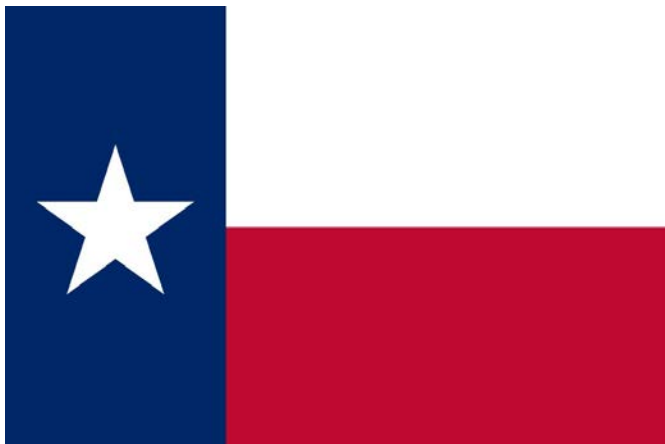


2023 LOCAL GOVERNMENT ANNUAL REPORT



★ Texas Bond Review Board ★



Fiscal Year Ended

August 31, 2023



Texas Bond Review Board Local Government Annual Report 2023

Fiscal Year Ended August 31, 2023

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 2024

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 are 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 2023, Texas local governments had \$309.77 billion in outstanding debt, an increase of \$69.11 billion (28.7 percent) over the past five fiscal years. Of that amount, 68.3 percent (\$211.42 billion) is tax-supported general obligation (GO) debt secured by local ad valorem tax collections, while the remaining 31.7 percent (\$98.35 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 60.3 percent (\$17.69 billion) from \$29.33 billion in fiscal year 2019 to \$47.02 billion in fiscal year 2023. During this period, new money issuance increased by 95.9 percent (\$20.05 billion) from \$20.92 billion to \$40.97 billion. Primarily due to the rising interest rate environment during the two most recent fiscal years, refundings decreased 40.9 percent (\$9.68 billion) from a five year high of \$23.63 billion in fiscal year 2021 to \$13.96 billion in fiscal year 2022. In fiscal year 2023, refundings again decreased to \$6.05 billion, 74.4 percent (\$17.58 billion) from the five year high (*Chapter 1*).
- Over the past five years, School Districts have consistently accounted for the highest amount of tax-supported GO 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 2021, 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 83.8 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 2023 was 0.01 percent (\$3.4 million) of the overall total CAB and current interest bond (CIB) debt issued (\$47.02 billion). School Districts issuances accounted for 100.0 percent (\$3.4 million) of the total CABs issued for local governments during fiscal year 2023. Of the total par issued by School Districts, 1.5 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 2023, CAB maturity amounts accounted for 1.8 percent (\$8.31 billion) of the total debt service outstanding, including both CAB and CIB (*Chapter 4*).
- Since fiscal year 2014, certificate of obligation (CO) debt outstanding has increased by 65.8 percent (\$9.00 billion) from \$13.67 billion outstanding in fiscal year 2014 to \$22.67 billion outstanding in fiscal year 2023. Cities accounted for 79.3 percent of the total CO debt outstanding at fiscal year-end 2023 (*Chapter 5*).
- As of fiscal year 2023, tax-supported CO debt for Cities accounted for 41.1 percent (\$17.97 billion) of the total Cities tax-supported debt outstanding, while Counties CO debt accounted for 25.0 percent (\$3.46 billion) of the total Counties tax-supported debt outstanding. HHD CO debt outstanding accounted for 36.4 percent (\$1.22 billion) of the total HHD tax-supported debt outstanding (*Chapter 5*).
- During fiscal year 2023, a total of 292 local governments held 753 bond elections approving the potential issuance of \$82.05 billion of additional debt. Approximately \$10.58 billion of bond election debt was defeated during fiscal year 2023. Separately, on November 7, 2023, 131 local governments held 307 bond elections, with 100 local governments approving 225 bond elections totaling \$37.62 billion. Approximately 82 bond elections were defeated totaling \$5.15 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 \$51.55 per \$1,000 in 2023 from \$48.40 per \$1,000 in 2022. The average transaction size increased to \$38.9 million in 2023 from \$30.7 million in 2022, and the average fee increased to \$642,617 from \$518,359 in 2022. Tax-supported GO competitive transactions generally had the highest cost per \$1,000 for smaller transaction sizes (*Appendix D*).
- Of the \$6.01 billion of charter school debt outstanding, as of October 31, 2023, an estimated \$4.19 billion was guaranteed by the Texas Permanent School Fund Bond Guarantee Program (*Appendix C*).
- Approximately 123 issuers that issued debt in fiscal year 2023 received a tax-supported GO rating upgrade, and 12 issuers received a tax-supported 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*.

Contents

Chapter 1:	Texas Local Debt in Perspective	1
Chapter 2:	Texas Local Government Tax-Supported Debt.....	11
Chapter 3:	Texas Local Government Revenue Debt.....	19
Chapter 4:	Capital Appreciation Bonds.....	25
Chapter 5:	Certificates of Obligation.....	33
Appendix A:	Bond Election Results	43
Appendix B:	Texas Local Government Conduit Debt.....	61
Appendix C:	Texas Charter Schools	65
Appendix D:	Cost of Issuance	69
Appendix E:	Build America Bonds.....	77
Appendix F:	Commercial Paper.....	79
Appendix G:	Overview of Texas Local Governments with Debt Outstanding.....	85
Appendix H:	Overview of Texas Local Government Rating Changes.....	89
Appendix I:	Glossary	95

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Figures

Figure 1.1:	Texas Local Government — Total Debt Outstanding per Capita	4
Figure 1.2:	Texas Local Government — Debt Outstanding by Fiscal Year	6
Figure 1.3:	Texas Local Government — Total Debt Outstanding as a Percent of Personal Income.....	6
Figure 2.1:	Texas Local Government — Tax-Supported Debt Outstanding by Fiscal Year	12
Figure 2.2:	Texas Local Government — Tax-Supported Debt Outstanding per Capita	13
Figure 2.3:	Texas Local Government — Per Capita Tax-Supported Debt as a Percentage of per Capita Personal Income	14
Figure 2.4:	Texas Local Government — Tax-Supported Debt-Service Requirements	18
Figure 3.1:	Texas Local Government — Revenue Debt Outstanding by Fiscal Year	20
Figure 3.2:	Texas Local Government — Revenue Debt Outstanding per Capita.....	21
Figure 3.3:	Texas Local Government — Revenue Debt-Service Requirements by Fiscal Year.....	24
Figure 4.1:	Texas Local Government — Capital Appreciation Bonds Issued 2009–2023.....	28
Figure 4.2:	Texas Local Government — Capital Appreciation Bonds Maturity Amount Outstanding.....	30
Figure 4.3:	Texas Local Government — Total Debt Service Outstanding 2009–2023	30
Figure 4.4:	Texas Local Government — Ratio of Total Debt Service/Total Par for Debt Outstanding.....	31
Figure 4.5:	Texas Local Government — Ratio of School Districts Debt Service/Par for School Districts Debt Outstanding	31

Figure 5.1:	Texas Local Government — Total Certificates of Obligation Debt Outstanding	33
Figure 5.2:	Texas Local Government — Certificates of Obligation Debt Issuance by Cities, Counties, and Health/Hospital Districts and Authorities by Fiscal Year	34
Figure 5.3:	Texas Cities — Total Tax-Supported Debt Outstanding.....	36
Figure 5.4:	Texas Counties — Total Tax-Supported Debt Outstanding.....	40
Figure 5.5:	Texas Health/Hospital Districts and Authorities — Total Tax-Supported Debt Outstanding.....	42
Figure D.1:	Texas Local Government — Total Direct Bond Costs for Fiscal Year 2023.....	70
Figure D.2:	Texas Local Government — Bond Counsel Fees for Fiscal Year 2023.....	71
Figure D.3:	Texas Local Government — Financial Advisor Fees for Fiscal Year 2023.....	71
Figure D.4:	Texas Local Government — Total Ratings Fees for Fiscal Year 2023.....	72
Figure D.5:	Texas Local Government — Total Underwriter’s Spread Fees for Fiscal Year 2023	72
Figure F.1:	Texas Local Government — Non-Conduit Commercial Paper Outstanding.....	79
Figure F.2:	Texas Local Government — Commercial Paper/Non-Public Debt - Authorized and Outstanding Balances as of August 31, 2023	81
Figure F.3:	Texas Local Government — Conduit Commercial Paper Outstanding.....	83

Tables

Table 1.1:	Texas Local Government — Debt Outstanding as of August 31, 2023.....	3
Table 1.2:	Total State and Local Debt Outstanding: 10 Most Populous States.....	4
Table 1.3:	Texas Local Government — Debt Outstanding by Fiscal Year	5
Table 1.4:	Texas Local Government — Rate of Debt Retirement.....	7
Table 1.5:	Texas Local Government — Debt Issuance by Fiscal Year	9
Table 2.1:	Texas Local Government — Tax-Supported Debt Outstanding by Fiscal Year	11
Table 2.2:	Texas Local Government — Tax-Supported Debt Issuance by Fiscal Year	16
Table 2.3:	Texas Local Government — Rate of Tax-Supported Debt Retirement.....	17
Table 3.1:	Texas Local Government — Revenue Debt Outstanding by Fiscal Year	19
Table 3.2:	Texas Local Government — Revenue Debt Issuance by Fiscal Year.....	22
Table 3.3:	Texas Local Government — Rate of Revenue Debt Retirement	23
Table 4.1:	Texas Local Government — Capital Appreciation Bonds Issued in Fiscal Year 2023.....	26
Table 4.2:	Texas Local Government — Capital Appreciation Bonds Par Amount Issued by Fiscal Year	26
Table 4.3:	Texas Local Government — Top 20 Most Expensive Capital Appreciation Bonds Outstanding as of August 31, 2023.....	27
Table 4.4:	Texas Local Government — Capital Appreciation Bonds Outstanding as of August 31, 2023	29
Table 5.1:	Texas Local Government — Top 20 Issuers with Certificates of Obligation Debt Outstanding as of August 31, 2023	35
Table 5.2:	Texas Cities — Top 30 Issuers with Certificates of Obligation Outstanding as of August 31, 2023	37

Table 5.3:	Texas Cities — Big Six Cities with Certificates of Obligation Outstanding as of August 31, 2023	38
Table 5.4:	Texas Counties — Top 20 Issuers of Certificates of Obligation Outstanding as of August 31, 2023	39
Table 5.5:	Texas Health/Hospital Districts and Authorities with Certificates of Obligation Outstanding as of August 31, 2023.....	41
Table A.1:	Texas Local Government — Number of Bond Election Propositions Approved by Fiscal Year.....	43
Table A.2:	Texas Local Government — Estimated Bond Election Results by Fiscal Year	44
Table A.3:	Texas Local Government — Carried Propositions - Bond Elections May 06, 2023	45
Table A.4:	Texas Local Government — Defeated Propositions - Bond Elections May 06, 2023	50
Table A.5:	Texas Local Government — Carried Propositions - Bond Elections November 08, 2022	53
Table A.6:	Texas Local Government — Defeated Propositions - Bond Elections November 08, 2022	57
Table B.1:	Texas Local Government — Conduit Debt Issuance by Fiscal Year.....	62
Table C.1:	Total Charter School Debt by Issuer (Estimated) as of October 31, 2023.....	67
Table C.2:	Charter School Debt Outstanding Guaranteed by the Permanent School Fund as of October 31, 2023 (Estimated).....	68
Table D.1:	Texas Local Government — Total COI for Fiscal Year 2023	69
Table D.2:	Texas Local Government — Cost of Issuance Statistics Summary for Fiscal Year 2023	74
Table E.1:	Texas Local Government — Build America Bond Debt Outstanding.....	77
Table E.2:	Texas Local Government — Top Five Issuers with Build America Bond Debt Outstanding	78

Table F.1:	Texas Local Government — Commercial Paper Outstanding by Fiscal Year	80
Table F.2:	Texas Local Government — Texas Big Six Cities - Commercial Paper Outstanding	82
Table F.3:	Texas Local Government — Conduit Commercial Paper Outstanding	83
Table H.1:	Texas Local Government — 2023 Issuers with GO Rating Upgrade Since Previous Issuance.....	90
Table H.2:	Texas Local Government — 2023 Issuers with GO Rating Downgrade Since Previous Issuance.....	93

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Cautionary Statements

Section 1202.008 of the Texas Government Code authorizes the Office of the Attorney General of the State of Texas 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 (Cos), 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 (OAG) – Public Finance Division 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 2023, a monthly average of approximately 4,392 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, 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 2023, Texas local governments had \$309.77 billion in outstanding debt (*Table 1.1*), an increase of \$69.11 billion (28.7 percent) over the past five fiscal years. Of that amount, 68.3 percent (\$211.42 billion) is GO debt secured by local ad valorem tax collections, while the remaining 31.7 percent (\$98.35 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 34.2 percent (\$53.89 billion), and revenue debt outstanding increased 18.3 percent (\$15.23 billion).

School Districts accounted for 38.8 percent (\$120.16 billion) of all local debt outstanding, and Cities accounted for 31.1 percent (\$96.49 billion). WDs held the third highest percentage and accounted for 14.9 percent (\$46.03 billion) of all local debt outstanding. The remaining 15.2 percent (\$47.10 billion) was held by CCDs, Counties, HHDs, and OSDs.

Table 1.1
Texas Local Government
Debt Outstanding as of August 31, 2023
(amounts in millions)

Type of Issuer		Tax-Supported*	Revenue**	Total Debt
Public School Districts	Voter-approved tax	118,851.8		118,851.8
	Maintenance tax (ed. equipment)	1,144.3		1,144.3
	Lease-purchase contracts		162.1	162.1
	Revenue (athletic facilities)		0.8	0.8
	Subtotal	\$ 119,996.1	\$ 162.9	\$ 120,159.0
Cities, Towns, Villages	Tax	43,702.7		43,702.7
	Revenue		52,669.3	52,669.3
	Sales Tax		119.4	119.4
	Subtotal	\$ 43,702.7	\$ 52,788.7	\$ 96,491.4
Water Districts and Authorities	Tax	24,711.5		24,711.5
	Revenue		21,292.2	21,292.2
	Sales Tax		22.0	22.0
	Subtotal	\$ 24,711.5	\$ 21,314.2	\$ 46,025.7
Other Special Districts and Authorities	Tax	161.6		161.6
	Revenue		13,930.1	13,930.1
	Sales Tax		5,465.5	5,465.5
	Lease-purchase contracts		25.4	25.4
	Subtotal	\$ 161.6	\$ 19,420.9	\$ 19,582.5
Counties	Tax	13,874.0		13,874.0
	Revenue		2,538.5	2,538.5
	Lease-purchase contracts		25.2	25.2
	Subtotal	\$ 13,874.0	\$ 2,563.7	\$ 16,437.7
Community and Junior College Districts	Tax	5,611.7		5,611.7
	Revenue		981.2	981.2
	Subtotal	\$ 5,611.7	\$ 981.2	\$ 6,592.9
Health/Hospital Districts and Authorities	Tax	3,364.5		3,364.5
	Revenue		1,071.4	1,071.4
	Sales Tax		49.4	49.4
	Subtotal	\$ 3,364.5	\$ 1,120.9	\$ 4,485.4
Total Local Debt Outstanding		\$ 211,422.1	\$ 98,352.6	\$ 309,774.7

*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

	Total State and Local Debt				State Debt				Local Debt			
State	Population (thousands)	Amount (millions)	Capita Amount	Per Capita Rank	Amount (millions)	% of Total Debt	Per Capita Amount	Per Capita Rank	Amount (millions)	% of Total Debt	Capita Amount	Capita Rank
New York	19,677	383,553	\$19,492	1	170,355	44.4%	\$8,658	1	213,198	55.6%	\$10,835	1
California	39,029	541,241	13,868	2	144,314	26.7%	3,698	4	396,927	73.3%	10,170	2
Illinois	12,582	165,465	13,151	3	64,743	39.1%	5,146	2	100,722	60.9%	8,005	4
Texas	30,030	324,962	10,821	4	52,664	16.2%	1,754	7	272,298	83.8%	9,068	3
Pennsylvania	12,972	128,545	9,909	5	53,217	41.4%	4,102	3	75,329	58.6%	5,807	5
Ohio	11,756	94,303	8,022	6	34,850	37.0%	2,964	6	59,453	63.0%	5,057	7
Michigan	10,034	80,465	8,019	7	33,622	41.8%	3,351	5	46,844	58.2%	4,668	8
Florida	22,245	135,832	6,106	8	21,437	15.8%	964	10	114,395	84.2%	5,143	6
Georgia	10,913	62,181	5,698	9	14,628	23.5%	1,340	9	47,553	76.5%	4,358	9
North Carolina	10,699	47,113	4,404	10	15,074	32.0%	1,409	8	32,039	68.0%	2,995	10
MEAN		\$196,366	\$9,949		\$60,490	31.8%	\$3,339		\$135,876	68.2%	\$6,610	

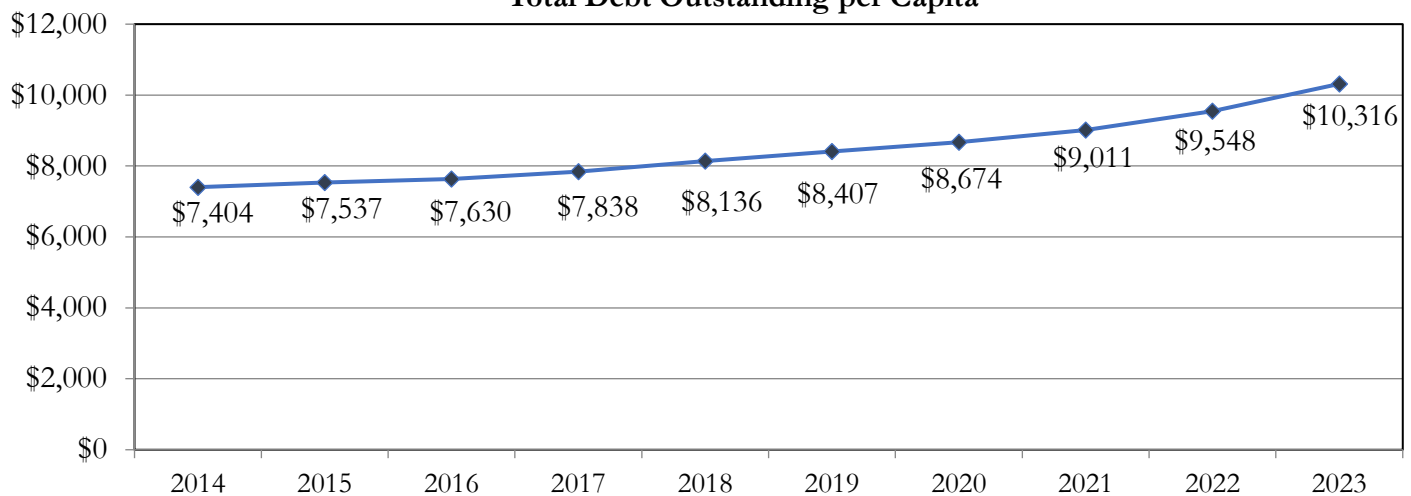
Note: Detail may not add to total due to rounding.

Sources: U.S. Census Bureau, State and Local Government Finances by Level of Government and by State: 2021 (the most recent data available); July 2022 U.S. Census Bureau, Population Division (released in December 2022).

The most recent U.S. Census Bureau data for total state and local debt outstanding shows that for census year 2021 (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 \$113.72 billion (58.0 percent). Over this time, the state's population increased by an estimated 13.4 percent (3.5 million), based on July 2022 U.S. Census Bureau population estimates (released December 2022). During that same period, local government total debt outstanding per capita increased by 39.3 percent, or \$2,912 per person, from \$7,404 per capita in fiscal year 2014 to \$10,316 per capita in fiscal year 2023 (*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, 2022.
(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)					
	8/31/2019	8/31/2020	8/31/2021	8/31/2022	8/31/2023
Public School Districts					
Tax-Supported*	\$87,653.7	\$92,889.4	\$97,571.8	\$104,027.0	\$119,996.1
Revenue**	258.8	219.4	196.3	177.6	162.9
Total	\$87,912.5	\$93,108.8	\$97,768.1	\$104,204.5	\$120,159.0
Cities, Towns, Villages					
Tax-Supported*	\$34,759.8	\$34,915.4	\$37,354.6	\$40,118.4	\$43,702.7
Revenue**	43,084.1	44,685.9	46,876.4	50,578.3	52,788.7
Total	\$77,843.9	\$79,601.3	\$84,230.9	\$90,696.7	\$96,491.4
Water Districts and Authorities					
Tax-Supported*	\$16,153.4	\$17,562.3	\$19,259.2	\$21,569.7	\$24,711.5
Revenue**	16,423.1	17,811.3	18,661.4	19,945.6	21,314.2
Total	\$32,576.5	\$35,373.6	\$37,920.6	\$41,515.3	\$46,025.7
Other Special Districts and Authorities					
Tax-Supported*	\$159.3	\$152.5	\$157.5	\$156.6	\$161.6
Revenue**	18,568.8	18,571.7	19,583.9	19,871.1	19,420.9
Total	\$18,728.1	\$18,724.3	\$19,741.4	\$20,027.7	\$19,582.5
Counties					
Tax-Supported*	\$12,311.7	\$12,798.3	\$12,813.9	\$13,248.0	\$13,874.0
Revenue**	2,486.3	2,485.3	2,577.2	2,512.9	2,563.7
Total	\$14,798.1	\$15,283.6	\$15,391.2	\$15,760.9	\$16,437.7
Community and Junior College Districts					
Tax-Supported*	\$4,067.2	\$4,606.8	\$4,939.6	\$5,147.2	\$5,611.7
Revenue**	1,181.2	1,080.3	1,078.6	1,056.6	981.2
Total	\$5,248.4	\$5,687.0	\$6,018.2	\$6,203.8	\$6,592.9
Health/Hospital Districts and Authorities					
Tax-Supported*	\$2,427.8	\$2,462.4	\$2,408.6	\$2,454.1	\$3,364.5
Revenue**	1,125.1	1,177.1	1,098.6	1,076.1	1,120.9
Total	\$3,552.9	\$3,639.5	\$3,507.2	\$3,530.1	\$4,485.4
Total Tax-Supported*	\$157,532.8	\$165,387.1	\$174,505.2	\$186,720.9	\$211,422.1
Total Revenue**	\$83,127.4	\$86,031.0	\$90,072.3	\$95,218.1	\$98,352.6
Total Debt Outstanding	\$240,660.3	\$251,418.1	\$264,577.5	\$281,938.9	\$309,774.7
*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.

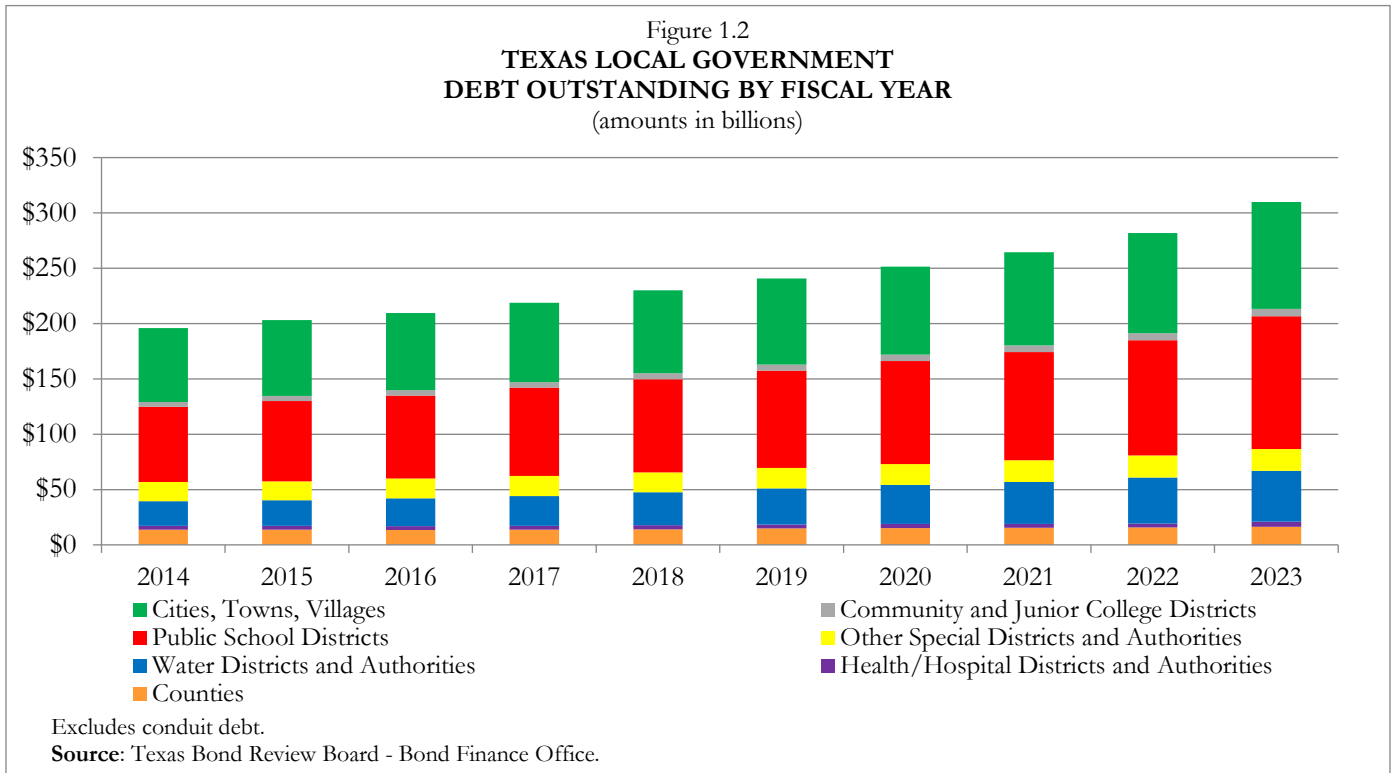
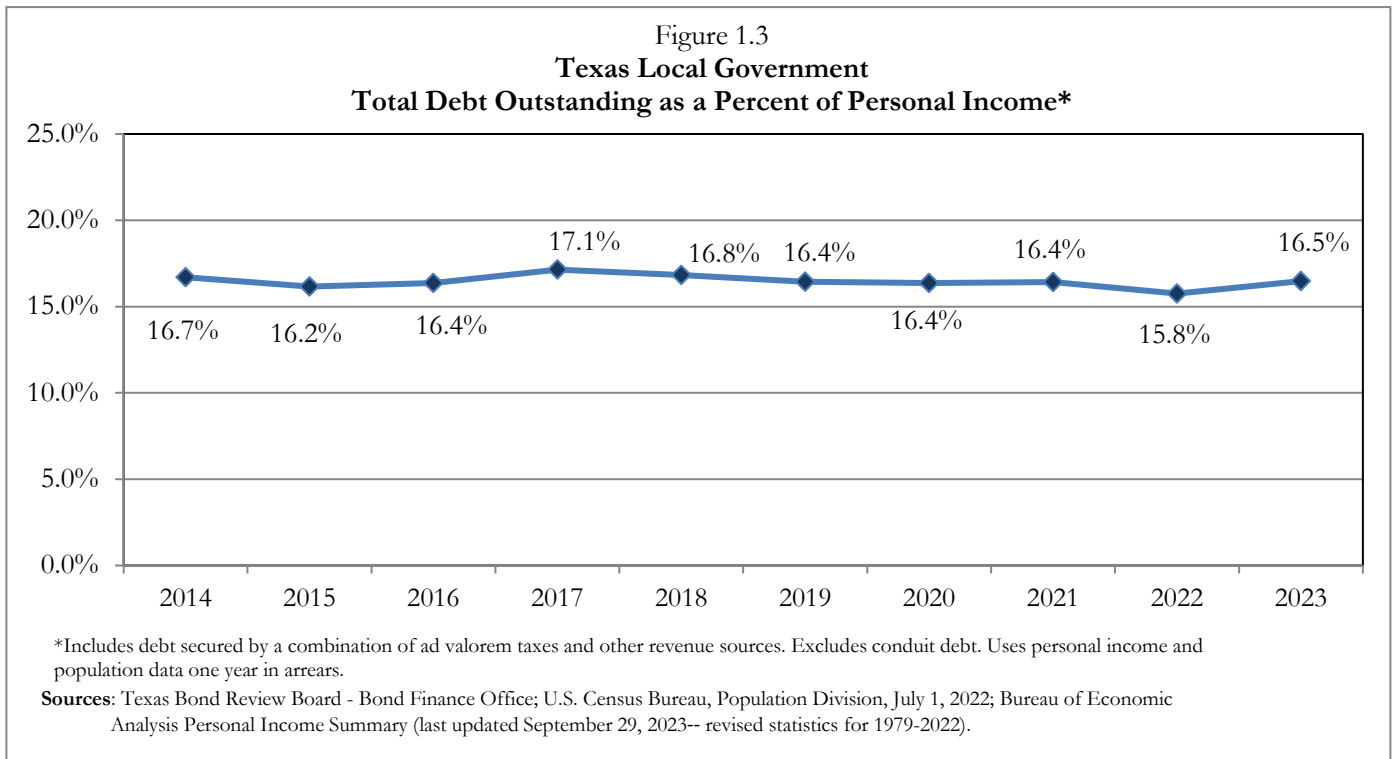


Figure 1.3 illustrates the total local debt outstanding as a percent of personal income over the past 10 years.



