

# TEXAS BOND REVIEW BOARD



## 2022 LOCAL GOVERNMENT ANNUAL REPORT

FISCAL YEAR ENDED AUGUST 31, 2022



**Texas Bond Review Board  
Local Government  
Annual Report 2022**

**Fiscal Year Ended August 31, 2022**

Greg Abbott, Governor  
Chairman

Dan Patrick, Lieutenant Governor

Dade Phelan, Speaker of the House of Representatives

Glenn Hegar, Comptroller of Public Accounts

Rob Latsha  
Executive Director

**January 2023**



## Executive Summary

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 issuer, collected by the Office of the Attorney General (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. Data that has not been provided to the BRB on intergovernmental loans, privately placed loans, or any other debts that is not in the form of a public security are not reflected in this report. Also, pursuant to Texas Government Code, Section 1202.008, conduit debts incurred by nonprofit corporations created by the local governments are not required to provide issuance information to the BRB. As a result, conduit debt is not reflected in this report except for data presented in *Appendix B, Texas Local Government Conduit Debt*, and certain data presented in *Appendix F, Commercial Paper*. The data in this report and on the website is compiled from information provided to the BRB from various sources and has not been independently verified.

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 College Districts (CCD); and Health/Hospital Districts and Authorities (HHD).

## Major Findings

- As of fiscal year-end 2022, Texas local governments had \$284.15 billion in outstanding debt (Table 1.1), an increase of \$53.51 billion (23.2 percent) over the past five fiscal years. Of that amount, 65.7 percent (\$186.73 billion) is GO debt secured by local ad valorem tax collections, while the remaining 34.3 percent (\$97.42 billion) is secured by revenues generated by various projects such as water, sewer, and electric utility fees (Chapter 1).
- Over the past five fiscal years, local government debt issuance increased by 33.7 percent (\$10.98 billion) from \$32.62 billion in fiscal year 2018 to \$43.61 billion in fiscal year 2022. During that period, new money issuance increased by 39.9 percent (\$8.31 billion) from \$20.83 billion to \$29.14 billion. Refundings increased by 22.6 percent (\$2.67 billion) from \$11.80 billion to \$14.47 billion (Chapter 1).
- Over the past five years, School Districts have consistently accounted for the highest amount of tax-supported debt outstanding, while Cities and WD accounted for the second and third highest amounts, respectively (Chapter 2).
- The most recent U.S. Census Bureau data for total state and local debt outstanding show that for census year 2020, Texas was the nation's second most populous state, and it ranked third among the 10 most populous states in terms of total (GO and revenue) local debt per capita, seventh in state debt per capita, and fourth in total state and local debt per capita with 82.1 percent of the state's total debt burden at the local level (Chapter 1).
- Capital Appreciation Bond (CAB) par issued for Texas local governments during fiscal year 2022 was 0.4 percent (\$161.8 million) of the total CAB and CIB debt issued (\$43.61 billion). OSD issuances accounted for 66.8 percent (\$108.1 million) of

the total CABs issued for local governments during fiscal year 2022. Of the total par issued by OSDs, 5.1 percent was issued as CAB par. Since fiscal year 2010, School Districts) have issued the most CAB debt of all government types. In fiscal year 2022, School Districts issued 30.8 percent (\$49.8 million). In fiscal year 2022, CAB maturity amounts accounted for 2.2 percent (\$9.05 billion) of the total debt service outstanding, including both CAB and CIB (Chapter 4).

- Since fiscal year 2013, CO debt outstanding has increased by 48.2 percent (\$6.24 billion) from \$12.96 billion outstanding in fiscal year 2013 to \$19.21 billion outstanding in fiscal year 2022. Cities accounted for 80.1 percent of the total CO debt outstanding at fiscal year-end 2022 (Chapter 5).
- As of fiscal year 2022, tax-supported CO debt for Cities accounted for 38.3 percent (\$15.37 billion) of the total Cities tax-supported debt outstanding, while Counties CO debt accounted for 23.8 percent (\$3.16 billion) of total Counties tax-supported debt outstanding. HHD CO debt outstanding accounted for 27.2 percent (\$667.6 million) of total HHD tax-supported debt outstanding (Chapter 5).
- During fiscal year 2022, a total of 251 local governments held 536 bond elections approving the potential issuance of \$32.16 billion of additional debt. Approximately \$13.98 billion of bond election debt was defeated during fiscal year 2022. Separately, on November 8, 2022, 106 local governments held 212 bond elections, with 77 local governments approving 139 bond elections totaling \$19.27 billion. Approximately 73 bond elections were defeated totaling \$3.37 billion of potential debt (Appendix A).
- Excluding conduit debt, private placements, and short-term notes, the weighted average for total cost of issuance (COI), including underwriter's spread, increased to \$16.87 per \$1,000 in 2022 from \$14.88 per \$1,000 in 2021. The average transaction size increased to \$30.7 million in 2022 from \$27.0 million in 2021 and the average fee increased to \$518,359 from \$410,603 in 2021, respectively. Tax-supported (GO) competitive transactions generally had the highest cost per \$1,000 for smaller transaction sizes (Appendix D).
- Of the \$5.64 billion of charter school debt outstanding, as of October 31, 2022, an estimated \$3.84 billion was guaranteed by the Texas Permanent School Fund Bond Guarantee Program (Appendix C).
- Approximately 79 issuers that issued debt in fiscal year 2022 received a tax-supported general obligation (GO) rating upgrade, and 15 issuers received a GO rating downgrade from at least one of the three major credit rating agencies, Fitch Ratings, Moody's Investors Service, and Standard & Poor's (Appendix H).

For limitations on the purpose and use of this report, see the disclosure preceding Chapter 1.

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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 Texas 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 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' websites 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.

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## Chapter 1

### Texas Local Debt in Perspective

#### Overview

Local governments in Texas issue debt to finance construction and renovation of government facilities (e.g., schools, public safety buildings, city halls, and county courthouses), public infrastructure (e.g., 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 supported (general obligation or GO) and revenue. GO debt is secured by the full faith and credit of the issuer's ad valorem taxing power while revenue debt is secured by a specified revenue source. Tax-supported debt includes debt secured by a combination of ad valorem taxes and other revenue sources, even though the debt may be paid in whole or in part from non-tax revenue. Tax-supported debt generally must be voter approved (with the exception of Certificates of Obligation, tax notes, school district maintenance tax notes, certain time warrants, and certain other obligations).

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 entities must be approved by the Office of the Attorney General – Public Finance Division (OAG) and registered with the Texas Comptroller of Public Accounts (CPA).

#### 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 as a part of the OAG 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, privately placed loans, and any other debts that are not in the form of a public security are not reflected in this report. Also, conduit debts incurred by nonprofit corporations created by the local governments are not reflected in this report except for data presented in *Appendix B, Texas Local Government Conduit Debt*, and certain data presented in *Appendix F, Commercial Paper*. The data in this report and on the website is compiled from information provided to the BRB from various sources and has not been independently verified.

All reporting on local debt is presented on the agency's website, the BRB Data Center, and the Texas Open Data Portal. Visitors to the BRB website can search databases, access the data center, and access the data portal to 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 year 2022, a monthly average of approximately 4,541 different users of the BRB's website downloaded various datasets containing Texas local government debt data. The BRB posts this information to its website, the data center, and the data portal annually within four months after the close of the state's fiscal year. Additionally, this data is supplied to the CPA's office as well as the Legislative Budget Board and the *Texas Tribune* for publication on their debt pages.

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 College Districts (CCD); and Health/Hospital Districts and Authorities (HHD).

### **Local Government Debt Outstanding**

As of fiscal year-end 2022, Texas local governments had \$284.15 billion in outstanding debt (Table 1.1), an increase of \$53.51 billion (23.2 percent) over the past five fiscal years. Of that amount, 65.7 percent (\$186.73 billion) is GO debt secured by local ad valorem tax collections, while the remaining 34.3 percent (\$97.42 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 24.4 percent (\$36.58 billion), and revenue debt outstanding increased 21.0 percent (\$16.93 billion).

School Districts accounted for 36.7 percent (\$104.21 billion) of all local debt outstanding, and Cities accounted for 31.9 percent (\$90.70 billion). WDs held the third highest percentage and accounted for 15.4 percent (\$43.72 billion) of all local debt outstanding. The remaining 16.0 percent (\$45.53 billion) was held by CCDs, Counties, HHDs, and OSDs.

Table 1.1  
**Texas Local Government**  
**Debt Outstanding as of August 31, 2022**  
(amounts in millions)

Type of Issuer		Tax-Supported*	Revenue**	Total Debt
<b>Public School Districts</b>	Voter-approved tax	102,846.2		102,846.2
	Maintenance tax (ed. equipment)	1,187.8		1,187.8
	Lease-purchase contracts		176.4	176.4
	Revenue (athletic facilities)		1.2	1.2
	<b>Subtotal</b>	<b>\$ 104,034.1</b>	<b>\$ 177.6</b>	<b>\$ 104,211.6</b>
<b>Cities, Towns, Villages</b>	Tax	40,121.2		40,121.2
	Revenue		50,465.9	50,465.9
	Sales Tax		112.5	112.5
	<b>Subtotal</b>	<b>\$ 40,121.2</b>	<b>\$ 50,578.4</b>	<b>\$ 90,699.6</b>
<b>Water Districts and Authorities</b>	Tax	21,569.7		21,569.7
	Revenue		22,125.0	22,125.0
	Sales Tax		23.0	23.0
	<b>Subtotal</b>	<b>\$ 21,569.7</b>	<b>\$ 22,148.0</b>	<b>\$ 43,717.7</b>
<b>Other Special Districts and Authorities</b>	Tax	156.6		156.6
	Revenue		14,144.0	14,144.0
	Sales Tax		5,703.4	5,703.4
	Lease-purchase contracts		27.2	27.2
	<b>Subtotal</b>	<b>\$ 156.6</b>	<b>\$ 19,874.6</b>	<b>\$ 20,031.2</b>
<b>Counties</b>	Tax	13,248.0		13,248.0
	Revenue		2,485.3	2,485.3
	Lease-purchase contracts		27.5	27.5
	<b>Subtotal</b>	<b>\$ 13,248.0</b>	<b>\$ 2,512.9</b>	<b>\$ 15,760.9</b>
<b>Community and Junior College Districts</b>	Tax	5,147.2		5,147.2
	Revenue		1,056.6	1,056.6
	<b>Subtotal</b>	<b>\$ 5,147.2</b>	<b>\$ 1,056.6</b>	<b>\$ 6,203.8</b>
<b>Health/Hospital Districts and Authorities</b>	Tax	2,454.1		2,454.1
	Revenue		1,024.9	1,024.9
	Sales Tax		51.1	51.1
	<b>Subtotal</b>	<b>\$ 2,454.1</b>	<b>\$ 1,076.1</b>	<b>\$ 3,530.1</b>
<b>Total Local Debt Outstanding</b>		<b>\$ 186,730.8</b>	<b>\$ 97,424.1</b>	<b>\$ 284,154.9</b>

\*Includes debt secured by a combination of ad valorem taxes and other revenue sources.

\*\*Excludes conduit debt.

Source: Texas Bond Review Board - Bond Finance Office.

Table 1.2

**TOTAL STATE AND LOCAL DEBT OUTSTANDING: 10 MOST POPULOUS STATES**

State	Total State and Local Debt				State Debt				Local Debt			
	Population (thousands)	Amount (millions)	Per Capita Amount	Per Capita Rank	Amount (millions)	% of Total Debt	Per Capita Amount	Per Capita Rank	Amount (millions)	% of Total Debt	Per Capita Amount	Per Capita Rank
New York	19,836	368,276	\$18,566	1	156,004	42.4%	\$7,865	1	212,272	57.6%	\$10,701	1
California	39,238	519,537	13,241	2	144,041	27.7%	3,671	4	375,496	72.3%	9,570	2
Illinois	12,671	159,311	12,572	3	64,854	40.7%	5,118	2	94,457	59.3%	7,454	4
<b>Texas</b>	<b>29,528</b>	<b>324,213</b>	<b>10,980</b>	<b>4</b>	<b>57,887</b>	<b>17.9%</b>	<b>1,960</b>	<b>7</b>	<b>266,326</b>	<b>82.1%</b>	<b>9,019</b>	<b>3</b>
Pennsylvania	12,964	128,442	9,908	5	51,735	40.3%	3,991	3	76,707	59.7%	5,917	5
Michigan	10,051	81,886	8,147	6	34,403	42.0%	3,423	5	47,483	58.0%	4,724	8
Ohio	11,780	93,306	7,921	7	30,412	32.6%	2,582	6	62,894	67.4%	5,339	6
Florida	21,781	130,745	6,003	8	25,013	19.1%	1,148	10	105,732	80.9%	4,854	7
Georgia	10,800	62,963	5,830	9	14,116	22.4%	1,307	9	48,847	77.6%	4,523	9
North Carolina	10,551	47,759	4,526	10	15,099	31.6%	1,431	8	32,660	68.4%	3,095	10
<b>MEAN</b>		<b>\$191,644</b>	<b>\$9,769</b>		<b>\$59,356</b>	<b>31.7%</b>	<b>\$3,250</b>		<b>\$132,287</b>	<b>68.3%</b>	<b>\$6,520</b>	

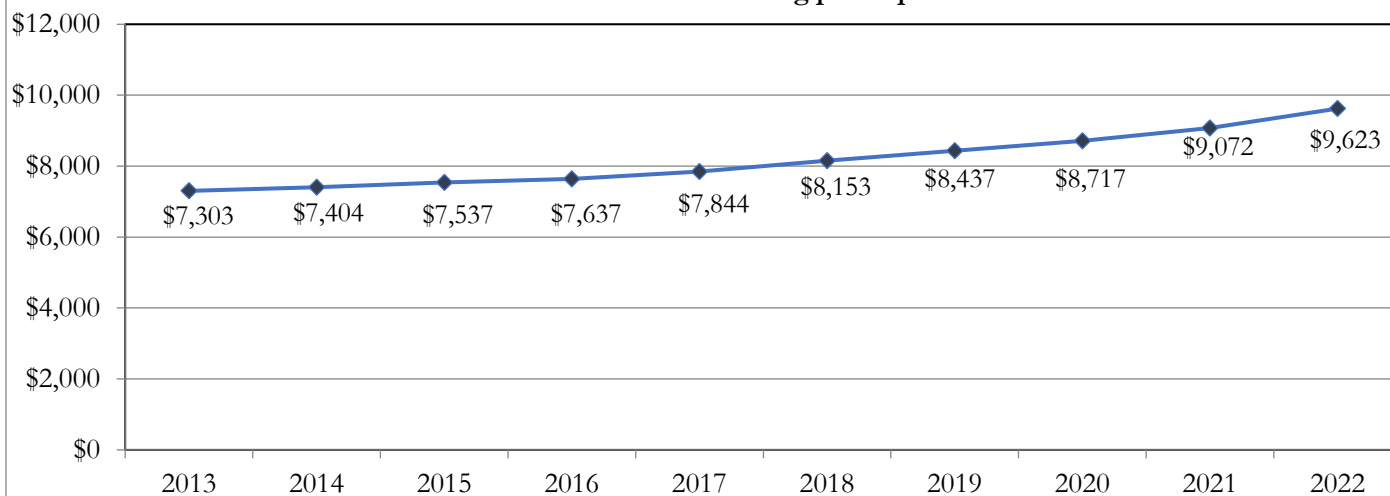
**Note:** Detail may not add to total due to rounding.

**Sources:** U.S. Census Bureau, *State and Local Government Finances by Level of Government and by State: 2020*, (the most recent data available). U.S. Census Bureau, Population Division, July 2021 (released in December 2021).

The most recent U.S. Census Bureau data for total state and local debt outstanding shows that for census year 2020 (the most recent data available), Texas continued to be ranked second in population, third among the 10 most populous states in terms of local debt per capita, fourth in total state and local debt per capita, and seventh in state debt per capita (Table 1.2).

Over the past 10 years, local government total debt (tax-supported plus revenue) increased \$93.67 billion (49.2 percent). Over this time, the state's population increased by an estimated 13.2 percent (3.4 million), based on July 2021 U.S. Census Bureau population estimates (released December 2021). During that same period, local government total debt outstanding per capita increased by 31.8 percent, or \$2,320 per person, from \$7,303 per capita in fiscal year 2013 to \$9,623 per capita in fiscal year 2022 (Figure 1.1).

Figure 1.1  
**Texas Local Government  
Total Debt Outstanding per Capita\***



\*Includes debt secured by a combination of ad valorem taxes and other revenue sources. Excludes conduit debt.

**Sources:** Texas Bond Review Board - Bond Finance Office; U.S. Census Bureau, Population Division, July 1, 2021. (Population totals used are one year in arrears due to timing of census estimate release dates.)

Table 1.3 lists the state's local debt outstanding by category from highest to lowest total amount outstanding.

Table 1.3 TEXAS LOCAL GOVERNMENT DEBT OUTSTANDING BY FISCAL YEAR (amounts in millions)					
	8/31/2018	8/31/2019	8/31/2020	8/31/2021	8/31/2022
<b>Public School Districts</b>					
Tax-Supported*	\$83,887.0	\$87,653.7	\$92,889.4	\$97,580.3	\$104,034.1
Revenue**	268.7	258.8	219.4	196.3	177.6
<b>Total</b>	<b>\$84,155.7</b>	<b>\$87,912.5</b>	<b>\$93,108.8</b>	<b>\$97,776.6</b>	<b>\$104,211.6</b>
<b>Cities, Towns, Villages</b>					
Tax-Supported*	\$33,132.4	\$34,759.8	\$34,915.4	\$37,357.5	\$40,121.2
Revenue**	42,027.2	43,084.1	44,685.9	46,876.5	50,578.4
<b>Total</b>	<b>\$75,159.6</b>	<b>\$77,843.9</b>	<b>\$79,601.3</b>	<b>\$84,234.0</b>	<b>\$90,699.6</b>
<b>Water Districts and Authorities</b>					
Tax-Supported*	\$14,813.2	\$16,153.4	\$17,562.3	\$19,259.2	\$21,569.7
Revenue**	15,338.9	17,278.5	19,085.2	20,436.2	22,148.0
<b>Total</b>	<b>\$30,152.1</b>	<b>\$33,431.9</b>	<b>\$36,647.5</b>	<b>\$39,695.4</b>	<b>\$43,717.7</b>
<b>Other Special Districts and Authorities</b>					
Tax-Supported*	\$166.2	\$159.3	\$152.5	\$157.5	\$156.6
Revenue**	17,963.4	18,568.8	18,571.7	19,583.9	19,874.6
<b>Total</b>	<b>\$18,129.6</b>	<b>\$18,728.1</b>	<b>\$18,724.3</b>	<b>\$19,741.4</b>	<b>\$20,031.2</b>
<b>Counties</b>					
Tax-Supported*	\$11,558.6	\$12,311.7	\$12,798.3	\$12,813.9	\$13,248.0
Revenue**	2,538.8	2,486.3	2,485.3	2,577.2	2,512.9
<b>Total</b>	<b>\$14,097.4</b>	<b>\$14,798.1</b>	<b>\$15,283.6</b>	<b>\$15,391.2</b>	<b>\$15,760.9</b>
<b>Community and Junior College Districts</b>					
Tax-Supported*	\$4,076.6	\$4,067.2	\$4,606.8	\$4,939.6	\$5,147.2
Revenue**	1,184.4	1,181.2	1,080.3	1,078.6	1,056.6
<b>Total</b>	<b>\$5,260.9</b>	<b>\$5,248.4</b>	<b>\$5,687.0</b>	<b>\$6,018.2</b>	<b>\$6,203.8</b>
<b>Health/Hospital Districts and Authorities</b>					
Tax-Supported*	\$2,517.2	\$2,427.8	\$2,462.4	\$2,408.6	\$2,454.1
Revenue**	1,175.9	1,125.1	1,177.1	1,098.6	1,076.1
<b>Total</b>	<b>\$3,693.0</b>	<b>\$3,552.9</b>	<b>\$3,639.5</b>	<b>\$3,507.2</b>	<b>\$3,530.1</b>
<b>Total Tax-Supported*</b>	<b>\$150,151.2</b>	<b>\$157,532.8</b>	<b>\$165,387.1</b>	<b>\$174,516.7</b>	<b>\$186,730.8</b>
<b>Total Revenue**</b>	<b>\$80,497.2</b>	<b>\$83,982.9</b>	<b>\$87,304.9</b>	<b>\$91,847.2</b>	<b>\$97,424.1</b>
<b>Total Debt Outstanding</b>	<b>\$230,648.4</b>	<b>\$241,515.7</b>	<b>\$252,692.0</b>	<b>\$266,363.9</b>	<b>\$284,154.9</b>
*Includes debt secured by a combination of ad valorem taxes and other revenue sources.					
**Excludes conduit debt.					
Source: Texas Bond Review Board - Bond Finance Office.					

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

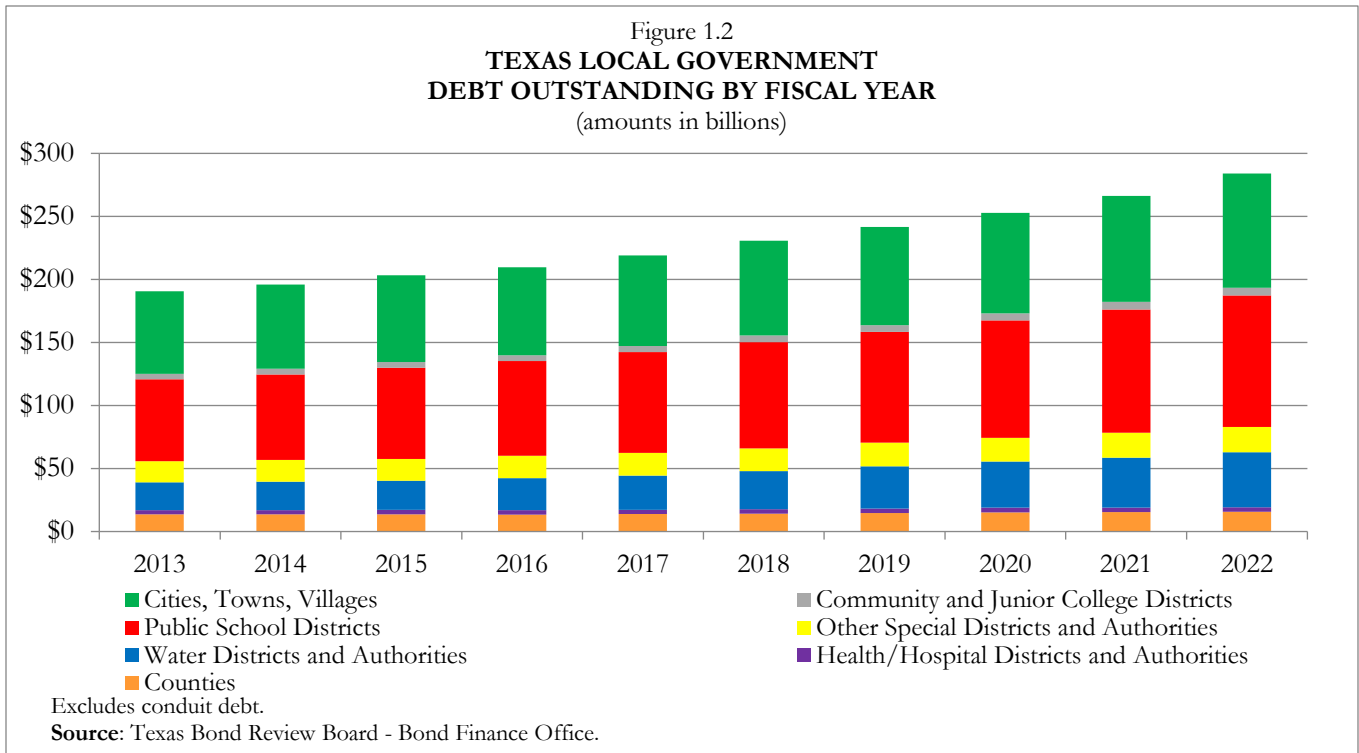
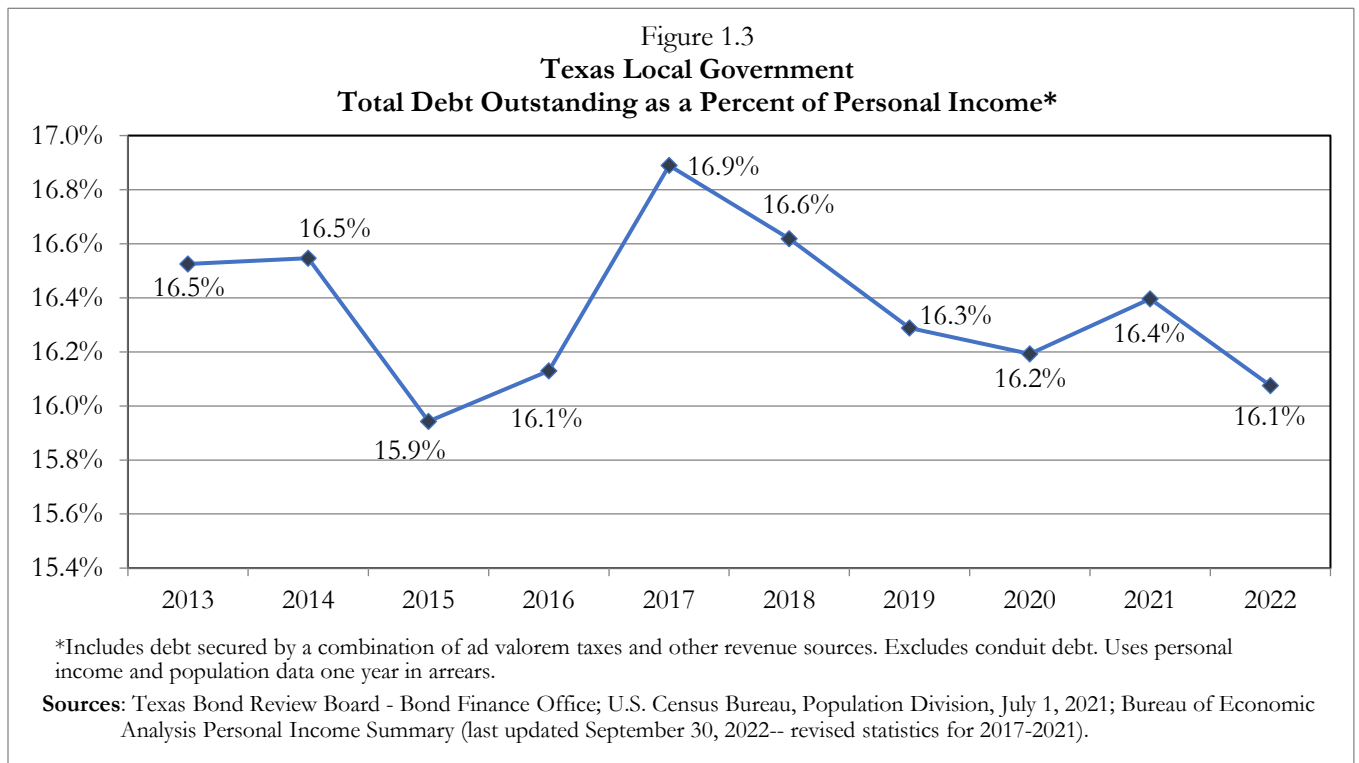


Figure 1.3 illustrates the total local debt outstanding as a percent of personal income over the past 10 years.



## Rate of Debt Retirement

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 1.4 illustrates the amount of debt retired in the next five-, 10-, and 20-year periods for both tax-supported and revenue debt outstanding as of fiscal year 2022.

Table 1.4 Texas Local Government Rate of Debt Retirement* (\$ in millions)				
Debt Repaid (Principal Only)	Tax-Supported		Revenue	
	Debt	Percent	Debt	Percent
<b>Within Five Years</b>				
Public School Districts	\$22,279.0	21.4%	\$75.8	42.7%
Cities, Towns, Villages	13,829.9	34.8%	10,659.4	21.4%
Water Districts and Authorities	5,037.9	23.4%	4,426.4	20.4%
Other Special Districts and Authorities	53.9	34.4%	3,270.7	16.5%
Counties	4,394.3	33.3%	444.3	17.9%
Community and Junior Colleges	1,317.1	25.6%	364.4	34.5%
Health/Hospital Districts and Authorities	516.0	21.0%	204.0	19.0%
<b>Within Ten Years</b>				
Public School Districts	\$45,670.4	43.9%	\$131.3	74.0%
Cities, Towns, Villages	24,953.1	62.7%	21,730.7	43.7%
Water Districts and Authorities	10,167.4	47.2%	9,109.7	41.9%
Other Special Districts and Authorities	98.0	62.6%	6,565.3	33.2%
Counties	8,184.2	62.0%	999.9	40.3%
Community and Junior Colleges	2,557.6	49.7%	685.6	64.9%
Health/Hospital Districts and Authorities	1,084.6	44.2%	404.2	37.6%
<b>Within Twenty Years</b>				
Public School Districts	\$85,847.8	82.6%	\$176.5	99.4%
Cities, Towns, Villages	37,967.9	95.4%	40,183.3	80.9%
Water Districts and Authorities	18,802.9	87.3%	17,077.6	78.5%
Other Special Districts and Authorities	145.2	92.7%	14,242.7	72.1%
Counties	12,488.9	94.6%	1,924.7	77.5%
Community and Junior Colleges	4,669.7	90.7%	1,016.5	96.2%
Health/Hospital Districts and Authorities	2,182.5	88.9%	896.7	83.3%
*Excludes commercial paper and conduit debt.				
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.				

### **Debt Issuance and Use of Proceeds**

Over the past five fiscal years, local government debt issuance increased by 33.7 percent (\$10.98 billion) from \$32.62 billion in fiscal year 2018 to \$43.61 billion in fiscal year 2022. During that period, new money issuance increased by 39.9 percent (\$8.31 billion) from \$20.83 billion to \$29.14 billion. Refundings increased by 22.6 percent (\$2.67 billion) from \$11.80 billion to \$14.47 billion (*Table 1.5*).

During fiscal year 2022, 33.2 percent of local debt issuance was used to refund debt, 29.4 percent was used to finance educational facilities and equipment, 15.3 percent was used to finance water-related infrastructure, 9.9 percent was used for general purpose debt (such as a combination of purposes, including public improvements, building or improving city halls and court houses), and 4.2 percent was used to finance transportation projects. Water-related and transportation 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 8.0 percent of local debt issuance was used for multiple purposes, including combined utility systems, commerce, computer technology, economic development, fire safety, health related, housing and land, power, prisons and detention centers, public safety, recreation, and solid waste.



Table 1.5  
**Texas Local Government**  
**Debt Issuance by Fiscal Year\***  
(\$ in millions)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Issuers</b>	921	966	1,166	1,267	1,036
<b>Issuances</b>	1,293	1,390	1,725	1,967	1,582
<b>Public School Districts</b>					
New Money	\$7,753.0	\$7,622.9	\$9,363.3	\$8,987.6	\$12,259.5
Refunding	2,875.2	2,113.2	6,176.9	8,817.9	3,513.7
<b>Total Par Issued</b>	<b>\$10,628.2</b>	<b>\$9,736.2</b>	<b>\$15,540.2</b>	<b>\$17,805.5</b>	<b>\$15,773.1</b>
<b>Cities, Towns, Villages</b>					
New Money	\$6,658.4	\$5,917.7	\$4,863.4	\$7,485.7	\$9,117.3
Refunding	3,580.1	3,420.9	8,607.3	6,192.3	5,931.4
<b>Total Par Issued</b>	<b>\$10,238.5</b>	<b>\$9,338.6</b>	<b>\$13,470.7</b>	<b>\$13,678.1</b>	<b>\$15,048.7</b>
<b>Water Districts</b>					
New Money	\$4,065.1	\$4,259.8	\$4,213.4	\$3,595.0	\$5,178.0
Refunding	1,085.0	1,299.7	2,712.7	3,505.0	1,641.2
<b>Total Par Issued</b>	<b>\$5,150.1</b>	<b>\$5,559.5</b>	<b>\$6,926.1</b>	<b>\$7,099.9</b>	<b>\$6,819.2</b>
<b>Other Special Districts</b>					
New Money	\$49.2	\$1,194.8	\$190.2	\$1,054.7	\$743.5
Refunding	2,909.4	1,342.7	662.1	3,954.7	1,382.4
<b>Total Par Issued</b>	<b>\$2,958.6</b>	<b>\$2,537.5</b>	<b>\$852.3</b>	<b>\$5,009.3</b>	<b>\$2,125.9</b>
<b>Counties</b>					
New Money	\$1,123.4	\$1,533.8	\$1,195.7	\$1,338.1	\$1,173.0
Refunding	1,082.0	303.9	1,184.8	829.5	1,639.6
<b>Total Par Issued</b>	<b>\$2,205.4</b>	<b>\$1,837.7</b>	<b>\$2,380.5</b>	<b>\$2,167.6</b>	<b>\$2,812.7</b>
<b>Community and Junior College Districts</b>					
New Money	\$682.7	\$349.7	\$808.0	\$729.2	\$548.7
Refunding	211.3	77.7	221.5	798.5	111.3
<b>Total Par Issued</b>	<b>\$894.0</b>	<b>\$427.3</b>	<b>\$1,029.5</b>	<b>\$1,527.7</b>	<b>\$659.9</b>
<b>Health/Hospital Districts and Authorities</b>					
New Money	\$497.8	\$39.4	\$285.4	\$79.1	\$120.0
Refunding	52.1	245.3	342.1	78.3	246.9
<b>Total Par Issued</b>	<b>\$549.9</b>	<b>\$284.7</b>	<b>\$627.5</b>	<b>\$157.4</b>	<b>\$366.9</b>
<b>Total New Money</b>	<b>\$20,829.5</b>	<b>\$20,918.1</b>	<b>\$20,919.3</b>	<b>\$23,269.3</b>	<b>\$29,140.0</b>
<b>Total Refunding</b>	<b>\$11,795.0</b>	<b>\$8,803.5</b>	<b>\$19,907.4</b>	<b>\$24,176.1</b>	<b>\$14,466.4</b>
<b>Total Par</b>	<b>\$32,624.6</b>	<b>\$29,721.6</b>	<b>\$40,826.7</b>	<b>\$47,445.4</b>	<b>\$43,606.5</b>

\*Excludes commercial paper and conduit issuances.

