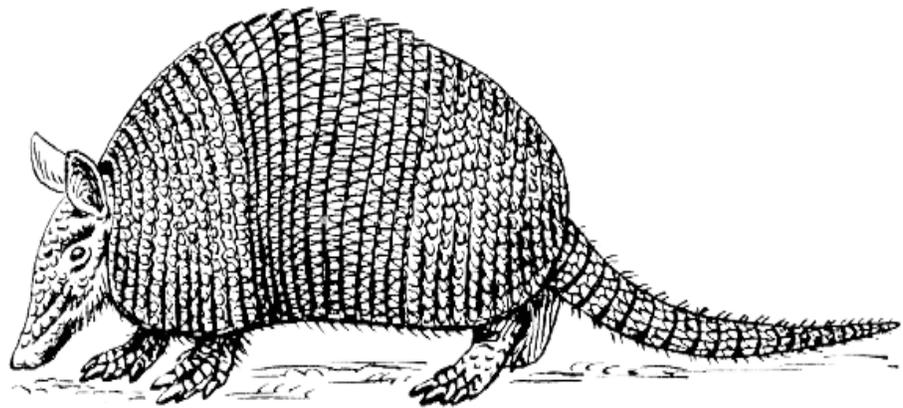


Local Government

ANNUAL REPORT

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Texas Bond Review Board

Fiscal Year Ended August 31, 2013

Texas Bond Review Board Local Government Annual Report 2013

Fiscal Year Ended August 31, 2013

Rick Perry, Governor
Chairman

David Dewhurst, Lieutenant Governor

Joe Straus, Speaker of the House of Representatives

Susan Combs, Comptroller of Public Accounts

Robert C. Kline
Executive Director

May 2014

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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 requires the BRB to prepare statistical reports on local government debt. This information on debt issued by political subdivisions is primarily prepared by the political subdivision, collected by the OAG as a part of the review and approval procedures as required under Chapter 1202 of the Government Code, and then forwarded to the BRB for its report on local debt statistics. Intergovernmental loans and debts that are not evidenced by the issuance of public securities approved by the OAG and certain conduit debts incurred by nonprofit corporations created by the local governments are not reflected in this report.

All reporting on local debt is presented on the agency's website. Visitors to the site can search databases and download spreadsheets that contain debt outstanding, debt issuances, debt ratios and population data as available by government type at each fiscal-year end. In fiscal 2013, approximately 6,100 different users of the BRB's website downloaded over 24,700 spreadsheets containing Texas local government debt data. The BRB posts this information to its website annually within four months after the close of the fiscal year.

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

The data in this report and on the website is compiled from information provided to the Bond Review Board from various sources and has not been independently verified. Although local governments are not required to report cash defeasances, BRB staff identified cash defeasances that have been removed from the FY 2012 and FY 2013 data. Data for prior years has not been restated.

Local Government Debt Outstanding

As of fiscal-year end 2013 Texas local governments had \$199.98 billion in outstanding debt (*Table 1.1*), an increase of \$25.91 billion (14.9 percent) over the past five fiscal years. Of that amount 60.2 percent (\$120.52 billion) is GO debt secured by local tax collections while the remaining 39.8 percent (\$79.69 billion) is secured by revenues generated by various projects such as water, sewer and electric utility fees. Over the past five fiscal years tax-supported debt outstanding increased 13.9 percent (\$14.68 billion) and revenue debt outstanding increased 16.5 percent (\$11.23 billion).

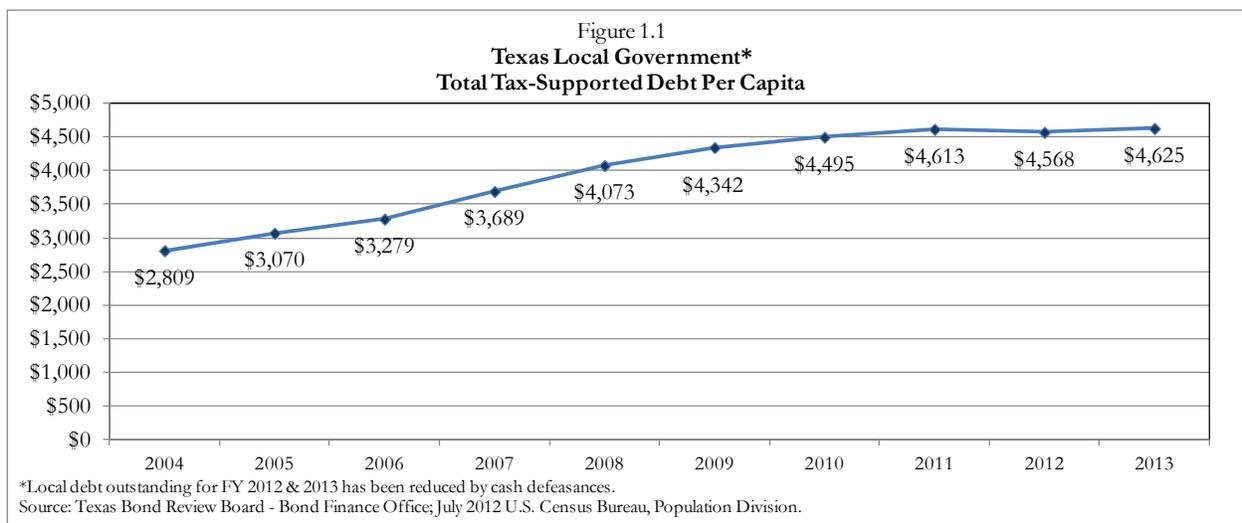
Type of Issuer		Tax-Supported	Revenue	Total Debt
Cities, Towns, Villages	Tax	\$ 27,740.8		\$ 27,740.8
	Revenue		\$ 37,417.9	37,417.9
	Sales Tax		210.3	210.3
	Conduit revenue**		-	0.0
	Lease-purchase contracts**		595.2	595.2
Subtotal		\$ 27,740.8	\$ 38,223.4	\$ 65,964.2
Public School Districts	Voter-approved tax	\$ 64,186.3		\$ 64,186.3
	Maintenance tax (ed. equipment)	600.5		600.5
	Lease-purchase contracts		315.2	315.2
	Revenue (athletic facilities)		2.7	2.7
Subtotal		\$ 64,786.8	\$ 317.9	\$ 65,104.7
Water Districts and Authorities	Tax	\$ 11,151.9		\$ 11,151.9
	Revenue		\$ 11,651.3	\$ 11,651.3
	Conduit revenue**		8,259.3	8,259.3
Subtotal		\$ 11,151.9	\$ 19,910.6	\$ 31,062.5
Other Special Districts and Authorities	Tax	\$ 204.6		\$ 204.6
	Sales Tax		\$ 4,573.0	4,573.0
	Revenue		10,674.4	10,674.4
	Lease-purchase contracts		97.0	97.0
Subtotal		\$ 204.6	\$ 15,344.3	\$ 15,548.9
Counties	Tax	\$ 11,109.8		\$ 11,109.8
	Revenue		\$ 2,601.2	2,601.2
	Conduit revenue**		-	-
	Lease-purchase contracts**		494.9	494.9
Subtotal		\$ 11,109.8	\$ 3,096.0	\$ 14,205.8
Community and Junior Colleges	Tax	\$ 3,317.2		\$ 3,317.2
	Revenue		\$ 1,058.9	1,058.9
	Lease-purchase contracts (ed. facilities)		301.3	301.3
Subtotal		\$ 3,317.2	\$ 1,360.2	\$ 4,677.4
Health/Hospital Districts and Authorities	Tax	\$ 2,213.0		\$ 2,213.0
	Sales Tax		62.4	62.4
	Revenue		1,136.6	1,136.6
	Conduit revenue**		-	-
Subtotal		\$ 2,213.0	\$ 1,199.0	\$ 3,412.0
Total Local Debt Outstanding		\$ 120,524.1	\$ 79,451.4	\$ 199,975.6

*Local debt outstanding for FY 2013 has been reduced by cash defeasances.
**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

Cities accounted for 33.0 percent (\$65.96 billion) of all local debt outstanding and School Districts accounted for 32.6 percent (\$65.10 billion). WDs held the third highest percentage and accounted for 15.5 percent (\$31.06 billion) of all local debt outstanding. The remaining 18.9 percent (\$37.84 billion) was held by CCDs, Counties, HHDs and OSDs.

The most recent U.S. Census Bureau data (2010-2011) showed that Texas continued to be ranked 2nd in population, 2nd among the ten most populous states in terms of Local Debt Per Capita, 4th in Total State and Local Debt Per Capita and 9th in State Debt Per Capita.

Total tax-supported debt per capita increased by 1.2 percent from \$4,568 in FY 2012 to \$4,625 in FY 2013. Over the past 10 years debt per capita has increased by 64.6 percent (\$1,816) while the state’s population has increased by 17.8 percent (3.9 million) (*Figure 1.1*).



Tax-Supported Debt – 14 Percent Increase in Five Years

As of fiscal-year end 2013 Texas local governments had \$120.52 billion in tax-supported debt outstanding, an increase of 13.9 percent (\$14.68 billion) in the five-year period since fiscal 2009.

School Districts accounted for 53.8 percent (\$64.79 billion) of the total tax-supported local debt outstanding. Cities accounted for 23.0 percent (\$27.74 billion), WDs accounted for 9.3 percent (\$11.15 billion), and the remaining 13.9 percent (\$16.84 billion) was attributable to CCDs, Counties, HHDs and OSDs.

Since fiscal 2009 City tax-supported debt increased by 13.0 percent from \$24.55 billion to \$27.74 billion. As the state's population increased by 7.1 percent (1.7 million) since fiscal 2009, urban areas have experienced particularly rapid growth that has created the need for new infrastructure including, new buildings and roads.

County tax-supported debt increased by 20.8 percent from \$9.20 billion to \$11.11 billion in the five-year period. Of that amount, Harris County accounted for 22.6 percent (\$2.51 billion) which included \$289.7 million in commercial paper and \$432.5 million in toll road debt backed by the full faith and credit of Harris County.

Since fiscal 2009, CCD tax-supported debt rose by 30.0 percent from \$2.55 billion to \$3.32 billion due to a number of issuances, the largest of which were issuances by Lone Star College System of \$149.8 million and Dallas County CCD of \$87.0 million.

Since fiscal 2009 tax-supported debt for OSDs increased 73.9 percent from \$117.6 million to \$204.6 million primarily as the result of a number of issuances, the largest of which were new-money issuances by Dallas County Schools of \$26.6 million and Cibolo Canyons Special Improvement District of \$22.5 million.

Revenue Debt - 17 Percent Increase in Five Years

As of fiscal-year end 2013 Texas local governments had \$79.45 billion in revenue debt outstanding, an increase of 16.5 percent (\$11.23 billion) since fiscal 2009. Cities accounted for 48.1 percent (\$38.22 billion) of the total revenue local debt outstanding, WDs accounted for 25.1 percent (\$19.91 billion), OSDs accounted for 19.3 percent (\$15.34 billion) and the remaining 7.5 percent (\$5.97 billion) was attributable to School Districts, CCDs, Counties and HHDs.

City revenue debt increased by 14.1 percent from \$33.49 billion to \$38.22 billion in the five-year period. Since fiscal 2009 the state's population increased by 7.1 percent (1.7 million), and urban areas have experienced particularly rapid growth creating the need for new infrastructure including roads, bridges and new and expanded water and sewer systems. The majority of city revenue debt has been used to finance utility-related projects including water, wastewater and in some localities, electric utility systems.

Since fiscal 2009 county revenue debt increased by 14.8 percent from \$2.70 billion to \$3.10 billion in the five-year period of which Harris County toll road projects accounted for 47.4 percent (\$1.47 billion).

Since fiscal 2009, CCD revenue debt rose by 20.2 percent from \$1.13 billion to \$1.36 billion in response to increased student enrollment.

Since fiscal 2009 revenue debt for OSDs increased 28.7 percent from \$11.92 billion to \$15.34 billion primarily as a result of North Texas Tollway Authority issuing a total of \$3.06 billion in new money for transportation purposes.

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

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

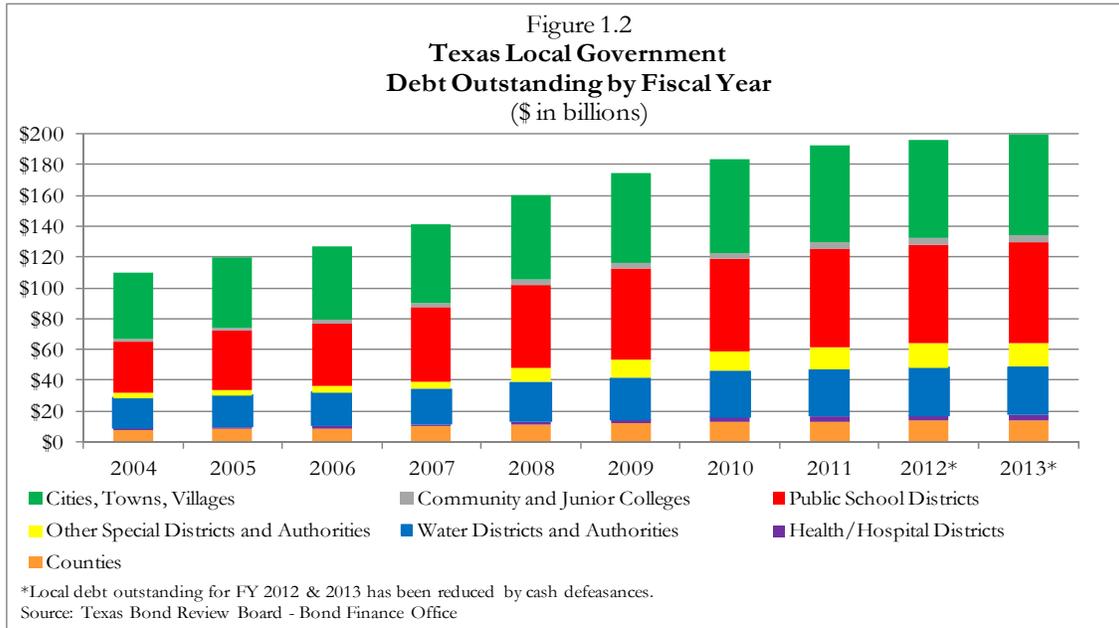
	8/31/2009	8/31/2010	8/31/2011	8/31/2012*	8/31/2013*
Cities					
Tax-Supported	\$24,548.4	\$26,339.5	\$26,913.1	\$26,964.7	\$27,740.8
Revenue**	33,489.9	34,415.5	35,630.8	36,306.4	38,223.4
Total	\$58,038.3	\$60,755.0	\$62,544.0	\$63,271.1	\$65,964.2
Public School Districts					
Tax-Supported	\$58,532.1	\$59,868.7	\$63,251.2	\$63,750.0	\$64,786.8
Revenue**	305.1	370.8	376.5	332.8	317.9
Total	\$58,837.3	\$60,239.5	\$63,627.7	\$64,082.8	\$65,104.7
Water Districts and Authorities					
Tax-Supported	\$9,849.0	\$10,415.8	\$10,718.3	\$10,870.1	\$11,151.9
Revenue**	17,272.5	18,885.1	19,602.2	20,107.0	19,910.6
Total	\$27,121.5	\$29,300.9	\$30,320.5	\$30,977.1	\$31,062.5
Other Special Districts and Authorities					
Tax-Supported	\$117.6	\$144.5	\$155.4	\$192.8	\$204.6
Revenue**	11,917.9	12,385.6	14,604.8	15,959.2	15,344.3
Total	\$12,035.6	\$12,530.1	\$14,760.2	\$16,152.0	\$15,548.9
Counties					
Tax-Supported	\$9,200.0	\$10,134.4	\$10,302.5	\$10,599.1	\$11,109.8
Revenue**	2,698.0	2,974.8	3,000.8	3,222.8	3,096.0
Total	\$11,898.0	\$13,109.2	\$13,303.4	\$13,821.9	\$14,205.8
Community College Districts					
Tax-Supported	\$2,551.6	\$2,881.2	\$3,041.0	\$2,961.4	\$3,317.2
Revenue**	1,131.2	1,209.9	1,262.6	1,296.9	1,360.2
Total	\$3,682.8	\$4,091.1	\$4,303.6	\$4,258.3	\$4,677.4
Health/Hospital Districts and Authorities					
Tax-Supported	\$1,049.1	\$1,894.9	\$2,108.0	\$2,093.1	\$2,213.0
Revenue**	1,403.7	1,421.5	1,334.5	1,146.3	1,199.0
Total	\$2,452.8	\$3,316.4	\$3,442.5	\$3,239.4	\$3,412.0
Total Tax-Supported	\$105,847.9	\$111,679.1	\$116,489.6	\$117,431.1	\$120,524.1
Total Revenue**	\$68,218.4	\$71,663.2	\$75,812.3	\$78,371.5	\$79,451.4
Total Debt Outstanding	\$174,066.3	\$183,342.3	\$192,301.9	\$195,802.7	\$199,975.6

*Local debt outstanding for FY 2012 & FY 2013 has been reduced by cash defeasances.

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

Source: Texas Bond Review Board - Bond Finance Office

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



Debt-Service Requirements

Figure 1.3 shows the tax-supported debt-service requirements (principal and interest) for all categories of debt outstanding as of August 31, 2013. Tax-Supported debt service steadily declines from a peak of \$11.39 billion in Fiscal Year 2014.

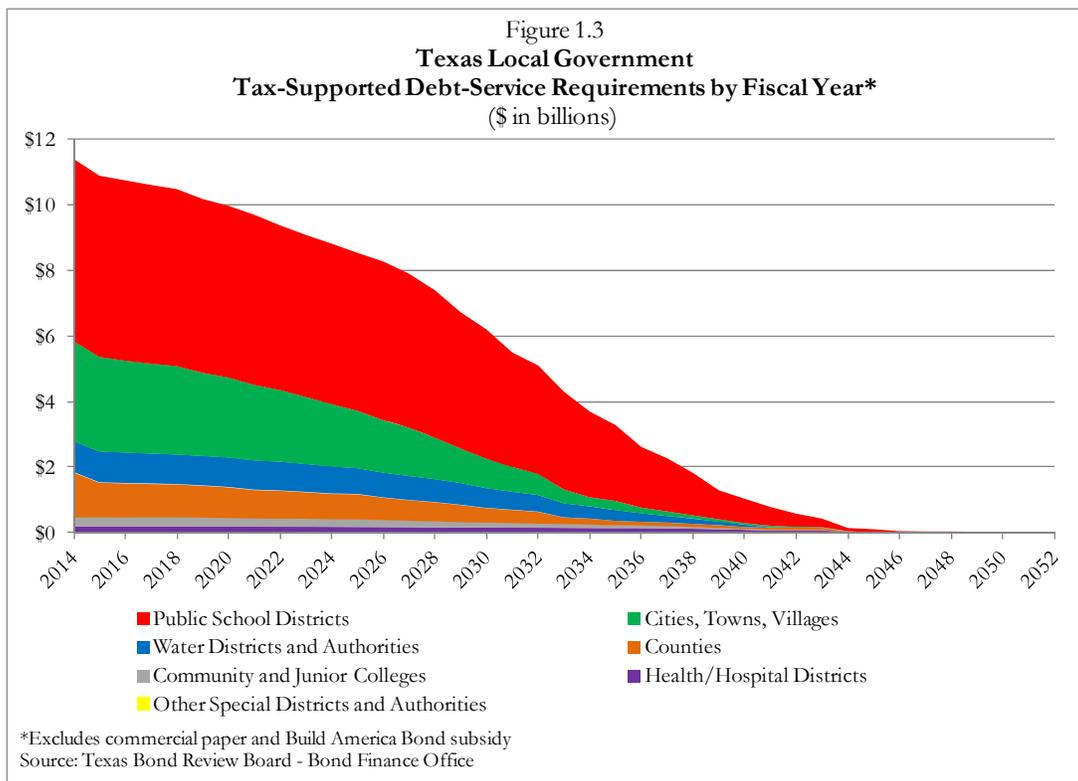
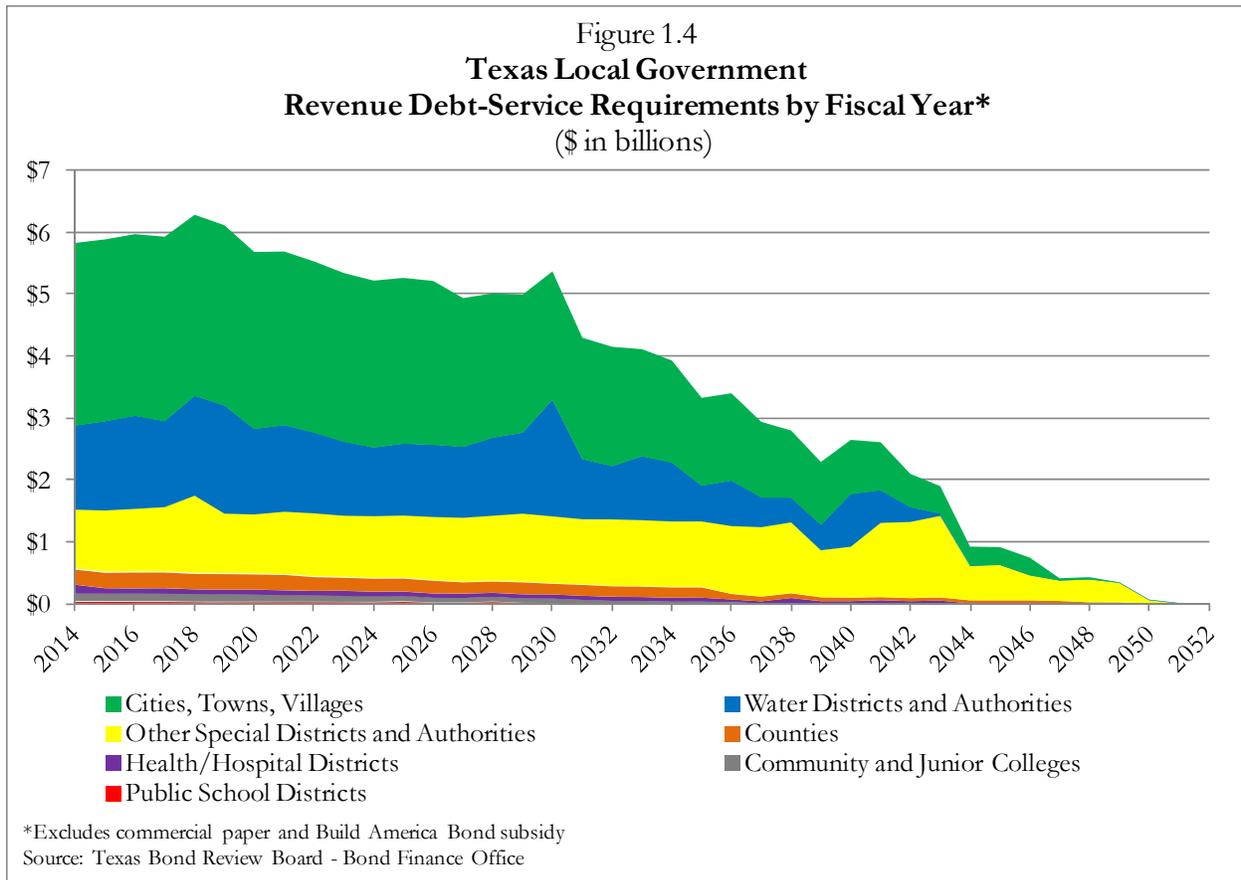


Figure 1.4 shows the revenue debt-service requirements for all categories of debt outstanding as of August 31, 2013. Aggregate revenue debt service peaks at \$6.29 billion in Fiscal Year 2018.



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

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

Table 1.3
Texas Local Government*
Rate of Debt Retirement
(\$ in millions)

Debt Repaid (Principal Only)	Tax-Supported	Percent	Revenue	Percent
Within Five Years				
Cities, Towns, Villages	\$9,126.6	33.2%	\$6,442.7	17.2%
Counties	2,978.4	27.5%	516.3	16.7%
Other Special Districts and Authorities	97.2	47.5%	1,105.8	7.4%
Community and Junior Colleges	714.1	21.5%	364.5	26.8%
Water Districts and Authorities	2,354.8	21.1%	2,498.2	22.0%
Health/Hospital Districts	249.8	11.3%	224.9	18.8%
Public School Districts	12,781.2	19.7%	98.0	30.8%
Within Ten Years				
Cities, Towns, Villages	\$17,373.6	63.1%	\$13,711.3	36.7%
Counties	5,903.4	54.6%	1,107.9	35.8%
Other Special Districts and Authorities	153.8	75.2%	2,628.8	17.5%
Community and Junior Colleges	1,500.9	45.2%	727.3	53.5%
Water Districts and Authorities	5,036.4	45.2%	4,985.3	43.9%
Health/Hospital Districts	574.1	25.9%	391.8	32.7%
Public School Districts	26,810.7	41.4%	189.3	59.6%
Within Twenty Years				
Cities, Towns, Villages	\$26,583.8	96.6%	\$28,080.3	75.1%
Counties	10,011.6	92.5%	2,274.6	73.5%
Other Special Districts and Authorities	199.6	97.6%	7,132.7	47.5%
Community and Junior Colleges	2,819.6	85.0%	1,271.4	93.5%
Water Districts and Authorities	9,836.8	88.2%	9,622.0	84.7%
Health/Hospital Districts	1,371.3	62.0%	773.4	64.5%
Public School Districts	55,029.5	85.0%	317.9	100.0%

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

Debt Issuance

Over the past five fiscal years local government debt issuance increased by 18.5 percent (\$4.62 billion) from \$24.93 in FY 2009 to \$29.55 in FY 2013. During that time period new-money issuance decreased by 26.1 percent from \$17.19 billion to \$12.70 billion (\$4.49 billion) but refundings increased by 117.9 percent from \$7.74 billion to \$16.85 billion (\$9.12 billion). Debt issuance reached a record high during FY 2013 largely as a result of the record amount of refunding transactions totaling \$16.85 billion completed during the fiscal year (*Table 1.4*). The record amount of refundings created an estimated \$1.5 billion in cash savings.