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 2023.

Table 1.4 Texas Local Government Rate of Debt Retirement* (\$ in millions)				
Debt Repaid (Principal Only)	Tax-Supported Debt	Percent	Revenue Debt	Percent
Within Five Years				
Public School Districts	\$24,737.5	20.6%	\$86.8	53.3%
Cities, Towns, Villages	14,713.6	34.0%	11,077.1	21.2%
Water Districts and Authorities	5,500.9	22.3%	4,227.7	20.4%
Other Special Districts and Authorities	48.6	30.1%	3,474.7	17.9%
Counties	4,768.5	34.4%	503.9	20.8%
Community and Junior Colleges	1,578.7	28.1%	362.5	36.9%
Health/Hospital Districts and Authorities	618.1	18.4%	251.5	22.4%
Within Ten Years				
Public School Districts	\$50,408.5	42.0%	\$133.5	82.0%
Cities, Towns, Villages	26,528.0	61.2%	22,532.6	43.1%
Water Districts and Authorities	11,151.5	45.1%	8,580.8	41.4%
Other Special Districts and Authorities	95.8	59.3%	6,840.7	35.3%
Counties	8,627.0	62.2%	1,138.8	47.1%
Community and Junior Colleges	2,998.5	53.4%	659.2	67.2%
Health/Hospital Districts and Authorities	1,327.7	39.5%	468.8	41.8%
Within Twenty Years				
Public School Districts	\$95,901.9	79.9%	\$162.9	100.0%
Cities, Towns, Villages	40,835.0	94.3%	42,029.4	80.4%
Water Districts and Authorities	21,063.3	85.2%	16,110.6	77.8%
Other Special Districts and Authorities	145.0	89.7%	14,723.7	75.9%
Counties	13,131.0	94.7%	1,915.8	79.2%
Community and Junior Colleges	5,115.6	91.2%	951.2	96.9%
Health/Hospital Districts and Authorities	2,734.6	81.3%	1,011.2	90.2%
*Excludes commercial paper and conduit debt.				
Source: 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 60.3 percent (\$17.69 billion) from \$29.33 billion in fiscal year 2019 to \$47.02 billion in fiscal year 2023. During that period, new money issuance increased by 95.9 percent (\$20.05 billion) from \$20.92 billion to \$40.97 billion. Refundings decreased by 28.0 percent (\$2.36 billion) from \$8.41 billion to \$6.05 billion (*Table 1.5*).

During fiscal year 2023, 47.9 percent of local debt issuance was used to finance educational facilities and equipment, 21.7 percent was used to finance water-related infrastructure, 12.9 percent was used to refund debt, 5.8 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 4.7 percent was used to finance transportation projects. The 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 7.0 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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Issuers	965	1,166	1,266	1,036	939
Issuances	1,389	1,723	1,965	1,580	1,359
Public School Districts					
New Money	\$7,622.9	\$9,363.3	\$8,987.6	\$12,259.5	\$21,720.1
Refunding	2,113.2	6,176.9	8,817.9	3,513.7	1,163.4
Total Par Issued	\$9,736.2	\$15,540.2	\$17,805.5	\$15,773.1	\$22,883.5
Cities, Towns, Villages					
New Money	\$5,917.7	\$4,863.4	\$7,485.7	\$9,117.3	\$9,956.6
Refunding	3,420.9	8,607.3	6,192.3	5,931.4	3,130.4
Total Par Issued	\$9,338.6	\$13,470.7	\$13,678.1	\$15,048.7	\$13,086.9
Water Districts					
New Money	\$4,259.8	\$4,213.4	\$3,595.0	\$5,178.0	\$5,804.5
Refunding	906.7	2,277.8	2,962.3	1,131.3	658.1
Total Par Issued	\$5,166.5	\$6,491.2	\$6,557.3	\$6,309.3	\$6,462.6
Other Special Districts					
New Money	\$1,194.8	\$190.2	\$1,054.7	\$743.5	\$70.2
Refunding	1,342.7	662.1	3,954.7	1,382.4	689.2
Total Par Issued	\$2,537.5	\$852.3	\$5,009.3	\$2,125.9	\$759.4
Counties					
New Money	\$1,533.8	\$1,195.7	\$1,338.1	\$1,173.0	\$1,464.3
Refunding	303.9	1,184.8	829.5	1,639.6	359.8
Total Par Issued	\$1,837.7	\$2,380.5	\$2,167.6	\$2,812.7	\$1,824.1
Community and Junior College Districts					
New Money	\$349.7	\$808.0	\$729.2	\$548.7	\$821.2
Refunding	77.7	221.5	798.5	111.3	53.8
Total Par Issued	\$427.3	\$1,029.5	\$1,527.7	\$659.9	\$875.0
Health/Hospital Districts and Authorities					
New Money	\$39.4	\$285.4	\$79.1	\$120.0	\$1,131.5
Refunding	245.3	342.1	78.3	246.9	0.0
Total Par Issued	\$284.7	\$627.5	\$157.4	\$366.9	\$1,131.5
Total New Money	\$20,918.1	\$20,919.3	\$23,269.3	\$29,140.0	\$40,968.4
Total Refunding	\$8,410.5	\$19,472.5	\$23,633.4	\$13,956.5	\$6,054.6
Total Par	\$29,328.6	\$40,391.8	\$46,902.7	\$43,096.6	\$47,022.9
*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 (COs), 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 (OAG) – Public Finance Division and be registered with the Texas Comptroller of Public Accounts.

Local Government Tax-Supported Debt Outstanding

As of fiscal year-end 2023, Texas local governments had \$211.42 billion in outstanding tax-supported debt, an increase of \$24.70 billion (13.2 percent) over the 2022 total of \$186.72 billion, and a 34.2 percent (\$53.89 billion) increase over the past five fiscal years, from \$157.53 billion in 2019 (*Table 2.1*).

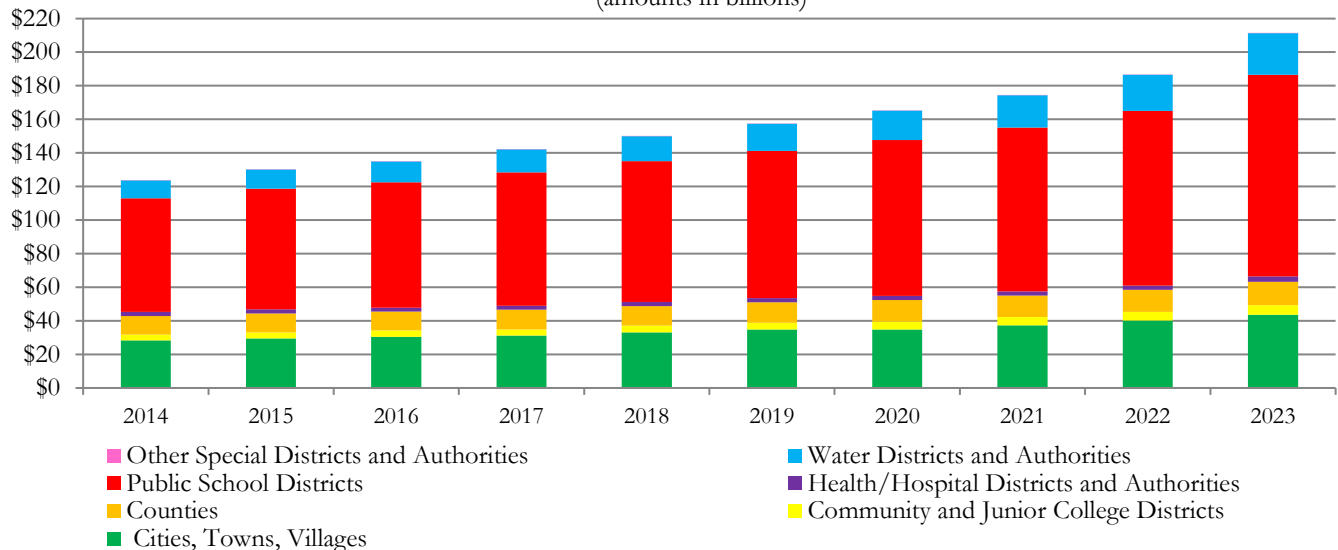
Table 2.1 Texas Local Government Tax-Supported Debt Outstanding by Fiscal Year (amounts in millions)					
	8/31/2019	8/31/2020	8/31/2021	8/31/2022	8/31/2023
Public School Districts	\$87,653.7	\$92,889.4	\$97,571.8	\$104,027.0	\$119,996.1
Cities, Towns, Villages	34,759.8	34,915.4	37,354.6	40,118.4	43,702.7
Water Districts and Authorities	16,153.4	17,562.3	19,259.2	21,569.7	24,711.5
Counties	12,311.7	12,798.3	12,813.9	13,248.0	13,874.0
Other Special Districts and Authorities	159.3	152.5	157.5	156.6	161.6
Community and Junior Colleges	4,067.2	4,606.8	4,939.6	5,147.2	5,611.7
Health/Hospital Districts and Authorities	2,427.8	2,462.4	2,408.6	2,454.1	3,364.5
Total Revenue Debt Outstanding*	\$157,532.8	\$165,387.1	\$174,505.2	\$186,720.9	\$211,422.1
*Includes debt secured by a combination of ad valorem taxes and other revenue sources. Includes commercial paper; excludes conduit debt. Source: Texas Bond Review Board - Bond Finance Office.					

Over the past 10 fiscal years, tax-supported debt outstanding has increased \$87.53 billion (70.6 percent) from \$123.89 billion in 2014. *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 Six Cities (Houston, Dallas, San Antonio, Austin, El Paso, and Fort Worth) accounted for an average of 30.7 percent over the last five years and 31.6 percent over the last 10 years.

Figure 2.1
Texas Local Government
Tax-Supported Debt Outstanding by Fiscal Year*
(amounts in billions)



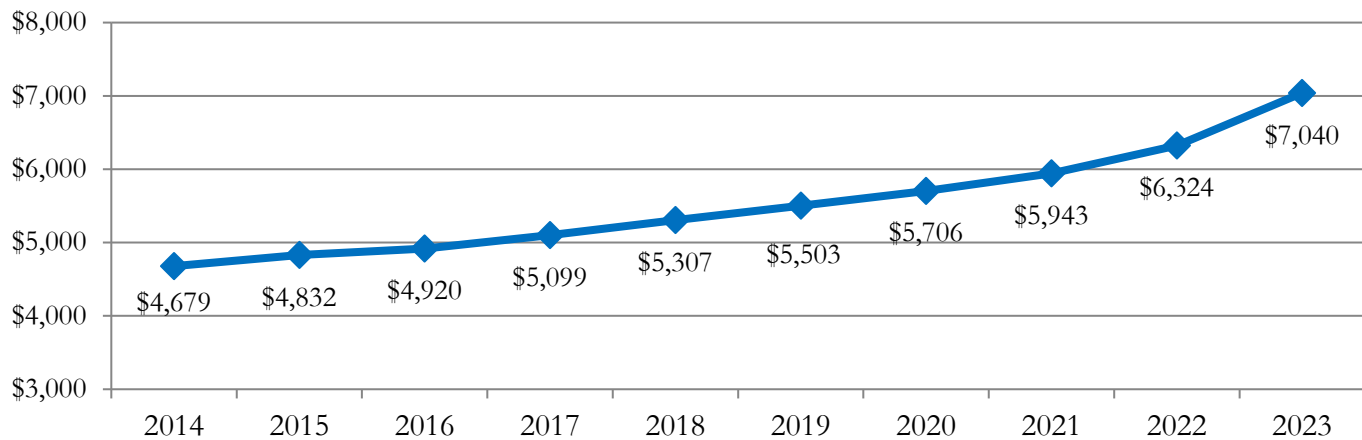
*Excludes conduit debt; includes commercial paper.

Source: Texas Bond Review Board - Bond Finance Office.

Tax-Supported Debt per Capita

Local government tax-supported debt per capita increased over the past 10 years by 50.5 percent (or \$2,362 per person) from \$4,679 per capita in fiscal year 2014 to \$7,040 per capita in fiscal year 2023. Over this time period, the state's population increased by an estimated 13.4 percent (3.5 million), based on July 2022 U.S. Census Bureau population estimates, which were released in December 2022 (*Figure 2.2*).

Figure 2.2
**Texas Local Government
Tax-Supported Debt Outstanding per Capita***



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

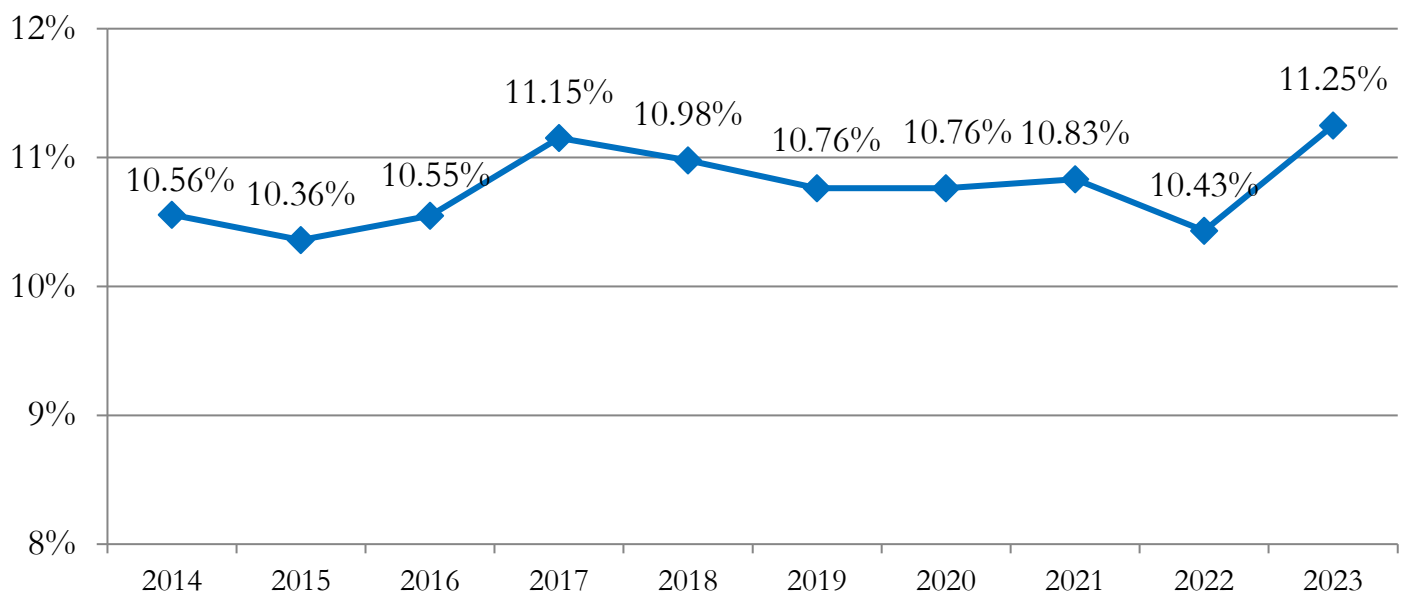
Sources: Texas Bond Review Board - Bond Finance Office; U.S. Census Bureau, Population Division, July 1, 2022.
(Population totals used are one year in arrears due to timing of census estimate release dates.)

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 60.1 percent in the past 10 years, from \$1.17 trillion in 2013 to \$1.88 trillion in 2022 (the most recent data available). During the past five years, the growth was 28.4 percent, from \$1.46 trillion in 2018. Per capita personal income has shown a 41.2 percent 10-year growth from \$44,326 in 2013 and a 22.4 percent five-year growth from \$51,138 in 2018 to \$62,586 in 2022 (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 41.2 percent, while the growth of tax-supported debt per capita was 50.5 percent. The data indicate that 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, 2022;
Bureau of Economic Analysis Personal Income Summary (last updated September 29, 2023-- revised statistics for 1979-2022).

Tax-Supported Debt Issuance

New tax-supported debt issued during fiscal year 2023 totaled \$37.65 billion (\$35.12 billion in new money and \$2.52 billion in refunding debt). This is an increase of 28.9 percent from the total of \$29.21 billion issued in fiscal year 2022 and an increase of 94.0 percent from the total of \$19.40 billion issued in fiscal year 2019.

During this five-year period, School Districts have consistently issued the most tax-supported debt. Over the past five fiscal years, School Districts accounted for approximately 50 percent or more of the total tax-supported debt issued. In fiscal year 2021, School Districts completed 455 GO issues for a total of \$17.79 billion (55.7 percent of the 2021 total), of which \$8.98 billion was new money debt and \$8.82 billion was refunding debt. In 2023, School Districts completed 286 GO issues for a total of \$22.88 billion (60.8 percent of the 2023 total), of which \$21.72 billion is new money debt and \$1.16 billion is refunding debt.

Tax-supported new money debt issuance over the past five years has risen from \$15.22 billion in 2019 to \$35.12 billion in 2023, an increase of 130.7 percent.

Primarily due to the rising interest rate environment during the two most recent fiscal years, refundings decreased 53.0 percent (\$7.51 billion) from a five year high of \$14.18 billion in fiscal year 2021 to \$6.67 billion in fiscal year 2022. In fiscal year 2023, refundings again decreased to \$2.52 billion, 82.2 percent (\$11.66 billion) from the five year high. Over the past five-year period, there was an overall decrease in refundings of 39.6 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 \$620.1 million and \$477.4 million, respectively, in 2019 to \$330.3 million and \$226.1 million, respectively, in 2023.

During this period, Texas local governments issued \$38.92 billion in tax-supported refunding debt to realize \$6.36 billion in Gross Cash Savings and \$5.09 billion in Net Present Value Savings.

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

Table 2.2 Texas Local Government Tax-Supported Debt Issuance by Fiscal Year* (\$ in millions)					
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Issuers	891	1070	1173	943	872
Issuances	1189	1471	1667	1321	1159
Public School Districts					
New Money	\$7,604.9	\$9,362.3	\$8,976.4	\$12,259.5	\$21,720.1
Refunding	2,085.2	6,147.2	8,817.9	3,513.7	1,163.4
Total Par Issued	\$9,690.0	\$15,509.5	\$17,794.2	\$15,773.1	\$22,883.5
Cities, Towns, Villages					
New Money	\$3,855.9	\$2,828.5	\$4,956.5	\$5,367.2	\$6,414.9
Refunding	830.4	2,345.1	2,242.2	1,353.2	622.3
Total Par Issued	\$4,686.3	\$5,173.6	\$7,198.8	\$6,720.4	\$7,037.2
Water Districts and Authorities					
New Money	\$1,977.3	\$1,955.2	\$2,207.7	\$3,153.7	\$3,706.4
Refunding	782.83	1,221.69	1,621.98	340.39	443.50
Total Par Issued	\$2,760.1	\$3,176.9	\$3,829.7	\$3,494.0	\$4,149.9
Other Special Districts and Authorities					
New Money	\$11.0	\$12.0	\$21.8	\$16.7	\$22.2
Refunding	18.2	17.1	5.1	0.0	0.0
Total Par Issued	\$29.2	\$29.1	\$26.9	\$16.7	\$22.2
Counties					
New Money	\$1,528.7	\$1,190.6	\$903.8	\$1,167.0	\$1,419.8
Refunding	167.7	1,094.5	795.5	1,250.6	240.3
Total Par Issued	\$1,696.3	\$2,285.1	\$1,699.4	\$2,417.5	\$1,660.1
Community and Junior College Districts					
New Money	\$231.1	\$808.0	\$648.9	\$503.0	\$821.2
Refunding	50.8	196.3	644.8	92.9	53.8
Total Par Issued	\$281.9	\$1,004.3	\$1,293.7	\$595.9	\$875.0
Health/Hospital Districts and Authorities					
New Money	\$13.8	\$175.7	\$38.2	\$76.4	\$1,018.5
Refunding	245.3	339.3	56.1	120.2	0.0
Total Par Issued	\$259.1	\$515.1	\$94.3	\$196.6	\$1,018.5
Total New Money	\$15,222.6	\$16,332.3	\$17,753.4	\$22,543.4	\$35,123.1
Total Refunding	\$4,180.3	\$11,361.2	\$14,183.6	\$6,670.9	\$2,523.3
Total Par	\$19,403.0	\$27,693.5	\$31,937.0	\$29,214.3	\$37,646.4
*Excludes commercial paper and conduit debt.					
Source: Texas Bond Review Board - Bond Finance Office.					

Rate of Debt Retirement

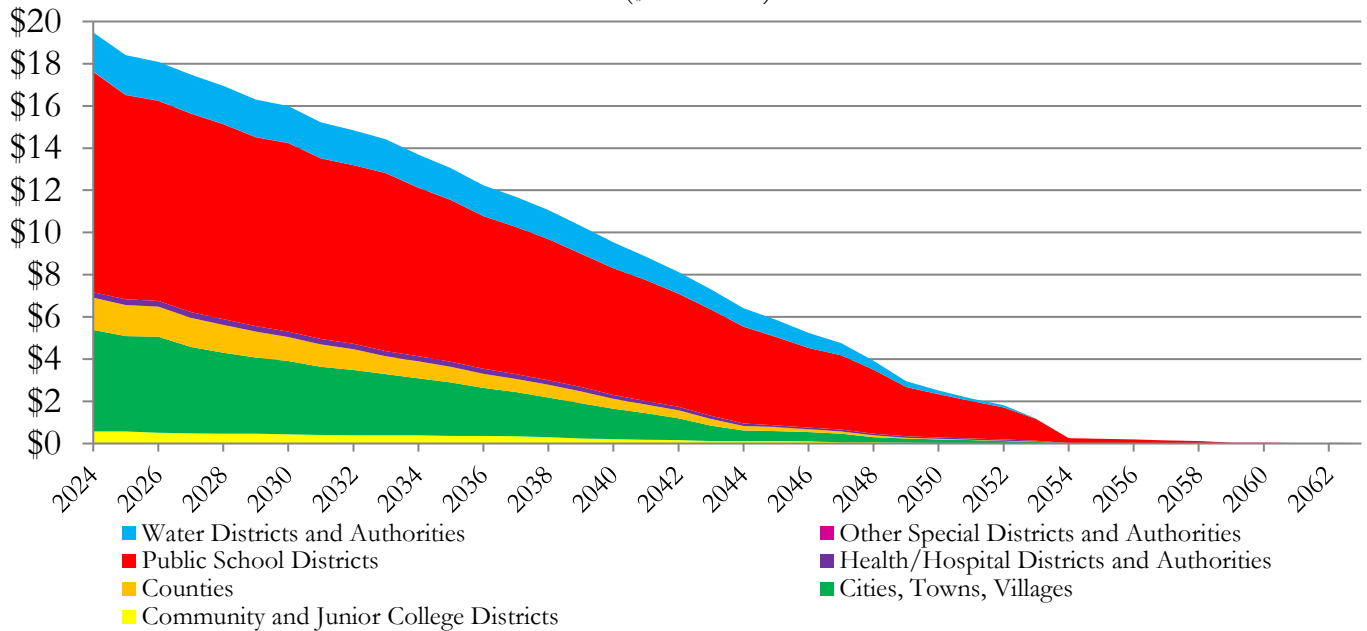
Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline, rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year-end 2023, Texas local governments will repay 24.6 percent (\$51.97 billion) of tax-supported debt within five years, 47.9 percent (\$101.14 billion) within 10 years, and 84.8 percent (\$178.93 billion) within 20 years (*Table 2.3*). As of August 31, 2023, the final maturity for tax-supported debt was 40 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	\$24,737.5	20.6%	\$50,408.5	42.0%	\$95,901.9	79.9%
Cities, Towns, Villages	14,713.6	34.0%	26,528.0	61.2%	40,835.0	94.3%
Water Districts and Authorities	5,500.9	22.3%	11,151.5	45.1%	21,063.3	85.2%
Other Special Districts and Authorities	48.6	30.1%	95.8	59.3%	145.0	89.7%
Counties	4,768.5	34.4%	8,627.0	62.2%	13,131.0	94.7%
Community and Junior Colleges	1,578.7	28.1%	2,998.5	53.4%	5,115.6	91.2%
Health/Hospital Districts and Authorities	618.1	18.4%	1,327.7	39.5%	2,734.6	81.3%
TOTALS	\$51,965.9	24.6%	\$101,137.0	47.9%	\$178,926.4	84.8%
*Excludes commercial paper and conduit debt.						
Source: Texas Bond Review Board - Bond Finance Office.						