Source: Texas Bond Review Board - Bond Finance Office

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## Chapter 2 Texas Local Government Tax-Supported Debt

### Overview

Tax-supported debt includes debt secured by a combination of ad valorem taxes and other revenue sources, even though the debt may be paid in whole or in part from non-tax revenue. Tax-supported debt generally must be voter approved, with the exception of Certificates of Obligation, tax notes, school district maintenance tax notes, certain time warrants, and certain other obligations.

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 (general obligation or GO) debt. Additionally, all public securities issued by local debt issuers must receive approval from the Office of the Attorney General – Public Finance Division (OAG) and be registered with the Texas Comptroller of Public Accounts.

### Local Government Tax-Supported Debt Outstanding

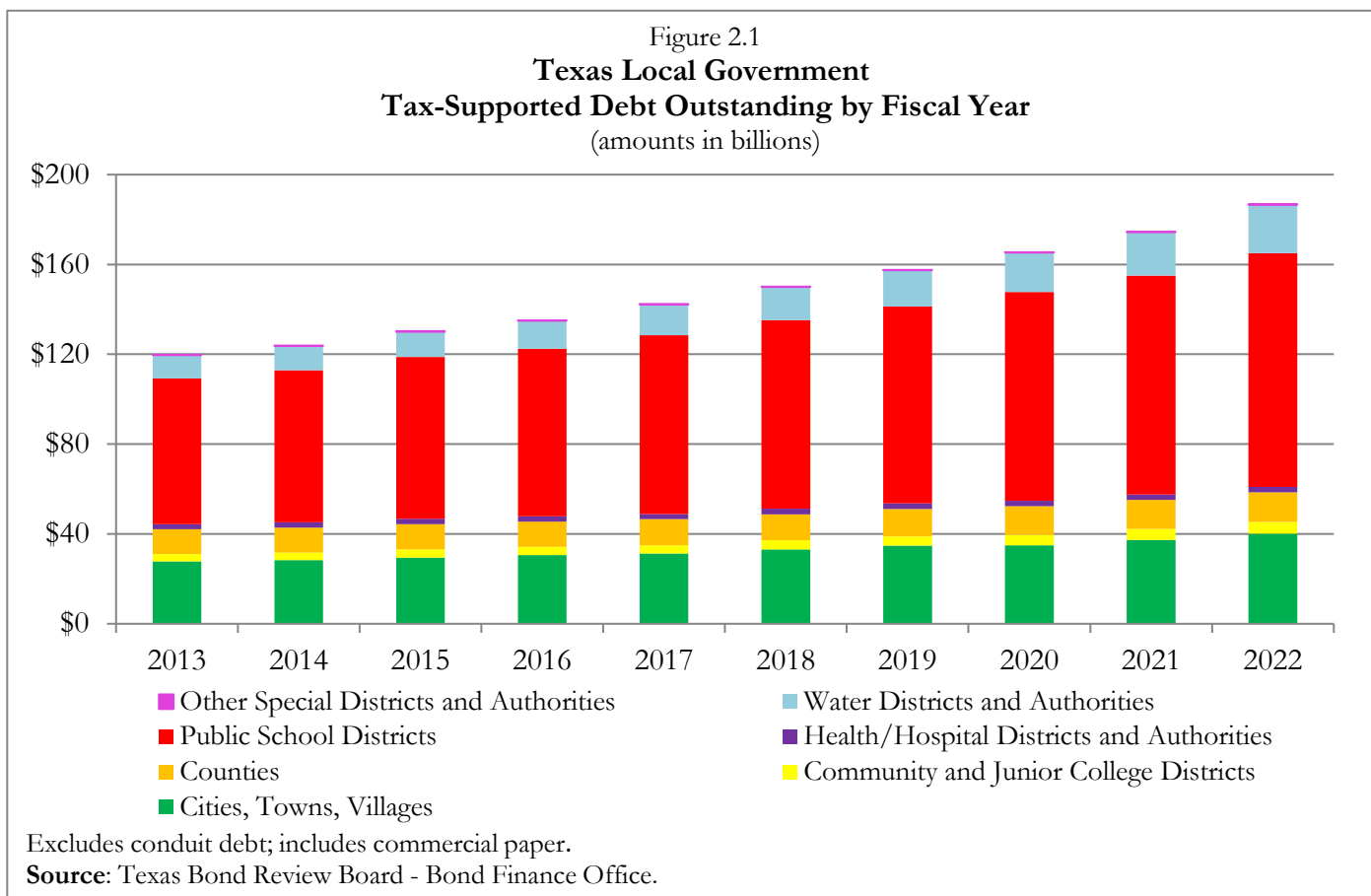
As of fiscal year-end 2022, Texas local governments had \$186.73 billion in outstanding tax-supported debt, an increase of \$12.21 billion (7.0 percent) over the 2021 total of \$174.52 billion, and a 24.4 percent (\$36.58 billion) increase over the past five fiscal years, from \$150.15 billion in 2018 (*Table 2.1*).

Table 2.1 Texas Local Government Tax-Supported Debt Outstanding by Fiscal Year (amounts in millions)					
	8/31/2018	8/31/2019	8/31/2020	8/31/2021	8/31/2022
<b>Public School Districts</b>	\$83,887.0	\$87,653.7	\$92,889.4	\$97,580.3	\$104,034.1
<b>Cities, Towns, Villages</b>	33,132.4	34,759.8	34,915.4	37,357.5	40,121.2
<b>Water Districts and Authorities</b>	14,813.2	16,153.4	17,562.3	19,259.2	21,569.7
<b>Other Special Districts and Authorities</b>	166.2	159.3	152.5	157.5	156.6
<b>Counties</b>	11,558.6	12,311.7	12,798.3	12,813.9	13,248.0
<b>Community and Junior College Districts</b>	4,076.6	4,067.2	4,606.8	4,939.6	5,147.2
<b>Health/Hospital Districts and Authorities</b>	2,517.2	2,427.8	2,462.4	2,408.6	2,454.1
<b>Total Tax-Supported Debt Outstanding*</b>	<b>\$150,151.2</b>	<b>\$157,532.8</b>	<b>\$165,387.1</b>	<b>\$174,516.7</b>	<b>\$186,730.8</b>
*Includes debt secured by a combination of ad valorem taxes and other revenue sources. Includes commercial paper; excludes conduit debt.					
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.					

Over the past 10 fiscal years, tax-supported debt outstanding has increased \$66.96 billion (55.9 percent) from \$119.77 billion in 2013. *Figure 2.1* illustrates local tax-supported debt outstanding by local government type over the past 10 fiscal years.

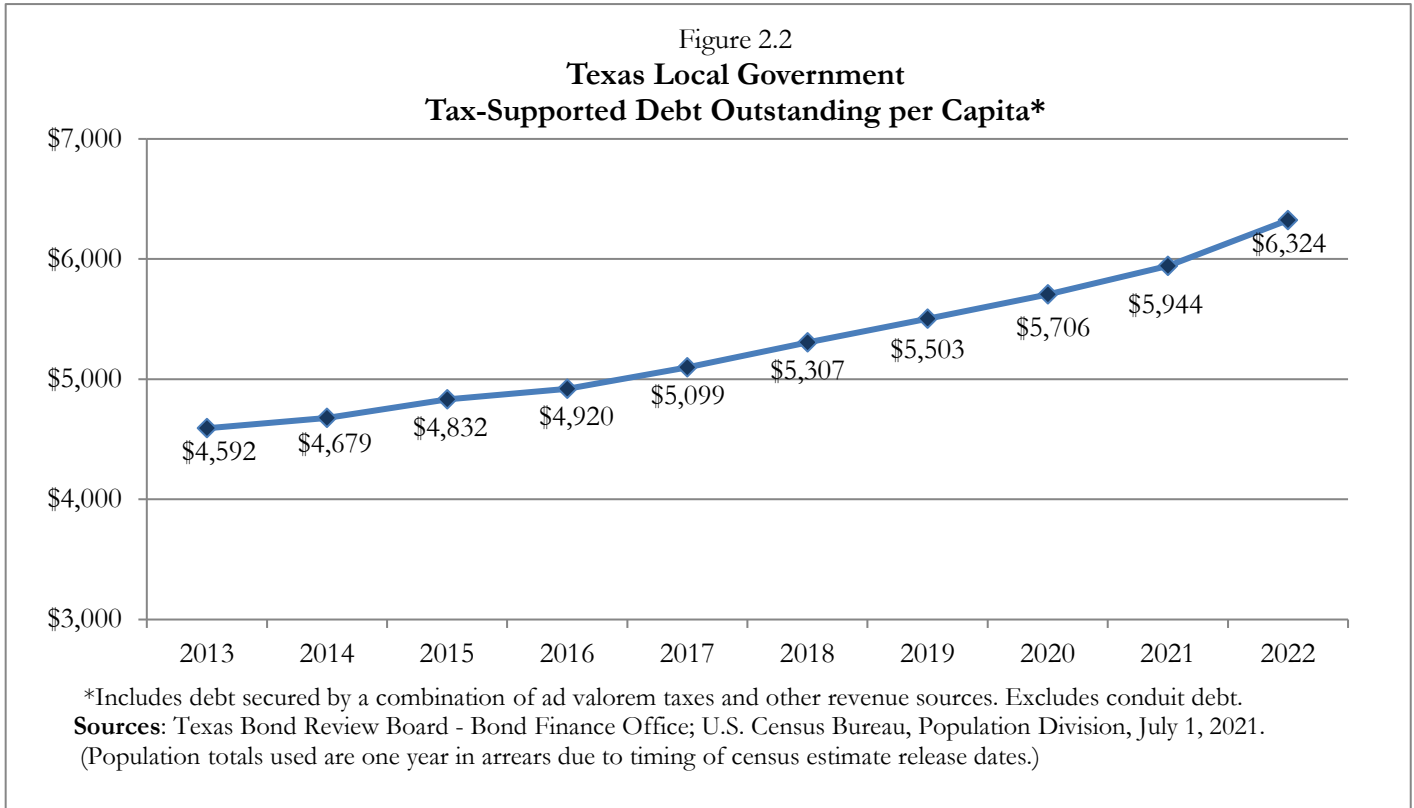
As shown in *Table 2.1* and *Figure 2.1*, Public School Districts (School Districts) have consistently accounted for the highest amount of tax-supported debt outstanding, while Cities, Towns, Villages (Cities) and Water Districts and Authorities (WD) accounted for the second and third highest amounts, respectively.

Of the total Cities tax-supported debt outstanding, the Big 6 Cities (Houston, Dallas, San Antonio, Austin, El Paso, and Fort Worth) accounted for an average of 31.8 percent over the last five years and 32.2 percent over the last 10 years.



### Tax-Supported Debt per Capita

Local government tax-supported debt per capita increased over the past 10 years by 37.7 percent (or \$1,732 per person) from \$4,592 per capita in fiscal year 2013 to \$6,324 per capita in fiscal year 2022. Over this time, the state's population increased by an estimated 13.2 percent (3.4 million), based on July 2021 U.S. Census Bureau population estimates, which were released December 2021 (*Figure 2.2*).

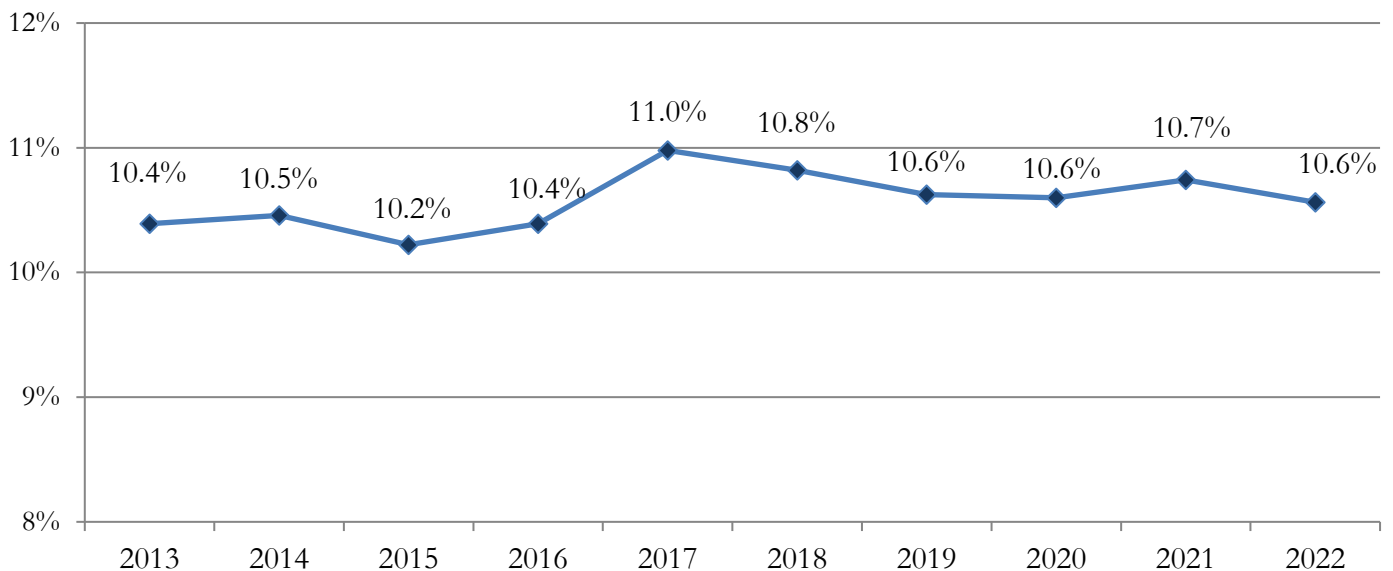


### Tax-Supported Debt as a Percentage of Personal Income

As reported by the U.S. Bureau of Economic Analysis, total personal income growth in Texas has grown 53.3 percent in the past 10 years, from \$1.15 trillion in 2012 to \$1.77 trillion in 2021 (the most recent data available). During the past five years, the growth was 27.4 percent, from \$1.39 trillion in 2017. Per capita personal income has shown a 35.5 percent 10-year growth from \$44,193 in 2012 and a 22.0 percent five-year growth from \$49,059 in 2017 to \$59,865 in 2021 (based on the most recent population and personal income totals available).

Per capita tax-supported debt, as a percentage of per capita personal income, has remained relatively constant during the past 10 years (*Figure 2.3*). Over the 10-year period, the growth of the state's personal income per capita was 35.5 percent while the growth of tax-supported debt per capita was 37.7 percent, indicating personal income growth within Texas has generally kept pace with the state's local government tax-supported debt outstanding. *Figure 2.3* below uses personal income and population data one year in arrears.

Figure 2.3  
Texas Local Government  
Per Capita Tax-Supported Debt as a Percentage of per Capita Personal Income\*



\*Includes debt secured by a combination of ad valorem taxes and other revenue sources. Excludes conduit debt.

Uses personal income and population data one year in arrears.

**Sources:** Texas Bond Review Board - Bond Finance Office; U.S. Census Bureau, Population Division, July 1, 2021; Bureau of Economic Analysis Personal Income Summary (last updated September 30, 2022-- revised statistics for 2017-2021).

## **Tax-Supported Debt Issuance**

New tax-supported debt issued during fiscal year 2022 totaled \$29.21 billion (\$22.54 billion in new money and \$6.67 billion in refunding debt). This is a decrease of 8.5 percent from the total of \$31.94 billion issued in fiscal year 2021 and an increase of 38.3 percent from the total of \$21.11 billion issued in fiscal year 2018.

During this five-year period, School Districts have consistently issued the most tax-supported debt. For fiscal years 2018 and 2020–2022, School Districts accounted for 50 percent or more of the total tax-supported debt issued. In fiscal year 2019, School Districts accounted for 49.9 percent of the total tax-supported debt issued. In fiscal year 2018, School Districts completed 308 GO issues for a total of \$10.63 billion (50.3 percent of the 2018 total), of which \$7.75 billion was new money debt and \$2.88 billion was refunding debt. In 2022, School Districts completed 317 GO issues for a total of \$15.77 billion (54.0 percent of the 2022 total), of which \$12.26 billion was new money debt and \$3.51 billion was refunding debt.

Tax-supported new money debt issuance over the past five years has risen from \$15.17 billion in 2018 to \$22.54 billion in 2022 (an increase of 48.6 percent).

Tax-supported refunding debt issuance over the past five years declined from \$5.95 billion in 2018 to \$4.18 billion in 2019, before rising to \$14.18 billion in 2021. Tax-supported refunding debt decreased to \$6.67 billion in 2022. Over the past five-year period, there was an overall increase of 12.2 percent.

The amounts of Gross Cash Savings and Net Present Value Savings earned from tax-supported refunding issuance over the past five years have fluctuated from \$810.3 million and \$588.2 million, respectively, in 2018 to \$886.7 million and \$707.5 million, respectively, in 2022.

During that period, Texas local governments issued \$42.34 billion in tax-supported refunding debt to realize \$6.84 billion in Gross Cash Savings and \$5.45 billion in Net Present Value Savings.

Tax-supported debt issued over the past five fiscal years is shown below, excluding commercial paper and conduit debt (*Table 2.2*).

Table 2.2  
**Texas Local Government**  
**Tax-Supported Debt Issuance by Fiscal Year\***  
(\$ in millions)

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Issuers</b>	824	891	1,070	1,173	993
<b>Issuances</b>	1,065	1,189	1,471	1,667	1,321
<b>Public School Districts</b>					
New Money	\$7,753.0	\$7,604.9	\$9,362.3	\$8,976.4	\$12,259.5
Refunding	2,875.2	2,085.2	6,147.2	8,817.9	3,513.7
<b>Total Par Issued</b>	<b>\$10,628.2</b>	<b>\$9,690.0</b>	<b>\$15,509.5</b>	<b>\$17,794.2</b>	<b>\$15,773.1</b>
<b>Cities, Towns, Villages</b>					
New Money	\$4,105.0	\$3,855.9	\$2,828.5	\$4,956.5	\$5,367.2
Refunding	1,474.0	830.4	2,345.1	2,242.2	1,353.2
<b>Total Par Issued</b>	<b>\$5,579.0</b>	<b>\$4,686.3</b>	<b>\$5,173.6</b>	<b>\$7,198.8</b>	<b>\$6,720.4</b>
<b>Water Districts and Authorities</b>					
New Money	\$1,681.2	\$1,977.3	\$1,955.2	\$2,207.7	\$3,153.7
Refunding	521.6	782.8	1,221.7	1,622.0	340.4
<b>Total Par Issued</b>	<b>\$2,202.8</b>	<b>\$2,760.1</b>	<b>\$3,176.9</b>	<b>\$3,829.7</b>	<b>\$3,494.0</b>
<b>Other Special Districts and Authorities</b>					
New Money	\$13.9	\$11.0	\$12.0	\$21.8	\$16.7
Refunding	0.0	18.2	17.1	5.1	0.0
<b>Total Par Issued</b>	<b>\$13.9</b>	<b>\$29.2</b>	<b>\$29.1</b>	<b>\$26.9</b>	<b>\$16.7</b>
<b>Counties</b>					
New Money	\$680.3	\$1,528.7	\$1,190.6	\$903.8	\$1,167.0
Refunding	861.4	167.7	1,094.5	795.5	1,250.6
<b>Total Par Issued</b>	<b>\$1,541.7</b>	<b>\$1,696.3</b>	<b>\$2,285.1</b>	<b>\$1,699.4</b>	<b>\$2,417.5</b>
<b>Community and Junior College Districts</b>					
New Money	\$652.4	\$231.1	\$808.0	\$648.9	\$503.0
Refunding	165.3	50.8	196.3	644.8	92.9
<b>Total Par Issued</b>	<b>\$817.7</b>	<b>\$281.9</b>	<b>\$1,004.3</b>	<b>\$1,293.7</b>	<b>\$595.9</b>
<b>Health/Hospital Districts and Authorities</b>					
New Money	\$285.1	\$13.8	\$175.7	\$38.2	\$76.4
Refunding	49.4	245.3	339.3	56.1	120.2
<b>Total Par Issued</b>	<b>\$334.5</b>	<b>\$259.1</b>	<b>\$515.1</b>	<b>\$94.3</b>	<b>\$196.6</b>
<b>Total New Money</b>	<b>\$15,170.8</b>	<b>\$15,222.6</b>	<b>\$16,332.3</b>	<b>\$17,753.4</b>	<b>\$22,543.4</b>
<b>Total Refunding</b>	<b>\$5,947.0</b>	<b>\$4,180.3</b>	<b>\$11,361.2</b>	<b>\$14,183.6</b>	<b>\$6,670.9</b>
<b>Total Par</b>	<b>\$21,117.7</b>	<b>\$19,403.0</b>	<b>\$27,693.5</b>	<b>\$31,937.0</b>	<b>\$29,214.3</b>

\*Excludes commercial paper and conduit debt.

Source: Texas Bond Review Board - Bond Finance Office.



### Rate of Debt Retirement

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. For debt outstanding as of fiscal year-end 2022, Texas local governments will repay 25.5 percent (\$47.43 billion) of tax-supported debt within five years, 49.8 percent (\$92.72 billion) within 10 years, and 87.0 percent (\$162.11 billion) within 20 years (*Table 2.3*). As of August 31, 2022, the final maturity for tax-supported debt was 39 years.

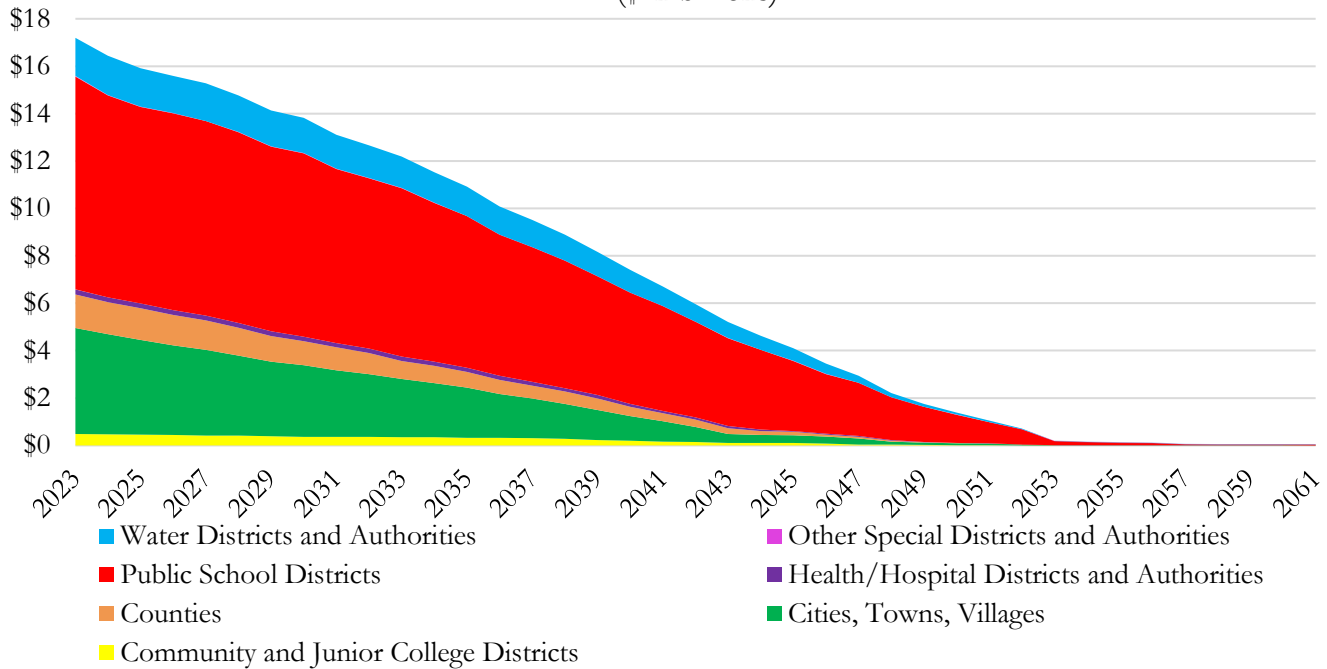
Table 2.3 Texas Local Government Rate of Tax-Supported Debt Retirement* (\$ in millions)						
DEBT REPAID WITHIN:	Five Years	Percent of Total	Ten Years	Percent of Total	Twenty Years	Percent of Total
Public School Districts	22,279.0	21.4%	45,670.4	43.9%	85,847.8	82.6%
Cities, Towns, Villages	13,829.9	34.8%	24,953.1	62.7%	37,967.9	95.4%
Water Districts and Authorities	5,037.9	23.4%	10,167.4	47.2%	18,802.9	87.3%
Other Special Districts and Authorities	53.9	34.4%	98.0	62.6%	145.2	92.7%
Counties	4,394.3	33.3%	8,184.2	62.0%	12,488.9	94.6%
Community and Junior College Districts	1,317.1	25.6%	2,557.6	49.7%	4,669.7	90.7%
Health/Hospital Districts and Authorities	516.0	21.0%	1,084.6	44.2%	2,182.5	88.9%
<b>TOTALS</b>	<b>\$47,428.1</b>	<b>25.5%</b>	<b>\$92,715.4</b>	<b>49.8%</b>	<b>\$162,105.0</b>	<b>87.0%</b>

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

### Tax-Supported Debt Service Outstanding

As of August 31, 2022, tax-supported debt-service requirements (principal and interest) projected over the life of the debt totaled \$268.50 billion, with all scheduled payments made by fiscal year 2062. *Figure 2.4* illustrates annual tax-supported debt-service requirements for each of the local government types.

Figure 2.4  
**Texas Local Government  
 Tax-Supported Debt-Service Requirements\***  
 (\$ in billions)



\*Excludes commercial paper, Build America Bond subsidy, and conduit debt.

Source: Texas Bond Review Board - Bond Finance Office.

## Chapter 3

### Texas Local Government Revenue Debt

#### Overview

Revenue debt includes debt 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.

Excluding conduit debt, Texas local governments had \$97.42 billion in revenue debt outstanding as of fiscal year-end 2022, an increase of \$5.58 billion (6.1 percent) over the 2021 total of \$91.85 billion, and a 21.0 percent (\$16.93 billion) increase over the past five fiscal years, from \$80.50 billion in 2018 (*Table 3.1*).

Cities, Towns, Villages (Cities) accounted for 51.9 percent (\$50.58 billion) of the total revenue local debt outstanding, Water Districts and Authorities (WDs) accounted for 22.7 percent (\$22.15 billion), Other Special Districts (OSDs) accounted for 20.4 percent (\$19.87 billion) and the remaining 5.0 percent (\$4.82 billion) was attributable to Public School Districts, Community and Junior College Districts (CCDs), Counties, and Health and Hospital Districts and Authorities (HHDs).

Cities revenue debt increased by 20.3 percent from \$42.03 billion to \$50.58 billion in the five-year period. According to the U.S. Census Bureau, population growth in the state increased 4.4 percent (1.24 million) from 2017 to 2021 (most recent data available, released December 2021). 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 Cities revenue debt has been used to finance general purpose needs, utility-related projects, including water, wastewater, and, in some localities, electric utility systems. Of the total Cities revenue debt outstanding, the Big 6 Cities (Houston, San Antonio, Dallas, Austin, Fort Worth, and El Paso, including revenue debt issued by the Dallas/Fort Worth International Airport) accounted for an average of 79.6 percent over the last five years and 81.4 percent over the last 10 years. Separately, WD revenue debt increased 44.4 percent from \$15.34 billion to \$22.15 billion in the five-year period, and Public School Districts, CCDs, HHDs, and Counties revenue debt all decreased during the same time period.

Table 3.1  
Texas Local Government  
Revenue Debt Outstanding by Fiscal Year\*  
(amounts in millions)

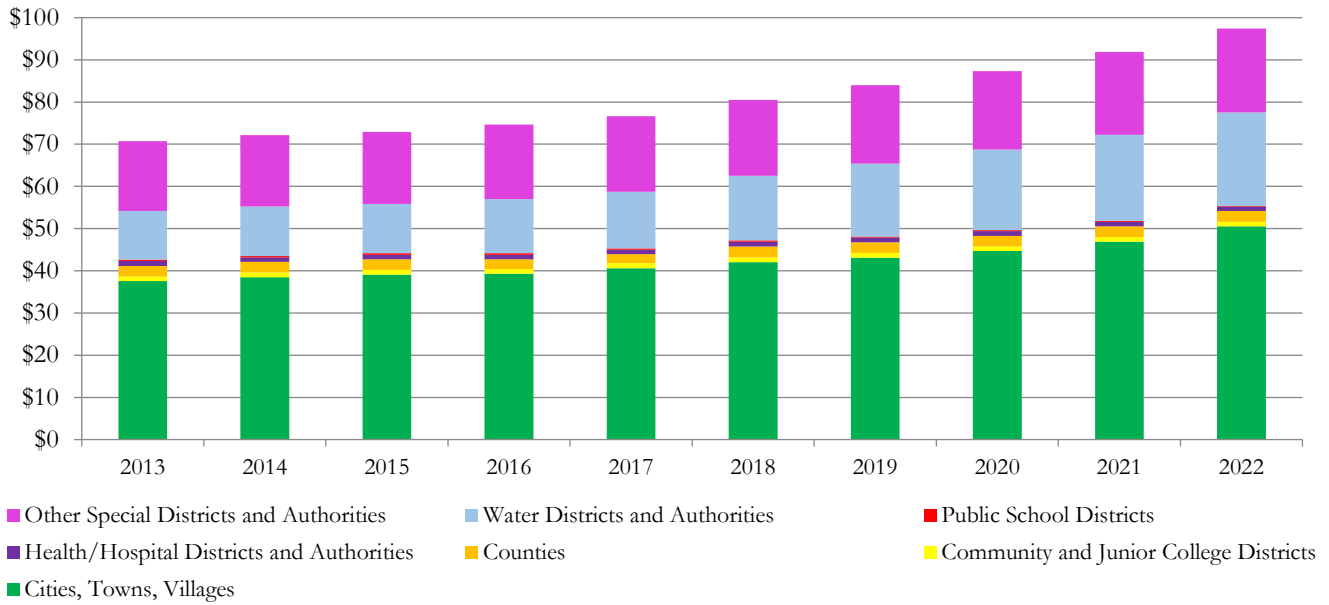
	8/31/2018	8/31/2019	8/31/2020	8/31/2021	8/31/2022
Public School Districts	\$268.7	\$258.8	\$219.4	\$196.3	\$177.6
Cities, Towns, Villages	42,027.2	43,084.1	44,685.9	46,876.5	50,578.4
Water Districts and Authorities	15,338.9	17,278.5	19,085.2	20,436.2	22,148.0
Other Special Districts and Authorities	17,963.4	18,568.8	18,571.7	19,583.9	19,874.6
Counties	2,538.8	2,486.3	2,485.3	2,577.2	2,512.9
Community and Junior College Districts	1,184.4	1,181.2	1,080.3	1,078.6	1,056.6
Health/Hospital Districts and Authorities	1,175.9	1,125.1	1,177.1	1,098.6	1,076.1
<b>Total Revenue Debt Outstanding*</b>	<b>\$80,497.2</b>	<b>\$83,982.9</b>	<b>\$87,304.9</b>	<b>\$91,847.2</b>	<b>\$97,424.1</b>

\*Includes commercial paper; excludes conduit debt.

