

# **TEXAS BOND REVIEW BOARD**



## **2021 LOCAL GOVERNMENT ANNUAL REPORT**

**FISCAL YEAR ENDED AUGUST 31, 2021**



**Texas Bond Review Board  
Local Government  
Annual Report 2021**

**Fiscal Year Ended August 31, 2021**

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 2022**



## Executive Summary

The Texas Bond Review Board (BRB) has no direct oversight of local government debt issuance. Chapter 1231 of the Texas Government Code requires the BRB to prepare statistical reports on local government debt. This information on debt issued by political subdivisions is primarily prepared by the issuer, collected by the Office of the Attorney General (OAG) as a part of the review and approval procedures as required under Chapter 1202 of the Government Code, and then forwarded to the BRB for its report on local debt statistics. Data that has not been provided to the BRB on intergovernmental loans, privately placed loans, or any other debts that is not in the form of a public security are not reflected in this report. Also, pursuant to Texas Government Code, Section 1202.008, conduit debts incurred by nonprofit corporations created by the local governments are not required to provide issuance information to the BRB. As a result, conduit debt is not reflected in this report except for data presented in *Appendix B, Texas Local Government Conduit Debt*, and certain data presented in *Appendix F, Commercial Paper*. The data in this report and on the website is compiled from information provided to the BRB from various sources and has not been independently verified.

The BRB separates the local government issuances into seven categories: Cities, Towns, Villages (Cities); Public School Districts (School Districts); Water Districts and Authorities (WD); Counties; Other Special Districts and Authorities (OSD); Community and Junior College Districts (CCD); and Health/Hospital Districts and Authorities (HHD).

## Major Findings

- As of fiscal year-end 2021, Texas local governments had \$266.38 billion in outstanding debt, an increase of \$47.40 billion (21.6 percent) over the past five fiscal years. Of that amount, 65.5 percent (\$174.54 billion) is tax-supported general obligation (GO) debt secured by local ad valorem tax collections, while the remaining 34.5 percent (\$91.85 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 58.6 percent (\$17.52 billion) from \$29.92 billion in fiscal year 2017 to \$47.44 billion in fiscal year 2021. During that period, new money issuance increased by 26.2 percent (\$4.83 billion) from \$18.43 billion to \$23.27 billion. Refundings increased by 110.4 percent (\$12.69 billion) from \$11.49 billion to \$24.17 billion (Chapter 1).
- Over the past five years, School Districts have consistently accounted for the highest amount of tax-supported debt outstanding, while Cities and WD accounted for the second and third highest amounts, respectively (Chapter 2).
- The most recent U.S. Census Bureau data for total state and local debt outstanding show that for census year 2019, Texas was the nation's second most populous state, and it ranked third among the 10 most populous states in terms of total (GO and revenue) local debt per capita, seventh in state debt per capita, and fourth in total state and local debt per capita with 82.2 percent of the state's total debt burden at the local level (Chapter 1). (According to Moody's 2021 State Debt Medians, Texas' state debt ranked 42<sup>nd</sup> among all states in net tax-supported debt per capita. Texas' state debt net tax-supported debt per capita ranked second lowest when compared to that of the nine other states rated AAA.)

- Capital Appreciation Bond (CAB) par issued for Texas local governments during fiscal year 2021 was 0.3 percent (\$124.9 million) of the total CAB and current interest bond (CIB) debt issued (\$47.44 billion). School Districts issuances accounted for 95.1 percent (\$118.7 million) of the total CABs issued for local governments during fiscal year 2021. In fiscal year 2021, CAB maturity amounts accounted for 2.4 percent (\$9.27 billion) of the total debt service outstanding, including both CAB and CIB (Chapter 4).
- Since fiscal year 2012, certificates of obligation (CO) debt outstanding has increased by 37.0 percent (\$4.63 billion) from \$12.51 billion outstanding in fiscal year 2012 to \$17.15 billion outstanding in fiscal year 2021, and Cities accounted for 79.6 percent of the total CO debt outstanding at fiscal year-end 2021 (Chapter 5).
- As of fiscal year 2021, tax-supported CO debt for Cities accounted for 36.5 percent (\$13.65 billion) of the total Cities tax-supported debt outstanding, while Counties CO debt accounted for 22.5 percent (\$2.88 billion) of total Counties tax-supported debt outstanding. HHD CO debt outstanding accounted for 25.2 percent (\$608.0 million) of total HHD tax-supported debt outstanding (Chapter 5).
- During fiscal year 2021, a total of 151 local governments held 311 bond elections approving 86.9 percent of the total election amount for a potential issuance of \$18.50 billion of additional debt. Approximately 28 local governments cancelled 65 elections during the Nov 3, 2020, elections. Separately, on November 2, 2021, 91 local governments held 174 bond elections, with 61 local governments approving 109 bond elections totaling \$8.31 billion (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 \$15.20 per \$1,000 in 2021 from \$14.88 per \$1,000 in 2020. The average transaction size decreased slightly to \$27.0 million in 2021 from \$27.6 million in 2020 and the average fee increased slightly to \$410,603 in 2021 from \$410,532 in 2020. Tax-supported competitive transactions generally had the highest cost per \$1,000 for smaller transaction sizes (Appendix D).
- Of the \$4.71 billion of charter school debt outstanding as of October 31, 2021, an estimated \$3.35 billion was guaranteed by the Texas Permanent School Fund Bond Guarantee Program (Appendix C).
- Approximately 83 issuers that issued debt in fiscal year 2021 received a tax-supported general obligation (GO) rating upgrade, and 21 issuers received a GO rating downgrade from at least one of the three major credit rating agencies, Fitch Ratings, Moody's Investors Service, and Standard & Poor's (Appendix H).

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

## 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.....	59
Appendix C:	Texas Charter Schools.....	63
Appendix D:	Cost of Issuance .....	67
Appendix E:	Build America Bonds.....	73
Appendix F:	Commercial Paper.....	75
Appendix G:	Overview of Texas Local Governments with Debt Outstanding.....	81
Appendix H:	Overview of Texas Local Government Rating Changes.....	87
Appendix I:	Glossary .....	91

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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 2007–2021.....	28
Figure 4.2:	Texas Local Government — Capital Appreciation Bonds Maturity Amount Outstanding 2007–2021 .....	30
Figure 4.3:	Texas Local Government — Total Debt Service Outstanding 2007–2021 .....	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 ISD Debt Service/Par for ISD 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 2021.....	68
Figure D.2:	Texas Local Government — Bond Counsel Fees for Fiscal Year 2021.....	69
Figure D.3:	Texas Local Government — Financial Advisor Fees for Fiscal Year 2021.....	69
Figure D.4:	Texas Local Government — Total Ratings Fees for Fiscal Year 2021 .....	70
Figure D.5:	Texas Local Government — Total Underwriter’s Spread Fees for Fiscal Year 2021 .....	71
Figure F.1:	Texas Local Government — Non-Conduit Commercial Paper Outstanding.....	75
Figure F.2:	Texas Local Government — Commercial Paper/Non-Public Debt - Authorized and Outstanding Balances as of August 31, 2021 .....	77
Figure F.3:	Texas Local Government — Conduit Commercial Paper Outstanding.....	79

## Tables

Table 1.1:	Texas Local Government — Debt Outstanding as of August 31, 2021 .....	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 2021.....	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, 2021 .....	27
Table 4.4:	Texas Local Government — Capital Appreciation Bonds Outstanding as of August 31, 2021 .....	29
Table 5.1:	Texas Local Government — Top 20 Issuers with Certificates of Obligation Debt Outstanding as of August 31, 2021 .....	35
Table 5.2:	Texas Cities — Top 30 Issuers with Certificates of Obligation Outstanding as of August 31, 2021 .....	37

Table 5.3:	Texas Cities — Big 6 Cities with Certificates of Obligation Outstanding as of August 31, 2021 .....	38
Table 5.4:	Texas Counties — Top 20 Issuers of Certificates of Obligation Outstanding as of August 31, 2021 .....	39
Table 5.5:	Texas Health/Hospital Districts and Authorities with Certificates of Obligation Outstanding as of August 31, 2021.....	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 01, 2021 .....	45
Table A.4:	Texas Local Government — Defeated Propositions - Bond Elections May 01, 2021 .....	51
Table A.5:	Texas Local Government — Carried Propositions - Bond Elections November 03, 2020 .....	53
Table A.6:	Texas Local Government — Defeated Propositions - Bond Elections November 03, 2020 .....	56
Table B.1:	Texas Local Government — Conduit Debt Issuance by Fiscal Year.....	60
Table C.1:	Total Charter School Debt by Issuer (Estimated) as of October 31, 2021.....	65
Table C.2:	Charter School Debt Outstanding Guaranteed by the Permanent School Fund as of October 31, 2021 (Estimated).....	66
Table D.1:	Texas Local Government — Total COI for Fiscal Year 2021 .....	67
Table D.2:	Texas Local Government — Cost of Issuance Statistics Summary for Fiscal Year 2021 .....	72
Table E.1:	Texas Local Government — Build America Bond Debt Outstanding.....	73
Table E.2:	Texas Local Government — Top Five Issuers With Build America Bond Debt Outstanding .....	74

Table F.1:	Texas Local Government — Commercial Paper Outstanding by Fiscal Year .....	76
Table F.2:	Texas Local Government — Texas BIG 6 Cities - Commercial Paper Outstanding .....	78
Table F.3:	Texas Local Government — Conduit Commercial Paper Outstanding .....	79
Table H.1:	Texas Local Government — 2021 Issuers with GO Rating Upgrade Since Previous Issuance.....	88
Table H.2:	Texas Local Government — 2021 Issuers with GO Rating Downgrade Since Previous Issuance.....	90

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## **Cautionary Statements**

Section 1202.008 of the Texas Government Code authorizes the Office of the Attorney General to collect local debt information and to send that information to the Texas Bond Review Board (BRB) for inclusion in debt statistic reports. Chapter 1231 of the Texas Government Code requires the BRB to submit biennial reports with such data to the legislature. This report is intended to satisfy this Chapter 1231 duty.

The data in this report and on the BRB's website is compiled from information reported to the BRB from various sources and has not been independently verified. The reported debt and defeasance data may vary from actual debt outstanding, and the variance for a specific issuer or types of or all issuers could be substantial.

Local governments are not required to report data for debt that either is not considered a public security as defined by state statute, e.g., a loan not evidenced by a note or evidenced by a note payable to order, or does not require approval by the Office of the Attorney General of the State of Texas, such as certain short-term notes, certain bond anticipation notes, and certain lease purchase agreements for personal property. Consequently, the BRB does not receive information on many privately placed loans or intergovernmental loans, such as State Infrastructure Bank loans for transportation or water development state participation loans that are not evidenced by a public security. In addition, debt issuances for some component corporations of governmental entities, such as housing finance corporations, industrial development corporations, and other conduit entities, are not reported to the BRB. Outstanding debt excludes debt for which sufficient funds have been escrowed to retire the debt either from proceeds of refunding debt or from other sources, if reported to the BRB. Debt totals, percentages, trends, and other data are based entirely on debt and defeasances reported to the BRB.

Future debt repayment and debt-service information for variable-rate, commercial paper, and other short-term and demand debt is estimated on the basis of interest rate and refinancing assumptions described in the report. Actual future data could be affected by changes in issuer financing decisions, prevailing interest rates, market conditions, and other factors that cannot be predicted. Consequently, actual future data could differ from the estimates, and the difference could be substantial. The BRB assumes no obligation to update any such estimate of future data.

Historical data and trends presented are not intended to predict future events or continuing trends, and no representation is made that past experience will continue in the future.

This report is intended to meet Chapter 1231 requirements and inform state leadership and the Legislature. This report is not intended to inform investors in making a decision to buy, hold, or sell any securities, nor may it be relied upon as such. Data is provided as of the date indicated and may not reflect debt, debt service, population, or other data as of any subsequent date. This data may have changed from the date as of which it is provided. For more detailed or more current information, see the issuers' websites or their filings at Electronic Municipal Market Access (EMMA®). The BRB does not control or make any representation regarding the accuracy, completeness, or currency of any such site, and no referenced site is incorporated herein by reference or otherwise.

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## Chapter 1

### Texas Local Debt in Perspective

#### Overview

Local governments in Texas issue debt to finance construction and renovation of government facilities (e.g., schools, public safety buildings, city halls, and county courthouses), public infrastructure (e.g., roads, water, and sewer systems), and various other projects authorized by law. Key factors that affect a government's need and ability to borrow funds for infrastructure development include population changes, revenue sources, tax rates and levies, interest rates, and construction costs. Local governments issue two main types of debt: tax (general obligation or GO) and revenue. GO debt is secured by the full faith and credit of the issuer's ad valorem taxing power while revenue debt is secured by a specified revenue source. Tax-supported debt includes debt secured by a combination of ad valorem taxes and other revenue sources, even though the debt may be paid in whole or in part from non-tax revenue. Tax-supported debt generally must be voter approved (with the exception of Certificates of Obligation, tax notes, school district maintenance tax notes, certain time warrants, and certain other obligations).

State law sets limitations on certain local government debt issuers by setting maximum ad valorem tax rates per \$100 of assessed property valuation. These rates vary by government type, but all must generate sufficient funds based on annual ad valorem tax collections to provide for the payment of the debt service on outstanding and projected ad valorem tax (GO) debt. Additionally, all public securities issued by local entities must be approved by the Office of the Attorney General – Public Finance Division (OAG) and registered with the Texas Comptroller of Public Accounts (CPA).

#### Texas Bond Review Board and Local Government Debt

The Texas Bond Review Board (BRB) has no direct oversight of local government debt issuance. Chapter 1231 of the Texas Government Code requires the BRB to prepare statistical reports on local government debt. This information on debt issued by political subdivisions is primarily prepared by the political subdivision, collected by the 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. 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 2021, a monthly average of approximately 3,514 different users of the BRB's website downloaded various datasets containing Texas local government debt data. The BRB posts this information to its website, the data center, and the Data Portal annually within four months after the close of the state's fiscal year. Additionally, this data is supplied to the CPA's office as well as the Legislative Budget Board and the *Texas Tribune* for publication on their debt pages.

The BRB separates the local government issuances into seven categories: Cities, Towns, Villages (Cities); Public School Districts (School Districts); Water Districts and Authorities (WD); Counties; Other Special Districts and Authorities (OSD); Community and Junior College Districts (CCD); and Health/Hospital Districts and Authorities (HHD).

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.

### **Local Government Debt Outstanding**

As of fiscal year-end 2021, Texas local governments had \$266.38 billion in outstanding debt (Table 1.1), an increase of \$47.40 billion (21.6 percent) over the past five fiscal years. Of that amount, 65.5 percent (\$174.54 billion) is GO debt secured by local ad valorem tax collections, while the remaining 34.5 percent (\$91.85 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 22.6 percent (\$32.18 billion), and revenue debt outstanding increased 19.9 percent (\$15.22 billion).

School Districts accounted for 36.7 percent (\$97.79 billion) of all local debt outstanding, and Cities accounted for 31.6 percent (\$84.24 billion). WDs held the third highest percentage and accounted for 14.9 percent (\$39.69 billion) of all local debt outstanding. The remaining 16.8 percent (\$44.67 billion) was held by CCDs, Counties, HHDs, and OSDs.

Table 1.1  
**Texas Local Government**  
**Debt Outstanding as of August 31, 2021**  
(amounts in millions)

Type of Issuer		Tax-Supported*	Revenue**	Total Debt
<b>Public School Districts</b>	Voter-approved tax	96,378.7		96,378.7
	Maintenance tax (ed. equipment)	1,216.2		1,216.2
	Lease-purchase contracts		194.8	194.8
	Revenue (athletic facilities)		1.5	1.5
<b>Subtotal</b>		<b>\$ 97,594.9</b>	<b>\$ 196.3</b>	<b>\$ 97,791.2</b>
<b>Cities, Towns, Villages</b>	Tax	37,361.3		37,361.3
	Revenue		46,761.5	46,761.5
	Sales Tax		115.0	115.0
<b>Subtotal</b>		<b>\$ 37,361.3</b>	<b>\$ 46,876.5</b>	<b>\$ 84,237.7</b>
<b>Water Districts and Authorities</b>	Tax	19,259.2		19,259.2
	Revenue		20,411.3	20,411.3
	Sales Tax		16.0	16.0
<b>Subtotal</b>		<b>\$ 19,259.2</b>	<b>\$ 20,427.3</b>	<b>\$ 39,686.5</b>
<b>Other Special Districts and Authorities</b>	Tax	157.5		157.5
	Revenue		14,059.7	14,059.7
	Sales Tax		5,502.2	5,502.2
	Lease-purchase contracts		29.0	29.0
<b>Subtotal</b>		<b>\$ 157.5</b>	<b>\$ 19,590.9</b>	<b>\$ 19,748.4</b>
<b>Counties</b>	Tax	12,813.9		12,813.9
	Revenue		2,544.3	2,544.3
	Lease-purchase contracts		32.9	32.9
<b>Subtotal</b>		<b>\$ 12,813.9</b>	<b>\$ 2,577.2</b>	<b>\$ 15,391.2</b>
<b>Community and Junior College Districts</b>	Tax	4,939.6		4,939.6
	Revenue		1,078.6	1,078.6
<b>Subtotal</b>		<b>\$ 4,939.6</b>	<b>\$ 1,078.6</b>	<b>\$ 6,018.2</b>
<b>Health/Hospital Districts and Authorities</b>	Tax	2,408.6		2,408.6
	Revenue		1,045.8	1,045.8
	Sales Tax		52.7	52.7
<b>Subtotal</b>		<b>\$ 2,408.6</b>	<b>\$ 1,098.6</b>	<b>\$ 3,507.2</b>
<b>Total Local Debt Outstanding</b>		<b>\$ 174,535.0</b>	<b>\$ 91,845.4</b>	<b>\$ 266,380.4</b>

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

\*\*Excludes conduit debt.

Source: Texas Bond Review Board - Bond Finance Office.

The most recent U.S. Census Bureau data for total state and local debt outstanding shows that for census year 2019 (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).

State	Total State and Local Debt				State Debt				Local Debt			
	Population (thousands)	Amount (millions)	Per Capita Amount	Per Capita Rank	Amount (millions)	% of Total Debt	Per Capita Amount	Per Capita Rank	Amount (millions)	% of Total Debt	Per Capita Amount	Per Capita Rank
New York	19,337	358,150	\$18,522	1	150,745	42.1%	\$7,796	1	207,406	57.9%	\$10,726	1
Illinois	12,588	165,097	13,116	2	65,272	39.5%	5,185	2	99,825	60.5%	7,930	4
California	39,368	506,661	12,870	3	145,293	28.7%	3,691	4	361,368	71.3%	9,179	2
<b>Texas</b>	<b>29,361</b>	<b>301,840</b>	<b>10,280</b>	<b>4</b>	<b>53,794</b>	<b>17.8%</b>	<b>1,832</b>	<b>7</b>	<b>248,046</b>	<b>82.2%</b>	<b>8,448</b>	<b>3</b>
Pennsylvania	12,783	125,178	9,792	5	48,959	39.1%	3,830	3	76,220	60.9%	5,962	5
Ohio	11,693	87,992	7,525	6	27,966	31.8%	2,392	6	60,027	68.2%	5,133	6
Michigan	9,967	72,348	7,259	7	31,964	44.2%	3,207	5	40,384	55.8%	4,052	9
Florida	21,733	130,232	5,992	8	26,032	20.0%	1,198	10	104,199	80.0%	4,794	7
Georgia	10,710	60,444	5,644	9	13,624	22.5%	1,272	9	46,820	77.5%	4,372	8
North Carolina	10,601	47,574	4,488	10	14,944	31.4%	1,410	8	32,630	68.6%	3,078	10
<b>MEAN</b>		<b>\$185,552</b>	<b>\$9,549</b>		<b>\$57,859</b>	<b>31.7%</b>	<b>\$3,181</b>		<b>\$127,692</b>	<b>68.3%</b>	<b>\$6,368</b>	

**Note:** Detail may not add to total due to rounding.  
**Sources:** U.S. Census Bureau, *State and Local Government Finances by Level of Government and by State: 2019*, the most recent data available. U.S. Census Bureau, Population Division, July 2020 (Release Date: December 2020).

Over the past 10 years, local government total debt (tax-supported plus revenue) increased \$80.72 billion (43.5 percent). Over this time, the state’s population increased by an estimated 14.5 percent (3.7 million), based on July 2020 U.S. Census Bureau population estimates (released December 2020). During that same period, local government total debt outstanding per capita increased by 25.3 percent, or \$1,833 per person, from \$7,240 per capita in fiscal year 2012 to \$9,073 per capita in fiscal year 2021 (Figure 1.1).

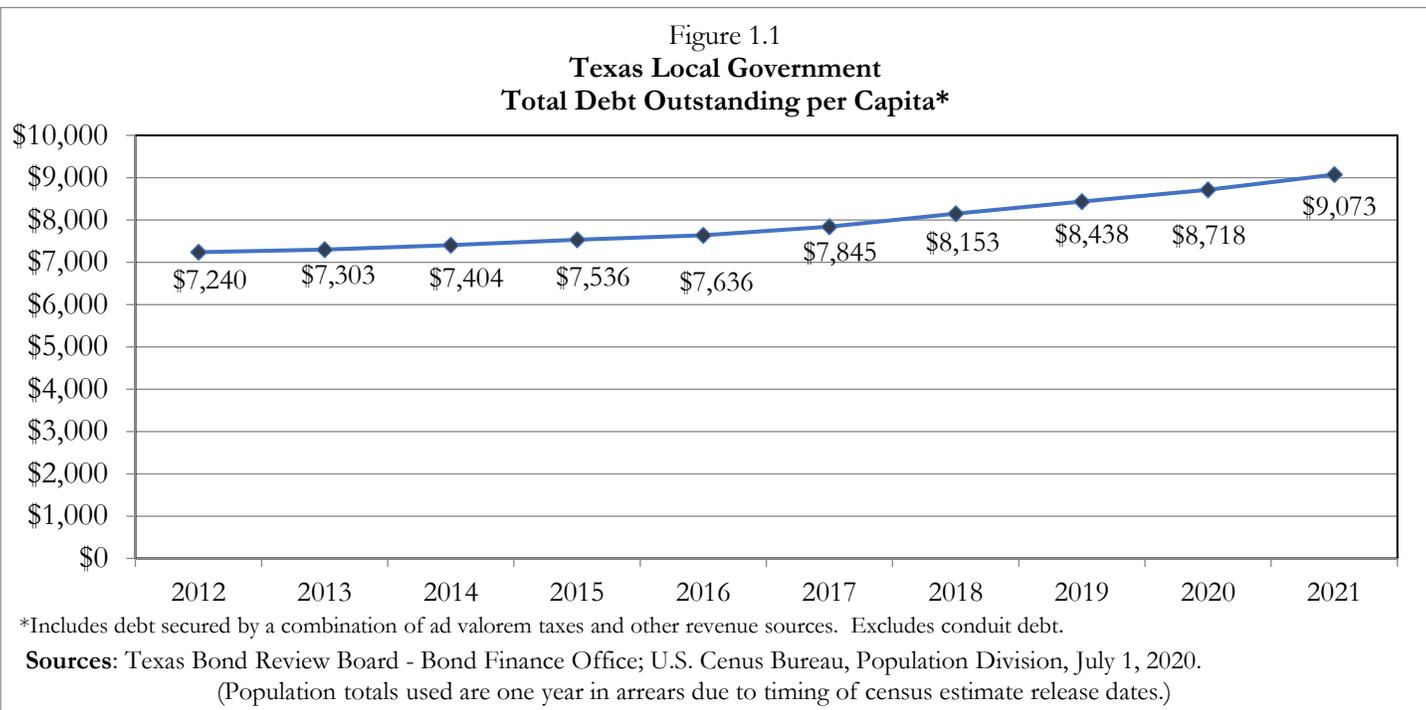


Table 1.3 lists the state's local debt outstanding by category from highest to lowest total amount outstanding.

Table 1.3 TEXAS LOCAL GOVERNMENT DEBT OUTSTANDING BY FISCAL YEAR (amounts in millions)					
	8/31/2017	8/31/2018	8/31/2019	8/31/2020	8/31/2021
<b>Public School Districts</b>					
Tax-Supported*	\$79,612.6	\$83,896.7	\$87,663.3	\$92,899.0	\$97,594.9
Revenue**	300.6	268.7	258.8	219.4	196.3
<b>Total</b>	<b>\$79,913.2</b>	<b>\$84,165.4</b>	<b>\$87,922.1</b>	<b>\$93,118.4</b>	<b>\$97,791.2</b>
<b>Cities, Towns, Villages</b>					
Tax-Supported*	\$31,257.8	\$33,134.2	\$34,761.7	\$34,917.0	\$37,361.3
Revenue**	40,586.0	42,027.2	43,084.1	44,685.9	46,876.5
<b>Total</b>	<b>\$71,843.9</b>	<b>\$75,161.5</b>	<b>\$77,845.8</b>	<b>\$79,602.9</b>	<b>\$84,237.7</b>
<b>Water Districts and Authorities</b>					
Tax-Supported*	\$13,654.8	\$14,813.2	\$16,153.4	\$17,562.3	\$19,259.2
Revenue**	13,395.6	15,341.7	17,281.3	19,087.9	20,427.3
<b>Total</b>	<b>\$27,050.4</b>	<b>\$30,154.9</b>	<b>\$33,434.6</b>	<b>\$36,650.2</b>	<b>\$39,686.5</b>
<b>Other Special Districts and Authorities</b>					
Tax-Supported*	\$178.9	\$166.2	\$159.3	\$152.5	\$157.5
Revenue**	17,910.5	17,963.4	18,568.8	18,572.4	19,590.9
<b>Total</b>	<b>\$18,089.4</b>	<b>\$18,129.6</b>	<b>\$18,728.1</b>	<b>\$18,725.0</b>	<b>\$19,748.4</b>
<b>Counties</b>					
Tax-Supported*	\$11,699.4	\$11,558.6	\$12,311.7	\$12,798.3	\$12,813.9
Revenue**	2,144.9	2,538.8	2,486.3	2,485.3	2,577.2
<b>Total</b>	<b>\$13,844.3</b>	<b>\$14,097.4</b>	<b>\$14,798.1</b>	<b>\$15,283.6</b>	<b>\$15,391.2</b>
<b>Community and Junior College Districts</b>					
Tax-Supported*	\$3,645.4	\$4,076.6	\$4,067.2	\$4,606.8	\$4,939.6
Revenue**	1,225.1	1,184.4	1,181.2	1,080.3	1,078.6
<b>Total</b>	<b>\$4,870.5</b>	<b>\$5,260.9</b>	<b>\$5,248.4</b>	<b>\$5,687.0</b>	<b>\$6,018.2</b>
<b>Health/Hospital Districts and Authorities</b>					
Tax-Supported*	\$2,302.5	\$2,517.2	\$2,427.8	\$2,462.4	\$2,408.6
Revenue**	1,068.1	1,175.9	1,125.1	1,177.1	1,098.6
<b>Total</b>	<b>\$3,370.6</b>	<b>\$3,693.0</b>	<b>\$3,552.9</b>	<b>\$3,639.5</b>	<b>\$3,507.2</b>
<b>Total Tax-Supported*</b>	<b>\$142,351.4</b>	<b>\$150,162.7</b>	<b>\$157,544.3</b>	<b>\$165,398.4</b>	<b>\$174,535.0</b>
<b>Total Revenue**</b>	<b>\$76,630.8</b>	<b>\$80,500.0</b>	<b>\$83,985.6</b>	<b>\$87,308.3</b>	<b>\$91,845.4</b>
<b>Total Debt Outstanding</b>	<b>\$218,982.1</b>	<b>\$230,662.7</b>	<b>\$241,529.9</b>	<b>\$252,706.6</b>	<b>\$266,380.4</b>
*Includes debt secured by a combination of ad valorem taxes and other revenue sources.					
**Excludes conduit debt.					
Source: Texas Bond Review Board - Bond Finance Office.					

