

DEBT GLOSSARY

Authorized But Unissued Debt refers to Tax-supported Debt that has been approved by the voters but not yet issued.

Capital Appreciation Bonds (CABs) are long-term securities 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.

Certificates of Obligation (COs) allow certain cities, counties and certain hospital or health districts to issue debt without voter approval (unless a referendum is petitioned) and are backed by tax revenue, fee revenues or a combination of the two.

Debt can refer to public securities issued or outstanding public securities, including general obligation pension bonds. It does not include long-term liabilities that are not public securities (e.g., unfunded pension and other post-employment benefit liabilities) or are not reported to the Bond Review Board. This term includes both Revenue-supported Debt and Tax-supported Debt.

Debt Issued is the total principal amount of debt sold. The amount of debt issued depends on the will of the voters (in the case of most tax-supported debt), action of the governing body, market conditions and budgetary needs.

Debt Outstanding is the principal owed over the remaining life of all debt issues.

Debt Service is the annual combined principal and interest amount needed to repay all debt on time and in full.

Interest and Sinking (I&S) Tax Rate is the tax rate levied by districts to pay for any bond debt that may have been issued to fund the construction of schools and facilities.

Lease Purchase is 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 Obligations are issued by a public facilities corporation created by a school district, used for acquiring, constructing, and equipping school facilities, and payable from lease rental obligations of the district. Commonly paid from available unrestricted revenue, including surplus maintenance and operations tax proceeds.

Maintenance and Operations (M&O) Tax Rate is the tax rate levied by districts to fund the operations and maintenance of schools, including maintenance tax notes, and contracts to finance movable equipment.

Maintenance and Operations Tax-Supported Debt is debt payable from revenue other than dedicated debt service taxes, including maintenance and operations taxes. May be used for any purpose other than payment of debt service, including maintenance and operating expenses.

Revenue-supported Debt is secured by non-property tax revenue such as sales tax, tuition, admissions to athletic events, tolls, or water, gas, or electric municipal utility charges. As used in this site, it does not include debt that is also payable from property taxes. Revenue-supported debt generally does not require voter approval.

Tax-supported Debt is backed by a pledge of property taxes levied within the issuer's boundaries. Some tax-supported debt may be secured by a combination of property taxes and other revenue sources. It generally must be voter-approved (with exceptions for COs, tax notes, school district maintenance tax notes, certain county road bonds and contractual obligations for personal property.)

Voter Approved Tax-supported Debt is secured by a pledge of a sufficient property tax dedicated to pay debt service. May be used for school capital projects such as buildings, renovations, technology, athletic facilities, school buses and performing arts facilities or to refund maintenance and operations tax-supported debt.