Source: Texas Bond Review Board - Bond Finance Office.

Over the past 10 fiscal years, revenue debt outstanding has increased \$26.71 billion (37.8 percent) from \$70.72 billion in 2013. *Figure 3.1* illustrates local revenue debt outstanding by category over the past 10 fiscal years.

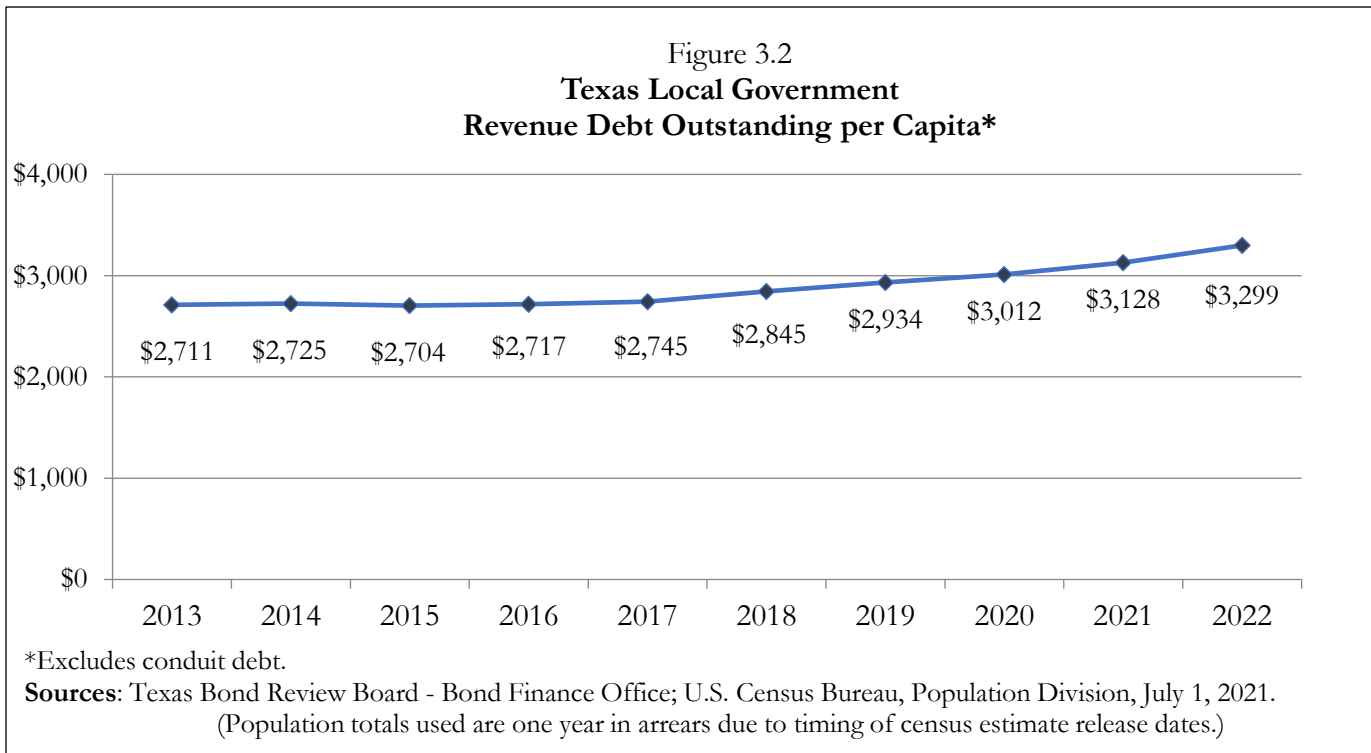
Figure 3.1  
**Texas Local Government  
 Revenue Debt Outstanding by Fiscal Year\***  
 (amounts in billions)



\*Excludes conduit debt; includes commercial paper.  
 Source: Texas Bond Review Board - Bond Finance Office.

### Revenue Debt per Capita

Local government revenue debt per capita increased over the past 10 years by 21.7 percent (or \$588 per person) from \$2,711 per capita in fiscal year 2013 to \$3,299 per capita in fiscal year 2022. Over this time, the state’s population increased by an estimated 13.2 percent (3.4 million), based on July 2021 U.S. Census Bureau population estimates, which were released December 2021 (*Figure 3.2*).



### Revenue Debt Issuance

Excluding conduit debt, new revenue debt issued during fiscal year 2022 totaled \$14.39 billion (\$6.60 billion in new money and \$7.80 billion in refunding debt). This is a decrease of 7.2 percent from the total of \$15.51 billion issued in fiscal year 2021 but an increase of 25.1 percent from the total of \$11.51 billion issued in fiscal year 2018.

During this five-year period, Cities have consistently issued the most revenue debt. In fiscal year 2018, Cities completed 110 issues for a total of \$4.66 billion (40.5 percent of the 2018 total), of which \$2.55 billion was new money debt and \$2.11 billion was refunding debt. In 2022, Cities completed 136 issues for a total of \$8.33 billion (57.9 percent of the 2022 total), of which \$3.75 billion was new money debt and \$4.58 billion was refunding debt. Cities revenue debt includes debt issued by the Dallas/Fort Worth International Airport.

Revenue debt issued over the past five fiscal years, excluding commercial paper and conduit debt, is shown in *Table 3.2* below.

Table 3.2  
**Texas Local Government**  
**Revenue Debt Issuance by Fiscal Year\***  
(\$ in millions)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Issuers</b>	139	120	140	163	140
<b>Issuances</b>	228	201	254	300	261
<b>Public School Districts</b>					
New Money	\$0.0	\$18.0	\$1.0	\$11.2	\$0.0
Refunding	0.0	28.1	29.7	0.0	0.0
<b>Total Par Issued</b>	<b>\$0.0</b>	<b>\$46.1</b>	<b>\$30.7</b>	<b>\$11.2</b>	<b>\$0.0</b>
<b>Cities, Towns, Villages</b>					
New Money	\$2,553.4	\$2,061.8	\$2,034.8	\$2,529.2	\$3,750.1
Refunding	2,106.1	2,590.6	6,262.3	3,950.1	4,578.2
<b>Total Par Issued</b>	<b>\$4,659.5</b>	<b>\$4,652.3</b>	<b>\$8,297.1</b>	<b>\$6,479.3</b>	<b>\$8,328.3</b>
<b>Water Districts and Authorities</b>					
New Money	\$2,383.9	\$2,282.5	\$2,258.2	\$1,387.2	\$2,024.4
Refunding	563.4	516.9	1,491.0	1,883.0	1,300.8
<b>Total Par Issued</b>	<b>\$2,947.3</b>	<b>\$2,799.4</b>	<b>\$3,749.2</b>	<b>\$3,270.2</b>	<b>\$3,325.1</b>
<b>Other Special Districts and Authorities</b>					
New Money	\$35.3	\$1,183.9	\$178.2	\$1,032.9	\$726.8
Refunding	2,909.4	1,324.5	645.0	3,949.5	1,382.4
<b>Total Par Issued</b>	<b>\$2,944.7</b>	<b>\$2,508.4</b>	<b>\$823.2</b>	<b>\$4,982.4</b>	<b>\$2,109.2</b>
<b>Counties</b>					
New Money	\$443.1	\$5.1	\$5.1	\$434.3	\$6.1
Refunding	220.6	136.3	90.3	34.0	389.1
<b>Total Par Issued</b>	<b>\$663.7</b>	<b>\$141.3</b>	<b>\$95.3</b>	<b>\$468.2</b>	<b>\$395.1</b>
<b>Community and Junior College Districts</b>					
New Money	\$30.3	\$118.6	\$0.0	\$80.3	\$45.7
Refunding	45.9	26.9	25.2	153.7	18.4
<b>Total Par Issued</b>	<b>\$76.3</b>	<b>\$145.4</b>	<b>\$25.2</b>	<b>\$233.9</b>	<b>\$64.1</b>
<b>Health/Hospital Districts and Authorities</b>					
New Money	\$212.8	\$25.6	\$109.7	\$40.9	\$43.6
Refunding	2.6	0.0	2.7	22.2	126.7
<b>Total Par Issued</b>	<b>\$215.4</b>	<b>\$25.6</b>	<b>\$112.4</b>	<b>\$63.1</b>	<b>\$170.3</b>
<b>Total New Money</b>	<b>\$5,658.8</b>	<b>\$5,695.4</b>	<b>\$4,587.0</b>	<b>\$5,515.9</b>	<b>\$6,596.6</b>
<b>Total Refunding</b>	<b>\$5,848.1</b>	<b>\$4,623.2</b>	<b>\$8,546.1</b>	<b>\$9,992.5</b>	<b>\$7,795.5</b>
<b>Total Par</b>	<b>\$11,506.8</b>	<b>\$10,318.6</b>	<b>\$13,133.1</b>	<b>\$15,508.4</b>	<b>\$14,392.1</b>

\*Excludes commercial paper and conduit debt.

Source: Texas Bond Review Board - Bond Finance Office.

Revenue new money debt issuance over the past five years has risen from \$5.66 billion in 2018 to \$6.60 billion in 2022. This is an increase of 16.6 percent.

Revenue refunding debt issuance over the past five years has risen from \$5.85 billion in 2018 to \$7.80 billion in 2022. This is an increase of 33.3 percent.

The amounts of Gross Cash Savings and Net Present Value Savings earned from revenue refunding issuance over the past five years have fluctuated from \$910.4 million and \$548.1 million, respectively, in 2018 to \$1.07 billion and \$747.3 million, respectively, in 2022.

During this period, Texas local governments issued \$36.81 billion in revenue refunding debt to realize \$5.52 billion in Gross Cash Savings and \$4.08 billion in Net Present Value Savings.

### Rate of Revenue Debt Retirement

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. For debt outstanding as of fiscal year-end 2022, Texas local governments will repay 20.3 percent (\$19.45 billion) of revenue debt within five years, 41.3 percent (\$39.63 billion) within 10 years, and 78.7 percent (\$75.52 billion) within 20 years (*Table 3.3*). As of August 31, 2022, the final maturity for revenue debt was 40 years.

Table 3.3  
**Texas Local Government  
Rate of Revenue Debt Retirement\***  
(\$ in millions)

DEBT REPAID WITHIN:	Percent		Percent		Percent	
	Five Years	of Total	Ten Years	of Total	Twenty Years	of Total
Public School Districts	\$75.8	42.7%	\$131.3	74.0%	\$176.5	99.4%
Cities, Towns, Villages	10,659.4	21.4%	21,730.7	43.7%	40,183.3	80.9%
Water Districts and Authorities	4,426.4	20.4%	9,109.7	41.9%	17,077.6	78.5%
Other Special Districts and Authorities	3,270.7	16.5%	6,565.3	33.2%	14,242.7	72.1%
Counties	444.3	17.9%	999.9	40.3%	1,924.7	77.5%
Community and Junior College Districts	364.4	34.5%	685.6	64.9%	1,016.5	96.2%
Health/Hospital Districts and Authorities	204.0	19.0%	404.2	37.6%	896.7	83.3%
<b>TOTALS</b>	<b>\$19,445.1</b>	<b>20.3%</b>	<b>\$39,626.6</b>	<b>41.3%</b>	<b>\$75,517.9</b>	<b>78.7%</b>

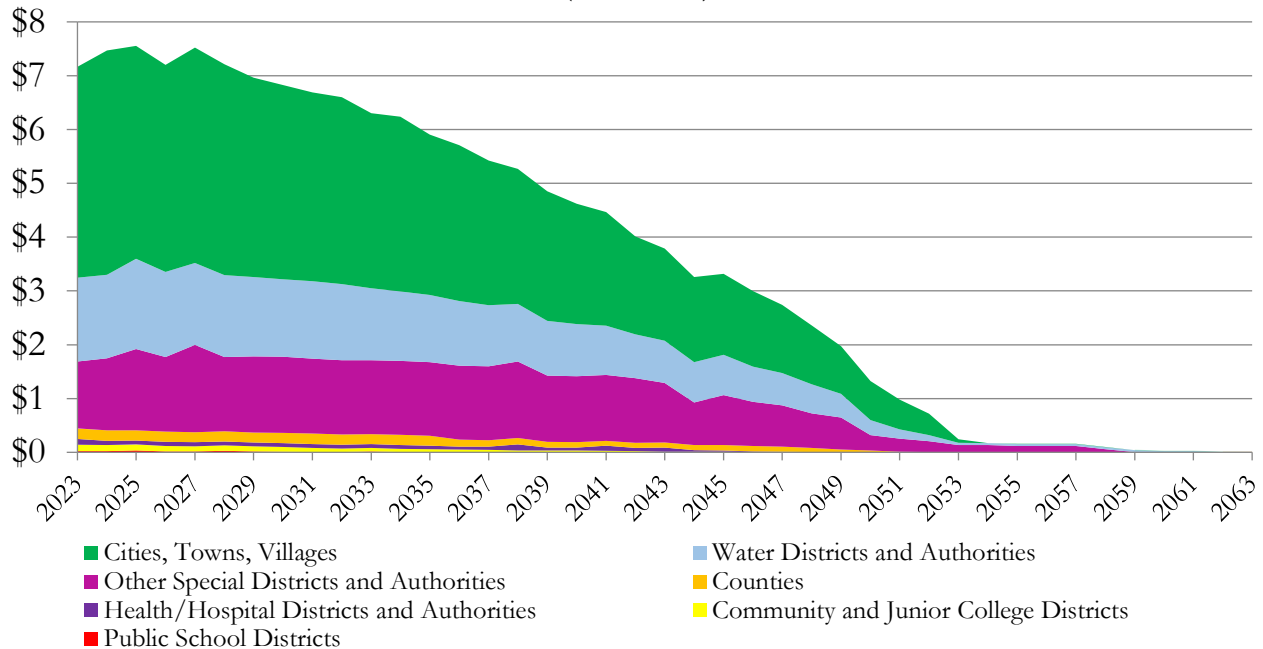
\*Excludes commercial paper and conduit debt.

Source: Texas Bond Review Board - Bond Finance Office.

### Revenue Debt Service Outstanding

As of August 31, 2022, scheduled revenue debt-service requirements (principal and interest) projected over the life of the debt totaled \$148.54 billion, with all scheduled payments made by fiscal year 2064. *Figure 3.3* illustrates the scheduled annual revenue debt-service requirements for each of the local government types.

Figure 3.3  
**Texas Local Government**  
**Revenue Debt-Service Requirements by Fiscal Year\***  
 (\$ in billions)



\*Excludes commercial paper, Build America Bond subsidy, and conduit debt.

Source: Texas Bond Review Board - Bond Finance Office.



## Chapter 4

### Capital Appreciation Bonds

#### Overview

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, and CABs can be more expensive than CIBs because of the compounding interest. However, CABs can be an effective financing tool if they are used moderately and with reasonable terms.

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

Over the past decade, total CAB maturity amounts outstanding have decreased by 45.4 percent from \$16.57 billion in fiscal year 2013 to \$9.05 billion in fiscal year 2022. Additionally, CAB maturity amounts outstanding have decreased 2.5 percent from \$9.28 billion outstanding in fiscal year 2021. The outstanding CAB maturities range from fiscal years 2023 to 2057.

Heavy use of CABs can result in rating agency downgrades.

CABs are often used to refund existing CAB and CIB debt.

#### **CABs Issued**

*Table 4.1* shows that the total CAB par issued for Texas local governments during fiscal year 2022 was 0.4 percent (\$161.8 million) of the total CAB and CIB debt issued (\$43.61 billion). Other Special District (OSD) issuances accounted for 66.8 percent (\$108.1 million) of the total CABs issued for local governments during fiscal year 2022. Of the total par issued by OSDs, 5.1 percent was issued as CAB par. Since fiscal year 2010, Public School Districts (School Districts) have issued the most CAB debt of all government types. In fiscal year 2022, School Districts issued 30.8 percent (\$49.8 million) of the total CABs issued. Fiscal Year 2022 marks the first time since 2009 that OSDs issued more CABs than School Districts. CABs have been used by School Districts to enable them to remain under the 50-cent debt ceiling that limits the property taxes assessed for debt service costs to 50 cents per \$100 of assessed value. CAB issuances by School Districts are general obligation (tax) debt repaid with ad valorem taxes.

For CAB debt previously issued and outstanding in fiscal year 2022, Texas local governments will owe \$5.27 in interest and principal for every \$1 of principal borrowed.

The 84<sup>th</sup> Legislature (2015) passed House Bill 114, effective September 1, 2015, which prohibits Texas local governments from issuing CABs secured by property taxes with terms of more than 20 years and (with some exceptions) from refunding CABs to extend their maturity dates. It also limits each government's CAB debt to no more than 25 percent of its total outstanding bond debt, including principal and interest. The 85<sup>th</sup> Legislature (2017) passed Senate Bill 295, which extends the allowed maturity date for CABs issued for refunding purposes and financing transportation projects.

Table 4.1 Texas Local Government Capital Appreciation Bonds Issued in Fiscal Year 2022 (\$ in thousands)							
Entity Type	Total Par Issued (CIB and CAB)	CAB Par	CAB Par/ Total Par	% of CAB Par Issued	CAB Premium	CAB Maturity Amount	% of CAB Maturity Amount
Public School Districts	\$15,773,126	\$49,871	0.32%	30.82%	\$72,504	\$146,585	30.22%
Cities, Towns, Villages	15,048,717	0	0.00%	0.00%	0	0	0.00%
Water Districts	6,819,189	693	0.01%	0.43%	6,210	10,000	2.06%
Counties	2,812,658	0	0.00%	0.00%	0	0	0.00%
Other Special Districts	2,125,943	108,140	5.09%	66.84%	0	324,015	66.81%
Comm Colleges/Junior Colleges	659,935	3,095	0.47%	1.91%	1,062	4,395	0.91%
Health/Hospital Districts	366,906	0	0.00%	0.00%	0	0	0.00%
<b>Total</b>	<b>\$43,606,474</b>	<b>\$161,800</b>	<b>0.37%</b>	<b>100.00%</b>	<b>\$79,775</b>	<b>\$484,995</b>	<b>100.00%</b>

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

Table 4.2 shows CAB issued amounts for the last five fiscal years. Since 2018, the total amount of CAB par issued has increased 834.0 percent from \$17.3 million in fiscal year 2018 to \$161.8 million in fiscal year 2022.

Table 4.2 Texas Local Government Capital Appreciation Bonds Par Amount Issued by Fiscal Year (\$ in millions)					
	2018	2019	2020	2021	2022
Public School Districts	\$16.3	\$1.5	\$91.7	\$118.7	\$49.9
Cities, Towns, Villages	0.4	-	0.4	-	-
Water Districts and Authorities	0.6	0.3	1.2	3.7	0.7
Other Special Districts and Authorities	-	-	-	-	108.1
Counties	-	-	1.2	0.7	-
Community and Junior Colleges	-	-	0.3	1.7	3.1
Health/Hospital Districts and Authorities	-	-	-	-	-
<b>Total CAB Par Amount Issued</b>	<b>\$17.3</b>	<b>\$1.9</b>	<b>\$94.8</b>	<b>\$124.9</b>	<b>\$161.8</b>
<b>Total Par Amount Issued*</b>	<b>\$32,624.6</b>	<b>\$29,721.6</b>	<b>\$40,826.7</b>	<b>\$47,445.4</b>	<b>\$43,606.5</b>
<b>CAB Par Amount % of Total</b>	<b>0.05%</b>	<b>0.01%</b>	<b>0.23%</b>	<b>0.26%</b>	<b>0.37%</b>

\* Includes current interest bonds. Excludes commercial paper authorizations and conduit issuances.  
**Source:** Bond Review Board - Bond Finance Office.

Three ratios have been developed to compare CAB issuances. The first is the “Maturity Value/Par” ratio, which is calculated by dividing the CAB maturity amount by the CAB par amount and represents the total amount to be repaid (principal plus interest) compared to the par amount borrowed. This ratio disregards premiums received on PCABs.

The second is the “Maturity Value/Proceeds” ratio, which is calculated by dividing the CAB maturity amount by the total CAB proceeds, including the additional proceeds received as premium on PCAB issuances. This ratio represents the total amount to be repaid at maturity (principal plus interest) compared to the total amount of proceeds received (par plus premium).

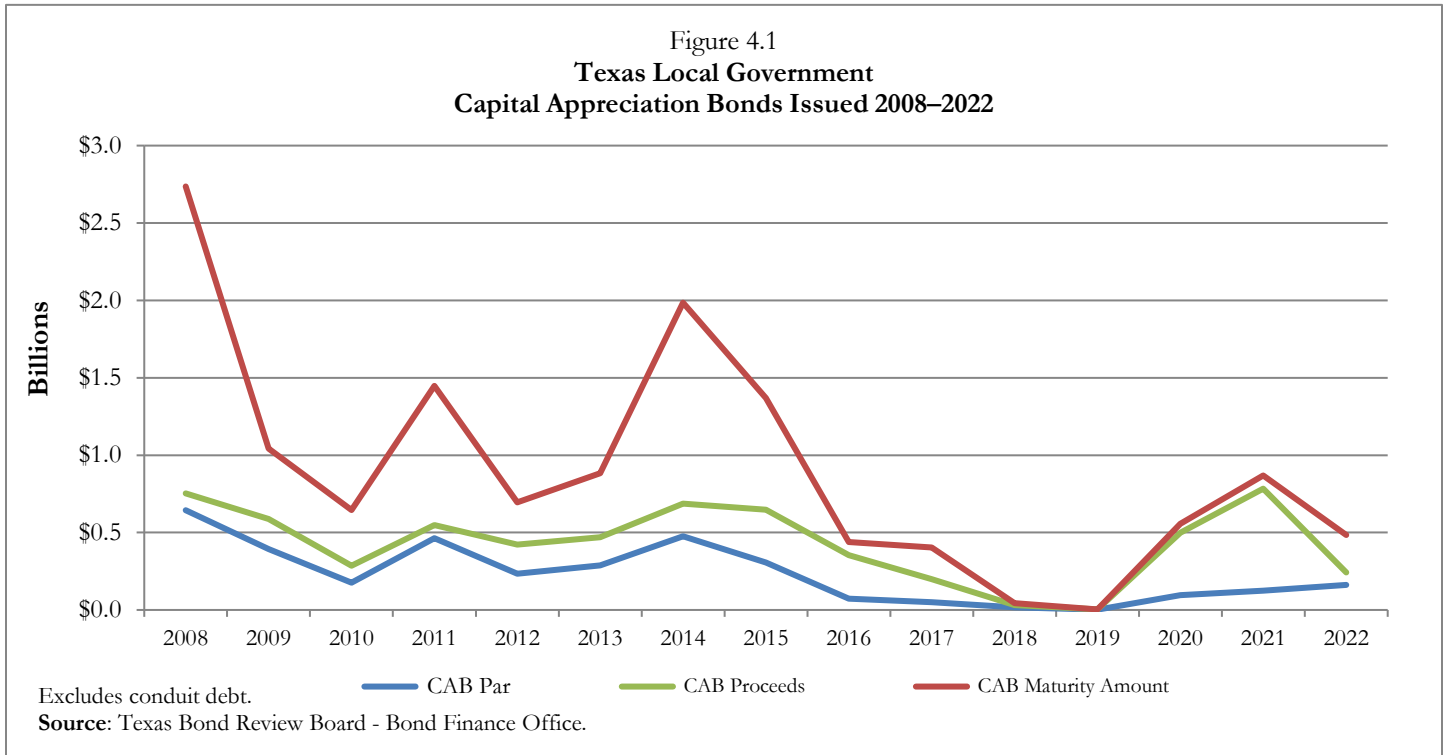
The third is the “Accreted Interest/Proceeds” ratio (AIPR), which is calculated by dividing the CAB maturity amount minus the original par amount by the total proceeds including the CAB premium. This ratio represents the total amount of interest to be paid at maturity compared to the total amount of proceeds received including premium (par plus premium).

Table 4.3 lists the top 20 most expensive CABs issued and outstanding as of fiscal year-end 2022 as defined by the “Maturity Value/Proceeds” ratio. CABs become increasingly more expensive as interest continues to compound with longer term maturities. For comparison, the Maturity Value/Proceeds ratio for CIBs is generally less than 2.0 and the AIPR is generally less than 1.0. The decline in the Maturity Value/Proceeds ratio compared to the Maturity Value/Par ratio shows the effect of including the premiums on PCABs in the comparison. When the Maturity Value/Proceeds ratio equals the Maturity Value/Par ratio, this means the CAB was sold at par without generating a premium.

Table 4.3 Texas Local Government Top 20 Most Expensive Capital Appreciation Bonds Outstanding as of August 31, 2022						
Issuer	Issue	Closing Date	CAB Maturity Date	Maturity Value/Par	Maturity Value/Proceeds	Accreted Interest/Proceeds Ratio
Forney ISD	Unl Tax Ref Bonds Txbl Ser 2014A	2/18/2014	8/15/2053	12.69	10.87	10.01
Forney ISD	Unl Tax Ref Bonds Ser 2014	2/18/2014	8/15/2053	10.17	8.34	7.52
Harris County-Houston Sports Authority	Sr Lien Rev Ref Bonds Ser 2001A	5/17/2001	5/15/2041	7.10	7.10	6.10
Forney ISD	Unl Tax Ref Bonds Txbl Ser 2013B	8/27/2013	8/15/2043	7.94	6.89	6.03
Hutto ISD	Unl Tax Ref Bonds Ser 2012A	5/3/2012	8/1/2044	249.18	6.71	6.68
Harris County-Houston Sports Authority	Third Lien Rev Ref Bonds Ser 2004A-3	8/5/2004	5/15/2040	6.41	6.41	5.41
Harris County-Houston Sports Authority	Jr Lien Rev Bonds Ser 2001H	1/2/2002	5/15/2042	6.15	6.15	5.15
Anna ISD	Unl Tax School Bldg Bonds Ser 2010	4/8/2010	8/15/2043	12.00	5.82	5.33
Forney ISD	Unl Tax Ref Bonds Ser 2013A	8/27/2013	8/15/2043	9.35	5.49	4.90
Lake Worth ISD	Unl Tax Ref Bonds Ser 1995	9/21/1995	8/15/2024	8.25	5.31	4.66
Anna ISD	Unl Tax School Bldg Bonds Ser 2009	10/15/2009	8/15/2042	7.57	5.26	4.56
Galena Park ISD	Unl Tax School Bldg & Ref Bonds Ser 1996	8/20/1996	8/15/2031	6.09	5.11	4.27
Crowley ISD	Unl Tax Ref & School Bldg Bonds Ser 1993	5/19/1993	8/1/2023	9.87	5.04	4.53
Central Texas Regional Mobility Auth	Sr Lien Rev Bonds Ser 2010	3/11/2010	7/1/2040	5.03	5.03	4.03
Hillsboro ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	2/15/2001	8/15/2031	75.90	4.94	4.88
Alvarado ISD	Unl Tax Ref Bonds Ser 1995	6/29/1995	8/15/2025	14.78	4.83	4.50
Frisco ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/24/2002	8/15/2034	11.65	4.79	4.37
Crowley ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	2/19/2002	8/1/2031	47.10	4.78	4.67
Harris County-Houston Sports Authority	Sr Lien Rev Ref Bonds Ser 2014A	12/23/2014	5/15/2054	4.77	4.77	3.77
Frisco ISD	Unl Tax School Bldg & Ref Bonds Ser 1999	8/10/1999	8/15/2029	59.78	4.73	4.65

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

Figure 4.1 illustrates the total CAB par amount issued, the total proceeds received (including premiums on PCABs), and CAB maturity amounts (total debt-service owed at maturity) since 2008.



## CABs Outstanding

Table 4.4 provides a comparison between the total CAB debt outstanding and total CIB and CAB debt outstanding for each type of local government entity. The CAB maturity amount outstanding (principal plus interest) is 2.2 percent (\$9.05 billion) of total debt-service owed by local governments. School Districts owe the most CAB debt service at 44.7 percent of total CAB debt-service owed among all local governments. While CAB par was 0.6 percent of total CIB and CAB par outstanding at fiscal year-end 2022, CAB interest accounted for 5.4 percent of total interest owed.

Table 4.4

### Texas Local Government

#### Capital Appreciation Bonds Outstanding as of August 31, 2022 (\$ in thousands)

Entity Type	Total Par Outstanding (CIB+CAB)	CAB Par Outstanding	CAB Par/ Total Par	Total Interest Outstanding (CIB+CAB)	CAB Interest	CAB Interest/ Total Interest	Total Debt Service (CIB+CAB)	CAB Maturity Amount Outstanding	CAB Maturity Amount/ Total Debt Service	% of CAB Par Outstanding	% of CAB Maturity Amount Outstanding
Public School Districts	\$104,161,641	\$659,120	0.63%	\$53,372,326	\$3,388,651	6.35%	\$157,533,967	\$4,047,771	2.57%	38.36%	44.74%
Cities, Towns, Villages	89,477,986	164,095	0.18%	38,819,042	873,074	2.25%	128,297,028	1,037,168	0.81%	9.55%	11.46%
Water Districts	43,293,945	82,950	0.19%	17,500,674	186,620	1.07%	60,794,618	269,570	0.44%	4.83%	2.98%
Other Special Districts	19,920,926	764,495	3.84%	14,557,107	2,767,106	19.01%	34,478,033	3,531,602	10.24%	44.49%	39.03%
Counties	15,683,440	28,102	0.18%	6,033,047	74,723	1.24%	21,716,487	102,825	0.47%	1.64%	1.14%
Comm Colleges/Junior Colleges	6,203,761	8,433	0.14%	2,559,445	12,927	0.51%	8,763,205	21,360	0.24%	0.49%	0.24%
Health & Hospital Districts	3,530,111	11,149	0.32%	1,924,277	26,757	1.39%	5,454,388	37,906	0.69%	0.65%	0.42%
Total	\$282,271,810	\$1,718,345	0.61%	\$134,765,917	\$7,329,857	5.44%	\$417,037,727	\$9,048,202	2.17%	100.00%	100.00%

Excludes commercial paper, conduit debt and Build America Bond subsidies.

Source: Texas Bond Review Board - Bond Finance Office.

Figure 4.2 below shows the maturity amount (principal plus interest) for each local government entity with CABs outstanding since 2008.

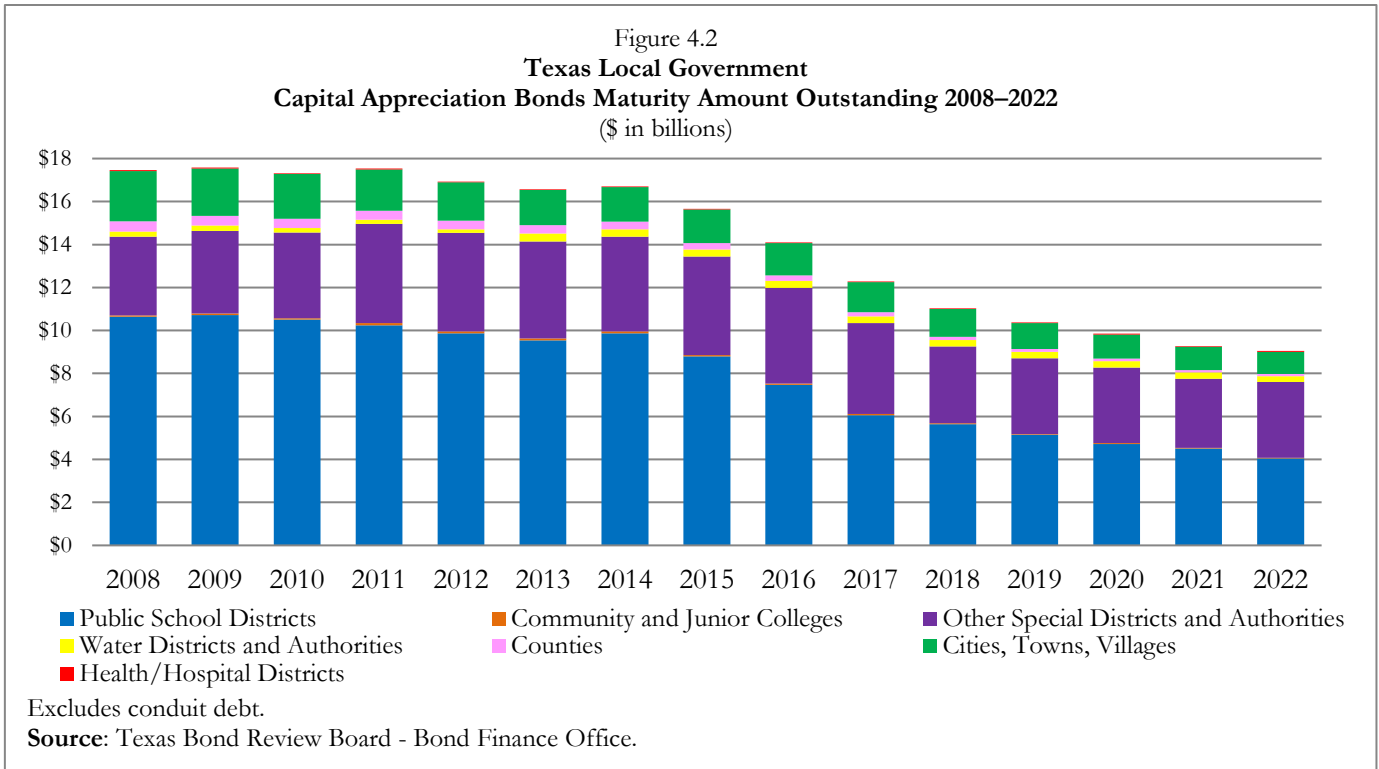


Figure 4.3 shows CIB debt service and CAB debt service for all local governments since 2008. In fiscal year 2022, CAB maturity amounts accounted for 2.2 percent (\$9.05 billion) of the total debt service outstanding.

