

Texas Bond Review Board

2011

Local Government Annual Report



Fiscal Year Ended August 31, 2011

Texas Bond Review Board Local Government Annual Report 2011

Fiscal Year Ended August 31, 2011

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Chairman

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Cautionary Statements

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

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

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

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

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

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

Chapter 1

Texas Local Debt in Perspective

Overview

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

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

Texas Bond Review Board and Local Government Debt

The Texas Bond Review Board (BRB) has no direct oversight of local government debt issuance. Chapter 1231 of the Texas Government Code does require the BRB to prepare statistical reports on local government debt. This information on debt issued by political subdivisions is primarily collected by the OAG in its review and approval of public securities under Chapter 1202 of the Government Code and then forwarded to the BRB for its report on local debt statistics pursuant to Section 1202.008 of the Government. Local indebtedness and certain conduit revenue debt that is not in the form of public securities approved by the OAG or incurred by nonprofit corporations created by the local governments will not be reflected in this report.

All reporting on local debt is presented on the agency's website. Visitors to the site can search databases and download spreadsheets that contain debt outstanding, debt ratio and population data by government type at each fiscal-year end. In fiscal 2011, approximately 4,000 different users of the BRB's website downloaded over 19,100 spreadsheets containing Texas local government debt data. The BRB posts this information to its website annually within four months after the close of the fiscal year.

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

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

Table 1.1
Texas Local Government
Debt Outstanding As of August 31, 2011*
(amounts in thousands)

Type of Issuer		Tax-Supported	Revenue	Total Debt
Public School Districts	Voter-approved tax	\$ 62,638,765		\$ 62,638,765
	Maintenance tax (ed. equipment)	612,456		612,456
	Lease Revenue Obligations	373,100		373,100
	Revenue (athletic facilities)		\$ 3,370	3,370
	Subtotal	\$ 63,624,321	\$ 3,370	\$ 63,627,691
Cities, Towns, Villages	Tax-Supported	\$ 26,957,078		\$ 26,957,078
	Revenue		\$ 35,691,822	35,691,822
	Sales Tax		256,265	256,265
	Conduit Revenue**		-	-
	Lease Revenue Obligations (jail facilities only)		14,290	14,290
Subtotal	\$ 26,957,078	\$ 35,962,377	\$ 62,919,455	
Water Districts and Authorities	Tax-Supported	\$ 10,718,298		\$ 10,718,298
	Revenue		\$ 10,017,372	10,017,372
	Conduit Revenue**		9,584,820	9,584,820
	Subtotal	\$ 10,718,298	\$ 19,602,192	\$ 30,320,490
Other Special Districts and Authorities	Tax-Supported	\$ 155,406		\$ 155,406
	Sales Tax		\$ 3,967,315	3,967,315
	Revenue		10,556,275	10,556,275
	Lease Revenue Obligations		114,355	114,355
	Subtotal	\$ 155,406	\$ 14,637,945	\$ 14,793,351
Counties	Tax-Supported	\$ 10,304,743		\$ 10,304,743
	Revenue		\$ 2,460,765	2,460,765
	Conduit Revenue**		-	-
	Lease Revenue Obligations (jail facilities only)		557,722	557,722
	Subtotal	\$ 10,304,743	\$ 3,018,487	\$ 13,323,230
Community and Junior Colleges	Tax-Supported	\$ 3,041,021		\$ 3,041,021
	Revenue		\$ 991,058	991,058
	Lease Revenue Obligations (ed. facilities)		274,354	274,354
	Subtotal	\$ 3,041,021	\$ 1,265,412	\$ 4,306,432
Health/Hospital Districts and Authorities	Tax-Supported	\$ 2,115,551		\$ 2,115,551
	Sales Tax		24,007	24,007
	Revenue		\$ 1,305,202	1,305,202
	Conduit Revenue**		5,325	5,325
	Subtotal	\$ 2,115,551	\$ 1,334,534	\$ 3,450,084
Total Local Debt Outstanding		\$ 116,916,418	\$ 75,824,316	\$ 192,740,734
*Does not include obligations of less than one-year maturity and special obligations not requiring Attorney General approval				
**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				

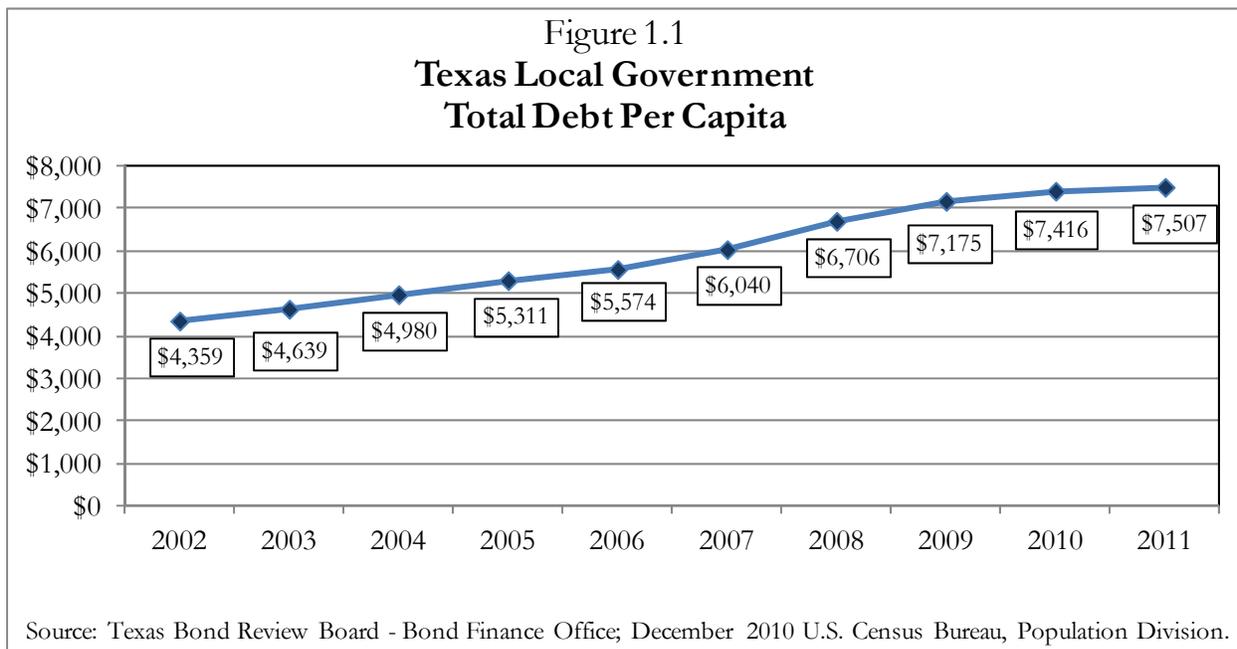
Local Government Debt Outstanding

As of fiscal-year end 2011 Texas local governments had \$192.74 billion in outstanding debt (*Table 1.1*), an increase of \$51.35 billion (36.3%) since fiscal 2007. Of that amount 60.7 percent (\$116.92 billion) is GO debt to be repaid from local tax collections while the remaining 39.3 percent (\$75.82 billion) will be repaid from revenues generated by various projects such as water, sewer and electric utility fees. Since fiscal 2007, tax-supported debt outstanding increased 34.6 percent (\$30.05 billion) and revenue debt outstanding increased 39.1 percent (\$21.31 billion).

School districts accounted for 33.0 percent (\$63.63 billion) of all local debt outstanding and Cities accounted for 32.6 percent (\$62.92 billion). WDs held the third highest percentage and accounted for 15.7 percent (\$30.32 billion) of all local debt outstanding. The remaining 18.6 percent (\$35.87 billion) were held by CCDs, Counties, HHDs and OSDs.

The most recent U.S. Census Bureau data (2009) showed that Texas continued to be ranked 2nd in population, 2nd among the ten most populous states in terms of Local Debt Per Capita, 5th in Total State and Local Debt Per Capita but 10th in State Debt Per Capita.

Total debt per capita (tax-supported and revenue) increased by 1.2 percent from \$7,416 in FY 2010 to \$7,507 in FY 2011. Debt per capita has increased by 72.2 percent (\$3,148) since 2002; the state's population has increased by 17.9 percent (3.9 million) over the past 10 years.



Tax-Supported Debt – 35 Percent Increase in Five Years

As of fiscal-year end 2011 Texas local governments had \$192.74 billion in debt outstanding, an increase of 36.3 percent (\$51.35 billion) since fiscal 2007. During that time tax-supported debt increased by 34.6 percent (\$30.05 billion) and revenue debt increased by 39.1 percent (\$21.31 billion) (Table 1.2).

Of the \$192.74 billion in total local debt outstanding, 60.7 percent (\$116.91 billion) was tax-supported debt, and the remaining 39.3 percent (\$75.83 billion) was debt secured by revenues generated by various projects such as water, sewer and utility.

Public school districts accounted for 54.4 percent (\$63.63 billion) of the total tax-supported local debt outstanding. Cities accounted for 23.1 percent (\$26.96 billion), WDs accounted for 9.2 percent (\$10.72 billion), and the remaining 13.4 percent (\$15.62 billion) was attributable to CCDs, Counties, HHDs and OSDs.

During fiscal 2011 tax-supported debt increased by 4.3 percent (\$4.78 billion) from \$112.14 billion to \$116.92 billion, 54.4 percent (\$63.62 billion) of which was carried by school districts. During the same time period, revenue debt increased by 5.8 percent (\$4.18 billion) from \$71.64 billion to \$75.82 billion, 47.4 percent (\$35.96 billion) of which was carried by Cities.

Revenue Debt - 39 Percent Increase in Five Years

Since fiscal 2007 revenue debt has increased by 39.1 percent from \$54.52 billion to \$75.82 billion, \$35.96 billion (47.4%) of which was carried by Texas cities (*Table 1.2*).

City revenue debt increased by 16.0 percent from \$30.99 billion to \$35.96 billion in the five-year period. The rate of increase is slowly rising reflecting the need to keep pace with infrastructure projects spurred by a 2.3 million (9.7%) increase in Texas' population during this time period. Urban areas have experienced particularly rapid growth that has created new infrastructure needs including roads and construction for new and expanded water and sewer systems. The majority of city revenue debt has been used to finance utility- related projects including water, wastewater and in some localities, electric utility systems.

County revenue debt increased by 32.1 percent from \$2.28 billion to \$3.02 billion in the five-year period of which \$1.75 billion (57.9%) was issued by Harris County for toll road projects.

Since fiscal 2007, CCD revenue debt rose by 25.6 percent from \$1.01 billion to \$1.27 billion as a result of increased enrollments.

Since 2007 revenue debt for OSDs increased 244.8 percent from \$4.25 billion to \$14.64 billion. This increase was largely due to the North Texas Tollway Authority's issuances totaling \$8.80 billion between fiscal years 2007 and 2011 in order to refund previous debt issues, defease bond anticipation notes and extend toll roads. Dallas Area Rapid Transit contributed to the increase by issuing a total of \$3.30 billion to improve and expand the Dallas public transportation system.

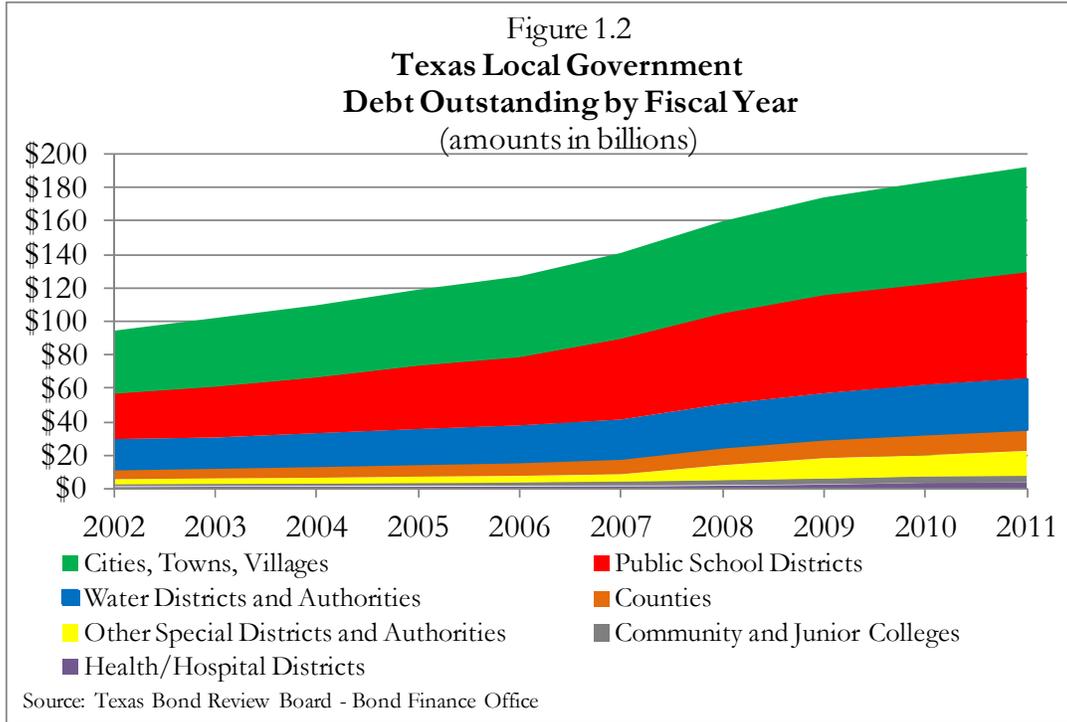
Table 1.2 lists the state's local debt outstanding by category from highest to lowest total amount outstanding.

Table 1.2
Texas Local Government Debt Outstanding by Fiscal Year
(amounts in thousands)

	8/31/2007	8/31/2008	8/31/2009	8/31/2010	8/31/2011
Public School Districts					
Tax-Supported	\$48,468,737	\$54,347,315	\$58,835,231	\$60,237,865	\$63,624,321
Revenue	2,855	2,385	2,030	1,645	3,370
Total	\$48,471,592	\$54,349,700	\$58,837,261	\$60,239,510	\$63,627,691
Cities					
Tax-Supported	\$20,322,257	\$22,918,520	\$24,576,951	\$26,394,258	\$26,957,078
Revenue	30,989,628	32,214,302	33,871,504	34,734,698	35,962,377
Total	\$51,311,885	\$55,132,822	\$58,448,454	\$61,128,956	\$62,919,455
Water Districts and Authorities					
Tax-Supported	\$8,055,830	\$9,100,898	\$9,849,025	\$10,415,762	\$10,718,298
Revenue*	14,907,948	16,305,279	17,272,507	18,885,133	19,602,192
Total	\$22,963,778	\$25,406,178	\$27,121,532	\$29,300,895	\$30,320,490
Other Special Districts and Authorities					
Tax-Supported	\$95,554	\$98,676	\$117,643	\$144,500	\$155,406
Revenue	4,245,661	8,754,670	11,952,681	12,420,026	14,637,945
Total	\$4,341,215	\$8,853,346	\$12,070,324	\$12,564,526	\$14,793,351
Counties					
Tax-Supported	\$7,754,162	\$8,697,410	\$9,204,643	\$10,138,442	\$10,304,743
Revenue	2,284,886	2,683,182	2,720,646	2,995,052	3,018,487
Total	\$10,039,048	\$11,380,592	\$11,925,289	\$13,133,494	\$13,323,230
Community College Districts					
Tax-Supported	\$1,768,490	\$2,060,990	\$2,551,582	\$2,881,206	\$3,041,021
Revenue	1,007,556	1,174,764	1,133,324	1,211,160	1,265,412
Total	\$2,776,046	\$3,235,753	\$3,684,905	\$4,092,365	\$4,306,432
Health/Hospital Districts and Authorities					
Tax-Supported	\$405,629	\$534,767	\$1,085,554	\$1,928,991	\$2,115,551
Revenue*	1,078,445	1,412,667	1,378,072	1,396,608	1,334,533
Total	\$1,484,074	\$1,947,434	\$2,463,626	\$3,325,599	\$3,450,084
Total Tax-Supported	\$86,870,659	\$97,758,575	\$106,220,629	\$112,141,024	\$116,916,418
Total Revenue	\$54,516,979	\$62,547,250	\$68,330,763	\$71,644,320	\$75,824,315
Total Debt Outstanding	\$141,387,638	\$160,305,825	\$174,551,392	\$183,785,344	\$192,740,733

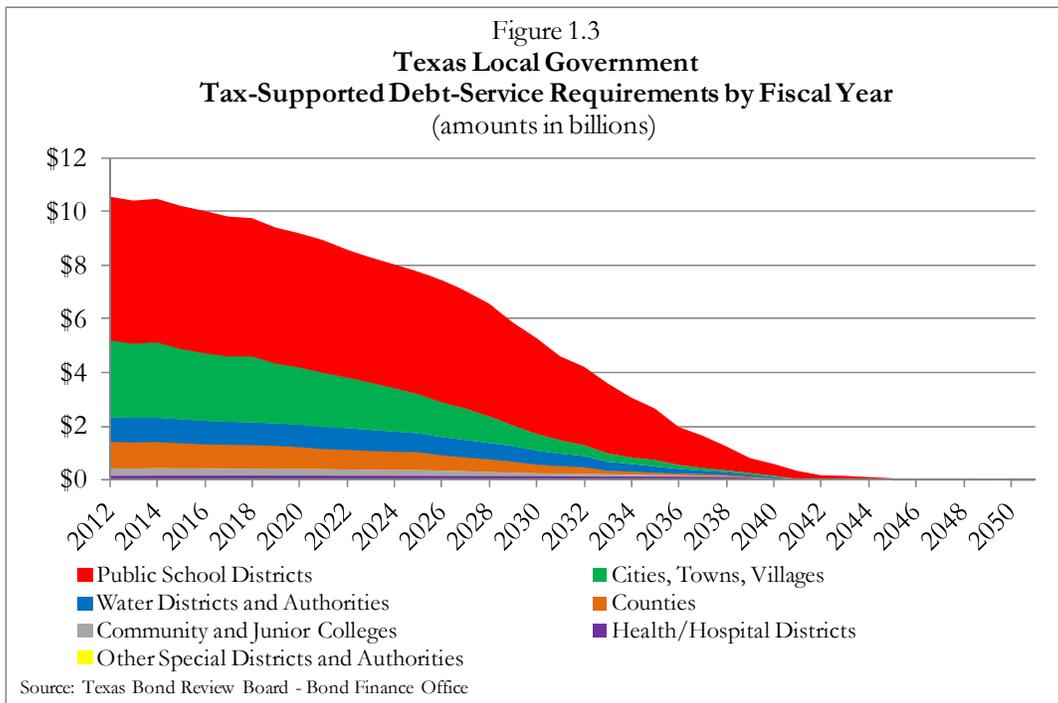
*Does not include certain conduit debt issued for which the Bond Review Board does not receive issuance information
Source: Texas Bond Review Board - Bond Finance Office

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



Debt-Service Requirements

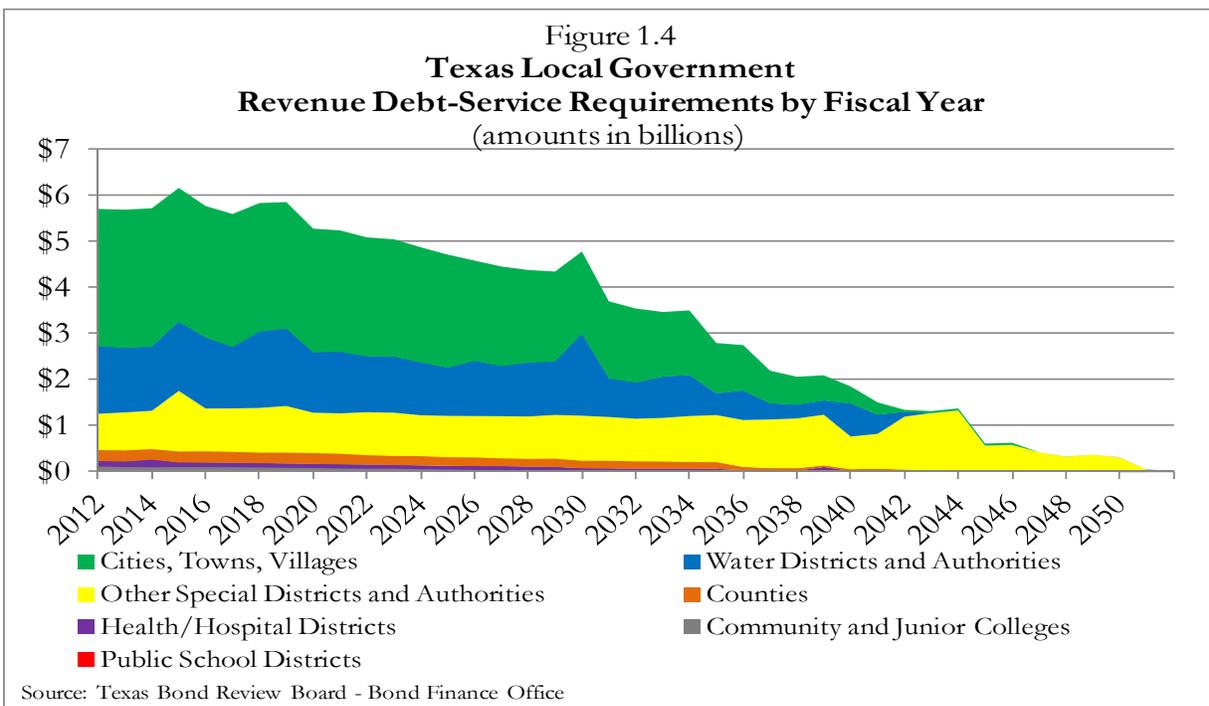
Figure 1.3 shows the tax-supported debt-service requirements (principal and interest) for all categories of debt outstanding as of August 31, 2011. Tax-Supported debt service peaks at \$10.53 billion in Fiscal Year 2012.



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

Figure 1.4 shows the revenue debt-service requirements for all categories of debt outstanding as of August 31, 2011. Revenue debt service peaks at \$6.15 billion in Fiscal Year 2015.

