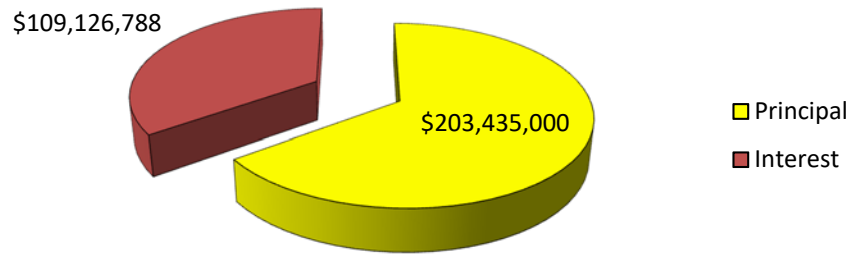


DEBT SERVICE FUND

The debt service fund (often referred to as the 'Interest and Sinking Fund' or the 'I&S fund') is primarily funded by local property tax collections. The District is eligible for state assistance programs (EDA and IFA) but does not qualify, based on wealth per student, at this time. The district does receive some state funding (approximately \$300,000) for hold-harmless as a result of the increase in homestead exemption resulting from the most recent legislative session. While the overall yearly principal and interest payment increased for 2016-17 as a result of the 2015 bond election, the I&S tax rate has decreased by two pennies as a result of economic growth and the availability of capitalized interest from the 2016 bond for use towards interest payment on the bond. The total amount of principal and interest owed on outstanding bonds as of September 1, 2016 is identified below.



The budget currently includes the following financial highlights:

✓ Total Revenues	\$ 17,981,655
✓ Total Expenditures	\$ 18,781,775
✓ Use of PY Capitalized Interest	\$ 800,120
✓ Budget Surplus (Deficit)	\$ - 0 -
✓ I&S Tax Rate	\$ 0.3195

The complete Debt Amortization Schedule is included on the following page.

Changes in Debt

Except for the effects on yearly debt service payments discussed above as a result of the 2015 bond election and 2016 bond issuance, there are no expected changes in debt for the 2016-17 school year (Fiscal '17). No new debt is scheduled to be issued this fiscal year.

Debt Service Overview

Debt Service Fund Information

The Debt Service Fund accounts for payments of principal, interest, and related fees on the District's general obligation bonds. Under Texas law, only these debt service payments can be accounted for in this fund.

The Texas Education Code Section 45.003(e) specifies that a school district is able to issue unlimited tax bonds, provided that the district demonstrates its projected ability to pay such bonds plus the District's outstanding bonds (excluding bonds authorized by an election held on or before April 1, 1992 and issued before September 1, 1992) at a debt service rate of not more than \$0.50 per \$100 of assessed valuation without the pledging of Tier I funds first.

Budget Preparation Process

The taxable values, tax collection rate, estimated penalties and interest collected, Existing Debt Allotment (EDA), Instructional Facilities Allotment (IFA), debt repayment schedule, estimated interest earnings, bond fees, and arbitrage fees are the core of the revenues and expenditures that are reviewed annually when determining the proposed tax rate and budget.

Other sources of information for inclusion in the debt service fund budget include the financial advisor, bond counsel, and the board of trustees.

When the District is preparing a potential bond referendum, additional consideration must be made in regards to fund balance (bond rating) and related bond closing costs.

General Obligation Bonds

The primary type of bond debt instrument is the General Obligation Bond. This debt instrument requires voter approval.

The following information depicts bonded debt facts of MISD as of August 31, 2014:

Outstanding Debt (Principal)	\$203,435,000
Underlying Bond Rating	Aa3 Moody's

Goals and Objectives

The following goals and objectives are key components which drive our debt service fund budget:

- Provide sufficient cash flows in the months of February and August to make payment on bond obligations.
- Calculate the lowest tax rate possible that provides for sufficient resources to balance the annual budget.

The expenditures included in the budget are needed to subsidize future bond principal and interest payments along with related fees.

MISD Debt Obligations

Series and Description of Intent of Original Issue

Series	Principal O/S	Description	Maturity
Series 2004	\$275,000	EES, district renovations	08/15/2017
Series 2007	\$42,165,000	MPES, 2 refundings, & renovations	08/15/2037
Series 2009	\$6,605,000	1999 Refunding	08/15/2022
Series 2012	\$8,815,000	2004 Refunding (portion)	08/15/2030
Series 2013	\$56,220,000	2005 Refunding (MWHS & Ren)	08/15/2029
Series 2016	\$89,355,000	2- 5 th /6 th campuses, conf center, ren.	08/15/2041
Total	\$203,435,000		

	MISD AGGREGATE DEBT SERVICE		
	Bonds Outstanding as of 09/01/2016		
Period			
Ending	Principal	Interest	Debt Sevice
8/31/2017	\$ 9,255,000	\$ 9,519,275	\$ 18,774,275
8/31/2018	\$ 9,710,000	\$ 9,056,988	\$ 18,766,988
8/31/2019	\$ 10,045,000	\$ 8,667,600	\$ 18,712,600
8/31/2020	\$ 10,455,000	\$ 8,244,700	\$ 18,699,700
8/31/2021	\$ 10,565,000	\$ 7,768,750	\$ 18,333,750
8/31/2022	\$ 11,105,000	\$ 7,263,850	\$ 18,368,850
8/31/2023	\$ 9,185,000	\$ 6,731,338	\$ 15,916,338
8/31/2024	\$ 9,650,000	\$ 6,282,938	\$ 15,932,938
8/31/2025	\$ 11,500,000	\$ 5,812,075	\$ 17,312,075
8/31/2026	\$ 12,175,000	\$ 5,250,675	\$ 17,425,675
8/31/2027	\$ 12,765,000	\$ 4,689,025	\$ 17,454,025
8/31/2028	\$ 13,345,000	\$ 4,096,375	\$ 17,441,375
8/31/2029	\$ 7,240,000	\$ 3,476,675	\$ 10,716,675
8/31/2030	\$ 5,275,000	\$ 3,204,800	\$ 8,479,800
8/31/2031	\$ 4,640,000	\$ 2,995,250	\$ 7,635,250
8/31/2032	\$ 4,825,000	\$ 2,806,875	\$ 7,631,875
8/31/2033	\$ 5,060,000	\$ 2,568,525	\$ 7,628,525
8/31/2034	\$ 5,310,000	\$ 2,318,525	\$ 7,628,525
8/31/2035	\$ 5,575,000	\$ 2,056,175	\$ 7,631,175
8/31/2036	\$ 5,845,000	\$ 1,780,725	\$ 7,625,725
8/31/2037	\$ 6,140,000	\$ 1,491,900	\$ 7,631,900
8/31/2038	\$ 5,515,000	\$ 1,188,500	\$ 6,703,500
8/31/2039	\$ 5,790,000	\$ 912,750	\$ 6,702,750
8/31/2040	\$ 6,080,000	\$ 623,250	\$ 6,703,250
8/31/2041	\$ 6,385,000	\$ 319,250	\$ 6,704,250
TOTALS	\$ 203,435,000	\$ 109,126,788	\$ 312,561,788