

BONDS 101:

**THE FINANCIAL
IMPACT**



THE PROCESS

Needs Assessment is prepared for recommendation to the Citizens Bond Advisory Committee (CBAC)



CBAC is established to review and revise the recommendation as 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

Budgets are established for projects

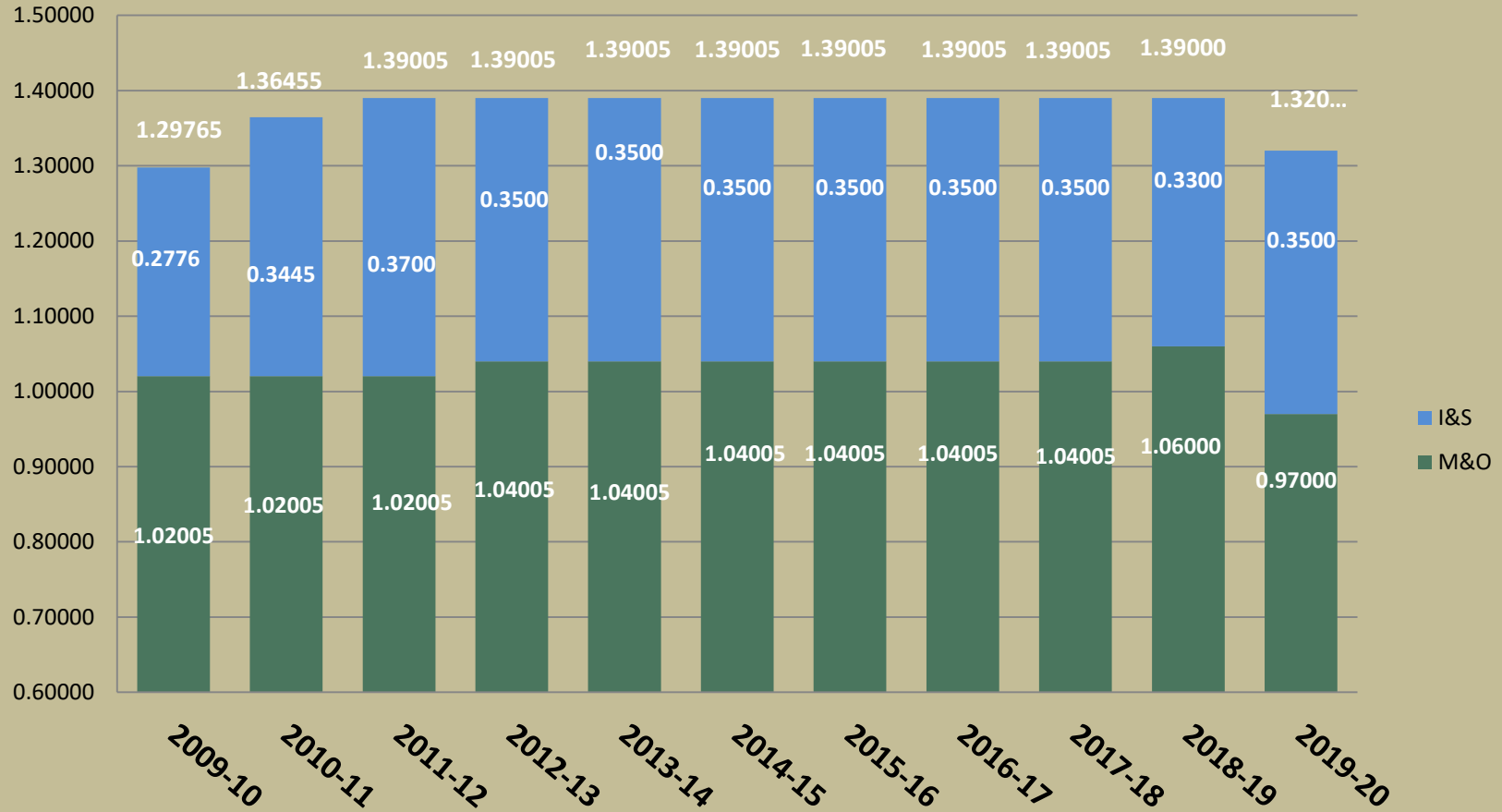
Bonds are sold (according to project schedule)

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



ISSUED BOND AND TAX RATE STATUS

All bonds authorized by voters have been issued (sold) as of October 2019

**Principal outstanding:
\$1,151,975,000**

- **February 2020 principal payment was \$25.055 million**

**Current Debt Service Fund tax rate:
\$0.35/\$100 valuation**

**Level total tax rate for 8 years (2018);
2019-Decrease of
7 cents**

CONSIDERATIONS WHEN ISSUING BONDS

Amount of debt currently outstanding and tax rate limitations

Timing of bond sales

Bond maturities (term for repayment)

Variable or fixed rate bonds, other structures available

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

IMPACT OF PRIOR ELECTIONS ON DEBT RATE

\$1,358,856,704

**TOTAL BONDS AUTHORIZED
AND ISSUED: 2003-2020**

PRIOR ELECTIONS:

2003: \$142,415,000

2006: \$281,183,937

2011: \$249,159,215

2014: \$240,647,552

2017: \$445,451,000

CURRENT DEBT RATE 0.3500

2003-04 DEBT RATE 0.1645

TOTAL DEBT RATE

INCREASES OVER

5 ELECTIONS 0.1855

2020 REFERENDUM ESTIMATES – VARYING AMOUNTS

Estimated Property Value Growth Rate: 6.5%

3 Issuances

**Interest Rate for fixed rate bonds: 3% (Year 2021);
3.75% (Years Thereafter)**

2 Referendum Scenarios

**\$500 million =
\$0.04/\$100**

**\$880 million =
\$0.11/\$100**

**Annual tax increase ranges from \$80 to \$220 on a home with
a taxable value of \$200,000 (with no additional exemptions
or freeze adjustments)**

**2020 Debt Rate Increase Expected (on outstanding bonds):
\$0.03**

2020 REFERENDUM ESTIMATES – VARYING PROPERTY VALUE GROWTH RATES

\$880 million referendum

Based on three growth rate scenarios

**4.5% property value
growth rate =
\$0.16/\$100**

**6.5% property value
growth rate =
\$0.11/\$100**

**8.5% property value
growth rate =
\$0.07/\$100**

**Annual tax increase ranges from \$140 to \$320
on \$200,000 home (with no additional
exemptions or freeze adjustments to taxable
values)**

**IMPACT ON
TAXPAYERS
ASSUMING
6.5% ANNUAL
GROWTH RATE**

**Home with net taxable value of
\$200,000**

**Projected I&S rate on
currently outstanding
bonds is
\$0.3800/\$100
• Produces a tax of \$760**

**Projected total debt
rate of \$0.49 (\$0.11
Increase)
• Produces a tax of \$980**

**Tax Increase of \$220
per year (\$18.33 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.