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

	2009	2010	2011	2012	2013
Issuers	728	859	944	1066	1044
Issuances	1036	1320	1336	1522	1552
Cities					
New Money	\$4,317.7	\$3,926.5	\$3,863.4	\$3,309.6	\$5,262.5
Refunding	3,211.7	3,405.0	4,696.0	6,713.0	6,128.4
Total Par Issued	\$7,529.5	\$7,331.5	\$8,559.4	\$10,022.6	\$11,391.0
Counties					
New Money	\$1,188.0	\$1,639.5	\$746.6	\$1,023.0	\$1,050.5
Refunding	767.7	1,083.5	667.2	1,441.0	1,183.4
Total Par Issued	\$1,955.8	\$2,723.0	\$1,413.8	\$2,464.0	\$2,233.9
Water Districts					
New Money	\$1,956.0	\$2,033.4	\$1,689.8	\$2,347.2	\$1,464.3
Refunding	992.6	1,676.8	1,318.1	2,135.1	2,542.0
Total Par Issued	\$2,948.5	\$3,710.1	\$3,007.9	\$4,482.2	\$4,006.4
Public School Districts					
New Money	\$6,271.6	\$3,389.4	\$5,320.3	\$3,105.7	\$3,596.7
Refunding	1,000.0	1,980.5	2,538.9	4,542.7	5,544.3
Total Par Issued	\$7,271.5	\$5,369.9	\$7,859.1	\$7,648.4	\$9,140.9
Community College Districts					
New Money	\$613.3	\$581.5	\$357.5	\$197.1	\$623.7
Refunding	163.1	84.6	153.5	473.7	88.4
Total Par Issued	\$776.4	\$666.1	\$511.0	\$670.7	\$712.1
Health/Hospital Districts					
New Money	\$607.4	\$959.8	\$274.5	\$67.3	\$301.1
Refunding	51.4	138.4	7.4	33.6	222.3
Total Par Issued	\$658.8	\$1,098.2	\$281.9	\$100.9	\$523.4
Other Special Districts					
New Money	\$2,238.5	\$742.1	\$2,215.1	\$1,313.7	\$399.4
Refunding	1,549.1	507.4	543.1	311.9	1,143.2
Total Par Issued	\$3,787.6	\$1,249.5	\$2,758.2	\$1,625.6	\$1,542.6
Total New Money	\$17,192.5	\$13,272.2	\$14,467.3	\$11,363.5	\$12,698.2
Total Refunding	7,735.6	8,876.1	9,924.2	15,651.0	16,852.1
Total Par	\$24,928.1	\$22,148.3	\$24,391.5	\$27,014.5	\$29,550.3

*Excludes commercial paper

Source: Texas Bond Review Board - Bond Finance Office

Use of Proceeds

During fiscal 2013, 33.9 percent of local debt issuance was used to refund debt, 22.3 percent was used to finance educational facilities and equipment, 17.7 percent was used for general-purpose debt, 8.8 percent was used to finance water-related infrastructure, and 8.5 percent was used to finance transportation projects. Water-related financings are likely understated because some issuers, especially cities, borrow for multiple purposes, over half of which involve financings for water and transportation purposes. The remaining 8.8 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 2013 local governments issued \$250.4 million of capital appreciation bonds (CABs), approximately 0.8 percent of the total par amount issued by local governments (*See Table 1.5*). School Districts utilize CABs more frequently than other issuers of local debt (*See Chapter 3*).

CABs are sold at a discounted price called the par amount. They are often sold in combination with current interest bonds (CIBs). While the debt service for CIBs is paid throughout the life of the obligation, principal and interest on CABs is paid at maturity. Interest on CABs compounds semiannually and accumulates over the life of the bond, and the amount paid at the maturity is called the maturity value. Interest rates for CABs are generally higher than for CIBs.

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

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

Table 1.5 Texas Local Government Capital Appreciation Bonds Par Amount Issued by Fiscal Year (\$ in millions)					
	2009	2010	2011	2012	2013
Public School Districts	\$171.4	\$139.0	\$227.3	\$189.0	\$215.8
Cities, Towns, Villages	3.8	0.7	7.8	21.3	30.0
Water Districts and Authorities	0.3	1.8	3.9	19.5	2.4
Community and Junior Colleges	7.2	-	28.9	2.5	2.2
Health/Hospital Districts	-	-	-	0.1	0.0*
Other Special Districts and Authorities	200.0	3.5	158.2	-	-
Counties	1.9	0.1	-	0.1	-
Total CAB Par Amount Issued	\$384.7	\$145.1	\$426.1	\$232.5	\$250.4
Total Par Amount Issued*	\$24,928.1	\$22,148.3	\$24,391.4	\$27,014.5	\$29,550.3
CAB Par Amount % of Total	1.5%	0.7%	1.7%	0.9%	0.8%

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

Certificates of Obligation

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

Since fiscal 2004 CO debt outstanding has increased by 87.2% (\$6.04 billion) from \$6.93 billion outstanding in fiscal 2004 to \$12.97 billion outstanding at August 31, 2013. At August 31, 2013, Cities accounted for 72.6 percent of the total CO debt outstanding. (Figure 1.5).

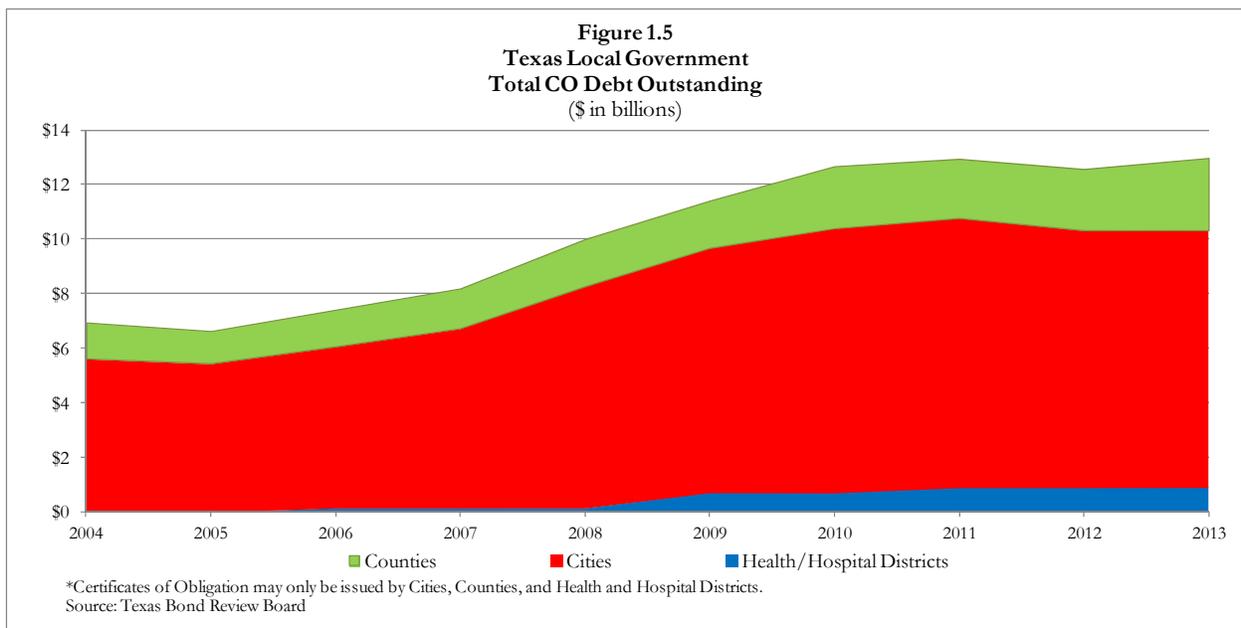
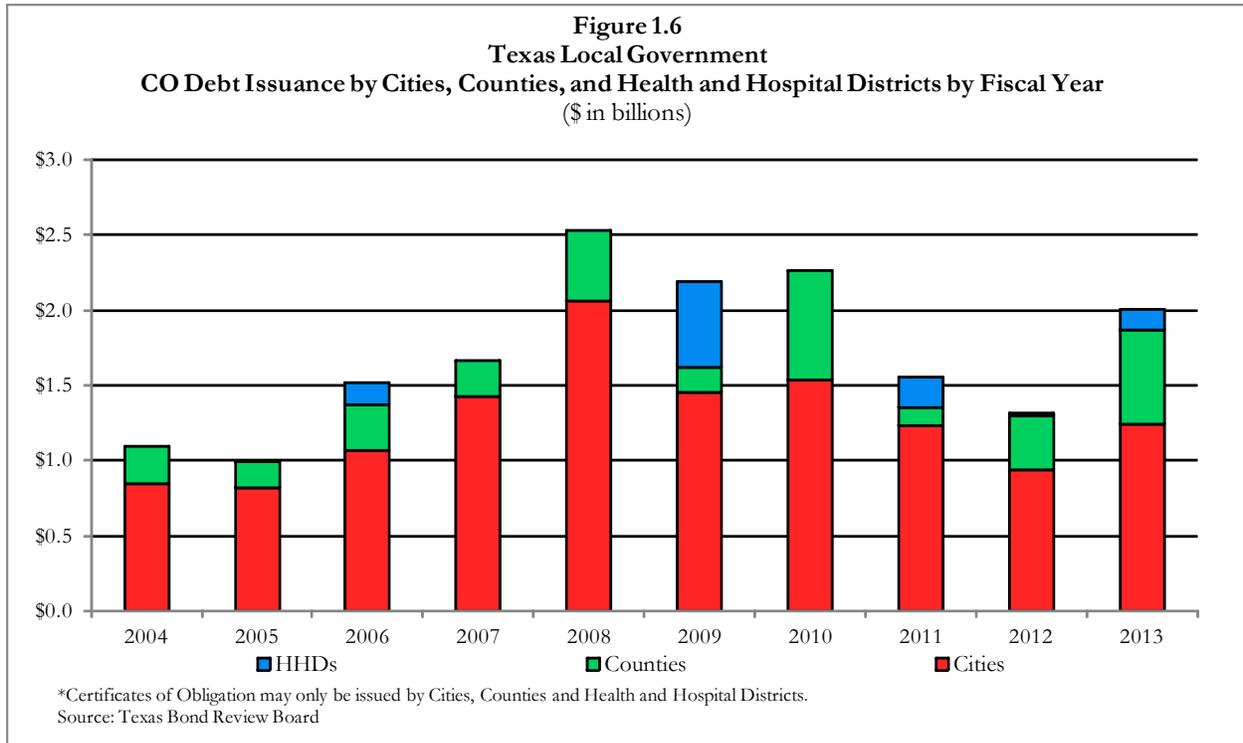


Figure 1.6 illustrates the relative amounts of CO debt issued by Cities, Counties and HHDs over the past ten fiscal years.



The twenty highest issuers of CO debt accounted for 46.3 percent of all CO debt outstanding (*Table 1.6*)

Table 1.6	
Texas Local Government	
Top 20 Issuers with Certificates of Obligation Debt Outstanding	
	CO Amount (\$ in millions)
Bexar County	\$1,301.2
Bexar County HD (University Health System)	721.6
Lubbock	708.8
El Paso	335.1
San Antonio	330.0
Fort Worth	284.9
Laredo	264.3
Travis County	224.8
Denton	210.1
El Paso County	174.0
Beaumont	171.1
San Angelo	165.7
Austin	152.9
Irving	141.3
Sugar Land	140.5
Amarillo	140.2
El Paso County HD	137.1
Waco	136.1
League City	132.3
Frisco	131.4
Subtotal	<u>\$6,003.2</u>
Other CO Issuers	<u>6,970.9</u>
Total	<u><u>\$12,974.1</u></u>
Source: Texas Bond Review Board - Bond Finance Office	

Build America Bonds

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

During fiscal years 2009-2011, 63 local government issuers issued \$10.96 billion in Direct-Payment BABs. Of that amount \$10.23 billion was issued for new-money purposes and \$728.5 million was issued for refunding purposes. Local governments in Texas accounted for approximately 6.0 percent of the total national BAB issuance of \$181.26 billion.

As of August 31, 2013, BABs debt outstanding was \$10.90 billion or 5.5 percent of total local debt outstanding (*Table 1.7*).

Table 1.7 Texas Local Government Build America Bonds Outstanding (\$ in millions)	
Government Type	Amount
Public School Districts	\$ 3,312.6
Other Special Districts and Authorities	2,851.3
Cities, Towns, Villages	2,780.1
Health/Hospital Districts	1,259.5
Counties	423.7
Water Districts and Authorities	236.7
Community and Junior Colleges	33.5
Total	\$10,897.3
Source: Texas Bond Review Board - Bond Finance Office	

Chapter 2

Texas Cities, Towns and Villages

Overview

Texas cities, towns and villages (Cities) issue both tax-supported and revenue debt. Revenue debt also includes sales tax, conduit and lease-revenue obligations. As of August 31, 2013 total city debt outstanding was \$65.96 billion (33.0 percent) of total local debt outstanding.

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

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

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

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

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

Total Debt Outstanding

As of August 31, 2013, 233 Cities had both tax-supported and revenue debt outstanding, 758 had tax-supported debt outstanding, 288 had revenue debt outstanding and four (San Antonio, Houston, Crystal City and Pecos City) had lease-revenue obligations outstanding. Of the 1,217 cities in Texas, 404 had neither tax-supported nor revenue debt outstanding.

During fiscal 2013 total debt outstanding for Cities increased by 4.3 percent from \$63.27 billion in fiscal 2012 to \$65.96 billion including commercial paper (CP). Of the amount outstanding at fiscal year-end, 42.1 percent (\$27.74 billion) was tax-supported, 58.0 percent (\$38.22 billion) was revenue debt including \$210.3 million of sales tax revenue and \$595.2 million of lease-revenue obligations.

Tax-supported debt for the state's six largest cities, Houston, San Antonio, Dallas, Austin, Fort Worth and El Paso (collectively, the Big Six), was 33.8 percent (\$9.39 billion) of total Cities tax-supported debt outstanding. Revenue debt for the state's six largest cities was 82.5 percent (\$31.55 billion) of total Cities revenue debt outstanding.

Over the five-year period since FY 2009, tax-supported debt increased by 13.0 percent (\$3.19 billion) and revenue debt increased by 14.1 percent (\$4.73 billion) (*Table 2.1*).

Table 2.1 Texas Cities Debt Outstanding by Fiscal Year* (\$ in millions)					
	2009	2010	2011	2012**	2013**
Big Six Tax***	\$8,751.4	\$9,294.0	\$9,343.2	\$9,228.0	\$9,388.9
Big Six Revenue***	27,515.0	28,208.2	29,386.1	30,262.2	\$31,555.5
All Other Cities Tax	15,797.0	17,045.5	17,569.9	17,736.7	\$18,351.9
All Other Cities Revenue	5,974.9	6,207.3	6,244.7	6,044.2	\$6,667.9
	\$ 58,038.3	\$ 60,755.0	\$ 62,544.0	\$ 63,271.1	\$ 65,964.2

*Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.
 **Local debt outstanding for FY 2012 and 2013 has been reduced by cash defeasances.
 ***Comprised of Houston, Dallas, San Antonio, Austin, El Paso, and Fort Worth.
 Source: Texas Bond Review Board - Bond Finance Office

Figure 2.1 illustrates the principal amount of tax and revenue debt outstanding by percentage as of fiscal year-end 2013.

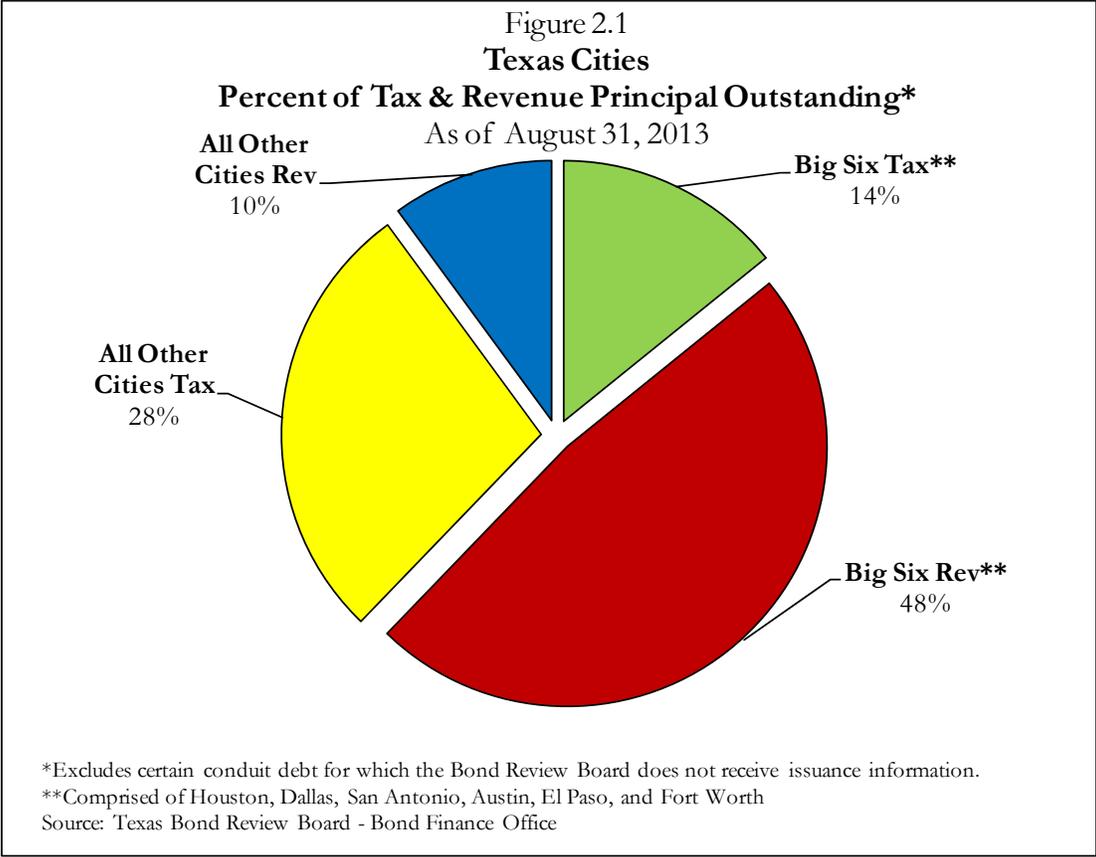
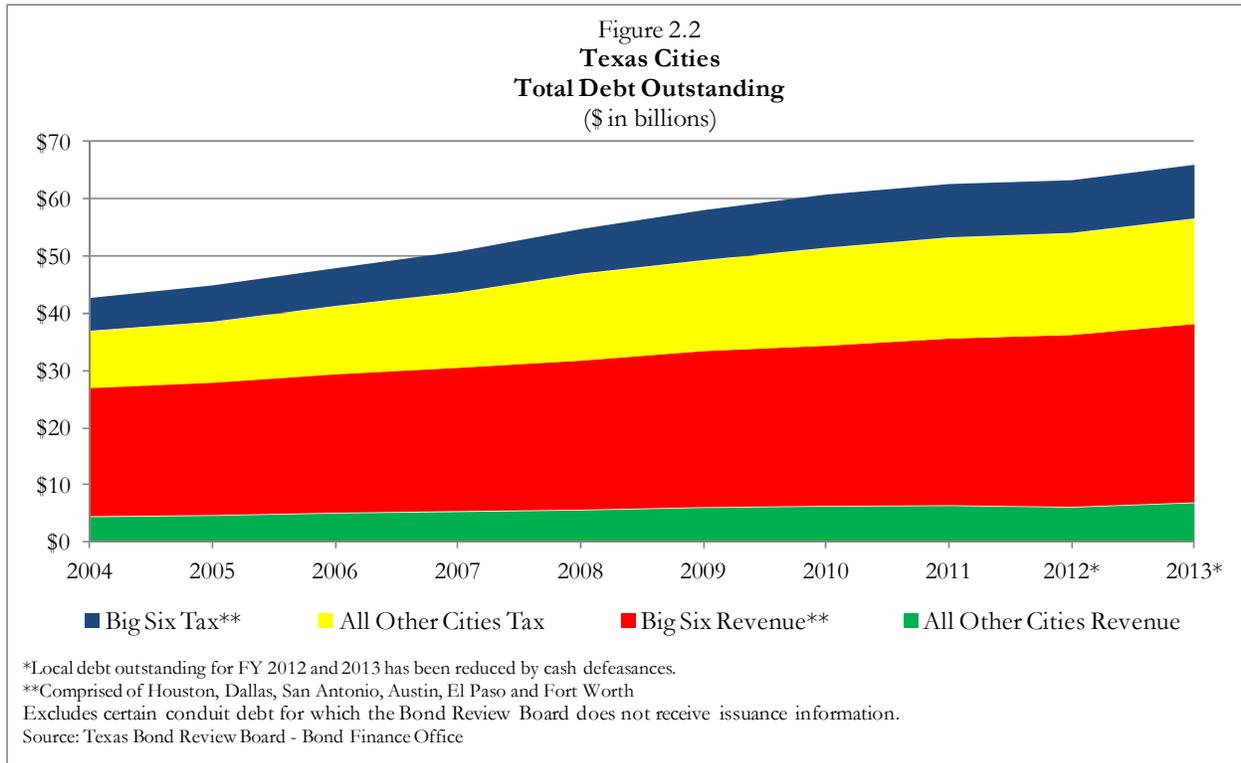


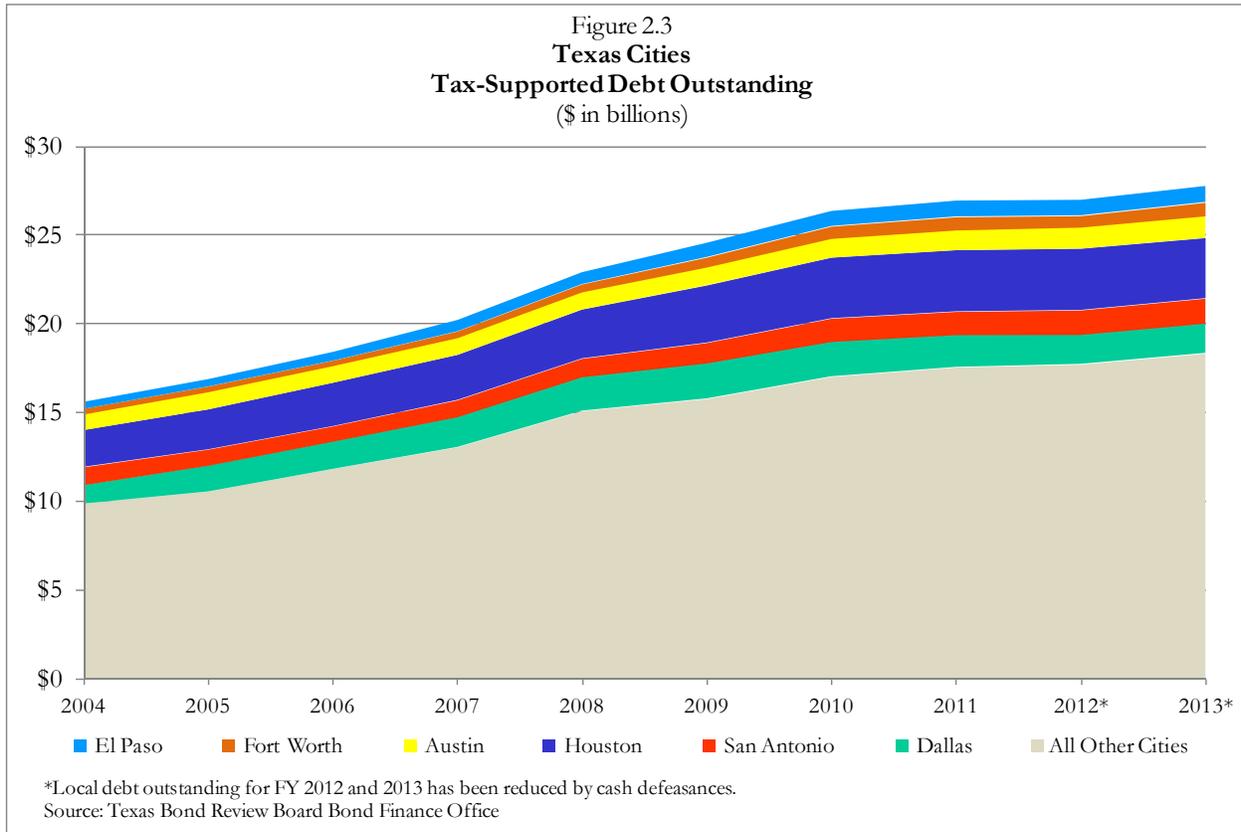
Figure 2.2 illustrates tax-supported and revenue debt outstanding over the past 10 years. Since 2004 total tax-supported debt and total revenue debt have increased by 77.5 percent (\$12.11 billion) and 41.4 percent (\$11.19 billion), respectively. During the same period, tax-supported debt for the Big Six has increased 63.6 percent (\$3.65 billion) and revenue debt increased by 14.7 percent (\$4.04 billion). As of August 31, 2013 Cities had \$2.78 billion in Build America Bonds outstanding. (See glossary for a definition of Build America Bonds.)



Tax-Supported Debt Outstanding

Since 2004 tax-supported debt for Cities has increased by 77.5 percent (\$12.11 billion) from \$15.63 billion in 2004 to \$27.74 billion in 2013. Over the past 10 years tax-supported debt for the Big Six has increased by 63.3 percent (\$3.65 billion) and by 85.5 percent (\$8.46 billion) for all other cities.

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



The top 30 City issuers of tax-supported debt accounted for 61.6 percent (\$17.08 billion) of the total Cities tax-supported debt outstanding (*Table 2.2*).

Table 2.2 Texas Cities Top 30 Issuers of Tax-Supported Debt		
	Amount (\$ in millions)	Debt per Capita*
Houston	\$3,383.1	\$1,566
Dallas	1,691.2	1,363
San Antonio	1,406.2	1,017
Austin	1,255.0	1,490
Lubbock	983.4	4,166
El Paso	892.7	1,327
Fort Worth	760.7	978
Frisco	539.9	4,212
Garland	482.0	2,064
Arlington	479.1	1,276
Corpus Christi	450.1	1,442
Denton	397.2	3,279
Irving	364.0	1,615
Plano	340.1	1,250
Laredo	318.3	1,301
Waco	309.1	2,434
Pearland	306.6	3,184
Richardson	269.9	2,613
Beaumont	233.4	1,975
San Marcos	229.1	4,581
Grand Prairie	226.9	1,248
Sugar Land	213.2	2,585
College Station	207.1	2,118
San Angelo	205.1	2,139
Killeen	204.4	1,518
McKinney	198.6	1,387
Temple	197.0	2,849
Baytown	190.5	2,601
League City	180.2	2,044
Grapevine	162.8	3,360
Subtotal	\$17,076.8	\$1,591
Other Tax-Supported Issuers	10,664.0	\$1,352
Total	\$27,740.8	\$1,490

* Population data from the July 2012 US Census Population Division
Source: Texas Bond Review Board - Bond Finance Office

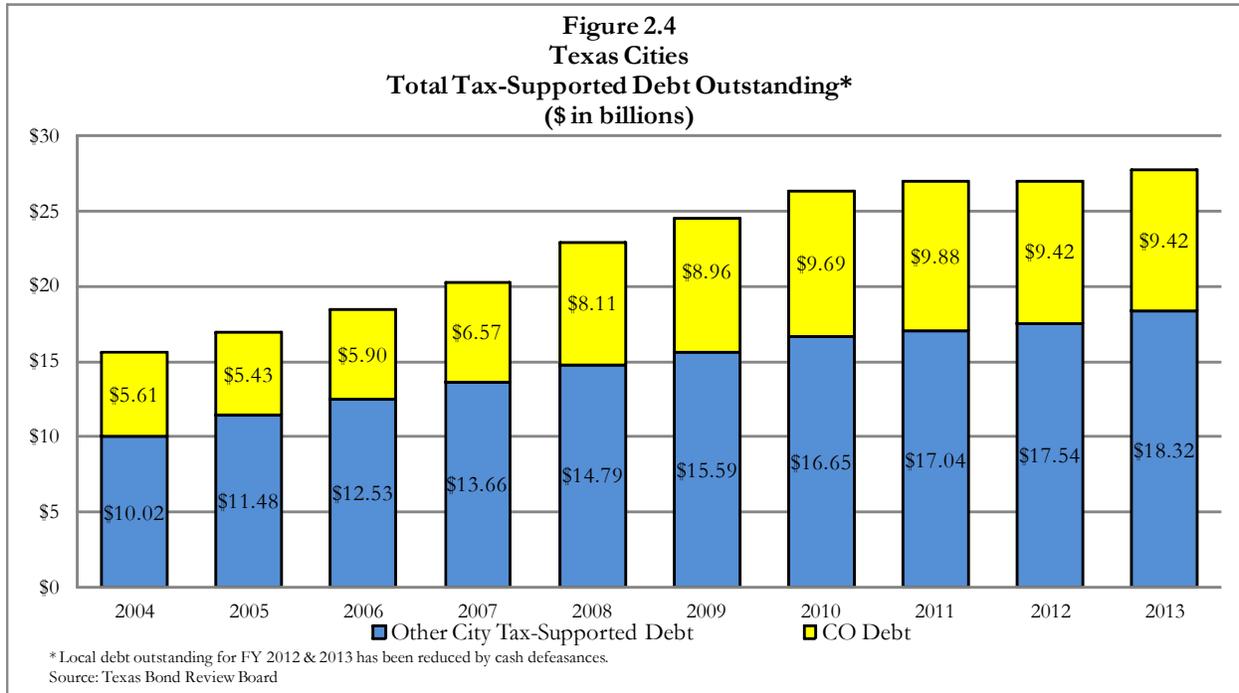
Tax-supported debt for the Big Six accounted for 33.8 percent (\$9.39 billion) of the total Cities tax-supported debt outstanding (*Table 2.3*).