School districts expect to repay all their revenue debt service within the next 15 years, CCDs expect to repay theirs in the next 30 years and the remaining categories expect to repay theirs over the next 40 years.



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.

Table 1.3 illustrates the amount of debt retired in the coming five and ten year periods for both tax-supported and revenue debt. Rate of debt retirement for HHD tax-supported debt is low because over half was issued as BABs with most principal repayments scheduled after 10 years.

Table 1.3 Texas Local Government* Rate of Debt Retirement (amounts in thousands)					
Debt Repaid (Principal Only)	Tax-Supported		Revenue		
	Debt	Percent	Debt	Percent	
Within Five Years					
Cities, Towns, Villages	\$ 8,326,564	30.9%	\$ 6,522,155	18.6%	
Counties	2,638,246	25.6%	319,819	13.0%	
Other Special Districts and Authorities	43,086	27.7%	978,383	7.1%	
Community and Junior Colleges	664,898	21.9%	299,133	23.6%	
Water Districts and Authorities	2,120,704	19.8%	2,417,436	24.9%	
Health/Hospital Districts	200,720	9.5%	266,098	20.0%	
Public School Districts	26,586,280	24.4%	2,193	50.8%	
Within Ten Years					
Cities, Towns, Villages	\$ 16,087,617	59.7%	\$13,638,190	38.9%	
Counties	5,253,576	51.0%	755,832	30.7%	
Other Special Districts and Authorities	82,196	52.9%	2,098,555	15.2%	
Community and Junior Colleges	1,392,741	45.8%	601,197	47.5%	
Water Districts and Authorities	4,506,903	42.0%	4,670,821	48.2%	
Health/Hospital Districts	486,947	23.0%	472,163	35.5%	
Public School Districts	51,882,540	47.6%	3,549	82.2%	
*Excludes commercial paper, conduit revenue and lease revenue obligations Source: Texas Bond Review Board - Bond Finance Office					

Debt Issuance

Debt issuance for Texas local governments increased by 7.8 percent (\$1.78 billion) from \$22.96 billion issued in fiscal 2010 to \$24.74 billion issued in fiscal 2011. Debt issuances for fiscal 2010 and 2011 issuance were relatively low compared to the record high of \$30.11 issued in fiscal 2008 which was elevated because of three issuers refunding transactions totaling \$4.53 billion for OSD-transportation projects (*Table 1.4*).

During fiscal 2011 new-money debt issued totaled \$14.82 billion and refunding debt totaled \$9.92 billion. Cities, school districts and water districts comprised 75.7 percent of the new-money transaction volume (\$11.22 billion) and 86.2 percent of the refunding volume (\$8.55 billion).

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Issuers	902	866	728	859	945
Issuances	1280	1218	1047	1321	1339
Cities					
New Money	\$ 4,793,964	\$ 5,276,613	\$ 5,012,273	\$ 4,751,511	\$ 4,213,436
Refunding	3,759,362	2,758,421	3,211,729	3,405,020	4,696,000
Total Par Issued	\$ 8,553,327	\$ 8,035,034	\$ 8,224,002	\$ 8,156,531	\$ 8,909,435
Counties					
New Money	\$ 1,354,425	\$ 2,009,792	\$ 1,188,035	\$ 1,639,496	\$ 746,641
Refunding	1,307,580	439,035	767,725	1,083,500	667,192
Total Par Issued	\$ 2,662,005	\$ 2,448,827	\$ 1,955,760	\$ 2,722,996	\$ 1,413,833
Water Districts					
New Money	\$ 1,828,666	\$ 3,016,162	\$ 1,955,951	\$ 2,033,371	\$ 1,689,783
Refunding	758,460	1,199,680	992,586	1,676,761	1,318,143
Total Par Issued	\$ 2,587,126	\$ 4,215,842	\$ 2,948,537	\$ 3,710,132	\$ 3,007,926
Public School Districts					
New Money	\$ 9,043,270	\$ 7,712,443	\$ 6,271,570	\$ 3,389,425	\$ 5,320,276
Refunding	4,167,745	1,111,992	999,970	1,980,465	2,538,873
Total Par Issued	\$ 13,211,015	\$ 8,824,435	\$ 7,271,539	\$ 5,369,890	\$ 7,859,149
Community College Districts					
New Money	\$ 929,060	\$ 473,050	\$ 613,250	\$ 581,525	\$ 357,516
Refunding	233,221	25,595	163,105	84,565	153,523
Total Par Issued	\$ 1,162,281	\$ 498,645	\$ 776,355	\$ 666,090	\$ 511,039
Health/Hospital Districts					
New Money	\$ 50,806	\$ 499,070	\$ 607,377	\$ 959,798	\$ 274,475
Refunding	27,325	235,096	51,445	138,389	7,355
Total Par Issued	\$ 78,131	\$ 734,166	\$ 658,822	\$ 1,098,187	\$ 281,830
Other Special Districts					
New Money	\$ 39,680	\$ 823,040	\$ 2,693,940	\$ 728,707	\$ 2,215,113
Refunding	777,565	4,529,619	1,549,123	507,407	543,055
Total Par Issued	\$ 817,245	\$ 5,352,659	\$ 4,243,063	\$ 1,236,115	\$ 2,758,168
Total New Money	\$ 18,039,871	\$ 19,810,170	\$ 18,342,396	\$ 14,083,834	\$ 14,817,240
Total Refunding	11,031,259	10,299,438	7,735,683	8,876,108	9,924,141
Total Par	\$ 29,071,130	\$ 30,109,608	\$ 26,078,079	\$ 22,959,941	\$ 24,741,380

Source: Texas Bond Review Board - Bond Finance Office

Proceeds of Issuance

During fiscal 2011, 37.4 percent of Texas' local debt issuance was used to refund debt, 23.4 percent was used to finance educational facilities and equipment, 12.5 percent was used for general-purpose debt, 12.4 percent was used to finance transportation projects and 8.9 percent was used to finance

water-related infrastructure. Water-related financings are likely understated because some issuers, especially cities borrow for multiple purposes, over half of which involve financings for water and transportation purposes. The remaining 5.4 percent of local debt issuance was used for multiple purposes including combined utility systems, solid waste and health-related facilities.

Capital Appreciation Bonds

During fiscal 2011 local governments issued \$466.0 million of capital appreciation bonds (CAB), approximately 1.9 percent of the total par amount issued by local governments. (See Table 1.5)

CABs are sold at a discounted price called the par amount. Interest compounds semiannually and accumulates over the life of the bond, and the amount paid at the maturity is called the maturity value. Interest rates for CABs are generally higher than bonds with current-pay interest. This structure keeps payments low in the near term and delays interest payments until maturity. The total debt outstanding figures are understated to the extent that these bonds are reported at their par issuance price rather than their maturity value.

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

Table 1.5					
Texas Local Government					
Capital Appreciation Bonds Par Amount Issued by Fiscal Year					
(amounts in thousands)					
	2007	2008	2009	2010	2011
Public School Districts	\$ 615,614	\$ 306,458	\$ 168,438	\$ 139,030	\$ 267,255
Other Special Districts and Authorities	-	399,999	199,998	3,500	158,176
Community and Junior Colleges	4,471	35	7,245	-	28,916
Cities, Towns, Villages	-	200	3,847	750	7,810
Counties	2,415	675	1,930	60	-
Health/Hospital Districts	-	15	-	-	-
Water Districts and Authorities	1,365	800	260	1,789	3,860
Total CAB Par Amount Issued	\$ 623,865	\$ 708,182	\$ 381,718	\$ 145,129	\$ 466,016
Total Par Amount Issued	\$ 29,071,130	\$ 30,109,608	\$ 26,078,079	\$ 22,959,941	\$ 24,741,380
CAB Par Amount % of Total	2.1%	2.4%	1.5%	0.6%	1.9%

Source: Bond Review Board - Bond Finance Office

Certificates of Obligation

During fiscal 2011 local governments issued \$1.56 billion in Certificates of Obligation (CO) or approximately 6.3 percent of the total debt issued (Table 1.6). Debt service for COs is paid from ad-valorem taxes and/or revenues and do not require an election unless a valid petition requesting an election is presented.

COs are authorized by the Certificate of Obligation Act of 1971, Subchapter C of Chapter 271 of the Texas Local Government Code and are issued to pay for the construction of a public work; purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way; and to pay for professional services such as engineers, architects, attorneys and financial advisors.

Table 1.6 Texas Local Government Certificates of Obligation Issuance (amounts in thousands)					
	2007	2008	2009	2010	2011
Cities	\$ 1,423,473	\$ 2,057,608	\$ 1,455,851	\$ 1,532,786	\$ 1,236,549
Counties	240,351	475,927	164,345	732,266	115,894
Health/Hospital Districts	-	-	572,635	-	204,885
Total Issued	\$1,663,824	\$ 2,533,535	\$2,192,831	\$ 2,265,052	\$1,557,328

Source: Texas Bond Review Board - Bond Finance Office

Build America Bonds

BABs were created by the American Recovery and Reinvestment Act of 2009 and could be issued as Tax Credit BABs or Direct-Payment BABs. Tax Credit BABs provide a federal subsidy to investors equal to 35% of the interest payable, and Direct-Payment BABs provide a direct federal subsidy payment to state and local governmental issuers equal to 35% of the interest payable. Authority to issue BABs expired in December 2010.

During fiscal years 2009-2011, 63 local government issuers issued \$10.96 billion in Direct-Payment BABs. Of that amount \$10.23 billion was issued for new-money purposes and \$728.5 million was for refunding purposes.

Texas local governments accounted for approximately 6.0 percent (\$10.94 billion) of the national BAB issuance of \$181.26 billion.

Chapter 2 Texas Cities, Towns and Villages

Overview

Texas cities, towns and villages (Cities) issue both tax-supported and revenue debt. Revenue debt also includes sales tax, conduit and lease-revenue obligations. As of August 31, 2011 total city debt outstanding was 32.6% (\$62.92 billion) of total local debt outstanding.

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

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

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

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

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

Total Debt Outstanding

As of August 31, 2011, 820 Cities have both tax-supported and revenue debt outstanding, 755 have only tax-supported debt outstanding, 355 have only revenue debt outstanding and two (Crystal City and Pecos City) have lease-revenue obligations outstanding. During fiscal 2011 total debt outstanding for Cities increased by 2.9 percent from \$61.13 billion in fiscal 2010 to \$62.92 billion including commercial paper (CP) (*Table 2.1*). Of that amount, 42.8 percent (\$26.96 billion) was tax-supported, 57.1 percent (\$35.95 billion) was revenue debt including \$256.3 million of sales tax revenue and \$14.3 million of lease-revenue obligations.

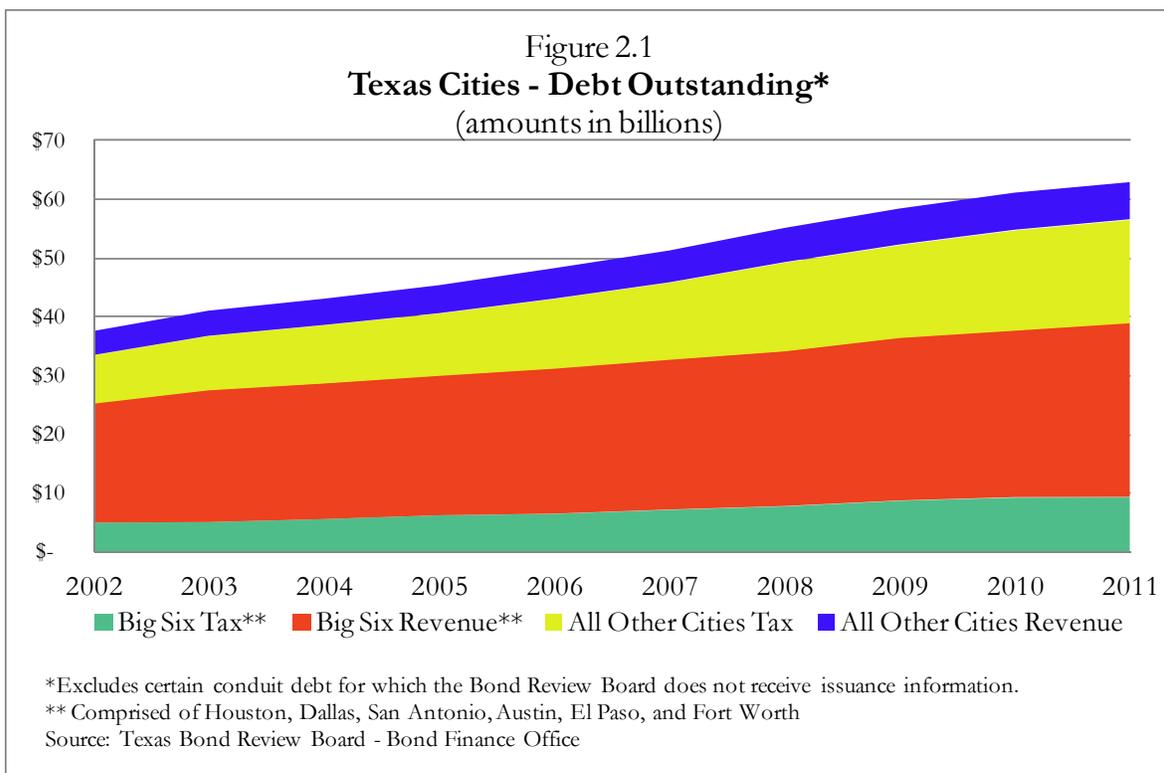
Over the five-year period since FY 2007, tax-supported debt increased by 32.6 percent (\$6.63 billion) and revenue debt increased by 16.0 percent (\$4.97 billion) (*Table 2.1*).

The state's six largest cities (Houston, Dallas, San Antonio, Austin, El Paso and Fort Worth, collectively the Big Six) account for 62.1 percent (\$39.05 billion) of the total tax-supported and revenue debt outstanding.

Table 2.1 Texas Cities - Debt Outstanding* (amounts in thousands)					
	2007	2008	2009	2010	2011
Big Six Tax**	\$ 7,219,501	\$ 7,817,701	\$ 8,781,578	\$ 9,329,427	\$ 9,374,930
Big Six Rev**	25,598,497	26,421,923	27,751,048	28,445,107	29,677,771
All Other Cities Tax	13,102,756	15,100,819	15,795,372	17,064,831	17,582,148
All Other Cities Rev	5,391,131	5,792,380	6,120,455	6,289,590	6,284,606
	\$ 51,311,885	\$ 55,132,822	\$ 58,448,454	\$ 61,128,955	\$ 62,919,455

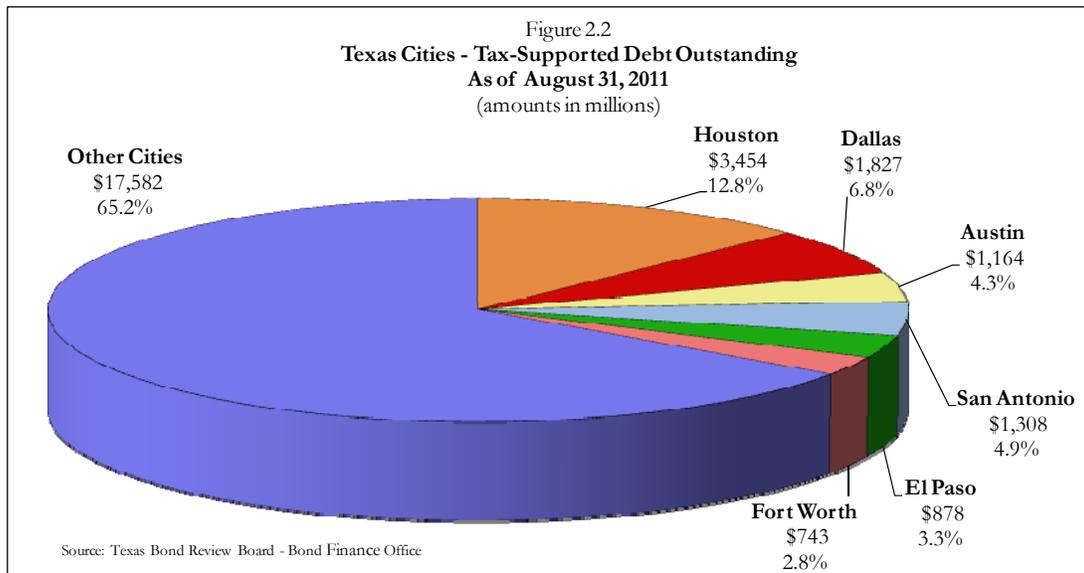
*Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.
** Comprised of Houston, Dallas, San Antonio, Austin, El Paso, and Fort Worth
Source: Texas Bond Review Board - Bond Finance Office

Figure 2.1 illustrates the debt outstanding for tax-supported and revenue debt over the past 10 years.



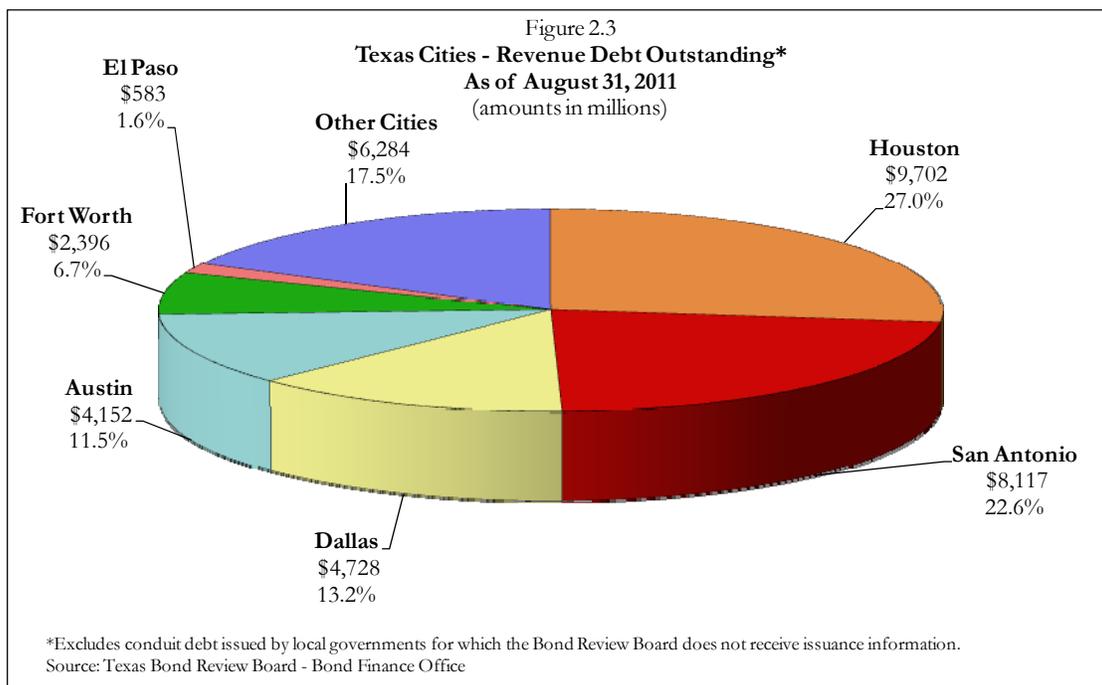
Tax-Supported Debt Outstanding

Of the Big Six Cities, the three largest cities (Houston, San Antonio and Dallas) carried 70.3 percent (\$6.59 billion) of the tax-supported debt with Houston accounting for \$3.45 billion. Such debt increased for five of the Big Six during FY 2011: Fort Worth by 8.3 percent, San Antonio by 0.2 percent, Houston by 1.0 percent, El Paso by 5.5 percent and Austin by 4.4 percent. Dallas' tax-supported debt decreased by 7.2 percent during FY 2011. Figure 2.2 shows total tax-supported debt outstanding for the Big Six Cities and other cities.



Revenue Debt Outstanding

Of the Big Six Cities, the three largest cities (Houston, San Antonio and Dallas) carried 76.0 percent (\$22.55 billion) of the revenue debt outstanding with Houston accounting for \$9.70 billion. Revenue debt increased for five of the Big Six during FY 2011: Fort Worth by 7.7 percent, San Antonio by 4.1 percent, Houston by 4.4 percent, Dallas by 5.6 percent, and Austin by 2.0 percent. Revenue debt decreased for El Paso by 0.4 percent during FY 2011. Figure 2.3 shows total revenue debt outstanding for the Big Six Cities and other cities.



Commercial Paper Outstanding

Ten 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, 2011, eight Cities had \$1.20 billion in CP outstanding (Table 2.2).

During FY 2009, Dallas authorized up to \$300 million for a new waterworks and sewer system revenue note program. During FY 2010, Houston created a tax-supported note program not

to exceed \$125 million to finance capital improvements and a utility system note program not to exceed \$700 million. During FY 2011, Dallas created a tax-supported note program Series 2010A, B and C not to exceed \$350 million to finance capital improvements.

Table 2.2 Texas Cities - Commercial Paper Outstanding* As of August 31, 2011 (amounts in thousands)			
	Tax- Supported	Revenue	Total
San Antonio	-	\$404,930	\$404,930
Austin	n/a	340,753	340,753
Houston	\$288,450	48,400	336,850
Garland	45,000	-	45,000
Dallas	-	36,860	36,860
Brownsville	n/a	20,000	20,000
Arlington	12,900	-	12,900
El Paso	-	3,000	3,000
Corpus Christi	-	-	-
Fort Worth	-	-	-
Total	\$346,350	\$853,943	\$1,200,293

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

Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. Texas Cities will repay 30.9 percent (\$8.33 billion) in principal outstanding of tax-supported debt within five years and 59.7 percent (\$16.09 billion) within ten years. Revenue debt principal repayment is 18.6 percent (\$6.52 billion) within five years and 38.9 percent (\$13.64 billion) within ten years (*Table 2.3*).

