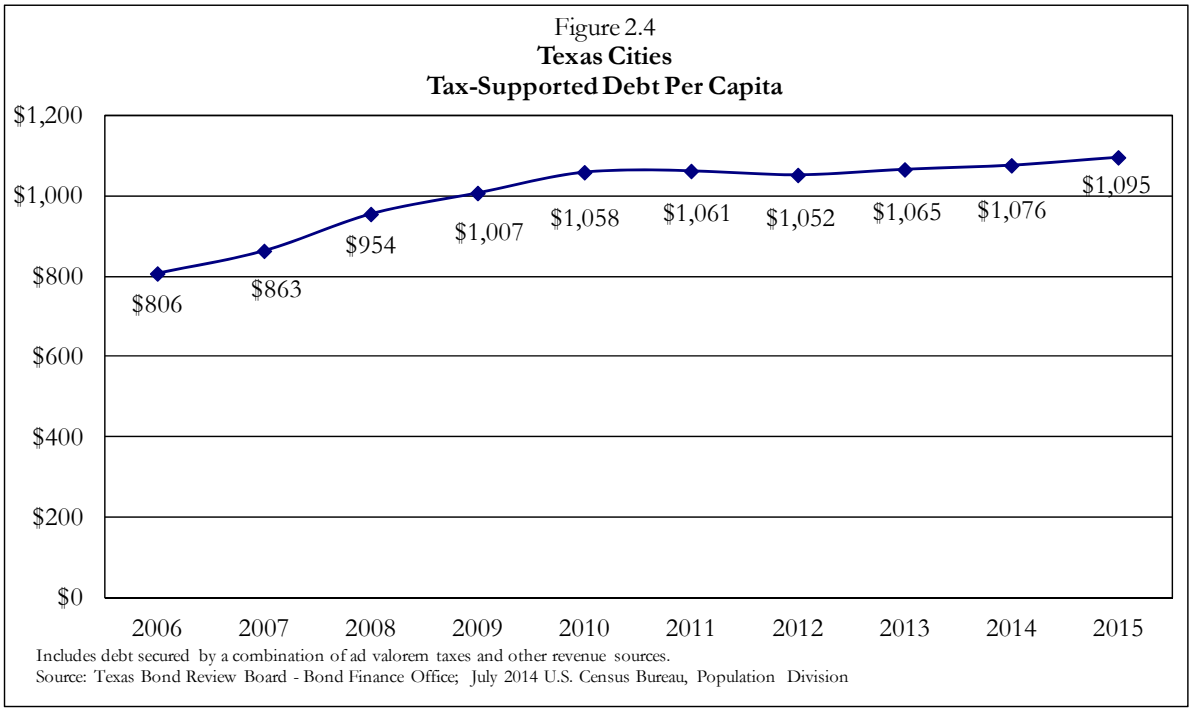
Since 2006 tax-supported debt for Cities has increased by 60.2 percent ($11.09 billion) from $18.44 billion in 2006 to $29.53 billion in 2015. Over the past 10 years tax-supported debt for the Big Six has increased by 47.9 percent ($3.16 billion) and by 67.0 percent ($7.93 billion) for all other cities.

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



Tax Supported Debt per Capita

Tax-supported debt per capita for Cities increased by 35.8 percent from $806 per capita in FY 2006 to $1095 per capita in FY 2015. Over this time the state's population increased by 17.9 percent (4.1 million) *(Figure 2.4)*.



The top 30 City issuers of tax-supported debt accounted for 60.7 percent ($17.94 billion) of the Cities total tax-supported debt outstanding *(Table 2.2)*.

Table 2.2

Texas Cities

Top 30 Issuers of Tax-Supported Debt

	Amount* ($ in millions)	**Debt per Capita****
Houston	$ 3,205.2	$1,431
Dallas	1,700.3	1,327
San Antonio	1,595.5	1,111
Austin	1,409.8	1,544
El Paso	1,091.5	1,607
Lubbock	1,012.3	4,152
Fort Worth	743.1	915
Frisco	685.4	4,725
Denton	570.6	4,451
Garland	525.0	2,229
Corpus Christi	507.6	1,584
Irving	384.6	1,655
Arlington	332.1	867
Plano	326.2	1,171
Laredo	296.8	1,176
Pearland	294.2	2,844
Sugar Land	291.7	3,361
Waco	290.1	2,228
Abilene	262.4	2,169
Richardson	252.9	2,328
McKinney	250.3	1,596
College Station	233.7	2,259
San Marcos	229.1	3,890
Grand Prairie	223.2	1,204
Beaumont	219.7	1,869
Killeen	211.5	1,531
Baytown	202.5	2,660
Temple	201.2	2,843
League City	197.1	2,088
San Angelo	192.6	1,946
Subtotal	$ 17,938.1	
Other Cities	11,589.8	
Total	**$ 29,528.0**	

* Includes debt secured by a combination of ad valorem taxes and other revenue sources.
** Population data from the July 2014 US Census Population Division.

Source: Texas Bond Review Board - Bond Finance Office

Tax-supported debt for the Big Six accounted for 33.0 percent ($9.75 billion) of the total Cities tax-supported debt outstanding (*Table 2.3*).

Table 2.3

Texas Cities

Big 6 Cities Tax-Supported Debt Outstanding

	Amount ($ in millions)	**Tax-Supported Debt per Capita***	**Rank by Tax-Supported Debt Outstanding**
Houston	$ 3,205.2	$ 1,431	1st
Dallas	1,700.3	1,327	2nd
San Antonio	1,595.5	1,111	3rd
Austin	1,409.8	1,544	4th
El Paso	1,091.5	1,607	5th
Fort Worth	743.1	915	7th
Subtotal	$ 9,745.5		
Other Cities	19,782.5		
Total	**$29,528.0**		

* Population data from the July 2014 US Census Population Division.

Source: Texas Bond Review Board - Bond Finance Office

As of fiscal-year 2015 the top 10 cities with CABs outstanding accounted for 99.97 percent of all city CABs outstanding. CAB debt service accounts for 3.0 percent of the total debt service owed by the ten issuers (*Table 2.4*).

Table 2.4

Texas Cities

Top 10 Issuers of CABs

($ in millions)

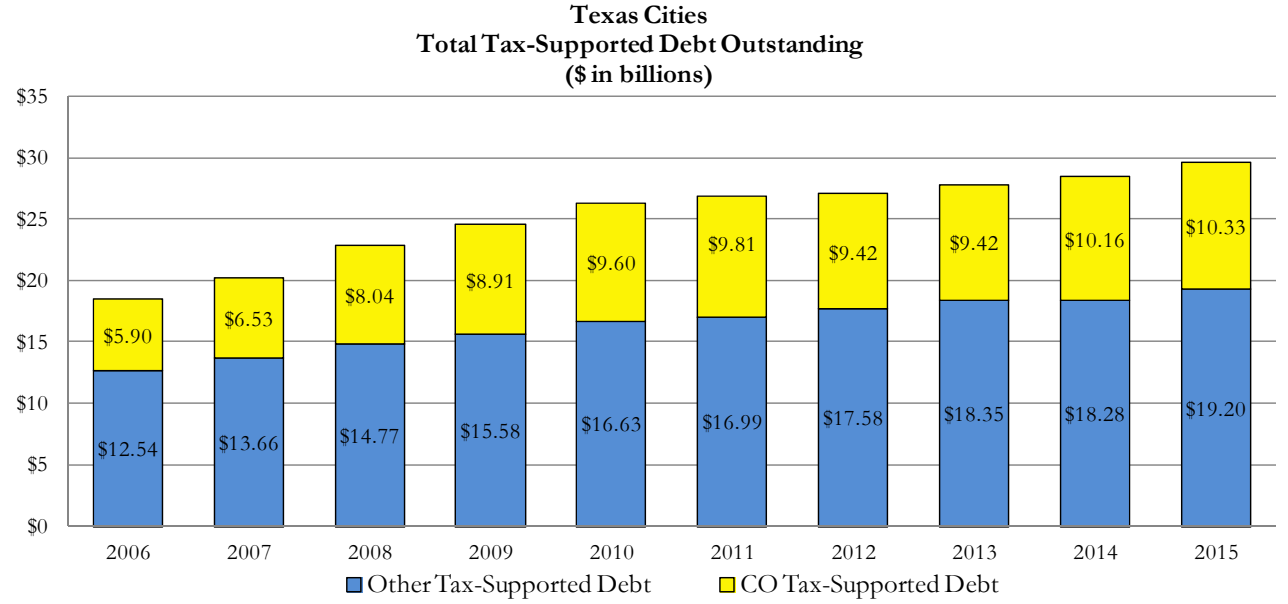
	CAB Maturity Amount	Total Debt Service*	CAB Maturity Amount as % of Total Debt Service
Houston	$ 687.1	$ 20,015.5	3.4%
Dallas	627.0	6,450.4	9.7%
Austin	196.0	9,433.4	2.1%
San Antonio	106.2	17,385.1	0.6%
Midlothian	17.4	131.4	13.3%
Galveston	6.3	200.1	3.2%
New Braunfels	4.6	310.2	1.5%
Cleburne	2.9	100.4	2.9%
Center	0.6	12.2	5.0%
Seagoville	0.3	12.0	2.9%
Subtotal	$ 1,648.4	$ 54,050.6	3.0%
Other City CAB Issuers	0.4	62.6	0.694%
Total	$ 1,648.8	$ 54,113.3	3.0%

*Excludes commercial paper and Build America Bond subsidy

Source: Texas Bond Review Board - Bond Finance Office

Certificates of Obligation

Over the past ten fiscal years CO debt outstanding has increased by 75.1 percent ($4.43 billion) from $5.90 billion to $10.33 billion. (See Glossary for a definition of CO.) As of fiscal year 2015 CO debt represents 35.0 percent of the total Cities tax-supported debt outstanding and 14.8 percent of the total Cities debt outstanding including revenue debt. *Figure 2.5* illustrates the portion of total City tax-supported debt attributable to CO.



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

The top 30 city CO issuers accounted for 50.3 percent ($5.20 billion) of the total Cities CO's outstanding *(Table 2.5)*.

Table 2.5
Texas Cities
Top 30 Issuers of Certificates of Obligation

	CO Amount ($ in millions)	**CO Debt per Capita***	**CO as % of Tax-Supported Debt Outstanding**
Lubbock	$ 626.8	$ 2,571	61.9%
El Paso	523.1	770	47.9%
Denton	357.3	2,787	62.6%
San Antonio	294.2	205	18.4%
Fort Worth	286.3	352	38.5%
Frisco	224.9	1,550	32.8%
Abilene	217.4	1,797	82.8%
Sugar Land	208.8	2,406	71.6%
Austin	205.0	225	14.5%
Laredo	181.0	717	61.0%
Irving	161.6	695	42.0%
San Angelo	153.1	1,547	79.5%
Grand Prairie	138.2	745	61.9%
League City	136.5	1,446	69.3%
Beaumont	127.0	1,080	57.8%
Amarillo	125.0	634	93.3%
Midland	107.4	839	83.2%
College Station	107.2	1,036	45.9%
Waco	98.8	759	34.1%
Waxahachie	95.2	2,942	70.5%
Wichita Falls	94.3	897	86.4%
Garland	88.4	376	16.8%
Mesquite	88.4	612	68.3%
New Braunfels	84.6	1,274	57.2%
Bryan	80.0	988	55.0%
San Marcos	79.9	1,357	34.9%
Pflugerville	77.6	1,420	42.3%
Baytown	77.4	1,017	38.2%
Missouri City	77.1	1,076	52.8%
Conroe	76.8	1,167	64.3%
Subtotal	$ 5,199.2		
Other Cities	5,128.1		
Total	**$ 10,327.4**		

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

* Population data from the July 2014 US Census Population Division

Source: Texas Bond Review Board - Bond Finance Office

The CO debt for the Big Six accounted for 13.0 percent ($1.34 billion) of the total Cities CO debt outstanding *(Table 2.6)*.

Table 2.6

Texas Cities

Big 6 Cities with CO Debt Outstanding As of August 31, 2015

	Amount ($ in millions)	**Debt per Capita**	**CO as % of Tax-Supported Debt Outstanding**	**Rank by CO Debt Outstanding**
El Paso	523.1	$770	47.9%	2nd
San Antonio	294.2	205	18.4%	4th
Fort Worth	286.3	352	38.5%	5th
Austin	205.0	225	14.5%	9th
Dallas	20.1	16	1.2%	105th
Houston	16.4	7	0.5%	124th
Subtotal	1,345.0			
Other City CO Issuers	8,982.4			
Total	**10,327.4**			

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

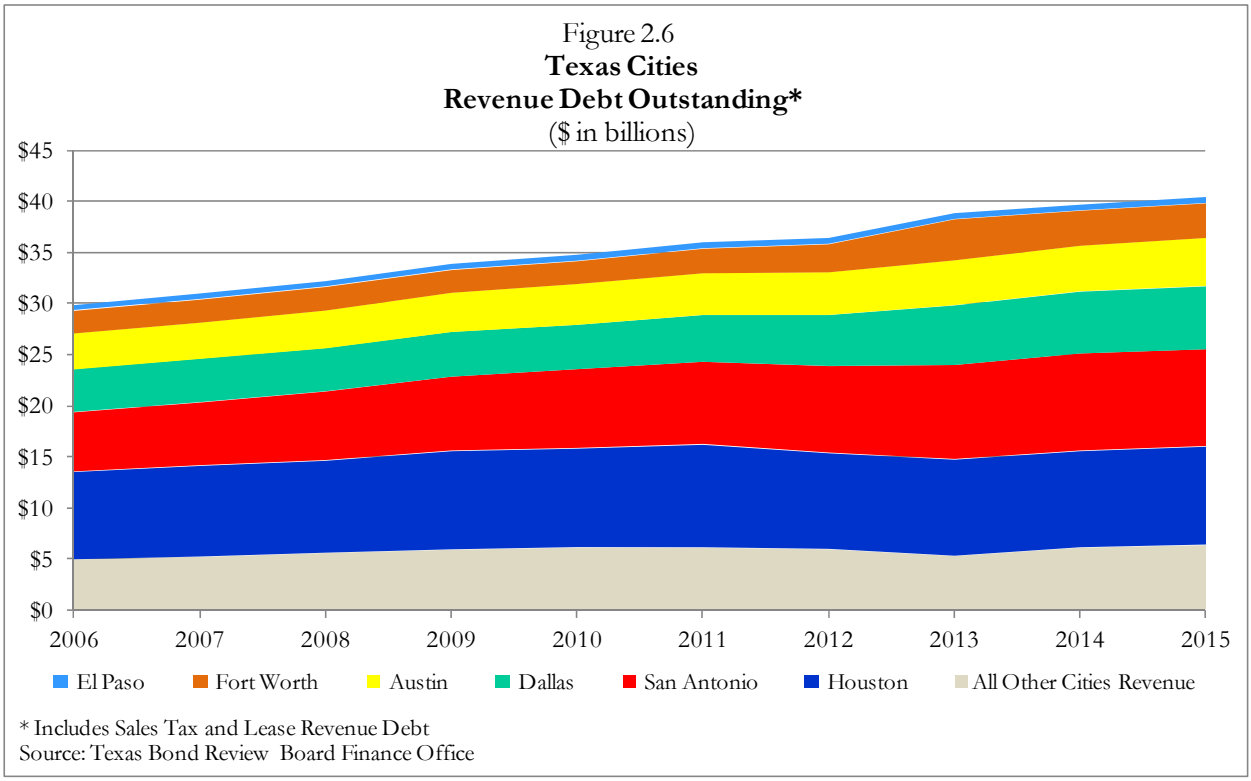
* Population data from the July 2014 US Census Population Division

Source: Texas Bond Review Board - Bond Finance Office

Revenue Debt Outstanding

Since 2006 revenue debt for Cities has increased by 35.5 percent ($10.59 billion) from $29.78 billion at fiscal-year end 2006 to $40.37 billion at fiscal-year end 2015. Over the past 10 years revenue debt for the Big Six has increased by 36.9 percent ($9.15 billion) and by 29.0 percent ($1.44 billion) for all other cities.

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



The top 20 City issuers of revenue debt accounted for 93.5 percent ($37.73 billion) of the total Cities revenue debt outstanding *(Table 2.7)*.

Table 2.7
Texas Cities
Top 20 Issuers of Revenue Debt*

	Amount ($ in millions)	**Debt per Capita****
Houston	$ 9,624	$4,297
San Antonio	9,484	6,601
Dallas	6,216	4,852
Austin	4,689	5,137
Fort Worth	3,382	4,163
Corpus Christi	860	2,684
El Paso	572	842
Arlington	473	1,235
Garland	381	1,618
Laredo	346	1,371
Brownsville	306	1,671
Irving	268	1,151
Bryan	218	2,700
McAllen	167	1,208
Beaumont	164	1,397
Lewisville	151	1,472
Pearland	134	1,294
Denton	101	785
Round Rock	99	881
Galveston	99	1,997
Subtotal	$ 37,735	
Other Cities	2,636	
Total	**$ 40,371**	

* Includes Sales Tax and Lease Revenue
** Population data from the July 2014 US Census Population Division

Source: Texas Bond Review Board - Bond Finance Office

Commercial Paper Outstanding

Nine 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, 2015, five Cities had a total of $1.13 billion in CP outstanding *(Table 2.8)*.

Table 2.8
Texas Cities
Commercial Paper Outstanding*
As of August 31, 2015
($ in millions)

	Tax-Supported	Revenue	Total
San Antonio	$ -	$ 495.3	$ 495.3
Houston	146.9	179.5	326.4
Austin	-	200.6	200.6
Dallas	-	74.2	74.2
Garland	10.0	20.0	30.0
Arlington	-	-	-
Brownsville	-	-	-
El Paso	-	-	-
Fort Worth	-	-	-
Total	**$ 156.9**	**$ 969.6**	**$ 1,126.5**

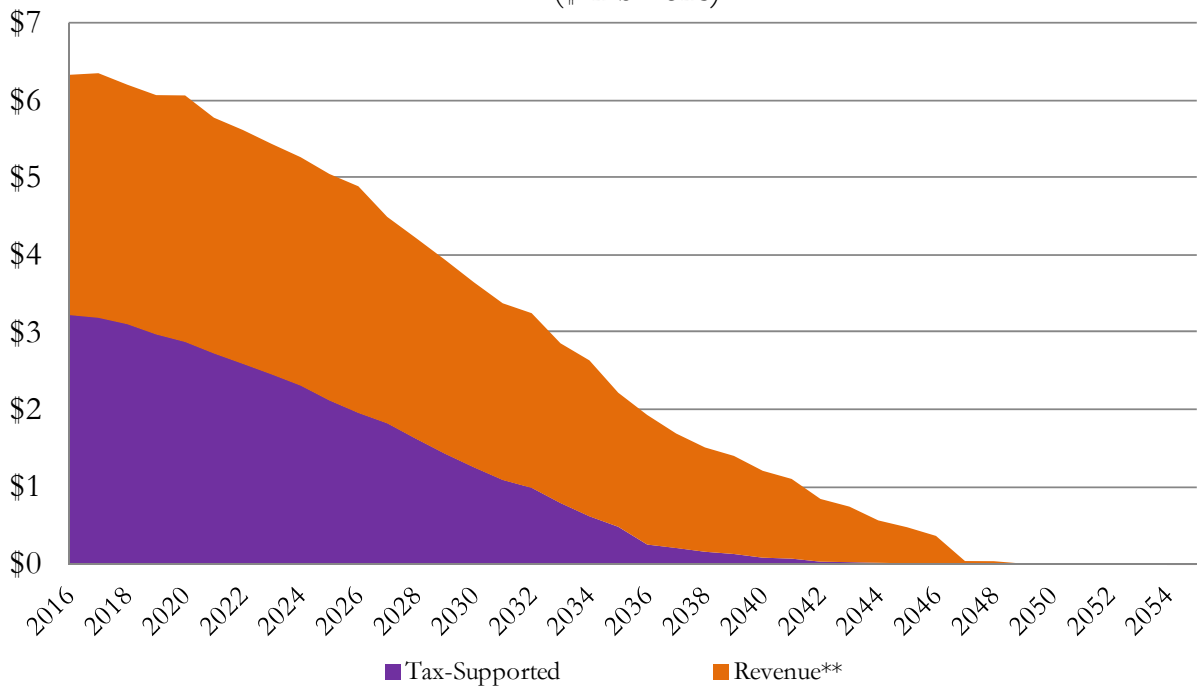
*Does not reflect total authorization amount.

Source: Texas Bond Review Board - Bond Finance Office

Debt-Service Requirements

As of August 31, 2015, total debt-service requirements (principal and interest) projected over the life of the debt for both tax-supported and revenue debt for Cities totaled $105.82 billion (*Figure 2.7*).

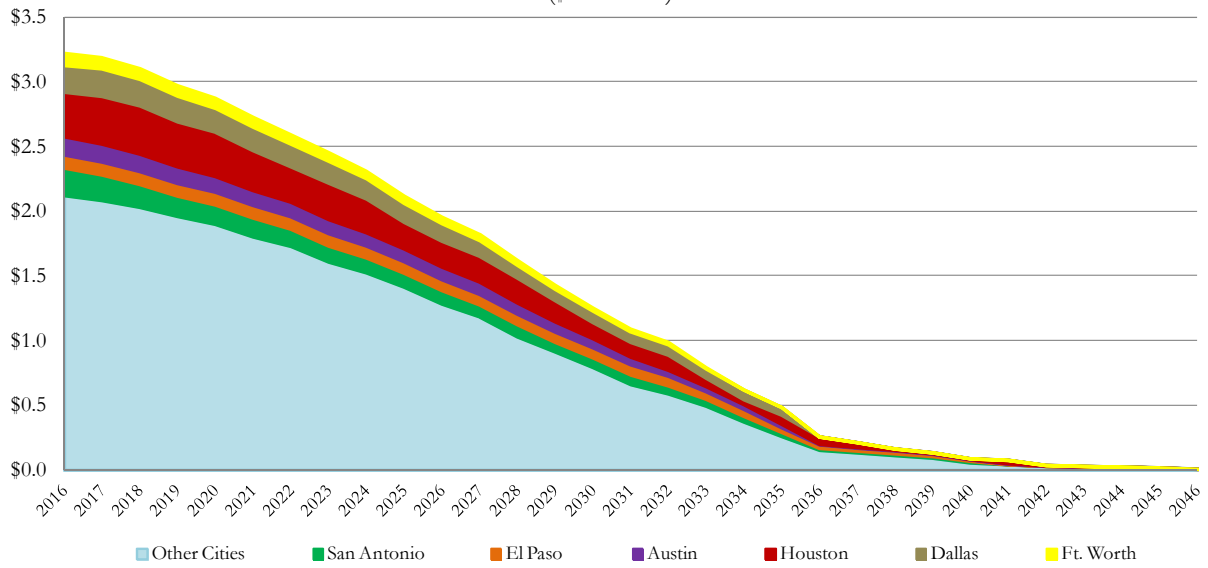
Figure 2.7
Texas Cities
Debt-Service Requirements*
($ in billions)



*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 2.8 illustrates annual tax-supported debt-service requirements for the Big Six and other Cities. As of August 31, 2015, total tax-supported debt-service requirements (principal and interest) projected over the life of the debt for Cities totaled $40.78 billion.

Figure 2.8
Texas Cities
Tax-Supported Debt-Service Requirements*
($ 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 debt secured by a combination of ad valorem taxes and other revenue sources.
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. For debt outstanding as of fiscal year 2015, Texas Cities will repay 34.3 percent ($10.06 billion) of tax-supported debt within five years, 64.5 percent ($18.94 billion) within ten years and 96.8 percent ($28.43 billion) within twenty years. Revenue debt principal repayment is expected to be 18.1 percent ($7.10 billion) within five years, 38.6 percent ($15.17 billion) within ten years and 77.3 percent ($30.37 billion) within twenty years *(Table 2.9)*. As of August 31, 2015, the final maturity for both total tax-supported debt and revenue debt was 39 years.

Table 2.9
Texas Cities
Rate of Debt Retirement*

Debt Repaid	**Tax-Supported Debt**** (billions)	**Percent**	**Revenue Debt** (billions)	**Percent**
Within Five Years	$10.06	34.3%	$7.10	18.1%
Within Ten Years	$18.94	64.5%	$15.17	38.6%
Within Twenty Years	$28.43	96.8%	$30.37	77.3%

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

Debt Issuance

Debt issuance over the past five fiscal years is shown below, excluding commercial paper *(Table 2.10)*. During fiscal 2015 Cities completed 466 issuances totaling $10.56 billion of which 373 ($5.37 billion) were tax-supported and 93 ($5.19 billion) were revenue-backed.

During fiscal 2015 San Antonio issued the most debt, completing 13 transactions that consisted of $535.7 million in new money for various city improvements and $1.21 billion to refund outstanding debt.

Table 2.10
Texas Cities
Debt Issuance*
($ in millions)

	FY FY 2011	FY FY 2012	FY FY 2013	FY FY 2014	FY 2015
Issuers	287	278	314	286	258
Issuances	473	480	552	494	466
Tax					
New Money	$1,869.4	$1,643.7	$2,096.4	$2,517.0	$2,878.7
Refunding	1,875.8	2,148.8	2,249.3	1,431.8	2,492.8
Subtotal	**$3,745.2**	**$3,792.5**	**$4,345.7**	**$3,948.8**	**$5,371.5**
Revenue					
New Money	$1,984.5	$1,655.5	$2,837.9	$1,894.6	$1,775.6
Refunding	2,779.4	4,564.2	3,642.4	3,573.5	3,329.3
Subtotal	**$4,763.9**	**$6,219.7**	**$6,480.3**	**$5,468.1**	**$5,104.9**
Sales Tax Revenue					
New Money	$12.2	$10.4	$0.0	$0.0	$3.4
Refunding	40.8	0.0	13.0	0.0	20.5
Subtotal	**$53.0**	**$10.4**	**$13.0**	**$0.0**	**$24.0**
Lease Revenue					
New Money	$0.0	$0.0	$326.6	$0.0	$63.4
Refunding	0.0	0.0	223.7	0.0	0.0
Subtotal	**$0.0**	**$0.0**	**$550.3**	**$0.0**	**$63.4**
Total New Money	$3,866.1	$3,309.6	$5,260.9	$4,411.6	$4,721.1
Total Refunding	$4,696.0	$6,713.0	$6,128.4	$5,005.3	$5,842.6
Total Par Amount	**$8,562.1**	**$10,022.6**	**$11,389.3**	**$9,416.9**	**$10,563.8**

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

Build America Bonds Outstanding

As of August 31, 2015, twelve Cities had Build America Bonds (BAB) outstanding totaling $2.40 billion *(Table 2.11)*. With the implementation of the Budget Control Act of 2011, the BAB subsidies were reduced by 7.6 percent to 32.34 of the interest payable. Authority to issue BABs expired in December 2010. (See Glossary for discussion on BABs).