Tax-Supported Debt Service Outstanding

As of August 31, 2023, tax-supported debt-service requirements (principal and interest) projected over the life of the debt totaled \$310.92 billion, with all scheduled payments made by fiscal year 2063. *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 by Fiscal Year*
(\$ 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 \$98.35 billion in revenue debt outstanding as of fiscal year-end 2023, an increase of \$3.13 billion (3.3 percent) over the 2022 total of \$95.22 billion, and an 18.3 percent (\$15.23 billion) increase over the past five fiscal years, from \$83.13 billion in 2019 (*Table 3.1*).

Cities, Towns, Villages (Cities) accounted for 53.7 percent (\$52.79 billion) of the total revenue local debt outstanding, Water Districts and Authorities (WD) accounted for 21.7 percent (\$21.31 billion), Other Special Districts (OSD) accounted for 19.7 percent (\$19.42 billion) and the remaining 4.9 percent (\$4.83 billion) was attributable to Public School Districts (School Districts), Community and Junior College Districts (CCD), Counties, and Health and Hospital Districts and Authorities (HHD).

Cities revenue debt increased by 22.5 percent from \$43.08 billion to \$52.79 billion in the five-year period. According to the U.S. Census Bureau, population growth in the state increased 4.9 percent (1.4 million) from 2018 to 2022 (most recent data available, released December 2022). 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 Six Cities (Houston, Dallas, San Antonio, Austin, El Paso, Fort Worth, including revenue debt issued by the Dallas/Fort Worth International Airport) accounted for an average of 78.4 percent over the last five years and 80.9 percent over the last 10 years. Separately, WD revenue debt increased 29.8 percent from \$16.42 billion to \$21.31 billion in the five-year period, conversely, School Districts, CCD, and HHD revenue debt all decreased during the same time period.

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

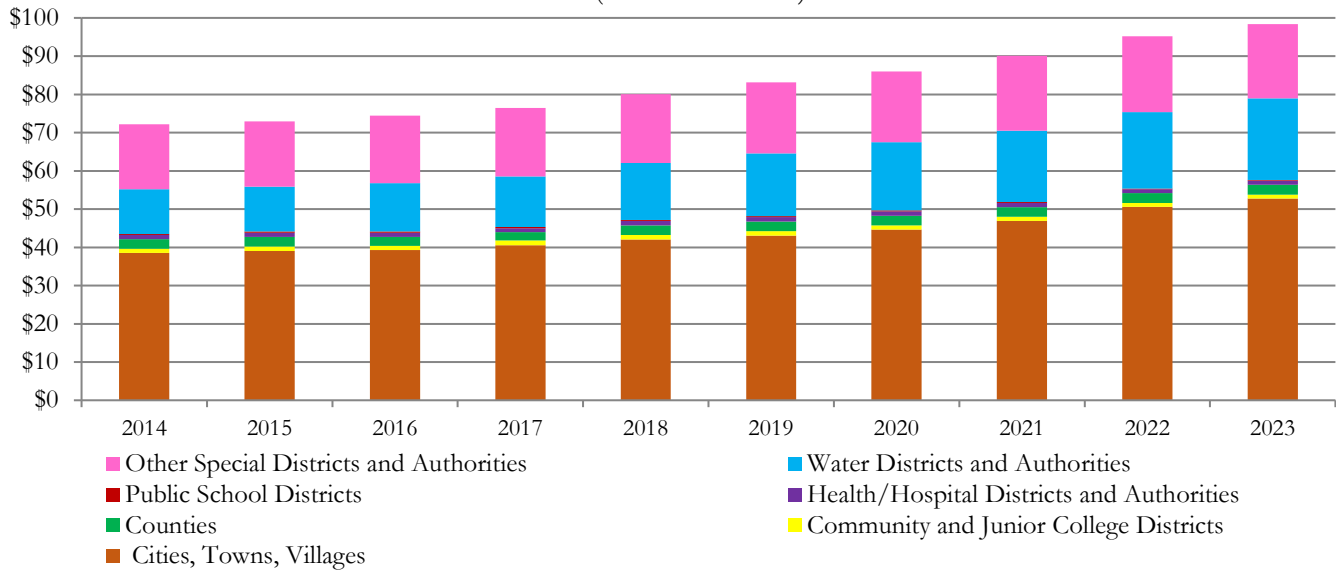
	8/31/2019	8/31/2020	8/31/2021	8/31/2022	8/31/2023
Public School Districts	\$258.8	\$219.4	\$196.3	\$177.6	\$162.9
Cities, Towns, Villages	43,084.1	44,685.9	46,876.4	50,578.3	52,788.7
Water Districts and Authorities	16,423.1	17,811.3	18,661.4	19,945.6	21,314.2
Counties	2,486.3	2,485.3	2,577.2	2,512.9	2,563.7
Other Special Districts and Authorities	18,568.8	18,571.7	19,583.9	19,871.1	19,420.9
Community and Junior Colleges	1,181.2	1,080.3	1,078.6	1,056.6	981.2
Health/Hospital Districts and Authorities	1,125.1	1,177.1	1,098.6	1,076.1	1,120.9
Total Revenue Debt Outstanding*	\$83,127.4	\$86,031.0	\$90,072.3	\$95,218.1	\$98,352.6

*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 \$26.19 billion (36.3 percent) from \$72.16 billion in 2014. *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)



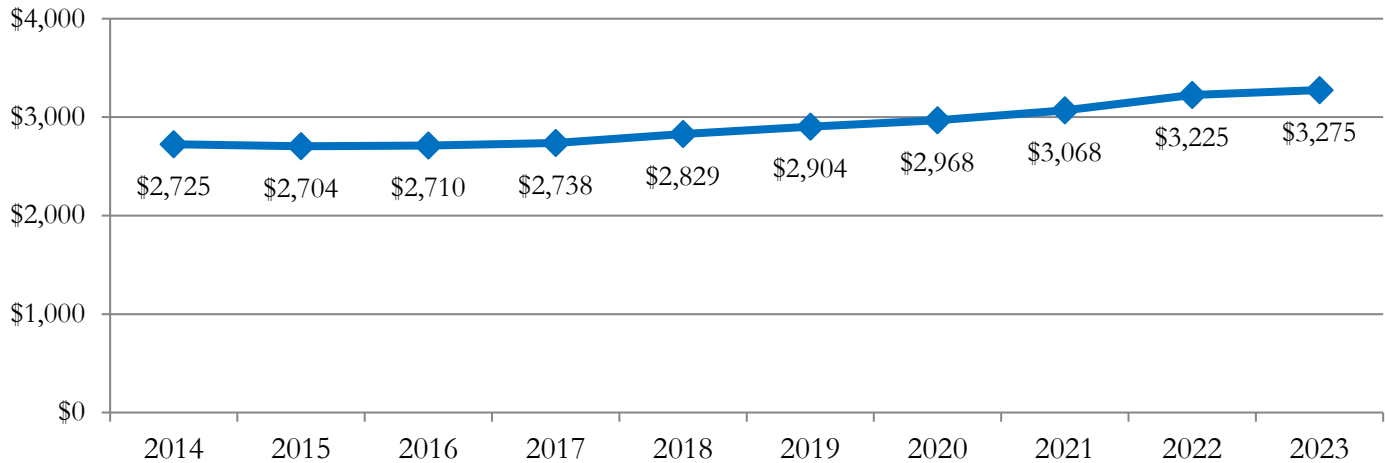
*Excludes conduit debt.

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 20.2 percent (or \$550 per person) from \$2,725 per capita in fiscal year 2014 to \$3,275 per capita in fiscal year 2023. Over this time, the state's population increased by an estimated 13.4 percent (3.5 million), based on July 2022 U.S. Census Bureau population estimates, which were released in December 2022 (*Figure 3.2*).

Figure 3.2
Texas Local Government
Revenue Debt Outstanding per Capita*



*Excludes conduit debt.

Sources: Texas Bond Review Board - Bond Finance Office; U.S. Census Bureau, Population Division, July 1, 2022.
(Population totals used are one year in arrears due to timing of census estimate release dates.)

Revenue Debt Issuance

Excluding conduit debt, new revenue debt issued during fiscal year 2023 totaled \$9.38 billion (\$5.85 billion in new money and \$3.53 billion in refunding debt). This is a decrease of 32.5 percent from the total of \$13.88 billion issued in fiscal year 2022 and a decrease of 5.5 percent from the total of \$9.93 billion issued in fiscal year 2019.

During this five-year period, Cities have consistently issued the most revenue debt. In fiscal year 2019, Cities completed 108 issues for a total of \$4.65 billion (46.9 percent of the 2019 total), of which \$2.06 billion was new money debt and \$2.59 billion was refunding debt. In 2023, Cities completed 118 issues for a total of \$6.05 billion (64.5 percent of the 2023 total), of which \$3.54 billion was new money debt and \$2.51 billion was refunding debt. Cities revenue debt includes debt issued by the Dallas/Fort Worth International Airport.

Primarily due to the rising interest rate environment during the two most recent fiscal years, refundings decreased 22.9 percent (\$2.16 billion) from a five year high of \$9.45 billion in fiscal year 2021 to \$7.29 billion in fiscal year 2022. In fiscal year 2023, refundings again decreased to \$3.53 billion, 62.6 percent (\$5.92 billion) from the five year high.

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

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Issuers	119	140	162	140	118
Issuances	200	252	298	259	200
Public School Districts					
New Money	\$18.0	\$1.0	\$11.2	\$0.0	\$0.0
Refunding	28.1	29.7	0.0	0.0	0.0
Total Par Issued	\$46.1	\$30.7	\$11.2	\$0.0	\$0.0
Cities, Towns, Villages					
New Money	\$2,061.8	\$2,034.8	\$2,529.2	\$3,750.1	\$3,541.6
Refunding	2,590.6	6,262.3	3,950.1	4,578.2	2,508.0
Total Par Issued	\$4,652.3	\$8,297.1	\$6,479.3	\$8,328.3	\$6,049.7
Water Districts and Authorities					
New Money	\$2,282.5	\$2,258.2	\$1,387.2	\$2,024.4	\$2,098.1
Refunding	123.9	1,056.1	1,340.3	790.9	214.6
Total Par Issued	\$2,406.4	\$3,314.3	\$2,727.5	\$2,815.3	\$2,312.7
Other Special Districts and Authorities					
New Money	\$1,183.9	\$178.2	\$1,032.9	\$726.8	\$48.0
Refunding	1,324.5	645.0	3,949.5	1,382.4	689.2
Total Par Issued	\$2,508.4	\$823.2	\$4,982.4	\$2,109.2	\$737.2
Counties					
New Money	\$5.1	\$5.1	\$434.3	\$6.1	\$44.5
Refunding	136.3	90.3	34.0	389.1	119.5
Total Par Issued	\$141.3	\$95.3	\$468.2	\$395.1	\$164.0
Community and Junior College Districts					
New Money	\$118.6	\$0.0	\$80.3	\$45.7	\$0.0
Refunding	26.9	25.2	153.7	18.4	0.0
Total Par Issued	\$145.4	\$25.2	\$233.9	\$64.1	\$0.0
Health/Hospital Districts and Authorities					
New Money	\$25.6	\$109.7	\$40.9	\$43.6	\$113.0
Refunding	0.0	2.7	22.2	126.7	0.0
Total Par Issued	\$25.6	\$112.4	\$63.1	\$170.3	\$113.0
Total New Money	\$5,695.4	\$4,587.0	\$5,515.9	\$6,596.6	\$5,845.2
Total Refunding	\$4,230.2	\$8,111.3	\$9,449.8	\$7,285.7	\$3,531.3
Total Par	\$9,925.6	\$12,698.3	\$14,965.7	\$13,882.3	\$9,376.5

*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 \$5.70 billion in 2019 to \$5.84 billion in 2023. This is an increase of 2.6 percent.

Revenue refunding debt issuance over the past five years decreased by 16.5 percent from \$4.23 billion in 2019 to \$3.53 billion in 2023.

The amounts of Gross Cash Savings and Net Present Value Savings earned from revenue refunding issuances over the past five years have fluctuated from \$752.3 million and \$498.8 million, respectively, in 2019 to \$257.1 million and \$153.8 million, respectively, in 2023.

During this period, Texas local governments issued \$32.61 billion in revenue refunding debt to realize \$4.76 billion in Gross Cash Savings and \$3.61 billion in Net Present Value Savings.

Rate of Revenue Debt Retirement

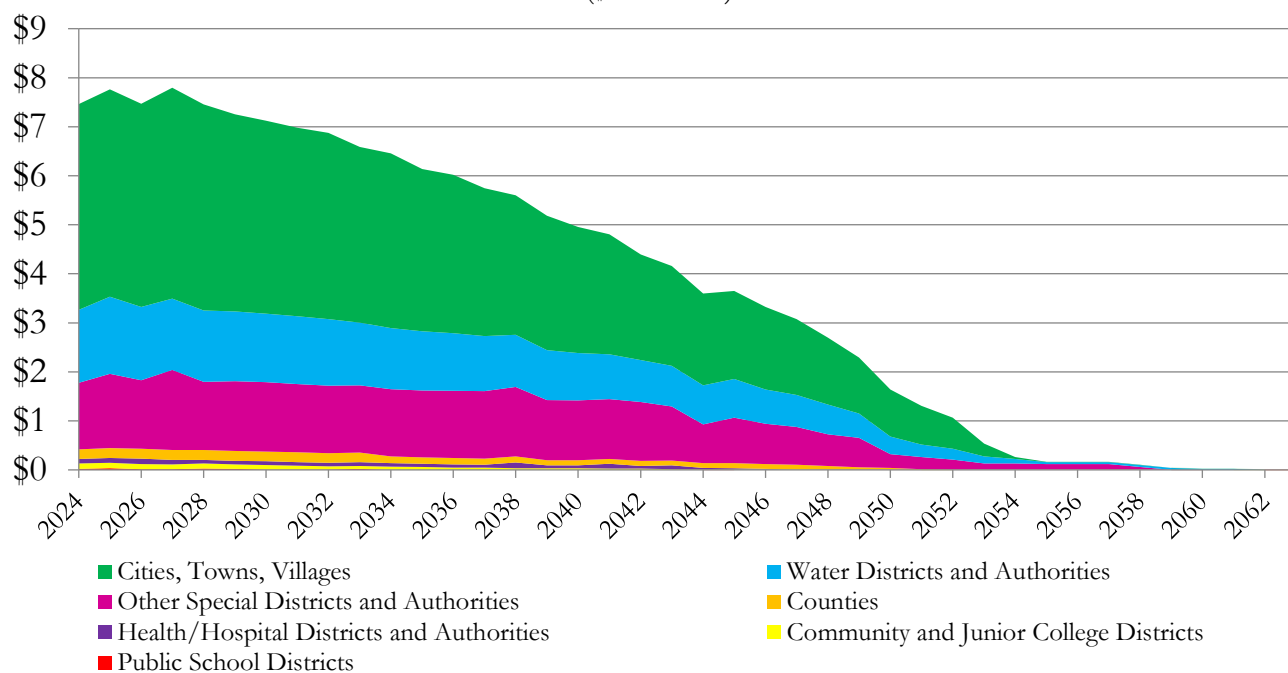
Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline, rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year-end 2023, Texas local governments will repay 20.6 percent (\$19.98 billion) of revenue debt within five years, 41.6 percent (\$40.35 billion) within 10 years, and 79.2 percent (\$76.90 billion) within 20 years (*Table 3.3*). As of August 31, 2023, 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:	Five Years	Percent of Total	Ten Years	Percent of Total	Twenty Years	Percent of Total
Public School Districts	\$86.8	53.27%	\$133.5	82.0%	\$162.9	100.0%
Cities, Towns, Villages	11,077.1	21.2%	22,532.6	43.1%	42,029.4	80.4%
Water Districts and Authorities	4,227.7	20.4%	8,580.8	41.4%	16,110.6	77.8%
Other Special Districts and Authorities	3,474.7	17.9%	6,840.7	35.3%	14,723.7	75.9%
Counties	503.9	20.8%	1,138.8	47.1%	1,915.8	79.2%
Community and Junior Colleges	362.5	36.9%	659.2	67.2%	951.2	96.9%
Health/Hospital Districts and Authorities	251.5	22.4%	468.8	41.8%	1,011.2	90.2%
TOTALS	\$19,984.3	20.6%	\$40,354.3	41.6%	\$76,904.9	79.2%
*Excludes commercial paper and conduit debt.						
Source: Texas Bond Review Board - Bond Finance Office.						

Revenue Debt Service Outstanding

As of August 31, 2023, scheduled revenue debt-service requirements (principal and interest) projected over the life of the debt totaled \$150.33 billion, with all scheduled payments made by fiscal year 2063. *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 50.3 percent from \$16.71 billion in fiscal year 2014 to \$8.31 billion in fiscal year 2023. Additionally, CAB maturity amounts outstanding have decreased 8.1 percent from \$9.05 billion outstanding in fiscal year 2022. The outstanding CAB maturities range from fiscal years 2024 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 2023 was 0.01 percent (\$3.4 million) of the total CAB and CIB debt issued (\$47.02 billion). Public School Districts (School Districts) issuances accounted for 100.0 percent (\$3.4 million) of the total CABs issued for local governments during fiscal year 2023. Of the total par issued by School Districts, 0.01 percent was issued as CAB par. Since fiscal year 2010, School Districts have issued the most CAB debt of all government types. 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 2023, Texas local governments will owe \$5.44 in interest and principal for every \$1 of principal borrowed.

The 84th 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 85th 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 2023 (\$ 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	\$22,883,478	\$3,436	0.01%	100.00%	\$26,692	\$48,790	100.00%
Counties	1,824,064	0	0.00%	0.00%	0	0	0.00%
Health/Hospital Districts	1,131,475	0	0.00%	0.00%	0	0	0.00%
Comm Colleges/Junior Colleges	875,020	0	0.00%	0.00%	0	0	0.00%
Cities, Towns, Villages	13,086,920	0	0.00%	0.00%	0	0	0.00%
Other Special Districts	759,380	0	0.00%	0.00%	0	0	0.00%
Water Districts	6,462,606	0	0.00%	0.00%	0	0	0.00%
Total	\$47,022,943	\$3,436	0.01%	100.00%	\$26,692	\$48,790	100.00%
Excludes commercial paper and conduit debt. Source: Texas Bond Review Board - Bond Finance Office.							

Table 4.2 shows CAB issued amounts for the last five fiscal years. Since 2019, the total amount of CAB par issued has varied. CAB par issued decreased 97.9 percent from \$161.8 million in fiscal year 2022 to \$3.4 million in fiscal year 2023.

Table 4.2 Texas Local Government Capital Appreciation Bonds Par Amount Issued by Fiscal Year (\$ in millions)					
	2019	2020	2021	2022	2023
Public School Districts	\$1.5	\$91.7	\$118.7	\$49.9	\$3.4
Water Districts	0.3	1.2	3.7	0.7	-
Cities, Towns, Villages	-	0.4	-	-	-
Comm Colleges/Junior Colleges	-	0.3	1.7	3.1	-
Counties	-	1.2	0.7	-	-
Health/Hospital Districts	-	-	-	-	-
Other Special Districts	-	-	-	108.1	-
Total CAB Par Amount Issued	\$1.9	\$94.8	\$124.9	\$161.8	\$3.4
Total Par Amount Issued*	\$29,383.6	\$40,391.8	\$46,902.7	\$43,096.6	\$47,022.9
CAB Par Amount % of Total	0.01%	0.23%	0.27%	0.38%	0.01%
* 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. Maturity Value/Par represents the total amount to be repaid (principal plus interest) compared to the par amount borrowed. This ratio disregards premiums received on PCABs.

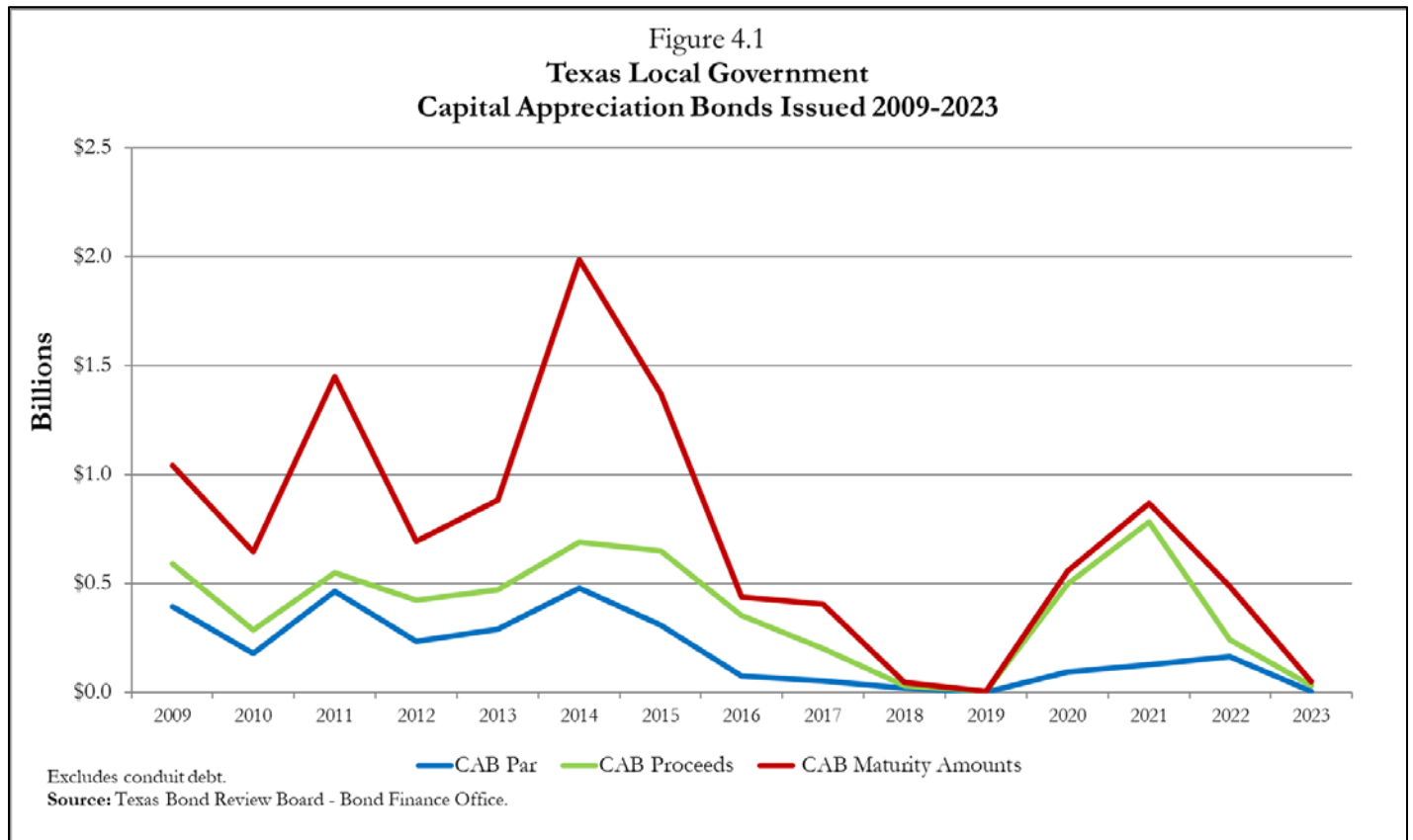
The second is the “Maturity Value/Proceeds” ratio, which is calculated by dividing the CAB maturity amount by the total CAB proceeds, including the additional proceeds received as premium on PCAB issuances. This ratio represents the total amount to be repaid at maturity (principal plus interest) compared 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 2023 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, 2023						
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	11/15/2040	7.10	7.10	6.10
Harris County-Houston Sports Authority	Third Lien Rev Ref Bonds Ser 2004A-3	8/5/2004	11/15/2039	6.41	6.41	5.41
Harris County-Houston Sports Authority	Jr Lien Rev Bonds Ser 2001H	1/2/2002	11/15/2041	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
Lake Worth ISD	Unl Tax Ref Bonds Ser 1995	9/21/1995	2/15/2024	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
Central Texas Regional Mobility Auth	Sr Lien Rev Bonds Ser 2010	3/11/2010	1/1/2040	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	2/15/2025	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	11/15/2053	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
Anna ISD	Unl Tax School Bldg & Ref Bonds Ser 1998	3/17/1998	8/15/2028	19.42	4.59	4.36
Burleson ISD	Unl Tax Ref Bonds Ser 1995	12/12/1995	8/1/2024	103.51	4.46	4.41
Galena Park ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/24/2002	8/15/2032	4.75	4.43	3.50
Robstown ISD	Unl Tax Ref Bonds Ser 1997	12/30/1997	2/15/2026	5.75	4.40	3.63
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 2009.



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 1.8 percent (\$8.31 billion) of total debt service owed by local governments. School Districts owe the most CAB debt service at 43.4 percent of total CAB debt service owed among all local governments. While CAB par was 0.5 percent of total CIB and CAB par outstanding at fiscal year-end 2023, CAB interest accounted for 4.4 percent of total interest owed.

Table 4.4 Texas Local Government Capital Appreciation Bonds Outstanding as of August 31, 2023 (\$ 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	\$120,129,025	\$561,498	0.46%	\$65,399,924	\$3,041,632	4.65%	\$185,528,949	\$3,603,131	1.94%	36.76%	43.35%
Cities, Towns, Villages	95,577,526	150,747	0.15%	43,277,967	840,661	1.94%	138,855,493	991,408	0.71%	9.87%	11.92%
Water Districts	45,421,150	14,312	0.03%	19,233,979	43,793	0.22%	64,655,129	58,105	0.08%	0.93%	0.69%
Other Special Districts	19,554,621	762,592	3.89%	13,761,274	2,764,805	20.09%	33,315,895	3,527,397	10.58%	49.93%	42.44%
Counties	16,285,986	19,150	0.11%	6,256,214	55,970	0.89%	22,542,200	75,120	0.33%	1.25%	0.90%
Comm Colleges/Junior Colleges	6,592,936	7,660	0.11%	2,650,126	10,400	0.39%	9,243,062	18,060	0.19%	0.50%	0.21%
Health/Hospital Districts	4,485,390	11,149	0.24%	2,626,527	26,757	1.01%	7,111,917	37,906	0.53%	0.73%	0.45%
Total	\$308,046,633	\$1,527,109	0.50%	\$153,206,011	\$6,784,018	4.43%	\$461,252,644	\$8,311,126	1.80%	100%	100%
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 2009.

