**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 15, 2026**

**NEW ISSUES – Book-Entry-Only**

**Ratings: S&P: "AAA" (stable outlook)**
**Fitch: "AAA" (stable outlook)**
**(See "OTHER RELEVANT INFORMATION – Ratings" in this document)**

*In the opinion of Bond Counsel to the City (as defined below), interest on the Tax-Exempt Obligations (as defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions on the date thereof, subject to the matters described under "TAX MATTERS – Tax-Exempt Obligations" in this document, including the alternative minimum tax on certain corporations. Interest on the Taxable Obligations (as defined below) is not exempt from federal income tax. See "TAX MATTERS – Taxable Obligations" in this document.*

# CITY OF AUSTIN, TEXAS

**$291,210,000***
**PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2026**

**$134,140,000***
**CERTIFICATES OF OBLIGATION, SERIES 2026**

**$80,650,000***
**PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2026**

**$67,465,000***
**PUBLIC IMPROVEMENT BONDS, TAXABLE SERIES 2026**

**$13,560,000***
**CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2026**

**Dated Date: October 15, 2026** **Due: As shown on pages ii through iv**

Interest on the $291,210,000 City of Austin, Texas Public Improvement and Refunding Bonds, Series 2026 (the "Bonds"), the $134,140,000 City of Austin, Texas Certificates of Obligation, Series 2026 (the "Certificates"), the $80,650,000 City of Austin, Texas Public Property Finance Contractual Obligations, Series 2026 (the "Contractual Obligations"), the $67,465,000 City of Austin, Texas Public Improvement Bonds, Taxable Series 2026 (the "Taxable Bonds"), and the $13,560,000 City of Austin, Texas Certificates of Obligation, Taxable Series 2026 (the "Taxable Certificates") will accrue from the dated date shown above, and in the case of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates will be payable March 1, 2027 and each September 1 and March 1 thereafter until maturity or redemption prior to maturity, and in the case of the Contractual Obligations, will be payable May 1, 2027, and each November 1 and May 1 thereafter until maturity, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. **The Bonds, the Certificates and the Contractual Obligations are collectively referred to in this document as the "Tax-Exempt Obligations." The Taxable Bonds and the Taxable Certificates are collectively referred to in this document as the "Taxable Obligations." The Tax-Exempt Obligations and the Taxable Obligations are collectively referred to in this document as the "Obligations."**

The initial Paying Agent/Registrar for the Obligations is U.S. Bank Trust Company, National Association, Houston, Texas. See "OBLIGATION INFORMATION – Paying Agent/Registrar" in this document. Each issue of the Obligations will be offered separately by the City of Austin, Texas (the "City"), and delivery of any one issue is not contingent upon the delivery of any other issue. The City intends to utilize the book-entry-only system of The Depository Trust Company, New York, New York ("DTC"), but reserves the right on its behalf or on behalf of DTC to discontinue such system. The book-entry-only system will affect the method and timing of payment and the method of transfer of the Obligations. See "OBLIGATION INFORMATION – Book-Entry-Only System" in this document.

In each Ordinance (as defined in this document), the City Council delegated to the City Manager, the Chief Financial Officer, the Director of Financial Services and the Treasurer, acting individually but not jointly, to effect the sale of each series of the Obligations authorized therein, subject to the terms of each Ordinance. The Bonds, the Taxable Bonds and the Contractual Obligations are direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City, as provided in the respective Ordinances authorizing the issuance of the Bonds, the Taxable Bonds and the Contractual Obligations. The Certificates and the Taxable Certificates are direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City and are additionally payable from and secured by a limited pledge of the surplus revenues (not to exceed $1,000) of the City's solid waste disposal system, as provided in the respective Ordinances authorizing the issuance of the Certificates and the Taxable Certificates. See "OBLIGATION INFORMATION – Security" in this document.

Proceeds from the sale of the Bonds and the Taxable Bonds will be used to finance various capital improvements (see "DEBT SERVICE REQUIREMENTS – Authorized General Obligation Bonds– Table Seven" in this document) and to pay costs of issuing the Bonds and the Taxable Bonds. Proceeds from the sale of the Bonds will additionally be used to refund for savings portions of the City's outstanding general obligation debt shown in APPENDIX D of this document (the "Refunded Obligations") and to pay the costs of refunding the Refunded Obligations. See "OBLIGATION INFORMATION – Refunded Obligations" in this document. Proceeds from the sale of the Certificates and the Taxable Certificates will be used to finance various capital improvements and to pay the costs of issuing the Certificates and the Taxable Certificates. Proceeds from the sale of the Contractual Obligations will be used to purchase certain equipment and other personal property for use by various City departments and to pay the costs of issuing the Contractual Obligations. See "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document.

**See "MATURITY SCHEDULES" on pages ii through iv**

The Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates are subject to redemption prior to their stated maturities as described in "OBLIGATION INFORMATION – Optional Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates" and "OBLIGATION INFORMATION – Mandatory Sinking Fund Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates" in this document. The Contractual Obligations are **not** subject to redemption prior to their stated maturities. See "OBLIGATION INFORMATION – No Redemption of the Contractual Obligations Prior to Maturity" in this document.

The Obligations are offered for delivery when, as and if issued, subject to the approving opinions of the Attorney General of the State of Texas and of McCall, Parkhurst & Horton L.L.P., Bond Counsel. See "APPENDIX C – FORMS OF BOND COUNSEL'S OPINIONS" in this document. Certain legal matters will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, as disclosure counsel to the City. It is expected that the Obligations will be delivered through the facilities of DTC on or about October 15, 2026.

**BIDS ON THE TAX-EXEMPT OBLIGATIONS DUE TUESDAY, SEPTEMBER 22, BY 9:30 A.M., LOCAL TIME**

**BIDS ON THE TAXABLE OBLIGATIONS DUE TUESDAY, SEPTEMBER 22, BY 10:30 A.M., LOCAL TIME**

* *Preliminary, subject to change.*

## MATURITY SCHEDULES

## CITY OF AUSTIN, TEXAS

**$291,210,000***
**PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2026**
Base CUSIP No. 052397 [1]

| Maturity (September 1) | Principal Amount | Interest Rate | Initial Yield | CUSIP Suffix[1] | Maturity (September 1) | Principal Amount | Interest Rate | Initial Yield | CUSIP Suffix[1] |
|---|---|---|---|---|---|---|---|---|---|
| 2027 | $25,010,000 | | | | 2037 | $10,750,000 | | | |
| 2028 | 23,995,000 | | | | 2038 | 11,290,000 | | | |
| 2029 | 12,640,000 | | | | 2039 | 11,855,000 | | | |
| 2030 | 13,105,000 | | | | 2040 | 12,445,000 | | | |
| 2031 | 13,590,000 | | | | 2041 | 13,065,000 | | | |
| 2032 | 14,520,000 | | | | 2042 | 13,720,000 | | | |
| 2033 | 13,010,000 | | | | 2043 | 14,405,000 | | | |
| 2034 | 12,745,000 | | | | 2044 | 15,125,000 | | | |
| 2035 | 13,335,000 | | | | 2045 | 15,885,000 | | | |
| 2036 | 14,040,000 | | | | 2046 | 16,680,000 | | | |

**(Interest to accrue from the Dated Date)**

**$134,140,000***
**CERTIFICATES OF OBLIGATION, SERIES 2026**
Base CUSIP No. 052397 [1]

| Maturity (September 1) | Principal Amount | Interest Rate | Initial Yield | CUSIP Suffix[1] | Maturity (September 1) | Principal Amount | Interest Rate | Initial Yield | CUSIP Suffix[1] |
|---|---|---|---|---|---|---|---|---|---|
| 2027 | $5,500,000 | | | | 2037 | $6,535,000 | | | |
| 2028 | 4,210,000 | | | | 2038 | 6,860,000 | | | |
| 2029 | 4,425,000 | | | | 2039 | 7,205,000 | | | |
| 2030 | 4,645,000 | | | | 2040 | 7,565,000 | | | |
| 2031 | 4,875,000 | | | | 2041 | 7,945,000 | | | |
| 2032 | 5,120,000 | | | | 2042 | 8,340,000 | | | |
| 2033 | 5,375,000 | | | | 2043 | 8,755,000 | | | |
| 2034 | 5,645,000 | | | | 2044 | 9,195,000 | | | |
| 2035 | 5,925,000 | | | | 2045 | 9,655,000 | | | |
| 2036 | 6,225,000 | | | | 2046 | 10,140,000 | | | |

**(Interest to accrue from the Dated Date)**

*Redemption of the Bonds and the Certificates*. The Bonds and the Certificates will be subject to redemption as described in "OBLIGATION INFORMATION – Optional Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates" and "OBLIGATION INFORMATION – Mandatory Sinking Fund Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates".

[1] CUSIP numbers have been assigned to the Bonds and the Certificates by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds and Certificates. None of the City, the Municipal Advisor, the Purchasers or their agents or counsel assume responsibility for the accuracy of such numbers.

* *Preliminary, subject to change.*

**CITY OF AUSTIN, TEXAS**

**$80,650,000***
**PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2026**
Base CUSIP No. 052397[1]

| Maturity (May 1) | Principal Amount | Interest Rate | Initial Yield | CUSIP Suffix[1] | Maturity (November 1) | Principal Amount | Interest Rate | Initial Yield | CUSIP Suffix[1] |
|---|---|---|---|---|---|---|---|---|---|
| 2027 | $5,750,000 | | | | 2027 | $4,580,000 | | | |
| 2028 | 4,580,000 | | | | 2028 | 4,810,000 | | | |
| 2029 | 4,815,000 | | | | 2029 | 5,060,000 | | | |
| 2030 | 5,055,000 | | | | 2030 | 5,310,000 | | | |
| 2031 | 5,315,000 | | | | 2031 | 5,585,000 | | | |
| 2032 | 5,580,000 | | | | 2032 | 5,865,000 | | | |
| 2033 | 5,865,000 | | | | 2033 | 12,480,000 | | | |

**(Interest to accrue from the Dated Date)**

*No Redemption of the Contractual Obligations Prior to Maturity*. The Contractual Obligations are not subject to redemption prior to their stated maturities.

[1] CUSIP numbers have been assigned to the Contractual Obligations by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Contractual Obligations. None of the City, the Municipal Advisor, the Purchasers or their agents or counsel assume responsibility for the accuracy of such numbers.

*(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)*

* *Preliminary, subject to change.*

**CITY OF AUSTIN, TEXAS**

**$67,465,000***
**PUBLIC IMPROVEMENT BONDS, TAXABLE SERIES 2026**
Base CUSIP No. 052397 [(1)]

| Maturity (September 1) | Principal Amount | Interest Rate | Initial Yield | CUSIP Suffix[(1)] | Maturity (September 1) | Principal Amount | Interest Rate | Initial Yield | CUSIP Suffix[(1)] |
|---|---|---|---|---|---|---|---|---|---|
| 2027 | $2,140,000 | | | | 2037 | $3,290,000 | | | |
| 2028 | 2,030,000 | | | | 2038 | 3,460,000 | | | |
| 2029 | 2,140,000 | | | | 2039 | 3,650,000 | | | |
| 2030 | 2,260,000 | | | | 2040 | 3,850,000 | | | |
| 2031 | 2,385,000 | | | | 2041 | 4,065,000 | | | |
| 2032 | 2,515,000 | | | | 2042 | 4,295,000 | | | |
| 2033 | 2,655,000 | | | | 2043 | 4,550,000 | | | |
| 2034 | 2,800,000 | | | | 2044 | 4,815,000 | | | |
| 2035 | 2,955,000 | | | | 2045 | 5,100,000 | | | |
| 2036 | 3,115,000 | | | | 2046 | 5,395,000 | | | |

**(Interest to accrue from the Dated Date)**

**$13,560,000***
**CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2026**
Base CUSIP No. 052397 [(1)]

| Maturity (September 1) | Principal Amount | Interest Rate | Initial Yield | CUSIP Suffix[(1)] | Maturity (September 1) | Principal Amount | Interest Rate | Initial Yield | CUSIP Suffix[(1)] |
|---|---|---|---|---|---|---|---|---|---|
| 2027 | $545,000 | | | | 2037 | $865,000 | | | |
| 2028 | 535,000 | | | | 2038 | 910,000 | | | |
| 2029 | 565,000 | | | | 2039 | 960,000 | | | |
| 2030 | 595,000 | | | | 2040 | 1,015,000 | | | |
| 2031 | 625,000 | | | | 2041 | 1,065,000 | | | |
| 2032 | 660,000 | | | | 2042 | 390,000 | | | |
| 2033 | 700,000 | | | | 2043 | 410,000 | | | |
| 2034 | 740,000 | | | | 2044 | 435,000 | | | |
| 2035 | 775,000 | | | | 2045 | 460,000 | | | |
| 2036 | 820,000 | | | | 2046 | 490,000 | | | |

**(Interest to accrue from the Dated Date)**

*Redemption of the Taxable Bonds and the Taxable Certificates*. The Taxable Bonds and the Taxable Certificates will be subject to redemption as described in "OBLIGATION INFORMATION – Optional Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates" and "OBLIGATION INFORMATION – Mandatory Sinking Fund Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates".

[(1)] CUSIP numbers have been assigned to the Taxable Bonds and the Taxable Certificates by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Taxable Bonds and Taxable Certificates. None of the City, the Municipal Advisor, the Purchasers or their agents or counsel assume responsibility for the accuracy of such numbers.

* *Preliminary, subject to change.*

*For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the City with respect to the Obligations that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.*

The Obligations are offered by the City under a common Official Statement. The Obligations are separate and distinct securities offerings being issued and sold independently, except for the common Official Statement. While the Obligations share certain common attributes, each issue is separate from the others and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the respective Obligations and other features.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than as contained in this document, and if given or made such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Obligations, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is submitted in connection with the sale of securities referred to in this document and may not be reproduced or used for any other purpose. In no instance may this Official Statement be reproduced or used in part.

THE OBLIGATIONS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE ORDINANCES BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE ON EXEMPTIONS CONTAINED IN SUCH ACTS.

The information set forth in this document has been furnished by the City and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the City, the Municipal Advisor or the Purchasers. The information and expressions of the opinions in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under the Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the other matters described since the date of this Official Statement. CUSIP numbers have been assigned to each series of Obligations for the convenience of the owners of the Obligations.

This Official Statement includes descriptions and summaries of certain events, matters, and documents. The descriptions and summaries do not purport to be complete and all such descriptions, summaries and references are qualified in their entirety by reference to this Official Statement in its entirety and to each document referred to in this Official Statement, copies of which may be obtained from the City or from PFM Financial Advisors LLC, the Municipal Advisor to the City. Any statements made in this Official Statement, which includes the Appendices to this document, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

This Official Statement contains "forward–looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements. See "OTHER RELEVANT INFORMATION – Forward-Looking Statements" in this document.

IN CONNECTION WITH THE OFFERING OF THE OBLIGATIONS, THE PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE OBLIGATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE OBLIGATIONS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

## TABLE OF CONTENTS

## CITY OF AUSTIN

### Elected Officials

| | | Term Expires Jan. 6 |
|---|---|---|
| Kirk Watson | Mayor | 2029 |
| Natasha Harper-Madison | Councilmember District 1 | 2027 |
| Vanessa Fuentes | Councilmember District 2 | 2029 |
| José Velásquez | Councilmember District 3 | 2027 |
| José “Chito” Vela | Mayor Pro Tem / Councilmember District 4 | 2029 |
| Ryan Alter | Councilmember District 5 | 2027 |
| Krista Laine | Councilmember District 6 | 2029 |
| Mike Siegel | Councilmember District 7 | 2029 |
| Paige Ellis | Councilmember District 8 | 2027 |
| Zohaib “Zo” Qadri | Councilmember District 9 | 2027 |
| Marc Duchen | Councilmember District 10 | 2029 |

### Appointed Officials

| | |
|---|---|
| T.C. Broadnax | City Manager |
| Jon Fortune | Deputy City Manager |
| Ramon Batista | Assistant City Manager |
| Susan Carbajal | Assistant City Manager |
| Stephanie Hayden-Howard | Assistant City Manager |
| Michael Rogers | Assistant City Manager |
| Dr. Eric Johnson | Assistant City Manager |
| Ed Van Eenoo | Chief Financial Officer |
| Kimberly Olivares | Director of Financial Services |
| Diana Thomas | Deputy Chief Financial Officer |
| Belinda Weaver | Treasurer |
| Deborah Thomas | City Attorney |
| Erika Brady | City Clerk |

**BOND COUNSEL**
McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

**DISCLOSURE COUNSEL**
Orrick, Herrington & Sutcliffe LLP
Austin, Texas

**MUNICIPAL ADVISOR**
PFM Financial Advisors LLC
Austin, Texas

**INDEPENDENT AUDITORS**
Deloitte & Touche LLP
Austin, Texas

For additional information regarding the City, please contact:

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(512) 974–7885

Dennis P. Waley, Managing Director
Blake Roberts, Managing Director
PFM Financial Advisors LLC
111 Congress Ave., Suite 2150
Austin, TX 78701
(512) 614–5323

## SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data on this page is subject in all respects to the more complete information and definitions contained or incorporated in this document. The offering of the Obligations to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

**The Issuer** ......................... The City of Austin, Texas (the "City"), is a political subdivision located in Travis, Williamson, and Hays Counties, operating as a home-rule city under the laws of the State of Texas (the "State") and a charter approved by the voters in 1953, as amended. The City operates under the Council/Manager form of government in which the mayor (elected at-large) and ten councilmembers (elected from ten single-member districts) are elected for staggered four-year terms. The City Council formulates operating policy for the City and the City Manager is the chief administrative officer.

For further information about the City, see "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY" in this document.

**The Bonds** ......................... The Bonds are issued in the principal amount of $291,210,000* pursuant to the general laws of the State, particularly Chapter 1207, as amended, Texas Government Code ("Chapter 1207"), Chapter 1331, as amended, Texas Government Code ("Chapter 1331"), Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), elections held within the City (see "DEBT SERVICE REQUIREMENTS – Authorized General Obligation Bonds – Table Seven" in this document), and an ordinance adopted by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

**The Certificates** ................ The Certificates are issued in the principal amount of $134,140,000* pursuant to the general laws of the State, particularly subchapter C, Chapter 271, as amended, Texas Local Government Code (the "Certificate of Obligation Act"), Chapter 1371, and an ordinance adopted by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

**The Contractual Obligations** ............... The Contractual Obligations are issued in the principal amount of $80,650,000* pursuant to the general laws of the State, particularly Subchapter A, Chapter 271, as amended, Texas Local Government Code (the "Public Property Finance Act"), Chapter 1371, and an ordinance adopted by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

**The Taxable Bonds**........... The Taxable Bonds are issued in the principal amount of $67,465,000* pursuant to the general laws of the State, particularly Chapter 1331, Chapter 1371, elections held within the City (see "DEBT SERVICE REQUIREMENTS – Authorized General Obligation Bonds – Table Seven" in this document), and an ordinance adopted by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document)

**The Taxable Certificates**.. The Taxable Certificates are issued in the principal amount of $13,560,000* pursuant to the general laws of the State, particularly the Certificate of Obligation Act, Chapter 1371, and an ordinance adopted by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

**Paying Agent/Registrar**… The initial Paying Agent/Registrar for each series of the Obligations is U.S. Bank Trust Company, National Association, Houston, Texas.

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* *Preliminary, subject to change.*

**Security** ............................ Each series of the Obligations constitutes a direct obligation of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City in an amount sufficient to provide for payment of principal of and interest on all ad valorem tax debt. The Certificates and the Taxable Certificates are additionally secured by and payable from a limited pledge of the surplus revenues (not to exceed $1,000) of the City's solid waste disposal system (see "OBLIGATION INFORMATION - Security" in this document).

**Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates** ......... The City reserves the right, at its option, to redeem the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates having stated maturities on and after September 1, 2037*, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2036* or any date thereafter, at the par value thereof, without premium, plus accrued interest to the date fixed for redemption (see "OBLIGATION INFORMATION – Optional Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates" in this document).

If applicable, the Term Bonds, Term Certificates, Taxable Term Bonds and Taxable Term Certificates, if any, will be subject to mandatory sinking fund redemption in accordance with the provisions of the applicable Ordinance (see "OBLIGATION INFORMATION – Mandatory Sinking Fund Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates").

**No Redemption of Contractual Obligations** ... **The Contractual Obligations are not subject to redemption prior to their stated maturities** (see "OBLIGATION INFORMATION – No Redemption of the Contractual Obligations Prior to Maturity" in this document).

**Tax Matters – the Tax-Exempt Obligations** ......... In the opinion of Bond Counsel, interest on the Bonds, the Certificates and the Contractual Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS – Tax-Exempt Obligations" in this document, including the alternative minimum tax on certain corporations.

**Tax Matters – the Taxable Obligations** ....................... Interest on the Taxable Bonds and the Taxable Certificates will be included in gross income of the holders of the Taxable Obligations. See "TAX MATTERS – Taxable Obligations" in this document.

**Payment Record** .............. The City has not defaulted in payment since 1900 when all bonds were refunded at par with a voluntary reduction in interest rates.

**Revenue Obligations in Close Proximity to the Obligations**........................ The City intends to issue multiple series of revenue supported obligations prior to the end of the calendar year and in close proximity to the issuance of the tax-supported Obligations. Any City revenue supported obligations will not be secured by ad valorem taxes but will be secured by separate and discrete revenue sources including electric utility system revenues, water and wastewater system revenues, hotel occupancy tax revenues, airport revenues, and/or special assessment revenues. Each of these revenue obligations being issued are expected to close before the end of calendar year 2026 and will be issued pursuant to a separate plan of finance and secured by separate revenue sources.

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* *Preliminary, subject to change.*

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## Selected Financial Information

| Fiscal Year Ended 9-30 | Estimated City Population[(1)] | Taxable Assessed Valuation[(2)] | Per Capita Taxable Assessed Valuation | (000's) Net Funded Tax Debt[(3)] | Per Capita Net Funded Tax Debt | Ratio of Net Funded Tax Debt to Taxable Valuation | % of Total Tax Collections |
|---|---|---|---|---|---|---|---|
| 2018 | 936,238 | $138,418,637,260 | $147,846 | $1,529,599 | $1,633.77 | 1.11% | 99.89% |
| 2019 | 954,138 | 152,147,505,769 | 159,461 | 1,468,755 | 1,539.35 | 0.97% | 99.87% |
| 2020 | 971,512 | 165,194,107,887 | 170,038 | 1,534,825 | 1,579.83 | 0.93% | 99.80% |
| 2021 | 992,631 | 176,671,783,309 | 177,983 | 1,564,779 | 1,576.40 | 0.89% | 99.82% |
| 2022 | 994,396 | 181,435,268,760 | 182,458 | 1,623,275 | 1,632.42 | 0.89% | 99.81% |
| 2023 | 999,538 | 216,893,650,976 | 216,994 | 1,657,148 | 1,657.91 | 0.76% | 99.74% |
| 2024 | 1,002,463 | 234,256,551,594 | 233,681 | 1,669,216 | 1,665.11 | 0.71% | 99.48% |
| 2025 | 1,010,524 | 233,405,019,350 | 230,974 | 1,872,057 | 1,852.56 | 0.80% | 99.08% |
| 2026 | 1,026,287 | 229,822,131,556 | 223,936 | 2,468,848[(6)] | 2,405.61[(6)] | 1.07%[(6)] | 98.50%[(4)] |
| 2027 | 1,039,213 | 223,064,235,761[(5)] | 214,647 | 2,891,277[(6)(7)] | 2,782.18[(6)(7)] | 1.30%[(6)(7)] | N/A |

(1) Source: 2025 City of Austin Annual Comprehensive Financial Report – Table 17 through fiscal year ending 2025; Austin Planning, based on full purpose area for fiscal year 2026-2027. The City Demographer has restated the full-purpose population for 2018-2024.

(2) Source: 2025 City of Austin Annual Comprehensive Financial Report – Table 7, through fiscal year ending 2026.

(3) Excludes general obligation debt issued for certain enterprise funds and general fund departments of the City, the debt service on which is currently paid from the revenue of the respective enterprises and each department's operating budget, respectively. The City plans to continue to pay these obligations based on this practice; however, such enterprise revenues are not pledged as security for the Obligations and there is no guarantee that this practice will continue in future years. See "TAX INFORMATION", "TAX INFORMATION – Statement of Debt" and "TAX INFORMATION – Valuation and Funded Debt History – Table Two" in this document.

(4) Estimated collections as of May 31, 2026 based on the July 2025 Certified Tax Roll tax levy.

(5) Certified taxable value for the fiscal year ending 2027 (tax year 2026) provided by the Travis Central Appraisal District (certified estimate), Williamson Central Appraisal District, and Hays Central Appraisal District.

(6) Includes the Obligations, which were approved for issuance by the City on August 27, 2026, and excludes the Refunded Obligations. Preliminary, subject to change.

(7) Projected. Includes tax-supported debt amounts the City expects to issue within the next 12 months.

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## OFFICIAL STATEMENT

**Relating to**

**CITY OF AUSTIN, TEXAS**

**$291,210,000*[*]**
**PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2026**

**$134,140,000[*]**
**CERTIFICATES OF OBLIGATION, SERIES 2026**

**$80,650,000[*]**
**PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2026**

**$67,465,000[*]**
**PUBLIC IMPROVEMENT BONDS, TAXABLE SERIES 2026**

**$13,560,000[*]**
**CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2026**

## INTRODUCTION

This Official Statement, which includes the cover page, the summary statement and the appendices to this document, provides certain information regarding the issuance by the City of Austin, Texas (the "City") of its $291,210,000[*] Public Improvement and Refunding Bonds, Series 2026 (the "Bonds"), its $134,140,000[*] Certificates of Obligation, Series 2026 (the "Certificates"), its $80,650,000[*] Public Property Finance Contractual Obligations, Series 2026 (the "Contractual Obligations"), its $67,465,000[*] Public Improvement Bonds, Taxable Series 2026 (the "Taxable Bonds"), and its $13,560,000[*] Certificates of Obligation, Taxable Series 2026 (the "Taxable Certificates"). **The Bonds, the Certificates and the Contractual Obligations are collectively referred to in this document as the "Tax-Exempt Obligations." The Taxable Bonds and the Taxable Certificates are collectively referred to in this document as the "Taxable Obligations." The Tax-Exempt Obligations and the Taxable Obligations are collectively referred to in this document as the "Obligations."**

The Bonds, the Certificates, the Contractual Obligations, the Taxable Bonds and the Taxable Certificates will be offered separately by the City, and delivery of any one issue is not contingent upon the delivery of any other issue. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the issuance of the Bonds (the "Bond Ordinance"), the ordinance authorizing the issuance of the Certificates (the "Certificate Ordinance"), the ordinance authorizing the issuance of the Contractual Obligations (the "Contractual Obligation Ordinance"), the ordinance authorizing the issuance of the Taxable Bonds (the "Taxable Bond Ordinance"), and the ordinance authorizing the issuance of the Taxable Certificates (the "Taxable Certificate Ordinance") except as otherwise indicated. The Bond Ordinance, the Certificate Ordinance, the Contractual Obligation Ordinance, the Taxable Bond Ordinance, and the Taxable Certificate Ordinance are collectively referred to in this document as the "Ordinances." The Ordinances were adopted on August 27, 2026, and the City Council delegated to the City Manager, the Chief Financial Officer, the Director of Financial Services, and the Treasurer, acting individually but not jointly, to accept bids and to effect the sale of the Obligations in accordance with the terms and conditions set forth in the Ordinances.

References to website addresses presented in this document are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless otherwise specified, references to websites and the information or links contained therein are not incorporated into, and are not part of, this document.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained in this Official Statement are only summaries and are qualified in their entirety by reference to each such document.

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[*] *Preliminary, subject to change.*

## OBLIGATION INFORMATION

### Authority and Purpose for Issuance

The capital improvements to be financed with the proceeds of the Bonds and the Taxable Bonds were authorized at elections held on various dates and passed by a majority of the participating voters in the City (the "Elections"). See "DEBT SERVICE REQUIREMENTS - Authorized General Obligation Bonds – Table Seven" in this document. The City is authorized to issue the Bonds and the Taxable Bonds pursuant to Chapter 1331, as amended, Texas Government Code ("Chapter 1331"), Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), the Elections, the Bond Ordinance and the Taxable Bond Ordinance. The Bonds are also issued pursuant to Chapter 1207, as amended, Texas Government Code ("Chapter 1207"). Proceeds from the sale of the Bonds and the Taxable Bonds will be used to finance various capital improvements and to pay costs of issuing the Bonds and the Taxable Bonds. Proceeds from the sale of the Bonds will also be used to refund for savings portions of the City's outstanding general obligation debt as shown in APPENDIX D of this document (the "Refunded Obligations") and pay costs of refunding the Refunded Obligations. See "DEBT SERVICE REQUIREMENTS – Authorized General Obligation Bonds – Table Seven" in this document.

The Certificates and the Taxable Certificates are being issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, as amended, Texas Local Government Code (the "Certificate of Obligation Act"), Chapter 1371, the Certificate Ordinance and the Taxable Certificate Ordinance. Proceeds from the sale of the Certificates and the Taxable Certificates will be used to finance various capital improvements and to pay costs of issuing the Certificates and the Taxable Certificates.

The Contractual Obligations are being issued pursuant to the general laws of the State, particularly Subchapter A of Chapter 271, as amended, Texas Local Government Code (the "Public Property Finance Act"), Chapter 1371, and the Contractual Obligation Ordinance. Proceeds from the sale of the Contractual Obligations will be used to purchase certain equipment and other personal property for use by various City departments and to pay costs of issuing the Contractual Obligations.

### Refunded Obligations

The Refunded Obligations, and interest due thereon, refunded with proceeds of the Bonds, will be paid on the scheduled redemption dates of the Refunded Obligations from funds to be deposited pursuant to an escrow agreement (the "Escrow Agreement"), between the City and U.S. Bank Trust Company, National Association, Houston, Texas (the "Escrow Agent"). The Bond Ordinance provides that a portion of the proceeds of the sale of the Bonds, together with other lawfully available funds of the City, if any, will be deposited with the Escrow Agent in an amount necessary to accomplish the discharge and final payment of the Refunded Obligations. These amounts may be used to purchase direct obligations of the United States of America (the "Escrowed Securities") to be held by the Escrow Agent in a special escrow account, or retained as cash, or a combination of the two (together, the "Escrow Fund"). Escrowed Securities acquired and held by the Escrow Agent shall not mature after the scheduled date of redemption of the Refunded Obligations. Pursuant to the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations from amounts held in the Escrow Fund. Robert Thomas CPA, LLC (the "Verification Agent"), will verify at the time of delivery of the Bonds the mathematical accuracy of the schedules that demonstrate that the Escrowed Securities will mature and pay interest in such amounts and at such times which, together with any uninvested funds, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations. The amounts held in the Escrow Fund will not be available to pay the debt service on the Obligations.

By deposit of cash and Escrowed Securities with the Escrow Agent pursuant to the terms of each Escrow Agreement, the City will have entered into firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations in accordance with applicable law. As a result of such firm banking and financial arrangements, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the principal of and interest on the Escrowed Securities and the cash held for such purpose by the Escrow Agent, and the Refunded Obligations will not be included in or considered to be an obligation of the City for the purpose of any limitation on the issuance of ad valorem tax debt obligations by the City.

**Sources and Uses of Funds**

The proceeds of the Obligations, together with other lawfully available funds of the City (if any), will be applied substantially as follows:

| | The Bonds | The Certificates | The Contractual Obligations | The Taxable Bonds | The Taxable Certificates |
|---|---|---|---|---|---|
| Sources of Funds: | | | | | |
| Principal Amount | | | | | |
| Original Issue Premium | | | | | |
| City Contribution | | | | | |
| Total | | | | | |
| | | | | | |
| Uses of Funds: | | | | | |
| Deposit to Project Fund | | | | | |
| Deposit to Escrow Fund | | | | | |
| Costs of Issuance [(1)] | | | | | |
| Purchasers' Discount | | | | | |
| Total | | | | | |

[(1)] Costs of Issuance include the fees of bond counsel, disclosure counsel, municipal advisor, rating agencies, Paying Agent/Registrar (as defined in this document), Escrow Agent, Verification Agent and certain other bond issuance costs.

**General**

Each series of Obligations shall be dated as of the date of delivery of the Obligations (currently scheduled to occur on October 15, 2026) (the "Dated Date") and shall bear interest on the unpaid principal amounts from such date, at the per annum rates shown on pages ii through iv of this document for each series of Obligations. Interest on the Obligations will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates will be payable on March 1, 2027, and on each September 1 and March 1 thereafter until maturity or prior redemption. Interest on the Contractual Obligations will be payable on May 1, 2027, and on each November 1 and May 1 thereafter until maturity. Principal is payable, upon presentation, at the Designated Payment/Transfer Office of the Paying Agent/Registrar (see "OBLIGATION INFORMATION – Paying Agent/Registrar" in this document). Interest is payable by the Paying Agent/Registrar to the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below) and shall be paid by the Paying Agent/Registrar by check mailed by United States mail, first class postage prepaid, to the address of such person as it appears on the registration books of the Paying Agent/Registrar on or before each interest payment date or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The Obligations are issued only as fully registered obligations in denominations of $5,000 or any integral multiple thereof within a maturity of a series.

Notwithstanding the foregoing, so long as records of ownership of the Obligations are maintained through the book-entry-only system described under "OBLIGATION INFORMATION – Book-Entry-Only System" in this document, all payments of principal of, redemption premium, if any, and interest on the Obligations will be made in accordance with the procedures described in "OBLIGATION INFORMATION – Book-Entry-Only System" in this document.

The record date for the interest payable on any interest payment date is the 15th day of the month (whether or not a business day) next preceding each interest payment date, as specified in the Ordinances (the "Record Date"). In the event of a nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (the "Special Record Date") will be established by the Paying Agent/Registrar, in accordance with the provisions of the Ordinances, if and when funds for the payment of interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest, which shall be at least 15 days after the Special Record Date, shall be sent at least 5 business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of Obligations appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of the notice.

**Security**

The Obligations constitute direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City in an amount sufficient to pay the principal of and interest on all ad valorem tax debt. The Certificates and the Taxable Certificates are additionally secured by and payable from a limited pledge of the surplus revenue (not to exceed $1,000) of the City's solid waste disposal system.

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the City's maximum ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes. The City operates under a Home Rule Charter, referred to as the "Charter," which also limits the City's ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes. See "TAX INFORMATION – Tax Rate Limitation" in this document.

**Remedies**

Each Ordinance establishes specific events of default with respect to the related series of Obligations. If the City defaults in the payment of the principal of or interest on the Obligations when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City set forth in an Ordinance, the failure to perform, which materially, adversely affects the rights of the registered owners, including but not limited to, their prospect or ability to be repaid in accordance with such Ordinance, and such default continues for a period of 60 days after notice of such default is given by any registered owner to the City, each Ordinance provides that any registered owner of an Obligation affected thereby is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or each Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. All such proceedings shall be instituted and maintained for the equal benefit of all owners of such Obligations then outstanding.

The Ordinances do not provide for the appointment of a trustee to represent the interests of the registered owners upon any failure of the City to perform in accordance with the terms of each Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the State legislature has effectively waived the City's sovereign immunity from a suit for money damages outside of Chapter 1371, holders of the Obligations may not be able to bring such a suit against the City for breach of the Obligations or covenants contained in the Ordinances. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson I"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I, Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) ("Wasson II" and, together with Wasson I, "Wasson"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the State's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

Chapter 1371, which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its debt, but the City has not waived sovereign immunity pursuant to Chapter 1371 in connection with the issuance of the Obligations.

As noted above, each Ordinance provides that registered owners may exercise the remedy of mandamus to enforce the obligations of the City under such Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

The registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or registered owners of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce creditor's rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state courts); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Obligations are qualified with respect to the customary rights of debtors relative to their creditors.

**Defeasance of Obligations**

Each of the Ordinances provide for the defeasance of each of the respective Obligations when the payment of the principal of the Obligations of a series, plus interest to the due date (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agency or authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, to mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations; and thereafter the City will have no further responsibility with respect to amounts available to the paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Obligations, including any insufficiency caused by the failure of the paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities.

"Defeasance Securities" means any securities permitted by Section 1207.062, Texas Government Code (or any successor statute), including (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of approval of the proceedings authorizing the issuance of the refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of approval of the proceedings authorizing the issuance of the refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. In connection with the sale of the Obligations, authorized officials of the City may restrict such eligible securities and obligations as deemed appropriate. In the event the City restricts such eligible securities and obligations, the final Official Statement will reflect the new authorized Defeasance Securities. There is no assurance that current State law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Obligations. Because the Ordinances for the Obligations do not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance, and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

**Book-Entry-Only System**

The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Obligations (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are referred to collectively as "Participants." DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered. Subject to DTC's policies and guidelines, the City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

**The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City, the City's Municipal Advisor, and the Purchasers each believes to be reliable, but the City, the City's Municipal Advisor, and the Purchasers take no responsibility for the accuracy thereof.**

**Paying Agent/Registrar**

The initial "Paying Agent/Registrar" for each series of the Obligations is U.S Bank Trust Company, National Association, Houston, Texas. Interest on, and principal of, the Obligations will be payable, and transfer functions will be performed at, the corporate trust office designated to the City by the Paying Agent/Registrar (the "Designated Payment/Transfer Office"). In the Ordinances, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Obligations are outstanding. Any successor Paying Agent/Registrar shall be a commercial bank, trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for any series of the Obligations, the City agrees to promptly cause a written notice to be sent to each registered owner of Obligations of such series by United States mail, first class postage prepaid. This notice shall also give the address of the new Paying Agent/Registrar. The initial Designated Payment/Transfer Office of the Paying Agent/Registrar is its Dallas, Texas office.

**Transfer, Exchange and Registration**

In the event the book-entry-only system should be discontinued, the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at the Designated Payment/Transfer Office and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. An Obligation may be assigned by the execution of an assignment form thereon or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Obligation will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class postage prepaid, to the new registered owner or his designee. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount and series as the Obligations surrendered for exchange or transfer. See "OBLIGATION INFORMATION - Book-Entry-Only System" in this document for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations.

**Limitation on Transfer of Obligations Called for Redemption**

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled principal of an Obligation. The Contractual Obligations are not subject to redemption prior to their scheduled maturities.

**Optional Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates**

The City reserves the right, at its option, to redeem the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates having stated maturities on and after September 1, 2037*, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2036*, or any date thereafter, at the price of par, without premium, plus accrued interest to the date fixed for redemption. If less than all of a series of Obligations is to be redeemed, the City shall determine the respective maturities and amounts to be redeemed and, if less than all of a maturity is to be redeemed, the Paying Agent/Registrar (or DTC while such Obligations are in book-entry-only form) shall determine by lot or other customary random selection method the Obligations, or portions thereof, within such maturity to be redeemed.

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* *Preliminary, subject to change.*

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**Mandatory Sinking Fund Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates**

If principal amounts for the Bonds, the Certificates, the Taxable Bonds or the Taxable Certificates designated in the serial maturity schedules on pages ii and iv of this document, respectively, are combined to create "Term Bonds" or "Term Certificates" with such Term Bonds and Term Certificates being referred to collectively as "Term Obligations," each such Term Obligation shall be subject to mandatory sinking fund redemption commencing on September 1 of the first year which has been combined to form such Term Obligation and continuing on September 1 in each year thereafter until the stated maturity date of that Term Obligation, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the applicable serial maturity schedule on pages ii and iv of this document, respectively. Term Obligations to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot or other customary random selection method from and among the Term Obligations then subject to redemption.

**Reduction of Principal Amount Subject to Mandatory Sinking Fund Redemption**

The principal amount of the Term Obligations, as the case may be, of a stated maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Obligation of the same series and maturity which, at least 45 days prior to a mandatory sinking fund redemption date shall have been (1) acquired by the City at a price not exceeding the principal amount of such Term Obligation plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) purchased and canceled by the Paying Agent/Registrar at the request of the City at a price not exceeding the principal amount of such Term Obligation plus accrued interest to the date of purchase, or (3) redeemed pursuant to the related optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement. Mandatory sinking fund redemptions will occur on a pro-rata basis in accordance with DTC procedures.

**No Redemption of the Contractual Obligations Prior to Maturity**

The Contractual Obligations are **not** subject to redemption prior to their scheduled maturities.

**Notice of Redemption**

At least 30 days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States mail, first class postage prepaid, to the registered owners of each Bond, Taxable Bond, Certificate or Taxable Certificate to be redeemed at the address shown on the registration books maintained by the Paying Agent/Registrar and subject to the terms, conditions and provisions relating thereto contained in the respective Ordinances governing their issuance. Such notice shall state that the redemption is conditioned upon receipt of sufficient funds for the payment of the redemption price for the applicable Obligation which is to be redeemed. If a Bond, Certificate, Taxable Bond or Taxable Certificate (or a portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date such Bond, Certificate, Taxable Bond or Taxable Certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date; provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

Optional redemption of Bonds, Certificates, Taxable Bonds or Taxable Certificates may be made conditional upon the occurrence of certain events. If a conditional notice of redemption is given and sufficient funds are not received for the payment of the required redemption price therefor, the notice shall be of no force and effect, the City shall not redeem Bonds, Certificates, Taxable Bonds or Taxable Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the conditional notice of redemption was given, that Bonds, Certificates, Taxable Bonds or Taxable Certificates, as applicable, shall not be redeemed.

## TAX INFORMATION

### Ad Valorem Tax Law

The appraisal of property within the City is the responsibility of the Travis Central Appraisal District, Williamson Central Appraisal District and Hays Central Appraisal District (collectively, the "Appraisal Districts"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal Districts are required under Title 1, Texas Tax Code (commonly known as the "Property Tax Code") to appraise all property within the Appraisal Districts on the basis of 100% of the property's market value and are prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal and use the method that the chief appraiser of the Appraisal District considers most appropriate. State law further limits the appraised value of a residence homestead for a tax year (the "Homestead 10% Increase Cap") to an amount not to exceed the lesser of (1) the property's market value in the most recent tax year in which the market value was determined by an Appraisal District or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. The value placed upon property within the Appraisal Districts is subject to review by an Appraisal Review Board, consisting of three members appointed by the board of directors of each Appraisal District. The Appraisal Districts are required to review the value of property within the Appraisal Districts at least every three (3) years. A taxing unit may challenge the granting of exemptions, exclusion of the property from the tax roll, determination that the property qualifies for agriculture, open space or timber valuation and the failure to identify the taxing unit as one in which a property is taxable.

Effective January 1, 2026, an appraisal district is prohibited from increasing the appraised value of real property during the 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,320,000 (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026 (unless extended by the Legislature), the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

Reference is made to the Property Tax Code for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the Constitution of the State ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open–space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1–b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant:

(1) An exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision;
(2) An exemption of up to 20% of the market value of residence homesteads; minimum exemption $5,000.

The surviving spouse of an individual who qualifies for the exemption described under (2) above for the residence homestead of a person 65 years of age or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

Once authorized, the exemption described under (1) above may be repealed, or decreased or increased in amount, (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than $3,000 of the market value.

Section 1-b, Article VIII, and State law also authorize a county, city, town, or junior college district to establish an ad valorem tax freeze on residence homesteads of persons who are disabled or 65 years of age or older. If the City Council does not take action to establish the tax freeze, voters within the City may submit a petition signed by five percent (5%) of the registered voters of the City requiring the City Council to call an election to determine by majority vote whether to establish the tax limitation.

If this tax freeze is established, the total amount of ad valorem taxes imposed by the City on a homestead that receives the residence homestead exemption for persons who are disabled or 65 years of age or older may not be increased, except to the extent the value of the homestead is increased by improvements other than repairs. If a disabled or elderly person dies in a year in which the person received a residence homestead exemption, the total amount of ad valorem taxes imposed on the homestead by the taxing unit may not be increased while it remains the residence homestead of that person's surviving spouse if the spouse is 55 years of age or older at the time of the person's death. In addition, the tax limitation applicable to a person's homestead may be transferred to the new homestead of such person if the person moves to a different residence within the taxing unit. Once established, the governing body of the taxing unit may not repeal or rescind the tax limitation.

State law and Article VIII, Section 2 of the Texas Constitution, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000 depending upon the degree of disability or whether the exemption is applicable to a surviving spouse or children. Notwithstanding the foregoing, a disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100% disability compensation due to a service-connected disability and a rating of 100% disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. A disabled veteran who has a disability rating of less than 100% is entitled to an exemption equal to the percentage of the veteran's disability rating for a residence homestead that was donated by a charitable organization to such veteran (i) at no cost to such veteran or (ii) at some cost to such veteran in the form of a cash payment, a mortgage, or both in an aggregate amount that is not more than 50 percent of the good faith estimate of the market value of the residence homestead made by the charitable organization as of the date the donation is made.

The surviving spouse of a member of the armed forces who is killed in action is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residence homestead, if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption is transferable to a different residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of $5,000.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and Section 1-d-1.

Section 1-j, Article VIII, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication.

Section 1-n, Article VIII, provides for an exemption from taxation for "goods-in-transit." "Goods-in-transit" are defined as (i) personal property acquired or imported into Texas and transported to another location in the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods, and (iii) transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft, and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment, and manufactured housing inventory. Pursuant to changes enacted during the 2011 Texas Legislative Special Session, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 1, 2011, to provide for the taxation of the goods-in-transit. After holding the public hearing, a taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt of the taxing unit, the tax officials of the taxing unit may continue to impose the taxes on the goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.

Freeport property is exempt from taxation by the City, and, on October 20, 2011, the City took action to tax goods-in-transit.

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes, in each case, located in an area declared by the Governor of the State to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to a temporary exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. In 2021, the Texas Legislature amended Section 11.35, Tax Code to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Texas Tax Code.

Personal property not used in the business of a taxpayer, such as automobiles or light trucks, has a limited exemption from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. From and after the 2026 tax year, a person is entitled to an exemption from taxation by a taxing unit of $125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of $125,000, regardless of where the property is located in the taxing unit.

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

The City grants various exemptions to the appraised value of the residence homesteads within the City, as described in footnote 2 to "Tax Valuation – Table One" in this document.

The City may create one or more tax increment financing districts ("TIF") within the City and freeze the taxable values of real property in the TIF at the value at the time of its creation. Other overlapping taxing units levying taxes in the TIF may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIF in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIF. Taxes levied by the City against the values of real property in the TIF in excess of the "frozen" value are not available for general city use but are restricted to paying or financing "project costs" within the TIF. The City may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement may last for a period of up to ten (10) years. The City has adopted policies for granting tax abatements, which establish guidelines regarding the number of jobs to be created and the amount of new property value to be added by the taxpayer in return for the abatement. The City has entered into several such abatement agreements.