Table 2.3 Texas Cities Big 6 Cities Tax-Supported Debt Outstanding			
	Amount (\$ in millions)	Tax-Supported Debt per Capita	Rank by Tax-Supported Debt Outstanding
Houston	\$3,383.1	\$1,566	1st
Dallas	1,691.2	1,363	2nd
San Antonio	1,406.2	1,017	3rd
Austin	1,255.0	1,490	4th
El Paso	892.7	1,327	6th
Fort Worth	760.7	978	7th
Subtotal	<u>\$9,388.9</u>	1,326	N/A
Other Cities	<u>18,351.9</u>	1,590	N/A
Total	<u><u>\$27,740.8</u></u>	1,490	N/A

* Population data from the July 2012 US Census Population Division
Source: Texas Bond Review Board - Bond Finance Office

Certificates of Obligation

Over the past ten fiscal years CO debt outstanding debt has increased by 67.9 percent (\$3.81 billion) from \$5.61 billion to \$9.42 billion. (See Glossary for a definition of CO.) CO debt represents 34.0 percent of the total Cities tax-supported debt outstanding and 14.3 percent of the total Cities debt outstanding including revenue debt. *Figure 2.4* illustrates the portion of total City tax-supported debt attributable to CO.



The top 30 city CO issuers accounted for 50.4 percent (\$4.75 billion) of the total Cities CO's outstanding (*Table 2.4*).

Table 2.4 Texas Cities Top 30 Issuers of Certificates of Obligation			
	CO Amount (\$ in millions)	CO Debt per Capita*	CO as % of Tax- supported Debt Outstanding
Lubbock	\$708.8	\$3,003	72.1%
El Paso	\$335.1	\$498	37.5%
San Antonio	\$330.0	\$239	23.5%
Fort Worth	\$284.9	\$366	37.4%
Laredo	\$264.3	\$1,080	83.0%
Denton	\$210.1	\$1,734	52.9%
Beaumont	\$171.1	\$1,447	73.3%
San Angelo	\$165.7	\$1,728	80.8%
Austin	\$152.9	\$181	12.2%
Irving	\$141.3	\$627	38.8%
Sugar Land	\$140.5	\$1,704	65.9%
Amarillo	\$140.2	\$718	94.1%
Waco	\$136.1	\$1,072	44.0%
League City	\$132.3	\$1,500	73.4%
Frisco	\$131.4	\$1,025	24.3%
Grand Prairie	\$118.9	\$654	52.4%
San Marcos	\$106.6	\$2,132	46.5%
Waxahachie	\$98.8	\$3,177	68.5%
New Braunfels	\$97.1	\$1,599	81.6%
Baytown	\$94.6	\$1,292	49.7%
Midland	\$91.9	\$770	76.3%
College Station	\$88.2	\$902	42.6%
Conroe	\$83.5	\$1,358	84.4%
Southlake	\$80.7	\$2,912	52.5%
Mesquite	\$80.0	\$559	67.3%
Odessa	\$79.2	\$747	78.6%
Missouri City	\$78.6	\$1,139	54.0%
Garland	\$76.0	\$325	15.8%
Rockwall	\$68.0	\$1,701	42.2%
Pflugerville	\$66.3	\$1,278	43.3%
Subtotal	\$4,752.9	\$711	43.8%
Other CO Issuers	4,669.3	\$412	28.5%
Total	\$9,422.2	\$523	34.6%

* Population data from the July 2012 US Census Population Division
Source: Texas Bond Review Board - Bond Finance Office

The CO debt for Big Six accounted for 12.2 percent (\$1.15 billion) of the total Cities CO debt outstanding (*Table 2.5*).

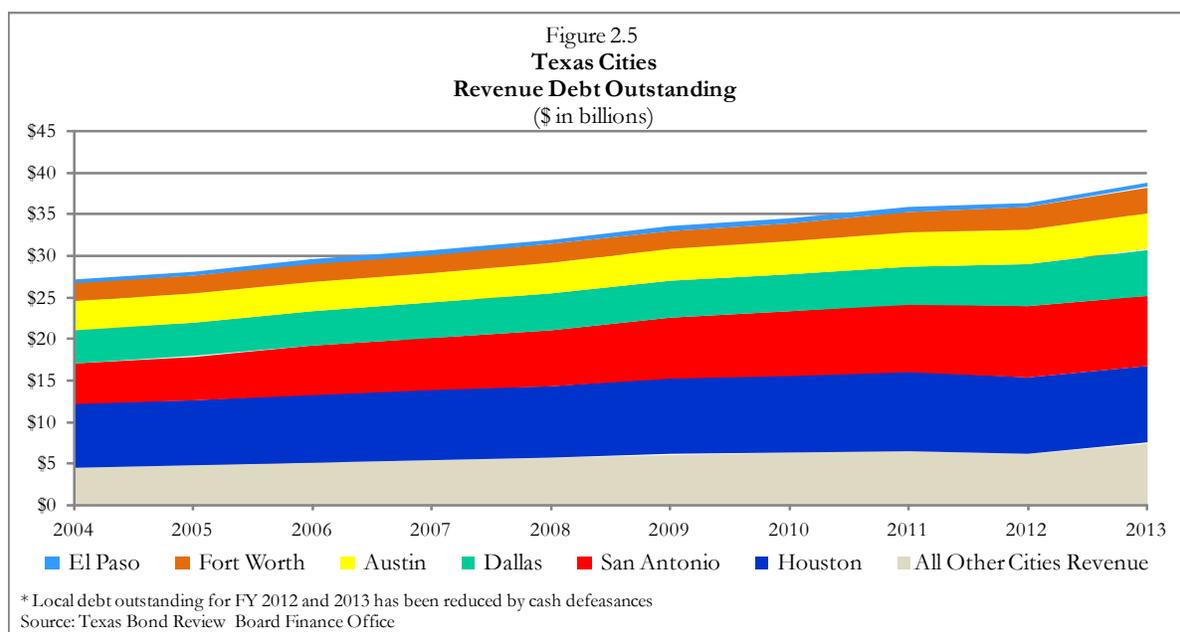
Table 2.5 Texas Cities Big 6 Cities with CO Debt Outstanding As of August 31, 2013				
	Amount (\$ in millions)	Debt per Capita	CO's % of Tax- supported Debt	Rank by CO Debt Outstanding
El Paso	\$335.1	\$498	37.5%	2nd
San Antonio	330.0	239	23.5%	3rd
Fort Worth	284.9	366	37.4%	4th
Austin	152.9	181	12.2%	9th
Dallas	33.7	27	2.0%	64th
Houston	11.9	5	0.4%	143rd
Subtotal	\$1,148.4	162	12.2%	N/A
Other City CO Issuers	8,273.8	707	44.8%	N/A
Total	\$9,422.2	711	17.4%	N/A

* Population data from the July 2012 US Census Population Division
Source: Texas Bond Review Board - Bond Finance Office

Revenue Debt Outstanding

Since 2004 revenue debt for Cities has increased by 41.4 percent (\$11.19 billion) from \$27.04 billion at fiscal-year end 2004 to \$38.22 billion at fiscal-year end 2013. Over the past 10 years revenue debt for the Big Six has increased by 39.2 percent (\$8.89 billion) and by 11.5 percent (\$693.0 million) for all other cities.

Figure 2.5 illustrates the growth in revenue debt outstanding for Cities over the past 10 years.



The top 20 City issuers of revenue debt accounted for 91.7 percent (\$35.03 billion) of the total Cities revenue outstanding (Table 2.6).

Table 2.6 Texas Cities Top 20 Issuers of Revenue Debt		
	Amount (\$ in millions)	Debt per Capita*
Houston	\$9,293.7	\$4,301
San Antonio	\$8,426.7	6,093
Dallas	\$5,743.7	4,628
Austin	\$4,396.7	5,218
Fort Worth	\$3,129.1	4,022
Corpus Christi	\$579.4	1,856
El Paso	\$565.6	841
Arlington	\$465.7	1,240
Garland	\$377.6	1,617
Laredo	\$323.1	1,320
Brownsville	\$316.8	1,759
Bryan	\$258.8	3,315
Irving	\$245.8	1,090
Beaumont	\$162.2	1,372
Denton	\$144.2	1,191
Lewisville	\$138.1	1,389
McAllen	\$135.4	1,005
Pearland	\$133.8	1,389
Grand Prairie	\$99.1	545
Wichita Falls	\$99.0	947
Subtotal	\$35,034.6	3,565
Other Revenue Issuers	3,188.8	629
Total	\$38,223.4	2,608

* Population data from the July 2012 US Census Population Division
Source: Texas Bond Review Board - Bond Finance Office

Commercial Paper Outstanding

Eight Texas Cities utilize general obligation (GO) and/or revenue CP programs to provide interim financing for infrastructure improvements, additions and extensions. As of August 31, 2013, seven Cities had \$1.27 billion in CP outstanding (*Table 2.7*).

Table 2.7 Texas Cities Commercial Paper Outstanding* As of August 31, 2013 (\$ in millions)			
	Tax-Supported	Revenue	Total
San Antonio	n/a	\$643.8	\$643.8
Austin	n/a	121.4	121.4
Houston	\$201.9	42.0	243.9
Garland	10.0	80.0	90.0
Dallas	-	165.0	165.0
Brownsville	n/a	4.0	4.0
Arlington	-	n/a	-
Fort Worth	-	0.3	0.3
Total	\$211.9	\$1,056.4	\$1,268.3

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

Debt-Service Requirements

As of August 31, 2013, total debt-service requirements (principal and interest) for both tax-supported and revenue debt for Cities totaled \$101.70 billion (*Figure 2.6*).

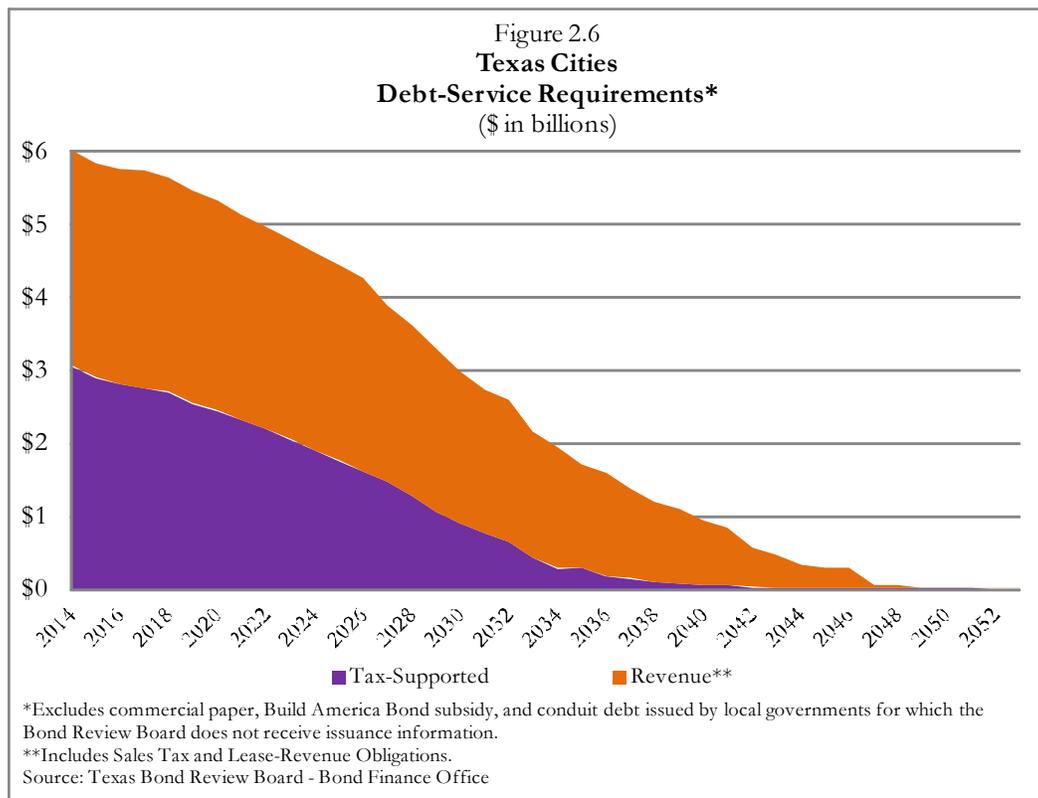
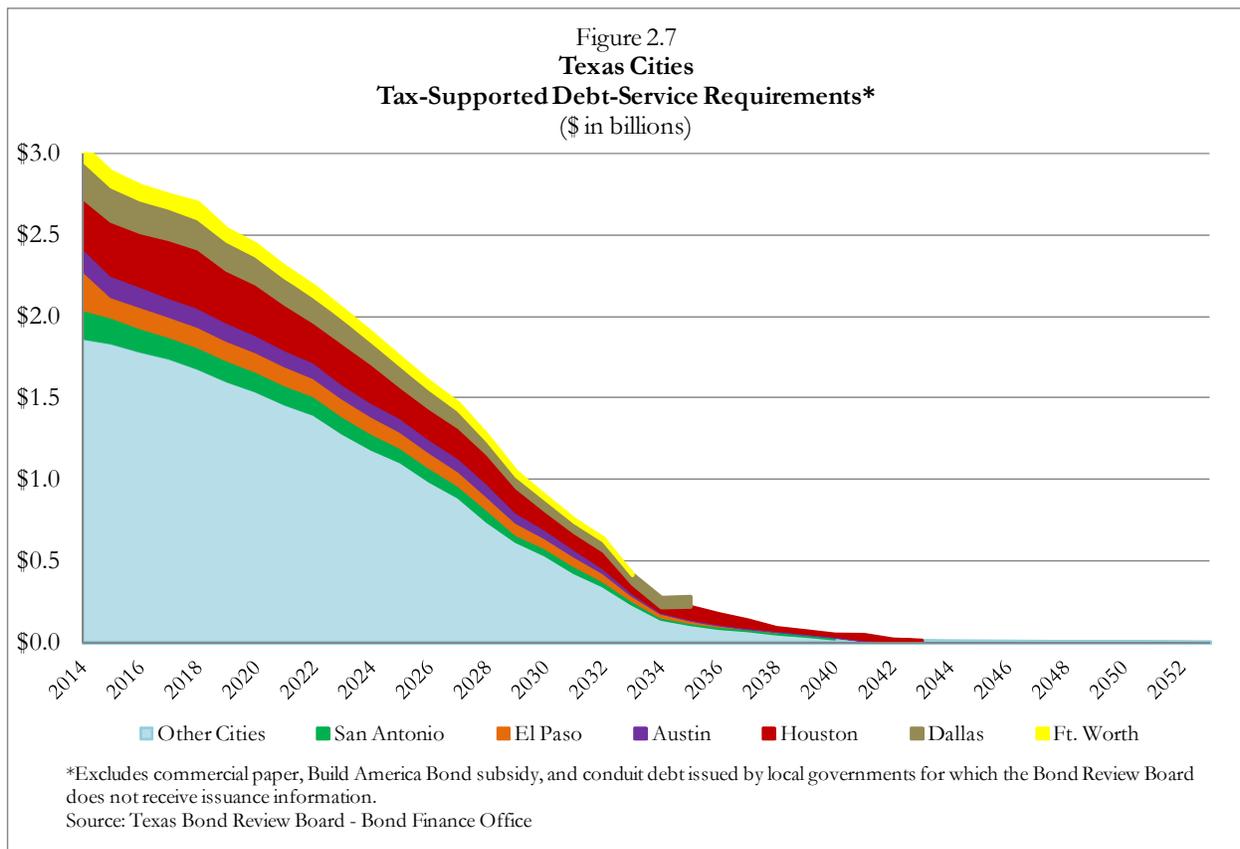


Figure 2.7 illustrates annual tax-supported debt-service requirements for the Big Six and other Cities. As of August 31, 2013, total tax-supported debt-service requirements (principal and interest) for Cities totaled \$38.62 billion.



Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. Texas Cities will repay 33.2 percent (\$9.13 billion) of tax-supported debt within five years, 63.1 percent (\$17.37 billion) within ten years and 96.6 percent (\$26.58 billion) within twenty years. Revenue debt principal repayment is expected to be 17.2 percent (\$6.44 billion) within five years, 36.7 percent (\$13.71 billion) within ten years and 75.1 percent (\$28.08 billion) within twenty years (Table 2.8). As of August 31, 2013, the final maturity for total tax-supported debt and revenue debt was 40 years and 39 years, respectively.

Table 2.8 Texas Cities Rate of Debt Retirement*				
Debt Repaid	Tax-Supported Debt (billions)	Percent	Revenue Debt (billions)	Percent
Within Five Years	\$9.13	33.2%	\$6.44	17.2%
Within Ten Years	\$17.37	63.1%	\$13.71	36.7%
Within Twenty Years	\$26.58	96.6%	\$28.08	75.1%

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

Debt Issuance

Debt issuance over the past five fiscal years is shown in below (*Table 2.9*). During fiscal 2013 Cities completed 553 issuances totaling \$11.39 billion of which 464 (\$4.35 billion) were tax-supported and 89 (\$7.04 billion) were revenue-backed.

During fiscal 2013 the largest debt issuers were the San Antonio Public Facilities Corporation (PFC) and the Dallas-Fort Worth International Airport (DFW). San Antonio PFC issued the state’s only lease revenue bond totaling \$550.4 million of which \$223.7 million was to refund four issuances and \$326.6 million funded the expansion of convention center. DFW issued \$1.67 billion to finance certain improvements and additions to the airport and \$1.21 billion to refund outstanding airport debt. DFW debt is divided between the City of Dallas (60 percent) and the City of Fort Worth (40 percent).

Over the past five fiscal years less than 0.2 percent of the total City debt had been issued as capital appreciation bonds (CABs). No new-money CAB issuances occurred in fiscal 2013. (The total debt outstanding figures for CABs are understated to the extent that these bonds are reported at their discounted issuance price rather than their maturity value).

In fiscal 2009 the City of Houston issued the state’s only pension obligation bonds issued over the past five fiscal years. The issuances totaled \$402.8 million, all of which remained outstanding as of August 31, 2013.

Table 2.9
Texas Cities
Debt Issuance*
(\$ in millions)

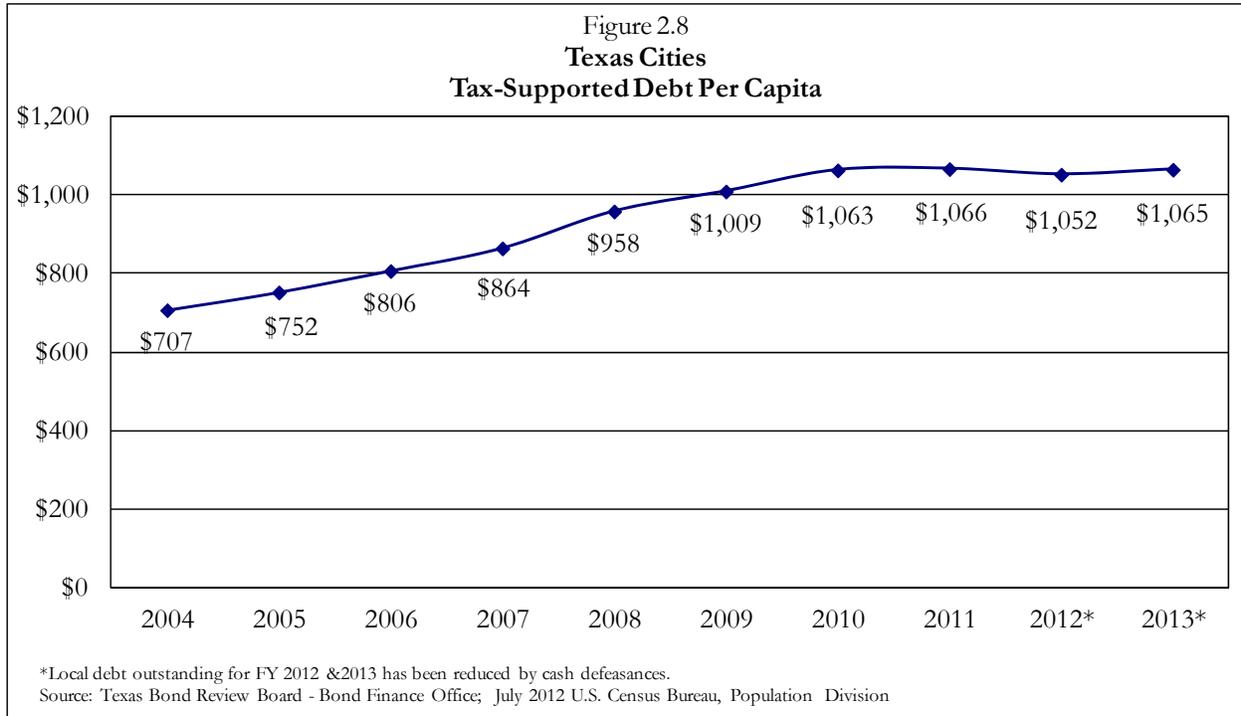
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Issuers	225	254	285	277	314
Issuances	394	479	472	480	553
Tax					
New Money	\$2,664.0	\$2,618.9	\$1,866.8	\$1,643.7	\$2,098.0
Refunding	1,144.0	1,752.3	1,875.8	2,148.8	2,249.3
Subtotal	\$3,808.0	\$4,371.1	\$3,742.6	\$3,792.5	\$4,347.3
Revenue					
New Money	\$1,635.9	\$1,300.0	\$1,984.5	\$1,655.5	\$2,837.9
Refunding	2,067.7	1,639.4	2,779.4	4,564.2	3,642.4
Subtotal	\$3,703.6	\$2,939.3	\$4,763.9	\$6,219.7	\$6,480.3
Sales Tax Revenue					
New Money	\$17.8	\$7.7	\$12.2	\$10.4	\$0.0
Refunding	0.0	13.4	40.8	0.0	13.0
Subtotal	\$17.8	\$21.1	\$53.0	\$10.4	\$13.0
Lease Revenue					
New Money	\$0.0	\$0.0	\$0.0	\$0.0	\$326.6
Refunding	0.0	0.0	0.0	0.0	223.7
Subtotal	\$0.0	\$0.0	\$0.0	\$0.0	\$550.4
Total New Money	\$4,317.7	\$3,926.5	\$3,863.4	\$3,309.6	\$5,262.5
Total Refunding	\$3,211.7	\$3,405.0	\$4,696.0	\$6,713.0	\$6,128.4
Total Par Amount	\$7,529.5	\$7,331.5	\$8,559.4	\$10,022.6	\$11,391.0

*Excludes commercial paper.

Source: Texas Bond Review Board - Bond Finance Office

Debt per Capita

Tax-supported debt per capita for Cities increased by 50.6 percent from \$707 per capita in FY 2004 to \$1065 per capita in FY 2013. Over this time the state's population increased by 17.8 percent (3.9 million) (Figure 2.8).



Chapter 3

Texas Public School District Debt

Overview of School Debt Types

School districts issue four types of debt: voter-approved, maintenance and operations (M&O), lease-revenue, and revenue. Charter school debt issued by non-profit corporations is not included in school district debt. As of August 31, 2013 total school district debt outstanding was 32.5 percent (\$65.10 billion) of total local debt outstanding.

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

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

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

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

Total School Debt Outstanding

As of August 31, 2013, 866 of the state's 1,020 school districts had one or more types of debt outstanding: 838 had voter-approved debt, 175 had M&O debt, 48 had lease-revenue obligations and 4 had revenue debt, while 154 school districts had no debt outstanding. Total school district debt outstanding increased by 1.6 percent from \$64.08 billion at FYE 2012 to \$65.10 billion at FYE 2013. Of that amount, 98.6 percent (\$64.19 billion) was voter-approved, 0.9 percent (\$600.5 million) was M&O, 0.5 percent (\$315.2 million) was lease-revenue obligations and 0.004 percent (\$2.7 million) was revenue debt.

Over the past five years total school district debt has increased by 10.7 percent from \$58.84 billion at FYE 2009 to \$65.10 billion at FYE 2013.(*Table 3.1*).

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

	2009	2010	2011	2012*	2013*
Voter-approved tax	\$58,010.1	\$59,226.4	\$62,638.8	\$63,096.9	\$64,186.3
M&O tax	522.0	642.3	612.5	653.1	600.5
Lease-Revenue Obligations	303.1	369.2	373.1	329.8	315.2
Revenue	2.0	1.6	3.4	3.0	2.7
Total Debt Outstanding	\$58,837.3	\$60,239.5	\$63,627.7	\$64,082.8	\$65,104.7

*Local debt outstanding for FY 2012 and 2013 has been reduced by cash defeasances.

Source: Texas Bond Review Board - Bond Finance Office

The total school debt outstanding figures are understated to the extent that capital appreciation bonds (CABs) were issued. These bonds are reported at their discounted issuance price rather than their value at maturity. Over the past five fiscal years approximately \$1.44 billion in CABs were issued of which \$250.4 million were issued during fiscal year 2013.

Austin ISD is the only school district with a commercial paper program. The program is backed by bond M&O Tax and had a total of \$10.0 million outstanding at fiscal-year end 2013.

Figure 3.1 shows the trends in voter-approved tax debt outstanding over the past 10 fiscal years. Voter-approved tax debt outstanding has increased 10.6 percent (\$6.18 billion) since fiscal 2009 and 97.0 percent (\$31.60 billion) since fiscal 2004.

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



*Local debt outstanding for FY 2012 & 2013 has been reduced by cash defeasances.