Table 2.11
Texas Cities
Build America Bonds Outstanding
As of August 31, 2015
($ in millions)

		Amount
Austin	$	280.4
Beaumont		19.0
Corpus Christi		60.6
Dallas		85.4
El Paso		177.2
Houston		268.2
Lancaster		32.0
Laredo		51.4
Lubbock		111.9
San Antonio		1,270.0
San Marcos		18.7
Victoria		23.0
Total	**$**	**2,397.8**

Source: Texas Bond Review Board - Bond Finance Office

Chapter 3
Texas Public School District Debt

Overview of School Debt Types

School districts issue four types of debt: voter-approved, maintenance and operations (M&O), lease-revenue, and revenue. Charter school debt issued by non-profit corporations is not included in school district debt. As of August 31, 2015 total school district debt outstanding was 34.1 percent ($72.35 billion) of total local debt outstanding.

Over 98.4 percent of school district debt outstanding is voter-approved. The proceeds from voter-approved debt can be used for school capital projects such as buildings, renovations, technology, athletic facilities, school transportation and performing arts or to refund M&O debt. Voter-approved debt is subject to the 50-cent test that limits debt service (interest and sinking fund payments) to a maximum of $0.50 per $100 of valuation as described in the Texas Education Code Section 45.0031. This debt has to be approved by the voters prior to a school district issuing new debt.

M&O debt proceeds can be used for administration and operational costs of schools (teachers, buses, classrooms, etc.) but cannot be used for the new construction of school facilities. Tax rates for M&O debt are generally limited to a maximum of $1.50 per $100 valuation under Chapter 45 of the Education Code. For M&O debt, only the maintenance tax is approved by the voters; Once the voters approve the maintenance tax and the maximum rate, the maintenance tax debt may be issued without an election.

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

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

Total School Debt Outstanding

As of August 31, 2015, 879 of the state's 1,020 school districts had one or more types of debt outstanding: 853 had voter-approved debt, 184 had M&O debt, 42 had lease-revenue obligations and 2 had revenue debt while 141 school districts had no debt outstanding. Total school district debt outstanding increased by 6.4 percent from $67.98 billion at FYE 2014 to $72.35 billion at FYE 2015. Of that amount, 98.4 percent ($71.18 billion) was voter-approved, 1.1 percent ($829.7 million) was M&O, 0.5 percent ($335.2 million) was lease-revenue obligations and 0.003 percent ($2.0 million) was revenue debt.

Over the past five years total school district debt has increased by 13.9 percent from $63.53 billion at FYE 2011 to $72.35 billion at FYE 2015 (*Table 3.1*).

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

	2011	2012	2013	2014	2015
Voter-approved tax	$ 62,553.6	$ 63,200.2	$ 64,257.4	$ 66,979.3	$ 71,183.8
M&O tax	606.7	652.5	603.4	727.4	829.7
Lease-Revenue Obligations	369.2	329.8	315.2	272.7	335.2
Revenue	3.4	3.0	2.7	2.3	2.0
Total Debt Outstanding	**$ 63,532.9**	**$ 64,185.5**	**$ 65,178.7**	**$ 67,981.6**	**$ 72,350.7**

Source: Texas Bond Review Board - Bond Finance Office

Two school districts, Austin ISD and San Antonio ISD have commercial paper programs. The San Antonio ISD CP program is backed by a voter-approved tax and had a total of $8.1 million outstanding at fiscal-year end 2015. The Austin ISD CP program is backed by a bond M&O tax and had $20.0 million outstanding at fiscal-year end 2015.

Voter-approved tax debt outstanding has increased 78.2 percent ($31.22 billion) since fiscal 2006, a compound annual growth rate of 5.9 percent *(Figure 3.1)*.

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

Source: Texas Bond Review Board - Bond Finance Office

Debt-Service Requirements

At August 31, 2015 debt-service requirements (principal and interest) for school districts totaled $117.74 billion, 98.6 percent ($116.12 billion) of which was for voter-approved debt. The remaining categories accounted for 1.4 percent ($1.63 billion) *(Table 3.2)*.

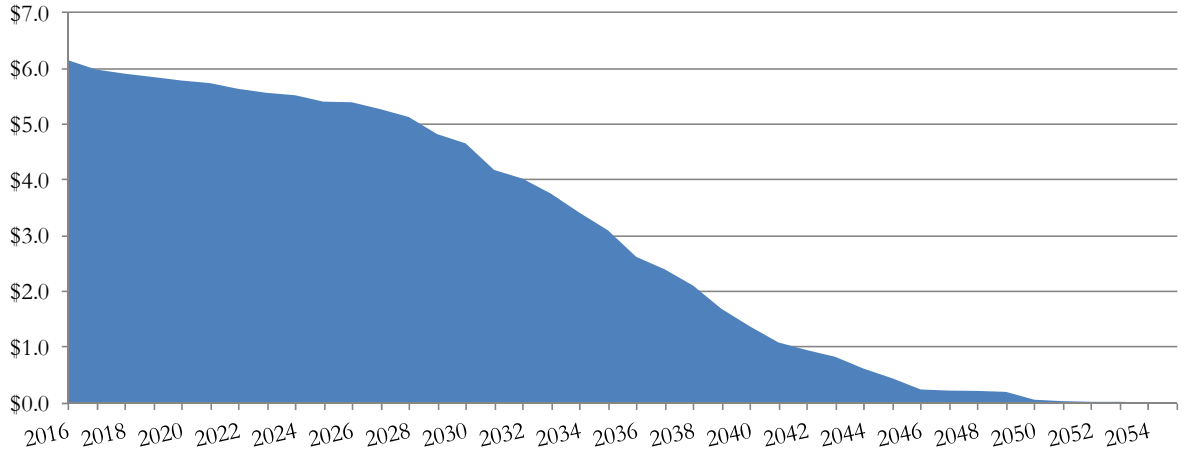
Table 3.2
Texas Public School Districts
Debt-Service Requirements by Fiscal Year*
($ in millions)

	2016	2017	2018	2019	2020	2021 & Beyond
Voter-approved tax	$ 6,140.9	$ 5,974.1	$ 5,897.3	$ 5,838.5	$ 5,774.6	$ 86,492.7
M&O tax	78.0	68.6	88.4	64.6	65.0	781.1
Lease-Revenue Obligations	38.5	52.9	45.1	44.8	44.9	252.7
Revenue	0.3	0.3	0.3	0.3	0.2	1.0
Total Debt Service	**$ 6,257.6**	**$ 6,095.9**	**$ 6,031.1**	**$ 5,948.2**	**$ 5,884.7**	**$ 87,527.5**

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

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

Figure 3.2
Texas Public School Districts
Voter-Approved Debt-Service Requirements*
($ in billions)



*Excludes commercial paper and Build America Bond subsidies
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. As of August 31, 2015 the final maturity for total tax-supported debt is 40 years and the final maturity for total revenue debt is 18 years. School districts are scheduled to repay 20.1 percent ($14.49 billion) in principal outstanding of tax-supported debt within five years, 42.1 percent ($30.29 billion) within ten years and 84.5 percent ($60.84 billion) within twenty years. 42.2 percent ($142.2 million) of revenue debt principal will be repaid within five years, 75.3 percent ($254.0 million) within ten years and 100 percent ($337.2 million) within twenty years *(Table 3.3)*.

Table 3.3
Texas Public School Districts
Rate of Debt Retirement*

Debt Repaid	Tax-Supported Debt (billions)	Percent	Revenue Debt (millions)	Percent
Within Five Years	$14.49	20.1%	$142.2	42.2%
Within Ten Years	$30.29	42.1%	$254.0	75.3%
Within Twenty Years	$60.84	84.5%	$337.2	100%

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

Debt Issuance

School district debt issuance increased by 99.8 percent from $9.09 billion in fiscal 2014 to $18.17 billion in fiscal 2015. Of that amount, 98.5 percent ($17.90 billion) was voter-approved, 1.0 percent ($186.2 million) was M&O, 0.4 percent ($81.7 million) was lease-revenue obligations and no revenue debt was issued.

Of the total amount issued, 41.2 percent ($7.49 billion) was issued as new-money debt, an increase of 39.0 percent ($2.10 billion) from the $5.39 billion issued during fiscal 2014. The remaining 58.8 percent ($10.68 billion) was issued as refunding debt, an increase of 188.3 percent ($6.97 billion) from the $3.70 billion issued during fiscal 2014.

Over the past five fiscal years school district debt issuance has grown by 131.1 percent ($10.31 billion) from $7.86 billion in fiscal 2011 to $18.17 billion in fiscal 2015 *(Table 3.4)*. The state's population grew by 6.7 percent (1.7 million) during the same time period.

Table 3.4
Texas Public School Districts
Debt Issued by Fiscal Year*
($ in millions)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Issuers	305	304	306	269	415
Issuances	399	403	431	364	613
Voter-Approved Tax					
New Money	$ 5,154.3	$ 3,025.6	$ 3,508.5	$ 5,158.9	$ 7,261.1
Refunding	2,522.7	4,522.4	5,544.3	3,703.5	10,637.2
Subtotal	**$ 7,677.0**	**$ 7,547.9**	**$ 9,052.7**	**$ 8,862.3**	**$ 17,898.3**
M&O Tax					
New Money	$ 135.4	$ 80.2	$ 82.0	$ 199.5	$ 144.3
Refunding	11.6	14.6	-	0.7	41.8
Subtotal	**$ 146.9**	**$ 94.7**	**$ 82.0**	**$ 200.2**	**$ 186.2**
Lease-Revenue Obligations					
New Money	$ 28.6	$ -	$ 6.2	$ 28.6	$ 81.7
Refunding	4.6	5.7	-	-	-
Subtotal	**$ 33.2**	**$ 5.7**	**$ 6.2**	**$ 28.6**	**$ 81.7**
Revenue					
New Money	$ 2.0	$ -	$ -	$ -	$ -
Refunding	-	-	-	-	-
Subtotal	**$ 2.0**	**$ -**	**$ -**	**$ -**	**$ -**
Total New Money	$ 5,320.3	$ 3,105.7	$ 3,596.7	$ 5,386.9	$ 7,487.1
Total Refunding	2,538.9	4,542.7	5,544.3	3,704.2	10,679.1
Total Debt Issued	**$ 7,859.1**	**$ 7,648.4**	**$ 9,140.9**	**$ 9,091.1**	**$ 18,166.2**

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

Top 20 School Districts with Tax-Supported Debt Outstanding

Over the past five fiscal years debt outstanding for the Top 20 school districts with tax-supported debt outstanding grew by an average of 15.1 percent, and Average Daily Attendance (ADA) grew by an average of 8.9 percent. Over that time the ADA for all school districts increased by 4.7 percent *(Table 3.5)*.

Table 3.5
Texas Public School Districts
Top 20 School Districts with Tax-Supported Debt Outstanding

	($ in millions)					'11 -'15 Debt	'11-'15 ADA	2015
Issuer	**2011**	**2012**	**2013**	**2014**	**2015**	**% Growth**	**% Growth**	**Debt/Student**
Dallas ISD	$2,619	$2,555	$2,471	$2,558	$2,553	-2.5%	4.0%	$17,293
Houston ISD	2,330	2,223	2,445	2,309	2,551	9.5%	6.0%	13,168
Northside ISDa	1,755	1,830	1,858	1,983	2,091	19.1%	8.9%	21,675
Cypress-Fairbanks ISD	1,765	1,737	1,739	1,853	2,069	17.2%	6.9%	19,450
Frisco ISD	1,247	1,310	1,353	1,525	1,742	39.7%	33.5%	36,367
North East ISD	1,225	1,278	1,445	1,449	1,370	11.8%	1.8%	21,463
Katy ISD	1,079	1,167	1,230	1,195	1,273	18.0%	16.4%	18,969
Lewisville ISD	1,015	1,056	1,114	1,129	1,177	16.0%	3.1%	23,375
Leander ISD	953	931	909	1,088	1,073	12.5%	12.9%	31,159
Conroe ISD	1,007	956	973	978	970	-3.6%	11.0%	18,250
Klein ISD	715	737	742	753	958	34.0%	9.1%	20,616
Fort Bend ISD	955	915	889	859	917	-4.0%	4.3%	13,339
Clear Creek ISD	655	631	603	858	888	35.6%	5.5%	23,222
Denton ISD	593	609	587	751	879	48.4%	12.6%	34,816
Plano ISD	977	999	981	923	853	-12.7%	-1.0%	16,439
Austin ISD	813	809	808	792	800	-1.5%	-0.8%	10,345
Mansfield ISD	696	724	691	720	788	13.3%	3.9%	24,841
Fort Worth ISD	756	715	673	748	782	3.5%	6.7%	9,970
Keller ISD	732	700	681	657	771	5.4%	2.7%	24,133
Northwest ISD	534	608	605	649	766	43.3%	29.5%	40,531

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

Debt Structure: Capital Appreciation Bonds and Current Interest Bonds

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

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

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

As of fiscal year 2015 the top 10 school districts with CABs outstanding accounted for 52.7 percent of all school district CABs outstanding. CAB debt service accounts for 36.9 percent of the total debt service owed by the ten issuers *(Table 3.6)*.

Table 3.6

Texas Public School Districts

Top 10 Issuers of CABs*

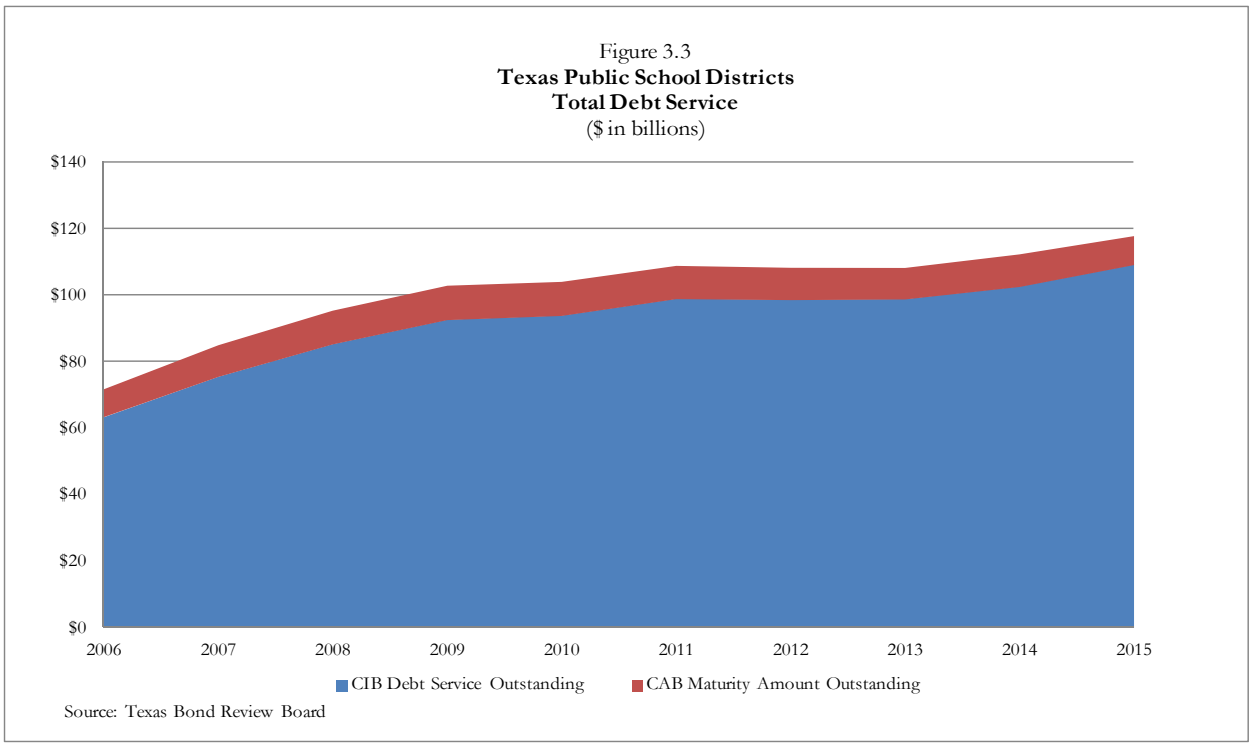
($ in millions)

	CAB Maturity Amount	Total Debt Service	CAB Maturity Amount as % of Total Debt Service
Leander ISD	$2,268.7	$3,314.6	68.4%
Wylie ISDa	585.4	723.7	80.9%
Forney ISD	309.9	705.6	43.9%
Grand Prairie ISD	308.1	853.4	36.1%
Ennis ISD	275.0	359.1	76.6%
Frisco ISD	217.7	3,170.1	6.9%
Denton ISD	177.6	1,587.1	11.2%
Schertz-Cibolo-U City ISD	159.5	611.3	26.1%
Galena Park ISD	156.0	365.3	42.7%
Irving ISD	155.0	819.7	18.9%
Subtotal	$4,613.0	$12,509.9	36.9%
Other CAB Issuers	$4,138.2	$65,481.8	6.3%
Total	$8,751.1	$77,991.7	11.2%

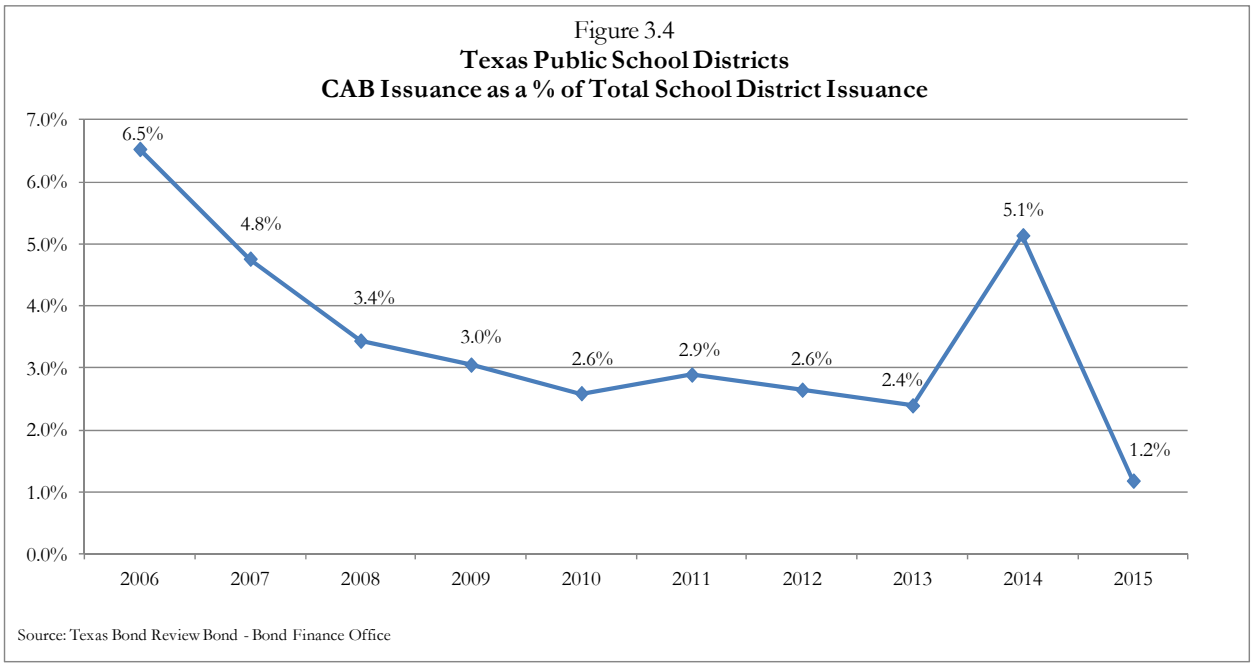
*Excludes commercial paper and Build America Bond subsidy

Source: Texas Bond Review Board - Bond Finance Office

Over the past decade School District CAB maturity amounts outstanding have increased by 4.24 percent from $8.40 billion in FY 2006 to $8.75 billion in FY 2015. The chart below shows scheduled CIB debt service and CAB debt service for school districts since 2006 (*Figure 3.3*).



Over the past five years School District CAB issuances have decreased by 5.7 percent from $227.1 million in FY 2011 to $214.1 million in FY 2015. During fiscal 2015 CAB issuances were 1.2 percent ($214.1 million) of the total par amount of school district debt issued. *Figure 3.4* illustrates CAB par issuance as a percentage of total school district debt issuance over the past ten years.



Build America Bonds Outstanding

As of August 31, 2015, 31 school districts had BABs outstanding totaling $3.23 billion or 4.5 percent of the total school district debt outstanding. Ten school districts accounted for 75.6 percent of the outstanding BAB debt (*Table 3.7*). With the implementation of the Budget Control Act of 2011, the BAB subsidies were reduced by 7.6 percent to 32.34 percent of the interest payable. Authority to issue BABs expired in December 2010. (See Glossary for discussion of BABs.)

Table 3.7
Texas Public School Districts
Top 10 School Districts with
Build America Bonds Outstanding
($ in millions)

Issuer	Amount
Dallas ISD	$950.3
Houston ISD	371.0
Cypress-Fairbanks ISD	191.5
Katy ISD	155.0
Round Rock ISD	152.4
San Antonio ISD	144.0
Spring Branch ISD	137.1
Northside ISDa	133.1
Carroll ISD	112.2
Corpus Christi ISD	98.5
Other School Districts	788.2
Total	**$3,233.3**

Source: Texas Bond Review Board- Bond Finance Office

Qualified Zone Academy Bonds

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

QZAB debt outstanding declined steadily from fiscal 2006 to fiscal 2014 but rose to a four-year high in fiscal 2015. At August 31, 2015, 38 school districts had QZAB debt outstanding totaling $122.4 million (*Figure 3.5*).

Figure 3.5
Texas Public School Districts
Qualified Zone Academy Bonds Outstanding
($ in millions)

Source: Texas Bond Review Board -Bond Finance Office

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

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

Issuer	Amount
Pharr-San Juan-Alamo ISD	$16.7
De Soto ISD	9.1
Mount Pleasant ISD	9.0
Dallas ISD	8.0
Pearsall ISD	8.0
Southwest ISD	8.0
Laredo ISD	8.0
Austin ISD	6.6
Lancaster ISD	6.1
Galena Park ISD	4.0
Other School Districts	38.9
Total	**$122.4**

Source: Texas Bond Review Board- Bond Finance Office

During fiscal years 2011 through 2015, fourteen school districts issued a total of $54.4 million in QZABs.

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

As of August 31, 2015, 133 school districts had QSCBs outstanding totaling $1.32 billion. Ten school districts accounted for 37.8 percent of the total QSCs outstanding (*Table 3.9*).

Table 3.9
Texas Public School Districts
Top 10 Districts with Qualified School Construction Bonds Outstanding
($ in millions)

Issuer	Amount
Dallas ISD	$143.3
San Antonio ISD	61.1
Arlington ISD	50.0
Cypress-Fairbanks ISD	40.2
Fort Worth ISD	37.6
North East ISD	37.5
Brownsville ISD	34.7
Lewisville ISD	29.9
Pasadena ISD	29.1
Northside ISDa	28.0
Other School Districts	804.1
Total	**$1,295.5**

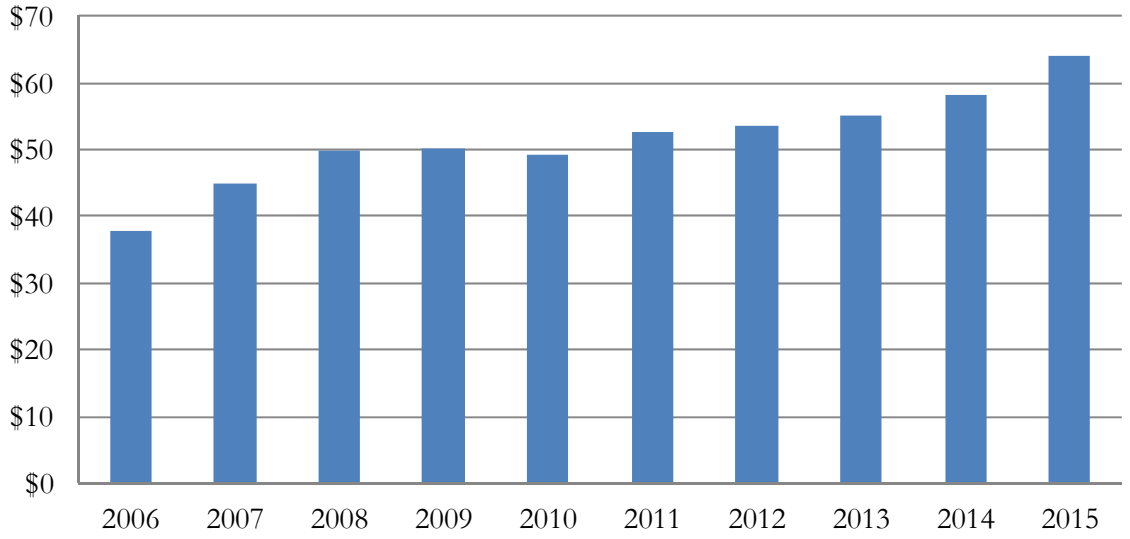
Source: Texas Bond Review Board- Bond Finance Office

During fiscal years 2009 through 2015, 135 school districts issued $1.38 billion in QSCBs of which $27.2 million was issued in fiscal 2015.

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

At August 31, 2015 the PSF's Bond Guarantee Program (BGP) guaranteed 3,117 bond issues for debt totaling $63.97 billion (*Figure 3.6*).