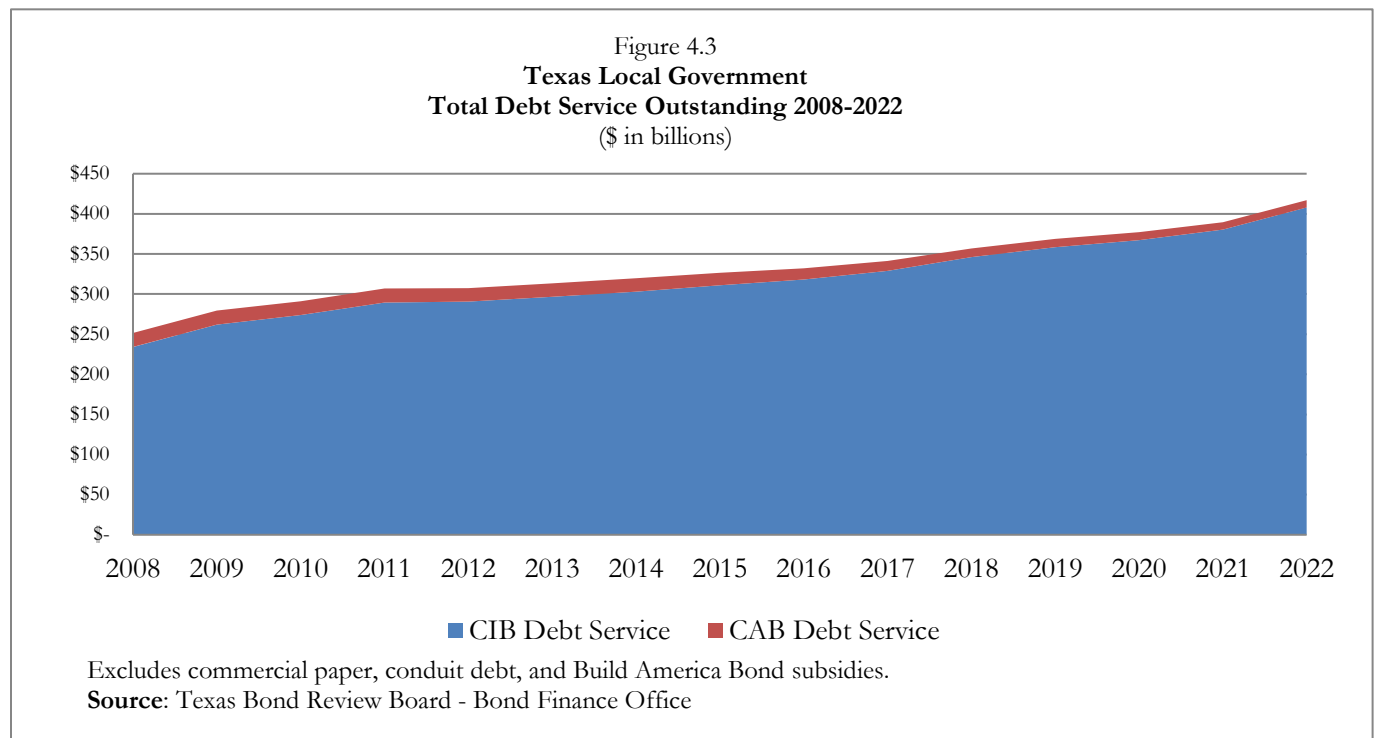


Figure 4.4 compares the ratio of total debt service to total par outstanding for CIB and CAB debt for all local governments. On average, issuers of CAB debt paid \$3.73 in principal and interest for every \$1 of principal borrowed since 2008 compared to \$1.61 for CIB debt.

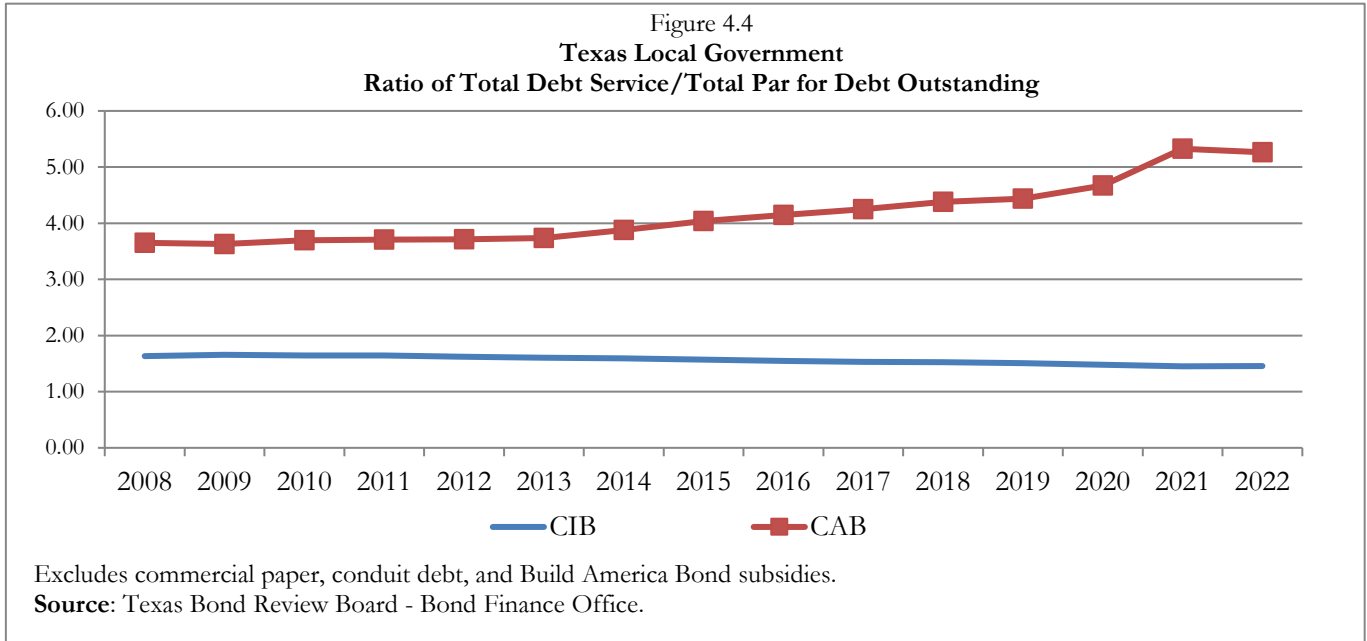
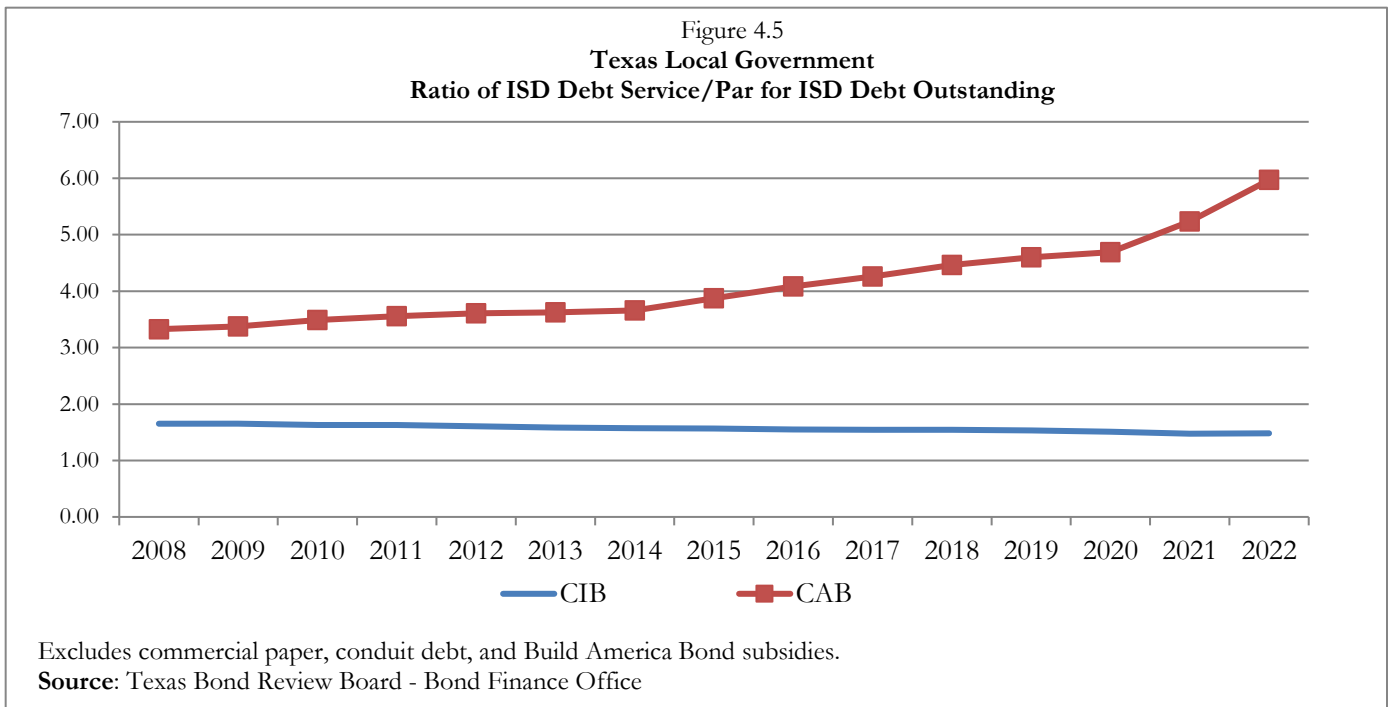


Figure 4.5 compares the ratio of School District debt service to ISD debt outstanding for CIB and CAB debt. On average, School Districts paid \$4.31 in principal and interest for every \$1 of principal borrowed since 2008 for CAB debt compared to \$1.57 for CIB debt.



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## Chapter 5 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; the purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way; and 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 of 5 percent of the voters requesting an election is presented.

With the passage of House Bill 1378 during the 84<sup>th</sup> Legislative Session (2015), effective January 1, 2016, a CO may not be issued if the voters rejected a bond proposition for the same purpose within the preceding three years, except in the case of public calamity, public health, or unforeseen damage to public property, or to comply with a state or federal regulation. House Bill 477 passed during the 86<sup>th</sup> Legislative Session (2019), effective September 1, 2019, added additional requirements for the publishing of notices of intention to issue a CO prior to the date the issuer proposes to pass an order or ordinance authorizing the issuance of a CO. Only Counties, certain Cities, Towns, Villages, (Cities), and Health and Hospital Districts and Authorities (HHDs) are authorized to issue COs.

Since fiscal year 2013, CO debt outstanding has increased by 48.2 percent (\$6.24 billion) from \$12.96 billion outstanding in fiscal year 2013 to \$19.21 billion outstanding in fiscal year 2022. Cities accounted for 80.1 percent of the total CO debt outstanding at fiscal year-end 2022 (*Figure 5.1*).

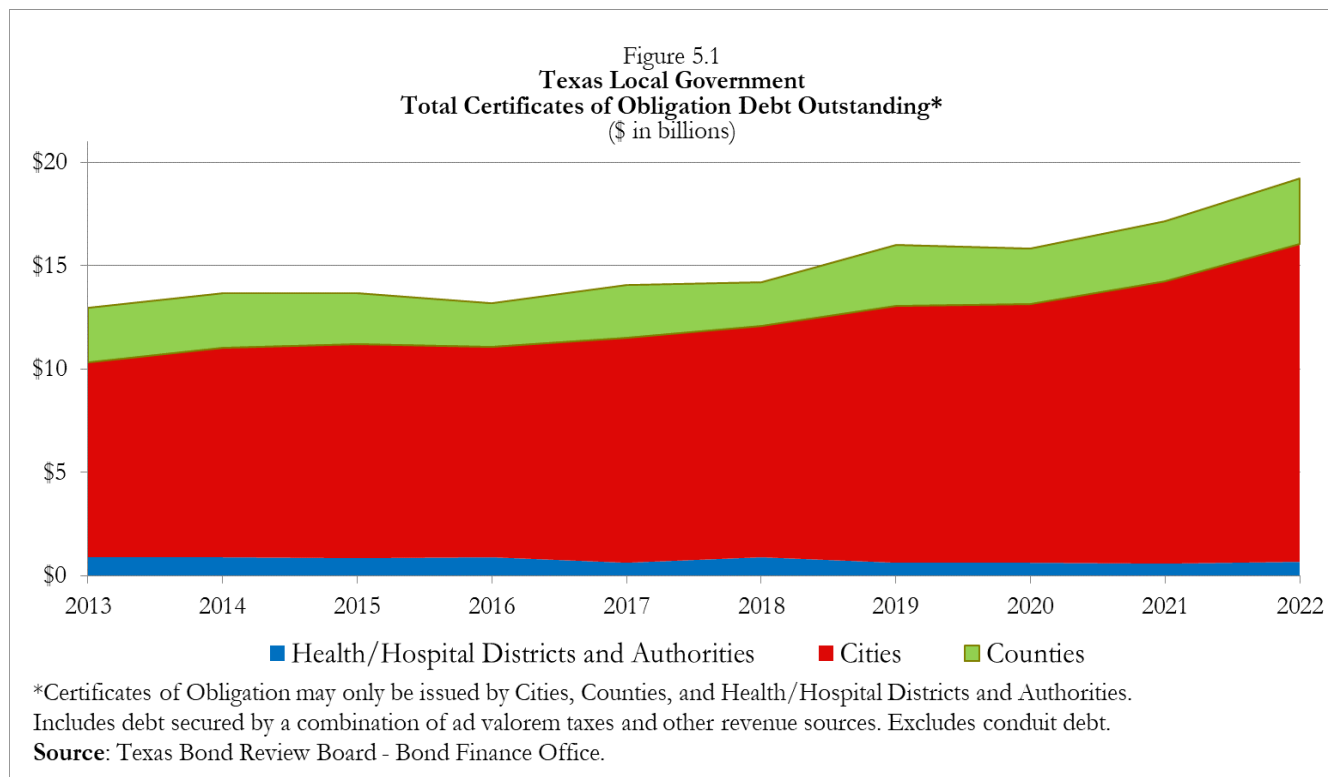
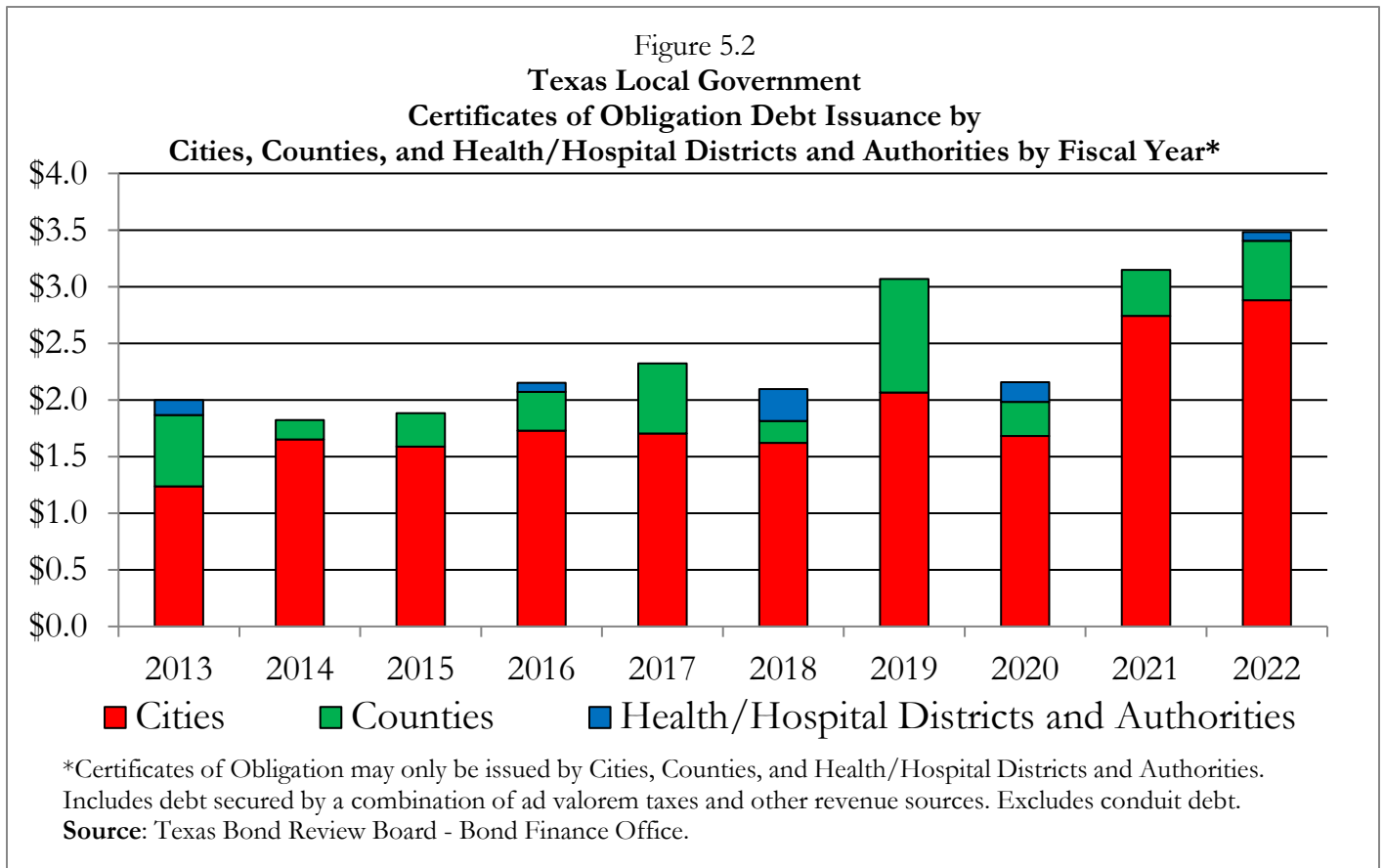


Figure 5.2 illustrates the relative amounts of CO debt issued by Cities, Counties, and HHDs over the past 10 fiscal years.



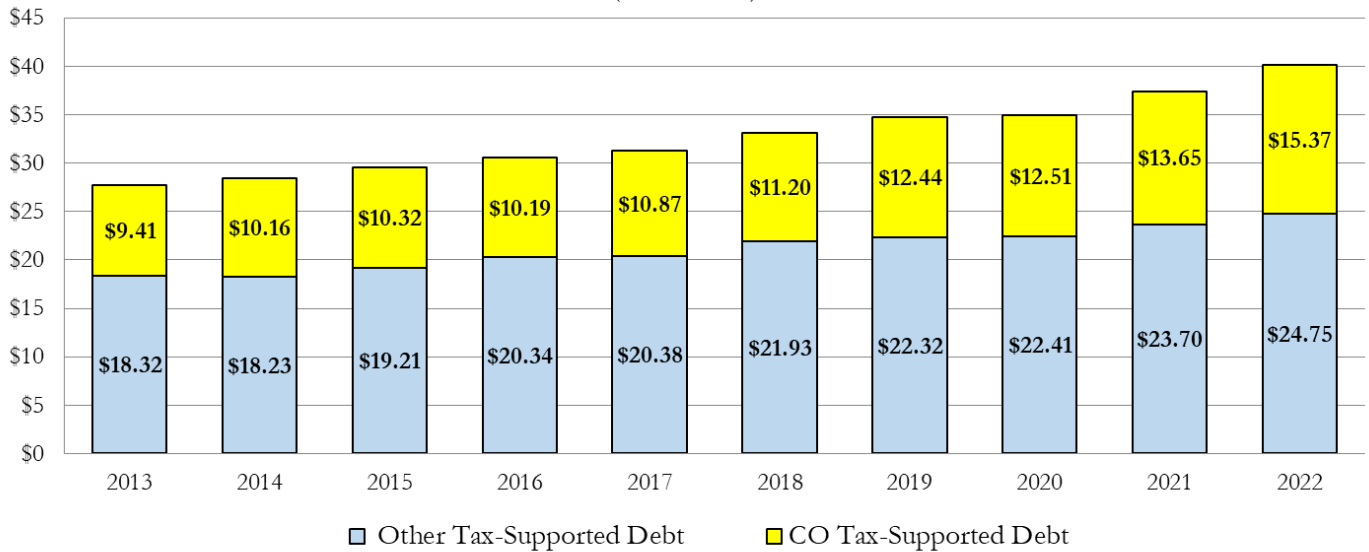
The 20 highest issuers of CO debt accounted for 38.0 percent of all CO debt outstanding (*Table 5.1*).

Table 5.1 <b>Texas Local Government</b> <b>Top 20 Issuers with Certificates of Obligation Debt Outstanding</b> <b>as of August 31, 2022</b> (\$ in millions)	
Denton	\$625.0
San Antonio	590.0
El Paso	584.2
Bexar County	576.2
Travis County	508.0
Waco	461.6
Bexar County Hospital District (University Health System)	391.5
Conroe	349.1
Frisco	345.1
Austin	335.7
College Station	326.8
Lubbock	326.0
Hidalgo County	297.9
Celina	266.7
San Marcos	260.1
Temple	246.3
Dallas County	232.9
Grand Prairie	221.0
Pflugerville	189.4
Odessa	157.9
Subtotal	\$7,291.3
Other CO Issuers	11,917.1
<b>Total</b>	<b>\$19,208.3</b>
Includes debt secured by a combination of ad valorem taxes and other revenue sources.	
Excludes conduit debt.	
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.	

### Cities, Towns, Villages

Over the past 10 fiscal years, tax-supported CO debt outstanding has increased by 63.3 percent (\$5.96 billion) from \$9.41 billion to \$15.37 billion. As of fiscal year 2022, outstanding tax-supported CO debt represents 38.3 percent of the total Cities tax-supported debt outstanding and 16.9 percent of the total Cities debt outstanding, including revenue debt. *Figure 5.3* illustrates the portion of total Cities tax-supported debt attributable to COs. As of fiscal year 2022, 670 Cities had tax-supported CO debt outstanding.

Figure 5.3  
Texas Cities  
Total Tax-Supported Debt Outstanding  
(\$ in billions)



Includes debt secured by a combination of ad valorem taxes and other revenue sources. Amounts may not sum due to rounding.  
Excludes conduit debt.

Source: Texas Bond Review Board - Bond Finance Office

The top 30 Cities with CO debt outstanding accounted for 47.2 percent (\$7.25 billion) of the total Cities CO debt outstanding (*Table 5.2*).

Table 5.2 Texas Cities Top 30 Issuers with Certificates of Obligation Outstanding as of August 31, 2022			
	CO Amount (\$ in millions)	CO Debt per Capita*	CO as % of City Tax-Supported Debt Outstanding
Denton	\$625.0	\$4,219	65.0%
San Antonio	590.0	406	24.5%
El Paso	584.2	861	36.9%
Waco	461.6	3,306	77.3%
Conroe	349.1	3,698	81.0%
Frisco	345.1	1,637	36.9%
Austin	335.7	348	20.8%
College Station	326.8	2,723	75.6%
Lubbock	326.0	1,249	49.8%
Celina	266.7	11,201	95.6%
San Marcos	260.1	3,793	64.4%
Temple	246.3	2,884	69.3%
Grand Prairie	221.0	1,120	48.9%
Pflugerville	189.4	2,832	43.2%
Odessa	157.9	1,404	68.9%
Bryan	148.3	1,708	63.0%
Round Rock	148.3	1,197	46.7%
Pearland	147.4	1,170	35.5%
Richardson	143.9	1,237	41.3%
Waxahachie	138.4	3,191	67.1%
Garland	135.5	560	37.8%
Granbury	131.9	11,546	82.8%
Flower Mound	128.9	1,669	84.9%
Laredo	127.3	497	45.8%
Georgetown	123.8	1,642	34.8%
Abilene	123.4	987	34.1%
Sugar Land	121.6	1,112	40.5%
Leander	118.8	1,770	61.6%
Irving	116.4	458	15.6%
Mansfield	114.8	1,544	83.3%
Subtotal	\$7,253.8		
Other Cities	8,119.7		
<b>Total</b>	<b>\$15,373.5</b>		

Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
Excludes conduit debt.  
\* Population data from the U.S. Census, Population Division, July 2021.  
**Source:** Texas Bond Review Board - Bond Finance Office

The CO debt for the Big 6 accounted for 10.8 percent (\$1.65 billion) of the total Cities' CO debt outstanding (*Table 5.3*).

Table 5.3 Texas Cities Big 6 Cities with Certificates of Obligation Outstanding as of August 31, 2022				
	CO Amount (\$ in millions)	CO Debt per Capita	CO as % of Issuer's Tax-Supported Debt Outstanding	Rank by CO Debt Outstanding
San Antonio	\$590.0	406	24.5%	2nd
El Paso	584.2	861	36.9%	3rd
Austin	335.7	348	20.8%	7th
Fort Worth	71.1	76	7.8%	51st
Dallas	58.7	46	3.0%	60th
Houston	13.0	6	0.4%	213th
<b>Subtotal</b>	<b>\$1,652.7</b>			
Other City CO Issuers	13,720.7			
<b>Total</b>	<b>\$15,373.5</b>			

Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
Excludes conduit debt.  
\* Population data from the U.S. Census, Population Division, July 2021.  
**Source:** Texas Bond Review Board - Bond Finance Office

## Counties

As of August 31, 2022, Texas Counties had \$3.16 billion of CO debt outstanding. Of the Counties with CO debt outstanding, their CO debt accounted for 38.1 percent of their total tax-supported debt outstanding. Of the 87 Counties with CO debt outstanding, the top 20 had \$2.69 billion (85.2 percent) of the total Counties CO debt outstanding (*Table 5.4*).

Table 5.4 Texas Counties Top 20 Issuers of Certificates of Obligation Outstanding as of August 31, 2022			
	CO Amount (\$ in millions)	CO Debt per Capita*	% of Issuer's Tax- Supported Debt
Bexar County	\$576.2	\$284	28.7%
Travis County	508.0	389	51.9%
Hidalgo County	297.9	338	81.1%
Dallas County	232.9	90	98.4%
Fort Bend County	129.8	151	19.5%
Cameron County	121.2	287	56.8%
Brazoria County	94.0	248	69.9%
San Patricio County	86.0	1,234	87.9%
Bell County	76.9	203	52.0%
Nueces County	74.3	211	44.5%
Webb County	71.5	267	67.1%
Potter County	65.4	561	97.2%
Tom Green County	57.1	478	100.0%
Chambers County	52.3	1,071	60.9%
McLennan County	47.0	179	78.1%
Comal County	46.1	264	37.8%
Brazos County	44.7	189	55.0%
Ector County	42.0	260	100.0%
Williamson County	34.7	54	3.0%
Bastrop County	31.7	310	75.0%
Subtotal of Top 20 CO Issuers	\$2,689.7	\$236	39.4%
Other CO Issuers	467.6	108	31.8%
<b>Total</b>	<b>\$3,157.3</b>	<b>\$201</b>	<b>38.1%</b>

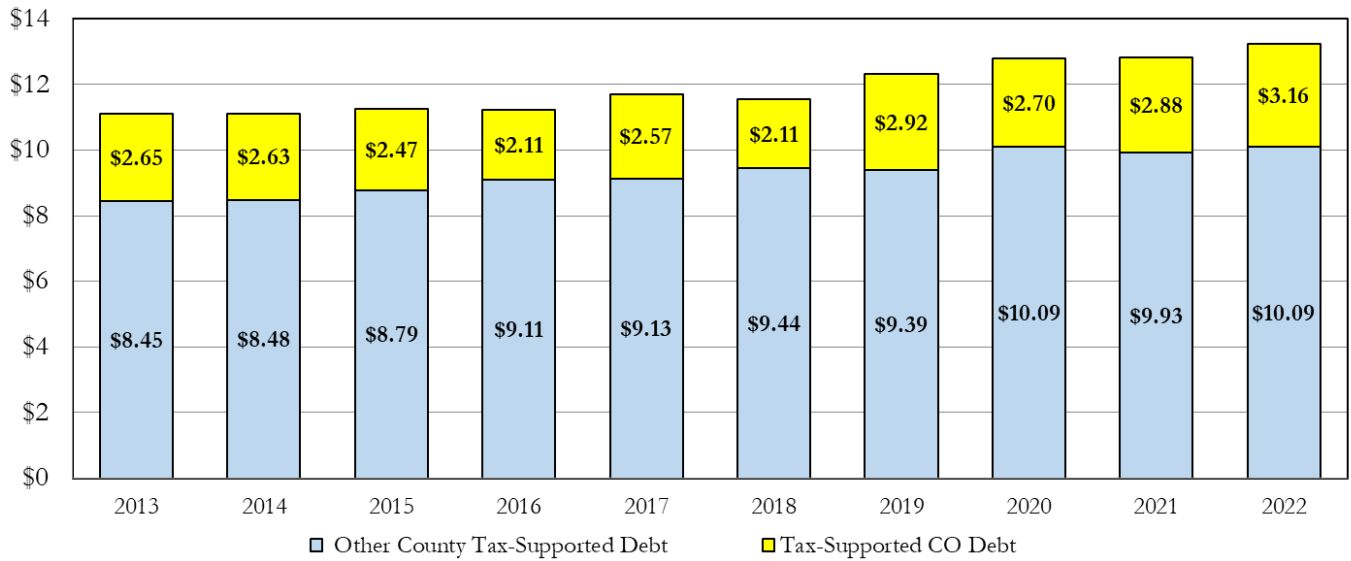
\* Population data from the U.S. Census, Population Division, July 2021. Total population based on issuers with debt outstanding. Excludes conduit debt.

Includes debt secured by a combination of ad valorem taxes and other revenue sources.

**Source:** Texas Bond Review Board - Bond Finance Office.

Over the past 10 fiscal years ending August 31, 2022, Counties CO debt outstanding has increased by 19.1 percent from \$2.65 billion to \$3.16 billion (*Figure 5.4*).

Figure 5.4  
Texas Counties  
Total Tax-Supported Debt Outstanding  
(\$ in billions)



Includes debt secured by a combination of ad valorem taxes and other revenue sources. Amounts may not sum due to rounding.  
Excludes conduit debt.

Source: Texas Bond Review Board - Bond Finance Office.