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

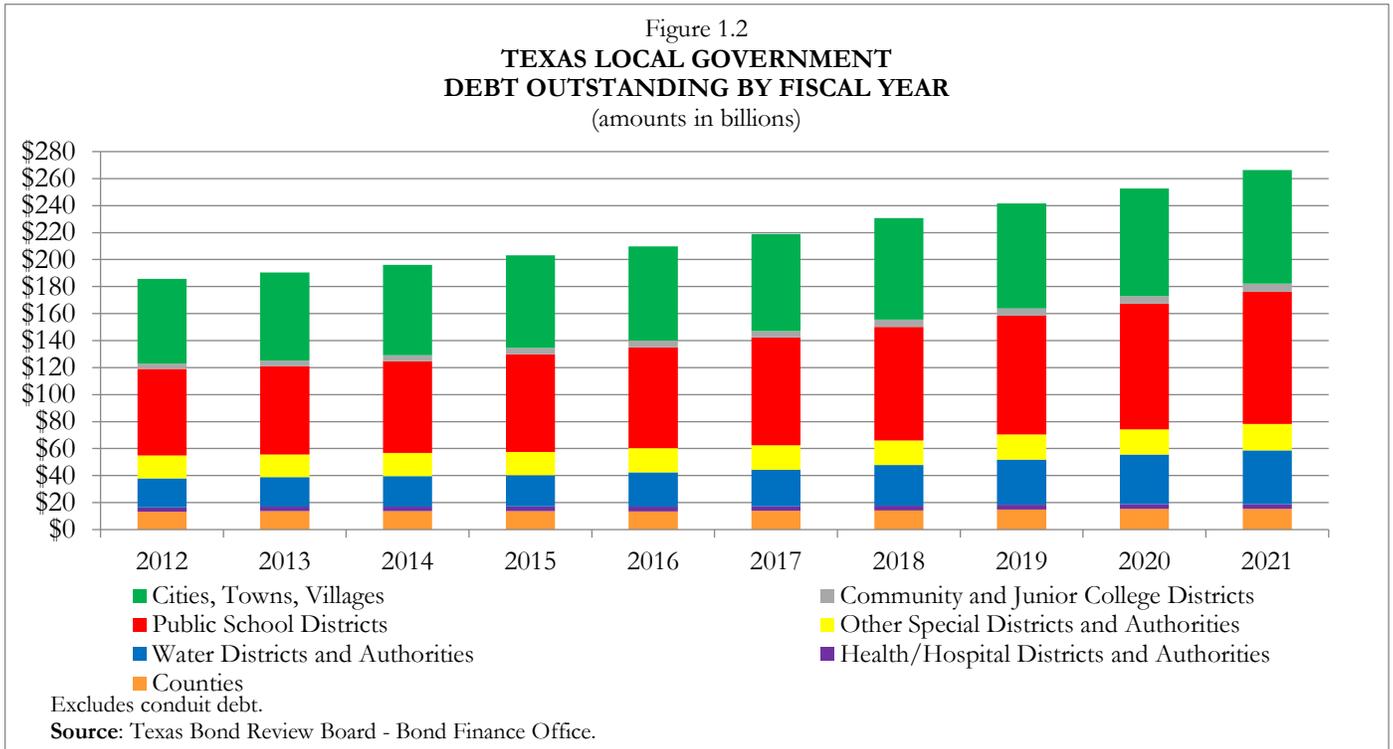
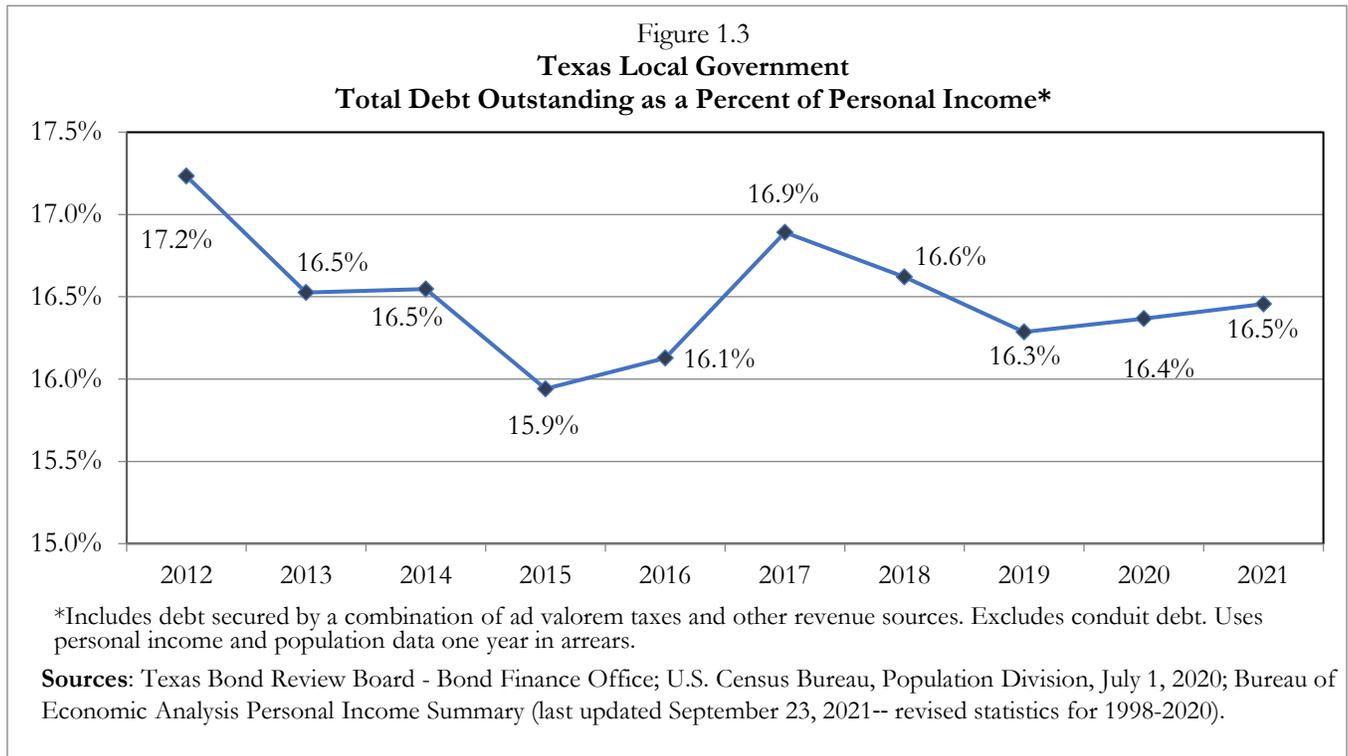


Figure 1.3 illustrates the total local debt outstanding as a percent of personal income over the past 10 years.



### Rate of Debt Retirement

Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline, rating agencies look for a repayment schedule that retires 25 percent of principal one quarter through the life of the debt and 50 percent halfway through the life of the debt. Generally, local governments issue debt with varying maturities up to 40 years.

Table 1.4 illustrates the amount of debt retired in the next five-, 10-, and 20-year periods for both tax-supported and revenue debt outstanding as of fiscal year 2021.

Table 1.4 Texas Local Government Rate of Debt Retirement* (\$ in millions)				
Debt Repaid (Principal Only)	Tax-Supported		Revenue	
	Debt	Percent	Debt	Percent
<b>Within Five Years</b>				
Public School Districts	\$20,908.6	21.6%	\$85.6	43.6%
Cities, Towns, Villages	13,147.0	35.5%	10,204.2	22.1%
Water Districts and Authorities	4,522.2	23.5%	4,211.8	20.9%
Other Special Districts and Authorities	60.4	38.3%	2,736.2	14.1%
Counties	4,176.1	33.2%	432.0	16.8%
Community and Junior College Districts	1,250.9	25.3%	362.6	33.6%
Health/Hospital Districts and Authorities	476.8	19.8%	202.1	18.4%
<b>Within Ten Years</b>				
Public School Districts	\$43,339.4	44.8%	\$147.2	75.0%
Cities, Towns, Villages	23,659.3	63.8%	20,812.8	45.1%
Water Districts and Authorities	9,200.4	47.8%	8,606.6	42.6%
Other Special Districts and Authorities	102.5	65.1%	6,201.7	32.0%
Counties	7,855.5	62.4%	968.4	37.6%
Community and Junior College Districts	2,407.1	48.7%	690.6	64.0%
Health/Hospital Districts and Authorities	1,007.2	41.8%	424.8	38.7%
<b>Within Twenty Years</b>				
Public School Districts	\$81,485.5	84.3%	\$194.2	98.9%
Cities, Towns, Villages	35,475.0	95.7%	38,430.7	83.4%
Water Districts and Authorities	16,953.1	88.0%	15,974.9	79.2%
Other Special Districts and Authorities	149.1	94.7%	13,521.2	69.9%
Counties	11,987.5	95.2%	1,942.3	75.4%
Community and Junior College Districts	4,378.8	88.6%	1,027.5	95.3%
Health/Hospital Districts and Authorities	2,073.1	86.1%	895.1	81.5%
*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 58.6 percent (\$17.52 billion) from \$29.92 billion in fiscal year 2017 to \$47.44 billion in fiscal year 2021. During that period, new money issuance increased by 26.2 percent (\$4.83 billion) from \$18.43 billion to \$23.27 billion. Refundings increased by 110.4 percent (\$12.69 billion) from \$11.49 billion to \$24.17 billion (*Table 1.5*).

During fiscal year 2021, 51.0 percent of local debt issuance was used to refund debt, 20.5 percent was used to finance educational facilities and equipment, 9.6 percent was used to finance water-related infrastructure, 9.9 percent was used for general purpose debt (such as building or improving city halls and court houses), and 2.8 percent was used to finance toll road projects. Water-related 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 6.0 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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Issuers</b>	1,071	921	966	1,167	1,266
<b>Issuances</b>	1,529	1,293	1,390	1,726	1,966
<b>Public School Districts</b>					
New Money	\$8,533.3	\$7,753.0	\$7,622.9	\$9,363.3	\$8,987.6
Refunding	5,123.1	2,875.2	2,113.2	6,176.9	8,817.9
<b>Total Par Issued</b>	<b>\$13,656.4</b>	<b>\$10,628.2</b>	<b>\$9,736.2</b>	<b>\$15,540.2</b>	<b>\$17,805.5</b>
<b>Cities, Towns, Villages</b>					
New Money	\$4,890.3	\$6,658.4	\$5,917.7	\$4,863.4	\$7,485.7
Refunding	3,137.3	3,580.1	3,420.9	8,607.3	6,192.3
<b>Total Par Issued</b>	<b>\$8,027.5</b>	<b>\$10,238.5</b>	<b>\$9,338.6</b>	<b>\$13,470.7</b>	<b>\$13,678.1</b>
<b>Water Districts</b>					
New Money	\$2,862.8	\$4,065.1	\$4,259.8	\$4,213.4	\$3,595.0
Refunding	1,417.7	1,085.0	1,299.7	2,712.7	3,493.6
<b>Total Par Issued</b>	<b>\$4,280.6</b>	<b>\$5,150.1</b>	<b>\$5,559.5</b>	<b>\$6,926.1</b>	<b>\$7,088.5</b>
<b>Other Special Districts</b>					
New Money	\$529.8	\$49.2	\$1,194.8	\$190.9	\$1,054.7
Refunding	306.9	2,909.4	1,342.7	662.1	3,961.0
<b>Total Par Issued</b>	<b>\$836.7</b>	<b>\$2,958.6</b>	<b>\$2,537.5</b>	<b>\$853.0</b>	<b>\$5,015.7</b>
<b>Counties</b>					
New Money	\$1,212.8	\$1,123.4	\$1,533.8	\$1,195.7	\$1,338.1
Refunding	595.9	1,082.0	303.9	1,184.8	829.5
<b>Total Par Issued</b>	<b>\$1,808.6</b>	<b>\$2,205.4</b>	<b>\$1,837.7</b>	<b>\$2,380.5</b>	<b>\$2,167.6</b>
<b>Community and Junior College Districts</b>					
New Money	\$317.9	\$682.7	\$349.7	\$808.0	\$729.2
Refunding	362.5	211.3	77.7	221.5	798.5
<b>Total Par Issued</b>	<b>\$680.5</b>	<b>\$894.0</b>	<b>\$427.3</b>	<b>\$1,029.5</b>	<b>\$1,527.7</b>
<b>Health/Hospital Districts and Authorities</b>					
New Money	\$88.0	\$497.8	\$39.4	\$285.4	\$79.1
Refunding	542.2	52.1	245.3	342.1	78.3
<b>Total Par Issued</b>	<b>\$630.2</b>	<b>\$549.9</b>	<b>\$284.7</b>	<b>\$627.5</b>	<b>\$157.4</b>
<b>Total New Money</b>	<b>\$18,435.0</b>	<b>\$20,829.5</b>	<b>\$20,918.1</b>	<b>\$20,920.0</b>	<b>\$23,269.3</b>
<b>Total Refunding</b>	<b>\$11,485.6</b>	<b>\$11,795.0</b>	<b>\$8,803.5</b>	<b>\$19,907.4</b>	<b>\$24,171.0</b>
<b>Total Par</b>	<b>\$29,920.6</b>	<b>\$32,624.6</b>	<b>\$29,721.6</b>	<b>\$40,827.4</b>	<b>\$47,440.3</b>

\*Excludes commercial paper and conduit issuances.

Source: Texas Bond Review Board - Bond Finance Office.

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## Chapter 2 Texas Local Government Tax-Supported Debt

### Overview

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

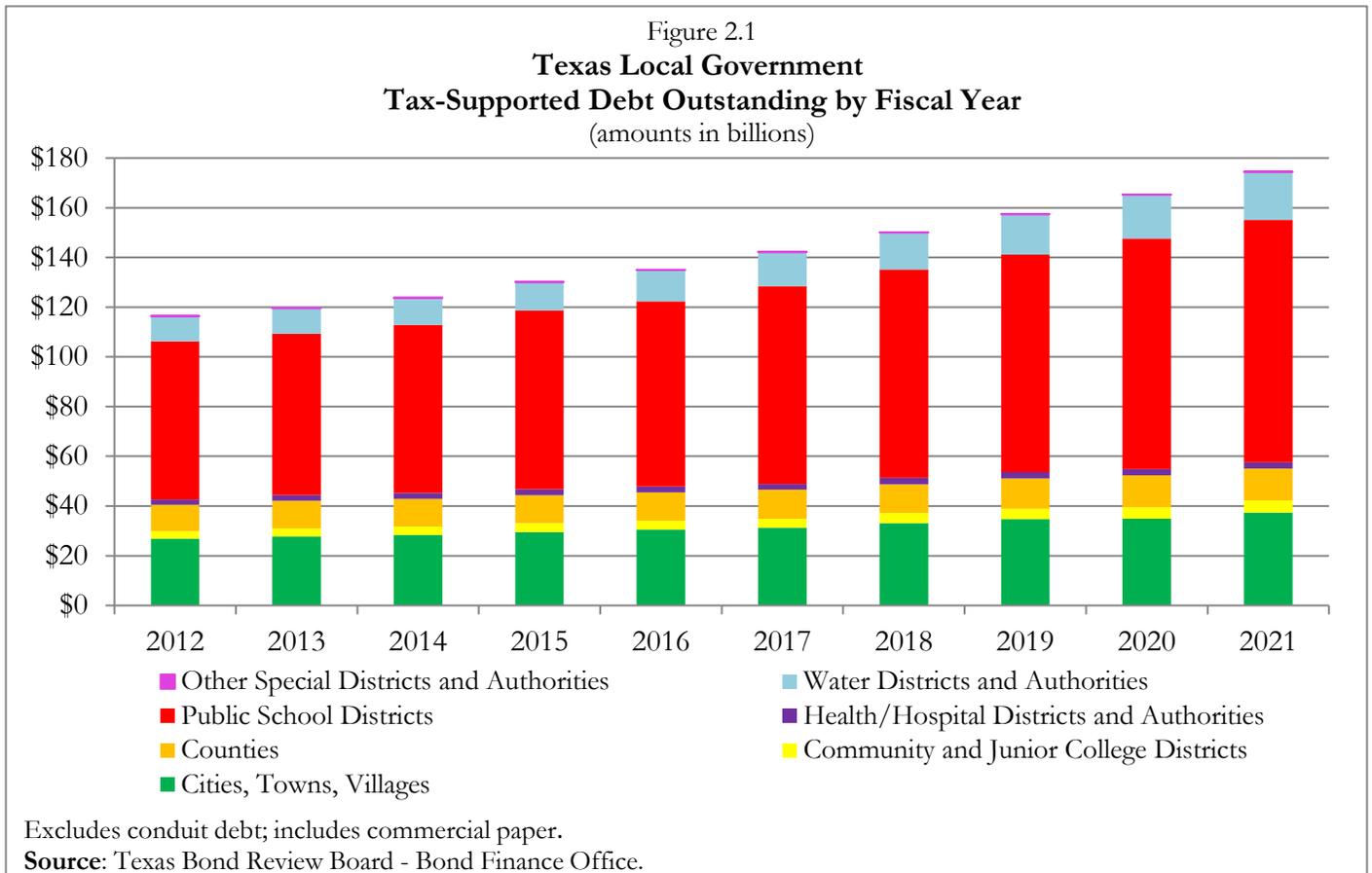
State law sets limitations on certain local government debt issuers by setting maximum ad valorem tax rates per \$100 of assessed property valuation. These rates vary by government type, but all must generate sufficient funds based on annual ad valorem tax collections to provide for the payment of the debt service on outstanding and projected ad valorem tax (general obligation or GO) debt. Additionally, all public securities issued by local debt issuers must receive approval from the Office of the Attorney General – Public Finance Division (OAG) and be registered with the Texas Comptroller of Public Accounts.

### Local Government Tax-Supported Debt Outstanding

As of fiscal year-end 2021, Texas local governments had \$174.54 billion in outstanding tax-supported debt, an increase of \$9.14 billion (5.5 percent) over the 2020 total of \$165.40 billion, and a 22.6 percent (\$32.18 billion) increase over the past five fiscal years, from \$142.35 billion in 2017 (*Table 2.1*).

Table 2.1 Texas Local Government Tax-Supported Debt Outstanding by Fiscal Year (amounts in millions)					
	8/31/2017	8/31/2018	8/31/2019	8/31/2020	8/31/2021
<b>Public School Districts</b>	\$79,612.6	\$83,896.7	\$87,663.3	\$92,899.0	\$97,594.9
<b>Cities, Towns, Villages</b>	31,257.8	33,134.2	34,761.7	34,917.0	37,361.3
<b>Water Districts and Authorities</b>	13,654.8	14,813.2	16,153.4	17,562.3	19,259.2
<b>Other Special Districts and Authorities</b>	178.9	166.2	159.3	152.5	157.5
<b>Counties</b>	11,699.4	11,558.6	12,311.7	12,798.3	12,813.9
<b>Community and Junior College Districts</b>	3,645.4	4,076.6	4,067.2	4,606.8	4,939.6
<b>Health/Hospital Districts and Authorities</b>	2,302.5	2,517.2	2,427.8	2,462.4	2,408.6
<b>Total Tax-Supported Debt Outstanding*</b>	<b>\$142,351.4</b>	<b>\$150,162.7</b>	<b>\$157,544.3</b>	<b>\$165,398.4</b>	<b>\$174,535.0</b>
*Includes debt secured by a combination of ad valorem taxes and other revenue sources. Includes commercial paper; excludes conduit debt. <b>Source:</b> Texas Bond Review Board - Bond Finance Office.					

Over the past 10 fiscal years, tax-supported debt outstanding has increased \$58.0 billion (49.8 percent) from \$116.54 billion in 2012. *Figure 2.1* illustrates local tax-supported debt outstanding by local government type over the past 10 fiscal years.

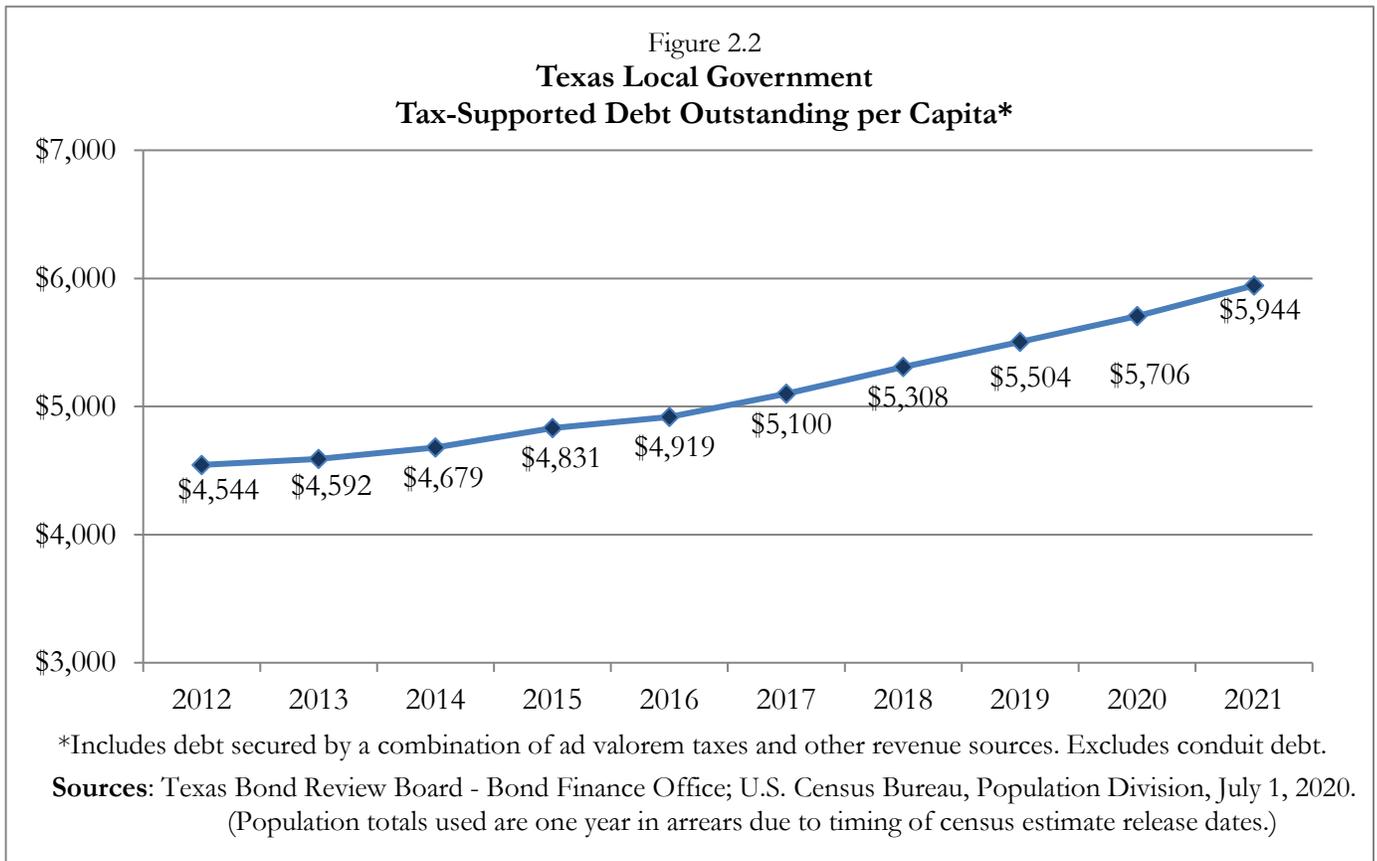


As shown in *Table 2.1* and *Figure 2.1*, Public School Districts (School Districts) have consistently accounted for the highest amount of tax-supported debt outstanding, while Cities, Towns, Villages (Cities) and Water Districts and Authorities (WD) accounted for the second and third highest amounts,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

Of the total Cities tax-supported debt outstanding, the Big 6 Cities (Houston, Dallas, San Antonio, Austin, El Paso, and Fort Worth) accounted for an average of 32.2 percent over the last five years and 32.8 percent over the last 10 years.

### Tax-Supported Debt per Capita

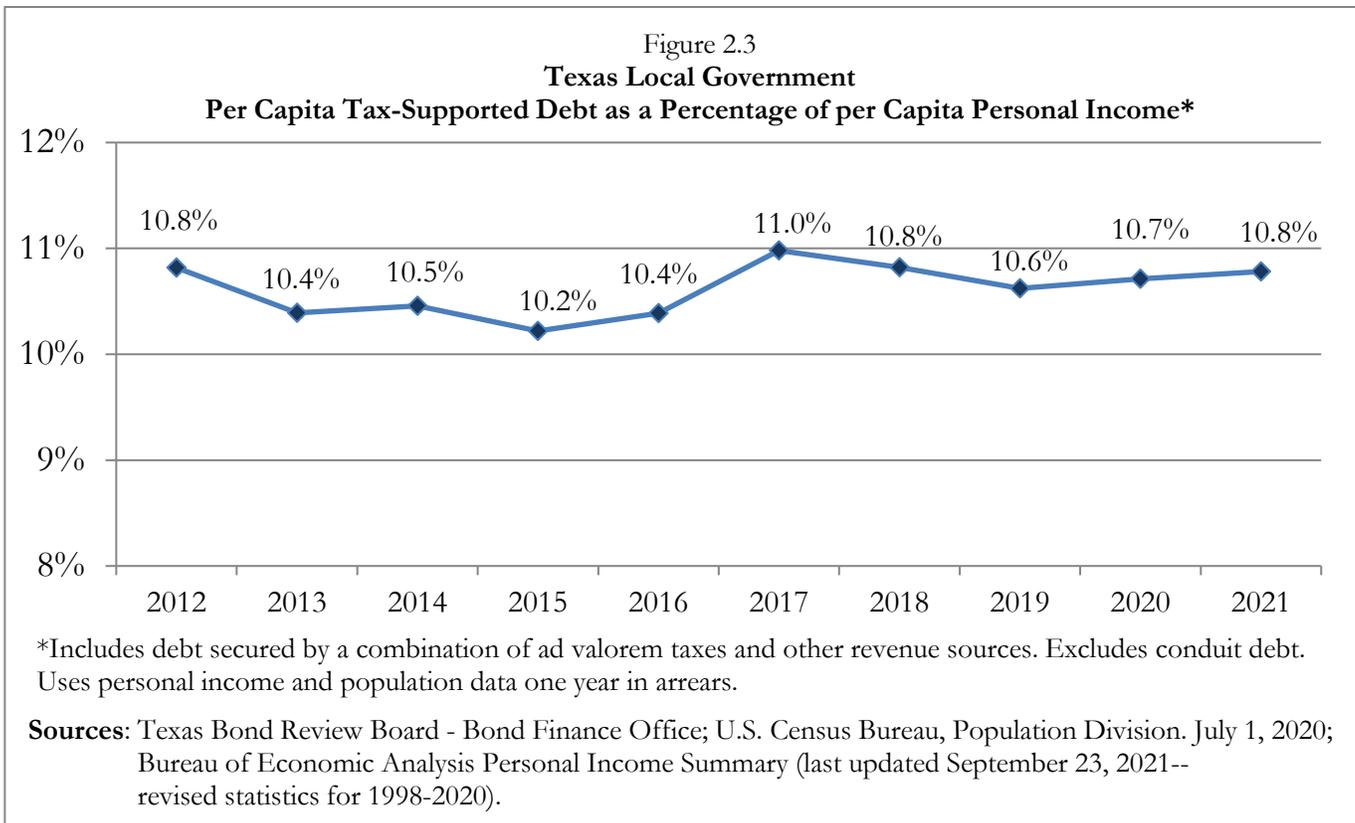
Local government tax-supported debt per capita increased over the past 10 years by 30.8 percent (or \$1,400 per person) from \$4,544 per capita in fiscal year 2012 to \$5,944 per capita in fiscal year 2021. Over this time, the state's population increased by an estimated 14.5 percent (3.7 million), based on July 2020 U.S. Census Bureau population estimates, which were released December 2020 (*Figure 2.2*).



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

As reported by the U.S. Bureau of Economic Analysis, total personal income growth in Texas has grown 50.2 percent in the past 10 years, from \$1.08 trillion in 2011 to \$1.62 trillion in 2020 (the most recent data available). During the past five years, the growth was 24.8 percent, from \$1.30 trillion in 2017. Per capita personal income has shown a 31.2 percent 10-year growth from \$42,011 in 2011 and an 18.7 percent five-year growth from \$46,445 in 2017 to \$55,129 in 2020 (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 has increased 0.4 percent more than the growth of tax-supported debt per capita, indicating personal income growth within Texas has 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.



### **Tax-Supported Debt Issuance**

New tax-supported debt issued during fiscal year 2021 totaled \$31.94 billion (\$17.75 billion in new money and \$14.18 billion in refunding debt). This is an increase of 15.3 percent from the total of \$27.69 billion issued in fiscal year 2020 and an increase of 42.7 percent from the total of \$22.39 billion issued in fiscal year 2017.

During this five-year period, School Districts have consistently issued the most tax-supported debt. For fiscal years 2017–2018 and 2020–2021, School Districts accounted for 50 percent or more of the total tax-supported debt issued. In fiscal year 2019, School Districts accounted for 49.9 percent of the total tax-supported debt issued. In fiscal year 2017, School Districts completed 418 GO issues for a total of \$13.61 billion (60.8 percent of the 2017 total), of which \$8.51 billion was new money debt and \$5.10 billion was refunding debt. In 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.

Tax-supported new money debt issuance over the past five years has risen from \$14.36 billion in 2017 to \$17.75 billion in 2021 (an increase of 23.6 percent).

Tax-supported refunding debt issuance over the past five years declined steadily from \$8.03 billion in 2017 to \$4.18 billion in 2019, before rising to \$14.18 billion in 2021, an overall increase of 76.7 percent.

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

Table 2.2					
<b>Texas Local Government</b>					
<b>Tax-Supported Debt Issuance by Fiscal Year*</b>					
(\$ in millions)					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Issuers</b>	996	824	891	1,070	1,173
<b>Issuances</b>	1,340	1,065	1,189	1,471	1,667
<b>Public School Districts</b>					
New Money	\$8,506.5	\$7,753.0	\$7,604.9	\$9,362.3	\$8,976.4
Refunding	5,101.6	2,875.2	2,085.2	6,147.2	8,817.9
<b>Total Par Issued</b>	<b>\$13,608.1</b>	<b>\$10,628.2</b>	<b>\$9,690.0</b>	<b>\$15,509.5</b>	<b>\$17,794.2</b>
<b>Cities, Towns, Villages</b>					
New Money	\$2,747.2	\$4,105.0	\$3,855.9	\$2,828.5	\$4,956.5
Refunding	1,057.0	1,474.0	830.4	2,345.1	2,242.2
<b>Total Par Issued</b>	<b>\$3,804.3</b>	<b>\$5,579.0</b>	<b>\$4,686.3</b>	<b>\$5,173.6</b>	<b>\$7,198.8</b>
<b>Water Districts and Authorities</b>					
New Money	\$1,707.3	\$1,681.2	\$1,977.3	\$1,955.2	\$2,207.7
Refunding	630.4	521.6	782.8	1,221.7	1,622.0
<b>Total Par Issued</b>	<b>\$2,337.8</b>	<b>\$2,202.8</b>	<b>\$2,760.1</b>	<b>\$3,176.9</b>	<b>\$3,829.7</b>
<b>Other Special Districts and Authorities</b>					
New Money	\$23.6	\$13.9	\$11.0	\$12.0	\$21.8
Refunding	11.1	0.0	18.2	17.1	5.1
<b>Total Par Issued</b>	<b>\$34.8</b>	<b>\$13.9</b>	<b>\$29.2</b>	<b>\$29.1</b>	<b>\$26.9</b>
<b>Counties</b>					
New Money	\$1,212.8	\$680.3	\$1,528.7	\$1,190.6	\$903.8
Refunding	595.9	861.4	167.7	1,094.5	795.5
<b>Total Par Issued</b>	<b>\$1,808.6</b>	<b>\$1,541.7</b>	<b>\$1,696.3</b>	<b>\$2,285.1</b>	<b>\$1,699.4</b>
<b>Community and Junior College Districts</b>					
New Money	\$162.2	\$652.4	\$231.1	\$808.0	\$648.9
Refunding	258.7	165.3	50.8	196.3	644.8
<b>Total Par Issued</b>	<b>\$421.0</b>	<b>\$817.7</b>	<b>\$281.9</b>	<b>\$1,004.3</b>	<b>\$1,293.7</b>
<b>Health/Hospital Districts and Authorities</b>					
New Money	\$0.0	\$285.1	\$13.8	\$175.7	\$38.2
Refunding	371.1	49.4	245.3	339.3	56.1
<b>Total Par Issued</b>	<b>\$371.1</b>	<b>\$334.5</b>	<b>\$259.1</b>	<b>\$515.1</b>	<b>\$94.3</b>
<b>Total New Money</b>	<b>\$14,359.7</b>	<b>\$15,170.8</b>	<b>\$15,222.6</b>	<b>\$16,332.3</b>	<b>\$17,753.4</b>
<b>Total Refunding</b>	<b>\$8,025.9</b>	<b>\$5,947.0</b>	<b>\$4,180.3</b>	<b>\$11,361.2</b>	<b>\$14,183.6</b>
<b>Total Par</b>	<b>\$22,385.6</b>	<b>\$21,117.7</b>	<b>\$19,403.0</b>	<b>\$27,693.5</b>	<b>\$31,937.0</b>

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

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 \$1.74 billion and \$1.14 billion, respectively, in 2017 to \$2.50 billion and \$2.05 billion, respectively, in 2021.