Source: Texas Bond Review Board - Bond Finance Office

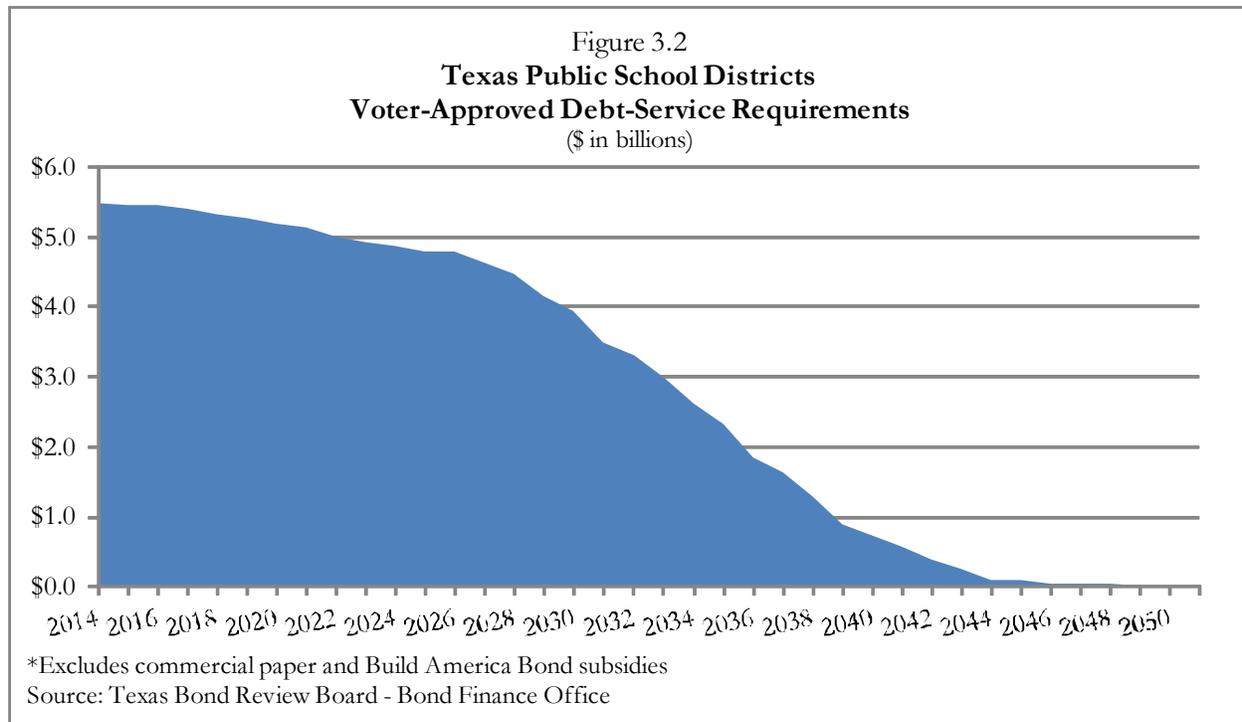
Debt-Service Requirements

At August 31, 2013, debt-service requirements (principal and interest) for school districts totaled \$108.07 billion, 98.9 percent (\$106.83 billion) of which was for voter-approved debt. The remaining categories accounted for 1.1 percent (\$1.24 billion) (*Table 3.2*).

Table 3.2 Texas Public School Districts Debt-Service Requirements by Fiscal Year* (\$ in millions)						
	2014	2015	2016	2017	2018	2018 & beyond
Voter-approved tax	\$ 5,478.9	\$ 5,444.7	\$ 5,431.2	\$ 5,391.3	\$ 5,319.1	\$ 79,764.3
M&O tax	76.2	73.0	62.5	52.0	71.6	\$ 420.8
Lease-Revenue Obligations	41.0	39.1	37.4	37.4	29.6	293.1
Revenue	0.5	0.3	0.3	0.3	0.3	1.5
Total Debt Service	\$ 5,596.6	\$ 5,557.1	\$ 5,531.5	\$ 5,481.0	\$ 5,420.6	\$ 80,479.7

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

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



Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. Local governments issue debt with varying terms up to 40 years or more. As of August 31, 2013, the final maturity for total tax-supported debt is 38 years and the final maturity for total revenue debt is 18 years. School districts are scheduled to repay 19.7 percent (\$12.78 billion) in principal outstanding of tax-supported debt within five years, 41.4 percent (\$26.81 billion) within ten years and 85.0 percent (\$55.03 billion) within twenty years. 30.8 percent (\$98.0 million) of revenue debt principal will be repaid within five years, 59.6 percent (\$189.3 million) within ten years and 100.0 percent (\$317.9 million) within twenty years (*Table 3.3*).

Table 3.3 Texas Public School Districts Rate of Debt Retirement*				
Debt Repaid	Tax-Supported Debt (billions)	Percent	Revenue Debt (millions)	Percent
Within Five Years	\$12.78	19.7%	\$98.0	30.8%
Within Ten Years	\$26.81	41.4%	\$189.3	59.6%
Within Twenty Years	\$55.03	85.0%	\$317.9	100.0%

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

Debt Issuance

School district debt issuance increased by 19.6 percent from \$7.65 billion in fiscal 2012 to \$9.15 billion in fiscal 2013. Of that amount, 99.0 percent (\$9.06 billion) was voter-approved, 0.9 percent (\$82.0 million) was M&O, 0.1 percent (\$6.2 million) was lease-revenue obligations and no revenue debt was issued.

Of the total amount issued, 39.4 percent (\$3.60 billion) was issued as new-money debt, an increase of 15.8 percent (\$497.1 million) from the \$3.11 billion issued during fiscal 2012. The remaining 60.6 percent (\$5.54 billion) was issued as refunding debt, an increase of 22.0 percent (\$1.00 billion) from the \$4.54 billion issued during fiscal 2012.

Over the past five fiscal years school district debt issuance has grown by 25.8 percent (\$1,869.4 billion) from \$7,271.5 billion in fiscal 2009 to \$9,140.9 billion in fiscal 2013 (*Table 3.4*).

Table 3.4 Texas Public School Districts Debt Issued by Fiscal Year (\$ in millions)					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Issuers	208	240	305	304	306
Issuances	272	333	399	403	431
Voter-Approved Tax					
New Money	\$ 6,164.2	\$ 3,175.5	\$ 5,154.3	\$ 3,025.6	\$ 3,508.5
Refunding	991.8	1,968.0	2,522.7	4,522.4	5,544.3
Subtotal	\$ 7,155.9	\$ 5,143.5	\$ 7,677.0	\$ 7,547.9	\$ 9,052.7
M&O Tax					
New Money	\$ 93.4	\$ 126.8	\$ 135.4	\$ 80.2	\$ 82.0
Refunding	8.21	2.04	11.56	14.56	-
Subtotal	\$ 101.6	\$ 128.8	\$ 146.9	\$ 94.7	\$ 82.0
Lease-Revenue Obligations					
New Money	\$ 14.0	\$ 87.1	\$ 28.6	\$ -	\$ 6.2
Refunding	-	10.4	4.6	5.7	-
Subtotal	\$ 14.0	\$ 97.5	\$ 33.2	\$ 5.7	\$ 6.2
Revenue					
New Money	\$ -	\$ -	\$ 2.0	\$ -	\$ -
Refunding	-	-	-	-	-
Subtotal	\$ -	\$ -	\$ 2.0	\$ -	\$ -
Total New Money	\$ 6,271.6	\$ 3,389.4	\$ 5,320.3	\$ 3,105.7	\$ 3,596.7
Total Refunding	1,000.0	1,980.5	2,538.9	4,542.7	5,544.3
Total Debt Issued	\$ 7,271.5	\$ 5,369.9	\$ 7,859.1	\$ 7,648.4	\$ 9,140.9

Source: Texas Bond Review Board - Bond Finance Office

Debt Outstanding for the 20 Largest School Districts

Over the past five fiscal years debt outstanding for the 20 largest school districts with debt outstanding grew by an average of 12.4 percent, and Average Daily Attendance (ADA) grew by an average of 9.1 percent. Over that time the ADA for all school districts increased by 5.2 percent (Table 3.5).

Issuer	(\$ in millions)					'09 -'13 Debt	'09-'13 ADA	2013
	2009	2010	2011	2012	2013	% Growth	% Growth	Debt/Student
Houston ISD	\$2,008	\$2,382	\$2,330	\$2,223	\$2,552	27.1%	1.5%	\$13,981
Dallas ISD	\$1,784	\$1,708	\$2,619	\$2,555	\$2,471	38.5%	1.3%	\$16,903
Northside ISD (Bexar Co)	\$1,467	\$1,602	\$1,755	\$1,744	\$1,774	21.0%	12.9%	\$19,062
Cypress-Fairbanks ISD	\$1,797	\$1,815	\$1,765	\$1,737	\$1,739	-3.3%	9.1%	\$16,871
North East ISD	\$1,268	\$1,232	\$1,225	\$1,278	\$1,445	14.0%	7.0%	\$22,595
Frisco ISD	\$1,144	\$1,178	\$1,247	\$1,310	\$1,353	18.2%	40.0%	\$32,868
Katy ISD	\$950	\$918	\$1,084	\$1,167	\$1,235	30.0%	14.5%	\$20,103
Lewisville ISD	\$928	\$996	\$1,015	\$1,056	\$1,114	20.0%	4.3%	\$22,445
Plano ISD	\$963	\$1,043	\$977	\$999	\$981	1.9%	2.1%	\$18,824
Conroe ISD	\$841	\$849	\$1,007	\$956	\$973	15.6%	12.4%	\$19,278
Leander ISD	\$949	\$985	\$953	\$931	\$909	-4.2%	21.0%	\$27,874
Fort Bend ISD	\$990	\$976	\$955	\$915	\$889	-10.2%	1.2%	\$13,398
Austin ISD	\$763	\$793	\$813	\$809	\$808	5.8%	4.5%	\$10,229
Klein ISD	\$551	\$655	\$715	\$737	\$742	34.5%	7.5%	\$16,789
Spring Branch ISD	\$519	\$614	\$685	\$740	\$716	38.0%	7.8%	\$22,340
Mansfield ISD	\$688	\$669	\$700	\$724	\$691	0.5%	7.4%	\$22,149
Keller ISD	\$735	\$726	\$713	\$700	\$681	-7.3%	13.0%	\$21,500
Fort Worth ISD	\$683	\$691	\$756	\$715	\$673	-1.5%	4.9%	\$8,811
Round Rock ISD	\$610	\$666	\$745	\$705	\$664	8.9%	10.1%	\$15,346
San Antonio ISD	\$617	\$454	\$655	\$635	\$617	0.0%	-0.5%	\$12,650

*Local debt outstanding for FY 2012 & 2013 has been reduced by cash defeasances.
Source: Texas Bond Review Board - Bond Finance Office; Texas Education Agency for average daily attendance (ADA).

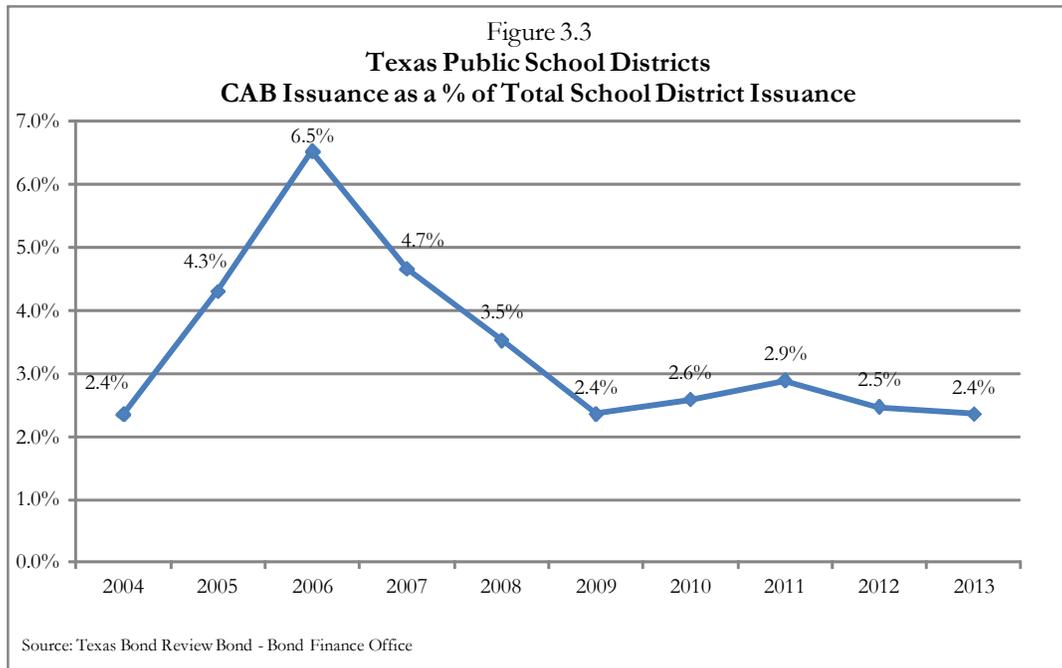
Capital Appreciation Bonds

Capital Appreciation Bonds (CABs) are sold at a discounted price called the par amount. They are often sold in combination with current interest bonds (CIBs). While the debt service for CIBs is paid throughout the life of the obligation, principal and interest on CABs is paid at maturity. Interest on CABs compounds semiannually and accumulates over the life of the bond, and the amount paid at the maturity is called the maturity value. Interest rates for CABs are generally higher than for CIBs.

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

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

Over the past five years School District CAB issuances have increased by 25.9 percent from \$171.4 million in FY 2009 to \$215.8 million in FY 2013. During fiscal 2013 CAB issuances totaled 2.4 percent (\$215.8 million) of the total par amount of school district debt issued. *Figure 3.3* illustrates school district CAB issuance as a percentage of total school district debt issuance over the past ten years.



For fiscal-year 2013 the top 10 issuers School District CABs accounted for 72.2 percent of all CAB issuances for the fiscal year (*Table 3.6*).

Table 3.6
Texas Public School Districts
Top 10 CAB Issuers Fiscal Year 2013
(*\$* in millions)

	CAB Par Amount	Issuance Par Amount*	CAB Par Amount as % of Issue Par Amount
Wylie ISD (Collin Co.)	\$79.4	\$103.7	76.5%
De Soto ISD	27.2	37.3	73.0%
Allen ISD	19.5	70.5	27.7%
Southwest ISD	17.6	81.8	21.5%
Crandall ISD	15.2	15.2	100.0%
Wimberley ISD	8.6	25.4	33.9%
Ennis ISD	3.8	3.8	100.0%
Brock ISD	3.5	3.5	100.0%
Forney ISD	3.1	3.1	100.0%
Arlington ISD	2.9	76.5	3.7%
Subtotal	\$180.8	\$420.7	43.0%
Other CAB Issuers	\$35.0	\$1,236.1	2.8%
Total	\$215.8	\$1,656.8	13.0%

* Includes current interest bonds
Source: Texas Bond Review Board - Bond Finance Office

Build America Bonds Outstanding

As of August 31, 2013, 33 school districts had Direct-Payment Build America Bonds (BABs) outstanding totaling \$3.31 billion or 5.1 percent of the total school district debt outstanding (*Table 3.7*). (See Glossary for discussion of BABs)

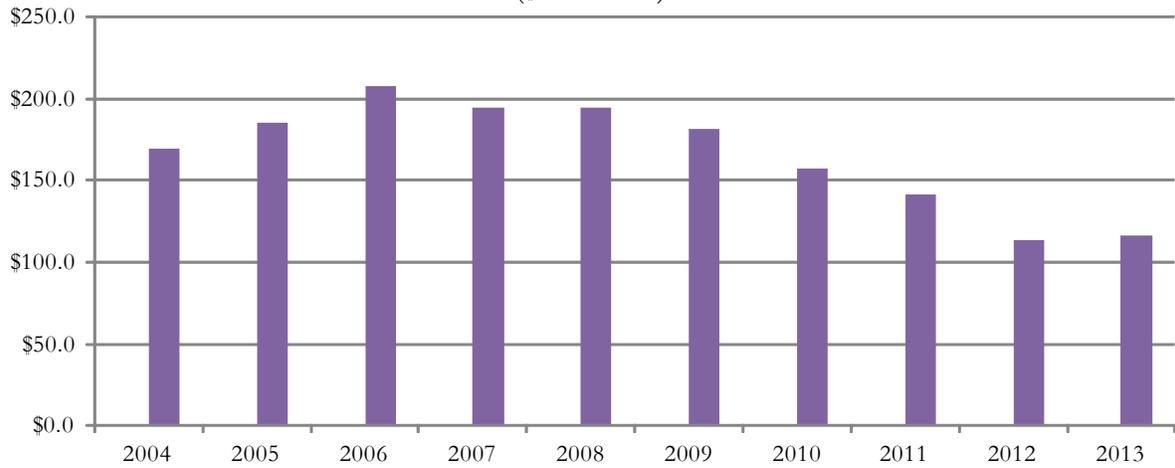
Table 3.7 Texas Public School Districts Top Ten Build America Bonds Outstanding (\$ in millions)	
Issuer	Amount
Dallas ISD	\$950.3
Houston ISD	371.0
Cypress-Fairbanks ISD	191.5
Round Rock ISD	159.1
Katy ISD	155.0
San Antonio ISD	151.5
Spring Branch ISD	137.1
Northside ISD (Bexar County)	133.1
Carroll ISD	115.3
Corpus Christi ISD	98.5
Other School Districts	850.4
Total	\$3,313
Source: Texas Bond Review Board- Bond Finance Office	

Qualified Zone Academy Bonds

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

QZAB debt outstanding has steadily declined since fiscal 2006 and at August 31, 2013, 41 school districts had QZAB debt outstanding totaling \$116.3 million (*Figure 3.4*).

Figure 3.4
Texas Public School Districts
Qualified Zone Academy Bonds Outstanding*
(\$ in millions)



*Local debt outstanding for FY 2012 & 2013 has been reduced by cash defeasances.
Source: Texas Bond Review Board -Bond Finance Office

Of the 41 school districts with QZAB debt outstanding, the top ten accounted for 63.1 percent (\$73.4 million) (Table 3.8).

Table 3.8	
Texas Public School Districts	
Top 10 Qualified Zone Academy Bonds Outstanding	
(\$ in millions)	
Issuer	Amount
Austin ISD	\$9.5
Mount Pleasant ISD	9.0
Dallas ISD	8.0
Laredo ISD	8.0
Pearsall ISD	8.0
Southwest ISD	8.0
Galena Park ISD	6.5
Lancaster ISD	6.1
Goose Creek ISD	5.2
Brazosport ISD	5.1
Other School Districts	42.9
Total	\$116.3
Source: Texas Bond Review Board- Bond Finance Office	

During fiscal years 2009 through 2013, ten school districts issued a total of \$24.66 million in QZABs.

Qualified School Construction Bonds

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

As of August 31, 2013, 107 school districts had QSCBs outstanding totaling \$1.07 billion (*Table 3.9*)

Table 3.9 Texas Public School Districts Top Qualified School Construction Bonds Outstanding* (\$ in millions)	
Issuer	Amount
San Antonio ISD	\$61.1
Cypress-Fairbanks ISD	50.0
Arlington ISD	47.5
Fort Worth ISD	42.7
Brownsville ISD	37.5
North East ISD	37.1
Plano ISD	29.9
Lewisville ISD	29.2
Alief ISD	29.1
Pasadena ISD	28.0
Other School Districts	680.4
Total	\$1,072
Source: Texas Bond Review Board- Bond Finance Office	

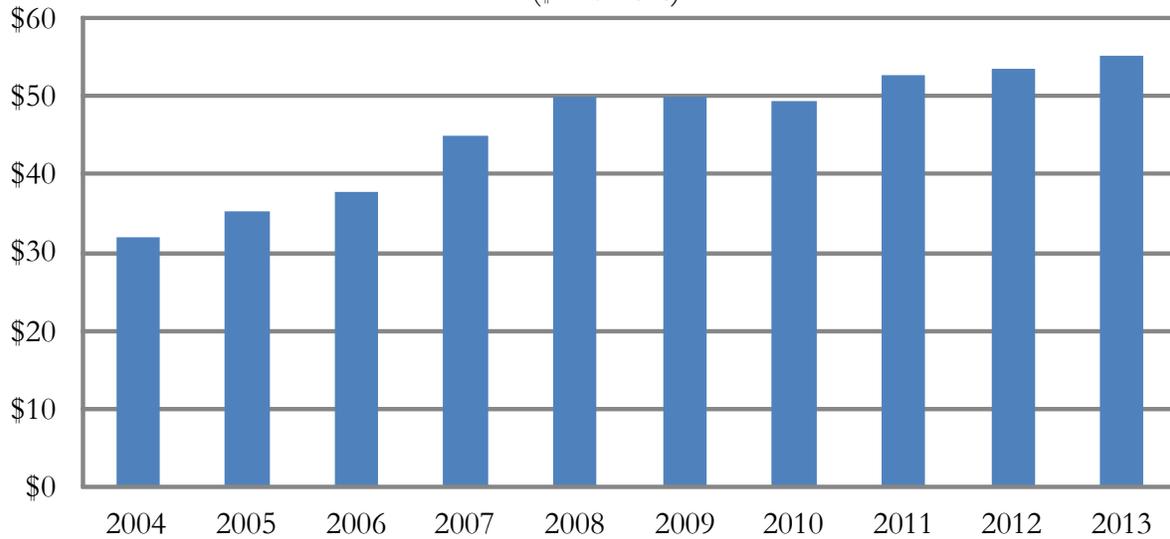
During fiscal years 2009 through 2013, 121 school districts issued \$1.12 billion in QSCBs of which \$76.1 million was issued in fiscal 2013.

Permanent School Fund

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

At August 31, 2013, the PSF's Bond Guarantee Program (BGP) guaranteed debt totaling \$55.22 billion for 810 school districts in Texas (*Figure 3.5*).

Figure 3.5
**Texas Public School Districts
Debt Guaranteed by PSF**
(\$ in billions)



Source: Texas Permanent School Fund CAFR

At August 31, 2013, five school districts (Dallas ISD, Houston ISD, Northside ISD-Bexar County, Cypress-Fairbanks ISD and North East ISD) accounted for 16.1 percent (\$8.89 billion) of the total debt guaranteed by the BGP (Table 3.10). The balance of the guarantees was spread among the remaining 805 school districts.

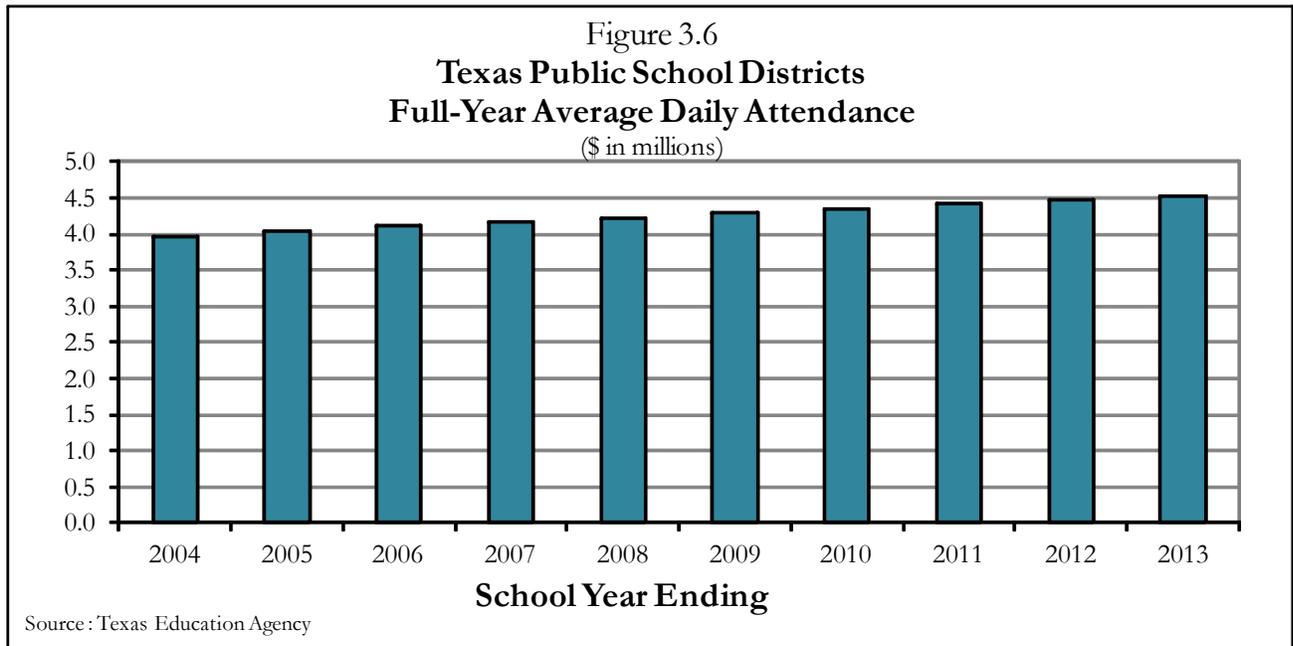
Table 3.10
**Texas Public School Districts
Total Debt Outstanding Guaranteed by PSF**
(\$ in millions)

	2009	2010	2011	2012	2013
Dallas ISD	\$ 1,658	\$ 1,604	\$ 2,544	\$ 2,508	\$ 2,453
Houston ISD	1,668	1,618	1,588	1,554	1,829
Northside ISD - Bexar County	1,307	1,341	1,579	1,656	1,686
Cypress-Fairbanks ISD	1,572	1,590	1,541	1,515	1,518
North East ISD	1,268	1,232	1,188	1,240	1,407
Other Issuers	42,560	41,917	44,215	45,161	46,325
Total Debt Outstanding	\$ 50,033	\$ 49,302	\$ 52,654	\$ 53,634	\$ 55,218

Source: Texas Permanent School Fund CAFR

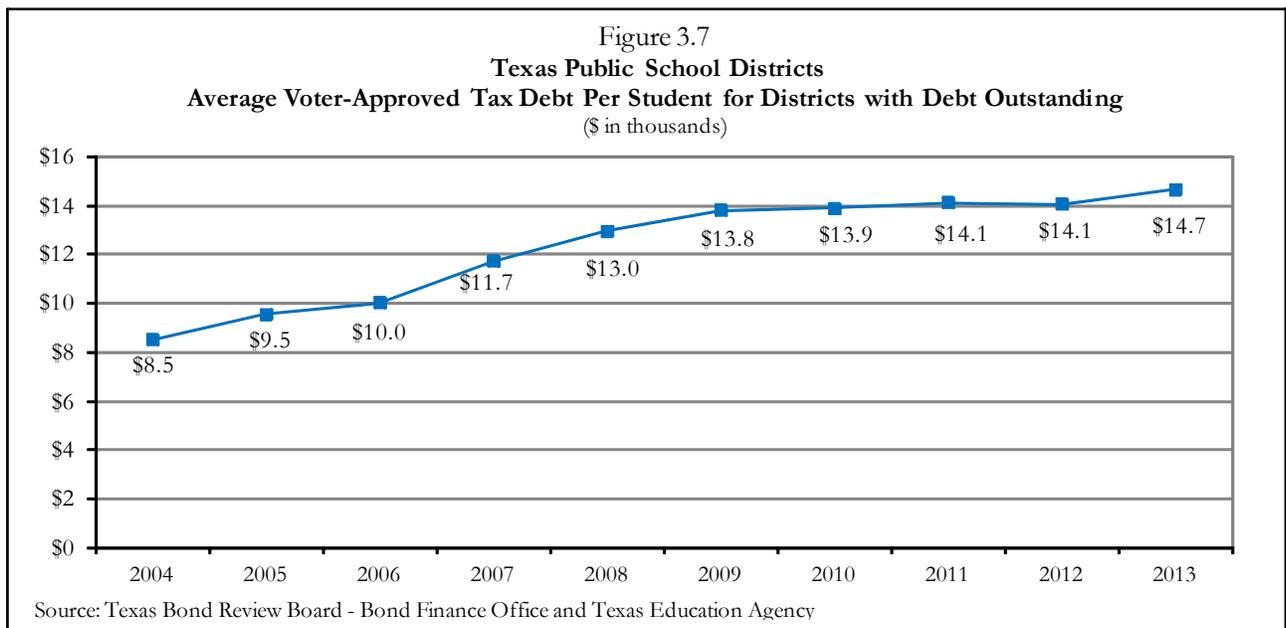
Average Daily Attendance

Since 2009 the ADA for all school districts with taxing authority has increased by 5.2 percent (222,197) to 4,522,284. Since 2004, the ADA has increased by 13.8 percent (546,967) (Figure 3.6).