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



Source 2011-2014: Texas Permanent School Fund CAFR
* 2015 PSF CAFR not available at December 14, 2015; 2015 Total from PSF Bond Guarantee Program Summary

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

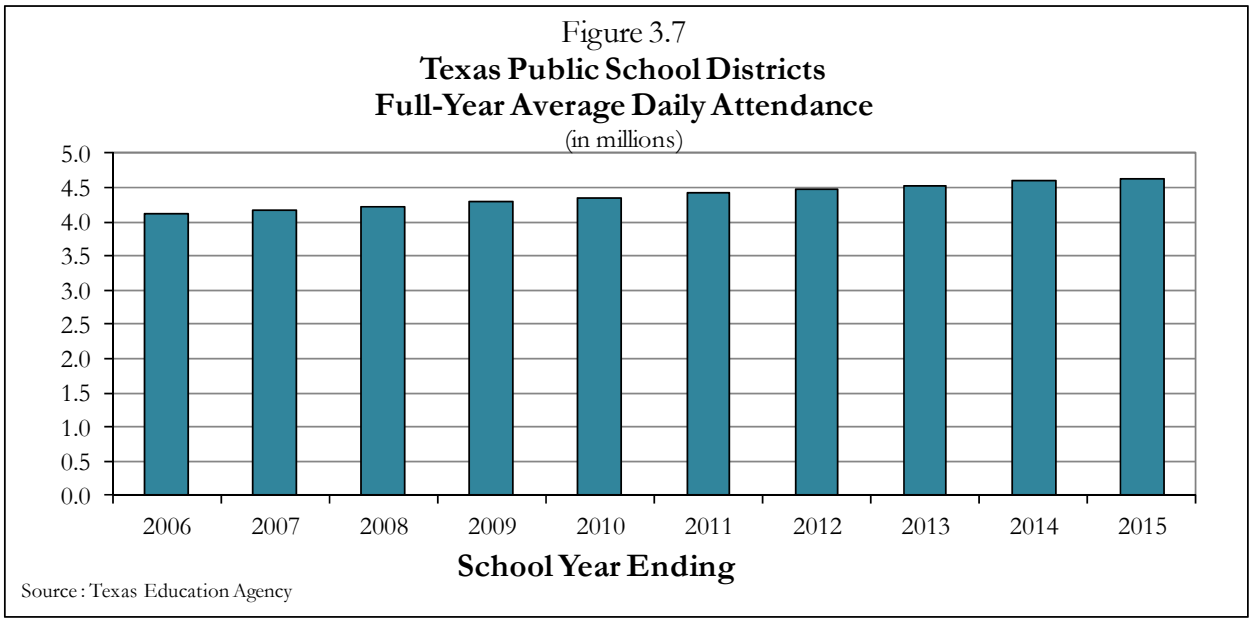
Table 3.10
Texas Public School Districts
Total Debt Outstanding Guaranteed by PSF
($ in millions)

	2011	2012	2013	2014	2015 *
Dallas ISD	$ 2,544	$ 2,508	$ 2,453	$ 2,405	$ -
Northside ISD - Bexar County	1,579	1,656	1,686	1,815	-
Houston ISD	1,588	1,554	1,829	1,736	-
Cypress-Fairbanks ISD	1,541	1,515	1,518	1,635	-
North East ISD	1,188	1,240	1,407	1,411	-
Other Issuers	44,215	45,161	46,325	49,362	-
Total Debt Outstanding	**$ 52,654**	**$ 53,634**	**$ 55,218**	**$ 58,364**	**$ 63,970**

Source 2011-2014: Texas Permanent School Fund CAFR
* 2015 PSF CAFR not available at December 14, 2015; 2015 Total from PSF Bond Guarantee Program Summary

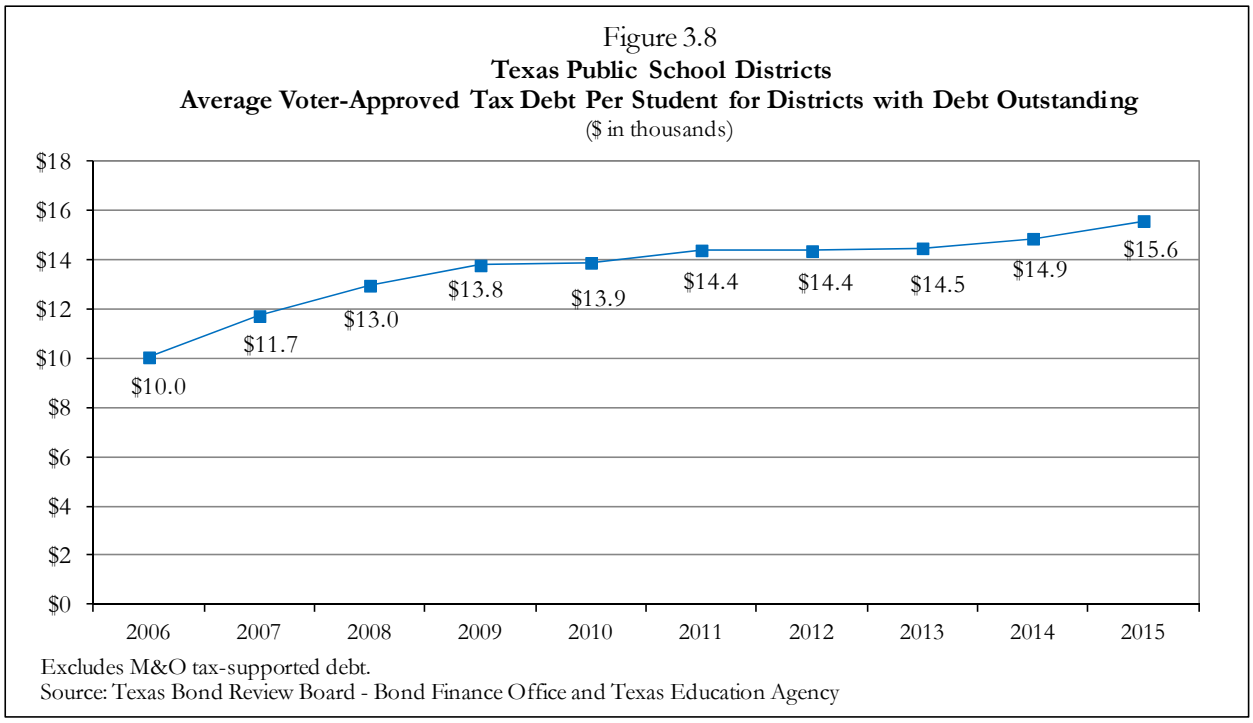
Average Daily Attendance

The ADA for all school districts with taxing authority was 4,638,566 in fiscal year 2015, an increase of 4.7 percent (206,502) since 2011 and 12.8 percent (524,763) since 2006 *(Figure 3.7)*.



Debt per Student

Based on the ADA, as of August 31, 2015 those public school districts with voter-approved debt outstanding had an average debt of $15,584 per student, an increase of 4.8 percent ($718) from the average for 2014. The state's average voter-approved debt per student has increased 8.3 percent ($1,193) per student since FY 2011 and 55.1 percent ($5,535) since FY 2006 (*Figure 3.8)*



Chapter 4
Texas Water Districts and Authorities

Overview

Texas water districts and authorities (collectively, WD) are local governmental entities that provide limited water-related services to customers and residents. WDs can be created by the Texas Commission on Environmental Quality, a county commissioner's court or the legislature. WDs issue both tax-supported and revenue debt. (See generally, Texas Water Code Chapters 49, 51, 54, 65, and subtitle G to the Special District Local Laws Code). Certain WDs are authorized to issue conduit revenue debt. Many Water Districts issuers create conduit issuers for pollution and solid waste disposal facilities. As of August 31, 2015 total WD debt outstanding was 14.8 percent ($31.47 billion) of total local debt outstanding.

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

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

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

Water District Debt Outstanding

As of August 31, 2015, 890 Texas WDs had debt outstanding of which 746 had tax-supported debt, 177 had revenue debt and 18 had conduit revenue debt outstanding. Including commercial paper (CP), total debt outstanding for WDs increased 1.5 percent from $31.02 billion in fiscal 2014 to

$31.47 billion in fiscal 2015. Of that amount, 38.3 percent ($12.04 billion) was tax-supported, 61.7 percent ($19.43 billion) was revenue debt including $8.17 billion of conduit revenue debt and $246.2 million of CP.

Over the five fiscal year period ended August 31, 2015, WD tax-supported debt increased by 12.7 percent ($1.35 billion) to $12.04 billion, revenue debt increased by 16.0 percent ($1.56 billion) to $11.27 billion and conduit-revenue debt decreased by 15.0 percent ($1.44 billion) *(Table 4.1)*.

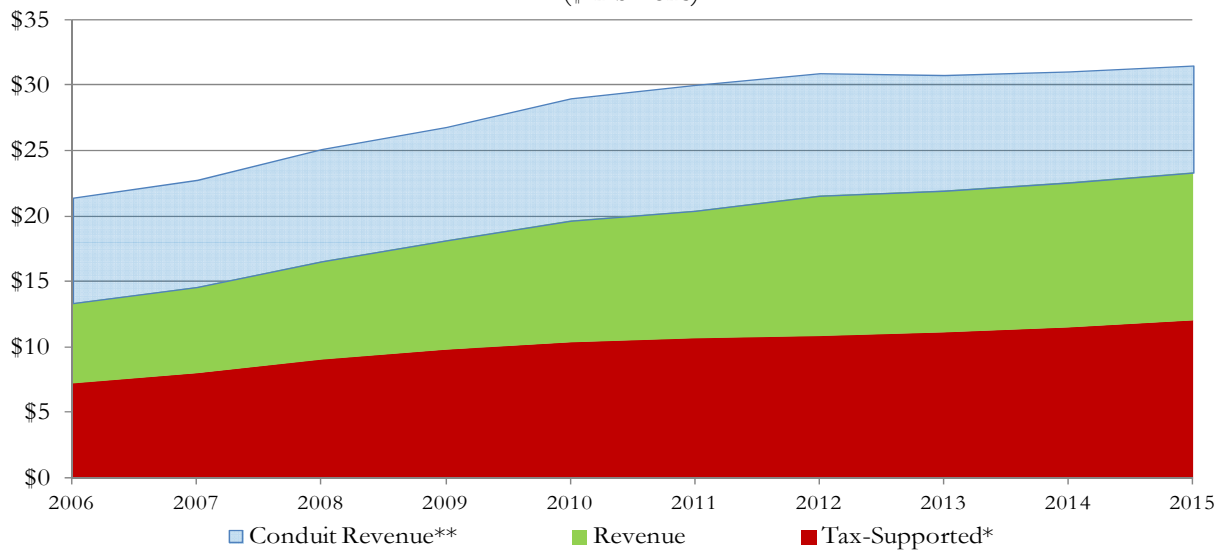
Table 4.1
Texas Water Districts and Authorities
Debt Outstanding By Fiscal Year
($ in millions)

	2011	2012	2013	2014	2015
Tax-Supported*	$ 10,681.8	$ 10,853.3	$ 11,129.6	$ 11,500.7	$ 12,039.5
Revenue	9,708.0	10,683.0	10,793.1	11,045.8	11,265.4
Conduit Revenue**	9,607.7	9,351.5	8,825.9	8,477.8	8,169.2
Total Debt Outstanding	**$ 29,997.5**	**$ 30,887.8**	**$ 30,748.5**	**$ 31,024.3**	**$ 31,474.2**

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

Over the past ten years total WD debt, including conduit revenue debt for which the WDs are not liable, has increased by 47.2 percent ($10.10 billion) from $21.39 billion at fiscal year-end 2006 to $31.47 billion at fiscal year-end 2015 *(Figure 4.1)*.

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



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

Tax-Supported Debt Outstanding

WDs with the largest amounts of debt outstanding are located in heavily populated areas or near major bodies of water such as Houston, Port Arthur, Dallas, Austin, and Baytown. The ten largest issuers of tax-supported debt accounted for 19.4 percent of water district tax-supported debt outstanding *(Table 4.2)*.

Table 4.2
Texas Water Districts and Authorities
Top 10 Tax-Supported Debt Outstanding*

Government Name	County	Amount ($ in millions)	Estimated WD Debt Per Capita**
Port of Houston Authority	Harris	$690.2	$ 155
Harris County FCD	Harris	647.9	149
Dallas County U&RD	Dallas	248.8	30,065
Hidalgo County DD 1	Hidalgo	157.7	203
Harris-Montgomery Counties MUD 386	Harris	142.1	10,425
Sienna Plantation LID	Fort Bend	99.7	3,820
Montgomery County MUD 46	Montgomery	92.5	3,491
Fort Bend County MUD 025	Fort Bend	91.4	6,504
Harris County MUD 165	Harris	85.4	4,377
Travis County WCID 17 (B) Steiner Ranch	Travis	83.1	5,889
Total		**$2,338.7**	

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

** Population data for each issuer is as of the most recent data provided to the BRB in the official statement.

Source: Texas Bond Review Board - Bond Finance Office

Revenue Debt Outstanding

The top 5 issuers of revenue debt and the top 5 issuers of conduit debt account for 67.1 percent of water district revenue debt outstanding *(Table 4.3)*.

Table 4.3
Texas Water Districts and Authorities
Issuers with Most Revenue Debt Outstanding*

Government Name	County	Amount ($ in millions)
Revenue		
Lower Colorado RA	Travis +	$1,771.9
North Texas MWD	Collin	$1,678.4
Trinity RA	Dallas	$1,361.6
Tarrant Regional WD	Tarrant	$1,235.1
San Jacinto RA	Montgomery	$650.7
Sub Total		**$6,697.7**
Conduit Revenue**		
Brazos RA-CONDUIT	McLennan	$1,974.4
Lower Colorado RA-CONDUIT	Travis +	$1,540.7
Port of Port Arthur ND-CONDUIT	Jefferson	$1,438.7
Matagorda County ND 1-CONDUIT	Matagorda	$816.7
Port Freeport-CONDUIT	Brazoria	$567.7
Sub Total		**$6,338.1**
Total		**$13,035.9**

* Includes Commercial Paper

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

Source: Texas Bond Review Board - Bond Finance Office

BABs

Two WDs issued Direct Payment Build America Bonds (BABs) during fiscal years 2010 and 2011. As of August 31, 2015, a total of $236.7 million of BABs issued by both remains outstanding. With the implementation of the Budget Control Act of 2011, the BAB subsidies were reduced by 7.6 percent to 32.34 percent of the interest payable. Authority to issue BABs expired in December 2010. (See Glossary for discussion on BABs.)

Commercial Paper Outstanding

During fiscal year 2015, the Trinity River Authority authorized a new CP program. Now, 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, 2015, no tax-supported CP was outstanding and three WDs had $246.2 million in revenue CP outstanding *(Table 4.4)*. .

Table 4.4

Texas Water Districts and Authorities

Commercial Paper Programs*

($ in millions)

Government Name	County	Amount
Revenue		
Lower Colorado RA**	Travis	$203.2
Upper Trinity Regional WD	Denton	28.1
Trinity RA	Dallas	15.0
Tax-Supported		
Harris County FCD	Harris	0.0
Total		**$246.2**

*Does not reflect total authorization amounts.

**$27.5 million of total outstanding is LCRA Transmission Services Corporation's commercial paper.

Source: Texas Bond Review Board - Bond Finance Office.

Debt-Service Requirements

Debt-service requirements (principal and interest) for WDs totaled $47.94 billion as of August 31, 2015, 36.7 percent of which was for tax-supported debt, 35.5 percent of which was for revenue debt, and 27.8 percent of which was for conduit-revenue debt service. Debt-service requirements are shown below *(Table 4.5)*.

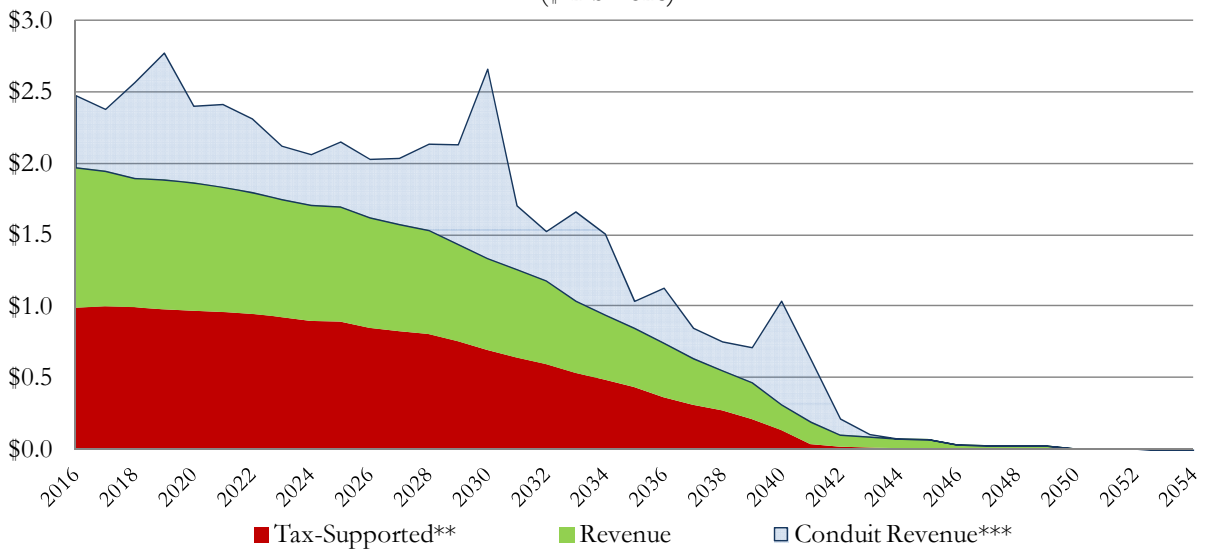
Table 4.5
Texas Water Districts and Authorities
Debt-Service Requirements by Fiscal Year*
($ in millions)

	2016	2017	2018	2019	2020	2021 & beyond
Tax-Supported**	$ 991.6	$ 1,001.3	$ 995.7	$ 980.6	$ 970.2	$ 12,674.7
Revenue	982.6	948.9	903.3	908.8	898.4	12,362.5
Conduit Revenue***	503.9	433.0	671.1	886.6	536.6	10,291.2
Total Debt Service	**$ 2,478.1**	**$ 2,383.2**	**$ 2,570.2**	**$ 2,776.1**	**$ 2,405.2**	**$ 35,328.4**

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

Figure 4.2 illustrates the projected annual debt service for WD tax-supported, revenue and conduit-revenue debt outstanding as of August 31, 2015. (Debt service for conduit revenue debt is the obligation of the conduit borrower, not the WD issuer.)

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



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

Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess an issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year 2015, Texas WDs will repay 22.9 percent ($2.76 billion) of tax-supported principal outstanding within five years, 47.7 percent ($5.74 billion) within ten years and 89.6 percent ($10.79 billion) within twenty years. 12.9 percent ($2.50 billion) of revenue principal will be repaid within five years, 25.9 percent ($5.04 billion) will be repaid within ten years and 48.6 percent ($9.44 billion) within 20 years. The last maturity for WD tax-supported debt and WD revenue debt will be repaid within 35 years (fiscal 2050) and 39 years (fiscal 2054), respectively *(Table 4.6)*.

Table 4.6

Texas Water Districts and Authorities - Rate of Debt Retirement*

Debt Repaid	**Tax-Supported Debt** (billions)	**Percent**	**Revenue Debt** (billions)	**Percent**
Within Five Years	$2.76	22.9%	$2.50	12.9%
Within Ten Years	$5.74	47.7%	$5.04	25.9%
Within Twenty Years	$10.79	89.6%	$9.44	48.6%

*Excludes commercial paper and conduit-revenue debt.

Source: Texas Bond Review Board - Bond Finance Office

As of fiscal-year 2015 the top 10 water districts with CABs outstanding accounted for 94.1 percent of all water district CABs outstanding. CAB debt service accounts for 24.5 percent of the total debt service owed by the ten issuers (*Table 4.7*).

Table 4.7
Texas Water Districts and Authorities
Top 10 Issuers of CABs*
($ in millions)

	CAB Maturity Amount	Total Debt Service	CAB Maturity Amount as % of Total Debt Service
Midland County FWSD 1	$206.2	$479.7	43.0%
Orange County WCID 1	32.0	69.3	46.1%
Northeast Texas MWD	26.1	49.4	52.8%
Valwood Improvement Auth	10.8	10.8	100.0%
Dallas County U&RD	8.0	353.1	2.3%
Travis County WCID 17 (B)	4.4	108.3	4.0%
Fort Bend County LID 011	3.3	29.6	11.3%
Northgate Crossing MUD 2	2.2	22.0	10.1%
Sonterra MUD	2.2	13.9	15.8%
Denton County FWSD 06	1.8	75.3	2.4%
Subtotal	$297.0	$1,211.4	24.5%
Other CAB Issuers	18.7	2,221.2	0.8%
Total	$315.7	$3,432.5	9.2%

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

Debt Issuance in FY 2015

During fiscal 2015, 349 WDs issued a total of $4.42 billion of debt, a increase of 50.7 percent ($1.49 billion) from the $2.93 billion issued in fiscal 2014. Of the debt issued in fiscal 2015, 56.2 percent ($2.48 billion) was tax-supported, 38.2 percent ($1.69 billion) was revenue debt, and 5.6 percent ($246 million) was conduit revenue.

Of the total WD debt issued during fiscal 2015, 37.3 percent ($1.65 billion) was new-money debt, a decrease of 2.6 percent from the $1.69 billion issued during fiscal 2014. The remaining 62.7 percent ($2.77 billion) was refunding debt, an increase of 123.5 percent from the $1.24 billion issued during fiscal 2014. WD debt issuance over the past five fiscal years is shown below *(Table 4.8)*.

Table 4.8
Texas Water Districts and Authorities
Debt Issuance by Fiscal Year*
($ in millions)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Issuers	277	375	328	292	349
Issuances	342	473	422	354	486
Tax					
New Money	$619.0	$637.7	$697.1	$810.3	$1,069.3
Refunding	647.1	1,080.3	915.8	833.7	1,414.4
Subtotal	**$1,266.1**	**$1,718.0**	**$1,612.9**	**$1,644.0**	**$2,483.7**
Revenue					
New Money	$768.2	$1,582.2	$745.1	$881.4	$578.0
Refunding	670.9	445.0	1,417.4	405.6	1,109.6
Subtotal	**$1,439.1**	**$2,027.2**	**$2,162.5**	**$1,287.0**	**$1,687.6**
Conduit Revenue**					
New Money	$300.0	$127.3	$22.2	$0.0	$0.0
Refunding	0.0	609.7	208.8	0.0	246.0
Subtotal	**$300.0**	**$737.0**	**$231.0**	**$0.0**	**$246.0**
Total New Money	$1,687.2	$2,347.2	$1,464.4	$1,691.7	$1,647.3
Total Refunding	$1,318.0	$2,135.0	$2,542.0	$1,239.3	$2,770.0
Total Par Amount	**$3,005.2**	**$4,482.2**	**$4,006.4**	**$2,931.0**	**$4,417.3**

*Excludes issuances of commercial paper
**Excludes certain conduit debt for which the Bond Review Board does not receive issuance information. WDs are not liable for conduit debt.
Source: Texas Bond Review Board - Bond Finance Office

The largest tax-supported issuance during fiscal 2015 was a refunding transaction by the Port of Houston Authority for $62.8 million, the largest revenue transaction was an issuance of $302.1 million of refunding and improvement bonds by the North Texas Municipal Water District, and the largest conduit revenue issuance was $246.0 million of refunding bonds by Lower Colorado River Authority.

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, 2015, county debt was 6.7% ($14.3 billion) of total local debt outstanding.

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

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

Lease-revenue obligations are issued by counties that form non-profit corporations to finance the acquisition of land and to construct or expand, furnish and equip county projects, including adult or juvenile correctional facilities that may house county, state or federal prisoners.

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

Total County Debt Outstanding

Of the 254 Texas counties, 171 had tax-supported debt, 14 had revenue debt, and 16 had lease-revenue obligations outstanding as of August 31, 2015. Seventy-six counties had neither tax-supported nor revenue debt outstanding. During fiscal 2015 total debt outstanding for counties increased 1.4 percent from $14.10 billion in fiscal 2014 to $14.30 billion including commercial paper (CP). Of that amount, 78.8 percent ($11.27 billion) was tax-supported debt, 17.8 percent ($2.54 billion) was revenue debt, and 3.4 percent ($489.3 million) was lease-revenue debt. (*Table 5.1*). Scheduled debt retirement over the past five years totaled $5.7 billion including $5.2 billion of tax supported debt and $530.0 million of revenue debt.

Over the past five fiscal-years ending August 31, 2015, tax-supported debt for counties increased by 4.8 percent, revenue debt increased by 7.5 percent and lease-revenue obligations declined by 22.5 percent.

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

	2011	2012	2013	2014	2015
Tax-Supported*	$10,748.6	$10,595.8	$11,106.7	$11,120.7	$ 11,268.2
Revenue**	2,364.6	2,620.8	2,524.8	2,467.1	2,542.6
Lease-Revenue Obligations	631.9	602.6	536.3	513.5	489.3
Total Debt Outstanding	**$13,745.1**	**$13,819.2**	**$14,167.8**	**$14,101.3**	**$14,300.1**

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

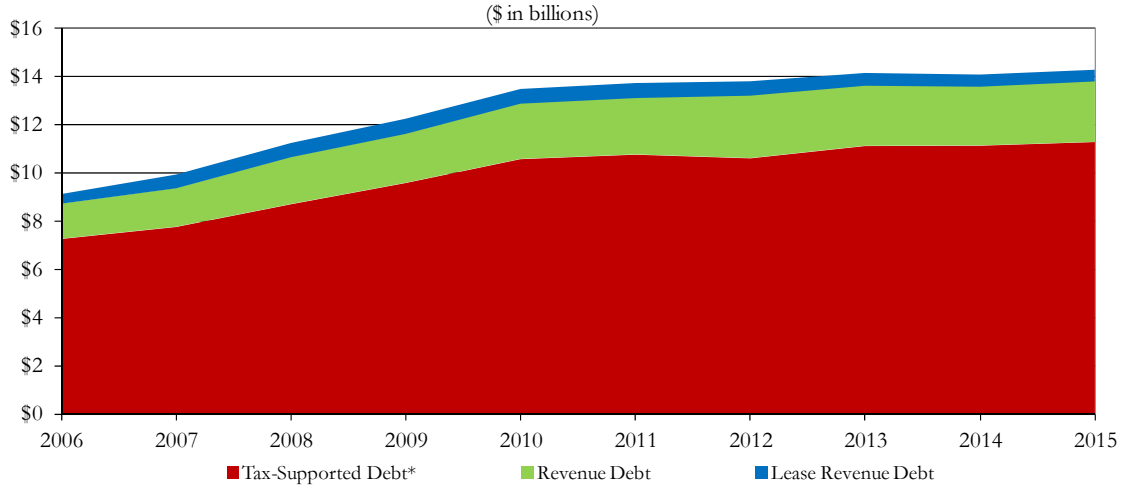
**Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.

Source: Texas Bond Review Board - Bond Finance Office

As of August 31, 2015 Harris County had the state's only tax-supported county CP outstanding. The total program authorization was $600.0 million of which $24.2 million was outstanding.

Over the past ten fiscal years ended August 31, 2015 total county debt has increased by 57.0 percent ($5.19 billion) from $9.11 billion at fiscal-year end 2006 to $14.30 billion at fiscal-year end 2015 *(Figure 5.1)*. As of August 31, 2015, seven counties had a total of $414.4 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
($ in billions)



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

The ten counties listed below accounted for 71.7 percent of all Texas county tax-supported debt outstanding as of August 31, 2015 (*Table 5.2)*.