Table 2.3 Texas Cities - Rate of Debt Retirement*				
Debt Repaid	Tax-Supported Debt (billions)	Percent	Revenue Debt (billions)	Percent
Within Five Years	\$8.33	30.9%	\$6.52	18.6%
Within Ten Years	\$16.09	59.7%	\$13.64	38.9%

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

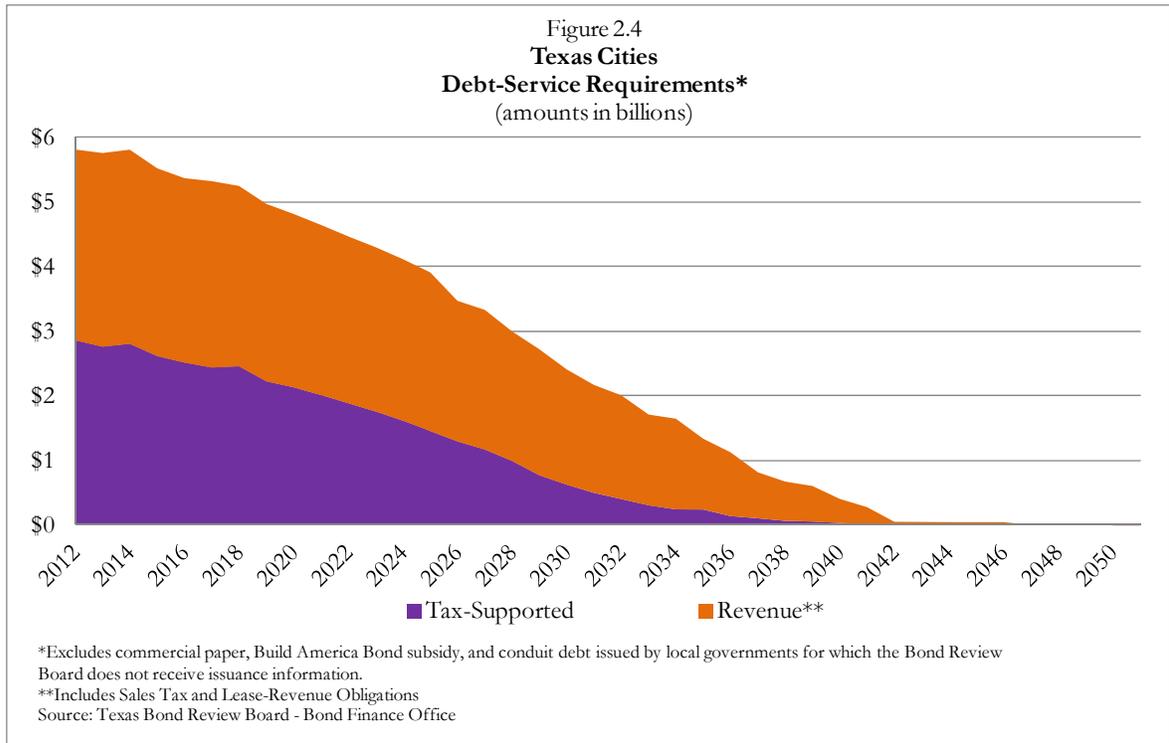
Debt-Service Requirements

As of August 31, 2011, debt-service requirements (principal and interest) for Cities totaled \$97.93 billion. *Table 2.4* illustrates annual debt-service requirements for the Big Six and other cities with tax and revenue debt outstanding.

Table 2.4 Texas Cities Tax-Supported and Revenue Debt-Service Requirements by Fiscal Year* (amounts in thousands)						
	2012	2013	2014	2015	2016	2017 & beyond
Houston	\$ 1,011,251	\$ 1,012,867	\$ 1,006,696	\$ 1,037,935	\$ 1,036,522	\$ 17,485,011
San Antonio	818,118	817,355	800,482	727,459	709,578	11,649,313
Dallas	587,454	588,104	577,460	561,262	544,402	8,264,264
Austin	551,109	534,594	539,231	487,020	462,239	5,083,386
Fort Worth	274,021	275,245	283,837	280,775	268,283	3,590,588
El Paso	133,760	131,153	239,419	124,322	121,613	1,469,408
Other Cities	2,426,467	2,390,019	2,352,596	2,293,605	2,218,552	22,168,095
Total Debt	\$ 5,802,179	\$ 5,749,337	\$ 5,799,720	\$ 5,512,377	\$ 5,361,189	\$ 69,710,065

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

Figure 2.4 illustrates the projected annual debt service for tax-supported and revenue debt outstanding as of August 31, 2011.



Debt Issuance in FY 2011

During fiscal year 2011 Texas Cities completed 475 financing transactions and borrowed \$8.91 billion dollars. Of those transactions, 387 (\$4.09 billion) were tax-supported and 88 (\$4.76 billion) were revenue backed.

The total par amount of City debt issuance declined after FY 2007 but has increased over the past fiscal year to an amount greater than that issued in FY 2007 (Table 2.5).

Table 2.5 Texas Cities - Debt Issuance (\$ in thousands)					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Issuers	233	267	224	254	285
Issuances	427	488	393	481	475
Tax					
New Money	\$3,505,841	\$3,950,849	\$2,963,985	\$3,443,856	\$2,216,790
Refunding	1,099,242	831,858	1,144,033	1,736,950	1,875,808
Subtotal	\$4,605,083	\$4,782,707	\$4,108,018	\$5,180,806	\$4,092,598
Revenue					
New Money	\$1,235,924	\$1,284,524	\$2,030,463	\$1,299,970	\$1,984,471
Refunding	2,660,120	1,926,563	2,067,696	1,654,680	2,779,392
Subtotal	\$3,896,044	\$3,211,087	\$4,098,159	\$2,954,650	\$4,763,863
Sales Tax Revenue					
New Money	\$52,200	\$41,240	\$17,825	\$7,685	\$12,175
Refunding	0	0	0	13,390	40,800
Subtotal	\$52,200	\$41,240	\$17,825	\$21,075	\$52,975
Total New Money	\$4,793,965	\$5,276,613	\$5,012,273	\$4,751,511	\$4,213,436
Total Refunding	\$3,759,362	\$2,758,421	\$3,211,729	\$3,405,020	\$4,696,000
Total Par Amount	\$8,553,327	\$8,035,034	\$8,224,002	\$8,156,531	\$8,909,436

Source: Texas Bond Review Board - Bond Finance Office

Houston issued the three largest transactions in fiscal 2011: \$449,975,000 to refund outstanding airport debt; \$426,410,000 for utility system improvements and refunding CP notes; and \$312,295,000 to refund various tax and revenue debt.

Over the past five fiscal years less than 0.1 percent of the total City debt had been issued as capital appreciation bonds (CABs), and the total debt outstanding figures are understated to the extent that these bonds are reported at their discounted issuance price rather than their maturity value.

Build America Bonds

During fiscal years 2009, 2010 and 2011, twelve cities issued Direct Payment Build America Bonds (BAB) totaling \$2.80 billion (Table 2.6). (See Glossary for discussion on BABs).

Table 2.6 Texas Cities Build America Bond Issuances (amounts in thousands)	
Issuer	Par Amount
San Antonio	\$1,659,300
Austin	280,420
Houston	268,225
El Paso	188,080
Lubbock	111,860
Dallas	85,380
Corpus Christi	60,625
Laredo	51,410
Victoria	23,005
Lancaster	34,995
San Marcos	21,880
Beaumont	19,040
Total	\$2,804,220

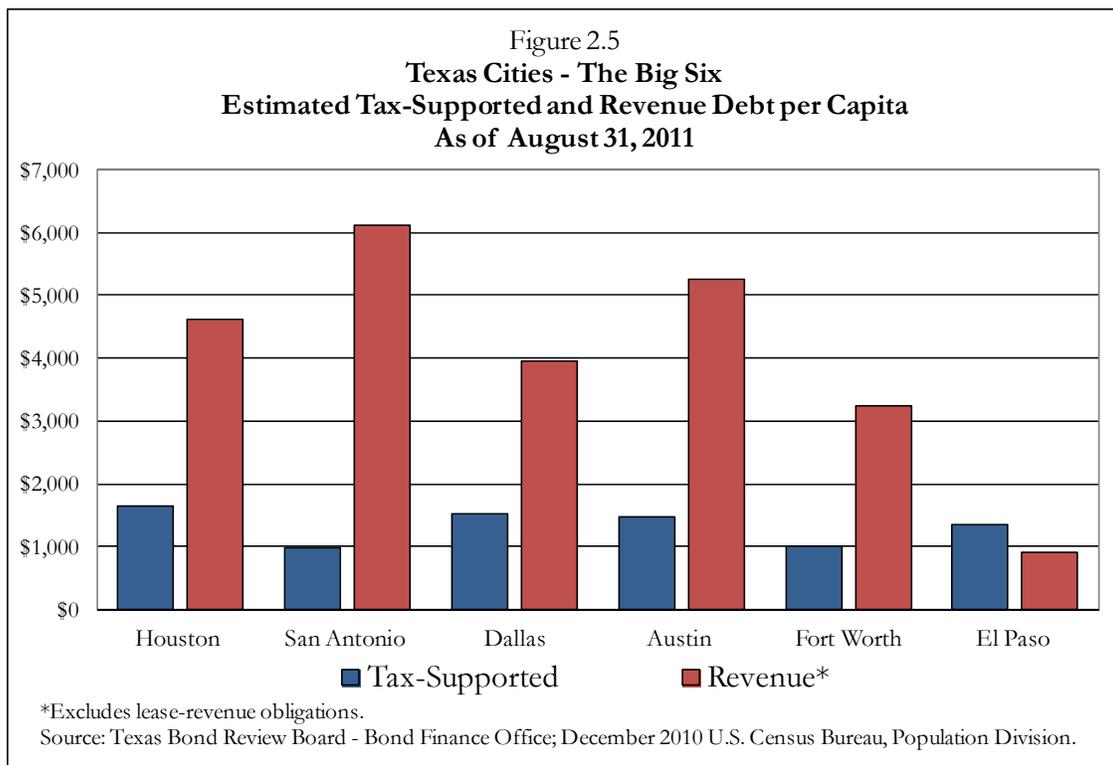
Source: Texas Bond Review Board

Debt per Capita

In fiscal 2010 and 2011, San Antonio had the highest total debt per capita (tax and revenue combined) of the Big Six despite having the lowest tax-supported debt per capita. From 2000 to 2009, Austin has had the highest total tax and revenue debt per capita of the Big Six.

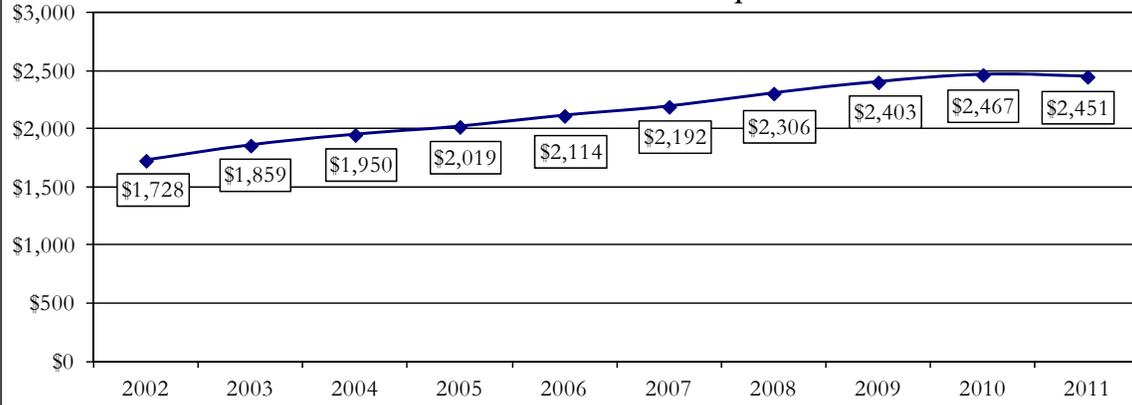
Houston has the highest tax-supported debt per capita (\$1,646) of the Big Six as of August 31, 2011. Dallas ranks second with \$1,526; Austin ranks third with \$1,472 followed by El Paso with \$1,352, Fort Worth with \$1,002 and San Antonio with \$985 tax-supported debt per capita (*Figure 2.5*).

San Antonio has the highest revenue debt per capita (\$6,115) of the Big Six as of August 31, 2011. Austin ranks second with \$5,253; Houston ranks third with \$4,621 followed by Dallas with \$3,947, Fort Worth with \$3,233 and El Paso with \$898 revenue debt per capita.



Total debt per capita (tax supported and revenue combined) decreased by 0.65 percent from \$2,467 in FY 2010 to \$2,451 in FY 2011. Tax debt per capita has increased by 41.8 percent (\$723) since 2002; the state's population has increased by 17.9 percent (3.9 million) over the past 10 years (*Figure 2.6*).

Figure 2.6
Texas Cities - Total Debt Per Capita



*Only includes correctional facilities for lease-revenue obligations.

Source: Texas Bond Review Board - Bond Finance Office; December 2010 U.S. Census Bureau, Population Division

Chapter 3 Texas Public School District Debt

Overview of School Debt Types

School districts issue four types of debt: voter-approved, maintenance and operations (M&O), lease-revenue and revenue. Charter school debt issued by nonprofit corporations is not included in School district debt. As of August 31, 2011 total school district debt outstanding was 33.0% (\$63.63 billion) of total local debt outstanding.

Voter-approved debt can be used for school capital projects such as buildings, renovations, technology, athletic facilities, school transportation and performing arts or to refund M&O debt. This debt must be authorized by voters and is subject to the 50-cent test that limits interest and sinking fund payments to a maximum of \$0.50 per \$100 of valuation as described in the Texas Education Code Section 45.0031.

M&O debt can be used for administration and operational costs of schools (teachers, buses, classrooms, etc.) but cannot be used for the new construction of school facilities. Tax rates for M&O debt is generally limited to a maximum of \$1.50 per \$100 valuation under Chapter 45 of the Education Code.

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

Revenue debt is used to build and maintain sports facilities.

As of August 31, 2011, 854 of the state's 1,024 school districts had one or more types of debt outstanding: 825 had voter-approved debt, 172 had M&O debt, 56 had lease-revenue obligations and 4 had revenue debt.

Austin ISD is the only school district with a commercial paper program. The program is backed by bond tax revenue pursuant to voter authority and had a total of \$3.3 million outstanding at the end of FY 2011.

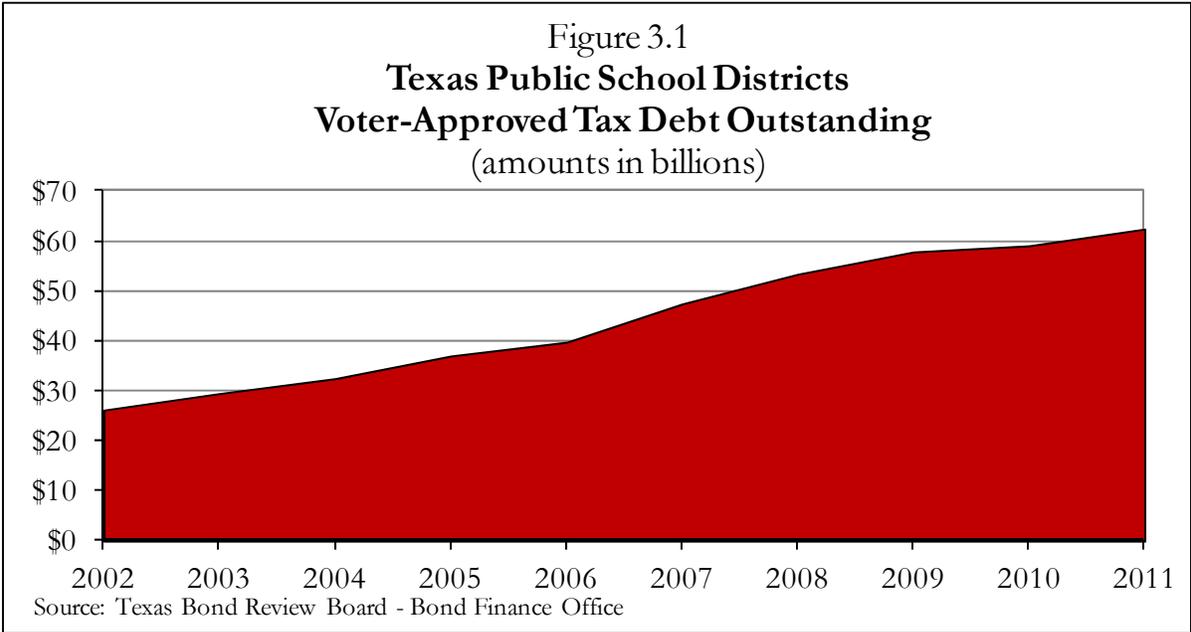
Total School Debt Outstanding

School district total debt outstanding increased by 5.6 percent from \$60.24 billion in FY 2010 to \$63.63 billion in FY 2011. Of the amount outstanding, 98.4 percent (\$62.64 billion) was voter-approved, 1.0 percent (\$612.5 million) was M&O, 0.6 percent (\$373.1 million) was lease-revenue obligations and 0.01 percent (\$3.4 million) was revenue debt (*Table 3.1*). The total school debt outstanding figures below are understated to the extent that capital appreciation bonds (CABs) were issued. These bonds are reported at their discounted issuance price rather than their value at maturity. Over the past five fiscal years approximately \$1.50 billion in CABs were issued.

Table 3.1 Texas Public School Districts Debt Outstanding (amount in thousands)					
	2007	2008	2009	2010	2011
Voter-approved tax	\$ 47,560,997	\$ 53,527,893	\$ 58,010,079	\$ 59,226,367	\$ 62,638,765
M&O tax	521,505	491,742	522,037	642,343	612,456
Lease-Revenue Obligations	386,235	327,679	303,115	369,155	373,100
Revenue	2,855	2,385	2,030	1,645	3,370
Total Debt Outstanding	\$ 48,471,591	\$ 54,349,699	\$ 58,837,261	\$ 60,239,510	\$ 63,627,691

Source: Texas Bond Review Board - Bond Finance Office

The following figure shows the trends in voter-approved tax debt outstanding over the past 10 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. School districts will repay 24.4 percent (\$26.59 billion) in principal outstanding of tax-supported debt within five years and 47.6 percent (\$51.88 billion) within ten years. Revenue debt principal repayment is 50.8 percent (\$2.2 million) within five years and 82.2 percent (\$3.5 million) within ten years (Table 3.2).

Table 3.2				
Texas Public School Districts - Rate of Debt Retirement*				
Debt Repaid	Tax-Supported Debt (billions)	Percent	Revenue Debt (millions)	Percent
Within Five Years	\$26.59	24.4%	\$2.2	50.8%
Within Ten Years	\$51.88	47.6%	\$3.5	82.2%

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

School Districts with Debt Outstanding

Over the past five fiscal years debt outstanding for the 20 largest school districts with debt outstanding grew by an average of 47.2 percent, and daily ADA grew by an average of 12.2 percent. Over that time the ADA for all school districts increased 6.2 percent (Figure 3.4). Debt outstanding for Dallas ISD and San Antonio ISD continued to increase despite average daily attendance (ADA) decreases due to population shifts to the suburbs.

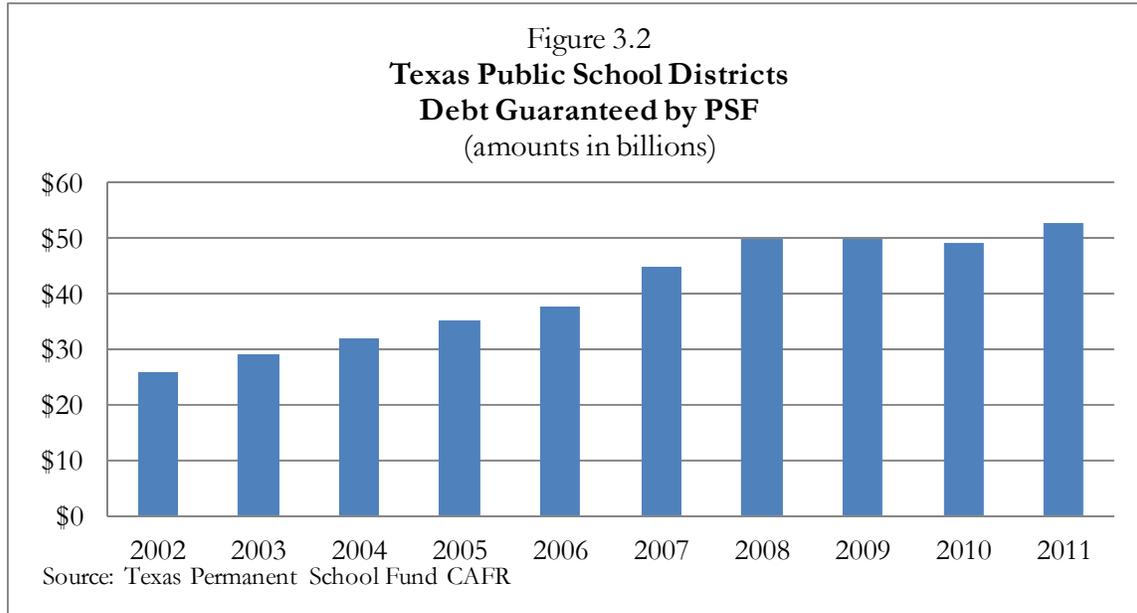
Table 3.3								
Texas Public School Districts								
Debt Outstanding for 20 Largest School Districts with Debt Outstanding								
(\$ in millions)								
Issuer	2007	2008	2009	2010	2011	07-11 Debt % Growth	Full-Year ADA 2011	07-11 ADA % Growth
Dallas ISD	\$1,472	\$1,423	\$1,784	\$1,708	\$2,619	77.9	141,900	-2.7
Houston ISD	1,806	2,122	2,084	2,507	2,449	35.6	182,724	0.7
Cypress-Fairbanks ISD	1,389	1,606	1,797	1,815	1,765	27.1	99,495	14.6
Northside ISD (Bexar)	1,190	1,279	1,467	1,602	1,755	47.5	88,581	15.9
Frisco ISD	803	978	1,144	1,178	1,247	55.4	35,892	57.5
North East ISD	1,321	1,301	1,268	1,232	1,225	-7.3	62,698	9.4
Katy ISD	813	957	950	918	1,084	33.3	57,679	19.0
Lewisville ISD	723	787	928	996	1,015	40.4	48,877	5.2
Conroe ISD	701	773	841	849	1,007	43.6	47,882	17.0
Plano ISD	823	833	963	1,043	977	18.7	52,413	4.6
Fort Bend ISD	689	841	990	976	955	38.5	65,905	3.6
Leander ISD	696	947	949	985	953	36.9	30,495	31.9
Austin ISD	643	682	763	793	813	26.3	77,982	5.1
Fort Worth ISD	326	532	683	691	756	131.6	73,527	1.5
Round Rock ISD	405	502	610	666	745	83.9	42,140	13.5
Klein ISD	346	527	551	655	715	106.9	42,613	8.9
Keller ISD	613	603	735	726	713	16.3	31,112	21.0
Mansfield ISD	635	704	688	669	700	10.1	30,550	15.2
Spring Branch ISD	364	544	519	614	685	88.1	30,370	3.6
San Antonio ISD	496	486	468	455	655	32.2	48,842	-2.2

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

Permanent School Fund

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

At August 31, 2011, the PSF’s Bond Guarantee Program (BGP) guaranteed debt totaling \$52.65 billion for 791 school districts in Texas (*Figure 3.2*).