During that period, Texas local governments issued \$43.70 billion in tax-supported refunding debt to realize \$7.69 billion in Gross Cash Savings and \$5.89 billion in Net Present Value Savings.

### 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 2021, Texas local governments will repay 25.7 percent (\$44.54 billion) of tax-supported debt within five years, 50.6 percent (\$87.57 billion) within 10 years, and 88.1 percent (\$152.50 billion) within 20 years (*Table 2.3*). As of August 31, 2021, the final maturity for tax-supported debt was 40 years.

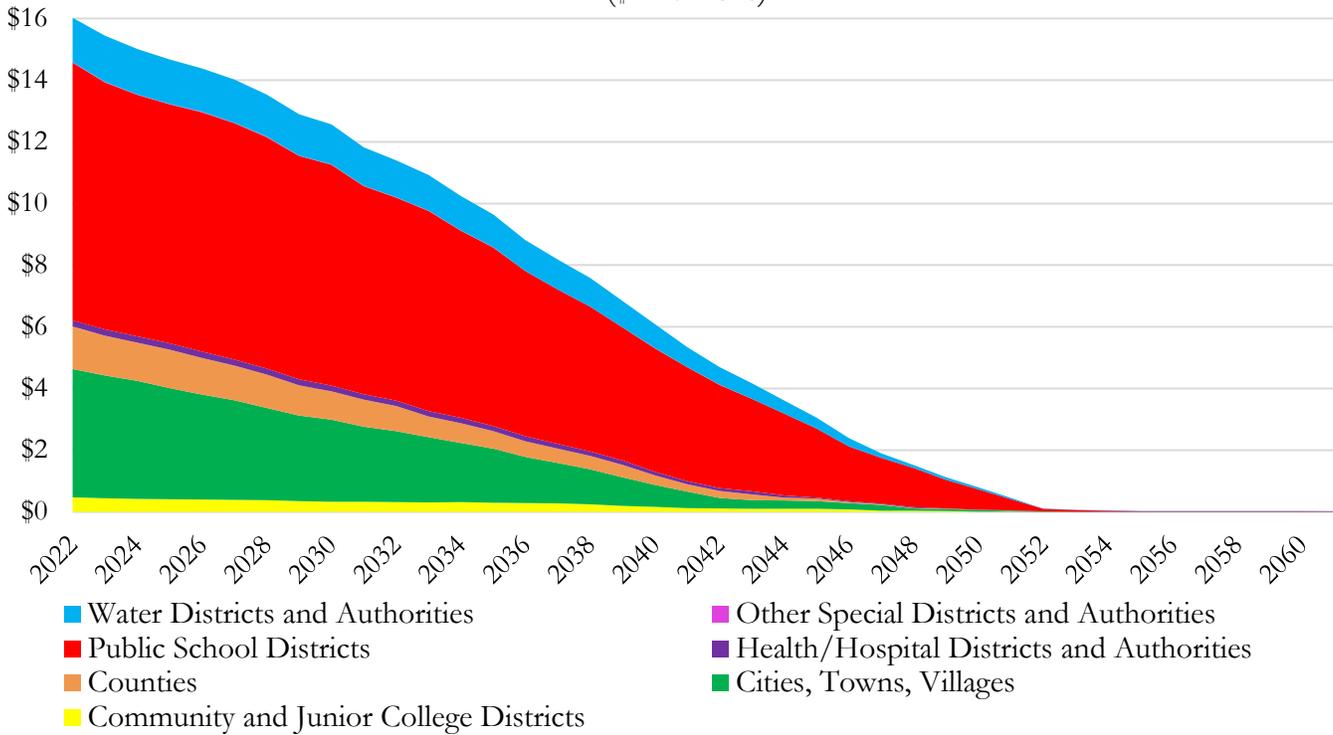
Table 2.3 Texas Local Government Rate of Tax-Supported Debt Retirement* (\$ in millions)						
DEBT REPAID WITHIN:	Five Years	Percent of Total	Ten Years	Percent of Total	Twenty Years	Percent of Total
Public School Districts	20,908.6	21.6%	43,339.4	44.8%	81,485.5	84.3%
Cities, Towns, Villages	13,147.0	35.5%	23,659.3	63.8%	35,475.0	95.7%
Water Districts and Authorities	4,522.2	23.5%	9,200.4	47.8%	16,953.1	88.0%
Other Special Districts and Authorities	60.4	38.3%	102.5	65.1%	149.1	94.7%
Counties	4,176.1	33.2%	7,855.5	62.4%	11,987.5	95.2%
Community and Junior College Districts	1,250.9	25.3%	2,407.1	48.7%	4,378.8	88.6%
Health/Hospital Districts and Authorities	476.8	19.8%	1,007.2	41.8%	2,073.1	86.1%
<b>TOTALS</b>	<b>\$44,542.0</b>	<b>25.7%</b>	<b>\$87,571.5</b>	<b>50.6%</b>	<b>\$152,502.1</b>	<b>88.1%</b>

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

### Tax-Supported Debt Service Outstanding

As of August 31, 2021, tax-supported debt-service requirements (principal and interest) projected over the life of the debt totaled \$249.43 billion, with all scheduled payments made by fiscal year 2061. *Figure 2.4* illustrates annual tax-supported debt-service requirements for each of the local government types.

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



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

## Chapter 3

### Texas Local Government Revenue Debt

#### Overview

Revenue debt includes debt legally secured by a specified revenue source(s). Most revenue debt does not require voter approval and usually has a maturity based on the life of the project to be financed.

Excluding conduit debt, Texas local governments had \$91.85 billion in revenue debt outstanding as of fiscal year-end 2021, an increase of \$4.54 billion (5.2 percent) over the 2020 total of \$87.31 billion, and a 19.9 percent (\$15.22 billion) increase over the past five fiscal years, from \$76.63 billion in 2017 (*Table 3.1*).

Cities, Towns, Villages (Cities) accounted for 51.0 percent (\$46.88 billion) of the total revenue local debt outstanding, Water Districts and Authorities (WDs) accounted for 22.2 percent (\$20.43 billion), Other Special Districts (OSDs) accounted for 21.3 percent (\$19.59 billion) and the remaining 5.4 percent (\$4.95 billion) was attributable to Public School Districts, Community and Junior College Districts (CCDs), Counties, and Health and Hospital Districts and Authorities (HHDs).

Cities revenue debt increased by 15.5 percent from \$40.59 billion to \$46.88 billion in the five-year period. According to the U.S. Census Bureau, population growth in the state increased 5.2 percent (1.4 million) from 2016 to 2020 (most recent data available, released December 2020). Urban areas have experienced particularly rapid growth, creating the need for new infrastructure, including roads, bridges, and new and expanded water and sewer systems. The majority of Cities revenue debt has been used to finance general purpose needs, utility-related projects, including water, wastewater, and, in some localities, electric utility systems. Of the total Cities revenue debt outstanding, the Big 6 Cities (Houston, San Antonio, Dallas, Austin, Fort Worth, and El Paso, including revenue debt issued by the Dallas/Fort Worth International Airport) accounted for an average of 80.8 percent over the last five years and 82.1 percent over the last 10 years. Separately, WD revenue debt increased 52.5 percent from \$13.40 billion to \$20.43 billion in the five-year period, and Counties debt increased 20.2 percent from \$2.14 billion to \$2.58 billion during the same time period.

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

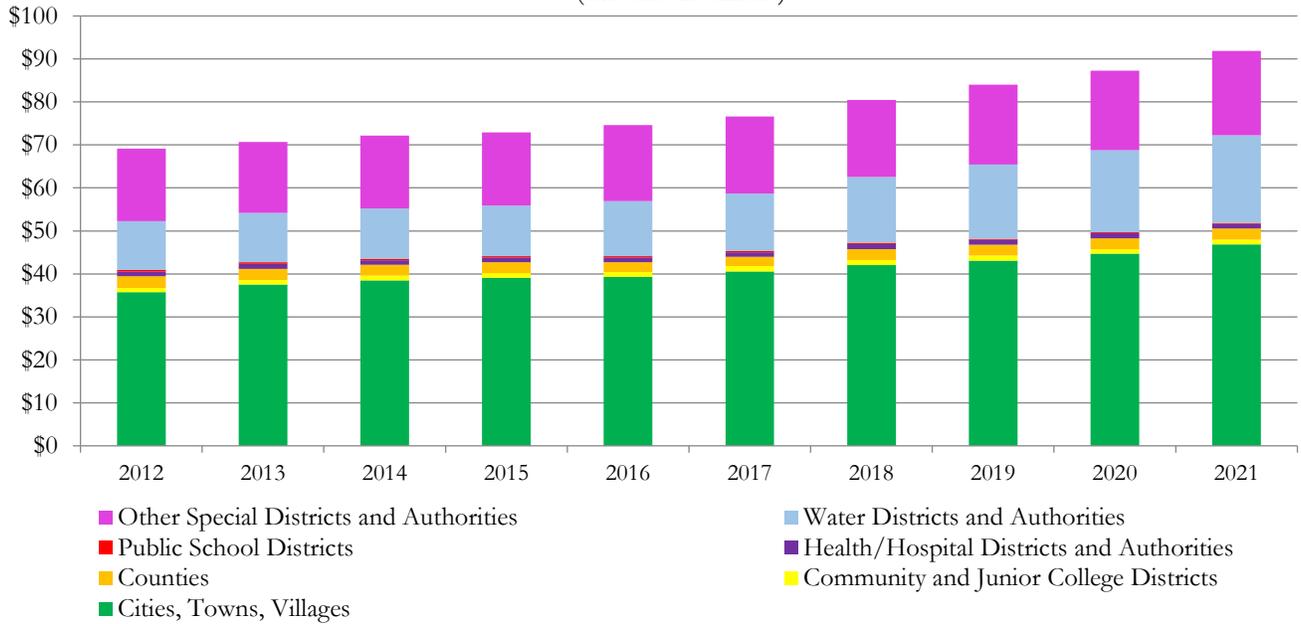
	8/31/2017	8/31/2018	8/31/2019	8/31/2020	8/31/2021
Public School Districts	\$300.6	\$268.7	\$258.8	\$219.4	\$196.3
Cities, Towns, Villages	40,586.0	42,027.2	43,084.1	44,685.9	46,876.5
Water Districts and Authorities	13,395.6	15,341.7	17,281.3	19,087.9	20,427.3
Other Special Districts and Authorities	17,910.5	17,963.4	18,568.8	18,572.4	19,590.9
Counties	2,144.9	2,538.8	2,486.3	2,485.3	2,577.2
Community and Junior College Districts	1,225.1	1,184.4	1,181.2	1,080.3	1,078.6
Health/Hospital Districts and Authorities	1,068.1	1,175.9	1,125.1	1,177.1	1,098.6
<b>Total Revenue Debt Outstanding*</b>	<b>\$76,630.8</b>	<b>\$80,500.0</b>	<b>\$83,985.6</b>	<b>\$87,308.3</b>	<b>\$91,845.4</b>

\*Includes commercial paper; excludes conduit debt.

Source: Texas Bond Review Board - Bond Finance Office.

Over the past 10 fiscal years, revenue debt outstanding has increased \$22.72 billion (32.9 percent) from \$69.13 billion in 2012. *Figure 3.1* illustrates local revenue debt outstanding by category over the past 10 fiscal years.

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

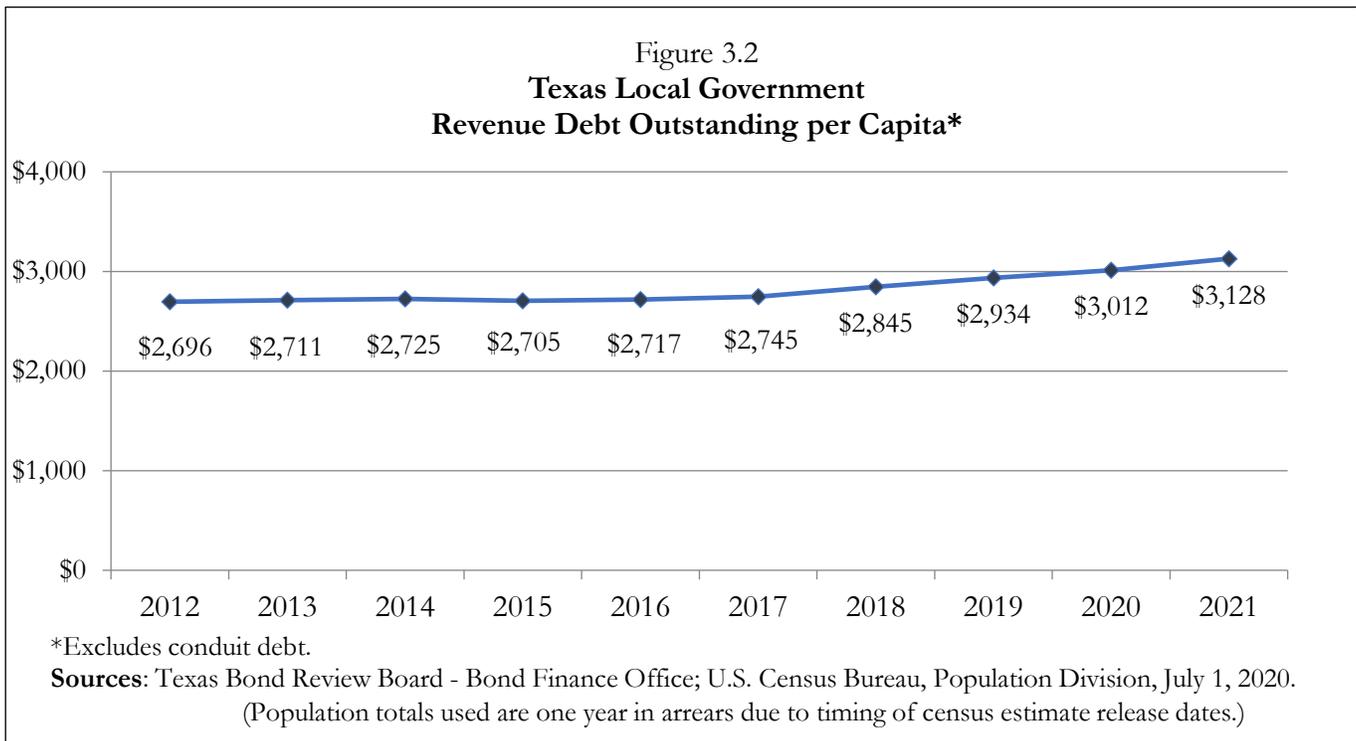


\*Excludes conduit debt; includes commercial paper.

Source: Texas Bond Review Board - Bond Finance Office.

### Revenue Debt per Capita

Local government revenue debt per capita increased over the past 10 years by 16.1 percent (or \$433 per person) from \$2,696 per capita in fiscal year 2012 to \$3,128 per capita in fiscal year 2021. Over this time, the state’s population increased by an estimated 14.5 percent (3.7 million), based on July 2020 U.S. Census Bureau population estimates, which were released December 2020 (*Figure 3.2*).



### Revenue Debt Issuance

Excluding conduit debt, new revenue debt issued during fiscal year 2021 totaled \$15.50 billion (\$5.52 billion in new money and \$9.99 billion in refunding debt). This is an increase of 18.0 percent from the total of \$13.13 billion issued in fiscal year 2020 and an increase of 105.8 percent from the total of \$7.54 billion issued in fiscal year 2017.

During this five-year period, Cities have consistently issued the most revenue debt. In fiscal year 2017, Cities completed 86 issues for a total of \$4.22 billion (56.0 percent of the 2017 total), of which \$2.14 billion was new money debt and \$2.08 billion was refunding debt. In 2021, Cities completed 142 issues for a total of \$6.48 billion (41.8 percent of the 2021 total), of which \$2.53 billion was new money debt and \$3.95 billion was refunding debt. Cities revenue debt includes debt issued by the Dallas/Fort Worth International Airport.

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Issuers</b>	111	139	120	141	162
<b>Issuances</b>	189	228	201	255	299
<b>Public School Districts</b>					
New Money	\$26.8	\$0.0	\$18.0	\$1.0	\$11.2
Refunding	21.6	0.0	28.1	29.7	0.0
<b>Total Par Issued</b>	<b>\$48.3</b>	<b>\$0.0</b>	<b>\$46.1</b>	<b>\$30.7</b>	<b>\$11.2</b>
<b>Cities, Towns, Villages</b>					
New Money	\$2,143.1	\$2,553.4	\$2,061.8	\$2,034.8	\$2,529.2
Refunding	2,080.2	2,106.1	2,590.6	6,262.3	3,950.1
<b>Total Par Issued</b>	<b>\$4,223.3</b>	<b>\$4,659.5</b>	<b>\$4,652.3</b>	<b>\$8,297.1</b>	<b>\$6,479.3</b>
<b>Water Districts and Authorities</b>					
New Money	\$1,155.5	\$2,383.9	\$2,282.5	\$2,258.2	\$1,387.2
Refunding	787.3	563.4	516.9	1,491.0	1,871.6
<b>Total Par Issued</b>	<b>\$1,942.8</b>	<b>\$2,947.3</b>	<b>\$2,799.4</b>	<b>\$3,749.2</b>	<b>\$3,258.8</b>
<b>Other Special Districts and Authorities</b>					
New Money	\$506.1	\$35.3	\$1,183.9	\$178.9	\$1,032.9
Refunding	295.8	2,909.4	1,324.5	645.0	3,955.9
<b>Total Par Issued</b>	<b>\$801.9</b>	<b>\$2,944.7</b>	<b>\$2,508.4</b>	<b>\$823.9</b>	<b>\$4,988.8</b>
<b>Counties</b>					
New Money	\$0.0	\$443.1	\$5.1	\$5.1	\$434.3
Refunding	0.0	220.6	136.3	90.3	34.0
<b>Total Par Issued</b>	<b>\$0.0</b>	<b>\$663.7</b>	<b>\$141.3</b>	<b>\$95.3</b>	<b>\$468.2</b>
<b>Community and Junior College Districts</b>					
New Money	\$155.7	\$30.3	\$118.6	\$0.0	\$80.3
Refunding	103.8	45.9	26.9	25.2	153.7
<b>Total Par Issued</b>	<b>\$259.5</b>	<b>\$76.3</b>	<b>\$145.4</b>	<b>\$25.2</b>	<b>\$233.9</b>
<b>Health/Hospital Districts and Authorities</b>					
New Money	\$88.0	\$212.8	\$25.6	\$109.7	\$40.9
Refunding	171.0	2.6	0.0	2.7	22.2
<b>Total Par Issued</b>	<b>\$259.1</b>	<b>\$215.4</b>	<b>\$25.6</b>	<b>\$112.4</b>	<b>\$63.1</b>
<b>Total New Money</b>	<b>\$4,075.3</b>	<b>\$5,658.8</b>	<b>\$5,695.4</b>	<b>\$4,587.7</b>	<b>\$5,515.9</b>
<b>Total Refunding</b>	<b>\$3,459.7</b>	<b>\$5,848.1</b>	<b>\$4,623.2</b>	<b>\$8,546.1</b>	<b>\$9,987.4</b>
<b>Total Par</b>	<b>\$7,535.0</b>	<b>\$11,506.8</b>	<b>\$10,318.6</b>	<b>\$13,133.8</b>	<b>\$15,503.3</b>

\*Excludes commercial paper and conduit debt.

Source: Texas Bond Review Board - Bond Finance Office.

Revenue new money debt issuance over the past five years has risen from \$4.08 billion in 2017 to \$5.52 billion in 2021. This is an increase of 35.4 percent.

Revenue refunding debt issuance reached a five-year low in 2017 at \$3.46 billion, while showing an overall increase of 188.7 percent for the five-year period from \$3.46 billion in 2017 to \$9.99 billion in 2021.

The amounts of Gross Cash Savings and Net Present Value Savings earned from revenue refunding issuance over the past five years have fluctuated from \$522.4 million and \$360.4 million, respectively, in 2017 to \$1.08 billion and \$971.5 million, respectively, in 2021.

During this period, Texas local governments issued \$32.46 billion in revenue refunding debt to realize \$4.98 billion in Gross Cash Savings and \$3.69 billion in Net Present Value Savings.

### Rate of Revenue Debt Retirement

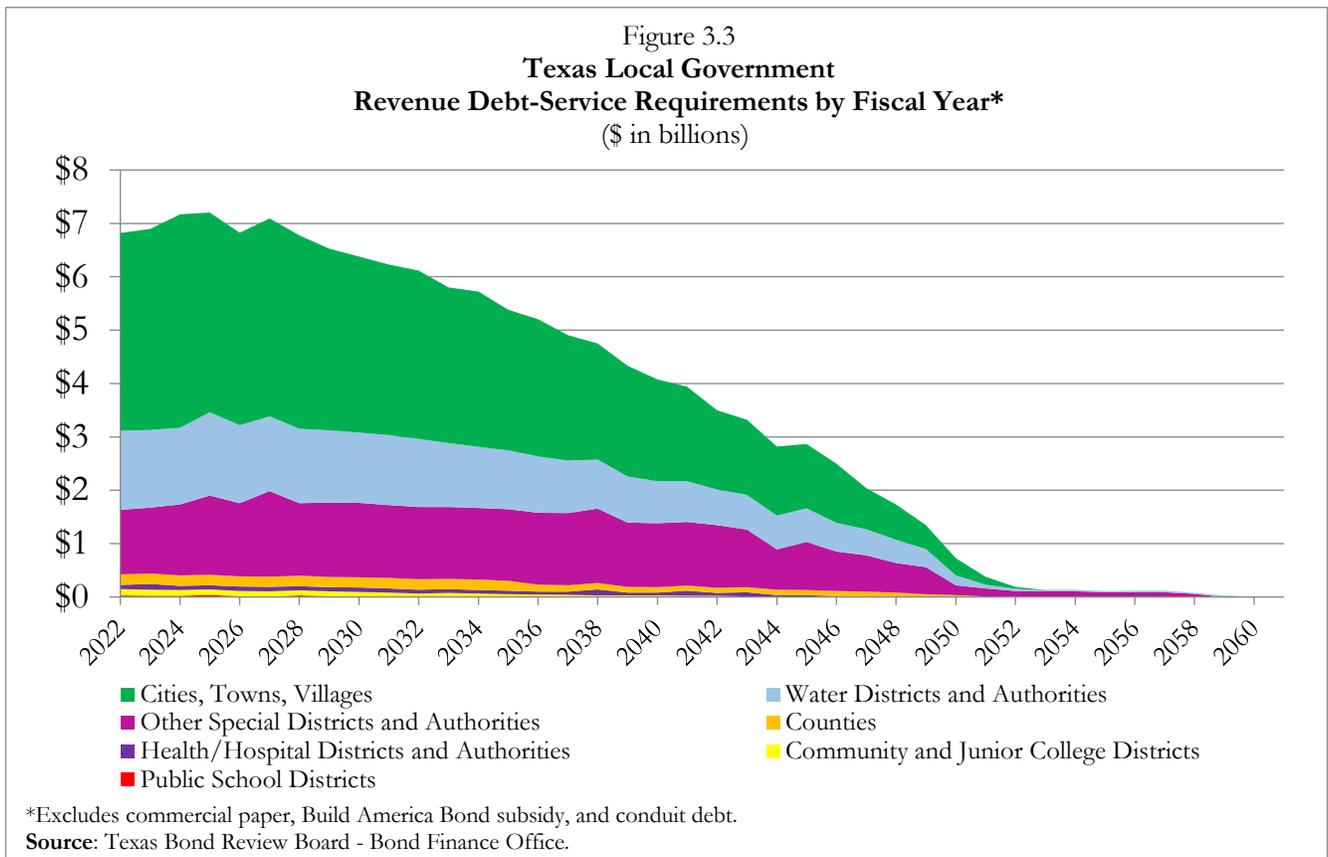
Timely repayment of debt is an important factor used by rating agencies to assess a municipal issuer's financial performance. As a guideline, rating agencies look for a repayment schedule that retires 25 percent of principal a quarter through the life of the debt and 50 percent halfway through the life of the debt. For debt outstanding as of fiscal year-end 2021, Texas local governments will repay 20.1 percent (\$18.23 billion) of revenue debt within five years, 41.8 percent (\$37.85 billion) within 10 years, and 79.5 percent (\$71.99 billion) within 20 years (*Table 3.3*). As of August 31, 2021, 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	\$85.6	43.6%	\$147.2	75.0%	\$194.2	98.9%
Cities, Towns, Villages	10,204.2	22.1%	20,812.8	45.1%	38,430.7	83.4%
Water Districts and Authorities	4,211.8	20.9%	8,606.6	42.6%	15,974.9	79.2%
Other Special Districts and Authorities	2,736.2	14.1%	6,201.7	32.0%	13,521.2	69.9%
Counties	432.0	16.8%	968.4	37.6%	1,942.3	75.4%
Community and Junior College Districts	362.6	33.6%	690.6	64.0%	1,027.5	95.3%
Health/Hospital Districts and Authorities	202.1	18.4%	424.8	38.7%	895.1	81.5%
<b>TOTALS</b>	<b>\$18,234.5</b>	<b>20.1%</b>	<b>\$37,852.0</b>	<b>41.8%</b>	<b>\$71,985.8</b>	<b>79.5%</b>

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

### Revenue Debt Service Outstanding

As of August 31, 2021, scheduled revenue debt-service requirements (principal and interest) projected over the life of the debt totaled \$140.26 billion, with all scheduled payments made by fiscal year 2061. *Figure 3.3* illustrates the scheduled annual revenue debt-service requirements for each of the local government types.



## Chapter 4

### Capital Appreciation Bonds

#### Overview

Capital appreciation bonds (CABs) are sold at a discounted price called the par amount. They are often sold in combination with current interest bonds (CIBs). While the debt service for CIBs is paid throughout the life of the obligation, principal and interest on CABs is paid at maturity. Interest on CABs compounds semiannually and accumulates over the life of the bond, and the amount paid at the maturity is called the maturity value. Interest rates for CABs are generally higher than for CIBs, and CABs can be more expensive than CIBs because of the compounding interest. However, CABs can be an effective financing tool if they are used moderately and with reasonable terms.

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

Over the past decade, total CAB maturity amounts outstanding have decreased by 45.2 percent from \$16.93 billion in fiscal year 2012 to \$9.27 billion in fiscal year 2021. Additionally, CAB maturity amounts outstanding have decreased 5.9 percent from \$9.85 billion outstanding in fiscal year 2020. The outstanding CAB maturities range from fiscal years 2022 to 2054.

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 2021 was 0.3 percent (\$124.9 million) of the total CAB and CIB debt issued (\$47.44 billion). Public School Districts (School Districts) issuances accounted for 95.1 percent (\$118.7 million) of the total CABs issued for local governments during fiscal year 2021. Of the total par issued by School Districts, 0.7 percent was issued as CAB par. 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 2021, Texas local governments will owe \$5.32 in interest and principal for every \$1 of principal borrowed.

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

Table 4.1 Texas Local Government Capital Appreciation Bonds Issued in Fiscal Year 2021 (\$ 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	\$17,805,461	\$118,750	0.67%	95.10%	\$651,701	\$854,325	98.42%
Cities, Towns, Villages	13,678,082	0	0.00%	0.00%	0	0	0.00%
Water Districts	7,088,513	3,735	0.05%	2.99%	1,477	5,440	0.63%
Other Special Districts	5,015,689	0	0.00%	0.00%	0	0	0.00%
Counties	2,167,563	694	0.03%	0.56%	1,093	1,835	0.21%
Comm Colleges/Junior Colleges	1,527,660	1,687	0.11%	1.35%	4,358	6,410	0.74%
Health/Hospital Districts	157,371	0	0.00%	0.00%	0	0	0.00%
<b>Total</b>	<b>\$47,440,338</b>	<b>\$124,866</b>	<b>0.26%</b>	<b>100.00%</b>	<b>\$658,629</b>	<b>\$868,010</b>	<b>100.00%</b>

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 2017, the total amount of CAB par issued has increased 145.0 percent from \$51.0 million in fiscal year 2017 to \$124.9 million in fiscal year 2021.