Debt per Student

Based on the ADA, as of August 31, 2013 those public school districts with voter-approved debt outstanding had an average debt of \$14,672 per student, an increase of 4.3 percent (\$605) from the average for 2012. The state's average voter-approved debt per student has increased 6.3 percent (\$875) per student since FY 2009 and 72.2 percent (\$6,151) since FY 2004 (Figure 3.7)



Chapter 4
Texas Water Districts and Authorities

Overview

Texas water districts and authorities (collectively, WD) are local governmental entities that provide limited water-related services to customers and residents. WDs can be created by the Texas Commission on Environmental Quality, a county commissioner’s court or the legislature. WDs issue both tax-supported and revenue debt. (See generally, Texas Water Code Chapters 49, 51, 54, 65, and subtitle G to the Special District Local Laws Code). Certain WDs are authorized to issue conduit revenue debt. As of August 31, 2013 total WD debt outstanding was 15.5 percent (\$31.06 billion) of total local debt outstanding.

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

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

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

Water District Debt Outstanding

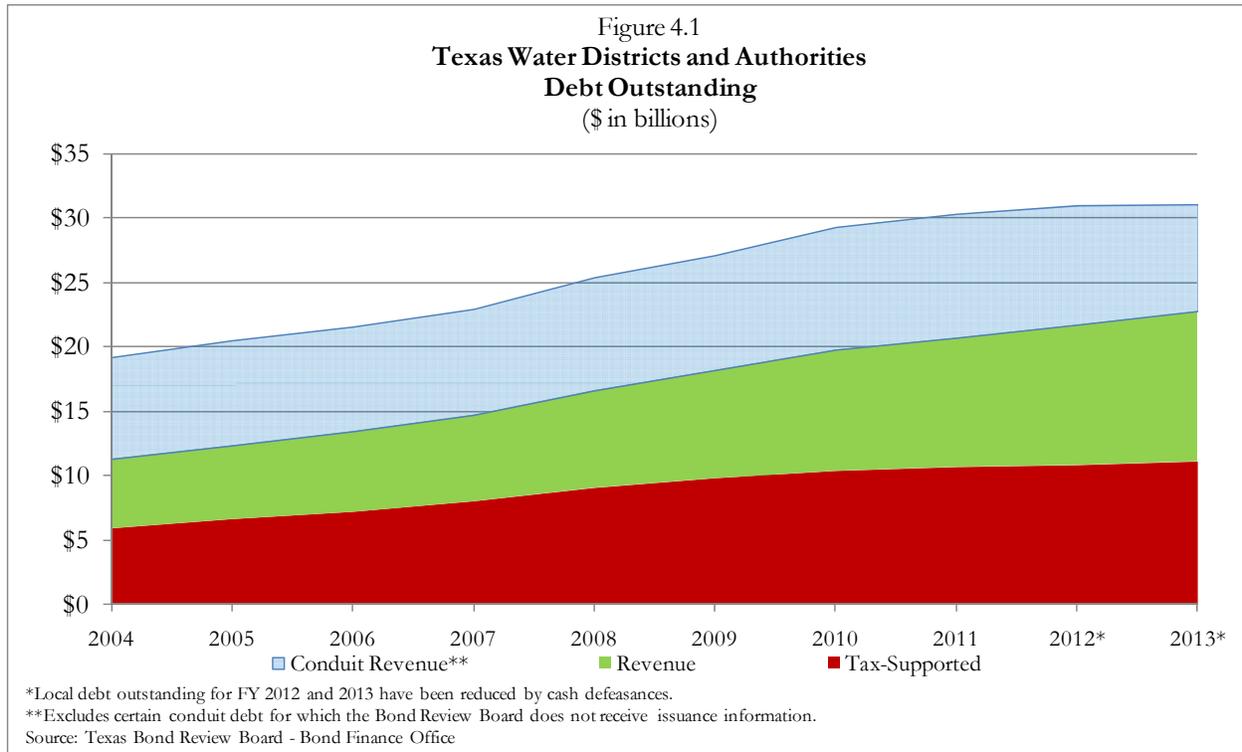
As of August 31, 2013, 883 Texas WDs had debt outstanding of which 739 had tax-supported debt, 178 had revenue debt and 18 had conduit revenue debt outstanding. Including commercial paper (CP), total debt outstanding for WDs increased 0.3 percent from \$30.98 billion in fiscal 2012 to \$31.06 billion in fiscal 2013. Of that amount, 35.9 percent (\$11.15 billion) was tax-supported, 64.1 percent (\$19.91 billion) was revenue debt including \$8.26 billion of conduit revenue debt and \$288.4 million of CP.

Over the five fiscal year period ended August 31, 2013, WD tax-supported debt increased by 13.2 percent (\$1.30 billion) to \$11.15 billion, revenue debt increased by 39.0 percent (\$3.27 billion) to \$11.65 billion and conduit-revenue debt decreased by 7.1 percent (\$628.8 million) (Table 4.1).

Table 4.1 Texas Water Districts and Authorities Debt Outstanding By Fiscal Year (\$ in millions)					
	2009	2010	2011	2012*	2013*
Tax-Supported	\$ 9,849.0	\$ 10,415.8	\$ 10,718.3	\$ 10,870.1	\$ 11,151.9
Revenue	8,384.5	9,395.5	10,017.4	10,872.3	11,651.3
Conduit Revenue**	8,888.0	9,489.6	9,584.8	9,234.7	8,259.3
Total Debt Outstanding	\$ 27,121.5	\$ 29,300.9	\$ 30,320.5	\$ 30,977.1	\$ 31,062.5

*Local debt outstanding for FY 2012 and 2013 have been reduced by cash defeasances.
 **Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.
 Source: Texas Bond Review Board - Bond Finance Office

Over the past ten years total WD debt, including conduit revenue debt for which the WD is not liable, has increased by 61.5 percent (\$11.83 billion) from \$19.24 billion at fiscal year-end 2004 to \$31.06 billion at fiscal year-end 2013 (Figure 4.1).



Tax-Supported Debt Outstanding

WDs with the largest amounts of debt outstanding are located in heavily populated areas or near major bodies of water such as Houston, Port Arthur, Dallas, Austin, Waco, and Baytown. The ten largest issuers of tax-supported debt accounted for 20.5 percent of water district tax-supported debt outstanding (*Table 4.2*).

Table 4.2 Texas Water Districts and Authorities Top 10 Tax-Supported Debt Outstanding*			
Government Name	County	Amount (\$ in millions)	Estimated WD Debt Per Capita**
Port of Houston Authority	Harris	\$732.0	\$188
Harris County FCD	Harris	668.6	172
Dallas County U&RD	Dallas	255.3	13,091
Montgomery County MUD 46	Montgomery	100.2	4,594
Clear Lake City WA	Harris	93.5	1,112
Harris-Montgomery Counties MUD 386	Harris	92.8	10,268
Hidalgo County DD 1	Hidalgo	90.3	130
Travis County WCID 17 (B) Steiner Ranch	Travis	89.6	6,501
Fort Bend County MUD 025	Fort Bend	84.1	6,111
Sienna Plantation LID	Fort Bend	82.0	3,918
Total		\$2,288.4	
* Includes Commercial Paper			
** Population data for each issuer is as of the most recent data provided to the BRB			
Source: Texas Bond Review Board - Bond Finance Office			

Revenue Debt Outstanding

The top 5 issuers of revenue debt and the top 5 issuers of conduit debt account for 65.9 percent of water district revenue debt outstanding (*Table 4.3*).

Table 4.3 Texas Water Districts and Authorities Issuers with Most Revenue Debt Outstanding*		
Government Name	County	Amount (\$ in millions)
Revenue		
Lower Colorado RA	Travis et al	\$2,471.2
North Texas MWD	Collin	1,609.4
Trinity RA	Dallas	1,462.5
Tarrant Regional WD	Tarrant	804.9
San Jacinto RA	Montgomery	608.7
Sub Total		\$6,956.7
Conduit Revenue**		
Brazos RA	McLennan	\$2,101.8
Port of Port Arthur ND	Jefferson	1,401.7
Lower Colorado RA	Travis et al	1,127.3
Matagorda County ND 1	Matagorda	875.6
Gulf Coast Waste Disposal Auth	Chambers	666.3
Sub Total		\$6,172.7
Total		\$13,129.4
* Includes Commercial Paper		
** Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.		
Source: Texas Bond Review Board - Bond Finance Office		

Two WDs issued Direct Payment Build America Bonds (BABs) during fiscal years 2010 and 2011. As of August 31, 2013, the total of \$236.7 million of BABs issued by both remains outstanding. (See Glossary for discussion on BABs.)

Commercial Paper Outstanding

Three WDs utilize either general obligation (tax) and/or revenue CP programs to provide short-term financing for infrastructure improvements, additions and extensions. As of August 31, 2013, no tax-supported CP was outstanding and two WDs had \$288.4 million in revenue CP outstanding (Table 4.4). No additional CP programs were authorized during fiscal year 2013.

Table 4.4		
Texas Water Districts and Authorities		
Commercial Paper Programs*		
(\$ in millions)		
Government Name	County	Amount
Revenue		
Lower Colorado RA**	Travis	\$260.3
Upper Trinity Regional WD	Denton	28.1
Tax-Supported		
Harris County FCD	Harris	0.0
Total		\$288.4
*Does not reflect total authorization amounts.		
**\$109.2 million of total outstanding is LCRA Transmission Services Corporation's commercial paper.		
Source: Texas Bond Review Board - Bond Finance Office.		

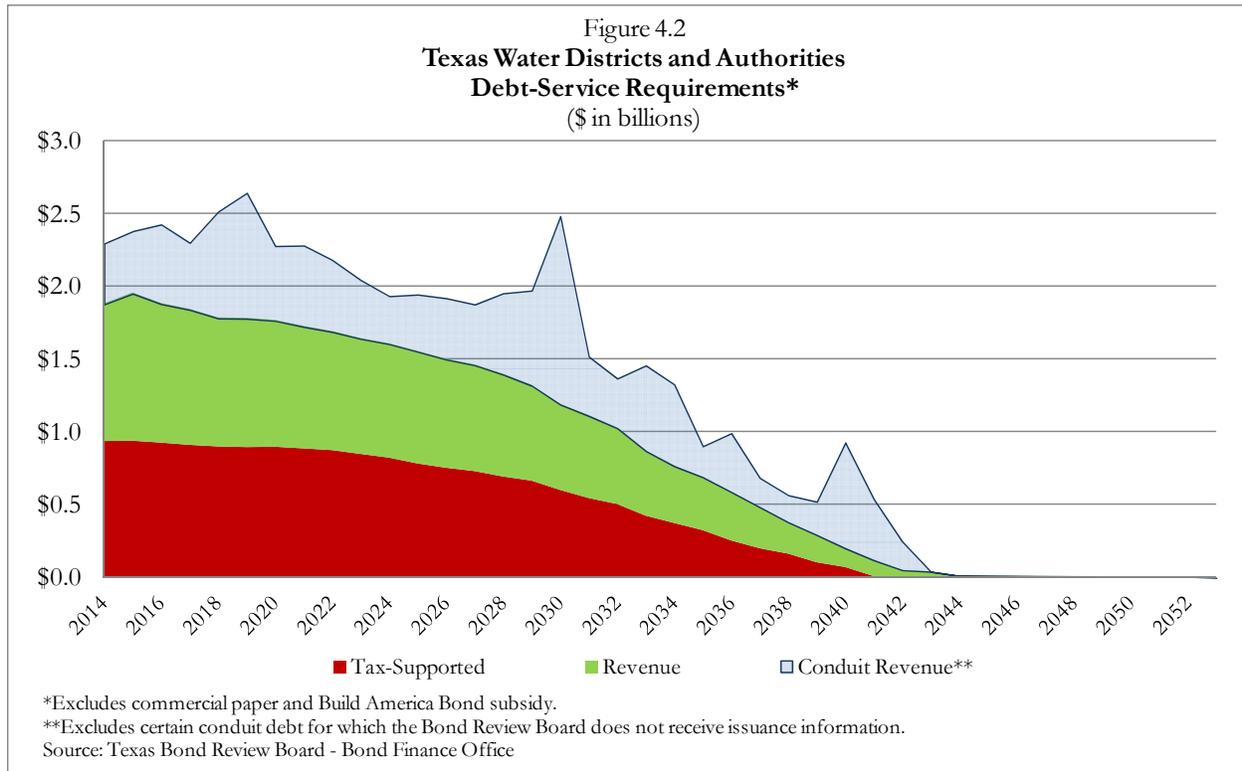
Debt-Service Requirements

Debt-service requirements (principal and interest) for WDs totaled \$48.75 billion as of August 31, 2013, 35.0 percent of which was for tax-supported debt, 36.3 percent of which was for revenue debt, and 28.7 percent of which was for conduit-revenue debt service. Debt-service requirements are shown below (Table 4.5).

Table 4.5 Texas Water Districts and Authorities Debt-Service Requirements by Fiscal Year* (\$ in millions)						
	2014	2015	2016	2017	2018	2019 & beyond
Tax-Supported	\$ 936.6	\$ 938.7	\$ 926.1	\$ 910.2	\$ 899.6	\$ 12,443.4
Revenue	945.4	1,017.5	957.9	934.2	885.8	12,954.4
Conduit Revenue**	419.6	429.9	548.7	461.7	736.0	11,405.7
Total Debt Service	\$ 2,301.6	\$ 2,386.2	\$ 2,432.7	\$ 2,306.1	\$ 2,521.3	\$ 36,803.5

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

Figure 4.2 illustrates the projected annual debt service for WD tax-supported, revenue and conduit-revenue debt outstanding as of August 31, 2013. (Debt service for conduit revenue debt is the obligation of the conduit borrower, not the WD issuer.)



Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess an issuer’s financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. Texas WDs will repay 21.1 percent (\$2.35 billion) of tax-supported principal outstanding within five years, 45.2 percent (\$5.04 billion) within ten years and 88.2 percent (\$9.84 billion) within twenty years. 22.0 percent (\$2.50 billion) of revenue principal will be repaid within five years, 43.9 percent (\$4.99 billion) will be repaid within ten years and 84.7 percent (\$9.62 billion) within 20 years. The last maturity for WD tax-supported debt and WD revenue debt will be repaid within 37 years (fiscal 2050) and 39 years (fiscal 2052), respectively (*Table 4.6*).

Table 4.6 Texas Water Districts and Authorities - Rate of Debt Retirement*				
Debt Repaid	Tax-Supported Debt (billions)	Percent	Revenue Debt (billions)	Percent
Within Five Years	\$2.35	21.1%	\$2.50	22.0%
Within Ten Years	\$5.04	45.2%	\$4.99	43.9%
Within Twenty Years	\$9.84	88.2%	\$9.62	84.7%
*Excludes commercial paper and conduit-revenue debt. Source: Texas Bond Review Board - Bond Finance Office				

Debt Issuance in FY 2013

During fiscal 2013, 325 WDs issued a total of \$4.01 billion of debt, a decrease of 10.6 percent (\$475.9 million) from the \$4.48 billion issued in fiscal 2012. Of the debt issued in fiscal 2013, 40.3 percent (\$1.61 billion) was tax-supported, 54.0 percent (\$2.16 billion) was revenue debt and 5.8 percent (\$231.0 million) was conduit-revenue debt.

Of the total WD debt issued during fiscal 2013, 36.5 percent (\$1.46 billion) was new-money debt, a decrease of 37.7 percent from the \$2.35 billion issued during fiscal 2012. The remaining 63.5 percent (\$2.54 billion) was refunding debt, an increase of 19.1 percent from the \$2.14 billion issued during fiscal 2012. WD debt issuance over the past five fiscal years is shown below (*Table 4.7*).

Table 4.7 Texas Water Districts and Authorities Debt Issuance by Fiscal Year* (\$ in millions)					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Issuers	219	276	278	375	325
Issuances	255	351	343	473	422
Tax					
New Money	\$981.0	\$805.0	\$621.6	\$637.7	\$697.1
Refunding	245.4	737.2	647.2	1,080.3	915.8
Subtotal	\$1,226.4	\$1,542.1	\$1,268.8	\$1,718.0	\$1,612.9
Revenue					
New Money	\$874.9	\$715.0	\$768.2	\$1,582.2	\$745.1
Refunding	478.7	603.0	671.0	445.0	1,417.4
Subtotal	\$1,353.6	\$1,318.0	\$1,439.1	\$2,027.2	\$2,162.5
Conduit Revenue**					
New Money	\$100.0	\$513.4	\$300.0	\$127.3	\$22.2
Refunding	268.6	336.6	0.0	609.8	208.8
Subtotal	\$368.6	\$850.0	\$300.0	\$737.1	\$231.0
Total New Money	\$1,956.0	\$2,033.4	\$1,689.8	\$2,347.2	\$1,464.3
Total Refunding	\$992.6	\$1,676.8	\$1,318.1	\$2,135.1	\$2,542.0
Total Par Amount	\$2,948.5	\$3,710.1	\$3,007.9	\$4,482.2	\$4,006.4
*Excludes issuances of commercial paper					
**Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.					
Source: Texas Bond Review Board - Bond Finance Office					

The largest tax-supported issuance during fiscal 2013 was a new-money transaction by the Hidalgo County Irrigation District 01 for \$77.1 million, and the largest revenue transaction was an issuance of \$311.5 million of refunding bonds by the Lower Colorado River Authority. The largest conduit-revenue issuance was a refunding transaction in the amount of \$197.4 million by Lower Colorado River Authority Transmission Services Corporation.

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

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

Chapter 5

Texas Counties

Overview

Counties issue two types of debt: tax-supported and revenue which also includes lease-revenue. Conduit-revenue debt is issued by non-profit corporations. As of August 31, 2013, county debt was 7.1% (\$14.21 billion) of total local debt outstanding.

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

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

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

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

Total County Debt Outstanding

Of the 254 Texas counties, 166 had tax-supported debt, 13 had revenue debt, and 19 had lease-revenue obligations issued for jail/detention facilities outstanding as of August 31, 2013. Seventy-nine counties had neither tax-supported nor revenue debt outstanding. During fiscal 2013 total debt outstanding for counties increased 2.8 percent from \$13.82 billion in fiscal 2012 to \$14.21 billion including commercial paper (CP). Of that amount, 78.2 percent (\$11.11 billion) was tax-supported debt, 18.3 percent (\$2.60 billion) was revenue debt, and 3.5 percent (\$494.9 million) was lease-revenue debt. No county conduit debt has been outstanding over the past five fiscal years (*Table 5.1*).

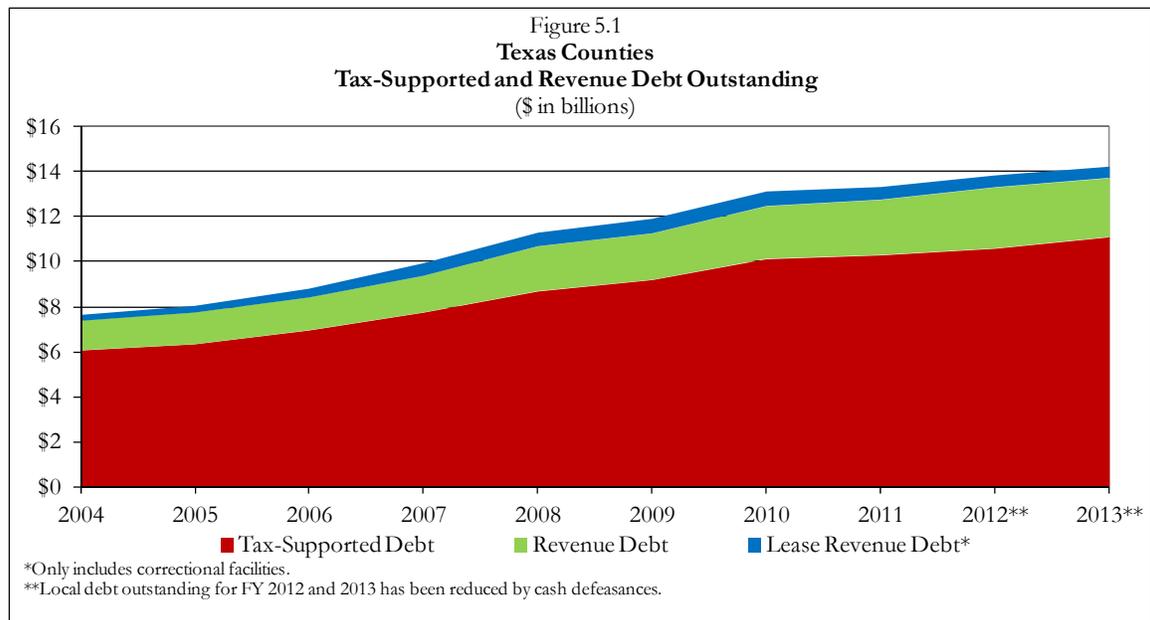
During the five-year period ending August 31, 2013, tax-supported debt for counties increased by 20.8 percent, revenue debt increased by 26.5 percent, conduit-revenue debt remained at zero and lease-revenue obligations declined by 22.9 percent.

Table 5.1 Texas Counties Debt Outstanding by Fiscal Year (\$ in millions)					
	2009	2010	2011	2012*	2013*
Tax-Supported Revenue	\$9,200.0	\$10,134.4	\$10,302.5	\$10,599.1	\$11,109.8
Conduit Revenue**	0.0	0.0	0.0	0.0	0.0
Lease-Revenue Obligations***	641.9	645.5	557.7	523.5	494.9
Total Debt Outstanding	\$11,898.0	\$13,109.2	\$13,303.4	\$13,821.9	\$14,205.8

*Local debt outstanding for FY 2012 and 2013 has been reduced by cash defeasances.
**Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.
***Only includes correctional facilities.
Source: Texas Bond Review Board - Bond Finance Office

As of August 31, 2013 Harris County had the state’s only tax-supported county CP outstanding. The total program authorization was \$600.0 million of which \$289.7 million was outstanding.

Over the past ten years total county debt has increased by 85.9 percent (\$6.56 billion) from \$7.64 billion at fiscal-year end 2004 to \$14.21 billion at fiscal-year end 2013 (Figure 5.1). As of August 31, 2013, seven counties had a total of \$423.7 million in Build America Bonds outstanding. (See glossary for a definition of Build America Bonds.)



The ten counties listed below accounted for 70.9 percent of all Texas county tax-supported debt outstanding as of August 31, 2013 (*Table 5.2*).

Table 5.2 Texas Counties Top 10 Tax-Supported Debt Outstanding as of August 31, 2013		
County	Amount (\$ in millions)	Debt Per Capita
Harris*	\$2,504.1	\$589
Bexar	1,463.64	820
Williamson	773.91	1,696
Travis	632.49	577
Denton	596.25	843
Fort Bend**	460.65	734
Montgomery	446.60	921
Collin	393.35	471
Tarrant	301.59	160
Galveston	298.96	995
Other Counties	3,238.30	N/A
Total	\$11,109.8	
* Includes Harris Co. GO Toll Road Debt of \$432.5 million and Commerical Paper of \$289.7		
** Includes Fort Bend Co. GO Toll Road Debt of \$120.8 million.		
Source: Texas Bond Review Board - Bond Finance Office; March 2013 US Census		

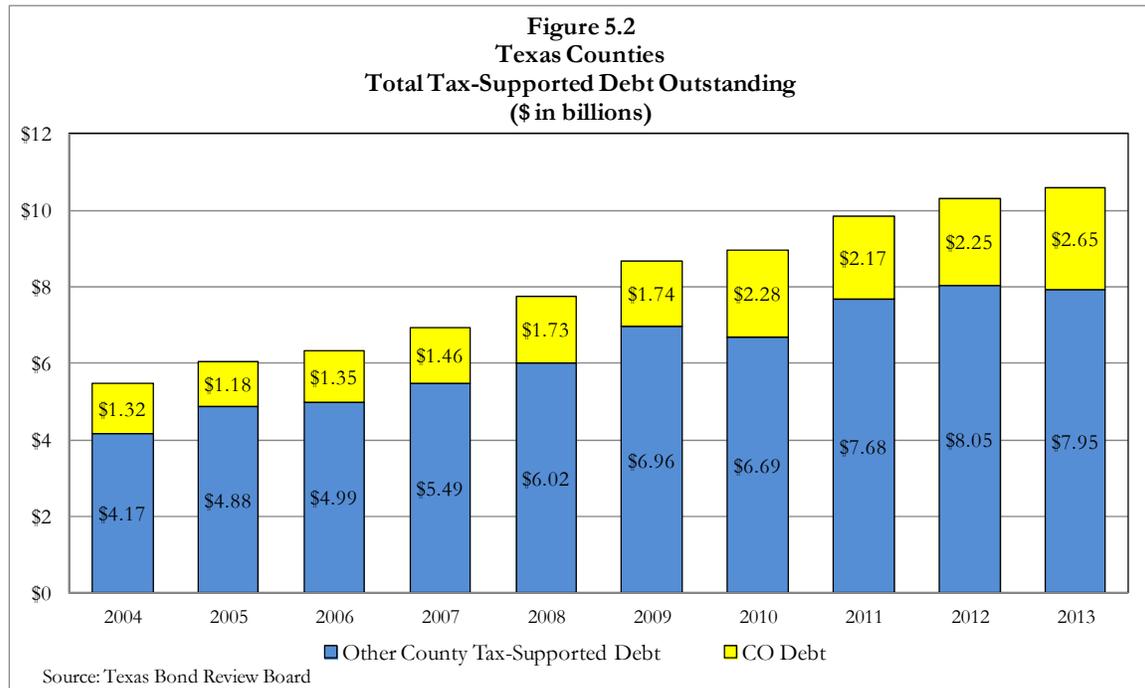
Certificates of Obligation

During FY 2013 Texas counties had \$2.65 billion of Certificates of Obligation (CO) debt outstanding which was 23.9 percent of the county tax-supported debt outstanding and 18.7 percent of the total county debt outstanding including revenue debt. Of the 88 counties with CO debt outstanding, the top 30 had \$2.45 billion (92.4 percent) of the total CO debt outstanding (*Table 5.3*). (See Glossary for a definition of COs.)

