



Bonds 101: The Financial Impact

The Process

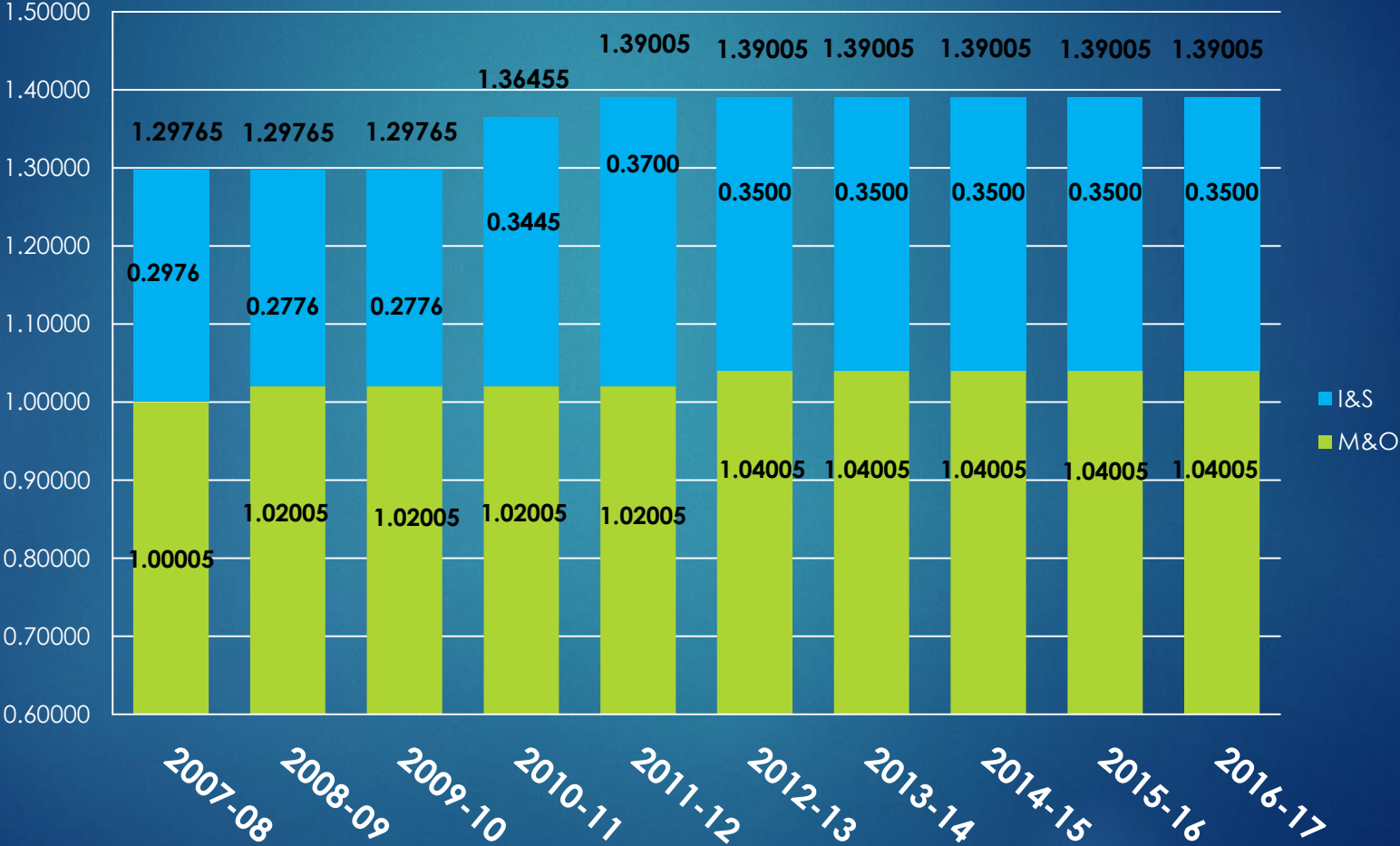


- ▶ Needs Assessment is prepared and recommendation is made to Citizens Bond Advisory Committee (CBAC)
- ▶ CBAC is established to review and revise the recommendation if necessary
- ▶ Board of Trustees may adopt the CBAC's recommendation or revise
- ▶ Bond Election is called by the Board of Trustees according to legal guidelines
- ▶ Bonds are authorized by the voters of the Lamar CISD

The Process (cont'd)

- ▶ Bonds are sold
- ▶ Appropriate budgets are established
- ▶ Projects are delivered per pre-defined schedule
- ▶ Bonds are long-term loans from investors
- ▶ Bond principal and interest is paid from the District's Debt Service Fund
- ▶ A separate tax rate is established based on the amount of principal and interest due each year

Lamar CISD Tax Rate History



Current Bond and Tax Rate Status

- ▶ All bonds authorized by voters have been issued (sold) as of March 2017
 - ▶ Principal outstanding: \$791,650,000
 - ▶ February 2017 principal payment was \$21.345 million
- ▶ Current Debt Service Fund tax rate: \$0.35/\$100 valuation
 - ▶ Level total tax rate for 6 years

Considerations When Issuing Bonds

- ▶ Amount of debt currently outstanding and tax rate limitations
- ▶ Timing of bond sales
 - ▶ Lamar CISD's practice is to sell bonds when funds are needed, according to a pre-determined project delivery schedule
 - ▶ Gradual impact to the Debt Service Fund tax rate
- ▶ Bond maturities (term for repayment)
- ▶ Variable or fixed rate bonds, other structures available

Debt Rate – Impact of Prior Elections

▶ 2003-04 Debt Rate	0.1645
▶ Total Tax Rate Increases (4 elections)	0.1855
▶ Current Debt Rate	0.3500
▶ Prior Elections:	
▶ 2003 Bond Election – (first sale in 2004)	\$142,415,000
▶ 2006 Bond Election	\$281,183,937
▶ 2011 Bond Election	\$249,159,215
▶ 2014 Bond Election	\$240,647,552
▶ Total Bonds Authorized and Issued since 2003	\$913,405,704

2017 Referendum Estimates

- ▶ \$400 million referendum
- ▶ Based on three growth rate scenarios
 - ▶ 6% property value growth rate = **\$0.105**/\$100
 - ▶ 8% property value growth rate = **\$0.0725**/\$100
 - ▶ 10% property value growth rate = **\$0.0425**/\$100
- ▶ Annual tax increase ranges from \$85 to \$210 on \$200,000 home (with no additional exemptions or freeze adjustments to taxable values)

Impact on Taxpayers/8% Growth Rate

- ▶ Home with net taxable value of \$200,000
 - ▶ Projected I&S rate on currently outstanding bonds is \$0.3500/\$100
 - ▶ **Produces a tax of \$700**
 - ▶ Projected total debt rate of \$0.42250 (**\$0.0725 increase**)
 - ▶ **Produces a tax of \$845**
 - ▶ **Tax increase of \$145 per year (\$12.08 per month)**
- ▶ For a home with a taxable value of \$200,000, each penny will increase tax bill by \$20 (\$1.67 per month)

Conclusion



- ▶ Demographic report reveals continued growth in Fort Bend County and Lamar CISD
- ▶ Additional residents and economy establish the need for additional facilities and renovations
- ▶ Future presentations will include estimated tax rates to support the various bond packages the CBAC develops.