Table 5.2
Texas Counties
Top 10 Tax-Supported
Debt Outstanding as of August 31, 2015

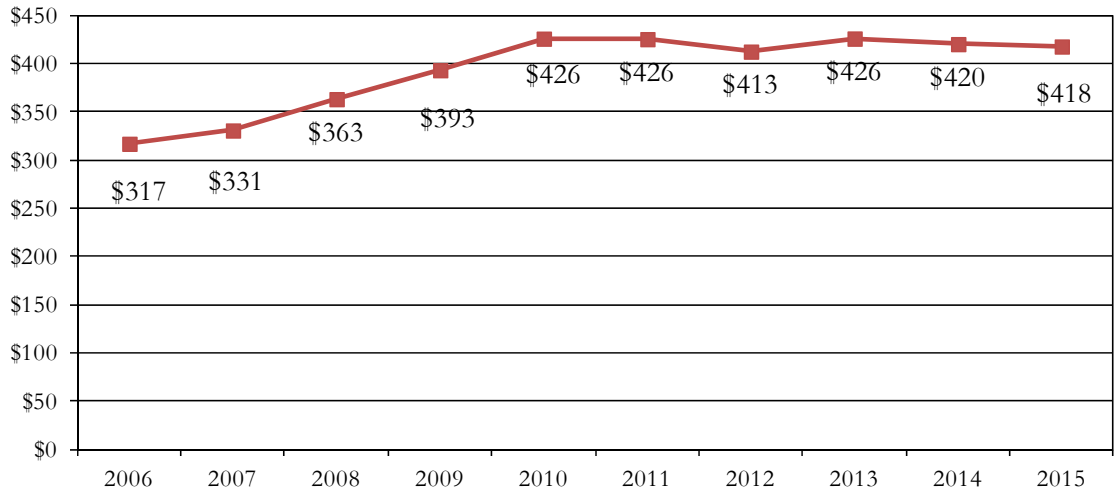
County	**Amount** ($ in millions)	**Debt Per Capita**
Harris*	$2,382.5	$536
Bexar	$1,527.3	823
Williamson	$966.6	1,976
Travis	$695.0	604
Denton	$634.3	842
Fort Bend**	$451.9	659
Collin	$402.8	455
Montgomery	$401.0	773
Hays	$313.6	1,695
Tarrant	$299.2	154
Other Counties	$3,194.1	N/A
Total	**$11,268.2**	

* Includes Harris Co. GO Toll Road Debt of $329.1 million and commerical paper of $24.2 million.
** Includes Fort Bend Co. GO Toll Road Debt of $115.9 million.
Population data from the July 2014 US Census Population Division.
Includes debt secured by a combination of ad valorem taxes and other revenue sources.
Source: Texas Bond Review Board - Bond Finance Office; July 2014 US Census

Tax-Supported Debt per Capita

Over the past ten fiscal years county tax-supported debt per capita has increased by 31.8 percent ($101) from $317 in FY 2006 to $418 in FY 2015. During this time period the state's population increased by 17.9 percent (4.1 million) *(Figure 5.2)*.

Figure 5.2
Texas Counties
Tax-Supported Debt Per Capita



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

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

Some counties may have a small population, but have a large tax assessed valuation to cover the cost of bond transactions. For example, Loving County's $285,814 debt per capita is a result of a $24.6 million issuance combined with a population of only 86. However they have a tax assessed valuation of $605.9 million. Please visit the BRB website at http://www.brb.state.tx.us/lgs/lgs.aspx for downloadable data related to counties.

Nine county issuers had CAB debt outstanding as of fiscal year 2015. CAB debt service accounts for 3.2 percent of the total debt service owed by the nine issuers (*Table 5.3*).

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

	CAB Maturity Amount	Total Debt Service	CAB Maturity Amount as % of Total Debt Service
Harris County	$203.4	$6,496.5	3.1%
Galveston County	71.2	390.1	18.3%
Williamson County	10.0	1,400.4	0.7%
Ellis County	7.0	70.9	9.9%
Travis County	2.7	893.1	0.3%
Lamar County	2.4	4.7	51.4%
Kaufman County	1.9	64.6	2.9%
Johnson County	1.5	14.6	10.4%
Parker County	1.4	141.0	1.0%
Total	$301.5	$9,475.9	3.2%

*Excludes commercial paper and Build America Bond subsidy

Source: Texas Bond Review Board - Bond Finance Office

Certificates of Obligation

As of August 31, 2015 Texas counties had $2.47 billion of Certificates of Obligation (CO) debt outstanding which was 22.0 percent of the county tax-supported debt outstanding. Of the 85 counties with CO debt outstanding, the top 20 had $2.19 billion (88.7 percent) of the total county CO debt outstanding *(Table 5.4)*. (See Glossary for a definition of COs.)

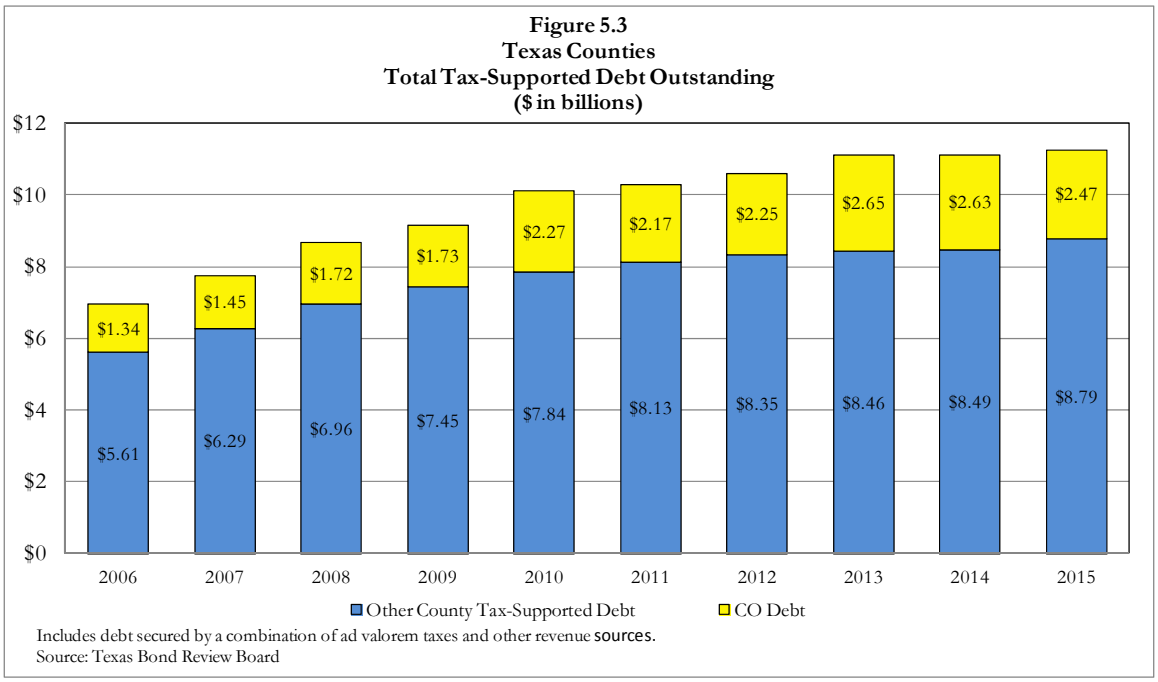
Table 5.4
Texas Counties
Top 20 Certificates of Obligation Issuers

	CO Amount ($ in millions)	**Debt per Capita***	**% of Tax-supported Debt**
Bexar County	$1,190.9	$642	78.0%
Travis County	230.4	200	33.1%
El Paso County	141.9	170	69.1%
Hidalgo County	73.1	88	45.3%
Montgomery County	71.0	137	17.7%
La Salle County	62.8	8,402	75.2%
Williamson County	59.6	122	6.2%
Hays County	52.4	283	16.7%
Bell County	41.1	125	30.1%
Cameron County	40.8	97	31.1%
Brazoria County	34.6	102	40.7%
Dimmit County	27.5	2,481	90.0%
Randall County	25.5	199	68.1%
Webb County	24.1	90	34.8%
Uvalde County	21.8	805	100.0%
Brazos County	19.8	95	22.7%
Nueces County	19.6	55	18.3%
Comal County	19.2	155	30.9%
Zapata County	19.1	1,336	52.8%
Bastrop County	18.4	235	48.1%
Subtotal	$2,193.6	268	42.2%
Other CO Issuers	280.0	60	48.1%
Total	$2,473.6	193	22.0%

* Population data from the July 2014 US Census Population Division. Total population based on issuers with debt outstanding.

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

Over the past ten fiscal years ending August 31, 2015, CO debt outstanding has increased by 84.5 percent from $1.34 billion to $2.47 billion. The increase was mainly due to multiple issuances by Bexar County totaling $1.41 billion over the period for flood control purposes and improvements to the courthouse and jail (*Figure 5.3*).



Revenue Debt

Over the past ten fiscal years county revenue debt has increased by 74.5 percent ($1.09 billion) from $1.46 billion at fiscal-year end 2006 to $2.54 billion at fiscal-year end 2015.

As of Fiscal 2015 Harris County Toll Road bonds accounted for 71.7 percent ($1.82 billion) of the total county revenue debt and Bexar County accounted for 15.6 Percent ($396.5 million).

Debt-Service Requirements

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

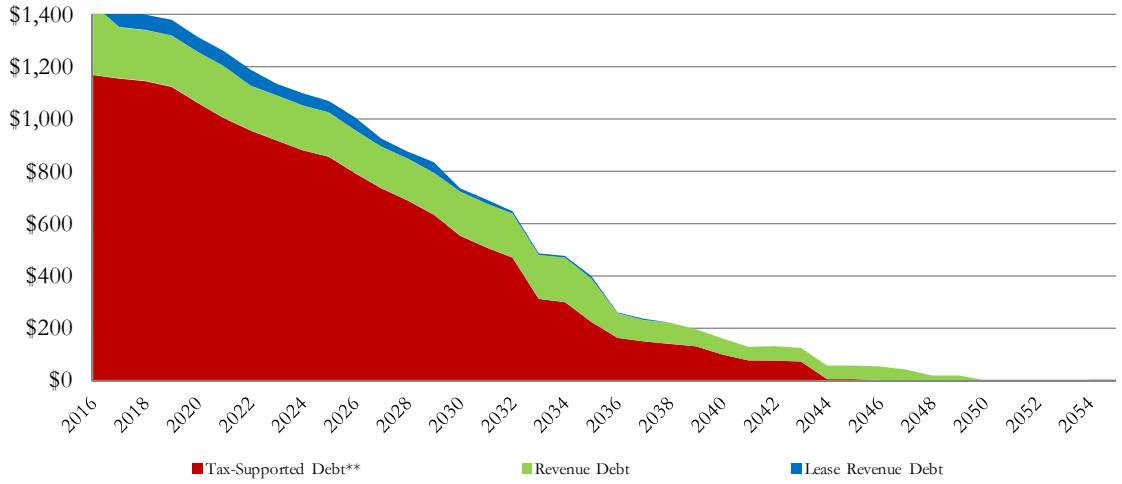
Table 5.5
Texas Counties
Debt-Service Requirements by Fiscal Year*
($ in millions)

	2016	**2017**	**2,018**	**2019**	**2020**	**2021 & Beyond**
Tax-Supported**	$1,171.0	$1,157.6	1,147.99	$1,125.9	$1,063.4	$10,742.7
Revenue	269.42	195.9	194.48	195.4	194.5	3,308.9
Lease-Revenue Obligations	64.31	58.2	58.71	60.0	57.0	464.5
Total Debt Service	**$1,504.7**	**$1,411.6**	**$1,401.2**	**$1,381.3**	**$1,314.9**	**$14,516.1**

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

At August 31, 2015 debt-service requirements for counties totaled $21.53 billion, 76.2 percent ($16.41 billion) of which was tax-supported debt, 20.2 percent ($4.36 billion) of which was revenue debt and 3.5 percent ($762.6 million) of which was lease-revenue debt *(Figure 5.4)*.

Figure 5.4
Texas Counties
Debt-Service Requirements by Fiscal Year*
($ in millions)



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

Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess an issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year 2015, Counties are expected to repay 30.2 percent ($3.40 billion), 57.6 percent ($6.47 billion) and 93.3 percent ($10.49 billion) of the tax-supported debt outstanding over the next five, ten and twenty years, respectively. Repayment of revenue debt is expected to be 21.2 percent ($642.6 million), 40.3 percent ($1,221.5 million) and 80.4 percent ($2.44 billion) over the next five, ten and twenty years, respectively. The last maturity for county tax-supported debt and county revenue debt will be repaid within 35 years (fiscal 2050) and 39 years (fiscal 2054), respectively *(Table 5.6)*.

Table 5.6
Texas Counties
Rate of Debt Retirement*

Debt Repaid	**Tax-Supported Debt**** (billions)	**Percent**	**Revenue Debt** (millions)	**Percent**
Within Five Years	$3.40	30.2%	$642.6	21.2%
Within Ten Years	$6.47	57.6%	$1,221.5	40.3%
Within Twenty Years	$10.49	93.3%	$2,438.2	80.4%

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

County Debt Issuance in FY 2015

During fiscal 2015, 43 counties issued debt totaling $2.22 billion of which 90.6 percent ($2.02 billion) was tax-supported, 3.1 percent ($69.4 million) was lease-revenue debt and 6.3 percent ($139.4 million) was revenue debt.

County debt issuance increased by 124.4 percent ($1.23 billion) from $990.9 million in fiscal 2014 to $2.22 billion in fiscal 2015 of which 40.7 percent ($904.2 million) was issued as new-money debt, an increase of 48.7 percent ($296.3 million) from the $607.9 million issued during fiscal 2014. The remaining 59.3 percent ($1.32 billion) was refunding debt which increased 244.6 percent ($936.9 million) from the $383.0 million issued during fiscal 2014. Refunding debt increased during FY 2015 due to multiple counties taking advantage of record low interest rates.

Table 5.7
Texas Counties
Debt Issuance by Fiscal Year*
($ in millions)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Issuers	46	66	56	52	43
Issuances	73	101	91	79	80
Tax-Supported					
New Money	$587.5	$717.6	$1,046.3	$603.1	$764.8
Refunding	266.2	1,205.2	694.0	351.6	1,250.5
Subtotal	**$853.7**	**$1,922.8**	**$1,740.3**	**$954.7**	**$2,015.2**
Revenue					
New Money	$149.9	$305.4	$0.0	$4.8	$139.4
Refunding	340.1	199.9	468.9	0.0	0.0
Subtotal	**$489.9**	**$505.3**	**$468.9**	**$4.8**	**$139.4**
Lease Revenue Obligations					
New Money	$9.2	$0.0	$4.2	$0.0	$0.0
Refunding	61.0	35.9	20.5	31.4	69.4
Subtotal	**$70.2**	**$35.9**	**$24.7**	**$31.4**	**$69.4**
Total New Money	$746.6	$1,023.0	$1,050.5	$607.9	$904.2
Total Refunding	667.2	1,441.0	1,183.4	383.0	1,319.9
Total Debt Issued	**$1,413.8**	**$2,464.0**	**$2,233.9**	**$990.9**	**$2,224.1**

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

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

Chapter 6
Texas Other Special Districts and Authorities

Overview

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

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

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

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

Debt Outstanding

As of August 31, 2015 total OSD debt outstanding was 7.5 percent ($15.94 billion) of total local debt outstanding. As of that date, eleven OSDs had tax-supported debt outstanding and thirty had revenue debt outstanding, including nine that had sales tax revenue debt and three that had lease revenue debt.

During fiscal 2015 total debt outstanding for OSDs increased 0.5 percent to $15.94 billion from $15.86 billion outstanding in fiscal 2014. Of that amount, 1.2 percent was tax-supported debt, 66.9 percent was revenue debt, 31.2 percent was sales tax debt, and 0.7 percent was lease revenue debt.

Since fiscal 2011 tax-supported debt has increased by 20.5 percent ($33.1 million), and revenue debt has increased by 2.9 percent ($302.1 million), sales tax revenue debt has increased 22.7 percent ($920.4 million) and lease revenue debt has increased 0.6 percent ($0.7 million) (*Table 6.1)*.

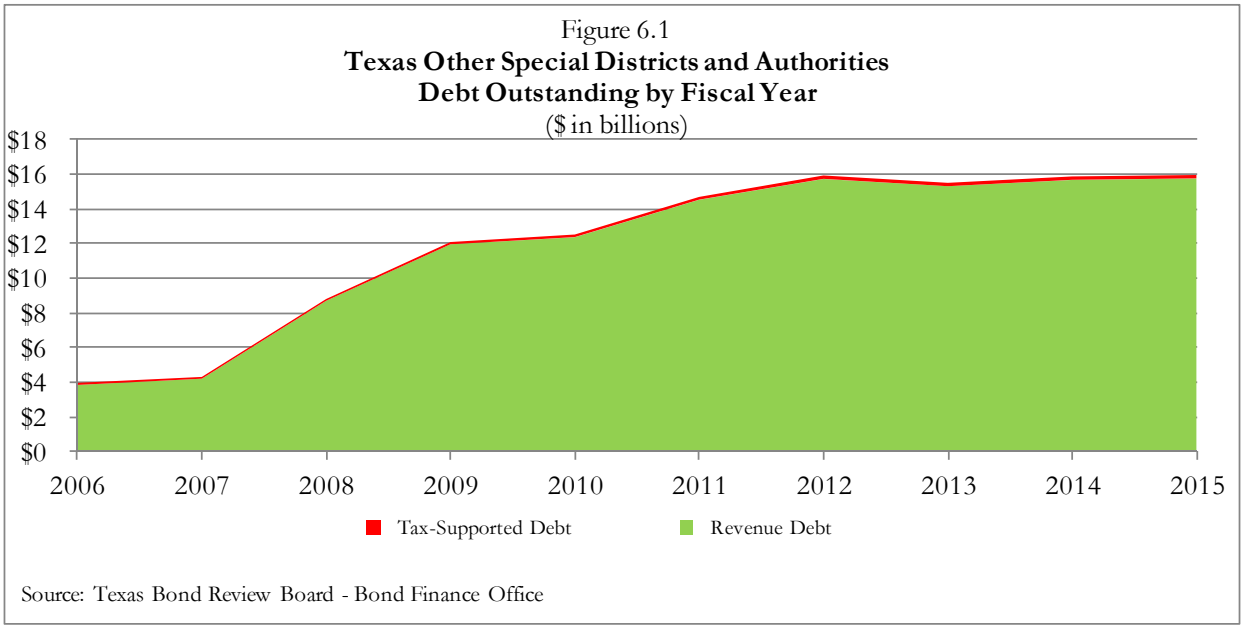
Table 6.1
Texas Other Special Districts and Authorities
Debt Outstanding by Fiscal Year
($ in millions)

	2011	2012	2013	2014	2015
Tax-Supported	$ 161.1	$ 198.4	$ 191.8	$ 201.1	$ 194.2
Revenue	10,361.1	11,182.1	10,550.8	10,731.6	10,663.2
Sales Tax Revenue	4,049.9	4,432.3	4,655.6	4,843.2	4,970.2
Lease Revenue Obligations	114.4	105.9	97.0	88.4	115.0
Total Debt Outstanding	**$ 14,686.4**	**$ 15,918.7**	**$ 15,495.1**	**$ 15,864.3**	**$ 15,942.6**

Source: Texas Bond Review Board - Bond Finance Office

The rise in sales tax revenue debt over the past five years is due to large issuances by two transportation-related OSDs. From 2011 to 2015, Dallas Area Rapid Transit (DART) issued $1.50 billion of sales tax revenue debt to expand the bus and light rail system including $977.1 million of new money and $521.3 million of refunding debt. From 2012 through 2015, the Metropolitan Transit Authority (MTA) of Harris County issued $756.1 million of sales tax revenue debt to build a light rail system and expand its bus system, including $703.5 million of new money and $52.6 million of refunding debt.

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



The North Texas Tollway Authority accounts for 54.4 percent ($8.67 billion) of the total OSD debt outstanding, and the four next largest OSDs shown in the following table account for 38.4 percent ($6.13 billion) (*Table 6.2*).

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

	County	Amount
North Texas Tollway Authority (NTTA)	Dallas	$ 8,671.3
Dallas Area Rapid Transit (DART)	Dallas	3,632.6
Metropolitan Transit Authority (MTA) of Harris County	Harris	1,244.0
Central Texas Regional Mobility Authority	Travis-Williamson	755.8
Texas Municipal Power Agency	Brazos et al.	493.1
Other Issuers		1,145.8
Total		**$ 15,942.6**

Source: Texas Bond Review Board - Bond Finance Office

Commercial Paper

Three OSDs have commercial paper (CP) programs with debt outstanding. The Texas Municipal Power Agency has a revenue-supported program, and the MTA of Harris County and the DART have sales tax revenue-supported CP programs. North Texas Tollway Authority converted their CP program to a revolving note purchase program. At fiscal year-end 2015, CP accounted for 2.9 percent ($469.4 million) of the total OSD debt outstanding (*Table 6.3*).

Table 6.3
Texas Other Special Districts and Authorities
Commercial Paper Outstanding
($ in millions)

	County	Amount
DART	Dallas	$ 200.0
MTA of Harris County	Harris	183.4
Texas Municipal Power Agency	Brazos	86.0
North Texas Tollway Authority (NTTA) *	Dallas	-
Total		**$ 469.4**

* Revolving note purchase program

Source: Texas Bond Review Board - Bond Finance Office

Debt-Service Requirements

As of August 31, 2015 debt-service requirements (principal and interest) for OSDs totaled $31.47 billion of which revenue debt was 70.4 percent ($22.17 billion), sales tax revenue was 28.3 percent ($8.89 billion), tax-supported was 0.8 percent ($255.2 million) and lease revenue obligations were 0.5 percent ($153.7 million) *(Table 6.4)*.

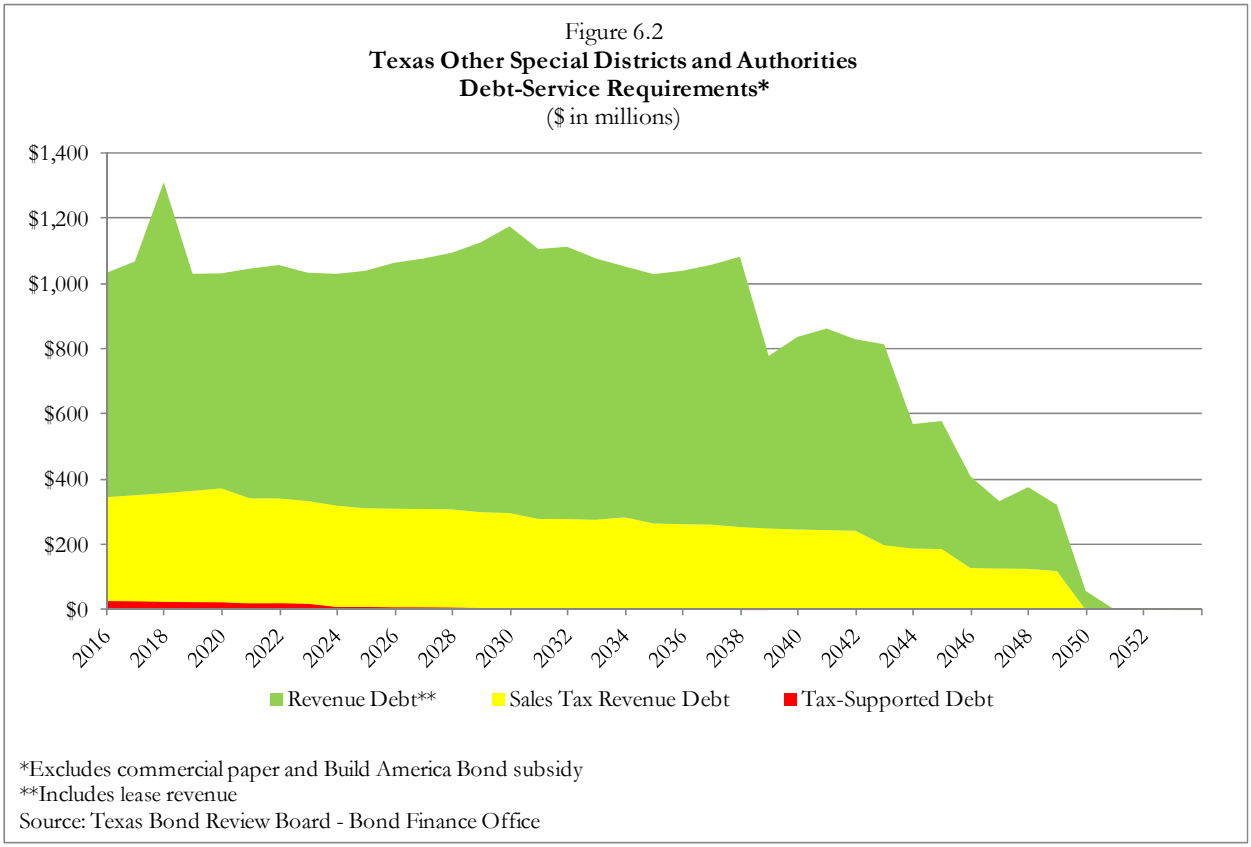
Table 6.4
Texas Other Special Districts and Authorities
Debt-Service Requirements by Fiscal Year*
($ in millions)

	2016	2017	2018	2019	2020	2021 & Beyond
Tax-Supported	$ 27.0	$ 26.0	$ 24.1	$ 23.3	$ 22.9	$ 131.8
Revenue	669.4	698.4	935.0	646.9	641.3	18,577.0
Sales Tax Revenue	317.3	324.4	332.6	341.0	348.3	7,229.8
Lease Revenue Obligations	16.4	16.4	16.4	16.4	16.4	71.6
Total Debt Service	**$ 1,030.1**	**$ 1,065.2**	**$ 1,308.2**	**$ 1,027.6**	**$ 1,029.0**	**$ 26,010.2**

*Excludes commercial paper and Build America Bond subsidy

Source: Texas Bond Review - Bond Finance Office

Figure 6.2 illustrates the projected annual debt service for debt outstanding as of August 31, 2015. The sharp rise during fiscal 2018 is due to scheduled end-of-term principal payments totaling $208.0 million by the Texas Municipal Power Agency for two series of bonds. Debt service for OSD revenue debt was structured to increase in later years because much of the associated debt is related to transportation projects for which revenues are projected to increase in succeeding years.



Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. Local governments issue debt with varying terms up to 40 years or more. For debt outstanding as of fiscal year 2015, Texas OSDs are expected to repay 46.8 percent ($90.8 million) in principal outstanding of tax-supported debt within five years, 76.4 percent ($148.4 million) within ten years and 99.8 percent ($193.8 million) within twenty years. Revenue debt principal repayment is expected to be 9.7 percent ($1.48 billion) within five years, 21.9 percent ($3.35 billion) within ten years and 55.4 percent ($8.46 billion) within twenty years (*Table 6.5*). The low repayment percentage for revenue debt is due to NTTA's $8.67 billion of bonds outstanding with maturities up to 2052. As of August 31, 2015 the final maturity for total tax-supported OSD debt is 23 years, and the final maturity for total OSD revenue debt is 37 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	$ 90.8	46.8%	$ 1,477.6	9.7%
Within Ten Years	$ 148.4	76.4%	$ 3,351.3	21.9%
Within Twenty Years	$ 193.8	99.8%	$ 8,463.5	55.4%
*Excludes commercial paper Source: Texas Bond Review Board - Bond Finance Office				

Capital Appreciation Bonds (CABs)

Over the past decade OSD CAB maturity amounts outstanding have increased by 280.5 percent from $828.3 million in FY 2006 to $3.15 billion in FY 2015. This increase is the result of CAB debt issued by two tollway authorities, a power agency, a road utility district and a regional mobility authority.

The chart below shows scheduled Current Interest Bond (CIB) debt-service and CAB debt-service for OSD since 2006 (*Figure 6.3*).