Table 5.3			
Texas Counties			
Top 20 Certificates of Obligation Issuers			
	CO Amount	Debt per	% of Tax-
	(\$ in millions)	Capita	supported
			Debt
Bexar County	\$1,301.2	\$729	88.9%
Travis County	224.8	205	35.5%
El Paso County	174.0	210	77.0%
Montgomery County	109.9	227	24.6%
Hidalgo County	95.4	118	58.8%
Hays County	73.7	436	26.7%
Cameron County	45.8	110	39.7%
Nueces County	37.3	107	36.1%
Brazoria County	35.9	110	41.4%
Webb County	29.9	116	38.2%
Randall County	27.1	217	76.8%
Uvalde County	23.1	865	100.0%
Dallas County	22.9	9	16.8%
Brazos County	22.7	113	23.0%
Comal County	21.6	188	32.6%
Zapata County	19.4	1,360	50.4%
Walker County	19.3	282	100.0%
La Salle County	18.0	2,526	41.5%
Bastrop County	17.5	234	49.9%
San Patricio County	17.1	261	100.0%
Subtotal	<u>\$2,336.6</u>	242	56.9%
Other CO Issuers	<u>317.0</u>	104	10.9%
Total	<u><u>\$2,653.6</u></u>	102	23.9%
* Population data from the July 2012 US Census Population Division			
Source: Texas Bond Review Board - Bond Finance Office			

Over the past ten years CO debt outstanding debt increased by 101.1 percent from \$1.32 billion to \$2.65 billion. The increase was mainly due to Bexar County issuing a total of \$1.37

billion over the period for flood control purposes and improvements to the courthouse and jail (Figure 5.2).



Over the past ten years county revenue debt has increased by 96.6 percent (\$1.28 billion) from \$1.32 billion at fiscal-year end 2004 to \$2.60 billion at fiscal-year end 2013.

Harris County Toll Road bonds accounted for 56.9 percent (\$1.48 billion) of the total county revenue debt and Fort Bend County Toll Road accounted for 7.2 percent (\$185.9 million) of total county revenue debt.

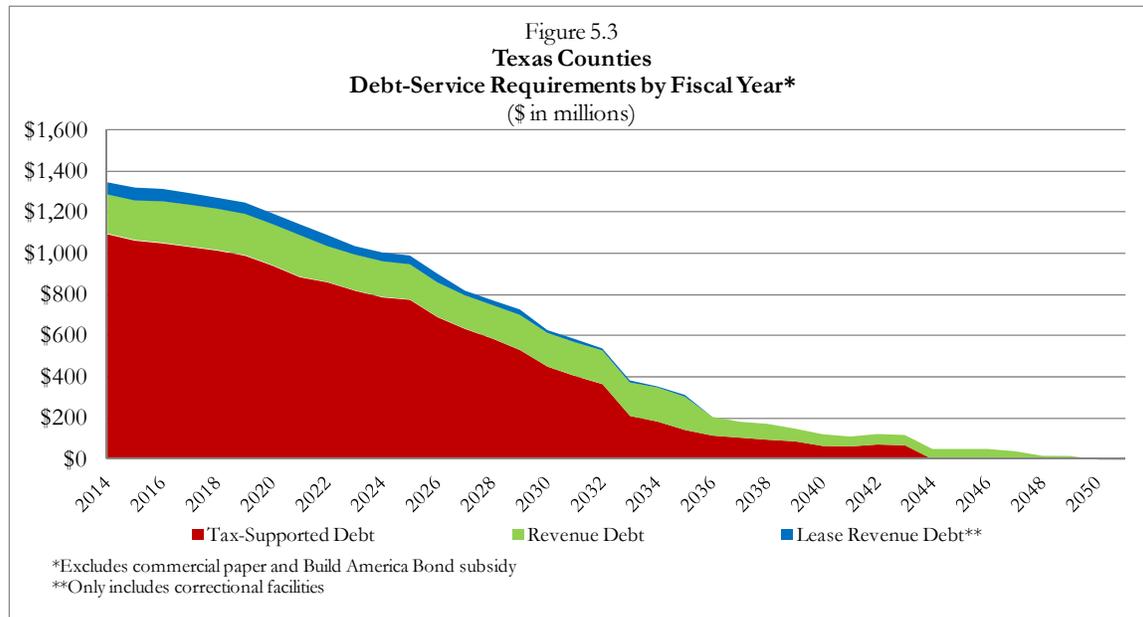
Debt-Service Requirements

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

Table 5.4 Texas Counties Debt-Service Requirements by Fiscal Year* (\$ in millions)						
	2014	2015	2016	2017	2018	2019 & beyond
Tax-Supported	\$1,093.1	\$1,062.6	\$1,049.5	\$1,031.1	\$1,013.7	\$10,920.8
Revenue	191.3	192.6	201.8	203.5	201.7	3,683.1
Lease-Revenue Obligations**	58.7	63.0	60.6	56.0	53.3	512.1
Total Debt Service	\$1,343.1	\$1,318.2	\$1,312.0	\$1,290.6	\$1,268.7	\$15,116.1

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

At August 31, 2013 debt-service requirements for counties totaled \$21.65 billion, 74.7 percent (\$16.17 billion) of which was tax-supported debt, 21.6 percent (\$4.67 billion) of which was revenue debt and 3.7 percent (\$804 million) of which was lease-revenue debt (Figure 5.3).



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 27.5 percent (\$2.98 billion), 54.6 percent (\$5.90 billion) and 92.5 percent (\$10.01 billion) of the tax-supported debt outstanding over the next five, ten and twenty years, respectively. Repayment of revenue debt is expected to be 16.7 percent (\$516.3 million), 35.8 percent (\$1,107.9 million) and 73.5 percent (\$2.27 billion) over the next five, ten and twenty years, respectively. The last maturity for county tax-supported debt and county revenue debt will be repaid within 37 years (fiscal 2050) and 39 years (fiscal 2052), respectively (Table 5.5).

Debt Repaid	Tax-Supported Debt (billions)	Percent	Revenue Debt (millions)	Percent
Within Five Years	\$2.98	27.5%	\$516.3	16.7%
Within Ten Years	\$5.90	54.6%	\$1,107.9	35.8%
Within Twenty Years	\$10.01	92.5%	\$2,274.6	73.5%

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

County Debt Issuance in FY 2013

During fiscal 2013, 56 counties issued debt totaling \$2.23 billion of which 78.0 percent (\$1.74 billion) was tax-supported, 21.0 percent (\$469.0 million) was revenue debt and 1.1 percent (\$24.7 million) was lease-revenue debt.

County debt issuance decreased by 9.3 percent (\$230 million) from \$2.46 billion in fiscal 2012 to \$2.23 billion in fiscal 2013 of which 53.0 percent (\$1.18 billion) was issued as refunding debt, a decrease of 17.9 percent (\$258 million) from the \$1.44 billion issued during fiscal 2012. The remaining 47.0 percent (\$1.05 billion) was new-money debt which increased 2.7 percent (\$27.5 million) from the \$1.02 billion issued during fiscal 2012.

During the five-year period ending August 31, 2013, new-money issuances decreased by 11.6 percent (\$137.5 million), but, as a result of record low interest rates, refunding issuances increased by 54.1 percent (\$415.7 million). During fiscal year 2013 Harris County issued six refunding series including two toll road refunding bonds totaling \$350.9 million that accounted for 50.0 percent (\$590.4 million) of the total county debt refunded in fiscal 2013 (*Table 5.6*).

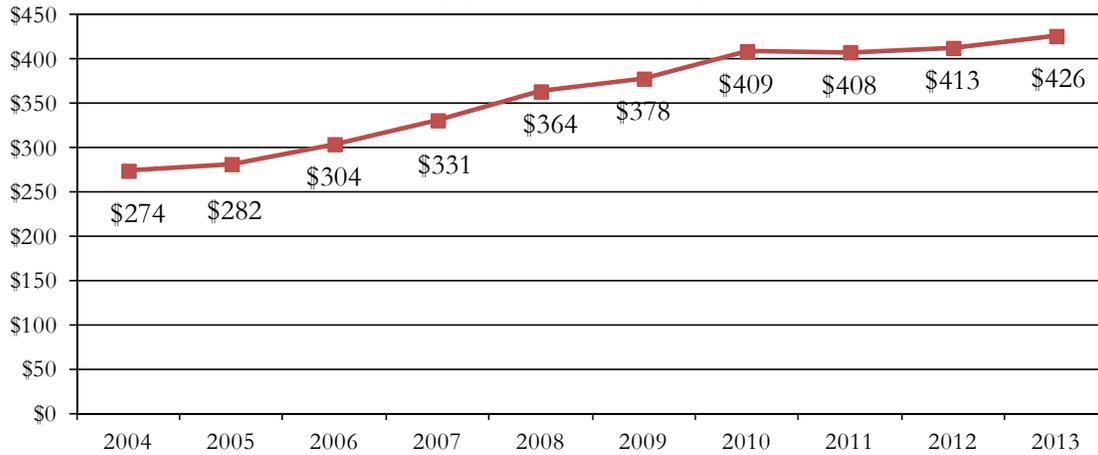
Table 5.6 Texas Counties Debt Issuance by Fiscal Year (\$ in millions)					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Issuers	42	51	47	67	56
Issuances	70	95	73	101	91
Tax-Supported					
New Money	\$866.6	\$1,284.0	\$587.5	\$717.6	\$1,046.3
Refunding	474.9	883.6	266.2	1,205.2	694.0
Subtotal	\$1,341.4	\$2,167.6	\$853.7	\$1,922.8	\$1,740.3
Revenue					
New Money	\$237.0	\$312.1	\$149.9	\$305.4	\$0.0
Refunding	292.9	199.9	340.1	199.9	468.9
Subtotal	\$529.8	\$512.0	\$489.9	\$505.3	\$468.9
Lease Revenue Obligations*					
New Money	\$84.5	\$43.5	\$9.2	\$0.0	\$4.2
Refunding	0.0	0.0	61.0	35.9	20.5
Subtotal	\$84.5	\$43.5	\$70.2	\$35.9	\$24.7
Total New Money	\$1,188.0	\$1,639.5	\$746.6	\$1,023.0	\$1,050.5
Total Refunding	767.7	1,083.5	667.2	1,441.0	1,183.4
Total Debt Issued	\$1,955.8	\$2,723.0	\$1,413.8	\$2,464.0	\$2,233.9
*Only includes correctional facilities Source: Texas Bond Review Board - Bond Finance Office					

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

Debt per Capita

County tax-supported debt per capita has increased by 55.6 percent (\$152) from \$274 in FY 2004 to \$426 in FY 2013. During this time period the state's population has also increased by 17.8 percent (3.9 million) (*Figure 5.4*).

Figure 5.4
Texas Counties
Tax-Supported Debt Per Capita



Source: Texas Bond Review Board - Bond Finance Office; July 2012 U.S. Census Bureau, Population Division

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

Some counties may have a small population, but have a large tax assessed valuation to cover the cost of bond transactions. For example, Loving County's \$276,497 debt per capita is a result of a \$19.6 million issuance combined with a population of only 71. However they have a tax assessed valuation of \$663.5 million. Please visit the BRB website at <http://www.brb.state.tx.us/lgs/lgspubs2013.aspx> for downloadable data related to counties.

Table 5.7 shows the 38 counties with a tax-supported debt per capita greater than \$600.

Table 5.7 Texas Counties Tax-Supported Debt Per Capita Greater than \$600		
	Tax-Supported Debt (\$ in millions)	Debt per Capita
Loving	\$24.4	\$276,479
Maverick	41.5	6,227
La Salle	68.0	6,086
Titus	8.8	4,478
Andrews	760.4	4,377
Zapata	14.1	2,696
Kenedy	11.0	2,394
Dimmit	1.3	1,780
Williamson	204.2	1,696
Shackelford	20.0	1,649
Hays	353.9	1,633
Somervell	7.5	1,551
El Paso	7.1	1,468
Winkler	9.5	1,370
Rockwall	148.0	1,282
Garza	24.9	1,233
Carson	403.0	1,092
Scurry	4.4	1,070
Nolan	460.9	1,048
Galveston	2.6	995
Montgomery	30.0	921
Aransas	6.1	875
Uvalde	13.0	865
Denton	7.0	843
Yoakum	496.9	841
Mitchell	59.1	827
Bexar	33.1	820
Parker	80.9	785
Stephens	1.3	767
Childress	5.2	758
Roberts	7.4	697
Val Verde	13.4	691
Blanco	0.0	678
Edwards	16.1	624
Gillespie	1.3	612
Upton	12.1	611
Polk	5.1	608
Jack	0.0	604

Source: Texas Bond Review Board - Bond Finance Office.
July 2012 U.S. Census Bureau, Population Division

Chapter 6 Texas Other Special Districts and Authorities

Overview

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

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

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

Texas Other Special Districts and Authorities	
Type	Use of Proceeds
Tollway Authorities	Develop, construct and maintain toll roads.
Transit Authorities	Public transportation
Regional Mobility Authorities	Constructing and maintaining highways, tollways, ferries, airports, bikeways, and all-purpose 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.
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, 2013 total OSD debt outstanding was 7.8 percent (\$15.55 billion) of total local debt outstanding. As of that date, 11 OSDs had tax-supported debt outstanding and 24 had revenue debt outstanding including two that had lease revenue debt. During fiscal 2013 total debt outstanding for OSDs decreased 3.7 percent to \$15.55 billion from \$16.15 billion outstanding in fiscal 2012. Of that amount, 68.7 percent was revenue debt, 29.4 percent was sales-tax debt, 1.3 percent was tax-supported debt and 0.6 percent was lease-revenue debt.

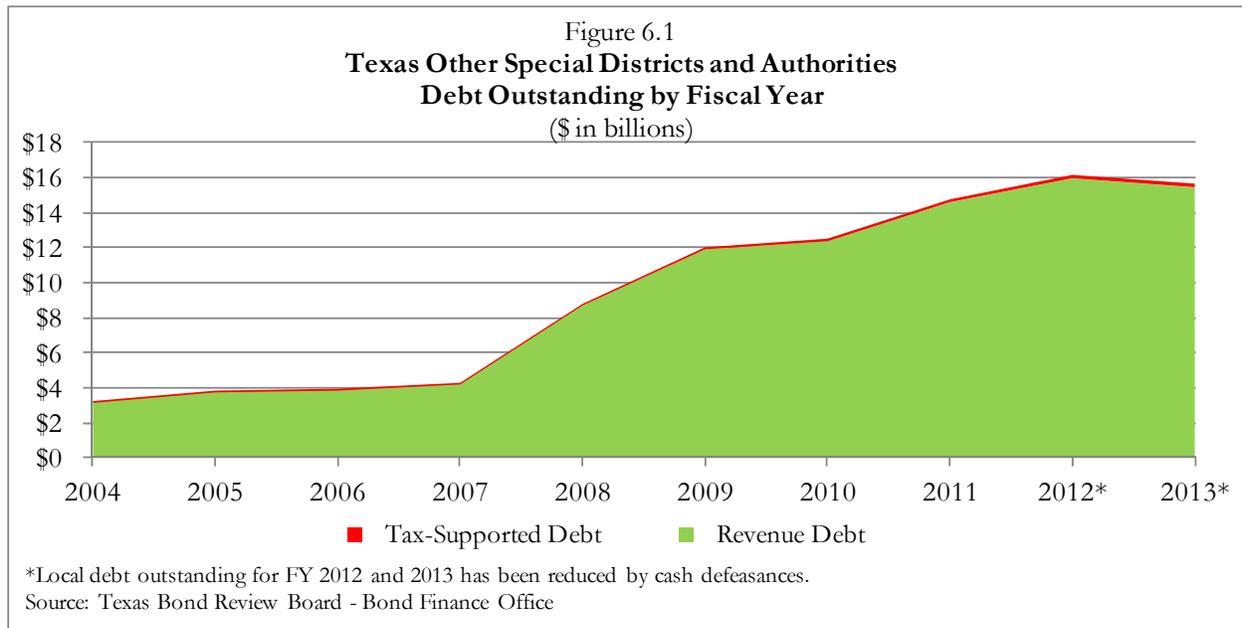
Since fiscal 2009 tax-supported debt has increased 73.9 percent (\$86.9 million) while revenue debt has increased by 22.1 percent (\$1.93 billion) and sales-tax revenue debt has increased 47.8 percent (\$1.48 billion) (*Table 6.1*). The rise in revenue debt including sales-tax revenue over the past five years is due to issuances by three Regional Mobility Authorities: excluding commercial paper, North Texas Tollway Authority (NTTA) issued \$6.10 billion to extend its highway system including \$3.06 of new money and \$3.05 of refunding debt; Dallas Area Rapid Transit (DART) issued \$2.07 billion of sales-tax revenue debt including \$1.98 billion to expand the bus and light rail system and \$95.2 million to refund outstanding debt; and the Metropolitan Transit Authority (MTA) of Harris County

issued \$1.30 billion of new-money sales-tax revenue debt to build a light rail system and expand its bus system.

Table 6.1 Texas Other Special Districts and Authorities Debt Outstanding by Fiscal Year (\$ in millions)					
	2009	2010	2011	2012*	2013*
Revenue	\$8,741.8	\$9,111.9	\$10,523.2	\$11,347.6	\$10,674.4
Sales-Tax Revenue	3,094.3	3,197.0	3,967.3	4,505.7	4,573.0
Tax-Supported	117.6	144.5	155.4	192.8	204.6
Lease-Revenue Obligations	81.8	76.7	114.4	105.9	97.0
Total Debt Outstanding	\$12,035.6	\$12,530.1	\$14,760.2	\$16,152.0	\$15,548.9

* Local debt outstanding for FY 2012 and 2013 has been reduced by cash defeasances.
Source: Texas Bond Review Board - Bond Finance Office

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



The North Texas Tollway Authority accounts for 55.7 percent (\$8.66 billion) of the total OSD debt outstanding, and the four next largest OSDs shown in the following table account for 38.7 percent (\$6.01 billion) (*Table 6.2*).

Table 6.2 Texas Other Special Districts and Authorities Issuers with Most Debt Outstanding (\$ in millions)		
	County	Amount
NTTA	Dallas	\$8,664.4
DART	Dallas	3,601.1
MTA of Harris County	Harris	1,045.8
Central Texas Regional Mobility Auth.	Travis-Williamson	819.8
Texas Municipal Power Agency	Brazos et al.	547.0
Other Issuers		870.9
Total		\$15,548.9
Source: Texas Bond Review Board - Bond Finance Office		

Commercial Paper

Four OSDs have revenue-supported commercial paper (CP) programs. The NTTA and the Texas Municipal Power Agency have revenue-supported programs, and the MTA of Harris County and the DART have sales-tax revenue-supported CP programs. At fiscal year-end 2013, CP accounted for 2.0 percent (\$316.7 million) of the total OSD debt outstanding (*Table 6.3*).

Table 6.3 Texas Other Special Districts and Authorities Commercial Paper Outstanding (\$ in millions)		
	County	Amount
MTA of Harris County	Harris	\$187.0
Texas Municipal Power Agency	Brazos et al.	59.7
DART	Dallas	70.0
NTTA	Dallas	0.0
Total		\$316.7
Source: Texas Bond Review Board - Bond Finance Office		

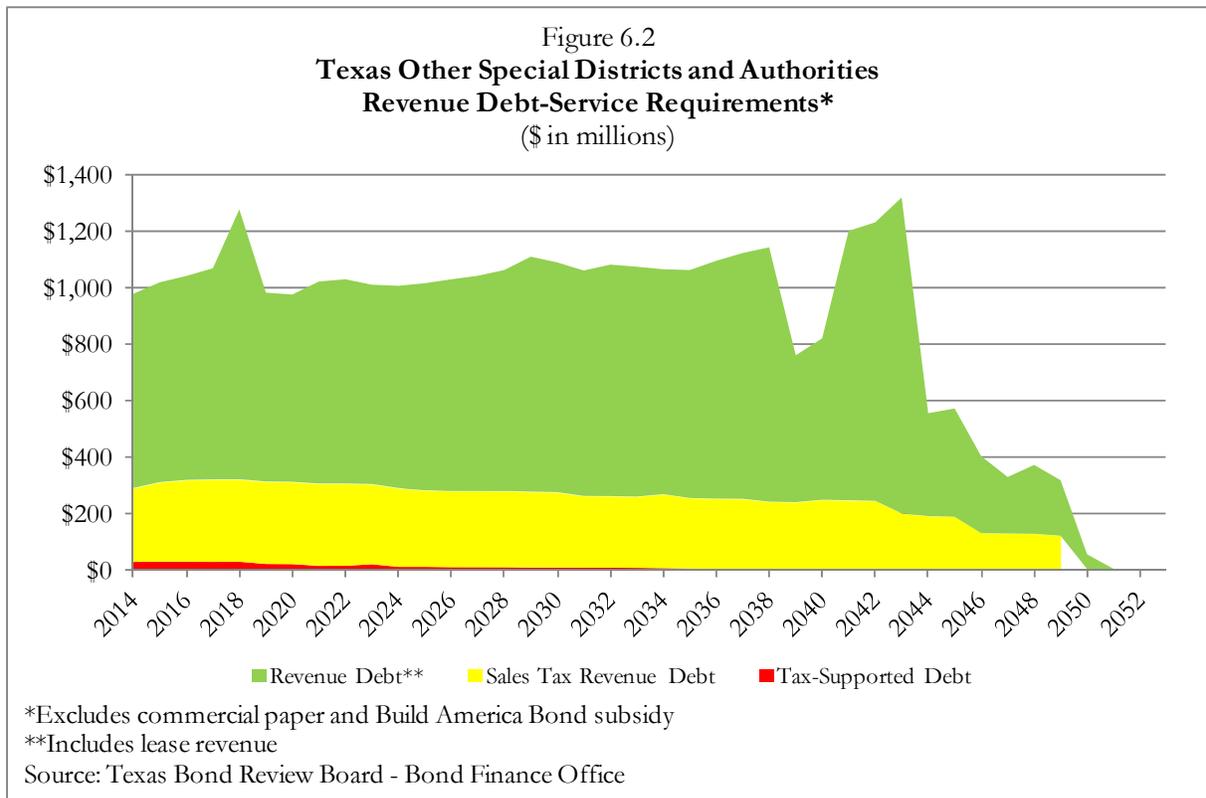
Debt-Service Requirements

As of August 31, 2013 debt-service requirements (principal and interest) for OSDs totaled \$34.36 billion of which revenue debt was 73.2 percent (\$25.14 billion), sales-tax revenue was 25.7 percent (\$8.82 billion), tax-supported was 0.8 percent (\$273.3 million) and lease-revenue obligations were 0.3 percent (\$120.1 million) (*Table 6.4*).

Table 6.4 Texas Other Special Districts and Authorities Debt-Service Requirements by Fiscal Year* (\$ in millions)						
	2014	2015	2016	2017	2018	2019 & beyond
Revenue	\$675.6	\$695.7	\$709.9	\$735.4	\$943.6	\$21,384.3
Sales-Tax Revenue	\$262.1	\$282.0	\$290.1	\$292.3	\$292.4	\$7,403.0
Tax-Supported	\$25.7	\$26.3	\$26.5	\$26.0	\$26.7	\$142.2
Lease-Revenue Obligations	\$13.9	\$13.9	\$13.9	\$13.9	\$13.9	\$50.7
Total Debt Service	\$977.2	\$1,017.9	\$1,040.4	\$1,067.6	\$1,276.5	\$28,980.3

*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, 2013. Because much of the OSD revenue debt is related to transportation projects where revenues are projected to increase in succeeding years, debt-service has been structured to increase in later 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. Texas OSDs are expected to repay 47.5 percent (\$97.2 million) in principal outstanding of tax-supported debt within five years, 75.2 percent (\$153.8 million) within ten years and 97.6 percent (\$199.6 million) within twenty years. Revenue-debt principal repayment is expected to be 7.4 percent (\$1.11 billion) within five years, 17.5 percent (\$2.63 billion) within ten years and 47.5 percent (\$7.13 billion) within twenty years (*Table 6.5*). The low repayment percentage for revenue debt is due to NTTA's \$8.66 billion of bonds outstanding with maturities up to 2052. As of August 31, 2013, the final maturity for total tax-supported OSD debt is 25 years, and the final maturity for total OSD revenue debt is 40 years.

Table 6.5 Texas Other Special Districts and Authorities Rate of Debt Retirement* (\$ in millions)				
Debt Repaid	Tax-Supported Debt	Percent	Revenue Debt	Percent
Within Five Years	\$97.2	47.5%	\$1,105.8	7.4%
Within Ten Years	\$153.8	75.2%	\$2,628.8	17.5%
Within Twenty Years	\$199.6	97.6%	\$7,132.7	47.5%
*Excludes commercial paper				
Source: Texas Bond Review Board - Bond Finance Office				

OSD Debt Issuance

During fiscal year 2013 nine OSDs closed 15 transactions totaling \$1.54 billion for transportation and education related purposes. Of that amount 82.0 percent (\$1.27 billion) was revenue, 16.1 percent (\$248.3 million) was sales-tax revenue and 1.9 percent (\$28.9 million) was tax-supported debt. No lease revenue obligations were issued in fiscal 2013. Of the total amount issued in fiscal 2013, 25.9 percent (\$399.4 million) was issued as new-money debt and 74.1 percent (\$1.14 billion) was issued as refunding debt (*Table 6.6*).

The largest issuance for 2013 was a refunding transaction issued by the NTTA for \$383.6 million to refund previous transactions that occurred in fiscal 2003 and 2008. NTTA also had two other refunding transactions totaling \$134.6 million in fiscal 2013.

Table 6.6 shows debt issued by Other Special Districts and Authorities over the past five fiscal years.

Table 6.6 Texas Other Special Districts and Authorities Debt Issued by Fiscal Year* (\$ in millions)					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Issuers	12	10	5	11	9
Issuances	23	18	14	19	15
Tax-Supported					
New Money	\$25.2	\$35.5	\$18.6	\$47.5	\$28.9
Refunding	8.8	0.0	10.8	17.3	0.0
Subtotal	\$34.0	\$35.5	\$29.4	\$64.8	\$28.9
Revenue					
New Money	\$940.0	\$617.8	\$1,467.2	\$709.1	\$122.1
Refunding	1,540.3	486.5	432.2	294.6	1,143.2
Subtotal	\$2,480.3	\$1,104.4	\$1,899.4	\$1,003.7	\$1,265.3
Sales Tax					
New Money	\$1,227.4	\$88.7	\$729.4	\$557.1	\$248.3
Refunding	0.0	20.9	100.0	0.0	0.0
Subtotal	\$1,227.4	\$109.6	\$829.4	\$557.1	\$248.3
Lease-Revenue Obligations					
New Money	\$45.8	\$0.0	\$0.0	\$0.0	\$0.0
Refunding	0.0	0.0	0.0	0.0	0.0
Subtotal	\$45.8	\$0.0	\$0.0	\$0.0	\$0.0
Total New Money	\$2,238.5	\$742.1	\$2,215.1	\$1,313.7	\$399.4
Total Refunding	1,549.1	507.4	543.1	311.9	1,143.2
Total Debt Issued	\$3,787.6	\$1,249.5	\$2,758.2	\$1,625.6	\$1,542.6
*Excludes commercial paper					
Source: Texas Bond Review Board - Bond Finance Office					

Build America Bonds

As of August 31, 2013 OSDs had \$2.85 billion in Build America Bonds outstanding (Table 6.7). (See glossary for a definition of Build America Bonds.)