Table 4.2 Texas Local Government Capital Appreciation Bonds Par Amount Issued by Fiscal Year (\$ in millions)					
	2017*	2018	2019	2020	2021
Public School Districts	\$38.1	\$16.3	\$1.5	\$91.7	\$118.7
Cities, Towns, Villages	1.2	0.4	-	0.4	-
Water Districts and Authorities	11.6	0.6	0.3	1.2	3.7
Other Special Districts and Authorities	-	-	-	-	-
Counties	-	-	-	1.2	0.7
Community and Junior Colleges	0.0	-	-	0.3	1.7
Health/Hospital Districts	-	-	-	-	-
<b>Total CAB Par Amount Issued</b>	<b>\$51.0</b>	<b>\$17.3</b>	<b>\$1.9</b>	<b>\$94.8</b>	<b>\$124.9</b>
<b>Total Par Amount Issued**</b>	<b>\$29,920.6</b>	<b>\$32,624.6</b>	<b>\$29,721.6</b>	<b>\$40,827.4</b>	<b>\$47,440.3</b>
<b>CAB Par Amount % of Total</b>	<b>0.17%</b>	<b>0.05%</b>	<b>0.01%</b>	<b>0.23%</b>	<b>0.26%</b>

\* CCDs issued \$35,000 of CABs in 2017.  
\*\* Includes current interest bonds. Excludes commercial paper authorizations and conduit issuances.  
**Source:** Bond Review Board - Bond Finance Office.

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

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

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

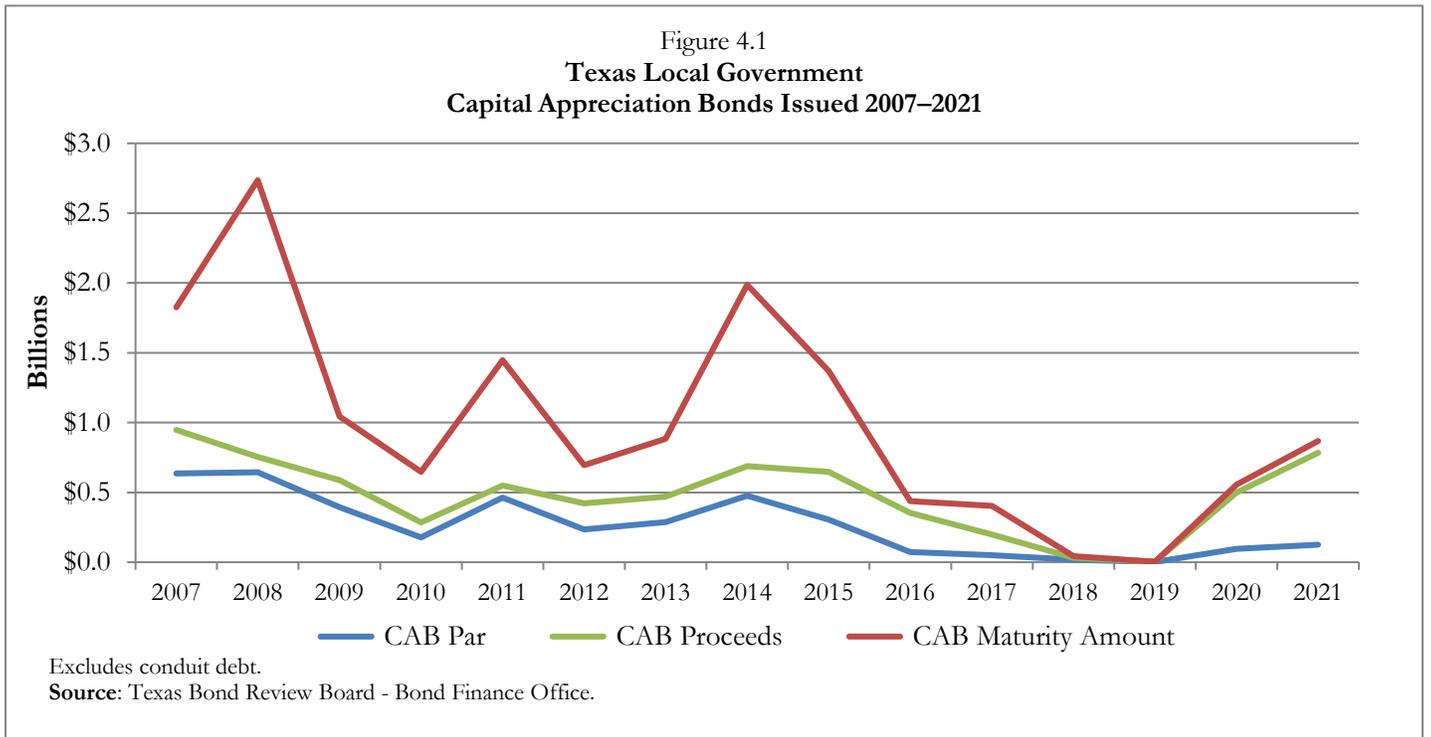
Table 4.3 lists the top 20 most expensive CABs issued and outstanding as of fiscal year-end 2021 as defined by the “Maturity Value/Proceeds” ratio. CABs become increasingly more expensive as interest continues to compound with longer term maturities. For comparison, the Maturity Value/Proceeds ratio 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, 2021

Issuer	Issue	Closing Date	CAB Maturity Date	Maturity Value/Par	Maturity Value/Proceeds	Accreted Interest/Proceeds Ratio
Forney ISD	Unl Tax Ref Bonds Txbl Ser 2014A	2/18/2014	8/15/2053	12.69	10.87	10.01
Forney ISD	Unl Tax Ref Bonds Ser 2014	2/18/2014	8/15/2053	10.17	8.34	7.52
Harris County-Houston Sports Authority	Sr Lien Rev Ref Bonds Ser 2001A	5/17/2001	5/15/2041	7.10	7.10	6.10
Forney ISD	Unl Tax Ref Bonds Txbl Ser 2013B	8/27/2013	8/15/2043	7.94	6.89	6.03
Hutto ISD	Unl Tax Ref Bonds Ser 2012A	5/3/2012	8/1/2044	249.18	6.71	6.68
Harris County-Houston Sports Authority	Third Lien Rev Ref Bonds Ser 2004A-3	8/5/2004	5/15/2040	6.41	6.41	5.41
Harris County-Houston Sports Authority	Jr Lien Rev Bonds Ser 2001H	1/2/2002	5/15/2042	6.15	6.15	5.15
Anna ISD	Unl Tax School Bldg Bonds Ser 2010	4/8/2010	8/15/2043	12.00	5.82	5.33
Forney ISD	Unl Tax Ref Bonds Ser 2013A	8/27/2013	8/15/2043	9.35	5.49	4.90
Lake Worth ISD	Unl Tax Ref Bonds Ser 1995	9/21/1995	8/15/2024	8.25	5.31	4.66
Robstown ISD	Unl Tax School Bldg & Ref Bonds Ser 1994	1/4/1995	8/15/2022	13.16	5.26	4.86
Anna ISD	Unl Tax School Bldg Bonds Ser 2009	10/15/2009	8/15/2042	7.57	5.26	4.56
Galena Park ISD	Unl Tax School Bldg & Ref Bonds Ser 1996	8/20/1996	8/15/2031	6.09	5.11	4.27
Crowley ISD	Unl Tax Ref & School Bldg Bonds Ser 1993	5/19/1993	8/1/2023	9.87	5.04	4.53
Central Texas Regional Mobility Authority	Sr Lien Rev Bonds Ser 2010	3/11/2010	7/1/2040	5.03	5.03	4.03
Hillsboro ISD	Unl Tax School Bldg & Ref Bonds Ser 2001	2/15/2001	8/15/2031	75.90	4.94	4.88
Alvarado ISD	Unl Tax Ref Bonds Ser 1995	6/29/1995	8/15/2025	14.78	4.83	4.50
Frisco ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	9/24/2002	8/15/2034	11.65	4.79	4.37
Crowley ISD	Unl Tax School Bldg & Ref Bonds Ser 2002	2/19/2002	8/1/2031	47.10	4.78	4.67
Harris County-Houston Sports Authority	Sr Lien Rev Ref Bonds Ser 2014A	12/23/2014	5/15/2054	4.77	4.77	3.77

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 2007.



**CABs Outstanding**

Table 4.4 provides a comparison between the total CAB debt outstanding and total CIB and CAB debt outstanding for each type of local government entity. The CAB maturity amount outstanding (principal plus interest) is 2.4 percent (\$9.27 billion) of total debt-service owed by local governments. School Districts owe the most CAB debt service at 48.6 percent of total CAB debt-service owed among all local governments. While CAB par was 0.7 percent of total CIB and CAB par outstanding at fiscal year-end 2021, CAB interest accounted for 6.0 percent of total interest owed.

Table 4.4 Texas Local Government Capital Appreciation Bonds Outstanding as of August 31, 2021 (\$ 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	\$96,912,189	\$755,249	0.78%	\$49,389,197	\$3,750,586	7.59%	\$146,301,386	\$4,505,836	3.08%	43.36%	48.58%
Cities, Towns, Villages	83,189,242	177,629	0.21%	35,277,649	902,984	2.56%	118,466,891	1,080,612	0.91%	10.20%	11.65%
Water Districts	39,438,878	95,983	0.24%	15,766,354	200,102	1.27%	55,205,231	296,085	0.54%	5.51%	3.19%
Other Special Districts	19,510,421	656,836	3.37%	14,857,902	2,551,636	17.17%	34,368,323	3,208,472	9.34%	37.71%	34.59%
Counties	15,173,132	30,424	0.20%	6,069,658	79,941	1.32%	21,242,790	110,365	0.52%	1.75%	1.19%
Comm Colleges / Junior Colleges	6,018,199	14,506	0.24%	2,533,575	20,609	0.81%	8,551,774	35,115	0.41%	0.83%	0.38%
Health & Hospital Districts	3,507,195	11,149	0.32%	2,045,774	26,757	1.31%	5,552,969	37,906	0.68%	0.64%	0.41%
Total	\$263,749,257	\$1,741,776	0.66%	\$125,940,109	\$7,532,615	5.98%	\$389,689,366	\$9,274,391	2.38%	100.00%	100.00%

Excludes commercial paper, conduit debt and Build America Bond subsidies.  
**Source:** Texas Bond Review Board - Bond Finance Office

Figure 4.2 below shows the maturity amount (principal plus interest) for each local government entity with CABs outstanding since 2007.

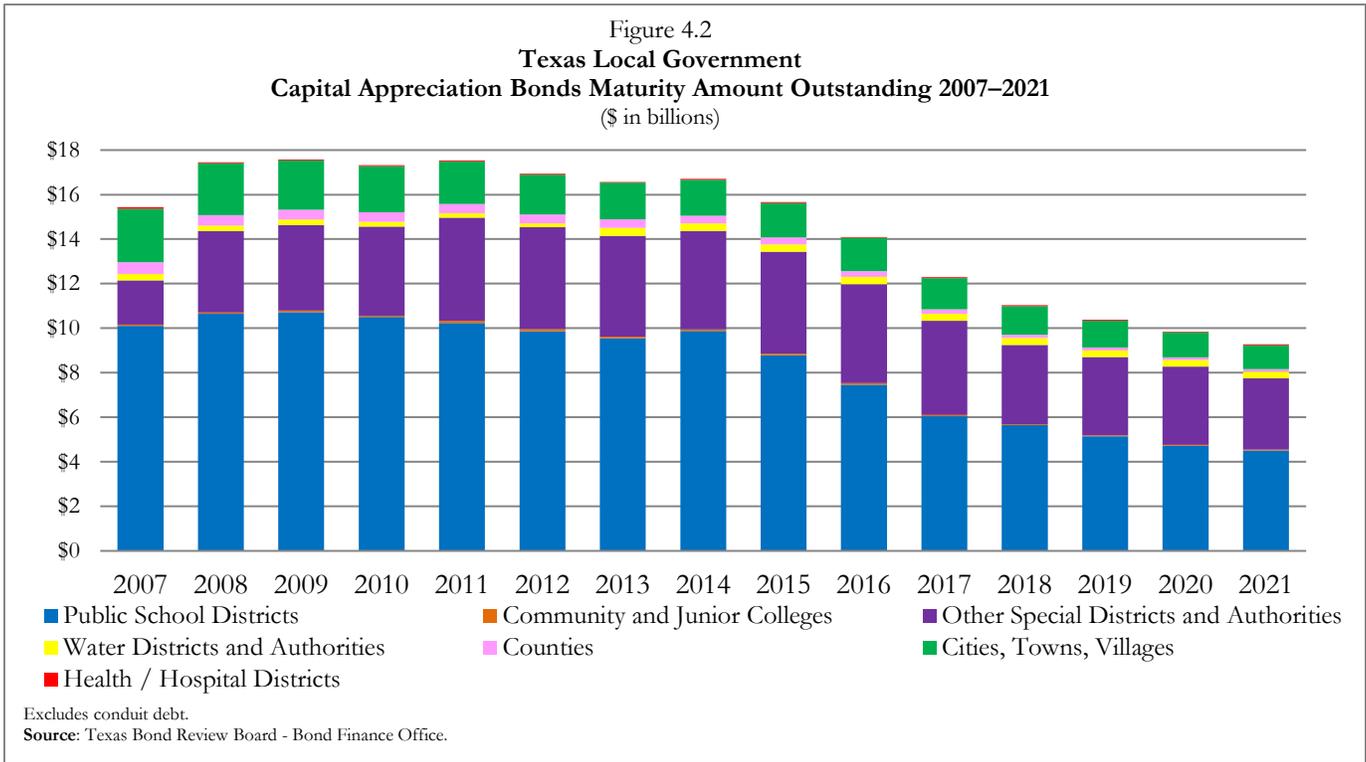


Figure 4.3 shows CIB debt service and CAB debt service for all local governments since 2007. In fiscal year 2021, CAB maturity amounts accounted for 2.4 percent (\$9.27 billion) of the total debt service outstanding.

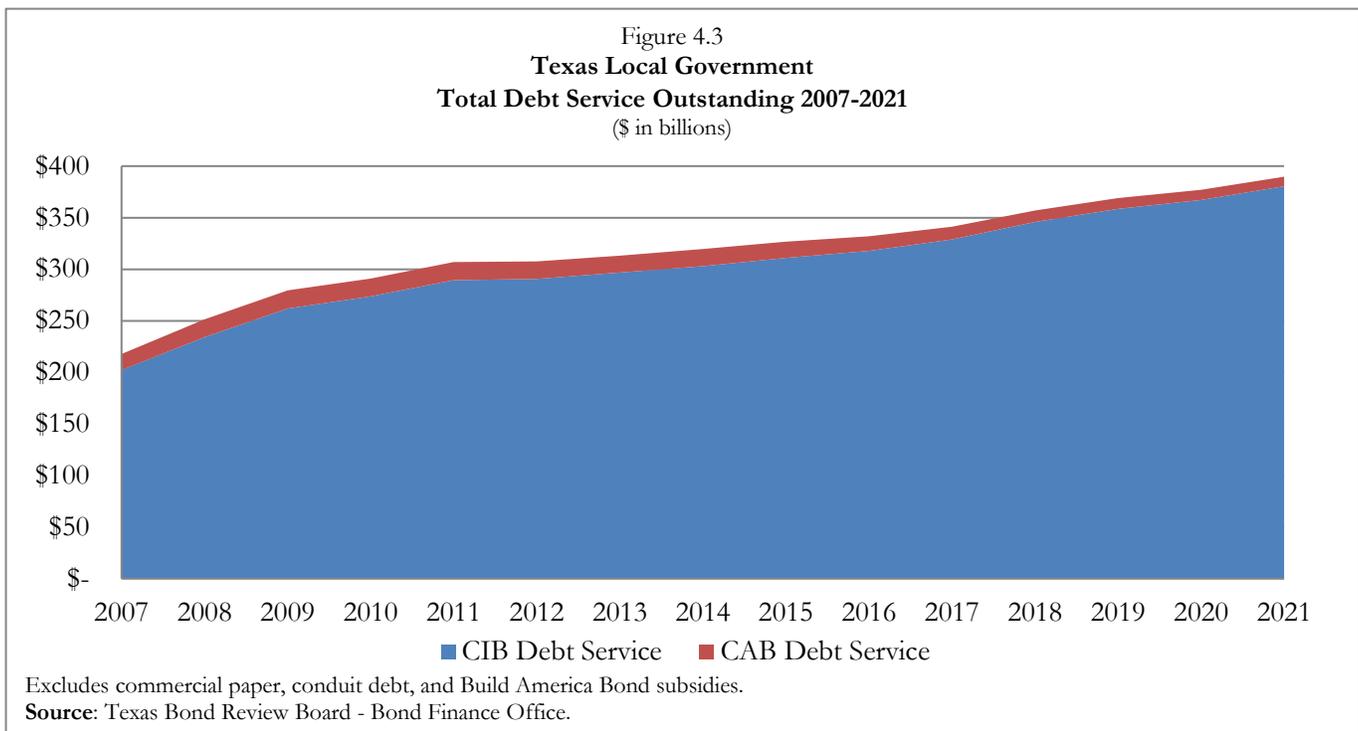


Figure 4.4 compares the ratio of total debt service to total par outstanding for CIB and CAB debt for all local governments. On average, issuers of CAB debt paid \$3.69 in principal and interest for every \$1 of principal borrowed since 2007 compared to \$1.62 for CIB debt.

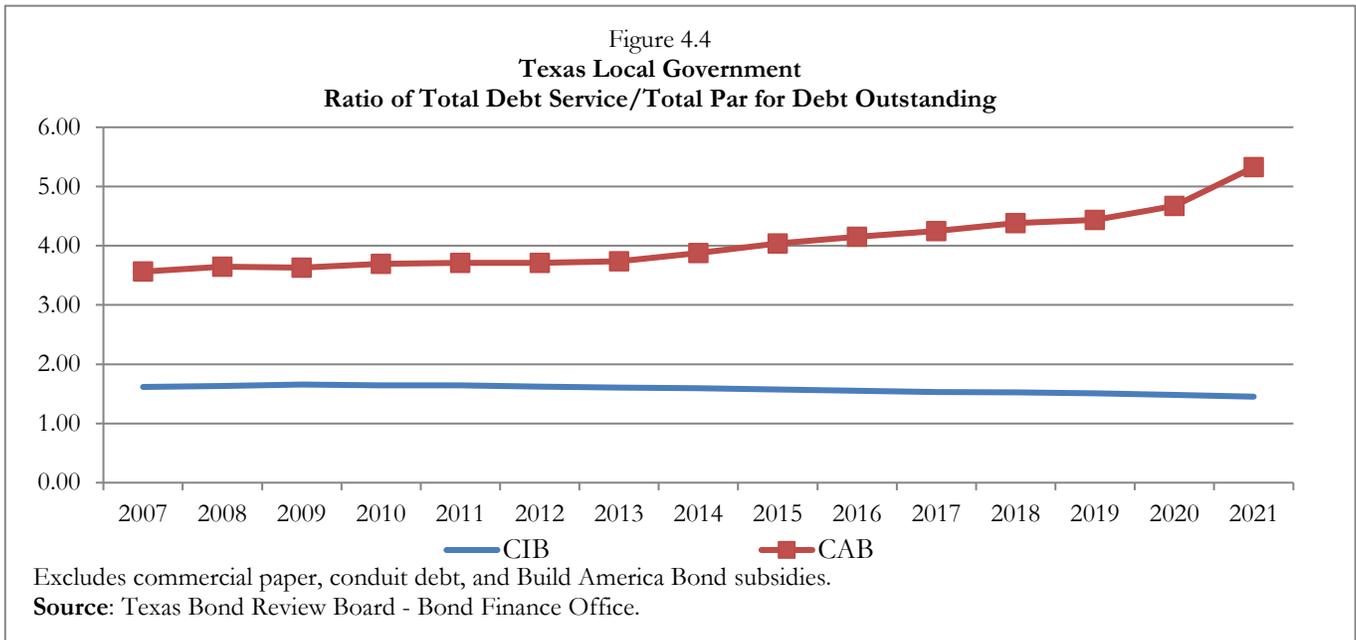
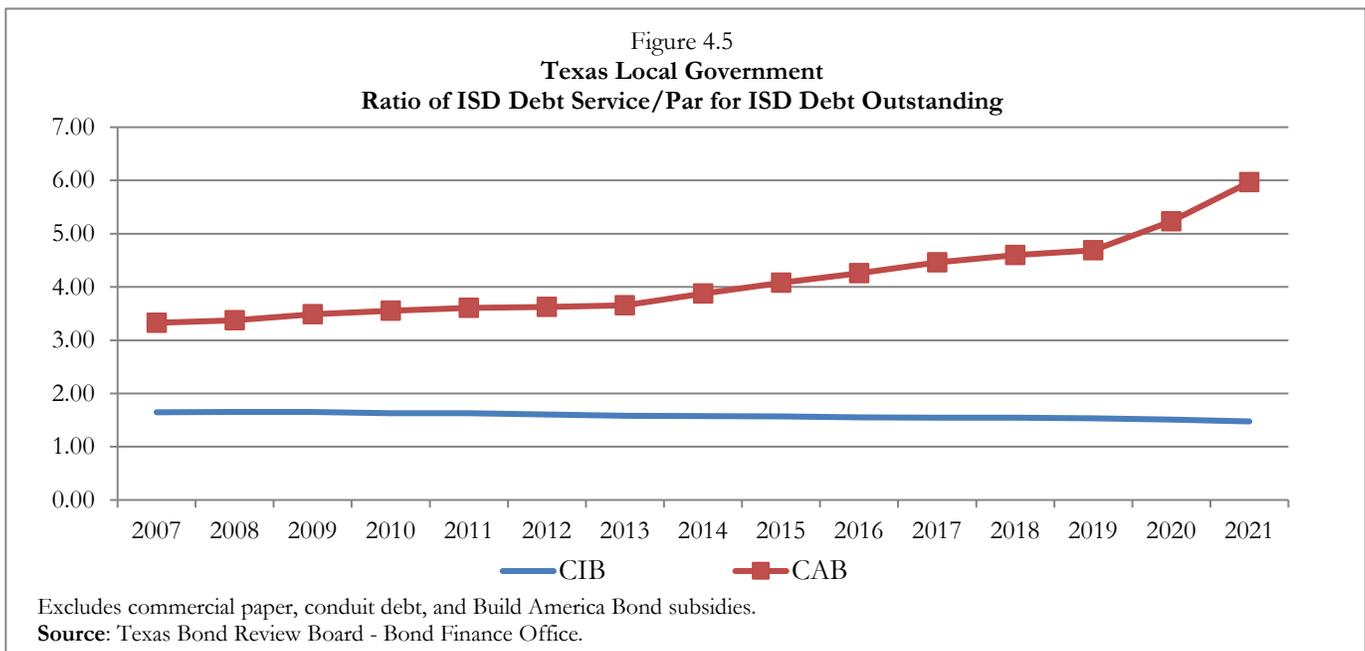


Figure 4.5 compares the ratio of School District debt service to ISD debt outstanding for CIB and CAB debt. On average, School Districts paid \$4.12 in principal and interest for every \$1 of principal borrowed since 2007 for CAB debt compared to \$1.58 for CIB debt.



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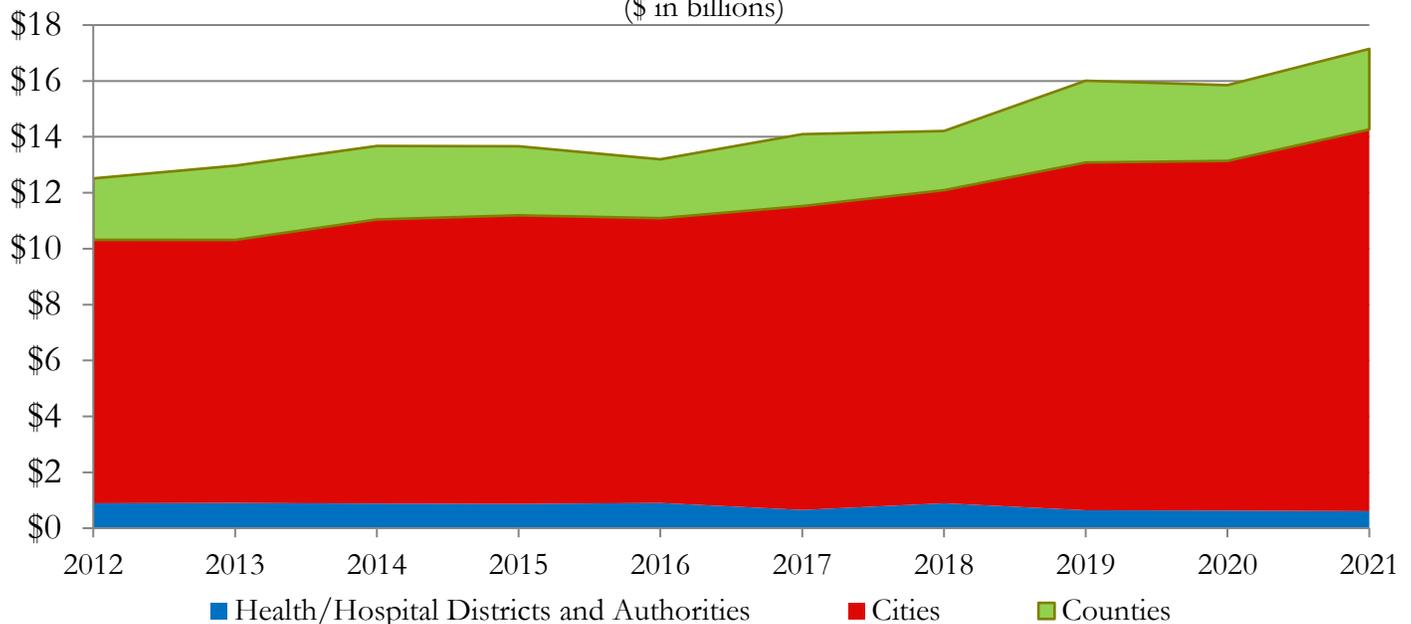
## Chapter 5 Certificates of Obligation

Certificates of Obligation (COs) are authorized by the Certificate of Obligation Act of 1971, Subchapter C of Chapter 271 of the Texas Local Government Code. COs are generally issued as tax-supported debt to pay for: the construction of a public work; the purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way; and professional services, such as engineers, architects, attorneys, and financial advisors. Debt for COs is paid from ad valorem taxes and/or a combination of revenues available from other sources. CO issuance does not require voter approval unless a valid petition of 5 percent of the voters requesting an election is presented.

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

Since fiscal year 2012, CO debt outstanding has increased by 37.0 percent (\$4.63 billion) from \$12.51 billion outstanding in fiscal year 2012 to \$17.15 billion outstanding in fiscal year 2021. Cities accounted for 79.6 percent of the total CO debt outstanding at fiscal year-end 2021 (*Figure 5.1*).

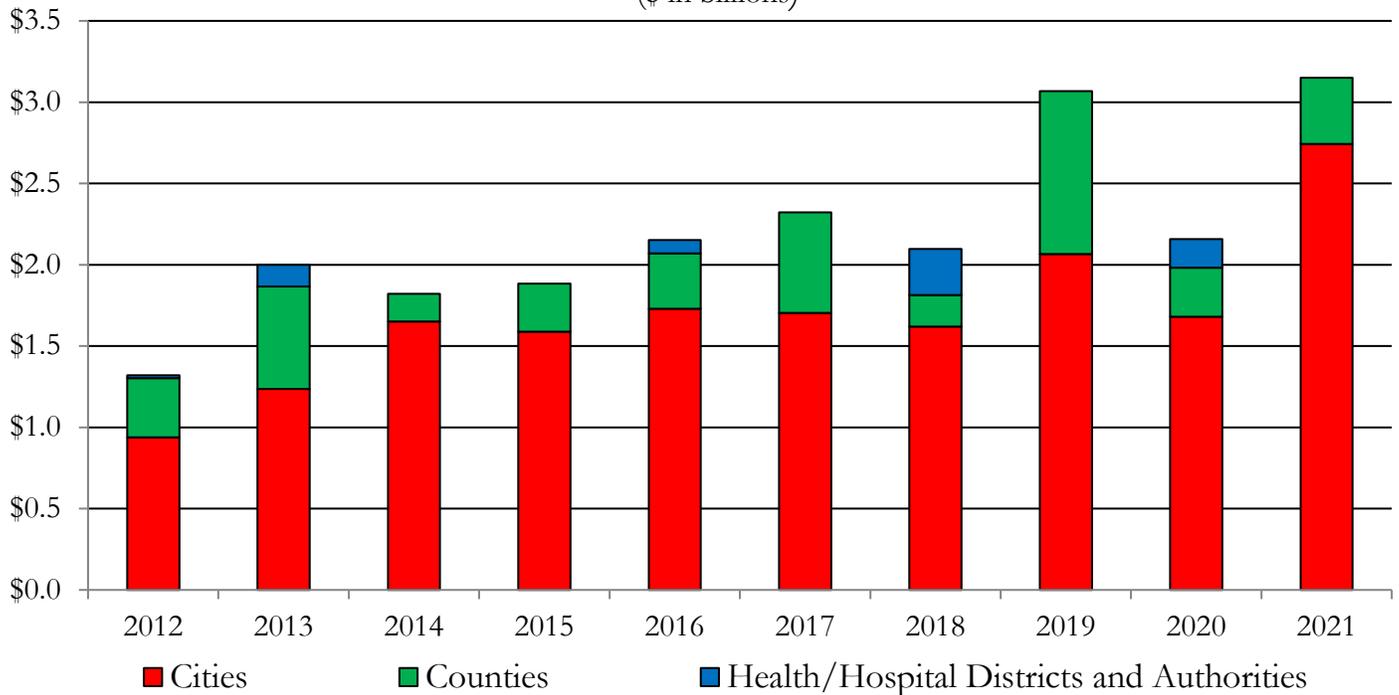
Figure 5.1  
**Texas Local Government  
Total Certificates of Obligation Debt Outstanding\***  
(\$ in billions)



\*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.