Cities are also authorized, pursuant to Chapter 380 of the Texas Local Government Code ("Chapter 380"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grant public funds for economic development purposes; however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by the voters of the City. The City has entered into several such Chapter 380 agreements in recent years.

Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount," as determined by the Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $62,833,169 for the 2026 tax year and is adjusted annually by the Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "TAX INFORMATION – Tax Procedures" in this document). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

**Tax Rate Limitation**

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution, limits the City's maximum ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes. The City operates under a Home Rule Charter which also limits the City's ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes.

Administratively, pursuant to Title 1, Section 53.5 of the Texas Administrative Code, the Texas Attorney General prohibits the issuance of debt by a municipality such as the City if its issuance produces debt service requirements exceeding that which can be paid from $1.50 of such $2.50 maximum tax rate, as calculated at the time of issuance at a 90% collection rate. The issuance of the Obligations will not exceed the above-described limits or violate the Texas Attorney General's administrative rule.

**Tax Procedures**

The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

“foregone revenue amount” for a prior tax year means the greater of zero or the amount of dollars calculated as a city’s voter-approval tax rate less the actual tax rate, multiplied by the city’s total taxable value in the applicable tax year.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“special taxing unit” means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means rate calculated as the greater of zero or the cumulative foregone revenue amounts for the prior three tax years divided by the current total taxable value, which may be applied to a city’s tax rate in the current tax year without impacting the voter-approval tax rate.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate,” plus (for tax years beginning in 2026) the disaster relief rate.

The City’s tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its “voter-approval tax rate” and “no-new-revenue tax rate” (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its “de minimis rate,” an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city’s adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city’s voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Previously, any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its “voter-approval tax rate” using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the first tax year in which such city’s total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred. As a result of the passage of House Bill 30, effective January 1, 2026, this methodology is no longer in effect. Instead, any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may include in its “voter-approval tax rate” the “disaster relief rate” above the 1.035 multiplier. The disaster relief rate may be added until the earlier of (i) the first tax year in which such city’s total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

The City calculated its “voter-approval tax rate” using a 1.035 multiplier for the fiscal year 2027 budget.

The City adopted its Fiscal Year 2026-27 budget on August 12, 2026, ratified that the budget would need more taxes than the current fiscal year, and adopted an ad valorem tax rate of $0.579948, which consists of $0.444636 for maintenance and operations purposes and $0.135312 for debt service purposes.

The portion of the total tax rate attributable to debt service is not subject to voter approval at the tax rate election.
In November 2020, City voters authorized an increase to the City’s maintenance and operations portion of the tax rate, with such increase to be used to fund Project Connect (as defined in this document). For additional information regarding Project Connect, see “TAX INFORMATION - Project Connect” in this document.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City’s ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City’s tax-supported debt obligations, including the Obligations.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

| Month | Cumulative Penalty | Cumulative Interest | Total |
|---|---|---|---|
| February | 6% | 1% | 7% |
| March | 7 | 2 | 9 |
| April | 8 | 3 | 11 |
| May | 9 | 4 | 13 |
| June | 10 | 5 | 15 |
| July | 12 | 6 | 18 |

After July, the penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer who is 65 years of age or older or is disabled incur a penalty of 5% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law allows for the collection of interest and reasonable (non-punitive) fees, costs or charges on the unpaid balance of delinquent taxes on estates in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy to the extent such fees, or charges, are provided for under the State statute under which such claim arose. The automatic stay prevents governmental units from foreclosing on property unless an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

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### Tax Valuation – Table One

| | |
|---|---|
| January 1, 2026 Appraised Valuation[1] | $315,691,559,555 |
| Less Local Exemptions to Assessed Values[2]: | |
| Homestead | 18,569,361,845 |
| Residential Homestead over 65 | 9,508,155,686 |
| Homestead 10% Increase Cap | 2,012,380,115 |
| Circuit Breaker 20% Increase Cap | 980,169,860 |
| Disabled Veterans | 1,061,638,267 |
| Agricultural and Historical Exemptions | 1,101,993,431 |
| Disability Exemptions | 400,041,335 |
| Other Exemptions | $57,547,422,206 |
| Freeport Exemption | $1,446,161,049 |
| January 1, 2026 Net Taxable Assessed Valuation[1] | $223,064,235,761 |

(1) Appraised value and taxable value are subject to change pending additional exemption and appeals. Net Taxable Assessed Valuation as of January 1, 2026 corresponds to the City's fiscal year 2027.

(2) Exemptions or adjustments to assessed valuation granted in tax year 2026 include exemption of (a) 20% of the assessed valuation of a residence homestead; (b) exemptions of $204,000 for homestead property of property owners who are over 65 years of age or disabled; (c) exemptions for residence homestead property exceeding a 10% increase in valuation from the previous year; (d) exemptions for real property (except for residence homesteads and special appraisal land) with an appraised value of $5,320,000 or less exceeding a 20 percent increase in valuation from the previous year; (e) exemptions for property of disabled veterans or certain surviving dependents of disabled veterans; (f) certain adjustments to productive agricultural lands; (g) exemptions to the land designated as historically significant sites by certain public bodies; (h) exemption of freeport property detained in Texas for 175 days or less for the purposes of assembly, storage, manufacturing, processing or fabrication of exported finished goods from Texas; (i) exemptions for tangible personal property used in the production of income.

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**Statement of Debt**

The following table sets forth on a pro forma basis the amount of outstanding Public Improvement Bonds, Contract Revenue Obligations, Certificates of Obligation, Contractual Obligations and State Infrastructure Bank loans, as of the date of this Official Statement, as well as certain debt ratios related to the City's net debt supported by ad valorem taxes.

| | |
|---|---|
| Public Improvement Bonds(1) | $ 1,472,260,000 |
| Certificates of Obligation(1) | 601,035,000 |
| Contractual Obligations(1) | 88,965,000 |
| Mueller Contract Revenue Obligations | 18,075,000 |
| The Obligations(2) | 587,025,000 |
| State Infrastructure Bank Loan(3) | - |
| Total | $ 2,767,360,000 |
| Less Self-Supporting Debt: | |
| Mueller Contract Revenue Obligations | $18,075,000 |
| Austin Energy(4) | 5,325,798 |
| Austin Resource Recovery(4) | 56,955,703 |
| Austin Water(4) | 17,736,674 |
| Code Compliance(4) | 1,798,322 |
| Convention Center(4) | 3,228,665 |
| Financial Services(4) | 4,920,000 |
| Fleet Mobility Services(4) | 414,088 |
| Transportation(4) | 14,809,665 |
| Waller Creek (4) | 118,771,220 |
| Watershed Protection(4) | 24,393,142 |
| Less: Total Self-Supporting Debt | $ 266,428,277 |
| Less: Interest and Sinking Fund Balance(5) | 32,083,779 |
| Less: Self-Supporting General Fund Payments(6) | - |
| Net Debt | $2,468,847,944 |
| Ratio of Total Debt to Fiscal Year 2026 Net Taxable Assessed Valuation | 1.20% |
| Ratio of Net Debt to Fiscal Year 2026 Net Taxable Assessed Valuation | 1.07% |

2026 Population (Estimate) – 1,026,287(7)
Per Capita Net Taxable Assessed Valuation – $223,935.54
Per Capita Net Debt Outstanding – $2,405.61
Fiscal Year 2026 Net Taxable Assessed Valuation – $229,822,131,556

(1) Excludes the Obligations and the Refunded Obligations.
(2) Excludes the Refunded Obligations. Preliminary, subject to change.
(3) On September 3, 2026, the City entered into a State Infrastructure Bank Loan Agreement (the "Loan Agreement") with the Texas Transportation Commission to borrow $41 million to fund the City's portion of the Texas Department of Transportation's "cap and stitch" project related to the expansion of Interstate I-35 through Austin. The loan, which bears interest at 3.54%, is expected to be drawn by the City in three installments from 2026 through 2029, and amortized through 2047. The City expects to make the first draw under the Loan Agreement on or about October 6, 2026, in the amount of $13,260,000, and the first payment of debt service on March 1, 2028.
(4) Certain enterprises of the City, including Austin Energy, Austin Resource Recovery, Austin Water, Code Compliance, Convention Center, Financial Services, Fleet Mobility Services, Transportation and Public Works, Waller Creek, and Watershed Protection currently repay a portion of the debt service on outstanding Public Improvement Bonds, Certificates of Obligation and/or Contractual Obligations from the revenue of the respective enterprises. The City intends to continue to pay these obligations from each respective enterprise; however, there is no guarantee that this practice will continue in future years. Financial Services and Fleet Mobility Services are internal service funds that generate revenue through charges to user departments.
(5) Represents the estimated value of cash and investments as of September 30, 2026.
(6) Various general fund departments have issued debt supported by a transfer into the debt service fund from the issuing department. Each department currently budgets the required debt service, which reduces the debt service tax requirement.
(7) Source: City of Austin, Planning Department.

### Valuation and Funded Debt History – Table Two

| Fiscal Year Ended 9-30 | Estimated City Population[(1)] | Taxable Assessed Valuation[(2)] | Per Capita Taxable Assessed Valuation | (000's) Net Funded Tax Debt[(3)] | Per Capita Net Funded Tax Debt | Ratio of Net Funded Tax Debt to Taxable Valuation | % of Total Tax Collections |
|---|---|---|---|---|---|---|---|
| 2018 | 936,238 | $138,418,637,260 | $147,846 | $1,529,599 | $1,633.77 | 1.11% | 99.89% |
| 2019 | 954,138 | 152,147,505,769 | 159,461 | 1,468,755 | 1,539.35 | 0.97% | 99.87% |
| 2020 | 971,512 | 165,194,107,887 | 170,038 | 1,534,825 | 1,579.83 | 0.93% | 99.80% |
| 2021 | 992,631 | 176,671,783,309 | 177,983 | 1,564,779 | 1,576.40 | 0.89% | 99.82% |
| 2022 | 994,396 | 181,435,268,760 | 182,458 | 1,623,275 | 1,632.42 | 0.89% | 99.81% |
| 2023 | 999,538 | 216,893,650,976 | 216,994 | 1,657,148 | 1,657.91 | 0.76% | 99.74% |
| 2024 | 1,002,463 | 234,256,551,594 | 233,681 | 1,669,216 | 1,665.11 | 0.71% | 99.48% |
| 2025 | 1,010,524 | 233,405,019,350 | 230,974 | 1,872,057 | 1,852.56 | 0.80% | 99.08% |
| 2026 | 1,026,287 | 229,822,131,556 | 223,936 | 2,468,848[(6)] | 2,405.61[(6)] | 1.07%[(6)] | 98.50%[(4)] |
| 2027 | 1,039,213 | 223,064,235,761[(5)] | 214,647 | 2,891,277[(6) (7)] | 2,782.18[(6) (7)] | 1.30%[(6) (7)] | N/A |

(1) Source: 2025 City of Austin Annual Comprehensive Financial Report – Table 17, through fiscal year ending 2025; Austin Planning based on full purpose area, for fiscal year 2026-2027. The City Demographer has restated the full-purpose population for 2018-2024.
(2) Source: 2025 City of Austin Annual Comprehensive Financial Report – Table 7, through fiscal year ending 2026.
(3) Excludes general obligation debt issued for certain enterprise funds and general fund departments of the City, the debt service on which currently is paid from the revenue of the respective enterprises and each department's operating budget, respectively. The City plans to continue to pay these obligations based on this practice; however, such enterprise revenues are not pledged as security for the Obligations and there is no guarantee that this practice will continue in future years. See "TAX INFORMATION" and "ENTERPRISE FUNDS" in this document.
(4) Estimated collections as of May 31, 2026 based on the July 2025 Certified Tax Roll tax levy.
(5) Certified taxable value for the fiscal year ending 2027 (tax year 2026) provided by the Travis Central Appraisal District (certified estimate), Williamson Central Appraisal District, and Hays Central Appraisal District.
(6) Includes the Obligations, which were approved for issuance by the City on August 27, 2026, and excludes the Refunded Obligations. Preliminary, subject to change.
(7) Projected. Includes tax-supported debt amounts the City expects to issue within the next 12-months.

### Tax Rate, Levy and Collection History – Table Three

| Fiscal Year Ended 9-30 | Total Tax Rate | Distribution: General Fund | Distribution: Interest and Sinking Fund | Tax Levy | % Current Collections | % Total Collections |
|---|---|---|---|---|---|---|
| 2018 | $0.4448 | $0.3393 | $0.1055 | $615,686,143 | 99.47% | 99.89% |
| 2019 | 0.4403 | 0.3308 | 0.1095 | 669,905,468 | 99.46% | 99.87% |
| 2020 | 0.4431 | 0.3337 | 0.1094 | 731,975,092 | 99.17% | 99.80% |
| 2021 | 0.5335 | 0.4209[(1)] | 0.1126 | 942,543,964[(1)] | 99.28% | 99.82% |
| 2022 | 0.5410 | 0.4280[(1)] | 0.1130 | 981,564,804[(1)] | 99.39% | 99.81% |
| 2023 | 0.4627 | 0.3669[(1)] | 0.0958 | 1,003,566,923[(1)] | 99.20% | 99.74% |
| 2024 | 0.4458 | 0.3577[(1)] | 0.0881 | 1,044,315,707[(1)] | 99.10% | 99.48% |
| 2025 | 0.4776 | 0.3815[(1)] | 0.0961 | 1,114,742,403[(1)] | 99.08% | 99.08% |
| 2026 | 0.5240 | 0.4103[(1)] | 0.1137 | 1,204,307,039[(1)] | 98.50%[(2)] | 98.50%[(2)] |
| 2027 | 0.5799[(3)] | 0.4446[(1)(3)] | 0.1353[(3)] | 1,293,656,574[(1)(3)] | N/A | N/A |

(1) Beginning fiscal year 2021, a portion of the City's tax levy is restricted and dedicated for city-wide transit initiatives (see "TAX INFORMATION – Project Connect" in this document).
(2) Estimated collections as of May 31, 2026 based on the July 2025 Certified Tax Roll tax levy.
(3) The City Council adopted the City's fiscal year 2026-27 budget on August 12, 2026. See "APPENDIX A – Fiscal Year 2026-27 Budget Information."

### Ten Largest Taxpayers – Table Four

| Name of Taxpayer | Nature of Property | 2026 Taxable Assessed Valuation | % of Total Taxable Assessed Valuation |
|---|---|---|---|
| Apple Inc. | Commercial | $770,841,384 | 0.35% |
| Columbia/St. David's Healthcare | Hospital/Medical | 769,879,125 | 0.35% |
| Samsung Austin Semiconductor | Manufacturing | 575,876,269 | 0.26% |
| Waller Creek Eleven LLC | Commercial | 465,000,000 | 0.21% |
| BPP Alphabet MF Riata LP | Commercial | 464,962,160 | 0.21% |
| 110 E 2nd Series | Commercial | 445,777,433 | 0.20% |
| Cousins Block 185 LLC | Commercial | 412,532,924 | 0.18% |
| Coreweave Inc | Technology | 375,636,938 | 0.17% |
| HEB LP | Commercial | 374,612,230 | 0.17% |
| University of Texas | Education | 370,000,000 | 0.17% |
| TOTAL | | $5,025,118,463 | 2.25% |

Source: Travis Central Appraisal District ("Travis CAD") 2026 Roll and Williamson Central Appraisal District ("WCAD") 2026 Roll.

### Property Tax Rate Distribution – Table Five

| | Fiscal Year Ended September 30 | | | | |
|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2027(2) |
| General Fund(1) | $0.3669 | $0.3577 | $0.3815 | $0.4103 | $0.4446 |
| Interest and Sinking Fund | 0.0958 | 0.0881 | 0.0961 | 0.1137 | 0.1353 |
| Total Tax Rate | $0.4627 | $0.4458 | $0.4776 | $0.5240 | $0.5799 |

(1) A portion of the City's General Fund tax levy is restricted and dedicated for city-wide transit initiatives (see "TAX INFORMATION – Project Connect" in this document).
(2) The City Council adopted the City's fiscal year 2026-27 budget on August 12, 2026. See "APPENDIX A – Fiscal Year 2026-27 Budget Information."

### Net Taxable Assessed Valuations, Tax Levies and Collections – Table Six

| Fiscal Year Ended 9-30 | Valuation Date | Real Property Amount | % of Total | Personal Property Amount | % of Total | Net Taxable Assessed Valuation | Total Tax Levy | % Current Collections | % Total Collections |
|---|---|---|---|---|---|---|---|---|---|
| 2018 | 1-1-17 | $128,039,072,443 | 92.50% | $10,379,564,817 | 7.50% | $138,418,637,260 | $615,686,143 | 99.47% | 99.89% |
| 2019 | 1-1-18 | 141,714,826,355 | 93.14% | 10,432,679,414 | 6.86% | 152,147,505,769 | 669,905,468 | 99.46% | 99.87% |
| 2020 | 1-1-19 | 154,814,554,309 | 93.72% | 10,379,553,578 | 6.28% | 165,194,107,887 | 731,975,092 | 99.17% | 99.80% |
| 2021 | 1-1-20 | 165,980,394,734 | 93.95% | 10,691,388,575 | 6.05% | 176,671,783,309 | 942,543,964(3) | 99.28% | 99.82% |
| 2022 | 1-1-21 | 171,193,048,892 | 94.35% | 10,242,219,868 | 5.65% | 181,435,268,760 | 981,564,804(3) | 99.39% | 99.81% |
| 2023 | 1-1-22 | 206,084,735,018 | 95.02% | 10,808,915,958 | 4.98% | 216,893,650,976 | 1,003,566,923(3) | 99.20% | 99.74% |
| 2024 | 1-1-23 | 222,407,990,287 | 94.94% | 11,848,561,307 | 5.06% | 234,256,551,594 | 1,044,315,707(3) | 99.10% | 99.48% |
| 2025 | 1-1-24 | 221,243, 665,805 | 94.79% | 12,161,353,545 | 5.21% | 233,405,019,350 | 1,114,742,403(3) | 99.08% | 99.08% |
| 2026 | 1-1-25 | 216,627,126,497(2) | 94.26% | 13,195,005,059(2) | 5.74% | 229,822,131,556(2) | 1,204,307,039(3) | 98.50%(1) | 98.50%(1) |
| 2027(4) | 1-1-26 | 210,695,526,819(2) | 94.46% | 12,368,708,942(2) | 5.54% | 223,064,235,761(2) | 1,293,656,574(3) | N/A | N/A |

(1) Estimated collections through May 31, 2026 based on the July 2025 Certified Tax Roll tax levy.
(2) Taxable Value is subject to change pending additional exemption and appeals.
(3) Beginning fiscal year 2021, a portion of the City's tax levy is restricted and dedicated for city-wide transit initiatives (see "TAX INFORMATION – Project Connect" in this document).
(4) The City Council adopted the City's fiscal year 2026-27 budget on August 12, 2026. See "APPENDIX A – Fiscal Year 2026-27 Budget Information."

**Project Connect**

*Overview…*On November 3, 2020, City voters approved a tax rate increase to fund investment in a comprehensive City-wide transit plan known as Project Connect ("Project Connect"). Project Connect is anticipated to include a new rail system, an expanded bus system and new park and ride facilities. Subsequent to the City's tax rate election and resultant dedication of the increase in City property tax revenue to Project Connect, the City and Capital Metro, through an interlocal agreement, established the Austin Transit Partnership ("ATP"), an independent local government corporation charged with overseeing the financing, design, construction and implementation of Project Connect. ATP operates with oversight from the City Council of the City and the Capital Metro board. The ATP board is appointed by members of the Capital Metro board and City Council and consists of one representative from the City Council, one Capital Metro board member, and three community representatives.

Currently, funding for ATP's operations and capital investment in Project Connect comes from property tax revenue that is annually appropriated and transferred to ATP from the City pursuant to a project funding agreement (the "Funding Agreement") between ATP and the City. Federal funding is anticipated in future years. The November 3, 2020 election approved the use of $0.0875 of the City's fiscal year 2021 $0.4209 maintenance and operations portion of the property tax rate, which represented approximately 20.789% of the maintenance and operations portion of the tax rate, for Project Connect. The City anticipates continuing to apportion a percentage of its maintenance and operations property tax levy to ATP, subject to (a) adjustments made pursuant to the terms of the Funding Agreement, and (b) annual appropriation of such funds by City Council. For fiscal year 2027, the budgeted amount of property taxes to be transferred to ATP is $193,985,705.

ATP anticipates the issuance of debt to finance a significant portion of the multi-billion capital investment required for Project Connect, in addition to pay-as-you-go funding and federal grant revenues. It is anticipated that any debt issued by ATP will be secured, in part, by amounts paid by the City and derived from property tax revenue annually appropriated and transferred to ATP. Any such debt incurred by ATP, if and when issued, would <u>not</u> represent a debt obligation of the City and would <u>not</u> be repaid from the debt service portion of the City's tax rate.

*Litigation…* In November 2023, a group of citizens filed suit against ATP alleging that its contemplated expenditure of funds for Project Connect was not aligned with the project as presented to the voters in November 2020. In February 2024, the City and ATP jointly filed a bond validation suit asking a trial court to validate and confirm that the actions and activities of the City and ATP have been undertaken in conformity with the November 2020 election. The two suits were consolidated into a single case. Following an interlocutory appeal by the Texas Attorney General to the Texas Supreme Court, the case returned to the trial court in summer of 2026. The City and ATP filed a plea to the jurisdiction seeking to dismiss various claims asserted by the citizens who had initially filed suit, while the Attorney General pressed its plea to the jurisdiction seeking to dismiss the bond validation suit by the City and ATP. After a hearing on August 13, 2026, the trial court denied both pleas. The City/ATP and the Attorney General have both appealed to the Texas Fifteenth Court of Appeals.

Another lawsuit was filed in August, 2024, in Texas district court by a group of citizens against the City alleging that the voters' approval of the Project Connect tax rate increase no longer stands due to alleged significant changes to the scope of Project Connect. The trial court granted the City's motion to dismiss the lawsuit. In 2025, the plaintiffs appealed the dismissal to the Texas Third Court of Appeals. The case was fully briefed as of July 2025 but the appellate court has not yet ruled on it.

This litigation does not impact the portion of the City's ad valorem taxes levied to pay debt service on the City's general obligation debt, including the Obligations.

**Revenue Debt (As of September 30, 2026)**

*Outstanding Revenue Obligations…* In addition to the general obligation debt described above, the City has outstanding revenue-supported obligations payable from separate liens on, and secured solely by, the revenue sources described below. None of the obligations described in this section are payable from ad valorem taxes.

- $2,088,690,000 Electric Utility System revenue obligations, payable from a separate lien on the net revenues of the Electric Utility System.

- $2,599,860,000 Water and Wastewater System revenue obligations, payable from a separate lien on the net revenues of the Water and Wastewater System.
- $297,643,000 Combined Utility System notes, payable from a subordinate lien on the combined net revenues of the Electric Utility System and the Water and Wastewater System, consisting of $221,300,000 in tax-exempt Program Notes and $76,343,000 in taxable Program Notes outstanding as of August 31, 2026. See "Short-Term and Interim Revenue Financing Programs" below.
- $2,364,920,000 Airport System Revenue Bonds, payable from the net revenues of the City's Airport System. Such amount does not include obligations outstanding under the airport interim financing note program described below.
- $139,330,000 Rental Car Special Facility Revenue Bonds, payable from revenues derived from rental car facilities currently operating at the airport.
- $645,720,000 Special Tax Revenue Bonds, payable from the City's 2% Hotel Occupancy Tax, the City's 4.5% Hotel Occupancy Tax, and from revenues of a project financing zone created to finance the expansion of the City's convention center.
- $20,755,000 Hotel Occupancy Tax Separate Lien Revenue Refunding Bonds, payable from the City's 2% Venue Hotel Occupancy Tax.
- $9,640,000 Town Lake Park Community Events Center Venue Bonds, payable from revenues received from the Special Motor Vehicle Rental Tax and Venue-generated revenue.

*Short-Term and Interim Revenue Financing Programs…* The City maintains several short-term and interim financing programs under which obligations may be issued, refunded, remarketed, or retired from time to time. The City has established two short-term, interim financing commercial paper program structures, a $600,000,000 tax-exempt note program and a $100,000,000 taxable note program, each consisting of (i) commercial paper notes and (ii) direct purchase notes subject to acquisition by JPMorgan Chase Bank, National Association. Each program is payable from a subordinate lien on the combined net revenues of the Electric Utility System and the Water and Wastewater System, and the programs and their respective revolving credit agreements, which provide liquidity support, have a stated expiration date of June 18, 2029. A portion of the notes outstanding under these programs may be refunded with long-term revenue debt. In 2025, the City additionally established a note program, secured by airport revenues, in an amount of up to $150,000,000 for interim funding purposes to finance the expansion of the airport.

The City has also established its "City of Austin, Texas Electric Utility System Program Notes, Taxable Series" in an aggregate principal amount not to exceed $100,005,000, which are special obligations of the City secured by a subordinate pledge of certain net revenues of the Electric Utility System. Such notes provide support for a letter of credit in the amount of $100,000,000 issued by Sumitomo Mitsui Banking Corporation, National Association, to the Electric Reliability Council of Texas, Inc. ("ERCOT") to provide financial security for the Electric Utility System's activities pursuant to the ERCOT "Nodal Protocols." The letter of credit agreement expires on August 18, 2028, inclusive of automatic one-year extensions occurring on August 18 of each year beginning August 18, 2026.

*Issuance of Additional Revenue Obligations in Close Proximity to the Obligations…* The City expects to issue additional revenue-supported obligations under one or more of the liens described above, including its Electric Utility System, Water and Wastewater System, and Airport System liens, in close proximity to the Obligations and within the next twelve months. Such obligations may be issued to refund outstanding obligations, including obligations outstanding under the City's short-term and interim financing programs, to finance capital needs, or both. Each such issuance will be made pursuant to a separate plan of finance and will be secured by revenue sources separate from the revenues securing the Obligations, and none will be payable from ad valorem taxes.

**Public Improvement District Debt (As of September 30, 2026)**

The City previously authorized and issued special assessment revenue debt for public improvement districts (“PIDs”) located within the City’s boundaries: Estancia Hill Country PID improvement areas one, two, and three ($18,355,000 of special assessment revenue bonds outstanding) and Whisper Valley PID improvement areas one, two, and three ($22,511,000 of special assessment revenue bonds outstanding). The City may issue additional special assessment revenue debt for the purposes of additional development within the existing PIDs described above. Existing special assessment debt and any additional special assessment revenue debt is secured by and payable from only the special assessments levied on properties within the respective PID boundaries and does not represent an obligation of the City's general revenue or taxes.

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**Obligations Subject to Annual Appropriation (As of September 30, 2026)**

*Mueller Local Government Corporation*…With respect to the redevelopment of the property formerly known as Robert Mueller Municipal Airport ("Mueller"), the City entered into a Master Development Agreement with Catellus Austin, LLC, effective as of December 2, 2004 (the "Development Agreement"), and in the Development Agreement, the City agreed to issue debt to finance certain "Public Finance Reimbursable Project Costs" either directly or through the auspices of a local government corporation created by the City. The City has entered into an economic development grant agreement (the "Grant Agreement") with Mueller Local Government Corporation ("MLGC"), a non-profit local government corporation created by the City to act on its behalf with respect to the redevelopment of Mueller. MLGC was created in response to the provisions of the Development Agreement. Under the terms of the Grant Agreement, the City will make grant payments to MLGC from the General Fund, subject to annual appropriation by the City, in amounts sufficient to pay debt service on bonds issued by MLGC to fund Public Finance Reimbursable Project Costs and pay administrative costs associated with such bonds. It was anticipated that sales tax revenues generated by properties developed at Mueller will be sufficient to fund the grants throughout the term of the Grant Agreement. $12,000,000 in Contract Revenue Bonds were issued in 2006 by MLGC to finance Public Finance Reimbursable Project Costs, and as of September 30, 2026, no Contract Revenue Bonds are outstanding.

The City has also created a tax increment reinvestment zone for the Mueller project that includes Reinvestment Zone Number Sixteen (the "Zone") and neighboring areas for the promotion, development, encouragement and maintenance of employment, commerce, economic development and public facility development in the Zone, which consists of approximately 700 acres. Currently, only the City participates in the Zone by contributing its tax increment revenues to the Zone, and it is not expected that any other taxing unit will participate in the Zone. The tax increment revenues of the City will be contributed by the City to the MLGC pursuant to the terms of a Tri-Party Agreement among the City, the MLGC and the Zone (the "Tri-Party Agreement"). In addition, the City has agreed to consider making payments to the MLGC under a grant agreement between the City and the MLGC, pursuant to which the City may make available to the MLGC grant funds in amounts sufficient to pay debt service on the Tax Increment Contract Revenue Bonds, should Pledged Revenues be insufficient to allow the MLGC to meet its debt service payment obligations. The grant payments are to be funded from available moneys in the City's general fund, subject to annual appropriation. The City is under no obligation to make grant payments. The MLGC has issued three series of Tax Increment Contract Revenue Bonds, aggregating $47,580,000 in principal amount, backed by tax increment revenues generated from taxation of real property within the boundaries of the Zone from taxing units participating in the Zone, and as of September 30, 2026, $18,075,000 in principal amount of these Tax Increment Contract Revenue Bonds is outstanding.

**The 89th Legislative Session**

The regular session of the 89th Texas Legislature concluded on June 2, 2025 ("89th Regular Session"). When the Legislature has not convened in regular session, the Governor of Texas may call one or more special sessions, at the Governor's direction, each lasting no more than 30 days, and for which the Governor must set the agenda. On July 21, 2025, the Governor called the 1st special session of the 89th Legislature (the "1st Special Session") to primarily address congressional redistricting, flood preparedness, property tax relief and other matters specified in the Governor's proclamation. The 1st Special Session adjourned sine die August 15, 2025 without any legislation being passed. The Governor called the 2nd special session of the 89th Legislature (the "2nd Special Session") to commence on August 15, 2025, to once again address congressional redistricting, flood preparedness, property tax relief and other matters specified in the Governor's proclamation. During the 2nd Special Session, the Legislature considered legislation affecting ad valorem taxation procedures, including legislation to reduce the multiplier used in calculating the voter-approval tax rate for certain cities (including the City) from 1.035 to 1.025 or less. The 2nd Special Session adjourned sine die September 3, 2025 without such legislation being passed. The City can make no representations or predictions regarding any actions the Legislature may take during any special sessions concerning the substance or the effect of any legislation that may be passed during a future session of the Legislature.

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## DEBT SERVICE REQUIREMENTS

**Debt Service Requirements[(a)]**

| Fiscal Year Ending 09/30 | Public Improvement Bonds | Certificates of Obligation | Contractual Obligations | Mueller Contract Rev Bonds | Less Refunded Obligations | The Obligations | Grand Total Requirements | Less Self-Supporting Requirements | Net Total Requirements[(b)] | Percent Principal Payout |
|---|---|---|---|---|---|---|---|---|---|---|
| 2027 | $191,787,485 | $54,187,636 | $24,056,650 | $4,415,465 | $17,185,550 | $63,806,562 | $321,068,248 | $35,826,559 | $285,241,689 | |
| 2028 | 184,253,345 | 54,197,292 | 19,948,525 | 4,572,934 | 20,205,800 | 67,709,453 | 310,475,749 | 35,792,686 | 274,683,063 | |
| 2029 | 162,950,323 | 54,199,995 | 18,068,150 | 4,735,059 | 7,645,800 | 55,159,378 | 287,467,105 | 35,422,118 | 252,044,987 | |
| 2030 | 155,125,484 | 54,193,868 | 13,070,775 | 2,155,401 | 7,480,300 | 54,994,853 | 272,060,081 | 32,345,548 | 239,714,533 | |
| 2031 | 149,186,848 | 59,223,471 | 12,258,650 | 2,151,864 | 7,313,800 | 54,818,328 | 270,325,361 | 31,615,978 | 238,709,383 | 33.24% |
| 2032 | 152,156,413 | 59,231,548 | 8,504,025 | 2,155,369 | 7,561,050 | 55,071,403 | 269,557,708 | 30,630,450 | 238,927,257 | |
| 2033 | 143,927,521 | 57,958,554 | 5,950,125 | - | 5,321,050 | 52,839,528 | 255,354,678 | 27,687,426 | 227,667,252 | |
| 2034 | 131,958,676 | 57,949,061 | - | - | 4,413,500 | 51,923,878 | 237,418,115 | 26,980,341 | 210,437,774 | |
| 2035 | 114,497,284 | 57,227,552 | - | - | 4,367,750 | 39,077,678 | 206,434,765 | 24,048,338 | 182,386,427 | |
| 2036 | 98,129,343 | 57,204,009 | - | - | 4,404,750 | 39,119,528 | 190,048,130 | 21,789,486 | 168,258,643 | 61.92% |
| 2037 | 94,666,621 | 53,151,881 | - | - | - | 35,129,853 | 182,948,355 | 20,896,767 | 162,051,588 | |
| 2038 | 90,186,803 | 50,495,933 | - | - | - | 35,125,139 | 175,807,874 | 20,241,045 | 155,566,829 | |
| 2039 | 87,557,503 | 49,971,056 | - | - | - | 35,131,397 | 172,659,956 | 18,921,131 | 153,738,826 | |
| 2040 | 80,911,703 | 48,364,522 | - | - | - | 35,129,570 | 164,405,795 | 17,294,124 | 147,111,671 | |
| 2041 | 78,849,512 | 40,374,572 | - | - | - | 35,121,825 | 154,345,908 | 16,934,244 | 137,411,664 | 84.74% |
| 2042 | 67,811,298 | 35,039,570 | - | - | - | 34,386,685 | 137,237,553 | 11,386,774 | 125,850,779 | |
| 2043 | 55,190,250 | 33,855,154 | - | - | - | 34,383,582 | 123,428,986 | 10,333,458 | 113,095,528 | |
| 2044 | 43,946,799 | 31,784,196 | - | - | - | 34,384,330 | 110,115,326 | 9,922,085 | 100,193,241 | |
| 2045 | 26,769,989 | 23,052,896 | - | - | - | 34,390,050 | 84,212,935 | 8,529,620 | 75,683,315 | |
| 2046 | - | - | - | - | - | 34,391,567 | 34,391,567 | 5,170,761 | 29,220,807 | 100.00% |
| | $2,109,863,199 | $931,662,766 | $101,856,900 | $20,186,091 | $85,899,350 | $882,094,588 | $3,959,764,194 | $441,768,938 | $3,517,995,256 | |

(a) Includes principal and interest on self-supporting debt repaid from certain enterprise revenue and other City funds (see "Statement of Debt" in this document). Self-supporting debt includes debt service and Mueller Contract Revenue Bonds. Preliminary, subject to change.
(b) Net Total Requirements includes the Obligations and excludes the Refunded Obligations. Excludes self-supporting debt. Excludes amounts that the City expects to pay related to the $41 million Loan Agreement that the City entered into with the Texas Transportation Commission on September 3, 2026. See "TAX INFORMATION – Statement of Debt."

**Estimated Direct and Overlapping Funded Debt Payable from Ad Valorem Taxes**

Expenditures of various taxing bodies with taxing jurisdictions that overlap all or a portion of the City's taxing boundaries are paid from ad valorem taxes levied by these taxing bodies on properties within the City. These political taxing bodies are independent of the City and may incur tax-supported debt obligations to finance their expenditures. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional tax-supported debt obligations since the date of this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds the amount of which cannot be determined. The following table reflects the estimated share of overlapping tax-supported debt obligations of the major taxing bodies in the area.

| Taxing Jurisdiction | Total Debt Funded from Ad Valorem Taxes (1) | Estimated % Applicable | Overlapping Debt Funded from Ad Valorem Taxes |
|---|---|---|---|
| City of Austin (2) | $2,468,847,944 | 100.00% | $2,468,847,944 |
| Austin CCD | $728,710,000 | 60.86% | 443,492,906 |
| Austin ISD | 2,487,593,000 | 94.41% | 2,348,536,551 |
| Del Valle ISD | 574,530,000 | 33.46% | 192,237,738 |
| Eanes ISD | 158,585,000 | 29.03% | 46,037,226 |
| Hays Co | 695,683,512 | 0.66% | 4,591,511 |
| Lake Travis ISD | 589,750,000 | 0.05% | 294,875 |
| Leander ISD | 1,547,891,568 | 9.81% | 151,848,163 |
| Manor ISD | 404,820,000 | 56.95% | 230,544,990 |
| N Austin MUD # 1 | 3,050,000 | - | - |
| Northtown MUD | 17,145,000 | 11.50% | 1,971,675 |
| Northwoods Rd Dist # 1 | 8,015,000 | 100.00% | 8,015,000 |
| Onion Creek Metro Pk Dist | 1,050,000 | 100.00% | 1,050,000 |
| Pearson Place Rd Dist | 3,855,000 | 100.00% | 3,855,000 |
| Pflugerville ISD | 624,875,000 | 30.24% | 188,962,200 |
| Pilot Knob MUD # 3 | 97,835,000 | - | - |
| Round Rock ISD | 1,089,435,000 | 32.83% | 357,661,511 |
| Travis Co | 1,202,190,000 | 65.06% | 782,144,814 |
| Travis Co ESD # 6 | 475,000 | 0.28% | 1,330 |
| Travis Co Healthcare Dst | 398,205,000 | 65.06% | 259,072,173 |
| Travis Co MUD # 5 | 37,536,490 | 0.04% | 15,015 |
| Travis Co MUD # 8 | 11,886,709 | 0.56% | 66,566 |
| Travis Co WC&ID # 10 | 32,360,000 | 1.85% | 598,660 |
| Travis WC&ID#17-S. R. DA | 26,325,000 | 0.17% | 44,753 |
| Travis Co WC&ID # 20 | 10,650,000 | 2.12% | 225,780 |
| Upper Brushy Creek WCID | 46,955,000 | 14.58% | 6,846,039 |
| Williamson Co | 1,399,910,000 | 8.88% | 124,312,008 |
| | | | |
| Total Net Direct and Overlapping Debt | | | $7,621,274,426 (2) |
| | | | |
| Ratio of Net Direct and Overlapping Debt to Fiscal Year 2026 Taxable Assessed Value (3) | | | 3.42% |
| Per Capita Overlapping Funded Debt (4) | | | $7,426 |

(1) Source: Overlapping debt amounts as of August 31, 2026 obtained from the Municipal Advisory Council of Texas.
(2) City of Austin debt shown as of Date of Delivery. Outstanding debt includes the Obligations and excludes the Refunded Obligations. Preliminary, subject to change.
(3) Based on the City's tax year 2026 / fiscal year 2027 net taxable assessed valuation of $223,064,235,761.
(4) Based on the City's 2026 estimated population 1,026,287.
** Less than 0.01%.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimated the portion of the outstanding debt of those overlapping governments that is borne by the City's residents and businesses. This process recognized that, when considering the City's ability to issue and repay long-term debt, the entire debt borne by its residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**Authorized General Obligation Bonds – Table Seven**

| Purpose | Date Authorized | Amount Authorized | Amount Previously Issued[1] | Currently Being Issued[1] | Unissued Balance |
|---|---|---|---|---|---|
| Brackenridge 2000 | 10/22/1983 | $50,000,000 | $40,785,000 | $ - | $9,215,000 |
| Park Improvements | 9/8/1984 | 9,975,000 | 9,648,000 | - | 327,000 |
| Cultural Arts | 1/19/1985 | 20,285,000 | 14,890,000 | - | 5,395,000 |
| Cultural Arts | 11/7/2006 | 31,500,000 | 27,500,000 | 1,500,000 [2] | 2,500,000 |
| Mobility Transportation | 11/6/2012 | 143,299,000 | 138,515,000 | 1,500,000 | 3,284,000 |
| Park Improvements | 11/6/2012 | 77,680,000 | 76,180,000 | - | 1,500,000 |
| Public Safety Facility | 11/6/2012 | 31,079,000 | 31,075,000 | - | 4,000 |
| HHS Facility | 11/6/2012 | 11,148,000 | 11,145,000 | - | 3,000 |
| Cultural Arts | 11/6/2012 | 13,442,000 | 13,440,000 | - | 2,000 |
| Mobility Transportation | 11/8/2016 | 720,000,000 | 481,095,000 | 40,000,000 | 198,905,000 |
| Affordable Housing | 11/6/2018 | 250,000,000 | 235,295,000 | 10,000,000 [2] | 4,705,000 |
| Cultural Arts | 11/6/2018 | 128,000,000 | 50,600,000 | 17,000,000 [3] | 60,400,000 |
| Park Improvements | 11/6/2018 | 149,000,000 | 108,275,000 | 22,000,000 | 18,725,000 |
| Flood Mitigation | 11/6/2018 | 184,000,000 | 152,185,000 | 25,000,000 | 6,815,000 |
| Health and Human Services | 11/6/2018 | 16,000,000 | 15,590,000 | 410,000 | - |
| Public Safety | 11/6/2018 | 38,000,000 | 35,850,000 | 400,000 | 1,750,000 |
| Mobility Transportation | 11/6/2018 | 160,000,000 | 109,895,000 | 12,000,000 | 38,105,000 |
| Mobility Transportation | 11/3/2020 | 460,000,000 | 175,000,000 | 120,000,000 | 165,000,000 |
| Affordable Housing | 11/8/2022 | 350,000,000 | 82,000,000 | 55,000,000 [2] | 213,000,000 |
| | | $2,843,408,000 | $1,808,963,000 | $304,810,000 | $729,635,000 |

(1) Includes premium applied against voted authorization. Preliminary, subject to change.
(2) Issued as the Taxable Bonds.
(3) Approximately $1,000,000 to be issued as the Taxable Bonds.

The City may also incur non-voted debt payable from or secured by its collection of ad valorem taxes and other sources of revenue, including certificates of obligation, tax notes, public property finance contractual obligations and leases for various purposes. The Certificates, the Taxable Certificates and the Contractual Obligations represent non-voted debt of the City.

**Funded Debt Limitation**

There is no direct debt limit on bonded indebtedness in the City Charter. State law authorizes the City to incur total bond indebtedness through the issuance of bonds payable from taxes in an amount not to exceed 10% of the total assessed valuation of property in the City. Revenue bonds, tax and revenue anticipation notes, and other obligations and contracts are not included in the bonded debt total to which the statutory limitation of 10% applies. See "TAX INFORMATION - Tax Rate Limitation" and "TAX INFORMATION - Statement of Debt."

**Short–Term Borrowing**

Pursuant to Chapter 1431, Texas Government Code, the City has the authority to incur short-term borrowings to provide for the payment of current expenses through the issuance of anticipation notes. Anticipation notes issued for this purpose must mature before the first anniversary of the date the Attorney General approves the anticipation notes.

## FISCAL MANAGEMENT

The City engages in a formal, structured process for preparing both the annual operating budget of the City and a five-year capital improvements budget for the City. For additional information relating to the financial planning and budget policies and controls of the City, see "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY – Financial Information" in this document.

## INVESTMENTS

The City invests its available funds in investments authorized by State law, particularly the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

### Legal Investments

Under State law, the City is authorized to invest in:

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities;
(2) direct obligations of the State or its agencies and instrumentalities including the Federal Home Loan Banks;
(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
(4) other obligations, the principal and interest of which are guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by explicit full faith and credit of the United States;
(5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent;
(6) bonds issued, assumed or guaranteed by the State of Israel;
(7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund ("NCUSIF") or their respective successors;
(8) interest-bearing banking deposits other than those described by subdivision (7) if the funds invested in the banking deposits are invested through (a) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (b) a depository institution with a main office or branch office in this state that the investing entity selects; (ii) the broker or depository institution selected as described above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account (a) the depository institution selected as described above; (b) an entity described by Section 2257.041(d); or (c) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3);
(9) certificates of deposit meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by a combination of cash and the FDIC or the NCUSIF, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits;
(10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) and (12) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State;
(11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency;
(12) commercial paper with a stated maturity of 365 days or less that is rated not less than "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally

recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank;

(13) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that comply with the United States Securities and Exchange Commission Rule 2a-7;

(14) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities;

(15) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than "AAA," "AAA-m" or at an equivalent rating by at least one nationally recognized rating service; and

(16) a brokered certificate of deposit security invested through a Texas broker approved by the City Council in which the broker or depository arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity in an amount insured by the United States or an instrumentality of the United States.

The City may also invest bond proceeds in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the City may enter into securities lending programs if:

(i) the value of securities loaned under the program are not collateralized at less than 100%, including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool;

(ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City;

(iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and

(iv) the agreement to lend securities has a term of one year or less.

The City may also contract with an investment management firm registered under the Investment Advisor Act of 1940 (15 U.S.C. Section 80b.1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term of up to two years, but the City retains ultimate responsibility as fiduciary of its assets.

The City, as the owner of a municipal electric utility that is engaged in the sale of electric energy to the public, may invest funds held in a "decommissioning trust" (a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation) in any investment authorized by Subtitle B, Title 9, Texas Property Code ("Texas Trust Code"). The Texas Trust Code provides that a trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution. The City has established an external irrevocable trust for decommissioning with Wilmington Trust, N.A. The decommissioning trust market value, as of June 30, 2026, was $303,617,083.

The City is specifically prohibited from investing in:

(1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

(2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest;

(3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and

(4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

**Investment Policies**

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield and maturity; and also that address the quality and capability of investment personnel. The policy includes a list of the type of authorized investments for City funds, the maximum allowable stated maturity of any individual investment owned by the City, the maximum average dollar–weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement must describe the investment objectives for the particular fund using the following priorities:

(1) understanding of the suitability of the investment to the financial requirements of the City;
(2) preservation and safety of principal;
(3) liquidity;
(4) marketability of each investment;
(5) diversification of the portfolio; and
(6) yield.

The City's investment policy authorizes the City to invest its funds and funds under its control in all of the eligible investments described above under "Legal Investments," except those investments described in clauses (3) and (6).

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly, the investment officers of the City shall submit an investment report detailing:

(1) the investment position of the City;
(2) that all investment officers jointly prepared and signed the report;
(3) the beginning market value and the ending value of each pooled fund group;
(4) the book value and market value of each separately listed asset at the end of the reporting period;
(5) the maturity date of each separately invested asset;
(6) the account or fund or pooled fund group for which each individual investment was acquired; and
(7) the compliance of the investment portfolio as it relates to (a) adopted investment strategy statements and (b) State law.

No person may invest City funds without express written authority of the City Council or the Director of Financial Services of the City.

**Additional Provisions**

Under State law, the City is additionally required to, among other things:

(1) annually review its adopted policies and strategies,
(2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council,
(3) require a registered representative of business organizations offering to engage in an investment transaction with the City to (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements;
(4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; and

(5) provide specific investment training for the Chief Financial Officer of the City, Treasurer, and Investment Officers.