At August 31, 2011, five school districts (Dallas ISD, Houston ISD, Northside ISD-Bexar County, Cypress-Fairbanks ISD and North East ISD) accounted for 16.0 (may be different due to using full numbers vs numbers in the chart) percent (\$8.44 billion) of the total debt guaranteed by the BGP (*Table 3.4*). The balance of the guarantees was spread among the remaining 786 school districts.

Table 3.4
**Texas Public School Districts
Total Debt Outstanding Guaranteed by PSF**
(amounts in millions)

	2007	2008	2009	2010	2011
Dallas ISD	\$ 1,464	\$ 1,415	\$ 1,658	\$ 1,604	\$ 2,544
Houston ISD	1,395	1,724	1,668	1,618	1,588
Northside ISD - Bexar County	1,181	1,266	1,307	1,341	1,579
Cypress-Fairbanks ISD	1,387	1,606	1,572	1,590	1,541
North East ISD	1,320	1,301	1,268	1,232	1,188
Other Issuers	38,110	42,548	42,560	41,917	44,215
Total Debt Outstanding	\$44,857	\$49,861	\$50,033	\$49,302	\$52,654

Source: Texas Permanent School Fund CAFR

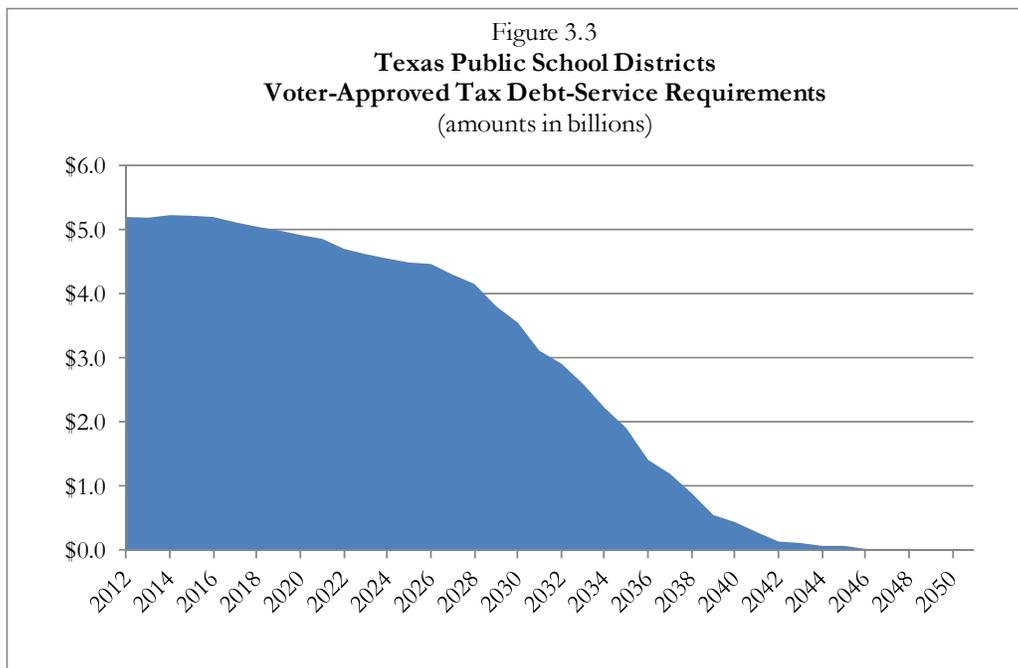
Debt-Service Requirements

At August 31, 2011 debt-service requirements (principal and interest) for school districts totaled \$108.99 billion of which voter-approved debt accounted for 98.8 percent (\$107.63 billion). The remaining categories accounted for 1.2 percent (\$1.36 billion) (*Table 3.5*).

Table 3.5 Texas Public School Districts Debt-Service Requirements by Fiscal Year* (amounts in thousands)						
	2012	2013	2014	2015	2016	2017 & beyond
Voter-approved tax	\$ 5,194,200	\$ 5,185,254	\$ 5,224,193	\$ 5,215,147	\$ 5,194,184	\$ 81,614,185
M&O tax	98,888	87,430	63,082	58,907	52,933	412,988
Lease-Revenue Obligations	43,460	42,813	44,067	41,695	40,026	371,321
Revenue	510	506	505	344	328	2,125
Total Debt Service	\$ 5,337,059	\$ 5,316,003	\$ 5,331,847	\$ 5,316,093	\$ 5,287,471	\$ 82,400,619

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

Figure 3.3 illustrates annual debt-service requirements for the voter-approved debt outstanding.



Of the 854 school districts with debt outstanding, ten accounted for 24.9 percent (\$26.91 billion) of the total debt-service requirements and 38 accounted for 50.4 percent (\$54.51 billion).

School District Debt Issuance in FY 2011

School district debt issuance increased by 46.4 percent from \$5.37 billion in fiscal 2010 to \$7.86 billion in fiscal 2011. Of that amount, 97.7 percent (\$7.68 billion) was voter-approved, 1.9 percent (\$146.9 million) was M&O, 0.4 percent (\$33.2 million) was lease-revenue obligations and 0.03 percent (\$2.0 million) was revenue debt.

Of the total amount issued, 67.7 percent (\$5.32 billion) was issued as new money debt, an increase of 57.0 percent (\$1.93 billion) from the \$3.39 billion issued during fiscal 2010. The remaining 32.3 percent (\$2.54 billion) was issued as refunding debt, an increase of 28.2 percent (\$558.4 million) from the \$1.98 billion issued during fiscal 2010 (*Table 3.6*).

Table 3.6 Texas Public School Districts Debt Issued by Fiscal Year (\$ in thousands)					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Issuers	347	251	208	240	305
Issuances	442	289	272	333	399
Voter-Approved Tax					
New Money	\$ 8,968,204	\$ 7,478,010	\$ 6,164,160	\$ 3,175,491	\$ 5,154,283
Refunding	4,166,746	1,111,082	991,760	1,968,040	2,522,707
Subtotal	\$13,134,950	\$ 8,589,092	\$ 7,155,919	\$ 5,143,531	\$ 7,676,990
M&O Tax					
New Money	\$ 57,380	\$ 221,728	\$ 93,428	\$ 126,807	\$ 135,382
Refunding	-	910	8,210	2,035	11,560
Subtotal	\$ 57,380	\$ 222,638	\$ 101,638	\$ 128,842	\$ 146,942
Lease-Revenue Obligations					
New Money	\$ 16,485	\$ 12,705	\$ 13,982	\$ 87,128	\$ 28,591
Refunding	999	-	-	10,390	4,606
Subtotal	\$ 17,484	\$ 12,705	\$ 13,982	\$ 97,518	\$ 33,197
Revenue					
New Money	\$ 1,200	\$ -	\$ -	\$ -	\$ 2,020
Refunding	-	-	-	-	-
Subtotal	\$ 1,200	\$ -	\$ -	\$ -	\$ 2,020
Total New Money	\$ 9,043,270	\$ 7,712,443	\$ 6,271,570	\$ 3,389,425	\$ 5,320,276
Total Refunding	4,167,745	1,111,992	999,970	1,980,465	2,538,873
Total Debt Issued	\$ 13,211,015	\$ 8,824,435	\$ 7,271,539	\$ 5,369,890	\$ 7,859,149

Source: Texas Bond Review Board - Bond Finance Office

Capital Appreciation Bonds

To defer the interest costs and maintain low tax rates in the near-term, school districts issue CABs. During fiscal 2011 school districts issued 3.4 percent (\$267.3 million) of their total par amount as CABs.

CABs are sold at a discounted price called the par amount. Interest on CABs compounds semiannually and accumulates over the life of the bond, and the amount paid at the maturity is called the maturity value. Interest rates for CABs are generally higher than bonds with current-pay interest. This structure keeps payments low in the near term and delays interest payments until maturity. The total debt outstanding figures are understated to the extent that these bonds are reported at their par issuance price rather than their maturity value.

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

Qualified School Construction Bonds

During fiscal years 2009 through 2011, 93 Texas School Districts issued \$929.7 million in Qualified School Construction Bonds (QSCB) of which \$357.2 million was issued in fiscal 2011. 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.

Qualified Zone Academy Bonds

During fiscal years 2007 through 2011, two Texas School Districts issued \$3.4 million in Qualified Zone Academy Bonds (QZAB). 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.

Build America Bonds

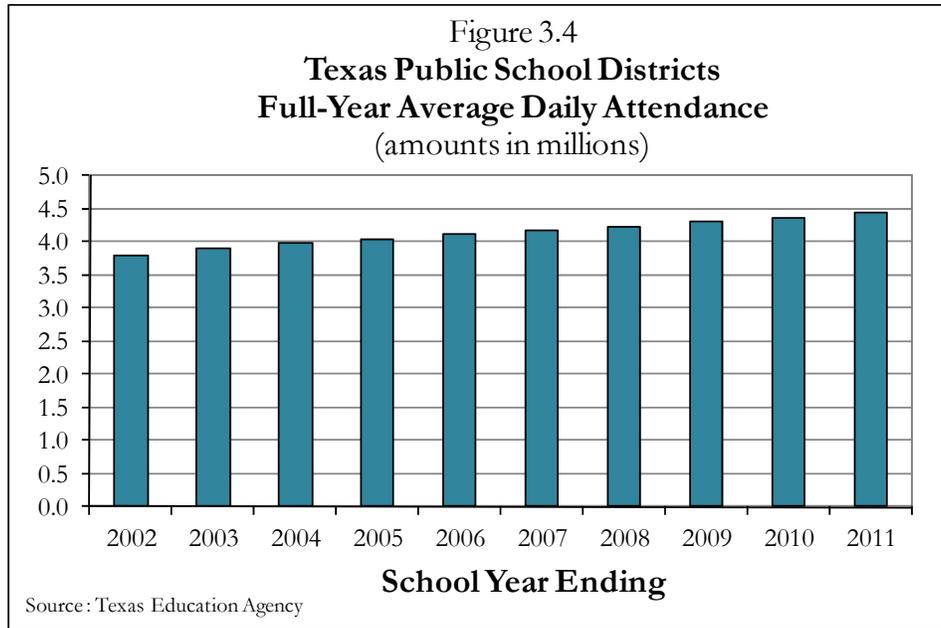
During fiscal years 2009-2011, 32 school districts issued \$3.27 billion in Direct Payment or Tax Credit Build America Bonds (BABs). Of that amount \$3.22 billion was issued for new money purposes and \$58.3 million was for refunding purposes (Table 3.7) (See Glossary for discussion on BABs).

The largest bond transaction in FY 2011 was a Direct Payment BAB transaction issued by Dallas ISD in the amount of \$950.3 million to renovate and construct school buildings.

Table 3.7 Texas Public School Districts Build America Bond Issuances (amounts in thousands)	
Issuer	Amount
Dallas ISD	\$950,300
Houston ISD	371,030
Cypress-Fairbanks ISD	191,465
Round Rock ISD	165,600
Katy ISD	155,000
San Antonio ISD	151,450
Spring Branch ISD	137,085
Northside ISD (Bexar County)	133,070
Carroll ISD	115,255
Corpus Christi ISD	98,500
Other School Districts	804,581
Total	\$3,273,336
Source: Texas Bond Review Board- Bond Finance Office	

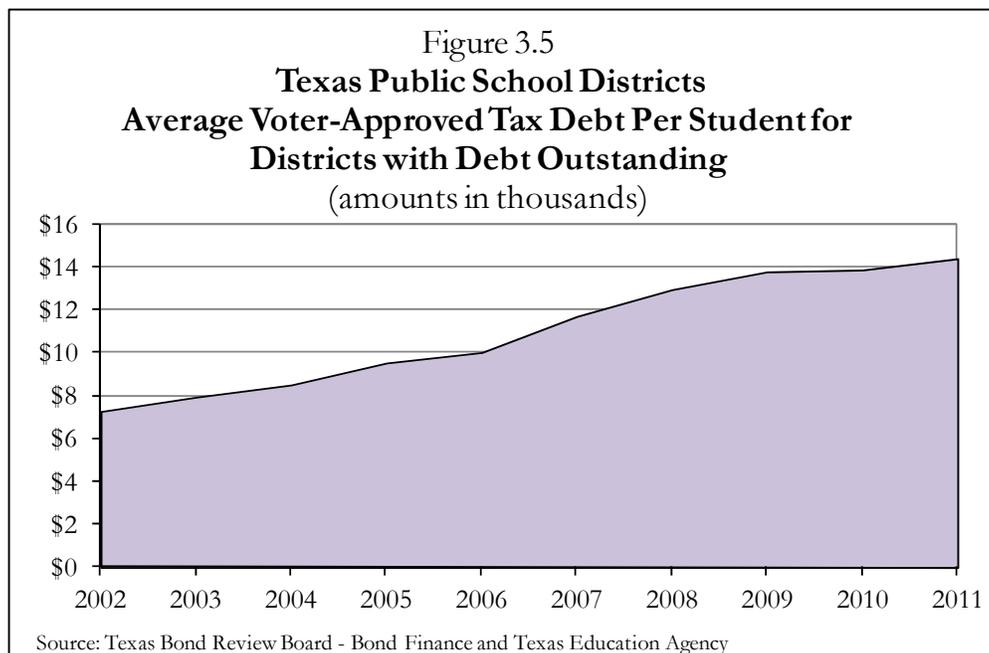
Average Daily Attendance

Over the past five years the ADA for all school districts with taxing authority has increased 6.2 percent (260,476) to 4,432,064 (*Figure 3.4*).



Debt per Student

Based on ADA, as of August 31, 2011 those public school districts with voter-approved debt outstanding had a debt of \$14,409 per student, an increase of 3.8 percent (\$526) from 2010. Since fiscal year 2007, the state's debt per student has increased 22.9 percent (\$2,687) from \$11,722 to \$14,409 per student (*Figure 3.5*).



School Bond Elections

During fiscal 2011 94 school districts held bond elections that requested a total of \$4.62 billion in additional bonding authority. Of that amount, voters approved 76.6 percent (\$3.54 billion) and 23.4 percent (\$1.08 billion) failed to pass. Most fiscal 2011 bond elections were for school construction, but other uses included building athletic facilities, transportation, renovations, parking and technology. The largest bond package passed in fiscal 2011 was for San Antonio ISD in the amount of \$515.0 million for school construction (See Appendix A for a detailed list of bond elections).

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 issue conduit revenue debt. As of August 31, 2011 total WD debt outstanding was 15.7% (\$30.32 billion) of total local debt outstanding.

Texas has many types of WDs. The four most common types that provide services to residential customers are: municipal utility districts (MUD), water control and improvement districts (WCID), special utility districts (SUD) and river authorities (RA).

MUD	Provides waterworks system, sanitary sewer system, and drainage system
WCID	Supply and store water for domestic, commercial and industrial use; operate wastewater systems; and provide irrigation, drainage, and water quality
SUD	Provide water, wastewater and fire-fighting services
RA	Operate major reservoirs and sell untreated water on a wholesale basis. flood control, soil conservation, and protect water quality

WD revenue and tax-supported debt is used for paying capital costs to engineer, construct, acquire and/or improve water plants; wastewater treatment facilities and sewer system drainage. Certain WDs can also issue tax debt for road and park construction. Conduit revenue debt can be issued for pollution control facilities for private entities. This report does not include certain conduit debt for which the Bond Review Board does not receive issuance information.

Total Water District Debt Outstanding

During fiscal 2011 total debt outstanding for WDs increased 3.5 percent from \$29.30 billion in fiscal 2010 to \$30.32 billion including commercial paper (CP). Of that amount, 35.4 percent (\$10.72 billion) was tax-supported, 64.6 percent (\$19.60 billion) was revenue debt including \$9.58 billion of conduit revenue debt and \$319.6 million of CP.

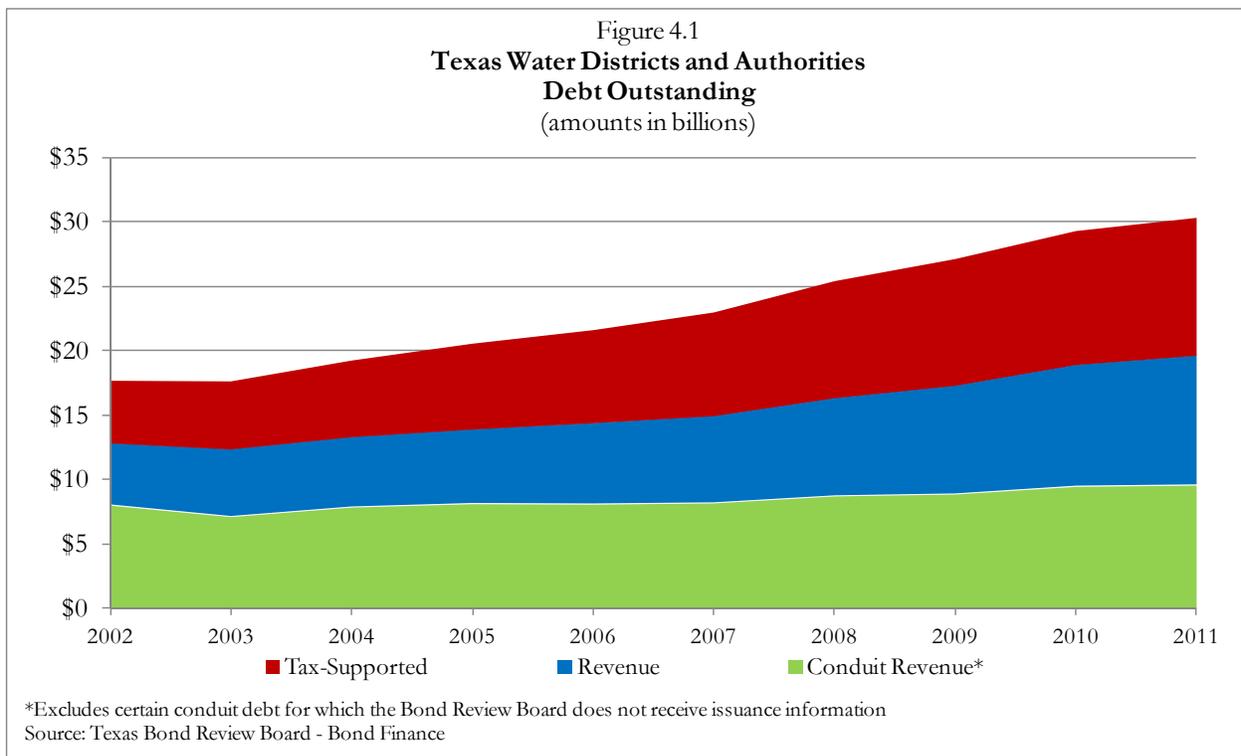
As of August 31, 2011, 880 Texas WDs had debt outstanding, of which 735 districts (83.5 percent) have tax-supported debt, 178 (20.2 percent) have revenue debt and 20 (2.3 percent) have conduit debt.

Over the five year period ended August 31, 2011, WD tax-supported debt increased by 33.1 percent to \$10.72 billion, revenue debt increased by 49.3 percent to \$10.02 billion and conduit-revenue debt increased by 16.9 percent (*Table 4.1*).

Table 4.1 Texas Water Districts and Authorities Debt Outstanding (amounts in thousands)					
	2007	2008	2009	2010	2011
Tax-Supported	\$ 8,055,830	\$ 9,100,898	\$ 9,849,025	\$ 10,415,762	\$ 10,718,298
Revenue	6,708,493	7,564,569	8,384,462	9,395,488	10,017,372
Conduit Revenue*	8,199,455	8,740,710	8,888,045	9,489,645	9,584,820
Total Debt Outstanding	\$ 22,963,778	\$ 25,406,178	\$ 27,121,532	\$ 29,300,895	\$ 30,320,490

*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 last ten years, WD tax-supported debt has grown at an average of 9.3 percent per year, revenue debt has grown at an average of 7.9 percent per year and conduit debt has grown at an average of 3.1 percent per year (*Figure 4.1*).



WDs with the largest amounts of debt are located in heavily populated areas or near major bodies of water such as Houston, Port Arthur, Dallas, Austin, Waco, and Baytown. The five highest issuers account for 50.1 percent of water district debt (*Table 4.2*).

Table 4.2		
Texas Water Districts and Authorities		
Issuers with Most Debt Outstanding by Type of Debt*		
(amounts in thousands)		
Government Name	County	Amount
Tax-Supported		
Port of Houston Authority	Harris	\$763,619
Harris County FCD	Harris	690,199
Dallas County U&RD	Dallas	270,236
Montgomery County MUD 46	Montgomery	114,405
Hidalgo County DD 1	Hidalgo	96,675
Total		\$1,935,134
Revenue		
Lower Colorado RA**	Travis et al.	\$2,613,250
North Texas MWD	Collin	1,301,120
Trinity RA	Dallas	1,231,057
Tarrant Regional WD	Tarrant	621,675
North Harris County Regional WA	Harris	452,070
Total		\$6,219,172
Conduit Revenue***		
Brazos RA	McLennan	\$2,227,195
Port of Port Arthur ND	Jefferson	1,401,710
Gulf Coast Waste Disposal Authority	Chambers	1,360,180
Lower Colorado RA***	Travis et al.	1,346,425
Matagorda County ND 1	Matagorda	975,600
Total		\$7,311,110
* Includes Commercial Paper		
** Most LCRA debt is issued for electric generation		
*** Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.		
Source: Texas Bond Review Board - Bond Finance Office		

Commercial Paper Outstanding

Five WDs utilize either general obligation (tax) and/or revenue CP programs to provide short-term financing for infrastructure improvements, additions and extensions. As of August 31, 2011, three WDs had \$319.6 million in revenue CP outstanding (*Table 4.3*), an increase of 3.4 percent (\$10.6 million) from fiscal 2010. As of August 31, 2011 no tax-supported CP was outstanding and no additional CP programs were authorized during fiscal year 2011.