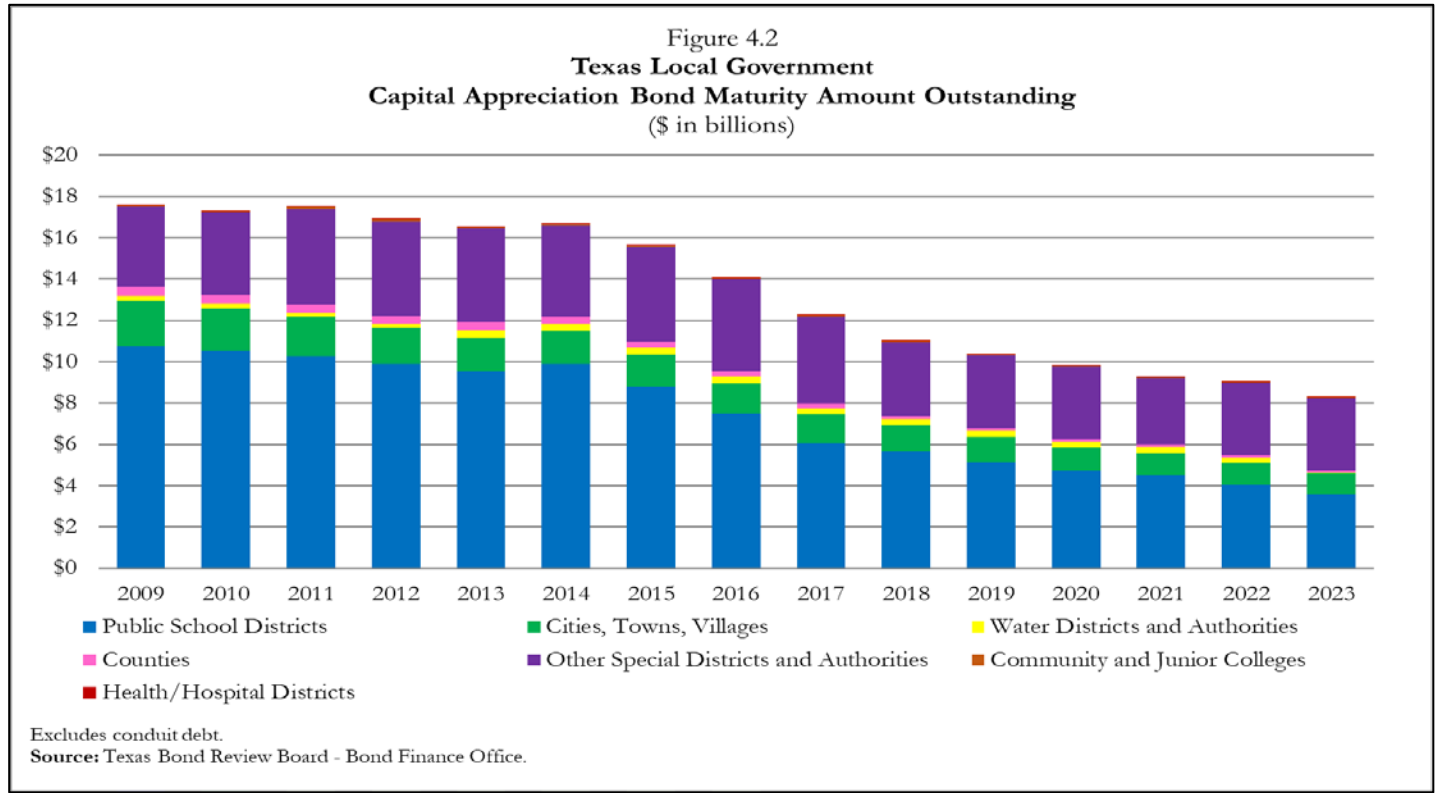


Figure 4.3 shows CIB debt service and CAB debt service for all local governments since 2009. In fiscal year 2023, CAB maturity amounts accounted for 1.8 percent (\$8.31 billion) of the total debt service outstanding.

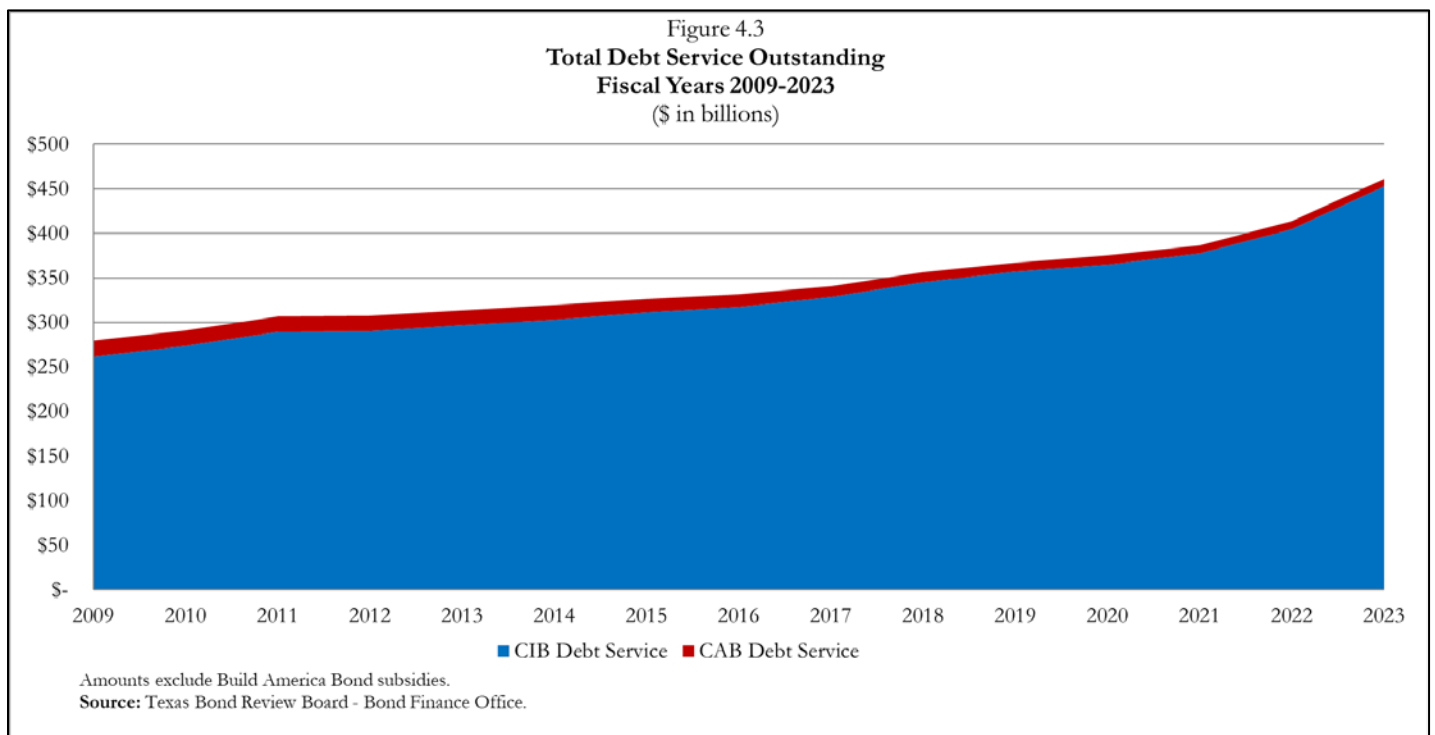


Figure 4.4 compares the ratio of total debt service to total par outstanding for CIB and CAB debt for all local governments. On average, issuers of CAB debt paid \$4.29 in principal and interest for every \$1 of principal borrowed since 2009 compared to \$1.55 for CIB debt.

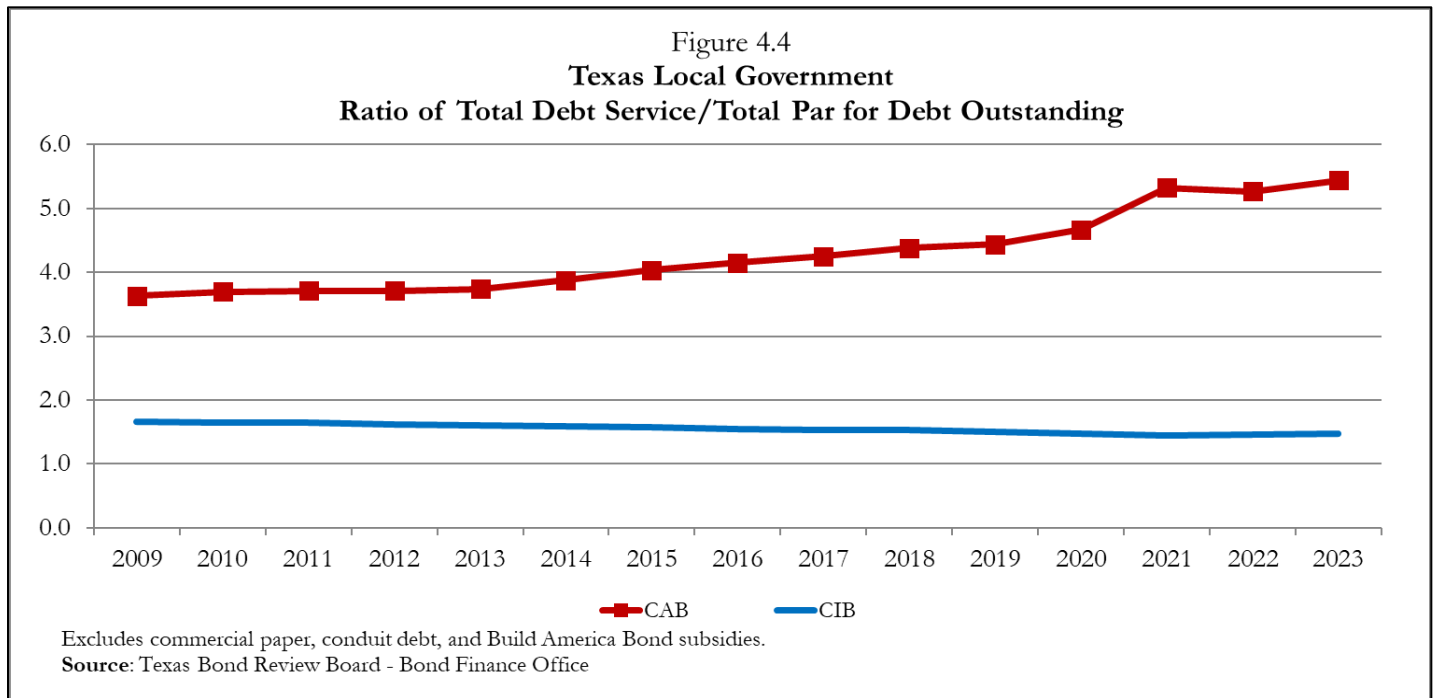
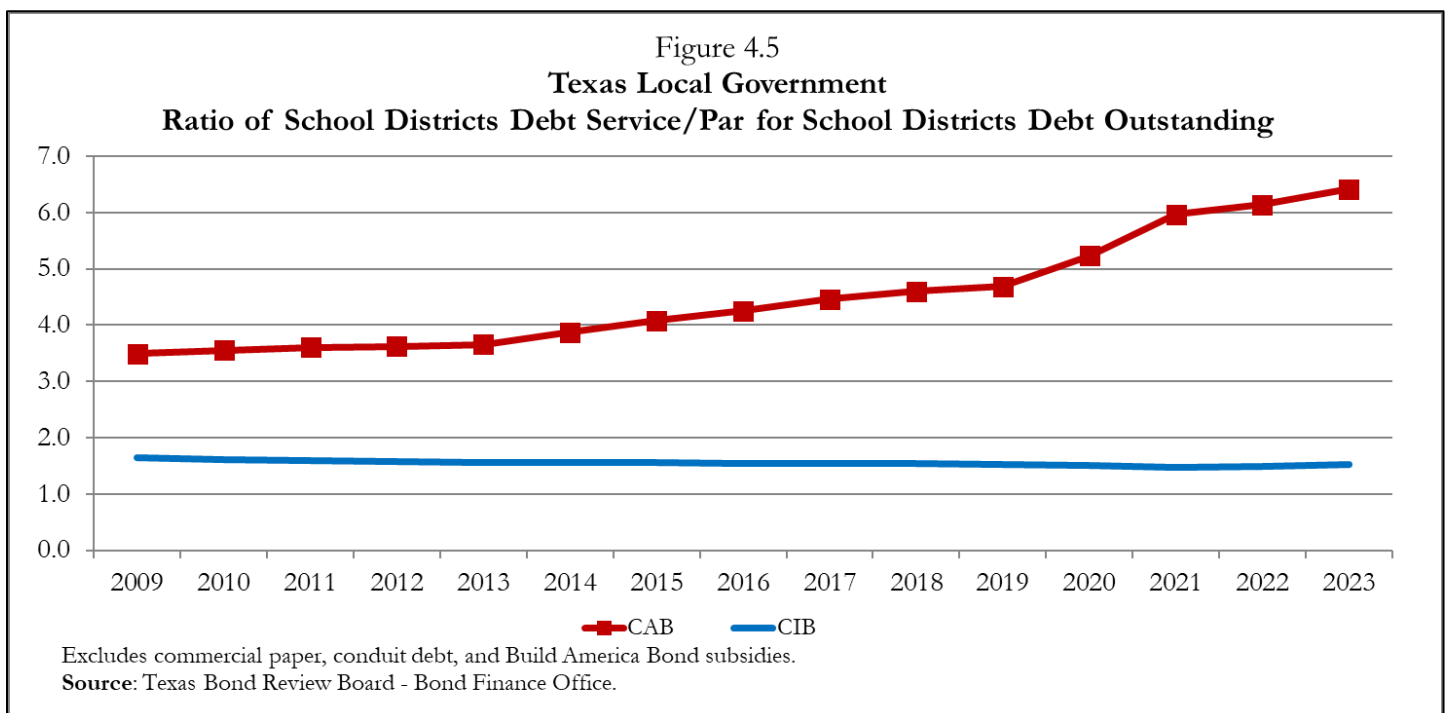


Figure 4.5 compares the ratio of School Districts debt service to School Districts debt outstanding for CIB and CAB debt. On average, School Districts paid \$4.51 in principal and interest for every \$1 of principal borrowed since 2009 for CAB debt compared to \$1.55 for CIB debt.



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Chapter 5

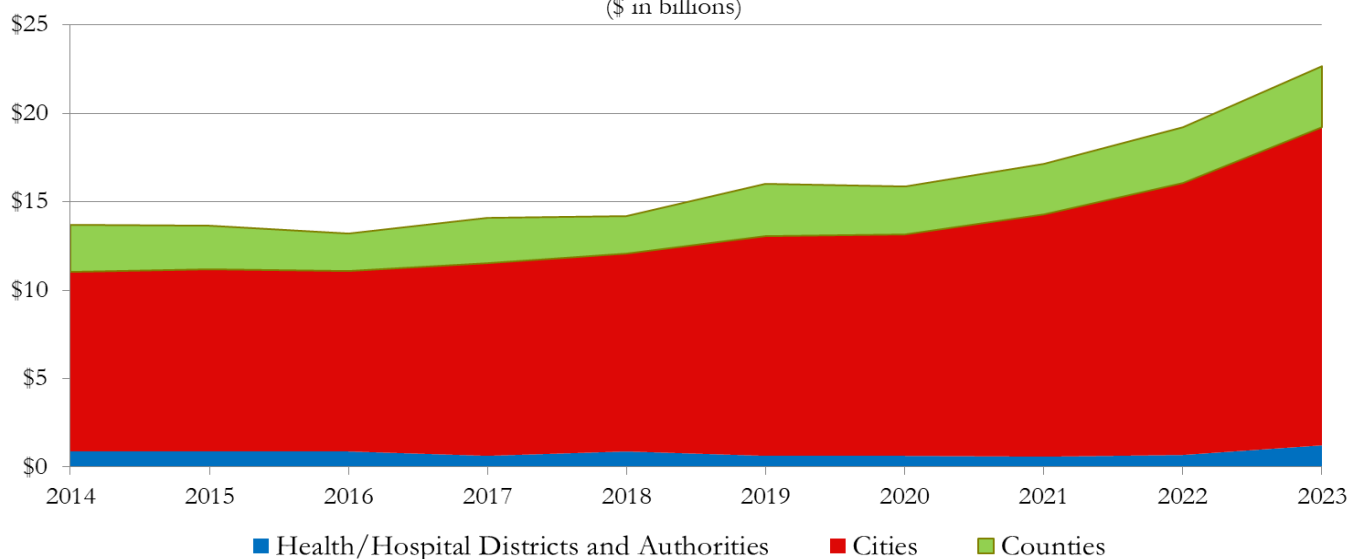
Certificates of Obligation

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 84th 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 86th 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. House Bill 4082 passed during the 88th Legislative Session (2023), effective September 1, 2023, added limitations to the purposes for which a municipality or county may issue an anticipation note or CO.

Since fiscal year 2014, CO debt outstanding has increased by 65.8 percent (\$9.00 billion) from \$13.67 billion outstanding in fiscal year 2014 to \$22.67 billion outstanding in fiscal year 2023. Cities accounted for 79.3 percent of the total CO debt outstanding at fiscal year-end 2023 (*Figure 5.1*).

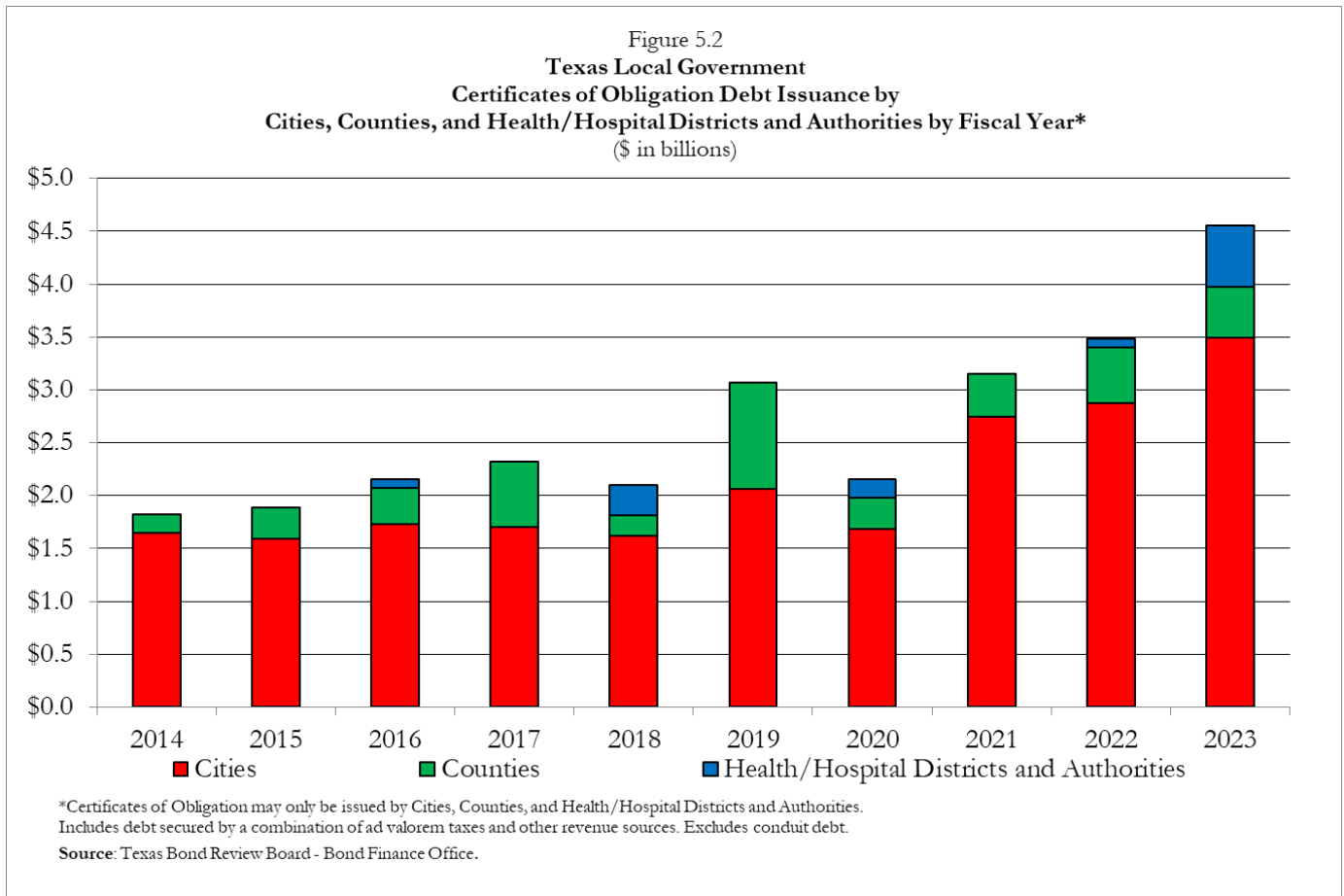
Figure 5.1
Texas Local Government
Total Certificates of Obligation Debt Outstanding*
(\$ in billions)



*Certificates of Obligation may only be issued by Cities, Counties, and Health/Hospital Districts and Authorities. 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 5.2 illustrates the relative amounts of CO debt issued by Cities, Counties, and HHDs over the past 10 fiscal years.



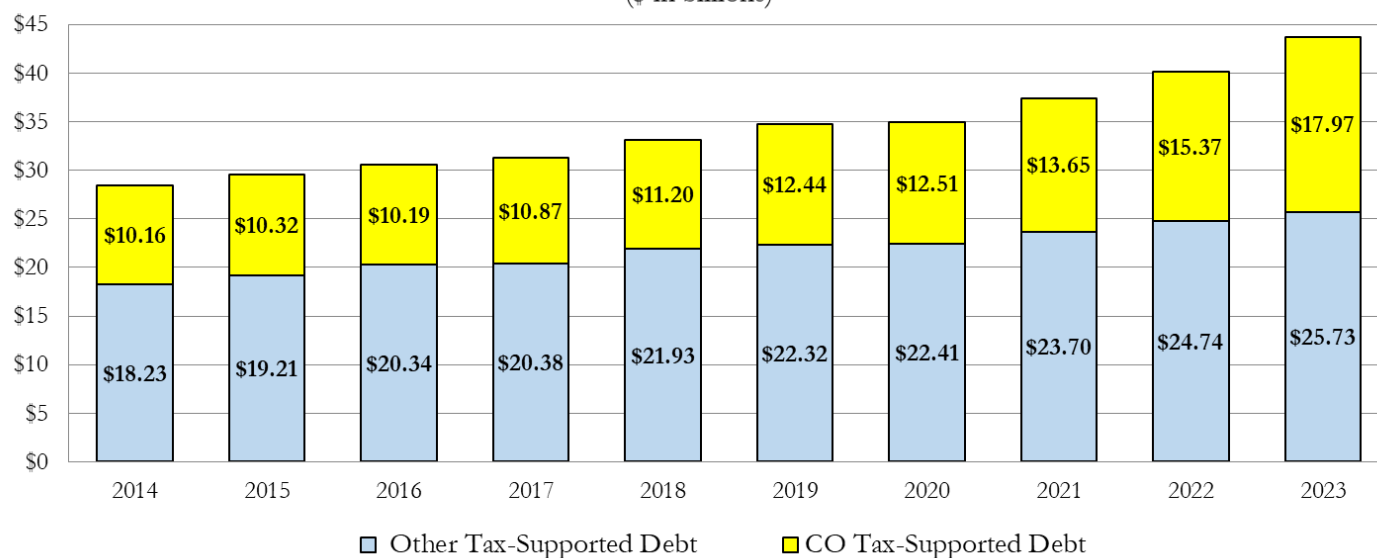
The 20 highest issuers of CO debt accounted for 38.3 percent of all CO debt outstanding (*Table 5.1*).

Table 5.1 Texas Local Government Top 20 Issuers with Certificates of Obligation Debt Outstanding as of August 31, 2023 (\$ in millions)	
Bexar County Hospital District (University Health System)	\$859.0
Bexar County	749.2
Denton	707.9
Waco	631.7
San Antonio	609.6
El Paso	566.8
Travis County	471.0
Conroe	428.1
Pflugerville	408.4
Frisco	364.5
Celina	353.0
College Station	337.2
Austin	336.8
Temple	317.2
Lubbock	314.5
Hidalgo County	291.0
San Marcos	285.7
Grand Prairie	247.1
Dallas County	215.1
Richardson	182.1
Subtotal	\$8,676.0
Other CO Issuers	13,994.5
Total	\$22,670.5
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.	

Cities, Towns, Villages

Over the past 10 fiscal years, tax-supported CO debt outstanding has increased by 76.9 percent (\$7.81 billion) from \$10.16 billion to \$17.97 billion. As of fiscal year 2023, outstanding tax-supported CO debt represents 41.1 percent of the total Cities tax-supported debt outstanding and 18.8 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 2023, 680 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 46.2 percent (\$8.30 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, 2023			
	CO Amount	CO Debt per	CO as % of City
	(\$ in millions)	Capita*	Tax-Supported Debt
Denton	\$707.9	\$4,708	65.7%
Waco	631.7	4,388	84.1%
San Antonio	609.6	414	22.5%
El Paso	566.8	837	36.3%
Conroe	428.1	4,222	85.2%
Pflugerville	408.4	6,229	54.9%
Frisco	364.5	1,660	35.2%
Celina	353.0	10,313	97.0%
College Station	337.2	2,713	77.5%
Austin	336.8	346	20.3%
Temple	317.2	3,546	76.6%
Lubbock	314.5	1,192	48.7%
San Marcos	285.7	4,064	69.0%
Grand Prairie	247.1	1,224	52.0%
Richardson	182.1	1,533	45.6%
Laredo	166.3	649	55.8%
Mansfield	161.7	2,108	84.2%
Hutto	159.6	4,355	61.7%
Odessa	155.1	1,373	71.7%
Garland	153.6	638	37.3%
Mesquite	151.5	1,024	58.4%
Sugar Land	149.8	1,369	43.6%
Seguin	148.0	4,430	69.0%
Bryan	143.8	1,638	64.8%
Round Rock	143.0	1,129	48.0%
Georgetown	141.7	1,638	36.7%
Fort Worth	138.3	145	13.2%
Pearland	135.7	1,069	34.9%
Irving	133.1	523	17.1%
Denison	132.8	5,045	95.6%
Subtotal	<u>\$8,304.7</u>		
Other Cities	<u>9,667.6</u>		
Total	<u>\$17,972.3</u>		
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 2022.			
Source: Texas Bond Review Board - Bond Finance Office			

The CO debt for the Big Six accounted for 9.9 percent (\$1.77 billion) of the total Cities CO debt outstanding (*Table 5.3*).

Table 5.3 Texas Cities Big Six Cities with Certificates of Obligation Outstanding as of August 31, 2023				
	CO Amount (\$ in millions)	CO Debt per Capita	CO as % of Issuer's Tax-Supported Debt Outstanding	Rank by CO Debt Outstanding
San Antonio	\$609.6	414	22.5%	3rd
El Paso	566.8	837	36.3%	4th
Austin	336.8	346	20.3%	10th
Fort Worth	138.3	145	13.2%	27th
Dallas	107.2	82	5.0%	40th
Houston	11.6	5	0.4%	247th
Subtotal	\$1,770.4			
Other City CO Issuers	16,201.9			
Total	\$17,972.3			

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 2022.
Source: Texas Bond Review Board - Bond Finance Office.