An investment officer of a local government is required to invest bond proceeds or pledged revenue only to the extent permitted by the PFIA and in accordance with (i) statutory provisions governing the debt issuance (or lease, installment sale, or other agreement) and (ii) the local government's investment policy regarding the debt issuance or the agreement.

**Current Investments – Table Eight**

As of June 30, 2026, the City's investable funds were invested in the following categories.

| Type of Investment | Percentage |
|---|---|
| U.S. Treasuries | 61% |
| U.S. Agencies | 10% |
| Local Government Investment Pools | 28% |
| Money Market Funds | 1% |

The dollar weighted average maturity for the combined City investment portfolios is 370 days. The City prices the portfolios weekly utilizing a market pricing service.

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**GENERAL FUND REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE – Table Nine**
(in 000's)

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Taxes[1] | $860,698 | $947,486 | $982,227 | $1,027,206 | $1,059,849 |
| Franchise Fees | 26,189 | 30,886 | 29,718 | 28,665 | 29,884 |
| Fines, Forfeitures and Penalties | 4,607 | 5,039 | 4,531 | 5,720 | 9,122 |
| Licenses, Permits and Inspections | 16,612 | 19,044 | 22,330 | 20,744 | 28,444 |
| Charges for Services | 57,278 | 68,268 | 77,034 | 86,168 | 94,043 |
| Lease Revenue | - | 156 | 156 | 156 | 156 |
| Interest and Other | 17,246 | 34,449 | 51,234 | 112,167 | 33,967 |
| Total Revenues | $982,630 | $1,105,328 | $1,167,230 | $1,280,826 | $1,255,465 |
| | | | | | |
| Expenditures: | | | | | |
| Administration | $31,343 | $33,345 | $36,798 | $39,613 | $41,145 |
| Urban Growth Management | 40,851 | 38,570 | 47,346 | 71,537 | 60,554 |
| Public Safety | 619,373 | 664,389 | 699,638 | 759,656 | 804,603 |
| Public Health | 100,234 | 104,700 | 122,069 | 128,966 | 135,318 |
| Public Recreation and Culture | 127,716 | 146,175 | 166,666 | 169,292 | 179,418 |
| Lease Financing Principal | - | 5,978 | 8,757 | 8,450 | 8,206 |
| Interest Expense on Leases and IT subscriptions | - | - | 1,134 | 1,244 | 1,140 |
| Nondepartmental Expenditures | 219,727 | 194,077 | 189,282 | 168,369 | 182,455 |
| Total Expenditures | $1,139,244 | $1,187,234 | $1,271,690 | $1,347,127 | $1,412,839 |
| | | | | | |
| Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses) | ($156,614) | ($81,906) | ($104,460) | ($66,301) | ($157,374) |
| | | | | | |
| Other Financing Sources (Uses): | | | | | |
| Lease Proceeds | $ - | $13,010 | $3,611 | $1,431 | $2,287 |
| Transfers from Other Funds | 186,441 | 179,878 | 171,867 | 182,390 | 195,706 |
| Transfers to Other Funds | (28,863) | (42,249) | (54,151) | (49,180) | (49,179) |
| Net Other Financing Sources | $157,578 | $150,639 | $121,327 | $134,641 | $148,814 |
| | | | | | |
| Excess (Deficiency) of Total Revenues and Other Services Over Expenditures and Other Uses | $964 | $68,733 | $16,867 | $68,340 | ($8,560) |
| Special Item – Land Sale | - | - | - | - | - |
| Fund Balances at Beginning of Year | 272,138 | 273,102 | 341,835 | 358,702 | 414,458[3] |
| Fund Balances at End of Year[2] | $273,102 | $341,835 | $358,702 | $427,042 | $405,898 |

(1) Consists of property, sales, and mixed drinks tax.
(2) As of September 30, 2025, the budget stabilization reserve reports a balance of $112.2 million and the emergency reserve maintains a balance of ten percent of total General Fund requirements, or $142.6 million.
(3) Restated.

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## CERTAIN GENERAL FUND RECEIPTS OTHER THAN AD VALOREM TAXES

### Municipal Sales Tax – Table Ten

At an election held on September 30, 1967, the citizens of Austin voted a 1% retail sales and use tax to become effective on January 1, 1968. This tax provides an additional revenue source to the General Fund of the City. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts of the State, who currently remits the proceeds of the tax to the City monthly. Revenue from this source has been:

| Fiscal Year Ended 9-30 | Per Capita Sales and Use Tax | (in 000's) Sales and Use Tax | % of Ad Valorem Tax Levy |
|---|---|---|---|
| 2018 | $248.14 | $232,319 | 37.73% |
| 2019 | 260.77 | 248,813 | 37.14% |
| 2020 | 253.89 | 246,658 | 33.70% |
| 2021 | 283.88 | 281,784 | 29.90% |
| 2022 | 343.55 | 341,620 | 34.80% |
| 2023 | 358.72 | 358,557 | 35.73% |
| 2024 | 364.02 | 364,913 | 34.94% |
| 2025 | 362.69 | 366,511 | 32.88% |
| 2026(1) | 374.79 | 384,646 | 31.94% |
| 2027(1) | 379.38 | 394,253 | 30.48% |

(1) 2026 figures are estimated; 2027 figures are from the City's approved budget.

### Transfers from Utility Funds – Table Eleven

The City owns and operates a Water and Wastewater System and an Electric Light and Power System, the financial operations of which are accounted for in the Utility Funds (together, the "Utility Funds"). Transfers from the Utility Funds to the General Fund have historically provided a significant percentage of the receipts for operation of the General Fund. The transfers are voluntary transfers made from the Utility Funds by the City Council although the City is under no legal requirement to continue to make the transfers. The following sets forth the amount of such transfers:

| Fiscal Year Ended 9-30 | (in 000's) Transfers | % of General Fund Requirements |
|---|---|---|
| 2018 | $154,914 | 15.1% |
| 2019 | 157,586 | 15.0% |
| 2020 | 158,486 | 15.1% |
| 2021 | 160,544 | 14.2% |
| 2022 | 160,431 | 12.7% |
| 2023 | 152,037 | 11.6% |
| 2024 | 163,982 | 11.9% |
| 2025 | 177,351 | 12.5% |
| 2026(1) | 193,802 | 12.9% |
| 2027(1) | 205,141 | 13.3% |

(1) 2026 and 2027 figures from the City's approved budget.

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## THE CITY

### Administration

Incorporated in 1839, the City operates under a Council-Manager form of government under its Home Rule Charter. The City Council is comprised of an eleven-member council, with the Mayor elected at-large, and the remaining members elected from ten single-member districts. Councilmembers, including the Mayor, serve a four-year term, with the terms staggered so that every two years five of the councilmembers and the Mayor stand for election, and five councilmembers stand for election two years later.

By charter, the City Council appoints a City Manager for an indefinite term who acts as the chief administrative and executive officer of the City. The duties include, among others, the supervision of all City departments, the preparation and administration of an annual budget and the preparation of a report on the finances and administrative activities of the City.

### City Manager - T.C. Broadnax

Mr. T.C. Broadnax began serving as Austin City Manager on May 6, 2024. Prior to being appointed City Manager of the City of Austin, he previously served as the City Manager of the City of Dallas from 2017 to 2024. Prior to joining the City of Dallas, he served as City Manager of Tacoma, Washington and has more than 25 years of local government management experience. Mr. Broadnax is an International City/County Management Association Credentialed Manager and brings an emphasis on five core values of service: Empathy, Ethics, Excellence, Engagement, and Equity. His approach to public sector management and community engagement is rooted in values of inclusion and he has been instrumental in enhancing the quality of life for the residents of the cities he serves. Mr. Broadnax received a Bachelor of Arts degree in Political Science and Communications from Washburn University and a Master of Public Administration degree from the University of North Texas.

### Deputy City Manager – Jon Fortune

Mr. Jon Fortune was appointed Deputy City Manager on June 10, 2024. Prior to joining the City of Austin, Mr. Fortune served as Deputy City Manager and Assistant City Manager for Public Safety for the City of Dallas from 2017-2024 and Assistant City Manager for the City of Denton from 2000-2017. Other professional roles include Director of Management and Budget, Chief Finance Officer, and Management Services Administrator, also at the City of Denton from 1991-2000. Mr. Fortune is a credentialed manager with the International City Management Association (ICMA). His diverse experience includes leadership and oversight of all aspects of municipal operations, including public safety, emergency management, finance and budget, economic development, planning and development services, and utility and transportation operations. Mr. Fortune earned his Master's degree in Public Administration from the University of North Texas, a Bachelor's degree in Public Affairs and Administration from the University of Oklahoma and has completed the Senior Executives in State and Local Government program at Harvard University.

### Chief Financial Officer – Ed Van Eenoo

Mr. Ed Van Eenoo was appointed Chief Financial Officer on December 6, 2020 and oversees the City of Austin's Budget and Organizational Excellence, Facilities Management, Financial Services, Fleet Mobility Services, and Austin Technology Services departments. Prior to his appointment as Chief Financial Officer, Mr. Van Eenoo served as Deputy Chief Financial Officer for eight years and as the Budget Officer at the City for four years. Before joining the City, he spent nine years with the City of Chula Vista including time as a Fiscal and Management Analyst, Assistant Director of Budget and Analysis, and four years as the Director of Budget and Analysis. Mr. Van Eenoo received a Bachelor of Science degree in Economics from The University of Eastern Michigan and a Master of Science degree in Applied Economics from Virginia Tech University.

### Director of Financial Services – Kimberly Olivares

Ms. Kimberly Olivares currently serves as Director of Financial Services, which includes Accounting and Reporting, Procurement, Real Estate, Redevelopment, and Treasury functions. Financial Services also provides P3 facility delivery across the organization and development of financing structures for strategic initiatives. Ms. Olivares joined the City of Austin in 2003 and has held positions in the City Manager's Office, Public Works Department, and Financial Services Department. Prior roles within Financial Services include CIP Budget Manager, Deputy Budget

Officer, Chief Performance Officer, and Deputy Chief Financial Officer. She received her B.A. from the University of Notre Dame, Master of Public Affairs from the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, and Master of Business Administration from St. Edward's University. She currently serves on the Executive Board of the Government Finance Officers Association and also serves as an Adjunct Assistant Professor at the University of Texas at Austin teaching graduate courses in public finance.

**Deputy Chief Financial Officer – Diana Thomas**

Ms. Diana Thomas currently serves as Deputy Chief Financial Officer, where she oversees Accounting and Reporting, Financial Systems & Information Technology, Support Services, and Treasury within Financial Services. She was appointed to the Deputy Chief Financial Officer position in June 2021 after serving as the City's Controller from 2008 to 2021. Ms. Thomas started her career with the City in 1992 and has held various financial positions during her tenure. In 2006, she led the implementation of the City's new financial system. Ms. Thomas received her Bachelor of Business Administration degree in Finance from the University of Texas at Austin and is a licensed CPA in the state of Texas.

**Services Provided by the City**

The City's major activities include police and fire protection, emergency medical services, parks and libraries, public health and social services, planning and zoning, general administrative services, solid waste disposal and maintenance of bridges, streets and storm drains. The City owns and operates several major enterprises including electricity (Austin Energy), water and wastewater (Austin Water), airport (Austin-Bergstrom International Airport) and two public event facilities.

**Employees**

Municipal employees are prohibited from engaging in strikes and collective bargaining under State law. An exception allows fire and police employees to engage in collective bargaining (but not the right to strike) after a favorable vote of the electorate. The voters have approved collective bargaining for fire fighters but not for police officers. Approximately 15% of the City's employees are members of the American Federation of State, County, and Municipal Employees, 8% are members of the American Police Association and 7% are members of the International Association of Fire Fighters. The City does not have automatic escalators in payroll or in its retirement systems.

**Annexation Program**

Chapter 43 of the Texas Local Government Code regulates annexation of property by Texas municipalities. Under current state law, landowner and/or voter approval is required as part of the process for the annexation of territory into a city. The process varies depending on the characteristics of the area being considered for annexation, generally involving a petition from each landowner, a petition signed by registered voters and owners of land in the area, or an election at which qualified voters approve the proposed annexation. Additionally, the process involves staff review, development of a written service agreement (or regulatory plan for a limited purpose annexation), notification, publication of a newspaper notice, public hearings, and ordinance approval.

Upon approval, the City provides a wide range of services to the annexed area – police and fire protection, emergency medical services, solid waste collection, and maintenance of public facilities such as water and wastewater, roads, streets, and parks. Failure to provide municipal services in accordance with the service plan may provide grounds for a petition and court action to compel compliance with the service plan or to disannex the area, and may also result in a refund of taxes and fees collected for services not provided. The City has never been forced to disannex due to such failure.

Some of the areas which may be considered for annexation include developed areas for which water, sewer, and drainage services are being provided by utility districts created for such purposes. Existing utility districts, as well as new districts that may be created from time to time, may issue bonds for their own improvements. Such bonds are generally payable from the receipts of ad valorem taxes imposed by the district and, in some cases, are further payable from any net revenues derived from the operation of its water and sanitary sewer systems. State law generally requires that if a city annexes a district, then the district must be annexed in its entirety. Upon annexation by a city, a district is dissolved and the city assumes the district's outstanding bonds and other obligations. The City then levies and collects ad valorem taxes on taxable property within the corporate limits of the city, including the districts, sufficient to pay the principal of and interest on such assumed bonds.

The City also assumes liabilities when it annexes land in an Emergency Services District ("ESD") and that land is disannexed from the ESD. This liability, however, is limited to assumption of a pro-rata share of debt and assumption of those facilities directly used to provide service to the area.

The City Charter and the State's annexation laws provide the City with the ability to undertake two types of annexation. "Full purpose" annexation discussed above, annexes territory into the City for all purposes, including the assessment and collection of ad valorem taxes on taxable property. The second type of annexation is known as "limited purpose" annexation by which territory may be annexed for the limited purposes of "Planning and Zoning" and "Health and Safety." Territory so annexed is subject to ordinances relating to these purposes: chiefly, the City's zoning ordinance, building code, and related ordinances regulating land development. Taxes may not be imposed on property annexed for a limited purpose because municipal services are not provided and residents of the area are restricted to voting only in City elections for City Council and Charter amendments.

**Annexations – Table Twelve**

The following table sets forth (in acres) the City's annual annexations and disannexations since 2017.

| Calendar Year | Full Purpose Acres(1) | Limited Purpose Acres |
|---|---|---|
| 2017 | 1,283 | 0 |
| 2018 | 136 | 0 |
| 2019 | 185 | 166 |
| 2020 | 65 | 0 |
| 2021 | 92 | 243 |
| 2022 | 5,475 | 51 |
| 2023 | 12 | 0 |
| 2024 | -887 | 0 |
| 2025 | -85 | 0 |
| 2026 | 2,582 | 0 |

(1) Includes acres converted from limited purpose to full purpose status, as well as disannexed acres.

**Recent Annexation**

In 2026, the City annexed a total of 2,644 acres into the full purpose jurisdiction. 2,597 acres were annexed at the request of property owners. Additionally, the City annexed 47 acres of right-of-way land from Travis County into full-purpose jurisdiction. The largest full purpose annexation was 2,595 acres known as the "Dog's Head" mixed-use development. The area is a largely undeveloped former sand and gravel mining and reclamation site located between the Colorado River, U.S. Highway 183 and State Highway 130, and was annexed in connection with a 45-year development agreement with the property owner contemplating a mixed-use development, a tax increment reinvestment zone, and the owner's consent to annexation subject to certain conditions.

In August 2023, the City annexed 12 acres at the request of property owners for full-purpose jurisdiction. The single annexation case was greenfield development proposed for high-density multifamily housing.

In 2022, the City annexed 5,526 acres at the request of property owners, of which 5,475 acres were full-purpose annexations and 51 acres were limited purpose annexations. The largest full purpose annexations were for City owned water quality protection lands, which totaled approximately 5,100 acres.

In 2020 and 2021, the City conducted full purpose annexations of greenfield land at the request of property owners. The 157 acres annexed during this time were proposed for development as residential and light industrial uses. In 2019, the City annexed for limited purposes several recently acquired and vacant outparcels located in the Pilot Knob Municipal Utility District ("MUD") development project. Additionally, at the landowner's request, the City annexed for full purposes a 126-acre undeveloped parcel which the landowner plans to develop into a corporate campus.

In 2018, the City annexed and dissolved the Cascades MUD No. 1 at the request of the property owner. At the time of annexation, the area was undeveloped and the MUD had not issued any debt. The property owner determined that the proposed Cascades at Onion Creek subdivision could be developed as originally planned without the need for a MUD and the City agreed to annex and dissolve the MUD. The taxable assessed value ("TAV") at the time of annexation was $584,827.

The largest of the 2017 annexations was the River Place MUD, area which converted approximately 1,040 acres from the City's limited purpose jurisdiction to full purpose. This area included an estimated population of approximately 3,125 persons. In addition, the City annexed several commercial properties in south Austin. The total TAV for these areas at the time of annexation was $697.2 million.\

**Future Annexation**

Annexations continue to be considered at the request of property owners. No large-scale annexations are currently scheduled in the near future.

**Disannexation**

In 2023, the 88th Texas Legislature passed House Bill 3053, which requires cities of more than 500,000 people to hold disannexation elections for inhabited areas that they had annexed between March 3, 2015, and Dec. 1, 2017.

On May 4, 2024, six separate special municipal elections were held in different areas in the City of Austin, on the question of disannexing each of those six areas. Voters in the parcels of Lost Creek (738 acres), Blue Goose Road (28 acres), and River Place (212 acres) each voted to approve disannexation from the City. On August 29, 2024 the City conducted a public hearing and adopted an ordinance disannexing the Lost Creek, Blue Goose Road, and River Place parcels effective September 9, 2024. The disannexed areas will no longer be a part of the City, but will still receive utility services from Austin Water and Austin Energy.

In 2025, during the 89th Regular Texas Legislative Session, the Legislature enacted Texas Senate Bill 1844, which amended Texas Local Government Code Section 43.141 and became effective on September 1, 2025. Texas Senate Bill 1844 requires the City to approve disannexation petitions submitted by property owners whose property is adjacent to a navigable waterway and located in an area where a majority of the properties in the petition do not receive municipality water and wastewater services.

Since September 1, 2025, the City Council has held various public hearings and approved the disannexation of numerous properties. The City anticipates receiving additional petitions and conducting additional disannexation public hearings in the future.

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**Pension Plans**

The City has three contributory defined benefit retirement plans for its general municipal, fire, and police employees. These three plans include the City of Austin Employees' Retirement System ("COAERS"), the City of Austin Police Retirement System (the "Police Retirement System") and the City of Austin Fire Fighters Retirement Fund (the "Fire Fighters Retirement Fund"). These plans are single employer funded plans, each with a fiscal year end of December 31. The three retirement plans cover substantially all full-time employees. The contributions made by the City to the COAERS include amounts allocable to the City employees within Austin Energy, Austin Water and Austin Aviation; the contributions allocable to such employees are paid from gross revenues of the respective systems and constitute operating expenses of Austin Energy, Austin Water, and Austin Aviation.

As of January 1, 2026, municipal employees contribute 10.0% and the City contributes 10.05% of payroll. The City also contributes according to a fixed payment plan established to eliminate the unfunded legacy liability existing as of December 31, 2022, over a 30-year period. The fiscal year 2027 budgeted amount related to the unfunded legacy liability payment is $117.1 million.

As of January 1, 2026, fire fighters (who are not members of the Social Security System) contribute 18.7% of payroll, and the City contributes 12.62% to the Fire Fighters Retirement Fund. The City also contributes according to a fixed payment plan established to eliminate the unfunded legacy liability existing as of December 31, 2024, over a 30-year period. The fiscal year 2027 budgeted amount related to the unfunded legacy liability payment is $18.8 million.

As of January 1, 2026, police officers contribute 15.0% and the City contributes 11.97% of payroll to the Police Retirement System. The City also contributes according to a fixed payment plan established to eliminate the legacy liability existing as of December 31, 2020, over a 30-year period. The fiscal year 2027 budgeted amount related to the unfunded legacy liability payment is $46.1 million.

As of December 31, 2025, the amortization period of the unfunded actuarial accrued liability was 28 years for the COAERS, 26.4 years for the Police Retirement System, and 23 years for the Fire Fighters Retirement Fund.

The City's net pension liability was measured as of December 31, 2025, for each of the City's three pension plans. Information on the liabilities and funding measurements of each plan is discussed below.

*City of Austin Employees' Retirement System (COAERS).* The members of the COAERS include City civilian and EMS employees as well as pension system employees. The COAERS provides plan members with a monthly pension payment derived from a predetermined formula based on length of service, salary history, and payout options. There are two groups in this plan with a vesting period of five years for both plans. Employees hired prior to January 1, 2012, are eligible to retire at any age after 23 years of service, at age 55 with 20 years of service, or at 62 with 5 years of service. The annual retirement benefit is calculated by multiplying the number of years of service by the average of the three highest earning years out of the last 10 years worked; this amount is then multiplied by 3%. Employees hired on or after January 1, 2012, follow a similar structure with modified factors: retirement eligibility occurs at age 62 with 30 years of service, or at 65 with 5 years, and the multiplier is 2.5%. The plan changes to create the second group were implemented in order to address long-term structural imbalances in the plan.

As of December 31, 2025, the COAERS reported a total net pension liability of $2.1 billion. The COAERS' fiduciary net position as a percentage of the total pension liability was 65.8%. The actuarial accrued liability for the COAERS as of December 31, 2025, was $6.2 billion and the funded ratio was 63.1%. As of December 31, 2024, the COAERS reported a net pension liability of $2.4 billion with a plan fiduciary net position as a percentage of the total pension liability of 59.9%. The actuarial accrued liability for the COAERS was $6.0 billion and the funded ratio was 61.2%.

In 2023, legislation was passed in the 88$^{th}$ Texas Legislature ("SB 1444") to address COAERS' liabilities and place it on an actuarially sound path. SB 1444, as passed by the Texas Legislature and signed by the Governor, includes the following reforms which took effect on January 1, 2024:

- Increased employee contributions from 8% to 10% over a two-year phase-in-period;
- Increased City contributions pursuant to an actuarially determined funding model, which included a carve out of the legacy liability (as of December 31, 2022) into a separate payment over 30 years;
- Established an actuarially determined contribution model to replace the fixed contribution model;
- Modified benefit policies such as service purchase and sick-leave conversions that will mitigate the risk of

future costs;
- Eliminated the authority of the COAERS Board to unilaterally provide cost of living adjustments or to change member benefits; and
- Modified the COAERS Board of Trustees governance structure, replacing one active member seat with one City appointed seat.

Police Retirement System. The members of the Police Retirement System include all cadets, upon enrollment in the Austin Police Academy, commissioned law enforcement officers employed by the Austin Police Department, and full-time employees of the Police Retirement System. The Police Retirement System provides retirement, death, and disability benefits to plan members and their beneficiaries.

In 2021, legislation was passed in the 87th Texas Legislature to address the Police Retirement System's liabilities and place it on an actuarially sound path. The legislative reforms to the Police Retirement System, which took effect on January 1, 2022, included:

- Established a new benefit tier for new sworn police officers with the following benefit parameters:
    - 2.5% multiplier;
    - retirement eligibility at age 50 and 25 years of service; and,
    - average salary calculated on the highest 60 months;
- Increased employee contributions from 13% to 15%;
- Increased City contributions which included a carve out of the legacy liability (as of December 31, 2020) into a separate payment over 30 years;
- Established an actuarially determined contribution model to replace the current fixed contribution mode;
- Eliminated the authority of the Police Retirement System Board to provide cost of living adjustments, change member benefits or member contribution rates; and
- Reformed the governance structure by replacing one active member seat to a citizen seat appointed by City Council.

The Police Retirement System provides plan members with a monthly pension payment derived from a predetermined formula based on length of service, salary history, and payout options. Benefits are vested after 10 years. For employees hired prior to January 1, 2022, benefits are based on the years of service times the highest 36 months of salary in the last 10 contributing years of service. A multiplier of 3.2% is applied to the years of service. Eligibility occurs with 23 years of creditable service, at age 55 with 20 years of service, or at age 62. For employees hired on or after January 1, 2022, the highest month of salary is increased to 60 months, the multiplier is decreased to 2.5%, and eligibility is at age 50 with 25 years of service or at age 62.

As of December 31, 2025, the Police Retirement System reported a net pension liability of $748.4 million for the 2025 plan year, which is a decrease from the $795.7 million net pension liability reported for the prior 2024 plan year. The fiduciary net position as a percentage of the total pension liability increased to 61.8% for the 2025 plan year from 57.6% in the prior year. In plan year 2024, the Police Retirement System adopted changes to certain plan assumptions in March 2024, based on an experience study dated March 20, 2024, with experience data from January 1, 2018, through December 31, 2022. The assumption changes included a reduction in the wage inflation assumption (from 3.0% to 2.5%), an increase in the administration expenses (from 0.90% to 1.25%), and increases in the overall termination and retirement rates to align with experience and future expectations. The assumption changes, among other contributing factors, resulted in an increase to the actuarial accrued liability. A full description of the assumptions for the Police Retirement System is available in the actuarial reports available on its website.

The actuarial accrued liability for the Police Retirement System as of December 31, 2025, was $2.0 billion and the funded ratio was 59.7%. The actuarial accrued liability for the Police Retirement System as of December 31, 2024, was $1.9 billion and the funded ratio was 58.3%.

Fire Fighters Retirement Fund. The members of the Fire Fighters Retirement Fund include commissioned firefighters and Texas state-certified employees of the Austin Fire Department.

In 2025, legislation was passed in the 89th Texas Legislature ("HB 2802") to address Fire Fighters Retirement Fund's liabilities and place it on an actuarially sound path. HB 2802, as passed by the Texas Legislature and signed by the Governor, included the following reforms:

- Established a new benefit tier for firefighters hired on or after January 1, 2026, with the following benefit parameters:
  - 3% multiplier;
  - average salary calculated on the highest 60 months;
  - no early retirement option;
  - modifications to the Deferred Retirement Option Program ("DROP") program, including removal of the Retro DROP;
- Significant changes to cost-of-living adjustments;
- Established an actuarially determined contribution model to replace the current fixed contribution model;
- Increased City contributions pursuant to an actuarially determined funding model including a carve out of the legacy liability into a separate payment over 30 years;
- Modified the Fire Fighters Retirement Fund Board of Trustees governance structure by increasing from a 5-member board to 7-member board with the addition of one member seat and one City Council appointed citizen seat.

Members hired before January 1, 2026, are eligible to retire at 50 years of age with at least 10 years of service credit or with at least 25 years of service credit at any age. Retirement benefits are paid in the form of a monthly life annuity based on years of service times the highest 36 months of salary during the member's contributing years of service and the multiplier is 3.3%. Early retirement options are also available.

As of December 31, 2025, the Fire Fighters Retirement Fund reported a net pension liability of $291.9 million, with a plan fiduciary net position as a percentage of the total pension liability of 81.2%. The actuarial accrued liability for the Fire Fighters Retirement Fund was $1.6 billion and the funded ratio was 77.4%. As of December 31, 2024, the Fire Fighters Retirement Fund reported a net pension liability of $349.5 million and plan fiduciary net position as a percentage of the total pension liability of 76.9%. The actuarial accrued liability for the Fire Fighters Retirement Fund as of December 31, 2024, was $1.5 billion and the funded ratio was 76.9%.

The Fire Fighters Retirement Fund adopted changes to certain plan assumptions in April 2024, based on an experience study dated March 25, 2024, with experience data through December 31, 2022. The assumption changes included use of the base PubS(A)-2010 above median mortality tables with fully generational improvement, adoption of a 1.25% of payroll administrative expense assumption, a reduction in the wage inflation assumption (from 3.00% to 2.50%) and changes to various demographic assumption tables. A full description of the assumptions for the Fire Fighters Retirement Fund is available in the actuarial reports available on its website. There was no cost-of-living adjustment granted for 2025.

The financial statements for each plan are accessible on their respective websites. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS – Note 10" in this document for additional information on the City's Pension Plans. Also, see Note 10 of the City's Annual Comprehensive Financial Report for their web addresses.

**Other Postemployment Benefits**

In addition to the contributions made to the three pension systems, the City provides certain other postemployment benefits ("OPEB") to its retirees. The City's OPEB plan is a defined-benefit single-employer plan. Allocation of City funds to pay OPEB other than pensions is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis. The City is under no obligation to pay any portion of the cost of OPEB for retirees or their dependents.

OPEB include access to medical, dental, and vision insurance for the retiree and the retiree's family and $1,000 of life insurance on the retiree only. All retirees who are eligible to receive pension benefits under any of the City's three pension systems are eligible for OPEB. Retirees may also enroll eligible dependents under the medical, dental, and vision plan(s) in which they participate.

Day-to-day accounting and administration of OPEB activities are provided by the City and recorded in the Employee Benefits Fund. However, at year end an adjustment is made to recognize OPEB expenses in the operating funds that provide funding to the Employee Benefits Fund to pay for the City's portion of these benefits. No separate plan report is available.

The City subsidizes between 16% and 80% of the projected medical premium for retirees and a lesser portion for dependents and surviving spouses depending on years of service at retirement. The retiree must pay the unsubsidized portion of the premium. Both the City and retirees' estimated premiums are deposited in the Employee Benefits Fund, which pays actual claims for medical and prescription drugs and 100% of the retiree's basic life insurance premium. The cost of coverage above the $1,000 level for life insurance premium is paid by the retiree. Group dental and vision coverage is available to retirees and their eligible dependents. The retiree pays the full cost of the dental and vision premium.

The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The City funds its OPEB liabilities on a pay-as-you-go basis. The pay-as-you-go cost of providing medical and life benefits was $53.7 million in fiscal year 2025 and $65.5 million in fiscal year 2024.

The City commissions a biennial actuarial valuation of its OPEB liability with a roll-forward prepared in the year in which there is no formal valuation. As of the most recent December 31, 2024 roll-forward actuarial valuation date, the City's total OPEB liability decreased to $1.3 billion from $3.2 billion as of the actuarial valuation measured as of December 31, 2023. The decrease in the total OPEB liability was primarily driven by the requirement that Medicare eligible retirees must elect the new Medicare Advantage (MA) benefit plan effective January 1, 2025. Prior to January 1, 2025, enrollment into the MA plan was optional. The MA plans are rated to eliminate cost differences due to the age and the City's contributions toward the MA plan premiums are much lower than contributions to other plan premiums.

See "APPENDIX B – AUDITED FINANCIAL STATEMENTS – Note 11" in this document for additional information on the City's OPEB.

**Insurance**

The Liability Reserve Fund is the insurance fund of the City for settled claims, expenses, and reserves relating to third party liability claims for injury and property damage, including professional liability. The Liability Reserve Fund is used to pay for actual claims incurred and related expenses for settling these claims, for budgeted administrative costs for the fund's operations, and to estimate incurred, but not reported claims. The Liability Reserve Fund had accrued liabilities of approximately $6.4 million for claims and damages at the end of fiscal year 2025. Employee injuries are covered by the City's Workers' Compensation Fund and health claims are covered by the City's Employee Benefits Fund. The accrued liabilities for certain claims and expenses for enterprise funds of the City are funded separately from funds of the respective enterprise systems.

## ENTERPRISE FUNDS

**Statement of Revenues, Expenses and Changes in Fund Net Position**

The Enterprise Funds account for the activities of the City that render services on a user charge basis to the general public. Set forth on pages B-32 and B-33 of APPENDIX B in this document is a summary of the revenues, expenses, transfers and net position of the City's enterprise funds for the year ended September 30, 2025.

**Electric Utility and Water and Wastewater System Transfers to the General Fund**

The City owns and operates an electric utility system (also referred to in this document as the "Electric Utility System" or "Austin Energy") and a water and wastewater system (also referred to in this document as the "Water and Wastewater Utility" or "Austin Water") which provide the City, as well as adjoining areas of Travis County and certain adjacent areas of Williamson County, with electric, water and wastewater services. The City jointly participates with other electric utilities in the ownership of coal-fired electric generation facilities and a nuclear powered electric generation facility. Additionally, City individually-owned gas/oil-fired electric facilities and a biomass generation facility are available to meet Electric Utility System demand. The City owns all the facilities of the Water and Wastewater System. For the fiscal year commencing October 1, 2025, the Electric Utility System had approximately 1,965 full-time regular employees and the Water and Wastewater Utility had approximately 1,439 full-time regular employees.

**Austin Energy and Austin Water each annually transfer revenue to the General Fund; the utility fund transfers have historically provided a significant percentage of the receipts for operation of the General Fund.** In fiscal year 2026, the total transfers from the utility systems represented 13% of total General Fund revenue, with 9.3% from Austin Energy and 3.7% from Austin Water. Revenue transfers from Austin Energy and Austin Water to the City's General Fund are annually recurring, formula-based appropriations, although the amount of future utility system appropriations could be modified by City Council action.

**Potential State Legislation Affecting Austin Energy and the General Fund Transfer**

On August 4, 2026, the Governor of Texas announced a proposal that would open the service territories of municipally owned electric utilities, including the Austin Energy and CPS Energy in San Antonio, to retail electric competition, and which is expected to be presented to the Texas Legislature during its 2027 Regular Session. According to a press release issued by the Governor's office, the proposal would also require that utility revenues be dedicated to the provision of reliable electric service rather than "subsidizing unrelated local government spending." Under the City's current financial policies, Austin Energy transfers to the City's General Fund an amount equal to 12% of its non-power-supply revenue less District Cooling revenue, calculated on a three-year average, with growth in the transfer capped at an annual rate of 2% beginning in fiscal year 2026 (the "General Fund Transfer"). The General Fund Transfer budgeted for fiscal year 2026 is approximately $139.0 million, or approximately 9.3% of budgeted General Fund revenues for such fiscal year. As of the date of this Official Statement, no legislation implementing the Governor's proposal has been introduced, the Texas Legislature will convene in regular session in January 2027, and the City is unable to predict whether any such legislation will be introduced or enacted, the form or effective date of any legislation that may be enacted, or whether any such legislation would be subject to legal challenge. If legislation were enacted that eliminated or materially reduced the General Fund Transfer, or that opened Austin Energy's service territory to retail competition in a manner that materially reduced Austin Energy's revenues and, correspondingly, the amount available for transfer, the City would be required to reduce General Fund expenditures, identify alternative revenue sources, or both. The City's ability to offset any such reduction through increased ad valorem tax revenues is subject to the voter-approval tax rate limitations described under "TAX PROCEDURES" in this document. The Obligations are payable from ad valorem taxes and are not secured by or payable from revenues of Austin Energy or the General Fund Transfer.

## CONTINUING DISCLOSURE OF INFORMATION

In each Ordinance, the City has made the following agreement for the benefit of the Holders and beneficial owners of the Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") information system.

**Annual Reports**

The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in the main text of this Official Statement within the tables numbered one through twelve and in APPENDIX B. The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The City will update and provide this financial information and operating data as of the end of each fiscal year within six months after the end of each fiscal year, beginning with the fiscal year ending in 2026 and audited financial statements within 12 months of each fiscal year beginning with the fiscal year ending in 2026. If audited financial statements are not available within 12 months after any such fiscal year end, the City will provide unaudited financial statements within such 12-month period and audited financial statements for such fiscal year when and if the audit report on such statements becomes available. The City will provide the updated information to the MSRB through EMMA.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12 (the "Rule"), promulgated by the United States Securities and Exchange Commission (the "SEC").

The City's current fiscal year is October 1 to September 30. Accordingly, it must provide updated financial information and operating data by March 31 of each year (six months after the current fiscal year end of September 30) and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available as described above) by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

**Disclosure Event Notices**

The City will notify the MSRB, in a timely manner not in excess of 10 Business Days after the occurrence of the event, of any of the following events with respect to the Obligations: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City or obligated person; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor trustee or change in the name of the trustee, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect Obligation holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. The City will notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data by the time required by each Ordinance, as applicable. Neither the Obligations nor the Ordinances make any provision for debt service reserves or liquidity enhancement.

As used in clause (12) above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the City Council and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. As used in clause (15) and clause (16) above, the term "Financial Obligation" means a: (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that "Financial Obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term "Business Day" means a day other than a Saturday, Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the City or the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located.

**Availability of Information**

In connection with its continuing disclosure agreement entered into with respect to the Obligations, the City will file all required information and documentation with the MSRB in electronic format and accompanied by such identifying information as prescribed by and in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

**Limitations and Amendments**

The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Obligations may seek a writ of mandamus to compel the City to comply with its agreement. No default by the City in observing or performing its obligations under its continuing disclosure undertaking for the Obligations shall constitute a breach of or default under the applicable Ordinance for purposes of any other provision of the applicable Ordinance.

The City may amend its continuing disclosure agreement for any series of Obligations from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell such Obligations in the offering described in this document in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the respective series of outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of such series of Obligations. The City may also amend or repeal the provisions of its continuing disclosure agreement for any series of Obligations if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling such Obligations in the primary offering of such series of Obligations. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "CONTINUING DISCLOSURE OF INFORMATION - Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

## TAX MATTERS

### General

The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Obligations and is based on the Internal Revenue Code of 1986 (the "Code"), the regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service ("IRS") and court decisions currently in effect. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS, has been, or is expected to be, sought on the issues discussed below. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and summary of federal income tax consequences discussed below.

The following discussion is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described below will have on, particular holders of the Obligations and does not address U.S. federal gift or estate tax or (as otherwise stated below) the alternative minimum tax, state, local or other tax consequences. This summary does not address special classes of taxpayers (such as partnerships, or other pass-thru entities treated as a partnerships for U.S. federal income tax purposes, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the U.S., broker-dealers, traders in securities and tax-exempt organizations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be subject to branch profits tax or personal holding company provisions of the Code or taxpayers qualifying for the health insurance premium assistance credit) that are subject to special treatment under U.S. federal income tax laws, or persons that hold Obligations as a hedge against, or that are hedged against, currency risk or that are part of hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the "U.S. dollar". This summary is further limited to investors who will hold the Obligations as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

As used below, the term "U.S. Holder" means a beneficial owner of an Obligation who or which is: (i) an individual citizen or resident of the United States, (ii) a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof or in this document, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes. As used below, the term "Non-U.S. Holder" means a beneficial owner of an Obligation that is not a U.S.

Holder.

THIS SUMMARY IS INCLUDED BELOW FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF OBLIGATIONS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF THE OBLIGATIONS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE OBLIGATIONS. THE FOLLOWING DISCUSSION IS NOT INTENDED OR WRITTEN TO BE USED TO AVOID PENALTIES THAT MIGHT BE IMPOSED ON THE TAXPAYER IN CONNECTION WITH THE MATTERS DISCUSSED IN THIS DOCUMENT. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE OBLIGATIONS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE.

FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO NON-U.S. HOLDERS.

**Information Reporting and Backup Withholding**

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Obligations will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 of the Code or backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

**Tax-Exempt Obligations**

***Opinion***

On the date of initial delivery of the Tax-Exempt Obligations, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) for federal income tax purposes, interest on the Tax-Exempt Obligations will be excludable from the "gross income" of the holders thereof and (2) the Tax-Exempt Obligations will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code. Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Tax-Exempt Obligations. See "APPENDIX C – Forms of Bond Counsel's Opinions".

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City's federal tax certificate and the verification report prepared by Robert Thomas CPA, LLC, and (b) covenants of the City with respect to arbitrage, the application of proceeds to be received from the issuance and sale of the Tax-Exempt Obligations, and certain other matters. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Tax-Exempt Obligations to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Tax-Exempt Obligations in order for interest on the Tax-Exempt Obligations to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Tax-Exempt Obligations to be included in gross income retroactively to the date of issuance of the Tax-Exempt Obligations. The opinion of Bond Counsel to the City is conditioned on compliance by the City with such requirements, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Tax-Exempt Obligations.

Bond Counsel's opinion regarding the Tax-Exempt Obligations represents its legal judgment based upon its review of

Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion related to the Tax-Exempt Obligations is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Tax-Exempt Obligations.

A ruling was not sought from the IRS by the City with respect to the Tax-Exempt Obligations or property financed with the proceeds of the Tax-Exempt Obligations. No assurances can be given as to whether or not the IRS will commence an audit of the Tax-Exempt Obligations, or as to whether the IRS would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the IRS is likely to treat the City as the taxpayer and the holders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

***Federal Income Tax Accounting Treatment of Original Issue Discount***

The initial public offering price to be paid for one or more maturities of the Tax-Exempt Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Obligations"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Obligation, and (ii) the initial offering price to the public of such Original Issue Discount Obligation would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any U.S. Holder who has purchased a Tax-Exempt Obligations as an Original Issue Discount Obligation in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Obligation equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below. In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Obligation prior to stated maturity, however, the amount realized by such U.S. Holder in excess of the basis of such Original Issue Discount Obligation in the hands of such U.S. Holder (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Obligation was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Obligation is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Obligation for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Obligation.

All U.S. Holders of Original Issue Discount Obligations should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Obligations and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Obligation.

***Collateral Federal Income Tax Consequences***

Interest on the Tax-Exempt Obligations may be includable in certain corporations' "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, U.S. Holders of the Tax-Exempt Obligations may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Tax-Exempt Obligations, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

***Future and Proposed Legislation***

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Tax-Exempt Obligations under Federal or state law and could affect the market price or marketability of the Tax-Exempt Obligations. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Tax-Exempt Obligations should consult their own tax advisors regarding the foregoing matters.

**Taxable Obligations**

***Certain U.S. Federal Income Tax Consequences to U.S. Holders***

*Periodic Interest Payments and Original Issue Discount*. The Taxable Obligations are not obligations described in Section 103(a) of the Code. Accordingly, the stated interest paid on the Taxable Obligations or any original issue discount accruing on the Taxable Obligations will be includable in "gross income" within the meaning of Section 61 of the Code of each owner thereof and be subject to federal income taxation when received or accrued, depending upon the tax accounting method applicable to such owner.

*Disposition of Taxable Obligations*. An owner will recognize gain or loss on the redemption, sale, exchange or other disposition of a Taxable Obligation equal to the difference between the redemption or sale price (exclusive of any amount paid for accrued interest) and the owner's tax basis in the Taxable Obligations. Generally, a U.S. Holder's tax basis in the Taxable Obligations will be the owner's initial cost, increased by income reported by such U.S. Holder, including original issue discount and market discount income, and reduced, but not below zero, by any amortized premium. Any gain or loss generally will be a capital gain or loss and either will be long-term or short-term depending on whether the Taxable Obligations has been held for more than one year.

*Defeasance of the Taxable Obligations*. Defeasance of any Taxable Obligations may result in a reissuance thereof, for U.S. federal income tax purposes, in which event a U.S. Holder will recognize taxable gain or loss as described above.

*State, Local and Other Tax Consequences.* Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Taxable Obligations under applicable state or local laws, or any other tax consequence, including the application of gift and estate taxes. Certain individuals, estates or trusts may be subject to a 3.8% surtax on all or a portion of the taxable interest that is paid on the Taxable Obligations. PROSPECTIVE PURCHASERS OF THE TAXABLE OBLIGATIONS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FOREGOING MATTERS.

***Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders***

A Non-U.S. Holder that is not subject to U.S. federal income tax as a result of any direct or indirect connection to the U.S. in addition to its ownership of a Taxable Obligations, will not be subject to U.S. federal income or withholding tax in respect of such Taxable Obligations, provided that such Non-U.S. Holder complies, to the extent necessary, with identification requirements including delivery of a signed statement under penalties of perjury, certifying that such Non-U.S. Holder is not a U.S. person and providing the name and address of such Non-U.S. Holder. Absent such exemption, payments of interest, including any amounts paid or accrued in respect of accrued original issue discount, may be subject to withholding taxes, subject to reduction under any applicable tax treaty. Non-U.S. Holders are urged to consult their own tax advisors regarding the ownership, sale or other disposition of a Taxable Obligations.

The foregoing rules will not apply to exempt a U.S. shareholder of a controlled foreign corporation from taxation on the U.S. shareholder's allocable portion of the interest income received by the controlled foreign corporation.

## VERIFICATION OF MATHEMATICAL CALCULATIONS

Robert Thomas CPA, LLC, a firm of independent certified public accountants (defined previously in this document as the Verification Agent), upon delivery of the Bonds, will deliver to the City its report indicating that it has examined the mathematical accuracy of computations prepared by PFM relating to the sufficiency of the payments on the Escrowed Securities and cash to be deposited in the Escrow Fund.

The report of the Verification Agent will include the statement that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it and that it has no obligation to update its report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

## OTHER RELEVANT INFORMATION

### Ratings

Each series of Obligations has received ratings of “AAA” (stable outlook) from S&P Global Ratings, a division of S&P Global Inc. (“S&P”), and “AAA” (stable outlook) from Fitch Ratings, Inc. (“Fitch”). The City also has parity tax-supported obligations rated “Aaa” (stable outlook) by Moody’s Ratings (“Moody’s”). The City did not obtain a rating from Moody’s on the Obligations being issued. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of one or all such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or by any one of them, may have an adverse effect on the market price and marketability of the Obligations. Except as provided under “CONTINUING DISCLOSURE OF INFORMATION – Disclosure Event Notices” in this document, the City will undertake no responsibility to notify the owners of the Obligations of any such revisions or withdrawal of ratings.

### Litigation

A number of claims against and legal proceedings challenging actions by the City are pending with respect to various matters arising in the normal course of the City’s operations. The City intends to vigorously defend itself against such claims and challenges but no assurance can be given that the City will prevail in all such matters. The City Attorney and City management are of the opinion that the City’s available sources for payment are adequate to discharge any foreseeable liability resulting from an adverse adjudication of any such claims and challenges and that resolution of the matters pending (including the matters described below) will not have a material effect on the City’s financial condition.

*Electric Utility System*…The Electric Utility System has been served in numerous property damage lawsuits, including class action lawsuits, and one wrongful death lawsuit, relating to outages caused by a severe winter storm in February 2021 that affected the ERCOT system. These cases are pending in the multi-district litigation proceeding in Cause No. 2021-18513 in the 215th District Court of Harris County, Texas.

*Austin Transit Partnership*…The City and ATP are involved in certain litigation related to Project Connect. See “TAX INFORMATION - Project Connect” in this document.

### Registration and Qualification

The sale of the Obligations has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Obligations have not been qualified under the

Securities Act of Texas in reliance upon various exemptions contained in the Securities Act of Texas; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

**Legal Investments and Eligibility to Secure Public Funds in Texas**

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Obligations are (i) negotiable instruments, (ii) investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (iii) legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State. The Obligations are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the PFIA, the Obligations may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with at least $1 million of capital and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes. The City has made no review of laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

**Legal Matters**

The delivery of each series of the Obligations is subject to the approval of the Attorney General of Texas to the effect that such Obligations are valid and legally binding obligations of the City payable from the sources and in the manner described in this document and in the respective Ordinances and the approving legal opinions of Bond Counsel. The forms of Bond Counsel's opinions are attached to this document in APPENDIX C. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent upon the sale and delivery of the Obligations. In addition, certain legal matters will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, disclosure counsel for the City.

Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Obligations in the Official Statement to verify that such descriptions conform to the provisions of the respective Ordinances. The legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues expressly addressed in those opinions. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

**Municipal Advisor**

PFM Financial Advisors LLC ("PFM"), Austin, Texas, is employed as Municipal Advisor to the City in connection with the issuance, sale and delivery of the Obligations. The payment of the fee for services rendered by PFM with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. PFM, in its capacity as Municipal Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the bond documentation with respect to the federal income tax status of the Obligations.

In preparing this Official Statement, the Municipal Advisor has relied on government officials and other sources to provide accurate information for disclosure purposes. The Municipal Advisor is not obligated to undertake, and has not undertaken, an independent verification of the accuracy, completeness, or fairness of the information contained in this Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

**Independent Auditors**

The financial data listed as fiscal year 2026 has been derived from the unaudited internal records of the City. The City's independent auditors have not reviewed, examined, or performed any procedures with respect to the unaudited financial information, nor the forward-looking financial information, nor have they expressed any opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with the unaudited financial information and forward-looking information. The unaudited information is preliminary and is subject to change as a result of the audit and may differ from the audited financial statements when they are released.

The financial statements of the City included in APPENDIX B to this Official Statement have been audited by Deloitte & Touche LLP, independent auditors, to the extent and for the period indicated in their report.

**Initial Purchaser of the Bonds**

After requesting competitive bids for the Bonds, the City accepted the bid of ______________ (the "Initial Purchaser of the Bonds") to purchase the Bonds at the interest rates shown on page ii of the Official Statement at a price of ______(%) of par plus a cash premium of $____________. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser of the Bonds. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Bonds.

**Initial Purchaser of the Certificates**

After requesting competitive bids for the Certificates, the City accepted the bid of ______________ (the "Initial Purchaser of the Certificates") to purchase the Certificates at the interest rates shown on page ii of the Official Statement at a price of ______(%) of par plus a cash premium of $____________. The Initial Purchaser of the Certificates can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser of the Certificates. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Certificates.

**Initial Purchaser of the Contractual Obligations**

After requesting competitive bids for the Contractual Obligations, the City accepted the bid of ______________ (the "Initial Purchaser of the Contractual Obligations") to purchase the Contractual Obligations at the interest rates shown on page iii of the Official Statement at a price of ______(%) of par plus a cash premium of $____________. The Initial Purchaser of the Contractual Obligations can give no assurance that any trading market will be developed for the Contractual Obligations after their sale by the City to the Initial Purchaser of the Contractual Obligations. The City has no control over the price at which the Contractual Obligations are subsequently sold and the initial yield at which the Contractual Obligations will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Contractual Obligations.

**Initial Purchaser of the Taxable Bonds**

After requesting competitive bids for the Taxable Bonds, the City accepted the bid of ______________ (the "Initial Purchaser of the Taxable Bonds") to purchase the Taxable Bonds at the interest rates shown on page iv of the Official Statement at a price of ______(%) of par plus a cash premium of $____________. The Initial Purchaser of the Taxable Bonds can give no assurance that any trading market will be developed for the Taxable Bonds after their sale by the City to the Initial Purchaser of the Taxable Bonds. The City has no control over the price at which the Taxable Bonds are subsequently sold and the initial yield at which the Taxable Bonds will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Taxable Bonds.

## Initial Purchaser of the Taxable Certificates

After requesting competitive bids for the Taxable Certificates, the City accepted the bid of ______________ (the "Initial Purchaser of the Taxable Certificates") to purchase the Taxable Certificates at the interest rates shown on page iv of the Official Statement at a price of ______(%) of par plus a cash premium of $____________. The Initial Purchaser of the Taxable Certificates can give no assurance that any trading market will be developed for the Taxable Certificates after their sale by the City to the Initial Purchaser of the Taxable Certificates. The City has no control over the price at which the Taxable Certificates are subsequently sold and the initial yield at which the Taxable Certificates will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Taxable Certificates.

## Certification of the Official Statement

At the time of payment for and delivery of the Obligations, the City will furnish a certificate, executed by one or more proper officials, acting in their official capacity, substantially to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of such Obligations and the acceptance of the best bid therefor, and on the date of their delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

## Forward-Looking Statements

The statements contained in this Official Statement and in any other information provided by the City that are not purely historical are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included in this document are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, and competitors, and legislative, judicial, and other governmental authorities and officials.

Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

## Authenticity of Financial Data and Other Information

The financial data and other information contained in this document have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates will be realized. All of the summaries of the statutes, documents and resolutions contained in this document are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

**Approval of the Official Statement**

This Official Statement, and the execution and delivery of this Official Statement, has been approved and authorized by each of the Ordinances.

Mayor
City of Austin, Texas

ATTEST:

City Clerk
City of Austin, Texas

## APPENDIX A

## GENERAL INFORMATION REGARDING THE CITY

### GENERAL INFORMATION

The City of Austin (the "City"), chartered in 1839, has a Council-Manager form of government with a Mayor who is elected at large and ten Council members who are elected by geographic district. The districts, drawn by an independent citizen's commission, are to be adjusted after each U.S. census. Following results of the 2020 Census, the Independent Citizens Redistricting Commission presented a certified map to City Council in October 2021 and the new geographic districts were implemented in 2022. The City's elected officials serve four-year staggered terms subject to a maximum of two consecutive terms. The City Manager, appointed by the City Council, is responsible to the City Council for the management of all City employees, except City Council appointees, and for the administration of all City affairs.

Austin, the capital of Texas, is the fifth most populous city in the state (behind Houston, San Antonio, Dallas, and Fort Worth) and is currently the twelfth in the nation with a population of just over 1 million according to City and U.S. Census Bureau estimates. Geographically, Austin consists of approximately 325 square miles, 7 of those miles are made up of bodies of water. The current estimated median household income for Austin residents is $90,063 according to data reported by Claritas LLC, and Austin's per capita personal income is estimated to be $93,300.

Higher education remains a significant aspect of life in the Austin area. More than 59.6% of Austin residents over 25 years of age hold a bachelor's degree, which remains significantly higher than the state or national rates. Austin is host to six universities, a robust community college system, and numerous other institutions of higher learning. The University of Texas at Austin (UT), a world-class center of education and research, consistently ranks in the top 10 largest public universities in the U.S. in terms of undergraduate enrollment. In the 2026 U.S. News & World Report Best Colleges survey, the university ranks seventh among public universities and its business programs were ranked sixth (tied) among national universities. WalletHub ranked Austin first in a list of best college towns in the country, citing the quality of higher education as well as a greater economic environment, allowing students to easily find work while in school or after graduating.

### Major Initiatives

*Imagine Austin* – Imagine Austin, a comprehensive plan for the City's future approved by City Council in June 2012, sets a context to guide decision-makers for the next 30 years. The plan adheres to six core principles established in collaboration with Austin citizens:

- Grow as a compact, connected city
- Integrate nature into the city
- Provide paths to prosperity for all
- Develop as an affordable and healthy community
- Sustainably manage water, energy, and other environmental resources
- Think creatively and work together

In 2024, Austin Planning announced plans to update Imagine Austin - the first update since the City transitioned to district representation. The City anticipates the update to be clearer, more actionable, and better aligned with renewed policy goals. In 2025, City Council resolved to provide final consideration for the updated plan by fall 2027.

*Citywide Strategic Plan* – In keeping with the goals of incorporating performance management in the budget process and following conclusion of the City's most recent plan, the City adopted the Citywide Strategic Plan (CSP). The Citywide Strategic Plan (CSP) is a shared blueprint that guides decision-making and drives progress toward the City's goals. The City's approach to strategic planning emphasizes shared vision and values, council priorities, measurable progress, and actionable strategies. The development of the CSP is guided by six foundational values, known as Strategic Anchors. These anchors are embedded throughout the plan's content and help ensure that all goals, measures, and strategies are aligned with the City's core principles. The new strategic plan anchors are organized around six categories – Equity, Affordability, Innovation, Sustainability & Resiliency, Proactive Prevention, and Community Trust & Relationships.

The CSP Strategic Priorities are high level categories used to organize the goals, measure, and strategies. There are six CSP Strategic Priorities:

1. Community Health & Sustainability
2. Economic & Workforce Development
3. High Performing Government
4. Homelessness & Housing
5. Mobility & Critical Infrastructure
6. Public Safety

## FINANCIAL INFORMATION

### Internal Controls

City management is responsible for establishing, implementing, and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

### Financial Policies

The City maintains a comprehensive set of Financial Policies to ensure that the City's financial resources are managed prudently and provide a foundation for financial sustainability. Compliance with these policies is reviewed annually as part of the budget process. The policies and results of the review are published in the Approved Budget document. An important element of the policies dictates that current revenue will be sufficient to support current expenditures (defined as "structural balance"). The City maintains the goal of a structurally balanced budget to achieve long-term financial stability for the City. At the end of fiscal year 2025, the City's total General Fund reserves equaled 18% for General Fund requirements, consisting of 10% in the Emergency Reserve fund and 8% in the Budget Stabilization Reserve fund.

### Long-term Financial Planning

The City continually looks towards and plans for the future. A key City financial policy requires annual preparation of a five-year financial forecast projecting revenues and expenditures for all operating funds. This forecast is used as a tool to develop the following year's operating budget. In addition, the City annually prepares a five-year Capital Improvement Project Program ("CIP") that outlines all capital projects in progress, those that will be implemented in the five-year horizon, and related funding sources. Such an approach assists in aligning the City's CIP investments with the Imagine Austin Comprehensive Plan and the City Council's strategic priorities as the City strives to strike a balance between ongoing capital needs necessary to maintain services for a rapidly growing community and strategic investments that support community priorities.

City departments prepare several long- and mid-range service plans that provide input into decisions made in the planning and budgeting process. These plans range from clean energy and climate protection to strategic mobility planning and ensuring the City parks, facilities, and programs keep pace with the City's growth.

Maintaining sound financial and economic development policies within the City organization allows for a high level of services for the community. It also results in positive bond ratings, which measures the City's ability to repay its debt. A strong bond rating allows for lower interest expense. The City's bond ratings for general obligation bonds remained AAA, the highest rating available, for S&P Global Ratings and were upgraded to AAA for Fitch Ratings, Inc. and Moody's Ratings. The upgrades reflect legislative changes to the firefighter pension plan that improved its long-term sustainability, as well as recognition of the City's financial resilience, economic strength, and effective management practices.

**Budgetary Control**

The annual operating budget is proposed by the City Manager and approved by the City Council after public discussion. Annual budgets are legally required for the General Fund, debt service funds, and certain special revenue funds. While not legally required, annual budgets are also adopted for the enterprise and internal service funds. Annual updates to the Capital Improvements Program budgets follow a similar process. Multi-year budgets are adopted for capital projects and grant funds. The City's fiscal year 2025 budget provided a two-year outlook, supporting a more long-term approach to financial planning.

Throughout the year, primary responsibility for fiscal analysis of budget to actual expense or revenue and overall program fiscal standing rests with the department operating the program. The City Manager is authorized to transfer appropriation balances within a department of the City. The City Council must approve amendments to the budget and transfers of appropriations from one department to another. As demonstrated by the statements and schedules included in the 2025 audit, the City continues to meet its responsibility for sound financial management.

**Fiscal Year 2025-26 Budgetary Information**

The fiscal year 2026 Budget continued a focus on employee retention. Council approved a 4% across the board civilian wage increase. Council also approved an increase to the Living Wage from $21.63 per hour to $22.05 per hour. The budget development process integrated a collaborative approach to the City's finances with business planning, performance measurement, and resident input. The fiscal year 2026 budget was developed with three critical focus areas: (1) People - prioritizing engagement with our people, (2) Place - strengthening our community's sense of place, creating a more livable, affordable and resilient Austin, and (3) Partnerships - building stronger partnerships with local, regional, and international partners. Substantial investments in the fiscal year 2026 budget focused on the City's commitment to providing essential services, supporting public safety, addressing homelessness, and investing in the health and well-being of its community.

The balanced fiscal year 2026 Amended Budget totals $6.2 billion and includes $1.5 billion for the General Fund, providing for the continuation of high-quality public safety, health, library, parks, water, energy, infrastructure, development, and other services for the citizens of Austin and visitors. Budgeted revenue comes from utility charges (42%), various taxes, including property and sales tax (30%), charges for services and goods (15%), and other revenue such as interest, fees, and transfers (13%). The fiscal year 2026 budget was approved and amended with a $4.64 increase to the property tax rate, from 47.76 cents to 52.40 cents per $100 of taxable value. Increases in utility fees for Austin Energy, Austin Resource Recovery and the Transportation User Fee created an overall 7.7% increase in City taxes and charges paid by the typical Austin homeowner.

**Fiscal Year 2026-27 Budget Information**

The Approved fiscal year 2027 General Fund Budget was prepared in accordance with guidelines provided by the City Council. The City adopted its fiscal year 2026-27 budget at a meeting held August 12, 2026. At such meetings, the City Council determined that the budget would need more taxes than the current fiscal year provided and adopted an ad valorem tax rate of $0.579948, which consists of $0.444636 for maintenance and operations and $0.135312 for debt service.

The City's largest enterprise department, Austin Energy, serves just over half a million customers within a service territory of approximately 437 square miles in the Greater Austin area. Austin Energy's fiscal year 2027 budget is $2.0 billion in revenue and which includes a 5% increase in base rates. In addition to base rates, the City Council approved pass-through rates to the Power Supply Adjustment, Regulatory Charge, and Community Benefit Charges that are reviewed at least annually and are passed through dollar-for-dollar on customers' bills. The utility has a diverse generation mix that includes nuclear, coal, natural gas, and an increasing portfolio of renewable energy sources such as solar, wind, and biomass. Future energy sources include a utility-scale battery storage facility.

The City's second largest enterprise department is Austin Water, which provides water and wastewater services to more than one million retail and wholesale customers spanning more than 544 square miles within the Austin and surrounding areas. On August 12, 2026, the City Council approved the fiscal year 2027 budgeted revenues and transfers in of $883.1 million and includes a 7.8% rate increase for the average residential customer to improve system resiliency, keep pace with customer growth, and support operational optimization for Austin Water.

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**Beginning Balance, October 1, 2026 (Budget Basis)**
**(in thousands)**

| | | |
|---|---|---|
| **Summary of Budgeted General Fund Resources** | | |
| Revenue: | | |
| General Property Taxes[(1)] | $739,141 | |
| City Sales Tax | 394,253 | |
| Other Taxes | 18,030 | |
| Gross Receipts/Franchise Fees | 29,640 | |
| Miscellaneous | 152,660 | |
| Total Revenue | | $1,333,724 |
| Transfers In: | | |
| Electric Revenue | $147,000 | |
| Water Revenue | 58,141 | |
| Total Transfers In | | $205,141 |
| Total General Fund Resources | | **$1,538,865** |
| **Summary of Budgeted General Fund Requirements** | | |
| Departmental Appropriations: | | |
| Administrative Services | $40,246 | |
| Urban Growth Management | 28,535 | |
| Public Safety | 994,623 | |
| Public Health and Human Services | 193,409 | |
| Public Recreation and Culture | 235,383 | |
| Total Departmental Appropriations | | $1,492,195 |
| Transfers Out & Other Requirements | | $46,670 |
| Total General Fund Requirements | | **$1,538,865** |
| Use of Beginning Balance | | -- |
| Ending Balance | | -- |
| **Budgeted Reserve Requirements** | | |
| Emergency Reserve | | $153,253 |
| Budget Stabilization Reserve Fund | | 107,279 |
| Total Budgeted Reserve Requirements | | **$260,532** |

(1) Reflects estimated property tax revenue to be generated from the $0.444636 tax rate approved by City Council for the General Fund. Does not reflect tax revenue for debt service.

The City's financial policies regarding General Fund reserves were revised, effective fiscal year 2024, to establish a minimum balance for the General Fund Reserve Fund at 17% of total fund expenditures, an increase from the 14% goal established in 2021. The General Fund Reserve Fund is internally comprised of the (i) Emergency Reserve Fund and (ii) Budget Stabilization Reserve Fund. The new General Fund reserve policy sets a goal of 10% of General Fund requirements for the Emergency Reserve. For the Budget Stabilization Reserve, the new policy sets a goal of 7% of General Fund requirements and limits use of this reserve to no more than one-third of the balance annually and permits use for capital expenditures and other one-time costs.

**American Rescue Plan Act Funding and Spending Framework**

President Joe Biden signed the federal American Rescue Plan Act of 2021 ("ARPA") into law on March 11, 2021, apportioning $1.9 trillion to address devastating health and economic impacts caused by the ongoing COVID-19 crisis. Through ARPA, Congress established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund. These funds provided a combined $350.0 billion to eligible state, local, territorial, and tribal governments to meet pandemic response needs and rebuild stronger and more equitable economies.

Recipients cannot use this funding to offset a reduction directly or indirectly in net tax revenue due to a change in law from March 3, 2021 through the last day of the fiscal year in which the funds provided have been spent. The Treasury Department also forbid recipients from using these federal funds to make deposits into pension funds.

The Treasury Department's allocation methodology for the Coronavirus State and Local Fiscal Recovery Funds resulted in the City receiving $188.5 million. The Treasury Department distributed the funds in two tranches, with 50% arriving in May 2021 and the balance arriving approximately twelve months later.

On June 10, 2021, City Council approved an ARPA spending framework totaling $245.0 million, which included $188.5 million from ARPA – State and Local Fiscal Recovery Funds, $35.3 million from ARPA – Emergency Rental Assistance, $11.4 million from ARPA - HOME, and $9.8 million from General Fund Reserves. This framework allocated $106.7 million for homelessness response and remediation, $46.3 million for public health initiatives, $42 million for emergency relief including rental assistance, $32 million for economic and workforce development, $12 million for relief to the creative sector, and $6 million to resilience-focused initiatives including food security and food access. The City anticipates exhausting its ARPA funds by the end of calendar year 2026.

**The Capital Improvement Plan and Capital Budget**

The Capital Improvement Plan is a five-year list of capital improvements and a corresponding spending plan for financing these improvements. It is developed through public input and department prioritization of needs. The process includes neighborhood meetings, department requests, assessment of requested projects by Austin Budget and Organizational Excellence, input from the Planning Commission's CIP Subcommittee and other Boards and Commissions, and citizen input from public hearings. Each fiscal year, the Planning Commission reviews the Capital Improvement Plan and submits a recommendation to the City Manager detailing specific projects to be included in the Capital Budget for the next fiscal year.

The City Manager considers the Planning Commission's recommended plan to propose a Capital Budget to the City Council. The Capital Budget contains requested appropriations for new projects, additional appropriations for previously approved projects and any requests to revise prior year appropriations. Unlike the Operating Budget, which authorizes expenditures for only one fiscal year, Capital Budget appropriations are multi-year, lasting until the project is complete or until changed by the City Council.

The City Council reviews the Capital Budget, holds public hearings to gather final citizen input and establishes the amount of revenue and general obligation debt to sell to fund capital improvements.

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**Fiscal Year 2027 Capital Budget**

The five-year Capital Improvement Program ("CIP") plan estimates city-wide capital spending of $4.2 billion in fiscal year 2027. The first year of the five-year plan was used to determine the new appropriations required for inclusion in the fiscal year 2027 Capital Budget. The approved city-wide total appropriation is approximately $6.2 billion. Appropriation by department is listed below.

Summary of Fiscal Year 2027 Capital Budget (millions):

| | |
|---|---|
| Arts, Culture, Music and Entertainment | $0.1 |
| Austin Energy | 1,947.0 |
| Austin Resource Recovery | 13.3 |
| Austin Water | 1,918.0 |
| Aviation | 1,905.1 |
| Capital Delivery Services | 0.3 |
| Convention Center | 231.7 |
| Facilities Management | 20.7 |
| Financial Services | 4.2 |
| Fleet Mobility Services | 53.6 |
| Housing | 0.5 |
| Parks and Recreation | 20.1 |
| Planning | 0.5 |
| Public Library | 0.3 |
| Technology Services | 27.5 |
| Transportation and Public Works | 17.5 |
| Watershed Protection | 27.9 |
| TOTAL PROPOSED NEW APPROPRIATIONS | $6,188.3 |

## ADDITIONAL INFORMATION

### **Ten Largest Employers** (As of September 30, 2025)

| Employer | Industry | Employees | Percent of MSA Total[1] |
|---|---|---|---|
| State Government | Government | 41,620[2] | 3.04 |
| The University of Texas at Austin | Education | 32,369[3] | 2.36 |
| H-E-B | Retail | 27,271[6] | 1.99 |
| Tesla, Inc. | Manufacturing | 21,191[6] | 1.55 |
| City of Austin | Government | 16,403[5] | 1.20 |
| Federal Government | Government | 16,100[4] | 1.17 |
| Dell Computer Corporation | Computers | 13,000[6] | 0.95 |
| St. David's Healthcare Partnership | Healthcare | 12,639[6] | 0.92 |
| Ascension Seton[7] | Healthcare | 12,635[6] | 0.92 |
| Amazon.com LLC | Retail | 11,000[6] | 0.80 |

Source: 2025 Annual Comprehensive Financial Report.
Notes: Data subject to change as more precise numbers become available.
(1) Texas Workforce Commission - Total refers to the Metropolitan Statistical Area (MSA) the No. of Jobs is 1,371,100 for 2025.
(2) Texas State Auditor's Office: Regular and Part Time State Employees for 2025 in Bastrop, Caldwell, Hays, Travis and Williamson Counties.
(3) The University of Texas at Austin: Appointments and Workday Filled Positions.
(4) Bureau of Labor Statistics Federal Government employees in Austin-Round Rock-San Marcos MSA ("Austin MSA") in September 2025.
(5) 2025-26 City of Austin Approved Budget, page 916 (Personnel Summary: 2024-25 Amended column).
(6) Austin Business Journal, October 2025
(7) Seton Healthcare Network changed their name to Ascension Seton on April 1, 2019.

### Demographic and Economic Statistics - Last Ten Years

| Year | City of Austin Population[1][6] | Area of Incorporation (Square Miles)[1] | Population MSA[2] | Income (MSA) (thousands of dollars)[2] | Median Household Income MSA[3] | Per Capita Personal Income MSA[3] | Unemployment Rate (MSA)[4] |
|---|---|---|---|---|---|---|---|
| 2016 | 887,692 | 326 | 2,062,211 | $107,664,294 | $56,163 | $52,208 | 3.3% |
| 2017 | 913,245 | 325 | 2,115,230 | 117,458,116 | 56,849 | 55,530 | 3.1% |
| 2018 | 936,238 | 326 | 2,168,316 | 127,439,164 | 63,191 | 58,773 | 2.9% |
| 2019 | 954,138 | 327 | 2,187,161 | 138,650,094 | 65,950 | 63,393 | 2.6% |
| 2020 | 971,512 | 327 | 2,300,135 | 147,166,207 | 69,001 | 63,982 | 6.3% |
| 2021 | 992,631 | 327 | 2,358,634 | 167,393,441 | 71,186 | 70,971 | 3.5% |
| 2022 | 994,396 | 328 | 2,423,170 | 184,158,832 | 80,412 | 75,999 | 2.8% |
| 2023 | 999,538 | 333 | 2,473,275 | 199,026,444 | 80,284 | 80,471 | 3.6% |
| 2024 | 1,002,463 | 331 | 2,526,214 | 219,406,316[5] | 83,830 | 86,900[5] | 3.5% |
| 2025 | 1,010,524 | 325 | 2,566,264[3] | 239,496,295[5] | 90,063[3] | 93,300[5] | 3.8% |
| 2016-2025 Change | 13.84% | (0.37%) | 24.44% | 122.45% | 60.36% | 78.71% | |

Note: Prior year statistics are subject to change as more precise numbers become available.
(1) Source: City of Austin Planning, Demographics & Data Division (2025 Vintage), based on full-purpose jurisdictions. Reported as of September 30, 2025.
(2) Source: Bureau of Economic Analysis; data as of February 2025.
(3) Source: Claritas, a Nielson Company.
(4) Source: Bureau of Labor Statistics; United States Department of Labor as of September 30, 2025.
(5) Data not available for 2024 or 2025. Figures are estimated.
(6) The City Demographer has restated the full-purpose population for 2016-2024.

## City Sales Tax Collections (In Millions)[1]

| Period | Amount | Period | Amount | Period | Amount | Period | Amount | Period | Amount | Period | Amount |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1-1-21 | | 1-1-22 | | 1-1-23 | $29.410 | 1-1-24 | $30.174 | 1-1-25 | $28.935 | 1-1-26 | $30.515 |
| 2-1-21 | 25.532 | 2-1-22 | 30.963 | 2-1-23 | 33.666 | 2-1-24 | 33.772 | 2-1-25 | 36.046 | 2-1-26 | 36.668 |
| 3-1-21 | 18.927 | 3-1-22 | 24.307 | 3-1-23 | 27.506 | 3-1-24 | 26.712 | 3-1-25 | 28.110 | 3-1-26 | 29.309 |
| 4-1-21 | 17.768 | 4-1-22 | 24.174 | 4-1-23 | 26.758 | 4-1-24 | 29.106 | 4-1-25 | 25.766 | 4-1-26 | 30.574 |
| 5-1-21 | 26.089 | 5-1-22 | 31.042 | 5-1-23 | 32.064 | 5-1-24 | 34.679 | 5-1-25 | 32.199 | 5-1-26 | 35.446 |
| 6-1-21 | 23.139 | 6-1-22 | 27.873 | 6-1-23 | 25.599 | 6-1-24 | 29.904 | 6-1-25 | 30.225 | 6-1-26 | 30.679 |
| 7-1-21 | 23.952 | 7-1-22 | 28.586 | 7-1-23 | 29.860 | 7-1-24 | 29.966 | 7-1-25 | 30.136 | 7-1-26 | 32.521 |
| 8-1-21 | 26.558 | 8-1-22 | 31.773 | 8-1-23 | 32.428 | 8-1-24 | 30.586 | 8-1-25 | 30.483 | 8-1-26 | 36.054 |
| 9-1-21 | 25.021 | 9-1-22 | 29.397 | 9-1-23 | 28.401 | 9-1-24 | 30.105 | 9-1-25 | 31.123 | | |
| 10-1-21 | 25.356 | 10-1-22 | 29.675 | 10-1-23 | 29.965 | 10-1-24 | 29.612 | 10-1-25 | 29.766 | | |
| 11-1-21 | 28.990 | 11-1-22 | 31.441 | 11-1-23 | 30.475 | 11-1-24 | 31.260 | 11-1-25 | 32.456 | | |
| 12-1-21 | 25.930 | 12-1-22 | 29.425 | 12-1-23 | 29.037 | 12-1-24 | 31.267 | 12-1-25 | 33.169 | | |
| | $287.04 | | $345.04 | | $355.16 | | $367.14 | | $368.41 | | $261.77[2] |

(1) Sales taxes are not pledged to the payment of the Obligations.
(2) Preliminary, data as of August 2026.
Source: Austin Budget & Organizational Excellence.

## Utility Connections

| | Utility Connections | | |
|---|---|---|---|
| Year | Electric[1] | Water[1] | Gas[1] |
| 2016 | 461,345 | 227,432 | 223,158 |
| 2017 | 472,701 | 231,014 | 226,749 |
| 2018 | 485,204 | 235,174 | 221,314 |
| 2019 | 496,258 | 239,291 | 238,753 |
| 2020 | 507,660 | 243,820 | 239,063 |
| 2021 | 520,757 | 247,037 | 240,263 |
| 2022 | 530,698 | 250,705 | 240,048 |
| 2023 | 541,368 | 252,918 | 241,114 |
| 2024 | 556,882 | 255,084 | 245,956 |
| 2025 | 575,086 | 256,694 | 246,164 |

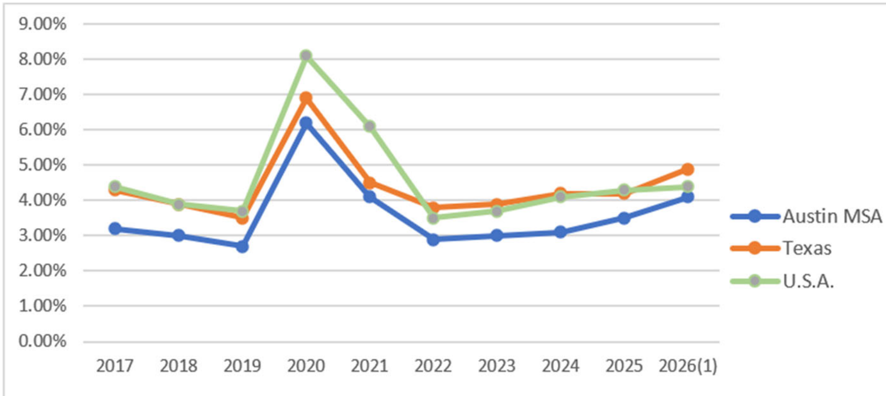
(1) Based on the City's fiscal year, which runs October 1 through September 30.
Source: Various, including the City of Austin, City of Austin's 2025 ACFR, Texas Gas Services, Atmos Energy, CenterPoint Energy and Si Energy.

## Employment by Industry in the Austin Metropolitan Area[1]

| | 2022 | | 2023 | | 2024 | | 2025 | | 2026[2] | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | % of total | | % of total | | % of total | | % of total | | % of total |
| Mining, Logging, and Construction | 77,500 | 5.91% | 86,000 | 6.34% | 89,900 | 6.52% | 90,200 | 6.49% | 99,600 | 6.96% |
| Manufacturing | 72,100 | 5.50% | 73,700 | 5.43% | 73,200 | 5.31% | 73,100 | 5.26% | 86,500 | 6.04% |
| Trade, Transportation, and Utilities | 215,800 | 16.46% | 218,500 | 16.11% | 216,800 | 15.72% | 219,600 | 15.81% | 213,700 | 14.92% |
| Information | 53,400 | 4.07% | 52,300 | 3.85% | 49,800 | 3.61% | 47,800 | 3.44% | 49,000 | 3.42% |
| Financial Activities | 78,500 | 5.99% | 83,600 | 6.16% | 89,900 | 6.52% | 91,700 | 6.60% | 93,100 | 6.50% |
| Professional and Business Services | 283,100 | 21.59% | 286,700 | 21.13% | 282,100 | 20.45% | 276,100 | 19.87% | 291,900 | 20.38% |
| Education and Health Services | 146,200 | 11.15% | 159,000 | 11.72% | 165,100 | 11.97% | 169,300 | 12.19% | 171,900 | 12.00% |
| Leisure and Hospitality | 146,800 | 11.20% | 147,100 | 10.84% | 147,600 | 10.70% | 149,200 | 10.74% | 156,800 | 10.95% |
| Other Services | 49,600 | 3.78% | 52,600 | 3.88% | 53,700 | 3.89% | 54,100 | 3.89% | 56,400 | 3.94% |
| Government | 188,100 | 14.35% | 197,200 | 14.54% | 211,200 | 15.31% | 218,300 | 15.71% | 213,100 | 14.88% |
| Total nonfarm employment | 1,311,100 | 100% | 1,356,700 | 100% | 1,379,300 | 100% | 1,389,400 | 100% | 1,432,000 | 100% |

(1) Austin-Round Rock-San Marcos MSA includes the counties of Travis, Bastrop, Caldwell, Hays and Williamson. Information is updated periodically; data contained in this document is the latest provided. Based on calendar year.
Source: U.S. Bureau of Labor Statistics. Non-seasonally adjusted.
(2) Preliminary numbers as of June 2026.

### Average Annual Unemployment Rate




| Year | Austin MSA | Texas | U.S.A. |
|---|---|---|---|
| 2017 | 3.2% | 4.3% | 4.4% |
| 2018 | 3.0% | 3.9% | 3.9% |
| 2019 | 2.7% | 3.5% | 3.7% |
| 2020 | 6.2% | 6.9% | 8.1% |
| 2021 | 4.1% | 4.5% | 6.1% |
| 2022 | 2.9% | 3.8% | 3.5% |
| 2023 | 3.0% | 3.9% | 3.7% |
| 2024 | 3.1% | 4.2% | 4.1% |
| 2025 | 3.5% | 4.2% | 4.3% |
| 2026[(1)] | 4.1% | 4.9% | 4.4% |

Source: U.S. Bureau of Labor Statistics, accessed on August 27, 2026. Unemployment rates are non-seasonally adjusted. Information is updated periodically; the BLS revised certain prior year unemployment data for the Austin-Round Rock-San Marcos MSA on May 19, 2026.

[(1)] Reflects the June 2026 monthly unemployment rate.

*(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)*

**Residential Sales Data (Austin MSA)**

| Year | Number of Sales | Total Volume ($) | Average Price ($) |
|---|---|---|---|
| 2017 | 33,723 | 12,342,647,379 | 366,000 |
| 2018 | 34,585 | 13,139,775,094 | 379,926 |
| 2019 | 37,004 | 14,552,357,537 | 393,264 |
| 2020 | 40,202 | 17,610,911,774 | 438,060 |
| 2021 | 41,094 | 23,315,863,219 | 567,378 |
| 2022 | 33,686 | 21,081,470,805 | 625,822 |
| 2023 | 30,506 | 17,521,689,917 | 574,368 |
| 2024 | 30,814 | 17,485,040,873 | 567,438 |
| 2025 | 30,287 | 17,286,815,265 | 565,061 |
| 2026(1) | 19,307 | 11,040,895,633 | 584,089 |

Source: Real Estate Center at Texas A&M University; accessed August 27, 2026.
(1) As of July 2026.

**City-Wide Austin Office Occupancy Rate**

| Year | Occupancy Rate |
|---|---|
| 2017 | 89.5% |
| 2018 | 89.4% |
| 2019 | 89.4% |
| 2020 | 90.0% |
| 2021 | 80.7% |
| 2022 | 78.9% |
| 2023 | 72.9% |
| 2024 | 71.2% |
| 2025 | 71.0% |
| 2026(1) | 73.1% |

(1) As of 2nd Quarter 2026.
Source: Cushman & Wakefield.

# APPENDIX B

## AUDITED FINANCIAL STATEMENTS

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# TABLE OF CONTENTS

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# INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council,
City of Austin, Texas

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Austin, Texas (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Austin, Texas, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Austin-Bergstrom Landhost Enterprises Inc. (ABLE), Austin Convention Enterprises Inc. (ACE), Austin Transit Partnership Local Government Corporation (ATP), Retreat at North Bluff, LP (RNB), Central Housing, LP (CHLP), Hyde Park Housing, LP (HPHLP), 12100 Metric, LP (12MTLP), and Cielo at North Domain, LP (CNDLP), which represent 98.5%, 98.9%, 97.1%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units as of September 30, 2025. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for ABLE, ACE, ATP, RNB, CHLP, HPHLP, 12MTLP, and CNDLP is based solely on the reports of the other auditors.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the General Fund—Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Budget Basis and related notes, the Retirement Plans—Trend Information, and the Other Postemployment Benefits—Trend Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte & Touche LLP

March 6, 2026

The Management's Discussion and Analysis (MD&A) section of the City of Austin's (the City) Annual Comprehensive Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025.

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The City has implemented GASB Statements No. 1 through No. 102.

## FINANCIAL HIGHLIGHTS

**Government-wide financial statements**

The City's assets and deferred outflows exceeded its liabilities and deferred inflows in fiscal year 2025, resulting in $6.6 billion of net position. Net position associated with governmental activities is approximately $433.2 million, or 6.5% of total net position, while the net position associated with business-type activities is approximately $6.2 billion, or 93.5% of the total net position of the City. The largest portion of net position consists of net investment in capital assets, which is $7.1 billion, or 107.6% of total net position.

The City's unrestricted net position is a deficit of $2.0 billion. Unrestricted net position for governmental activities is a deficit of $3.1 billion, while unrestricted net position for business-type activities is approximately $1.1 billion, or 18.1% of total business-type net position. The deficit in governmental unrestricted net position is largely due to the net pension liability of $2.2 billion and other postemployment benefits (OPEB) liability of $771.7 million.

During fiscal year 2025, total net position for the City of Austin increased $1.8 billion or 36.8%. Of this amount, governmental activities increased $977.9 million, or 179.5% from the previous year and business-type activities increased $806.1 million, or 14.9%.

Total revenues for the City increased $123.9 million; revenues for governmental activities decreased $89.2 million; revenues for business-type activities increased $213.1 million. Total expenses for the City decreased $899.0 million; expenses for governmental activities decreased $717.8 million; expenses for business-type activities decreased $181.2 million.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, consisting of three components:

- government-wide financial statements,
- fund financial statements, and
- notes to the financial statements.

This report also contains required supplementary information in addition to the basic financial statements.

**a. Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner comparable to a private-sector business. The two government-wide financial statements are as follows:

- The ***Statement of Net Position*** presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The ***Statement of Activities*** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues for uncollected taxes and expenses for future general obligation debt payments. The statement includes annual depreciation for infrastructure and governmental assets.

## OVERVIEW OF THE FINANCIAL STATEMENTS, continued

### a. Government-wide financial statements, continued

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include: general government; public safety; transportation, planning and sustainability; public health; public recreation and culture; and urban growth management. The business-type activities include: electric; water; wastewater; airport; convention; environmental and health services; public recreation; and urban growth management.

The government-wide financial statements include the City as well as blended component units: Austin Housing Finance Corporation (AHFC), Austin Housing Public Facility Corporation (AHPFC), Austin Industrial Development Corporation (AIDC), Austin-Bergstrom International Airport (ABIA) Development Corporation, Austin Public Facilities Corporation (APFC), Mueller Local Government Corporation (MLGC), Nacogdoches Power, LLC (NP), and Urban Renewal Agency (URA). The operations of AHFC, AHPFC, AIDC, ABIA, APFC, MLGC, and URA are included within the governmental activities of the government-wide financial statements. The operations of NP are reported in the business-type activities of the government-wide financial statements. Although legally separate from the City, these component units are blended with the City because of their governance or financial relationships to the City.

The government-wide financial statements also include the following discretely presented component units: 12100 Metric LP (12MTLP), Austin-Bergstrom Landhost Enterprises, Inc. (ABLE), Austin Convention Enterprises, Inc. (ACE), Austin Transit Partnership Local Government Corporation (ATP), Austin Travis County Sobriety Center Local Government Corporation (SCLGC), Central Housing, LP (CHLP), Cielo at North Domain, LP (CNDLP), Hyde Park Housing, LP (HPHLP), Rally Austin (RA) formerly referred to as the Austin Economic Development Corporation (AEDC), Retreat at North Bluff, LP (RNBLP), and Waller Creek Local Government Corporation (WCLGC). These entities are legally separate entities that do not meet the GASB reporting requirements for inclusion as part of the City's operations; therefore, data from these units are shown separately from data of the City. More information on these entities can be found in Note 1, including how to get a copy of separately audited financial statements. WCLGC activities are recorded in the City's financial system and City staff prepares the financial reports for this entity. There was no WCLGC activity in fiscal year 2025.

### b. Fund financial statements

The fund financial statements are designed to report information about groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: governmental, proprietary, and fiduciary funds. Within the governmental and proprietary categories, the emphasis is on the major funds.

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. These funds focus on current sources and uses of liquid resources and on the balances of available resources at the end of the fiscal year. This information may be useful in determining what financial resources are available in the near term to finance the City's future obligations.

Because the focus of governmental fund level statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide statements. In addition to the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances, separate statements are provided that reconcile between the government-wide and fund level financial statements.

The City's General Fund is reported as a major fund and information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances. In addition, the City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects, and permanent funds). Data from these governmental funds are combined into a single column labeled nonmajor governmental funds. Individual fund data for the funds is provided in the form of combining statements in the supplementary section of this report.

## OVERVIEW OF THE FINANCIAL STATEMENTS, continued

### b. Fund financial statements, continued

**Proprietary funds** – Proprietary funds are generally used to account for services for which the City charges customers – either outside customers or internal units or departments of the City. Proprietary fund statements provide the same type of information shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of three of the City's major funds, Austin Energy™, Austin Water, and Austin-Bergstrom International Airport (Airport), as well as the nonmajor enterprise funds.
- Internal Service funds are used to report activities that provide supplies and services for many City programs and activities. The City's internal service funds include: Capital Projects Management; Combined Transportation, Emergency and Communications Center (CTECC); Employee Benefits; Fleet Maintenance; Information and Technology; Liability Reserve; Support Services; Wireless Communication; and Workers' Compensation. Because these services predominantly benefit governmental operations rather than business-type functions, they have been included in governmental activities in the government-wide financial statements.

The nonmajor enterprise funds and the internal service funds are combined into separately aggregated presentations in the proprietary fund financial statements. Individual fund data for the funds are provided in the form of combining statements following the Required Supplementary Information section of this report.

**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside City government. Since the resources of fiduciary funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting policies applied to fiduciary funds are much like those used for proprietary funds.

**Comparison of government-wide and fund financial components –** The following chart compares how the City's funds are included in the government-wide and fund financial statements:

| Fund Types/Other | Government-wide | Fund Financials |
|---|---|---|
| General Fund | Governmental | Governmental - Major |
| Special revenue funds | Governmental | Governmental - Nonmajor |
| Debt service funds | Governmental | Governmental - Nonmajor |
| Capital projects funds | Governmental | Governmental - Nonmajor |
| Permanent funds | Governmental | Governmental - Nonmajor |
| Internal service funds | Governmental | Proprietary |
| Governmental capital assets, including infrastructure assets | Governmental | Excluded |
| Governmental liabilities not expected to be liquidated with available expendable financial resources | Governmental | Excluded |
| Austin Energy | Business-type | Proprietary - Major |
| Austin Water | Business-type | Proprietary - Major |
| Airport | Business-type | Proprietary - Major |
| Convention | Business-type | Proprietary - Nonmajor |
| Environmental and health services | Business-type | Proprietary - Nonmajor |
| Public recreation | Business-type | Proprietary - Nonmajor |
| Urban growth management | Business-type | Proprietary - Nonmajor |
| Fiduciary funds | Excluded | Fiduciary |
| Discrete component units | Component units | Discretely Presented Component Units |

**Basis of reporting** – The government-wide statements and fund-level proprietary and fiduciary statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

## OVERVIEW OF THE FINANCIAL STATEMENTS, continued

### c. Notes to the financial statements

The notes to the financial statements provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements.

### d. Other information

The Required Supplementary Information (RSI) section immediately follows the basic financial statements and related notes section of this report. The City adopts an annual appropriated budget for the General Fund plus eleven separately budgeted activities, all of which comprise the General Fund for GAAP reporting. RSI provides a comparison of revenues, expenditures and other financing sources and uses to budget and demonstrates budgetary compliance. In addition, trend information related to the City's retirement and other postemployment benefits plans is presented in RSI. Following the RSI are other statements and schedules, including the combining statements for nonmajor governmental and enterprise funds, internal service funds, and fiduciary funds.

## FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

### a. Net position

The following table reflects a summary statement of net position compared to prior year, as restated (see Note 21):

**Condensed Statement of Net Position**
**as of September 30**
**(in thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Current assets | $ 752,890 | 712,429 | 2,834,689 | 2,546,099 | 3,587,579 | 3,258,528 |
| Capital assets | 4,932,442 | 4,573,709 | 11,162,135 | 10,297,962 | 16,094,577 | 14,871,671 |
| Other noncurrent assets | 320,469 | 401,483 | 2,740,062 | 3,216,188 | 3,060,531 | 3,617,671 |
| Total assets | 6,005,801 | 5,687,621 | 16,736,886 | 16,060,249 | 22,742,687 | 21,747,870 |
| Deferred outflows of resources | 1,417,864 | 1,844,919 | 989,611 | 1,297,210 | 2,407,475 | 3,142,129 |
| Current liabilities | 602,963 | 651,942 | 856,808 | 790,522 | 1,459,771 | 1,442,464 |
| Noncurrent liabilities | 4,909,560 | 5,890,935 | 8,809,134 | 9,275,273 | 13,718,694 | 15,166,208 |
| Total liabilities | 5,512,523 | 6,542,877 | 9,665,942 | 10,065,795 | 15,178,465 | 16,608,672 |
| Deferred inflows of resources | 1,477,894 | 1,534,295 | 1,858,715 | 1,895,967 | 3,336,609 | 3,430,262 |
| Net position: | | | | | | |
| Net investment in capital assets | 3,123,832 | 2,982,799 | 4,017,875 | 3,730,389 | 7,141,707 | 6,713,188 |
| Restricted | 425,499 | 414,964 | 1,060,148 | 1,144,459 | 1,485,647 | 1,559,423 |
| Unrestricted (deficit) | (3,116,083) | (3,942,395) | 1,123,817 | 520,849 | (1,992,266) | (3,421,546) |
| Total net position | $ 433,248 | (544,632) | 6,201,840 | 5,395,697 | 6,635,088 | 4,851,065 |

In the current fiscal year, total assets increased $994.8 million and deferred outflows of the City decreased by $734.7 million. Total liabilities decreased $1.4 billion and deferred inflows decreased by $93.7 million. Governmental-type total assets increased by $318.2 million and business-type increased by $676.6 million, while governmental-type liabilities decreased by $1.0 billion and business-type decreased by $399.9 million.

The most significant increase in governmental total assets resulted from an increase in capital assets of $358.7 million as the City continues to build out projects from the 2016, 2018, 2020, and other bond programs. The primary factor in the decrease of governmental-type liabilities of $1.0 billion is due to a decrease in the other postemployment benefit liability of $1.1 billion. The decrease in the other postemployment benefits liability is primarily due to changes in plan benefits.

## FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

**a. Net position, continued**

The most significant factors in the increase of business-type total assets of $676.6 million is related to the increase in capital assets of $864.2 million and a decrease of regulatory assets of $205.7 million. Significant asset additions included Austin Water's continued installation of advanced water metering infrastructure and the purchase of property for the construction of a centralized operations and maintenance facility serving the southern portion of the city. Additional asset investments included the construction of a new, 90,000 square foot cargo facility at the Airport. The primary factor for the decrease in business-type total liabilities of $399.9 million is a decrease of $803.5 million in other post employment benefits liability offset by an increase of $237.2 million in commercial paper notes payable.