Table 4.3		
Texas Water Districts and Authorities		
Commercial Paper Programs*		
(amounts in thousands)		
Government Name	County	Amount
Revenue		
Lower Colorado RA**	Travis	\$279,200
Bexar Metropolitan WD	Bexar	10,000
Upper Trinity Regional WD	Denton	30,350
Tax-Supported		
Harris County FCD	Harris	-
Port of Houston Authority	Harris	-
Total		\$319,550
*Does not reflect total authorization amounts.		
**\$228.4 million of total outstanding is LCRA Transmission Services Corporation's commercial paper.		
Source: Texas Bond Review Board - Bond Finance Office.		

Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess an issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. Texas WDs will repay 19.8 percent of tax-supported principal outstanding within five years and 42.0 percent within ten years. 24.9 percent of revenue principal will be repaid within five years and 48.2 percent will be repaid within ten years (*Table 4.4*).

Table 4.4				
Texas Water Districts and Authorities - Rate of Debt Retirement*				
Debt Repaid	Tax-Supported Debt (billions)	Percent	Revenue Debt (billions)	Percent
Within Five Years	\$2.12	19.8%	\$2.42	24.9%
Within Ten Years	\$4.51	42.0%	\$4.67	48.2%
*Excludes commercial paper and conduit-revenue debt.				
Source: Texas Bond Review Board - Bond Finance Office				

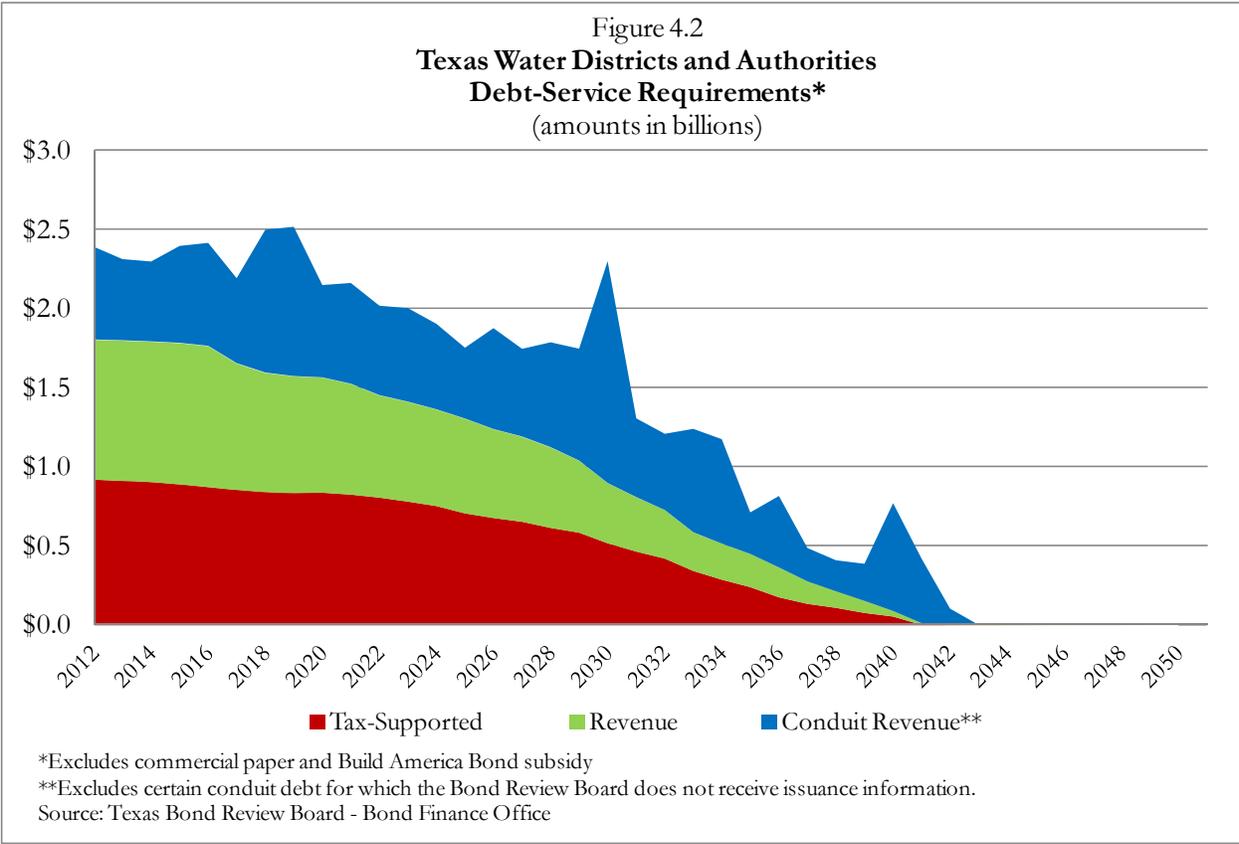
Debt-Service Requirements

Debt-service requirements (principal and interest) for WDs totaled \$49.52 billion as of August 31, 2011, 34.6 percent of which was for tax-supported debt, 30.3 percent of which was for revenue debt, and 35.1 percent of which was for conduit-revenue debt service (*Table 4.5*).

Table 4.5 Texas Water Districts and Authorities Debt-Service Requirements by Fiscal Year* (amounts in thousands)						
	2012	2013	2014	2015	2016	2017 & beyond
Tax-Supported Revenue	\$ 920,123	\$ 911,915	\$ 903,093	\$ 891,403	\$ 872,696	\$ 12,618,006
Conduit Revenue**	584,915	512,433	504,708	611,535	650,008	14,529,056
Total Debt Service	\$ 2,389,293	\$ 2,312,163	\$ 2,297,298	\$ 2,394,943	\$ 2,414,687	\$ 37,709,187

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

Figure 4.2 illustrates the projected annual debt service for tax-supported, revenue and conduit-revenue debt outstanding as of August 31, 2011.



Debt Issuance in FY 2011

During fiscal 2011, 278 WDs issued \$3.01 billion in debt, a decrease of 18.9 percent (\$702.2 million) from \$3.71 billion in fiscal 2010. Of the debt issued, 42.2 percent (\$1.27 billion) was tax-supported, 47.8 percent (\$1.44 billion) was revenue debt and 10.0 percent (\$300.0 million) was conduit-revenue debt.

Table 4.6 Texas Water Districts and Authorities - Debt Issuance by Fiscal Year (\$ in thousands)					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Issuers	235	237	219	276	278
Issuances	286	277	255	351	343
Tax					
New Money	\$998,753	\$1,619,322	\$981,030	\$804,953	\$621,629
Refunding	375,305	608,110	245,365	737,189	647,175
Subtotal	\$1,374,058	\$2,227,432	\$1,226,395	\$1,542,142	\$1,268,804
Revenue					
New Money	\$671,263	\$961,840	\$874,921	\$715,018	\$768,154
Refunding	186,270	224,075	478,671	602,972	670,968
Subtotal	\$857,533	\$1,185,915	\$1,353,592	\$1,317,990	\$1,439,122
Conduit Revenue*					
New Money	\$158,650	\$435,000	\$100,000	\$513,400	\$300,000
Refunding	196,885	367,495	268,550	336,600	0
Subtotal	\$355,535	\$802,495	\$368,550	\$850,000	\$300,000
Total New Money	\$1,828,666	\$3,016,162	\$1,955,951	\$2,033,371	\$1,689,783
Total Refunding	\$758,460	\$1,199,680	\$992,586	\$1,676,761	\$1,318,143
Total Par Amount	\$2,587,126	\$4,215,842	\$2,948,537	\$3,710,132	\$3,007,926
*Excludes certain conduit debt for which the Bond Review Board does not receive issuance information					
Source: Texas Bond Review Board - Bond Finance Office					

Of the total WD debt issued, 56.2 percent (\$1.69 billion) was new money debt, a decrease of 16.9 percent from the \$2.03 billion issued during fiscal 2010. The remaining 43.8 percent (\$1.32 billion) was refunding debt, a decrease of 21.4 percent from the \$1.68 billion issued during fiscal 2010 (*Table 4.6*).

The largest transaction during fiscal 2011 was a \$300 million conduit-revenue issuance by Port of Port Arthur Navigation District to acquire, construct, improve and operate certain solid waste facilities. The second and third largest water district transactions were refunding transactions: Lower Colorado River Authority issued \$244.2 million and Harris County Flood Control District issued \$181.9 million.

Over the past five fiscal years less than 0.1 percent of the total water district and authority debt had been issued as capital appreciation bonds (CABs), thus the total debt outstanding figures are slightly understated to the extent that these bonds are reported at their discounted issuance price rather than their maturity value.

Build America Bonds

North Texas Municipal Water District issued Direct Payment Build America Bonds (BABs) of \$109.5 million and \$108.3 million during fiscal 2010 and 2011, respectively. During fiscal 2011 North Fort Bend Water Authority issued \$18.8 million of Direct Payment BABs. (See Glossary for discussion on BABs.)

Chapter 5

Texas Counties

Overview

Counties issue two types of debt: tax-supported and revenue. Revenue debt also includes lease revenue and conduit-revenue debt. As of August 31, 2011, total county debt outstanding was 6.9% (\$13.32 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 nonprofit corporations to finance the acquisition of land and to construct or expand, furnish and equip county projects, including adult or juvenile correctional facilities that may house county, state or federal prisoners. Pursuant to Chapter 1202 the BRB does not receive issuance information for all lease-revenue obligations and only reports data for correctional facilities.

Historically conduit revenue debt has also been issued for pollution control projects.

Total County Debt Outstanding

Of the 254 Texas counties, 165 had tax-supported debt, 13 had revenue debt, and 20 had lease-revenue obligations for jail/detention facilities as of August 31, 2011. During fiscal 2011 total debt outstanding for counties increased 1.4 percent from \$13.13 billion in fiscal 2010 to \$13.32 billion including commercial paper (CP). Of that amount, 77.3 percent (\$10.30 billion) was tax-supported debt, 18.5 percent (\$2.46 billion) was revenue debt, and 4.2 percent (\$557.7 million) was lease-revenue obligations. No conduit debt was outstanding (*Table 5.1*).

During the five-year period ending August 31, 2011, tax-supported debt increased by 32.9 percent, revenue debt increased by 45.5 percent, conduit-revenue debt declined to zero and lease-revenue obligations declined by 2.8 percent.

Table 5.1 Texas Counties - Debt Outstanding (amounts in thousands)					
	2007	2008	2009	2010	2011
Tax-Supported	\$ 7,754,162	\$ 8,697,410	\$ 9,204,643	\$ 10,138,442	\$ 10,304,743
Revenue	1,691,235	2,053,786	2,078,702	2,349,515	2,460,765
Conduit Revenue*	20,000	7,300	-	-	-
Lease-Revenue Obligations**	573,651	622,096	641,944	645,537	557,722
Total Debt Outstanding	\$ 10,039,048	\$ 11,380,592	\$ 11,925,289	\$ 13,133,494	\$ 13,323,230

*Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.
**Only includes correctional facilities.
Source: Texas Bond Review Board - Bond Finance Office

Of tax-supported debt outstanding, approximately 68.9 percent (\$7.10 billion) is concentrated in counties with major population centers including Austin, Leander, Conroe, Houston, Galveston, Dallas, Fort Worth, Plano, Denton and San Antonio.

Harris County Toll Road bonds accounted for 73.8 percent (\$1.82 billion) of the total revenue debt outstanding.

As of August 31, 2011 only Harris County had tax-supported CP outstanding in the amount of \$537.9 million. This does not reflect the total authorization amount of the program.

Over the past ten years, tax-supported debt has grown at an average of 9.1 percent per year, revenue debt has grown at an average of 9.4 percent per year and lease-revenue obligations have increased at an average of 13.9 percent per year (Figure 5.1).

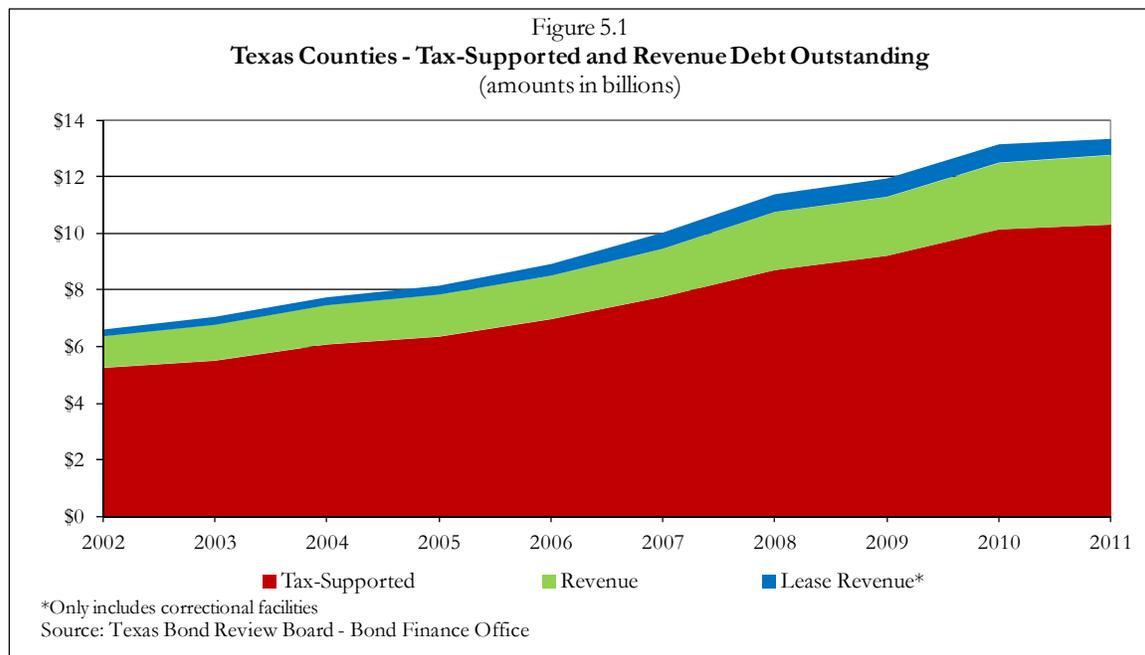


Table 5.2 lists the ten counties that accounted for 71.8 percent of all Texas county tax-supported debt outstanding as of August 31, 2011.

Table 5.2 Texas Counties Issuers with Most Tax-Supported Debt Outstanding (amounts in thousands)	
County	Amount
Harris County	\$2,684,390
Bexar County	849,415
Williamson County	813,585
Travis County	605,265
Denton County	477,705
Montgomery County	456,800
Fort Bend County	446,895
Collin County	387,580
Galveston County	338,288
Tarrant County	335,050
Total	\$7,394,973
* Includes Harris Co. GO Toll Road Debt of \$537.9 million.	
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. Counties are expected to repay 25.6 percent and 51.0 percent of the tax-supported debt outstanding over the next five and ten years, respectively. Counties are expected to repay 13.0 percent and 30.7 percent of the revenue debt outstanding during the next five and ten year periods, respectively (Table 5.3).

Table 5.3 Texas Counties - Rate of Debt Retirement*				
Debt Repaid	Tax-Supported Debt (billions)	Percent	Revenue Debt (millions)	Percent
Within Five Years	\$2.64	25.6%	\$319.8	13.0%
Within Ten Years	\$5.25	51.0%	\$755.8	30.7%
*Excludes commercial paper, Build America Bond subsidy and lease-revenue obligations				
Source: Texas Bond Review Board - Bond Finance Office				

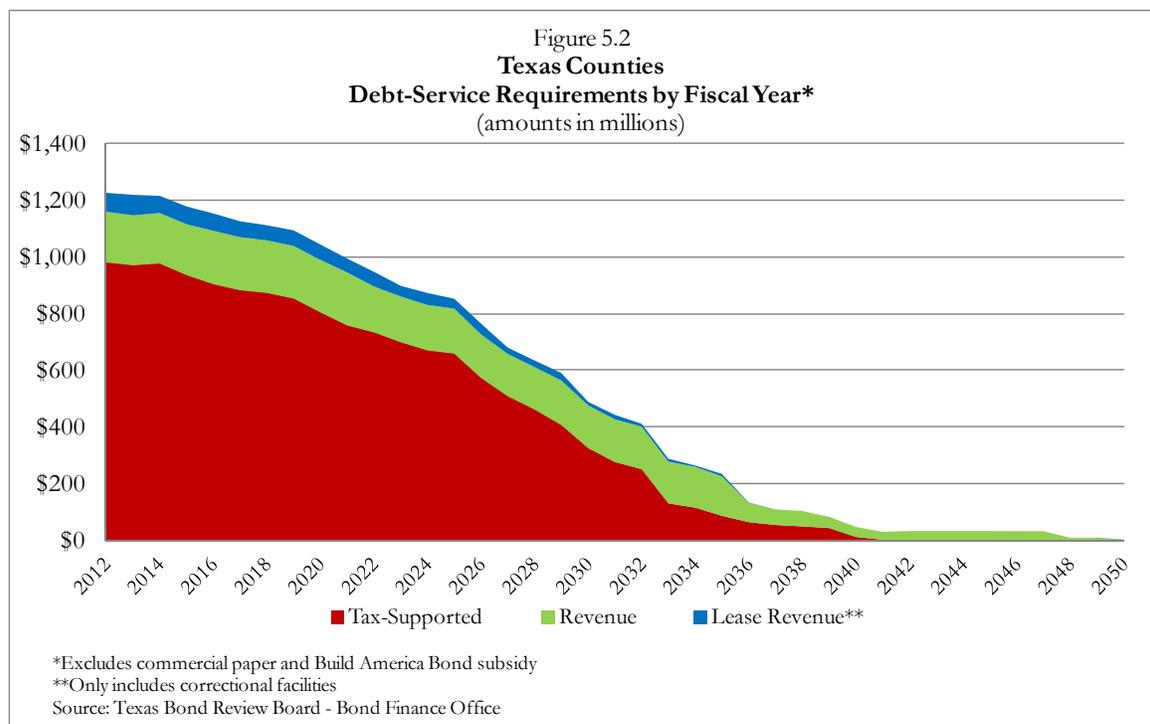
Debt-Service Requirements

Table 5.4 illustrates annual debt-service requirements (principal and interest) for tax-supported debt, revenue debt and lease-revenue obligations outstanding.

Table 5.4 Texas Counties - Debt-Service Requirements by Fiscal Year* (amounts in thousands)						
	2012	2013	2014	2015	2016	2017 & beyond
Tax-Supported	\$ 980,157	\$ 970,142	\$ 976,487	\$ 935,166	\$ 903,383	\$ 10,261,230
Revenue	179,473	176,718	178,513	179,946	188,980	3,554,945
Lease-Revenue Obligations**	66,977	72,368	60,868	62,786	60,934	608,912
Total Debt Service	\$1,226,607	\$1,219,228	\$1,215,868	\$1,177,898	\$1,153,297	\$ 14,425,087

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

At August 31, 2011 total debt-service requirements for counties was \$20.42 billion, 73.6 percent (\$15.03 billion) of which was tax-supported debt, 21.8 percent (\$4.46 billion) of which was revenue debt and 4.6 percent (\$932.8 million) of which were lease-revenue obligations (Figure 5.2).



County Debt Issuance in FY 2011

During fiscal 2011, 47 counties issued a total amount of \$1.41 billion of which 60.4 percent (\$853.7 million) percent was tax-supported, 34.7 percent (\$489.9 million) was revenue debt and 5.0 percent (\$70.2 million) were lease-revenue obligations for jail/detention facilities.

County debt issuance decreased by 48.1 percent (\$1.31 billion) from \$2.72 billion in fiscal 2010 to \$1.41 billion in fiscal 2011. Of the total amount issued, 52.8 percent (\$746.6 million) was issued as new money debt, a decrease of 54.5 percent (\$892.9 million) from the \$1.64 billion issued during fiscal 2010. The remaining 47.2 percent (\$667.2 million) was issued as refunding debt, a decrease of 38.4 percent (\$416.3 million) from the \$1.08 billion issued during fiscal 2010.

During the five-year period ending August 31, 2011, new money issued decreased by 44.9 percent (\$607.8 million), and refunding money issued decreased by 49.0 percent (\$640.4 million) (Table 5.5).

Table 5.5					
Texas Counties - Debt Issuance by Fiscal Year					
(\$ in thousands)					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Issuers	49	70	42	51	47
Issuances	74	107	70	95	73
Tax-Supported					
New Money	\$1,028,640	\$1,689,157	\$866,585	\$1,283,981	\$587,546
Refunding	834,265	345,030	474,855	883,585	266,167
Subtotal	\$1,862,905	\$2,034,187	\$1,341,440	\$2,167,566	\$853,713
Revenue					
New Money	\$135,530	\$254,475	\$236,965	\$312,065	\$149,865
Refunding	420,910	94,005	292,870	199,915	340,070
Subtotal	\$556,440	\$348,480	\$529,835	\$511,980	\$489,935
Lease Revenue Obligations*					
New Money	\$190,255	\$66,160	\$84,485	\$43,450	\$9,230
Refunding	52,405	0	0	0	60,955
Subtotal	\$242,660	\$66,160	\$84,485	\$43,450	\$70,185
Total New Money	\$1,354,425	\$2,009,792	\$1,188,035	\$1,639,496	\$746,641
Total Refunding	\$1,307,580	\$439,035	\$767,725	\$1,083,500	\$667,192
Total Debt Issued	\$2,662,005	\$2,448,827	\$1,955,760	\$2,722,996	\$1,413,833
*Only includes correctional facilities					
Source: Texas Bond Review Board - Bond Finance Office					

The largest county transaction in FY 2011 was issued by Harris County to refund and defease outstanding toll road debt.