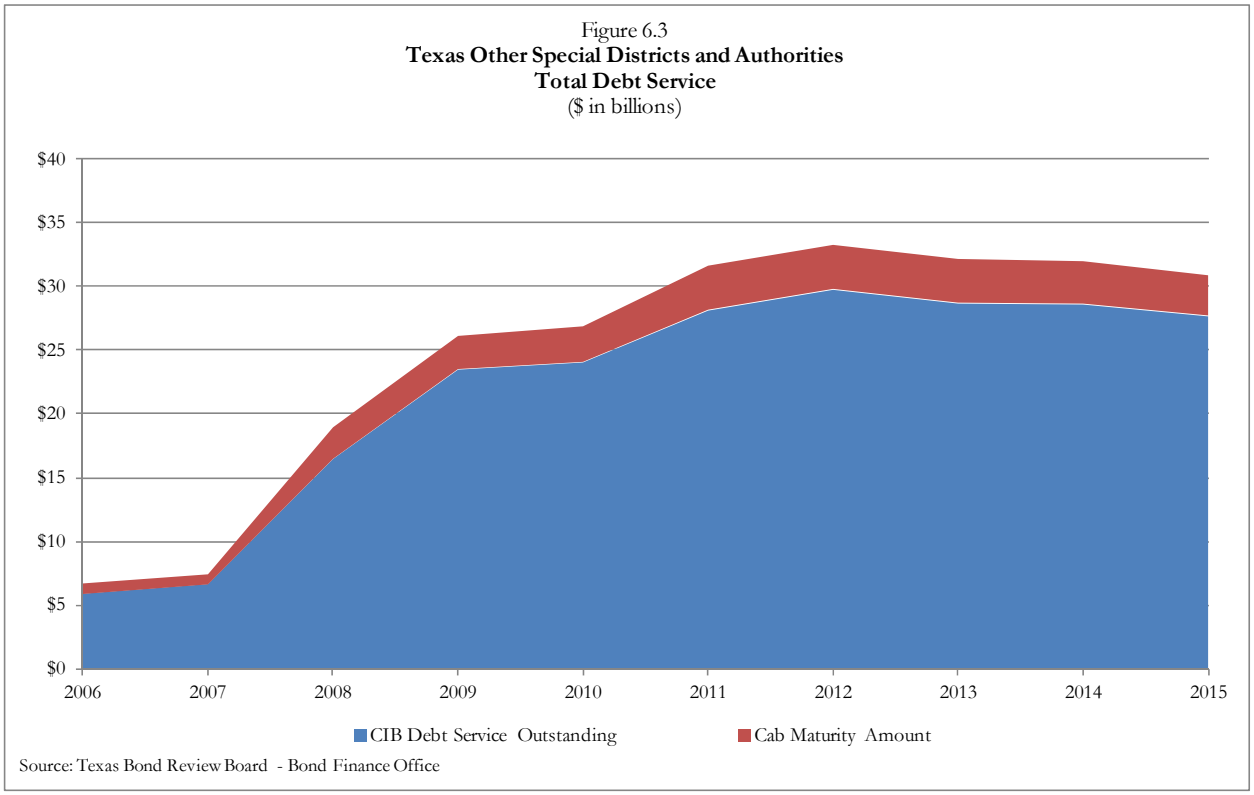


Table 6.6 shows the four OSD issuers with CAB debt outstanding. CAB debt service accounts for 15.1 percent of the total debt service owed by the four issuers.

Table 6.6

Texas Other Special Districts and Authorities

Issuers of CABs*

($ in millions)

	CAB Maturity Amount	Total Debt Service	CAB Maturity Amount as % of Total Debt Service
North Texas Tollway Authority	$2,650.2	$18,513.7	14.3%
Texas Municipal Power Agency	302.9	738.1	41.0%
Central Texas Regional Mobility Authority	198.3	1,665.6	11.9%
Northgate Crossing Road UD	0.5	6.1	7.8%
Total	$3,151.8	$20,923.5	15.1%

*Excludes commercial paper and Build America Bond subsidy

Source: Texas Bond Review Board - Bond Finance Office

OSD Debt Issuance

During fiscal year 2015 ten OSDs closed 19 transactions totaling $2.28 billion primarily for the purpose of refunding outstanding debt. Of that amount 0.5 percent ($11.0 million) was tax-supported debt, 71.9 percent ($1.64 billion) was revenue debt, 25.8 percent ($590.0 million) was sales-tax revenue debt and 1.8 percent ($41.8 million) was lease revenue obligation. Of the total debt issued in fiscal 2015, 9.3 percent ($212.3 million) was issued as new-money debt and 90.7 percent ($2.07 billion) was issued as refunding debt *(Table 6.7)*.

The largest issuance for 2015 was a refunding transaction issued by the North Texas Tollway Authority (NTTA) for $862.9 million to refund Second Tier Revenue Refunding Bonds, Series 2008F.

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

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

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Issuers	5	11	9	11	10
Issuances	14	19	15	16	19
Tax-Supported					
New Money	$ 18.6	$ 47.5	$ 28.9	$ 24.4	$ 9.0
Refunding	10.8	17.3	-	9.7	2.0
Subtotal	**$ 29.4**	**$ 64.8**	**$ 28.9**	**$ 34.1**	**$ 11.0**
Revenue					
New Money	$ 1,467.2	$ 709.1	$ 122.1	$ 179.9	$ 91.9
Refunding	432.2	294.6	1,143.2	68.1	1,550.0
Subtotal	**$ 1,899.4**	**$ 1,003.7**	**$ 1,265.3**	**$ 248.0**	**$ 1,641.9**
Sales Tax					
New Money	$ 729.4	$ 557.1	$ 248.3	$ 134.4	$ 111.4
Refunding	100.0	-	-	-	478.6
Subtotal	**$ 829.4**	**$ 557.1**	**$ 248.3**	**$ 134.4**	**$ 590.0**
Lease-Revenue Obligations					
New Money	$ -	$ -	$ -	$ -	$ -
Refunding	-	-	-	9.7	41.8
Subtotal	**$ -**	**$ -**	**$ -**	**$ 9.7**	**$ 41.8**
Total New Money	$ 2,215.2	$ 1,313.7	$ 399.3	$ 338.7	$ 212.3
Total Refunding	543.0	311.9	1,143.2	87.5	2,072.4
Total Debt Issued	**$ 2,758.2**	**$ 1,625.6**	**$ 1,542.5**	**$ 426.2**	**$ 2,284.7**

*Excludes commercial paper

Source: Texas Bond Review Board - Bond Finance Office

Build America Bonds

As of August 31, 2015 OSDs had $2.79 billion in Build America Bonds outstanding *(Table 6.8)*. With the implementation of the Budget Control Act of 2011, the BAB subsidies were reduced by 7.6 percent to 32.34 percent of the interest payable. Authority to issue BABs expired in December 2010. (See glossary for a definition of Build America Bonds.)

Table 6.8
Texas Other Special Districts and Authorities
Build America Bonds Outstanding
($ in millions)

	County	Amount
Dallas Area Rapid Transit (DART)	Dallas	$ 1,559.0
North Texas Tollway Authority (NTTA)	Dallas	1,135.0
Metropolitan Transit Authority (MTA) of Harris County	Harris	82.6
Cameron County Regional Mobility Authority	Cameron	15.5
Total		**$ 2,792.1**

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, 2015 total CCD debt outstanding was 2.4% ($5.01 billion) of total local debt outstanding.

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

CCD Debt Outstanding

As of August 31, 2015, 44 of the 50 CCDs had debt outstanding: 31 had tax-supported debt outstanding, 42 had revenue debt outstanding and 29 had both tax-supported and revenue debt outstanding. During fiscal year 2015 total debt outstanding for CCDs increased 5.05 percent ($240.8 million) from $4.77 billion in fiscal 2014 to $5.01 billion in fiscal 2015. Of that amount, 72.1 percent ($3.61 billion) was tax-supported, 23.1 percent ($1.16 billion) was revenue and 4.7 percent ($237.3 million) was lease-revenue obligation debt. (*Table 7.1*).

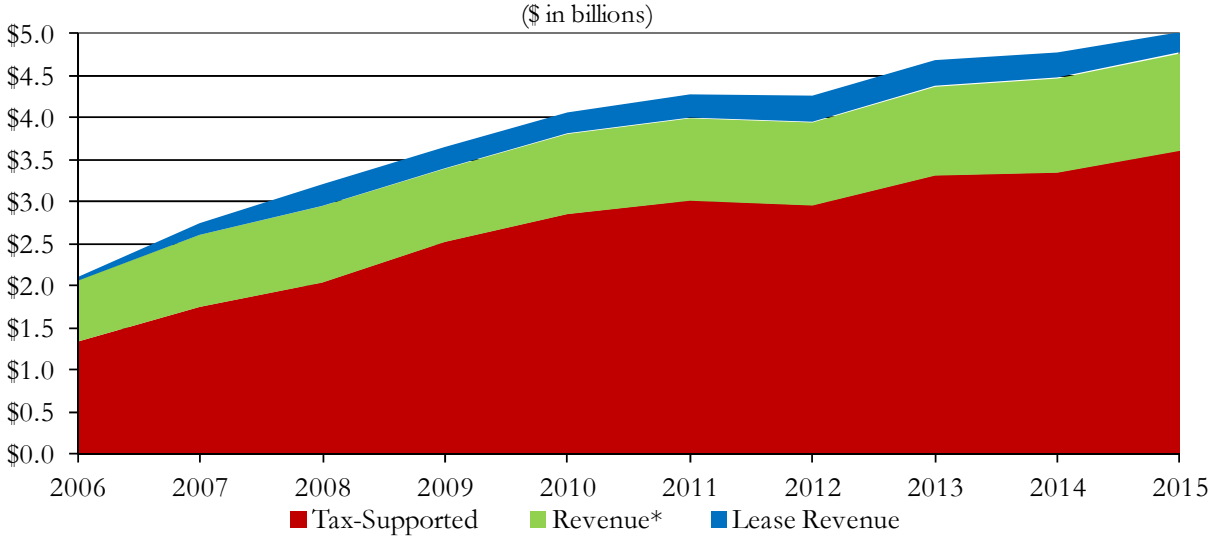
Table 7.1
Texas Community and Junior College Districts
Debt Outstanding by Fiscal Year
($ in millions)

	2011	2012	2013	2014	2015
Tax-Supported	$3,017.6	$2,960.6	$3,316.6	$3,351.1	$3,612.4
Revenue*	982.0	989.4	1,058.9	1,122.5	1,159.2
Lease-Revenue Obligations	274.4	307.5	301.3	294.5	237.3
Total Debt Outstanding	**$ 4,274.0**	**$ 4,257.6**	**$ 4,676.8**	**$ 4,768.1**	**$5,008.9**

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

Tax-supported debt increased 169.9 percent ($2.27 billion) since FY 2006 at an annual rate of 10.4 percent. The increase was largely due to facilities construction and renovation by Alamo CCD, Houston CCD, Lone Star College and Dallas CCD that have issued $745.3 million, $706.8 million, $558.8 million and $478.7 million in tax-supported debt, respectively since FY 2006 (*Figure 7.1*).

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



*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 44 CCDs with debt outstanding, most were located in or near major metropolitan areas. Ten CCDs accounted for 82.9 percent of the total tax-supported debt outstanding (*Table 7.2*).

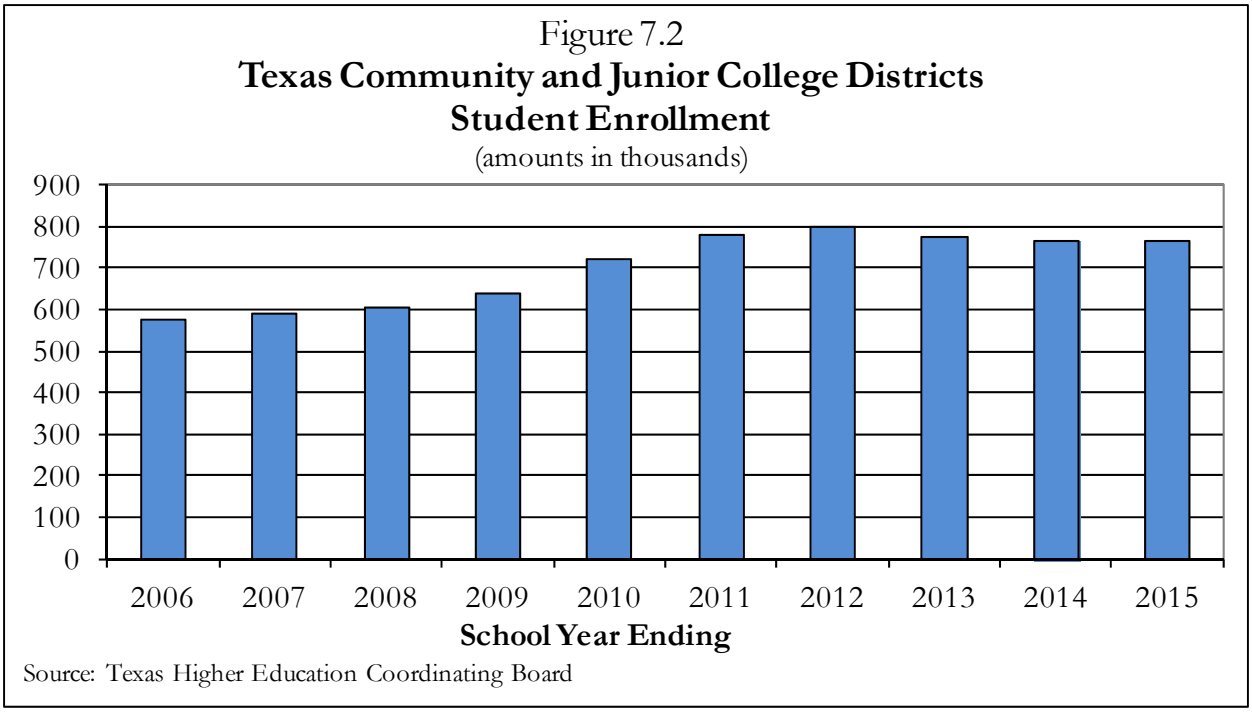
Table 7.2
Texas Community and Junior College Districts
Issuers with Most Tax-Supported Debt Outstanding*

	Amount (millions)	**Debt Per Capita**	**Debt per Student**
Houston Community College System	$641.8	$278	$11,007
Lone Star College System	570.9	247	6,828
Alamo CCD	464.2	260	11,239
Dallas County CCD	321.5	176	4,978
San Jacinto CCD	279.0	113	3,313
Austin CCD	245.5	461	7,107
South Texas CCD	171.0	621	20,481
Laredo CCD	163.2	182	5,196
Corpus Christi (Del Mar) JCD City of	71.2	262	6,304
McLennan CCD	67.4	187	6,405
Other Issuers	616.7	N/A	N/A
Total	**$3,612.4**		

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

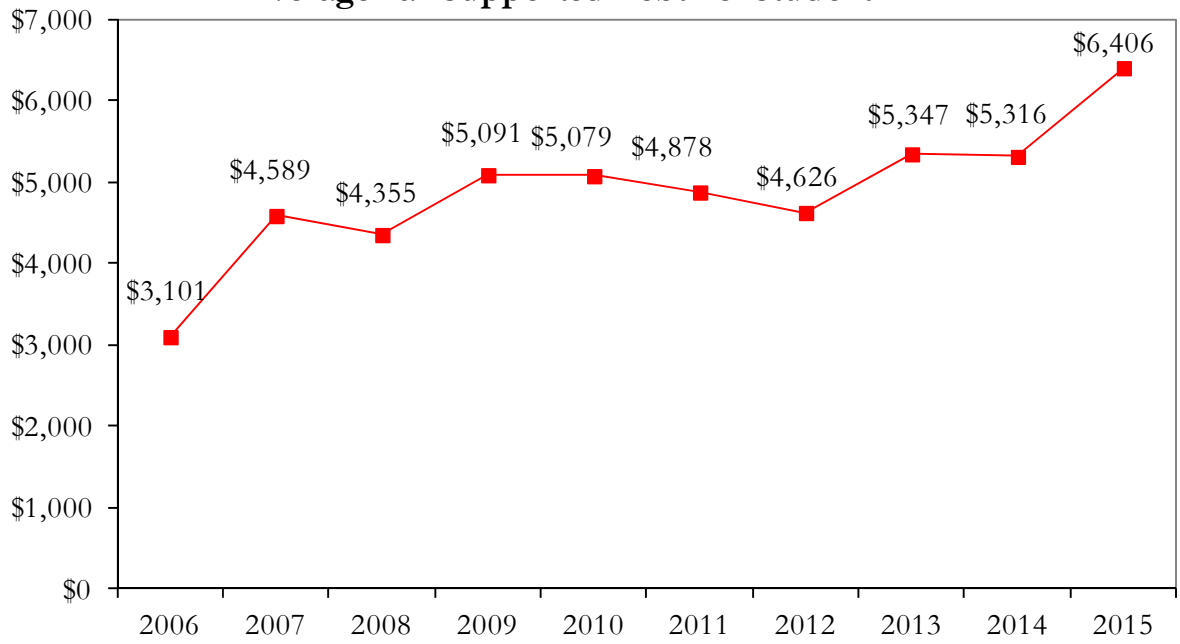
Debt per Student

Enrollment at all CCDs increased by 32.08 percent over the past ten years from 577,290 in 2006 to 762,506 in 2015 (*Figure 7.2*). This growth has been supported by increasing costs at traditional 4-year institutions and increasing numbers of workers seeking additional job training. However, student enrollment at CCDs has declined since a record high of 796,755 students in 2012.



As of August 31, 2015, tax-supported debt per student averaged $6,406 for CCDs, an increase of 20.5 percent ($1,090) from FY 2014 due to an increase in tax-supported new money issuances in fiscal 2015. Since FY 2011, tax-supported debt per student has increased 31.3 percent from $4,878 to $6,406. Since FY 2006, tax-supported debt per student has increased by 106.6 percent from $3,101 to $6,406 *(Figure 7.3)*.

Figure 7.3
Texas Community and Junior College Districts
Average Tax Supported Debt Per Student



Debt per student based on CCDs with debt outstanding
Source: Texas Bond Review Board - Bond Finance Office; Texas Higher Education Coordinating Board

Debt-Service Requirements

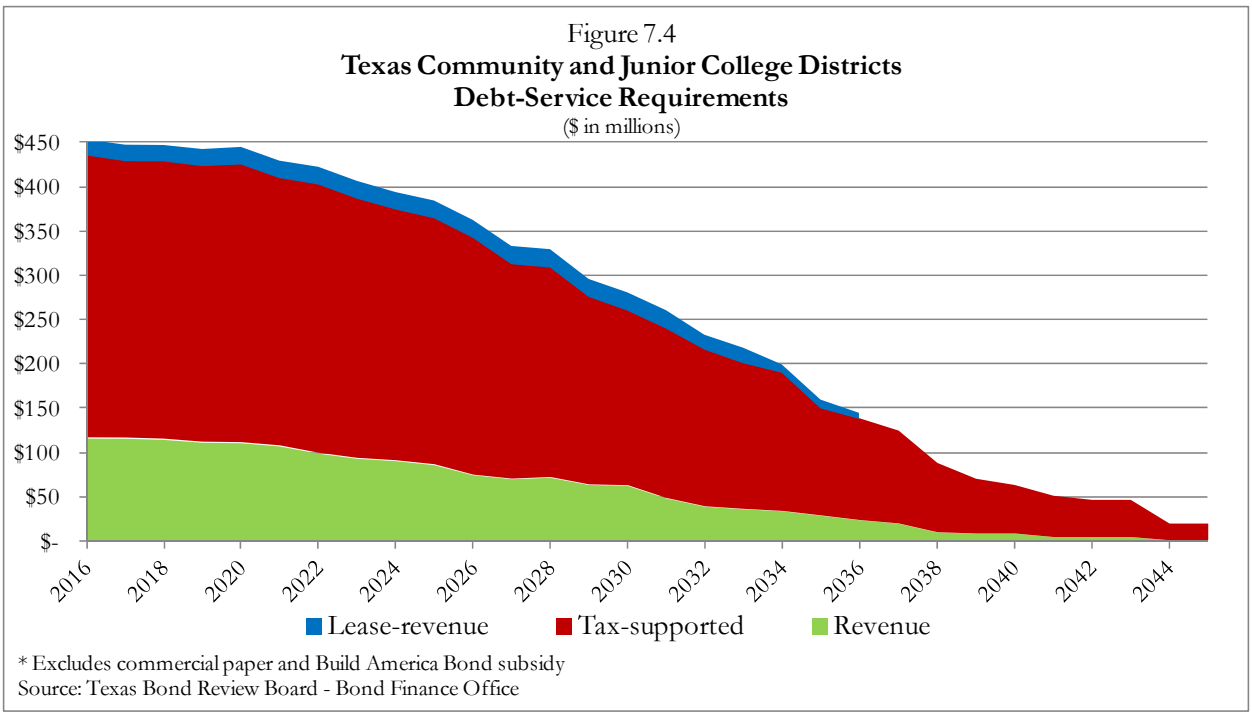
Table 7.3 illustrates annual debt-service requirements (principal and interest) for CCDs by fiscal year for tax-supported, revenue, and lease-revenue obligations outstanding.

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

	2016	2017	2018	2019	2020	2021 & Beyond
Tax-Supported	$319.5	$313.2	$314.3	$312.4	$314.6	$4,018.1
Revenue	116.3	116.2	114.8	111.4	110.9	1,077.6
Lease-Revenue Obligations	18.1	18.6	18.6	19.3	20.0	284.3
Total Debt Service	**$454.0**	**$448.0**	**$447.7**	**$443.1**	**$445.5**	**$5,380.0**

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

As of August 31, 2015, debt-service requirements for CCDs totaled $7.62 billion for which tax-supported debt was 73.4 percent ($5.59 billion), revenue debt was 21.6 percent ($1.65 billion) and lease-revenue obligations were 5.0 percent ($379.0 million) (*Figure 7.4)*.



Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess an issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year 2015, CCDs are expected to repay 22.2 percent ($801.5 million) of tax-supported debt outstanding within five years, 47.0 percent ($1.70 billion) within ten years and 86.2 percent ($3.11 billion) within twenty years. Revenue debt principal repayment is expected to be 27.8 percent ($387.9 million) within five years, 55.0 percent ($768.5 million) within ten years and 94.6 percent ($1.32 billion) within twenty years (*Table 7.4*).

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

Debt Repaid	Tax-Supported Debt	Percent	Revenue Debt	Percent
Within Five Years	$801.5	22.2%	$387.9	27.8%
Within Ten Years	$1,697.6	47.0%	$768.5	55.0%
Within Twenty Years	$3,113.9	86.2%	$1,320.6	94.6%

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

Nine CCD issuers had CAB debt outstanding as of fiscal year 2015. CAB debt service accounts for 2.9 percent of the total debt service owed by the ten issuers (*Table 7.5*).

Table 7.5

Texas Community and Junior College Districts

Issuers of CABs*

($ in millions)

	CAB Maturity Amount	Total Debt Service	CAB Maturity Amount as % of Total Debt Service
San Jacinto CCD	$35.7	$539.5	6.6%
Austin CCD	12.3	974.2	1.3%
Northeast Texas CCD	9.7	46.3	20.9%
Midland County JCD	2.0	48.7	4.1%
Laredo CCD	1.6	343.7	0.5%
North Central Texas (Cooke Co) CCD	1.2	26.7	4.7%
McLennan CCD	0.9	119.4	0.8%
Victoria JCD	0.9	40.9	2.2%
Corpus Christi (Del Mar) JCD City of	0.9	118.7	0.7%
Total	$65.2	$2,258.2	2.9%

*Excludes commercial paper and Build America Bond subsidy

Source: Texas Bond Review Board - Bond Finance Office

Debt Issuance

During fiscal year 2015 CCDs issued $947.4 million in debt, an increase of 135.4 percent from the $402.5 million issued in fiscal 2014. Of that amount, 70.2 percent ($665.2 million) was tax-supported debt, 18.6 percent ($176.6 million) was revenue debt, and 11.1 percent ($105.6 million) was lease-revenue obligations debt. Of the total amount issued, 53.1 percent ($503.4 million) was new-money debt and 46.9 percent ($444.0 million) was refunding debt. Refunding debt issuance increased by 349.4 percent from FY 2014 *(Table 7.6)*.

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

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Issuers	18	22	20	13	15
Issuances	25	32	24	17	22
Tax-Supported					
New Money	$ 250.8	$ 88.9	$ 486.2	$ 181.5	$ 437.7
Refunding	78.7	358.4	68.9	58.7	227.5
Subtotal	**$ 329.5**	**$ 447.3**	**$ 555.1**	**$ 240.2**	**$ 665.2**
Revenue					
New Money	$ 73.2	$ 63.7	$ 137.6	$ 122.2	$ 65.7
Refunding	74.8	115.3	19.6	40.1	110.9
Subtotal	**$ 148.0**	**$ 179.0**	**$ 157.2**	**$ 162.3**	**$ 176.6**
Lease-Revenue Obligations					
New Money	$ 33.5	$ 44.4	$ -	$ -	$ -
Refunding	-	-	-	-	105.6
Subtotal	**$ 33.5**	**$ 44.4**	**$ -**	**$ -**	**$ 105.6**
Total New Money	$ 357.5	$ 197.0	$ 623.8	$ 303.7	$ 503.4
Total Refunding	153.5	473.7	88.5	98.8	444.0
Total Debt Issued	**$ 511.0**	**$ 670.7**	**$ 712.3**	**$ 402.5**	**$ 947.4**

*Excludes commercial paper

Source: Texas Bond Review Board - Bond Finance Office

Build America Bonds

During fiscal years 2009-2011, Austin Community College was the only CCD issuer of Direct Payment Build America Bonds (BAB) with $33.5 million issued in fiscal year 2011. As of August 31, 2015, 33.3 million of that issue was outstanding. (See Glossary for a discussion on BABs)

Chapter 8
Texas Health/Hospital Districts and Authorities

Overview

Health/Hospital districts and authorities (HHD) provide a legal framework to create hospital systems to provide hospital and medical care facilities, emergency services and mental health services to district residents. As of August 31, 2015 HHD debt outstanding was 1.6 percent ($3.47 billion) of total local debt outstanding.

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

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

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

Debt Outstanding

As of August 31, 2015, 42 HHDs had tax-supported debt outstanding and 57 had revenue debt outstanding. During fiscal 2015 total debt outstanding for HHDs increased 0.9 percent ($30.6 million) from $3.44 billion in fiscal 2014 to $3.47 billion in fiscal 2015 of which 68.5 percent ($2.38 billion) was tax-supported debt, 29.8 percent ($1.03 billion) was revenue debt and 1.7 percent ($60.1 million) was sales-tax revenue debt (*Table 8.1*).