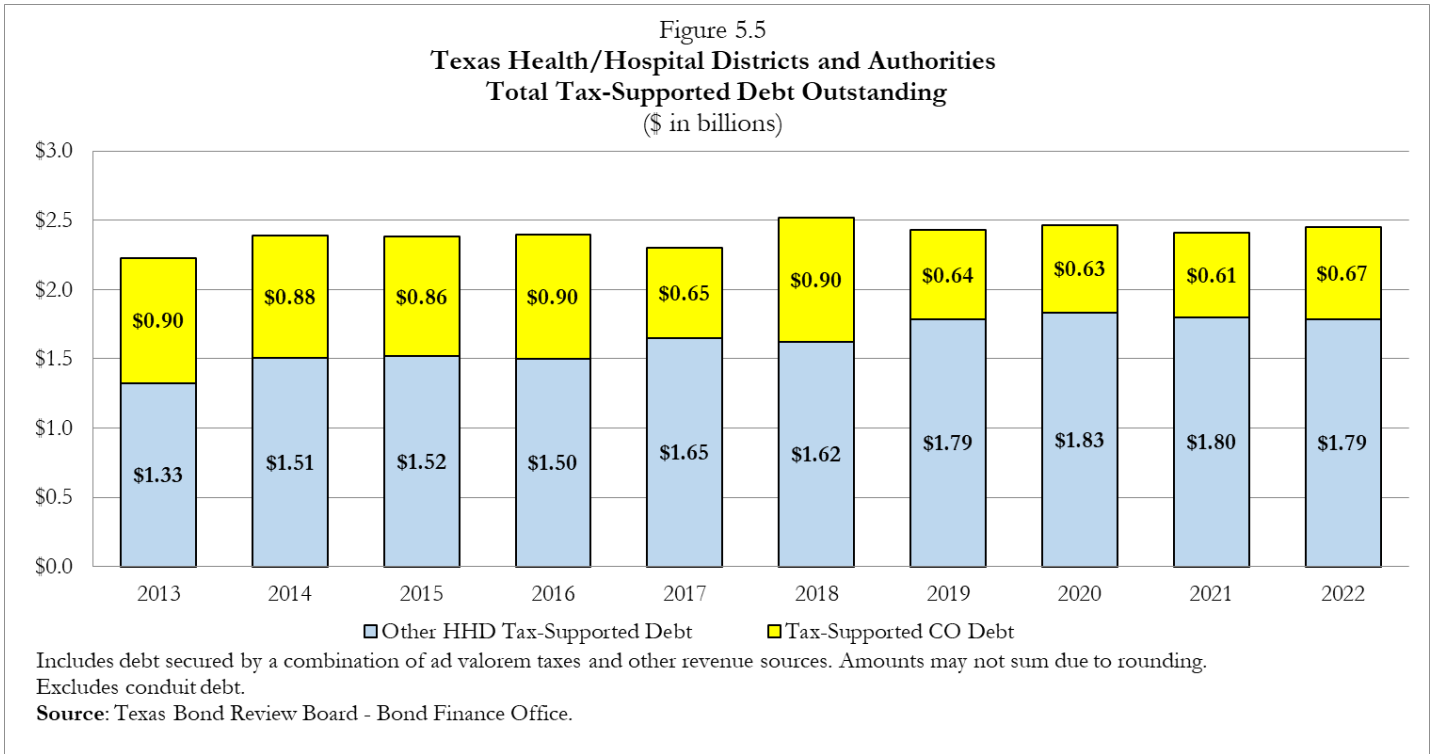
**Health/Hospital Districts and Authorities**

As of August 31, 2022, three HHDs had CO debt outstanding totaling \$667.6 million (Table 5.5). These issuances accounted for 27.2 percent of total HHD tax-supported debt outstanding and 18.9 percent of total HHD debt outstanding, including revenue debt.

<b>Table 5.5</b>		
<b>Texas Health/Hospital Districts and Authorities with Certificates of Obligation Outstanding as of August 31, 2022</b>		
<b>Issuer</b>	<b>Amount*</b> (\$ in millions)	<b>COs as % of Tax-Supported Debt Outstanding</b>
Bexar County Hospital District (University Health System)	\$391.5	44.8%
El Paso County Hospital District	126.6	40.8%
Harris County Hospital District	76.4	100.0%
Travis County Healthcare District	73.2	93.7%
<b>Total</b>	<b>\$667.6</b>	

\*Includes debt secured by a combination of ad valorem taxes and other revenue sources. Excludes conduit debt.  
**Source:** Texas Bond Review Board - Bond Finance Office.

Figure 5.5 shows HHD CO debt outstanding relative to total tax-supported HHD debt outstanding. During the 10-year period, HHD CO debt outstanding decreased 25.7 percent from \$898.3 million in 2013 to \$667.6 million in 2022.



## 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: the first Saturday in May in an odd numbered year; the first Saturday in May in an even numbered year (excluding counties); or the first Tuesday after the first Monday in November.

Texas local governments are not required to provide the Texas Bond Review Board (BRB) with bond election information. Such information has been obtained from various sources, including newspaper articles, the Municipal Advisory Council's *Texas Bond Reporter*, official statements, and the U.S. Department of Justice.

Table A.1 shows the number of voter-approved bond elections for the past five fiscal years. During fiscal year 2022, a total of 251 local governments held 536 bond elections approving the potential issuance of \$32.16 billion of additional debt. Approximately \$13.98 billion of bond election debt was defeated during fiscal year 2022. Approximately 36 local governments cancelled 80 elections during the May 2, 2020, and Nov 3, 2020, elections.

Separately, on November 8, 2022, 106 local governments held 212 bond elections, with 77 local governments approving 139 bond elections totaling \$19.27 billion. Approximately 73 bond elections were defeated totaling \$3.37 billion of potential debt.

	2018		2019		2020		2021		2022		Total Percentage Approved
	Elections Carried	Percent Carried	Elections Carried	Percent Carried	Elections Carried	Percent Carried	Elections Carried	Percent Carried	Elections Carried	Percent Carried	
ISDs	97	73%	100	81%	50	77%	133	74%	156	49%	65%
Cities	67	83%	88	98%	20	67%	68	87%	49	70%	84%
WDs	81	94%	93	90%	29	91%	39	87%	110	77%	86%
OSDs	0	N/A	0	N/A	1	100%	0	N/A	0	N/A	100%
Counties	8	80%	6	100%	6	86%	5	63%	3	50%	76%
CCDs	0	0%	3	100%	1	100%	2	67%	0	N/A	75%
HHDs	0	0%	3	100%	0	0%	0	N/A	0	N/A	60%
<b>Total</b>	<b>253</b>	<b>81%</b>	<b>293</b>	<b>89%</b>	<b>107</b>	<b>78%</b>	<b>247</b>	<b>79%</b>	<b>318</b>	<b>59%</b>	<b>75%</b>

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

Table A.2 shows the voter-approved election amounts for the past five fiscal years for each of the local government categories.

Table A.2 Texas Local Government Estimated Bond Election Results by Fiscal Year (\$ in millions)					
	2018	2019	2020	2021	2022
<b>Public School Districts</b>					
Election Amount	\$13,472.1	\$14,340.6	\$7,232.9	\$16,030.6	\$25,338.4
Amount Approved	11,854.0	11,820.7	5,785.2	13,914.4	15,722.9
Percent Approved	88.0%	82.4%	80.0%	86.8%	62.1%
<b>Cities, Towns, Villages</b>					
Election Amount	\$3,890.6	\$3,153.8	\$906.0	\$3,002.4	\$3,138.7
Amount Approved	3,659.5	3,123.7	870.7	2,663.9	2,784.3
Percent Approved	94.1%	99.0%	96.1%	88.7%	88.7%
<b>Water Districts and Authorities</b>					
Election Amount	\$8,037.0	\$7,577.6	\$2,557.8	\$1,756.9	\$16,872.5
Amount Approved	7,808.3	7,254.4	2,451.7	1,497.8	13,060.5
Percent Approved	97.2%	95.7%	95.9%	85.3%	77.4%
<b>Other Special Districts and Authorities</b>					
Election Amount	\$0.0	\$0.0	\$3,500.0	\$0.0	\$0.0
Amount Approved	0.0	0.0	3,500.0	0.0	0.0
Percent Approved	N/A	N/A	100.0%	N/A	N/A
<b>Counties</b>					
Election Amount	\$707.4	\$917.0	\$712.6	\$392.4	\$798.0
Amount Approved	562.4	917.0	698.6	334.3	595.0
Percent Approved	79.5%	100.0%	98.0%	85.2%	74.6%
<b>Community and Junior College Districts</b>					
Election Amount	\$48.5	\$1,353.7	\$825.0	\$152.8	\$0.0
Amount Approved	0.0	1,353.7	825.0	138.9	0.0
Percent Approved	0.0%	100.0%	100.0%	90.9%	N/A
<b>Health/Hospital Districts and Authorities</b>					
Election Amount	\$7.2	\$841.5	\$9.0	\$0.0	\$0.0
Amount Approved	0.0	841.5	0.0	0.0	0.0
Percent Approved	0.0%	100.0%	0.0%	N/A	N/A
<b>Total Election Amount</b>	<b>\$26,162.8</b>	<b>\$28,184.2</b>	<b>\$15,743.4</b>	<b>\$21,335.0</b>	<b>\$46,147.6</b>
<b>Total Amount Approved</b>	<b>\$23,884.3</b>	<b>\$25,310.8</b>	<b>\$14,131.2</b>	<b>\$18,549.3</b>	<b>\$32,162.6</b>
<b>Total Percent Approved</b>	<b>91.3%</b>	<b>89.8%</b>	<b>89.8%</b>	<b>86.9%</b>	<b>69.7%</b>
<b>Source:</b> Bond Buyer, Municipal Advisory Council's <i>Texas Bond Reporter</i> , and U.S. Department of Justice, Civil Rights Division - Voting Section.					

The detailed results of the fiscal year 2022 elections are shown in *Tables A.3* through *A.6*.

Table A.3 Texas Local Government Carried Propositions Bond Elections May 07, 2022 (\$ in millions)			
Issuer	County	Purpose	Amount Carried
<b>Public School Districts</b>			
Abbott ISD	Hill	SchoolBuildingAthleticImprovements	\$12.0
Alvarado ISD	Johnson	AthleticFacilitiesImprovements/SchoolBuilding/Gym	125.0
AnahuacISD	Chambers	SchoolBuilding	47.0
Aransas County ISD	Aransas	SchoolBuildingAthleticImprovements	66.0
Argyle ISD	Denton	SchoolBuilding, Athletics, Renovations	267.9
Aubrey ISD	Denton	AthleticFacilitiesImprovements/SchoolBuilding	385.9
Baird ISD	Callahan	SchoolBuilding & Buses	17.0
Bartlett ISD	Bell	SchoolBuildingAthleticImprovements	20.0
Bedville ISD	Panola	SchoolBuildingAthleticImprovements	17.0
Belton ISD	Bell	SchoolBuilding & Security/Technology	173.8
Blanco ISD	Blanco	SchoolBuilding	40.0
Bloomington ISD	Victoria	SchoolBuilding	1.1
Boerne ISD	Kendall	SchoolBuilding	165.6
Bridge City ISD	Orange	SchoolBuilding	72.4
Buena Vista ISD	Pecos	SchoolBuilding & Buses	60.0
Bullard ISD	Smith	AthleticFacilitiesImprovements	103.0
Cameron ISD	Milam	SchoolBuilding	15.9
Center ISD	Shelby	AthleticFacilitiesImprovements	12.0
Community ISD	Collin	SchoolBuilding & Buses	595.6
Coolidge ISD	Limestone	SchoolBuildingAthleticImprovements	7.0
Cotulla ISD	La Salle	SchoolBuilding, AthleticFacility, Transportation	65.0
Crandall ISD	Kaufman	School, buses, technology	365.0
Culberson County-Allamore ISD	Culberson	SchoolBuilding	23.0
Deer Park ISD	Harris	SchoolBuilding & Buses	160.0
Del Valle ISD	Travis	SchoolBuilding	300.0
East Chambers ISD	Chambers	SchoolBuildingAthleticImprovements	9.8

Table A.3 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 07, 2022**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Public School Districts Cont'd</b>			
Fairfield ISD	Freestone	School Building Improvements	\$8.0
Florence ISD	Williamson	Athletic Facilities Improvements	49.3
Forney ISD	Kaufman	School Building	1294.0
Fort Stockton ISD	Pecos	Technology	3.0
Fredericksburg ISD	Gillespie	School, Buses, Tech	82.0
Galveston ISD	Galveston	School Building & Buses & technology	314.8
Granger ISD	Williamson	School Building, Athletic Facility & Transportation	44.0
Gunter ISD	Grayson	School Building	78.8
Harlandale ISD	Bexar	School Building Athletic Improvements	125.0
Hays CISD	Hays	School Building & Buses	115.6
Hitchcock ISD	Galveston	School Building Athletic Improvements	43.6
Humble ISD	Harris	School Building	775.0
Ingram ISD	Kerr	School Building & Buses	25.2
Kelton ISD	Wheeler	School Building & Buses	6.0
Klein ISD	Harris	School Building & Security	895.3
Krum ISD	Denton	School Building & Stadium	244.7
Lago Vista ISD	Travis	Housing Facility	26.5
Leon ISD	Leon	School Building	10.0
Littlefield ISD	Lamb	School Building Athletic Improvements	39.1
London ISD	Nueces	School Building & Stadium	96.1
Lyford CISD	Willacy	Athletic Facilities Improvements	24.7
Mineola ISD	Wood	School Building	29.9
Montgomery ISD	Montgomery	Athletic Facilities Improvements	326.9
Normangee ISD	Leon	School Building Athletic Improvements	18.6
Northside ISDa	Bexar	School Building & Buses	992.0
Pasadena ISD	Harris	Athletic Facilities Improvements	305.0

Table A.3 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 07, 2022**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Public School Districts Cont'd</b>			
Peaster ISD	Parker	School Building & Buses	\$3.5
Pleasant Grove ISD	Bowie	SchoolBuildingAthleticimprovements	39.9
Pottsboro ISD	Grayson	School Building	62.0
Prairiland ISD	Lamar	School Building	16.0
Sanger ISD	Denton	Athletic Facilities Improvements	130.0
Shallowater ISD	Lubbock	School Building	50.0
Spring Branch ISD	Harris	School Building & Technology	381.6
Taft ISD	San Patricio	Refunding Notes	5.4
Temple ISD	Bell	School Building	164.8
Thrall ISD	Williamson	SchoolBuildingAthleticimprovements	64.8
Trenton ISD	Fannin	School Building Improvements	0.8
Tyler ISD	Smith	School Building	89.0
Veribest ISD	Tom Green	School Building	15.5
White Settlement ISD	Tarrant	SchoolBuildingAthleticimprovements	115.0
Whitewright ISD	Grayson	School Building	15.0
Willis ISD	Montgomery	SchoolBuildingAthleticimprovements	143.1
Woodville ISD	Tyler	School Building	47.9
<b>Public School Districts Total</b>			<b>\$10,444.5</b>
<b>Cities, Towns, Villages</b>			
Burleson	Johnson	Public Safety & Street	\$86.0
Cedar Park	Williamson	Public Safety Facilities & Transportation	158.8
El Campo	Wharton	Fire Station Improvements	1.7
Fort Worth	Tarrant	Parks & Recreation & Police & Fire	560.0
Haltom City	Tarrant	City Hall	25.0

Table A.3 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 07, 2022**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Cities, Towns, Villages Cont'd</b>			
Kerrville	Kerr	Public Safety Facilities	\$45.0
Live Oak	Bexar	Street & Bridge	18.0
Longview	Gregg, Harrison	Pension Obligation	45.6
Mansfield	Tarrant	Parks & Recreation	10.5
San Antonio	Bexar	Parks & Recreation & Public Safety Facilities	1200.0
Shavano Park	Bexar	Road	10.0
Winnsboro	Wood	Animal Care & Control & Street & Bridge	6.6
<b>Cities, Towns, Villages Total</b>			<b>\$2,167.2</b>
<b>Water Districts and Authorities</b>			
Bissonnet MUD	Harris	Water, Sewer & Drainage	\$35.0
Canyon Ranch MUD	Comal	Water, Sewer, Drainage, & Refunding	2863.8
Decker Prairie MUD	Montgomery	Water, Sewer, Drainage, & Refunding	446.3
Harris County MUD 064	Harris	Water, Sewer & Drainage	43.0
Harris County MUD 205	Harris	Water, Sewer, Drainage & Refunding	20.0
Harris County MUD 284	Harris	Water, Sewer, Drainage & Refunding	83.0
Harris County MUD 390	Harris	Roads and Refunding	114.0
Harris County MUD 580	Harris	Water, Sewer, Drainage & Refunding	542.5
Harris County WCID 092	Harris	Water, Sewer, Drainage & Refunding	37.5
Harris County WCID 119	Harris	Water, Sewer & Drainage	72.5
Laguna Madre WD	Cameron	Water & Sewer	20.8
Montgomery County MUD 162	Montgomery	Water, Sewer, Drainage & Refunding	550.7
Montgomery County MUD 191	Montgomery	Parks & Recreation Refunding	29.9
Montgomery County MUD 199	Montgomery	Water, Sewer, Drainage & Refunding	368.4
Montgomery County MUD 206	Montgomery	Water, Sewer, Drainage & Refunding	581.7



Table A.3 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 07, 2022**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Water Districts and Authorities Cont'd</b>			
Montgomery County MUD 209	Montgomery	Water, Sewer, Drainage & Refunding	\$32.4
Mustang Ridge MUD	Travis	Water, Sewer, Drainage & Refunding	525.4
Round Rock MUD 1	Williamson	Water, Sewer, Drainage & Refunding	180.0
San Gabriel MUD 1	Williamson	Water, Sewer, Drainage & Refunding	229.5
Travis-Creedmoor MUD	Travis	Water, Sewer, Drainage & Refunding	380.7
Williamson County MUD 19G	Williamson	Water, Sewer, Drainage & Refunding	550.0
Williamson County MUD 19H	Williamson	Water, Sewer, Drainage & Refunding	565.0
Williamson County MUD 21	Williamson	Water, Sewer, Drainage & Refunding	2977.5
<b>Water Districts and Authorities Total</b>			<b>\$11,249.5</b>
<b>Total Carried</b>			<b><u>\$23,861.2</u></b>

Table A.4  
**Texas Local Government  
 Defeated Propositions  
 Bond Elections May 07, 2022**  
 (\$ in millions)

<b>Issuer</b>	<b>County</b>	<b>Purpose</b>	<b>Amount Defeated</b>
<b>Public School Districts</b>			
Alba-Golden ISD	Wood	School Building/Gym	\$16.0
Amarillo ISD	Potter-Randall	Athletic Facilities Improvements	285.9
Aquilla ISD	Hill	School Building Athletic Improvements	9.3
Bonham ISD	Fannin	School Building	53.6
Brenham ISD	Washington	School Building & Security	153.9
Brooksmith ISD	Brown	School Building, Athletics, Renovations	10.0
Brownsboro ISD	Henderson	School Building & Technology	20.5
Callisburg ISD	Cooke	Athletic Facilities Improvements & School Building & Gymnasium	28.5
Carrizo Springs CISD	Dimmit	Athletic Facilities Improvements	112.5
Chapel Hill ISDa	Smith	School Building, Athletics, Renovations	125.2
Chilton ISD	Falls	School Building, Athletics, Renovations	28.9
Columbus ISD	Colorado	School Building	90.0
Community ISD	Collin	Multi-Purpose Center	54.4
Connally ISD	McLennan	School Building	39.0
Corsicana ISD	Navarro	Multi-Purpose Center	80.0
Coupland ISD	Williamson-Travis	School Building Athletic Improvements	91.6
Crandall ISD	Kaufman	Stadium	35.0
Cross Roads ISD	Henderson	Athletic Facilities Improvements	2.0
Eagle Mt-Saginaw ISD	Tarrant	School Building	275.0
Ector County ISD	Ector	School Building & Technology	398.3
Edcouch-Elsa ISD	Hidalgo	School Building	26.0
Era ISD	Cooke	School Building	12.7

Table A.4 (continued)  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections May 07, 2022**  
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
<b>Public School Districts Cont'd</b>			
Ferris ISD	Ellis	Athletic Facilities Improvements	\$79.0
Fort Stockton ISD	Pecos	School Building & Buses	107.0
Goliad ISD	Goliad	School Building Improvements	65.0
Granbury ISD	Hood	School Building	394.0
Greenville ISD	Hunt	School Building	169.4
Hallettsville ISD	Lavaca	School Building	13.8
Huffman ISD	Harris	Athletic Facilities Improvements	101.8
Idalou ISD	Lubbock	Athletic Facilities Improvements	16.1
Iola ISD	Grimes	School Building	24.0
Itasca ISD	Hill	School Building	20.0
Joshua ISD	Johnson	School Building & Technology	97.5
Kaufman ISD	Kaufman	School Building Athletic Improvements	79.6
Klein ISD	Harris	Event Center	206.5
Krum ISD	Denton	Stadium	30.3
Little Elm ISD	Denton	School Building, Buses & Technology	398.5
Longview ISD	Gregg	Athletic Facilities Improvements	230.0
Louise ISD	Wharton	School Building	17.0
Mabank ISD	Kaufman	School Building	94.0
Marion ISD	Guadalupe	School Building	39.3
Medina Valley ISD	Medina	School Building	397.2
Meyersville ISD	DeWitt	School Building	5.0
Mount Vernon ISD	Franklin	Athletic Facilities Improvements	52.3

Table A.4 (continued)  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections May 07, 2022**  
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
<b>Public School Districts Cont'd</b>			
New Diana ISD	Upshur	Athletic Facilities Improvements	\$23.8
Olney ISD	Young	Athletic Facilities Improvements	6.0
Paint Rock ISD	Concho	School Building	11.8
Poolville ISD	Parker	School Building & Buses	32.6
Ranger ISD	Eastland	Athletic Facilities Improvements	5.0
Red Oak ISD	Ellis	Multi-Pupose Center	230.1
Sabinal ISD	Uvalde	School Building	4.5
San Saba ISD	San Saba	School Building	18.0
Santa Fe ISD	Galveston	School Building	39.0
Santa Rosa ISD	Cameron	School Building	7.5
Seymour ISD	Baylor	School Building	29.5
Sheldon ISD	Harris	School Building & Technology	736.6
Stephenville ISD	Erath	Athletic Facilities Improvements	75.0
Sulphur Springs ISD	Hopkins	School Building & Buses	93.0
Terrell ISD	Kaufman	Performing Arts	95.0
Thrall ISD	Williamson	Stadium	3.7
Trenton ISD	Fannin	School Building	44.7
Waelder ISD	Gonzales	School Building	12.0
Willis ISD	Montgomery	Aquatic Center	82.0
Wills Point ISD	Van Zandt	School Building	72.0
<b>Public School Districts Total</b>			<b>\$6,207.1</b>

Table A.4 (continued)  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections May 07, 2022**  
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
<b>Cities, Towns, Villages</b>			
Burkburnett	Wichita	Street and Drainage	\$10.7
Mansfield	Tarrant	Baseball Park	145.0
Windcrest	Bexar	Aquatic Center	5.0
Winnsboro	Wood	City Building	4.4
<b>Cities, Towns, Villages Total</b>			<b>\$165.1</b>
<b>Water Districts and Authorities</b>			
Fort Bend County MUD 175	Fort Bend	Water, Sewer, Drainage & Refunding	\$797.2
Fort Bend County MUD 183	Fort Bend	Water, Sewer, Drainage & Refunding	1074.4
Montgomery County MUD 140	Montgomery	Parks & Recreation Refunding	29.3
Montgomery County MUD 203	Montgomery	Water, Sewer & Drainage	73.8
New Caney MUD	Montgomery	Water & Sewer	220.6
New Sweden MUD 1	Travis	Water, Sewer, Drainage & Refunding	1057.5
Northwest Harris County MUD 05	Harris	Water, Sewer & Drainage	118.0
Rancho del Cielo MUD	Williamson	Water, Sewer & Drainage	243.8
Sun Lake Improvement District	Harris	Water, Sewer & Drainage	197.5
<b>Water Districts and Authorities Total</b>			<b>\$3,812.0</b>
<b>Total Defeated</b>			<b><u>\$10,184.2</u></b>

Table A.5  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 02, 2021**  
(\$ in millions)

<b>Issuer</b>	<b>County</b>	<b>Purpose</b>	<b>Amount Carried</b>
<b>Public School Districts</b>			
Alief ISD	Harris	Athletic Facilities Improvements	\$522.3
Azle ISD	Tarrant	School Building	24.1
Burton ISD	Washington	School Building Athletic Improvements	43.9
Clarksville ISD	Red River	School Building Athletic Improvements	16.8
College Station ISD	Brazos	School Building	78.1
Comal ISD	Bexar,	Athletic Facilities Improvements	472.8
Commerce ISD	Hunt	School Building Athletic Improvements	68.0
Douglass ISD	Nacogdoches	School Building	10.0
Elgin ISD	Bastrop	School Building	178.9
Fort Worth ISD	Tarrant	School Building	1211.0
Georgetown ISD	Williamson	School Building & Buses	349.9
Gordon ISD	Palo Pinto	School Building	12.0
Hamshire-Fannett ISD	Jefferson	Stadium	1.5
High Island ISD	Galveston	School Building & Buses	8.6
Hooks ISD	Bowie	Athletic Facilities Improvements	12.5
Kilgore ISD	Gregg	School Building	113.0
Leander ISD	Williamson	Technology	33.3
Leon ISD	Leon	Athletic Facilities Improvements	10.0
Lone Oak ISD	Hunt	School Building	44.9
Mount Calm ISD	Hill	School Building	8.7
Mount Enterprise ISD	Rusk	School Building	10.0
Navarro ISD	Guadalupe	School Building	130.0

Table A.5 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 02, 2021**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Public School Districts Cont'd</b>			
New Braunfels ISD	Comal	School Building & Buses	\$327.9
New Deal ISD	Lubbock		48.5
New Waverly ISD	Walker		24.5
Paint Creek ISD	Haskell		6.4
Pilot Point ISD	Denton		38.4
Point Isabel ISD	Cameron		27.0
Priddy ISD	Mills		1.4
Rockwall ISD	Rockwall		475.8
Skidmore-Tynan ISD	Bee		14.6
Tomball ISD	Harris		494.5
Vernon ISD	Wilbarger		40.0
Victoria ISD	Victoria		25.8
Waco ISD	McLennan		355.0
Westwood ISD	Anderson		38.3
<b>Public School Districts Total</b>			<b>\$5,278.4</b>
<b>Cities, Towns, Villages</b>			
Athens	Henderson	Police Station	\$5.5
Buda	Hays	Parks & Recreation	89.7
Copperas Cove	Coryell	Animal Care & Control	4.1
Lewisville	Denton	Public Safety	95.0
Marlin	Falls	Streets & Roads	2.4
Missouri City	Fort Bend	Parks & Recreation	85.9

Table A.5 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 02, 2021**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Cities, Towns, Villages Cont'd</b>			
Richardson	Dallas-Collin	Public Safety	\$190.0
Sachse	Dallas-Collin	Streets & Sidewalks	54.0
Schertz	Guadalupe	Public Safety	15.5
West Lake Hills	Travis	Municipal Building	25.0
Wylie	Collin	District-wide Capital Improvements	50.1
Cities, Towns, Villages Total			<b>\$617.1</b>
<b>Water Districts and Authorities</b>			
Alpha Ranch WCID	Wise	Water, Sewer & Drainage	\$979.7
Fort Bend County MUD 041	Fort Bend	Water, Sewer & Drainage	20.2
Fort Bend County MUD 122	Fort Bend	Parks & Recreation	6.0
Fort Bend County MUD 123	Fort Bend	Parks & Recreation	6.0
Fort Bend County MUD 168	Fort Bend	Parks & Recreation	202.0
Fort Bend County MUD 195	Fort Bend	Water, Sewer & Drainage	299.1
Fort Bend County WCID 3	Fort Bend	Water, Sewer & Drainage	18.8
Lumberton MUD	Hardin	Water Related	74.3
Morningstar Ranch MUD 1	Parker	Road Utilities	105.0
Northwest Williamson County MUD 2	Williamson	Refunding	100.0
<b>Water Districts and Authorities Total</b>			<b>\$1,811.0</b>



Table A.5 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 02, 2021**  
(\$ in millions)

<b>Issuer</b>	<b>County</b>	<b>Purpose</b>	<b>Amount Carried</b>
<b>Counties</b>			
Rockwall County	Rockwall	Road	\$150.0
Smith County	Smith	Road	45.0
Tarrant County	Tarrant	Street & Bridge	400.0
<b>Counties Total</b>			<b>\$595.0</b>
<b>Total Carried</b>			<b>\$8,306.4</b>

Table A.6  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections November 02, 2021**  
(\$ in millions)

<b>Issuer</b>	<b>County</b>	<b>Purpose</b>	<b>Amount Defeated</b>
<b>Public School Districts</b>			
Alice ISD	Jim Wells	Athletic Facility & School Building Improv	\$5.9
Alief ISD	Harris	Stadium	19.4
Allen ISD	Collin	School Building & Sports Complex & Stac	23.6
Azle ISD	Tarrant	SchoolBuildingAthleticImprovements	25.8
Bartlett ISD	Bell	SchoolBuildingAthleticImprovements	20.0
Bellville ISD	Austin	Athletic Facilities Improvements	112.4
Bloomington ISD	Victoria	School Building	1.1
Cameron ISD	Milam	School Building	14.5
Canutillo ISD	El Paso	School Building & Security	187.5
Cleveland ISD	Liberty	School Building	150.0
College Station ISD	Brazos	School Building/Stadium	5.0
Comal ISD	Guadalupe, Hays	Stadium	54.9
Connally ISD	McLennan	School Building	39.0
Cross Roads ISD	Henderson	SchoolBuildingAthleticImprovements	7.0
Crystal City ISD	Zavala	Athletic Facilities Improvements	9.8
East Central ISD	Bexar	School Building	172.5
Elgin ISD	Bastrop	Athletic Facilities Improvements	11.0
Fort Worth ISD	Tarrant	Athletic Facilities Improvements & School	279.4
Gainesville ISD	Cooke	School Building	70.0
Garner ISD	Parker	School Building & Buses	20.0
Georgetown ISD	Williamson	Athletic Facilities Improvements & School	31.8
Greenwood ISD	Midland	School Building, Athletic Facility, Transpo:	140.0
Judson ISD	Bexar	School Building	302.5
Leander ISD	Williamson	School Building & Buses	738.9

Table A.6 (continued)  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections November 02, 2021**  
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
<b>Public School Districts Cont'd</b>			
Navarro ISD	Guadalupe	Athletic Facilities Improvements	\$30.0
New Braunfels ISD	Comal	Stadium	20.1
Normangee ISD	Leon	School Building & Buses	20.0
Point Isabel ISD	Cameron	Athletic Facilities Improvements	15.5
Royal ISD	Waller	School Building	99.5
Sanford-Fritch ISD	Hutchinson	School Building & Buses	5.0
Santa Fe ISD	Galveston	School Building & Technology	110.0
Scurry-Rosser ISD	Kaufman	School Building	20.0
Southside ISD	Bexar	School Building	52.0
Springtown ISD	Parker	School Building	41.0
Taft ISD	San Patricio	Refunding	5.4
Temple ISD	Bell	School Building	184.9
Tomball ISD	Harris	Athletic Facilities Improvements	73.1
Victoria ISD	Victoria	School Building Improvements	174.9
White Settlement ISD	Tarrant	School Building	115.0
<b>Public School Districts Total</b>			<b>\$3,408.5</b>
<b>Cities, Towns, Villages</b>			
Lubbock	Lubbock	Road	\$174.5
Rhome	Wise	Parks & Recreation	9.9
Windcrest	Bexar	Aquatic Center	4.9
<b>Cities, Towns, Villages Total</b>			<b>\$189.3</b>

Table A.6 (continued)  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections November 02, 2021**  
(\$ in millions)

<b>Issuer</b>	<b>County</b>	<b>Purpose</b>	<b>Amount Defeated</b>
<b>Counties</b>			
Hunt County	Hunt	Jail	\$75.0
Newton County	Newton	Jail	12.0
Tarrant County	Tarrant	County Building	116.0
<b>Counties Total</b>			<b>\$203.0</b>
<b>Total Defeated</b>			<b><u>\$3,795.9</u></b>

## **Appendix B**

### **Texas Local Government Conduit Debt**

Conduit, component, and related organization debt has been excluded from this report, except for data presented in this appendix and certain data presented in *Appendix F, Commercial Paper*. A conduit issuer is usually a government agency or a creation of the agency (such as a nonprofit corporation sponsored by a local government) that issues municipal securities to finance revenue-generating projects. The funds generated are generally used by a third party (known as the "conduit borrower" or "obligor"), and it is generally the responsibility of the obligor to make debt-service payments.

Most conduit debt is issued for projects that benefit the public or segments of the public within the geographical area of the sponsoring agency. Some conduit issuers can issue debt for projects that benefit the Texas public at large. The purposes and locations of projects funded by conduit debt are governed by the Texas law used to establish the conduit issuer. The projects include transportation, airports, ports, housing, utilities, culture, higher education, recreation, and health, as well as industrial and economic development.

Not all Texas local government conduit issuers are required to provide issuance information to the Texas Bond Review Board (BRB) pursuant to Texas Government Code, Chapter 1202.008. However, basic information on all conduit issuances that require approval by the Office of the Attorney General (OAG) is forwarded by the OAG to the BRB. In prior years, this data was retained but not included in the BRB Debt Database. Beginning in fiscal year 2017, the BRB has added current conduit issuances into the database. There is an ongoing BRB project to enter conduit issuance data from prior years into the database as well. At the end of this project, all conduit debt outstanding and debt service outstanding information from 2003 onwards will be included, based on data provided to the BRB in those years.