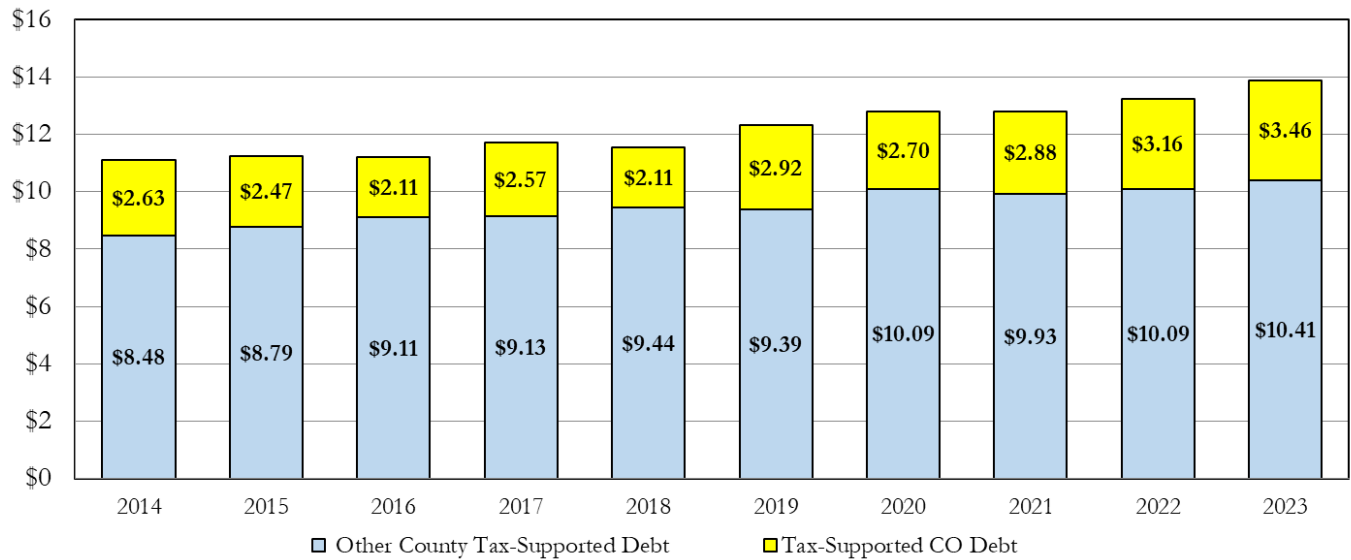
Counties

As of August 31, 2023, Texas Counties had \$3.46 billion of CO debt outstanding. Of the Counties with CO debt outstanding, their CO debt accounted for 25.0 percent of their total tax-supported debt outstanding. Of the 81 Counties with CO debt outstanding, the top 20 had \$2.92 billion (84.2 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, 2023			
	CO Amount (\$ in millions)	CO Debt per Capita*	% of Issuer's Tax- Supported Debt
Bexar County	\$749.2	\$364	35.0%
Travis County	471.0	355	52.3%
Hidalgo County	291.0	328	82.6%
Dallas County	215.1	83	98.8%
Fort Bend County	154.2	173	19.6%
Cameron County	116.2	273	57.8%
Chambers County	98.4	1,918	77.6%
Brazoria County	93.5	241	72.4%
El Paso County	87.6	101	35.2%
San Patricio County	84.0	1,201	88.2%
Bell County	73.4	189	54.3%
Webb County	69.5	259	68.7%
Nueces County	68.1	194	41.7%
Potter County	63.3	547	98.5%
McLennan County	57.9	217	82.7%
Tom Green County	54.6	459	100.0%
Brazos County	49.1	203	47.3%
Comal County	42.4	230	37.6%
Ector County	39.7	247	100.0%
Bastrop County	38.8	366	83.3%
Subtotal of Top 20 CO Issuers	\$2,917.0	\$248	47.9%
Other CO Issuers	546.4	63	13.3%
Total	\$3,463.4	\$170	34.0%
* Population data from the U.S. Census, Population Division, July 2022. 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, 2023, Counties CO debt outstanding has increased by 31.8 percent from \$2.63 billion to \$3.46 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.

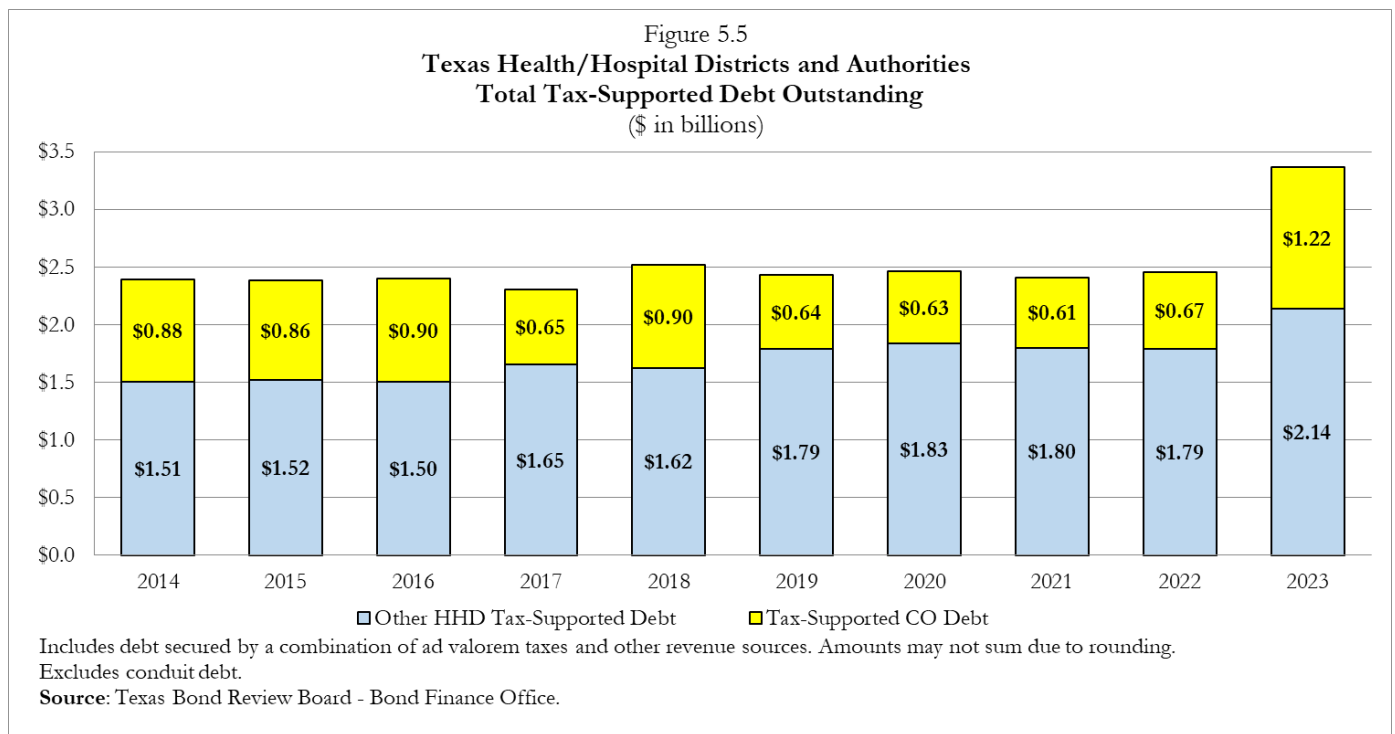
Source: Texas Bond Review Board - Bond Finance Office.

Health/Hospital Districts and Authorities

As of August 31, 2023, four HHDs had CO debt outstanding totaling \$1.22 billion (*Table 5.5*). These issuances accounted for 36.4 percent of total HHD tax-supported debt outstanding and 27.3 percent of total HHD debt outstanding, including revenue debt.

Table 5.5 Texas Health/Hospital Districts and Authorities with Certificates of Obligation Outstanding as of August 31, 2023		
Issuer	Amount* (\$ in millions)	COs as % of Tax-Supported Debt Outstanding
Bexar County Hospital District (University Health System)	\$859.0	65.0%
Travis County Healthcare District	169.4	97.9%
El Paso County Hospital District	125.5	41.7%
Harris County Hospital District	71.0	100.0%
Total	\$1,224.9	
*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. Over the past 10 fiscal years ending August 31, 2023, HHD CO debt outstanding increased 38.8 percent from \$882.6 million in 2014 to \$1.22 billion in 2023.



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 that 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, citizen notifications, 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 2023, a total of 292 local governments held 753 bond elections approving the potential issuance of \$82.05 billion of additional debt. Approximately \$10.58 billion of bond election debt was defeated during fiscal year 2023.

Separately, on November 7, 2023, 131 local governments held 307 bond elections, with 100 local governments approving 225 bond elections totaling \$37.62 billion. Approximately 82 bond elections were defeated totaling \$5.15 billion of potential debt.

Table A.1											
Texas Local Government											
Number of Bond Election Propositions Approved by Fiscal Year											
	2019		2020		2021		2022		2023		Total Percentage Approved
	Elections Carried	Percent Carried	Elections Carried	Percent Carried	Elections Carried	Percent Carried	Elections Carried	Percent Carried	Elections Carried	Percent Carried	
School Districts	100	81%	50	76%	147	75%	154	49%	250	70%	66%
Cities	88	98%	21	68%	74	87%	49	70%	61	85%	84%
WDs	118	92%	86	97%	132	90%	171	84%	279	90%	90%
OSDs	0	N/A	1	100%	1	100%	0	N/A	0	N/A	100%
Counties	6	100%	6	86%	5	63%	3	50%	8	80%	76%
CCDs	3	100%	1	100%	2	67%	0	N/A	3	100%	90%
HHDs	3	100%	0	N/A	0	N/A	0	N/A	0	N/A	75%
Total	318	90%	165	84%	361	82%	377	63%	601	80%	78%
Source: Bond Buyer, Municipal Advisory Council's <i>Texas Bond Reporter</i> , 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)					
	2019	2020	2021	2022	2023
Public School Districts					
Election Amount	\$14,341.1	\$7,245.1	\$16,107.0	\$25,345.7	\$40,164.5
Amount Approved	11,821.2	5,793.9	14,039.3	15,692.0	33,603.3
Percent Approved	82.4%	80.0%	87.2%	61.9%	83.7%
Cities, Towns, Villages					
Election Amount	\$3,153.7	\$906.00	\$3,014.30	\$3,138.7	\$4,000.9
Amount Approved	3,123.6	870.7	2,668.9	2,784.3	3,560.4
Percent Approved	99.0%	96.1%	88.5%	88.7%	89.0%
Water Districts and Authorities					
Election Amount	\$11,036.7	\$9,715.5	\$11,432.4	\$28,179.7	\$45,258.3
Amount Approved	10,713.4	9,609.3	10,649.9	24,385.7	41,704.5
Percent Approved	97.1%	98.9%	93.2%	86.5%	92.1%
Other Special Districts and Authorities					
Election Amount	\$0.0	\$3,500.0	\$1.0	\$0.0	\$0.0
Amount Approved	0.0	3,500.0	1.0	0.0	0.0
Percent Approved	N/A	100.0%	100.0%	N/A	N/A
Counties					
Election Amount	\$917.0	\$665.8	\$392.7	\$798.0	\$2,176.5
Amount Approved	917.0	651.8	334.6	595.0	2,154.8
Percent Approved	100.0%	97.9%	85.2%	74.6%	99.0%
Community and Junior College Districts					
Election Amount	\$1,353.7	\$825.0	\$152.8	\$0.0	\$1,030.0
Amount Approved	1,353.7	825.0	138.9	0.0	1,030.0
Percent Approved	100.0%	100.0%	90.9%	N/A	100.0%
Health/Hospital Districts and Authorities					
Election Amount	\$841.5	\$9.0	\$0.0	\$0.0	\$0.0
Amount Approved	841.5	0.0	0.0	0.0	0.0
Percent Approved	100.0%	0.0%	N/A	N/A	N/A
Total Election Amount	\$31,643.6	\$22,866.5	\$31,100.2	\$57,462.1	\$92,630.2
Total Amount Approved	\$28,770.2	\$21,250.8	\$27,832.4	\$43,456.9	\$82,052.9
Total Percent Approved	90.9%	92.9%	89.5%	75.6%	88.6%
Source: 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 2023 elections are shown in *Tables A.3* through *A.6*.

Table A.3 Texas Local Government Carried Propositions Bond Elections May 06, 2023 (\$ in millions)			
Issuer	County	Purpose	Amount Carried
Public School Districts			
Alamo Heights ISD	Bexar	School Building & Buses; Stadium; Technology	\$371.0
Aledo ISD	Parker	School Building, Buses & Technology	123.8
Andrews ISD	Andrews	School Building; Athletic Facility Improvements; Stadium	156.7
Bastrop ISD	Bastrop	School Building	321.5
Bells ISD	Grayson	School Building; Athletic Facilities Improvements	25.7
Bonham ISD	Fannin	School Building	64.4
Bosqueville ISD	McLennan	School Building & Security	18.8
Broadus ISD	San Augustine	School Building	13.5
Brock ISD	Parker	School Building; Multi-Purpose Center; School Building & Security	69.0
Brownwood ISD	Brown	School Building; Stadium; School Building Athletic Improvements	60.0
Caddo Mills ISD	Hunt	School Building; Athletic Facilities Improvements	290.0
Calallen ISD	Nueces	School Building & Security	55.2
Carrollton-Farmers Branch ISD	Dallas	School Building & Security	716.4
Carthage ISD	Panola	School Building & Buses; Athletic Facilities Improvements; Technology	39.3
Centerville ISDa	Leon	School Building & Security	25.0
Chapel Hill ISDa	Smith	School Building & Security; Multi-Purpose Center; District-wide Capital Improvements Program	113.9
Chester ISD	Tyler	School Building	5.3
Chilton ISD	Falls	School Building & Security	14.0
Chisum ISD	Lamar	School Building & Buses	50.0
Comal ISD	Comal, Bexar, Guadalupe, Hays & Kendall	School Building & Buses; Technology	588.6
Coppell ISD	Dallas	School Building & Buses; Technology; Stadium; Athletic Facilities Improvements	321.5
Cotulla ISD	La Salle	School Building & Security	5.0
Coupland ISD	Williamson-Travis	School Building Athletic Improvements	56.0
Crowley ISD	Tarrant	School Building, Buses & Technology; Athletic Facilities Improvements	1043.6
Dalhart ISD	Dallam	School Building Athletic Improvements	50.0
Denison ISD	Grayson	School Building	132.0
Denton ISD	Denton	School Building & Buses; Technology	1418.5
Didkinson ISD	Galveston	School Building & Security	120.0
Donna ISD	Hidalgo	School Building	120.0
Dripping Springs ISD	Hays-Travis	School Building & Buses	223.7
Eanes ISD	Travis	Safety; Stadium; Technology	131.4
Edgewood ISDb	Van Zandt	School Building	39.0
Eula ISD	Callahan	School Building & Buses	24.0
Fort Bend ISD	Fort Bend	School Building & Buses; Technology; Natatorium	1237.0
Franklin ISD	Robertson	School Building & Buses; Technology	28.5
Garland ISD	Dallas	School Building; Multi-Purpose Center; Technology	1279.6

Table A.3 (continued)
Texas Local Government
Carried Propositions
Bond Elections May 06, 2023
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Public School Districts Cont'd			
Glen Rose ISD	Somervell	School Building	\$31.0
Goliad ISD	Goliad	School Building	75.0
Gregory-Portland ISD	San Patricio	School Building Athletic Improvements	175.8
Hays CISD	Hays	School Building & Buses; Educational Center; Technology	315.7
Highland Park ISDb	Potter	School Building & Security; Technology	130.0
Holliday ISD	Archer	Athletic Facilities Improvements; School Building Athletic Improvements; Stadium	40.8
Hutto ISD	Williamson	School Building, Buses & Technology; Technology; School Building	522.0
Irving ISD	Dallas	School Building & Security; Technology; Transportation	573.8
Jacksboro ISD	Jack	School Building Athletic Improvements	47.5
Jarrell ISD	Williamson	School Building, Buses & Technology	324.6
Johnson City ISD	Blanco	School Building & Buses; Technology; Athletic Facilities Improvements	52.8
Kennedale ISD	Tarrant	School Building; Performing Arts; Technology	98.6
Kermitt ISD	Winkler	School Building & Buses; Stadium; Housing Facility	66.3
La Porte ISD	Harris	School Building & Buses; Technology; Stadium	235.0
La Vernia ISD	Wilson	School Building; Athletic Facilities Improvements	109.0
Leander ISD	Williamson	School Building & Buses; Technology; Performing Arts	762.7
Liberty Hill ISD	Williamson	School Building; Technology; Stadium	471.1
Lindsay ISD	Cooke	School Building	15.8
Llano ISD	Llano	School Building & Buses; Technology	37.8
Lometa ISD	Lampasas	Educational Center	1.8
Marion ISD	Guadalupe	School Building & Security	78.8
Marshall ISD	Harrison	School Building	41.9
Maud ISD	Bowie	School Building	6.5
Maypearl ISD	Ellis	School Building	35.0
McDade ISD	Bastrop	School Building & Buses	5.0
Medina Valley ISD	Medina	School Building & Security	376.0
Mount Vernon ISD	Franklin	School Building; Athletic Facilities Improvements	63.9
Needville ISD	Fort Bend	School Building & Security	200.0
New Boston ISD	Bowie	Educational Center	10.0
New Caney ISD	Montgomery	School Building; Athletic Facilities Improvements	695.0
Newcastle ISD	Young	School Building Athletic Improvements	22.0
Nixon-Smiley CISD	Gonzales	School Building & Buses; Educational Center; School Building Athletic Improvements; Stadium; Athletic Facilities Improvements	37.9
Northwest ISD	Denton	School Building; Athletic Facilities Improvements; Technology	1995.5
Odem-Edroy ISD	San Patricio	School Building	15.8
Pampa ISD	Gray	School Building; School Building, Athletic Facility & Transportation	130.0
Pecos-Barstow-Toyah ISD	Reeves	School Building; Natatorium; Technology	446.7

Table A.3 (continued)
Texas Local Government
Carried Propositions
Bond Elections May 06, 2023
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Public School Districts Cont'd			
Perryton ISD	Odihltree	School Building; Technology	\$40.0
Pewitt ISD	Morris	School Building	17.0
Port Aransas ISD	Nueces	School Building; Fine Arts Venue; Technology; Athletic Facilities Improvements	37.9
Princeton ISD	Collin	School Building	797.0
Quinlan ISD	Hunt	School Building	25.0
Red Oak ISD	Ellis	School Building	97.5
Rockdale ISD	Milam	School Building & Security	30.0
Roma ISD	Starr	School Building; Athletic Improvements; Stadium; Multi-Purpose Center	41.9
Royal ISD	Waller	School Building & Security	138.1
Royse City ISD	Rockwall	School Building; Athletic Facilities Improvements	863.0
San Augustine ISD	San Augustine	School Building & Security	32.0
San Marcos CISD	Hays	School Building & Buses; Athletic Facilities Improvements; Natatorium	166.2
Seguin ISD	Guadalupe	Athletic Facilities Improvements	7.5
Sherman ISD	Grayson	School Building & Security; Stadium	540.0
Shiner ISD	Lavaca	School Building & Security	4.5
Slidell ISD	Wise	School Building & Security	25.9
Southwest ISD	Bexar	School Building & Buses; Stadium	250.0
Sweetwater ISD	Nolan	School Building	49.5
Waelder ISD	Gonzales	School Building; Refunding	10.3
Waxahachie ISD	Ellis	School Building; School Building; School Building Improvements	575.0
Wink-Loving ISD	Winkler	School Building & Buses; Housing Facility	60.0
Woodsboro ISD	Refugio	School Building	32.5
Yoakum ISD	DeWitt	School Building	17.4
Public School Districts Total			\$21,456.9
Cities, Towns, Villages			
Arlington	Tarrant	Street; Park; Police & Fire; Building; Library	\$278.3
Frisco	Collin	Public Safety; Streets & Roads; Park; Parks & Recreation; Parking Garage	473.4
New Braunfels	Comal	Transportation; Parks & Recreation; Library	140.0
Pearland	Brazoria-Fort Bend-Harris	Drainage; Street & Bridge; Parks & Recreation; Fire Improvements	181.2
Richardson	Dallas-Collin	City Hall	46.0
Round Rock	Travis-Williamson	Parks & Recreation; Public Safety	274.0
Rowlett	Dallas	Public Safety; Animal Care & Control; Park	76.3
Cities, Towns, Villages Total			\$1,469.3
Water Districts and Authorities			
Bilma PUD	Harris	Water, Sewer & Drainage	30.0

Table A.3 (continued)
Texas Local Government
Carried Propositions
Bond Elections May 06, 2023
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Water Districts and Authorities Cont'd			
Brazoria County MUD 83	Brazoria	Water, Sewer & Drainage & Refunding; Parks & Recreation & Refunding; Road & Refunding Roads	\$1,124.5
Briarwood MUD	Travis	Water, Sewer & Drainage; Parks & Recreation; Refunding; Roads & Refunding	378.5
Castlewood MUD	Harris	Water, Sewer & Drainage; Parks & Recreation	31.0
Cy-Champ PUD	Harris	Parks & Recreation; Parks & Recreation Refunding	24.0
East Montgomery County MUD 5	Montgomery	Water, Sewer & Drainage; Road; Parks & Recreation; Refunding	627.1
East Williamson County MUD 1	Williamson	Water, Sewer & Drainage; Water, Sewer, Drainage, Refunding; Roads & Refunding; Parks & Recreation & Refunding	750.0
Fort Bend County MUD 118	Fort Bend	Water, Sewer & Drainage & Refunding	28.5
Fort Bend County MUD 168	Fort Bend	Water, Sewer & Drainage & Refunding; Parks & Recreation & Refunding ;Road & Refunding Roads;	945.5
Fort Bend County MUD 234	Fort Bend	Water, Sewer & Drainage & Refunding; Parks & Recreation& Refunding; Road; Roads, Refunding	123.3
Fort Bend County MUD 253	Fort Bend	Water, Sewer & Drainage & Refunding; Parks & Recreation & Refunding; Roads & Refunding	1556.4
Fort Bend County MUD 255	Fort Bend	Water, Sewer & Drainage & Refunding; Parks & Recreation & Refunding; Roads & Refunding	1215.0
Galveston County MUD 12	Galveston	Water, Sewer & Drainage	9.9
Galveston County MUD 82	Galveston	Water, Sewer & Drainage &, Refunding; Parks & Recreation & Refunding; Road & Refunding	709.2
Galveston County WCID 01	Galveston	Water, Sewer & Drainage	33.0
Grant Road PUD	Harris	Water, Sewer & Drainage	15.0
Harris County MUD 043	Harris	Water, Sewer & Drainage	48.2
Harris County MUD 062	Harris	Water, Sewer & Drainage & Refunding	34.0
Harris County MUD 105	Harris	Parks & Recreation & Refunding	30.0
Harris County MUD 515	Harris	Water Sewer Drainage & Refunding; Road & Refunding; Parks & Recreation & Refunding	636.5
Harris-Waller Counties MUD 07	Harris, Waller	Water, Sewer & Drainage & Refunding; Parks & Recreation & Refunding; Roads & Refunding	157.4
Kemah Municipal Management District 1	Galveston	Recreation & Refunding; Roads & Refunding; Water, Sewer & Drainage & Refunding;	449.4
Mirasol Springs MUD	Travis, Hays	Water, Sewer & Drainage; Parks & Recreation; Refund; Roads & Refunding	311.3
Montgomery County MUD 125	Montgomery	Water Sewer and Drainage; Parks & Recreation & Refunding; Water, Sewer, Drainage & Refunding; Road & Refunding Roads;	580.4
Montgomery County MUD 202B	Montgomery	Water, Sewer & Drainage; Road; Parks & Recreation; Refunding	931.4

Table A.3 (continued) Texas Local Government Carried Propositions Bond Elections May 06, 2023 (\$ in millions)			
Issuer	County	Purpose	Amount Carried
Water Districts and Authorities Cont'd			
Montgomery County MUD 39	Montgomery	Water, Sewer, & Drainage & Refunding	\$89.6
Montgomery County MUD 42	Montgomery	Parks & Recreation	6.0
Newport MUD	Harris	Refunding	18.4
North Parkway Municipal Management District 1	Collin	Water, Sewer, & Drainage & Refunding; Road & Refunding Roads	991.2
Northwest Park MUD	Harris	Water, Sewer, & Drainage	53.9
Parkside on the River MUD 2	Williamson	Water, Sewer & Drainage; Parks & Recreation; Refunding; Roads & Refunding	782.5
Ponder Farms MUD	Denton	Water, Sewer & Drainage & Refunding; Roads & Refunding;	2210.6
Rocky Top Ranch MUD	Denton	Water, Sewer & Drainage & Refunding; Roads & Refunding	1691.0
Wild Ridge MUD	Hays	Water, Sewer & Drainage & Refunding; Roads & Refunding	719.8
Water Districts and Authorities Total			\$17,342.5
Community College Districts			
College of the Mainland	Galveston	School Building & Security	\$250.0
Victoria JCD	Victoria	College Facilities	10.0
Community College Districts Total			\$260.0
Total Carried			<u>\$40,528.7</u>

Table A.4 Texas Local Government Defeated Propositions Bond Elections May 06, 2023 (\$ in millions)			
Issuer	County	Purpose	Amount Defeated
Public School Districts			
Anderson-Shiro CISD	Grimes	School Building	\$44.5
Bandera ISD	Bandera	School Building & Security	79.5
Bellville ISD	Austin	School Building	49.5
Bridgeport ISD	Wise	School Building Athletic Improvements	185.0
Brookesmith ISD	Brown	School Building	1.5
Calallen ISD	Nueces	Stadium	12.6
Campbell ISD	Hunt	School Building & Security	10.3
Cayuga ISD	Anderson	School Building	20.6
Cedar Hill ISD	Dallas	School Building & Buses	208.0
Chapel Hill ISDb	Titus	School Building	8.1
Comal ISD	Comal, Bexar, Guadalupe, Hays & Kendall	Stadium	46.1
Crowley ISD	Tarrant	Performing Arts	128.8
Decatur ISD	Wise	School Building; Technology	331.2
Denton ISD	Denton	Stadium	5.3
Devine ISD	Medina	School Building & Security; Athletic Facilities Improvements	32.2
Garner ISD	Parker	School Building Athletic Improvements; Land purchase	18.4
Godley ISD	Johnson	School Building & Security	889.0
Graham ISD	Young	School Building	49.4
Harts Bluff ISD	Titus	School Building & Security	18.9
Hays CISD	Hays	Multi-Purpose Center	52.2
Irving ISD	Dallas	School Building Athletic Improvements; Performing Arts	128.0
Johnson City ISD	Blanco	Recreation	7.0