Table 6.7 Texas Other Special Districts and Authorities Build America Bonds Outstanding (\$ in millions)		
	County	Amount
DART	Dallas	\$1,559.0
NTTA	Dallas	1,135.0
MTA of Harris County	Harris	82.6
Central Texas Regional Mobility Authority	Travis-Williamson	59.2
Cameron Co Regional Mobility Authority	Cameron	15.5
Total		\$2,851.3
Source: Texas Bond Review Board - Bond Finance Office		

Chapter 7 Texas Community and Junior College Districts

Overview

Community and Junior College Districts (CCD) are two-year institutions that primarily serve local taxing jurisdictions and offer vocational, technical and academic courses for certifications or associates degrees. CCDs are governed under the Texas Education Code Chapter 130. As of August 31, 2013 total CCD debt outstanding was 2.3% (\$4.68 billion) of total local debt outstanding.

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

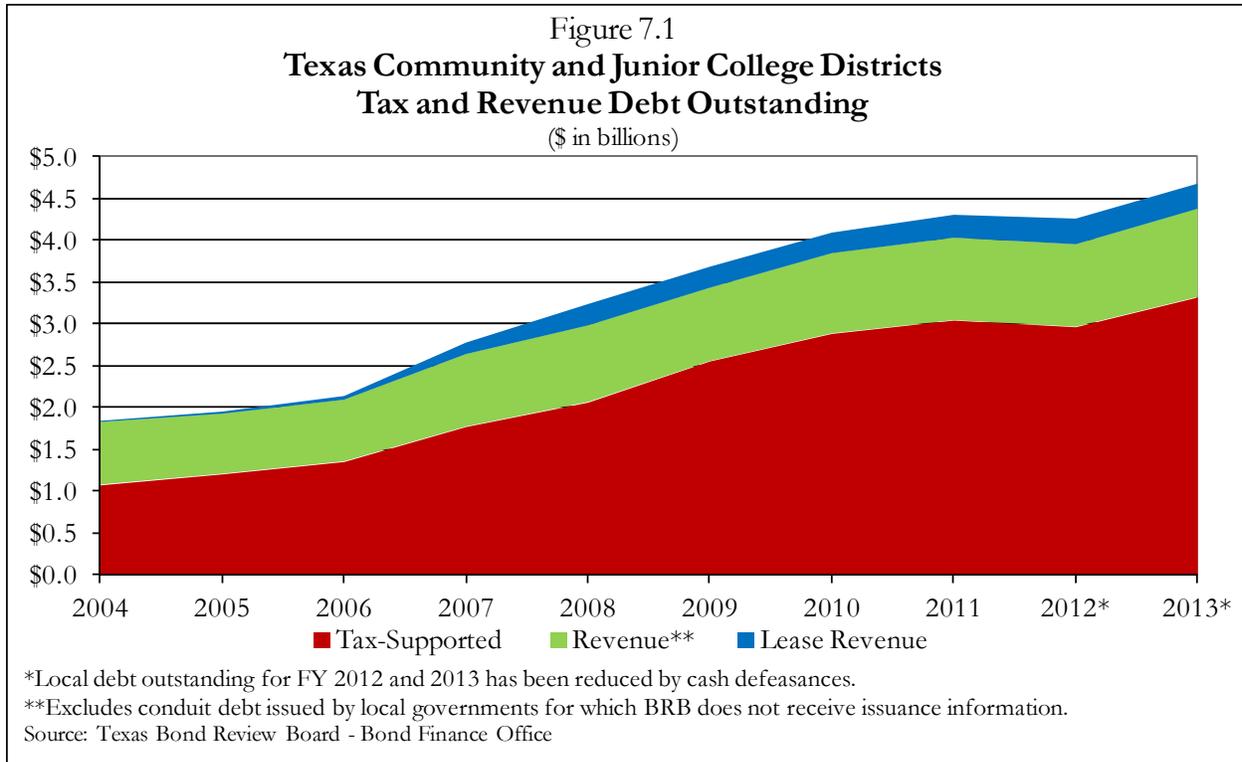
CCD Debt Outstanding

As of August 31, 2013, 48 of the 50 CCDs had debt outstanding: 30 had tax-supported debt outstanding, 44 had revenue debt outstanding and 26 had both tax-supported and revenue debt outstanding. During fiscal year 2013 total debt outstanding for CCDs increased 9.8 percent (\$419.1 million) from \$4.26 billion in fiscal 2012 to \$4.68 billion in fiscal 2013. Of that amount, 70.9 percent (\$3.32 billion) was tax-supported, 22.6 percent (\$1.06 billion) was revenue and 6.4 percent (\$301.3 million) was lease-revenue obligation debt (*Table 7.1*).

Table 7.1 Texas Community and Junior College Districts Debt Outstanding by Fiscal Year (\$ in millions)					
	2009	2010	2011	2012*	2013*
Tax-Supported	\$2,551.6	\$2,881.2	\$3,041.0	\$2,961.4	\$3,317.2
Revenue**	879.9	963.7	988.2	989.4	1,058.9
Lease-Revenue Obligations	251.3	246.2	274.4	307.5	301.3
Total Debt Outstanding	\$ 3,682.8	\$ 4,091.1	\$ 4,303.6	\$ 4,258.3	\$ 4,677.4

*Local debt outstanding for FY 2012 and 2013 has been reduced by cash defeasances.
 **Excludes conduit debt issued by local governments for which BRB does not receive issuance information
 Source: Texas Bond Review Board - Bond Finance Office

Tax-supported debt increased 209.3 percent (\$2.24 billion) since FY 2004. The increase was largely due to facilities construction and renovation by Houston CCD, Alamo CCD, and Lone Star College that have issued \$734.5 million, \$638.7 million, and \$471.5 million in tax-supported debt, respectively since FY 2004 (*Figure 7.1*).



Of the 48 CCDs with debt outstanding, most were located in or near major metropolitan areas. Ten CCDs accounted for 82.1 percent of the total tax-supported debt outstanding (*Table 7.2*).

Table 7.2 Texas Community and Junior College Districts Issuers with Most Tax-Supported Debt Outstanding*			
	Amount (millions)	Debt Per Capita	Debt per Student
Houston Community College System	\$676.1	\$303	\$11,587
Alamo CCD	515.9	292	8,039
Lone Star College System	490.0	205	6,269
Dallas County CCD	355.9	144	4,238
San Jacinto CCD	298.0	615	8,557
Austin CCD	85.3	83	1,968
Laredo CCD	82.0	335	8,759
McLennan CCD	76.3	320	7,871
Corpus Christi (Del Mar) JCD, City of	75.4	247	6,834
Amarillo JCD	69.0	362	6,012
Other Issuers	593.3	N/A	N/A
Total	\$3,317.2		

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

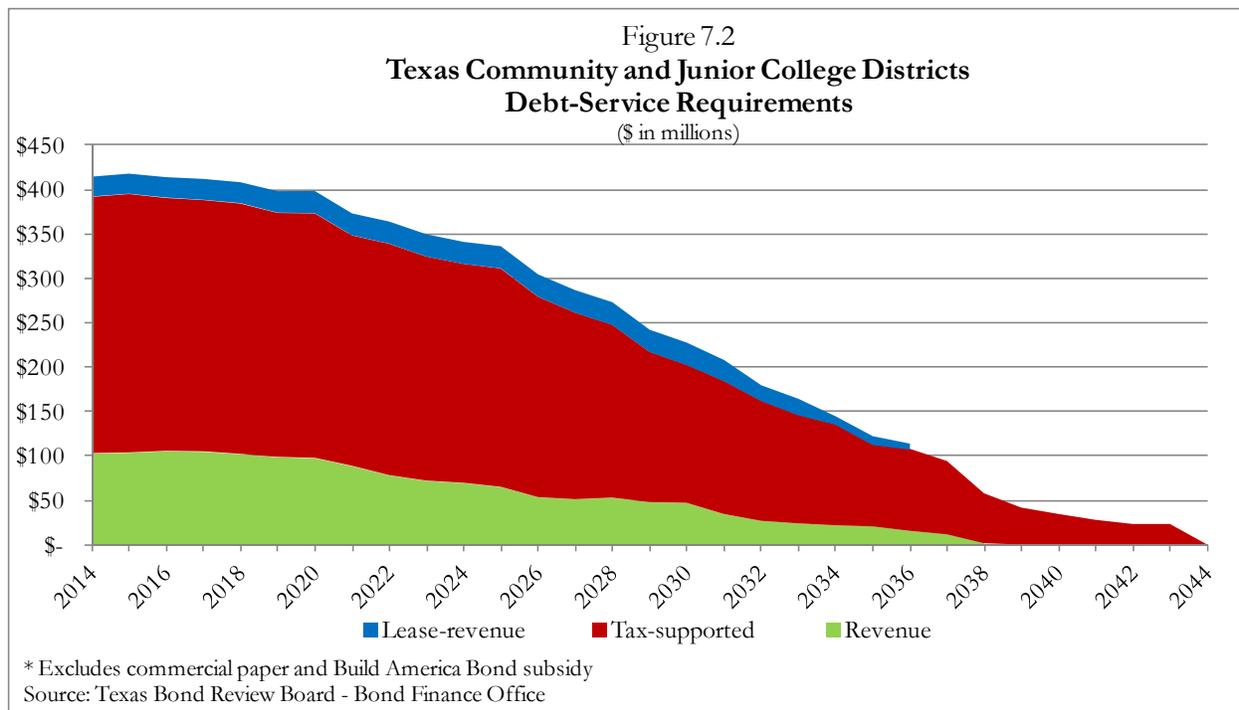
Debt-Service Requirements

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

Table 7.3 Texas Community and Junior College Districts Debt-Service Requirements by Fiscal Year* (\$ in millions)						
	2014	2015	2016	2017	2018	2019 & beyond
Tax-Supported	\$288.4	\$290.7	\$284.5	\$282.8	\$281.8	\$3,763.6
Revenue	102.9	103.7	105.5	104.8	102.1	976.3
Lease-Revenue Obligations	22.1	22.5	22.9	23.4	23.4	385.4
Total Debt Service	\$413.5	\$417.0	\$412.9	\$411.1	\$407.2	\$5,125.4

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

As of August 31, 2013, debt-service requirements for CCDs totaled \$7.19 billion for which tax-supported debt was 72.2 percent (\$5.19 billion), revenue debt was 20.8 percent (\$1.50 billion) and lease-revenue obligations were 7.0 percent (\$499.7 million) (*Figure 7.2*).



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 21.5 percent (\$714.1 million) of tax-supported debt outstanding within five years, 45.2 percent (\$1.50 billion) within ten years and 85.0 percent (\$2.82 billion) within twenty years. Revenue debt principal repayment is expected to be 26.8 percent (\$364.5 million) within five years, 53.5 percent (\$727.3 million) within ten years and 93.5 percent (\$1.27 billion) within twenty years (*Table 7.4*).

Table 7.4				
Texas Community and Junior College Districts				
Rate of Debt Retirement*				
(\$ in millions)				
Debt Repaid	Tax-Supported Debt	Percent	Revenue Debt	Percent
Within Five Years	\$714.1	21.5%	\$364.5	26.8%
Within Ten Years	\$1,500.9	45.2%	\$727.3	53.5%
Within Twenty Years	\$2,819.6	85.0%	\$1,271.4	93.5%
*Excludes commercial paper				
Source: Texas Bond Review Board - Bond Finance Office				

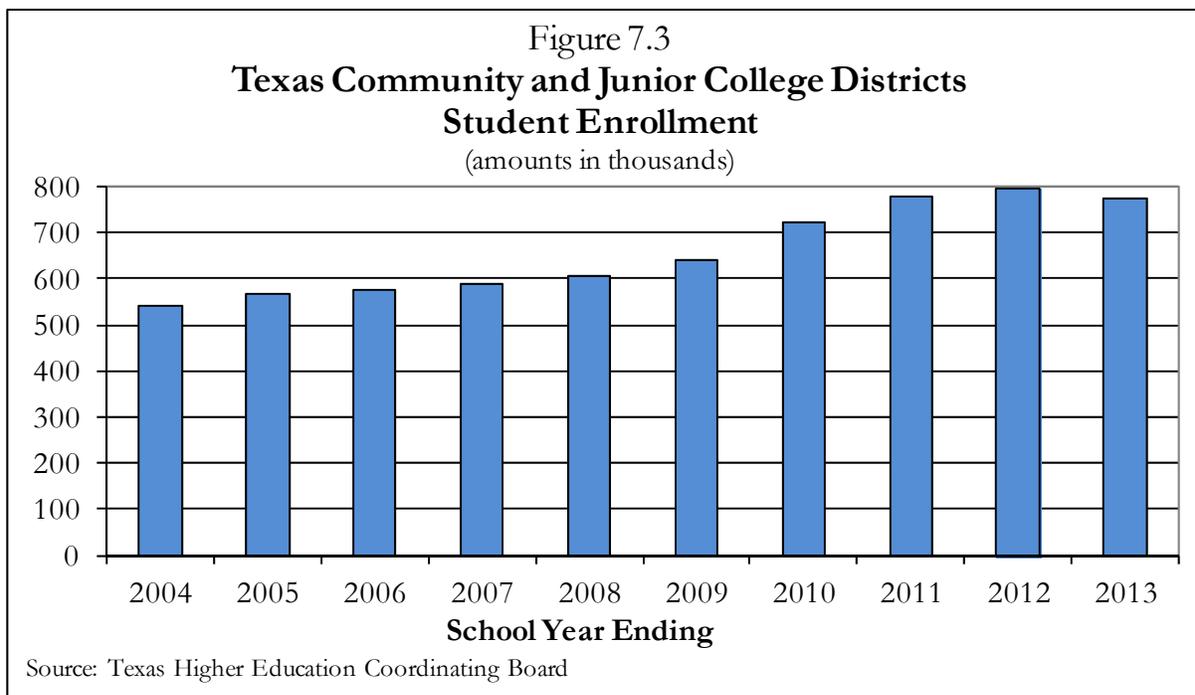
Debt Issuance

During fiscal year 2013 CCDs issued \$712.1 million in debt, an increase of 6.2 percent from the \$670.7 million issued in fiscal 2012. Of that amount, 77.9 percent (\$555.0 million) was tax-supported, and 22.1 percent (\$157.1 million) was revenue debt. No lease-revenue obligations were issued in fiscal 2013. Of the total amount issued, 87.6 percent (\$623.7 million) was new-money debt and 12.4 percent (\$88.4 million) was refunding debt. Refunding debt issuance declined by 81.3 percent from FY 2012 (*Table 7.5*).

Table 7.5					
Texas Community and Junior College Districts					
New Money and Refunding Debt Issued by Fiscal Year*					
(\$ in millions)					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Issuers	12	14	18	22	20
Issuances	16	24	25	32	24
Tax-Supported					
New Money	\$ 599.5	\$ 448.2	\$ 250.8	\$ 88.9	\$ 486.2
Refunding	125.0	62.9	78.7	358.4	68.9
Subtotal	\$ 724.5	\$ 511.1	\$ 329.6	\$ 447.4	\$ 555.0
Revenue					
New Money	\$ 13.8	\$ 133.3	\$ 73.2	\$ 63.7	\$ 137.6
Refunding	38.1	21.7	74.8	115.3	19.6
Subtotal	\$ 51.9	\$ 155.0	\$ 148.0	\$ 179.0	\$ 157.1
Lease-Revenue Obligations					
New Money	\$ -	\$ -	\$ 33.5	\$ 44.4	\$ -
Refunding	-	-	-	-	-
Subtotal	\$ -	\$ -	\$ 33.5	\$ 44.4	\$ -
Total New Money	\$ 613.3	\$ 581.5	\$ 357.5	\$ 197.1	\$ 623.7
Total Refunding	163.1	84.6	153.5	473.7	88.4
Total Debt Issued	\$ 776.4	\$ 666.1	\$ 511.0	\$ 670.7	\$ 712.1
*Excludes commercial paper					
Source: Texas Bond Review Board - Bond Finance Office					

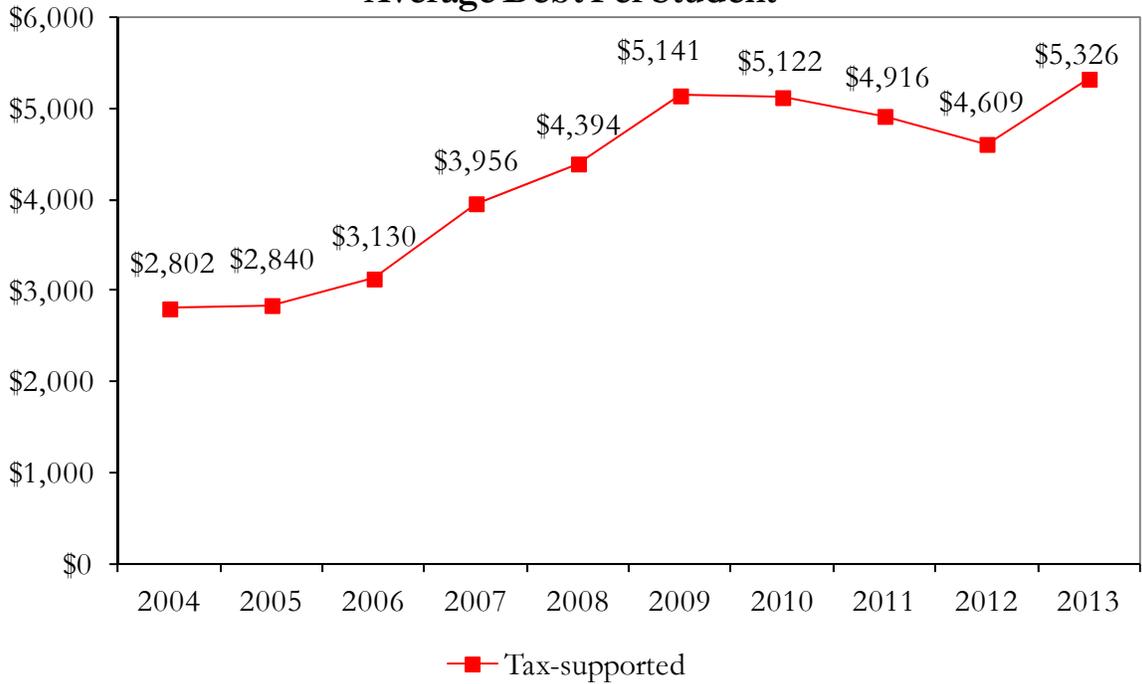
Debt per Student

Enrollment at all CCDs has increased over the past five years by 20.9 percent from 640,488 in 2009 to 774,342 in 2013 (*Figure 7.3*). This growth has been aided by increasing costs at traditional 4-year institutions and increasing numbers of workers seeking additional job training. However, for the first time in the past decade, student enrollment at CCDs declined by 2.8 percent in the school year ending 2013. This reversal is believed to be the result of the increasing availability of high paying jobs across the state.



As of August 31, 2013, tax-supported debt per student averaged \$5,326 for CCDs, an increase of 15.6 percent (\$717) from FY 2012. Since FY 2009, tax-supported debt per student has increased 3.6 percent from \$5,141 to \$5,326. Since FY 2004, tax-supported debt per student has increased by 90.1 percent from \$2,802 to \$5,326 (*Figure 7.4*).

Figure 7.4
**Texas Community and Junior College Districts
 Average Debt Per Student**



Source: Texas Bond Review Board - Bond Finance Office; Texas Higher Education Coordinating Board

Build America Bonds

During fiscal years 2009-2011, Austin Community College was the only CCD issuer of Direct Payment Build America Bonds (BAB) with \$33.5 million issued in fiscal year 2011. As of August 31, 2013, the total amount of that issue was outstanding. (See Glossary for a discussion on BABs)

Chapter 8
Texas Health/Hospital Districts and Authorities

Overview

Health/Hospital districts and authorities (HHD) provide a legal framework to create hospital systems to provide hospital and medical care facilities, emergency services and mental health services to district residents. As of August 31, 2013 HHD debt outstanding was 1.7 percent (\$3.41 billion) of total local debt outstanding.

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

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

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

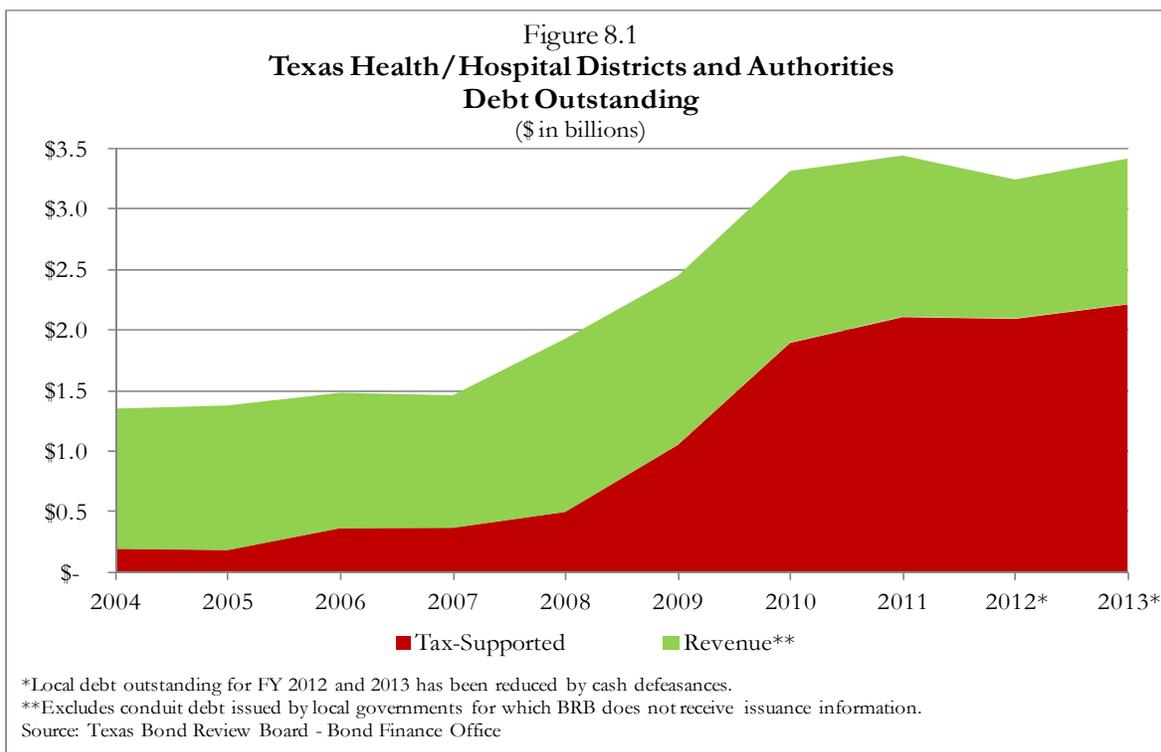
Debt Outstanding

As of August 31, 2013, 37 HHDs had tax-supported debt outstanding, 59 had revenue debt outstanding. During fiscal 2013 total debt outstanding for HHDs increased 5.3 percent (\$172.6 million) from \$3.24 billion in fiscal 2012 to \$3.41 billion in fiscal 2013 of which 64.9 percent (\$2.21 billion) was tax-supported debt, 33.3 percent (\$1.14 billion) was revenue debt and 1.8 percent (\$62.4 million) was sales-tax revenue debt. No conduit-revenue debt has been outstanding since fiscal 2011 (*Table 8.1*).

Table 8.1 Texas Health/Hospital Districts and Authorities Debt Outstanding by Fiscal Year (\$ in millions)					
	2009	2010	2011	2012*	2013*
Tax-Supported	\$1,049.1	\$1,894.9	\$2,108.0	\$2,093.1	\$2,213.0
Revenue	1,369.3	1,389.5	1,305.2	1,123.2	1,136.6
Sales Tax	25.7	24.9	24.0	23.1	62.4
Conduit Revenue**	8.8	7.1	5.3	0.0	0.0
Total Debt Outstanding	\$2,452.8	\$3,316.4	\$3,442.5	\$3,239.4	\$3,412.0

*Local debt outstanding for FY 2012 & 2013 has been reduced by cash defeasances.
 **Excludes certain conduit debt for which the Bond Review Board does not receive issuance information.
 Source: Texas Bond Review Board - Bond Finance Office

Tax-supported debt increased 110.9 percent (\$1.16 billion) over the past five years primarily due to the issuance of \$572.6 million by the Bexar County Hospital District in fiscal 2009 and \$705.0 million by Dallas County Hospital District in fiscal 2010 (*Figure 8.1*).



Of the 88 HHDs with debt outstanding as of August 31, 2013, most were located in or near major metropolitan areas. 10 districts accounted for 76.7 percent of the total outstanding (*Table 8.2*).