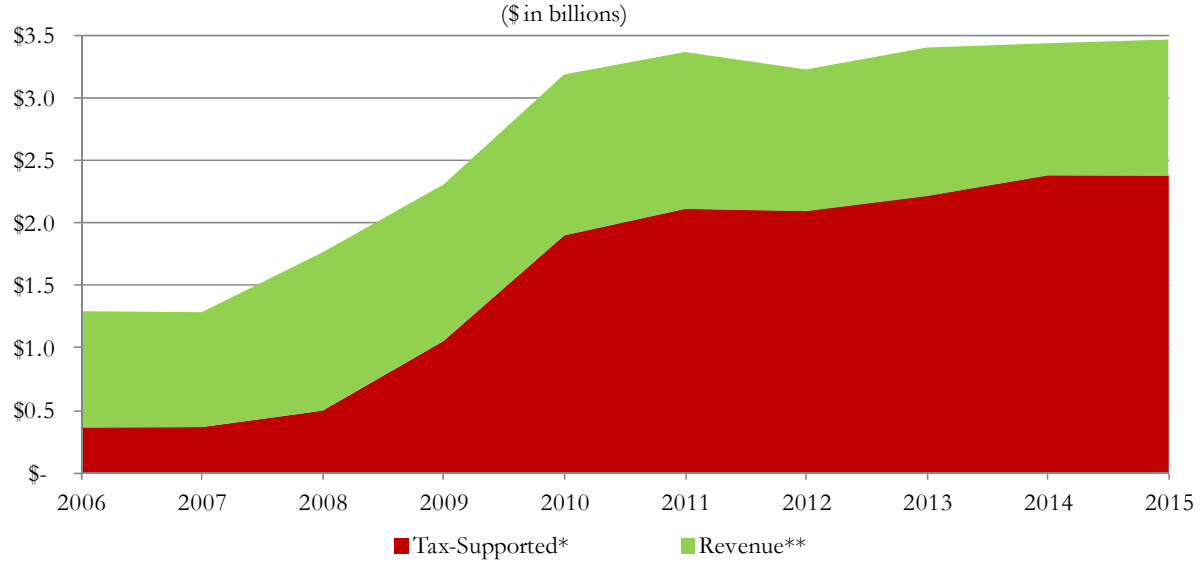
Table 8.1
Texas Health/Hospital Districts and Authorities
Debt Outstanding by Fiscal Year
($ in millions)

	2011	2012	2013	2014	2015
Tax-Supported*	$2,110.4	$2,093.1	$2,213.0	$2,378.4	$2,375.7
Revenue**	1,233.9	1,111.7	1,127.7	997.8	1,032.3
Sales Tax	24.0	23.1	62.4	61.3	60.1
Total Debt Outstanding	**$3,368.3**	**$3,227.9**	**$3,403.1**	**$3,437.5**	**$3,468.1**

*Indudes debt secured by a combination of ad valorem taxes and other revenue sources.
**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 decade tax-supported debt for HHDs has increased 557.6 percent ($2.01 billion), a compound annual growth rate of 20.7 percent, primarily due to the issuances of $572.6 million by the Bexar County Hospital District in fiscal 2009 and $705.0 million by Dallas County Hospital District in fiscal 2010 *(Figure 8.1)*.

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



*Includes debt secured by a combination of ad valorem taxes and other revenue sources.
**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 90 HHDs with debt outstanding as of August 31, 2015, most were located in or near major metropolitan areas. The top 10 districts accounted for 73.6 percent of the total debt outstanding (*Table 8.2*).

Table 8.2
Texas Health/Hospital Districts and Authorities
Top 10 Issuers with Total Debt Outstanding
($ in millions)

	Tax-Supported*	Revenue	Total
Dallas County Hospital District	$ 728.0	$ -	$ 728.0
Bexar County Hospital District (University Health System)	695.6	0.0	695.6
El Paso County Hospital District	363.5	0.0	363.5
Harris County Hospital District	0.0	280.7	280.7
Decatur Hospital Authority	0.0	112.7	112.7
Midland County Hospital District (Midland Memorial)	103.7	1.3	105.1
Joint Guadalupe County-City of Seguin Hospital Board of Managers	0.0	86.8	86.8
OakBend Medical Center	0.0	71.6	71.6
Nacogdoches County Hospital District	0.0	60.1	60.1
Andrews County Hospital District	46.6	3.1	49.7
Other Issuers	438.3	476.1	914.5
Total	**$ 2,375.7**	**$ 1,092.4**	**$ 3,468.1**

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

Table 8.3 shows debt outstanding and debt per capita for the top 10 issuers of HHD tax-supported debt. The top 10 districts with tax-supported debt outstanding accounted for 88.0 percent ($2.09 billion) of the total tax supported debt outstanding.

Table 8.3
Texas Health/Hospital Districts and Authorities
Debt Outstanding of Top 10 Issuers of Tax-supported Debt

	Amount ($ in millions)	Debt per Capita*
Dallas County Hospital District	$ 728.0	$ 287
Bexar County Hospital District (University Health System)	695.6	425
El Paso County Hospital District	363.5	443
Midland County Hospital District (Midland Memorial)	103.7	800
Andrews County Hospital District	46.6	2,889
Seminole Memorial Hospital District	45.4	3,150
Reagan Hospital District	31.4	9,042
Hunt Hospital District	26.2	303
Deaf Smith County Hospital District	25.9	1,327
McCamey Hospital District	24.1	10,745

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

CAB Debt Outstanding

OakBend Medical Center is the only HHD issuer that had CAB debt outstanding as of fiscal year end 2015. The maturity amount is $37.9 million and debt service accounts for 28.4 percent of the total debt service owed by the issuer.

Certificates of Obligation Outstanding

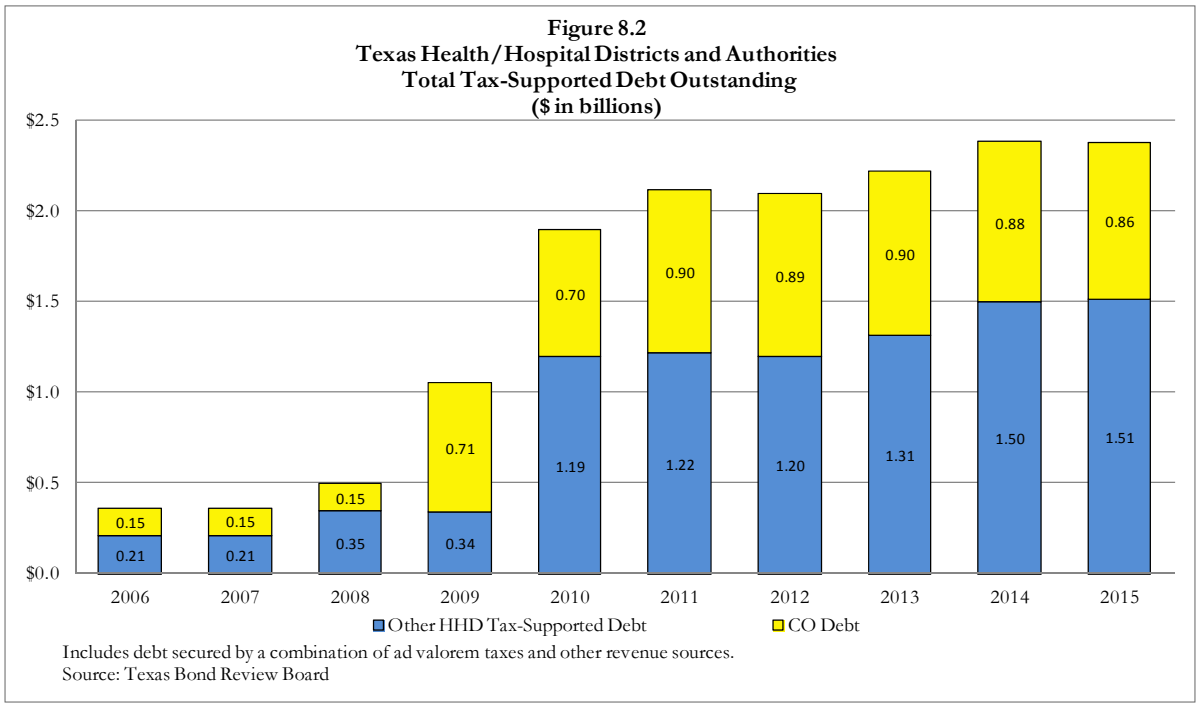
As of August 31, 2015, four HHDs had issued CO debt totaling $864.8 million. These issuances accounted for 36.4 percent of total HHD tax-supported debt outstanding and 24.9 percent of total HHD debt outstanding including revenue debt *(Table 8.5)*. (See Glossary for a definition of CO debt.)

Table 8.5
Texas Health/Hospital Districts and Authorities with CO Debt Outstanding

Issuer	Amount* ($ in millions)	CO's as % of Tax- Supported Debt Outstanding
Bexar County HD (University Health System)	$695.6	100.0%
El Paso County HD	133.5	36.7%
Tarrant County HD	23.4	52.0%
Travis County Healthcare District	12.3	100.0%
Total	**$864.8**	

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

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



Commercial Paper Outstanding

As of August 31, 2015, Harris County Hospital District was the only hospital district authorized to issue commercial paper notes and had no commercial paper outstanding.

Debt-Service Requirements

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

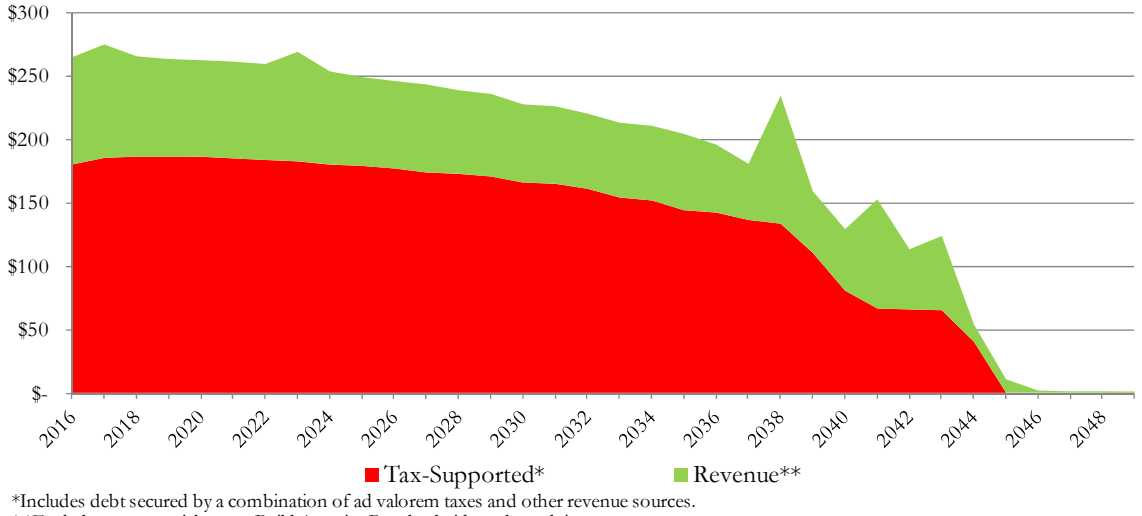
Table 8.6
Texas Health/Hospital Districts and Authorities
Debt-Service Requirements by Fiscal Year*
($ in millions)

	2016	**2017**	**2018**	**2019**	**2020**	**2021 & beyond**
Tax-Supported	$179.8	$185.0	$186.1	$186.0	$185.9	$3,380.9
Revenue	80.8	85.5	75.2	73.0	72.3	1,439.6
Sales Tax Revenue	3.8	3.8	3.8	3.8	3.8	86.8
Total Debt Service	**$264.3**	**$274.3**	**$265.0**	**$262.8**	**$262.0**	**$4,907.3**

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

As of August 31, 2015, total scheduled debt-service requirements for HHDs totaled $6.24 billion of which tax-supported debt service was 69.0 percent ($4.30 billion), revenue debt service was 29.3 percent ($1.83 billion) and sales tax debt service was 1.7 percent ($105.7 million). *Figure 8.3* illustrates annual debt-service requirements for HHDs with tax and revenue debt outstanding.

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



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

Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess an issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year 2015, HHDs are expected to repay 13.9 percent ($329.0 million) in principal outstanding of tax-supported debt within five years, 30.6 percent ($727.4 million) within ten years and 71.1 percent ($1.69 billion) within twenty years. Revenue debt principal repayment is expected to be 15.5 percent ($169.8 million) within five years, 30.9 percent ($337.4 million) within ten years and 62.9 percent ($687.0 million) within twenty years. The last maturity for HHD tax-supported debt and HHD revenue debt will be repaid within 29 years (fiscal 2044) and 34 years (fiscal 2049), respectively (*Table 8.7*).

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

Debt Repaid	Tax-Supported Debt**	Percent	Revenue Debt	Percent
Within Five Years	$ 329.0	13.9%	$ 169.8	15.5%
Within Ten Years	$ 727.4	30.6%	$ 337.4	30.9%
Within Twenty Years	$ 1,690.2	71.1%	$ 687.0	62.9%

*Excludes commercial paper and conduit revenue.

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

Source: Texas Bond Review Board - Bond Finance Office

HHD Debt Issuance

During FY 2015 HHDs issued $177.3 million in total debt, a decrease of 46.0 percent from the $328.1 million issued in FY 2014. Of the FY 2015 issuances, 49.3 percent ($87.3 million) was tax-supported and 50.7 percent ($90.0 million) was revenue debt.

Of the total amount issued in fiscal 2015, 81.6 percent ($144.6 million) was new-money debt and 18.4 percent ($32.7 million) was refunding debt *(Table 8.8)*. The largest transaction issued in fiscal 2015 was a revenue transaction for $43.8 million by Karnes County Hospital District that accounted for 24.7 percent of the total debt issued in fiscal 2015.

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

	2011	2012	2013	2014	2015
Issuers	7	11	15	17	16
Issuances	10	14	19	21	17
Tax					
New Money	$ 244.4	$ 16.0	$ 164.7	$ 211.7	$ 54.6
Refunding	7.4	23.1	119.7	6.5	32.7
Subtotal	**$ 251.7**	**$ 39.1**	**$284.4**	**$218.2**	**$ 87.3**
Revenue					
New Money	$ 30.1	$ 51.3	$ 96.5	$ 22.2	$ 90.0
Refunding	-	10.5	98.1	87.6	-
Subtotal	**$ 30.1**	**$ 61.8**	**$194.6**	**$109.9**	**$ 90.0**
Sales Tax Revenue					
New Money	$ -	$ -	$ 39.8	$ -	$ -
Refunding	-	-	4.5	-	-
Subtotal	**$ -**	**$ -**	**$ 44.4**	**$ -**	**$ -**
Total New Money	$ 274.5	$ 67.3	$ 301.1	$ 233.9	$ 144.6
Total Refunding	7.4	33.6	222.3	94.1	32.7
Total Debt Issued	**$ 281.8**	**$ 100.9**	**$523.4**	**$328.1**	**$177.3**

*Excludes commercial paper

Source: Texas Bond Review Board - Bond Finance Office

Build America Bonds Outstanding

As of August 31, 2015, four HHDs had Direct Payment Build America Bonds (BAB) outstanding totaling $1.25 billion (*Table 8.9*). With the implementation of the Budget Control Act of 2011, the BAB subsidies were reduced by 7.6 percent to 32.34 percent of the interest payable. Authority to issue BABs expired in December 2010. (See Glossary for discussion on BABs).

Table 8.9
Texas Health/Hospital Districts and Authorities
Build America Bonds Outstanding
As of August 31, 2015
($ in millions)

		Amount
Dallas County HD	$	680.2
Bexar County HD (University Health System)		430.4
Midland County HD (Midland Memorial)		98.4
Ector County HD		44.7
Total	**$**	**1,253.7**

Source: Texas Bond Review Board - Bond Finance Office

Appendix A
Bond Election Results

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

Texas Local Governments are not required to provide the BRB with bond election information. Such information has been obtained from various sources, including newspaper articles, the Municipal Advisory Council's *Texas Bond Reporter*; and the U.S. Department of Justice.

Table A1 shows the number of voter-approved bond elections for the past five fiscal years. *Table A2* shows the voter-approved election amounts for the past five fiscal years for each of the local government categories. The detailed results of the fiscal 2015 elections are shown in *Tables A3 through A6*. 200 local governments held bond elections during FY 2015.

On November 3, 2015, bond elections were held by 86 local governments, 79 of which approved debt totaling $10.26 billion.

Table A1

Texas Local Government

Number of Bond Elections Approved by Fiscal Year

	2011		2012		2013		2014		2015		
City	31	62%	24	75%	51	93%	54	78%	64	93%	**81%**
CCD	2	50%	2	67%	4	100%	3	100%	5	100%	**84%**
County	6	75%	6	75%	7	88%	9	75%	4	80%	**78%**
HHD	1	100%	1	100%	3	100%	3	60%	1	33%	**69%**
OSD	0	N/A	1	100	0	N/A	0	N/A	0	N/A	**100%**
ISD	71	57%	60	65%	101	82%	104	68%	118	83%	**72%**
WD	37	84%	33	87%	50	98%	34	100%	49	96%	**93%**
Total	**148**	**64%**	**127**	**73%**	**216**	**89%**	**207**	**75%**	**241**	**88%**	**78%**

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

Table A2

Texas Local Government

Estimated Bond Election Results by Fiscal Year

($ in millions)

	2011	2012	2013	2014	2015
Public School Districts					
Election Amount	$4,642.9	$2,622.9	$6,867.8	$9,599.5	$8,626.8
Amount Approved	3,546.3	2,101.0	5,869.8	7,989.2	7,332.5
Percent Approved	76.4%	80.1%	85.5%	83.2%	85.0%
Counties					
Election Amount	$112.9	$450.9	$74.5	$995.8	$414.0
Amount Authorized	96.9	248.9	67.7	663.9	64.0
Percent Approved	85.8%	55.2%	90.9%	66.7%	15.5%
Water Districts and Authorities					
Election Amount	$2,407.0	$1,561.7	$2,113.4	$7,505.5	$2,502.2
Amount Approved	1,828.2	1,306.0	2,106.3	7,505.5	2,341.2
Percent Approved	76.0%	83.6%	99.7%	100.0%	93.6%
Cities, Towns, Villages					
Election Amount	$413.9	$803.9	$2,556.2	$1,003.6	$1,824.8
Amount Authorized	296.3	744.1	2,458.1	848.0	1,157.8
Percent Approved	71.6%	92.6%	96.2%	84.5%	63.5%
Community and Junior College District					
Election Amount	$200.2	$77.7	$997.7	$273.8	$1,047.9
Amount Approved	81.5	47.0	997.7	273.8	1,047.9
Percent Approved	40.7%	60.5%	9.0%	100.0%	100.0%
Health/Hospital Districts and Authorities					
Election Amount	$17.4	$59.4	$56.4	$139.5	$66.0
Amount Authorized	17.4	59.4	56.4	62.5	10.0
Percent Approved	100.0%	100.0%	100.0%	44.8%	15.1%
Other Special Districts and Authorities					
Election Amount	$0.0	$12.0	$0.0	$0.0	$0.0
Amount Approved	0.0	12.0	0.0	0.0	0.0
Percent Approved	N/A	100.0%	N/A	N/A	N/A
Total Election Amount	**$7,794.2**	**$5,588.5**	**$12,666.0**	**$19,517.6**	**$14,481.6**
Total Amount Approved	**$5,866.5**	**$4,518.3**	**$11,555.9**	**$17,343.0**	**$11,953.3**
Total Percent Approved	**75.3%**	**80.8%**	**91.2%**	**88.9%**	**82.5%**

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

Table A3
Texas Local Government
Carried Propositons
Bond Elections May 09, 2015
($ in millions)

Issuer	County	Purpose	Amount Carried
Public School Districts			
Aledo ISD	Parker	School Building	$28.8
Aledo ISD	Parker	School Buses	24.4
Alief ISD	Harris	School Building & Security	341.0
Baird ISD	Callahan	School Building and Security	5.0
Bloomburg ISD	Cass	School Building & Buses	0.8
Bremond ISD	Robertson	School Building & Buses	3.0
Bullard ISD	Smith	School Building	40.0
Canyon ISD	Randall	School Building	34.8
Carthage ISD	Panola	School Building ^ Buses	8.6
Carthage ISD	Panola	Auditorium	19.8
Carthage ISD	Panola	Athletic Field Improvements	0.9
Chapel Hill ISDa	Smith	School Building	45.0
Chillicothe ISD	Hardeman	HVAC	4.0
Clint ISD	El Paso	School Building & Security	80.0
Comal ISD	Comal	School Building & Security	147.7
Corrigan-Camden ISD	Polk	School Building & Buses	3.2
Crystal City ISD	Zavala	School Building	35.0
Decatur ISD	Wise	School Building & Security	10.0
Decatur ISD	Wise	Multi-Purpose Center	3.5
Eanes ISD	Travis	School Building & Security	52.5
Fairfield ISD	Freestone	School Building	3.0
Franklin ISD	Robertson	School Building	6.0
Fredericksburg ISD	Gillespie	School Building	16.0
Freer ISD	Duval	School Building	6.2
Gregory-Portland ISD	San Patricio	School Building & Buses	117.0
Harlandale ISD	Bexar	School Building & Security	64.9
Hereford ISD	Deaf Smith	School Building	43.4
Hondo ISD	Medina	School Building & Buses	33.8
Italy ISD	Ellis	School Building	12.0
Joshua ISD	Johnson	School Building & Security	50.0
Klein ISD	Harris	School Building	498.1
Kress ISD	Swisher	School Building	3.0
La Poynor ISD	Henderson	School Building	4.1
La Poynor ISD	Henderson	Gymnasium	4.9
Lancaster ISD	Dallas	School Building & Security	125.9
Lefors ISD	Gray	School Building & Buses	3.0
Liberty ISD	Liberty	School Building	33.5
Lipan ISD	Hood	School Building & Buses	4.0
Madisonville Cons ISD	Madison	School Building & Technology	19.8

Table A3 (continued)
Texas Local Government
Carried Propositons
Bond Elections May 09, 2015
($ in millions)

Issuer	County	Purpose	Amount Carried
Public School Districts Cont'd			
Malakoff ISD	Henderson	School Building & Security	$3.0
Marshall ISD	Harrison	School Building	109.2
McCamey ISD	Upton	School Building & Buses	26.5
Mesquite ISD	Dallas	School Building & Technology	280.0
Mexia ISD	Limestone	School Building & Technology	13.2
Mexia ISD	Limestone	Refunding Notes	2.3
Milano ISD	Milam	School Building	3.8
Miles ISD	Runnels	School Building	7.0
Montgomery ISD	Montgomery	School Building & Security	256.7
New Caney ISD	Montgomery	School Building	173.0
New Summerfield ISD	Cherokee	School Building	8.0
Odem-Edroy ISD	San Patricio	School Building	24.5
Pettus ISD	Bee	School Building and Gynasium	32.3
Pleasanton ISD	Atascosa	School Building	63.0
Post ISD	Garza	School Building	18.0
Pringle-Morse Cons ISD	Hansford	School Building & Buses	2.0
Rankin ISD	Upton	School Building & Buses	28.5
Refugio ISD	Refugio/Victoria	School Building	20.6
Rice Cons ISD	Colorado	School Building	6.6
Roma ISD	Starr	School Building	25.0
Sam Rayburn ISD	Fannin	School Building	4.0
Slaton ISD	Lubbock	School Building	14.4
Sterling City ISD	Sterling	School Building & Buses	15.0
Sudan ISD	Lamb	School Building & Buses	4.5
Thrall ISD	Williamson	School Building & Technology	15.0
Union Grove ISD	Upshur	Gymnasium	9.9
Vega ISD	Oldham	School Building & Buses	18.1
Waxahachie ISD	Ellis	School Building	125.0
Weatherford ISD	Parker	Facilities Improvements	18.8
Weatherford ISD	Parker	School Building	49.5
Weatherford ISD	Parker	Security	6.6
Whitney ISD	Hill	Athletic Facility	11.0
Wichita Falls ISD	Wichita	Education Facility	59.5
Wylie ISDb	Taylor	School Building & Security	15.0
Public School Districts Total			**3,406.02**

Table A3 (continued)
Texas Local Government
Carried Propositons
Bond Elections May 09, 2015
($ in millions)

Issuer	County	Purpose	Amount Carried
Cities, Towns, Villages			
Abilene	Taylor	Civic Center	$2.8
Abilene	Taylor	Sidewalks	3.8
Abilene	Taylor	Police and Fire	12.9
Abilene	Taylor	Zoo	1.0
Abilene	Taylor	Aquatic Facilities	6.0
Abilene	Taylor	Splash Pads	2.5
Abilene	Taylor	Parks & Recreation	1.5
Abilene	Taylor	Airport Improvements	4.2
Abilene	Taylor	Streets & Roads	46.0
El Campo	Wharton	Public Safety	10.5
Frisco	Collin	Police and Fire	41.5
Frisco	Collin	Municipal Building	37.0
Frisco	Collin	Fleet Center	3.3
Frisco	Collin	Senior Citizen Center	9.0
Frisco	Collin	Streets and Roads	125.0
Frisco	Collin	Parks and Recreation	32.0
Frisco	Collin	Performing Arts	10.0
Frisco	Collin	Park	10.0
Georgetown	Williamson	Roads	105.0
Overton	Rusk	Water Line	0.3
Overton	Rusk	Drainage	0.3
Overton	Rusk	Damage Repair	0.2
Overton	Rusk	Highway	0.2
Overton	Rusk	Wastewater Treatment	0.1
Rowlett	Dallas	Streets & Roads	18.9
Rowlett	Dallas	Parks & Recreation	4.2
Rowlett	Dallas	Police & Fire	2.6
Selma	Bexar/Comal/Guadalupe	Road	9.0
Temple	Bell	Parks & Recreation	27.7
Cities, Towns, Villages Total			**$527.5**

Table A3 (continued)

Texas Local Government

Carried Propositons

Bond Elections May 09, 2015

($ in millions)

Issuer	County	Purpose	Amount Carried
Water Districts			
Dowdell PUD	Harris	Water, Sewer, & Drainage	$35.0
Galveston County WCID 01	Galveston	Flood Control	9.2
Harris County MUD 504	Harris	Water, Sewer & Drainage	247.3
Kaufman County MUD 07	Kaufman	Refunding	78.5
New Caney MUD	Montgomery	Water, Sewer System, & Drainage	10.8
Northwest Dallas County FCD	Dallas	Refunding	16.3
Pilot Knob MUD 001	Travis	Wastewater & Sewer System	144.3
Pilot Knob MUD 001	Travis	Road	72.4
Pilot Knob MUD 001	Travis	Park	3.7
Plantation MUD	Fort Bend	Water & Sewer	64.9
Plantation MUD	Fort Bend	Refunding	64.9
The Colony MUD #1D	Bastrop	Facilities	43.0
The Colony MUD #1D	Bastrop	Parks & Recreation	7.5
Travis County WCID 10	Travis	Water	45.9
Westador MUD	Harris	Water, Sewer & Drainage	12.0
Willow Point MUD	Fort Bend	Water, Sewer & Drainage	96.5
Water District Totals			**$952.2**
Counties			
Kerr County	Kerr	Jail	$15.0
Mills County	Mills	Law Enforcement Center	$7.3
Pecos County	Pecos	Hospital	$35.0
Counties Total			**$57.3**
Total Carried			**$4,943.0**