Figure 5.2  
**Texas Local Government**  
**Certificates of Obligation Debt Issuance by**  
**Cities, Counties, and Health/Hospital Districts and Authorities by Fiscal Year\***  
 (\$ 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.

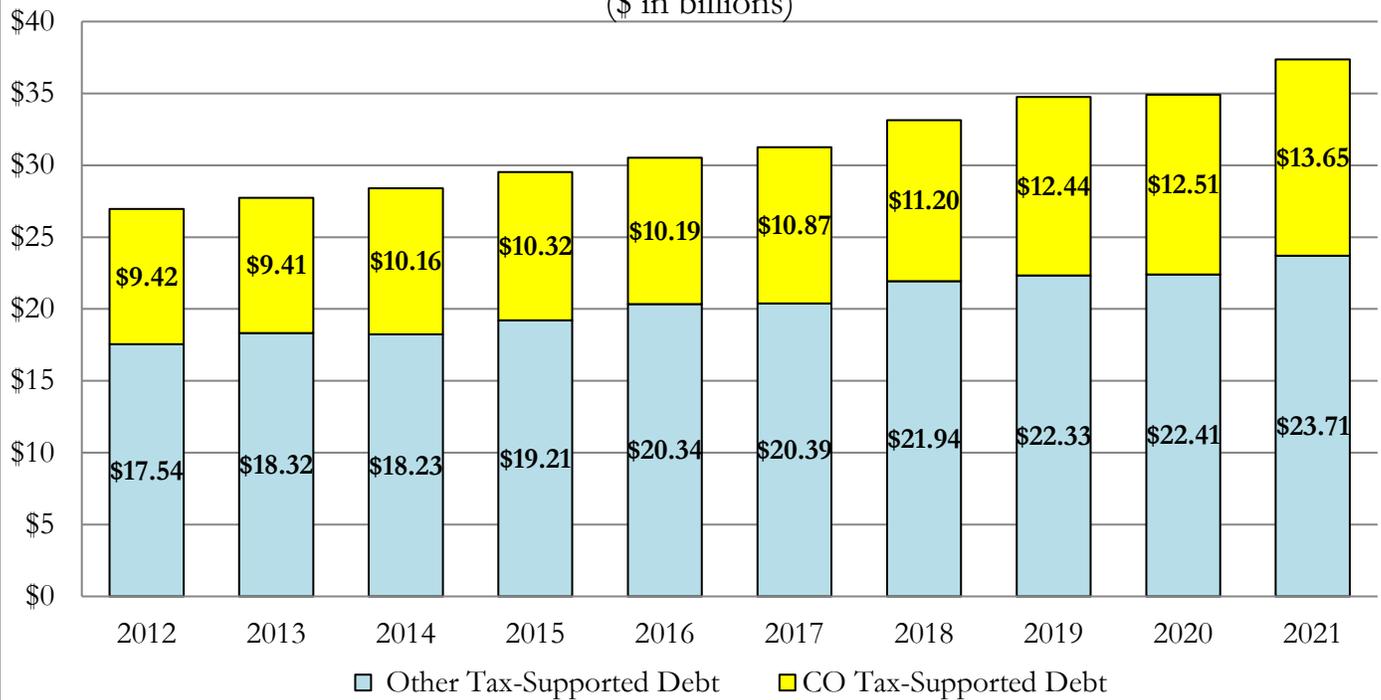
The 20 highest issuers of CO debt accounted for 38.9 percent of all CO debt outstanding (*Table 5.1*).

Table 5.1 <b>Texas Local Government</b> <b>Top 20 Issuers with Certificates of Obligation Debt Outstanding</b> <b>as of August 31, 2021</b> (\$ in millions)	
Bexar County	\$559.9
Denton	552.4
Travis County	548.2
San Antonio	536.1
El Paso	522.0
Bexar County Hospital District	398.8
Waco	388.4
Austin	357.9
Lubbock	355.6
Frisco	307.4
Conroe	288.2
Hidalgo County	277.0
College Station	272.8
San Marcos	260.5
Grand Prairie	256.2
Celina	208.2
Temple	160.9
Richardson	140.3
Round Rock	140.3
Laredo	134.1
Subtotal	\$6,665.0
Other CO Issuers	10,482.5
Total	\$17,147.5
Includes debt secured by a combination of ad valorem taxes and other revenue sources.	
Excludes conduit debt.	
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.	

### Cities, Towns, Villages

Over the past 10 fiscal years, tax-supported CO debt outstanding has increased by 44.9 percent (\$4.23 billion) from \$9.42 billion to \$13.65 billion. As of fiscal year 2021, outstanding tax-supported CO debt represents 36.5 percent of the total Cities tax-supported debt outstanding and 16.2 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 2021, 671 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 49.2 percent (\$6.49 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, 2021			
	CO Amount (\$ in millions)	CO Debt per Capita*	CO as % of City Tax-Supported Debt Outstanding
Denton	\$552.4	\$3,949	64.5%
San Antonio	536.1	374	23.3%
El Paso	522.0	769	35.1%
Waco	388.4	2,804	72.6%
Austin	357.9	372	23.0%
Lubbock	355.6	1,383	48.9%
Frisco	307.4	1,533	35.9%
Conroe	288.2	3,204	79.0%
College Station	272.8	2,264	69.6%
San Marcos	260.5	3,856	65.6%
Grand Prairie	256.2	1,306	67.3%
Celina	208.2	12,439	93.9%
Temple	160.9	1,961	57.1%
Richardson	140.3	1,174	42.1%
Round Rock	140.3	1,174	50.1%
Laredo	134.1	526	44.1%
Sugar Land	128.5	1,158	41.7%
Flower Mound	128.2	1,687	81.0%
Bryan	125.2	1,491	56.4%
Mansfield	123.1	1,695	81.4%
Georgetown	120.8	1,798	39.9%
Garland	120.5	490	39.2%
Pflugerville	119.6	1,835	40.0%
Midland	117.9	890	45.9%
Hutto	110.9	4,020	61.0%
Pharr	107.7	1,351	86.3%
Baytown	107.6	1,286	52.8%
Irving	100.9	393	20.6%
Fort Worth	100.5	109	11.7%
Coppell	99.5	2,316	79.9%
Subtotal	\$6,492.0		
Other Cities	7,165.3		
<b>Total</b>	<b>\$13,657.3</b>		

Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
Excludes conduit debt.  
\* Population data from the July 2020 U.S. Census Population Division.  
**Source:** Texas Bond Review Board - Bond Finance Office.

The CO debt for the Big 6 accounted for 11.7 percent (\$1.55 billion) of the total Cities' CO debt outstanding (*Table 5.3*).

Table 5.3 Texas Cities Big 6 Cities with Certificates of Obligation Outstanding as of August 31, 2021				
	CO Amount (\$ in millions)	CO Debt per Capita	CO as % of Issuer's Tax-Supported Debt Outstanding	Rank by CO Debt Outstanding
San Antonio	\$536.1	374	23.3%	2nd
El Paso	522.0	769	35.1%	3rd
Austin	357.9	372	23.0%	5th
Fort Worth	100.5	109	11.7%	29th
Dallas	17.1	13	0.8%	160th
Houston	14.3	6	0.4%	181st
<b>Subtotal</b>	<b>\$1,547.9</b>			
Other City CO Issuers	12,109.4			
<b>Total</b>	<b>\$13,657.3</b>			

Includes debt secured by a combination of ad valorem taxes and other revenue sources.  
 \* Population data from the July 2020 U.S. Census Population Division  
**Source:** Texas Bond Review Board - Bond Finance Office.

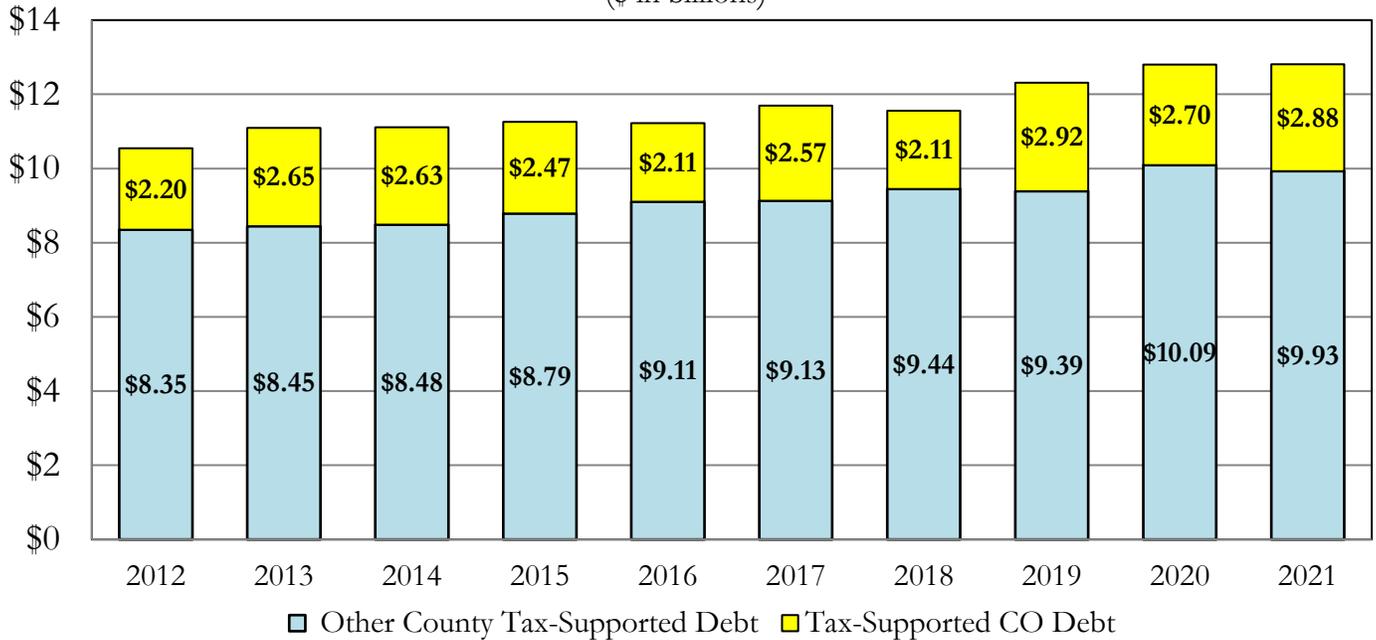
## Counties

As of August 31, 2021, Texas Counties had \$2.88 billion of CO debt outstanding. Of the Counties with CO debt outstanding, their CO debt accounted for 36.1 percent of their total tax-supported debt outstanding. Of the 86 Counties with CO debt outstanding, the top 20 had \$2.42 billion (84.3 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, 2021			
	CO Amount (\$ in millions)	CO Debt per Capita*	% of Issuer's Tax- supported Debt
Bexar County	\$559.9	\$279	29.7%
Travis County	548.2	425	52.0%
Hidalgo County	277.0	318	78.1%
Dallas County	111.9	43	95.9%
Cameron County	107.1	254	53.2%
Fort Bend County	104.1	126	16.5%
Bell County	80.1	216	50.2%
Nueces County	75.9	215	43.4%
Webb County	73.3	275	65.3%
Potter County	67.4	569	96.0%
Tom Green County	59.5	496	100.0%
Chambers County	53.4	1,147	57.9%
Comal County	49.3	305	37.8%
Brazos County	46.7	200	52.9%
Ector County	44.1	267	100.0%
Williamson County	36.6	60	3.2%
McLennan County	35.1	135	71.2%
Montgomery County	34.1	55	7.0%
Bastrop County	32.9	339	71.2%
Brazoria County	27.9	75	49.4%
Subtotal of Top 20 CO Issuers	\$2,424.4	\$205	34.8%
Other CO Issuers	457.8	126	44.8%
<b>Total</b>	<b>\$2,882.3</b>	<b>\$186</b>	<b>36.1%</b>
* Population data from the July 2020 U.S. Census Population Division. 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.			
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.			

Over the past 10 fiscal years ending August 31, 2021, Counties CO debt outstanding has increased by 31.3 percent from \$2.20 billion to \$2.88 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**

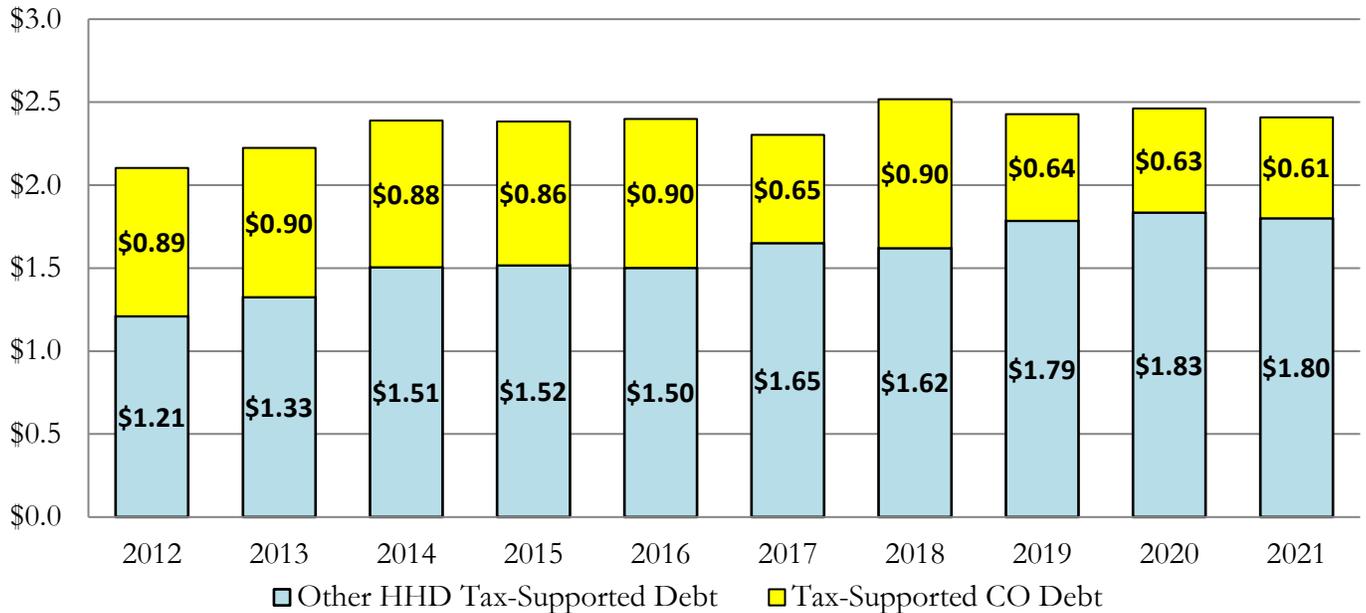
As of August 31, 2021, three HHDs had CO debt outstanding totaling \$608.0 million (*Table 5.5*). These issuances accounted for 25.2 percent of total HHD tax-supported debt outstanding and 17.3 percent of total HHD debt outstanding, including revenue debt.

Table 5.5 Texas Health/Hospital Districts and Authorities with Certificates of Obligation Outstanding as of August 31, 2021		
Issuer	Amount* (\$ in millions)	COs as % of Tax- Supported Debt Outstanding
Bexar County Hospital District (University Health System)	\$398.8	44.2%
El Paso County Hospital District	127.6	40.1%
Harris County Hospital District	81.5	100.0%
<b>Total</b>	<b>\$608.0</b>	

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

Figure 5.5 shows HHD CO debt outstanding relative to total tax-supported HHD debt outstanding. During the 10-year period, HHD CO debt outstanding decreased 32.0 percent from \$894.7 million in 2012 to \$608.0 million in 2021.

Figure 5.5  
**Texas Health/Hospital Districts and Authorities**  
**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.

## Appendix A Bond Election Results

Bond elections are required before the issuance of certain debt obligations that pledge unlimited or limited ad valorem taxes of a local government for repayment. Bond elections are generally held on a uniform election date. Section 41.001 of the Election Code states a uniform election date is one of the following: the first Saturday in May in an odd numbered year; the first Saturday in May in an even numbered year (excluding counties); or the first Tuesday after the first Monday in November.

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

Table A.1 shows the number of voter-approved bond elections for the past five fiscal years. During fiscal year 2021, a total of 151 local governments held 311 bond elections approving the potential issuance of \$18.50 billion of additional debt. Approximately 28 local governments cancelled 65 elections during the Nov 3, 2020, elections.

Separately, on November 2, 2021, 91 local governments held 174 bond elections, with 61 local governments approving 109 bond elections totaling \$8.31 billion.

	2017		2018		2019		2020		2021		Total Percentage Approved
	Elections Carried	Percent Carried									
ISDs	71	70%	97	72%	100	81%	49	75%	133	74%	75%
Cities	37	82%	67	82%	88	98%	19	63%	68	87%	86%
WDs	49	96%	81	94%	93	90%	29	91%	36	86%	92%
OSDs	0	N/A	0	N/A	0	N/A	1	100%	0	N/A	100%
Counties	12	92%	8	80%	6	100%	6	86%	5	63%	84%
CCDs	4	100%	0	0%	3	100%	1	100%	2	67%	83%
HHDs	1	100%	0	0%	3	100%	0	0%	0	N/A	67%
<b>Total</b>	<b>174</b>	<b>81%</b>	<b>253</b>	<b>81%</b>	<b>293</b>	<b>89%</b>	<b>105</b>	<b>77%</b>	<b>244</b>	<b>78%</b>	<b>82%</b>

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

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

Table A.2 Texas Local Government Estimated Bond Election Results by Fiscal Year (\$ in millions)					
	2017	2018	2019	2020	2021
<b>Public School Districts</b>					
Election Amount	\$8,707.0	\$13,478.1	\$14,340.6	\$7,232.9	\$16,030.6
Amount Approved	7,143.8	11,854.0	11,820.7	5,780.2	13,914.4
Percent Approved	82.0%	88.0%	82.4%	79.9%	86.8%
<b>Cities, Towns, Villages</b>					
Election Amount	\$3,039.5	\$3,896.4	\$3,153.8	\$906.0	\$3,002.4
Amount Approved	2,793.3	3,659.5	3,123.7	868.7	2,663.9
Percent Approved	91.9%	93.9%	99.0%	95.9%	88.7%
<b>Water Districts and Authorities</b>					
Election Amount	\$3,204.5	\$8,037.0	\$7,577.6	\$2,557.8	\$1,703.9
Amount Approved	3,184.6	7,808.3	7,254.4	2,451.7	1,444.8
Percent Approved	99.4%	97.2%	95.7%	95.9%	84.8%
<b>Other Special Districts and Authorities</b>					
Election Amount	\$0.0	\$0.0	\$0.0	\$3,500.0	\$0.0
Amount Approved	0.0	0.0	0.0	3,500.0	0.0
Percent Approved	N/A	N/A	N/A	100.0%	N/A
<b>Counties</b>					
Election Amount	\$551.7	\$707.4	\$917.0	\$712.6	\$392.4
Amount Approved	543.2	562.4	917.0	698.6	334.3
Percent Approved	98.5%	79.5%	100.0%	98.0%	85.2%
<b>Community and Junior College Districts</b>					
Election Amount	\$1,199.0	\$48.5	\$1,353.7	\$825.0	\$152.8
Amount Approved	1,199.0	0.0	1,353.7	825.0	138.9
Percent Approved	100.0%	0.0%	100.0%	100.0%	90.9%
<b>Health/Hospital Districts and Authorities</b>					
Election Amount	\$13.8	\$7.2	\$841.5	\$9.0	\$0.0
Amount Approved	13.8	0.0	841.5	0.0	0.0
Percent Approved	100.0%	0.0%	100.0%	0.0%	N/A
<b>Total Election Amount</b>	<b>\$16,715.6</b>	<b>\$26,174.6</b>	<b>\$28,184.2</b>	<b>\$15,743.4</b>	<b>\$21,282.0</b>
<b>Total Amount Approved</b>	<b>\$14,877.7</b>	<b>\$23,884.3</b>	<b>\$25,310.8</b>	<b>\$14,124.2</b>	<b>\$18,496.3</b>
<b>Total Percent Approved</b>	<b>89.0%</b>	<b>91.2%</b>	<b>89.8%</b>	<b>89.7%</b>	<b>86.9%</b>
<b>Source:</b> Bond Buyer, Municipal Advisory Council's <i>Texas Bond Reporter</i> , and U.S. Department of Justice, Civil Rights Division - Voting Section.					

The detailed results of the fiscal year 2021 elections are shown in *Tables A.3* through *A.6*.

Table A.3  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 01, 2021**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Public School Districts</b>			
Academy ISD	Bell	Athletic Facilities & School Building & Transportation	\$65.0
Azle ISD	Tarrant	School Building & Security	46.8
Bastrop ISD	Bastrop	Security	183.7
Broadus ISD	San Augustine	School Building	9.0
Burnet CISD	Burnet	Athletic Facilities Improvements & School Building & Buses & Safety & Sports Complex	52.5
Bushland ISD	Potter-Randall	School Building & Security	94.3
Calvert ISD	Robertson	School Building, Buses & Technology	10.0
China Spring ISD	McLennan	School Building & Athletics & Renovations	57.2
Cleburne ISD	Johnson	School Building & Buses & Technology	68.3
Cumby ISD	Hopkins-Hunt	Athletic Facilities Improvements & School Building	7.3
Deweyville ISD	Newton	School Building & Buses	7.0
Farmersville ISD	Collin	School Building	65.0
Fort Elliott CISD	Wheeler	School Building & Buses	3.0
Garrison ISD	Nacogdoches	School Building	12.0
Godley ISD	Johnson	School & buses & technology	168.5
Hawkins ISD	Wood	Athletic Facilities Improvements & School Building Buses & Technology	11.8
Hays CISD	Hays	Maintenance & School Building & Technology	191.6
Huntsville ISD	Walker	Athletic Facilities Improvements & School Building, Athletics, Renovations	127.0
Ingleside ISD	San Patricio	School Building	28.8
Jarrell ISD	Williamson	Athletic Facilities Improvements & School, buses, technology	113.4
Jasper ISD	Jasper	School Building & Buses	18.5
Katy ISD	Harris	Athletic Facilities Improvements & Natatorium & School Building & Security & Technology	676.2
Liberty Hill ISD	Williamson	Athletic Facilities Improvements & School Building & Buses & Stadium & Technology	491.7
Lipan ISD	Hood, Palo Pinto, Erath, Parker	School Building and Buses	9.4
Los Fresnos CISD	Cameron	School Building, Athletics, Renovations	63.0
Lubbock-Cooper ISD	Lubbock	School Building, Athletics, Renovations	420.0

Table A.3 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 01, 2021**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Public School Districts Cont'd</b>			
Malakoff ISD	Henderson	School Building	\$72.0
Mart ISD	McLennan	Athletic Facilities Improvements & Recreation & School, Buses, Tech	20.0
McKinney ISD	Collin	Athletic Facilities, School Building, Transportation & Technology	275.0
Melissa ISD	Collin	School Building	400.0
New Home ISD	Lynn	School Building	18.0
Nordheim ISD	DeWitt	Athletic Facilities Improvements & School Building & Buses	8.0
North Lamar ISD	Lamar	Athletic Facilities Improvements & Buses & Fine Arts Venue & School Building & Technology	51.6
North Zulch ISD	Madison	School Building & Buses	4.5
Northwest ISD	Denton	Athletic Facilities Improvements & School Building & Security & Stadium & Technology	745.7
Oakwood ISD	Leon	School Building & Technology	3.8
Palacios ISD	Matagorda	Athletic Facilities Improvements & Fine Arts Center & School Building & Stadium	125.0
Peaster ISD	Parker	Athletic Facilities Improvements & School Building & Buses	26.5
Pecos-Barstow-Toyah ISD	Reeves	School Building & Buses & Technology	178.6
Ponder ISD	Denton	School Building	75.0
Prairie Lea ISD	Caldwell	School Building & Technology	7.6
Prairiland ISD	Lamar	School Building	7.5
Premont ISD	Jim Wells	School Building & Security	4.1
Progreso ISD	Hidalgo	School Building & Buses	10.0
Richards ISD	Grimes-Montgomery-Walker	School Building, Athletics, Renovations	7.0
Richardson ISD	Dallas	School Building & Security & Technology	750.0
Rogers ISD	Bell	School Building & Buses	2.3
Royse City ISD	Rockwall	School Building & Stadium	230.0
Sabinal ISD	Uvalde	School Building and Auditorium	7.0
Santa Maria ISD	Cameron	School Building & Buses	3.5
Seminole ISD	Gaines	School Building & Buses & Technology	25.0
Throckmorton ISD	Throckmorton	School Building	30.0

Table A.3 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 01, 2021**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Public School Districts Cont'd</b>			
Van Alstyne ISD	Grayson	School Building	\$325.0
Wichita Falls ISD	Wichita	Athletic Facilities Improvements	13.6
Wink-Loving ISD	Winkler	Athletic Facilities Improvements & School Building	40.0
<b>Public School Districts Total</b>			<b>\$6,467.1</b>
<b>Cities, Towns, Villages</b>			
Anna	Collin	Library	\$22.0
Anna	Collin	Parks & Rec	28.0
Anna	Collin	Public Safety	8.0
Benbrook	Tarrant	Municipal Building	22.0
Deer Park	Harris	Community Center	22.3
Deer Park	Harris	Drainage	19.5
Deer Park	Harris	Fire Impr	16.9
Deer Park	Harris	Street Improvements - Streets and Sidewalks	7.0
Fate	Rockwall	Streets & Roads	15.0
Ferris	Ellis	Public Safety	3.5
Ferris	Ellis	Technology	7.0
Georgetown	Williamson	Mobility Projects	90.0
Grand Prairie	Dallas	Economic Development	75.0
Greenville	Hunt	Street	50.0
Haltom City	Tarrant	Police Station	29.0
Irving	Dallas	Animal Care & Control	5.8
Irving	Dallas	City Building	10.2
Irving	Dallas	City Hall	9.2
Irving	Dallas	Cultural Arts Facilities	3.0

Table A.3 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 01, 2021**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Cities, Towns, Villages Cont'd</b>			
Irving	Dallas	Fire Impr	\$34.3
Irving	Dallas	Health & Human Services	1.3
Irving	Dallas	Library	20.2
Irving	Dallas	Parks & Rec	78.3
Irving	Dallas	Police station.	29.9
Irving	Dallas	Public Safety	152.7
Irving	Dallas	Street	207.8
Irving	Dallas	Technology	10.7
Katy	Harris	Building	1.8
Katy	Harris	Park	4.2
Lake Jackson	Brazoria	Animal Care & Control	3.7
Lake Jackson	Brazoria	Library	0.3
Lake Jackson	Brazoria	Police Station	2.4
Lake Jackson	Brazoria	Street	12.1
Lake Jackson	Brazoria	Street & Bridge	2.6
Lake Jackson	Brazoria	Street & Drainage	2.9
Lake Jackson	Brazoria	Street Improvements - Streets and Sidewalks	2.5
Midlothian	Ellis	City Building	25.0
Midlothian	Ellis	Public Safety	46.0
Midlothian	Ellis	Recreation	19.0
Midlothian	Ellis	Streets & Roads	35.5
Plano	Collin	Community Center	15.9
Plano	Collin	Library	2.5
Plano	Collin	Municipal Building	5.5

Table A.3 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 01, 2021**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Cities, Towns, Villages Cont'd</b>			
Plano	Collin	Parks & Rec	\$81.9
Plano	Collin	Public Safety	27.1
Plano	Collin	Street	231.0
Rowlett	Dallas	Public Safety	2.3
Rowlett	Dallas	Road: road, bridge, drainage and intersection improvement projects	19.5
Saginaw	Tarrant	Library	18.7
Saginaw	Tarrant	Parks & Rec	11.2
Saginaw	Tarrant	Streets & Roads	37.6
<b>Cities, Towns, Villages Total</b>			<b>\$1,589.8</b>
<b>Water Districts and Authorities</b>			
Cy-Champ PUD	Harris	Recreation	\$5.6
Fort Bend County MUD 024	Fort Bend	Road	17.4
Fort Bend County MUD 024	Fort Bend	Water, Sewer & Drainage	108.7
Fort Bend County MUD 116	Fort Bend	Recreation	7.5
Fort Bend County MUD 116	Fort Bend	Water, Sewer & Drainage	48.0
Fort Bend County MUD 168	Fort Bend	Parks & Rec	12.8
Fort Bend County MUD 168	Fort Bend	Refund	52.1
Fort Bend County MUD 168	Fort Bend	Road Utilities	45.9
Fort Bend County MUD 168	Fort Bend	Water, Sewer & Drainage	97.5
Fort Bend County WCID 2	Fort Bend	Refund	25.0
Fort Bend County WCID 2	Fort Bend	Water & Sewer	150.0
Grand Lakes MUD 4	Fort Bend	Water, Sewer & Drainage	26.6
Harris County MUD 081	Harris	Water, Sewer & Drainage	8.5

Table A.3 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections May 01, 2021**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Water Districts and Authorities Cont'd</b>			
Harris County MUD 170	Harris	Water, Sewer & Drainage	\$11.5
Harris County UD 06	Harris	Sewer & Drainage	12.8
Harris County UD 06	Harris	Water & Sewer	5.6
Harris County WCID 070	Harris	Water, Sewer & Drainage	5.0
Horizon Regional MUD	El Paso	Refunding	225.0
Horizon Regional MUD	El Paso	Water & Sewer	225.0
Montgomery County MUD 42	Montgomery	Water, Sewer & Drainage	18.3
Porter MUD	Montgomery	Refunding	4.5
Porter MUD	Montgomery	Water, Sewer & Drainage	4.5
River Plantation MUD	Montgomery	Recreation	2.0
Sonterra MUD	Williamson	Parks & Rec	15.0
Sonterra MUD	Williamson	Water, Sewer, Drainage	45.0
Sunbelt FWSD	Harris	Road	7.8
Timber Lane UD	Harris	Recreation	5.0
Timber Lane UD	Harris	Water, Sewer & Drainage	50.0
<b>Water Districts and Authorities Total</b>			<b>\$1,242.4</b>
<b>Community College Districts</b>			
College of the Mainland	Galveston	Refund	\$14.0
Temple JCD	Bell	College Facilities	124.9
<b>Community College Districts Total</b>			<b>\$138.9</b>
<b>Total Carried</b>			<b>\$9,438.2</b>