#### **Conduit Debt Issuance**

In fiscal year 2022, 74 local government conduits issued 179 new debt instruments for a total of \$6.95 billion, a decrease of 2.2 percent from the \$7.11 billion issued in fiscal year 2021. New money debt issuance increased 5.2 percent (from \$4.95 billion in 2021 to \$5.21 billion in 2022) and refunding debt issuance decreased 19.2 percent (from \$2.16 billion in 2021 to \$1.74 billion in 2022).

Since fiscal year 2018, total conduit issuance increased \$4.18 billion (151.2 percent) from \$2.77 billion, new money debt issuance increased \$3.56 billion (216.1 percent) from \$1.65 billion, and refunding debt issuance increased \$623.2 million (55.7 percent), from \$1.12 billion.

In almost all cases, conduit debt is backed by a revenue stream. All conduit debt issued in the past five years was revenue debt, except for \$25.0 million of toll road combination tax/revenue refunding bonds issued in 2020, \$34.4 million of toll road combination tax/revenue new money bonds issued in 2021, and \$138.8 million of toll road combination tax/revenue refunding bonds issued in 2022.

Conduit entities also issue commercial paper. Commercial paper outstanding balances reported by conduits over the past 10 years are presented at the end of *Appendix F, Commercial Paper*.

Table B.1 shows conduit debt issuance by local government conduit types with a new money/refunding breakdown.

<b>Table B.1</b>						
<b>Texas Local Government</b>						
<b>Conduit Debt Issuance by Fiscal Year*</b>						
(\$ in millions)						
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>TOTAL</b>
<b>Issuers</b>	50	41	67	71	74	<b>303</b>
<b>Issuances</b>	100	94	172	173	179	<b>718</b>
<b>Public School Districts</b>						
New Money	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$0.0</b>
Refunding	0.0	0.0	0.0	0.0	\$0.0	<b>0.0</b>
<b>Total Par Issued</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Cities, Towns, Villages</b>						
New Money	\$955.4	\$1,416.5	\$1,966.9	\$2,435.5	\$2,360.4	<b>\$9,134.7</b>
Refunding	573.7	475.8	853.1	1,427.3	996.3	<b>4,326.2</b>
<b>Total Par Issued</b>	<b>\$1,529.1</b>	<b>\$1,892.3</b>	<b>\$2,820.0</b>	<b>\$3,862.8</b>	<b>\$3,356.7</b>	<b>\$13,461.0</b>
<b>Water Districts and Authorities</b>						
New Money	\$0.0	\$315.0	\$6.5	\$459.6	\$0.0	<b>\$781.1</b>
Refunding	0.0	315.0	4.1	93.6	0.0	<b>412.8</b>
<b>Total Par Issued</b>	<b>\$0.0</b>	<b>\$630.0</b>	<b>\$10.6</b>	<b>\$553.3</b>	<b>\$0.0</b>	<b>\$1,193.9</b>
<b>Other Special Districts and Authorities</b>						
New Money	\$375.0	\$345.9	\$841.1	\$847.8	\$1,470.4	<b>\$3,880.3</b>
Refunding	0.0	0.0	0.0	4.2	54.8	<b>59.0</b>
<b>Total Par Issued</b>	<b>\$375.0</b>	<b>\$345.9</b>	<b>\$841.1</b>	<b>\$852.0</b>	<b>\$1,525.2</b>	<b>\$3,939.3</b>
<b>Counties</b>						
New Money	\$209.9	\$530.3	\$1,154.2	\$1,206.4	\$1,374.7	<b>\$4,475.5</b>
Refunding	546.0	591.4	1,379.8	584.1	691.8	<b>3,793.0</b>
<b>Total Par Issued</b>	<b>\$755.9</b>	<b>\$1,121.7</b>	<b>\$2,533.9</b>	<b>\$1,790.5</b>	<b>\$2,066.5</b>	<b>\$8,268.6</b>
<b>Community and Junior College Districts</b>						
New Money	\$106.4	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$106.4</b>
Refunding	0.0	0.0	0.0	47.6	0.0	<b>47.6</b>
<b>Total Par Issued</b>	<b>\$106.4</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$47.6</b>	<b>\$0.0</b>	<b>\$154.0</b>
<b>Health/Hospital Districts and Authorities</b>						
New Money	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$0.0</b>
Refunding	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
<b>Total Par Issued</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total New Money</b>	<b>\$1,646.8</b>	<b>\$2,607.8</b>	<b>\$3,968.6</b>	<b>\$4,949.3</b>	<b>\$5,205.5</b>	<b>\$18,378.1</b>
<b>Total Refunding</b>	<b>\$1,119.7</b>	<b>\$1,382.2</b>	<b>\$2,237.0</b>	<b>\$2,156.8</b>	<b>\$1,742.9</b>	<b>\$8,638.6</b>
<b>Total Par</b>	<b>\$2,766.4</b>	<b>\$3,989.9</b>	<b>\$6,205.7</b>	<b>\$7,106.2</b>	<b>\$6,948.5</b>	<b>\$27,016.7</b>

\*Excludes commercial paper.

Source: Texas Bond Review Board - Bond Finance Office.

Cities conduit entities issued \$3.36 billion in debt in fiscal year 2022, 48.3 percent of the total 2022 conduit debt issued; \$2.36 billion was new money debt, and \$996.3 million was refunding debt. Such revenue debt is often issued as a loan to third parties to finance the acquisition of land, and to construct or expand, furnish, and equip certain cultural, educational, housing, health-related, or correctional facilities.

Counties conduit entities can issue revenue and lease-revenue debt. Some can issue tax-supported debt. Historically, Counties conduit revenue debt has been issued for pollution control and residential rental projects. Many Counties conduit lease-revenue obligations are issued by nonprofit corporations formed by Counties 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. In fiscal year 2022, Counties issued \$2.07 billion in conduit debt, 29.7 percent of the total issued in 2022; \$1.37 billion was new money debt, and \$691.8 million was refunding debt. Included in the new money debt amount is \$138.8 million issued by Fort Bend Grand Parkway Toll Road Authority, supported by a combination of tax and revenue.

Other Special Districts and Authorities issued \$1.53 billion in conduit debt in fiscal year 2022, 22.0 percent of the total fiscal year 2022 conduit debt issuance; \$1.47 billion was new money debt, and \$54.8 million was refunding debt.

Many Water Districts and Authorities (WDs) create conduit issuers to raise funds for pollution and solid waste disposal facilities. No conduit debt was issued in fiscal year 2022 by WDs.

Community and Junior College Districts (CCDs) can execute lease-purchase agreements that provide security for lease-revenue obligations issued by nonprofit corporations formed by CCDs. No conduit debt was issued in fiscal year 2022 by CCDs.

No conduit debt was issued in fiscal year 2022 by Health/Hospital Districts and Authorities (HHDs). HHD conduit debt was last issued in 1985 and matured in 2011.

The conduit debt issued by Public School Districts (School Districts) is not included in this appendix. School Districts create Public Facility Corporations (PFCs) to issue debt on behalf of the school districts. The BRB has historically included this PFC debt as lease-purchase revenue debt of the school district, and this revenue debt is included in the total debt outstanding of School Districts in Chapter 1 and Chapter 3 of this report.

On December 5, 2022, the Bond Buyer published an article titled "Lingering pain for senior living bonds spurs bankruptcy cases in Texas", where they spoke of nursing homes/senior living centers that were defaulting due to the COVID-19 pandemic and a depressed housing market.

The article stated, "Back in May, Christian Care said it owed \$50.8 million in outstanding principal and \$3.256 million in unpaid interest on bonds it sold in 2014 and 2016 through the Mesquite Health Facilities Development Corporation, while its assets totaled about \$52.4 million. The debtor turned to bankruptcy because an asset sale was not likely to pay bondholders in full, its representative said at that time".

The article also mentions, "In the Western District of Texas Bankruptcy Court, Glen Hope Harbor, Inc. filed a Chapter 7 liquidation case in March after closing its properties in February. The

nonprofit, which sold \$38.12 million of mostly tax-exempt revenue bonds in 2015 through New Hope Cultural Education Facilities Corporation to acquire 144 assisted living and memory care units in the Houston and San Antonio areas, began drawing on the debt service reserve fund in 2019 and defaulting in 2020. Following the sale of the properties by the Chapter 7 trustee, Wilmington Trust, the bond trustee, announced last week \$11.8 million of the sale proceeds will be distributed to bondholders this week. The New Hope corporation, a nonprofit entity created by the New Hope, Texas, town council, was the conduit issuer for other defaulted senior living bonds, including \$230.7 million issued in 2016 and \$52.6 million sold in 2017”.



## **Appendix C**

### **Texas Charter Schools**

#### **History**

Local government education finance corporations (EFCs) issue the majority of charter school debt in Texas. These conduit corporations are created by Texas municipalities to issue debt on behalf of charter school borrowers. Debt issued by EFCs is secured by the revenues of the borrower and is not an obligation of the municipality. (Because debt issued by local government EFCs is not reported to the Texas Bond Review Board (BRB), staff relied on multiple sources to compile the data used in this Appendix.)

Public charter schools were authorized by the legislature in 1995 to offer publicly funded alternate education options to parents within the public school system. The Texas Education Code, Chapter 12, provides for four types of charter schools: home-rule charters, campus or district charters, open-enrollment charters, and university charters. Most charters in Texas are open enrollment.

Open-enrollment charter schools function like public school districts in that they provide tuition-free instruction and must accept any student that applies, subject to enrollment constraints. Charter schools have no taxing authority and receive most of their funding from the state based on their enrollment. Charter schools are subject to fewer restrictions than public schools, but they must meet certain requirements for financial, governing, and operating standards adopted by the Texas Commissioner of Education (Commissioner). State law requires fiscal and academic accountability for charter schools, and the state monitors and accredits charter schools in the same manner as public school districts.

Pursuant to Texas Education Code, Section 53.351, the Texas Public Finance Authority (TPFA) established the Texas Public Finance Authority Charter School Finance Corporation (Corporation) to act as a conduit to facilitate the issuance of revenue bonds for the acquisition, construction, repair, or renovation of educational facilities for authorized open-enrollment charter schools. All issuances of charter school debt issued by the Corporation must be approved by the BRB.

#### **Permanent School Fund Bond Guarantee Program**

In 1854, the 5<sup>th</sup> Legislature created the Texas Permanent School Fund (PSF) expressly for the benefit of public schools. In addition, the Constitution of 1876 stipulated that certain lands and proceeds from the sale of those lands would also be dedicated to the PSF. The Constitution requires that distributions from the returns on the PSF be made to the Available School Fund to be used for the benefit of public schools, and it allows the PSF to be used to guarantee bonds issued by public schools.

The PSF Bond Guarantee Program (BGP) was created in 1983 as an alternative for school districts to avoid the cost of private bond insurance by obtaining a PSF guarantee for voter-approved public school bond issuances.

The Texas Education Agency (TEA) reviews each BGP applicant for financial soundness, accreditation status, and complaints from the public regarding misconduct and rules violations. Applicants for the BGP must have an investment grade rating below triple-A from at least one of the top credit rating agencies. Bonds guaranteed by the BGP are rated AAA from all three major credit rating agencies.

Texas Education Code, Section 12.135, passed by the 82<sup>nd</sup> Legislature (2011), permits charter schools to participate in the BGP, but they must apply and be approved by the Commissioner to participate in the program. In January 2014, the State Board of Education adopted rules for charter school participation in the BGP, and the program was opened to charter schools in March 2014.

The BGP capacity for all schools is currently set at the lower of a multiple of 3.50 times the PSF book value or the Internal Revenue Service-set limitation of \$117.32 billion, minus a 5 percent reserve. The State Board of Education has also required an additional 5 percent of charter capacity to be set aside as a reserve. Prior to fiscal year 2018, the capacity for charter schools was calculated using the available PSF capacity multiplied by the ratio of the number of charter school students to public school students determined annually by the Commissioner (currently set at 6.98 percent), applied against the available capacity of the BGP. The available capacity is defined as maximum allowable for guarantee, less total amount of outstanding guaranteed bonds, and less the State Board of Education-established reserve on the total program. Effective September 1, 2017, the 85<sup>th</sup> Legislature (2015) amended the Educational Code, Section 45.0532, related to the calculation of the capacity of the bond guarantee program, through Senate Bill 1480 (SB 1480). SB 1480 changes the charter capacity calculation formula to apply the ratio of charter students described above directly against the maximum allowable overall program guarantee net of the 5 percent reserve on the total program. This methodology was designed to be fully phased in over five years.

### **Charter School Closures**

Senate Bill 2 passed in the 83<sup>rd</sup> Legislature (2013) requires the mandatory revocation of a charter by the Commissioner if a charter school fails to meet academic or financial accountability performance ratings for the preceding three school years. As a result of this legislation, 22 charter school revocations have occurred between 2014 and 2022.

As of October 31, 2022, a total of \$7.21 billion of debt had been issued for charter schools by EFCs and other higher education authorities, of which an estimated \$5.64 billion is currently outstanding. *Table C.1* shows total higher education authority and EFC issuances since the inception of the BGP.

Table C.1 Total Charter School Debt by Issuer (Estimated) as of October 31, 2022			
Issuer	Par Issued	Par Outstanding	% Outstanding
Arlington Higher Education Finance Corporation	\$ 2,720,449,000	\$ 2,486,410,000	91.4%
Clifton Higher Education Finance Corporation	2,275,590,213	2,038,923,015	89.6%
New Hope Cultural Education Facilities Finance Corporation	407,745,000	264,395,000	64.8%
Houston Higher Education Finance Corporation, City of	407,366,600	271,361,600	66.6%
Texas Public Finance Auth Charter School Finance Corporation	353,320,000	113,995,000	32.3%
Newark Higher Education Finance Corporation	233,615,000	182,770,000	78.2%
La Vernia Higher Education Finance Corporation	202,390,000	-	0.0%
Danbury Higher Education Authority, Inc.	118,597,000	66,268,000	55.9%
North Texas Education Finance Corporation	80,780,000	8,075,000	10.0%
Pottsboro Higher Education Finance Corporation	66,930,000	60,630,000	0.0%
San Juan Higher Education Finance Authority	43,955,000	8,275,000	18.8%
Austin Achieve Public Schools Inc	34,916,423	29,644,044	84.9%
Pharr Higher Education Finance Authority, City of	29,625,000	-	0.0%
Beasley Higher Education Finance Corporation	25,405,000	-	0.0%
Greater Texas Cultural Education Finance Corporation	25,090,000	25,090,000	100.0%
Travis Co Cultural Education Facilities Finance Corp	20,865,000	6,200,000	29.7%
New Hope Higher Education Finance Corporation	20,400,000	20,400,000	100.0%
Tom Green Co Cultural Education Facilities Finance Corporation	17,170,000	14,745,000	85.9%
Cameron, City of Education Corporation	16,640,000	-	0.0%
Newark Cultural Education Facilities Finance Corporation	15,515,000	-	0.0%
Heart of Texas Education Finance Corporation	14,835,000	7,260,000	48.9%
Anson Education Facilities Corporation	14,465,000	8,105,000	56.0%
Orchard Higher Education Finance Corporation	11,330,000	-	0.0%
Tarrant Co Cultural Education Fac Finance Corp	9,390,000	-	0.0%
Waxahachie Education Finance Corporation	6,515,000	6,515,000	100.0%
Northeast Higher Education Facilities Corporation	6,330,000	5,210,000	82.3%
Clyde Education Facilities Corporation	6,240,000	4,340,000	69.6%
Imagine International Academy of North Texas, LLC	4,500,000	4,475,140	99.4%
Hilshire Village Higher Education Finance Corporation	4,123,000	2,803,000	68.0%
Trinity Higher Education Facilities Corporation	3,993,005	-	0.0%
Milford Higher Education Facilities Corporation	3,275,000	-	0.0%
Ames Higher Education Facilities Corporation	2,600,000	1,992,038	76.6%
Bryan, City of Higher Education Authority, Inc.	2,500,000	-	0.0%
<b>Total</b>	<b>\$ 7,206,460,241</b>	<b>\$ 5,637,881,837</b>	<b>78.2%</b>

**Source:** Municipal Advisory Council of Texas; Texas Education Agency.

Of the \$5.64 billion of charter school debt outstanding as of October 31, 2022, an estimated \$3.84 billion was guaranteed by the PSF. *Table C.2* shows charter school debt guaranteed by the PSF.

Table C.2 Charter School Debt Outstanding Guaranteed by the Permanent School Fund as of October 31, 2022 (Estimated)			
Charter School	Total Par Outstanding	PSF Guaranteed Debt Outstanding	% PSF Guaranteed
IDEA Academy, Inc.	\$ 1,145,875,000	\$ 928,605,000	81.0%
International Leadership of Texas	657,108,015	158,495,000	24.1%
KIPP Texas, Inc.	574,788,000	574,788,000	100.0%
Harmony Public Schools	497,590,000	452,590,000	91.0%
Uplift Education	411,435,000	250,325,000	60.8%
Riverwalk Education Foundation, Inc.	318,898,000	318,898,000	100.0%
Responsive Education Solutions	259,915,000	259,915,000	100.0%
Great Hearts America - Texas	225,235,000	225,235,000	100.0%
YES Prep Public Schools	151,046,600	71,585,000	47.4%
Jubilee Academic Center	123,725,000	-	0.0%
BASIS Texas Charter Schools, Inc.	121,100,000	-	0.0%
LIFESCHOOL of Dallas	98,365,000	98,365,000	100.0%
Cumberland Academy	75,680,000	-	0.0%
LTTS Charter School, Inc. d/b/a Universal Academy	70,255,000	-	0.0%
Trinity Basin Preparatory	60,295,000	60,295,000	100.0%
Austin Achieve Public Schools, Inc.	56,590,000	56,590,000	100.0%
Golden Rule Schools, Inc.	53,355,000	25,205,000	47.2%
Vanguard Academy, Inc.	44,030,000	44,030,000	100.0%
Orenda Education	41,145,000	35,895,000	87.2%
SER-Ninos, Inc.	39,075,000	36,555,000	93.6%
TLC Academy	38,607,038	-	0.0%
Wayside Schools	33,585,000	-	0.0%
Newman International Academy	33,510,000	-	0.0%
Cityscape Schools Inc.	31,515,000	20,820,000	66.1%
Charter School Revenue	30,364,044	-	0.0%
Compass Academy Charter School, Inc.	29,440,000	29,440,000	100.0%
A+ Charter Schools, Inc.	29,200,000	12,450,000	42.6%
Village Tech Schools	27,055,000	-	0.0%
New Frontiers Public Schools	25,000,000	-	0.0%
Imagine International Academy of North Texas, LLC	24,775,140	-	0.0%
Beta Academy	23,380,000	-	0.0%
A.W. Brown Leadership Academy	22,580,000	22,580,000	100.0%
UMEP Inc	21,650,000	-	0.0%
Eagle Advantage Schools, Inc.	21,485,000	17,655,000	82.2%
El Paso Education Initiative, Inc.	19,425,000	19,425,000	100.0%
Faith Family Academy Charter School	18,910,000	18,910,000	100.0%
The Hughen Center, Inc.	16,310,000	16,310,000	100.0%
Leadership Prep School	16,295,000	16,295,000	100.0%
Pineywoods Community Academy	15,800,000	15,800,000	100.0%
South Texas Educational Technologies, Inc. d/b/a Horizon Montessori Public Schools	15,615,000	15,615,000	100.0%
Odyssey Academy	11,425,000	11,425,000	100.0%
Ben Yehuda Academy d/b/a Eleanor Kolitz Hebrew Language Academy	11,105,000	11,105,000	100.0%
Aristoi Classical Academy	10,725,000	-	0.0%
BRAINATION, INC	10,145,000	10,145,000	100.0%
Southwest Winners Foundation, Inc.	10,095,000	-	0.0%
Prelude Preparatory, Inc	9,295,000	-	0.0%
Winfree Academy Charter School	8,720,000	-	0.0%
Shekinah Learning Institute Project	8,250,000	-	0.0%
Arlington Classics Academy	8,105,000	-	0.0%
Austin Discovery School, Inc.	7,760,000	-	0.0%
Gateway Charter Academy	7,260,000	-	0.0%
Evolution Academy Charter School	5,595,000	-	0.0%
Coram Deo Academy	5,055,000	-	0.0%
Nova Academy	4,340,000	4,340,000	100.0%
<b>Total</b>	<b>\$ 5,637,881,837</b>	<b>\$ 3,839,691,000</b>	<b>68.1%</b>

Source: Municipal Advisory Council of Texas; Texas Education Agency.

## Appendix D Cost of Issuance

For fiscal year 2022, the total aggregated cost of issuance (COI), including underwriter's spread for both competitive and negotiated bond sales among Texas local government debt issuers, was \$680.5 million. It was comprised of total direct bond costs of \$427.2 million and total underwriter's spread of \$253.4 million (*Table D.1*).

The largest components of total direct bond costs are fees for financial advisor, bond counsel, and rating agencies, which totaled \$138.0 million, \$134.5 million, and \$38.6 million, respectively. Other direct bond related costs were \$116.1 million and include fees for bond insurance, disclosure counsel, paying agent, trustee and escrow verification, miscellaneous bond program fees, attorney general fees, and various smaller fees.

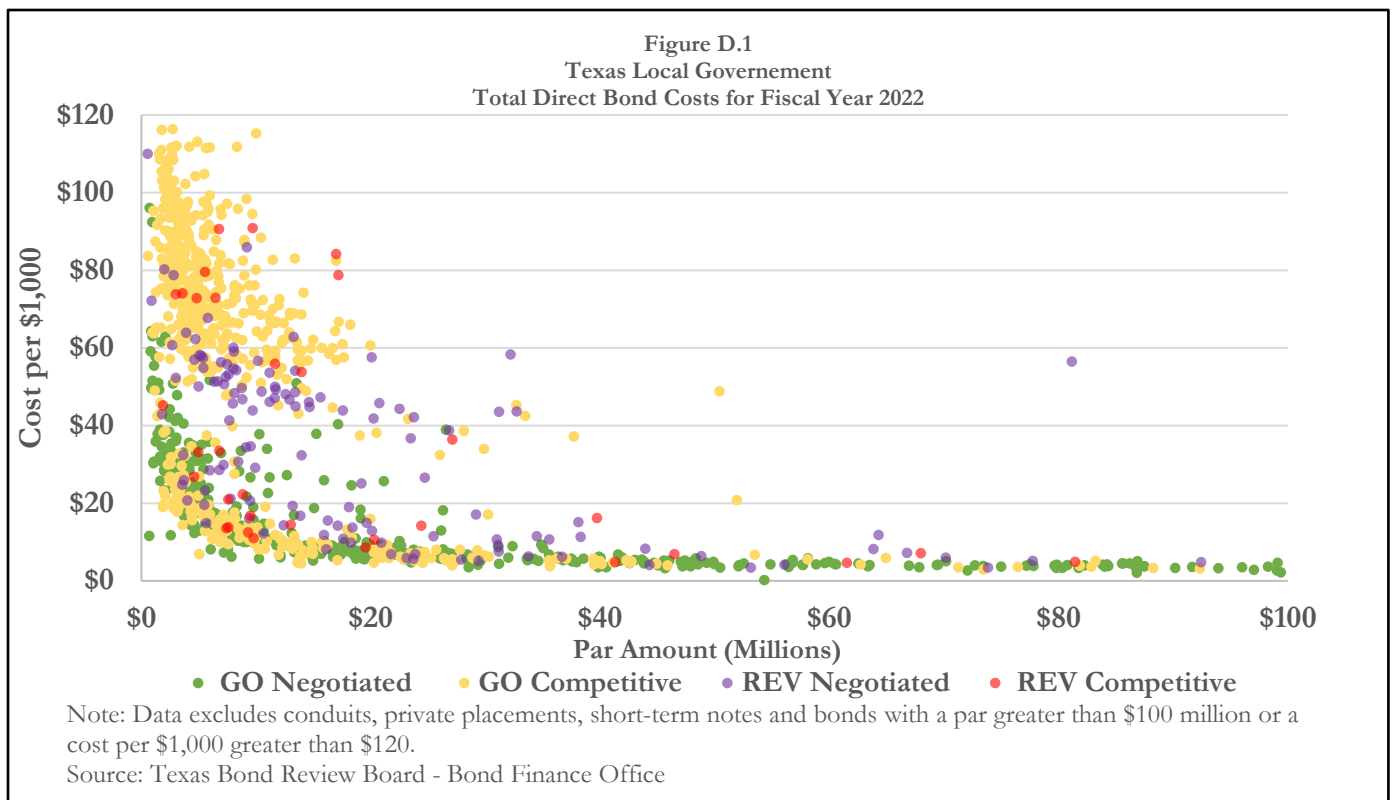
Total underwriter's spread is comprised of the takedown fee, management fee, underwriter's counsel fee, and spread expenses fee, which totaled \$194.0 million, \$24.8 million, \$20.1 million, and \$14.5 million, respectively.

Table D.1 Texas Local Government Total COI for Fiscal Year 2022	
Financial Advisor Fees	\$ 137,976,794
Bond Counsel Fees	134,518,997
Ratings Fees	38,568,414
Other Direct Bond Related Costs	116,089,594
<b>Total Direct Bond Related Costs</b>	<b>\$ 427,153,799</b>
Takedown Fee	\$ 194,019,756
Management Fee	24,759,218
Underwriter's Counsel Fee	20,098,274
Spread Expenses Fee	14,495,316
<b>Total Underwriter's Spread</b>	<b>\$ 253,372,563</b>
<b>Total COI including UW Spread</b>	<b>\$ 680,526,362</b>
<b>Note:</b> Excludes conduits, private placements, and short-term notes.	
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.	

### Trends in Issuance Costs for Texas Local Government Bonds in 2022

Total direct bond costs include all cost of issuance fees except the underwriter's spread. To analyze these fees on a cost per \$1,000 basis for fiscal year 2022, each major cost of issuance component has been compared by bond type (general obligation (GO) vs. revenue) and by method of sale (negotiated vs. competitive). See last page of this chapter for an explanation of Box Plot Statistical Analysis charts used for *Figures D.2, D.3, D.4, and D.5*.

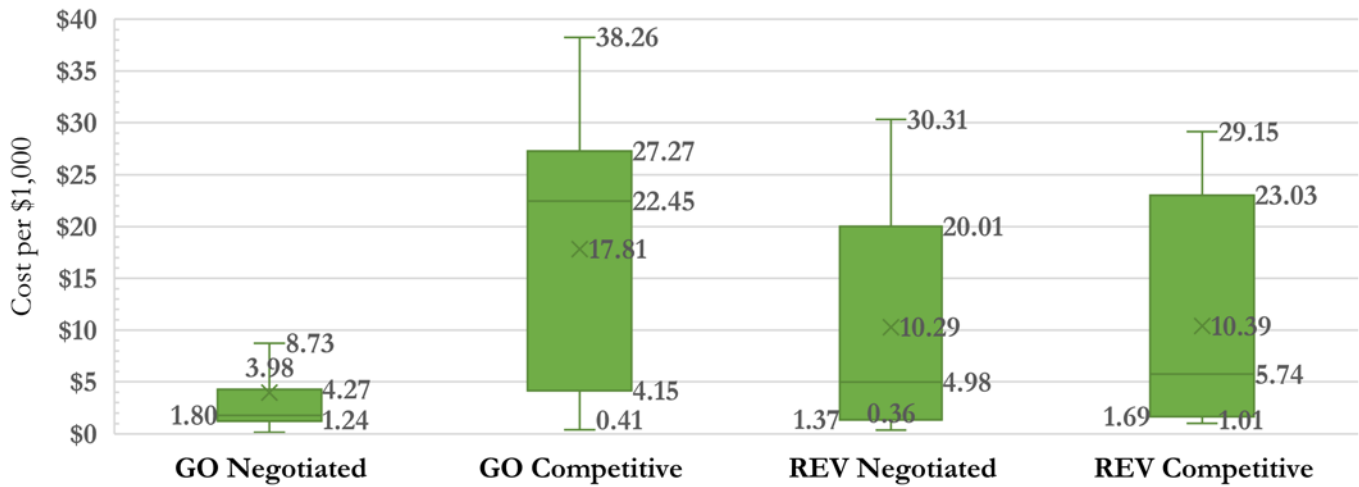
Excluding issuances of conduit debt, private placement debt, and short-term notes, data was collected from 1,315 transactions for fiscal year 2022 of which 671 were competitive and 644 were negotiated. Of the competitive transactions, 635 were general obligation and 36 were revenue issuances. Of the negotiated transactions, 489 were general obligation and 155 were revenue transactions. The data indicates that cost per \$1,000 for all transactions declined as transaction size increased. General obligation (GO) competitive transactions had the highest cost per \$1,000 for transactions less than \$50.0 million — 617 of the 635 GO competitive transactions were issued for less than \$50.0 million in fiscal year 2022. Cost per \$1,000 decreased as transaction size increased. GO negotiated and GO competitive transactions mostly had lower cost per \$1,000 for transaction sizes over \$20.0 million (Figure D.1). The total average cost for fiscal year 2022 was \$37.49 per \$1,000, an increase of \$4.57 per \$1,000 compared to \$32.92 per \$1,000 for fiscal year 2021.



Data for bond counsel cost per \$1,000 for fiscal year 2022 indicates that GO competitive transactions had the highest cost per \$1,000 for smaller transaction sizes. GO negotiated transactions generally had the lowest cost per \$1,000 for transaction sizes larger than \$50.0 million. The total average cost, including all GO and revenue debt, for fiscal year 2022 was \$11.58 per \$1,000, an increase of \$1.82 per \$1,000 compared to \$9.76 per \$1,000 for fiscal year 2021. Fiscal year 2022 had 450 different transactions that were equal to or greater than \$20 per bond for bond counsel fees compared to 362 different transactions in 2021 (Figure D.2).

Data for financial advisor cost per \$1,000 indicates that GO competitive transactions had the highest cost per \$1,000 for smaller transaction sizes. GO negotiated transactions generally had the lowest cost per \$1,000 for transaction sizes larger than \$50.0 million. The total average cost, including all GO and revenue debt, for fiscal year 2022 was \$11.29 per \$1,000, an increase of \$1.30 per \$1,000 compared to \$9.99 per \$1,000 for fiscal year 2021. Fiscal year 2022 had 382 different transactions that were equal

Figure D.2  
Texas Local Government  
Bond Counsel Fees for Fiscal Year 2022

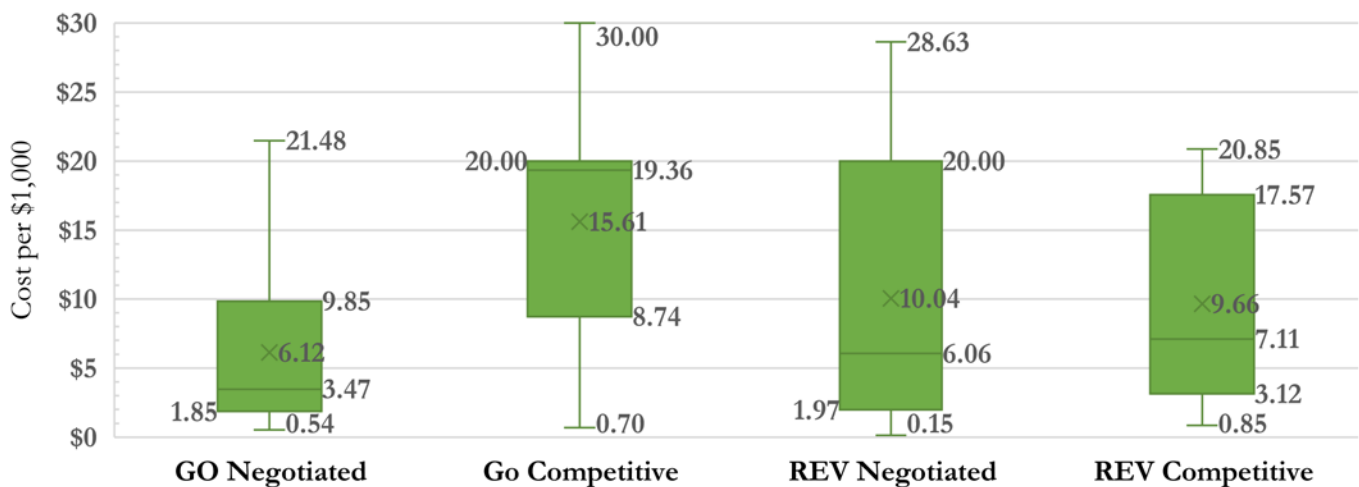


**Note:** Data excludes conduits, private placements, and short-term notes.  
Outliers are not shown on the chart. See last page of this chapter for an explanation of Box Plot Statistical Analysis charts.  
**Source:** Texas Bond Review Board - Bond Finance Office

to or greater than \$20 per bond for financial advisor fees compared to 301 different transactions in 2021 (Figure D.3).