Table A4

Texas Local Government

Defeated Propositons

Bond Elections May 09,2015

($ in millions)

Issuer	County	Purpose	Amount Defeated
Public School Districts			
Carrizo Springs Cons ISD	Dimmit	School Building & Buses	$24.2
Chico ISD	Wise	School Building	7.0
Cleburne ISD	Johnson	School Building	150.0
Clifton ISD	Bosque	School Building	28.0
Coldspring-Oakhurst Cons ISD	San Jacinto	School Building	10.0
Douglass ISD	Nacogdoches	School Building	7.0
East Bernard ISD	Wharton	School Building	15.2
Eastland ISD	Eastland	School Building	26.5
Eastland ISD	Eastland	Refinance	4.5
Gilmer ISD	Upshur	School Building	28.5
Kelton ISD	Wheeler	School Building	8.0
McAllen ISD	Hidalgo	School Building	297.0
Pampa ISD	Gray	School Building	30.3
Pleasant Grove ISD	Bowie	School Building	16.6
Texline ISD	Dallam	School Building & Buses	3.8
Trinity ISD	Trinity	Building Construction & Improvements	15.7
Ysleta ISD	El Paso	School Building	451.0
Public School Districts Total			**$1,123.4**
Cities, Towns, Villages			
Brazoria	Brazoria	Park Improvements	$1.8
Cities, Towns, Villages Total			**$1.8**
Health/Hospital Districts and Authorities			
Coleman Hospital District	Coleman	Hospital	$12.0
Health/Hospital Districts and Authorities Total			**$12.0**
Counties			
Montgomery County	Montgomery	Road	$350.0
Counties Total			**$350.0**
Total Defeated			**$1,487.1**

Table A5
Texas Local Government
Carried Propositons
Bond Elections November 04, 2014
($ in millions)

Issuer	County	Purpose	Amount Approved
Public School Districts			
Abernathy ISD	Hale	School Building	$3.0
Archer City ISD	Archer	School Building & Buses	17.8
Arp ISD	Smith	School Building	11.6
Austwell-Tivoli ISD	Refugio	School Building	16.0
Birdville ISD	Tarrant	School Building & Technology	163.2
Brazosport ISD	Brazoria	School Building	175.0
Bryan ISD	Brazos	School Building	132.0
Burnet Cons ISD	Burnet	School Building	26.8
Coolidge ISD	Limestone	School Building & Buses	1.0
Corpus Christi ISD	Nueces	Campus Improvements	100.0
Corsicana ISD	Navarro	School Building	49.7
Cotulla ISD	La Salle	School Building	50.0
Crane ISD	Crane	School Building & Buses	5.0
Crockett Co Cons CSD	Crockett	School Building	3.0
Dayton ISD	Liberty	School Building	87.8
Del Valle ISD	Travis	School Building	134.0
Duncanville ISD	Dallas	School Building & Security	102.5
El Campo ISD	Wharton	School Building & Auditorium	12.0
Fabens ISD	El Paso	School Building	7.0
Fabens ISD	El Paso	Refunding	1.4
Fort Bend ISD	Fort Bend	School Building	484.2
Garland ISD	Dallas	School Building	455.5
George West ISD	Live Oak	School Building & Auditorium	15.0
George West ISD	Live Oak	Activity Center	3.5
Grandfalls-Royalty ISD	Ward	School Building	12.2
Hamshire-Fannett ISD	Jefferson	School Building	19.5
Jim Ned Cons ISD	Taylor	School Building	14.0
Katy ISD	Harris	School Building & Buses	748.1
Kaufman ISD	Kaufman	School Building	57.5
Keller ISD	Tarrant	School Building & Technology	169.5
Lamar Consolidated ISD	Fort Bend	School Building	240.6
Lexington ISD	Lee	School Building	7.0
McMullen County ISD	McMullen	School Building & Gym	14.6
Pasadena ISD	Harris	School Building & Technology	175.6
Port Arthur ISD	Jefferson	School Building	195.0
Richland Springs ISD	San Saba	School Building	2.9
San Elizario ISD	El Paso	School Building	28.0
Sunnyvale ISD	Dallas	School Building	5.6
Texarkana ISD	Bowie	School Building	29.9

Table A5 (continued)

Texas Local Government

Carried Propositons

Bond ElectionsNovember 04, 2014

($ in millions)

Issuer	County	Purpose	Amount Carried
Public School Districts Cont'd			
Three Rivers ISD	Live Oak	Athletic Facility & School Building	$7.1
Van Alstyne ISD	Grayson	School Building	6.9
Webb Cons ISD	Webb	School Building & Buses	14.3
White Deer ISD	Carson	School Building	14.2
Wildorado ISD	Oldham	School Building & Buses	13.0
Wylie ISDa	Collin	School Building & Security	94.2
Public School Districts Total			**3,926.4**
Cities, Towns, Villages			
Arlington	Tarrant	Public Works	$160.1
Arlington	Tarrant	Parks & Recreation	60.0
Arlington	Tarrant	Fire Department	9.8
Arlington	Tarrant	Library	6.1
BUDa	Hays	Municipal Complex	21.0
BUDa	Hays	Police Station	6.8
BUDa	Hays	Street	12.3
BUDa	Hays	Drainage	7.0
BUDa	Hays	Parks & Rec	8.0
Cibolo	Guadalupe	Streets & Roads	7.0
Cibolo	Guadalupe	Public Safety	4.0
Cibolo	Guadalupe	Streets & Roads	2.5
Cockrell Hill	Dallas	Street & Bridge	4.0
Corpus Christi	Nueces	Street	96.8
De Soto	Dallas	Street	6.3
De Soto	Dallas	Fire Station	5.3
De Soto	Dallas	Parks & Recreation	1.6
De Soto	Dallas	Economic Development	6.3
Denton	Denton	Street	61.7
Denton	Denton	Public Safety	16.5
Denton	Denton	Drainage	8.5
Denton	Denton	Park	11.4
Fair Oaks Ranch	Bexar/Kendall	Street & Drainage	7.0
Katy	Harris	Fire Station	5.0
Lakeway	Travis	Recreation Improvements	3.8
Pflugerville	Travis	Transportation	28.0
Pflugerville	Travis	Parks & Recreation	25.0
Salado	Bell	Sewer	10.6
Seabrook	Harris	Municipal Complex	6.9
Seabrook	Harris	Fire Truck	0.7
Seabrook	Harris	Fiber Optics	0.5
Seabrook	Harris	Swimming Pool	0.5

Table A5 (continued)
Texas Local Government
Carried Propositons
Bond Elections November 04, 2014
($ in millions)

Issuer	County	Purpose	Amount Approved
Cities, Towns, Villages Cont'd			
Spring Valley	Harris	City Hall	$7.5
Spring Valley	Harris	Water, Sewer, Drainage	6.0
Sunnyvale	Dallas	Improvements	6.1
Cities, Towns, Villages Total			**$630.3**
Water Districts			
Barker-Cypress MUD	Harris	Water & Sewer	$30.0
Crane County Wd	Crane	Water	38.7
Cypress Creek UD	Harris	Water & Sewer	11.0
Fort Bend County WCID 2	Fort Bend	System	70.0
Grant Road PUD	Harris	Infrastructure	7.1
Lakeside WCID 2A	Travis	Refunding	69.2
Lakeside WCID 2A	Travis	Water, Sewer & Drainage	51.8
Lakeside WCID 2A	Travis	Parks & Recreation	6.3
Lakeside WCID 2A	Travis	Road	11.1
Langham Creek UD	Harris	Water, Sewer, & Drainage	75.0
Langham Creek UD	Harris	Refunding	75.0
Leander County MUD 1	Williamson	Water, Sewer & Drainage	118.6
Leander County MUD 1	Williamson	Refunding	118.6
Leander County MUD 1	Williamson	Road	10.4
Leander County MUD 1	Williamson	Parks & Recreation	10.0
Lee County Fwsd 1	Lee	Water & Sewer	0.8
Llano County MUD 1	Llano	Street	2.8
Palmera Ridge MUD	Williamson	Water, Sewer & Drainage	85.0
Pilot Knob MUD 05	Travis	Facilities	93.0
Pilot Knob MUD 05	Travis	Parks & Recreation	6.4
Pilot Knob MUD 05	Travis	Roads	52.8
Southwest Travis County MUD 1 - Shady Hollow	Travis	Facilities	41.2
Southwest Travis County MUD 1 - Shady Hollow	Travis	Parks & Recreation	10.3
Southwest Travis County MUD 1 - Shady Hollow	Travis	Road	9.2
Texas National MUD	Montgomery	Water and Sewer	16.5
Velasco DD	Brazoria	Levee	80.0
West Harris County MUD 02	Harris	Infrastructure	13.6
Williamson County MUD 19A	Williamson	Road	7.0
Williamson County MUD 19A	Williamson	Refunding	10.5
Williamson County MUD 23	Williamson	General	93.0
Williamson County MUD 23	Williamson	Refunding	139.4
Williamson County MUD 23	Williamson	Road	15.9
Williamson County MUD 23	Williamson	Recreation Center	9.0
Water Districts Total			**$1,389.0**

Table A5 (continued)

Texas Local Government

Carried Propositons

Bond Elections November 04, 2014

($ in millions)

Issuer	County	Purpose	Amount Approved
Community College Districts			
Austin CCD	Travis/Williamson	Campus Improvements	$224.8
Austin CCD	Travis/Williamson	Campus Improvements	161.2
Corpus Christi (Del Mar) JCD	Nueces	College Facility	157.0
Lone Star College System	Harris/Montgomery	College Facility	485.0
Northeast Texas CCD	Camp/Morris/Titus	Campus Improvements	19.9
Community College Districts Total			**$1,047.9**
Health/Hospital Districts and Authorities			
North Wheeler County Hospital District	Wheeler	Hospital	$10.0
Health/Hospital Districts and Authorities Total			**$10.0**
Water Districts			
Fisher County	Fisher	Law Enforcement Center	$6.7
Water Districts Total			**$6.7**
Total Carried			**$7,010.4**

Table A6

Texas Local Government

Defeated Propositons

Bond Elections November 04, 2014

($ in millions)

Issuer	County	Purpose	Amount Defeated
Public School Districts			
Aledo ISD	Parker	School Building	$61.5
Bridge City ISD	Orange	School Building	25.0
East Bernard ISD	Wharton	School Building	17.9
Edgewood ISDa	Bexar	School Building	10.0
George West ISD	Live Oak	Stadium	1.4
Somerville ISD	Burleson	School Building	12.5
Van Vleck ISD	Matagorda	School Building & Buses	42.7
Public School Districts Total			**171.0**
Cities, Towns, Villages			
Austin	Travis/Williamson	Transportation	$600.0
Hereford	Deaf Smith	Water	36.0
Pleasant Grove	Bowie	Public Safety	12.7
Weatherford	Parker	Downtown Area	16.5
Cities, Towns, Villages Total			**665.2**
Water Districts			
Highway 380 MMD	Denton	Water, Sewer & Drainage	$62.0
Highway 380 MMD	Denton	Road	99.0
Water Districts Total			**$161.0**
Health/Hospital Districts and Authorities			
Terry County Memorial Hospital District	Terry	Hospital	$44.0
Health/Hospital Districts and Authorities Total			**$44.0**
Total Defeated			**$1,041.2**

Appendix B
Capital Appreciation Bonds

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

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

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

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

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

The passage of House Bill 114 during the 84th Legislative Session has placed certain restrictions on the issuance of certain capital appreciation bonds payable from ad valorem taxes. ISDs are the most frequent issuers of CABs and have approximately 61.0 percent of the total of all CAB maturity values outstanding from all issuers. Table B1 below lists the top 100 most expensive CABs issued and outstanding for ISDs as of fiscal-year end 2015 as defined by the "Maturity Value/Proceeds" ratio. CABs become increasingly more expensive as interest continues to compound with longer-term maturities. For comparison, the Maturity Value/Proceeds ratio for CIBs is generally less than 2.0, and the AIPR is generally less than 1.0. The decline in the Maturity Value/Proceeds ratio compared to the Maturity Value/Par ratio shows the affect of including the premiums on PCABs in the comparison. (All but 8 of the transactions listed below are PCAB issuances).

Table B1
Texas Public School Districts
Top 100 Most Expensive CABs Outstanding As of August 31, 2015

Issuer	Issue	Closing Date	CAB Maturity Date	Maturity Value/Par	Maturity Value/ Proceeds	Accreted Interest / Proceeds Ratio
Forney ISD	Unl Tax Ref Bonds Txbl Ser 2014A	2/18/2014	8/15/2053	12.69	10.87	10.01
Forney ISD	Unl Tax Ref Bonds Ser 2014	2/15/2014	8/15/2053	10.17	8.34	7.52
Forney ISD	Unl Tax Ref Bonds Txbl Ser 2013B	8/27/2013	8/15/2043	7.94	6.89	6.03
Lake Worth ISD	Unl Tax Ref Bonds Ser 2015A	3/19/2015	2/15/2019	133.29	6.77	6.72
Hutto ISD	Unl Tax Ref Bonds Ser 2012A	5/3/2012	8/1/2045	249.18	6.71	6.68
Anna ISD	Unl Tax School Bldg Bonds Ser 2010A	9/21/2010	8/15/2046	3,819.06	6.25	6.25
Anna ISD	Unl Tax School Bldg Bonds Ser 2011	6/23/2011	2/15/2051	6.17	5.87	4.92
Anna ISD	Unl Tax School Bldg Bonds Ser 2010	4/8/2010	8/15/2043	12.00	5.82	5.33
Forney ISD	Unl Tax Ref Bonds Ser 2013A	8/27/2013	8/15/2043	9.35	5.49	4.90
Comal ISD	Unl Tax School Bldg Bonds Ser 2009	12/1/2009	2/1/2038	15.71	5.32	4.98
Leander ISD	Unl Tax School Bldg Bonds Ser 2014C	2/20/2014	8/15/2049	5.32	5.26	4.27
Anna ISD	Unl Tax School Bldg Bonds Ser 2009	10/15/2009	8/15/2042	7.57	5.26	4.56
Hillsboro ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	2/15/2001	8/15/2031	75.90	4.94	4.88
Hutto ISD	Unl Tax School Bldg Bonds Ser 2009	5/7/2009	8/1/2043	20.60	4.94	4.70
Frisco ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/24/2002	8/15/2034	11.65	4.79	4.37
Crowley ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	2/19/2002	8/1/2031	47.10	4.78	4.67
Leander ISD	Unl Tax School Bldg & Ref Bonds Ser 2008	5/29/2008	8/15/2041	5.84	4.45	3.69
Galena Park ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/24/2002	8/15/2032	4.75	4.43	3.50
Coppell ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	3/27/2001	8/15/2030	6.44	4.37	3.69
Lago Vista ISD	Unl Tax School Bldg & Ref Bonds Ser 1999	10/7/1999	8/15/2030	5.86	4.35	3.61
Lake Dallas ISD	Unl Tax School Bldg Bonds Ser 2008	12/11/2008	8/15/2044	6.54	4.32	3.66
Grand Prairie ISD	Unl Tax Ref Bonds Ser 2009	6/30/2009	8/15/2040	4.29	4.29	3.29
Lake Dallas ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	1/16/2003	8/15/2035	5.07	4.27	3.43
Andrews ISD	Unl Tax School Bldg Bonds Ser 2011	8/10/2011	2/15/2021	4.17	4.16	3.17
Socorro ISD	Unl Tax Ref & School Bldg Bonds Ser 2000	5/25/2000	2/15/2024	13.06	4.06	3.75
Forney ISD	Unl Tax School Bldg & Ref Bonds Ser 2000	3/15/2000	8/15/2025	4.31	4.03	3.10
Charlotte ISD	Unl Tax School Bldg Bonds Ser 2009	8/20/2009	8/1/2031	8.27	4.00	3.51
Brock ISD	Unl Tax School Bldg Bonds Ser 2013	8/8/2013	8/15/2043	4.10	3.98	3.01
Schertz-Cibolo-U City ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	12/12/2002	8/1/2028	8.01	3.93	3.44
Lake Worth ISD	Unl Tax School Bldg Bonds Ser 2007	8/10/2007	2/15/2034	3.98	3.87	2.90
Grand Prairie ISD	Unl Tax School Bldg & Ref Bonds Ser 2000A	12/13/2000	2/15/2026	4.38	3.84	2.96
Argyle ISD	Unl Tax Ref Bonds Ser 2006	10/31/2006	8/15/2035	9.02	3.74	3.33
Cedar Hill ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	3/28/2002	8/15/2032	8.92	3.72	3.31
Driscoll ISD	Unl Tax School Bldg Bonds Ser 2013	10/29/2013	8/15/2043	3.72	3.72	2.72
Schertz-Cibolo-U City ISD	Unl Tax School Bldg Bonds Ser 2006	7/25/2006	2/1/2036	3.70	3.70	2.70
Forney ISD	Unl Tax Ref Bonds Ser 2012	7/11/2012	8/15/2039	7.26	3.67	3.16
De Soto ISD	Unl Tax School Bldg & Ref Bonds Ser 2006	2/1/2006	8/15/2040	4.51	3.62	2.82
Wimberley ISD	Unl Tax School Bldg Bonds Ser 2013	8/7/2013	8/15/2041	3.61	3.61	2.61
Lake Dallas ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	10/16/2001	8/15/2029	3.91	3.59	2.68
Wylie ISDa	Unl Tax School Bldg Bonds Ser 2010	4/6/2010	8/15/2039	3.64	3.59	2.61
Spring Hill ISD	Unl Tax School Bldg & Ref Bonds Ser 2011	6/9/2011	2/15/2040	4.22	3.59	2.74
De Soto ISD	Unl Tax School Bldg and Ref Bonds Ser 2001	8/21/2001	8/15/2029	13.30	3.56	3.29
Paris ISD	Unl Tax School Bldg Bonds Ser 2009	8/20/2009	2/15/2033	7.00	3.51	3.01
Bartlett ISD	Unl Tax Ref Bonds Txbl Ser 1998	4/22/1998	2/15/2028	7.26	3.48	3.00
Midlothian ISD	Unl Tax School Bldg Bonds Ser 2011A	9/13/2011	2/15/2036	6.74	3.45	2.94
Burleson ISD	Unl Tax School Bldg & Ref Bonds Ser 2011	5/26/2011	8/1/2041	5.00	3.44	2.76
Sanger ISD	Unl Tax School Bldg Bonds Ser 2000	5/10/2000	2/15/2035	3.46	3.42	2.43
Weatherford ISD	Unl Tax School Bldg & Ref Bonds Ser 2000	3/15/2000	2/15/2035	3.60	3.37	2.43
Southwest ISD	Unl Tax School Bldg Bonds Ser 2013	6/12/2013	2/1/2043	3.34	3.34	2.34
Caddo Mills ISD	Unl Tax School Bldg & Ref Bonds Ser 2003	8/7/2003	8/15/2032	3.91	3.34	2.48
Midlothian ISD	Unl Tax School Bldg & Ref Bonds Ser 2004	5/13/2004	2/15/2022	14.48	3.32	3.09

Issuer	Issue	Closing Date	CAB Maturity Date	Maturity Value/Par	Maturity Value/ Proceeds	Accreted Interest / Proceeds Ratio
Waxahachie ISD	Unl Tax School Bldg Bonds Ser 2007	2/22/2007	8/15/2031	4.25	3.28	2.51
Brock ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	2/27/2001	8/15/2030	5.11	3.28	2.64
Navarro ISD	Unl Tax School Bldg & Ref Bonds Ser 2004	4/7/2004	2/15/2034	5.35	3.25	2.64
Ennis ISD	Unl Tax School Bldg & Ref Bonds Ser 2006	12/28/2006	8/15/2037	3.49	3.23	2.30
Sunnyvale ISD	Unl Tax School Bldg Bonds Ser 2011	8/25/2011	2/15/2039	3.20	3.20	2.20
Socorro ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	12/27/2001	8/15/2022	20.00	3.13	2.98
Crandall ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/12/2002	8/15/2029	6.10	3.13	2.62
Ennis ISD	Unl Tax Ref Bonds Ser 2013	5/8/2013	8/15/2040	4.61	3.13	2.45
Lovejoy ISD	Unl Tax School Bldg Bonds Ser 2012	4/24/2012	2/15/2040	3.69	3.10	2.26
Denton ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	12/10/2002	8/15/2030	3.26	3.08	2.14
Decatur ISD	Unl Tax School Bldg Bonds Ser2004	3/23/2004	8/15/2031	3.06	3.06	2.06
Mabank ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	2/19/2002	8/15/2030	4.22	3.05	2.33
Midway ISDb	Unl Tax School Bldg & Ref Bonds Ser 2000	3/15/2000	8/15/2020	3.27	3.03	2.11
Bastrop ISD	Unl Tax Ref Bonds Ser 2011	12/22/2011	2/15/2036	25.25	3.02	2.90
Weatherford ISD	Unl Tax School Bldg and Ref Bonds Ser 2002	3/13/2002	2/15/2033	3.16	3.02	2.07
Aledo ISD	Unl Tax School Bldg Bonds Ser 2001	10/9/2001	2/15/2032	3.02	3.01	2.01
Boerne ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	4/18/2002	2/1/2024	24.37	3.00	2.88
Royse City ISD	Unl Tax School Bldg Bonds Ser 2007	2/1/2007	8/15/2037	3.04	3.00	2.01
White Settlement ISD	Unl Tax Ref Bonds Ser 2013	5/16/2013	8/15/2041	17.94	2.99	2.83
Birdville ISD	Unl Tax School Bldg Bonds Ser 2000	6/22/2000	2/15/2021	2.99	2.98	1.98
Clint ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	1/30/2002	2/15/2024	5.34	2.98	2.42
Prosper ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	3/14/2002	8/15/2028	23.55	2.96	2.84
Caddo Mills ISD	Unl Tax Ref Bonds Ser 2006	12/28/2006	8/15/2035	4.95	2.96	2.36
Terrell ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	7/24/2001	8/1/2031	3.39	2.93	2.06
Lewisville ISD	Unl Tax School Bldg & Ref Bonds Ser 2003	5/22/2003	8/15/2024	57.81	2.92	2.87
Wylie ISDa	Unl Tax School Bldg Bonds Ser 2015B	2/15/2015	8/15/2050	2.93	2.90	1.91
Community ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	2/15/2001	8/15/2032	3.20	2.89	1.99
Princeton ISD	Unl Tax School Bldg Bonds Ser 2008	7/22/2008	2/15/2033	4.03	2.89	2.17
Melissa ISD	Unl Tax School Bldg Bonds Ser 2013	7/11/2013	8/1/2036	305.00	2.85	2.84
Aledo ISD	Unl Tax School Bldg Bonds Ser 2008	8/7/2008	2/15/2035	5.79	2.85	2.36
Schertz-Cibolo-U City ISD	Unl Tax School Bldg Bonds Ser 2007	12/18/2007	2/1/2032	3.08	2.85	1.92
White Settlement ISD	Unl Tax Ref Bonds Ser 2015B	6/4/2015	8/15/2041	12.53	2.84	2.61
Ennis ISD	Unl Tax School Bldg Bonds Ser 2008	8/14/2008	8/15/2038	2.84	2.80	1.81
Argyle ISD	Unl Tax School Bldg & Ref Bonds Ser 2003	1/14/2003	8/15/2033	4.60	2.79	2.19
Rockwall ISD	Unl Tax School Bldg Bonds Ser 2008	8/21/2008	2/15/2032	3.32	2.79	1.95
Grapevine-Colleyville ISD	Unl Tax Ref Bonds Ser 2006	4/13/2006	8/15/2026	2.74	2.74	1.74
Lake Dallas ISD	Unl Tax School Bldg & Ref Bonds Ser 1999	12/14/1999	8/15/2023	2.93	2.71	1.79
Waxahachie ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	4/23/2002	8/15/2024	11.26	2.69	2.45
Lake Dallas ISD	Unl Tax Ref Bonds Ser 2012	2/14/2012	8/15/2036	3.38	2.67	1.88
Caddo Mills ISD	Unl Tax Ref Bonds Ser 2015B	7/23/2015	8/15/2038	16.47	2.66	2.50
Denton ISD	Unl Tax Ref Bonds Ser 2006	7/11/2006	8/15/2031	3.45	2.66	1.89
Harlandale ISD	Unl Tax Ref Bonds Ser 2005	6/9/2005	8/15/2025	41.67	2.66	2.60
Normangee ISD	Unl Tax School Bldg Bonds Ser 2007	3/28/2007	8/15/2029	5.20	2.65	2.14
Bastrop ISD	Unl Tax Ref Bonds Ser 2006	6/22/2006	2/15/2031	5.21	2.64	2.14
Hutto ISD	Unl Tax School Bldg & Ref Bonds Ser 2007A	1/30/2007	8/1/2030	4.99	2.64	2.11
Lake Dallas ISD	Unl Tax School Bldg & Ref Bonds Ser 2007	2/20/2007	8/15/2033	3.78	2.62	1.93
Little Elm ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/25/2002	8/15/2034	2.85	2.61	1.70
Lipan ISD	Unl Tax School Bldg Bonds Ser 2011	8/16/2011	8/15/2037	2.76	2.53	1.62
Taylor ISD	Unl Tax School Bldg Bonds Ser 2009	6/9/2009	2/15/2029	9.83	2.52	2.27

Appendix C
Texas Charter Schools

History

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

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

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

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

Permanent School Fund Bond Guarantee Program

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

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

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

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

The BGP capacity for all schools is currently set at a multiple of 3.0 times the PSF book value minus a five percent reserve. The capacity for charter schools is calculated using the available PSF capacity multiplied by the ratio of the number of charter school students to public school students. The Commissioner annually determines the ratio which is currently set at 4.36 percent.

The BGP has reached capacity for charter schools and is currently not accepting any applications from charter schools. Additional capacity will become available in February 2016 when the capacity multiplier used for the BGP increases from 3.0 to 3.25.

Charter School Closures

Senate Bill 2 passed in the 83rd Legislature in 2013 requires the mandatory revocation of a charter by the Commissioner if a charter school fails to meet academic or financial accountability performance ratings for the preceding three school years. As a result of this legislation, 26 charters have been identified for mandatory revocation of which three had public debt outstanding but none were PSF guaranteed.

As of November 30, 2015 a total of $2.36 billion of debt had been issued for charter schools by EFCs of which $1.85 billion is currently outstanding. *Table C1* shows total EFC issuances since the inception of the BGP.