No county commercial paper transactions took place during fiscal 2011. The last three commercial paper transactions occurred in FY 2008 and were issued by Harris County to finance the restoration of a civil courthouse in Houston, build new parks, maintain roads and for health-care purposes.

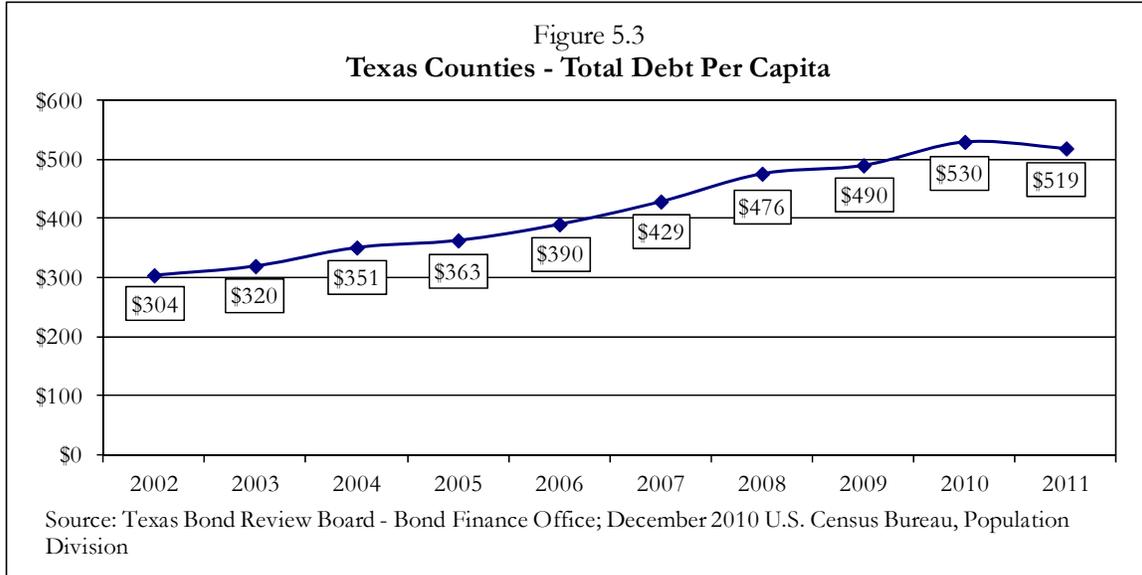
Over the past five fiscal years less than 0.1 percent of the total county debt had been issued as capital appreciation bonds (CABs), thus the total debt outstanding figures are slightly understated to the extent that these bonds are reported at their discounted issuance price rather than their maturity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

Build America Bonds

During fiscal years 2009, 2010 and 2011, seven counties (Bexar, Brazoria, Collin, Denton, Galveston, Hidalgo, and Montgomery) issued Direct Payment Build America Bonds (BAB) totaling \$436.8 million. (See Glossary for discussion on BABs).

Debt per Capita

Total debt per capita (tax supported and revenue combined) decreased by 2.1 percent from \$530 in FY 2010 to \$519 in FY 2011. Tax debt per capita has increased by 70.6 percent (\$215) since 2002, and the state's population has increased by 17.9 percent (3.9 million) over the past 10 years (*Figure 5.3*).



Rating agencies consider an overall debt per capita for counties less than \$600 to be low and over \$1,800 as high; however, many other factors are involved in assessing credit risk, such as population, taxpayer concentration and various economic, administrative and financial factors. *Table 5.6* shows the 34 counties with a tax debt per capita greater than \$600.

Table 5.6 Texas Counties Tax-Supported Debt Per Capita Greater than \$600	
Maverick	\$5,378
Andrews	4,987
Zapata	2,829
Titus	2,089
Williamson	1,907
Hays	1,818
Shackelford	1,735
Somervell	1,632
Winkler	1,509
Garza	1,314
Carson	1,180
Galveston	1,156
Roberts	1,141
Scurry	1,136
Montgomery	995
Lampasas	991
El Paso	946
Uvalde	919
Stephens	913
Childress	828
Fort Bend	757
McLennan	734
Denton	716
Rockwall	715
Upton	713
Jack	705
Polk	697
Parker	673
Aransas	662
Harris	653
Edwards	632
Live Oak	620
Pecos	619
Blanco	605
Source: Texas Bond Review Board - Bond Finance Office; December 2010 U.S. Census Bureau, Population Division	

Chapter 6
Texas Other Special Districts and Authorities

Overview

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

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

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

Texas Other Special Districts and Authorities	
Type	Use of Proceeds
Tollway Authorities	Develop, construct and maintain toll roads.
Transit Authorities	Public transportation
Regional Mobility Authorities	Constructing and maintaining highways, tollways, ferries, airports, bikeways, and all-purpose transportation centers.
Power Agencies	Improvements to the electric transmission service.
Road Districts	Constructing and maintaining roads.
Events Venue Districts	Items related to creating and maintaining venues.
Public Improvement Districts	Constructing and maintaining streets, sidewalks, mass transit, water, wastewater, drainage improvements, libraries, parking, landscaping, public safety, pedestrian malls and other public improvement projects.
Education Districts	Provide services to the school districts and are funded by education taxes at the county and the school district levels.

Source: Texas Bond Review Board - Bond Finance Office

Debt Outstanding

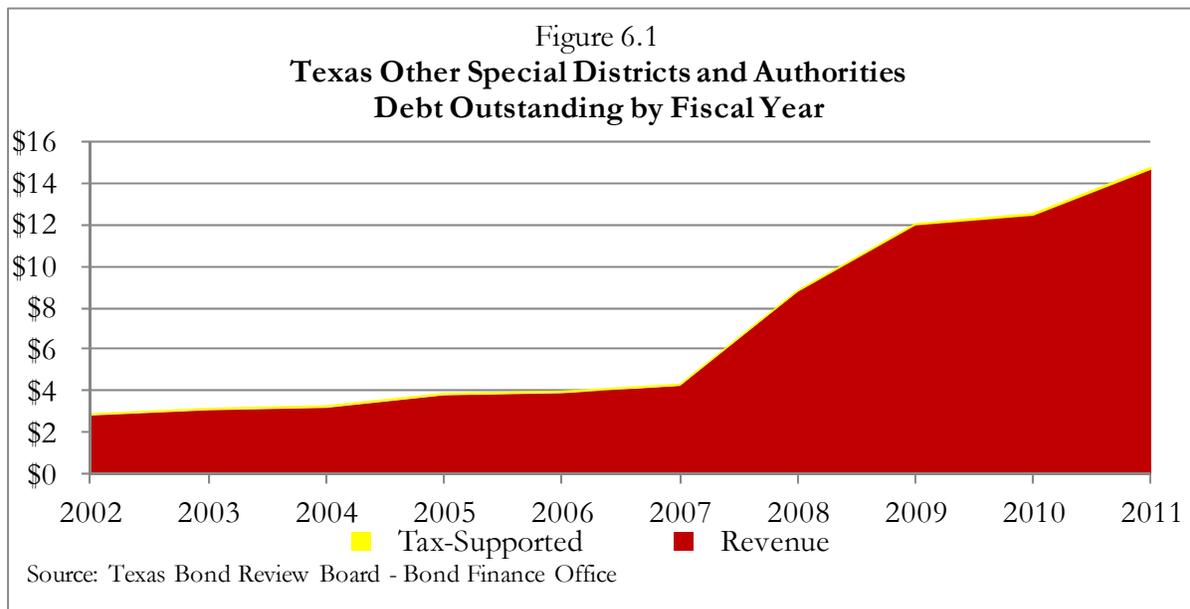
As of August 31, 2011 total OSD debt outstanding was 7.7% (\$14.79 billion) of total local debt outstanding. As of that date, 11 OSDs had tax-supported debt outstanding and 30 had revenue debt outstanding. During fiscal 2011 total debt outstanding for OSDs increased 17.7 percent from \$12.56 billion in fiscal 2010 to \$14.80 billion. Of that amount, 71.4 percent was revenue debt, 26.8 percent was sales-tax debt, 1.1 percent was tax-supported debt and 0.8 percent was lease revenue debt.

The following table indicates the amount of OSD debt outstanding at August 31, 2011.

Table 6.1 Texas Other Special Districts and Authorities Debt Outstanding (amounts in thousands)					
	2007	2008	2009	2010	2011
Revenue	\$ 2,935,781	\$ 6,817,540	\$ 8,776,551	\$ 9,146,296	\$ 10,556,275
Sales Tax Revenue	1,288,215	1,854,160	3,094,310	3,197,035	3,967,315
Tax-Supported	95,554	98,676	117,643	144,500	155,406
Lease-Revenue Obligations	21,665	82,970	81,820	76,695	114,355
Total Debt Outstanding	\$ 4,341,215	\$ 8,853,346	\$ 12,070,324	\$ 12,564,526	\$ 14,793,351

Source: Texas Bond Review Board - Bond Finance Office

Since fiscal 2007 revenue debt has increased by 259.6 percent (\$7.62 billion) and sales-tax revenue debt has increased 208.0 percent (\$2.68 billion) (*Figure 6.1*). The rise in revenue-supported debt is due to issuances by three Regional Mobility Authorities: North Texas Tollway Authority issued \$8.80 billion to extend their toll roads; Dallas Area Rapid Transit (DART) issued \$3.33 billion sales tax revenue debt to expand the bus and light rail system; and the Metropolitan Transit Authority of Harris County issued \$745.1 million in sales tax revenue debt to build a light rail system.



The North Texas Tollway Authority accounts for 58.1 percent (\$8.60 billion) of the total OSD debt outstanding. The next four OSDs shown in the following table account for 36.8 percent (\$5.44 billion) (Table 6.2).

Table 6.2 Texas Other Special Districts and Authorities Issuers with Most Debt Outstanding (amounts in thousands)		
	County	Amount
North Texas Tollway Auth.	Dallas	\$ 8,595,176
Dallas Area Rapid Transit	Dallas	3,448,430
Central Texas Regional Mobility Auth.	Travis-Williamson	809,777
Metropolitan Transit Auth. of Harris Co.	Harris	650,610
Texas Municipal Power Agency	Brazos et al.	534,916
Other Issuers		754,442
Total		\$ 14,793,351

Source: Texas Bond Review Board - Bond Finance Office

Commercial Paper

Four OSDs have revenue-supported commercial paper (CP) programs. The North Texas Tollway Authority and the Texas Municipal Power Agency have revenue-supported programs, and the Metropolitan Transit Authority of Harris County and the Dallas Area Rapid Transit (DART) have sales-tax revenue supported CP programs. During fiscal 2011, CP accounted for 4.8 percent (\$713.4 million) of the total OSD debt outstanding (Table 6.3).

Table 6.3 Texas Other Special Districts and Authorities Commercial Paper Outstanding (amounts in thousands)		
	County	Amount
Metropolitan Transit Auth. of Harris Co.	Harris	\$ 265,000
Texas Municipal Power Agency	Brazos et al.	207,800
Dallas Area Rapid Transit (DART)	Dallas	150,000
North Texas Tollway Authority	Dallas	90,600
Total		\$ 713,400

Source: Texas Bond Review Board - Bond Finance Office

Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through

the life of the debt. Local governments issue debt with varying terms up to 40 years or more. Texas OSDs are expected to repay 27.7 percent (\$43.1 million) in principal outstanding of tax-supported debt within five years, 52.9 percent (\$82.2 million) within ten years and 91.2 percent (\$141.7 million) within twenty years. Revenue-debt principal repayment is expected to be 7.1 percent (\$978.4 million) within five years, 15.2 percent (\$2.10 billion) within ten years and 45.1 percent (\$6.23 billion) within twenty years (*Table 6.4*). The low repayment percentage for revenue debt is due to North Texas Tollway Authority's \$8.02 billion bonds with maturities up to 2050.

Table 6.4 Texas Other Special Districts and Authorities Rate of Debt Retirement* (\$ in millions)				
Debt Repaid	Tax-Supported Debt	Percent	Revenue Debt	Percent
Within Five Years	\$43.1	27.7%	\$978.4	7.1%
Within Ten Years	\$82.2	52.9%	\$2,098.6	15.2%
Within Twenty Years	\$141.7	91.2%	\$6,227.6	45.1%

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

Debt-Service Requirements

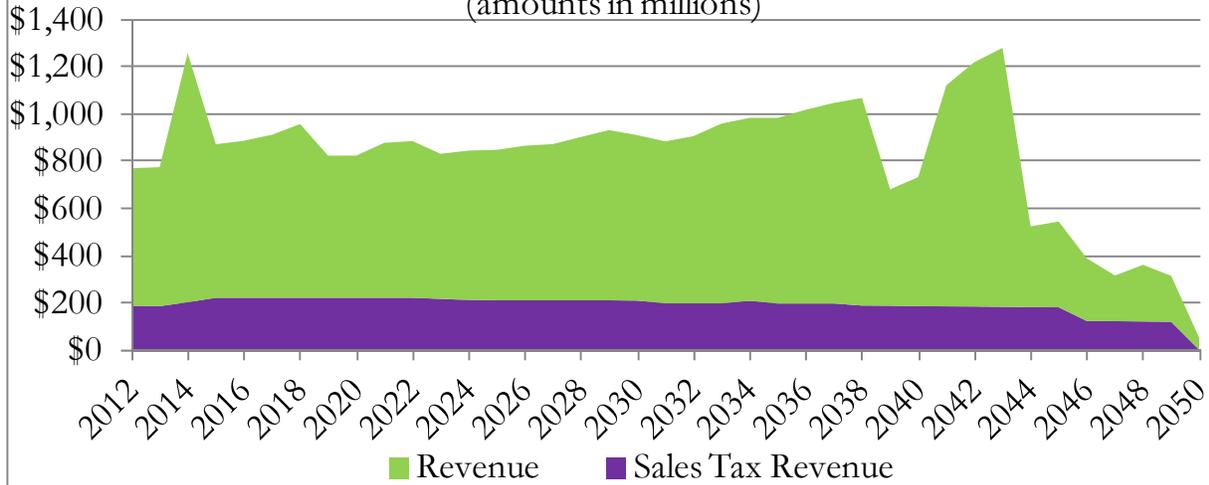
As of August 31, 2011 debt-service requirements (principal and interest) for OSDs totaled \$32.37 billion of which revenue debt was 76.2 percent (\$24.66 billion), sales tax revenue was 22.7 percent (\$7.34 billion), tax-supported was 0.7 percent (\$231.5 million) and lease-revenue obligations were 0.5 percent (\$147.9 million) (*Table 6.5*).

Table 6.5 Texas Other Special Districts and Authorities Debt-Service Requirements by Fiscal Year* (amounts in thousands)						
	2012	2013	2014	2015	2016	2017 & beyond
Revenue	\$567,703	\$574,746	\$1,040,641	\$636,088	\$650,310	\$21,188,412
Sales Tax Revenue	186,032	184,017	200,825	219,699	219,726	6,326,078
Tax-Supported	15,182	16,455	14,581	14,161	13,586	157,574
Lease-Revenue Obligations	13,892	13,891	13,892	13,875	13,894	78,468
Total Debt Service	\$782,810	\$789,109	\$1,269,940	\$883,824	\$897,515	\$27,750,532

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

Figure 6.2 illustrates the projected annual debt service for revenue and sales tax revenue debt outstanding as of August 31, 2011.

Figure 6.2
**Texas Other Special Districts and Authorities
 Revenue Debt-Service Requirements**
 (amounts in millions)



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

OSD Debt Issuance in FY 2011

During fiscal year 2011 five OSDs closed 14 transactions totaling \$2.76 billion for transportation related purposes. Of that amount 68.9 percent (\$1.90 billion) was revenue, 30.1 percent (\$829.4 million) was sales-tax revenue and 1.1 percent (\$29.4 million) was tax-supported debt. No lease revenue obligations were issued in fiscal 2011.

Of the total amount issued, 80.3 percent (\$2.22 billion) was issued as new-money debt and 19.7 percent (\$543.1 million) was issued as refunding debt (*Table 6.6*).

The large increase in debt issuance for 2011 is primarily due to the North Texas Tollway Authority’s issuance of \$1.09 billion in new money to extend the President George Bush Turnpike and the Dallas Area Rapid Transit Authority’s (DART) issuance of \$729.4 million in new money to finance public transportation.

Table 6.6 Texas Other Special Districts and Authorities Debt Issued by Fiscal Year (\$ in thousands)					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Issuers	6	8	14	9	5
Issuances	7	15	29	17	14
Tax-Supported					
New Money	\$ -	\$ 9,500	\$ 25,245	\$ 35,520	\$ 18,555
Refunding	7,295	-	8,790	-	10,835
Subtotal	\$ 7,295	\$ 9,500	\$ 34,035	\$ 35,520	\$ 29,390
Revenue					
New Money	\$ 39,180	\$ 340,855	\$ 945,475	\$ 617,847	\$ 1,467,168
Refunding	-	4,188,634	1,540,333	486,517	432,225
Subtotal	\$ 39,180	\$ 4,529,489	\$ 2,485,808	\$ 1,104,365	\$ 1,899,393
Sales Tax					
New Money	\$ 500	\$ 410,430	\$ 1,677,435	\$ 88,705	\$ 729,390
Refunding	770,270	340,985	-	20,890	99,995
Subtotal	\$770,770	\$ 751,415	\$ 1,677,435	\$ 109,595	\$ 829,385
Lease-Revenue Obligations					
New Money	\$ -	\$ 62,255	\$ 45,785	\$ -	\$ -
Refunding	-	-	-	-	-
Subtotal	\$ -	\$ 62,255	\$ 45,785	\$ -	\$ -
Total New Money	\$ 39,680	\$ 823,040	\$ 2,693,940	\$ 742,072	\$ 2,215,113
Total Refunding	777,565	4,529,619	1,549,123	507,407	543,055
Total Debt Issued	\$817,245	\$ 5,352,659	\$ 4,243,063	\$ 1,249,480	\$ 2,758,168

Source: Texas Bond Review Board - Bond Finance Office

Build America Bonds

During fiscal years 2009-2011, five OSDs issued \$2.90 billion in Direct Payment Build America Bonds (BABs) for transportation related purposes (*Table 6.7*).

Table 6.7 Texas Other Special Districts and Authorities Build America Bond Issuances (amounts in thousands)	
	Amount
Dallas Area Rapid Transit	\$1,559,005
North Texas Tollway Authority	1,135,000
Central Texas Regional Mobility Authority	105,000
Metropolitan Transit Authority of Harris Co.	82,555
Cameron County Regional Mobility Authority	15,535
Total	\$ 2,897,095

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 certification or associates degrees. CCDs are governed under the Texas Education Code Chapter 130. As of August 31, 2011 total CCD debt outstanding was 2.2% (\$4.31 billion) of total local debt outstanding.

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

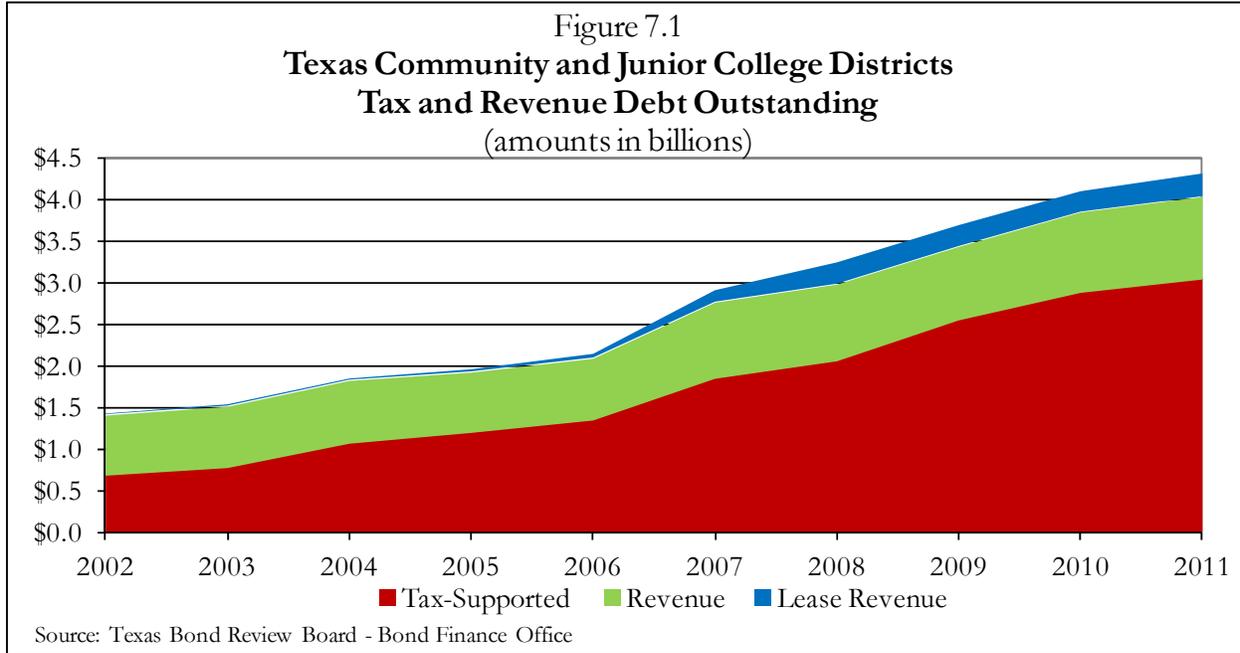
Total CCD Debt Outstanding

As of August 31, 2011 47 of the 50 CCDs had debt outstanding, 29 of which had tax-supported debt outstanding and 42 had revenue debt outstanding. During fiscal 2011 total debt outstanding for CCDs increased 5.2 percent from \$4.09 billion in fiscal 2010 to \$4.31 billion in fiscal 2011. Of that amount, 70.6 percent (\$3.04 billion) was tax-supported, 23.0 percent (\$991.1 million) was revenue and 6.4 percent (\$274.4 million) was lease-revenue obligations (*Table 7.1*).