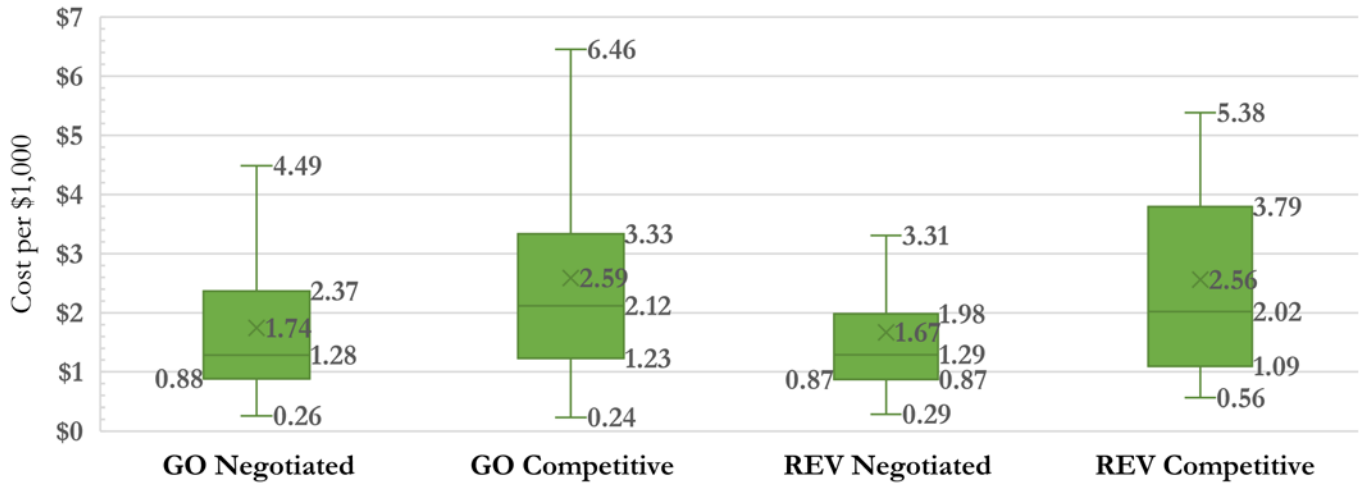
Data for total ratings cost per \$1,000 indicates that GO negotiated transactions had the lowest cost per \$1,000 for smaller transaction sizes. Revenue negotiated had the lowest cost per \$1,000 for larger transaction sizes. The total average cost, including all GO and revenue debt, for fiscal year 2022 was

Figure D.3  
Texas Local Government  
Financial Advisor Fees for Fiscal Year 2022



**Note:** Data excludes conduits, private placements, and short-term notes.  
Outliers are not shown on the chart. See last page of this chapter for an explanation of Box Plot Statistical Analysis charts.  
**Source:** Texas Bond Review Board - Bond Finance Office

Figure D.4  
Texas Local Government  
Ratings Fees for Fiscal Year 2022

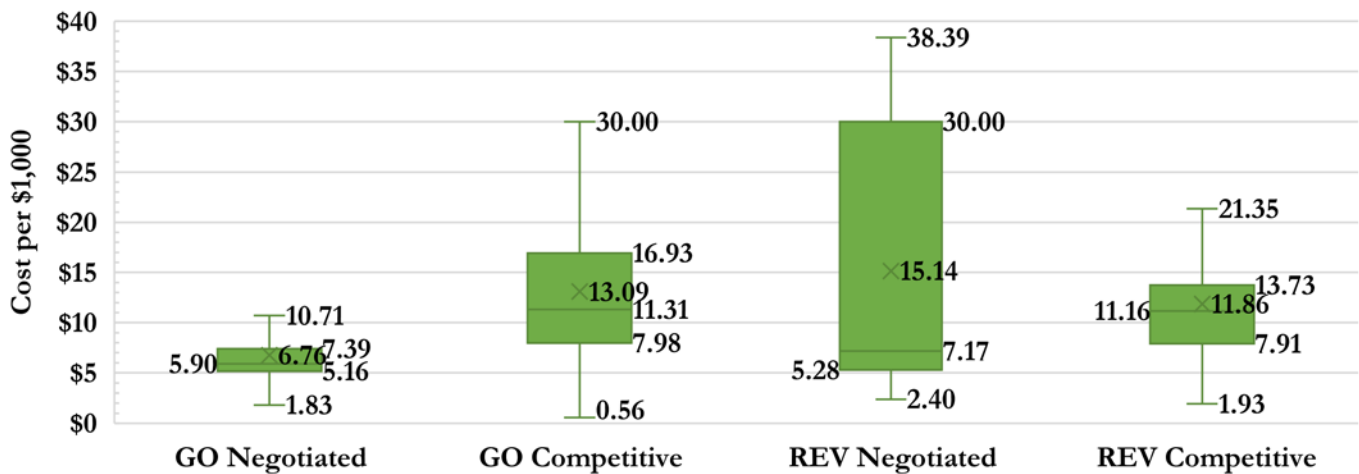


**Note:** Data excludes conduits, private placements, and short-term notes. Outliers are not shown on the chart. See last page of this chapter for an explanation of Box Plot Statistical Analysis charts.  
**Source:** Texas Bond Review Board - Bond Finance Office

\$2.16 per \$1,000, a decrease of \$0.22 per \$1,000 compared to \$2.38 per \$1,000 for fiscal year 2021 (Figure D.4).

Data for total underwriter's spread cost per \$1,000 indicates that GO competitive and revenue negotiated transactions generally had the highest cost per \$1,000 for smaller transaction sizes. GO negotiated transactions had the lowest cost per \$1,000 for larger transaction sizes. The total average

Figure D.5  
Texas Local Government  
Underwriter Fees for Fiscal Year 2022



**Note:** Data excludes conduits, private placements, and short-term notes. Outliers are not shown on the chart. See last page of this chapter for an explanation of Box Plot Statistical Analysis charts.  
**Source:** Texas Bond Review Board - Bond Finance Office



cost, including all GO and revenue debt, for fiscal year 2022 was \$10.94 per \$1,000, an increase of \$1.45 per \$1,000 compared to \$9.49 per \$1,000 for fiscal year 2021. Fiscal year 2022 had 177 different transactions that were equal to or more than \$20 per bond for underwriter spread fees compared to 107 different transactions in 2021 (*Figure D.5*).

### **2022 Local Texas Governments Cost of Issuance Statistical Information**

*Table D.2* provides COI statistical information for GO and revenue transactions completed during fiscal year 2022.

The weighted average for total COI, including underwriter's spread, increased to \$16.87 per \$1,000 in 2022 from \$14.88 per \$1,000 in 2021. The average transaction size increased to \$30.7 million in 2022 from \$27.0 million in 2021 and the average fee increased to \$518,359 from \$410,603 in 2021, respectively.

Table D.2  
**Texas Local Government**  
**Cost of Issuance Statistics Summary for Fiscal Year 2022**

	Total Direct Bond Costs	Bond Counsel Fees	Financial Advisor Fees	Total Ratings Fees	Total UW Spread Fees	Total COI Including UW Spread
<b>GO Negotiated</b>						
Count	489	488	483	467	488	489
Average Par	\$ 42,731,790	\$ 42,707,972	\$ 42,060,197	\$ 44,423,360	\$ 42,707,972	\$ 42,731,790
Average Fee	\$ 211,617	\$ 61,026	\$ 85,437	\$ 41,260	\$ 217,692	\$ 428,864
Minimum (\$ per 1,000)	0.17	0.15	0.54	0.26	1.14	0.17
Maximum (\$ per 1,000)	96.09	57.89	65.93	10.62	72.16	168.25
Median (\$ per 1,000)	8.20	1.80	3.47	1.28	5.90	14.00
Average (\$ per 1,000)*	4.95	1.43	2.03	0.93	5.10	10.04
<b>GO Competitive</b>						
Count	635	635	634	527	633	635
Average Par	\$ 10,795,480	\$ 10,795,480	\$ 10,790,481	\$ 12,048,159	\$ 10,800,695	\$ 10,795,480
Average Fee	\$ 354,332	\$ 113,471	\$ 103,840	\$ 18,870	\$ 109,210	\$ 463,198
Minimum (\$ per 1,000)	2.90	0.41	0.70	0.24	0.56	4.43
Maximum (\$ per 1,000)	256.34	38.26	200.00	15.62	95.20	274.64
Median (\$ per 1,000)	65.07	22.45	19.36	2.12	11.31	79.66
Average (\$ per 1,000)*	32.82	10.51	9.62	1.57	10.11	42.91
<b>Rev Negotiated</b>						
Count	155	154	152	89	155	155
Average Par	\$ 74,621,304	\$ 74,019,754	\$ 73,665,935	\$ 113,078,046	\$ 74,621,304	\$ 74,621,304
Average Fee	\$ 543,601	\$ 183,934	\$ 173,912	\$ 89,287	\$ 448,317	\$ 991,918
Minimum (\$ per 1,000)	1.75	0.36	0.15	0.29	2.40	5.02
Maximum (\$ per 1,000)	109.98	30.31	28.63	8.75	38.39	146.49
Median (\$ per 1,000)	20.70	4.98	6.06	1.29	7.17	31.29
Average (\$ per 1,000)*	7.28	2.48	2.36	0.79	6.01	13.29
<b>Rev Competitive</b>						
Count	36	36	36	29	35	36
Average Par	\$ 30,392,917	\$ 30,392,917	\$ 30,392,917	\$ 35,205,172	\$ 31,043,571	\$ 30,392,917
Average Fee	\$ 414,275	\$ 121,065	\$ 123,380	\$ 48,589	\$ 261,021	\$ 668,046
Minimum (\$ per 1,000)	3.28	1.01	0.85	0.56	1.93	5.50
Maximum (\$ per 1,000)	90.84	29.15	20.85	8.05	29.08	105.19
Median (\$ per 1,000)	18.86	5.74	7.11	2.02	11.16	29.68
Average (\$ per 1,000)*	13.63	3.98	4.06	1.38	8.41	21.98
<b>Total</b>						
Count	1315	1313	1305	1112	1311	1315
Average Par	\$ 30,731,120	\$ 30,609,145	\$ 30,228,052	\$ 34,334,519	\$ 30,763,659	\$ 30,731,120
Average Fee	\$ 325,212	\$ 102,452	\$ 105,729	\$ 34,684	\$ 193,736	\$ 518,359
Minimum (\$ per 1,000)	0.17	0.15	0.15	0.24	0.56	0.17
Maximum (\$ per 1,000)	256.34	57.89	200.00	15.62	95.20	274.64
Median (\$ per 1,000)	23.35	5.29	10.00	1.68	8.03	32.58
Average (\$ per 1,000)*	10.58	3.35	3.50	1.01	6.30	16.87

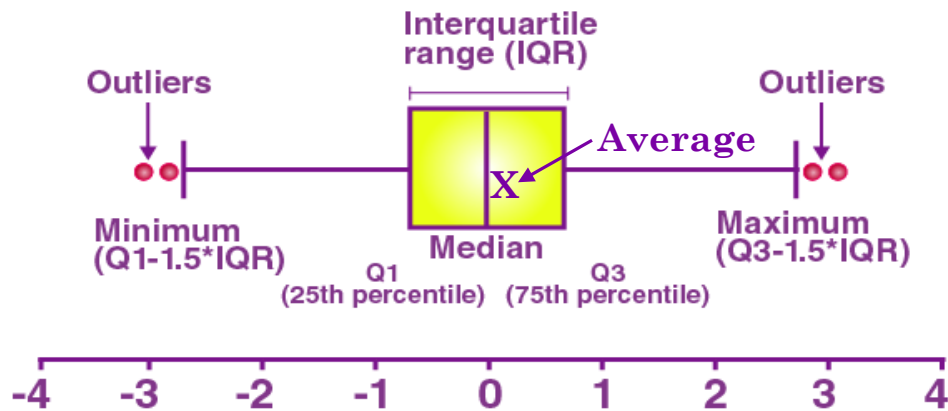
**Note:** Data excludes conduits, private placements and short-term notes.

\*Represents an aggregate weighted cost per \$1,000.

**Source:** Texas Bond Review Board - Bond Finance Office

## Why Do We Use Box and Whisker Plot?

Box and Whisker diagrams allow us to read the data very effectively and easily. It summarizes the data from multiple sources and displays it in a single graph. It helps us to make an effective decision as it compares the data from different categories.



## Elements of a Box and Whisker Plot

The elements required to construct a box and whisker plot outliers are given below.

Minimum value ( $Q_0$  or 0th percentile)

First quartile ( $Q_1$  or 25th percentile)

Median ( $Q_2$  or 50th percentile)

Third quartile ( $Q_3$  or 75th percentile)

Maximum value ( $Q_4$  or 100th percentile)

Interquartile range

Average or Mean

Outliers or outlying values

The meaning of each of these elements is listed below.

- The minimum value in the dataset, which is displayed at the far left end of the diagram.
- The first quartile ( $Q_1$ ) at the left side, which is in between the minimum value and median.
- The median value, represented by the line in the center of the box.
- The third quartile ( $Q_3$ ) at the right side, which is in between the median and the maximum value.
- The maximum value in the dataset, which is displayed at the far right end of the diagram.
- Interquartile range (IQR) is the difference between upper and lower quartiles, i.e.  $Q_3$  and  $Q_1$ .
- The average or mean value in the dataset is computed by dividing the sum of a set of values by the number of values in the set, which is indicated with an X

Outlying values (or “outliers”) are any value in the dataset which are either below the  $Q_1 - 1.5 * IQR$  threshold or above the  $Q_3 + 1.5 * IQR$  threshold.

**Source:** <https://byjus.com/maths/box-and-whisker-plot/>

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**Appendix E**  
**Build America Bonds**

Build America Bonds (BAB) were created by the American Recovery and Reinvestment Act of 2010 and issued as Tax Credit BABs or Direct-Payment BABs. Tax Credit BABs provide a tax credit subsidy 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. Authority to issue BABs expired in December 2010.

Under the Budget Control Act of 2011, across-the-board sequestration took effect on March 1, 2013, and direct-pay bonds such as BABs experienced an 8.7 percent reduction of the original 35 percent federal subsidy on BABs interest payments. The Internal Revenue Service reported that, effective October 1, 2014, issuers of BABs and other direct-pay bonds would have their subsidy payments processed in federal fiscal year 2014 reduced by 7.2 percent, and in federal fiscal year 2015 reduced by 7.3 percent. In federal fiscal years 2016, 2017, 2018, 2019, and 2020 the subsidy payments were further reduced by 6.8 percent, 6.9 percent, 6.6 percent, 6.2 percent, and 5.9 percent, respectively. In federal fiscal years 2021 through 2030, the subsidy payments are reduced by 5.7 percent.

Based on data reported to the BRB at the time of issuance, during fiscal years 2009–2011, 62 local government issuers issued \$10.92 billion in Direct-Payment BABs. Of that amount, \$10.19 billion was issued for new-money purposes, and \$728.5 million was issued for refunding purposes. Local governments in Texas accounted for approximately 5.8 percent of the total national BAB issuance of \$181.26 billion. As of August 31, 2022, BAB debt outstanding was \$5.62 billion or 2.0 percent of total local debt outstanding (*Table E.1*).

Table E.1		
<b>Texas Local Government</b>		
<b>Build America Bond Debt Outstanding</b>		
(\$ in millions)		
<b>Government Type</b>		<b>Amount</b>
Other Special Districts and Authorities	\$	2,071.4
Public School Districts		1,629.9
Cities, Towns, Villages		1,381.4
Health/Hospital Districts and Authorities		492.2
Counties		45.3
Water Districts and Authorities		-
Community and Junior College Districts		-
<b>Total</b>	<b>\$</b>	<b>5,620.2</b>
Excludes conduit debt.		
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.		

The top five local governments with outstanding BABs account for over 78.0 percent of the total BAB debt outstanding (*Table E.2*).

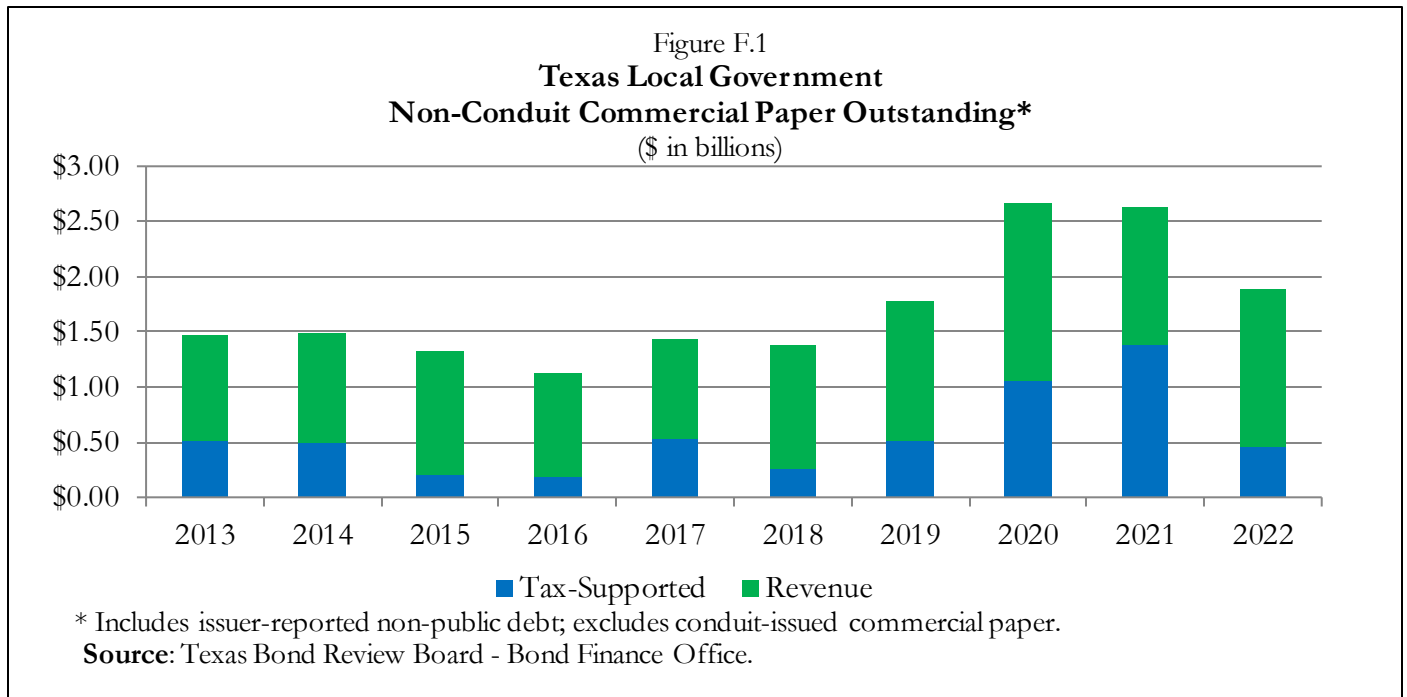
Table E.2 Texas Local Government Top Five Issuers With Build America Bond Debt Outstanding (\$ in millions)	
Issuer	Principal
Dallas Area Rapid Transit	\$ 1,196.4
San Antonio	1,056.8
North Texas Tollway Authority	875.0
Dallas ISD	845.1
Dallas County Hospital District	409.2
<b>Top Five Total</b>	<b>\$ 4,382.5</b>
<b>Total BAB Debt Outstanding</b>	<b>\$ 5,620.2</b>
<b>Top Five Issuers % of Total BAB Debt Outstanding</b>	<b>78.0%</b>
Excludes conduit debt.	
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.	

## Appendix F Commercial Paper

Commercial paper (CP) is an unsecured debt instrument that matures within 270 days and is backed by a liquidity provider, usually a bank, that stands by to provide liquidity in the event CP notes are not remarketed or redeemed at maturity. Debt that matures in less than 270 days does not require registration with the SEC, so it is less costly to the issuer. Since CP is not backed by collateral, only issuers with solid ratings from the major credit rating agencies are able to offer their CP at reasonable prices. CP generally carries lower interest repayment rates than bonds due to the shorter maturities of CP.

Local governments and their conduit corporations issue CP to provide interim financing for projects for which revenues are not yet available. Texas local governments are not required to provide the Texas Bond Review Board (BRB) with CP issuance information but are required to report new CP programs to the Office of the Attorney General, which forwards such information to the BRB. Current CP balances are obtained by contacting local governments who have had CP programs in prior years or who have opened new CP programs in 2022. Because some local governments reported in the past that they terminated or inactivated their CP programs in favor of various revolving credit, direct purchase agreements, or lines of credit with banking institutions, the BRB has asked all CP contacts to report such non-public debt outstanding along with their CP outstanding balances, starting in 2017. CP data provided in this Appendix includes any reported non-public debt outstanding.

Non-conduit CP can be supported by pledges of tax or revenue. The 2022 reported non-conduit CP total of \$1.88 billion showed a 10-year increase of 28.0 percent from \$1.47 billion in 2013, a five-year increase of 35.9 percent from \$1.39 billion in 2018, and a 28.4 percent decrease from the 2021 total of \$2.63 billion (*Figure F.1*).



Local government CP outstanding is shown by pledge type for each of the last five fiscal years in Table F.1.

Table F.1					
<b>Texas Local Government</b>					
<b>Commercial Paper Outstanding by Fiscal Year*</b>					
(\$ in millions)					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Public School Districts</b>					
Tax-Supported GO	\$72.1	\$87.1	\$324.7	\$879.0	\$50.0
M&O (Tax-Supported)	0.0	0.0	0.0	0.0	0.0
<b>Total Commercial Paper Balance</b>	<b>\$72.1</b>	<b>\$87.1</b>	<b>\$324.7</b>	<b>\$879.0</b>	<b>\$50.0</b>
<b>Cities, Towns, Villages</b>					
Tax-Supported GO	\$109.5	\$226.4	\$284.5	\$279.3	\$337.9
Revenue	540.9	716.9	768.6	769.2	883.8
Sales Tax Revenue	6.6	3.3	0.0	0.0	0.0
<b>Total Commercial Paper Balance</b>	<b>\$657.0</b>	<b>\$946.7</b>	<b>\$1,053.0</b>	<b>\$1,048.5</b>	<b>\$1,221.7</b>
<b>Water Districts and Authorities</b>					
Tax-Supported GO	\$0.0	\$52.9	\$202.0	\$0.0	\$20.2
Revenue	246.7	184.7	162.2	247.6	403.5
<b>Total Commercial Paper Balance</b>	<b>\$246.7</b>	<b>\$237.6</b>	<b>\$364.2</b>	<b>\$247.6</b>	<b>\$423.8</b>
<b>Other Special Districts and Authorities</b>					
Tax-Supported GO	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue	19.5	23.4	231.1	9.4	26.6
Sales Tax Revenue	241.1	201.2	229.9	228.6	83.7
<b>Total Commercial Paper Balance</b>	<b>\$260.6</b>	<b>\$224.6</b>	<b>\$461.0</b>	<b>\$238.0</b>	<b>\$110.3</b>
<b>Counties</b>					
Tax-Supported GO	\$83.2	\$150.9	\$236.9	\$218.0	\$48.1
Revenue	66.5	141.4	227.7	0.0	29.3
<b>Total Commercial Paper Balance</b>	<b>\$149.7</b>	<b>\$292.2</b>	<b>\$464.6</b>	<b>\$218.0</b>	<b>\$77.4</b>
<b>Community and Junior College Districts</b>					
Tax-Supported GO	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue	0.0	0.0	0.0	0.0	0.0
<b>Total Commercial Paper Balance</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Health/Hospital Districts and Authorities</b>					
Tax-Supported GO	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue	0.0	0.0	0.0	0.0	0.0
<b>Total Commercial Paper Balance</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Tax-Supported GO</b>	<b>\$264.8</b>	<b>\$517.2</b>	<b>\$1,048.0</b>	<b>\$1,376.3</b>	<b>\$456.2</b>
<b>Total Tax-Supported M&amp;O</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Revenue</b>	<b>873.7</b>	<b>1,066.4</b>	<b>1,389.6</b>	<b>1,026.2</b>	<b>1,343.3</b>
<b>Total Sales Tax Revenue</b>	<b>247.7</b>	<b>204.5</b>	<b>229.9</b>	<b>228.6</b>	<b>83.7</b>
<b>Total Commercial Paper Balance</b>	<b>\$1,386.1</b>	<b>\$1,788.2</b>	<b>\$2,667.6</b>	<b>\$2,631.1</b>	<b>\$1,883.1</b>

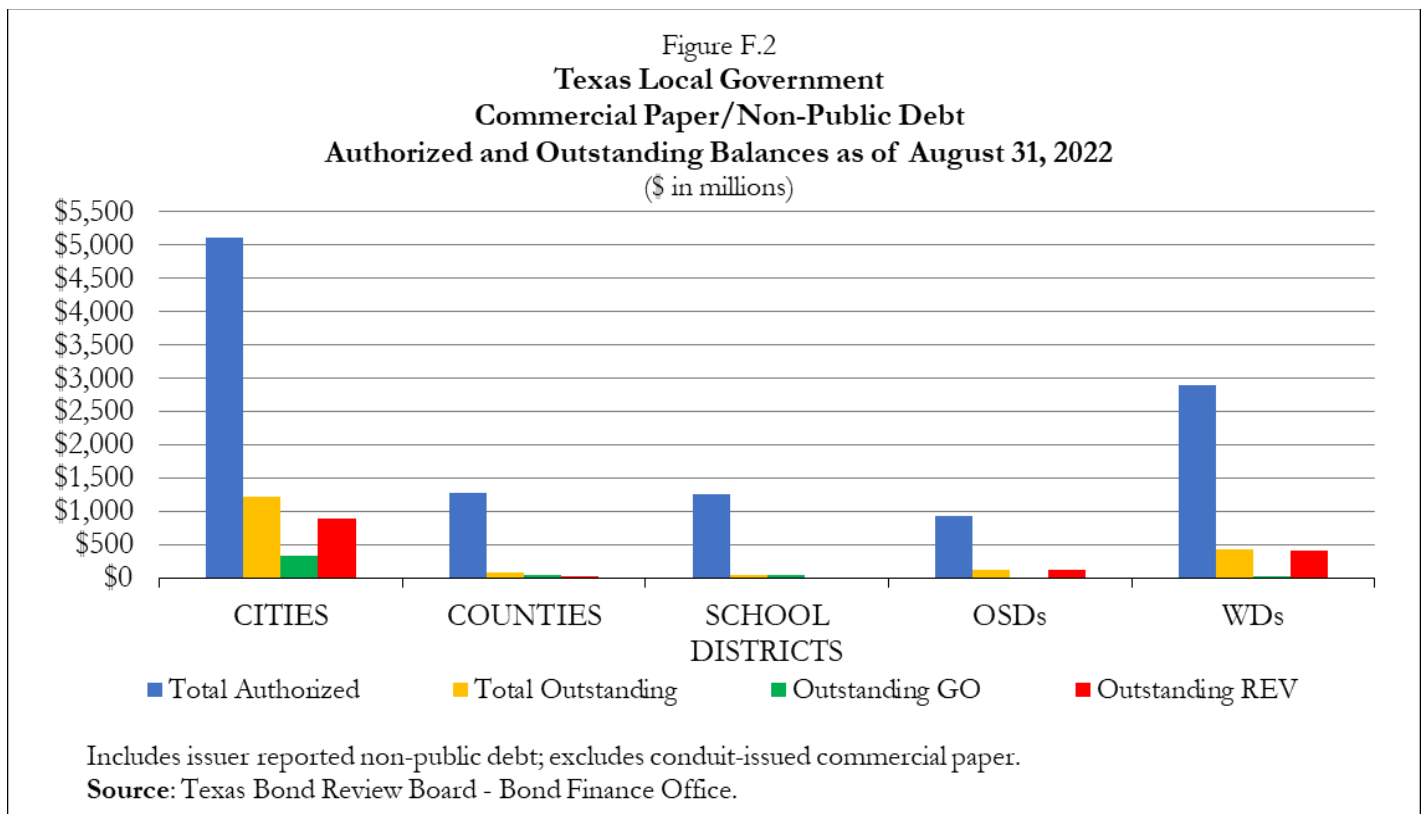
\*Includes issuer-reported non-public debt; excludes conduit debt.  
**Source:** Texas Bond Review Board - Bond Finance Office.



As of 2022 fiscal year-end, eight Cities reported CP and/or non-public debt authorized, with six reporting CP outstanding. Of the Counties, only one reported both authorized and outstanding CP. Of the five Public School Districts (School Districts) reporting CP authorized, one reported CP outstanding. Eight Water Districts and Authorities (WDs) reported CP authorized; five of those districts reported CP outstanding. Four Other Special Districts and Authorities (OSDs) reported CP authorized; three of those districts reported CP outstanding. No Community/Junior College Districts (CCDs) or Health/Hospital Districts and Authorities (HHDs) reported authorized or outstanding balances as of year-end.

Additionally, of the six Cities Conduit issuers reporting CP authorized, five reported CP outstanding, and one WD Conduit issuer reported both authorized and outstanding CP.

Figure F.2 shows the difference between the total amount of non-conduit authorized CP and the reported outstanding balances for each government type as of 2022 fiscal year-end.



Of the Big 6 Cities (Austin, Dallas, El Paso, Fort Worth, Houston, and San Antonio), five had outstanding non-conduit CP balances as of August 31, 2022. The Big 6 Cities CP outstanding accounted for 94.9 percent of the total Cities CP outstanding in 2018, 86.3 percent in 2019, 92.9 percent in 2020, 69.9 percent in 2021, and 88.9 percent in 2022.

Table F.2 shows outstanding CP balances for the Big 6 Cities over the past five years.

Table F.2 Texas Local Government Texas BIG 6 Cities Commercial Paper Outstanding* (\$ in millions)						
		2018	2019	2020	2021	2022
<b>Austin</b>	Tax Supported	\$ -	\$ -	\$ -	\$ -	\$ -
	Revenue	243.2	82.3	317.0	142.8	236.1
<b>Dallas</b>	Tax Supported	-	3.5	133.5	159.7	-
	Revenue	163.7	242.8	139.2	253.1	280.4
<b>El Paso</b>	Tax Supported	23.5	16.9	12.6	-	-
	Revenue	-	-	-	-	-
<b>Fort Worth</b>	Tax Supported	-	-	-	-	-
	Revenue	-	-	-	-	-
<b>Houston</b>	Tax Supported	80.0	190.0	131.9	42.6	233.0
	Revenue	100.5	272.5	232.0	67.0	247.0
<b>San Antonio</b>	Tax Supported	-	-	-	62.0	84.9
	Revenue	12.7	9.4	11.9	5.4	5.1
<b>Total Tax Supported</b>		\$ 103.5	\$ 210.4	\$ 278.0	\$ 264.3	\$ 317.9
<b>Total Revenue</b>		\$ 520.1	\$ 607.0	\$ 700.1	\$ 468.3	\$ 768.6
<b>Total Outstanding</b>		<b>\$ 623.6</b>	<b>\$ 817.4</b>	<b>\$ 978.1</b>	<b>\$ 732.6</b>	<b>\$ 1,086.4</b>

\*Does not reflect total authorization amount; includes issuer-reported non-public debt; excludes conduit CP.  
Source: Texas Bond Review Board - Bond Finance Office.

As conduit issuers generally have no taxing authority, all conduit issued CP is revenue supported. The fiscal year 2022 reported conduit CP total of \$680.3 million showed a 10-year decrease of 11.1 percent from \$765.0 million in 2013, a five-year decrease of 5.2 percent from \$718.0 million in 2018, and an decrease of 34.6 percent from the 2021 total of \$1.04 billion (Figure F.3).