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6.6 billion at the end of the current fiscal year. However, the largest portion of the City's net position is represented in the net investment in capital assets (e.g. land, buildings, and equipment offset by related debt), which is $7.1 billion, or 107.6% of the total amount of the City's net position. The City uses these capital assets to provide services to citizens. Capital assets are generally not highly liquid; consequently, they are not considered future available resources. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion, $1.5 billion of the City's net position, represents resources that are subject to external restrictions on how they may be used in the future. The remaining balance is a deficit of $2.0 billion of unrestricted net position. Unrestricted net position increased $1.4 billion in the current fiscal year.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for business-type activities. However, both governmental activities and the government as a whole, reported deficits of $3.1 billion and $2.0 billion for unrestricted net position, respectively.

## FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

### b. Changes in net position

**Condensed Statement of Changes in Net Position**
**September 30**
**(in thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Program revenues: | | | | | | |
| Charges for services | $ 220,364 | 192,234 | 3,487,275 | 3,247,204 | 3,707,639 | 3,439,438 |
| Operating grants and contributions | 85,213 | 206,065 | 2,103 | 23,775 | 87,316 | 229,840 |
| Capital grants and contributions | 120,784 | 89,682 | 195,840 | 157,622 | 316,624 | 247,304 |
| General revenues: | | | | | | |
| Property tax | 1,122,923 | 1,043,910 | - | - | 1,122,923 | 1,043,910 |
| Sales tax | 366,511 | 364,913 | - | - | 366,511 | 364,913 |
| Franchise fees and gross receipts tax | 226,990 | 224,469 | - | - | 226,990 | 224,469 |
| Intergovernmental | 30,820 | 67,445 | - | - | 30,820 | 67,445 |
| Interest and other | 79,013 | 153,109 | 134,213 | 177,744 | 213,226 | 330,853 |
| Total revenues | 2,252,618 | 2,341,827 | 3,819,431 | 3,606,345 | 6,072,049 | 5,948,172 |
| Program expenses: | | | | | | |
| General government | 66,484 | 166,188 | - | - | 66,484 | 166,188 |
| Public safety | 438,468 | 761,720 | - | - | 438,468 | 761,720 |
| Transportation, planning, and sustainability | 260,478 | 266,035 | - | - | 260,478 | 266,035 |
| Public health | 138,694 | 281,860 | - | - | 138,694 | 281,860 |
| Public recreation and culture | 99,297 | 187,237 | - | - | 99,297 | 187,237 |
| Urban growth management | 244,531 | 309,876 | - | - | 244,531 | 309,876 |
| Interest on debt | 82,646 | 75,434 | - | - | 82,646 | 75,434 |
| Electric | - | - | 1,724,423 | 1,684,492 | 1,724,423 | 1,684,492 |
| Water | - | - | 279,879 | 307,646 | 279,879 | 307,646 |
| Wastewater | - | - | 242,277 | 271,580 | 242,277 | 271,580 |
| Airport | - | - | 258,023 | 273,675 | 258,023 | 273,675 |
| Convention | - | - | 125,966 | 77,861 | 125,966 | 77,861 |
| Environmental and health services | - | - | 76,334 | 111,019 | 76,334 | 111,019 |
| Public recreation | - | - | 9,075 | 11,155 | 9,075 | 11,155 |
| Urban growth management | - | - | 241,451 | 401,234 | 241,451 | 401,234 |
| Total expenses | 1,330,598 | 2,048,350 | 2,957,428 | 3,138,662 | 4,288,026 | 5,187,012 |
| Excess (deficiency) before transfers | 922,020 | 293,477 | 862,003 | 467,683 | 1,784,023 | 761,160 |
| Transfers | 55,860 | 23,925 | (55,860) | (23,925) | - | - |
| Increase (decrease) in net position | 977,880 | 317,402 | 806,143 | 443,758 | 1,784,023 | 761,160 |
| Beginning net position, as previously reported | (541,244) | (860,710) | 5,398,532 | 4,954,706 | 4,857,288 | 4,093,996 |
| Restatement adjustment | (3,388) | 2,064 | (2,835) | 68 | (6,223) | 2,132 |
| Beginning net position, as restated (See Note 21) | (544,632) | (858,646) | 5,395,697 | 4,954,774 | 4,851,065 | 4,096,128 |
| Ending net position | $ 433,248 | (541,244) | 6,201,840 | 5,398,532 | 6,635,088 | 4,857,288 |

Total net position of the City increased by $1.8 billion in the current fiscal year. Governmental net position increased by $977.9 million. The increase is attributable revenues exceeding expenses by $922.0 million plus transfers from other funds of $55.9 million. Business-type net position increased by $806.1 million due to revenues exceeding expenses by $862.0 million before transfers of $55.9 million to other funds.

In addition, the City restated beginning net position for governmental and business-type activities as a result of implementation of GASB Statement No. 101, Compensated Absences. For more information, see Note 21.

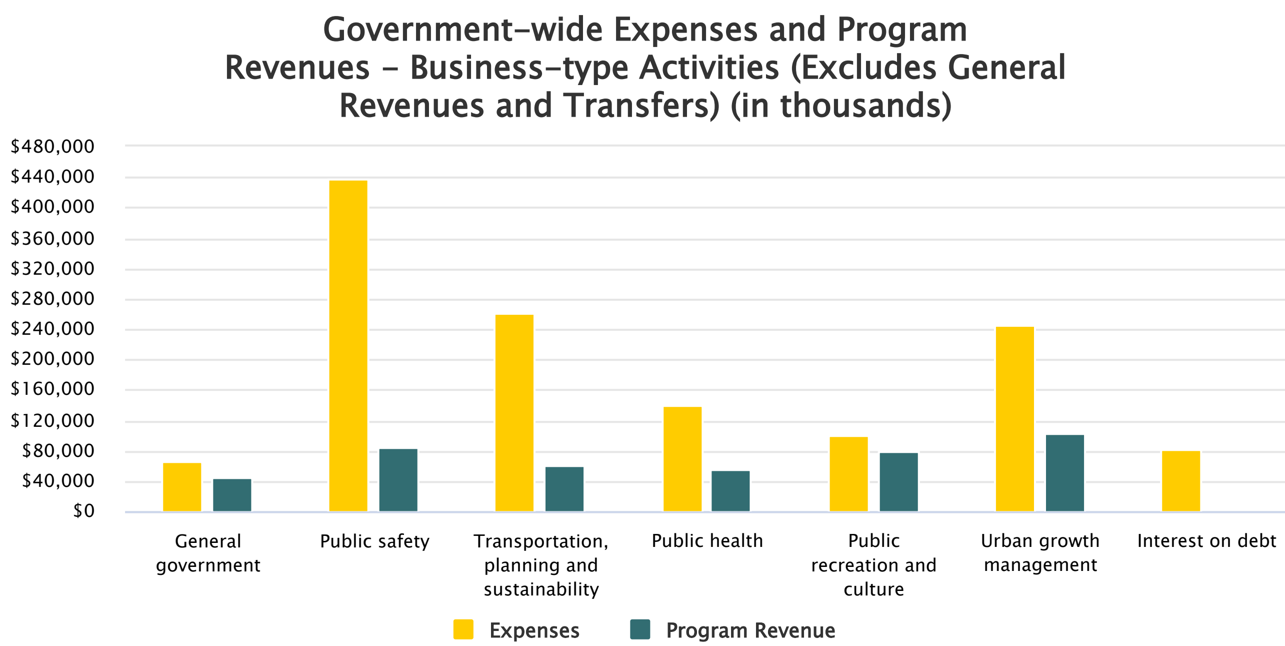
## FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

**c. Program revenues and expenses – governmental activities**

Governmental activities increased the City's net position by $977.9 million in fiscal year 2025, a 179.5% increase of governmental net position from the previous year. The primary reason for the change in net position is due to a decrease in OPEB expenses of $756.8 million as a result of changes in plan benefits. Additional factors that contributed to the change from fiscal year 2024 to 2025 are as follows:

- Property tax revenues increased by $79.0 million largely due to an increase in the property tax rate.
- Charges for goods and services increased by $28.1 million, mainly driven by assessments from the new Tourism Public Improvement district, rental revenue from the new Public Safety Headquarters, and an increase in emergency services fee collections.
- Operational grants and contributions decreased by $120.9 million, mainly due to decreased grant funding for anti-displacement programs, Winter Storm Mara, and a lower level of revenue-loss reimbursement under ARPA.
- Capital grants and contributions increased by $31.1 million, mainly due to increase in contributed assets resulting from increases in development.
- Public health expenses decreased by $143.2 million mainly due to decrease in expenditures related to COVID-19 response activities.
- Urban growth management expenses decreased by $65.3 million due to decreased expenditures related to housing assistance and anti-displacement programs.

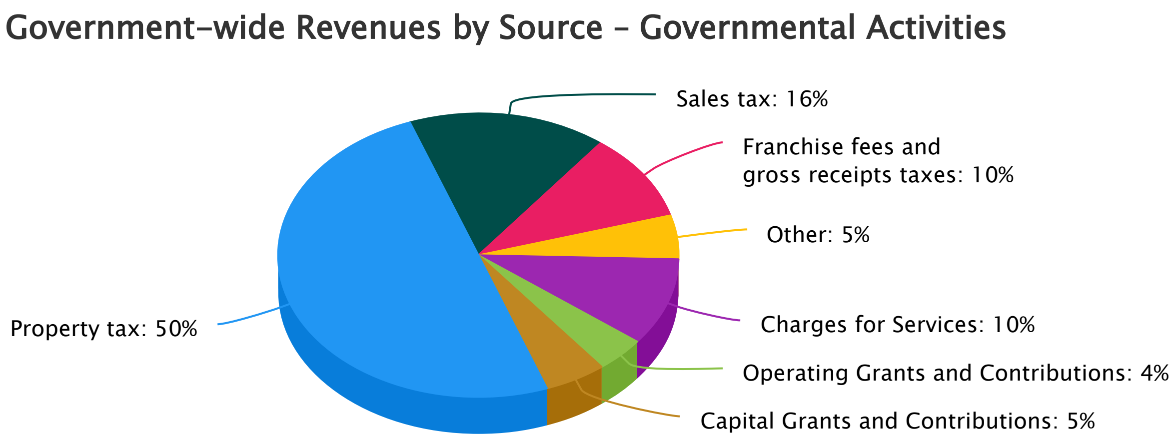
The chart below illustrates the City's governmental expenses and revenues by function: general government; public safety; transportation, planning and sustainability; public health; public recreation and culture; urban growth management; and interest on debt.



## FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

### c. Program revenues and expenses – governmental activities, continued

General revenues such as property taxes, sales taxes, and franchise fees are not shown by program, but are used to support all governmental activities. Property taxes are the largest source of governmental revenues, followed by sales taxes, franchise fees and gross receipts, and charges for services.




### d. Program revenues and expenses – business-type activities

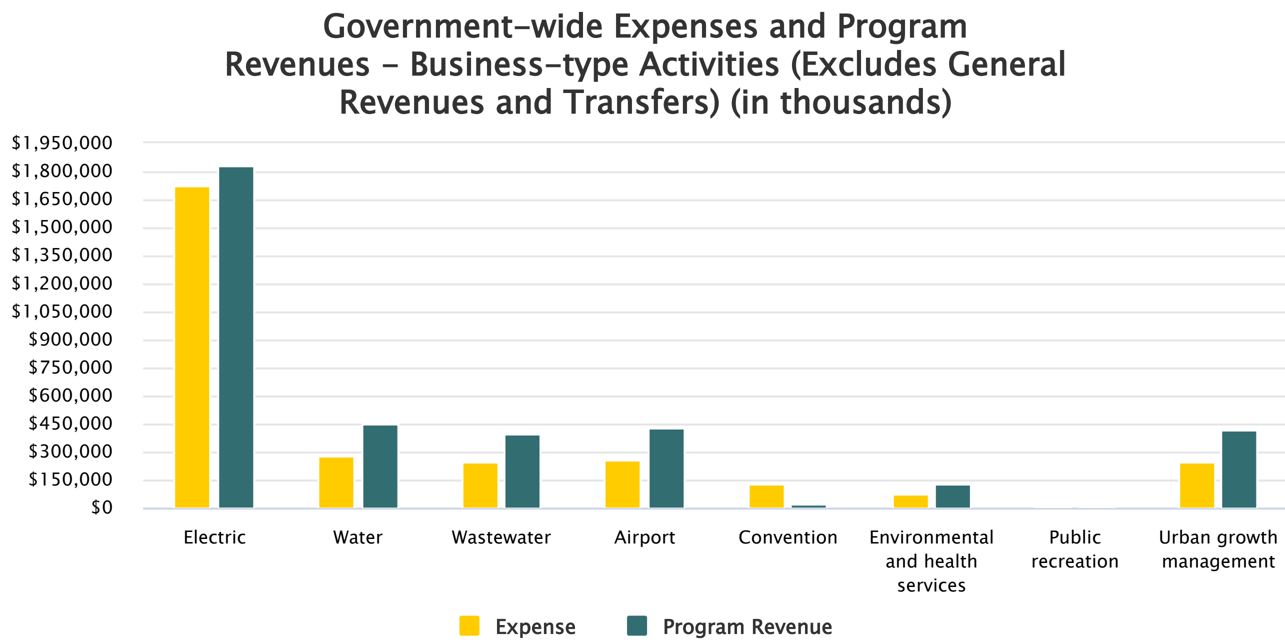
Business-type activities increased the City's net position by approximately $806.1 million, accounting for a 16.6% increase in the City's total net position. One reason for the increase is attributable to OPEB benefit plan changes in the current year, which resulted in a decrease of OPEB expenses. For programs that experienced overall decreases in expenditures, the primary driver was the reduction in the OPEB related costs. Additional key factors include:

- Austin Energy net position increased $26.4 million. This increase is primarily due to an increase in power supply revenue.
- Austin Water net position increased approximately $280.2 million. Revenues increased by 15.9%, primarily due to rate increase and customer growth. Expenses decreased 9.9% for the year.
- Airport net position increased approximately $205.9 million. Revenue increased by 14.4% mainly due to higher Aviation revenues from terminal rentals, landing fees, and parking charges, along with increased grant revenues in FY25. Expenses decreased 5.7%.
- Convention Center net position increased approximately $34.6 million. Revenues decreased 32.7% due to a decrease in facility rentals and food concessions revenue. Expenses increased 61.8% which was primarily driven by a loss from the disposal of assets related to the Convention Center remodel.
- Environmental and health services is comprised of the Austin Resource Recovery nonmajor enterprise fund. Net position increased approximately $56.3 million. Revenues increased 6.7% due to an increase in ARR base rates, cart rates, and clean community fee rates. Expenses decreased 31.2%.
- Urban growth management activities are comprised of the following nonmajor enterprise funds: Development Services, Drainage, and Transportation. Net position for the urban growth management activities increased by approximately $196.6 million.
  - Development Services net position increased by approximately $47.6 million. Revenues increased 1.4%, due to a slight increase in building permit fees and related surcharges and expenditures decreased 55.7%.
  - Drainage net position increased approximately $76.5 million. Revenues increased 10.0%, primarily due to higher drainage charge revenue following a rate increase, and expenses decreased 39.2%.
  - Transportation net position increased approximately $72.4 million. Revenues increased 7.3%, due primarily to increases in the transportation user fee for residential and commercial customers. Expenditures decreased 31.6%.

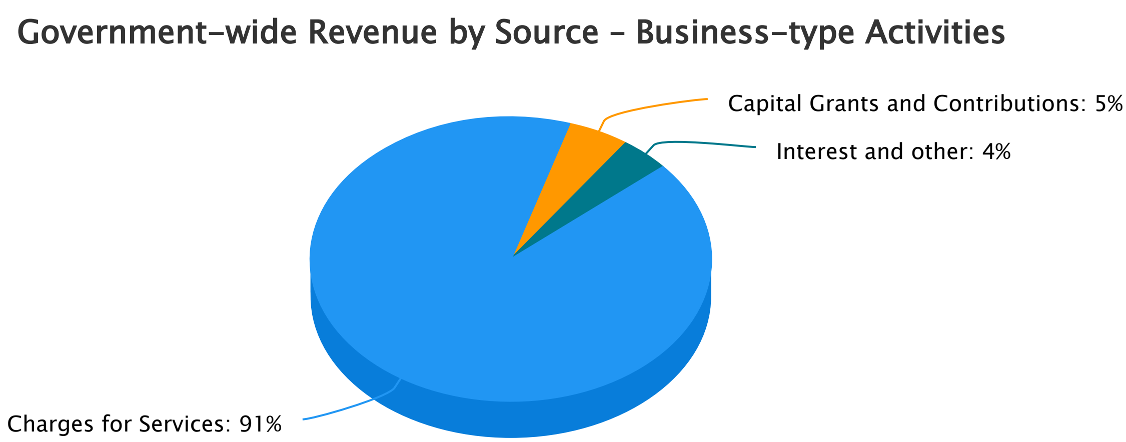
## FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

**d. Program revenues and expenses – business-type activities, continued**

As shown in the following chart, Austin Energy (electric), with expenses of $1.7 billion is the City's largest business-type activity, followed by water with $279.9 million, airport with $258.0 million, wastewater with $242.3 million, urban growth management with $241.5 million, convention center with $126.0 million, environmental and health services with $76.3 million, and public recreation with $9.1 million. For the fiscal year, expenses exceeded revenues for convention center activities as a result of the demolition and rebuild of the convention center.




For all business-type activities, charges for services provide the largest percentage of revenues, followed by capital grants and contributions, and  interest and other revenues.



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

In comparison to the government-wide statements, the fund-level statements focus on the key funds of the City. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**a. Governmental funds**

The City reports the following types of governmental funds: the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and available resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year.

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of $378.3 million, a decrease of $20.7 million from the previous year. Approximately $5.2 million is nonspendable, $419.1 million is restricted, $155.1 million is committed, $426.8 million is assigned, and a deficit of $628.0 million is unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund reported a nonspendable fund balance of $2.7 million, assigned fund balance of $211.1 million, and unassigned fund balance of $192.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.6% of total General Fund expenditures of $1.4 billion, and total fund balance represents 28.7% of expenditures. The City's financial policies provide that surplus fund balance be identified for budget stabilization. This amount is a component of unassigned fund balance. The fund balance identified for budget stabilization was $112.2 million. The balance identified for budget stabilization may be appropriated to fund capital or other one-time expenditures in the subsequent fiscal year, if the reserve exceeds seven percent of total General Fund requirements, but such appropriation should not exceed one-third of the total amount in the reserve.

The fund balance of the General Fund decreased $8.6 million during the fiscal year. Significant differences from the previous year include:

- Property tax revenues increased by $33.8 million largely due to an increased property tax rate.
- Interest and other revenue decreased $78.2 million. The decrease was driven by a reduction in federal award funding from FEMA, lower Right-of-Way Encroachment fees related to development, and lower interest revenue from reduced interest rates.
- Transfer In revenues increased by $13.3 million mainly due to a change in Austin Energy and Austin Water's utility average revenue calculation.
- Public Safety expenditures increased by $44.9 million mainly due to increase in salaries and fringe benefits under the Meet and Confer Agreement, improved staffing levels, and rising insurance costs.
- General Government increased $15.6 million primarily due to an increase in interdepartmental charges to Internal Service Fund.

**b. Proprietary funds**

The City's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. Overall, net position of the City's enterprise funds increased by $800.8 million before consolidation of the internal service funds activities.

Factors that contributed to the increase in net position are discussed in the business-type activities section of the government-wide section.

## OTHER INFORMATION

**a. General Fund budgetary highlights**

During fiscal year 2025, the General Fund budget for general city responsibilities decreased by $16.6 million, which was offset by an increase in the Police expenditures budget to cover additional wages and benefits resulting from the new labor contract. An additional amendment increased transfers out in the Economic Incentives Reserve Fund by $1.0 million to support a transfer to the Mueller Local Government Corporation for debt service on outstanding bonds.

During the year, actual-budget basis revenues were $16.7 million less than budgeted. Property taxes were $5.6 million less than budgeted due to a higher volume of assessment appeals and the associated increase in refunds. Sales taxes were $11.8 million less than budgeted due to the decrease in spending resulting from cost inflation. Development fees were $7.1 million more than budgeted due to increased housing projects completed. Emergency Medical Services were $6.1 million more than budgeted due to additional staff and improved processes for prior year revenue collections. Other revenue was $13.9 million less than budgeted due to decreased grant funding for anti-displacement programs, Winter Storm Mara, and a lower level of revenue-loss reimbursement under ARPA.

Actual-budget basis expenditures were $29.9 million less than budgeted. Most departments were under budget except for Animal Services, which was over budget by $268 thousand due to the opening of a new clinic location and higher costs of temporary employees. Police was under budget by $4.6 million due to increased expense reimbursements related to additional officers assigned to airport security, overtime for special events, and assistance provided to other governmental agencies. Other Urban Growth Management was under budget by $4.3 million due to projects that were budgeted in fiscal year 2025 but will be completed in future periods. The total budget-basis fund balance at year-end was $295.2 million.

## OTHER INFORMATION, continued

### b. Capital assets

The City's capital assets for governmental and business-type activities as of September 30, 2025, total $16.1 billion (net of accumulated depreciation and amortization). Capital assets include building and improvements, plant and equipment, vehicles, electric plant, non-electric plant, nuclear fuel, water rights, infrastructure, land and improvements, construction in progress, development in progress, plant held for future use, intangible right-to-use leased assets and IT subscriptions, and other assets not depreciated. The total increase in the City's capital assets for the current fiscal year was $1.2 billion, with an increase of 7.8% for governmental activities and an increase of 8.4% for business-type activities. Additional information regarding the City's capital assets can be found in Note 5. Capital asset balances are as follows:

**Capital Assets, Net of Accumulated Depreciation and Amortization**
**(in millions)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Building and improvements | $ 1,352 | 1,113 | 2,286 | 2,292 | 3,638 | 3,405 |
| Plant and equipment | 76 | 89 | 2,896 | 2,767 | 2,972 | 2,856 |
| Vehicles | 109 | 97 | 136 | 127 | 245 | 224 |
| Electric plant | - | - | 2,599 | 2,457 | 2,599 | 2,457 |
| Non-electric plant | - | - | 228 | 230 | 228 | 230 |
| Nuclear fuel | - | - | 65 | 61 | 65 | 61 |
| Water rights | - | - | 74 | 75 | 74 | 75 |
| Infrastructure | 1,870 | 1,829 | - | - | 1,870 | 1,829 |
| Land and improvements | 809 | 733 | 946 | 877 | 1,755 | 1,610 |
| Construction in progress | 544 | 533 | 1,812 | 1,322 | 2,356 | 1,855 |
| Development in progress | 2 | 10 | - | - | 2 | 10 |
| Plant held for future use | - | - | 23 | 23 | 23 | 23 |
| Intangible right-to-use leased assets and IT subscriptions | 137 | 138 | 89 | 59 | 226 | 197 |
| Other assets not depreciated | 33 | 32 | 8 | 8 | 41 | 40 |
| Total net capital assets | $ 4,932 | 4,574 | 11,162 | 10,298 | 16,094 | 14,872 |

Major capital asset events during the current fiscal year include the following:

- Governmental capital assets increased by $358.7 million, driven by substantial real property acquisitions and infrastructure investments. Key additions include new public safety facilities such as the Canyon Creek Fire & EMS Station, a 14,000-square-foot, four-bay station. Community-focused improvements include the Dove Springs Public Health Facility, a 23,000-square-foot multi-purpose neighborhood center, and a new pool in Colony Park District Park featuring a water slide and lap lanes. Major real estate acquisitions include the University Park property, consisting of a 206,657-square-foot office building and parking garage, as well as the 1 & 2 Barton Skyway complex to support the development of a consolidated Public Safety Campus.
- Business-type activities purchased or constructed capital assets totaling $864.2 million. Significant asset additions included investments by Austin Energy in critical distribution and transmission electrical infrastructure and a field service center, and by Austin Water in advanced metering infrastructure, upgrades to the Davis Water Treatment Plant electrical infrastructure and water discharge systems, renewal of the Walnut Creek Wastewater Treatment Plant control system network and chlorination facilities, and the purchase of property at 6500 Tracor Lane for construction of a centralized operations and maintenance facility. Additional investments included the construction of a new 90,000-square-foot cargo facility at the Airport.

## OTHER INFORMATION, continued

### c. Debt Administration

At the end of the current fiscal year, the City reported $8.5 billion in outstanding debt. The table below reflects the outstanding debt at September 30. Additional information can be found in Note 9.

**Outstanding Debt**
**General Obligation and Revenue Debt**
**(in millions)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| General obligation bonds and other tax supported debt, net | $ 1,864 | 1,655 | 44 | 50 | 1,908 | 1,705 |
| Commercial paper notes, net | - | - | 553 | 316 | 553 | 316 |
| Revenue bonds, net | - | - | 5,678 | 5,674 | 5,678 | 5,674 |
| Revenue notes from direct placements, net | - | - | 368 | 292 | 368 | 292 |
| Financed purchase obligations | 4 | 7 | - | - | 4 | 7 |
| Total | $ 1,868 | 1,662 | 6,643 | 6,332 | 8,511 | 7,994 |

During fiscal year 2025, the City's total outstanding debt increased by $516.8 million. The City issued new debt and refinanced portions of existing debt to achieve lower borrowing costs. Debt issues include the following:

- Outstanding debt for governmental activities increased by $205.3 million. The City issued $461.4 million in new debt to be used primarily for streets and mobility, park improvements, water quality protection, cultural arts facility improvements, health & public safety, fleet, hardware and software systems, purchase of real estate, a new Fire/EMS station and station improvements, and waterway repairs. This issuance was offset by a debt refunding of $102.5 million and debt payments of $170.5 million made during the year.
- Outstanding debt for business-type activities increased by $311.5 million. The City issued $240.9 million in Electric Utility System revenue refunding bonds to refund commercial paper. Additionally, the City issued $25.0 million of Water and Wastewater System revenue bonds to improve and extend the water and wastewater system. The City also issued $12.2 million in Combination Tax and Surplus Revenue Certificate of Obligation to improve water quality and repair wastewater infrastructure. These issuances were offset by debt payments during the year and a cash defeasance of $39.2 million in Water and Wastewater separate lien revenue bonds.

During the year, the rating for the City's General Obligation bonds was revised by Fitch Ratings, Inc. from AA+ to AAA. The City's commercial paper ratings are related to the ratings of the liquidity providers associated with those obligations; commercial paper ratings were unchanged in the current fiscal year. The City has elected to forego ratings by Moody's for General Obligation issuances after 2022 due to a change in methodology but will continue to use Fitch and S&P Global Ratings. Ratings of the City's obligations for various debt instruments at September 30, 2025 and 2024 were as follows:

| Debt | Moody's Investors Service, Inc. | | S&P Global Ratings | | Fitch Ratings, Inc. | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| General obligation bonds and other tax supported debt | NUR (1) | NUR (1) | AAA | AAA | AAA | AA+ |
| Commercial paper notes - tax exempt | P-1 | P-1 | A-1+ | A-1+ | F1+ | F1+ |
| Commercial paper notes - taxable | P-1 | P-1 | A-1+ | A-1+ | F1 | F1 |
| Utility revenue bonds - subordinate lien | Aa2 | Aa2 | AA | AA | AA- | AA- |
| Utility revenue bonds - separate lien: | | | | | | |
| Austin Energy | Aa3 | Aa3 | AA- | AA- | AA- | AA- |
| Austin Water Utility | Aa2 | Aa2 | AA | AA | AA- | AA- |
| Airport system revenue bonds | A1 | A1 | A+ | A+ | NUR (1) | NUR (1) |
| Convention Center revenue bonds | Aa3 | Aa3 | AA | AA | NUR (1) | NUR (1) |

(1) No underlying rating

## OTHER INFORMATION, continued

**d. Economic factors and next year's budget and rates**

Austin is moving beyond its status as a rapid-growth city into a mature global economic hub. Recently released federal data shows continued growth for the Austin metro area. Austin's increasing ties to the global economy suggest that national trends will have a more significant local impact.

The Austin area gained over 10,000 jobs from December 2024 through December 2025 with the greatest number in government, education and health service, and trade, transportation, and utilities sectors. The unemployment rate for the Austin-Round Rock MSA increased to 3.2% while the state unemployment rate was 4.3%, and the national unemployment rate was 4.1%.

The normalization of the residential real estate market in 2025 fostered a healthier, more sustainable outlook, marked by a 5.5% increase in listings and a 2.2% decrease in median sales price. Within the Austin metro area, the residential market experienced a 3.2% decrease in sales in contrast to 2024. Meanwhile, sales tax revenue edged up 0.4% from the previous year, underscoring the volatility tied to trade and tariff uncertainty. Despite these fluctuations, Austin continues to maintain a diverse economic ecosystem and attract strong international interest.

The overriding goal of the 2026 budget process was to maintain focus on the core of City operations. Each year during the budget process, the Austin City Council adopts a comprehensive set of financial policies that provide the foundation for long-range financial sustainability. These financial policies are directly aligned with the Council's underlying goals of budget stability, maintaining affordability, investing in future economic development, infrastructure needs, and quality of life. These policies are also crucial in maintaining the City's favorable bond ratings. In 2025, the City's general obligation bond rating was upgraded to the highest possible rating, AAA, by Fitch Ratings, Inc. The City's revenue system debt for Austin Energy, Austin Water, and the Airport also maintained high bond ratings with no changes.

Growth of taxable property values within the City decreased by 1.5% in 2025 for fiscal year 2026. The property tax rate for fiscal year 2026 is 57.40 cents per $100 valuation, up from 47.76 cents per $100 valuation in 2025. The tax rate consists of 46.03 cents for the General Fund and Project Connect, and 11.37 cents for debt service. The change in annual rates, fees, and property tax for the typical City ratepayer for 2026 is $417.24 based on the increases to rates and utility fees for Austin Water, Austin Resource Recovery, the Transportation User Fee, and the Drainage Utility Fee.

**e. Requests for Information**

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Austin Financial Services – Accounting & Reporting Division of the City of Austin, P.O. Box 2920, Austin, Texas 78768, or (512) 974-2600 or on the web at: https://www.austintexas.gov.

# BASIC FINANCIAL STATEMENTS

(In thousands)

| | Governmental Activities | Business-type Activities | Total (†) | Component Units |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash | $ 43 | 30 | 73 | - |
| Pooled investments and cash | 448,491 | 1,656,844 | 2,105,335 | 10,104 |
| Pooled investments and cash - restricted | 723 | 250,107 | 250,830 | - |
| Total pooled investments and cash | 449,214 | 1,906,951 | 2,356,165 | 10,104 |
| Investments - restricted | 31,214 | 258,076 | 289,290 | - |
| Cash held by trustee | - | 9,870 | 9,870 | - |
| Cash held by trustee - restricted | 15,234 | 8,215 | 23,449 | 7,457 |
| Working capital advances | - | 2,022 | 2,022 | - |
| Property taxes receivable, net of allowance $5,800 | 23,060 | - | 23,060 | - |
| Accounts receivable, net of allowance $503,171 | 150,496 | 318,006 | 468,502 | 4,526 |
| Interest receivable | 10,800 | 16,222 | 27,022 | - |
| Receivables from other governments | 69,265 | 3,815 | 73,080 | - |
| Receivables from other governments - restricted | - | 15,732 | 15,732 | 3,093 |
| Leases receivable | 7,048 | 22,587 | 29,635 | - |
| Notes receivable, net of allowance $42,456 | 65,304 | - | 65,304 | - |
| Inventories, at cost | 2,288 | 117,962 | 120,250 | 219 |
| Internal balances | (108,360) | 108,360 | - | - |
| Real property held for resale | 3,499 | - | 3,499 | - |
| Regulatory assets, net of accumulated amortization | - | 10,138 | 10,138 | - |
| Prepaid expenses | 14,135 | 30,804 | 44,939 | 1,809 |
| Other receivables - restricted | - | 3,841 | 3,841 | - |
| Other assets | 19,650 | 2,058 | 21,708 | - |
| Total current assets | 752,890 | 2,834,689 | 3,587,579 | 27,208 |
| Noncurrent assets: | | | | |
| Cash - restricted | - | 4,595 | 4,595 | - |
| Pooled investments and cash - restricted | 55,589 | 562,524 | 618,113 | - |
| Investments | - | - | - | 504,150 |
| Investments - restricted | - | 483,773 | 483,773 | 89,340 |
| Investments held by trustee - restricted | 12,921 | 339,571 | 352,492 | - |
| Cash held by trustee - restricted | 1,107 | - | 1,107 | 7,740 |
| Interest receivable - restricted | - | 6,299 | 6,299 | - |
| Leases receivable | 73,746 | 137,159 | 210,905 | - |
| Depreciable capital assets, net | 3,406,825 | 8,285,891 | 11,692,716 | 258,532 |
| Nondepreciable capital assets | 1,388,525 | 2,787,701 | 4,176,226 | 198,863 |
| Intangible right-to-use capital assets, net | 137,092 | 88,543 | 225,635 | 16,406 |
| Derivative instruments - energy risk management | - | 1,404 | 1,404 | - |
| Regulatory assets, net of accumulated amortization | - | 1,079,831 | 1,079,831 | - |
| Other receivables - restricted | - | 27,230 | 27,230 | - |
| Other long-term assets | 177,106 | 88,766 | 265,872 | 2,301 |
| Other long-term assets - restricted | - | 8,910 | 8,910 | - |
| Total noncurrent assets | 5,252,911 | 13,902,197 | 19,155,108 | 1,077,332 |
| **Total assets** | 6,005,801 | 16,736,886 | 22,742,687 | 1,104,540 |
| **DEFERRED OUTFLOWS OF RESOURCES** | $ 1,417,864 | 989,611 | 2,407,475 | 8,604 |

(†) After internal receivables and payables have been eliminated.

(Continued)

The accompanying notes are an integral part of the financial statements.

(In thousands)

| | Governmental Activities | Business-type Activities | Total (†) | Component Units |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| Current liabilities: | | | | |
| Accounts payable | $ 92,335 | 161,661 | 253,996 | 17,899 |
| Accounts and retainage payable from restricted assets | 18,664 | 120,784 | 139,448 | - |
| Accrued payroll | 28,060 | 20,707 | 48,767 | 446 |
| Accrued compensated absences | 106,571 | 39,732 | 146,303 | - |
| Claims payable | 36,314 | 271 | 36,585 | - |
| Due to other governments | - | 6,477 | 6,477 | 4,397 |
| Accrued interest payable from restricted assets | 2 | 95,105 | 95,107 | 3,893 |
| Interest payable on other debt | 8,457 | 3,699 | 12,156 | - |
| Bonds payable | 110,725 | 5,385 | 116,110 | 12,650 |
| Bonds payable from restricted assets | 35,786 | 208,214 | 244,000 | - |
| Leases and IT subscriptions payable | 25,367 | 27,648 | 53,015 | 22 |
| Other postemployment benefits liability | 33,006 | 23,344 | 56,350 | - |
| Financed purchase obligations | 3,554 | - | 3,554 | - |
| Customer and escrow deposits payable from restricted assets | 84,968 | 130,867 | 215,835 | - |
| Accrued landfill closure and postclosure costs | - | 837 | 837 | - |
| Other liabilities | 18,577 | 12,077 | 30,654 | 18,212 |
| Other liabilities payable from restricted assets | 577 | - | 577 | - |
| Total current liabilities | 602,963 | 856,808 | 1,459,771 | 57,519 |
| Noncurrent liabilities, net of current portion: | | | | |
| Accrued compensated absences | 70,266 | 10,879 | 81,145 | - |
| Claims payable | 40,261 | 857 | 41,118 | - |
| Commercial paper notes payable, net of discount | - | 553,153 | 553,153 | - |
| Bonds and loans payable, net | 1,717,661 | 5,876,456 | 7,594,117 | 274,904 |
| Leases and IT subscriptions payable | 98,856 | 54,138 | 152,994 | 2,513 |
| Net pension liability | 2,231,310 | 1,300,489 | 3,531,799 | - |
| Other postemployment benefits liability | 738,739 | 522,554 | 1,261,293 | - |
| Accrued landfill closure and postclosure costs | - | 16,122 | 16,122 | - |
| Asset retirement obligations | 982 | 451,854 | 452,836 | - |
| Derivative instruments - interest rate swaps | - | 1,644 | 1,644 | - |
| Other liabilities | 11,485 | 8,013 | 19,498 | 5,681 |
| Other liabilities payable from restricted assets | - | 12,975 | 12,975 | - |
| Total noncurrent liabilities | 4,909,560 | 8,809,134 | 13,718,694 | 283,098 |
| **Total liabilities** | 5,512,523 | 9,665,942 | 15,178,465 | 340,617 |
| **DEFERRED INFLOWS OF RESOURCES** | 1,477,894 | 1,858,715 | 3,336,609 | 633 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 3,123,832 | 4,017,875 | 7,141,707 | 211,898 |
| Restricted for: | | | | |
| Bond reserve | - | 35,894 | 35,894 | - |
| Capital projects: | | | | |
| Expendable | 131,689 | 214,104 | 345,793 | - |
| Nonexpendable | 1,469 | - | 1,469 | - |
| Debt service | 32,531 | 162,766 | 195,297 | 58,604 |
| Housing activities | 99,327 | - | 99,327 | 49,992 |
| Operating reserve | - | 109,631 | 109,631 | - |
| Passenger facility charges | - | 149,536 | 149,536 | - |
| Perpetual care: | | | | |
| Expendable | 1 | - | 1 | - |
| Nonexpendable | 1,070 | - | 1,070 | - |
| Public safety activities | 9,857 | - | 9,857 | - |
| Capital reserve | - | 89,790 | 89,790 | - |
| Contingency reserve | - | 149,355 | 149,355 | - |
| Power supply stabilization reserve | - | 149,072 | 149,072 | - |
| Tourism | 101,368 | - | 101,368 | 397 |
| Urban growth programs | 37,045 | - | 37,045 | - |
| Other purposes | 11,142 | - | 11,142 | - |
| Unrestricted (deficit) | (3,116,083) | 1,123,817 | (1,992,266) | 451,003 |
| **Total net position** | $ 433,248 | 6,201,840 | 6,635,088 | 771,894 |

(†) After internal receivables and payables have been eliminated.
The accompanying notes are an integral part of the financial statements.

**(In thousands)**

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Primary Government | | | |
| **Functions/Programs** | **Expenses** | **Charges for Services** | **Operating Grants and Contributions** | **Capital Grants and Contributions** | **Governmental Activities** | **Business-type Activities** | **Total** | **Component Units** |
| Governmental activities | | | | | | | | |
| General government | $ 66,484 | 36,776 | 179 | 7,361 | (22,168) | - | (22,168) | - |
| Public safety | 438,468 | 76,874 | 7,805 | 80 | (353,709) | - | (353,709) | - |
| Transportation, planning, and sustainability | 260,478 | 1,813 | 2,994 | 55,203 | (200,468) | - | (200,468) | - |
| Public health | 138,694 | 17,466 | 38,771 | - | (82,457) | - | (82,457) | - |
| Public recreation and culture | 99,297 | 20,080 | 687 | 57,308 | (21,222) | - | (21,222) | - |
| Urban growth management | 244,531 | 67,355 | 34,777 | 832 | (141,567) | - | (141,567) | - |
| Interest on debt | 82,646 | - | - | - | (82,646) | - | (82,646) | - |
| Total governmental activities | 1,330,598 | 220,364 | 85,213 | 120,784 | (904,237) | - | (904,237) | - |
| Business-type activities | | | | | | | | |
| Electric | 1,724,423 | 1,776,747 | 1,286 | 52,703 | - | 106,313 | 106,313 | - |
| Water | 279,879 | 393,467 | - | 55,863 | - | 169,451 | 169,451 | - |
| Wastewater | 242,277 | 350,276 | - | 42,458 | - | 150,457 | 150,457 | - |
| Airport | 258,023 | 394,478 | - | 31,453 | - | 167,908 | 167,908 | - |
| Convention | 125,966 | 24,975 | - | - | - | (100,991) | (100,991) | - |
| Environmental and health services | 76,334 | 132,199 | 11 | - | - | 55,876 | 55,876 | - |
| Public recreation | 9,075 | 14,631 | - | 428 | - | 5,984 | 5,984 | - |
| Urban growth management | 241,451 | 400,502 | 806 | 12,935 | - | 172,792 | 172,792 | - |
| Total business-type activities | 2,957,428 | 3,487,275 | 2,103 | 195,840 | - | 727,790 | 727,790 | - |
| Total primary government | $ 4,288,026 | 3,707,639 | 87,316 | 316,624 | (904,237) | 727,790 | (176,447) | - |
| Component Units | 166,176 | 106,558 | 28,273 | 28,510 | - | - | - | (2,835) |
| | | | | General revenues: | | | | |
| | | | | Property tax | 1,122,923 | - | 1,122,923 | - |
| | | | | Sales tax | 366,511 | - | 366,511 | - |
| | | | | Franchise fees and gross receipts tax | 226,990 | - | 226,990 | - |
| | | | | Intergovernmental | 30,820 | - | 30,820 | 156,336 |
| | | | | Interest and other income (loss) | 79,013 | 134,213 | 213,226 | 25,608 |
| | | | | Transfers-internal activities | 55,860 | (55,860) | - | - |
| | | | | Total general revenues and transfers | 1,882,117 | 78,353 | 1,960,470 | 181,944 |
| | | | | Net change in net position | 977,880 | 806,143 | 1,784,023 | 179,109 |
| | | | | Beginning net position, as restated (see Note 21) | (544,632) | 5,395,697 | 4,851,065 | 592,785 |
| | | | | Ending net position | $ 433,248 | 6,201,840 | 6,635,088 | 771,894 |

The accompanying notes are an integral part of the financial statements.

# Governmental Funds
# Balance Sheet
# September 30, 2025
# (In thousands)

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash | $ 37 | - | 37 |
| Pooled investments and cash | 169,452 | 90,313 | 259,765 |
| Investments - restricted | - | 31,214 | 31,214 |
| Cash held by trustee - restricted | - | 15,764 | 15,764 |
| Investments held by trustee - restricted | - | 12,921 | 12,921 |
| Property taxes receivable, net of allowance | 14,944 | 8,116 | 23,060 |
| Accounts receivable, net of allowance | 100,031 | 48,020 | 148,051 |
| Interest receivable | 5,195 | 4,721 | 9,916 |
| Receivables from other governments | 1 | 69,264 | 69,265 |
| Leases receivable | 6,961 | 3,873 | 10,834 |
| Notes receivable, net of allowance | 120 | 65,184 | 65,304 |
| Due from other funds | 193,864 | 536,469 | 730,333 |
| Advances to other funds | - | 123,115 | 123,115 |
| Real property held for resale | - | 3,499 | 3,499 |
| Prepaid items | 2,707 | 1,469 | 4,176 |
| Other assets | 4,281 | 15,369 | 19,650 |
| **Total assets** | 497,593 | 1,029,311 | 1,526,904 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | |
| **LIABILITIES** | | | |
| Accounts payable | 23,153 | 63,960 | 87,113 |
| Accrued payroll | 21,158 | 231 | 21,389 |
| Accrued compensated absences | 14,822 | - | 14,822 |
| Due to other funds | 5 | 730,371 | 730,376 |
| Unearned revenue | - | 17,891 | 17,891 |
| Advances from other funds | - | 123,029 | 123,029 |
| Deposits and other liabilities | 2,904 | 82,012 | 84,916 |
| **Total liabilities** | 62,042 | 1,017,494 | 1,079,536 |
| **DEFERRED INFLOWS OF RESOURCES** | 29,653 | 39,454 | 69,107 |
| **FUND BALANCES** | | | |
| Nonspendable: | | | |
| Inventories and prepaid items | 2,706 | 1,469 | 4,175 |
| Permanent funds | - | 1,070 | 1,070 |
| Restricted | - | 419,112 | 419,112 |
| Committed | - | 155,086 | 155,086 |
| Assigned | 211,090 | 215,751 | 426,841 |
| Unassigned | 192,102 | (820,125) | (628,023) |
| **Total fund balances** | 405,898 | (27,637) | 378,261 |
| **Total liabilities, deferred inflows of resources, and fund balances** | $ 497,593 | 1,029,311 | 1,526,904 |

The accompanying notes are an integral part of the financial statements.

**(In thousands)**

| | | |
|---|---|---|
| Total fund balances - Governmental funds | | $ 378,261 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. | | |
| Governmental capital assets | 7,463,652 | |
| Less: accumulated depreciation | (2,742,665) | |
| Intangible right-to-use capital assets, net | 71,155 | |
| | | 4,792,142 |
| Other long-term assets and certain revenues are not available as current-period resources and are not reported in the funds. | | |
| Other assets | | 177,106 |
| Deferred outflows represent the consumption of net position that are applicable to a future reporting period. | | |
| Pensions | 924,595 | |
| Other postemployment benefits | 489,008 | |
| Loss on debt refundings | 3,676 | |
| | | 1,417,279 |
| Long-term liabilities are not payable in the current period and are not reported in the funds. | | |
| Compensated absences | (145,075) | |
| Interest payable | (7,622) | |
| Bonds and other tax supported debt payable, net | (1,863,554) | |
| Leases payable | (70,700) | |
| Net pension liability | (2,231,310) | |
| Other postemployment benefits | (771,745) | |
| Financed purchase obligations | (3,554) | |
| Other liabilities | (11,500) | |
| | | (5,105,060) |
| Deferred inflows represent an acquisition of net position that is applicable to a future reporting period. | | |
| Unavailable revenue | | |
| Property taxes and interest | 25,606 | |
| Accounts and other receivable | 23,300 | |
| Pensions | (603,749) | |
| Other postemployment benefits | (625,586) | |
| Deferred gain on debt refundings | (5,398) | |
| Public-private partnership arrangements | (155,067) | |
| | | (1,340,894) |
| Internal service funds are used by management to charge the costs of capital project management, combined emergency communication center, employee benefits, fleet maintenance, information systems, liability reserve, support services, wireless communication, and workers' compensation to individual funds. | | |
| Certain assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position. | | 114,414 |
| Total net position - Governmental activities | | $ 433,248 |

The accompanying notes are an integral part of the financial statements.