Table 7.1 Texas Community and Junior College Districts Debt Outstanding by Fiscal Year (amounts in thousands)					
	2007	2008	2009	2010	2011
Tax-Supported	\$ 1,768,490	\$ 2,060,990	\$ 2,551,582	\$ 2,881,206	\$ 3,041,021
Revenue	868,959	919,527	882,004	964,945	991,058
Lease-Revenue Obligations	138,597	255,236	251,320	246,214	274,354
Total Debt Outstanding	\$ 2,776,046	\$ 3,235,753	\$ 3,684,905	\$ 4,092,365	\$ 4,306,432

Source: Texas Bond Review Board - Bond Finance Office

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



Of the 47 CCDs with debt outstanding, most were located in or near major metropolitan areas, and 10 accounted for 78.1 percent of the total debt outstanding (*Table 7.2*).

Table 7.2
Texas Community and Junior College Districts
Issuers with Most Debt Outstanding
(amounts in thousands)

	Amount
Alamo CCD	\$627,315
Houston Community College System	618,070
Lone Star College System	591,625
Dallas County CCD	421,735
Austin CCD	365,128
San Jacinto CCD	325,881
City of Corpus Christi (Del Mar) JCD	115,105
Laredo CCD	100,382
McLennan CCD	100,115
Southmost Union JCD (Texas Southmost College)	98,175
Other Issuers	942,902
Total	\$4,306,432

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. CCDs are expected to repay 21.9 percent of tax-supported debt outstanding (\$664.9 million) within five years and 45.8 percent (\$1.39 billion) within ten years. Revenue debt principal repayment is expected to be 23.6 percent (\$299.1 million) within five years and 47.5 percent (\$601.2 million) within ten years (*Table 7.3*).

Table 7.3 Texas Community and Junior College Districts Rate of Debt Retirement* (\$ in millions)				
Debt Repaid	Tax-Supported Debt	Percent	Revenue Debt	Percent
Within Five Years	\$664.9	21.9%	\$299.1	23.6%
Within Ten Years	\$1,392.7	45.8%	\$601.2	47.5%
*Excludes commercial paper Source: Texas Bond Review Board - Bond Finance Office				

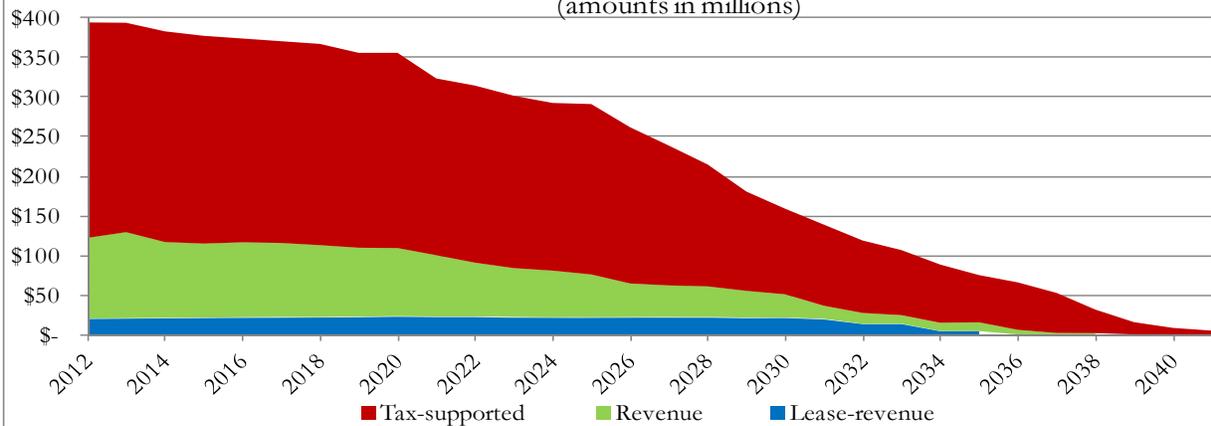
Debt-Service Requirements

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

Table 7.4 Texas Community and Junior College Districts Debt-Service Requirements by Fiscal Year* (amounts in thousands)						
	2012	2013	2014	2015	2016	2017 & beyond
Tax-Supported	\$272,515	\$264,808	\$266,346	\$262,794	\$257,741	\$3,437,138
Revenue	101,880	108,894	96,064	93,485	94,757	935,014
Lease-Revenue Obligations	20,099	20,472	20,870	21,259	21,593	362,410
Total Debt Service	\$394,495	\$394,174	\$383,281	\$377,538	\$374,091	\$4,734,562
*Excludes commercial paper and Build America Bond subsidy Source: Texas Bond Review Board - Bond Finance Office						

As of August 31, 2011, debt-service requirements for CCDs totaled \$6.66 billion of which tax-supported debt was 71.5 percent (\$4.76 billion), revenue debt was 21.5 percent (\$1.43 billion) and lease-revenue obligations were 7.0 percent (\$466.7 million) (*Figure 7.2*).

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



Source: Texas Bond Review Board - Bond Finance Office

Debt Issuance in FY 2011

During fiscal year 2011 CCDs issued \$511.0 million in debt, a decrease of 23.3 percent from \$666.1 million in fiscal 2010. Of that amount, 64.5 percent (\$329.6 million) was tax-supported, 29.0 percent (\$148.0 million) was revenue debt and 6.5 percent (\$33.5 million) were lease-revenue obligations. Of the total amount issued, 70.0 percent (\$357.5 million) was new-money debt and 30.0 percent (\$153.5 million) was refunding debt (*Table 7.5*).

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

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Issuers	21	14	12	14	18
Issuances	33	18	16	24	25
Tax-Supported					
New Money	\$ 658,600	\$ 253,820	\$ 599,490	\$ 448,200	\$ 250,829
Refunding	103,031	12,700	125,000	62,895	78,743
Subtotal	\$ 761,631	\$ 266,520	\$ 724,490	\$ 511,095	\$ 329,572
Revenue					
New Money	\$ 174,625	\$ 100,250	\$ 13,760	\$ 133,325	\$ 73,217
Refunding	130,190	12,895	38,105	21,670	74,780
Subtotal	\$ 304,815	\$ 113,145	\$ 51,865	\$ 154,995	\$ 147,997
Lease-Revenue Obligations					
New Money	\$ 95,835	\$ 118,980	\$ -	\$ -	\$ 33,470
Refunding	-	-	-	-	-
Subtotal	\$ 95,835	\$ 118,980	\$ -	\$ -	\$ 33,470
Total New Money	\$ 929,060	\$ 473,050	\$ 613,250	\$ 581,525	\$ 357,516
Total Refunding	233,221	25,595	163,105	84,565	153,523
Total Debt Issued	\$1,162,281	\$ 498,645	\$ 776,355	\$ 666,090	\$ 511,039

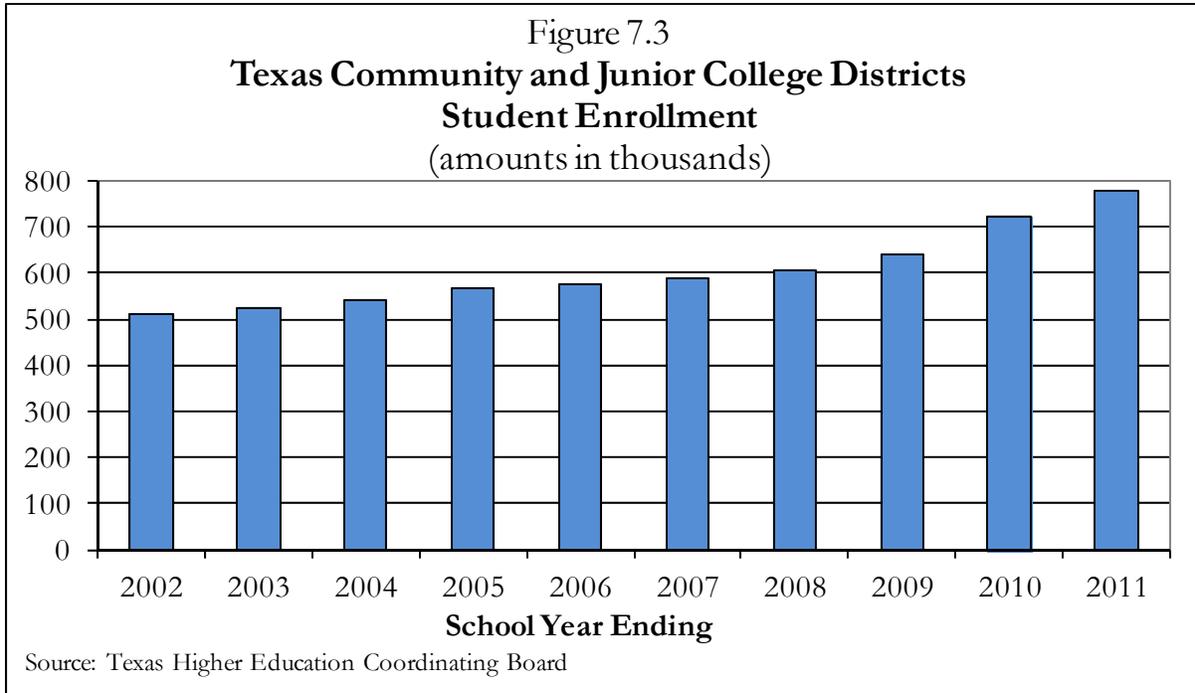
Source: Texas Bond Review Board - Bond Finance Office

Build America Bonds

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

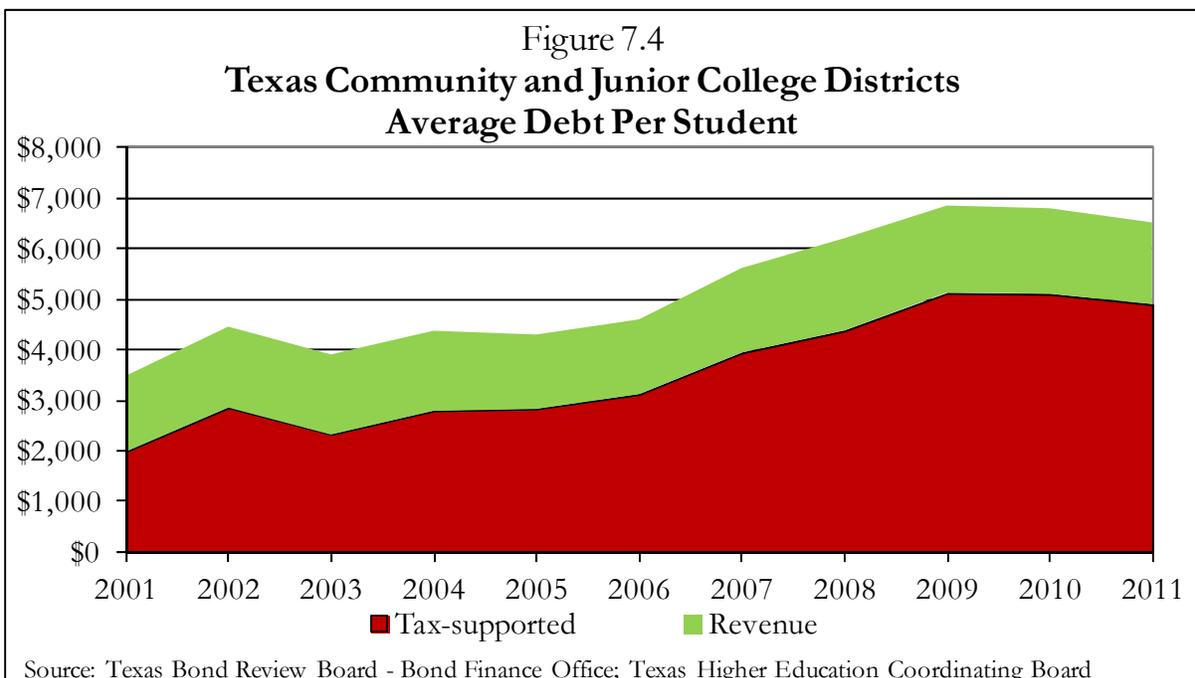
Debt per Student

Enrollment at all CCDs has increased over the past five years by 31.9 percent from 590,436 in 2007 to 779,039 in 2011 (*Figure 7.3*). This growth has been aided by increasing costs at 4-year institutions and increasing numbers of unemployed workers seeking additional job training.



As of August 31, 2011 CCDs with tax-supported debt outstanding had a per student debt of \$4,916, a decrease of 4.0 percent (\$206) from FY 2010. Since fiscal year 2007, the state’s per student tax-supported debt has increased 42.3 percent from \$3,956 to \$4,916 per student (*Figure 7.4*).

CCDs with revenue debt outstanding had a per student debt of \$1,613, a decrease of 4.5 percent from FY 2010. Since FY 2007, the state’s per student revenue debt has decreased 3.4 percent from \$1,669 to \$1,613 per student (*Figure 7.4*).



Chapter 8 Texas Health/Hospital Districts and Authorities

Overview

Health/Hospital districts and authorities (HHD) provide a legal framework to create hospital systems to provide hospital and medical care facilities, emergency services and mental health services to district residents. As of August 31, 2011 HHD debt outstanding was 1.8% (\$3.45 billion) of total local debt outstanding.

BRB has collected debt information on generally four types of hospital, health or public safety districts: hospital districts (HD), hospital authorities (HA), emergency services district (ESD) and mental health mental retardation centers (MHMR). They may be characterized as follows:

HD	Create hospital systems to provide hospital and medical care facilities. HHDs must be voter approved, have taxing authority and are authorized under Chapters 281, 282, or 283 of the Texas Health and Safety Code (HSC).
HA	Create hospital systems to provide hospital and medical care facilities. HAs are created by a municipality's governing board, do not have taxing authority and are authorized under Chapter 262 of the Texas HSC.
ESD	Provide rural fire prevention and emergency medical services. ESDs must be voter approved, have taxing authority and are authorized under Chapter 775 of the Texas HSC.
MHMR	Provide child, adolescent and adult mental health services; substance abuse recovery services; and skills training. MHMRs do not have taxing authority and are authorized under Chapter 534 of the HSC.

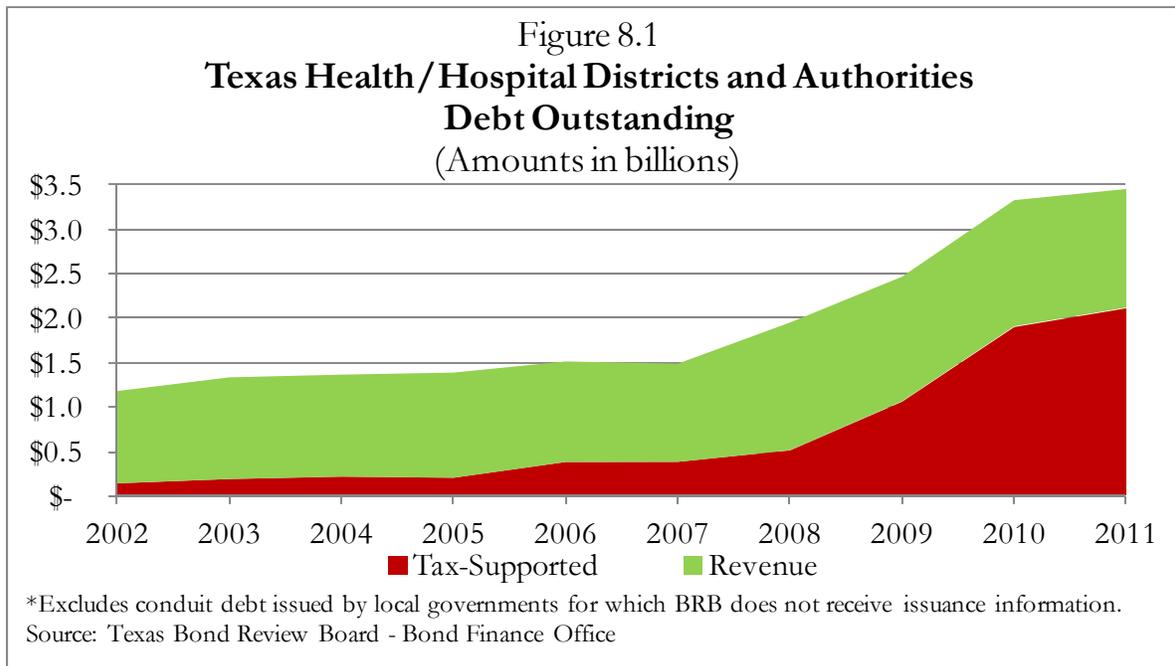
HHD tax-supported and revenue debt is used to construct, acquire and/or improve buildings for hospital, fire, emergency and mental health facilities. Conduit-revenue debt reported was last issued in 1985. This report does not include certain conduit debt for which the Bond Review Board does not receive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

Total Debt Outstanding

As of August 31, 2011, 38 HHDs had tax-supported debt outstanding and 74 had revenue debt outstanding. During fiscal 2011 total debt outstanding for HHDs increased 3.7 percent from \$3.33 billion in fiscal 2010 to \$3.45 billion in fiscal 2011. Of that amount, 61.3 percent (\$2.12 billion) was tax-supported debt, 37.8 percent (\$1.31 billion) was revenue debt, 0.7 percent (\$24.0 million) was sales tax revenue and 0.02 percent (\$5.3 million) was conduit-revenue debt (*Table 8.1*).

Table 8.1 Texas Health/Hospital Districts and Authorities Debt Outstanding by Fiscal Year (amounts in thousands)					
	2007	2008	2009	2010	2011
Tax-Supported	\$ 378,443	\$ 508,330	\$ 1,059,893	\$ 1,904,141	\$ 2,115,551
Revenue	1,066,505	1,402,422	1,369,302	1,389,473	1,305,202
Sales Tax	27,186	26,437	25,661	24,850	24,007
Conduit Revenue*	11,940	10,245	8,770	7,135	5,325
Total Debt Outstanding	\$1,484,074	\$1,947,434	\$2,463,626	\$3,325,599	\$3,450,084
*Excludes certain conduit debt for which the Bond Review Board does not receive issuance information					
Source: Texas Bond Review Board - Bond Finance Office					

More than half of the tax-supported debt increase over the past five years was the result of issuances of \$705.0 million by Dallas County Hospital District in 2010 and \$572.6 million by the Bexar County Hospital District in 2009.



Of the 104 HHDs with debt outstanding, most were located in or near major metropolitan areas and 10 districts accounted for 77.0 percent of the total outstanding.

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

	Amount
Bexar County HD (University Health System)	\$ 756,795
Dallas County HD	705,000
Harris County HD	303,520
El Paso County HD	260,905
Midland County HD (Midland Memorial)	130,848
Tomball HA	115,065
Richardson HA	102,495
Joint Guadalupe County-City of Seguin	99,000
Hospital Board of Managers	92,500
Oak Bend Medical Center	91,245
Decatur HA	792,711
Other Issuers	792,711
Total	\$3,450,084

Source: Texas Bond Review Board - Bond Finance Office

Commercial Paper Outstanding

Harris County Hospital District is the only hospital district authorized to issue short-term commercial paper notes and as of August 31, 2011, had no commercial paper outstanding.

Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess an issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. HHDs are expected to repay 9.5 percent (\$200.7 million) in principal outstanding of tax-supported debt within five years and 23.0 percent (\$486.9 million) within ten years. Revenue debt principal repayment is expected to be 20.0 percent (\$266.1 million) within five years and 35.5 percent (\$472.2 million) within ten years.

Table 8.3 Texas Health/Hospital Districts and Authorities Rate of Debt Retirement* (\$ in millions)				
Debt Repaid	Tax-Supported Debt	Percent	Revenue Debt	Percent
Within Five Years	\$200.7	9.5%	\$266.1	20.0%
Within Ten Years	\$486.9	23.0%	\$472.2	35.5%

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

Debt-Service Requirements (Principal and Interest)

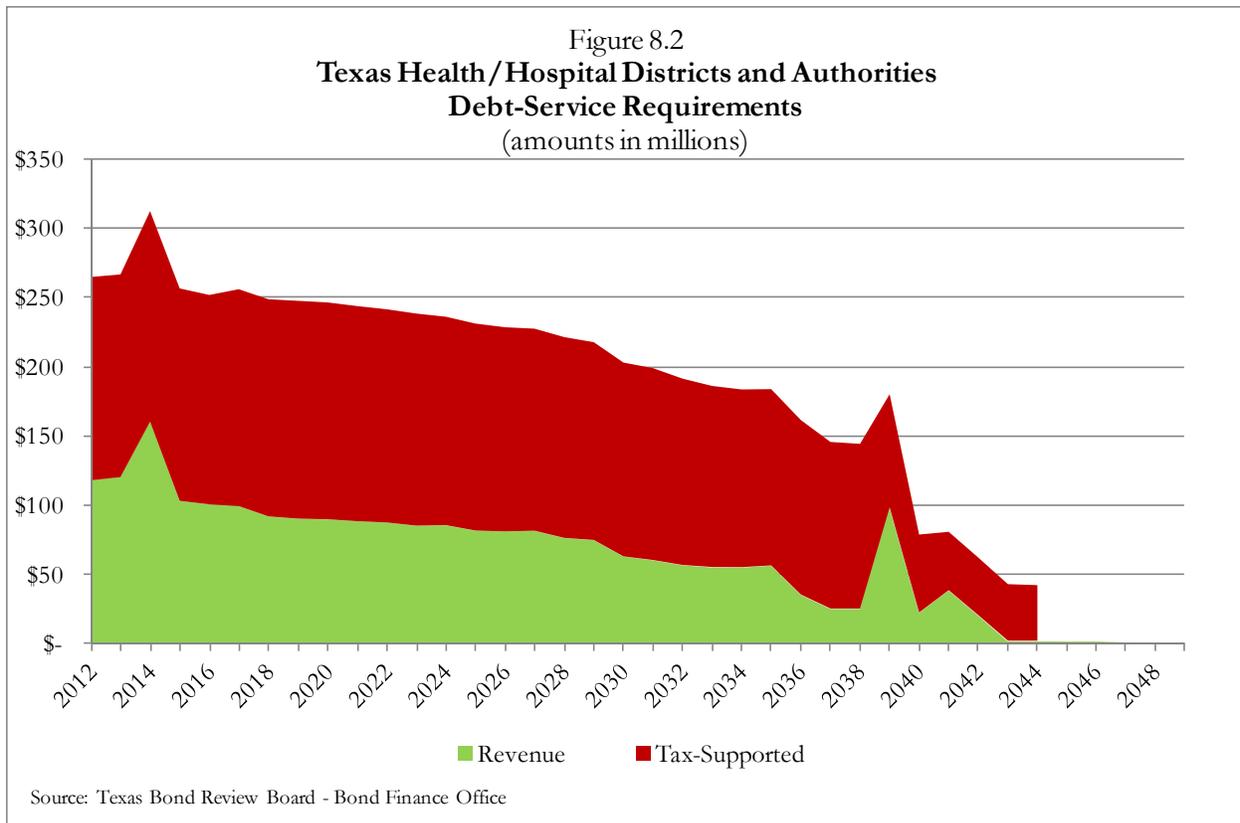
Table 8.4 illustrates annual debt-service requirements for HHDs tax-supported debt, revenue debt conduit revenue and sales tax debt outstanding.