Table A.4  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections May 01, 2021**  
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
<b>Public School Districts</b>			
Azle ISD	Tarrant	School Building & Stadium	\$58.8
Cleburne ISD	Johnson	School Building & Athletic Improvements	22.5
Garner ISD	Parker	School Building & Security	15.5
Gordon ISD	Palo Pinto		12.8
Hays CISD	Hays	Athletic Facilities Improvements & School Building & Buses	46.9
Ingleside ISD	San Patricio	Athletic Facilities Improvements	3.2
Orange Grove ISD	Jim Wells	School Building & Athletic Facilities Improvements & Stadium	25.1
Rogers ISD	Bell	Athletic Facilities Improvements & School Building & Gymnasium	3.5
Sharyland ISD	Hidalgo	School Building	35.0
Springtown ISD	Parker	School Building	38.5
Victoria ISD	Victoria	School Building	156.8
Waxahachie ISD	Ellis	School Building	127.0
<b>Public School Districts Total</b>			<b>\$545.5</b>
<b>Cities, Towns, Villages</b>			
Palm Valley	Cameron	Water & Sewer	\$22.0
Rowlett	Dallas	Parks & Rec	7.4
Stephenville	Erath	Community Center	8.0
Stephenville	Erath	Downtown Area	5.4
Stephenville	Erath	Parks & Rec	2.0
Stephenville	Erath	Street	5.9
Sweetwater	Nolan	Street	8.0
<b>Cities, Towns, Villages Total</b>			<b>\$58.7</b>

Table A.4 (continued)  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections May 01, 2021**  
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
<b>Water Districts and Authorities</b>			
Big Oaks MUD	Fort Bend	Parks & Rec	\$12.0
Big Oaks MUD	Fort Bend	Refund	12.0
Emerald Forest UD	Harris	Water Sewer and Drainage	40.0
Fort Bend County MUD 024	Fort Bend	Refund	8.0
Fort Bend County MUD 116	Fort Bend	Refund	5.0
Northwest Harris County MUD 05	Harris	Recreation	30.0
Northwest Harris County MUD 05	Harris	Refund	60.0
Northwest Harris County MUD 05	Harris	Water, Sewer & Drainage	120.0
River Plantation MUD	Montgomery	Water, Sewer & Drainage	25.0
<b>Water Districts and Authorities Total</b>			<b>\$312.0</b>
<b>Counties</b>			
Coryell County	Coryell	Jail	\$30.9
Medina County	Medina	Multi-Pupose Center	10.0
<b>Counties Total</b>			<b>\$40.9</b>
<b>Total Defeated</b>			<b>\$957.1</b>

Table A.5  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 03, 2020**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Public School Districts</b>			
Allen ISD	Collin	School Building & Technology	\$214.3
Banquete ISD	Nueces	School Building	4.1
Bryan ISD	Brazos	School Building	175.0
Caddo Mills ISD	Hunt	School Building	90.0
Carthage ISD	Panola	Maintenance & Technology	12.0
Corpus Christi ISD	Nueces	School Building	136.2
Dallas ISD	Dallas	School Building & Technology	3541.6
Dickinson ISD	Galveston	Technology	94.2
Franklin ISD	Robertson	School Building & Security	7.4
Frenship ISD	Lubbock	School Building	299.7
Friendswood ISD	Galveston	Technology	128.0
Grandview ISD	Johnson	School Building	6.0
Gregory-Portland ISD	San Patricio	School Building & Technology	107.7
Hamshire-Fannett ISD	Jefferson	School Building	36.9
Hardin-Jefferson ISD	Hardin	Improvements & School	3.8
Jim Ned CISD	Taylor	Building	33.7
Karnes City ISD	Karnes	School Building & Buses	22.1
Lago Vista ISD	Travis	School Building & Security	44.3
Lamar CISD	Fort Bend	Technology	666.8
Latexo ISD	Houston	School Building/Gym	5.0
Port Aransas ISD	Nueces	Improvements & School	5.0
Roby CISD	Fisher	School Building & Security	10.8
Rotan ISD	Fisher	School Building	15.0
San Antonio ISD	Bexar	Technology	1300.0
Sinton ISD	San Patricio	Improvements & School	111.1
Wichita Falls ISD	Wichita	School Building	276.4
Willis ISD	Montgomery	School Building	100.2
<b>Public School Districts Total</b>			<b>\$7,447.3</b>

Table A.5 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 03, 2020**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Cities, Towns, Villages</b>			
Alamo Heights	Bexar	Road	\$13.3
Austin	Travis-Williamson	Transit System	460.0
Corpus Christi	Nueces	Parks & Recreation	12.0
Corpus Christi	Nueces	Public Safety	2.0
Corpus Christi	Nueces	Street	61.0
Fate	Rockwall	Park	3.3
Greenville	Hunt	Street & Drainage	4.5
Haltom City	Tarrant	Police	20.0
Kyle	Hays	Park	10.0
Kyle	Hays	Public Safety Facilities	37.0
North Richland Hills	Tarrant	Streets & Roads	49.9
Pflugerville	Travis	Parks & Recreation	42.3
Pflugerville	Travis	Senior Citizen Cente	47.3
Pflugerville	Travis	Transportation	101.7
Prosper	Collin	Parks & Recreation	30.0
Prosper	Collin	Public Safety	30.0
Prosper	Collin	Street & Bridge	150.0
<b>Cities, Towns, Villages Total</b>			<b>\$1,074.2</b>
<b>Water Districts and Authorities</b>			
Laguna Madre WD	Cameron	0	\$27.6
Montgomery County MUD 16	Montgomery	Water, Sewer & Drainage	25.0
Newport MUD	Harris	Water & Sewer	59.5
Nueces County DD 2	Nueces	Drainage	5.3
Upper Brushy Creek WCID	Williamson	Drainage	85.0
<b>Water Districts and Authorities Total</b>			<b>\$202.4</b>

Table A.5 (continued)  
**Texas Local Government**  
**Carried Propositions**  
**Bond Elections November 03, 2020**  
(\$ in millions)

Issuer	County	Purpose	Amount Carried
<b>Counties</b>			
Aransas County	Aransas	Hospital	\$1.4
Aransas County	Aransas	Street & Drainage	1.3
Fort Bend County	Fort Bend	Mobility Projects	218.2
Fort Bend County	Fort Bend	Parks & Recreation	38.4
Hays County	Hays	Park	75.0
<b>Counties Total</b>			<b>\$334.3</b>
<b>Total Carried</b>			<b>\$9,058.1</b>

Table A.6  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections November 03, 2020**  
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
<b>Public School Districts</b>			
Allen ISD	Collin	Improvements	\$7.7
Bastrop ISD	Bastrop	School Building & Sports Complex	140.2
Bridgeport ISD	Wise	Stadium	94.9
Burnet CISD	Burnet	School Building & Security	29.7
China Spring ISD	McLennan	School Building & Technology	48.2
Christoval ISD	Tom Green	School Building	5.8
Cumby ISD	Hopkins-Hunt	School Building Athletic Improvements	6.2
Dallas ISD	Dallas	Performing Arts & Natatorium	152.9
Ferris ISD	Ellis	School Building	12.0
Fort Stockton ISD	Pecos	Auditorium & Facilities & School	78.5
Gainesville ISD	Cooke	School Building & Technology	35.1
Galveston ISD	Galveston	Baseball Park & Natatorium	217.5
Hamshire-Fannett ISD	Jefferson	Athletic Facilities Improvements	1.5
Hays CISD	Hays	Stadium & Technology & School	217.3
Huntington ISD	Angelina	School Building Athletic Improvements	19.3
		Athletic Facilities Improvements &	
Ingleside ISD	San Patricio	School Building/Gym	32.0
Karnes City ISD	Karnes	Athletic Facilities Improvements	63.0
		Athletic Facilities Improvements &	
Killeen ISD	Bell	School Building	265.0
Lago Vista ISD	Travis	Athletic Facilities Improvements & Buses	8.6
Lamar CISD	Fort Bend	Aquatic Facilities & Stadium	125.7
		Athletic Facilities Improvements &	
Nordheim ISD	DeWitt	School Building & Buses	7.9
North Lamar ISD	Lamar	Buses & School Building Improvements	48.9
		Athletic Facilities Improvements &	
		School Building & Stadium &	
Northwest ISD	Denton	Technology	986.6
Oakwood ISD	Leon	School Building Athletic Improvements	2.4

Table A.6 (continued)  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections November 03, 2020**  
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
<b>Public School Districts Cont'd</b>			
Orange Grove ISD	Jim Wells	School Building/Gym & Stadium	\$18.0
Palacios ISD	Matagorda	School Building	83.0
Ponder ISD	Denton	School Building	75.0
Prairie Lea ISD	Caldwell	School Building	8.0
Rio Grande City Grulla ISD	Starr	School Building	35.0
Rogers ISD	Bell	Athletic Facilities Improvements & School Building & Buses	4.9
Royal ISD	Waller	Athletic Facilities Improvements & Land purchase & School Building & Buses	37.3
Santa Fe ISD	Galveston	School Building & Athletic Improvements	4.7
Sharyland ISD	Hidalgo	School Building	40.0
Sheldon ISD	Harris	School Building & Security	438.8
Southside ISD	Bexar	School Building	64.7
Sundown ISD	Hockley	Housing Facility & School Building & Athletic Improvements & Technology	8.1
Troup ISD	Smith	School Building/Gym	22.7
Wichita Falls ISD	Wichita	Athletic Facilities Improvements	13.6
Willis ISD	Montgomery	Athletic Facility Improvements & Natatorium	75.0
<b>Public School Districts Total</b>			<b>\$3,535.5</b>

Table A.6 (continued)  
**Texas Local Government**  
**Defeated Propositions**  
**Bond Elections November 03, 2020**  
(\$ in millions)

Issuer	County	Purpose	Amount Defeated
<b>Cities, Towns, Villages</b>			
Amarillo	Potter-Randall	Civic Center	\$275.0
Dalhart	Dallam	Fire Improvements	5.4
Irving	Dallas	Animal Care & Control	5.8
Irving	Dallas	Art Project	3.0
Irving	Dallas	City Building	10.2
Irving	Dallas	City Hall	9.2
Irving	Dallas	Fire Improvements	34.3
Irving	Dallas	Health & Human Services	1.3
Irving	Dallas	Library	20.2
Irving	Dallas	Parks & Recreation	78.3
Irving	Dallas	Police	29.9
Irving	Dallas	Public Safety	152.7
Irving	Dallas	Street & Drainage	207.8
Irving	Dallas	Technology	10.7
Rhome	Wise	Municipal Building	4.8
Southlake	Tarrant	Park	50.0
West Lake Hills	Travis	City Hall	12.0
West Lake Hills	Travis	Roads	10.0
<b>Cities, Towns, Villages Total</b>			<b>\$920.6</b>
<b>Community College Districts</b>			
College of the Mainland	Galveston	Refund	\$14.0
<b>Community College Districts Total</b>			<b>\$14.0</b>
<b>Counties</b>			
Aransas County	Aransas	Court Facility	\$17.2
<b>Counties Total</b>			<b>\$17.2</b>
<b>Total Defeated</b>			<b>\$4,487.3</b>

## **Appendix B**

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

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

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

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

#### **Conduit Debt Issuance**

Currently, only fiscal years 2017 through 2021 have conduit debt issuance information available (*Table B.1*). Conduit debt outstanding and debt service outstanding information will be reported once the BRB conduit project has been completed.

In fiscal year 2021, 72 local government conduits issued 174 new debt instruments for a total of \$7.11 billion, an increase of 16.7 percent from the \$6.09 billion issued in fiscal year 2020. New money debt issuance increased 28.3 percent (from \$3.86 billion in 2020 to \$4.95 billion in 2021) and refunding debt issuance decreased 3.4 percent (from \$2.24 billion in 2020 to \$2.16 billion in 2021).

Since fiscal year 2017, total conduit issuance increased \$2.54 billion (55.5 percent) from \$4.57 billion, new money debt issuance increased \$2.50 billion (101.8 percent) from \$2.45 billion, and refunding debt issuance increased \$39.7 million (1.9 percent), from \$2.12 billion.

Conduit debt is generally backed by revenue. All conduit debt issued in the past five years was revenue debt, except for \$83.5 million of toll road combination tax/revenue new money bonds issued in 2017, \$25.0 million of toll road combination tax/revenue refunding bonds issued in 2020, and \$34.4 million of toll road combination tax/revenue new money bonds issued in 2021.

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

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

<b>Table B.1</b>						
<b>Texas Local Government</b>						
<b>Conduit Debt Issuance by Fiscal Year*</b>						
(\$ in millions)						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>TOTAL</u>
<b>Issuers</b>	74	50	41	66	72	<b>303</b>
<b>Issuances</b>	147	100	92	169	174	<b>682</b>
<b>Public School Districts</b>						
New Money	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$0.0</b>
Refunding	0.0	0.0	0.0	0.0	\$0.0	<b>0.0</b>
<b>Total Par Issued</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Cities, Towns, Villages</b>						
New Money	\$1,529.3	\$955.4	\$1,332.0	\$1,856.0	\$2,435.5	<b>\$8,108.2</b>
Refunding	1,038.8	573.7	475.8	853.1	1,427.3	<b>4,368.7</b>
<b>Total Par Issued</b>	<b>\$2,568.0</b>	<b>\$1,529.1</b>	<b>\$1,807.9</b>	<b>\$2,709.1</b>	<b>\$3,862.8</b>	<b>\$12,477.0</b>
<b>Water Districts and Authorities</b>						
New Money	\$0.0	\$0.0	\$315.0	\$6.5	\$459.6	<b>\$781.1</b>
Refunding	0.0	0.0	315.0	4.1	98.7	<b>417.8</b>
<b>Total Par Issued</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$630.0</b>	<b>\$10.6</b>	<b>\$558.3</b>	<b>\$1,198.9</b>
<b>Other Special Districts and Authorities</b>						
New Money	\$246.2	\$375.0	\$345.9	\$840.4	\$847.8	<b>\$2,655.5</b>
Refunding	0.0	0.0	0.0	0.0	4.2	<b>4.2</b>
<b>Total Par Issued</b>	<b>\$246.2</b>	<b>\$375.0</b>	<b>\$345.9</b>	<b>\$840.4</b>	<b>\$852.0</b>	<b>\$2,659.6</b>
<b>Counties</b>						
New Money	\$676.8	\$209.9	\$530.3	\$1,154.2	\$1,206.4	<b>\$3,777.6</b>
Refunding	1,083.4	546.0	591.4	1,379.8	584.1	<b>4,184.6</b>
<b>Total Par Issued</b>	<b>\$1,760.2</b>	<b>\$755.9</b>	<b>\$1,121.7</b>	<b>\$2,533.9</b>	<b>\$1,790.5</b>	<b>\$7,962.2</b>
<b>Community and Junior College Districts</b>						
New Money	\$0.0	\$106.4	\$0.0	\$0.0	\$0.0	<b>\$106.4</b>
Refunding	0.0	0.0	0.0	0.0	47.6	<b>47.6</b>
<b>Total Par Issued</b>	<b>\$0.0</b>	<b>\$106.4</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$47.6</b>	<b>\$154.0</b>
<b>Health/Hospital Districts and Authorities</b>						
New Money	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$0.0</b>
Refunding	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
<b>Total Par Issued</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total New Money</b>	<b>\$2,452.3</b>	<b>\$1,646.8</b>	<b>\$2,523.3</b>	<b>\$3,857.1</b>	<b>\$4,949.3</b>	<b>\$15,428.8</b>
<b>Total Refunding</b>	<b>\$2,122.2</b>	<b>\$1,119.7</b>	<b>\$1,382.2</b>	<b>\$2,237.0</b>	<b>\$2,161.9</b>	<b>\$9,022.9</b>
<b>Total Par</b>	<b>\$4,574.5</b>	<b>\$2,766.4</b>	<b>\$3,905.5</b>	<b>\$6,094.1</b>	<b>\$7,111.2</b>	<b>\$24,451.7</b>

\*Excludes commercial paper.

Source: Texas Bond Review Board - Bond Finance Office

Cities conduit entities issued \$3.86 billion in debt in fiscal year 2021, 54.3 percent of the total 2021 conduit debt issued; \$2.44 billion was new money debt, and \$1.43 billion 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 2021, Counties issued \$1.79 billion in conduit debt, 25.2 percent of the total issued in 2021; \$1.21 billion was revenue new money debt, and \$584.1 million was revenue refunding debt. Included in the new money debt amount is \$34.4 million issued by Fort Bend Grand Parkway Toll Road Authority, supported by a combination of tax and revenue.

Other Special Districts and Authorities issued \$852.0 million in conduit debt in fiscal year 2021, 12.0 percent of the total fiscal year 2021 conduit debt issuance; \$847.8 million was new money debt, and \$4.2 million was refunding debt.

Many Water Districts and Authorities (WDs) create conduit issuers to raise funds for pollution and solid waste disposal facilities. In fiscal year 2021, WDs issued \$558.3 million in conduit debt, 7.9 percent of the total fiscal year 2021 conduit debt issuance; \$459.6 million was new money debt and \$98.7 million 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. In fiscal year 2021, CCDs issued \$47.6 million in conduit debt, all refunding debt, which comprised 0.7 percent of the total fiscal year 2021 conduit debt issued.

No conduit debt was issued in fiscal year 2021 by Health/Hospital Districts and Authorities (HHDs). (HHD conduit debt was last issued in 1985 and matured in 2011.)

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

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

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

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

Texas Education Code, Section 12.135, passed by the 82<sup>nd</sup> Legislature (2011), permits charter schools to participate in the BGP, but they must apply and be approved by the Commissioner to participate in the program. In January 2014, the State Board of Education adopted rules for charter school participation in the BGP, and the program was opened to them 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 \$117.3 billion, minus a 5 percent reserve. The State Board of Education has also required an additional 5 percent of charter capacity to be set aside as a reserve. Prior to fiscal year 2018, the capacity for charter schools was calculated using the available PSF capacity multiplied by the ratio of the number of charter school students to public school students determined annually by the Commissioner (currently set at 6.15 percent), applied against the available capacity of the BGP. The available capacity is defined as maximum allowable for guarantee, less total amount of outstanding guaranteed bonds, and less the State Board of Education-established reserve on the total program. Effective September 1, 2017, the 85<sup>th</sup> Legislature (2015) amended the Educational Code, Section 45.0532, related to the calculation of the capacity of the bond guarantee program, through Senate Bill 1480 (SB 1480). SB 1480 changes the charter capacity calculation formula to apply the ratio of charter students described above directly against the maximum allowable overall program guarantee net of the 5 percent reserve on the total program. This methodology was designed to be fully phased in over five years.

### **Charter School Closures**

Senate Bill 2 passed in the 83<sup>rd</sup> Legislature (2013) requires the mandatory revocation of a charter by the Commissioner if a charter school fails to meet academic or financial accountability performance ratings for the preceding three school years. As a result of this legislation, 22 charter school revocations have occurred between 2014 and 2021.

As of October 31, 2021, a total of \$5.95 billion of debt had been issued for charter schools by EFCs and other higher education authorities, of which an estimated \$4.71 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, 2021			
Issuer	Par Issued	Par Outstanding	% Outstanding
Arlington Higher Education Finance Corporation	\$ 2,280,449,000	\$ 2,074,265,000	91.0%
Clifton Higher Education Finance Corporation	2,071,795,213	1,894,838,197	91.5%
Houston Higher Education Finance Corporation, City of	407,366,600	277,251,600	68.1%
Texas Public Finance Auth Charter School Finance Corporation	353,320,000	124,969,264	35.4%
La Vernia Higher Education Finance Corporation	202,390,000	-	0.0%
Newark Higher Education Finance Corporation	177,025,000	146,355,000	82.7%
Danbury Higher Education Authority, Inc.	112,427,000	68,058,000	60.5%
North Texas Education Finance Corporation	80,780,000	9,540,000	11.8%
Pottsboro Higher Education Finance Corporation	66,930,000	62,195,000	92.9%
San Juan Higher Education Finance Authority	43,955,000	8,440,000	0.0%
Pharr Higher Education Finance Authority, City of	29,625,000	-	0.0%
Beasley Higher Education Finance Corporation	25,405,000	-	0.0%
Cameron, City of Education Corporation	16,640,000	-	0.0%
Heart of Texas Education Finance Corporation	14,835,000	7,580,000	51.1%
Anson Education Facilities Corporation	14,465,000	8,175,000	56.5%
Orchard Higher Education Finance Corporation	11,330,000	-	0.0%
New Hope Higher Education Finance Corporation	9,295,000	9,295,000	100.0%
Waxahachie Education Finance Corporation	6,515,000	6,515,000	100.0%
Northeast Higher Education Facilities Corporation	6,330,000	5,390,000	85.2%
Clyde Education Facilities Corporation	6,240,000	4,620,000	74.0%
Hilshire Village Higher Education Finance Corporation	4,123,000	3,078,000	74.7%
Trinity Higher Education Facilities Corporation	3,993,005	37,642	0.9%
Milford Higher Education Facilities Corporation	3,275,000	-	0.0%
Ames Higher Education Facilities Corporation	2,600,000	2,102,522	80.9%
Bryan, City of Higher Education Authority, Inc.	2,500,000	-	0.0%
<b>Total</b>	<b>\$ 5,953,608,818</b>	<b>\$ 4,712,705,225</b>	<b>79.2%</b>
<b>Source:</b> Municipal Advisory Council of Texas; Texas Education Agency.			

Of the \$4.71 billion of charter school debt outstanding as of October 31, 2021, an estimated \$3.35 billion was guaranteed by the PSF. *Table C.2* shows charter school debt guaranteed by the PSF.

Table C.2 Charter School Debt Outstanding Guaranteed by the Permanent School Fund as of October 31, 2021 (Estimated)			
Charter School	Total Par Outstanding	PSF Guaranteed Debt Outstanding	% PSF Guaranteed
IDEA Academy, Inc.	\$ 1,099,645,000	\$ 973,090,000	88.5%
International Leadership of Texas	556,953,197	49,630,000	8.9%
Harmony Public Schools	482,155,000	437,160,000	90.7%
KIPP Texas, Inc.	427,813,000	427,813,000	100.0%
Uplift Education	419,055,000	253,395,000	60.5%
Responsive Education Solutions	265,715,000	265,715,000	100.0%
Great Hearts America - Texas	207,190,000	207,190,000	100.0%
Riverwalk Education Foundation, Inc.	180,703,000	180,703,000	100.0%
YES Prep Public Schools	151,646,600	71,585,000	47.2%
LIFESCHOOL of Dallas	98,405,000	98,405,000	100.0%
BASIS Texas Charter Schools, Inc.	77,465,000	-	0.0%
Trinity Basin Preparatory	61,625,000	61,625,000	100.0%
Golden Rule Schools, Inc.	54,480,000	26,230,000	48.1%
LTTTS Charter School, Inc. d/b/a Universal Academy	45,650,000	-	0.0%
Vanguard Academy, Inc.	44,030,000	44,030,000	100.0%
Orenda Education	41,780,000	36,530,000	87.4%
SER-Ninos, Inc.	39,575,000	36,740,000	92.8%
Newman International Academy	33,855,000	-	0.0%
Compass Academy Charter School, Inc.	29,935,000	29,935,000	100.0%
A+ Charter Schools, Inc.	29,570,000	12,450,000	42.1%
Wayside Schools	28,280,000	-	0.0%
Village Tech Schools	27,590,000	-	0.0%
TLC Academy	24,307,522	-	0.0%
A.W. Brown Leadership Academy	23,465,000	23,465,000	100.0%
Eagle Advantage Schools, Inc.	22,205,000	18,245,000	82.2%
UMEP Inc	21,945,000	-	0.0%
Imagine International Academy of North Texas, LLC	20,750,000	-	0.0%
El Paso Education Initiative, Inc.	19,695,000	19,695,000	100.0%
Faith Family Academy Charter School	19,380,000	19,380,000	100.0%
Austin Achieve Public Schools, Inc.	17,630,000	-	0.0%
The Hughen Center, Inc.	16,585,000	16,585,000	100.0%
Odyssey Academy	16,485,000	11,485,000	69.7%
Pineywoods Community Academy	15,800,000	15,800,000	100.0%
Aristoi Classical Academy	10,870,000	-	0.0%
BRAINATION, INC	10,515,000	10,515,000	100.0%
Prelude Preparatory, Inc	9,295,000	-	0.0%
Winfree Academy Charter School	8,940,000	-	0.0%
Shekinah Learning Institute Project	8,250,000	-	0.0%
Arlington Classics Academy	8,175,000	-	0.0%
Austin Discovery School, Inc.	7,850,000	-	0.0%
Gateway Charter Academy	7,580,000	-	0.0%
Evolution Academy Charter School	5,655,000	-	0.0%
Coram Deo Academy	5,125,000	-	0.0%
Nova Academy	4,620,000	4,620,000	100.0%
South Texas Educational Technologies, Inc.	3,544,264	-	0.0%
Charter School Revenue	885,000	-	0.0%
Vanguard College Prep School Project	37,642	-	0.0%
<b>Total</b>	<b>\$ 4,712,705,225</b>	<b>\$ 3,352,016,000</b>	<b>71.1%</b>

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

## Appendix D Cost of Issuance

For fiscal year 2021, 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 \$646.8 million. It was comprised of total direct bond costs of \$408.5 million and total underwriter's spread of \$238.2 million (*Table D.1*).

The largest components of total direct bond costs are fees for financial advisor, bond counsel, and rating agencies, which totaled \$130.3 million, \$120.8 million, and \$42.7 million, respectively. Other direct bond related costs were \$114.7 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.

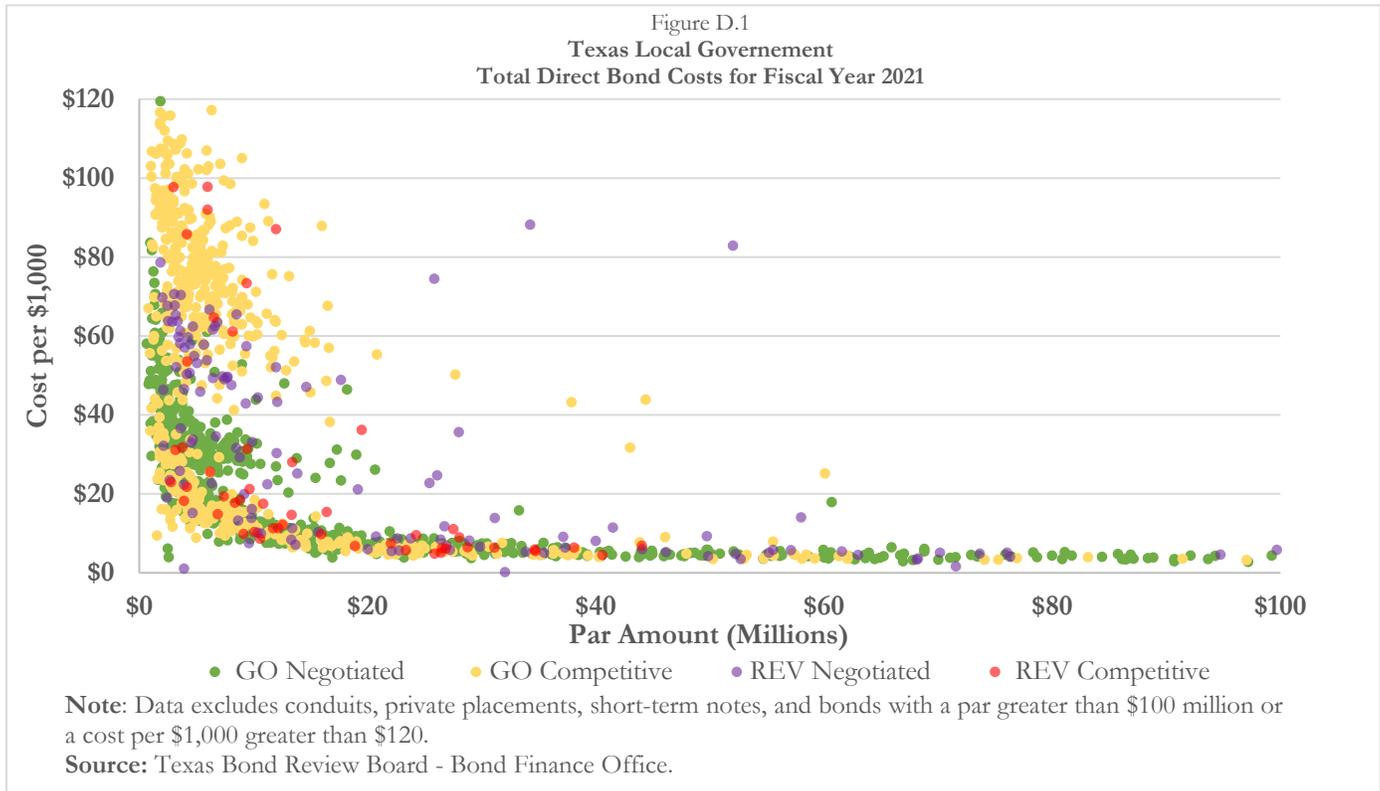
Total underwriter's spread is comprised of the takedown fee, management fee, underwriter's counsel fee, and spread expenses fee, which totaled \$183.1 million, \$22.2 million, \$18.8 million, and \$14.1 million, respectively.