(In thousands)

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **REVENUES** | | | |
| Property taxes | $ 676,487 | 437,101 | 1,113,588 |
| Sales taxes | 366,511 | - | 366,511 |
| Franchise fees and other taxes | 46,735 | 180,255 | 226,990 |
| Fines, forfeitures, and penalties | 9,122 | 1,749 | 10,871 |
| Licenses, permits, and inspections | 28,444 | 4,932 | 33,376 |
| Charges for services/goods | 94,043 | 50,991 | 145,034 |
| Intergovernmental | - | 176,795 | 176,795 |
| Property owners' participation and contributions | - | 42,849 | 42,849 |
| Lease revenue | 156 | 125 | 281 |
| Interest and other income (loss) | 33,967 | 35,301 | 69,268 |
| **Total revenues** | 1,255,465 | 930,098 | 2,185,563 |
| **EXPENDITURES** | | | |
| Current: | | | |
| General government | 223,600 | 299 | 223,899 |
| Public safety | 804,603 | 9,446 | 814,049 |
| Transportation, planning, and sustainability | - | 183,468 | 183,468 |
| Public health | 135,318 | 69,451 | 204,769 |
| Public recreation and culture | 179,418 | 2,614 | 182,032 |
| Urban growth management | 60,554 | 183,935 | 244,489 |
| Debt service: | | | |
| Principal | - | 170,527 | 170,527 |
| Interest | - | 80,949 | 80,949 |
| Fees and commissions | - | 30 | 30 |
| Lease and IT subscription financing principal | 8,206 | 1,899 | 10,105 |
| Interest expense on leases and IT subscriptions | 1,140 | 91 | 1,231 |
| Capital outlay - capital project funds | - | 580,228 | 580,228 |
| **Total expenditures** | 1,412,839 | 1,282,937 | 2,695,776 |
| Deficiency of revenues under expenditures | (157,374) | (352,839) | (510,213) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Issuance of tax supported debt | - | 366,728 | 366,728 |
| Issuance of refunding bonds | - | 84,067 | 84,067 |
| Bond premiums | - | 51,139 | 51,139 |
| Payment to refunding bond escrow agent | - | (94,337) | (94,337) |
| Settlement of HUD 108 Loan | - | 3,963 | 3,963 |
| Issuance of lease and IT subscription debt | 2,287 | 660 | 2,947 |
| Transfers in | 195,706 | 210,587 | 406,293 |
| Transfers out | (49,179) | (282,061) | (331,240) |
| **Total other financing sources (uses)** | 148,814 | 340,746 | 489,560 |
| Net change in fund balances | (8,560) | (12,093) | (20,653) |
| Fund balances at beginning of year, as restated (see Note 21) | 414,458 | (15,544) | 398,914 |
| **Fund balances at end of year** | $ 405,898 | (27,637) | 378,261 |

The accompanying notes are an integral part of the financial statements.

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
**For the year ended September 30, 2025**
**(In thousands)**

| | | |
|---|---|---|
| Net change in fund balances - Governmental funds | | $ (20,653) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | |
| Capital outlay - capital project funds | 580,228 | |
| Capital outlay - other funds | 17,949 | |
| Depreciation expense | (174,584) | |
| Amortization expense | (12,159) | |
| Loss on disposal of capital assets | (1,375) | |
| Capital asset transfers to business-type activities, net | (29,360) | |
| Other asset adjustments | (62,419) | |
| | | 318,280 |
| Revenues and transfers in the statement of activities that do not provide current available financial resources are not reported as revenues or transfers in the funds. | | |
| Property taxes | 9,335 | |
| Charges for services | 6,701 | |
| Operating Grants and Contributions | (39,852) | |
| Capital asset contributions | 56,817 | |
| | | 33,001 |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | |
| Issuance of long-term debt | (366,728) | |
| Principal repayment on long-term debt | 170,527 | |
| Issuance of refunding bonds | (84,067) | |
| Bond premiums | (51,139) | |
| Payment to refunding bond escrow agent | 94,337 | |
| Issuance of lease and IT subscription debt | (2,947) | |
| Lease and IT subscription financing principal | 10,105 | |
| | | (229,912) |
| Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. | | |
| Compensated absences | (7,175) | |
| Pensions | (166,017) | |
| Other postemployment benefits | 1,011,200 | |
| Interest and other | 27,652 | |
| | | 865,660 |
| A portion of the net revenue (expense) of the internal service funds is reported with the governmental activities. | | 11,504 |
| Change in net position - Governmental activities | | $ 977,880 |

The accompanying notes are an integral part of the financial statements.

**(In thousands)**

| | Business-Type Activities | | | | | Governmental |
|---|---|---|---|---|---|---|
| | Austin Energy | Austin Water | Airport | Nonmajor Enterprise Funds | Total | Activities Internal Service Funds |
| **ASSETS** | | | | | | |
| Current assets: | | | | | | |
| Cash | $ 12 | 1 | 2 | 15 | 30 | 6 |
| Pooled investments and cash | 345,872 | 299,511 | 438,545 | 572,916 | 1,656,844 | 237,816 |
| Pooled investments and cash - restricted | 112,654 | 81,240 | 34,133 | 22,080 | 250,107 | 723 |
| Total pooled investments and cash | 458,526 | 380,751 | 472,678 | 594,996 | 1,906,951 | 238,539 |
| Investments - restricted | 96,460 | 91,352 | 61,332 | 8,932 | 258,076 | - |
| Cash held by trustee | - | 9,870 | - | - | 9,870 | - |
| Cash held by trustee - restricted | - | 8,215 | - | - | 8,215 | 577 |
| Working capital advances | 2,022 | - | - | - | 2,022 | - |
| Accounts receivable, net of allowance | 172,817 | 85,089 | 20,984 | 39,116 | 318,006 | 2,445 |
| Interest receivable | 5,863 | 2,442 | 3,681 | 4,236 | 16,222 | 884 |
| Receivables from other governments | 3,815 | - | - | - | 3,815 | - |
| Receivables from other governments - restricted | 905 | - | 13,228 | 1,599 | 15,732 | - |
| Leases receivable | - | 94 | 22,281 | 212 | 22,587 | 6,180 |
| Due from other funds | 4,599 | - | - | - | 4,599 | - |
| Inventories, at cost | 106,949 | 4,966 | 3,452 | 2,595 | 117,962 | 2,288 |
| Regulatory assets, net of accumulated amortization | 10,138 | - | - | - | 10,138 | - |
| Prepaid expenses | 24,050 | 1,377 | 1,294 | 4,083 | 30,804 | 9,959 |
| Other receivables - restricted | - | - | 3,841 | - | 3,841 | - |
| Other assets | 519 | 102 | 1,322 | 115 | 2,058 | - |
| Total current assets | 886,675 | 584,259 | 604,095 | 655,899 | 2,730,928 | 260,878 |
| Noncurrent assets: | | | | | | |
| Cash - restricted | 4,595 | - | - | - | 4,595 | - |
| Pooled investments and cash - restricted | 78,105 | 31,310 | 370,197 | 82,912 | 562,524 | 6,499 |
| Advances to other funds | 4,601 | 1,187 | - | - | 5,788 | - |
| Advances to other funds - restricted | - | - | - | 26 | 26 | - |
| Investments - restricted | 376,581 | 14,514 | 82,379 | 10,299 | 483,773 | - |
| Investments held by trustee - restricted | 292,981 | 28,047 | - | 18,543 | 339,571 | - |
| Interest receivable - restricted | 2,858 | 300 | 2,593 | 548 | 6,299 | - |
| Leases receivable | - | 1,331 | 132,942 | 2,886 | 137,159 | 63,780 |
| Depreciable capital assets, net | 2,916,625 | 3,715,085 | 1,316,645 | 337,536 | 8,285,891 | 67,157 |
| Nondepreciable capital assets | 510,956 | 961,709 | 640,271 | 674,765 | 2,787,701 | 7,206 |
| Intangible right-to-use capital assets, net | 59,877 | 5,958 | 4,151 | 18,557 | 88,543 | 65,937 |
| Derivative instruments - energy risk management | 1,404 | - | - | - | 1,404 | - |
| Regulatory assets, net of accumulated amortization | 1,079,831 | - | - | - | 1,079,831 | - |
| Other receivables - restricted | 27,230 | - | - | - | 27,230 | - |
| Other long-term assets | 12,485 | 162 | 75,810 | 309 | 88,766 | - |
| Other long-term assets - restricted | 39 | 8,871 | - | - | 8,910 | - |
| Total noncurrent assets | 5,368,168 | 4,768,474 | 2,624,988 | 1,146,381 | 13,908,011 | 210,579 |
| **Total assets** | 6,254,843 | 5,352,733 | 3,229,083 | 1,802,280 | 16,638,939 | 471,457 |
| **DEFERRED OUTFLOWS OF RESOURCES** | $ 407,161 | 173,673 | 96,264 | 312,513 | 989,611 | 585 |

The accompanying notes are an integral part of the financial statements.

(Continued)

**(In thousands)**

| | Business-Type Activities | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Austin Energy | Austin Water | Airport | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| **LIABILITIES** | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | $ 129,833 | 6,487 | 5,717 | 19,624 | 161,661 | 23,886 |
| Accounts and retainage payable from restricted assets | 28,805 | 29,042 | 59,511 | 3,426 | 120,784 | - |
| Accrued payroll | 6,838 | 4,366 | 1,978 | 7,525 | 20,707 | 6,671 |
| Accrued compensated absences | 13,695 | 6,983 | 3,488 | 15,566 | 39,732 | 12,258 |
| Claims payable | - | 243 | 28 | - | 271 | 36,314 |
| Due to other funds | - | - | - | - | - | 4,556 |
| Due to other governments | 6,473 | - | 4 | - | 6,477 | - |
| Accrued interest payable from restricted assets | 34,139 | 36,936 | 23,704 | 326 | 95,105 | 2 |
| Accrued interest payable | 1,960 | 1,227 | 53 | 459 | 3,699 | 835 |
| Bonds payable | - | - | - | 5,385 | 5,385 | 147 |
| Bonds payable from restricted assets | 82,065 | 72,429 | 42,825 | 10,895 | 208,214 | - |
| Leases and IT subscriptions payable | 19,801 | 1,351 | 1,463 | 5,033 | 27,648 | 18,362 |
| Other postemployment benefits liability | 6,644 | 4,846 | 2,299 | 9,555 | 23,344 | - |
| Customer and escrow deposits payable from restricted assets | 112,459 | 10,565 | 1,010 | 6,833 | 130,867 | 723 |
| Accrued landfill closure and postclosure costs | - | - | - | 837 | 837 | - |
| Other liabilities | 1,024 | 7,698 | 3,026 | 329 | 12,077 | - |
| Other liabilities payable from restricted assets | - | - | - | - | - | 577 |
| Total current liabilities | 443,736 | 182,173 | 145,106 | 85,793 | 856,808 | 104,331 |
| Noncurrent liabilities, net of current portion: | | | | | | |
| Accrued compensated absences | 3,788 | 3,573 | 1,399 | 2,119 | 10,879 | 4,682 |
| Claims payable | 272 | 535 | 50 | - | 857 | 40,261 |
| Advances from other funds | 1,187 | - | - | 112 | 1,299 | 4,601 |
| Commercial paper notes payable, net of discount | 227,653 | 325,500 | - | - | 553,153 | - |
| Bonds and loans payable, net of discount and inclusive of premium | 2,083,625 | 2,310,046 | 1,392,774 | 90,011 | 5,876,456 | 471 |
| Leases and IT subscriptions payable | 35,511 | 4,272 | 2,510 | 11,845 | 54,138 | 35,161 |
| Net pension liability | 440,338 | 259,668 | 113,366 | 487,117 | 1,300,489 | - |
| Other postemployment benefits liability | 148,706 | 108,471 | 51,461 | 213,916 | 522,554 | - |
| Accrued landfill closure and postclosure costs | - | - | - | 16,122 | 16,122 | - |
| Asset retirement obligations | 449,989 | 1,865 | - | - | 451,854 | 982 |
| Derivative instruments - interest rate swaps | 890 | - | - | 754 | 1,644 | - |
| Other liabilities | 5,223 | 1,527 | 1,263 | - | 8,013 | - |
| Other liabilities payable from restricted assets | - | 341 | - | 12,634 | 12,975 | - |
| Total noncurrent liabilities | 3,397,182 | 3,015,798 | 1,562,823 | 834,630 | 8,810,433 | 86,158 |
| **Total liabilities** | 3,840,918 | 3,197,971 | 1,707,929 | 920,423 | 9,667,241 | 190,489 |
| **DEFERRED INFLOWS OF RESOURCES** | $ 1,004,828 | 150,018 | 415,206 | 288,663 | 1,858,715 | 67,893 |

The accompanying notes are an integral part of the financial statements

(Continued)

(In thousands)

| | Business-Type Activities | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Austin Energy | Austin Water | Airport | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| **NET POSITION** | | | | | | |
| Net investment in capital assets | $ 568,463 | 1,981,415 | 558,358 | 909,639 | 4,017,875 | 87,986 |
| Restricted for: | | | | | | |
| Bond reserve | 11,410 | 9,165 | 8,014 | 7,305 | 35,894 | - |
| Capital projects | - | 44,647 | 86,263 | 83,194 | 214,104 | 6,499 |
| Debt service | 62,321 | 54,411 | 37,427 | 8,607 | 162,766 | - |
| Operating reserve | - | 70,688 | 33,122 | 5,821 | 109,631 | - |
| Passenger facility charges | - | - | 149,536 | - | 149,536 | - |
| Capital reserve | 78,284 | - | 10,000 | 1,506 | 89,790 | - |
| Contingency reserve | 149,355 | - | - | - | 149,355 | - |
| Power supply stabilization reserve | 149,072 | - | - | - | 149,072 | - |
| Unrestricted | 797,353 | 18,091 | 319,492 | (110,365) | 1,024,571 | 119,175 |
| **Total net position** | $ 1,816,258 | 2,178,417 | 1,202,212 | 905,707 | 6,102,594 | 213,660 |
| Reconciliation to government-wide Statement of Net Position | | | | | | |
| Adjustment to consolidate internal service activities | 38,720 | 19,498 | 7,159 | 33,869 | 99,246 | |
| Total net position - Business-type activities | $ 1,854,978 | 2,197,915 | 1,209,371 | 939,576 | 6,201,840 | |

The accompanying notes are an integral part of the financial statements.

(In thousands)

| | Business-Type Activities | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Austin Energy | Austin Water | Airport | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| **OPERATING REVENUES** | | | | | | |
| Utility services | $ 1,776,747 | 743,631 | - | - | 2,520,378 | - |
| User fees and rentals | - | - | 331,052 | 571,916 | 902,968 | - |
| Billings to departments | - | - | - | - | - | 719,129 |
| Employee contributions | - | - | - | - | - | 54,839 |
| Lease revenue | - | 112 | 22,486 | 391 | 22,989 | 6,863 |
| Operating revenues from other governments | - | - | - | - | - | 7,828 |
| Other operating revenues | - | - | - | - | - | 16,273 |
| **Total operating revenues** | 1,776,747 | 743,743 | 353,538 | 572,307 | 3,446,335 | 804,932 |
| **OPERATING EXPENSES** | | | | | | |
| Operating expenses before depreciation | 1,168,277 | 276,353 | 147,982 | 338,996 | 1,931,608 | 759,349 |
| Depreciation and amortization | 225,808 | 157,797 | 53,186 | 37,228 | 474,019 | 40,213 |
| **Total operating expenses** | 1,394,085 | 434,150 | 201,168 | 376,224 | 2,405,627 | 799,562 |
| **Operating income (loss)** | 382,662 | 309,593 | 152,370 | 196,083 | 1,040,708 | 5,370 |
| **NONOPERATING REVENUES (EXPENSES)** | | | | | | |
| Interest and other income | 51,510 | 18,530 | 38,347 | 25,826 | 134,213 | 4,021 |
| Interest on revenue bonds and other debt | (83,284) | (81,886) | (56,184) | (3,897) | (225,251) | (15) |
| Interest expense on leases and IT subscriptions | (1,438) | (159) | (117) | (321) | (2,035) | (1,391) |
| Passenger facility charges | - | - | 40,940 | - | 40,940 | - |
| Loss on in-substance defeasance | - | (1,062) | - | - | (1,062) | - |
| Costs recovered | (246,850) | - | - | - | (246,850) | - |
| Other nonoperating revenues (expenses) | 2,302 | (5,034) | (398) | (77,551) | (80,681) | (1,269) |
| **Total nonoperating revenues (expenses)** | (277,760) | (69,611) | 22,588 | (55,943) | (380,726) | 1,346 |
| **Income (loss) before contributions and transfers** | 104,902 | 239,982 | 174,958 | 140,140 | 659,982 | 6,716 |
| Capital contributions | 52,703 | 98,321 | 31,453 | 21,879 | 204,356 | 21,646 |
| Transfers in | 4,080 | 85 | 400 | 153,794 | 158,359 | 1,762 |
| Transfers out | (135,504) | (58,146) | (741) | (27,549) | (221,940) | (13,234) |
| **Change in net position** | 26,181 | 280,242 | 206,070 | 288,264 | 800,757 | 16,890 |
| **Beginning net position, as restated (see Note 21)** | 1,790,077 | 1,898,175 | 996,142 | 617,443 | 5,301,837 | 196,770 |
| **Ending net position** | $ 1,816,258 | 2,178,417 | 1,202,212 | 905,707 | 6,102,594 | 213,660 |
| Reconciliation to government-wide Statement of Activities | | | | | | |
| Change in net position | 26,181 | 280,242 | 206,070 | 288,264 | 800,757 | |
| Adjustment to consolidate internal service activities | 218 | (55) | (156) | 5,379 | 5,386 | |
| Change in net position - Business-type activities | $ 26,399 | 280,187 | 205,914 | 293,643 | 806,143 | |

The accompanying notes are an integral part of the financial statements.

(In thousands)

| | Business-Type Activities | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Austin Energy | Austin Water | Airport | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | | | | |
| Cash received from customers | $ 1,888,720 | 724,689 | 345,308 | 563,434 | 3,522,151 | 84,975 |
| Cash received from other funds | 34,897 | 11,747 | - | 4,762 | 51,406 | 719,129 |
| Cash payments to suppliers for goods and services | (919,841) | (120,982) | (71,357) | (125,652) | (1,237,832) | (152,954) |
| Cash payments to other funds | (77,900) | (92,000) | (47,125) | (116,169) | (333,194) | (29,931) |
| Cash payments to employees for services | (300,682) | (190,603) | (87,821) | (342,123) | (921,229) | (291,910) |
| Cash payments to claimants/beneficiaries | (227) | (421) | (28) | - | (676) | (279,862) |
| Taxes collected and remitted to other governments | (59,108) | - | - | - | (59,108) | - |
| **Net cash provided (used) by operating activities** | 565,859 | 332,430 | 138,977 | (15,748) | 1,021,518 | 49,447 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:** | | | | | | |
| Transfers in | 4,025 | 75 | - | 153,644 | 157,744 | 1,325 |
| Transfers out | (135,163) | (57,997) | (741) | (27,388) | (221,289) | (12,834) |
| Collections from other sources | 79 | 287 | - | - | 366 | - |
| Loans to other funds | - | (1,187) | - | - | (1,187) | - |
| Loans from other funds | 1,187 | - | - | - | 1,187 | - |
| Loan repayments to other funds | - | (5,952) | - | (301) | (6,253) | (4,556) |
| Loan repayments from other funds | 10,451 | 301 | - | - | 10,752 | 57 |
| Collections from other governments | 3 | 1,414 | - | 1,146 | 2,563 | 502 |
| **Net cash provided (used) by noncapital financing activities** | (119,418) | (63,059) | (741) | 127,101 | (56,117) | (15,506) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:** | | | | | | |
| Proceeds from the sale of commercial paper notes | 223,193 | 277,500 | - | - | 500,693 | - |
| Proceeds from the sale of general obligation bonds and other tax supported debt | - | - | - | 14,931 | 14,931 | - |
| Proceeds from the sale of revenue notes | - | - | 60,000 | - | 60,000 | - |
| Proceeds from the sale of revenue bonds | 240,940 | 31,300 | - | - | 272,240 | - |
| Principal paid on long-term debt | (88,167) | (57,033) | (34,430) | (16,424) | (196,054) | (138) |
| Principal paid on leases and IT subscriptions | (22,980) | (1,218) | (1,352) | (5,373) | (30,923) | (25,852) |
| Proceeds from the sale of capital assets | - | - | - | 839 | 839 | - |
| Interest paid on revenue bonds and other debt | (97,778) | (103,571) | (64,192) | (4,099) | (269,640) | (33) |
| Interest paid on leases and IT subscriptions | (1,029) | (177) | (80) | (299) | (1,585) | (1,342) |
| Interest income from leases | - | 43 | 2,877 | 72 | 2,992 | - |
| Passenger facility charges | - | - | 42,400 | - | 42,400 | - |
| Acquisition and construction of capital assets | (425,625) | (369,922) | (268,322) | (177,768) | (1,241,637) | (3,939) |
| Contributions from state and federal governments | - | - | 20,757 | 13,666 | 34,423 | - |
| Contributions in aid of construction | 57,614 | 27,787 | - | 7,429 | 92,830 | - |
| Bond issuance costs | - | (284) | - | (11) | (295) | - |
| Bond discounts | (1,769) | (108) | - | (101) | (1,978) | - |
| Bond premiums | 24,197 | - | - | 1,023 | 25,220 | - |
| Cash paid for bond defeasance | - | (40,202) | - | - | (40,202) | - |
| Cash paid for bond refunding escrow | - | - | - | (8,183) | (8,183) | - |
| Cash paid to payoff commercial paper | (263,500) | - | - | - | (263,500) | - |
| Cash paid for nuclear fuel inventory | (26,218) | - | - | - | (26,218) | - |
| **Net cash provided (used) by capital and related financing activities** | (381,122) | (235,885) | (242,342) | (174,298) | (1,033,647) | (31,304) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | | | | |
| Purchase of investment securities | (481,322) | (238,756) | (105,061) | (31,407) | (856,546) | - |
| Proceeds from sale and maturities of investment securities | 441,361 | 227,142 | 107,857 | 12,730 | 789,090 | - |
| Interest income (loss) on investments | 18,768 | 15,258 | 32,024 | 25,291 | 91,341 | 3,764 |
| **Net cash provided (used) by investing activities** | (21,193) | 3,644 | 34,820 | 6,614 | 23,885 | 3,764 |
| Net increase (decrease) in cash and cash equivalents | 44,126 | 37,130 | (69,286) | (56,331) | (44,361) | 6,401 |
| Cash and cash equivalents, beginning | 497,112 | 393,017 | 912,163 | 734,254 | 2,536,546 | 239,220 |
| **Cash and cash equivalents, ending** | $ 541,238 | 430,147 | 842,877 | 677,923 | 2,492,185 | 245,621 |

The accompanying notes are an integral part of the financial statements.

(Continued)

(In thousands)

| | Business-Type Activities | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Austin Energy | Austin Water | Airport | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:** | | | | | | |
| Operating income (loss) | $ 382,662 | 309,593 | 152,370 | 196,083 | 1,040,708 | 5,370 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | | |
| Depreciation and amortization | 225,808 | 157,797 | 53,186 | 37,228 | 474,019 | 40,213 |
| Change in assets and liabilities: | | | | | | |
| Decrease in working capital advances | 1,207 | - | - | - | 1,207 | - |
| (Increase) decrease in accounts receivable | 11,845 | (8,827) | 1,403 | (3,388) | 1,033 | 302 |
| Increase in allowance for doubtful accounts | 3,856 | 101 | - | 933 | 4,890 | 68 |
| (Increase) decrease in leases receivable | - | 89 | 25,528 | 753 | 26,370 | (28,946) |
| (Increase) decrease in inventory | 4,422 | (850) | (147) | 186 | 3,611 | 495 |
| (Increase) decrease in prepaid expenses and other assets | 6,061 | (275) | 444 | 1,566 | 7,796 | (3,692) |
| Decrease in other long-term assets | 9,942 | - | 1,595 | 116 | 11,653 | - |
| Decrease in deferred outflows | 99,910 | 60,285 | 12,129 | 128,456 | 300,780 | 59 |
| Increase (decrease) in accounts payable | 21,175 | (1,253) | 629 | 4,101 | 24,652 | 2,486 |
| Increase in accrued payroll and compensated absences | 1,410 | 1,618 | 861 | 1,100 | 4,989 | 1,903 |
| Increase in claims payable | 272 | 486 | 78 | - | 836 | 3,370 |
| Increase (decrease) in customer deposits | 5,765 | 1,442 | (244) | (1,427) | 5,536 | - |
| Increase (decrease) in net pension liability | (7,310) | (407) | 21,451 | (5,672) | 8,062 | - |
| Decrease in other postemployment benefits liability | (230,205) | (163,841) | (81,249) | (328,250) | (803,545) | - |
| Increase (decrease) in other liabilities | 5,061 | - | (3,932) | (873) | 256 | 71 |
| Increase (decrease) in deferred inflows | 23,978 | (23,528) | (45,125) | (46,660) | (91,335) | 27,748 |
| **Total adjustments** | 183,197 | 22,837 | (13,393) | (211,831) | (19,190) | 44,077 |
| **Net cash provided (used) by operating activities** | $ 565,859 | 332,430 | 138,977 | (15,748) | 1,021,518 | 49,447 |
| **NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:** | | | | | | |
| Capital assets contributed from other funds | $ - | - | - | 9,391 | 9,391 | 21,646 |
| Capital assets contributed to other funds | - | (190) | - | (1,480) | (1,670) | (6) |
| Contributed facilities | - | 70,534 | - | - | 70,534 | - |
| Increase in the fair value of investments | 378 | - | - | - | 378 | - |
| Amortization of bond premiums | 17,054 | 24,609 | 10,502 | 809 | 52,974 | 20 |
| Amortization of deferred gain (loss) on refundings | 663 | (1,442) | (2,902) | (633) | (4,314) | (5) |
| Loss on disposal of assets | (3,086) | (6,497) | (564) | (77,715) | (87,862) | (1,263) |
| Costs recovered | (246,852) | - | - | - | (246,852) | - |
| Transfers from other funds | 55 | 10 | 400 | 150 | 615 | 437 |
| Transfers to other funds | (341) | (149) | - | (161) | (651) | (400) |
| Right-to-use capital assets acquired through lease and IT subscription liabilities | 9,339 | 1,786 | 2,787 | 7,131 | 21,043 | 25,478 |
| Lease and IT subscription liabilities incurred as a result of acquiring right-to-use capital assets | (9,339) | (1,786) | (2,787) | (7,131) | (21,043) | (25,478) |

The accompanying notes are an integral part of the financial statements.

| | | Custodial |
|---|---|---|
| **ASSETS** | | |
| Pooled investments and cash | $ | 2,977 |
| Other assets | | 18 |
| **Total assets** | | 2,995 |
| **LIABILITIES** | | |
| Accounts payable | | 35 |
| Due to other governments | | 605 |
| **Total liabilities** | | 640 |
| **NET POSITION** | | |
| Restricted for: | | |
| Individuals, organizations, and other governments | | 2,355 |
| **Total net position** | $ | 2,355 |

The accompanying notes are an integral part of the financial statements.

**Statement of Changes in Fiduciary Net Position**
**For the year ended September 30, 2025**
**(In thousands)**

| | Custodial |
|---|---|
| **ADDITIONS** | |
| Contributions | $ 34 |
| Interest and other | 90 |
| Fees collected for other governments | 1,593 |
| Miscellaneous | 14 |
| **Total additions** | 1,731 |
| **DEDUCTIONS** | |
| Beneficiary payments | 79 |
| Payment of fees to other governments | 1,593 |
| Administrative expenses | 88 |
| **Total deductions** | 1,760 |
| **Change in net position** | (29) |
| **Beginning net position** | 2,384 |
| **Ending net position** | $ 2,355 |

The accompanying notes are an integral part of the financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Austin, Texas (the City) is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government. The City Council is composed of a Mayor who is elected at large and ten Council members who are elected by geographic district, all of whom serve four-year staggered terms subject to a maximum of two consecutive terms. A petition signed by 5% of the registered voters waives the term limit for a member of the City Council.

The City's major activities or programs include: general government; public safety; transportation, planning, and sustainability; public health; public recreation and culture; and urban growth management. In addition, the City owns and operates certain major enterprise activities including an electric utility, water and wastewater utility, airport, and nonmajor enterprise activities including convention, environmental and health services, public recreation, and urban growth management activities. These activities are included in the accompanying financial statements.

The City of Austin's charter requires an annual audit by an independent certified public accountant. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The City has implemented GASB Statements No.1 through No. 102.

| GASB Statement | Impact |
|---|---|
| **101 –** "Compensated Absences" | This statement is intended to improve the recognition and measurement of compensated absences and to reduce inconsistencies in how governments account for these obligations. This statement defines compensated absences liability as leave that has been earned and is more likely than not to be used for time off or otherwise paid to the employee. The implementation of this standard resulted in a restatement to the beginning balances for compensated absences liabilities and a restatement of net position and fund balance (see Note 21). |
| **102 –** "Certain Risk Disclosures" | This statement requires governments to disclose risks related to concentrations and constraints, such as a lack of diversity in resource inflows or limitations on raising revenue, that could make the government vulnerable to a risk of substantial impact. The implementation of this standard had no impact on the financial statements. |

The more significant accounting and reporting policies and practices used by the City are described below.

As a local government, the City is not subject to federal income taxes, under the Internal Revenue Code Section 115. Furthermore, it is not subject to state sales tax.

These financial statements present the City's primary government, its component units, and other entities for which the City is considered financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations; therefore, data from these units are combined with data of the City. Discrete component units are legally separate entities that are not considered part of the City's operations; therefore, data from these units are shown separately from data of the City.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Reporting Entity

**Blended Component Units** – Following are the City's blended component units.

| *Blended Component Units* | *Brief Description of Activities, Relationship to City, and Key Inclusion Criteria* |
|---|---|
| Austin Housing Finance Corporation (AHFC) | AHFC was created in 1979 as a public, nonprofit corporation and instrumentality of the City under the provisions of the Texas Housing Finance Corporation Act, Chapter 394, and the Texas Local Government Code. The mission of the AHFC is to generate and implement strategic housing solutions for the benefit of low and moderate-income residents of the City. AHFC is governed by a board composed of the City Council. In addition, City management has operational responsibilities for this component unit. Blended into the activity of AHFC are the following wholly-owned legally separate entities dedicated to managing affordable housing projects: AHFC Anderson Village Non-Profit Corporation, AHFC Central Property Non-Profit Corporation, AHFC City View Investor Non-Profit Corporation, AHFC Midtown Non-Profit Corporation, AHFC Soco 121 Non-Profit Corporation, AHFC Villa Del Rey Non-Profit Corporation, and Austin Inner-City Redevelopment Corporation.<br>Reporting Fund: Austin Housing Finance Corporation fund, a nonmajor special revenue fund. |
| Austin Housing Public Facility Corporation (AHPFC) | AHPFC was created in March 2022 as a nonprofit public facility corporation under the Texas Public Facility Corporation Act, Chapter 303 of the Texas Local Government Code. The purpose of the AHPFC is to serve as an issuer of private activity bonds to finance all or part of the cost of affordable housing developments in the City of Austin. AHPFC is governed by a board composed of the City Council. In addition, City management has operational responsibilities for this component unit.<br>Reporting Fund: Austin Housing Public Facility Corporation fund, a nonmajor special revenue fund. |
| Austin Industrial Development Corporation (AIDC) | AIDC was created under the Texas Development Corporation Act of 1979 to provide a means of extending tax-exempt financing to projects that are deemed to have substantial social benefit through the creation of commercial, industrial, and manufacturing enterprises, in order to promote and encourage employment in the City. City Council acts as the board of directors of the corporation. In addition, City management has operational responsibilities for this component unit.<br>Reporting Fund: Austin Industrial Development Corporation fund, a nonmajor special revenue fund. |
| Austin-Bergstrom International Airport (ABIA) Development Corporation | ABIA Development Corporation is governed by a board composed of the City Council. The entity has no day-to-day operations. Its existence relates only to the authorization for issuance of industrial revenue bonds or to other similar financing arrangements in accordance with the Texas Development Corporation Act of 1979. To date, none of the bonds issued constitute a liability of ABIA Development Corporation or the City. In addition, City management has operational responsibilities for this component unit. There is no financial activity to report related to this component unit. |
| Austin Public Facilities Corporation (APFC) | APFC was created in May 2023 as a nonprofit public facility corporation under the Texas Public Facility Corporation Act, Chapter 303 of the Texas Local Government Code. The primary purpose of APFC is to assist the City in financing, refinancing, or providing for the costs of public facilities. APFC is governed by a board that is appointed by the City Council. In addition, City management has operational responsibilities for this component unit.<br>Reporting Fund: APFC activity includes redevelopment costs for City-owned facilities, reported in the General Government Projects fund, a nonmajor capital projects fund. |

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### a. Reporting Entity, continued

| *Blended Component Units* | *Brief Description of Activities, Relationship to City, and Key Inclusion Criteria* |
|---|---|
| Mueller Local Government Corporation (MLGC) | MLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. MLGC was created for the purpose of financing infrastructure projects required for the development of the former site of Mueller Airport. City Council acts as the board of directors of the corporation. Members of the City staff serve as officers of the corporation and have operational responsibilities for this component unit.<br>Reporting Fund: Mueller Local Government Corporation, a nonmajor special revenue fund. |
| Nacogdoches Power, LLC (NP) | Austin Energy acquired Nacogdoches Power, LLC on June 13, 2019, which included the purchase of a 115 MW biomass power plant that was transferred to Austin Energy. NP provides renewable energy exclusively for the benefit of Austin Energy customers and Austin Energy staff serve as officers of the corporation. Additionally, Austin Energy is fiscally responsible for the obligations of NP, therefore NP is reported as a blended component unit in the Austin Energy enterprise fund.<br>Reporting Fund: Austin Energy, a major proprietary fund. |
| Urban Renewal Agency (URA) | URA was created by the City under Chapter 374 of the Texas Local Government Code. The Mayor, with consent of the City Council, appoints the board of commissioners for this agency, whose primary responsibility is to oversee the implementation and compliance of urban renewal plans adopted by the City Council. An urban renewal plan's primary purpose is to eliminate slum and blighting influence within a designated area of a city. City Council maintains the ability to impose its will on the organization. URA exclusively receives financial support/benefits from its relationship with the City. Additionally, the City is fiscally responsible for the obligations of URA, therefore URA is reported as a blended component unit of the City.<br>Reporting Fund: Urban Renewal Agency fund, a nonmajor special revenue fund. |

**Discretely Presented Component Units –** Following are the City's discretely presented component units. Financial statements for these entities can be requested from the addresses located below.

| *Discretely Presented Component Units* | *Description of Activities, Relationship to City, and Key Inclusion Criteria* |
|---|---|
| 12100 Metric LP (12MTLP)<br>1000 E. 11th St., Suite 200<br>Austin, TX 78702 | 12MTLP is a Texas limited partnership for which AHFC 12100 Metric Non-Profit Corporation, a blended component unit of AHFC, can impose a financial benefit or burden as a 27.67% general partner. 12MTLP follows applicable FASB standards. For presentation purposes, certain transactions are reflected differently in these financial statements to conform to the GASB presentation of the City. |
| Austin-Bergstrom Landhost Enterprises, Inc. (ABLE)<br>3600 Presidential Blvd, Suite 411<br>Austin, TX 78719 | ABLE is a legally separate entity that issues revenue bonds for the purpose of financing the cost of acquiring, improving, and equipping a full-service hotel on airport property. City Council appoints this entity's Board and maintains a contractual ability to remove board members at will. Debt issued by ABLE does not constitute a debt or pledge of the faith and credit of the City. |
| Austin Convention Enterprises, Inc. (ACE)<br>500 East 4th Street<br>Austin, TX 78701 | ACE is a legally separate entity that owns, operates, and finances the Austin Convention Center Hotel. City Council appoints this entity's Board and maintains a contractual ability to remove board members at will. Debt issued by ACE does not constitute a debt or pledge of the faith and credit of the City. |

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### a. Reporting Entity, continued

| *Discretely Presented Component Units* | *Description of Activities, Relationship to City, and Key Inclusion Criteria* |
|---|---|
| Austin Transit Partnership Local Government Corporation (ATP)<br>203 Colorado Street<br>Austin, TX 78701 | ATP is a legally separate entity created in December 2020 by the City and the Capital Metropolitan Transportation Authority (Capital Metro) under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of ATP is to serve as the independent entity responsible for the implementation of the Project Connect System Plan (Project Connect). The implementation of Project Connect is comprised of the financing, design, engineering, and construction of a fixed rail and bus transit system, including customer technology, park and ride hubs, on-demand neighborhood circulators, and associated improvements to roadways, bikeways, sidewalks, and street lighting. Project Connect also includes transit-supportive anti-displacement strategies for the purpose of preventing displacement and encouraging transit-oriented affordable housing along Project Connect transit corridors. ATP's Board is jointly appointed by the City and Capital Metro. ATP is fiscally dependent on the City and in a relationship of financial benefit/burden with the City. Additionally, the nature of ATP's relationship with the City is of significance, and exclusion from the City's financial statements would be misleading. |
| Austin Travis County Sobriety Center Local Government Corporation (SCLGC)<br>700 Lavaca Street<br>Austin, TX 78701 | SCLGC is a non-profit local government corporation created by the City and Travis County under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of SCLGC is to operate a sobriety center located within the City of Austin and Travis County. The City Council and the County each appoint five members of the SCLGC board. The operations of the Sobriety Center are primarily funded by the City. The SCLGC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City. |
| Central Housing, LP (CHLP)<br>1000 E. 11th St., Suite 200<br>Austin, TX 78702 | CHLP is a Texas limited partnership for which AHFC Central Housing Non-Profit Corporation, a blended component unit of AHFC, can impose a financial benefit or burden as a 50% general partner. CHLP follows applicable FASB standards. For presentation purposes, certain transactions are reflected differently in these financial statements to conform to the GASB presentation of the City. |
| Cielo at North Domain, LP (CNDLP)<br>1000 E. 11th St., Suite 200<br>Austin, TX 78702 | CNDLP is a Texas limited partnership for which AHFC Cielo at North Domain Non-Profit Corporation, a blended component unit of AHFC, can impose a financial benefit or burden as a 50% general partner. CNDLP follows applicable FASB standards. For presentation purposes, certain transactions are reflected differently in these financial statements to conform to the GASB presentation of the City. |
| Hyde Park Housing, LP (HPHLP)<br>1000 E. 11th St., Suite 200<br>Austin, TX 78702 | HPHLP is a Texas limited partnership for which AHFC Hyde Park Non-Profit Corporation, a blended component unit of AHFC, can impose a financial benefit or burden as a 50% general partner. HPHLP follows applicable FASB standards. For presentation purposes, certain transactions are reflected differently in these financial statements to conform to the GASB presentation of the City. |
| Rally Austin (RA)<br>301 W. 2nd Street, Ste 2030<br>Austin, TX 78701 | Rally Austin, formerly the Austin Economic Development Corporation, is a legally separate entity created in October 2020 by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of RA is to engage in socially beneficial real estate and economic development within the City. City Council has appointed the entity's initial Board and maintains the ability to remove members of the Board. RA is fiscally dependent on the City and in a relationship of financial benefit/burden with the City. |
| Retreat at North Bluff, LP (RNBLP)<br>1000 E. 11th St., Suite 200<br>Austin, TX 78702 | RNBLP is a Texas limited partnership for which AHFC Retreat Non-Profit Corporation, a blended component unit of AHFC, can impose a financial benefit or burden as a 50% general partner. RNBLP follows applicable FASB standards. For presentation purposes, certain transactions are reflected differently in these financial statements to conform to the GASB presentation of the City. |

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### a. Reporting Entity, continued

| *Discretely Presented Component Units* | *Description of Activities, Relationship to City, and Key Inclusion Criteria* |
|---|---|
| Waller Creek Local Government Corporation (WCLGC)<br>124 W. 8th Street<br>Austin, TX 78701 | WCLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of WCLGC is implementing the financing, design, construction, maintenance and operation of certain public improvements located within or around the Waller Creek Redevelopment Project district. The WCLGC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City. There is no financial activity to report related to this component unit.<br>There is no financial activity to report related to this component unit. |

**Related Organizations** – The City Council appoints the voting majority of the board members, but the City has no significant financial accountability for the Austin Housing Authority. The Mayor appoints the persons to serve as commissioners of this organization; however, this entity is separate from the operating activities of the City.

The City of Austin retirement plans (described in Note 10) and the City of Austin Deferred Compensation Plan are not included in the City's reporting entity since the City does not exercise substantial control over these plans.

Related organizations are not included in the City's reporting entity.

### b. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all governmental and business-type activities of the primary government and its component units. Fiduciary activities are not included in the government-wide statements. Internal service fund asset, deferred outflow of resources, liability, and deferred inflow of resources balances that are not eliminated in the statement of net position are primarily reported in the governmental activities' column on the government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers.

The statement of activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Certain indirect costs are included in the program expenses of most business-type activities. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

The accounts of the City are organized on the basis of funds. The fund level statements focus on the governmental, proprietary, and fiduciary funds. Each fund was established to account for specific activities in accordance with applicable regulations, restrictions, or limitations. Major funds are determined by criteria specified by GAAP. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All other funds are aggregated into nonmajor governmental, nonmajor enterprise, or internal service fund groupings. A reconciliation of the fund financial statements to the government-wide statements is provided in the financial statements to explain the differences between the two different reporting approaches.

The City's fiduciary funds are presented in the fund financial statements by type (custodial). By definition, fiduciary fund assets are held for the benefit of a third party and cannot be used to address activities or obligations of the primary government; therefore, they are not included in the government-wide statements.

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (i.e. both measurable and available). Revenues, other than grants, are considered available when they are collectible within the current period or soon enough thereafter to liquidate liabilities of the current period (defined by the City as collected within 60 days of the end of the fiscal year). Revenues billed under a contractual agreement with another governmental entity, including federal and state grants, are recognized when billed or when all eligibility requirements of the provider have been met, and they are considered to be available if expected to be collected within one year. Expenditures generally are recorded when incurred. However, expenditures related to compensated absences and arbitrage are recorded when payment is due. Debt service expenditures are recognized when payment is due. The reported fund balance of governmental funds is considered a measure of available spendable resources.

Property taxes, sales taxes, franchise taxes, hotel occupancy taxes, vehicle rental taxes, municipal court fines, public health charges, emergency medical service charges, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, to the extent they are considered available, have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available in the fiscal period the City receives cash.

Governmental Funds: Consist of the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

The City reports the following major governmental fund:

General Fund: The primary operating fund of the City. It is used to account for all financial resources that are not required to be accounted for in another fund. It includes the following activities: general government; public safety; public health; public recreation and culture; and urban growth management.

In addition, the City reports the following nonmajor governmental funds:

Special Revenue Funds: Account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds: Account for and report financial resources, and the accumulation of those financial resources, that are restricted to expenditures for principal and interest of general long-term debt and HUD Section 108 loans.

Capital Projects Funds: Account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those reported within proprietary funds). It is primarily funded by general obligation debt, other tax supported debt, property owners' participation and contributions, interest income, and other intergovernmental revenues. A 1981 ordinance requires the establishment of a separate fund for each bond proposition approved in each bond election.

Permanent Funds: Account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Proprietary Funds: Consist of enterprise funds and internal service funds. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations, such as providing electric or water-wastewater services. Other revenues or expenses are nonoperating items.

Enterprise Funds: Account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

The City reports the following major enterprise funds:

Austin Energy™: Accounts for the activities of the City-owned electric utility.

Austin Water: Accounts for the activities of the City-owned water and wastewater utility.

Airport: Accounts for the operations of the Austin-Bergstrom International Airport.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

The City reports the following nonmajor business-type activities in Exhibit A-2:

Convention: Accounts for convention center and public event activities.

Environmental and health services: Accounts for solid waste services activities.

Public recreation: Accounts for golf activities.

Urban growth management: Accounts for development, drainage, and transportation activities.

Internal Service Funds: Account for the financing of goods or services provided by one City department or agency to other City departments or to other governmental units on a cost-reimbursement basis. These activities include, but are not limited to, capital projects management, combined emergency center operations, employee health benefits, fleet services, information and technology services, liability reserve (City-wide self-insurance) services, support services, wireless communication services, and workers' compensation coverage.

Fiduciary Funds: Account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governments:

Custodial Funds: Account for assets held by the City as an agent for individuals, private organizations, and other governmental units. Municipal Court service fees and unclaimed property make up the majority of assets accounted for in these funds.

### d. Budget

The City Manager is required by the City Charter to present proposed operating and capital budgets to the City Council at least 30 days prior to October 1st, the beginning of the City's fiscal year. In addition, the City of Austin Charter mandates that a budget be adopted no later than September 27th for the next fiscal year. During the final adoption process, the City Council passes an appropriation ordinance and a tax-levying ordinance.

Annual budgets are legally adopted for the General Fund, certain special revenue funds, and debt service funds. The following types of special revenue funds do not have a legally adopted budget: funds whose revenue source is primarily donations or contributions from the public; funds used to account for escrow or performance deposits; funds controlled by another legal entity; and funds used to account for the repayment of certain loans. In addition, the City does not legally adopt an annual budget for the AHPFC. Annual budgets are also adopted for enterprise and internal service funds, although they are not legally required. Multi-year budgets are adopted for capital projects, AHFC, and grant funds, where appropriations remain authorized for the life of the projects, irrespective of fiscal year. Expenditures are appropriated on a modified accrual basis, except that commitments related to purchase orders are treated as expenditures in the year of commitment. Certain employee training and other fund-level expenditures are budgeted as general city responsibilities.

Formal budgetary control is employed during the year at the fund and department level as a management control device for annual budgeted funds.

Budgets are modified throughout the year. The City Manager is authorized to transfer appropriation balances within a department of the City. The City Council approves amendments to the budget and transfers of appropriations from one department to another. The original and final budgets for the General Fund are reported in the required supplementary information. Unencumbered appropriations for annual budgets lapse at fiscal year end.

### e. Financial Statement Elements

**Pooled Investments and Cash** – Cash balances of all City funds (except for certain funds shown in Note 3 as having non-pooled investments) are pooled and invested. Interest earned on investments purchased with pooled cash is allocated monthly to each participating fund based upon the fund's average daily balance. Funds that carry a negative balance in pooled cash and investments are not allocated interest earnings nor charged interest expense.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e. Financial Statement Elements, continued

**Investments** – Investments can be reported at either fair value or amortized cost. Realized gains or losses resulting from the sale of investments are determined by the specific cost of the securities sold. The City carries all of its investments in U.S. government and agency debt securities at fair value and money market mutual funds at amortized cost. Investments in local government investment pools are carried at either net asset value (NAV) or at amortized cost.