Table C1 Total Charter School Debt by Issuer As of November 30, 2015			
Issuer	**Par Issued**	**Par Outstanding**	**% Outstanding**
Clifton EFC	$ 642,225,000	$ 633,100,000	98.6%
Houston EFC	369,166,600	316,311,600	85.7%
Arlington EFC	354,754,000	343,095,000	96.7%
TPFA CSFC	353,320,000	176,138,304	49.9%
La Vernia EFC	202,390,000	54,660,000	27.0%
North Texas EFC	80,780,000	79,495,000	98.4%
Newark EFC	74,125,000	58,475,000	78.9%
Danbury EFC	63,115,000	23,880,000	37.8%
San Juan EFC	43,955,000	41,155,000	93.6%
Pharr County EFC	29,625,000	27,625,000	93.2%
Beasley County EFC	25,405,000	9,085,000	35.8%
Travis County EFC	20,865,000	20,085,000	96.3%
Tom Green County EFC	17,170,000	16,945,000	98.7%
Cameron EFC	16,640,000	14,455,000	86.9%
Heart EFC	14,835,000	9,160,000	61.7%
Orchard EFC	11,330,000	3,980,000	35.1%
Tarrant County EFC	9,390,000	-	0.0%
Waxahachie EFC	6,515,000	6,515,000	100.0%
Clyde EFC	6,240,000	6,240,000	100.0%
Anson EFC	6,000,000	5,148,831	85.8%
Fate EFC	6,000,000	-	0.0%
Dickinson EFC	5,455,000	-	0.0%
Hilshire Village EFC	4,123,000	4,123,000	100.0%
Total	**$ 2,363,423,600**	**$ 1,849,671,735**	**78.3%**

Of the $1.89 billion of charter school debt outstanding as of November 30, 2015, $828.8 million was guaranteed by the PSF. *Table C2* shows charter school debt guaranteed by the PSF.

Table C2 Charter School Debt Outstanding Guaranteed by the PSF as of November 30, 2015			
Charter School	Total Par Outstanding	PSF Guaranteed Debt Outstanding	% PSF Guaranteed
IDEA Academy, Inc.	$ 376,180,000.00	$ 161,485,000.00	42.9%
Harmony Public Schools	304,295,000	216,440,000	71.1%
Uplift Education	271,760,000	-	0.0%
KIPP, Inc.	124,855,000	124,855,000	100.0%
International Leadership of Texas	111,040,000	-	0.0%
LIFESCHOOL of Dallas	91,830,000	91,830,000	100.0%
Kipp Austin Public Schools, Inc.	72,840,000	72,840,000	100.0%
Responsive Education Solutions	63,965,000	63,965,000	100.0%
YES Prep Public Schools	34,251,600	-	0.0%
Meridian World School	30,085,000	-	0.0%
Trinity Basin Preparatory Project	29,605,000	29,605,000	100.0%
LTTS Charter School, Inc. d/b/a Universal Academy	29,440,000	-	0.0%
A.W. Brown - Fellowship Leadership Academy	26,777,039	-	0.0%
Tejano Center for Community Concerns, Inc. - Raul Yzaguirre School for Success Project	23,815,000	-	0.0%
Orenda Education	21,565,000	15,480,000	71.8%
Wayside Schools	20,085,000	-	0.0%
Eagle Advantage Schools, Inc.	19,630,000	19,630,000	100.0%
Odyssey Academy	17,245,000	12,245,000	71.0%
TLC Academy	16,945,000	-	0.0%
Arlington Classics Academy	15,780,000	-	0.0%
Faith Family Academy Charter School	14,455,000	-	0.0%
Ser-Ninos, Inc.	13,853,831	-	0.0%
Educational Resource Center, Inc.	9,675,000	-	0.0%
Amigos Por Vida, Friends for Life Housing and Education Corp	9,350,000	-	0.0%
Gateway Charter Academy	9,160,000	-	0.0%
FOCUS Learning Academy, Inc.	9,085,000	-	0.0%
Shekinah Learning Institute Project	8,250,000	-	0.0%
School of Excellence in Education Project	7,930,000	-	0.0%
Winfree Academy Charter School	7,800,000	-	0.0%
Southwest Winners Foundation, Inc.	7,425,000	-	0.0%
El Paso Education Initiative, Inc.	7,325,000	-	0.0%
Riverwalk Education Foundation, Inc.	7,155,000	7,155,000	100.0%
Golden Rule Schools, Inc.	7,050,000	7,050,000	100.0%
New Frontiers Charter School	6,600,000	-	0.0%
Nova Academy	6,240,000	6,240,000	100.0%
Evolution Academy Charter School	5,920,000	-	0.0%
South Texas Educational Technologies, Inc.	4,494,265	-	0.0%
NYOS Charter School, Inc.	3,980,000	-	0.0%
Horizon Montessori Schools	1,935,000	-	0.0%
Total	**$ 1,849,671,735**	**$ 828,820,000**	**44.8%**
Source: Municipal Advisory Council of Texas; Texas Education Agency			

Appendix D
Cost of Issuance

For fiscal 2015 the total aggregated cost of issuance (COI) including underwriter's spread for Texas local government issuers was $534.7 million and was comprised of total direct bond costs of $313.9 million and total underwriter's spread of $220.7 million (*Table D1*).

The largest components of total direct bond costs are fees for bond counsel, financial advisor and ratings agencies which totaled $92.2 million, $110.9 million and $37.7 million, respectively. Other direct bond related costs were $73.1 million and include fees for bond insurance, paying agent, trustee and escrow verification, miscellaneous bond program fees and various smaller fees.

Total underwriter's spread is comprised of the takedown fee, management fee, underwriter's counsel and spread expenses which totaled $167.9 million, $24.8 million, $15.2 million and $12.2 million, respectively.

Table D1
Texas Local Governments Total COI for FY 2015

Financial Advisor Fees	$	110,897,274
Bond Counsel Fees		92,223,976
Ratings Fees		37,685,577
Other Direct Bond Related Costs		73,114,463
Total Direct Bond Related Costs	$	313,921,289
Takedown Fee	$	167,925,690
Management Fee		24,807,314
Underwriter's Counsel Fee		15,240,880
Spread Expenses Fee		12,189,813
Total Underwriter's Spread*	$	220,748,317
Total COI including UW Spread	$	534,669,606

* Data does not include six issuances for which a breakout of the UW spread was not provided.

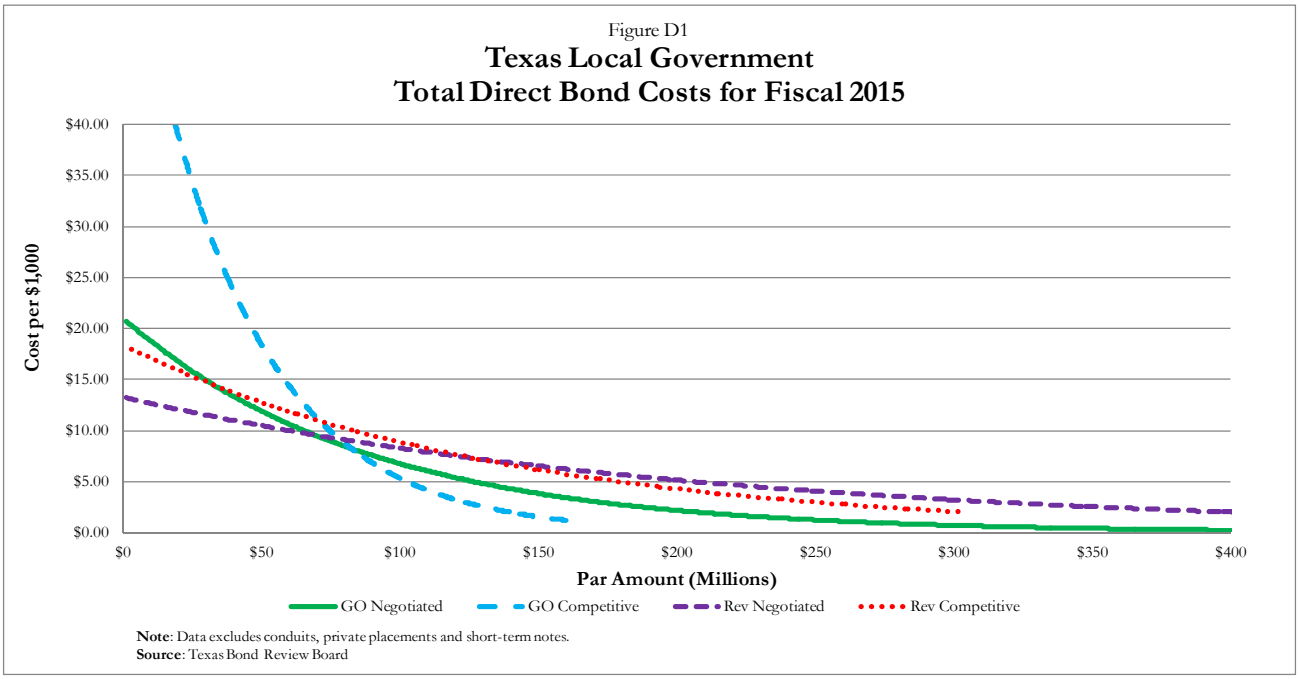
Source: Texas Bond Review Board

Trends in Issuance Costs for Texas Local Government Bonds in 2015

Total direct bond costs include all cost of issuance fees except underwriter's spread. To analyze these fees on a cost per $1,000 basis for fiscal year 2015, each major cost of issuance component has been compared by bond type (general obligation vs. revenue) and by method of sale (negotiated vs. competitive) *(Figures D1, D2, D3, D4, and D5).*

Excluding issuances of conduit, private placement debt and short-term notes, data was collected from 1,369 transactions for fiscal 2015 of which 477 were competitive and 892 were negotiated. Of

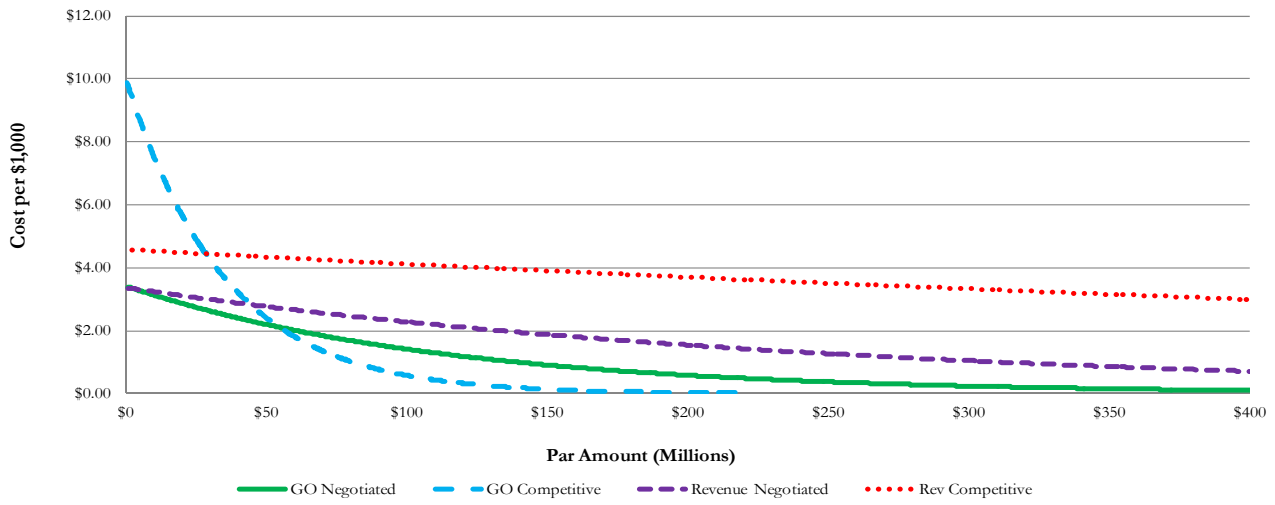
the competitive transactions, 453 were general obligation and 24 were revenue issuances. Of the negotiated transactions, 783 were general obligation and 109 were revenue transactions. The data indicates that cost per $1,000 for all transactions declined as transaction size increased. In general, GO transactions had lower cost per $1,000 than revenue transactions. GO competitive transactions had the highest cost per $1,000 for transactions less than $50.0 million - 442 of the 453 GO competitive transactions were issued for less than $50.0 million in fiscal 2015. GO competitive transactions had the lowest cost per $1,000 for transaction sizes larger than $50.0 million. Revenue negotiated transactions had the highest cost per $1,000 for transaction sizes larger than $150.0 million *(Figure D1)*.



Data for bond counsel cost per $1,000 for fiscal year 2015 indicates that GO competitive transactions had the highest cost per $1,000 for smaller transaction sizes but had the lowest cost per $1,000 for transaction sizes larger than $50.0 million. Revenue competitive transactions generally had the highest cost per $1,000 *(Figure D2)*.

Figure D2

Texas Local Government
Bond Counsel Fees for Fiscal 2015

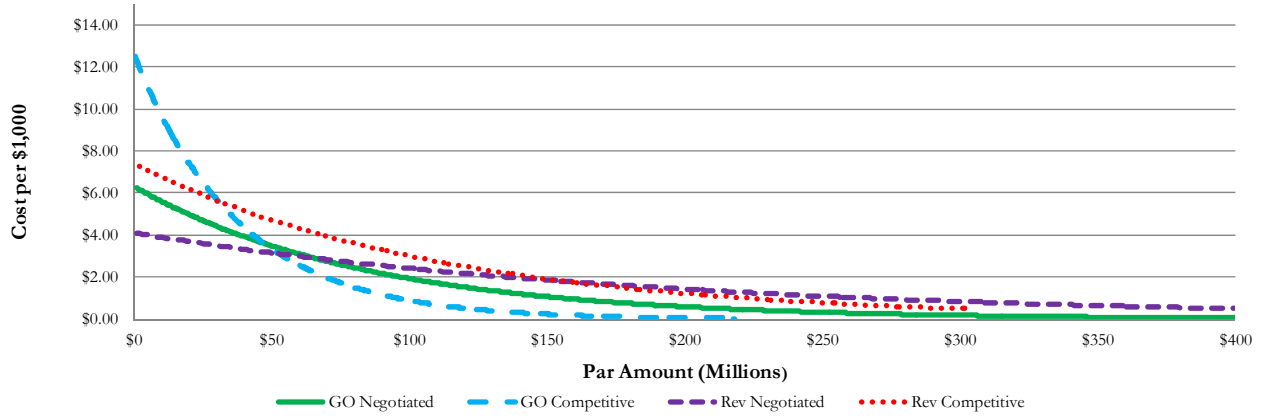


Note: Data excludes conduits, private placements and short-term notes.
Source: Texas Bond Review Board

Data for financial advisor cost per $1,000 indicates that GO competitive transactions had the highest cost per $1,000 for smaller transaction sizes but had the lowest cost per $1,000 for transaction sizes larger than $50.0 million. Revenue negotiated transactions had the highest cost per $1,000 for issuances over $200.0 million *Figure D3*.

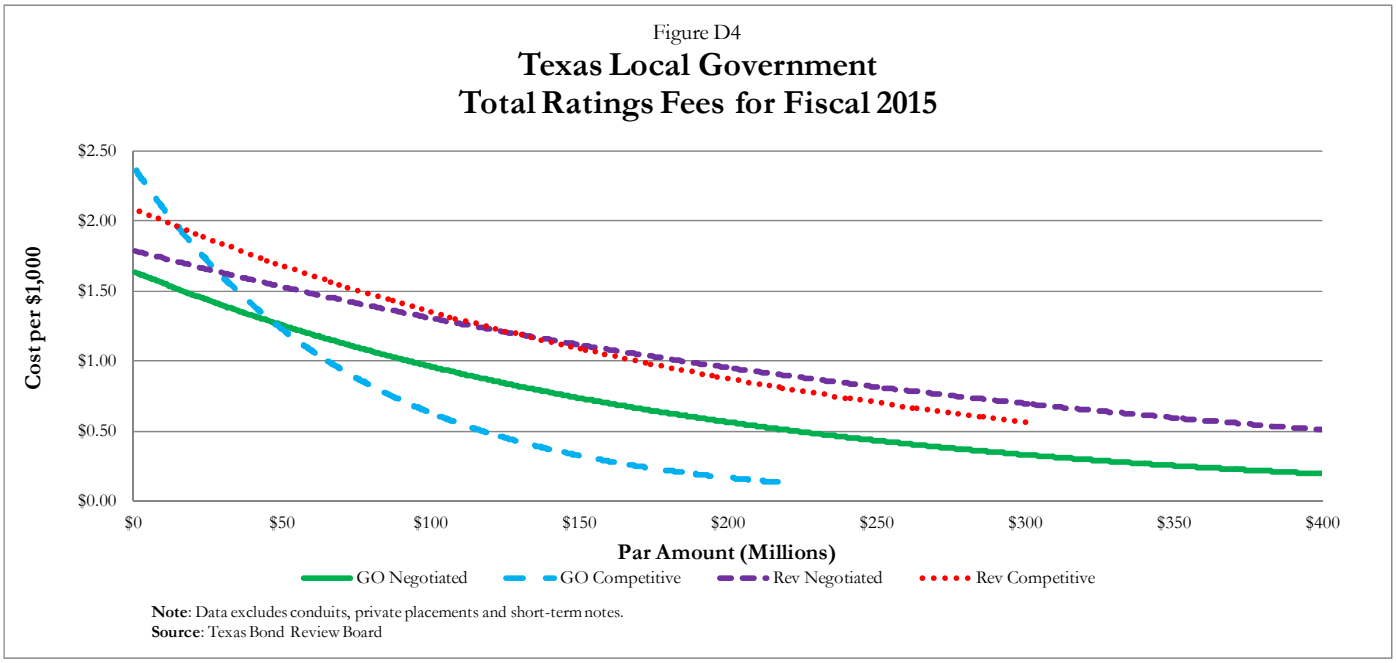
Figure D3

Texas Local Government
Financial Advisor Fees for Fiscal 2015

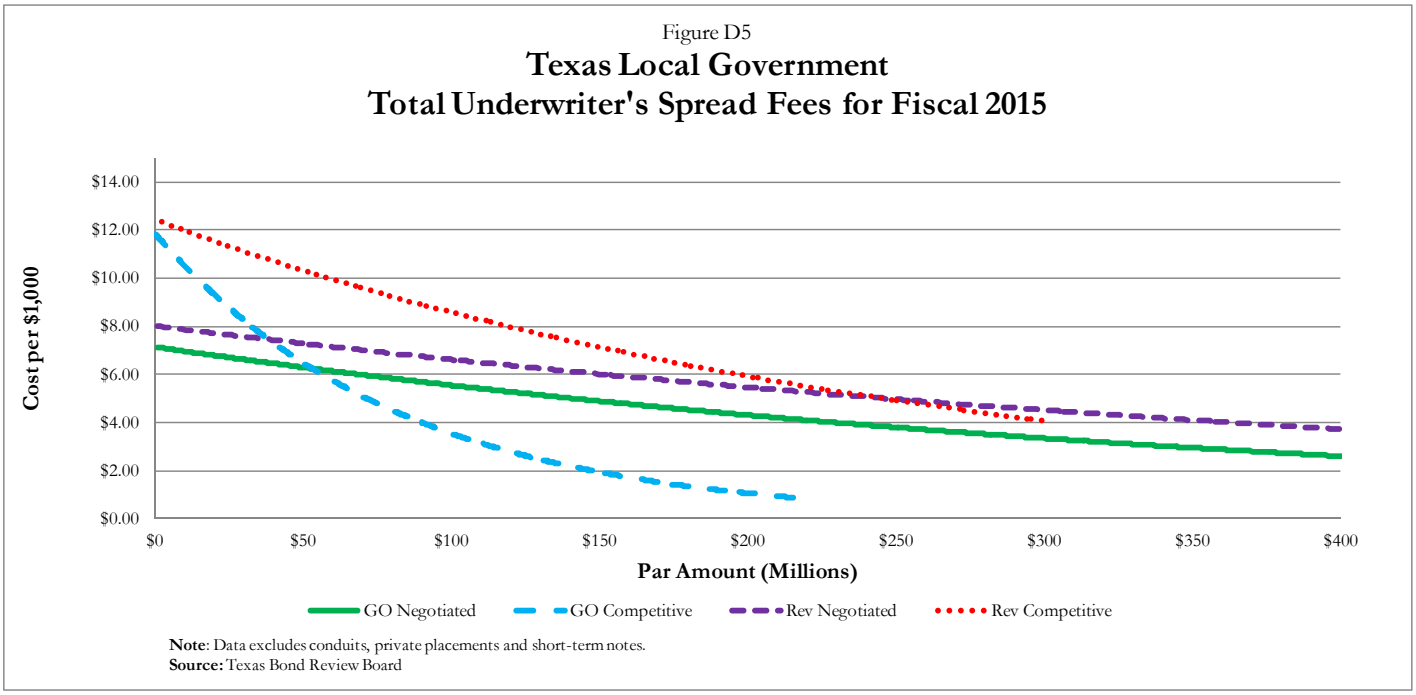


Note: Data excludes conduits, private placements and short-term notes.
Source: Texas Bond Review Board

Data for total ratings cost per $1,000 indicates that GO competitive transactions had the highest cost per $1,000 for smaller transaction sizes but had the lowest cost per $1,000 for transaction sizes larger than $50.0 million. GO negotiated transactions had the lowest cost per $1,000 for transaction sizes less than $50.0 million. Revenue negotiated transactions had lower cost per $1,000 than revenue competitive transactions for issuances less than $150.0 million *(Figure D4)*.



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



2015 Local Texas Governments Cost of Issuance Statistical Information

Table D2 provides COI statistical information for general obligation and revenue transactions completed during fiscal 2015.

Total COI including underwriter's spread had a weighted average of $13.99 per $1,000 and ranged from a minimum of $3.66 per $1,000 to a maximum of $176.25 per $1,000. The average transaction size was $25.61 million with an average fee size of $358,422.

Table D2

Texas Local Government COI Statistics Summary for Fiscal Year 2015

	Total Direct Bond Costs	Bond Counsel Fees	Financial Advisor Fees	Total Ratings Fees	Total UW Spread Fees	Total COI Including UW Spread
GO Negotiated						
Count	783	781	777	759	783	783
Average Par	$ 28,601,506	$ 28,630,508	$ 28,264,706	$ 29,281,868	$ 28,601,506	$ 28,601,506
Average Fee	$ 175,196	$ 48,417	$ 70,579	$ 28,988	$ 159,278	$ 334,474
Minimum ($ per 1,000)	0.52	0.45	0.08	0.26	0.30	3.66
Maximum ($ per 1,000)	125.74	23.54	21.88	9.55	31.63	133.22
Median ($ per 1,000)	11.64	2.17	5.48	1.37	6.76	18.54
Average ($ per 1,000)	6.13	1.69	2.50	0.99	5.60	11.69
GO Competitive						
Count	453	453	453	382	449	453
Average Par	$ 9,389,108	$ 9,389,108	$ 9,389,108	$ 10,498,458	$ 9,408,410	$ 9,389,108
Average Fee	$ 202,177	$ 65,480	$ 66,565	$ 15,749	$ 87,296	$ 288,702
Minimum ($ per 1,000)	2.59	0.61	0.97	0.49	0.59	4.43
Maximum ($ per 1,000)	155.33	34.26	29.69	9.9	42.64	176.25
Median ($ per 1,000)	40.07	10.00	15.00	2.03	11.81	52.18
Average ($ per 1,000)	21.53	6.97	7.09	1.50	9.28	30.75
Rev Negotiated						
Count	109	109	103	95	109	109
Average Par	$ 70,286,651	$ 70,286,651	$ 71,063,932	$ 78,445,632	$ 70,286,651	$ 70,286,651
Average Fee	$ 373,171	$ 110,363	$ 108,201	$ 71,678	$ 396,364	$ 769,535
Minimum ($ per 1,000)	1.85	0.54	0.35	0.25	2.35	5.58
Maximum ($ per 1,000)	120.12	21.26	27.53	10.62	60.03	145.83
Median ($ per 1,000)	8.28	1.98	2.89	1.28	5.93	15.04
Average ($ per 1,000)	5.31	1.57	1.52	0.91	5.64	10.95
Rev Competitive						
Count	24	24	24	22	24	24
Average Par	$ 31,467,917	$ 31,467,917	$ 31,467,917	$ 33,579,318	$ 31,467,917	$ 31,467,917
Average Fee	$ 327,984	$ 115,157	$ 114,304	$ 41,171	$ 260,590	$ 588,574
Minimum ($ per 1,000)	2.93	1.22	0.89	0.63	2.14	7.98
Maximum ($ per 1,000)	65.32	27.13	22.7	9.51	34.44	87.46
Median ($ per 1,000)	11.63	2.79	4.39	1.68	11.72	24.87
Average ($ per 1,000)	10.42	3.66	3.63	1.23	8.28	18.70
Total						
Count	1369	1367	1357	1258	1365	1369
Average Par	$ 25,613,382	$ 25,625,580	$ 25,268,797	$ 27,366,000	$ 25,667,275	$ 25,613,382
Average Fee	$ 202,565	$ 60,183	$ 72,868	$ 28,405	$ 156,314	$ 358,422
Minimum ($ per 1,000)	0.52	0.45	0.08	0.25	0.30	3.66
Maximum ($ per 1,000)	155.33	34.26	29.69	10.62	60.03	176.25
Median ($ per 1,000)	13.92	2.66	6.45	1.52	7.22	21.63
Average ($ per 1,000)	7.91	2.35	2.88	1.04	6.09	13.99

Note: Data excludes conduits, private placements and short-term notes.
Source: Texas Bond Review Board

Appendix E
Glossary

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

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

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

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

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

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

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

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

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

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

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

Conduit Issuer – An issuer authorized by law to issue securities to finance revenue–generating projects in which the funds generated are used by a third party (known as the "conduit borrower" or "obligor") for debt–service payments. The conduit issuer is not responsible for debt service.

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

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

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

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

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

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

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

Home Rule City – Cities are classified as either "general law" or "home rule". A city may elect home rule status (i.e., draft an independent city charter) once it exceeds 5,000 population and the

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

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

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

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

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

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

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

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

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

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

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

Permanent School Fund - The Texas Permanent School Fund (PSF) was created in 1854 by the 5th Legislature expressly for the benefit of public schools. In addition, the Constitution of 1876 stipulated that certain lands and proceeds from the sale of those lands would also be dedicated to

the PSF. The Constitution requires that distributions from the returns on the PSF be made to the Available School Fund to be used for the benefit of public schools, and allows the PSF to be used to guarantee bonds issued by public schools.

Permanent School Fund Bond Guarantee – The Permanent School Fund Bond Guarantee Program (BGP) was created in 1983 as an alternative for school districts to avoid the cost of private bond insurance by obtaining a PSF guarantee for voter-approved public school bond issuances. In order to qualify for the BGP guarantee, school districts must be accredited by the state, have investment grade bond ratings but below AAA, and have their applications approved by the Commissioner of Education. Bonds guaranteed by the BGP are rated triple–A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yield – The investor's rate of return.

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

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

TEXAS BOND REVIEW BOARD
300 West 15th Street – Suite 409
P.O. Box 13292
Austin, TX 78711-3292

512-463-1741
http://www.brb.state.tx.us