Table 8.2			
Texas Health/Hospital Districts and Authorities			
Top 10 Issuers with Total Debt Outstanding			
(\$ in millions)			
	Tax-Supported	Revenue	Total
Bexar County HD (University Health System)	\$721.6	\$0.0	\$721.6
Dallas County HD	705.0	0.0	705.0
El Paso County HD	374.9	0.0	374.9
Harris County HD	0.0	290.8	290.8
Midland County HD (Midland Memorial)	108.6	7.4	116.0
Decatur HA	0.0	105.4	105.4
Joint Guadalupe County-City of Seguin			
Hospital Board of Managers	0.0	93.4	93.4
Oak Bend Medical Center	0.0	81.0	81.0
Richardson HA	0.0	66.3	66.3
Nacogdoches County HD	0.0	62.4	62.4
Other Issuers	302.9	492.2	795.1
Total	\$ 2,213.0	\$ 1,199.0	\$ 3,412.0

Source: Texas Bond Review Board - Bond Finance Office

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

Table 8.3		
Texas Health/Hospital Districts and Authorities		
Debt Outstanding of Top 10 Issuers of Tax-supported Debt*		
	Amount	Debt per
	(\$ in millions)	Capita
Bexar County HD (University Health System)	\$721.6	441
Dallas County HD	\$705.0	289
El Paso County HD	\$374.9	457
Midland County HD (Midland Memorial)	\$108.6	837
Deaf Smith County HD	\$26.8	1,373
Andrews County HD	\$26.1	2,029
Tarrant County HD	\$25.4	15
Gainesville HD	\$22.2	906
Martin County HD	\$21.4	4,297
Hunt HD	\$18.4	222

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

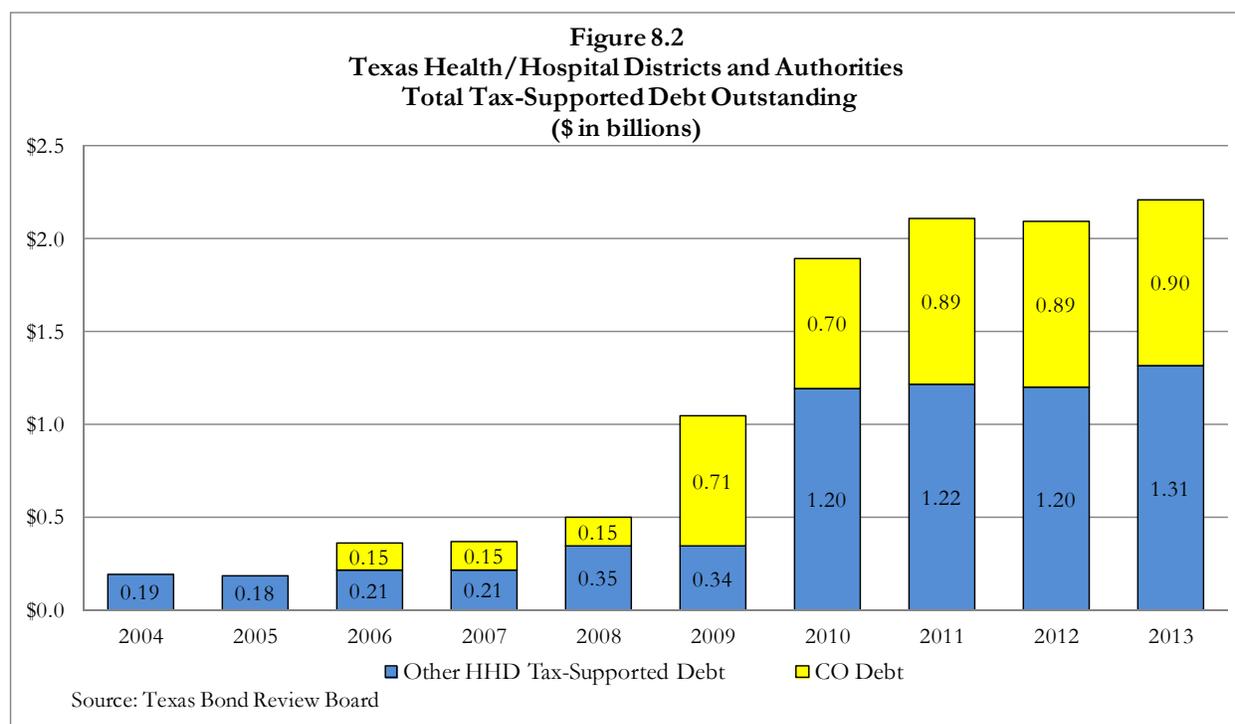
Certificates of Obligation Outstanding

As of August 31, 2013, four HHDs had issued CO debt totaling \$898.3 million. These issuances accounted for 40.6 percent of total HHD tax-supported debt outstanding and 26.3% of total HHD debt outstanding including revenue debt (*Table 8.4*). (See Glossary for a definition of CO debt.)

Table 8.4 Texas Health/Hospital Districts and Authorities with CO Debt Outstanding		
Issuer	Amount (\$ in millions)	CO's as % of Tax-Supported Debt Outstanding
Bexar County HD (University Health System)	\$721.6	100.0%
El Paso County HD	137.1	36.6%
Tarrant County HD	25.4	100.0%
Travis County Healthcare District	14.2	100.0%
Total	\$898.3	

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

(*Figure 8.2*) shows HHD CO debt outstanding relative to total HHD debt outstanding.



Commercial Paper Outstanding

As of August 31, 2013, Harris County Hospital District, the only hospital district authorized to issue commercial paper notes, had no commercial paper outstanding.

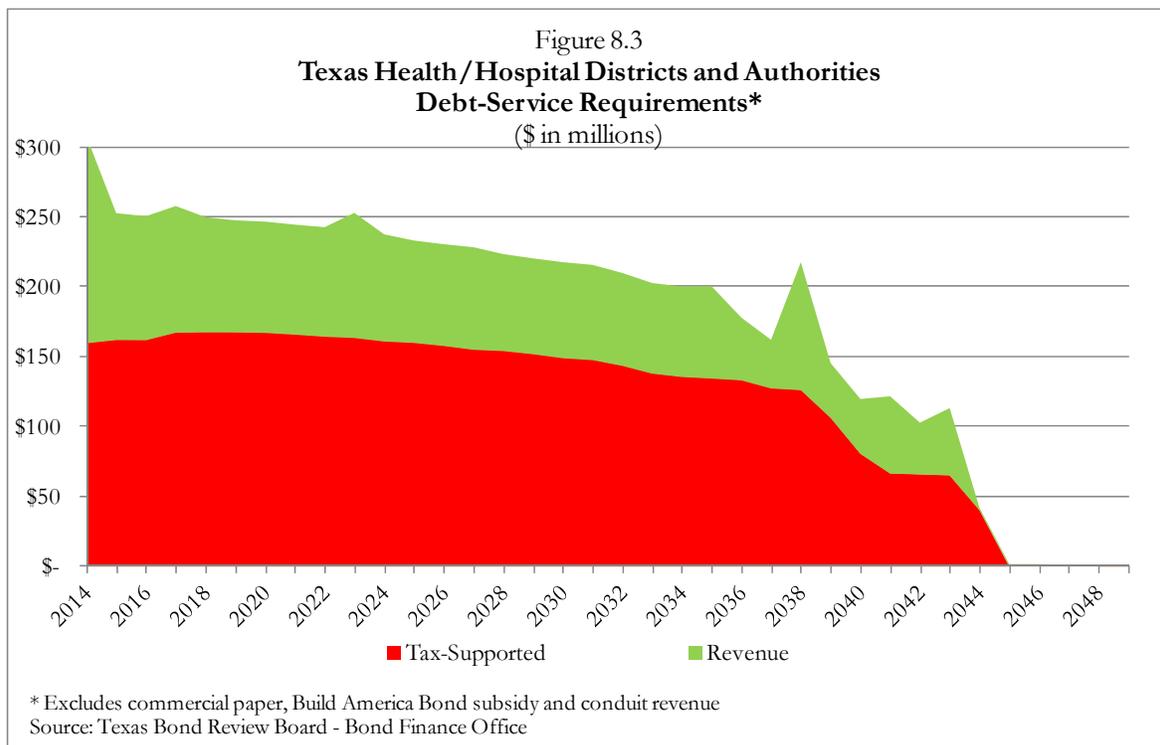
Debt-Service Requirements

Table 8.5 illustrates annual debt-service requirements for HHD tax-supported, revenue and sales-tax debt outstanding.

Table 8.5 Texas Health/Hospital Districts and Authorities Debt-Service Requirements by Fiscal Year* (\$ in millions)						
	2014	2015	2016	2017	2018	2019 & beyond
Tax-Supported	\$159.4	\$161.7	\$161.6	\$167.0	\$167.2	\$3,421.3
Revenue	144.3	87.0	84.9	86.8	78.6	1,542.4
Sales-Tax Revenue	3.8	3.8	3.8	3.8	3.8	94.4
Total Debt Service	\$307.5	\$252.4	\$250.2	\$257.6	\$249.5	\$5,058.1

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

As of August 31, 2013, debt-service requirements for HHDs totaled \$6.38 billion of which tax-supported debt was 66.5 percent (\$4.24 billion), revenue debt was 31.7 percent (\$2.02 billion) and sales tax debt was 1.8 percent (\$113.3 million). *Figure 8.3* illustrates annual debt-service requirements for HHDs with tax and revenue debt outstanding.



Debt Repayment

Timely repayment of debt is an important factor used by rating agencies to assess an issuer's financial performance. As a guideline rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. HHDs are expected to repay 11.3 percent (\$249.8 million) in principal outstanding of tax-supported debt within five years, 25.9 percent (\$574.1 million) within ten years and 62.0 percent (\$1,371.3 million) within twenty years. Revenue debt principal repayment is expected to be 18.8 percent (\$224.9 million) within five years, 32.7 percent (\$391.8 million) within ten years and 64.5 percent (\$773.4 million) within twenty years. The last maturity for county tax-supported debt and county revenue debt will be repaid within 31 years (fiscal 2044) and 36 years (fiscal 2049), respectively (*Table 8.6*).

Table 8.6 Texas Health/Hospital Districts and Authorities Rate of Debt Retirement* (\$ in millions)				
Debt Repaid	Tax-Supported Debt	Percent	Revenue Debt	Percent
Within Five Years	\$249.8	11.3%	\$224.9	18.8%
Within Ten Years	\$574.1	25.9%	\$391.8	32.7%
Within Twenty Years	\$1,371.3	62.0%	\$773.4	64.5%
*Excludes commercial paper and conduit revenue Source: Texas Bond Review Board - Bond Finance Office				

HHD Debt Issuance

During FY 2013 HHDs issued \$523.4 million in total debt, an increase of 418.8 percent from the \$100.9 million issued in FY 2012. Of the FY 2013 issuances, 54.3 percent (\$284.4 million) was tax-supported and 37.2 percent (\$194.6 million) was revenue debt and 8.5 percent (\$44.4 million) was sales-tax revenue. No conduit-revenue debt has been issued in the past five fiscal years.

Of the total amount issued in fiscal 2013, 57.5 percent (\$301.1 million) was new-money debt and 42.5 percent (\$222.3 million) was refunding debt (*Table 8.7*). The largest transaction issued in fiscal 2013 was a new-money issuance for \$134.3 million by El Paso County Central Hospital District that accounted for 25.7 percent of the total debt issued in fiscal 2013.

Table 8.7					
Texas Health/Hospital Districts and Authorities					
Debt Issued by Fiscal Year*					
(\$ in millions)					
	2009	2010	2011	2012	2013
Issuers	10	15	7	11	15
Issuances	13	20	10	14	19
Tax					
New Money	\$ 581.5	\$ 871.0	\$ 244.4	\$ 16.0	\$ 164.7
Refunding	5.4	25.8	7.4	23.1	119.7
Subtotal	\$ 586.9	\$ 896.8	\$ 251.8	\$ 39.1	\$ 284.4
Revenue					
New Money	\$ 25.9	\$ 88.8	\$ 30.1	\$ 51.3	\$ 96.5
Refunding	46.0	112.6	-	10.5	98.1
Subtotal	\$ 71.9	\$ 201.4	\$ 30.1	\$ 61.8	\$ 194.6
Sales Tax Revenue					
New Money	-	-	-	-	\$ 39.8
Refunding	-	-	-	-	4.5
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ 44.4
Total New Money	\$ 607.4	\$ 959.8	\$ 274.5	\$ 67.3	\$ 301.1
Total Refunding	51.4	138.4	7.4	33.6	222.3
Total Debt Issued	\$ 658.8	\$ 1,098.2	\$ 281.9	\$ 100.9	\$ 523.4
*Excludes commercial paper					
Source: Texas Bond Review Board - Bond Finance Office					

Build America Bonds Outstanding

As of August 31, 2013, four HHDs had Direct Payment Build America Bonds (BAB) outstanding totaling \$1.26 billion (Table 8.8). (See Glossary for discussion on BABs).

Table 8.8	
Texas Health/Hospital Districts and Authorities	
Build America Bonds Outstanding	
As of August 31, 2013	
(\$ in millions)	
	Amount
Dallas County HD	\$680.2
Bexar County HD (University Health System)	436.3
Midland County HD (Midland Memorial)	98.4
Ector County HD	44.7
Total	\$1,259.5
Source: Texas Bond Review Board - Bond Finance Office	

Appendix A

Bond Election Results

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

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

Table A1 shows the voter-approved election amounts for the past five fiscal years for each of the local government categories. The detailed results of the fiscal 2013 elections are shown in *Tables A2 through A5*. Over 125 local governments held bond elections during FY 2013.

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

	2009	2010	2011	2012	2013
Public School Districts					
Election Amount	\$3,161.9	\$3,158.4	\$4,620.4	\$2,624.7	\$3,974.0
Amount Approved	2,413.6	2,110.1	3,540.4	2,110.3	3,087.9
Percent Approved	76.3%	66.8%	76.6%	80.4%	77.7%
Counties					
Election Amount	\$1,313.9	\$66.4	\$413.9	\$450.9	\$74.5
Amount Authorized	1,163.3	30.4	397.9	248.9	67.7
Percent Approved	88.5%	45.7%	96.1%	55.2%	90.9%
Water Districts and Authorities					
Election Amount	\$259.9	\$1,057.9	\$1,182.1	\$500.3	\$233.3
Amount Approved	256.9	1,057.9	651.8	188.2	233.3
Percent Approved	98.8%	100.0%	55.1%	37.6%	100.0%
Cities, Towns, Villages					
Election Amount	\$863.6	\$346.3	\$548.9	\$800.9	\$608.2
Amount Authorized	702.5	238.7	413.3	741.1	510.0
Percent Approved	81.3%	68.9%	75.3%	92.5%	83.9%
Community and Junior College District					
Election Amount	\$18.0	\$0.0	\$268.7	\$102.7	\$997.7
Amount Approved	0.0	0.0	150.0	72.0	997.7
Percent Approved	N/A	N/A	55.8%	70.1%	100.0%
Health/Hospital Districts and Authorities					
Election Amount	\$773.9	\$0.0	\$17.4	\$0.0	\$56.4
Amount Authorized	773.9	0.0	17.4	0.0	56.4
Percent Approved	100.0%	N/A	100.0%	N/A	100.0%
Other Special Districts and Authorities					
Election Amount	\$0.0	\$0.0	\$0.0	\$12.0	\$0.0
Amount Approved	0.0	0.0	0.0	12.0	0.0
Percent Approved	N/A	N/A	N/A	100.0%	N/A
Total Election Amount	\$6,391.2	\$4,629.0	\$7,051.3	\$4,491.4	\$5,944.1
Total Amount Approved	\$5,310.2	\$3,437.0	\$5,170.7	\$3,372.4	\$4,953.1
Total Percent Approved	83.1%	74.2%	73.3%	75.1%	83.3%

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

Table A2			
Texas Local Government			
Carried Propositions			
Bond Elections May 11, 2013			
(\$ in millions)			
Issuer	County	Purpose	Amount Carried
Public School Districts			
Academy ISD	Bell	School Building & Security	\$17.2
Alvarado ISD	Johnson	School Building	38.2
Amarillo ISD	Randall/Potter	School Building	99.5
Anderson-Shiro Cons ISD	Grimes	Sports Complex	4.8
Anderson-Shiro Cons ISD	Grimes	Maintenance Facility	1.4
Anderson-Shiro Cons ISD	Grimes	School Building	1.7
Anthony ISD	El Paso	School Building	3.0
Aspermont ISD	Stonewall	School Building	8.7
Austin ISD	Travis	Equipment & Technology	140.6
Austin ISD	Travis	Renovations	349.2
Boerne ISD	Kendall	School Building & Buses	99.5
Brock ISD	Parker	Athletic Facility	3.5
Bryson ISD	Jack	School Building & Security	3.5
Bushland ISD	Randall/Potter	School Building & Technology	8.5
Channing ISD	Hartley	School Building	2.5
China Spring ISD	McLennan	School Building	15.3
Christoval ISD	Tom Green	School Building & Security	13.9
Clear Creek ISD	Galveston	School Building	367.0
Cleburne ISD	Johnson	School Building & Security	10.0
Colorado ISD	Mitchell	School Building	25.0
Colorado ISD	Mitchell	Athletic Facility	5.0
Colorado ISD	Mitchell	Educational Center	3.2
Columbia-Brazoria ISD	Brazoria	Renovations	5.0
Comanche ISD	Comanche	School building	6.0
Comanche ISD	Comanche	Activity Center	6.0
Coppell ISD	Dallas	School Building	79.5
Corsicana ISD	Navarro	School Building & Security	54.0
Cotulla ISD	La Salle	School Building & Technology	6.6
Crosby ISD	Harris	School Building & Technology	86.5
Cushing ISD	Waco	School Building	7.0
Dilley ISD	Frio	School Building	25.0
Driscoll ISD	Nueces	School Building	7.6
Everman ISD	Tarrant	Security & Technology	40.0
Flour Bluff ISD	Nueces	School Building	48.0
Forsan ISD	Howard	School Building & Security	23.8
Franklin ISD	Robertson	Fine Arts Center	12.0
Gary ISD	Panola	School Building & Security	35.0
Gary ISD	Panola	Refunding	1.5
Goldthwaite ISD	Mills	School Building	7.6
Goose Creek ISD	Chambers/Harris	School Building & Technology	177.7
Goose Creek ISD	Chambers/Harris	Security	89.9
Greenwood ISD	Midland	School Building & Technology	51.5
Groesbeck ISD	Limestone	School Building	8.0

Table A2 continued
Texas Local Government
Carried Propositions
Bond Elections May 11, 2013
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Public School Districts Cont'd			
Hawkins ISD	Wood	School Building	\$10.7
Henderson ISD	Rusk	School Building	27.0
Holliday ISD	Archer	School Building & Gymnasium	15.0
Huntsville ISD	Walker	School Building	65.5
Jonesboro ISD	Coryell	Transportation	0.7
Judson ISD	Bexar	School Building	83.0
Kenedy ISD	Karnes	Buses & School Building	17.0
Kerrville ISD	Kerr	Stadium Improvements	6.2
Kirbyville ISD	Jasper	School Building	19.8
Levelland ISD	Hockley	School Building	39.5
Little Cypress-Mauriceville Cons ISD	Orange	School Building & Security	56.0
Llano ISD	Llano	School Building	5.8
Lorena ISD	McLennan	School Building & Security	22.9
McGregor ISD	McLennan	School Building	18.5
Midway ISDb	McLennan	School Building & Buses	34.5
Nordheim ISD	Dewitt	School Building	3.8
Palo Pinto ISD	Palo Pinto	School Building	3.0
Peaster ISD	Parker	School Building	3.0
Pittsburg ISD	Camp	School Building & Security	10.0
Plains ISD	Yoakum	Athletic Facility	17.0
Plemons-Stinnett-Phillips Cons ISD	Hutchinson	Athletic Facility	30.0
Poth ISD	Wilson	School Building	3.9
Rankin ISD	Upton	School Building	4.9
Rocksprings ISD	Edwards	School Building	2.5
Ropes ISD	Hockley	School Building & Security	5.0
Sabine ISD	Gregg	School Building & Security	19.8
San Marcos Cons ISD	Hays	School Building & Security	58.6
San Marcos Cons ISD	Hays	Athletic Stadium	18.4
Schertz-Cibolo-U City ISD	Guadalupe	School Building	92.0
Sinton ISD	San Patricio	School Building & Security	18.0
Tom Bean ISD	Grayson	School Building	10.0
Tomball ISD	Harris	School Building & Technology	160.0
Tyler ISD	Smith	School Building	160.5
Wheeler ISD	Wheeler	School Building	6.0
Whiteface Cons ISD	Cochran	School Building	15.0
Wimberley ISD	Hays	School Building	25.4
Public School District Total			\$3,087.9

Table A2 (continued)
Texas Local Government
Carried Propositions
Bond Elections May 11, 2013
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Cities, Towns, Villages			
Burkburnett	Wichita	Aquatic Center	\$4.5
Frisco	Collin	Fire Department	8.0
Greenville	Hunt	Road	12.6
Greenville	Hunt	Sports Complex	15.0
Krum	Denton	Library	1.3
Krum	Denton	Roads	0.5
Kyle	Hays Chambers/	Road	36.0
Mont Belvieu	Liberty	Library	2.0
New Braunfels	Comal	Water Line	37.5
New Braunfels	Comal	Drainage Improvements	24.5
New Braunfels	Comal	Recreation Center	20.0
New Braunfels	Comal	Building	4.0
Paris	Lamar	Water	45.0
Plano	Collin	Street	43.8
Plano	Collin	Park	27.0
Plano	Collin	Recreation Center	12.5
Plano	Collin	Public Infrastructure	15.0
Saginaw	Tarrant	Roads & Bridges	24.0
Santa Fe	Galveston	Justice Center	3.6
Cities, Towns, Villages Total			\$336.8
Community College Districts			
	Chambers/		
Lee College District	Harris	College Facility	\$40.0
	Montgomery/		
Lone Star College System	Harris	College Facility	497.7
Panola County College District	Panola	College Facility	35.0
Community College Districts Total			\$572.7
Health/Hospital Districts and Authorities			
Mccamey Hospital District	Upton	Hospital	\$20.0
Reagan County Hospital District	Reagan	Medical Center	32.5
Dallam-Hartley Counties Hospital District*	Hartley/Dallam	Hospital	3.9
Health/Hospital Districts and Authorities Total			\$56.4
Total Carried			\$ 4,053.7

* special election held on 3/23/2013

Table A3
**Texas Local Government
 Defeated Propositions
 Bond Elections May 11, 2013**
 (\$ in millions)

Issuer	County	Purpose	Amount Defeated
Public School Districts			
Austin ISD	Travis	School Building & Safety	\$234.0
Austin ISD	Travis	Athletic Facility & School Building	168.6
Birdville ISD	Tarrant	Technology & Security	183.2
Hawley ISD	Jones	Athletic Facility	6.3
Hawley ISD	Jones	Athletic Field Improvements	1.2
Leon ISD	Leon	School Building	2.3
Onalaska ISD	Polk	School Building	15.0
Pleasanton ISD	Atascosa	School Building & Security	85.0
Sam Rayburn ISD	Fannin	School Building	6.0
Silsbee ISD	Hardin	School Building	29.5
Strawn ISD	Palo Pinto	School Building	5.0
Valley View ISDa	Cooke	School Building	12.0
Wall ISD	Tom Green	School Building	20.0
Weatherford ISD	Parker	Security & Technology	107.3
Whitesboro ISD	Grayson	Technology	10.8
Public School Districts Total			\$886.1
Cities, Towns, Villages			
Beeville	Bee	Water Related	\$15.3
Krum	Denton	Fire Station	2.8
Cities, Towns, Villages Total			\$18.1
Total Defeated			\$904.2

Table A4
Texas Local Government
Carried Propositions
Bond Elections November 6, 2012
(\$ in millions)

Issuer	County	Purpose	Amount Approved
Public School Districts			
Cedar Hill ISD	Dallas	School Building	\$45.0
Ector ISD	Fannin	School Building	129.8
Follett ISD	Lipscomb	School Building & Buses	1.6
Gregory-Portland ISD	San Patricio	School Building	30.4
Houston ISD	Harris	School Building	1,890.0
Midland ISD	Midland	School Building	163.1
Northwest ISD	Denton	School Building	255.0
Post ISD	Garza	School Building	28.5
Pringle-Morse Cons ISD	Hansford	School Building	1.8
Robstown ISD	Nueces	School Building	12.5
San Augustine ISD	San Augustine	Athletic Facility	5.0
Sonora ISD	Sutton	School Building & Buses	1.4
Southwest ISD	Bexar	School Building & Buses	165.0
Splendora ISD	Montgomery	School Building	13.5
Taft ISD	San Patricio	Building	7.5
Tolar ISD	Hood	School Building	7.2
Wells ISD	Cherokee	School Building	3.6
Public School Districts Total			\$2,760.9
Cities, Towns, Villages			
Austin	Travis/Williamson	Transportation	\$143.3
Austin	Travis/Williamson	Watershed Protection	30.0
Austin	Travis/Williamson	Parks & Recreation	77.7
Austin	Travis/Williamson	Public Safety	31.1
Austin	Travis/Williamson	Health & Human Services	11.1
Austin	Travis/Williamson	Library	13.4
Copperas Cove	Coryell	Fire Station	4.6
Corpus Christi	Nueces	Street	55.0
Corpus Christi	Nueces	Service Center	4.8
Corpus Christi	Nueces	Parks & Recreation	16.0
Corpus Christi	Nueces	Library	2.3
Corpus Christi	Nueces	Public Health	0.8
Corpus Christi	Nueces	Public Safety Improvements	0.7
Corpus Christi	Nueces	Streets & Sidewalks	8.4
Dallas	Dallas	Streets	260.6
Dallas	Dallas	Flood Control	326.4
Dallas	Dallas	Economic Development	55.0
Denton	Denton	Street	20.4
El Paso	El Paso	Parks & Recreation	245.0
El Paso	El Paso	Museum	228.3
Everman	Tarrant	Street	1.5
Everman	Tarrant	Park	1.0
Gainesville	Cooke	Road	1.5
Grapevine	Tarrant	Police Station & Jail	38.6
Grapevine	Tarrant	Community Center	30.1
Houston	Harris	Public Safety	144.0
Houston	Harris	Park	166.0
Houston	Harris	Public Health	57.0
Houston	Harris	Library	28.0
Houston	Harris	Housing Facility	15.0
Lakeway	Travis	Road	4.3
Cities, Towns, Villages Total			\$173.3

Table A4 (continued)
Texas Local Government
Carried Propositions
Bond Elections November 6, 2012
(\$ in millions)

Issuer	County	Purpose	Amount Approved
Counties			
Gillespie County		Jail Facility	\$15.0
Hood County		Recreation Center	10.0
Karnes County		Jail Facility	7.0
La Salle County		Road	20.0
Nolan County		Courthouse	
Nolan County		Improvements	4.0
Nolan County		Jail Facility	10.2
Nolan County		Sheriff Department	1.4
Counties Total			\$67.7
Community & Junior College District			
	Harris/ Fort		
Houston Community College System	Bend	College Facility	\$425.0
Water Districts			
Harris County Fwsd 01A	Harris	Water, Sewer & Drainage	\$6.1
Hidalgo County Dd 1	Hidalgo	Drainage Improvements	184.0
Northampton MUD	Harris	Water, Sewer & Drainage	38.0
South Texas Wa	Kleberg/Nueces	Water Line	1.9
South Texas Wa	Kleberg/Nueces	Pump Station	2.9
South Texas Wa	Kleberg/Nueces	Relocation	0.4
Water Districts Total			\$233.3
Total Carried			\$3,660.2

Table A5
**Texas Local Government
 Defeated Propositions
 Bond Elections November 6, 2012**
 (\$ in millions)

Issuer	County	Purpose	Amount Defeated
Public School Districts			
Bloomburg ISD	Cass	School Building	\$4.4
Colorado ISD	Mitchell	School Building	29.9
Cross Roads ISD	Henderson	Multi-Purpose Center	6.0
Goldthwaite ISD	Mills	School Building	10.0
Hardin-Jefferson ISD	Hardin	School Building	22.0
Kirbyville ISD	Jasper	School Building	23.7
Whitesboro ISD	Grayson	School Building	16.0
Canadian ISD	Hemphill	School Building & Buses	14.0
Public School Districts Total			\$125.9
Cities, Towns, Villages			
Austin	mson	Housing Facility	\$78.3
Corpus Christi	Nueces	City Hall	1.8
Cities, Towns, Villages Total			\$80.1
Counties			
McCulloch County	McCulloch	Jail	\$6.8
Counties Total			\$6.8
Total Defeated			\$212.8

Appendix B Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Limited Tax General Obligation Bonds - A type of municipal bond that is guaranteed by the municipal government's pledge to use all legal resources, including the levying of property taxes up to

a set statutory limit. If a municipality exhausts the property tax resources for bond repayment within that limit, other revenue sources must be used for bond repayment.

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

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

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

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

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

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

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

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

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

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

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

and/or reduced lunch programs. For more information regarding QZABs, contact the Texas Education Agency.

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

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

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

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

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

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

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

Yield – The investor's rate of return.

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