Table 8.4 Texas Health/Hospital Districts and Authorities Debt-Service Requirements by Fiscal Year* (amounts in thousands)						
	2012	2013	2014	2015	2016	2017 & beyond
Tax-Supported	\$147,269	\$146,748	\$152,367	\$153,877	\$151,575	\$3,446,924
Revenue	113,294	115,610	157,284	101,060	98,564	1,703,542
Conduit Revenue	2,601	2,603	1,215	0	0	0
Sales Tax	1,941	1,945	1,875	1,876	1,878	26,989
Total Debt Service	\$265,105	\$266,905	\$312,741	\$256,814	\$252,017	\$5,177,455

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

As of August 31, 2011, debt-service requirements for HHDs totaled \$6.53 billion of which tax-supported debt was 64.3 percent (\$4.20 billion), revenue debt was 35.1 percent (\$2.29 billion), sales

tax debt was 0.6 percent (\$36.5 million) and conduit revenue debt was 0.1 percent (\$6.4 million). Figure 8.2 illustrates annual debt-service requirements for HHDs with tax and revenue debt outstanding.



HHD Debt Issuance in FY 2011

During fiscal year 2011 HHDs issued \$281.8 million in total debt, a decrease of 74.3 percent from the \$1.10 billion issued in FY 2010. Of the FY 2011 issuances, 89.3 percent (\$251.7 million) was tax-supported and 10.7 percent (\$30.1 million) was revenue debt. No sales tax revenue or conduit revenue debt has been issued in the past five fiscal years.

Of the total amount issued, 97.4 percent (\$274.5 million) was new-money debt and 2.6 percent (\$7.4 million) was refunding debt (*Table 8.5*). One new money issuance [Bexar County Hospital District (University Health System)] accounted for 72.7 percent of the total debt issued in fiscal 2011.

Table 8.5					
Texas Health/Hospital Districts and Authorities					
Debt Issued by Fiscal Year*					
(\$ in thousands)					
	2007	2008	2009	2010	2011
Issuers	10	19	10	15	7
Issuances	11	23	13	20	10
Tax					
New Money	\$ 12,800	\$ 144,975	\$ 581,455	\$ 871,035	\$ 244,375
Refunding	24,095	8,831	5,445	25,760	7,355
Subtotal	\$36,895	\$153,806	\$586,900	\$ 896,795	\$251,730
Revenue					
New Money	\$ 38,005	\$ 354,095	\$ 25,922	\$ 88,763	\$ 30,100
Refunding	3,230	226,265	46,000	112,629	-
Subtotal	\$41,235	\$580,360	\$ 71,922	\$ 201,392	\$ 30,100
Total New Money	\$ 50,805	\$ 499,070	\$ 607,377	\$ 959,798	\$ 274,475
Total Refunding	\$ 27,325	\$ 235,096	\$ 51,445	\$ 138,389	\$ 7,355
Total Debt Issued	\$78,130	\$734,166	\$658,822	\$1,098,187	\$281,830
*No Conduit Revenue or Sales Tax debt issued during this period.					
Source: Texas Bond Review Board - Bond Finance Office					

Build America Bonds

During fiscal years 2009-2011, four HHDs issued Direct Payment Build America Bonds (BAB) totaling \$1.27 billion (Table 8.6). (See Glossary for discussion on BABs).

Table 8.6	
Texas Health/Hospital Districts and Authorities	
Build America Bond Issuances	
(amounts in thousands)	
	Amount
Dallas County HD	\$680,230
Bexar County HD (University Health System)	451,280
Midland County HD (Midland Memorial)	98,380
Ector County HD	44,654
Total	\$1,274,544
Source: Texas Bond Review Board - Bond Finance Office	

Appendix A

Bond Election Results

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

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

Table A1 shows the election amounts that passed over the past five years for each of the local government categories. The detailed results of the past three elections are shown in Tables A2 through A7. During fiscal 2011, 148 local governments held a bond election.

Table A1
Texas Local Government
Bond Election Results by Fiscal Year

(amounts in thousands)

	2007	2008	2009	2010	2011	2012*
Public School Districts						
Election Amount	\$ 8,495,352	\$ 15,798,478	\$ 3,161,872	\$ 3,158,409	\$ 4,620,393	\$ 1,784,684
Amount Approved	7,066,712	14,110,699	2,413,647	2,110,097	3,540,360	1,489,884
Percent Approved	83.2%	89.3%	76.3%	66.8%	76.6%	83.5%
Counties						
Election Amount	514,720	1,301,970	1,313,930	66,350	413,870	462,864
Amount Authorized	506,230	1,106,970	1,163,280	30,350	397,870	260,869
Percent Approved	98.4%	85.0%	88.5%	45.7%	96.1%	56.4%
Water Districts and Authorities						
Election Amount	189,785	996,625	259,900	1,057,905	1,182,132	422,905
Amount Approved	139,785	996,625	256,900	1,057,905	651,772	167,150
Percent Approved	73.7%	100.0%	98.8%	100.0%	55.1%	39.5%
Cities, Towns, Villages						
Election Amount	4,252,085	522,557	863,583	346,335	548,858	38,707
Amount Authorized	4,168,910	462,697	702,483	238,670	413,338	16,500
Percent Approved	98.0%	88.5%	81.3%	68.9%	75.3%	42.6%
Community and Junior College District						
Election Amount	456,125	869,805	18,000	0	268,675	30,704
Amount Approved	103,625	869,805	0	0	150,000	0
Percent Approved	22.7%	100.0%	0.0%		55.8%	0.0%
Health/Hospital Districts and Authorities						
Election Amount	0	3,000	773,900	0	17,370	0
Amount Authorized	0	3,000	773,900	0	17,370	0
Percent Approved		100.0%	100.0%		100.0%	
Other Special Districts and Authorities						
Election Amount	0	0	0	0	0	12,000
Amount Approved	0	0	0	0	0	12,000
Percent Approved						100.0%
Total Election Amount	\$ 13,908,067	\$ 19,492,434	\$ 6,391,184	\$ 4,628,999	\$ 7,051,298	\$ 2,751,864
Total Amount Approved	\$ 11,985,262	\$ 17,549,795	\$ 5,310,209	\$ 3,437,022	\$ 5,170,710	\$ 1,946,403
Total Percent Approved	86.2%	90.0%	83.1%	74.2%	73.3%	70.7%

* Only includes the election results from the November 8, 2011 Bond Elections

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

Table A2
Texas Local Government
Carried Propositions
Bond Elections November 8, 2011
(amounts in thousands)

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

Table A3
Texas Local Government
Defeated Propositions
Bond Elections November 8, 2011
(amounts in thousands)

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

Table A4
Texas Local Government
Carried Propositons
Bond Elections May 14, 2011
(amounts in thousands)

Issuer	County	Purpose	Amount Carried
Public School Districts			
Andrews ISD	Andrews	School Building, Buses & Technology	\$ 33,000
Aransas County ISD	Aransas	School Building	26,800
Athens ISD	Henderson	School Building	6,525
Barbers Hill ISD	Chambers	School Building	65,200
Barbers Hill ISD	Chambers	School Bldg, Athletic Facility & Transp.	9,800
Blanco ISD	Blanco	School Building	7,685
Blanco ISD	Blanco	School Buildings & Buses	310
Brooks County ISD	Brooks	School Building	35,155
Canutillo ISD	El Paso	School Building	43,950
Carlisle ISD	Rusk	School Building	7,500
Colmesneil ISD	Tyler	Refunding	1,725
Denison ISD	Grayson	School Building	79,750
Eanes ISD	Travis	School Building	54,000
Flatonia ISD	Fayette	Gymnasium	3,000
Fort Elliott Cons ISD	Wheeler	School Building and Buses	5,000
Franklin ISD	Robertson	School Building	12,000
Fredericksburg ISD	Gillespie	Maintenance Expense	9,975
George West ISD	Live Oak	School Building	8,595
Grand Prairie ISD	Dallas	School Building	70,000
Grandview ISD	Johnson	Renovations	1,000
Grapevine-Colleyville ISD	Tarrant	School Building	124,500
Higgins ISD	Lipscomb	Renovations	840
Hull-Daisetta ISD	Liberty	Renovations	1,800
Hurst-Eules-Bedford ISD	Tarrant	Activity Center	23,745
Hurst-Eules-Bedford ISD	Tarrant	School Building	112,750
Karnes City ISD	Karnes	School Building	3,500
Kilgore ISD	Gregg	School Building	55,000
Lipan ISD	Hood	School Building	2,500
May ISD	Brown	School Building	3,600
McKinney ISD	Collin	School Building	191,000
Midlothian ISD	Ellis	School Building	97,300
Muenster ISD	Cooke	School Building	14,000
Perryton ISD	Odihlree	Renovations	19,500
Pine Tree ISD	Gregg	School Building	29,995
Rankin ISD	Upton	School Building and Buses	4,650
Richardson ISD	Dallas	School Building	170,000
San Augustine ISD	San Augustine	School Building	9,000
Sands ISD	Dawson	School Building	2,000
Socorro ISD	El Paso	School Building	297,400
Spur ISD	Dickens	Gymnasium	4,000
Stafford MSD	Fort Bend	Athletic Field Improvements	3,481
Stafford MSD	Fort Bend	HVAC	5,081
Stafford MSD	Fort Bend	Renovations	7,686
Stafford MSD	Fort Bend	Technology	33,652
Sterling City ISD	Sterling	School Building	7,500
Sunnyvale ISD	Dallas	School Building	16,800
Sunray ISD	Moore	School Building	17,325
Temple ISD	Bell	Athletic Facility and School Building	55,000
Texhoma ISD	Sherman	Real Estate	1,050
Union Grove ISD	Upshur	School Building	4,360
Weimar ISD	Colorado	School Building	4,735
West Orange-Cove Cons ISD	Orange	School Building	6,075
Public School District Total			\$ 1,810,795

Table A4 (continued)
Texas Local Government
Carried Propositions
Bond Elections May 14, 2011
(amounts in thousands)

Issuer	County	Purpose	Amount Carried
Water Districts			
Fort Bend County WCID 2	Fort Bend	Water and Sewer	\$ 31,900
Harris County MUD 238	Harris	Water	15,400
Laguna Madre WD	Cameron	Waste Disposal	15,660
Laguna Madre WD	Cameron	Water Transmission	23,750
Montgomery County MUD 08	Montgomery	Water, Sewer and Drainage	23,550
San Leon MUD	Galveston	Water and Sewer	15,000
Williamson County MUD 19	Williamson	Facility Improvements	65,068
Williamson County MUD 20	Williamson	Parks and Recreation	13,063
Williamson County MUD 21	Williamson	Refunding	117,196
Water Districts Total			\$ 320,587
Cities, Towns, Villages			
Bunker Hill	Harris	Flood Control	\$ 8,000
Georgetown	Williamson	Public Safety	29,500
Lakeway	Travis	Library	1,250
Longview	Gregg	Street	52,600
Piney Point Village	Harris	Flood Control	8,000
Port Aransas	Nueces	Street and Drainage	6,400
Prosper	Collin	Multi-purpose Center	1,250
Prosper	Collin	Public Works	450
Prosper	Collin	Police and Fire	3,850
Prosper	Collin	Parks and Recreation Refunding	6,200
Prosper	Collin	Streets and Roads	13,290
Cities, Towns, Villages Total			\$ 130,790
Counties			
Bowie County	Bowie	Highway	\$ 35,000
Kendall County	Kendall	Road	10,000
Smith County	Smith	Jail	35,120
Counties Total			\$ 80,120
Health and Hospital Districts			
Schleicher County Hospital District	Schleicher	Hospital	\$ 17,370
Total Carried			\$ 2,359,662

Table A5
Texas Local Government
Defeated Propositons
Bond Elections May 14, 2011
(amounts in thousands)

Issuer	County	Purpose	Amount Defeated
Public School Districts			
Alpine ISD	Brewster	Athletic Facility & School Building	\$ 22,000
Anthony ISD	El Paso	School Building	4,760
Blanco ISD	Blanco	Athletic Facility Improvements	720
Bonham ISD	Fannin	School Building	24,700
Carrizo Springs Cons ISD	Dimmit	School Building	55,000
Colmesneil ISD	Tyler	Refinance	900
Daingerfield-Lone Star ISD	Morris-Titus	School Building & Buses	28,890
Dublin ISD	Erath	School Building	5,440
Lamesa ISD	Dawson	School Building	15,000
Liberty ISD	Liberty	School Building	5,919
Marion ISD	Guadalupe	School Building	13,900
Redwater ISD	Bowie	School Building	13,000
Richland Springs ISD	San Saba	School Building	2,500
Salado ISD	Bell	Athletic Facility & School Building	11,500
San Saba ISD	San Saba	School Building	7,500
Seguin ISD	Guadalupe	School Building	97,500
Sonora ISD	Sutton	School Building	5,000
Thrall ISD	Williamson	School Building	12,800
Public School Districts Total			\$ 327,029
Water Districts			
Highlands at Mayfield Ranch MUD	Williamson	Water, Sewer & Drainage	\$ 42,265
Highlands at Mayfield Ranch MUD	Williamson	Parks & Recreation	6,140
Williamson-Liberty Hill County MUD	Williamson	Facility Improvements	74,185
Williamson-Liberty Hill County MUD	Williamson	Parks & Recreation	3,975
Water Districts Total			\$ 126,565
Community College Districts			
College Of The Mainland	Galveston	College Facilities	\$ 86,175
North Central Texas CCD	Cooke	College Facilities	32,500
Total Community College Districts			\$ 118,675
Cities			
Fredericksburg	Gillespie	Aquatic Center	\$ 3,200
Granite Shoals	Burnet	Wastewater	18,000
Hidalgo	Hidalgo	Event Center	18,000
Lampasas	Lampasas	Civic Center	2,270
Lampasas	Lampasas	Library	3,500
Cities Total			\$ 44,970
Counties			
Medina County	Medina	Jail	16,000
Total Defeated			\$ 633,239

Table A6
Texas Local Government
Carried Propositions
Bond Elections November 2, 2010
(amounts in thousands)

Issuer	County	Purpose	Amount Carried
Public School Districts			
Aquilla ISD	Hill	Gymnasium	\$ 1,500
Brownsboro ISD	Henderson	Renovations	27,260
Bryson ISD	Jack	School Building	13,300
Canadian ISD	Hemphill	School Building	9,000
Corpus Christi ISD	Nueces	School Building	125,000
Edna ISD	Jackson	School Building	11,900
Georgetown ISD	Williamson	School Building	90,100
Georgetown ISD	Williamson	School Building	47,200
Jacksonville ISD	Cherokee	School Building	49,865
Katy ISD	Harris	School Building	459,795
Liberty Hill ISD	Williamson	School Building	85,580
Lubbock ISD	Lubbock	School Building	198,000
New Braunfels ISD	Comal	School Building	45,255
Newcastle ISD	Young	Renovations	4,500
Panther Creek CISD	Coleman	Renovations	1,000
Plains ISD	Yoakum	School Building	31,000
Rochelle ISD	McCallum	School Building	3,000
San Antonio ISD	Bexar	School Building	515,000
Skidmore-Tynan ISD	Bee	School Building	6,800
Stoddard ISD	Wilson	School Building	3,250
Three Rivers ISD	Live Oak	School Building	11,185
Public School Districts Total			\$ 1,739,490
Cities, Towns, Villages			
Austin	Travis-Williamson	Transportation	\$ 90,000
Crandall	Kaufman	Road	2,000
Haltom City	Tarrant	Streets & Sidewalks	12,153
Haltom City	Tarrant	Fire Station	3,655
Haltom City	Tarrant	Park	5,400
San Antonio	Bexar	Watershed Protection	90,000
San Antonio	Bexar	Park	45,000
Schertz	Guadalupe	Aquatic Center	6,625
Schertz	Guadalupe	Sports Complex	6,000
Schertz	Guadalupe	Animal Shelter	2,250
Schertz	Guadalupe	Downtown Improvements	1,000
Seadrift	Calhoun	Street & Drainage	1,500
Slaton	Lubbock	Street	1,725
Slaton	Lubbock	Water & Sewer	550
Slaton	Lubbock	Street	560
Slaton	Lubbock	Street	1,470
Slaton	Lubbock	Street	610
Slaton	Lubbock	Street	250
South Padre Island	Cameron	Fire Station	3,800
Terrell Hills	Bexar	Streets & Sidewalks	6,000
Terrell Hills	Bexar	City Hall	2,000
Cities, Towns, Villages Total			\$ 282,548
Community College Districts			
Odessa JCD	Ector	School Building	\$ 68,500
Temple JCD	Bell	College Facility	13,000
Community College Districts Total			\$ 81,500
Water Districts			
Cypress Waters MMD	Dallas	Development Costs	\$ 180,000
Green Trails MUD	Harris	Water, Sewer & Drainage	10,000
Green Trails MUD	Harris	Refunding	10,000
Harris Co MUD # 287	Harris	Road	10,000
Orange Co WC&ID # 1	Orange	Water & Sewer	14,000
Rayford Road MUD	Montgomery	Water, Sewer & Drainage	\$ 3,850
Water Districts Total			\$ 227,850
Counties			
Bosque County	Bosque	Law Enforcement Center	\$ 9,900
Concho County	Concho	Street	1,000
Shackelford County	Shackelford	Law Enforcement Center	5,850
Counties Total			\$ 16,750
Total Carried			\$ 2,348,138

Table A7
Texas Local Government
Defeated Propositions
Bond Elections November 2, 2010
(amounts in thousands)

Issuer	County	Purpose	Amount Defeated
Public School Districts			
Academy ISD	Bell	School Building	\$ 13,425
Alice ISD	Jim Wells	School Building	14,500
Alvarado ISD	Johnson	School Building & Auditorium	44,000
Athens ISD	Henderson	School Building	6,525
Blanco ISD	Blanco	School Building	8,840
Brownsboro ISD	Henderson	Athletic Facility	2,350
Campbell ISD	Hunt	School Building	5,000
Carlisle ISD	Rusk	School Building	7,500
Cumby ISD	Hopkins-Hunt	School Building	3,000
Cumby ISD	Hopkins-Hunt	Mtc/INS	1,125
Eanes ISD	Travis	School Building, Athletic Facility & Transportation	72,000
Eanes ISD	Travis	School Building	57,000
Eanes ISD	Travis	Activity Center	20,500
Henderson ISD	Rusk	School Building & Auditorium	39,200
Jasper ISD	Jasper	School Building	46,785
Judson ISD	Bexar	School Building	63,600
Judson ISD	Bexar	School Building	63,500
Judson ISD	Bexar	School Building	71,700
Liberty ISD	Liberty	School Building	12,081
Liberty ISD	Liberty	Athletic Field	879
Liberty ISD	Liberty	Parking	1,313
Liberty ISD	Liberty	Administration Facility	3,792
Liberty ISD	Liberty	Athletic Facility	809
McGregor ISD	McLennan	School Building	17,000
Richards ISD	Grimes-Montgomery-Walker	School Building	6,300
Richland Springs ISD	San Saba	School Building	2,500
Spur ISD	Dickens	School Building	4,000
Stephenville ISD	Erath	School Building, Athletic Facility, Transportation	33,985
Thrall ISD	Williamson	School Building	12,800
Tyler ISD	Smith	School Building	89,850
Union Grove ISD	Upshur	School Building	8,510
Union Grove ISD	Upshur	Auditorium	5,135
Public School Districts Total			\$ 739,504
Water Districts			
Fort Bend Co WC&ID # 2	Fort Bend	Water & Sewer	\$ 37,900
Laguna Madre Water Dist	Cameron	Water & Sewer	39,300
Midland Co FWSD # 1	Midland	Development Costs	375,000
Water Districts Total			\$ 452,200
Cities, Towns, Villages			
Burkburnett	Wichita	Community Center	\$ 1,600
Burkburnett	Wichita	Water Park	2,500
Castle Hills	Bexar	Street & Drainage	12,500
Castroville	Medina	Wastewater	3,600
Crandall	Kaufman	Police Station	1,500
Haltom City	Tarrant	Law Enforcement Center	8,500
Haltom City	Tarrant	City Hall	6,370
Haltom City	Tarrant	Rec Center	3,000
Ponder	Denton	Municipal Complex	4,570
Schertz	Guadalupe	Arts Center	1,450
Schertz	Guadalupe	Event Center	5,100
Spring Valley Village	Harris	Street & Drainage	18,060
Spring Valley Village	Harris	Water & Sewer	3,100
Spring Valley Village	Harris	Water System Improvements	700
Wilmer	Dallas	Water & Sewer	18,000
Cities, Towns, Villages Total			\$ 90,550
Total Defeated			\$ 1,282,254

Appendix B Glossary

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

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

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

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

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

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

Commercial Paper – 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.

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

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

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

Fiscal Year - Information is based 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.

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

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

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

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

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

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

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

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

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

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

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

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. The QSCB program expired on December 31, 2010, but authorized but unissued debt QSCBs may still be issued.

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. The proceeds of the bonds may not be used for new construction.

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

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

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

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

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

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

Yield – The investor's rate of return.