Table D.1 Texas Local Government Total COI for Fiscal Year 2021	
Financial Advisor Fees	\$ 130,274,397
Bond Counsel Fees	120,827,978
Ratings Fees	42,697,107
Other Direct Bond Related Costs	114,734,028
<b>Total Direct Bond Related Costs</b>	<b>\$ 408,533,511</b>
Takedown Fee	\$ 183,083,294
Management Fee	22,163,225
Underwriter's Counsel Fee	18,849,099
Spread Expenses Fee	14,147,783
<b>Total Underwriter's Spread</b>	<b>\$ 238,243,401</b>
<b>Total COI including UW Spread</b>	<b>\$ 646,776,912</b>
<b>Note:</b> Excludes conduits, private placements, and short-term notes.	
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.	

### Trends in Issuance Costs for Texas Local Government Bonds in 2021

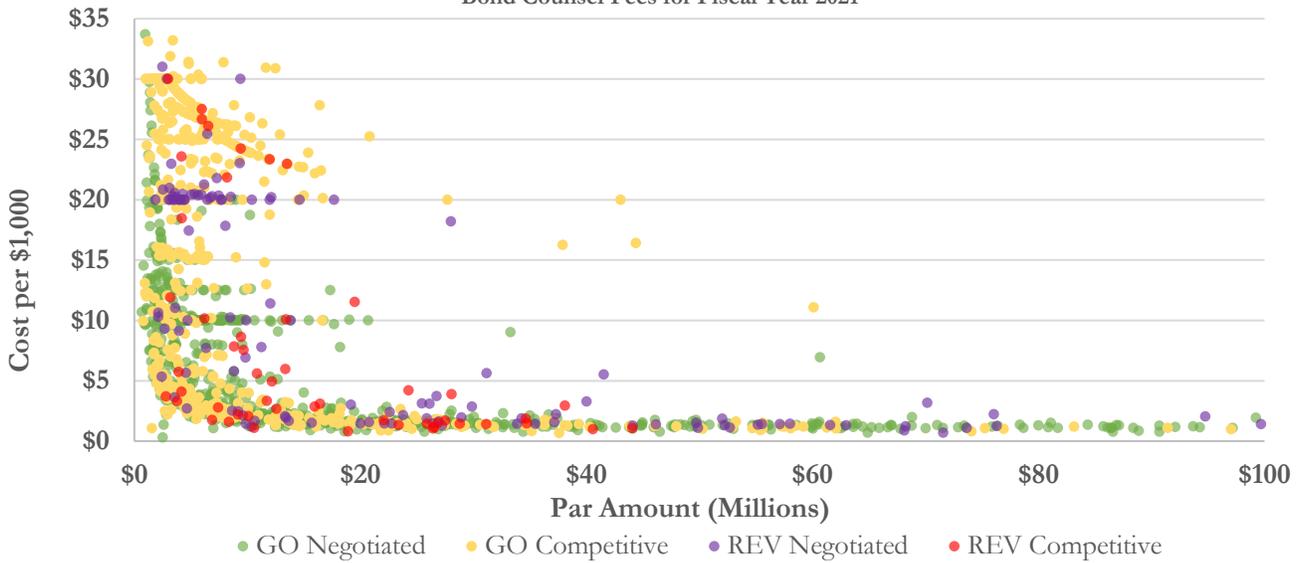
Total direct bond costs include all cost of issuance fees except the underwriter's spread. To analyze these fees on a cost per \$1,000 basis for fiscal year 2021, each major cost of issuance component has been compared by bond type (general obligation vs. revenue) and by method of sale (negotiated vs. competitive) (*Figures D.1, 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 1,582 transactions for fiscal year 2021 of which 656 were competitive and 926 were negotiated. Of the competitive transactions, 600 were general obligation and 56 were revenue issuances. Of the negotiated transactions, 776 were general obligation and 150 were revenue transactions. The data indicates that cost per \$1,000 for all transactions declined as transaction size increased. General obligation (GO) competitive transactions had the highest cost per \$1,000 for transactions less than \$50.0 million — 570 of the 600 GO competitive transactions were issued for less than \$50.0 million in fiscal year 2021. Generally speaking, cost per \$1,000 decreased as transaction size increased. GO negotiated and GO competitive transactions mostly had lower cost per \$1,000 for transaction sizes over \$20.0 million (*Figure D.1*).



Data for bond counsel cost per \$1,000 for fiscal year 2021 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 (*Figure D.2*).

Figure D.2  
Texas Local Government  
Bond Counsel Fees for Fiscal Year 2021

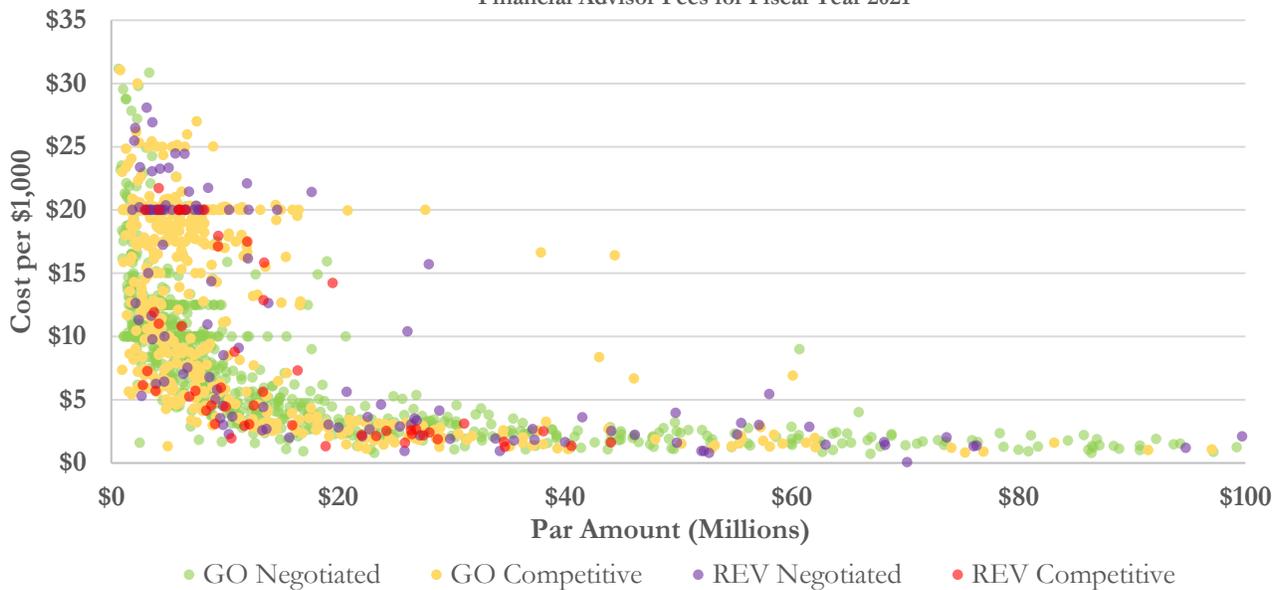


**Note:** Data excludes conduits, private placements, short-term notes, and bonds with a par greater than \$100 million or a cost per \$1,000 greater than \$35.

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

Data for financial advisor cost per \$1,000 indicates that GO competitive transactions had the highest cost per \$1,000 for smaller transaction sizes. GO competitive had the highest cost per \$1,000 for transaction sizes larger than \$50.0 million (*Figure D.3*).

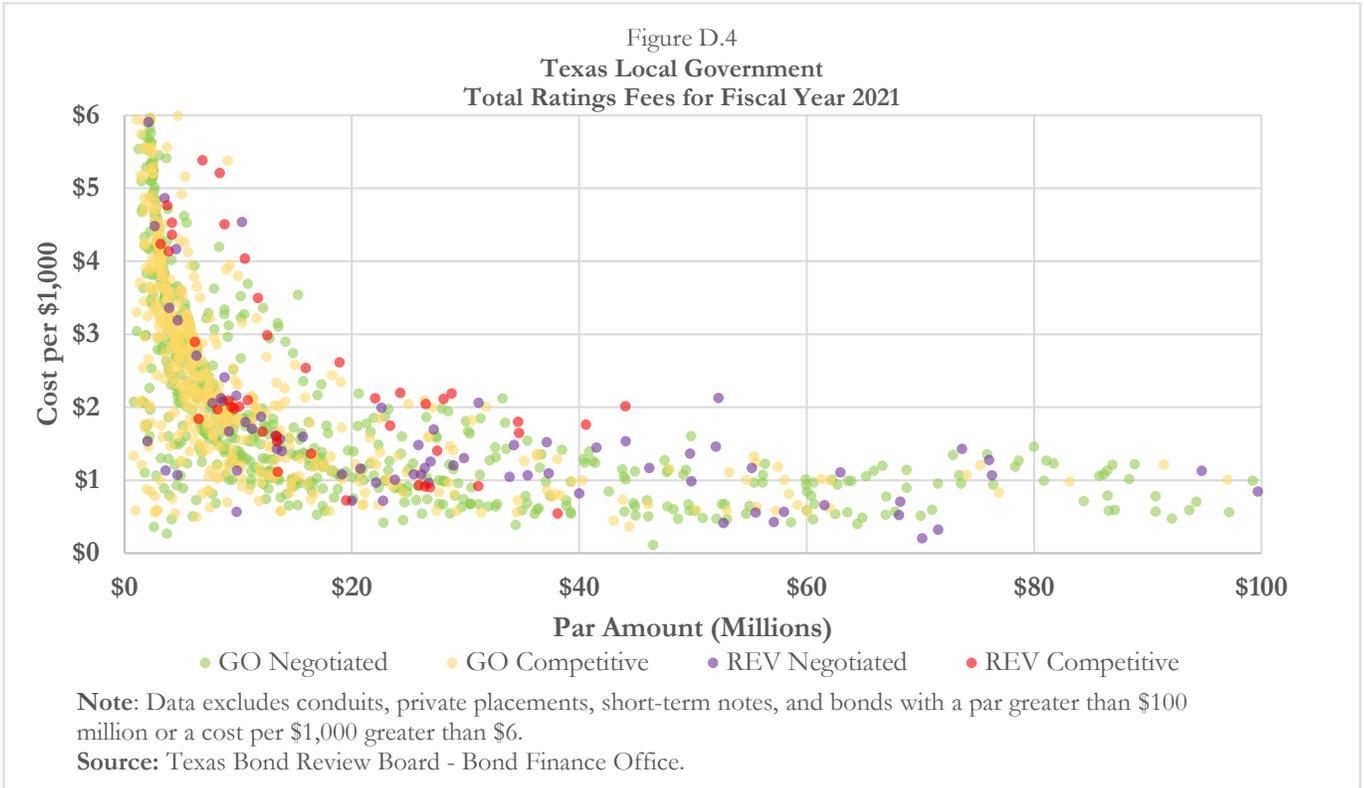
Figure D.3  
Texas Local Government  
Financial Advisor Fees for Fiscal Year 2021



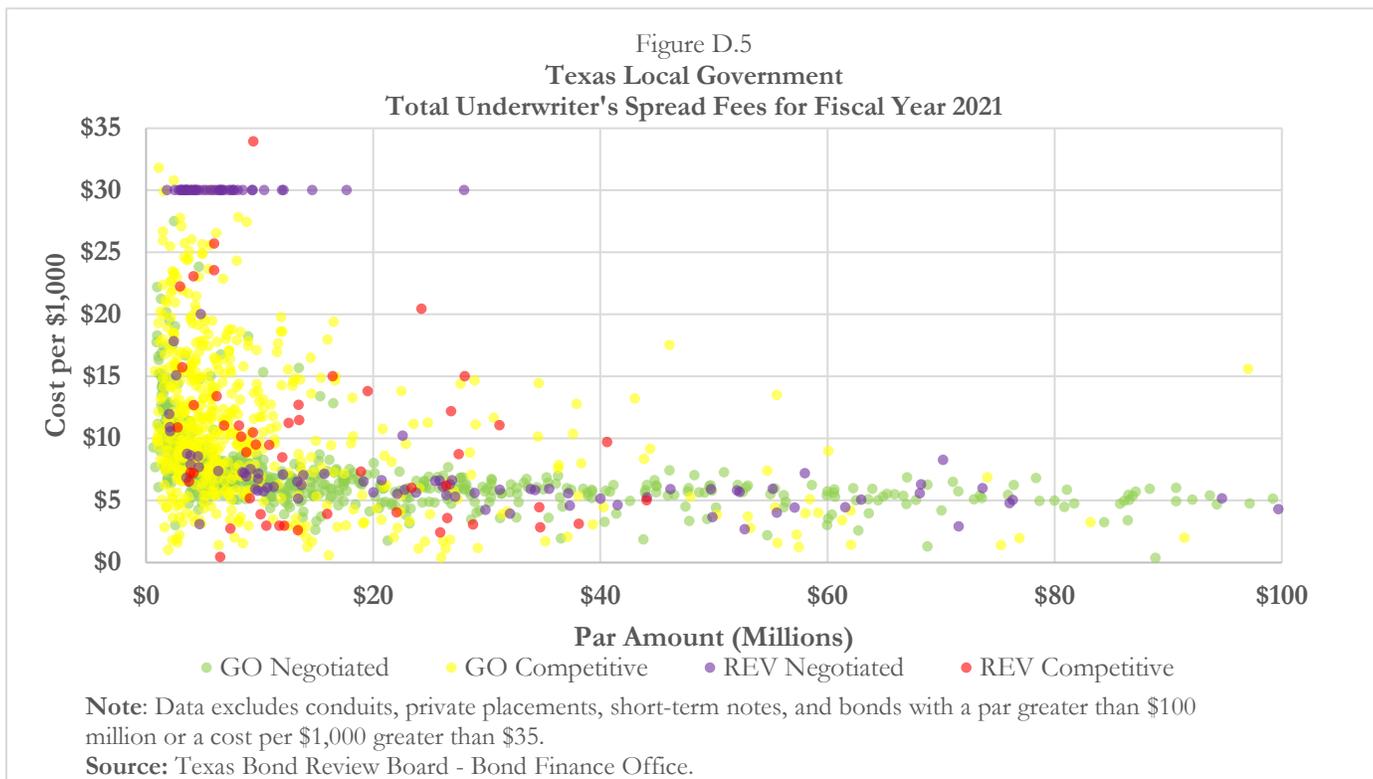
**Note:** Data excludes conduits, private placements, short-term notes, and bonds with a par greater than \$100 million or a cost per \$1,000 greater than \$35.

**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. Both revenue negotiated and revenue competitive transactions had the lowest cost per \$1,000 for larger transaction sizes (*Figure D.4*).



Data for total underwriter's spread cost per \$1,000 indicates that GO competitive and revenue negotiated transactions had the highest cost per \$1,000 for smaller transaction sizes. GO negotiated transactions had the lowest cost per \$1,000 for transaction sizes less than \$50.0 million (*Figure D.5*).



### 2021 Local Texas Governments Cost of Issuance Statistical Information

*Table D.2* provides COI statistical information for GO and revenue transactions completed during fiscal year 2021.

The weighted average for total COI, including underwriter's spread, increased to \$15.20 per \$1,000 in 2021 from \$14.88 per \$1,000 in 2020. The average transaction size decreased slightly to \$27.0 million in 2021 from \$27.6 million in 2020 and the average fee increased slightly to \$410,603 from \$410,532 in 2020, respectively.

Table D.2  
**Texas Local Government**  
**Cost of Issuance Statistics Summary for Fiscal Year 2021**

	Total Direct Bond Costs	Bond Counsel Fees	Financial Advisor Fees	Total Ratings Fees	Total UW Spread Fees	Total COI Including UW Spread
<b>GO Negotiated</b>						
Count	776	773	768	745	776	776
Average Par	\$ 29,919,209	\$ 29,928,398	\$ 28,763,068	\$ 30,861,631	\$ 29,919,209	\$ 29,919,209
Average Fee	\$ 186,552	\$ 53,141	\$ 74,127	\$ 31,238	\$ 155,947	\$ 342,500
Minimum (\$ per 1,000)	0.79	0.16	0.27	0.11	0.38	4.21
Maximum (\$ per 1,000)	146.98	46.08	46.15	18.14	113.84	260.83
Median (\$ per 1,000)	14.02	2.68	6.72	1.66	6.80	21.03
Average (\$ per 1,000)	6.24	1.78	2.58	1.01	5.21	11.45
<b>GO Competitive</b>						
Count	600	598	599	510	595	600
Average Par	\$ 12,302,783	\$ 12,328,804	\$ 12,318,355	\$ 13,710,941	\$ 12,338,437	\$ 12,302,783
Average Fee	\$ 298,325	\$ 92,493	\$ 85,745	\$ 19,839	\$ 92,083	\$ 389,641
Minimum (\$ per 1,000)	2.82	0.64	0.71	0.36	0.40	3.22
Maximum (\$ per 1,000)	1070.87	36.53	35.75	11.86	70.97	1081.48
Median (\$ per 1,000)	55.34	15.94	17.44	2.19	9.80	70.33
Average (\$ per 1,000)	24.25	7.50	6.96	1.45	7.46	31.67
<b>Rev Negotiated</b>						
Count	150	145	125	102	149	150
Average Par	\$ 67,700,293	\$ 64,731,028	\$ 59,698,472	\$ 90,275,941	\$ 68,137,946	\$ 67,700,293
Average Fee	\$ 453,993	\$ 132,324	\$ 124,496	\$ 68,097	\$ 362,624	\$ 814,866
Minimum (\$ per 1,000)	0.14	0.66	0.07	0.20	2.66	4.06
Maximum (\$ per 1,000)	88.66	34.91	21.76	20.09	40.00	108.49
Median (\$ per 1,000)	13.49	2.84	3.61	1.11	6.51	19.63
Average (\$ per 1,000)	6.71	2.04	2.09	0.75	5.32	12.04
<b>Rev Competitive</b>						
Count	56	56	56	51	56	56
Average Par	\$ 35,515,179	\$ 35,515,179	\$ 35,515,179	\$ 38,385,490	\$ 35,515,179	\$ 35,515,179
Average Fee	\$ 327,975	\$ 93,125	\$ 95,649	\$ 45,109	\$ 168,080	\$ 496,055
Minimum (\$ per 1,000)	2.66	0.79	0.98	0.39	0.45	4.37
Maximum (\$ per 1,000)	194.35	30.00	21.73	12.73	33.92	205.83
Median (\$ per 1,000)	11.68	3.03	4.30	2.01	7.90	22.69
Average (\$ per 1,000)	9.23	2.62	2.69	1.18	4.73	13.97
<b>Total</b>						
Count	1582	1572	1559	1408	1577	1582
Average Par	\$ 27,018,249	\$ 26,642,573	\$ 24,997,071	\$ 29,226,066	\$ 27,078,358	\$ 27,018,249
Average Fee	\$ 259,308	\$ 76,839	\$ 83,659	\$ 30,282	\$ 151,774	\$ 410,603
Minimum (\$ per 1,000)	0.14	0.16	0.07	0.11	0.38	3.22
Maximum (\$ per 1,000)	1070.87	46.08	46.15	20.09	113.84	1081.48
Median (\$ per 1,000)	20.62	4.47	9.19	1.83	7.49	28.76
Average (\$ per 1,000)	9.60	2.88	3.35	1.04	5.61	15.20

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

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

**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 and 2022, 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, 2021, BAB debt outstanding was \$5.73 billion or 2.2 percent of total local debt outstanding (*Table E.1*).

Table E.1 <b>Texas Local Government  Build America Bond Debt Outstanding</b> (\$ in millions)	
<b>Government Type</b>	<b>Amount</b>
Other Special Districts and Authorities	\$ 2,071.4
Public School Districts	1,713.0
Cities, Towns, Villages	1,402.5
Health/Hospital Districts and Authorities	495.5
Counties	47.8
Water Districts and Authorities	-
Community and Junior College Districts	-
<b>Total</b>	<b>\$ 5,730.2</b>
Excludes conduit debt.	
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.	

The top five local governments with outstanding BABs account for over 75 percent of the total BAB debt outstanding (*Table E.2*).

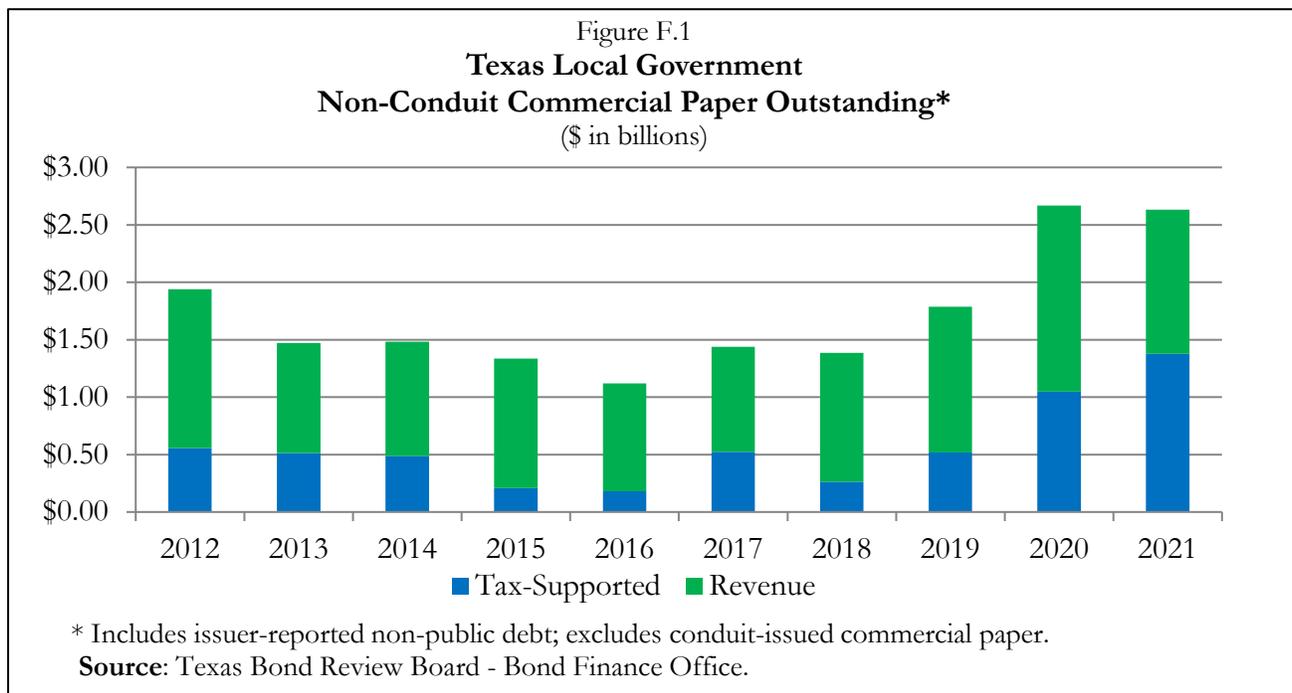
Table E.2	
<b>Texas Local Government</b>	
<b>Top Five Issuers With Build America Bond Debt Outstanding</b>	
(\$ in millions)	
<b>Issuer</b>	<b>Principal</b>
Dallas Area Rapid Transit	\$ 1,196.4
San Antonio	1,056.8
North Texas Tollway Authority	875.0
Dallas ISD	868.8
Dallas County Hospital District	409.2
<b>Top Five Total</b>	<b>\$ 4,406.2</b>
<b>Total BAB Debt Outstanding</b>	<b>\$ 5,730.2</b>
<b>Top Five Issuers % of Total BAB Debt Outstanding</b>	<b>76.9%</b>
Excludes conduit debt.	
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.	

## Appendix F Commercial Paper

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

Local governments and their conduit corporations issue CP to provide interim financing for projects for which revenues are not yet available. Texas local governments are not required to provide the Texas Bond Review Board (BRB) with CP issuance information but are required to report new CP programs to the Office of the Attorney General, which forwards such information to the BRB. Current CP balances are obtained by contacting local governments who have had CP programs in prior years or who have opened new CP programs in 2021. 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 2021 reported non-conduit CP total of \$2.63 billion showed a 10-year increase of 35.7 percent from \$1.94 billion in 2012, a five-year increase of 83.1 percent from \$1.44 billion in 2017, and a 1.4 percent decrease from the 2020 total of \$2.67 billion (*Figure F.1*).



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

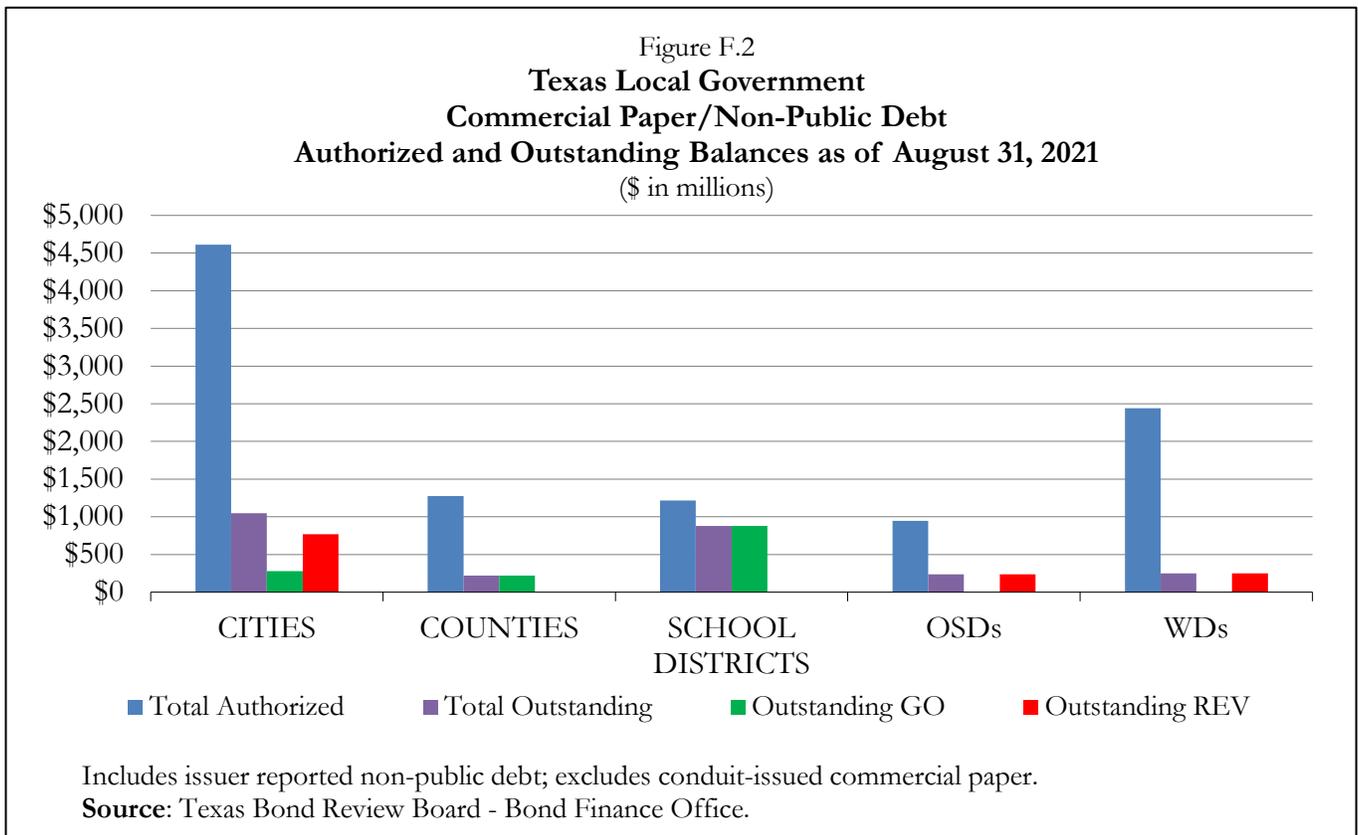
Table F.1					
<b>Texas Local Government</b>					
<b>Commercial Paper Outstanding by Fiscal Year*</b>					
(\$ in millions)					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Public School Districts</b>					
Tax-Supported GO	\$144.5	\$72.1	\$87.1	\$324.7	\$879.0
M&O (Tax-Supported)	0.0	0.0	0.0	0.0	0.0
<b>Total Commercial Paper Balance</b>	<b>\$144.5</b>	<b>\$72.1</b>	<b>\$87.1</b>	<b>\$324.7</b>	<b>\$879.0</b>
<b>Cities, Towns, Villages</b>					
Tax-Supported GO	\$285.2	\$109.5	\$226.4	\$284.5	\$279.3
Revenue	334.4	540.9	716.9	768.6	769.2
Sales Tax Revenue	9.7	6.6	3.3	0.0	0.0
<b>Total Commercial Paper Balance</b>	<b>\$629.3</b>	<b>\$657.0</b>	<b>\$946.7</b>	<b>\$1,053.0</b>	<b>\$1,048.5</b>
<b>Water Districts and Authorities</b>					
Tax-Supported GO	\$0.0	\$0.0	\$52.9	\$202.0	\$0.0
Revenue	182.9	246.7	184.7	162.2	247.6
<b>Total Commercial Paper Balance</b>	<b>\$182.9</b>	<b>\$246.7</b>	<b>\$237.6</b>	<b>\$364.2</b>	<b>\$247.6</b>
<b>Other Special Districts and Authorities</b>					
Tax-Supported GO	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue	100.1	19.5	23.4	231.1	9.4
Sales Tax Revenue	286.4	241.1	201.2	229.9	228.6
<b>Total Commercial Paper Balance</b>	<b>\$386.5</b>	<b>\$260.6</b>	<b>\$224.6</b>	<b>\$461.0</b>	<b>\$238.0</b>
<b>Counties</b>					
Tax-Supported GO	\$93.7	\$83.2	\$150.9	\$236.9	\$218.0
Revenue	0.0	66.5	141.4	227.7	0.0
<b>Total Commercial Paper Balance</b>	<b>\$93.7</b>	<b>\$149.7</b>	<b>\$292.2</b>	<b>\$464.6</b>	<b>\$218.0</b>
<b>Community and Junior College Districts</b>					
Tax-Supported GO	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue	0.0	0.0	0.0	0.0	0.0
<b>Total Commercial Paper Balance</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Health/Hospital Districts and Authorities</b>					
Tax-Supported GO	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue	0.0	0.0	0.0	0.0	0.0
<b>Total Commercial Paper Balance</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Tax-Supported GO</b>	<b>\$523.4</b>	<b>\$264.8</b>	<b>\$517.2</b>	<b>\$1,048.0</b>	<b>\$1,376.3</b>
<b>Total Tax-Supported M&amp;O</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Revenue</b>	<b>617.4</b>	<b>873.7</b>	<b>1,066.4</b>	<b>1,389.6</b>	<b>1,026.2</b>
<b>Total Sales Tax Revenue</b>	<b>296.1</b>	<b>247.7</b>	<b>204.5</b>	<b>229.9</b>	<b>228.6</b>
<b>Total Commercial Paper Balance</b>	<b>\$1,437.0</b>	<b>\$1,386.1</b>	<b>\$1,788.2</b>	<b>\$2,667.6</b>	<b>\$2,631.1</b>

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

As of 2021 fiscal year-end, nine Cities 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 six Public School Districts (School Districts) reporting CP authorized, two reported CP outstanding. Eight Water Districts and Authorities (WDs) reported CP authorized; three of those districts reported CP outstanding. Four Other Special Districts and Authorities (OSDs) reported CP authorized; three of those districts reported CP outstanding. No Community/Junior College Districts (CCDs) or Health/Hospital Districts and Authorities (HHDs) reported authorized or outstanding balances as of year-end.