Table A.4 (continued)
Texas Local Government
Defeated Propositions
Bond Elections May 06, 2023
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
Public School Districts Cont'd			
Kennedale ISD	Tarrant	Athletic Facilities Improvements; Stadium	\$7.5
Lexington ISD	Lee	School Building & Security	36.0
Llano ISD	Llano	Housing Facility	2.0
Mabank ISD	Kaufman	School Building & Technology; Athletic Facilities Improvements; Stadium	119.0
McDade ISD	Bastrop	School Building; Land purchase	22.0
Midlothian ISD	Ellis	School Building; School Building Improvements; Athletic Facilities Improvements	415.9
Neches ISD	Anderson	School Building	8.0
Needville ISD	Fort Bend	Athletic Facilities Improvements	25.0
Pawnee ISD	Bee	School Building & Buses	22.0
Pittsburg ISD	Camp	School Building	88.4
Ricardo ISD	Kleberg	School Building & Security	15.0
Rocksprings ISD	Edwards	School Building Athletic Improvements	11.6
Royal ISD	Waller	Stadium	6.4
Springtown ISD	Parker	School Building	120.8
Waxahachie ISD	Ellis	Athletic Facilities Improvements	20.0
Westbrook ISD	Mitchell	School Building	13.5
Public School Districts Total			\$3,259.0

Table A.4 (continued)
Texas Local Government
Defeated Propositions
Bond Elections May 06, 2023
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
Cities, Towns, Villages			
Flower Mound	Denton	Recreation	\$7.5
McKinney	Collin	Airport Improvements	200.0
Parker	Collin	Municipal Building	8.6
Cities, Towns, Villages Total			\$216.1
Water Districts and Authorities			
Harris County FWSD 01A	Harris	Water, Sewer & Drainage	\$15.0
Montgomery County FWSD 6	Montgomery	Water, Sewer, & Drainage; Refunding	10.0
Northampton MUD	Harris	Water, Sewer, & Drainage & Refunding; Parks & Recreation & Refunding	197.0
Northwest Park MUD	Harris	Water, Sewer, Drainage, & Refunding	53.9
Northwest Williamson County MUD 1	Williamson	Water, Sewer & Drainage; Parks & Recreation; Refunding; Roads & Refunding	489.3
Ricewood MUD	Harris	Water, Sewer, & Drainage	26.0
West Harris County MUD 10	Harris	Parks & Recreation	14.1
Water Districts and Authorities Total			\$805.2
Total Defeated			<u>\$4,280.3</u>

Table A.5
Texas Local Government
Carried Propositions
Bond Elections November 08, 2022
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Public School Districts			
Angleton ISD	Brazoria	School Building	\$196.3
Anna ISD	Collin	School Building	793.7
Austin ISD	Travis	School Building; Technology; Stadium	2439.0
Bellevue ISD	Clay	School Building; Refunding	0.8
Birdville ISD	Tarrant	School Building, Athletic Facility & Transportation; Technology	300.8
Blackwell CISD	Nolan	School Building & Buses; Athletic Facilities Improvements; Housing Facility; Technology	14.9
Brownsboro ISD	Henderson	School Building Athletic Improvements	24.0
Columbia-Brazoria ISD	Brazoria	School Building Athletic Improvements	79.0
Corpus Christi ISD	Nueces	School Building Athletic Improvements	220.0
Corrigan-Camden ISD	Polk	School Building & Security	21.5
Crawford ISD	McLennan	School Building	10.0
Crockett County Cons CSD	Crockett	School Building & Buses; Athletic Facilities Improvements; Affordable housing.	30.0
East Central ISD	Bexar	School Building	240.0
Fort Stockton ISD	Pecos	School Building & Security; Stadium	100.0
Gruver ISD	Hansford	School Building & Buses; Athletic Facilities Improvements; Technology	29.0
Judson ISD	Bexar	School Building & Buses; School Building & Security	345.3
Kenedy County Wide CSD	Kenedy	School Building & Buses	1.5
Lake Travis ISD	Travis	School Building & Buses; Technology	609.2
Lamar CISD	Fort Bend	Technology; School Building, Buses & Technology; Education Facility	1516.6
Leonard ISD	Fannin-Collin-Hunt	School Building	39.5
Little Elm ISD	Denton	School Building & Security	289.5
Lockhart ISD	Caldwell	School Building	71.0
Magnolia ISD	Montgomery	School Building & Security	228.0
Marlin ISD	Falls	School Building; Stadium	32.0
McCombs ISD	Upton	School Building Athletic Improvements	71.8
Newton ISD	Newton	School Building	26.5
Paradise ISD	Wise	School Building & Security; Athletic Facilities Improvements	58.5
Pflugerville ISD	Travis	School Building & Security; Security; Performing Arts; Education Facility; Affordable housing.	367.2
Plano ISD	Collin	School Building; Technology	1346.4

Table A.5 (continued)
Texas Local Government
Carried Propositions
Bond Elections November 08, 2022
(\$ in millions)

Issuer	County	Purpose	Amount Carried
Public School Districts Cont'd			
Point Isabel ISD	Cameron	School Building	\$9.5
Rankin ISD	Upton	School Building, Buses & Technology; Golf Course; Technology; Affordable housing.	123.0
Reagan County ISD	Reagan	School Building & Buses; Housing Facility; Technology	70.0
Rio Vista ISD	Johnson	School Building & Security	12.0
Sands CISD	Dawson	School Building & Buses	85.0
Seguin ISD	Guadalupe	School Building	131.0
Sheldon ISD	Harris	School Building & Buses; Technology	247.7
Splendora ISD	Montgomery	School Building	201.0
Spring ISD	Harris	School Building; Performing Arts; Technology	850.0
Stanton ISD	Martin	School Building & Buses	12.0
Stephenville ISD	Erath	Stadium	40.0
Taylor ISD	Williamson	School Building & Security	82.5
Texarkana ISD	Bowie	School Building; School Building & Technology	189.0
Texas City ISD	Galveston	School Building & Security; Stadium	158.6
Trenton ISD	Fannin	School Building Athletic Improvements	56.2
Waller ISD	Waller	School Building & Security	363.5
Winona ISD	Smith	School Building	13.4
Public School Districts Total			\$12,146.3
Cities, Towns, Villages			
Abilene	Taylor	Fire Station Improvements	\$8.0
Austin	Travis-Williamson	Affordable housing.	350.0
Boerne	Kendall	Mobility Projects; Parks & Recreation	36.0
Carrollton	Dallas	Street improvements; Public Facility; Parks & Recreation; Animal Care & Control; Park	137.0
College Station	Brazos	Parks & Recreation; Public Safety; Transportation	56.1
Corpus Christi	Nueces	Street; Parks & Recreation; Public Safety; Library	125.0
El Paso	El Paso	Streets & Sidewalks; Parks & Recreation	267.3
Forney	Kaufman	Road & Bridge	52.7
Horseshoe Bay	Llano	City Hall	8.0
Houston	Harris	Public Safety; Park; Animal Care & Control; Public Health; Infrastructure; Library; Solid Waste	478.0

Table A.5 (continued) Texas Local Government Carried Propositions Bond Elections November 08, 2022 (\$ in millions)			
Issuer	County	Purpose	Amount Carried
Cities, Towns, Villages Cont'd			
Hutdhins	Dallas	City Hall	\$10.8
Kyle	Hays	Road	294.0
Lakeway	Travis	Streets & Roads	17.5
Lubbock	Lubbock	Streets & Roads	200.0
Port Aransas	Nueces	Road	6.5
Port Isabel	Cameron	Street & Drainage; Parks & Recreation	3.0
Rollingwood	Travis	Waterworks and Sewer System; Public S	7.8
Universal City	Bexar	Street	30.0
Woodcreek	Hays	Road	3.5
Cities, Towns, Villages Total			\$2,091.1
Water Districts and Authorities			
Belmont FWSD 2	Denton	Road; Roads, Refunding	\$65.2
CNP UD	Harris	Water, Sewer & Drainage	41.5
Collin County MUD 05	Collin	Utility; Road; Utility; Roads, Refunding	256.5
Denton County MUD 16	Denton	Fire Improvements; Refunding	25.1
Dripping Springs MUD 1	Hays	Water, Sewer & Drainage & Refunding; Road	389.2
East Montgomery County MUD 9	Montgomery	Water, Sewer & Drainage & Refunding; Recreation; Recreational Facilities	1142.6
Ellis County FWSD 1	Ellis	Utility; Road	191.0
Fort Bend County MUD 214	Fort Bend	Water, Sewer, & Drainage & Refunding; Recreation & Refunding; Roads & Refunding	449.0
Fort Bend County MUD 232	Fort Bend	Water, Sewer & Drainage & Refunding; Roads & Refunding; Parks & Recreation & Refunding	360.0
Fort Bend County MUD 250	Fort Bend	Water, Sewer & Drainage & Refunding; Recreation & Refunding; Roads & Refunding	1522.6
Fort Bend County MUD 250A	Fort Bend	Water, Sewer & Drainage & Refunding; Recreation & Refunding; Roads & Refunding	2342.0
Fort Bend County MUD 254	Fort Bend	Water, Sewer & Drainage & Refunding; Parks & Recreation & Refunding; Roads & Refunding	66.6
Katy West MUD	Fort Bend-Waller	Roads, Refunding; Water, Sewer & Drainage & Refunding	675.7
Kemah Municipal Management District 1	Galveston	Recreation & Refunding; Roads & Refunding	172.7
Legends Ranch MUD	Denton	Water, Sewer & Drainage & Refunding; Roads & Refunding	1069.0
Montgomery County MUD 101	Montgomery	Water, Sewer & Drainage & Refunding; Recreation & Refunding; Roads & Refunding	932.4
Montgomery County MUD 128B	Montgomery	Water, Sewer & Drainage & Refunding; Recreation & Refunding; Roads & Refunding	859.0
Montgomery County MUD 129	Montgomery	Water, Sewer & Drainage & Refunding; Recreation & Refunding; Roads & Refunding	213.1

Table A.5 (continued)			
Texas Local Government			
Carried Propositions			
Bond Elections November 08, 2022			
(\$ in millions)			
Issuer	County	Purpose	Amount Carried
Montgomery County MUD 152B	Montgomery	Water, Sewer & Drainage & Refunding; Recreation & Refunding; Roads & Refunding	\$470.9
Montgomery County MUD 179	Montgomery	Water, Sewer & Drainage & Refunding; Recreation & Refunding; Roads & Refunding	59.5
Montgomery County MUD 196	Montgomery	Water, Sewer & Drainage & Refunding; Roads & Refunding; Parks and Recreation & Refunding	425.0
Montgomery County MUD 202A	Montgomery	Water, Sewer & Drainage; Road; Parks & Recreation; Refunding	1115.8
Montgomery County MUD 213	Montgomery	Water, Sewer & Drainage & Refunding; Recreation & Refunding; Roads & Refunding	304.8
New Sweden MUD 1	Travis	Water, Sewer & Drainage & Refunding; Recreation & Refunding; Roads & Refunding	1057.5
Newport MUD	Harris	Water, Sewer, & Drainage	55.0
North Parkway Municipal Management District 1	Collin	Utility; Refunding; Road; Road & Refunding Roads	675.0
Prairie Crossing MUD 1	Williamson	Water, Sewer & Drainage; Parks & Recreation; Refund; Roads & Refunding	1913.3
Prairie Crossing MUD 2	Williamson	Water, Sewer & Drainage; Parks & Recreation; Refund; Roads & Refunding	1967.8
Rancho del Cielo MUD	Williamson	Water, Sewer & Drainage; Parks & Recreation; Refunding	299.0
Rocky Top Ranch MUD	Denton	Water, Sewer & Drainage	237.5
Sunfield MUD 04	Hays	Water, Sewer & Drainage & Refunding; Roads & Refunding	331.3
Tomball Business Improvement District 1	Montgomery	Water, Sewer & Drainage & Refunding; Recreation & Refunding; Roads & Refunding	334.2
Tradition MUD 2A of Denton County	Denton	Water, Sewer & Drainage & Refunding; Roads & Refunding	2342.8
Vista MUD	Travis	Water, Sewer & Drainage & Refunding; Recreation & Refunding; Roads & Refunding	1451.3
West Harris County MUD 10	Harris	Refunding	14.1
Williamson County MUD 35	Williamson	Water, Sewer & Drainage; Parks & Recreation; Refund	534.5
Water Districts and Authorities Total			\$24,362.1
Counties			
Brazos County	Brazos	Transportation	\$100.0
Denton County	Denton	Streets & Roads	\$650.0
Harris County	Harris	Public Safety; Road Utilities; Park	\$1,200.0
Kendall County	Kendall	Land purchase	\$20.0
Kerr County	Kerr	Animal Care & Control	\$5.8
Smith County	Smith	Court Facility	\$179.0
Counties Total			\$2,154.8
Community College Districts			
Austin CCD	Travis-Williamson	Campus Improvements	\$770.0
Community College District Total			\$770.0
Total Carried			<u>\$41,524.2</u>

Table A.6 Texas Local Government Defeated Propositions Bond Elections November 08, 2022 (\$ in millions)			
Issuer	County	Purpose	Amount Defeated
Public School Districts			
Anna ISD	Collin	Stadium	\$80.0
Birdville ISD	Tarrant	Multi-Purpose Center	59.0
Bonham ISD	Fannin	School Building	60.0
Brenham ISD	Washington	School Building; School Building & Technology	136.0
Brock ISD	Parker	School Building; Multi-Purpose Center; Athletic Facilities Improvements	64.6
Callisburg ISD	Cooke	School Building	18.6
Canutillo ISD	El Paso	School Building & Security	264.0
Cedar Hill ISD	Dallas	School Building & Security; Technology; Athletic Facilities Improvements	217.8
Cleveland ISD	Liberty	School Building	115.0
Coahoma ISD	Howard	School Building & Buses; Multi-Purpose Center	10.1
Corrigan-Camden ISD	Polk	Athletic Facilities Improvements	3.7
Coupland ISD	Williamson-Travis	School Building	56.0
Dripping Springs ISD	Hays-Travis	School Building & Buses; School Building; Technology	481.1
Era ISD	Cooke	School Building & Security	13.9
Ferris ISD	Ellis	School Building & Security; Educational Center; Athletic Facilities Improvements	23.5
Greenville ISD	Hunt	School Building	136.5
Gregory-Portland ISD	San Patricio	Athletic Facilities Improvements; Performing Arts; School Building	242.6
Kaufman ISD	Kaufman	School Building & Security; Athletic Facilities Improvements	89.9
Lake Travis ISD	Travis	Stadium	93.8
Lamar CISD	Fort Bend	Athletic Facilities Improvements; Stadium	199.9
Magnolia ISD	Montgomery	Athletic Facilities Improvements	4.0
Marfa ISD	Presidio	School Building & Technology	57.0
Marion ISD	Guadalupe	School Building & Security	50.0
Martins Mill ISD	Van Zandt	School Building Athletic Improvements	12.0

Table A.6 (continued)			
Texas Local Government			
Defeated Propositions			
Bond Elections November 08, 2022			
(\$ in millions)			
Issuer	County	Purpose	Amount Defeated
Public School Districts Cont'd			
Paint Rock ISD	Concho	School Building	\$6.9
Pflugerville ISD	Travis	Athletic Facilities Improvements	0.4
Pittsburg ISD	Camp	School Building & Security	88.4
Plano ISD	Collin	Event Center; Athletic Facilities Improvem	157.8
Point Isabel ISD	Cameron	Stadium; Aquatic Center	19.5
Quinlan ISD	Hunt	School Building & Security	25.0
Red Oak ISD	Ellis	School Building	94.0
San Elizario ISD	El Paso	School Building	24.5
Seguin ISD	Guadalupe	Athletic Facilities Improvements	7.5
Splendora ISD	Montgomery	Performing Arts	24.0
Sulphur Springs ISD	Hopkins	School Building	81.5
Terrell ISD	Kaufman	School Building & Security	115.0
Trenton ISD	Fannin	School Building Athletic Improvements	1.8
Tuloso-Midway ISD	Nueces	School Building & Security	98.5
Waelder ISD	Gonzales	School Building & Security; Refunding	13.7
Waller ISD	Waller	Stadium	4.7
Wills Point ISD	Van Zandt	School Building	40.0
Winona ISD	Smith	Athletic Facilities Improvements; Stadium	10.1
Public School Districts Total			\$3,302.2
Cities, Towns, Villages			
College Station	Brazos	Baseball Park; Aquatic Center	\$34.3
El Paso	El Paso	Renewable Energy	5.2
Forney	Kaufman	Fire Station Improvements; Park; Recreation; Library	182.1
Gainesville	Cooke	Street	2.8
Cities, Towns, Villages			\$224.4
Total			

Table A.6 (continued) Texas Local Government Defeated Propositions Bond Elections November 08, 2022 (\$ in millions)			
Issuer	County	Purpose	Amount Defeated
Counties			
Kerr County	Kerr	Court Facilities; Event Center	\$21.8
Counties Total			\$21.8
Water Districts and Authorities			
Galveston County MUD 82	Galveston	Roads & Refunding; Water, Sewer & Drainage& Refunding; Parks & Recreation & Refunding	\$709.2
Katy West MUD	Fort Bend-Waller	Recreation & Refunding; Road	276.7
Kemah Municipal Management District 1	Galveston	Water, Sewer, Drainage & Refunding	276.8
Newport MUD	Harris	Refunding	18.4
Roddy Top Ranch MUD	Denton	Water, Sewer, Drainage & Refunding; Roads &Refunding	1,453.5
West Harris County MUD 10	Harris	Recreation	14.1
Water Districts and Authorities Total			\$2,748.6
Total Defeated			<u>\$6,297.0</u>

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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 2023, 58 local government conduits issued 145 new debt instruments for a total of \$4.97 billion, a decrease of 33.3 percent from the \$7.46 billion issued in fiscal year 2022. New money debt issuance decreased 37.0 percent (from \$5.21 billion in 2022 to \$3.28 billion in 2023) and refunding debt issuance decreased 24.8 percent (from \$2.25 billion in 2022 to \$1.69 billion in 2023).

Since fiscal year 2019, total conduit issuance increased \$905.1 million (22.2 percent) from \$4.07 billion, new money debt issuance increased \$986.0 million (43.0 percent) from \$2.29 billion, and refunding debt issuance decreased \$80.9 million (4.6 percent), from \$1.78 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.

Table B.1 Texas Local Government Conduit Debt Issuance by Fiscal Year* (\$ in millions)						
	2019	2020	2021	2022	2023	TOTAL
Issuers	42	68	72	75	58	315
Issuances	94	174	175	181	145	769
Public School Districts						
New Money	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Refunding	0.0	0.0	0.0	0.0	\$0.0	0.0
Total Par Issued	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Cities, Towns, Villages						
New Money	\$1,416.5	\$1,966.9	\$2,435.5	\$2,360.4	\$1,831.7	\$10,011.0
Refunding	475.8	853.1	1,427.3	996.3	346.5	4,099.0
Total Par Issued	\$1,892.3	\$2,820.0	\$3,862.8	\$3,356.7	\$2,178.2	\$14,110.1
Water Districts and Authorities						
New Money	\$0.0	\$6.5	\$459.6	\$0.0	\$0.0	\$466.1
Refunding	708.0	439.0	636.3	509.9	1,031.8	3,325.0
Total Par Issued	\$708.0	\$445.5	\$1,095.9	\$509.9	\$1,031.8	\$3,791.1
Other Special Districts and Authorities						
New Money	\$345.9	\$841.1	\$847.8	\$1,470.4	\$542.8	\$4,048.1
Refunding	0.0	0.0	4.2	54.8	35.7	94.7
Total Par Issued	\$345.9	\$841.1	\$852.0	\$1,525.2	\$578.5	\$4,142.8
Counties						
New Money	\$530.3	\$1,154.2	\$1,206.4	\$1,374.7	\$904.2	\$5,169.9
Refunding	591.4	1,379.8	584.1	691.8	280.3	3,527.3
Total Par Issued	\$1,121.7	\$2,533.9	\$1,790.5	\$2,066.5	\$1,184.5	\$8,697.2
Community and Junior College Districts						
New Money	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Refunding	0.0	0.0	47.6	0.0	0.0	47.6
Total Par Issued	\$0.0	\$0.0	\$47.6	\$0.0	\$0.0	\$47.6
Health/Hospital Districts and Authorities						
New Money	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Refunding	0.0	0.0	0.0	0.0	0.0	0.0
Total Par Issued	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total New Money	\$2,292.8	\$3,968.6	\$4,949.3	\$5,205.5	\$3,278.8	\$19,695.1
Total Refunding	\$1,775.2	\$2,671.9	\$2,699.5	\$2,252.8	\$1,694.3	\$11,093.6
Total Par	\$4,068.0	\$6,640.5	\$7,648.8	\$7,458.3	\$4,973.0	\$30,788.7
*Excludes commercial paper.						
Source: Texas Bond Review Board - Bond Finance Office.						

Cities, Towns, Villages conduit entities issued \$2.18 billion in debt in fiscal year 2023, 43.8 percent of the total 2023 conduit debt issued; \$1.83 billion was new money debt, and \$346.5 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 2023, Counties issued \$1.18 billion in conduit debt, 23.8 percent of the total issued in 2023; \$904.2 million was new money debt, and \$280.3 million was refunding debt.

Other Special Districts and Authorities issued \$578.5 million in conduit debt in fiscal year 2023, 11.6 percent of the total fiscal year 2023 conduit debt issuance; \$542.8 million was new money debt, and \$35.7 million was refunding debt.

Many Water Districts and Authorities (WDs) create conduit issuers to raise funds for pollution and solid waste disposal facilities. WDs issued \$1.03 billion in conduit debt in fiscal year 2023, 20.7 percent of the total fiscal year 2023 conduit debt issuance. All debt issued by WDs in fiscal year 2023 was refunding debt.

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 2023 by CCDs.

No conduit debt was issued in fiscal year 2023 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. This revenue debt is included in the total debt outstanding of School Districts in *Chapter 1* and *Chapter 3* of this report.

Information regarding obligations in default is not reported to the BRB.

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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 5th 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 82nd 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 7.36 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 85th 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 83rd 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, 23 charter school revocations have occurred between 2014 and 2023.

As of October 31, 2023, a total of \$7.77 billion of debt had been issued for charter schools by EFCs and other higher education authorities, of which an estimated \$6.01 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, 2023			
Issuer	Par Issued	Par Outstanding	% Outstanding
Ames Higher Education Facilities Corporation	\$ 2,600,000	\$ 1,876,995	72.2%
Anson Education Facilities Corp	14,465,000	8,030,000	55.5%
Arlington Classics Academy	15,635,234	13,246,762	84.7%
Arlington Higher Education Finance Corporation	3,098,419,000	2,778,140,000	89.7%
Austin Achieve Public Schools Inc	34,916,423	29,210,208	83.7%
Beasley Higher Education Finance Corp	25,405,000	-	0.0%
Bryan, City of Higher Education Auth, Inc.	2,500,000	-	0.0%
Cameron, City of Education Corp	16,640,000	-	0.0%
Clifton Higher Education Finance Corporation	2,372,250,213	2,091,577,222	88.2%
Clyde Education Facilities Corporation	6,240,000	4,050,000	0.0%
Danbury Higher Education Auth, Inc.	118,597,000	50,939,000	43.0%
Greater Texas Cultural Education Finance Corporation	25,090,000	25,090,000	100.0%
Heart of Texas Education Finance Corp	14,835,000	6,920,000	46.6%
Hilshire Village Higher Education Finance Corporation	4,123,000	2,513,000	61.0%
Houston Higher Education Finance Corp, City of	407,366,600	265,211,600	65.1%
Imagine International Academy of North Texas, LLC	4,500,000	4,475,140	99.4%
La Vernia Higher Education Finance Corp	202,390,000	-	0.0%
Milford Higher Education Facilities Corp	3,275,000	-	0.0%
New Hope Cultural Education Facilities Finance Corporation	407,745,000	261,025,000	64.0%
New Hope Higher Education Finance Corporation	34,540,000	34,430,000	99.7%
Newark Cultural Education Facilities Finance Corporation	38,580,000	-	0.0%
Newark Higher Education Finance Corporation	274,050,000	220,610,000	80.5%
North Texas Education Finance Corporation	80,780,000	6,580,000	8.1%
Northeast Higher Education Facilities Corp	6,330,000	5,020,000	79.3%
Orchard Higher Education Finance Corp	11,330,000	-	0.0%
Pharr Higher Education Finance Authority, City of	29,625,000	-	0.0%
Pottsboro Higher Education Finance Corporation	66,930,000	59,015,000	88.2%
San Juan Higher Education Finance Authority	43,955,000	7,555,000	17.2%
Tarrant Co Cultural Education Fac Finance Corp	5,880,000	-	0.0%
Texas Public Finance Auth Charter School Finance Corp	353,320,000	111,500,000	31.6%
Tom Green Co Cultural Education Facilities Finance Corporation	17,170,000	14,325,000	83.4%
Travis Co Cultural Education Facilities Finance Corp	20,865,000	6,200,000	29.7%
Trinity Higher Education Facilities Corp	3,993,005	-	0.0%
Waxahachie Education Finance Corporation	6,515,000	6,515,000	100.0%
Total	\$ 7,770,855,475	\$ 6,014,054,927	77.4%
Source: Municipal Advisory Council of Texas; Texas Education Agency.			

Of the \$6.01 billion of charter school debt outstanding as of October 31, 2023, an estimated \$4.19 billion was guaranteed by the PSF. *Table C.2* shows charter school debt guaranteed by the PSF and is organized by total par outstanding.