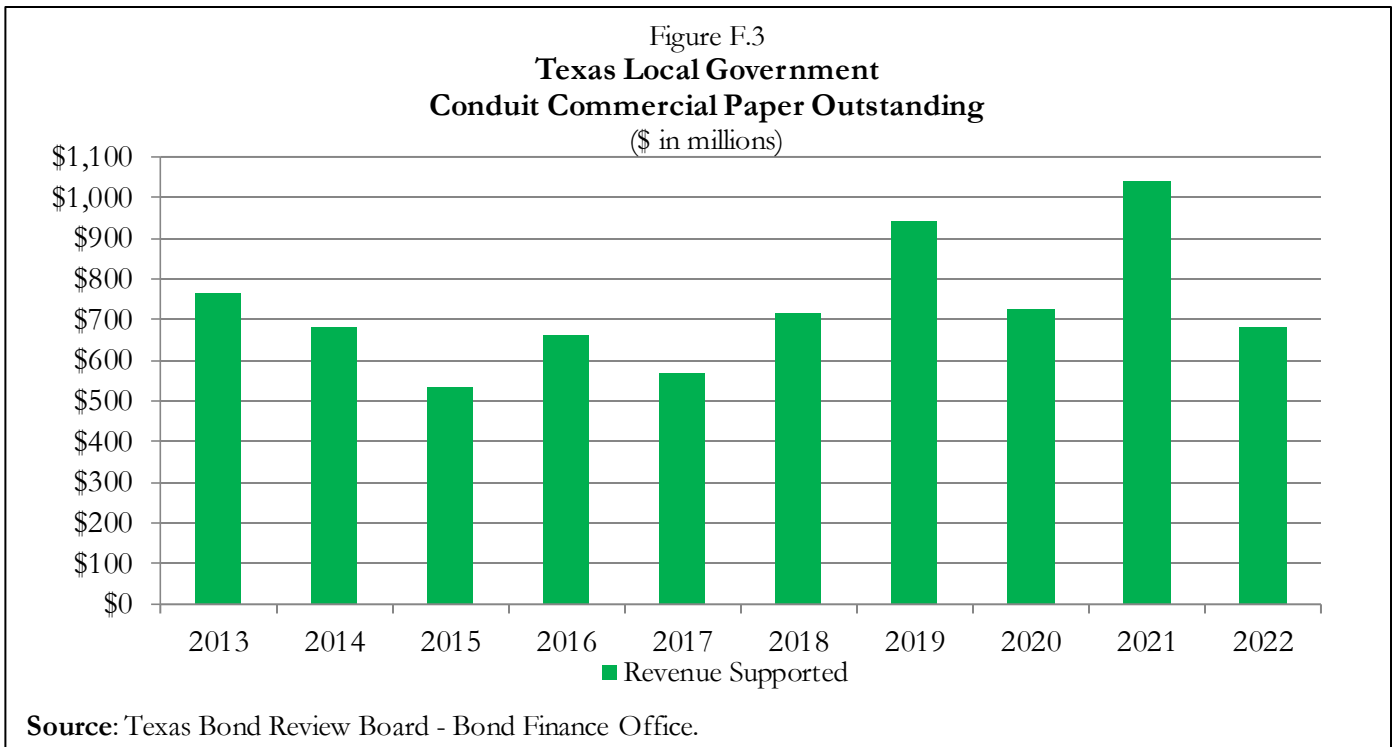


Table F.3 shows the issuers of conduit CP outstanding over the past five years.

		2018	2019	2020	2021	2022
<b>Cities, Towns, Villages</b>						
Brownsville Public Utilities Board	Revenue	\$ 14.0	\$ 30.0	\$ -	\$ 46.0	\$ -
El Paso Water Utilities	Revenue	30.0	50.0	50.0	35.0	80.0
San Antonio CPS Energy	Revenue	320.2	375.0	240.0	495.0	135.0
San Antonio Water System (SAWS)	Revenue	168.7	271.8	218.3	234.0	229.6
Uptown Development Authority	Revenue	-	-	-	-	6.4
Love Field Airport Modernization Corporation	Revenue	-	-	-	-	26.2
<b>Water Districts and Authorities</b>						
Lower Colorado River Authority	Revenue	\$ 185.1	\$ 216.2	\$ 219.5	\$ 230.2	\$ 203.2
<b>Total Conduit CP Outstanding</b>		<b>\$ 718.0</b>	<b>\$ 943.0</b>	<b>\$ 727.8</b>	<b>\$ 1,040.2</b>	<b>\$ 680.3</b>

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

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## **Appendix G**

### **Overview of Texas Local Governments with Debt Outstanding**

Debt outstanding totals shown in this Appendix and in the annual report include commercial paper issued by local governments but do not include debt issued by conduit entities created by local governments. See *Appendix B, Texas Local Government Conduit Debt*, for conduit debt information.

#### **Texas Community and Junior College Districts**

Community and Junior College Districts (CCDs) 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, 2022, total CCD debt outstanding was 2.2 percent (\$6.20 billion) of total local debt outstanding.

CCDs issue both tax-supported and revenue debt. 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. Additionally, CCDs create nonprofit conduit entities to issue debt on behalf of, and for projects to benefit, the CCDs. Most of CCD new obligations are authorized under Chapters 45 and 130 of the Texas Education Code.

#### **Texas Cities, Towns, Villages**

Texas Cities, Towns, Villages (Cities) issue both tax-supported and revenue debt. Revenue debt also includes sales tax and lease-revenue obligations. As of August 31, 2022, total cities debt outstanding was 31.9 percent (\$90.70 billion) 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 (police, fire, and EMS); renovation, equipping, and construction of municipal buildings and utility systems; acquisition of real property; and acquisition of computer equipment and software. Most of Cities new ad valorem tax debt is authorized under Chapters 1331 and 1502 of the Government Code and Chapter 271 of the Local Government Code.

Revenue debt financing is used for such purposes as acquiring, constructing, enlarging, remodeling, and renovating authorized municipal systems and infrastructure, such as wastewater 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. Such debt is categorized as tax-supported.

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.

Cities can form nonprofit conduit entities to issue debt for the benefit of the Cities and to finance the acquisition of land and construction of certain prisons. Pursuant to Texas Government Code, Chapter

1202.008, the BRB does not receive issuance information for all lease-revenue obligations or conduit issuances. Reported data only reflects the amount of debt issued for certain municipalities.

**Texas Counties**

Counties issue two types of debt, tax-supported and revenue, which also includes lease-revenue. As of August 31, 2022, county debt was 5.5 percent (\$15.76 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 acquisition of computer equipment and software. Most of Counties new ad valorem tax debt is authorized under Chapters 1301 and 1473 of the Government Code and Chapter 271 of the Local Government Code.

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

Counties create nonprofit conduit entities to issue debt for projects that benefit Counties.

**Texas Health/Hospital Districts and Authorities**

Health/Hospital Districts and Authorities (HHDs) 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, 2022, HHD debt outstanding was 1.2 percent (\$3.53 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. HHDs can create conduit entities to issue debt on their behalf.

The BRB collects debt information on four types of hospital, health, and 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:

<b>District</b>	<b>Purpose</b>	<b>Voter Approved /Taxing Authority</b>	<b>Authorizing Texas Health and Safety Code Chapter</b>
Hospital Districts	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 Authorities	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 Districts	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 Centers	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
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### **Texas Public School District Debt**

Much of Public School District (School District) debt is authorized under Chapter 45 of the Texas Education Code. School Districts issue four types of debt: voter approved, maintenance and operations (M&O), lease-revenue, and revenue. Charter school debt issued by nonprofit corporations is not included in School District debt. As of August 31, 2022, total School District debt outstanding was 36.7 percent (\$104.21 billion) of total local debt outstanding.

Over 98.0 percent of School District debt outstanding is voter approved. The proceeds from voter-approved debt can be used for school capital projects, such as buildings, renovations, technology, athletic facilities, school transportation, and performing arts, and to refund M&O debt. Voter-approved 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 must 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. For M&O debt, only the maintenance tax is approved by the voters; once the voters approve the maintenance tax and the maximum rate, the maintenance tax debt may be issued without an election.

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.

### **Texas Other Special Districts and Authorities**

Other Special Districts and Authorities (OSD) include tollway authorities, transit authorities, housing authorities, regional mobility authorities, power agencies, public utility agencies, road districts, events venue districts, education districts, and various economic and community development districts. As of August 31, 2022, total OSD debt outstanding was 7.0 percent (\$20.03 billion) of total local debt outstanding.

OSDs issue both tax-supported and revenue debt, including sales tax revenue and lease-revenue debt. OSD tax-supported and revenue debt are both used primarily for road improvements, economic and community development, water and sewer improvements, and developing and maintaining mass transportation systems. OSDs create conduit entities to issue debt on their behalf and for their benefit.

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

<b>District</b>	<b>Purpose</b>
Economic and Community Development Districts	Community development, redevelopment, and strategic planning; public improvements necessary to serve the district.
Education Districts	Provide services to the school districts and are funded by education taxes at the county and the school district levels.
Events Venue Districts	Items related to creating and maintaining venues.
Housing Authorities	Programs to provide affordable housing.
Power Agencies	Improvements to the electric transmission service.
Public Utility Agencies	An agency created by two or more public entities to plan, finance, construct, own, operate, or maintain facilities.
Regional Mobility Authorities	Constructing and maintaining highways, tollways, ferries, airports, bikeways, and all-purpose transportation centers.
Road Districts	Constructing and maintaining roads.
Tollway Authorities	Develop, construct, and maintain toll roads.
Transit Authorities	Public transportation.

### **Texas Water Districts and Authorities**

Texas Water Districts and Authorities (WDs) 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 of the Special District Local Laws Code). As of August 31, 2022, total WD debt outstanding was 15.4 percent (\$43.72 billion) of total local debt outstanding.

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

<b>District</b>	<b>Purpose</b>	<b>Authorizing Water Code Chapter</b>
Municipal Utility Districts	Provides waterworks systems, sanitary sewer systems, and drainage systems.	Chapters 49 and 54
Water Control and Improvement Districts	Supplies and stores water for domestic, commercial, and industrial use; operates wastewater systems; and provides irrigation, drainage, and water quality controls.	Chapters 49 and 51
Special Utility Districts	Provides water, wastewater, and fire-fighting services.	Chapters 49 and 65
River Authorities	Operates major reservoirs and sells untreated water on a wholesale basis. Provides for flood control, soil conservation, and water quality protection.	Chapter 30



Utility & Reclamation Districts	Provides conservation and development of all the natural resources within the district.	
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Tax-supported and 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. Certain WDs can also issue tax debt for road and park construction and create conduit entities to issue conduit revenue debt for pollution control facilities for private entities.

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## Appendix H Overview of Texas Local Government Rating Changes

### Local Government Rating Changes

Approximately 79 issuers that issued debt in fiscal year 2022 received a tax-supported general obligation (GO) rating upgrade, and 15 issuers received a GO rating downgrade from at least one of the three major credit rating agencies, Fitch Ratings, Moody's Investors Service, and Standard & Poor's. Texas Bond Review Board (BRB) staff compared the GO rating assigned to issuers in fiscal year 2022 with their GO rating at the time of their last bond issuance. Rating changes that occur aside from the issuance of new debt in fiscal year 2022 are not considered in *Table H.1* and *Table H.2*.

Water Districts and Authorities (WDs) account for almost half of the upgrades with 36, followed by Cities, Towns, Villages (Cities) and Public School Districts (School Districts) with 22 and 18 upgrades, respectively (*Table H.1*). School Districts and Cities accounted for most downgrades with six and seven, respectively (*Table H.2*). WDs and Health/Hospital Districts and Authorities each had one downgrade.

Table H.1  
Texas Local Government  
2022 Issuers with GO Rating Upgrade Since Previous Issuance

	Fitch	Moody's	S&P
<b>Public Schools (18)</b>			
Bartlett ISD		Baa3 to A3, 1998-2022	
Blanco ISD		A3 to Aa3, 2007-2022	
Bullard ISD		A1 to Aa3, 2016-2022	
Comfort ISD		A1 to Aa3, 2020-2022	
Crosby ISD		A1 to Aa3, 2021-2022	
Culberson County-Allamore ISD		A2 to Aaa, 2020-2022	
Fredericksburg ISD		A2 to Aa2, 1999-2022	
Gatesville ISD		A1 to Aa3, 2020-2022	
Hays CISD			AA- to AA, 2016-2022
Hitchcock ISD			A to A+, 2021-2022
Humble ISD			AA- to AA, 2022-2022
Hutto ISD			A+ to AA-, 2022-2022
Lake Worth ISD		A3 to A1, 2015-2022	
Poteet ISD		A2 to A1, 2016-2022	
Scurry-Rosser ISD		A2 to Aa3, 2018-2022	
Shallowater ISD		A2 to A1, 2021-2022	
Thrall ISD		A2 to Aa3, 2017-2022	
Waelder ISD		A2 to A1, 2015-2022	
<b>Cities (22)</b>			
Andrews	AA- to AA, 2015-2022		
Benbrook		A2 to Aa2, 2004-2022	A to AA+, 2004-2022
Cedar Park			AA+ to AAA, 2022-2022
Cleburne		Aa3 to Aa2, 2014-2022	
Cockrell Hill			A- to A, 2015-2022
Decatur		A2 to A1, 2018-2022	
Farmers Branch			AA+ to AAA, 2020-2022
Kennedale			A+ to AA-, 2011-2022
Leander		Aa2 to Aa1, 2021-2022	
Little Elm			AA to AA+, 2021-2022
Midlothian			AA to AA+, 2020-2022
Mont Belvieu		Aa2 to Aa1, 2020-2022	
Northlake			AA- to AA, 2019-2022
Ponder			A+ to AA-, 2018-2022
Rockport			A+ to AA-, 2021-2022
Sachse			AA to AA+, 2018-2022
Sansom Park			A- to A, 2016-2022
Sulphur Springs			A+ to AA-, 2020-2022
Waller		A2 to A1, 2018-2022	
Waxahachie			AA- to AA, 2021-2022
Whitehouse			A+ to AA-, 2018-2022
Wylie		Aa2 to Aa1, 2021-2022	

Table H.1 (continued)  
**Texas Local Government**  
**2022 Issuers with GO Rating Upgrade Since Previous Issuance**

	Fitch	Moody's	S&P
<b>Water Districts and Authorities (36)</b>			
Bauer Landing WCID			BBB- to BBB, 2021-2022
Belmont FWSD 1		Baa1 to A3, 2021-2022	
Brazoria County MUD 22		Baa3 to Baa2, 2021-2022	
Cottonwood Creek MUD 1		Baa3 to Baa2, 2021-2022	
Fort Bend County Management District 1		Baa2 to Baa1, 2021-2022	
Fort Bend County MUD 161		Baa3 to Baa2, 2021-2022	
Fort Bend County MUD 182		Baa2 to A3, 2021-2022	
Galveston County MUD 56		Baa3 to Baa2, 2021-2022	
Harris County MUD 188			A- to A, 2016-2022
Harris County MUD 287		Baa1 to A3, 2021-2022	
Harris County MUD 368		A3 to A2, 2021-2022	
Harris County MUD 390			BBB- to BBB, 2021-2022
Harris County MUD 393			BBB to BBB+, 2017-2022
Harris County MUD 434		Baa3 to Baa2, 2022-2022	
Harris County MUD 449		Baa2 to Baa1, 2021-2022	
Harris County MUD 489		Baa1 to A3, 2021-2022	
Harris County MUD 495		Baa3 to Baa2, 2021-2022	
Harris County MUD 504		Baa3 to Baa2, 2020-2022	
Harris-Brazoria County MUD 509		Baa3 to Baa2, 2020-2022	
Highway 380 MMD 01		Baa3 to Baa2, 2021-2022	
Kaufman County MUD 05		Baa3 to Baa2, 2021-2022	
Laguna Madre WD			A+ to AA-, 2012-2022
Montgomery County MUD 105		Baa3 to Baa2, 2021-2022	
Montgomery County MUD 139		Baa3 to Baa2, 2020-2022	
Montgomery County MUD 95		Baa2 to Baa1, 2021-2022	
Morningstar Ranch MUD 1		Baa3 to Baa2, 2020-2022	
Northampton MUD		Baa3 to A2, 2021-2022	
Northwest Harris County MUD 30			BBB+ to A-, 2020-2022
Oak Point WCID 4		Baa3 to Baa2, 2020-2022	
Palmera Ridge MUD		Baa3 to Baa2, 2020-2022	
Pilot Knob MUD 03		Baa3 to Baa2, 2021-2022	
The Lakes FWSD		Baa3 to Baa2, 2022-2022	
Travis County MUD 13		Baa3 to Baa2, 2021-2022	
West Park MUD			BBB+ to A-, 2017-2022
Williamson County MUD 12		Baa3 to Baa2, 2021-2022	
Williamson County MUD 19		Baa3 to Baa2, 2021-2022	
<b>Counties (2)</b>			
Blanco County			A+ to AA, 2013-2022
Polk County			A+ to AA-, 2020-2022
<b>Health/Hospital Districts and Authorities (1)</b>			
Midland County Hospital District (Midland Memorial)		A1 to Aa3, 2010-2022	
This table is for informational purposes only and has not been independently verified. Rating changes that occur between bond issuances are not collected by the Bond Review Board and are therefore not reflected in the table.			
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.			

Table H.2 Texas Local Government 2022 Issuers with GO Rating Downgrade Since Previous Issuance			
	Fitch	Moody's	S&P
<b>Public School Districts (6)</b>			
Aubrey ISD		A1 to A2, 2021-2022	
Beckville ISD			AA- to A, 2014-2022
Gary ISD			A+ to A, 2016-2022
Godley ISD		A2 to A3, 2021-2022	
Lamar CISD			AAA to AA, 2021-2022
San Augustine ISD			A+ to A, 2017-2022
<b>Cities (7)</b>			
Austin	AAA to AA+, 2021-2022		
Big Spring			AA to A+, 2020-2022
Castroville			A- to AA+, 2013-2022
Clyde			A to A-, 2014-2022
Graham			A- to BBB-, 2014-2022
Pilot Point			AA- to A+, 2019-2022
Sealy			A+ to A, 2019-2022
<b>Water Districts and Authorities (1)</b>			
Greenwood UD		Baa2 to Baa3, 2021-2022	
<b>Health/Hospital Districts and Authorities (1)</b>			
Andrews County Hospital District		A1 to A3, 2014-2022	
This table is for informational purposes only and has not been independently verified. Rating changes that occur between bond issuances are not collected by the Bond Review Board and are therefore not reflected in the table.			
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.			

## Appendix I 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.

**Advance Refunding** – A refunding in which the refunded obligation remains outstanding for a period of more than 90 days after the issuance of the refunding issue. The Tax Cuts and Jobs Act of 2017 eliminated the option of issuing a tax-exempt advanced refunding of a tax-exempt municipal debt after December 31, 2017.

**Allotment** – Amount of securities distributed to each member of the underwriting syndicate to fill orders.

**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 and/or the legislature but has not yet been issued. Authorized but unissued debt can be issued without the need for further legislative action.

**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** – A 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 percent), when the debt-service payments will be made (such as monthly, semi-annually, or annually), and the revenue source pledged to make the payments.

**Bond Counsel** – Attorney retained by the issuer to give a legal opinion that the issuer is authorized to issue the proposed securities, the legal requirements necessary for issuance have been met, and the proposed securities will be exempt from federal income taxation and state and local taxation where applicable.

**Bond Insurance** – A legal commitment by an insurance company to make timely payments of principal and interest in the event that the issuer of the debt is unable to make the payments.

**Bond Proceeds** – The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These funds are used to finance the project or other purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract or bond purchase agreement. An issuer’s net proceeds equal the issue price less the issuance fees. An investor’s proceeds equal the maturity or sale value plus interest earned up to the maturity date or point of sale.

**Build America Bonds (BABs)** – A debt instrument created by the American Recovery and Reinvestment Act of 2009 (ARRA) that was 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. With the implementation of the Budget Control Act of 2011, the BAB subsidies have been reduced annually (see chart below). Authority to issue BABs expired in December 2010. See *Appendix E* for a discussion on BABs.

Federal Fiscal Year (October 1 thru September 30)	Sequestration Rate Reduction	Effective BAB Federal Subsidy Payment Percentage
2021-2030	5.7%	33.01%
2020	5.9%	32.94%
2019	6.2%	32.83%
2018	6.6%	32.69%
2017	6.9%	32.59%
2016	6.8%	32.62%
2015	7.3%	32.45%
2014	7.2%	32.48%
2013	8.7%	31.96%

**Capital Appreciation Bonds (CABs)** – A municipal security in which the investment return (interest) on an initial principal amount is reinvested at a stated compounded rate until maturity. At maturity, the investor receives a single payment (the “maturity value”) representing both the initial principal amount and the total investment return. CABs are distinct from traditional zero coupon bonds because the investment return is considered to be in the form of compounded interest rather than accreted original issue discount. For this reason, only the initial principal amount of a CAB is counted against a municipal issuer’s statutory debt limit, rather than the total par value, as in the case of a traditional zero coupon bond. See *Chapter 4* for a discussion on CABs.

**CAB Maturity Amount** – The single payment for a capital appreciation bond that an investor receives at maturity, representing both the initial principal amount and interest. For capital appreciation bonds, compound accreted values are calculated as interest in the year of maturity.

**CAB Par Amount** – The face amount assigned to a capital appreciation bond at issuance and paid to the investor at maturity.

**CAB Premium** – The amount by which the price paid for a CAB security exceeds par value.

**Certificate of Obligation (CO)** – An obligation issued by a city, county, or certain hospital districts without the approval of voters to finance public projects. Although voter approval is not required, the sale can be stopped if 5 percent of the total voters in the taxing area sign a petition and submit it prior to approval of the ordinance to sell such certificates. See *Chapter 5* for a discussion on COs.

**Certificate of Participation (COP)** – A tax-exempt lease-financing agreement used by a municipality or local government in which an investor buys a share or participation in the revenue generated from the lease-purchase of the property or equipment to which the COP is tied. COPs do not require voter approval.



**Charter School** – Charter schools were created by the Texas Legislature in 1995 as part of the public school system. Under Texas Education Code, Chapter 12, the purpose of charter schools is to improve student learning, increase the choice of learning opportunities within the public school system, create professional opportunities that will attract new teachers to the public school system, establish a new form of accountability for public schools, and encourage different and innovative learning methods. See *Appendix C* for a discussion on charter schools.

**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. See *Appendix F* for a discussion on CP.

**Competitive Sale** – A sale in which the issuer solicits bids from underwriting firms and sells the securities to the underwriter or syndicate offering the most favorable bid that meets the specifications of the notice of sale.

**Component Unit (CU)** – A legally separate entity for which the elected officials of the primary government (PG) are financially accountable. The nature and significance of the CU's relationship with the PG is such that exclusion from the PG's financial reports would be misleading or create incomplete financial statements.

**Conduit Debt** – Per the Governmental Accounting Standards Board (GASB), conduit debt obligations are issued by a state or local governmental entity for the express purpose of providing financing for a specific third party that is usually not a part of the issuer's financial reporting entity. GASB's most recent development of its definition of a conduit debt obligation states that the key characteristic should be that there are at least three participants: the government issuer, the third-party borrower, and the bondholder. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued. See *Appendix B* for a discussion on conduit debt.

**Conduit Issuer** – An issuer, usually a government agency, that issues municipal securities to finance revenue-generating projects in which the funds generated are usually used by a third party (known as the conduit borrower or obligor) for debt-service payments.

**Costs of Issuance** – The expenses associated with the sale of a new issue of municipal securities, including underwriting costs, legal fees, rating agency fees, and other fees associated with the transaction.

**Coupon** – The interest rate paid on a security.

**Counterparty Risk** – The risk to each party in a swap contract that the counterparty will not fulfill its contractual obligations.

**Current Interest Bond (CIB)** – A bond in which interest payments are made on a periodic basis throughout the life of the bond as opposed to a bond (such as a capital appreciation bond) that pays interest only at maturity. This term is most often used in the context of a combination issuance of bonds that includes both capital appreciation bonds and current interest bonds.

**Current Refunding** – A refunding transaction in which the municipal securities being refunded will mature or be redeemed within 90 days or less from the date of issuance of the refunding issue.

**CUSIP (Committee on Uniform Securities Identification Procedures)** – A unique nine-character identification for each class of security approved for trading in the United States. CUSIPs are used to facilitate clearing and settlement for market trades.

**Dealer Fee** – The cost of underwriting, trading, or selling securities.

**Debt Outstanding** – The amount of unpaid principal on a debt that will continue to generate interest until paid off.

**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 for a particular period.

**Defeasance** – A provision that voids a debt when the borrower sets aside cash, securities, or investments sufficient to service the borrower's debt.

**Derivative** – A financial instrument whose value is based on one or more underlying assets. An example is a swap contract between two counterparties that specifies conditions (especially the dates, underlying variables, and notional amounts) under which payments are to be made between the parties.

**Disclosure** – The act of releasing, accurately and completely, all material information to investors and the securities markets for outstanding or to be issued securities.

**Disclosure Counsel** – An attorney or law firm retained by the issuer to provide advice on issuer disclosure obligations and prepare the official statement and/or continuing disclosure agreement.

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

**Escrow** – Fund established to hold monies or securities pledged to pay debt service.

**Escrow Agent** – Commercial bank or trust company retained to hold the investments purchased with the proceeds of an advance refunding and use the invested funds to pay debt service on the refunded debt.

**Financial Advisor** – A securities firm that assists an issuer on matters pertaining to a proposed issue such as structuring, timing, marketing, fairness of pricing, terms, and debt ratings.

**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.

**Forward or Forward Contract** – A contract (variously known as a forward contract, forward delivery agreement, or forward purchase contract) wherein the buyer and seller agree to settle their

respective obligations at some specified future date based upon the current market price at the time the contract is executed. A forward may be used for any number of purposes. For example, a forward may provide for the delivery of specific types of securities on specified future dates at fixed yields for the purpose of optimizing the investment of a debt service reserve fund. A forward may provide for an issuer to issue and an underwriter to purchase an issue of bonds on a specified date in the future for the purpose of effecting a refunding of an outstanding issue that cannot be advance refunded.

**General Obligation (GO) Debt** – Debt backed by the credit and taxing power of the issuing jurisdiction.

**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 a population of \$5,000 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 (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.

**I&S Debt** – Interest & sinking fund debt is the debt-service outstanding on bonds issued by public schools for school capital projects such as buildings, renovations, technology, athletic facilities, school transportation, and performing arts, and to refund M&O debt. I&S bonds are backed by revenue from the I&S tax rate.

**I&S Tax Rate** – A public school district’s property tax rate consists of an M&O tax rate and an I&S (interest and sinking fund) tax rate. The I&S tax rate provides funds for debt-service payments on debt that finances a district’s facilities.

**Indenture** – Deed or contract, which may be in the form of a resolution, that sets forth the legal obligations between the issuer and the securities holders. The indenture also names the trustee that represents the interests of the securities holders.

**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 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 nonprofit corporation or government issuer, which are secured by lease payments made by the local government or third-party borrower for use of specified property.

**Letter of Credit** – A credit enhancement used by an issuer to secure a higher rating for its securities. A letter of credit is usually a contractual agreement between a major financial institution and the issuer consisting of an unconditional pledge of the institution’s credit to make debt-service payments in the event of a default.

**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.

**Liquidity** – The relative ability of a security to be readily traded or converted into cash without substantial transaction costs or loss in value.

**Liquidity Provider** – A financial institution that facilitates the trading of a security by insuring that it will be purchased if tendered to the issuer or its agent because it cannot be immediately remarketed to new investors.

**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.

**M&O Debt** – Maintenance & operations debt is the debt-service outstanding on bonds issued by public schools. This debt 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. M&O bonds are backed by revenue from the M&O tax rate.

**M&O Tax Rate** – A public school district’s property tax rate consists of an M&O tax rate and an I&S tax rate. The M&O tax rate provides funds for the general operating fund, which pays for salaries, supplies, utilities, insurance, equipment, and other costs of day-to-day operations.

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

**Management Fee** – A component of the underwriting spread that compensates the underwriters for assistance in creating and implementing the financing.

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

**Mortgage Credit Certificate** – A certificate issued by certain state or local governments that allows a taxpayer to claim a tax credit for some portion of the mortgage interest paid during a given tax year.

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

**Negotiated Sale** – A sale in which an issuer selects an underwriting firm or syndicate to assist with the issuance process. At the time of sale, the issuer negotiates a purchase price for its securities with that underwriting firm or syndicate.

**Notice of Sale** – Publication by an issuer describing the terms of sale of an anticipated new offering of municipal securities.

**Official Statement** – The document published by the issuer that 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.

**Paying Agent** – The entity responsible for processing debt-service payments from the issuer to the security holders.

**Permanent School Fund** – The Texas Permanent School Fund (PSF) was created in 1854 by the 5<sup>th</sup> Legislature expressly for the benefit of public schools. In addition, the Texas Constitution of 1876 stipulated that certain lands and proceeds from the sale of those lands would also be dedicated to the PSF. The Texas Constitution requires that distributions from the returns on the PSF be made to the Available School Fund to be used for the benefit of public and charter schools and allows the PSF to be used to guarantee bonds issued by public and charter schools.

**Permanent School Fund Bond Guarantee Program (BGP)** – The BGP was created in 1983 as an alternative for school districts to avoid the cost of private bond insurance by obtaining a PSF guarantee for voter-approved public school bond issuances. To qualify for the BGP guarantee, school districts and charter schools must be accredited by the state, have investment grade bond ratings (but below AAA), and have their applications approved by the Commissioner of Education. Bonds guaranteed by the BGP are rated AAA.

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

**Premium Capital Appreciation Bond (PCAB)** – A type of CAB that has a stated yield or accretion rate that is higher than its actual current yield to investors. This difference results in a lower initial stated par amount, which preserves debt capacity. See *Chapter 4* for a discussion on PCABs.

**Principal** – The face value of a bond, exclusive of interest.

**Printer** – A business that produces the official statement, notice of sale, and any bonds required to be transferred between the issuer and purchasers of the bonds. The costs associated with a printer are typically rolled into the costs of issuance.

**Private Placement** – A securities sale in which an issuer sells its securities directly to investors through a placement agent without a public offering.

**Put Bond** – A bond that allows the holder to force the issuer to repurchase the security at specified dates before maturity. The repurchase price is set at the time of issue and is usually par value.

**Qualified Energy Conservation Bonds (QECCB)** – A bond that enables qualified state, tribal, and local government issuers to borrow money at attractive rates to fund energy conservation projects. While not a grant, a QECCB is among the lowest cost public financing tools available because the U.S. Department of the Treasury subsidizes the issuer's borrowing costs.

**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 in which 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 percent 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 publicly available ratings of the credit quality of securities issuers, measuring the probability of the timely repayment of principal and interest on municipal securities.

**Refunding Bond** – A bond issued to retire or defease all or a portion of outstanding bonds.

**Registrar** – An entity responsible for maintaining ownership records on behalf of the issuer.

**Remarketing Fee** – Compensation to an agent for remarketing a secondary offering of short-term securities, usually for a mandatory or optional redemption or put (return of the security to the issuer).

**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. Statutes, such as the Development Corporation Act, authorize certain issuers to pledge certain sales taxes to the repayment of debt for certain projects.

**Sales Tax Revenue** – Debt that is legally secured by a specified sales tax 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.

**Selling Group** – A group of municipal securities brokers and dealers who assist in the distribution of a new issue of securities.

**Serial Bond** – A bond issue in which a portion of the outstanding bonds matures at regular intervals until all of the bonds have matured.

**Spread Expenses** – A component of the underwriting spread representing the costs of operating the syndicate such as financial advisors, legal counsel, travel, printing, day loans, wire fees, and other associated fees.

**Structuring Fee** – A component of the underwriting spread that compensates the underwriters for assistance with developing a marketable securities offering within the issuer's legal and financial constraints.

**Swap** – A derivative in which counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument.

**Syndicate** – A group of underwriters formed to purchase a new issue of securities from the issuer and offer it for resale to investors.

**Takedown** – A component of the underwriting spread representing the discount that the members of the syndicate receive when they purchase the securities from the issuer. Takedown is also known as the selling concession.

**Tax and Revenue Anticipation Notes (TRAN)** – Short-term loans that the issuer uses to address cash flow needs created when expenditures must be incurred before tax or other revenues are received.

**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 repayment. For reporting purposes, when the public security contains both a tax and revenue pledge, the public security is categorized as tax-supported debt.

**Term Bond** – A bond issue in which all or a large part of the issue comes due in a single maturity. Term bond issuers make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity or for payment at maturity.

**Trustee** – A bank or trust company designated by the issuer or borrower under the indenture or resolution as the custodian of funds. The trustee represents the interests of the security holders, including making debt-service payments.

**Underwriter** – An investment banking firm that purchases securities directly from the issuer and resells them to investors.

**Underwriting Risk Fee** – A portion of the underwriting spread designed to compensate the underwriter for the risk associated with market shifts and interest rate fluctuations.

**Underwriting Spread** – The amount representing the difference between the price at which securities are bought from the issuer by the underwriter and the price at which they are reoffered to the investor. The underwriting spread generally includes the takedown, management fee, expenses, and underwriting risk fee.

**Underwriter's Counsel** – An attorney who prepares or reviews the issuer's offering documents on behalf of the underwriter and prepares documentation for the underwriting agreement and the agreement among underwriters.

**Underwriter's Risk** – The risk of loss that could arise due to overestimated demand for an issuance or due to sudden fluctuations in market conditions borne by the underwriters until resale.

**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.)

**Years to Maturity** – The period of time for which a financial instrument remains outstanding. Maturity refers to a finite time period at the end of which the financial instrument will cease to exist and the principal is repaid with interest.

**Yield** – The investor's rate of return.

**Zero Coupon Bond** – A bond that is issued at a deep discount to its face value but pays no interest.



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