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

Figure F.2 shows the difference between the total amount of non-conduit authorized CP and the reported outstanding balances for each government type as of 2021 fiscal year-end.



Of the Big 6 Cities (Austin, Dallas, El Paso, Fort Worth, Houston, and San Antonio), five had outstanding non-conduit CP balances as of August 31, 2021. The Big 6 Cities CP outstanding accounted for 88.9 percent of the total Cities CP outstanding in 2017, 94.9 percent in 2018, 86.3 percent in 2019, 92.9 percent in 2020, and 69.9 percent in 2021.

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

Table F.2 Texas Local Government Texas BIG 6 Cities Commercial Paper Outstanding* (\$ in millions)						
		2017	2018	2019	2020	2021
<b>Austin</b>	Tax Supported	\$ -	\$ -	\$ -	\$ -	\$ -
	Revenue	141.4	243.2	82.3	317.0	142.8
<b>Dallas</b>	Tax Supported	9.7	-	3.5	133.5	159.7
	Revenue	10.0	163.7	242.8	139.2	253.1
<b>El Paso</b>	Tax Supported	30.7	23.5	16.9	12.6	-
	Revenue	-	-	-	-	-
<b>Fort Worth</b>	Tax Supported	-	-	-	-	-
	Revenue	-	-	-	-	-
<b>Houston</b>	Tax Supported	244.9	80.0	190.0	131.9	42.6
	Revenue	107.0	100.5	272.5	232.0	67.0
<b>San Antonio</b>	Tax Supported	-	-	-	-	62.0
	Revenue	15.8	12.7	9.4	11.9	5.4
<b>Total Tax Supported</b>		<b>\$ 285.2</b>	<b>\$ 103.5</b>	<b>\$ 210.4</b>	<b>\$ 278.0</b>	<b>\$ 264.3</b>
<b>Total Revenue</b>		<b>\$ 274.2</b>	<b>\$ 520.1</b>	<b>\$ 607.0</b>	<b>\$ 700.1</b>	<b>\$ 468.3</b>
<b>Total Outstanding</b>		<b>\$ 559.4</b>	<b>\$ 623.6</b>	<b>\$ 817.4</b>	<b>\$ 978.1</b>	<b>\$ 732.6</b>

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

As conduit issuers generally have no taxing authority, most conduit issued CP is revenue supported. The fiscal year 2021 reported conduit CP total of \$1.04 billion showed a 10-year increase of 47.2 percent from \$706.6 million in 2012, a five-year increase of 82.2 percent from 570.9 million in 2017, and an increase of 42.9 percent from the 2020 total of \$727.8 million (*Figure F.3*).

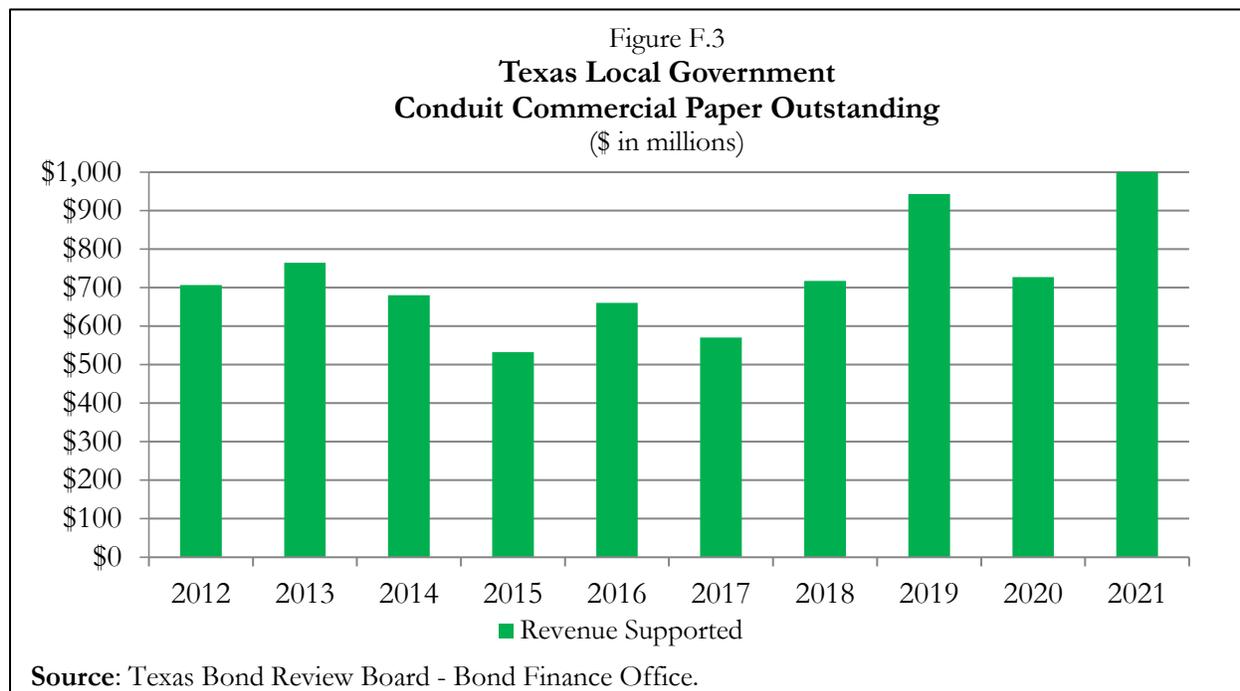


Table F.3 shows the issuers of conduit CP outstanding over the past five years.

Table F.3  
**Texas Local Government  
Conduit Commercial Paper Outstanding\***  
(\$ in millions)

		2017	2018	2019	2020	2021
<b>Cities, Towns, Villages</b>						
Brownsville Public Utilities Board	Revenue	\$ 7.0	\$ 14.0	\$ 30.0	\$ -	\$ 46.0
El Paso Water Utilities	Revenue	155.2	320.2	375.0	240.0	495.0
San Antonio CPS Energy	Revenue	28.0	30.0	50.0	50.0	35.0
San Antonio Water System (SAWS)	Revenue	238.1	168.7	271.8	218.3	234.0
<b>Water Districts and Authorities</b>						
Lower Colorado River Authority	Revenue	\$ 142.7	\$ 185.1	\$ 216.2	\$ 219.5	\$ 230.2
<b>Total Conduit CP Outstanding</b>		<b>\$570.9</b>	<b>\$718.0</b>	<b>\$943.0</b>	<b>\$727.8</b>	<b>\$1,040.2</b>

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

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## **Appendix G**

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

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

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

Community and Junior College Districts (CCDs) are two-year institutions that primarily serve local taxing jurisdictions and offer vocational, technical, and academic courses for certifications or associates degrees. CCDs are governed under the Texas Education Code, Chapter 130. As of August 31, 2021, total CCD debt outstanding was 2.3 percent (\$6.02 billion) of total local debt outstanding.

CCDs issue both tax-supported and revenue debt. Proceeds from CCD debt issuances are used to construct, equip, renovate, expand, and improve facilities, acquire information technology equipment, and refund outstanding debt. Debt service is paid from either an ad valorem tax or various revenue streams such as tuition, technology, and miscellaneous fees or lease revenue. Additionally, CCDs create nonprofit conduit entities to issue debt on behalf of, and for projects to benefit, the CCDs. Most of CCD new obligations are authorized under Chapters 45 and 130 of the Texas Education Code.

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

Texas Cities, Towns, Villages (Cities) issue both tax-supported and revenue debt. Revenue debt also includes sales tax and lease-revenue obligations. As of August 31, 2021, total cities debt outstanding was 31.6 percent (\$84.24 billion) of total local debt outstanding.

Tax-supported debt financing is used for authorized municipal purposes, such as the acquisition of vehicles, road maintenance equipment, road construction, and maintenance materials; construction of road and bridge improvements; maintaining public safety (police, fire, and EMS); renovation, equipping, and construction of municipal buildings and utility systems; acquisition of real property; and acquisition of computer equipment and software. Most of Cities new ad valorem tax debt is authorized under Chapters 1331 and 1502 of the Government Code and Chapter 271 of the Local Government Code.

Revenue debt financing is used for such purposes as acquiring, constructing, enlarging, remodeling, and renovating authorized municipal systems and infrastructure, such as wastewater and sewer systems, toll roads, and airports.

Cities also issue debt that is supported by a combination of tax and revenue for similar purposes listed above. Such debt is categorized as tax-supported.

Sales tax revenue debt is issued by certain Cities for such purposes as constructing and improving municipal parks and recreation facilities/entertainment centers as well as hike and bike trails.

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

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

### Texas Counties

Counties issue two types of debt, tax supported and revenue, which also includes lease-revenue. As of August 31, 2021, county debt was 5.8 percent (\$15.39 billion) of total local debt outstanding.

Tax-supported debt is used for authorized county purposes such as the acquisition of vehicles, road maintenance equipment, road construction, and maintenance materials; construction of road and bridge improvements; renovation, equipping, and construction of county buildings and jails; acquisition of real property; and acquisition of computer equipment and software. Most of Counties new ad valorem tax debt is authorized under Chapters 1301 and 1473 of the Government Code and Chapter 271 of the Local Government Code.

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

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

### Texas Health/Hospital Districts and Authorities

Health/Hospital Districts and Authorities (HHDs) provide a legal framework to create hospital systems to provide hospital and medical care facilities, emergency services, and mental health services to district residents. As of August 31, 2021, HHD debt outstanding was 1.3 percent (\$3.51 billion) of total local debt outstanding.

HHD tax-supported and revenue debt is used to construct, acquire, and/or improve buildings for hospital, fire, emergency, and mental health facilities. HHDs can create conduit entities to issue debt on their behalf.

The BRB collects debt information on four types of hospital, health, and public safety districts: hospital districts (HD), hospital authorities (HA), emergency services districts (ESD), and mental health mental retardation centers (MHMR). They are described as follows:

<b>District</b>	<b>Purpose</b>	<b>Voter Approved /Taxing Authority</b>	<b>Authorizing Texas Health and Safety Code Chapter</b>
Hospital Districts	Creates hospital systems to provide hospital and medical care facilities. HDs must be voter approved and have taxing authority.	Yes/Yes	Chapters 281, 282, or 283
Hospital Authorities	Creates hospital systems to provide hospital and medical care facilities. HAs are created by a municipality's governing board, do not require voter approval and do not have taxing authority.	No/No	Chapter 262
Emergency Service Districts	Provides rural fire prevention and emergency medical services. ESDs must be voter approved and have taxing authority.	Yes/Yes	Chapter 775

Mental Health & Mental Retardation Centers	Provides child, adolescent, and adult mental health services; substance abuse recovery services; and skills training. MHMRs do not require voter approval and do not have taxing authority.	No/No	Chapter 534
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**Texas Public School District Debt**

Much of Public School District (School District) debt is authorized under Chapter 45 of the Texas Education Code. School Districts issue four types of debt: voter approved, maintenance and operations (M&O), lease-revenue, and revenue. Charter school debt issued by nonprofit corporations is not included in School District debt. As of August 31, 2021, total School District debt outstanding was 36.7 percent (\$97.79 billion) of total local debt outstanding.

Over 98.55 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. Tax rates for M&O debt are generally limited to a maximum of \$1.50 per \$100 valuation under Chapter 45 of the Texas Education Code. For M&O debt, only the maintenance tax is approved by the voters; once the voters approve the maintenance tax and the maximum rate, the maintenance tax debt may be issued without an election.

Lease-revenue obligations are issued by a public facility corporation created by a school district and used for acquiring, constructing, and equipping school facilities.

Proceeds from revenue debt issuances are mainly used to build and maintain sports facilities. Revenue and lease-revenue debt do not require voter approval.

**Texas Other Special Districts and Authorities**

Other Special Districts and Authorities (OSD) include tollway authorities, transit authorities, housing authorities, regional mobility authorities, power agencies, public utility agencies, road districts, events venue districts, education districts, and various economic and community development districts. As of August 31, 2021, total OSD debt outstanding was 7.4 percent (\$19.75 billion) of total local debt outstanding.

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

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

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

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

Texas Water Districts and Authorities (WDs) are local governmental entities that provide limited water-related services to customers and residents. WDs can be created by the Texas Commission on Environmental Quality, a county commissioner’s court, or the legislature. WDs issue both tax-supported and revenue debt. (See generally, Texas Water Code, Chapters 49, 51, 54, 65, and Subtitle G of the Special District Local Laws Code). As of August 31, 2021, total WD debt outstanding was 14.9 percent (\$39.69 billion) of total local debt outstanding.

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

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

Tax-supported and revenue debt issued by WDs is used to pay capital costs to engineer, construct, acquire, and/or improve water plants, wastewater treatment facilities, and sewer system drainage. Certain WDs can also issue tax debt for road and park construction and create conduit entities to issue conduit revenue debt for pollution control facilities for private entities.

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## Appendix H

### Overview of Texas Local Government Rating Changes

#### Local Government Rating Changes

Approximately 83 issuers that issued debt in fiscal year 2021 received a tax-supported general obligation (GO) rating upgrade, and 21 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 2021 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 2021 are not considered in *Table H.1* and *Table H.2*.

Water Districts and Authorities (WDs) account for almost half of the upgrades with 34, followed by Public School Districts (School Districts) and Cities, Towns, Villages (Cities) with 27 and 18 upgrades, respectively (*Table H.1*). School Districts and Cities accounted for most downgrades with eight and six, respectively (*Table H.2*).

Table H.1  
Texas Local Government  
2021 Issuers with GO Rating Upgrade Since Previous Issuance

	Fitch	Moody's	S&P
<b>Public Schools (27)</b>			
Brazos ISD			A to A+, 2017-2021
Bridge City ISD		A1 to Aa3, 2020-2021	
Buna ISD		A2 to A1, 2018-2021	
Burnet CISD		Aa3 to Aa2, 2016-2021	
Celina ISD		A1 to Aa3, 2019-2021	
College Station ISD		Aa2 to Aa1, 2017-2021	
Crockett ISD		Baa1 to A2, 2013-2021	
East Bernard ISD		A1 to Aa3, 2019-2021	
Farmersville ISD		A1 to Aa3, 2013-2021	
Gregory-Portland ISD		Aa2 to Aa1, 2019-2021	
Hardin-Jefferson ISD		A1 to Aa3, 2019-2021	
Huntsville ISD		A1 to Aa3, 2015-2021	
Hutto ISD		A1 to Aa3, 2020-2021	
Jim Ned CISD		A1 to Aa3, 2016-2021	
Lago Vista ISD		Aa3 to Aa2, 2018-2021	
Lamar CISD			AA to AAA, 2020-2021
Liberty Hill ISD		A2 to A1, 2019-2021	
Llano ISD			A+ to AA-, 2019-2021
Lorena ISD		A2 to Aa1, 2016-2021	
Los Fresnos CISD		A1 to Aa3, 2016-2021	
Lumberton ISD		A1 to Aa2, 2020-2021	
Magnolia ISD		Aa3 to Aa2, 2017-2021	
New Home ISD		Baa2 to A2, 2017-2021	
Royse City ISD		A1 to Aa3, 2021-2021	
San Angelo ISD		A1 to Aa2, 2005-2021	
Three Rivers ISD		A2 to A1, 2021-2021	
Van Alstyne ISD		A2 to Aa3, 2018-2021	
<b>Cities (18)</b>			
Anna		Aa3 to Aa2, 2018-2021	
Colorado City			A- to A, 2013-2021
Commerce			A to A+, 2013-2021
Hillsboro			A to A+, 2013-2021
Italy			A to A+, 2017-2021
Magnolia			A+ to AA-, 2015-2021
Mansfield		Aa2 to Aa1, 2020-2021	
Montgomery			A to AA, 2013-2021
Mount Pleasant		Baa1 to A2, 2001-2021	
Nash			A to AA, 2014-2021
Oak Ridge North			AA- to AA, 2013-2021
Pecos City		A2 to A1, 2013-2021	
Pharr			AA- to AA, 2020-2021
Red Oak			AA- to AA, 2021-2021
San Benito	A+ to AA, 2013-2021		
The Woodlands Township			AA to AA+, 2012-2021
West		Baa2 to A3, 2016-2021	
Winnsboro			A- to A+, 2012-2021

Table H.1 (continued)  
**Texas Local Government**  
**2021 Issuers with GO Rating Upgrade Since Previous Issuance**

	Fitch	Moody's	S&P
<b>Water Districts and Authorities (34)</b>			
Brazoria County MUD 29		Baa1 to A3, 2018-2021	
Cinco MUD 03			A- to A, 2010-2021
Denton County MUD 4		Baa2 to A3, 2014-2021	
Fort Bend County LID 006		Baa1 to A3, 2020-2021	
Fort Bend County LID 015		A1 to Aa3, 2021-2021	
Fort Bend County MUD 130			A- to AA, 2021-2021
Fort Bend County MUD 149		A3 to A2, 2016-2021	
Fort Bend County MUD 165		Baa1 to A3, 2020-2021	
Fort Bend County MUD 172		Baa1 to A3, 2020-2021	
Fort Bend County MUD 187		Baa2 to Baa1, 2020-2021	
Galveston County MUD 56		Baa3 to A2, 2019-2021	
Harris County ID 18		A3 to A1, 2020-2021	
Harris County MUD 238			A- to A, 2017-2021
Harris County MUD 284			BBB to BBB+, 2019-2021
Harris County MUD 370			A to A+, 2013-2021
Harris County MUD 383		A3 to A2, 2019-2021	
Harris County MUD 391		A3 to A2, 2020-2021	
Harris County MUD 432		Baa3 to Baa2, 2020-2021	
Harris County MUD 529		Baa3 to Baa2, 2019-2021	
Harris County WCID 157		A2 to A1, 2020-2021	
Harris County WCID 161		Baa3 to Baa2, 2020-2021	
Harris-Waller Counties MUD 03		Baa3 to Baa2, 2020-2021	
McKinney MUD 1		Baa3 to Baa2, 2020-2021	
Montgomery County MUD 113		A3 to A2, 2020-2021	
Mount Houston Road MUD		Baa3 to Baa2, 2019-2021	
Northwest Harris County MUD 15			BBB+ to A-, 2014-2021
Presidential Glen MUD		Baa1 to A3, 2020-2021	
Rolling Fork PUD		Baa2 to Baa1, 2015-2021	
Sienna Plantation MUD 12		A3 to A2, 2020-2021	
Travis County MUD 11			A- to A, 2020-2021
Travis County MUD 21		Baa3 to Baa1, 2020-2021	
Williamson County MUD 10			A- to A, 2016-2021
Williamson County MUD 11			A- to A, 2021-2021
Williamson County MUD 15		Baa2 to Baa1, 2020-2021	
<b>Counties (3)</b>			
Bastrop County		Aa2 to Aa1, 2018-2021	
Lamar County		Aa3 to Aa2, 2013-2021	
Shackelford County			A to A+, 2011-2021
<b>Other Special Districts (1)</b>			
Harris County Department of Education		Aa2 to Aaa, 2009-2021	

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 2021 Issuers with GO Rating Downgrade Since Previous Issuance			
	Fitch	Moody's	S&P
<b>Public School Districts (8)</b>			
Crosby ISD			AA- to A-, 2018-2021
Ector County ISD		Aa3 to A1, 2017-2021	AA- to A+, 2017-2021
Lipan ISD		Baa3 to A1, 2000-2021	
Loraine ISD			A+ to A, 2012-2021
Mercedes ISD			A to A-, 2017-2021
Progreso ISD	A to BBB-, 2013-2021		
Three Rivers ISD		A1 to A2, 2015-2021	
Waller ISD		Aa3 to A1, 2020-2021	
<b>Cities (6)</b>			
Austin		Aaa to Aa1, 2020-2021	
Borger			AA- to A+, 2016-2021
Brownwood		Baa1 to Baa2, 2012-2021	
Everman			A to BBB+, 2013-2021
Murphy			AA+ to AA, 2020-2021
Pleasanton			AA to AA-, 2019-2021
<b>Water Districts and Authorities (5)</b>			
Beeville WSD			A to A-, 2013-2021
Galveston County MUD 56		A2 to Baa3, 2021-2021	
Montgomery County UD 3			AA to A, 2015-2021
Northampton MUD		A2 to Baa3, 2020-2021	
West Harris County MUD 02		Baa to A2, 1997-2021	
<b>Counties (1)</b>			
Mitchell County			A+ to A, 2012-2021
<b>Health &amp; Hospital Districts (1)</b>			
Hunt Memorial Hospital District		A1 to A2, 2015-2021	AA- to BBB+, 2015-2021
This table is for informational purposes only and has not been independently verified. Rating changes that occur between bond issuances are not collected by the Bond Review Board and are therefore not reflected in the table.			
<b>Source:</b> Texas Bond Review Board - Bond Finance Office.			

## Appendix I Glossary

**Ad Valorem Tax** – A tax based on the assessed value of real estate or personal property. Property ad valorem taxes are a major source of revenue for local governments.

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

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

**Assessed Valuation** – A municipality’s worth in dollars based on real estate and/or other property for the purpose of taxation, sometimes expressed as a percent of the full market value of the community.

**Authorized but Unissued** – Debt that has been authorized for a specific purpose by the voters and/or the legislature but has not yet been issued. Authorized but unissued debt can be issued without the need for further legislative action.

**Average Daily Attendance (ADA)** – The number of students in ADA can be found by adding the number of students who are in attendance each day of the school year for the entire school year and then dividing that number by the number of instructional days in the school year.

**Bond** – A debt instrument in which an investor loans money to the issuer that specifies when the loan is due (“term” or “maturity” such as 20 years), the interest rate the borrower will pay (such as 5 percent), when the debt-service payments will be made (such as monthly, semi-annually, or annually), and the revenue source pledged to make the payments.

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

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

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

**Build America Bonds (BABs)** – A debt instrument created by the American Recovery and Reinvestment Act of 2009 (ARRA) that was issued as Tax Credit BABs or Direct-Payment BABs. Tax Credit BABs provide a tax credit to investors equal to 35 percent of the interest payable by the issuer. Direct-Payment BABs provide a direct federal subsidy payment to state and local governmental issuers equal to 35 percent of the interest payable. With the implementation of the Budget Control Act of 2011, the BAB subsidies have been reduced annually (see chart below). Authority to issue BABs expired in December 2010. See *Appendix E* for a discussion on BABs.

Federal Fiscal Year (October 1 thru September 30)	Sequestration Rate Reduction	Effective BAB Federal Subsidy Payment Percentage
2021-2022	5.7%	33.01%
2020	5.9%	32.94%
2019	6.2%	32.83%
2018	6.6%	32.69%
2017	6.9%	32.59%
2016	6.8%	32.62%
2015	7.3%	32.45%
2014	7.2%	32.48%
2013	8.7%	31.96%

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

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

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

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

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

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

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

**Commercial Paper (CP)** – Short-term, unsecured promissory notes that mature within 270 days and are backed by a liquidity provider (usually a bank) that stands by to provide liquidity in the event the notes are not remarketed or redeemed at maturity. See *Appendix F* for a discussion on CP.

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

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

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

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

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

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

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

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

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

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

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

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

**Debt per Capita** – A measurement of the value of a government's debt expressed in terms of the amount attributable to each citizen under the government's jurisdiction. The formula is the debt outstanding as of August 31 divided by the estimated residential population of the issuer.

**Debt Service** – The amount that is required to cover the repayment of principal and interest on a debt for a particular period.

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

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

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

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

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

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

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

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

**Fiscal Year** – Information is sorted on the fiscal year of the state, September 1 through August 31. Debt-service adjustments have been made for local governments with different fiscal years. Information is provided on cash, not accrual, basis.

**Fixed Rate** – An interest rate that does not change during the entire term of the obligation.

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

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

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

**Home Rule City** – Cities are classified as either general law or home rule. A city may elect home rule status (i.e., draft an independent city charter) once it exceeds a population of \$5,000 and the voters agree to home rule. Otherwise, it is classified as general law and has very limited powers. One example of the difference in the two structures regards annexation. General law cities cannot annex adjacent unincorporated areas without the property owner’s consent; home rule cities may annex without consent but must provide essential services within a specified period (generally within three years), or the property owner may file suit to be disannexed and reimbursed. Once a city adopts home rule, it may continue to keep this status even if the population later falls below 5,000.

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

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

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

**Issuer** – A legal entity that sells securities for the purpose of financing its operations. Issuers are legally responsible for the obligations of the issue and reporting financial conditions, material developments, and any other operational activities.

**Lease Purchase** – Financing the purchase of an asset over time through lease payments that include principal and interest. Lease purchases can be financed through a private vendor.

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

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

**Limited Tax General Obligation Bonds** – A type of municipal bond that is guaranteed by the municipal government’s pledge to use all legal resources, including the levying of property taxes, up to a set statutory limit. If a municipality exhausts the property tax resources for bond repayment within that limit, other revenue sources must be used for bond repayment.

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

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

**Local Government Names** – The names of governments used in this report are taken from the *Texas Property Tax Appraisal District Directory* published by the Texas State Comptroller of Public Accounts.

**M&O Debt** – Maintenance & operations debt is the debt-service outstanding on bonds issued by public schools. This debt can be used for administration and operational costs of schools (teachers, buses, classrooms, etc.) but cannot be used for the new construction of school facilities. M&O bonds are backed by revenue from the M&O tax rate.

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

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

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

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

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

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

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

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

**Official Statement** – The document published by the issuer that provides complete and accurate material information to investors on a new issue of municipal securities, including the purposes of the issue, repayment provisions, and the financial, economic, and social characteristics of the issuing government.

**Par** – The face value of a security that is due at maturity. A par bond is a bond selling at its face value.

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

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

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

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

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

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

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

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

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

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

**Qualified School Construction Bonds (QSCB)** – QSCBs must meet three requirements: 1) all of the bond proceeds must be used for the construction, rehabilitation, or repair of a public school facility, or for the acquisition of land on which such a bond financed facility is to be constructed; 2) the bond is issued by a state or local government within which such school is located; and 3) the issuer designates such bonds as a qualified school construction bond. For more information regarding QSCBs, contact the Texas Education Agency.

**Qualified Zone Academy Bonds (QZAB)** – QZABs are tax credit bonds in which the proceeds are used for renovating school buildings, purchasing equipment, developing curricula, and/or training school personnel. QZABs may not be issued for new construction. To qualify to issue QZABs, school districts must create a Zone Academy that is comprised of empowerment zones or enterprise communities comprised of public schools with 35 percent or more of their student body on the free and/or reduced lunch programs. For more information regarding QZABs, contact the Texas Education Agency.

**Rating Agency** – An entity that provides publicly available ratings of the credit quality of securities issuers, measuring the probability of the timely repayment of principal and interest on municipal securities.

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

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

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

**Revenue Debt** – Debt that is legally secured by a specified revenue source(s). Most revenue debt does not require voter approval and usually has a maturity based on the life of the project to be financed.

**Sales Tax** – A tax imposed by the government at the point of sale on retail goods and services. It is collected by the retailer and passed on to the state. Statutes, such as the Development Corporation Act, authorize certain issuers to pledge certain sales taxes to the repayment of debt for certain projects.

**Sales Tax Revenue** – Debt that is legally secured by a specified sales tax issued by certain cities for such purposes as constructing and improving municipal parks and recreation facilities/entertainment centers as well as hike and bike trails.

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

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

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

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

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

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

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

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

**Tax-Supported Debt** – For local governments, tax-supported debt (sometimes called tax debt) is generally secured by a pledge of the issuer's ad valorem taxing power. Tax-supported debt can have either a limited or an unlimited authority pledge of tax revenues for repayment. For reporting purposes, when the public security contains both a tax and revenue pledge, the public security is categorized as tax-supported debt.

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

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

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

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

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

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

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

**Unlimited Tax General Obligation Bond** – A municipal bond that is backed by the pledge of the issuer to raise taxes, without limit, to service the debt until it is repaid.

**Variable Rate** – An interest rate that fluctuates based on market conditions or a predetermined index or formula. (Fixed rates do not change during the life of the obligation.)

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

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

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

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