Charter School	Total Par Outstanding	PSF Guaranteed Debt Outstanding	% PSF Guaranteed
IDEA Academy, Inc.	\$ 1,119,620,000	\$ 908,400,000	81.1%
International Leadership of Texas	646,837,222	157,525,000	24.4%
KIPP Texas, Inc.	564,218,000	564,218,000	100.0%
Harmony Public Schools	490,720,000	445,725,000	90.8%
Uplift Education	467,105,000	310,680,000	66.5%
Riverwalk Education Foundation, Inc.	315,874,000	315,874,000	100.0%
Responsive Education Solutions	253,965,000	253,965,000	100.0%
Great Hearts America - Texas	246,275,000	246,275,000	100.0%
YES Prep Public Schools	242,851,600	153,415,000	63.2%
Trinity Basin Preparatory	226,865,000	226,865,000	100.0%
BASIS Texas Charter Schools, Inc.	139,920,000	-	0.0%
Jubilee Academic Center	121,955,000	-	0.0%
LIFESCHOOL of Dallas	98,315,000	98,315,000	100.0%
Cumberland Academy	75,270,000	-	0.0%
Austin Achieve Public Schools, Inc.	56,590,000	56,590,000	100.0%
Orenda Education	54,585,000	49,335,000	90.4%
UMEP Inc	45,925,000	24,590,000	53.5%
LTTS Charter School, Inc. d/b/a Universal Academy	44,340,000	-	0.0%
Vanguard Academy, Inc.	43,175,000	43,175,000	100.0%
Charter School Revenue	42,456,970	-	0.0%
The Huguen Center, Inc.	42,365,000	42,365,000	100.0%
Compass Academy Charter School, Inc.	40,400,000	40,400,000	100.0%
Golden Rule Schools, Inc.	38,710,000	22,845,000	59.0%
SER-Ninos, Inc.	38,565,000	36,360,000	94.3%
TLC Academy	37,776,995	-	0.0%
Odyssey Academy	36,375,000	11,375,000	31.3%
Newman International Academy	33,145,000	-	0.0%
Wayside Schools	32,655,000	-	0.0%
Cityscape Schools Inc.	30,935,000	20,380,000	65.9%
A+ Charter Schools, Inc.	28,815,000	12,450,000	43.2%
Village Tech Schools	26,495,000	-	0.0%
Education Leads to Success Foundation	25,090,000	-	0.0%
New Frontiers Public Schools	25,000,000	-	0.0%
Imagine International Academy of North Texas, LLC	24,310,140	-	0.0%
Beta Academy	22,935,000	-	0.0%
A.W. Brown Leadership Academy	21,495,000	21,495,000	100.0%
Eagle Advantage Schools, Inc.	20,730,000	17,035,000	82.2%
El Paso Education Initiative, Inc.	19,105,000	19,105,000	100.0%
Faith Family Academy Charter School	18,420,000	18,420,000	100.0%
Leadership Prep School	15,865,000	15,865,000	100.0%
South Texas Educational Technologies, Inc. d/b/a Horizon Montessori Public Schools	15,615,000	15,615,000	100.0%
Pineywoods Community Academy	15,480,000	15,480,000	100.0%
Southwest Winners Foundation, Inc.	12,405,000	-	0.0%
Ben Yehuda Academy d/b/a Eleanor Kolitz Hebrew Language Academy	10,995,000	10,995,000	100.0%
Aristoi Classical Academy	10,565,000	-	0.0%
BRAINATION, INC	9,770,000	9,770,000	100.0%
Prelude Preparatory, Inc	9,295,000	-	0.0%
Winfree Academy Charter School	8,490,000	-	0.0%
Shekinah Learning Institute Project	8,250,000	-	0.0%
Arlington Classics Academy	8,030,000	-	0.0%
Austin Discovery School, Inc.	7,665,000	-	0.0%
Gateway Charter Academy	6,920,000	-	0.0%
Evolution Academy Charter School	5,495,000	-	0.0%
Coram Deo Academy	4,980,000	-	0.0%
Nova Academy	4,050,000	4,050,000	100.0%
Total	\$ 6,014,054,927	\$ 4,188,952,000	69.7%

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

Appendix D

Cost of Issuance

For fiscal year 2023, 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 \$723.9 million. It was comprised of total direct bond costs of \$443.9 million and total underwriter's spread of \$280.1 million (*Table D.1*).

The largest components of total direct bond costs are fees for financial advisor, bond counsel, and rating agencies, which totaled \$136.7 million, \$136.8 million, and \$39.7 million, respectively. Other direct bond related costs were \$130.6 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.

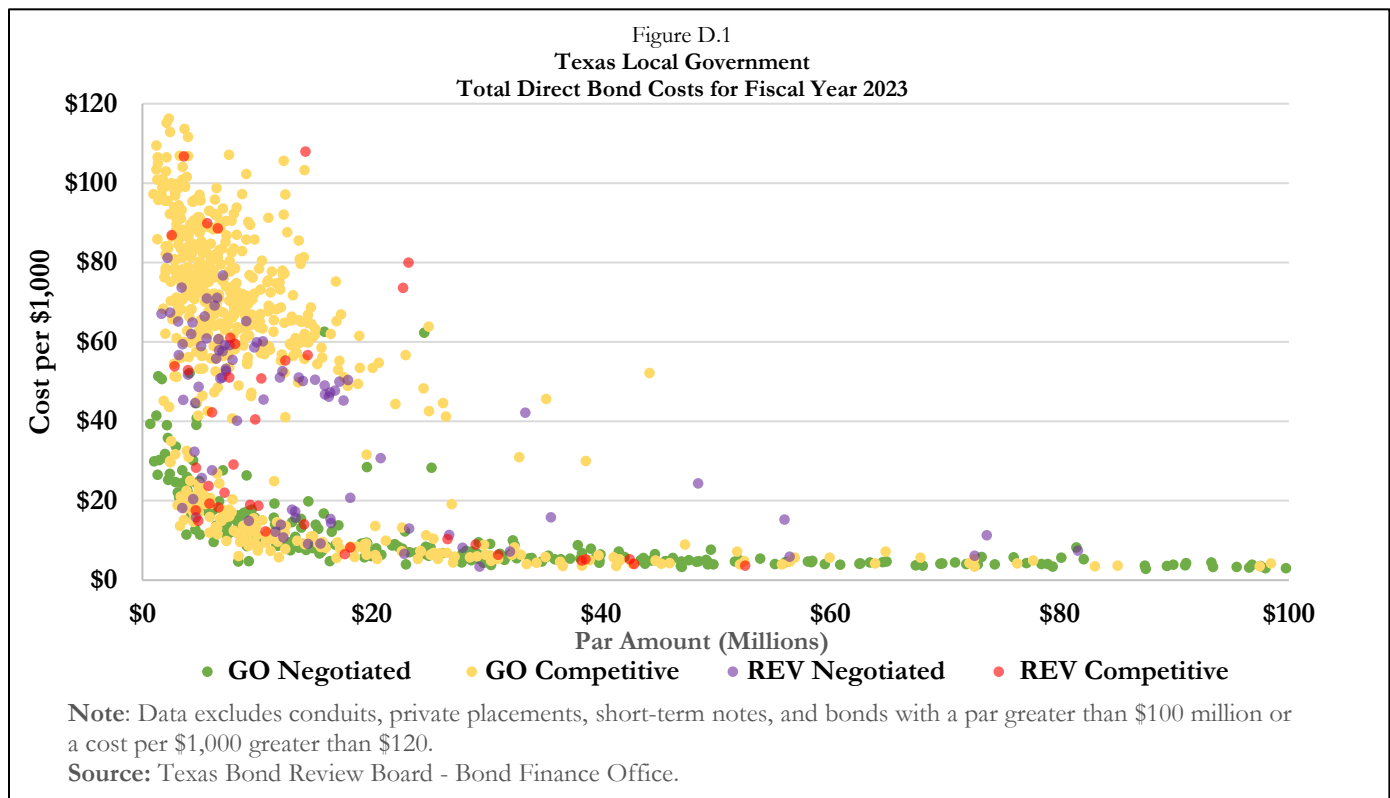
Total underwriter's spread is comprised of the takedown fee, management fee, underwriter's counsel fee, and spread expenses fee, which totaled \$214.5 million, \$28.5 million, \$18.1 million, and \$19.0 million, respectively.

Table D.1 Texas Local Government Total COI for Fiscal Year 2023	
Financial Advisor Fees	\$ 136,712,787
Bond Counsel Fees	136,833,788
Ratings Fees	39,682,762
Other Direct Bond Related Costs	130,640,662
Total Direct Bond Related Costs	\$ 443,870,000
Takedown Fee	\$ 214,465,126
Management Fee	28,466,032
Underwriter's Counsel Fee	18,144,775
Spread Expenses Fee	19,001,267
Total Underwriter's Spread	\$ 280,077,199
Total COI including UW Spread	\$ 723,947,199
Note: Excludes conduits, private placements, and short-term notes.	
Source: Texas Bond Review Board - Bond Finance Office.	

Trends in Issuance Costs for Texas Local Government Bonds in 2023

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 2023, 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 the 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*.

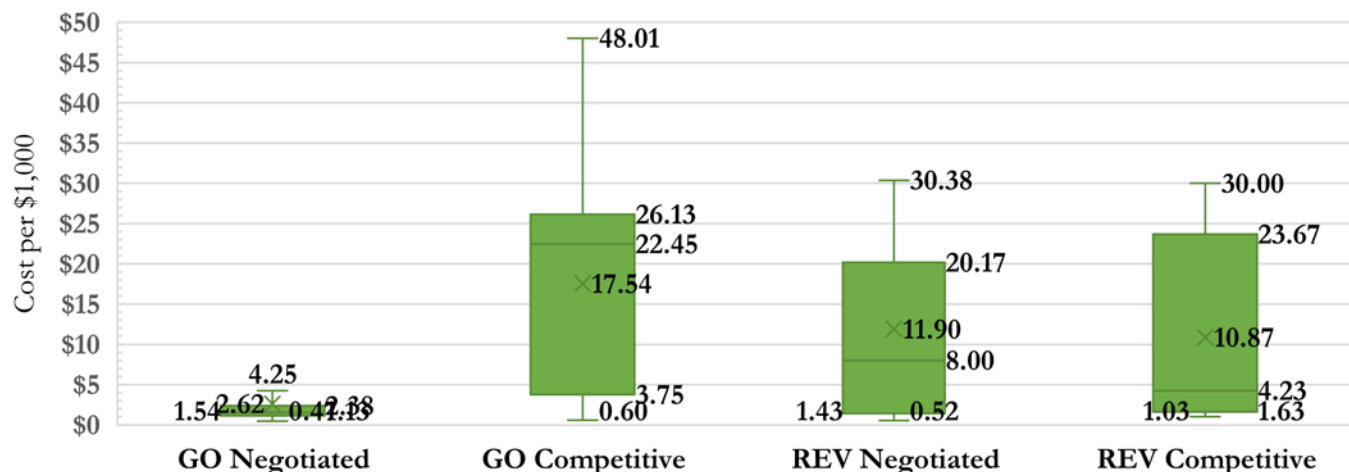
Excluding issuances of conduit debt, private placement debt, and short-term notes, data was collected from 1,127 transactions for fiscal year 2023 of which 662 were competitive and 465 were negotiated. Of the competitive transactions, 622 were general obligation and 40 were revenue issuances. Of the negotiated transactions, 360 were GO and 105 were revenue transactions. The data indicates that cost per \$1,000 for all transactions declined as transaction size increased. GO competitive transactions had the highest cost per \$1,000 for transactions less than \$50.0 million — 594 of the 622 GO competitive transactions were issued for less than \$50.0 million in fiscal year 2023. Cost per \$1,000 decreased as transaction size increased. GO negotiated and revenue negotiated 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 2023 was \$38.54 per \$1,000, an increase of \$1.05 per \$1,000 compared to \$37.49 per \$1,000 for fiscal year 2022.



Data for bond counsel cost per \$1,000 for fiscal year 2023 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 2023, was \$12.00 per \$1,000, an increase of \$0.42 per \$1,000 compared to \$11.58 per \$1,000 for fiscal year 2022. Fiscal year 2023 had 426 different transactions that were equal to or greater than \$20 per bond for bond counsel fees compared to 450 different transactions in 2022 (*Figure D.2*).

Data for financial advisor cost per \$1,000 indicates that revenue negotiated transactions had the highest cost per \$1,000 for smaller transaction sizes. Revenue competitive transactions generally had the lowest cost per \$1,000 for transaction sizes larger than \$50.0 million. The total average cost,

Figure D.2
Texas Local Government
Bond Counsel Fees for Fiscal Year 2023



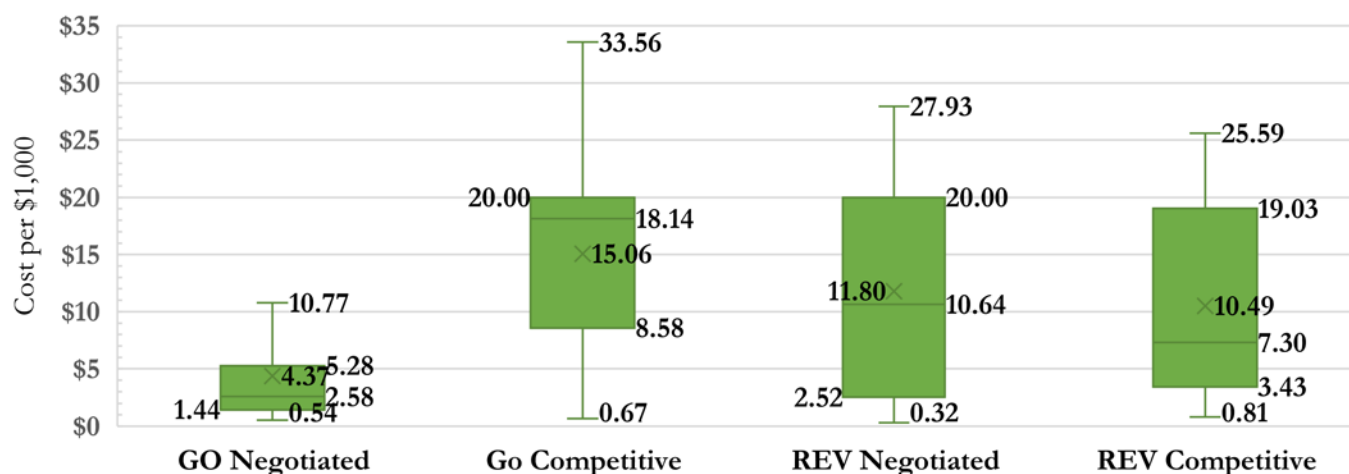
Note: Data excludes conduits, private placements, and short-term notes.

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.

including all GO and revenue debt, for fiscal year 2023 was \$11.21 per \$1,000, a decrease of \$0.08 per \$1,000 compared to \$11.29 per \$1,000 for fiscal year 2022. Fiscal year 2023 had 325 different transactions that were equal to or greater than \$20 per bond for financial advisor fees compared to 382 different transactions in 2022 (*Figure D.3*).

Figure D.3
Texas Local Government
Financial Advisor Fees for Fiscal Year 2023

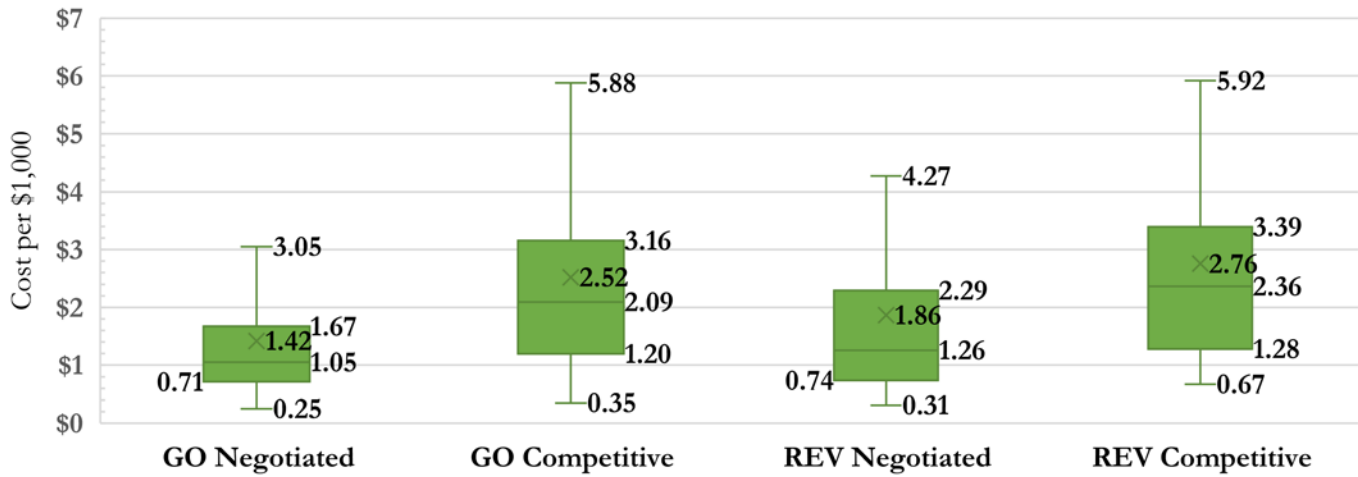


Note: Data excludes conduits, private placements, and short-term notes.

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.

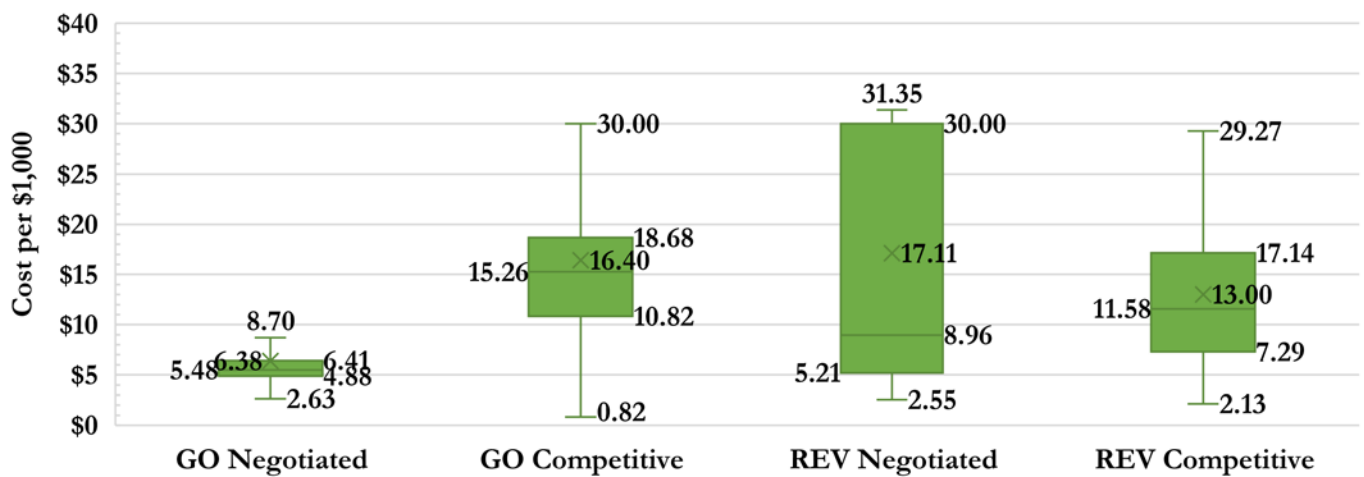
Figure D.4
Texas Local Government
Ratings Fees for Fiscal Year 2023



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.

Data for total ratings cost per \$1,000 indicates that GO negotiated transactions had the lowest cost per \$1,000 for smaller transaction sizes. GO negotiated also had the lowest cost per \$1,000 for larger transaction sizes. The total average cost, including all GO and revenue debt, for fiscal year 2023 was \$2.08 per \$1,000, a decrease of \$0.08 per \$1,000 compared to \$2.16 per \$1,000 for fiscal year 2022 (Figure D.4).

Figure D.5
Texas Local Government
Underwriter Fees for Fiscal Year 2023



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.

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. Revenue negotiated transactions had the lowest cost per \$1,000 for larger transaction sizes. The total average cost, including all GO and revenue debt, for fiscal year 2023 was \$13.12 per \$1,000, an increase of \$2.18 per \$1,000 compared to \$10.94 per \$1,000 for fiscal year 2022. Fiscal year 2023 had 167 different transactions that were equal to or more than \$20 per bond for underwriter spread fees compared to 177 different transactions in 2022 (*Figure D.5*).

2023 Local Texas Governments Cost of Issuance Statistical Information

Table D.2 provides COI statistical information for GO and revenue transactions completed during fiscal year 2023.

The weighted average for total COI, including underwriter's spread, increased to \$51.55 per \$1,000 in 2023 from \$48.40 per \$1,000 in 2022. The average transaction size increased to \$38.9 million in 2023 from \$30.7 million in 2022, and the average fee increased to \$642,617 from \$518,359 in 2022.

Table D.2
Texas Local Government
Cost of Issuance Statistics Summary for Fiscal Year 2023

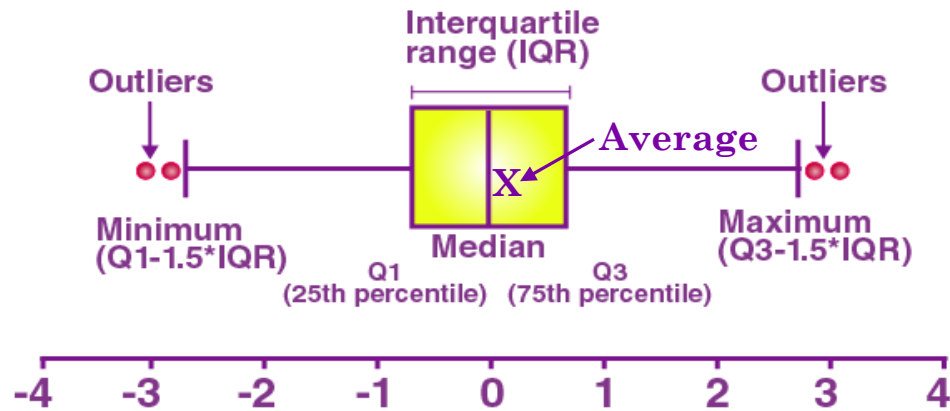
	Total Direct Bond Costs	Bond Counsel Fees	Financial Advisor Fees	Total Ratings Fees	Total UW Spread Fees	Total COI Including UW Spread
GO Negotiated						
Count	360	360	354	350	360	360
Average Par	\$ 77,271,446	\$ 77,271,446	\$ 76,649,903	\$ 79,157,446	\$ 77,271,446	\$ 77,271,446
Average Fee	\$ 304,961	\$ 89,258	\$ 120,128	\$ 62,581	\$ 370,373	\$ 675,335
Minimum (\$ per 1,000)	1.48	0.47	0.54	0.25	1.06	4.36
Maximum (\$ per 1,000)	134.89	26.42	54.52	7.66	126.31	193.79
Median (\$ per 1,000)	5.87	1.54	2.58	1.05	5.48	11.31
Average (\$ per 1,000)	10.18	2.62	4.37	1.42	6.38	16.56
GO Competitive						
Count	622	620	620	498	614	622
Average Par	\$ 13,605,788	\$ 13,615,460	\$ 13,471,661	\$ 15,607,088	\$ 13,117,435	\$ 13,605,788
Average Fee	\$ 410,734	\$ 133,547	\$ 118,021	\$ 23,006	\$ 159,393	\$ 568,077
Minimum (\$ per 1,000)	2.63	0.60	0.67	0.35	0.82	3.42
Maximum (\$ per 1,000)	183.52	48.01	155.77	38.29	768.58	838.46
Median (\$ per 1,000)	64.51	22.45	18.14	2.09	15.26	83.08
Average (\$ per 1,000)	56.03	17.54	15.06	2.52	16.40	72.22
Rev Negotiated						
Count	105	105	102	54	105	105
Average Par	\$ 64,675,924	\$ 64,675,924	\$ 57,994,382	\$ 117,042,407	\$ 64,675,924	\$ 64,675,924
Average Fee	\$ 601,880	\$ 164,845	\$ 163,225	\$ 95,492	\$ 389,905	\$ 991,785
Minimum (\$ per 1,000)	2.13	0.52	0.32	0.31	2.55	5.66
Maximum (\$ per 1,000)	81.13	30.38	27.93	9.54	31.35	111.13
Median (\$ per 1,000)	30.68	8.00	10.64	1.26	8.96	40.94
Average (\$ per 1,000)	33.00	11.90	11.80	1.86	17.11	50.11
Rev Competitive						
Count	40	40	40	33	38	40
Average Par	\$ 19,143,875	\$ 19,143,875	\$ 19,143,875	\$ 20,891,970	\$ 19,838,684	\$ 19,143,875
Average Fee	\$ 386,748	\$ 114,822	\$ 109,138	\$ 35,321	\$ 214,676	\$ 590,690
Minimum (\$ per 1,000)	3.35	1.03	0.81	0.67	2.13	7.09
Maximum (\$ per 1,000)	107.88	30.00	25.59	8.50	39.59	124.67
Median (\$ per 1,000)	22.85	4.23	7.30	2.36	11.58	28.59
Average (\$ per 1,000)	36.50	10.87	10.49	2.76	13.00	48.85
Total						
Count	1127	1125	1116	935	1117	1127
Average Par	\$ 38,897,292	\$ 38,947,585	\$ 37,784,657	\$ 45,440,814	\$ 38,868,995	\$ 38,897,292
Average Fee	\$ 393,904	\$ 121,630	\$ 122,502	\$ 42,441	\$ 250,940	\$ 642,617
Minimum (\$ per 1,000)	1.48	0.47	0.32	0.25	0.82	3.42
Maximum (\$ per 1,000)	183.52	48.01	155.77	38.29	768.58	838.46
Median (\$ per 1,000)	22.01	4.94	9.82	1.57	10.47	32.48
Average (\$ per 1,000)	38.54	12.00	11.21	2.08	13.12	51.55

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

Source: Texas Bond Review Board - Bond Finance Office

Why Do We Use Box Plot Statistical Analysis Chart (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 that are either below the $Q_1 - 1.5 \cdot IQR$ threshold or above the $Q_3 + 1.5 \cdot IQR$ 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, 2023, BAB debt outstanding was \$5.53 billion or 1.8 percent of total local debt outstanding (*Table E.1*).

Table E.1 Texas Local Government Build America Bond Debt Outstanding (\$ in millions)		
Government Type		Amount
Other Special Districts and Authorities	\$	2,070.2
Public School Districts		1,571.8
Cities, Towns, Villages		1,359.5
Health/Hospital Districts and Authorities		485.4
Counties		41.7
Water Districts and Authorities		-
Community and Junior College Districts		-
Total	\$	5,528.7
Excludes conduit debt.		
Source: Texas Bond Review Board - Bond Finance Office.		

The top five local governments with outstanding BABs account for over 78.8 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	873.9
Dallas ISD	821.6
Dallas County Hospital District	405.8
Top Five Total	\$ 4,354.5
Total BAB Debt Outstanding	\$ 5,528.7
Top Five Issuers % of Total BAB Debt Outstanding	78.8%
Excludes conduit debt.	
Source: Texas Bond Review Board - Bond Finance Office.	