**Accounts Receivable –** Balances of accounts receivable, reported on the government-wide statement of net position, are aggregations of different components such as charges for services, fines, and balances due from taxpayers or other governments. To assist the reader, the following information has been provided regarding significant components of receivable balances as of September 30, 2025 (in thousands):

| Governmental activities | General Fund | Nonmajor Governmental Funds | Internal Service Funds | Total |
|---|---|---|---|---|
| Charges for services | $ 478,906 | 1,072 | 2,826 | 482,804 |
| Fines | 10,669 | - | - | 10,669 |
| Taxes | 66,822 | 37,903 | - | 104,725 |
| Other governments | - | 1,509 | - | 1,509 |
| Other | 98 | 11,690 | - | 11,788 |
| Allowance for doubtful accounts | (456,464) | (4,154) | (381) | (460,999) |
| Total | $ 100,031 | 48,020 | 2,445 | 150,496 |

Receivables reported in business-type activities are primarily comprised of charges for services.

| Business-type activities | Austin Energy | Austin Water | Airport | Nonmajor Enterprise | Total |
|---|---|---|---|---|---|
| Accounts receivable | $ 205,328 | 88,179 | 22,989 | 43,682 | 360,178 |
| Allowance for doubtful accounts | (32,511) | (3,090) | (2,005) | (4,566) | (42,172) |
| Total | $ 172,817 | 85,089 | 20,984 | 39,116 | 318,006 |

**Elimination of Internal Activities** – The elimination of internal service fund activity is needed in order to eliminate duplicate activity in making the transition from the fund level financial statements to the government-wide financial statements. In addition, the elimination of internal service fund activity requires the City to "look back" and adjust the internal service funds' internal charges. A positive change in net position derived from internal service fund activity results in a pro-rata reduction in the charges made to the participatory funds. A deficit change in net position of internal service funds requires a pro-rata increase in the amounts charged to the participatory funds.

**Internal Balances** – In the government-wide statement of net position, internal balances are the receivables and payables between the governmental and business-type activities.

**Interfund Receivables and Payables** – During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund-level statements when they are expected to be liquidated within one year. If receivables or payables are not expected to be liquidated within one year, they are classified as "advances to other funds" or "advances from other funds".

**Inventories** – Inventories are valued at cost using the average cost valuation method. Inventories for all funds are accounted for using the consumption method and expenditures are recorded when issued.

**Prepaid Items** – Prepaid items are payments made to vendors for services that will benefit periods beyond September 30, 2025. Prepaid items are recorded using the consumption method.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e. Financial Statement Elements, continued

**Public-Private Partnership Arrangements** – Public-private and public-public partnerships, collectively referred to as PPPs, are arrangements in which a government (the transferor) contracts with an operator to provide public services by conveying the control of the right to operate a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. A service concession arrangement (SCA) is a PPP in which the transferor conveys the use of a capital asset to an operator in exchange for significant consideration; where the operator is compensated by third parties; where the City determines what services are provided, to whom and for what price; and where the City retains a significant residual interest in the service utility of the asset after the SCA terminates.

PPP guidance generally requires the City to continue to report existing PPP assets as a capital asset; however, if the underlying asset is a new asset constructed by the operator, and does not meet the definition of a SCA, the City will recognize a receivable based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership from the operator. If the asset becomes the City's property when placed in service, it is classified as a capital asset. Additionally, a receivable, equal to the net present value of any future installment payments is recorded when the arrangement commences. A deferred inflow of resources is recognized as the sum of the receivables and is recorded concurrently with the recognition of the related assets.

**Leases** – Leases are defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus any applicable periods covered by any renewal options that are reasonably certain to be exercised, or options to terminate that are not reasonably certain to be exercised. Contracts that transfer ownership of the underlying asset are recognized as financed purchases in the financial statements. Leases that have a maximum term of less than 12 months are considered short-term leases. Short-term lease payments are recognized in the period of payment.

As a lessor, the City recognizes a lease receivable and a deferred inflow of resources. At the commencement of a lease, the lease receivable is recorded at the net present value of the future fixed lease payments, discounted at either the explicit interest rate in the agreement or the City's incremental borrowing rate at lease inception. The deferred inflow of resources is recognized as inflows (revenue) on a straight-line basis over the term of the lease.

As a lessee, the City recognizes a lease payable and an intangible right-to-use lease asset. At the commencement of a lease, the lease payable is recorded at the net present value of the future fixed lease payments, discounted at either the explicit interest rate in the agreement or the City's incremental borrowing rate at lease inception. The right-to-use asset is initially recorded at the amount of the lease liability plus any prepayments less lease incentives received prior to lease commencement. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

**Subscription-Based Information Technology Arrangements (SBITA)** – SBITAs are defined as contracts that convey control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term is the period during which the City has a noncancellable right to use the underlying IT asset, plus any applicable periods covered by options to extend that are reasonably certain to be exercised, or options to terminate that are reasonably certain to not be exercised. The subscription term commences when the initial implementation stage is completed, and the subscription asset is placed into service. At commencement, the City recognizes a subscription liability and an intangible right-to-use subscription asset. The right-to-use asset is amortized on a straight-line basis over the term of the subscription arrangement.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e. Financial Statement Elements, continued

**Restricted Assets** – Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Since Austin Energy reports in accordance with accounting for regulated operations, enabling legislation also includes restrictions on asset use established by its governing board which is the City Council. Restricted assets used to repay maturing debt and other current liabilities are classified as current.

The balances of restricted assets are as follows (in thousands):

| | | Business-Type Activities | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Austin Energy | Austin Water | Airport | Nonmajor Enterprise | Total Restricted Assets |
| Capital projects | $ 21,047 | 34,180 | 63,160 | 217,289 | 102,003 | 437,679 |
| Customer and escrow deposits | 5,523(1) | 112,459 | 10,559 | 1,010 | 6,531 | 136,082 |
| Debt service | 35,786 | 96,460 | 91,344 | 61,339 | 8,957 | 293,886 |
| Federal receivables | - | 905 | - | 13,228 | 1,599 | 15,732 |
| Housing activities | 12,284 | - | - | - | - | 12,284 |
| Operating reserve account | - | - | 70,688 | 33,123 | 13,858 | 117,669 |
| Passenger facility charge account | - | - | - | 149,537 | - | 149,537 |
| Perpetual care | 1,071 | - | - | - | - | 1,071 |
| Plant decommissioning | - | 355,494 | - | - | - | 355,494 |
| Public health activities | 3,803 | - | - | - | - | 3,803 |
| Public safety activities | 9,859 | - | - | - | - | 9,859 |
| Capital reserve | - | 78,284 | - | 10,000 | 1,692 | 89,976 |
| Revenue bond reserve | - | 11,410 | 28,098 | 82,177 | 10,299 | 131,984 |
| Revolving loan reserve | - | 4,595 | - | - | - | 4,595 |
| Contingency reserve | - | 149,354 | - | - | - | 149,354 |
| Power supply stabilization reserve | - | 149,072 | - | - | - | 149,072 |
| Tourism | 1,241 | - | - | - | - | 1,241 |
| Urban growth programs | 18,223 | - | - | - | - | 18,223 |
| Other purposes | 7,951 | 195 | - | - | - | 8,146 |
| Total | $ 116,788 | 992,408 | 263,849 | 567,703 | 144,939 | 2,085,687 |

(1) Cash deficits in special revenue and capital projects funds resulting from pending reimbursements and bond proceeds were temporarily borrowed from the Fiscal Surety - Land Development Fund, which is reported as a special revenue fund. As a result, the restricted cash balance for customer and escrow deposits is less than the corresponding reported liability.

**Capital Assets** – Capital assets, which primarily include land and improvements, buildings and improvements, plant and equipment, vehicles, water rights, lease right-to-use, IT subscription, and infrastructure assets, are reported in the proprietary funds and the applicable governmental or business-type activity columns of the government-wide statement of net position; related depreciation or amortization is allocated to programs in the statement of activities. Capital assets are defined as assets with an initial individual cost of $5,000 or more and an estimated useful life of greater than one year. The City capitalizes groups of similar assets purchased together if their total cost exceeds $250,000, even if individual items are below the $5,000 threshold. Assets purchased, internally generated, or constructed are capitalized at historical cost. Contributed or annexed capital assets are recorded at estimated fair value at the time received. Donated capital assets and assets received in service concession arrangements are reported at estimated acquisition value on the date of receipt. Capital outlay is recorded as an expenditure in the General Fund and other governmental funds and as an asset in the government-wide financial statements and proprietary funds. Maintenance and repairs are charged to operations as incurred. Improvements and betterments that extend the useful lives of capital assets or increase their value are capitalized in the government-wide and proprietary statement of net position and expended in governmental funds.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e. Financial Statement Elements, continued

The City obtains public domain capital assets (infrastructure) through capital improvement projects (CIP) construction or through annexation or developer contribution. Infrastructure assets include streets and roads, bridges, pedestrian facilities, drainage systems, and traffic signal systems acquired after September 30, 1980.

Capital assets, except for nuclear fuel, are depreciated or amortized using the straight-line method over the following estimated useful lives (in years):

| | | Business-type Activities | | | |
|---|---|---|---|---|---|
| **Assets** | **Governmental Activities** | **Austin Energy** | **Austin Water** | **Airport** | **Nonmajor Enterprise** |
| Buildings and improvements | 5-40 | - | 15-50 | 15-40 | 12-40 |
| Plant and equipment | 5-50 | - | 5-60 | 4-50 | 5-40 |
| Vehicles | 3-20 | 4-15 | 3-20 | 3-20 | 3-30 |
| Electric plant | - | 4-60 | - | - | - |
| Non-electric plant | - | 7-40 | - | - | - |
| Communication equipment | 7-15 | - | 7 | 7 | 7 |
| Furniture and fixtures | 12 | - | 12 | 12 | 12 |
| Computers and EDP equipment | 3-7 | - | 3-7 | 3-7 | 3-7 |
| Nuclear fuel (1) | - | Other | - | - | - |
| Water rights | - | - | 101 | - | - |
| Infrastructure | | | | | |
| Streets and roads | 30 | - | - | - | - |
| Bridges | 50 | - | - | - | - |
| Drainage systems | 50 | - | - | - | - |
| Pedestrian facilities | 20 | - | - | - | - |
| Traffic signals | 25 | - | - | - | - |

(1) Nuclear fuel is amortized over units of production

Depreciation of assets is classified by functional component. The City considers land, arts and treasures, and library collections to be inexhaustible; therefore, these assets are reported as nondepreciable. The true value of arts and treasures is expected to be maintained over time and, thus, is not depreciated. The initial investment of library collections for each library is capitalized. All subsequent expenditures related to the maintenance of the collection (replacement of individual items) are expensed, with the overall value of the collection being maintained, and therefore, not depreciated.

In the government-wide and proprietary fund statements, the City recognizes a gain or loss on the disposal of assets when it retires or otherwise disposes of capital assets.

Water rights represent the amortized cost of a $100 million contract, net of accumulated amortization of $25.7 million, between the City and the Lower Colorado River Authority (LCRA) for a fifty-one year assured water supply agreement, with an option to extend another fifty years. The City and the LCRA entered into the contract in 1999. The asset amortization period is 101.25 years.

Intangible right-to-use lease assets and IT subscription assets are amortized on a straight-line basis over the applicable lease or IT subscription term.

**Regulatory Assets** – In accordance with accounting for regulated operations, certain utility expenses are recorded as assets and amortized over future periods if they are intended to be recovered through future rates. These expenses include unrealized loss on investments, debt issuance costs, pension, other postemployment benefits, decommissioning and pass-through rates, such as the Power Supply Adjustment, Community Benefit Charge, and Regulatory Charge. Regulatory Assets will be recovered in future periods by setting rates sufficient to provide funds for the requirements. If regulatory assets are not recoverable in future rates, the regulatory asset will be subject to write off. Retail deregulation of electric rates in the future may affect the City's current accounting treatment of its electric utility revenues and expenses.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e. Financial Statement Elements, continued

**Other Assets** – Other assets include amounts deposited in pre-closing escrow accounts and payments made as part of advance funding agreements for Austin Water and governmental activities construction projects. In addition, the City records its receivables from Public-Private Partnerships (PPPs), as well as unexercised trade-in credits as other assets.

**Deferred Outflows (Inflows) of Resources** – Deferred outflows of resources represent a consumption of net assets that applies to future periods. Deferred outflows have a positive effect on net position, similar to assets. Deferred inflows of resources represent an acquisition of net assets that applies to future periods, similar to liabilities.

The following chart reflects the activities included in deferred outflows and inflows (in thousands).

| | Deferred Outflows | | Deferred Inflows | |
|---|---|---|---|---|
| Funds | Governmental Activities | Business-type Activities | Governmental Activities | Business-type Activities |
| **Asset Retirement Obligations (ARO) –** When an ARO is recognized, a corresponding deferred outflow of resources is recognized and amortized over the remaining life of the corresponding tangible asset. Deferred outflows only. | | | | |
| Governmental Activities | $ 576 | - | - | - |
| Austin Energy | - | 177,288 | - | - |
| Austin Water | - | 964 | - | - |
| **Derivative Instruments –** Derivative instruments are reported in the statement of net position at fair value. Changes in fair value of hedging derivative instruments are recognized through the application of hedge accounting as either deferred outflows or inflows in the statement of net position, as an offset to the related hedging derivative instrument. Can be deferred outflows or inflows. | | | | |
| Austin Energy | - | 890 | - | 1,404 |
| Nonmajor Enterprise | - | 754 | - | - |
| **Excess consideration –** When a government acquires another entity in exchange for significant consideration, the amount of consideration that exceeds the net position acquired should be reported as a deferred outflow of resources and amortized over future periods. | | | | |
| Austin Energy | - | 1,360 | - | - |
| **Gain/loss on debt refundings –** When debt is refunded, the associated gains (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods. Can be deferred outflows or inflows. | | | | |
| Governmental Activities | 3,685 | - | 5,407 | - |
| Austin Energy | - | 4,365 | - | 12,744 |
| Austin Water | - | 19,728 | - | 15,739 |
| Airport | - | 483 | - | - |
| Nonmajor Enterprise | - | 2,815 | - | 460 |
| **Leases –** The resources related to the lease arrangements that will be recognized as revenue in future years over the terms of leases between the City and the operators are reported as deferred inflows of resources. | | | | |
| Governmental Activities | - | - | 78,358 | - |
| Austin Water | - | - | - | 1,338 |
| Airport | - | - | - | 150,174 |
| Nonmajor Enterprise | - | - | - | 2,832 |

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

## e. Financial Statement Elements, continued

| Funds | Deferred Outflows Governmental Activities | Deferred Outflows Business-type Activities | Deferred Inflows Governmental Activities | Deferred Inflows Business-type Activities |
|---|---|---|---|---|
| **Other postemployment benefits –** Changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds) may be treated as either deferred outflows or inflows. City benefit payments made between the measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows. Can be deferred outflows or inflows. | | | | |
| Governmental Activities | 489,008 | - | 625,586 | - |
| Austin Energy | - | 97,313 | - | 133,316 |
| Austin Water | - | 75,703 | - | 88,779 |
| Airport | - | 47,555 | - | 48,905 |
| Nonmajor Enterprise | - | 161,812 | - | 194,478 |
| **Pensions –** Differences between estimated and actual investment earnings, changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds), may be treated as either deferred outflows or inflows. Contributions made to the pension systems between the Plans' measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows. Can be deferred outflows or inflows. | | | | |
| Governmental Activities | 924,595 | - | 603,749 | - |
| Austin Energy | - | 125,945 | - | 91,522 |
| Austin Water | - | 77,278 | - | 44,162 |
| Airport | - | 48,226 | - | 18,885 |
| Nonmajor Enterprise | - | 147,132 | - | 89,945 |
| **Public-Private Partnership Arrangements –** The resources related to the public-private partnership arrangements that will be recognized as revenue in future years over the terms of arrangements between the City and the operators are reported as deferred inflows of resources. | | | | |
| Governmental Activities | - | - | 164,794 | - |
| Airport | - | - | - | 197,242 |
| Nonmajor Enterprise | - | - | - | 948 |
| **Regulated operations –** In accordance with accounting for regulated operations, certain credits to income are held as deferred inflows of resources until the anticipated matched charge is incurred. These credits include unrealized gain on investments, contributions, decommissioning, and pass-through rates. | | | | |
| Austin Energy | - | - | - | 765,842 |
| **Total** | $ 1,417,864 | $ 989,611 | $ 1,477,894 | $ 1,858,715 |
| **Totals by Fund** | | | | |
| Governmental Activities | 1,417,864 | - | 1,477,894 | - |
| Austin Energy | - | 407,161 | - | 1,004,828 |
| Austin Water | - | 173,673 | - | 150,018 |
| Airport | - | 96,264 | - | 415,206 |
| Nonmajor Enterprise | - | 312,513 | - | 288,663 |
| **Grand Total** | $ 1,417,864 | 989,611 | 1,477,894 | 1,858,715 |

The governmental funds' statements include amounts recognized as deferred inflows of resources as a result of property taxes, other taxes, and certain revenues $(48.9) million that are not available to liquidate current liabilities in the funds. These amounts will be recognized in the period these amounts become available.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e. Financial Statement Elements, continued

**Compensated absences** – The City implemented GASB Statement No. 101, Compensated Absences, in fiscal year 2025 and records a liability for compensated absences based on leave earned by employees, including vacation, sick leave, and other accrued leave that is more likely than not to be used or paid. Employees accrue leave throughout their employment in accordance with City policies and labor agreements. The liability is estimated using a last-in, first-out LIFO approach, which assumes that the most recently earned leave will be used or paid before earlier balances. This estimate incorporates current pay rates by employee classification, historical usage patterns, and applicable personnel policies, resulting in a liability that reflects the City's expected obligation for compensated absences. See Note 21.

Accumulated leave payouts are limited to the lower of actual accumulated hours or the hours listed below:

| | Workweek | Non-Sworn Employees (1) | Sworn Police (2) | Sworn Fire (3) | Sworn EMS (4) |
|---|---|---|---|---|---|
| Vacation | 0-40 | 240 | 240 | 240 | 240 |
| | 42 | N/A | N/A | N/A | 240 |
| | 48 | N/A | N/A | N/A | 240 |
| | 53 | N/A | N/A | 360 | N/A |
| Exception vacation (5) | 0-40 | 160 (7) | 160 (7) | 176 | 160 |
| | 42 | N/A | N/A | N/A | 160 |
| | 48 | N/A | N/A | N/A | 160 |
| | 53 | N/A | N/A | 264 | N/A |
| Sick leave | 0-40 | 720 | 900 | 720 | 1080 |
| | 42 | N/A | N/A | N/A | 1080 |
| | 48 | N/A | N/A | N/A | 1080 |
| | 53 | N/A | N/A | 1,080 | N/A |
| Compensatory time (6) | | 120 (7) | 120 (7) | 120 | 120 |

(1) Non-sworn employees are eligible for accumulated sick leave payout if hired before October 1, 1986.
(2) Sworn officers hired before October 29, 2024 are eligible to receive up to 1,400 hours of sick leave payout with 16 years of City of Austin service, sworn officers hired on or after that date are eligible to receive up to 900 hours of sick leave payout with 16 years of service with the Austin Police. As of March 8, 2023, sworn Police employees may be eligible to receive up to 1,700 hours of sick leave if certain criteria are met.
(3) Sworn fire employees are eligible for accumulated sick leave payout regardless of hire date.
(4) Sworn EMS employees with 12 years of actual service are eligible for accumulated sick leave payout if certain criteria are met.
(5) Exception vacation hours are hours accumulated by an employee when the employee works on a City holiday.
(6) Employees may earn compensatory time in lieu of paid overtime; maximum payout is 120 hours for all employees.
(7) As of May 1, 2025, departments that elect to do so may pay out leave balances at the end of the fiscal year or upon a status change. Beginning October 1, 2026, all departments will be required to process leave balance payouts under this policy.

**Other Postemployment Benefits (OPEB)** – The City provides certain health care benefits for its retired employees and their families as more fully described in Note 11. At September 30, 2025, the City's total OPEB liability for these retiree benefits was approximately $1.3 billion. The City funds the costs of these benefits on a pay-as-you-go basis.

**Long-Term Debt** – The debt service for general obligation bonds and other general obligation debt (including loans), issued to fund general government capital projects, is paid from tax revenues, interfund transfers, and intergovernmental revenues. Such general obligation debt is reported in the government-wide statements under governmental activities.

The debt service for general obligation bonds and other general obligation debt issued to finance proprietary fund capital projects is normally paid from net revenues of the applicable proprietary fund, although such debt will be repaid from tax revenues if necessary. Such general obligation debt is shown as a specific liability of the applicable proprietary fund, which is appropriate under GAAP and in view of the expectation that the proprietary fund will provide resources to service the debt.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e. Financial Statement Elements, continued

Revenue bonds issued to finance capital projects of certain enterprise funds are to be repaid from select revenues of these funds. Note 9 contains more information about pledged revenues by fund. The corresponding debt is recorded in the applicable fund.

The City has certain contractual commitments with several municipal utility districts (MUDs) for the construction of additions and improvements to the City's water and wastewater system that serve the MUDs and surrounding areas. These additions and improvements are funded by other tax supported debt, whose principal and interest are payable primarily from the net revenues of Austin Water.

For proprietary funds and for governmental activities in the government-wide financial statements, the City defers and amortizes gains and losses realized on refundings of debt and reports both the new debt as a liability and the related deferred loss (gain) amount as deferred outflows (or deferred inflows) of resources on the statement of net position. Austin Energy recognizes gains and losses on debt in accordance with accounting for regulated operations.

**Landfill Closure and Postclosure Care Costs** – Municipal solid waste landfill costs and the liability for landfill closure and postclosure costs are reported in Austin Resource Recovery, a nonmajor enterprise fund.

**Asset Retirement Obligations (AROs)** – Austin Energy is reporting AROs related to the South Texas Project and the Fayette Power Project, Austin Water is reporting AROs related to wastewater treatment plants, and Fleet is reporting AROs related to petroleum underground storage tanks.

**Other Liabilities** – Other liabilities includes Austin Energy's ownership portion of the South Texas Project net pension liability and other postemployment benefits liability. Arbitrage liability is also included in Other liabilities.

**Operating Revenues –** Revenues are recorded net of allowances, including bad debt, in the government-wide and proprietary fund-level statements. The funds listed below report revenues net of bad debt expense. The associated bad debt expense is as follows (in thousands):

| | Bad Debt Expense |
|---|---|
| Austin Energy | $ 9,611 |
| Austin Water | 1,536 |
| Nonmajor Enterprise | 3,221 |

Electric, water, and wastewater revenue is recorded when earned. Customers' electric and water meters are read, and bills rendered on a cycle basis by billing district. Electric rate schedules include pass-through rates that permit recovery of costs in the month incurred or in future months. The City reports pass-through costs on the same basis as it recognizes revenue. Unbilled revenue is recorded for Austin Energy by estimating the daily net load and allocating by each billing district meter read dates as of September 30, 2025. The amount of unbilled revenue reported in accounts receivable as of September 30, 2025 was $45.9 million. Austin Water records unbilled revenue as earned based upon the percentage of October's billing that represented water usage through September 30, 2025. The amount of unbilled revenue reported in accounts receivable as of September 30, 2025 was $24.7 million for water and $20.4 million for wastewater.

Revenues are also recorded net of discounts in the government-wide and proprietary fund-level statements. Discounts are offered as incentives geared towards generating additional revenue in the form of new or expanded business, or to encourage events with a significant economic impact, as well as expedient event planning. The funds listed below report revenues net of discounts. The associated discounts are as follows (in thousands):

| | Discounts |
|---|---|
| Airport | $ 449 |
| Nonmajor Enterprise | 3,953 |

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e. Financial Statement Elements, continued

**Interfund Revenues, Expenses, and Transfers** – Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved, such as billing for utility services. Transactions between funds that constitute reimbursements for expenditures or expenses are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Transfers between funds are reported in the operations of governmental and proprietary funds. In the government-wide statement of activities, the effect of interfund activity has generally been removed from the statements. Exceptions include the chargeback of services, such as utilities or vehicle maintenance, and charges for central administrative costs. Elimination of these charges would distort the direct costs and program revenues of the various functions reported. The City recovers indirect costs that are incurred in the Support Services fund, which is reported as an internal service fund. Indirect costs are calculated in a citywide cost allocation plan or through indirect cost rates, which are based on the cost allocation plan.

**Intergovernmental Revenues, Receivables, and Liabilities** – Intergovernmental revenues and related receivables arise primarily through funding received from Federal and State grants. Revenues are earned through expenditure of money for grant purposes. Intergovernmental liabilities arise primarily from funds held in an agency capacity for other local governmental units.

**Federal and State Grants, Entitlements, and Shared Revenues** – Grants, entitlements, and shared revenues may be accounted for within any City fund. The purpose and requirements of each grant, entitlement, or shared revenue are analyzed to determine the appropriate fund statement and revenue category in which to report the related transactions. Grants, entitlements, and shared revenues received for activities normally recorded in a particular fund may be accounted for in that fund, provided that applicable legal restrictions can be satisfied.

Revenues received for activities normally accounted for within the nonmajor governmental fund groupings include: Federal grant funds, State grant funds, and other special revenue grant funds. Capital grants restricted for capital acquisitions or construction, other than those associated with proprietary type funds, are accounted for in the applicable capital projects funds. Revenues received for operating activities of proprietary funds or revenues that may be used for either operations or capital expenses are recognized in the applicable proprietary fund.

**Fund Equity** – Fund balances for governmental funds are reported in classifications that demonstrate the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The governmental fund type classifications are as follows:

Nonspendable: The portion of fund balance that cannot be spent because it is either (a) not in spendable form, such as inventories and prepaid items, or (b) legally or contractually required to be maintained intact.

Restricted: The portion of fund balance that is restricted to specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitution provisions or enabling legislation.

Committed: The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by an ordinance, the highest-level action taken, adopted by the City Council. An equal action (ordinance) must be enacted to rescind the commitment. The City Council is the highest level of decision-making authority.

Assigned: The portion of fund balance that is constrained by the City's intent to use for specific purposes but are neither restricted nor committed. Under the City charter, the City Manager is authorized to assign individual amounts up to $76,000 in fiscal year 2025 to a specific purpose. This amount is reviewed annually and subject to be updated based on the most recently published federal government, Bureau of Labor Statistics Indicator, Consumer Price Index (CPI-W U.S. City Average) U.S. City Average.

Unassigned: The portion of fund balance that is not restricted, committed, or assigned to specific purposes; only the General Fund reports a positive unassigned fund balance.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e. Financial Statement Elements, continued

The constraints placed on the fund balances of the General Fund and the nonmajor governmental funds are presented below (in thousands):

| | General Fund | Nonmajor Governmental Special Revenue | Debt Service | Capital Projects | Permanent | Total |
|---|---|---|---|---|---|---|
| **Nonspendable** | | | | | | |
| Prepaid items | $ 2,706 | - | - | 1,469 | - | 4,175 |
| Permanent funds | - | - | - | - | 1,070 | 1,070 |
| Total Nonspendable | 2,706 | - | - | 1,469 | 1,070 | 5,245 |
| **Restricted** | | | | | | |
| Municipal court services | - | 745 | - | - | - | 745 |
| General government services | - | 21 | - | - | - | 21 |
| Fire special purpose | - | 67 | - | - | - | 67 |
| Police special purpose | - | 9,790 | - | - | - | 9,790 |
| Transportation, planning, and sustainability | - | 1,208 | - | - | - | 1,208 |
| Public health services | - | 3,795 | - | - | - | 3,795 |
| Library services | - | 5,729 | - | - | 1 | 5,730 |
| Parks services | - | 852 | - | - | - | 852 |
| Tourism programs | - | 108,180 | - | - | - | 108,180 |
| Affordable housing programs | - | 99,327 | - | - | - | 99,327 |
| Urban growth programs | - | 29,025 | - | - | - | 29,025 |
| Capital construction | - | - | - | 125,272 | - | 125,272 |
| Debt service | - | - | 35,100 | - | - | 35,100 |
| Total Restricted | - | 258,739 | 35,100 | 125,272 | 1 | 419,112 |
| **Committed** | | | | | | |
| Urban growth programs | - | 155,086 | - | - | - | 155,086 |
| Total Committed | - | 155,086 | - | - | - | 155,086 |
| **Assigned** | | | | | | |
| Municipal court services | 3,050 | - | - | - | - | 3,050 |
| EMS activities | 617 | - | - | - | - | 617 |
| Fire activities | 312 | - | - | - | - | 312 |
| Police activities | 5,927 | - | - | - | - | 5,927 |
| Public health services | 28,630 | - | - | - | - | 28,630 |
| Library services | 2,176 | - | - | - | - | 2,176 |
| Parks services | 2,636 | - | - | - | - | 2,636 |
| Tourism programs | - | 3 | - | - | - | 3 |
| Affordable housing programs | 573 | 2,583 | - | - | - | 3,156 |
| Urban growth programs | 167,111 | 1,973 | - | - | - | 169,084 |
| Capital construction | 58 | - | - | 211,192 | - | 211,250 |
| Total Assigned | 211,090 | 4,559 | - | 211,192 | - | 426,841 |
| **Unassigned** | 192,102 | (18,217) | - | (801,908) | - | (628,023) |
| **Total Fund Balance** | $ 405,898 | 400,167 | 35,100 | (463,975) | 1,071 | 378,261 |

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e. Financial Statement Elements, continued

**Restricted resources** – If both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and unrestricted resources as needed. In governmental funds, unrestricted resources would be utilized in order from committed to assigned and finally unassigned.

**Budgetary Reserve Funds** – By formal action of City Council, the General Fund maintains two reserve funds; a budget stabilization reserve and an emergency reserve fund. These reserves are part of unassigned fund balance for the General Fund. As of September 30, 2025, the budget stabilization reserve reports a balance of $112.2 million, the emergency reserve maintains a balance of ten percent of total General Fund requirements, or $142.6 million. The funds in the budget stabilization reserve may be appropriated to fund capital or other one-time costs if the reserve exceeds 7% of total General Fund requirements, but such appropriation should not exceed one-third of the total amount in the reserve.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, the City considers cash and cash equivalents to be currency on hand, cash held by trustee, demand deposits with banks, and all amounts included in local government investment pools (LGIPs) and cash accounts. The City considers the LGIPs to be highly liquid, similar to a money market mutual fund.

**Pensions** – For purposes of measuring the net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's three pension plans and additions to/deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability, pension expenses, and long-term deferrals are allocated to funds based on actual contributions by fund during the corresponding measurement period with the exception of the internal service funds, which are presented in governmental activities in the government-wide statements (see Note 10).

**Risk Management** – The City is exposed to employee-related risks for health benefits and workers' compensation, as well as to various risks of loss related to torts; theft of, damage to, or destruction of assets; fraud; and natural disasters. The City is self-insured for legal liabilities, workers' compensation claims, and employee health benefits, but the City does purchase stop-loss insurance for the City's PPO, HMO, and CDHP plans.

The City does not participate in a risk pool but purchases commercial insurance coverage for property loss or damage, commercial crime, fidelity bonds, airport operations, and contractors working at selected capital improvement project sites (see Note 17).

Austin Energy has established an energy risk management program. This program was authorized by City Council and led by the risk oversight committee. Under this program, Austin Energy enters into futures contracts, options, and swaps to reduce exposure to natural gas and energy price fluctuations. For additional details see Note 12.

### f. COVID-19 Response Funding

**American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Fund (SLFRF)** – The City was allocated and received $188.5 million in federal funding from SLFRF administered by the US Department of the Treasury. Through the end of the fiscal year, the City expended $172 million. The City obligated all of the $188.5 million by December 31, 2024. SLFRF will provide relief services and assistance to Austin residents, creatives, non-profits, and businesses to address the needs created by this public health emergency.

### g. Comparative Data

Governments are required to present comparative data only in connection with Management's Discussion and Analysis (MD&A). Comparative data has been utilized within the MD&A to help readers more fully understand the City's financial statements for the current period.

### h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## 2. POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund at September 30, 2025 (in thousands):

| | Pooled Investments and Cash | |
|---|---|---|
| | Unrestricted | Restricted |
| General Fund | $ 169,452 | - |
| Nonmajor governmental funds | 90,313 | - |
| Austin Energy | 345,872 | 190,759 |
| Austin Water | 299,511 | 112,550 |
| Airport | 438,545 | 404,330 |
| Nonmajor enterprise funds | 572,916 | 104,992 |
| Internal service funds | 237,816 | 7,222 |
| Fiduciary funds | 2,977 | - |
| Subtotal pooled investments and cash | 2,157,402 | 819,853 |
| Total pooled investments and cash | $ 2,977,255 | |

## 3. INVESTMENTS AND DEPOSITS

### a. Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the City to invest its funds under a written investment policy (the “Investment Policy”) that primarily emphasizes safety of principal and liquidity; addresses investment diversification, yield, and maturity; and addresses the quality and capability of investment personnel. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code.

The City’s deposits and investments are invested pursuant to the Investment Policy, which is approved annually by the City Council. The Investment Policy includes a list of authorized investment instruments, a maximum allowable stated maturity of any individual investment, and the maximum average dollar weighted maturity allowed for pooled fund groups. In addition, it includes an “Investment Strategy Statement” that specifically addresses each fund’s investment options and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification, and yield. Additionally, the soundness of financial institutions in which the City will deposit funds is addressed.

The City Treasurer submits an investment report each quarter to the Investment committee. Members of the Investment Committee include the Director of Austin Financial Services (as chair), the City Treasurer (as vice chair), Deputy Treasurer over Investment Management, Division Chief over Debt Management, representation from Accounting and Financial Reporting, a public sector investment expert, a Financial Advisor’s representative, a representative from Austin Energy, a representative from Austin Water, and a representative from the Law Department. The report details the investment position of the City and the compliance of the investment portfolio as it relates to both the adopted investment strategy statements and Texas state law.

The City is authorized to invest in the following investment instruments if they meet the guidelines of the investment policy:

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of the State of Texas;
3. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities;
4. Obligations of other states, cities, counties, or other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent;

## 3. INVESTMENTS AND DEPOSITS, continued

### a. Investments, continued

5. Bankers' acceptances, so long as each such acceptance has a stated maturity of 270 days or less from the date of its issuance, will be liquidated in full at maturity, are eligible collateral for borrowing from a Federal Reserve Bank, and are accepted by a domestic bank whose short-term obligations are rated at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency or which is the largest subsidiary of a bank holding company whose short-term obligations are so rated;
6. Commercial paper with a stated maturity of 365 days or less from the date of its issuance that is either rated not less than A-1, P-1, or the equivalent by at least two nationally recognized credit rating agencies or is rated at least A-1, P-1, or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof;
7. Collateralized repurchase agreements having a defined termination date and described in more detail in the Investment Policy;
8. Certificates of deposit issued by depository institutions that have a main office or branch office in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or as further described in the Investment Policy;
9. Share certificates issued by a depository institution that has a main office or branch office in Texas;
10. Money market mutual funds;
11. Local government investment pools (LGIPs); and
12. Securities lending program.

The City did not participate in any reverse repurchase agreements or security lending arrangements during fiscal year 2025.

All City investments are insured, registered, or held by an agent in the City's name; therefore, the City is not exposed to custodial credit risk.

The City participates in TexPool/TexPool Prime, TexasDAILY, TexStar, and Texas CLASS (collectively referred to as the LGIPs). There is no federal regulatory oversight for any of the LGIPs but all must obtain and retain a AAAm or equivalent rating, each provides audited Annual Finance Reports with an opinion from an independent auditor, and each has a form of independent oversight. The State Comptroller oversees TexPool/TexPool Prime, with Federated Hermes managing the daily operations of the pool under a contract with the State Comptroller. The Texas Range Investment Program has an advisory board consisting of participants or their designees which maintains oversight responsibility for TexasDAILY. PFM Asset Management LLC manages the daily operations of TexasDAILY under a contract with the advisory board. JPMorgan Investment Management, Inc. and Hilltop Securities, Inc. serve as co-administrators for TexStar under an agreement with the TexStar board of directors. Public Trust Advisors, LLC serves as the program administrator of Texas CLASS under a Trust Agreement with the Board of Trustees.

The City invests in LGIPs to provide its liquidity needs. The LGIPs were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. The LGIPs are structured like money market mutual funds and allow shareholders the ability to deposit or withdraw funds on a daily basis. In addition, interest rates are adjusted on a daily basis, and the funds seek to maintain a constant NAV of $1.00, although this cannot be fully guaranteed. The LGIPs are rated AAAm and must maintain a dollar weighted average maturity not to exceed a 60-day limit. At September 30, 2025, TexPool, TexPool Prime, TexasDAILY, TexStar, and Texas CLASS had a weighted average maturity of 44 days, 51 days, 46 days, 50 days, and 43 days, respectively. The City's LGIP investments are not subject to limitations, penalties, or restrictions on withdrawals outside emergency conditions that make the sale of assets or determination of fund NAV not reasonably practical, and therefore, the City considers holdings in these funds to have an effective weighted average maturity of one day.

Certain external investment pools and pool participants have an option to measure these investment pools at amortized cost rather than fair value if certain criteria are met. All City LGIPs are qualifying pools for these purposes. TexPool, TexPool Prime, and TexasDAILY opted to report at amortized cost, while TexStar, and Texas CLASS measure their investments at fair value.

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are other observable inputs; Level 3 inputs are unobservable inputs.

## 3. INVESTMENTS AND DEPOSITS, continued

### a. Investments, continued

The City has the following recurring fair value measurements as of September 30, 2025:

- U.S. Treasury securities of $2.7 billion are valued using quoted prices (unadjusted) in active markets for identical financial assets which the City can access at the measurement date (Level 1 inputs).
- U.S. Agency securities of $422.1 million are valued using other observable inputs, including but not limited to, model processes, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing (Level 2 inputs).

As of September 30, 2025, the City presented Money Market Funds of $82.5 million, LGIPs of $885.2 million valued using amortized cost, and LGIPs of $52.4 million valued using NAV.

The following table includes the portfolio balances of all non-pooled and pooled investments of the City at September 30, 2025 (in thousands):

| | Governmental Activities | Business-type Activities | Fiduciary Funds | Total |
|---|---|---|---|---|
| **Non-pooled investments:** | | | | |
| Local Government Investment Pools | $ 31,214 | 465,437 | - | 496,651 |
| Money Market Funds | 12,921 | 69,615 | - | 82,536 |
| US Treasury Notes | - | 445,609 | - | 445,609 |
| US Treasury Bills | - | 18,251 | - | 18,251 |
| US Agency Bonds | - | 72,597 | - | 72,597 |
| US Agency Discounts Notes | - | 9,911 | - | 9,911 |
| Total non-pooled investments | 44,135 | 1,081,420 | - | 1,125,555 |
| **Pooled investments:** | | | | |
| Local Government Investment Pools | 74,757 | 365,731 | 416 | 440,904 |
| US Treasury Notes | 371,662 | 1,818,152 | 2,192 | 2,192,006 |
| US Treasury Bills | 4,994 | 24,431 | 30 | 29,455 |
| US Agency Bonds | 44,191 | 216,179 | 260 | 260,630 |
| US Agency Discount Notes | 13,394 | 65,524 | 79 | 78,997 |
| Total pooled investments | 508,998 | 2,490,017 | 2,977 | 3,001,992 |
| Total investments | $ 553,133 | 3,571,437 | 2,977 | 4,127,547 |

#### Concentration of Credit Risk

At September 30, 2025, the City of Austin was exposed to concentration of credit risk since it held investments with more than five percent of the total investment portfolio balances of the City in securities of the following issuer: Federal Farm Credit Bank ($250.7 million or 6.2%), which includes discount notes of $68.9 million that will mature in less than one year.

The risk exposures for governmental and business-type activities, individual major funds, nonmajor funds in the aggregate, and fiduciary fund types of the City are not significantly greater than the deposit and investment risk of the primary government. The Investment Policy segregates the portfolios into strategic categories including:

1. Operating funds excluding special project funds,
2. Debt service funds,
3. Debt service reserve funds, and
4. Special project funds or special purpose funds.

The City's credit risk is controlled by complying with the Investment Policy, which includes qualification of the brokers and financial institutions with whom the City will transact, sufficient collateralization, portfolio diversification, and maturity limitations.

## 3. INVESTMENTS AND DEPOSITS, continued
### b. Investment Categories

As of September 30, 2025, the City had the following investments in each of these strategic categories (in thousands):

| Investment Type by Category | Governmental Activities | Business-type Activities | Fiduciary Funds | Total | Weighted Average Maturity (days) |
|---|---|---|---|---|---|
| **Operating funds** | | | | | |
| Local Government Investment Pools | $ 74,757 | 365,731 | 416 | 440,904 | 1 |
| US Treasury Notes | 371,662 | 1,818,152 | 2,192 | 2,192,006 | 493 |
| US Treasury Bills | 4,994 | 24,431 | 30 | 29,455 | 178 |
| US Agency Bonds | 44,191 | 216,179 | 260 | 260,630 | 789 |
| US Agency Discount Notes | 13,394 | 65,524 | 79 | 78,997 | 122 |
| **Total operating funds** | 508,998 | 2,490,017 | 2,977 | 3,001,992 | |
| **Debt service funds** | | | | | |
| General Obligation Debt Service | | | | | |
| Local Government Investment Pools | 31,214 | - | - | 31,214 | 1 |
| Utility (1) | | | | | |
| Local Government Investment Pools | - | 187,813 | - | 187,813 | 1 |
| Airport | | | | | |
| Local Government Investment Pools | - | 61,332 | - | 61,332 | 1 |
| Nonmajor Enterprise-Convention Center | | | | | |
| Local Government Investment Pools | - | 8,932 | - | 8,932 | 1 |
| **Total debt service funds** | 31,214 | 258,077 | - | 289,291 | |
| **Debt service reserve funds** | | | | | |
| Utility (1) | | | | | |
| Local Government Investment Pools | - | 14,514 | - | 14,514 | 1 |
| Money Market Funds | - | 5,369 | - | 5,369 | 1 |
| Airport | | | | | |
| Local Government Investment Pools | - | 82,379 | - | 82,379 | 1 |
| Nonmajor Enterprise-Convention Center | | | | | |
| Local Government Investment Pools | - | 10,299 | - | 10,299 | 1 |
| **Total debt service reserve funds** | - | 112,561 | - | 112,561 | |
| **Special projects/purpose funds** | | | | | |
| Austin Energy Contingency, Power Supply, and Capital Reserve | | | | | |
| Local Government Investment Pools | - | 100,168 | - | 100,168 | 1 |
| US Treasury Notes | - | 215,839 | - | 215,839 | 491 |
| US Agency Bonds | - | 60,574 | - | 60,574 | 757 |
| Total Austin Energy Contingency, Power Supply, and Capital Reserve | - | 376,581 | - | 376,581 | |
| Austin Energy Nuclear Decommissioning Trust Funds (NDTF) | | | | | |
| Money Market Funds | - | 23,025 | - | 23,025 | 1 |
| US Treasury Notes | - | 229,770 | - | 229,770 | 370 |
| US Treasury Bills | - | 18,251 | - | 18,251 | 242 |
| US Agency Bonds | - | 12,023 | - | 12,023 | 117 |
| US Agency Discount Notes | - | 9,911 | - | 9,911 | 82 |
| Total Austin Energy NDTF | - | 292,980 | - | 292,980 | |
| Special Projects - Other | | | | | |
| Money Market Funds | 12,921 | 41,221 | - | 54,142 | 1 |
| Total Special Projects | 12,921 | 41,221 | - | 54,142 | |
| **Total special projects/purpose funds** | 12,921 | 710,782 | - | 723,703 | |
| **Total funds** | $ 553,133 | 3,571,437 | 2,977 | 4,127,547 | |

(1) Includes combined pledge debt service

### Credit Risk

At September 30, 2025, City funds held investments in LGIPs and Money Market Funds rated AAAm by S&P Global Ratings or AAAmmf by Fitch Ratings, Inc., short-to-medium term U.S. Agency bonds rated AA+ by S&P Global Ratings, and the remaining investments in Treasury securities, which are direct obligations of the U.S. government.

## 3. INVESTMENTS AND DEPOSITS, continued

### b. Investment Categories, continued

### Concentration of Credit Risk

**Operating Funds**

At September 30, 2025, the operating funds held investments with more than five percent of the total portfolio in securities of the following issuer (in millions): Federal Farm Credit Bank ($189.3 or 6.3%).

**Special Projects or Special Purpose Funds**

At September 30, 2025, the Austin Energy Contingency, Power Supply, and Capital Reserve Fund held investments with more than five percent of the total in securities of the following issuer (in millions): Federal Farm Credit Bank ($39.5 or 10.5%).

At September 30, 2025, the Nuclear Decommissioning Trust Fund held investments with more than five percent of the total in securities of the following issuer (in millions): Federal Farm Credit Bank ($21.9 or 7.5%).

### Interest Rate Risk

**Operating Funds**

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar weighted average maturity of 720 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the City's cash flow requirements. Five years is the maximum period before maturity.

At September 30, 2025, 14.7% of the Investment Pool was invested in AAAm rated LGIPs, with the remainder invested in short-to-medium term U.S. Agency and Treasury obligations. Term limits on individual maturities did not exceed five years from the purchase date. The dollar weighted average maturity of all securities was 433 days, which was less than the threshold of 720 days.

**Debt Service Funds**

Investment strategies for debt service funds have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. As a means of minimizing risk of loss due to interest rate fluctuations, securities purchased cannot have a stated final maturity date which exceeds the debt service payment date.

**Debt Service Reserve Funds**

Investment strategies for debt service reserve funds have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund from securities with a low degree of volatility. Except as may be required by bond ordinance specific to an individual issue, securities should be of high quality, with short-term to intermediate-term maturities.

**Special Projects or Special Purpose Funds**

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities in this category not exceed the anticipated cash flow requirements of the funds.

**Special Purpose Funds - Austin Energy Contingency, Power Supply, and Capital Reserve Fund**

At September 30, 2025, the portfolios held investments in TexPool, U.S. Treasury, and U.S. Agency obligations with maturities that will meet anticipated cash flow requirements and an overall dollar weighted average maturity of 404 days.

**Special Purpose Funds - Austin Energy Nuclear Decommissioning Trust Funds (NDTF)**

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy for the NDTF portfolios requires that the dollar weighted average maturity, using final stated maturity dates, shall not exceed seven years, although the portfolio's weighted average maturity may be substantially shorter if market conditions dictate. At September 30, 2025, the dollar weighted average maturity was 313 days.

## 3. INVESTMENTS AND DEPOSITS, continued

### b. Investment Categories, continued

**Special Purpose Funds - Investments Held by Trustee**

Investment objectives for these special purpose funds have as the primary objective the safety of principal and assurance of liquidity adequate to cover construction expense draws. As a means of minimizing risk of loss due to interest rate fluctuations, funds are being held in overnight money market funds.