Appendix F

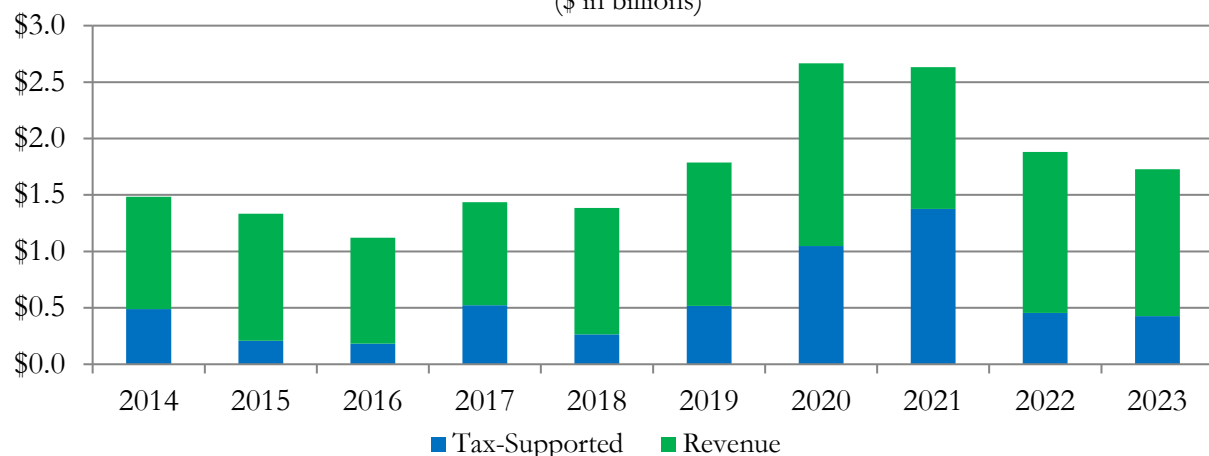
Commercial Paper

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 (OAG), 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 2023. 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 2023 reported non-conduit CP total of \$1.73 billion showed a 10-year increase of 16.5 percent from \$1.48 billion in 2014, a five-year decrease of 3.4 percent from \$1.79 billion in 2019, and an 8.1 percent decrease from the 2022 total of \$1.88 billion (*Figure F.1*).

Figure F.1
Texas Local Government
Non-Conduit Commercial Paper Outstanding*
(\$ in billions)



* Includes issuer-reported non-public debt; excludes conduit-issued commercial paper.

Source: Texas Bond Review Board - Bond Finance Office.

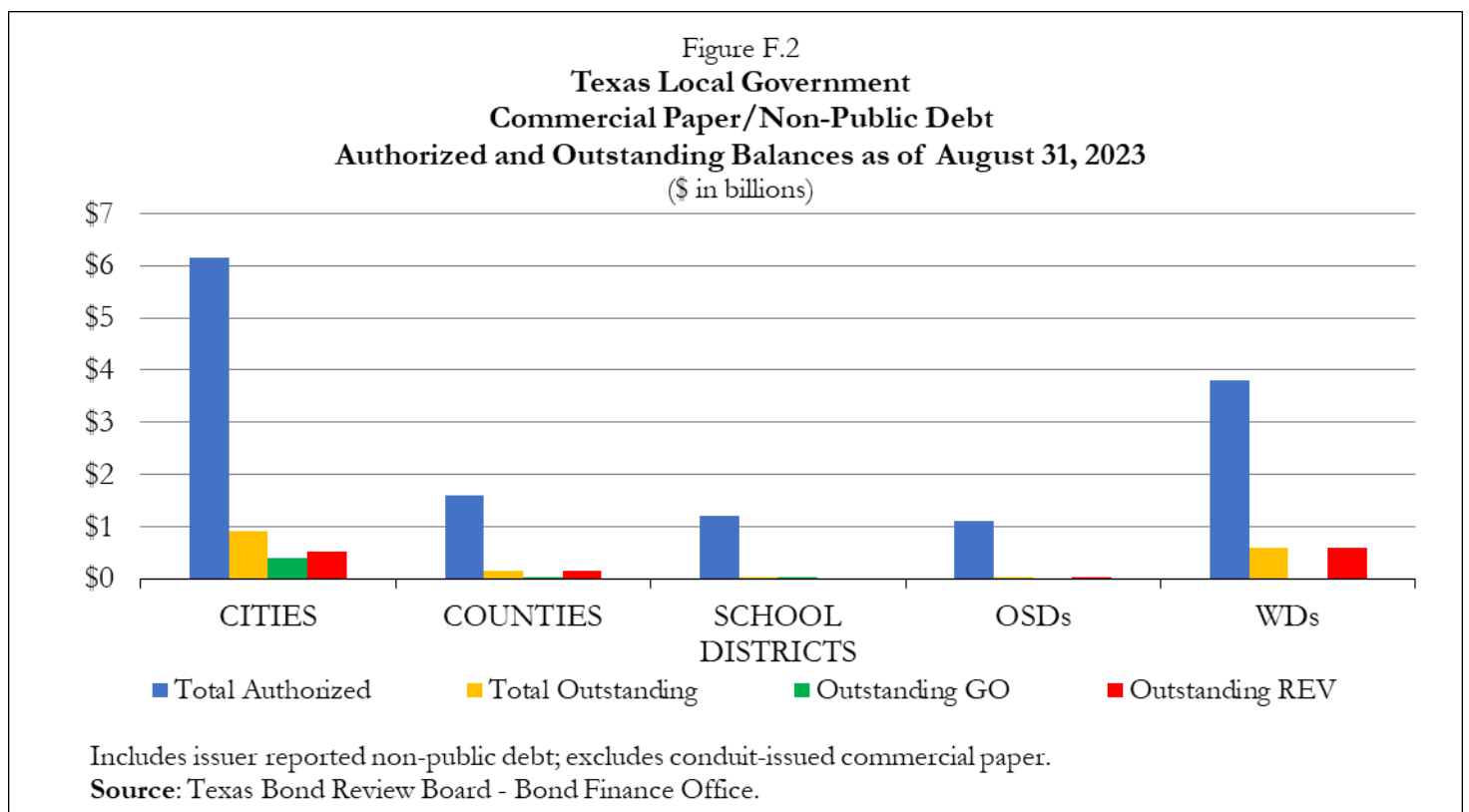
Local government CP outstanding is shown by pledge type for each of the last five fiscal years in *Table F.1*.

Table F.1 Texas Local Government Commercial Paper Outstanding by Fiscal Year* (\$ in millions)					
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Public School Districts					
Tax-Supported GO	\$87.1	\$324.7	\$879.0	\$50.0	\$30.0
M&O (Tax-Supported)	0.0	0.0	0.0	0.0	0.0
Total Commercial Paper Balance	\$87.1	\$324.7	\$879.0	\$50.0	\$30.0
Cities, Towns, Villages					
Tax-Supported GO	\$226.4	\$284.5	\$279.3	\$337.9	\$388.0
Revenue	716.9	768.6	769.2	883.8	525.9
Sales Tax Revenue	3.3	0.0	0.0	0.0	0.0
Total Commercial Paper Balance	\$946.7	\$1,053.0	\$1,048.5	\$1,221.7	\$913.9
Water Districts and Authorities					
Tax-Supported GO	\$52.9	\$202.0	\$0.0	\$20.2	\$0.0
Revenue	184.7	162.2	247.6	403.5	604.6
Total Commercial Paper Balance	\$237.6	\$364.2	\$247.6	\$423.8	\$604.6
Other Special Districts and Authorities					
Tax-Supported GO	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue	23.4	231.1	9.4	23.1	27.9
Sales Tax Revenue	201.2	229.9	228.6	83.7	0.0
Total Commercial Paper Balance	\$224.6	\$461.0	\$238.0	\$106.8	\$27.9
Counties					
Tax-Supported GO	\$150.9	\$236.9	\$218.0	\$48.1	\$7.3
Revenue	141.4	227.7	0.0	29.3	144.4
Total Commercial Paper Balance	\$292.2	\$464.6	\$218.0	\$77.4	\$151.7
Community and Junior College Districts					
Tax-Supported GO	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue	0.0	0.0	0.0	0.0	0.0
Total Commercial Paper Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Health/Hospital Districts and Authorities					
Tax-Supported GO	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue	0.0	0.0	0.0	0.0	0.0
Total Commercial Paper Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Tax-Supported GO	\$517.2	\$1,048.0	\$1,376.3	\$456.2	\$425.3
Total Tax-Supported M&O	0.0	0.0	0.0	0.0	0.0
Total Revenue	1,066.4	1,389.6	1,026.2	1,339.8	1,302.8
Total Sales Tax Revenue	204.5	229.9	228.6	83.7	0.0
Total Commercial Paper Balance	\$1,788.2	\$2,667.6	\$2,631.1	\$1,879.6	\$1,728.1
*Includes issuer-reported non-public debt; excludes conduit debt. Source: Texas Bond Review Board - Bond Finance Office.					

As of 2023 fiscal year-end, 10 Cities, Towns, Villages reported CP and/or non-public debt authorized, with seven reporting CP outstanding. Of the Counties, only one reported both authorized and outstanding CP. Of the four Public School Districts (School Districts) reporting CP authorized, one reported CP outstanding. Nine Water Districts and Authorities (WDs) reported CP authorized; four of those districts reported CP outstanding. Four Other Special Districts and Authorities (OSDs) reported CP authorized; one 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 five Cities conduit issuers reporting CP authorized, four reported CP outstanding, and one WD conduit issuer reported its authorization but no 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 2023 fiscal year-end.



Of the Big Six Cities (Houston, Dallas, San Antonio, Austin, El Paso, and Fort Worth), five had outstanding non-conduit CP balances as of August 31, 2023. The Big Six Cities CP outstanding accounted for 86.3 percent of the total Cities CP outstanding in 2019, 92.9 percent in 2020, 69.9 percent in 2021, 88.9 percent in 2022, and 86.5 percent in 2023.

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 Six Cities Commercial Paper Outstanding* (\$ in millions)						
		2019	2020	2021	2022	2023
Austin	Tax Supported	\$ -	\$ -	\$ -	\$ -	\$ -
	Revenue	82.3	317.0	142.8	236.1	146.8
Dallas	Tax Supported	3.5	133.5	159.7	-	-
	Revenue	242.8	139.2	253.1	280.4	131.0
El Paso	Tax Supported	16.9	12.6	-	-	-
	Revenue	-	-	-	-	-
Fort Worth	Tax Supported	-	-	-	-	-
	Revenue	-	-	-	-	-
Houston	Tax Supported	190.0	131.9	42.6	233.0	285.4
	Revenue	272.5	232.0	67.0	247.0	110.0
San Antonio	Tax Supported	-	-	62.0	84.9	82.6
	Revenue	9.4	11.9	5.4	5.1	34.7
Total Tax Supported		\$ 210.4	\$ 278.0	\$ 264.3	\$ 317.9	\$ 368.0
Total Revenue		\$ 607.0	\$ 700.1	\$ 468.3	\$ 768.6	\$ 422.5
Total Outstanding		\$ 817.4	\$ 978.1	\$ 732.6	\$ 1,086.4	\$ 790.5

*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 2023 reported conduit CP total of \$421.6 million showed a 10-year decrease of 38.0 percent from \$680.2 million in 2014, a five-year decrease of 55.3 percent from \$943.0 million in 2019, and a decrease of 38.0 percent from the 2022 total of \$680.3 million (*Figure F.3*).

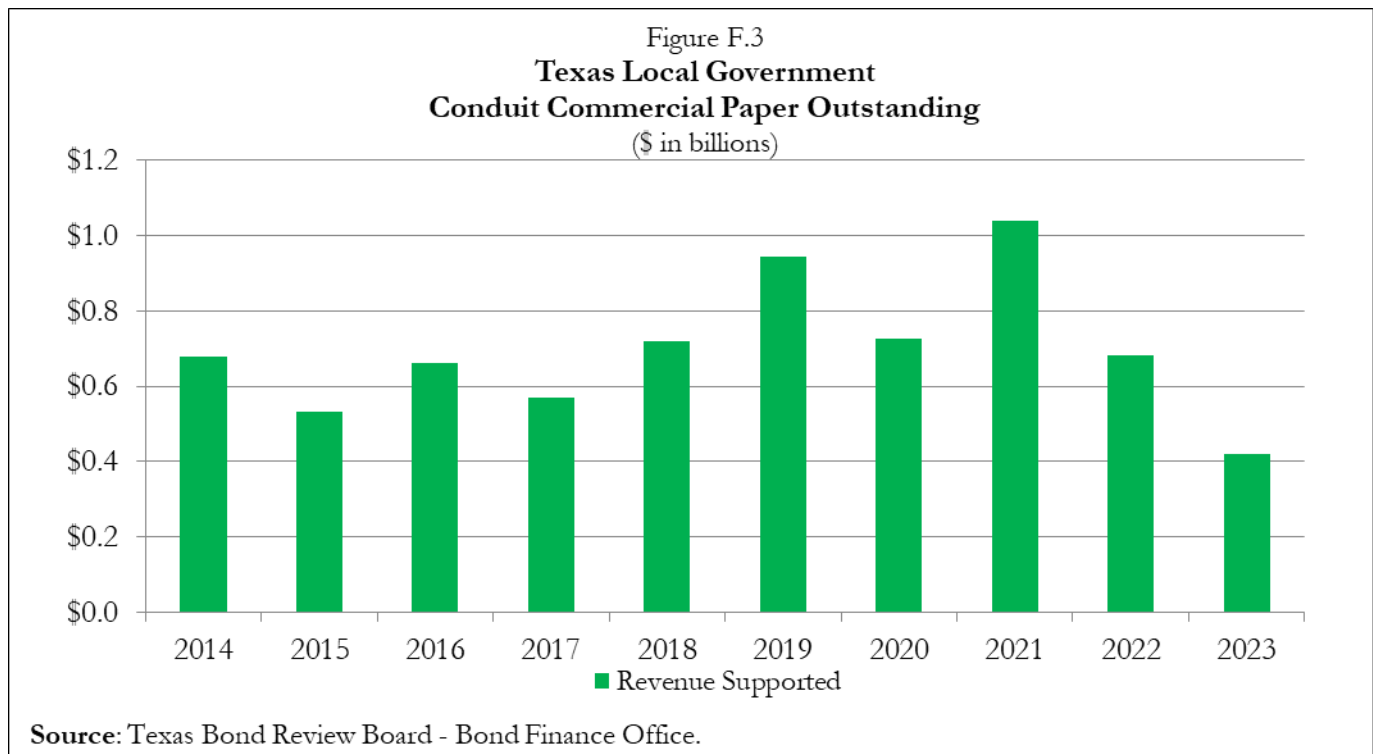


Table F.3 shows the issuers of conduit CP outstanding over the past five years.

Table F.3 Texas Local Government Conduit Commercial Paper Outstanding* (\$ in millions)						
		2019	2020	2021	2022	2023
Cities, Towns, Villages						
Brownsville Public Utilities Board	Revenue	\$ 30.0	\$ -	\$ 46.0	\$ -	\$ -
El Paso Water Utilities	Revenue	50.0	50.0	35.0	80.0	10.0
San Antonio CPS Energy	Revenue	375.0	240.0	495.0	135.0	180.0
San Antonio Water System (SAWS)	Revenue	271.8	218.3	234.0	229.6	224.9
Uptown Development Authority	Revenue	-	-	-	6.4	6.6
Love Field Airport Modernization Corporation	Revenue	-	-	-	26.2	-
Water Districts and Authorities						
Lower Colorado River Authority	Revenue	\$ 216.2	\$ 219.5	\$ 230.2	\$ 203.2	\$ -
Total Conduit CP Outstanding		\$943.0	\$727.8	\$1,040.2	\$ 680.3	\$ 421.6

*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.

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, 2023, total CCD debt outstanding was 2.1 percent (\$6.59 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.

Cities, Towns, Villages

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, 2023, total cities debt outstanding was 31.1 percent (\$96.49 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.

Counties

Counties issue two types of debt, tax-supported and revenue, which also includes lease-revenue. As of August 31, 2023, county debt was 5.3 percent (\$16.44 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.

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, 2023, HHD debt outstanding was 1.4 percent (\$4.49 billion) of total local debt outstanding.

HHD tax-supported and revenue debt is used to construct, acquire, and/or improve buildings for hospitals, 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:

District	Purpose	Voter Approved /Taxing Authority	Authorizing Texas Health and Safety Code Chapter
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 &	Provides child, adolescent, and adult mental health services; substance abuse recovery	No/No	Chapter 534

Mental Retardation Centers	services; and skills training. MHMRs do not require voter approval and do not have taxing authority.		
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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, 2023, total School District debt outstanding was 38.8 percent (\$120.16 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.

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, 2023, total OSD debt outstanding was 6.3 percent (\$19.58 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.

District	Purpose
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.

Water Districts and Authorities

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, 2023, total WD debt outstanding was 14.9 percent (\$46.03 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.

District	Purpose	Authorizing Water Code Chapter
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.	Chapters 54 and 65

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.

Appendix H

Overview of Texas Local Government Rating Changes

Local Government Rating Changes

Approximately 123 issuers that issued debt in fiscal year 2023 received a tax-supported general obligation (GO) rating upgrade, and 12 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 2023 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 2023 are not considered in *Table H.1* and *Table H.2*.

Water Districts and Authorities (WDs) account for more than half of the upgrades with 77, followed by Cities, Towns, Villages (Cities) and Public School Districts (School Districts) with 24 and 18 upgrades, respectively (*Table H.1*). Cities and School Districts accounted for most downgrades with six and four, respectively (*Table H.2*). WDs had two downgrades.

Table H.1 Texas Local Government 2023 Issuers with GO Rating Upgrade Since Previous Issuance		
	Fitch	Moody's S&P
Public Schools (24)		
Alvin ISD	Aa3 to Aa2, 2022-2023	
Aransas County ISD		A+ to AA-, 2021-2023
Bells ISD		A+ to AAA, 2018-2023
Birdville ISD	Aa3 to Aa2, 2008-2023	
Blackwell CISD		A to A+, 2015-2023
Bosqueville ISD	A3 to Aa2, 2017-2023	
Clear Creek ISD	Aa2 to Aaa, 2023-2023	
Coolidge ISD	Baa1 to A2, 2015-2023	
Corrigan-Camden ISD		A to A+, 2015-2023
Coupland ISD	Baa1 to A1, 2020-2023	
Dalhart ISD		A to A+, 2015-2023
Denison ISD	A1 to Aa2, 2012-2023	
Johnson City ISD	Aa3 to Aa2, 2019-2023	
La Vernia ISD	A1 to Aa3, 2017-2023	
Lockhart ISD	A3 to Aa3, 2005-2023	
London ISD	A2 to Aa3, 2021-2023	
Marion ISD	A2 to A1, 2019-2023	
Midlothian ISD	A1 to Aa3, 2021-2023	
New Boston ISD	A2 to A1, 2016-2023	
Odem-Edroy ISD	Baa2 to A2, 2017-2023	
Port Aransas ISD		A+ to AA-, 2016-2023
Red Oak ISD	A1 to Aa2, 2019-2023	
Seminole ISD		BBB to A+, 2007-2023
Wylie ISDa	Aa2 to Aa1, 2022-2023	
Cities (18)		
Bedford		AA to AA+, 2020-2023
Breckenridge		A- to A, 2010-2023
Brownwood	Baa2 to Baa1, 2021-2023	
Burleson	Aa3 to Aa2, 2020-2023	
Cedar Hill	Aa2 to Aa1, 2022-2023	
Celina	Aa3 to Aa2, 2022-2023	
Corinth		AA to AA+, 2022-2023
Eagle Lake		BBB to A+, 2004-2023
Hewitt		AA- to AA, 2023-2023
Killeen		AA- to AA, 2022-2023
Lytle		A- to AA-, 2013-2023
Melissa		AA- to AA, 2022-2023
Missouri City	Aa2 to Aa1, 2022-2023	
Rollingwood		AA to AA+, 2019-2023
Sanger		AA to AA+, 2021-2023
Seagoville	A1 to Aa3, 2021-2023	
Taylor		AA- to AA, 2022-2023
West	A3 to A2, 2021-2023	

Table H.1 (continued)			
Texas Local Government			
2023 Issuers with GO Rating Upgrade Since Previous Issuance			
	Fitch	Moody's	S&P
Water Districts and Authorities (77)			
Brazoria County MUD 22		Baa2 to Baa1, 2022-2023	
Brazoria County MUD 55		Baa3 to Baa2, 2022-2023	
Canyon Falls WCID 2		Baa2 to Baa1, 2022-2023	
Collin County WCID 3		Baa3 to Baa1, 2022-2023	
Comal County WCID 6		Baa3 to Baa2, 2022-2023	
Conroe MUD 1		Baa3 to Baa2, 2022-2023	
Denton County FWSD 11B		Baa2 to Baa1, 2021-2023	
Denton County MUD 6		Baa3 to Baa1, 2022-2023	
Dowdell PUD		A3 to A2, 2021-2023	
East Montgomery County MUD 6		Baa3 to Baa2, 2021-2023	
Fort Bend County Management District 1		Baa1 to A3, 2022-2023	
Fort Bend County MUD 005		Baa3 to Baa2, 2022-2023	
Fort Bend County MUD 134B		A3 to A2, 2022-2023	
Fort Bend County MUD 134C		A3 to A2, 2022-2023	
Fort Bend County MUD 143		Baa1 to A3, 2022-2023	
Fort Bend County MUD 152		Baa3 to Baa2, 2021-2023	
Fort Bend County MUD 155		Baa1 to A3, 2021-2023	
Fort Bend County MUD 172		A3 to A2, 2021-2023	
Fort Bend County MUD 194		Baa3 to Baa2, 2022-2023	
Fort Bend County MUD 215		Baa3 to Baa1, 2022-2023	
Fort Bend-Waller Counties MUD 3		Baa3 to Baa2, 2021-2023	
Galveston County MUD 45		Baa2 to Baa1, 2021-2023	
Galveston County MUD 56		Baa2 to Baa1, 2022-2023	
Generation Park Management District		Baa1 to A3, 2021-2023	
Grand Mission MUD 2		Baa1 to A3, 2021-2023	
Greenwood UD		Baa3 to Baa2, 2022-2023	
Harris County MUD 071		A2 to A1, 2020-2023	
Harris County MUD 127			BBB+ to A, 2015-2023
Harris County MUD 157		A2 to A1, 2020-2023	
Harris County MUD 399		Baa3 to Baa2, 2022-2023	
Harris County MUD 460			BBB- to BBB, 2022-2023
Harris County MUD 480			BBB- to BBB, 2022-2023
Harris County MUD 495		Baa2 to A3, 2023-2023	
Harris County MUD 536		Baa3 to Baa2, 2022-2023	
Harris County MUD 558		Baa3 to Baa2, 2023-2023	
Harris County WCID 089			BBB to BBB+, 2018-2023
Harris County WCID 116		Baa1 to A3, 2021-2023	
Harris County WCID 159		Baa2 to A3, 2022-2023	
Harris County WCID 161		Baa2 to Baa1, 2022-2023	
Harris-Brazoria County MUD 509		Baa2 to A3, 2022-2023	
Harris-Waller Counties MUD 03		Baa2 to Baa1, 2022-2023	
Headwaters MUD			BBB- to BBB, 2022-2023
Highway 380 MMD 01		Baa2 to A3, 2022-2023	
Imperial Redevelopment District		Baa3 to Baa2, 2022-2023	
Kaufman County MUD 04		Baa3 to Baa2, 2022-2023	
Kaufman County MUD 05		Baa2 to Baa1, 2022-2023	

Table H.1 (continued)		
Texas Local Government		
2023 Issuers with GO Rating Upgrade Since Previous Issuance		
	Fitch	Moody's S&P
Water Districts and Authorities (77)		
Kaufman County MUD 07		Baa2 to Baa1, 2022-2023
Lakeside WCID 2A		Baa3 to Baa2, 2023-2023
Lazy Nine MUD 1B		Baa1 to A3, 2023-2023
McKinney MUD 1		Baa2 to A3, 2021-2023
Montgomery County MUD 119		A3 to A2, 2022-2023
Montgomery County MUD 121		Baa3 to Baa2, 2022-2023
Montgomery County MUD 128A		Baa3 to Baa2, 2023-2023
Montgomery County MUD 99		Baa3 to Baa2, 2021-2023
Morningstar Ranch MUD 1		Baa2 to Baa1, 2022-2023
North Hays County MUD 1		Baa2 to Baa1, 2022-2023
Pilot Knob MUD 03		Baa2 to Baa1, 2022-2023
Rockwall County MUD 6		Baa3 to Baa2, 2021-2023
Rockwall County MUD 9		Baa3 to Baa2, 2023-2023
Sienna Plantation MUD 04		Baa1 to A3, 2022-2023
Sonterra MUD		Baa1 to A3, 2022-2023
Southeast Williamson County MUD 1		Baa3 to A3, 2022-2023
Stonewall Ranch MUD		Baa3 to Baa2, 2021-2023
Sunfield MUD 1		Baa2 to Baa1, 2021-2023
Sunfield MUD 3		Baa2 to Baa1, 2022-2023
Travis County MUD 12		Baa3 to Baa1, 2020-2023
Travis County MUD 14		Baa3 to Baa2, 2022-2023
Travis County MUD 17		Baa3 to Baa1, 2022-2023
Verandah MUD		Baa3 to Baa2, 2022-2023
West Williamson County MUD 1		Baa3 to Baa2, 2022-2023
Williamson County MUD 12		Baa2 to Baa1, 2022-2023
Williamson County MUD 19A		Baa3 to Baa2, 2022-2023
Williamson County MUD 23		Baa3 to Baa2, 2022-2023
Williamson County MUD 28		Baa3 to Baa1, 2022-2023
Williamson County MUD 31		Baa3 to Baa2, 2023-2023
Willow Point MUD		Baa3 to Baa2, 2022-2023
Wood Trace MUD 1		Baa3 to Baa2, 2022-2023
Counties (4)		
Brazos County		AA to AA+, 2021-2023
Hays County		AA to AA+, 2022-2023
Kendall County	Aa2 to Aa1, 2016-2023	
Rockwall County		AA to AA+, 2021-2023
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.		
Source: Texas Bond Review Board - Bond Finance Office		

Table H.2 Texas Local Government GO Debt Rating Downgrades in Fiscal Year 2023			
	Fitch	Moody's	S&P
Public School Districts (4)			
Carthage ISD			AA- to A+, 2018-2023
Eanes ISD			AA+ to AA, 2021-2023
Lamar CISD		Aa2 to Aa3, 2022-2023	
Maud ISD			A+ to A, 2012-2023
Cities (6)			
Childress			AAA to A, 1996-2023
Floresville			A to BBB, 2015-2023
Levelland			AA- to A+, 2013-2023
Pflugerville		Aa1 to Aa2, 2023-2023	
Post			A+ to A-, 2014-2023
Poteet			A- to BBB-, 2016-2023
Water Districts and Authorities (2)			
Montgomery County MUD 126		A2 to Baa2, 2020-2023	
Northampton MUD		A2 to Baa3, 2022-2023	
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.			
Source: Texas Bond Review Board - Bond Finance Office			

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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 – An 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, semiannually, or annually), and the revenue source pledged to make the payments.

Bond Counsel – An 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.

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

Coupon – The interest rate paid on a security.

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 a 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 a maintenance and operations (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 – A 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 certain 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 a maintenance & operations (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 – A tax that funds the maintenance and operation costs of a school district but that 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 – The 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 5th 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 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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