### c. Investment and Deposits

Investments and deposits portfolio balances at September 30, 2025, are as follows (in thousands):

| | Governmental Activities | Business-type Activities | Fiduciary Funds | Total |
|---|---|---|---|---|
| Non-pooled investments and cash | $ 60,519 | 1,104,130 | - | 1,164,649 |
| Pooled investments and cash | 509,895 | 2,494,408 | 2,977 | 3,007,280 |
| Total investments and cash | 570,414 | 3,598,538 | 2,977 | 4,171,929 |
| Unrestricted cash | 43 | 9,900 | - | 9,943 |
| Restricted cash | 16,341 | 12,810 | - | 29,151 |
| Pooled investments and cash | 509,895 | 2,494,408 | 2,977 | 3,007,280 |
| Investments | 44,135 | 1,081,420 | - | 1,125,555 |
| Total | $ 570,414 | 3,598,538 | 2,977 | 4,171,929 |

The bank balance of the portfolio exceeds the book balance by approximately $30 million (net), which primarily consists of outstanding checks and deposits in transit. The outstanding checks decrease the book balance as compared to the bank, whereas the deposits in transit increase it. The difference eliminates once both the outstanding checks and deposits in transit clear the bank.

**Deposits**

The September 30, 2025 carrying amount of deposits at the bank and cash on hand are as follows (in thousands):

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Cash | | | |
| Unrestricted | $ 43 | 30 | 73 |
| Restricted | - | 4,595 | 4,595 |
| Cash held by trustee | | | |
| Unrestricted | - | 9,870 | 9,870 |
| Restricted | 16,341 | 8,215 | 24,556 |
| Non-pooled cash | 16,384 | 22,710 | 39,094 |
| Pooled cash | 897 | 4,391 | 5,288 |
| Total deposits | $ 17,281 | 27,101 | 44,382 |

All bank accounts were either insured or collateralized with securities held by the City or its agents in the City's name at September 30, 2025.

## 4. PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The adjusted assessed value for the roll as of January 1, 2024, upon which the 2025 levy was based, was $233,405,019,350.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2025, 99.08% of the current tax levy (October 1, 2024) was collected. The statutory lien date is January 1.

The methods of property assessment and tax collection are determined by Texas statutes. The statutes provide for a property tax code, countywide appraisal districts, a State property tax board, and certain exemptions from taxation, such as intangible personal property, household goods, and family-owned automobiles.

The appraisal of property within the City is the responsibility of the Travis Central Appraisal District, the Williamson Central Appraisal District, and the Hays Central Appraisal District. The appraisal districts are required under the Property Tax Code to assess all real and personal property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every two years; however, the City may require more frequent reviews of appraised values at its own expense. The Travis Central Appraisal District and the Hays Central Appraisal District have chosen to review the value of property in their respective districts every two years, while the Williamson Central Appraisal District has chosen to review the value of property on an annual basis. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The City is authorized to set tax rates on property within the city limits. State law governing municipalities' authority to increase property tax rates was changed during 2019. Effective 2021, any increase in the property tax rate for maintenance and operations of more than 3.5% above the no-new-revenue-property tax rate requires voter approval on the November general election ballot. The no-new-revenue rate is the rate at which the City would generate the same amount of property tax revenue for maintenance and operations as in the prior year from properties taxed in both years, net of certain adjustments. The City has the ability to set its debt service tax rate at the level necessary to generate sufficient revenue to make its payments on voter-approved bonds, certificates of obligation, and other contractual obligations.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. Under the City charter, a limit on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at $1.00 per $100 assessed valuation. A practical limitation on taxes levied for debt service of $1.50 per $100 of assessed valuation is established by state statute and City charter limitations. Through contractual arrangements, Travis, Williamson, and Hays Counties bill and collect property taxes for the City.

The tax rate to finance general governmental functions and fund Project Connect, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 2025, was $0.3815 per $100 assessed valuation. The tax rate for servicing the payment of principal and interest on general obligation long-term debt for the fiscal year ended September 30, 2025, was $0.0961 per $100 assessed valuation. The City has a tax margin for general governmental purposes of $0.6185 per $100 assessed valuation and could levy approximately $1,443,610,045 in additional taxes from the assessed valuation of $233,405,019,350 before the legislative limit is reached.

## 5. CAPITAL ASSETS AND INFRASTRUCTURE

### a. Capital Assets

**Governmental Activities**

Capital asset activity for the year ended September 30, 2025, was as follows (in thousands):

| | Beginning Balance | Increases (1) | Decreases (1) | Ending Balance |
|---|---|---|---|---|
| **Depreciable capital assets** | | | | |
| Building and improvements | $ 1,743,853 | 290,331 | (1,530) | 2,032,654 |
| Plant and equipment | 243,055 | 28,198 | (41,199) | 230,054 |
| Vehicles | 227,956 | 34,148 | (19,986) | 242,118 |
| Infrastructure | 3,616,378 | 138,928 | - | 3,755,306 |
| Intangible assets: | | | | |
| Right-to-use leased assets | 110,143 | 3,313 | (24,828) (2) | 88,628 |
| Right-to-use IT subscriptions | 108,371 | 35,471 | (23,889) (2) | 119,953 |
| Total depreciable capital assets | 6,049,756 | 530,389 | (111,432) | 6,468,713 |
| Less accumulated depreciation/amortization for | | | | |
| Building and improvements | (630,677) | (51,236) | 782 | (681,131) |
| Plant and equipment | (153,610) | (20,270) | 20,180 | (153,700) |
| Vehicles | (131,062) | (19,611) | 17,749 | (132,924) |
| Infrastructure | (1,787,683) | (97,869) | - | (1,885,552) |
| Intangible assets: | | | | |
| Right-to-use leased assets | (35,112) | (11,193) | 24,446 (2) | (21,859) |
| Right-to-use IT subscriptions | (45,324) | (26,777) | 22,471 (2) | (49,630) |
| Total accumulated depreciation/amortization | (2,783,468) | (226,956)(3) | 85,628 | (2,924,796) |
| Depreciable capital assets, net | 3,266,288 | 303,433 | (25,804) | 3,543,917 |
| **Nondepreciable capital assets** | | | | |
| Land and improvements | 732,728 | 76,733 | - | 809,461 |
| Arts and treasures | 13,429 | 1,394 | - | 14,823 |
| Library collections | 18,167 | - | - | 18,167 |
| Construction in progress | 532,744 | 444,643 | (433,182) | 544,205 |
| Development in progress | 10,353 | 2,141 | (10,625) | 1,869 |
| Total nondepreciable assets | 1,307,421 | 524,911 | (443,807) | 1,388,525 |
| **Total capital assets** | $ 4,573,709 | 828,344 | (469,611) | 4,932,442 |

(1) Increases and decreases do not include transfers (at net book value) between Governmental Activities.
(2) The components of right-to-use capital assets and the associated amortization are disclosed in Note 5b on page 69.
(3) Components of accumulated depreciation/amortization increases:

| | |
|---|---|
| Governmental Activities: | |
| General government | $ 16,013 |
| Public safety | 26,998 |
| Transportation, planning and sustainability | 77,803 |
| Public health | 6,161 |
| Public recreation and culture | 32,234 |
| Urban growth management | 27,534 |
| Internal service funds | 40,213 |
| Total increases in accumulated depreciation/amortization | $ 226,956 |

## 5. CAPITAL ASSETS AND INFRASTRUCTURE, continued

### a. Capital Assets, continued

**Business-type Activities: Total**

Capital asset activity for the year ended September 30, 2025, was as follows (in thousands):

| | Beginning Balance | Increases (1) | Decreases (1) | Ending Balance |
|---|---|---|---|---|
| **Depreciable capital assets** | | | | |
| Building and improvements | $ 3,582,613 | 149,467 | (202,430) | 3,529,650 |
| Plant and equipment | 5,088,153 | 276,955 | (42,451) | 5,322,657 |
| Vehicles | 299,322 | 34,070 | (16,616) | 316,776 |
| Electric plant | 6,474,745 | 329,249 | (27,916) | 6,776,078 |
| Non-electric plant | 371,041 | 12,090 | (821) | 382,310 |
| Nuclear fuel | 528,721 | 26,219 | - | 554,940 |
| Water rights | 100,000 | - | - | 100,000 |
| Intangible assets: | | | | |
| Right-to-use leased assets | 44,157 | 30,638 | (845)(2) | 73,950 |
| Right-to-use IT subscriptions | 44,292 | 28,335 | (547)(2) | 72,080 |
| Total depreciable capital assets | 16,533,044 | 887,023 | (291,626) | 17,128,441 |
| Less accumulated depreciation/amortization for | | | | |
| Building and improvements | (1,290,509) | (83,540) | 130,669 | (1,243,380) |
| Plant and equipment | (2,320,668) | (136,162) | 30,701 | (2,426,129) |
| Vehicles | (172,354) | (24,554) | 16,060 | (180,848) |
| Electric plant | (4,017,550) | (186,429) | 27,534 | (4,176,445) |
| Non-electric plant | (141,047) | (13,705) | 821 | (153,931) |
| Nuclear fuel | (468,197) | (21,911) | - | (490,108) |
| Water rights | (24,691) | (988) | - | (25,679) |
| Intangible assets: | | | | |
| Right-to-use leased assets | (15,833) | (12,056) | 328 (2) | (27,561) |
| Right-to-use IT subscriptions | (13,888) | (16,585) | 547 (2) | (29,926) |
| Total accumulated depreciation/amortization | (8,464,737) | (495,930)(3) | 206,660 | (8,754,007) |
| Depreciable capital assets, net | 8,068,307 | 391,093 | (84,966) | 8,374,434 |
| **Nondepreciable capital assets** | | | | |
| Land and improvements | 876,883 | 69,628 | (803) | 945,708 |
| Arts and treasures | 7,991 | - | (374) | 7,617 |
| Construction in progress | 1,322,151 | 1,130,706 | (641,076) | 1,811,781 |
| Development in progress | 35 | - | (35) | - |
| Plant held for future use | 22,595 | - | - | 22,595 |
| Total nondepreciable assets | 2,229,655 | 1,200,334 | (642,288) | 2,787,701 |
| **Total capital assets** | $ 10,297,962 | 1,591,427 | (727,254) | 11,162,135 |

(1) Increases and decreases do not include transfers (at net book value) between Business-type Activities.
(2) The components of right-to-use capital assets and the associated amortization are disclosed in Note 5b on page 70.
(3) Components of accumulated depreciation/amortization increases:

| | |
|---|---|
| Business-type Activities: | |
| Electric | $ 225,808 |
| Water | 77,257 |
| Wastewater | 80,540 |
| Airport | 53,186 |
| Convention | 9,489 |
| Environmental and health services | 12,193 |
| Public recreation | 1,437 |
| Urban growth management | 14,109 |
| Current year depreciation/amortization | 474,019 |
| Current year amortization included in operating expense | 21,911 |
| Total increases in accumulated depreciation/amortization | $ 495,930 |

## 5. CAPITAL ASSETS AND INFRASTRUCTURE, continued

### a. Capital Assets, continued

**Business-type Activities: Austin Energy**

Capital asset activity for the year ended September 30, 2025, was as follows (in thousands):

| Depreciable capital assets | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Vehicles | $ 45,819 | 6,098 | (2,517) | 49,400 |
| Electric plant | 6,474,745 | 329,249 | (27,916) | 6,776,078 |
| Non-electric plant | 371,041 | 12,090 | (821) | 382,310 |
| Nuclear fuel | 528,721 | 26,219 | - | 554,940 |
| Intangible assets: | | | | |
| Right-to-use leased assets | 29,524 | 30,638 | (459)(1) | 59,703 |
| Right-to-use IT subscriptions | 24,760 | 16,224 | - (1) | 40,984 |
| Total depreciable capital assets | 7,474,610 | 420,518 | (31,713) | 7,863,415 |
| Less accumulated depreciation/amortization for | | | | |
| Vehicles | (23,867) | (4,220) | 2,468 | (25,619) |
| Electric plant | (4,017,550) | (186,429) | 27,534 | (4,176,445) |
| Non-electric plant | (141,047) | (13,705) | 821 | (153,931) |
| Nuclear fuel | (468,197) | (21,911) | - | (490,108) |
| Intangible assets: | | | | |
| Right-to-use leased assets | (10,521) | (9,928) | 328 (1) | (20,121) |
| Right-to-use IT subscriptions | (9,163) | (11,526) | - (1) | (20,689) |
| Total accumulated depreciation/amortization | (4,670,345) | (247,719)(2) | 31,151 | (4,886,913) |
| Depreciable capital assets, net | 2,804,265 | 172,799 | (562) | 2,976,502 |
| **Nondepreciable capital assets** | | | | |
| Land and improvements | 85,440 | 16,990 | - | 102,430 |
| Construction in progress | 307,507 | 364,639 | (286,215) | 385,931 |
| Plant held for future use | 22,595 | - | - | 22,595 |
| Total nondepreciable assets | 415,542 | 381,629 | (286,215) | 510,956 |
| **Total capital assets** | $ 3,219,807 | 554,428 | (286,777) | 3,487,458 |

(1) The components of right-to-use capital assets and the associated amortization are disclosed in Note 5b on page 71.

(2) Components of accumulated depreciation/amortization increases:

| | |
|---|---|
| Current year depreciation/amortization | $ 225,808 |
| Current year amortization included in operating expense | 21,911 |
| Total increases in accumulated depreciation/amortization | $ 247,719 |

## 5. CAPITAL ASSETS AND INFRASTRUCTURE, continued

### a. Capital Assets, continued

**Business-type Activities: Austin Water**

Capital asset activity for the year ended September 30, 2025, was as follows (in thousands):

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Depreciable capital assets** | | | | |
| Building and improvements | $ 1,324,754 | 84,988 | (9,226) | 1,400,516 |
| Plant and equipment | 4,754,305 | 259,144 | (22,130) | 4,991,319 |
| Vehicles | 57,652 | 3,887 | (2,355) | 59,184 |
| Water rights | 100,000 | - | - | 100,000 |
| Intangible assets: | | | | |
| Right-to-use leased assets | 1,297 | - | (386)(1) | 911 |
| Right-to-use IT subscriptions | 6,335 | 1,786 | - (1) | 8,121 |
| Total depreciable capital assets | 6,244,343 | 349,805 | (34,097) | 6,560,051 |
| Less accumulated depreciation/amortization for | | | | |
| Building and improvements | (479,195) | (28,014) | 7,552 | (499,657) |
| Plant and equipment | (2,167,843) | (123,345) | 17,289 | (2,273,899) |
| Vehicles | (34,841) | (4,055) | 2,197 | (36,699) |
| Water rights | (24,691) | (988) | - | (25,679) |
| Intangible assets: | | | | |
| Right-to-use leased assets | (513) | (178) | - (1) | (691) |
| Right-to-use IT subscriptions | (1,166) | (1,217) | - (1) | (2,383) |
| Total accumulated depreciation/amortization | (2,708,249) | (157,797)(2) | 27,038 | (2,839,008) |
| Depreciable capital assets, net | 3,536,094 | 192,008 | (7,059) | 3,721,043 |
| **Nondepreciable capital assets** | | | | |
| Land and improvements | 257,968 | 43,600 | (190) | 301,378 |
| Arts and treasures | 314 | - | - | 314 |
| Construction in progress | 614,243 | 317,116 | (271,342) | 660,017 |
| Total nondepreciable assets | 872,525 | 360,716 | (271,532) | 961,709 |
| **Total capital assets** | $ 4,408,619 | 552,724 | (278,591) | 4,682,752 |

(1) The components of right-to-use capital assets and the associated amortization are disclosed in Note 5b on page 72.

(2) Components of accumulated depreciation/amortization increases:

| | |
|---|---|
| Current year depreciation/amortization | |
| Water | $ 77,257 |
| Wastewater | 80,540 |
| Total increases in accumulated depreciation/amortization | $ 157,797 |

## 5. CAPITAL ASSETS AND INFRASTRUCTURE, continued

### a. Capital Assets, continued

**Business-type Activities: Airport**

Capital asset activity for the year ended September 30, 2025, was as follows (in thousands):

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Depreciable capital assets** | | | | |
| Building and improvements | $ 1,865,656 | 53,511 | - | 1,919,167 |
| Plant and equipment | 49,395 | 1,515 | (1,666) | 49,244 |
| Vehicles | 22,561 | 3,769 | (2,392) | 23,938 |
| Intangible assets: | | | | |
| Right-to-use IT subscriptions | 3,880 | 2,787 | (547)(1) | 6,120 |
| Total depreciable capital assets | 1,941,492 | 61,582 | (4,605) | 1,998,469 |
| Less accumulated depreciation/amortization for | | | | |
| Building and improvements | (586,773) | (46,897) | - | (633,670) |
| Plant and equipment | (26,196) | (2,807) | 1,442 | (27,561) |
| Vehicles | (14,833) | (1,887) | 2,247 | (14,473) |
| Intangible assets: | | | | |
| Right-to-use IT subscriptions | (921) | (1,595) | 547 (1) | (1,969) |
| Total accumulated depreciation/amortization | (628,723) | (53,186)(2) | 4,236 | (677,673) |
| Depreciable capital assets, net | 1,312,769 | 8,396 | (369) | 1,320,796 |
| **Nondepreciable capital assets** | | | | |
| Land and improvements | 96,381 | - | - | 96,381 |
| Arts and treasures | 6,938 | - | - | 6,938 |
| Construction in progress | 292,121 | 300,251 | (55,420) | 536,952 |
| Total nondepreciable assets | 395,440 | 300,251 | (55,420) | 640,271 |
| **Total capital assets** | $ 1,708,209 | 308,647 | (55,789) | 1,961,067 |

(1) The components of right-to-use capital assets and the associated amortization are disclosed in Note 5b on page 72.

(2) Components of accumulated depreciation/amortization increases:

| | |
|---|---|
| Current year depreciation/amortization | $ 53,186 |

## 5. CAPITAL ASSETS AND INFRASTRUCTURE, continued

### a. Capital Assets, continued

**Business-type Activities: Nonmajor Enterprise Funds**

Capital asset activity for the year ended September 30, 2025, was as follows (in thousands):

| | Beginning Balance | Increases (1) | Decreases (1) | Ending Balance |
|---|---|---|---|---|
| **Depreciable capital assets** | | | | |
| Building and improvements | $ 392,203 | 10,968 | (193,204) | 209,967 |
| Plant and equipment | 284,453 | 16,296 | (18,655) | 282,094 |
| Vehicles | 173,290 | 20,316 | (9,352) | 184,254 |
| Intangible assets: | | | | |
| Right-to-use leased assets | 13,336 | - | - (2) | 13,336 |
| Right-to-use IT subscriptions | 9,317 | 7,538 | - (2) | 16,855 |
| Total depreciable capital assets | 872,599 | 55,118 | (221,211) | 706,506 |
| Less accumulated depreciation/amortization for | | | | |
| Building and improvements | (224,541) | (8,629) | 123,117 | (110,053) |
| Plant and equipment | (126,629) | (10,010) | 11,970 | (124,669) |
| Vehicles | (98,813) | (14,392) | 9,148 | (104,057) |
| Intangible assets: | | | | |
| Right-to-use leased assets | (4,799) | (1,950) | - (2) | (6,749) |
| Right-to-use IT subscriptions | (2,638) | (2,247) | - (2) | (4,885) |
| Total accumulated depreciation/amortization | (457,420) | (37,228)(3) | 144,235 | (350,413) |
| Depreciable capital assets, net | 415,179 | 17,890 | (76,976) | 356,093 |
| **Nondepreciable capital assets** | | | | |
| Land and improvements | 437,094 | 9,038 | (613) | 445,519 |
| Arts and treasures | 739 | - | (374) | 365 |
| Construction in progress | 108,280 | 148,700 | (28,099) | 228,881 |
| Development in progress | 35 | - | (35) | - |
| Total nondepreciable assets | 546,148 | 157,738 | (29,121) | 674,765 |
| **Total capital assets** | $ 961,327 | 175,628 | (106,097) | 1,030,858 |

(1) Increases and decreases do not include transfers (at net book value) between nonmajor enterprise funds.

(2) The components of right-to-use capital assets and the associated amortization are disclosed in Note 5b on page 73.

(3) Components of accumulated depreciation/amortization increases:

| | |
|---|---|
| Current year depreciation/amortization | |
| Convention | $ 9,489 |
| Environmental and health services | 12,193 |
| Public recreation | 1,437 |
| Urban growth management | 14,109 |
| Total increases in accumulated depreciation/amortization | $ 37,228 |

## 5. CAPITAL ASSETS AND INFRASTRUCTURE, continued

### b. Right-to-Use Capital Assets

**Governmental Activities**

Intangible right-to-use capital asset activity for the year ended September 30, 2025, was as follows (in thousands):

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Intangible right-to-use capital assets** | | | | |
| Buildings | $ 88,493 | 1,109 | (22,998) | 66,604 |
| Infrastructure | 1,727 | - | - | 1,727 |
| Land | 13,355 | - | - | 13,355 |
| Equipment | 561 | - | (561) | - |
| Computer Equipment | 6,007 | 2,204 | (1,269) | 6,942 |
| Software | 108,371 | 35,471 | (23,889) | 119,953 |
| Total intangible right-to-use capital assets | 218,514 | 38,784 | (48,717) | 208,581 |
| **Less accumulated amortization for:** | | | | |
| Buildings | (30,617) | (8,619) | 23,000 | (16,236) |
| Infrastructure | (513) | (171) | - | (684) |
| Land | (510) | (191) | - | (701) |
| Equipment | (115) | (62) | 177 | - |
| Computer Equipment | (3,357) | (2,150) | 1,269 | (4,238) |
| Software | (45,324) | (26,777) | 22,471 | (49,630) |
| Total accumulated amortization | (80,436) | (37,970)(1) | 46,917 | (71,489) |
| **Governmental activities, net** | $ 138,078 | 814 | (1,800) | 137,092 |

(1) Components of accumulated amortization increases:

| | |
|---|---|
| Governmental Activities: | |
| General government | $ 3,937 |
| Public safety | 3,051 |
| Transportation, planning and sustainability | 51 |
| Public health | 3,522 |
| Public recreation and culture | 729 |
| Urban growth management | 869 |
| Internal service funds | 25,811 |
| Total increases in accumulated amortization | $ 37,970 |

## 5. CAPITAL ASSETS AND INFRASTRUCTURE, continued
### b. Right-to-Use Capital Assets, continued

**Business-type Activities: Total**
Intangible right-to-use capital asset activity for the year ended September 30, 2025, was as follows (in thousands):

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Intangible right-to-use assets** | | | | |
| Buildings | $ 15,534 | 57 | (845) | 14,746 |
| Land | 528 | 1,300 | - | 1,828 |
| Equipment | 4,862 | 248 | - | 5,110 |
| Vehicles | 18,029 | 27,041 | - | 45,070 |
| Computer Equipment | 5,204 | 1,992 | - | 7,196 |
| Software | 44,292 | 28,335 | (547) | 72,080 |
| Total intangible right-to-use capital assets | 88,449 | 58,973 | (1,392) | 146,030 |
| **Less accumulated amortization for:** | | | | |
| Buildings | (5,717) | (1,802) | 328 | (7,191) |
| Land | (125) | (1,233) | - | (1,358) |
| Equipment | (2,527) | (960) | - | (3,487) |
| Vehicles | (4,581) | (7,010) | - | (11,591) |
| Computer Equipment | (2,883) | (1,051) | - | (3,934) |
| Software | (13,888) | (16,585) | 547 | (29,926) |
| Total accumulated amortization | (29,721) | (28,641)(1) | 875 | (57,487) |
| **Business-type activities, net** | $ 58,728 | 30,332 | (517) | 88,543 |

(1) Components of accumulated amortization increases:

| | |
|---|---|
| Business-type Activities: | |
| Electric | $ 21,454 |
| Water | 1,096 |
| Wastewater | 299 |
| Airport | 1,595 |
| Convention | 311 |
| Environmental and health services | 844 |
| Public recreation | 780 |
| Urban growth management | 2,262 |
| Total increases in accumulated amortization | $ 28,641 |

## 5. CAPITAL ASSETS AND INFRASTRUCTURE, continued

### b. Right-to-Use Capital Assets, continued

**Business-type Activities: Austin Energy**

Intangible right-to-use capital asset activity for the year ended September 30, 2025, was as follows (in thousands):

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Intangible right-to-use capital assets** | | | | |
| Buildings | $ 5,996 | 57 | (459) | 5,594 |
| Land | 528 | 1,300 | - | 1,828 |
| Equipment | 2,505 | 248 | - | 2,753 |
| Vehicles | 16,017 | 27,041 | - | 43,058 |
| Computer Equipment | 4,478 | 1,992 | - | 6,470 |
| Software | 24,760 | 16,224 | - | 40,984 |
| Total intangible right-to-use capital assets | 54,284 | 46,862 | (459) | 100,687 |
| **Less accumulated amortization for:** | | | | |
| Buildings | (2,601) | (763) | 328 | (3,036) |
| Land | (125) | (1,233) | - | (1,358) |
| Equipment | (1,277) | (440) | - | (1,717) |
| Vehicles | (3,788) | (6,608) | - | (10,396) |
| Computer Equipment | (2,730) | (884) | - | (3,614) |
| Software | (9,163) | (11,526) | - | (20,689) |
| Total accumulated amortization | (19,684) | (21,454)(1) | 328 | (40,810) |
| **Intangible right-to-use capital assets, net** | $ 34,600 | 25,408 | (131) | 59,877 |

(1) Components of accumulated amortization increases:

| | |
|---|---|
| Current year accumulated amortization | $ 21,454 |

## 5. CAPITAL ASSETS AND INFRASTRUCTURE, continued

### b. Right-to-Use Capital Assets, continued

**Business-type Activities: Austin Water**

Intangible right-to-use capital asset activity for the year ended September 30, 2025, was as follows (in thousands):

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Intangible right-to-use capital assets** | | | | |
| Buildings | $ 985 | - | (386) | 599 |
| Equipment | 312 | - | - | 312 |
| Software | 6,335 | 1,786 | - | 8,121 |
| Total intangible right-to-use assets | 7,632 | 1,786 | (386) | 9,032 |
| **Less accumulated amortization for:** | | | | |
| Buildings | (342) | (115) | - | (457) |
| Equipment | (171) | (63) | - | (234) |
| Software | (1,166) | (1,217) | - | (2,383) |
| Total accumulated amortization | (1,679) | (1,395)(1) | - | (3,074) |
| **Intangible right-to-use capital assets, net** | $ 5,953 | 391 | (386) | 5,958 |

| | |
|---|---|
| (1) Components of accumulated amortization increases: | |
| Current year accumulated amortization | |
| Water | $ 1,096 |
| Wastewater | 299 |
| Total increases in accumulated amortization | $ 1,395 |

**Business-type Activities: Airport**

Intangible right-to-use capital asset activity for the year ended September 30, 2025, was as follows (in thousands):

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Intangible right-to-use capital assets** | | | | |
| Software | $ 3,880 | 2,787 | (547) | 6,120 |
| Total intangible right-to-use capital assets | 3,880 | 2,787 | (547) | 6,120 |
| **Less accumulated amortization for:** | | | | |
| Software | (921) | (1,595) | 547 | (1,969) |
| Total accumulated amortization | (921) | (1,595)(1) | 547 | (1,969) |
| **Intangible right-to-use capital assets, net** | $ 2,959 | 1,192 | - | 4,151 |

| | |
|---|---|
| (1) Components of accumulated amortization increases: | |
| Current year accumulated amortization | $ 1,595 |

## 5. CAPITAL ASSETS AND INFRASTRUCTURE, continued

### b. Right-to-Use Capital Assets, continued

**Business-type Activities: Nonmajor Enterprise Funds**

Intangible right-to-use capital asset activity for the year ended September 30, 2025, was as follows (in thousands):

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Intangible right-to-use capital assets** | | | | |
| Buildings | $ 8,553 | - | - | 8,553 |
| Equipment | 2,045 | - | - | 2,045 |
| Vehicles | 2,012 | - | - | 2,012 |
| Computer Equipment | 726 | - | - | 726 |
| Software | 9,317 | 7,538 | - | 16,855 |
| Total intangible right-to-use capital assets | 22,653 | 7,538 | - | 30,191 |
| **Less accumulated amortization for:** | | | | |
| Buildings | (2,774) | (924) | - | (3,698) |
| Equipment | (1,079) | (457) | - | (1,536) |
| Vehicles | (793) | (402) | - | (1,195) |
| Computer Equipment | (153) | (167) | - | (320) |
| Software | (2,638) | (2,247) | - | (4,885) |
| Total accumulated amortization | (7,437) | (4,197)(1) | - | (11,634) |
| **Intangible right-to-use capital assets, net** | $ 15,216 | 3,341 | - | 18,557 |

| (1) Components of accumulated amortization increases: | |
|---|---|
| Convention | $ 311 |
| Environmental and health services | 844 |
| Public recreation | 780 |
| Urban growth management | 2,262 |
| Total increases in accumulated amortization | $ 4,197 |

## 6. PUBLIC-PRIVATE PARTNERSHIPS

A public-private partnership (PPP) is an arrangement in which the City (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets. The City is the transferor in the following PPP arrangements. A service concession arrangement (SCA) is a PPP in which the transferor conveys the use of a capital asset to an operator in exchange for significant consideration; where the operator is compensated by third parties; where the City determines what services are provided, to whom and for what price; and where the City retains a significant residual interest in the service utility of the asset after the SCA terminates.

### a. Governmental Activities

The City has granted a private operator operating rights for the Umlauf Sculpture Garden and Museum. This arrangement meets the definition of an SCA. The operator made improvements to the City-owned garden and museum as part of this agreement. As of September 30, 2025, the net book value of the operator-constructed capital assets transferred to the City is $356 thousand and reported within the building and improvements category of Note 5a. The original agreement had a term that ended in November 2021. However, the operator will continue to operate the facility under a separately negotiated management and operating agreement.

The City has entered a development and construction agreement with the Young Men's Christian Association (YMCA) to develop and operate a new joint-use recreational facility for public use. The facility is owned by the City and operated by the YMCA under a 20-year agreement extending through 2032. This arrangement meets the definition of an SCA. As of September 30, 2025, the net book value of the operator-constructed capital assets transferred to the City is $905 thousand and reported within the building and improvements category of the capital asset table in Note 5a. The related deferred inflow balance is $322 thousand and is being amortized through 2030. For the fiscal year ending September 30, 2025, a total of $67 thousand was recorded as inflows of resources related to this arrangement.

The City has entered a joint design, development, management, and operation agreement with Waller Creek Local Government Corporation and the Waterloo Greenway Conservancy (WGC). The agreement established the roles and responsibilities of each entity regarding the development and operation of the Waller Creek District. The WGC contributed funding to Waller Creek District facilities that will be owned by the City. This arrangement meets the definition of an SCA. The WGC will operate the facilities for an initial term of 20 years, with options to extend through 2113. As of September 30, 2025, the net book value of capital assets the operator has provided to the City is $24.7 million and reported within the building and improvements category of the capital asset table in Note 5a. The related deferred inflow balance was $27.4 million and is being amortized through 2113. For the fiscal year ending September 30, 2025, a total of $312 thousand was recorded as inflows of resources related to this arrangement.

The City has engaged in several PPP arrangements focused on affordable housing. These partnerships, formed to develop and manage affordable housing projects, operate under ground lease agreements with terms expiring between 2031 and 2117. At the inception of the arrangement, each project developer transfers land to the City. Upon the expiration of these leases, the City will gain residual ownership of the buildings and improvements. As of September 30, 2025, the net book value of capital assets the operators have transferred to the City is $47.9 million and reported within the land and building and improvement category of the capital asset table in Note 5a. The receivable balance for future installment payments associated with these PPP arrangements is $6.6 million. The installment payments were discounted using rates between 2.02% and 4.32%. Interest receivable related to these arrangements is $210 thousand as of September 30, 2025. The related deferred inflow balance was $52.2 million and is being amortized over the term of the respective ground lease. For the fiscal year ending September 30, 2025, a total of $1.0 million was recorded as inflows of resources related to these arrangements.

The City has granted a private operator operating rights for a boating concession on Lady Bird Lake. The operator developed infrastructure on City-owned land under this agreement. Effective January 1, 2025, the City assigned the rights and obligations under this contract to a local foundation to operate under an existing Park Operation and Maintenance Agreement (POMA). The City no longer reports the receivable and related deferred inflow balances associated with this arrangement. For the fiscal year ending September 30, 2025, a total of $56 thousand was recorded as inflows of resources related to this arrangement.

## 6. PUBLIC-PRIVATE PARTNERSHIPS, continued

### a. Governmental Activities, continued

The City has granted a private operator development right for the Q2 stadium on City-owned land. The operator will operate the stadium for a minimum of 20 years with options to extend through 2071. The receivable balance for future installment payments associated with this PPP was $4.3 million, and the City has recorded a receivable for the underlying asset which will be transferred to the City at the end of the agreement in the amount of $104 million. The underlying asset receivable is presented as other long-term assets. The installment payments were discounted using a rate of 5.00% and the interest receivable related to the arrangement is $1 million as of September 30, 2025. The related deferred inflow balance was $84.8 million as of September 30, 2025. The deferred inflows are being amortized through 2041, and for the fiscal year ending September 30, 2025, $5.4 million was recorded in inflows of resources related to this arrangement.

### b. Business-Type Activities

The City has granted a private operator operating rights for a Consolidated Rental Car Facility (CONRAC) at the Airport. As part of this agreement, the operator developed a joint-use parking facility on City-owned land. This arrangement meets the definition of an SCA. As of September 30, 2025, the net book value of capital assets the operator has transferred to the City is $114.4 million and reported within the building and improvement category of the capital asset table in Note 5a. The receivable balance for future installment payments associated with this PPP was $6.3 million. The installment payments were discounted using a rate of 5.53%. The related deferred inflow balance was $110.4 million and is being amortized through 2046. For the fiscal year ending September 30, 2025, $5.5 million was recorded as inflows of resources related to this arrangement.

The City has granted a private operator operating rights for onsite parking and services at the Airport. As part of this agreement, the operator developed parking infrastructure and buildings on City-owned land. This arrangement meets the definition of an SCA. As of September 30, 2025, the net book value of capital assets the operator has transferred to the City is $21.0 million and reported within the building and improvement category of the capital asset table in Note 5a. The receivable balance for future installment payments associated with this PPP was $7.3 million. The installment payments were discounted using a rate of 4.52%. The related deferred inflow balance was $29.7 million and is being amortized through 2056. For the fiscal year ending September 30, 2025, a total of $956 thousand was recorded as inflows of resources related to this arrangement.

The City has granted a private operator operating rights for the Butler Pitch and Putt Golf Course. The operator constructed improvements on City-owned parkland as part of this agreement. This arrangement meets the definition of an SCA. As of September 30, 2025, the net book value of capital assets the operator has transferred to the City is $1.0 million and reported within the building and improvement category of the capital asset table in Note 5a. The receivable balance for future installment payments associated with this PPP was $424 thousand. The installment payments were discounted using a rate of 1.08%. The related deferred inflow balance was $948 thousand and is being amortized through 2029. For the fiscal year ending September 30, 2025, a total of $243 thousand was recorded as inflows of resources related to this arrangement.

The City has granted operating rights for a freight and ground service facility at the Airport to a private operator. The operator will develop infrastructure on City-owned land as part of this agreement. These improvements, to be completed within 720 days of receiving the City's notice to proceed, will revert to City ownership at the end of the contract in 2039. As of September 30, 2025, development of these improvements is still ongoing. The receivable balance for future installment payments associated with this PPP was $1.8 million. The installment payments were discounted using a rate of 3.49%. The related deferred inflow balance was $1.7 million and is being amortized through 2039. For the fiscal year ending September 30, 2025, a total of $124 thousand was recorded as inflows of resources related to this arrangement.

The City has granted operating rights for an expanded fuel facility at the Airport to a private operator. The operator developed fueling infrastructure on City-owned land as part of this agreement. These improvements will revert to City ownership at the end of the contract in 2039. The receivable balance for future installment payments associated with this PPP was $2.2 million, and the City has recorded a receivable for the underlying asset which will be transferred to the City at the end of the agreement in the amount of $50.4 million. The underlying asset receivable is presented as other long-term assets. The installment payments were discounted using a rate of 2.66%. The related deferred inflow balance was $46.3 million as of September 30, 2025. The deferred inflows are being amortized through 2039, and for the fiscal year ending September 30, 2025, $3.3 million was recorded in inflows of resources related to this arrangement.

## 6. PUBLIC-PRIVATE PARTNERSHIPS, continued

### b. Business-Type Activities, continued

The City has granted operating rights for Fixed-Based Operator (FBO) services at the Airport. As part of this agreement, the operator is constructing new improvements on City-owned land. These improvements, to be completed in fiscal year 2026, will revert to City ownership at the end of the contract in October 2056. The receivable balance for future installment payments associated with this PPP was $9.3 million. The installment payments were discounted using a rate of 3.71%. The related deferred inflow balance was $9.2 million and is being amortized through October 2056. For the fiscal year ending September 30, 2025, a total of $246 thousand was recorded as inflows of resources related to this arrangement.

## 7. LEASES

A lease is a contractual agreement that conveys control of the right to use another entity's nonfinancial asset for a minimum of one year in an exchange or exchange-like transaction. The City has entered into various leasing arrangements as both lessee and lessor.

### a. City as Lessor

As lessor, the City has entered into numerous leases of City-owned land, buildings, and infrastructure. These leases have annual interest rates ranging from 0.63% to 3.9%. The terms end between January 2026 and September 2080 with varying extension options. Lease receivables are reported for governmental activities, Austin Water, Airport, and nonmajor enterprise funds.

In October 1981, the City entered into a 99-year ground lease for land located in downtown Austin. As of September 30, 2025, the lease receivable associated with this lease was $40.6 million, or 50% of the governmental activities leases receivable balance.

The City has entered into certain lease agreements as the lessor of land, terminal space, cargo facilities, and other structures to concessionaires serving the Airport. The concession agreements provide for both fixed and variable payments and do not meet the criteria of regulated leases. About half of the City's leases and two-thirds of the City's leases receivable balance arise from Airport operations.

The present value of lease payments expected to be received during the lease term is recorded as a lease receivable and is deferred until received. Lease receivable activity for the year ended September 30, 2025, is as follows (in thousands):

| Leases Receivable | October 1, 2024 | Additions | Reductions | September 30, 2025 |
|---|---|---|---|---|
| **Governmental activities** | $ 53,962 | 32,802 | (5,970) | 80,794 |
| **Business-type activities** | | | | |
| Austin Water | 1,514 | - | (89) | 1,425 |
| Airport | 180,944 | 4,306 | (30,027) | 155,223 |
| Nonmajor enterprise | 3,851 | 462 | (1,215) | 3,098 |
| **Business-type activities total** | 186,309 | 4,768 | (31,331) | 159,746 |
| **Total leases receivable** | $ 240,271 | 37,570 | (37,301) | 240,540 |

For the year ended September 30, 2025, lease inflows are as follows (in thousands):

| Description | Lease Revenue | Lease Interest Income | Total |
|---|---|---|---|
| **Governmental activities** | | | |
| General Fund | $ 156 | 187 | 343 |
| Nonmajor governmental | 125 | 55 | 180 |
| Internal Service Funds | 6,863 | 1,561 | 8,424 |
| **Governmental activities total** | 7,144 | 1,803 | 8,947 |
| **Business-type activities** | | | |
| Austin Water | 112 | 40 | 152 |
| Airport | 22,486 | 2,845 | 25,331 |
| Nonmajor enterprise | 391 | 76 | 467 |
| **Business-type activities total** | 22,989 | 2,961 | 25,950 |
| **Total all activities** | $ 30,133 | 4,764 | 34,897 |

## 7. LEASES, continued

### a. City as Lessor, continued

The City also received variable lease revenues during the year that are not included in lease inflows or in the measurement of the lease receivable. Variable lease revenues for the year ended September 30, 2025, are as follows (in thousands):

| Description | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Sales-based | $ 301 | 21,301 | 21,602 |
| Operating revenue | 2,220 | - | 2,220 |
| Utilities | 6 | - | 6 |
| Total variable payments | $ 2,527 | 21,301 | 23,828 |

Principal and interest to maturity for the lease receivable as of September 30, 2025, are as follows (in thousands):

| Fiscal Year | Governmental Activities | | Business-Type Activities | | |
|---|---|---|---|---|---|
| Ended September 30 | Principal | Interest | Principal | Interest | Total |
| 2026 | $ 7,048 | 1,765 | 22,587 | 2,398 | 33,798 |
| 2027 | 5,234 | 1,598 | 22,871 | 2,027 | 31,730 |
| 2028 | 5,147 | 1,462 | 22,234 | 1,671 | 30,514 |
| 2029 | 4,515 | 1,328 | 22,074 | 1,329 | 29,246 |
| 2030 | 4,054 | 1,212 | 21,338 | 992 | 27,596 |
| 2031 - 2035 | 11,341 | 4,751 | 40,881 | 1,625 | 58,598 |
| 2036 - 2040 | 4,135 | 3,991 | 5,262 | 442 | 13,830 |
| 2041 - 2045 | 3,829 | 3,526 | 793 | 189 | 8,337 |
| 2046 - 2050 | 3,886 | 3,169 | 378 | 143 | 7,576 |
| 2051 - 2055 | 4,327 | 2,784 | 415 | 106 | 7,632 |
| 2056 - 2060 | 4,818 | 2,356 | 456 | 65 | 7,695 |
| 2061 - 2065 | 5,364 | 1,879 | 457 | 20 | 7,720 |
| 2066 - 2070 | 5,750 | 1,351 | - | - | 7,101 |
| 2071 - 2075 | 5,686 | 804 | - | - | 6,490 |
| 2076 - 2080 | 5,660 | 275 | - | - | 5,935 |
| Total | $ 80,794 | 32,251 | 159,746 | 11,007 | 283,798 |

## 7. LEASES, continued

### b. City as Lessee

As lessee, the City leases buildings, equipment, land, infrastructure, vehicles, and computer equipment to support its operations. These leases have annual interest rates ranging from 0.21% to 9.83%. For the fiscal year ended September 30, 2025, the City's governmental and business-type activities reported interest expenses of $1.3 million and $1.2 million, respectively. The terms end between March 2026 and February 2103, with varying extension options. Most of the leases are for the right to use real property, vehicles, and computer equipment. The present value of lease payments expected to be made during the lease term is recorded as a lease liability and the associated asset is recognized as an intangible right-to-use lease asset. Information on lease assets by major class and related accumulated amortization information can be found in Note 5. Lease payable activity for the year ended September 30, 2025, is as follows (in thousands):

| Leases Payable | October 1, 2024 | Additions | Reductions | September 30, 2025 |
|---|---|---|---|---|
| **Governmental activities** | $ 77,005 | 3,311 | (10,738) | 69,578 |
| **Business-type activities** | | | | |
| Austin Energy | 17,232 | 30,656 | (11,787) | 36,101 |
| Austin Water | 808 | - | (565) | 243 |
| Airport | - | - | - | - |
| Nonmajor enterprise | 8,756 | - | (1,935) | 6,821 |
| **Business-type activities total** | 26,796 | 30,656 | (14,287) | 43,165 |
| **Total leases payable** | $ 103,801 | 33,967 | (25,025) | 112,743 |

The City also made variable lease payments during the year that are not included in the measurement of the lease liability. Variable lease payments for the year ended September 30, 2025, were as follows (in thousands):

| Description | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Operating expenses | $ 3,913 | 166 | 4,079 |
| Property taxes | - | (12) | (12) |
| Rental credits | (163) | - | (163) |
| Utilities | 129 | - | 129 |
| Maintenance and repairs | 1 | - | 1 |
| Other | 36 | - | 36 |
| Total variable payments | $ 3,916 | 154 | 4,070 |

## 7. LEASES, continued

### b. City as Lessee, continued

As of September 30, 2025, future annual lease commitments include the following (in thousands):

| Fiscal Year | Governmental Activities | | Business-Type Activities | | |
|---|---|---|---|---|---|
| Ended September 30 | Principal | Interest | | | Total |
| 2026 | $ 5,550 | 1,306 | 12,814 | 1,226 | 20,896 |
| 2027 | 4,793 | 1,126 | 10,446 | 826 | 17,191 |
| 2028 | 3,946 | 999 | 9,804 | 554 | 15,303 |
| 2029 | 3,823 | 928 | 6,997 | 298 | 12,046 |
| 2030 | 3,650 | 868 | 1,415 | 121 | 6,054 |
| 2031 - 2035 | 12,727 | 3,625 | 1,488 | 154 | 17,994 |
| 2036 - 2040 | 10,803 | 2,668 | 182 | 47 | 13,700 |
| 2041 - 2045 | 1,284 | 2,109 | 19 | - | 3,412 |
| 2046 - 2050 | 918 | 2,030 | - | - | 2,948 |
| 2051 - 2055 | 1,141 | 1,935 | - | - | 3,076 |
| 2056 - 2060 | 1,399 | 1,819 | - | - | 3,218 |
| 2061 - 2065 | 1,697 | 1,678 | - | - | 3,375 |
| 2066 - 2070 | 2,039 | 1,508 | - | - | 3,547 |
| 2071 - 2075 | 2,432 | 1,306 | - | - | 3,738 |
| 2076 - 2080 | 2,881 | 1,066 | - | - | 3,947 |
| 2081 - 2085 | 1,596 | 866 | - | - | 2,462 |
| 2086 - 2090 | 2,006 | 712 | - | - | 2,718 |
| 2091 - 2095 | 2,481 | 520 | - | - | 3,001 |
| 2096 - 2100 | 3,029 | 284 | - | - | 3,313 |
| 2101 - 2103 | 1,383 | 37 | - | - | 1,420 |
| Total | $ 69,578 | 27,390 | 43,165 | 3,226 | 143,359 |

### c. Regulated Leases

The City has various aeronautical leasing agreements which are not included in the measurement of lease receivables, or within deferred inflows of resources, as they meet the definition of a regulated lease. These airline agreements are generally aeronautical in nature and are subject to certain regulations set forth by the Federal Aviation Administration. The Airport's Airline Use and Lease Agreement governs airline use of the main terminal building on a preferential use basis. Separate lease agreements with cargo terminal operators, general aviation operators, and hangar leases are maintained on an exclusive use basis. The previous Airline Use and Lease Agreement expired on September 30, 2024, but remained in active holdover status through September 30, 2025 while negotiations for a new agreement continued. The airlines then entered into a temporary bridge agreement covering the period from October 1, 2025 through December 31, 2025, in order to allow sufficient time for execution of the new Airline Use and Lease Agreement. The new Airline Use and Lease Agreement was fully executed and became effective on January 1, 2026, and will remain in effect through September 30, 2035, with two one-year extension options. In fiscal year 2025, the Airport recognized user fees and rental revenue of $176 million related to regulated leases. Expected future minimum payments through the September 30, 2035 expiration of the new Airline Use and Lease Agreement are summarized in the table below (in thousands). These future payments are based on budgeted expenses and projected airline activity.

| Fiscal Year Ended September 30 | Future Minimum Payments |
|---|---|
| 2026 | $ 248,099 |
| 2027 | 289,591 |
| 2028 | 301,138 |
| 2029 | 374,837 |
| 2030 | 358,797 |
| 2031 - 2035 | 3,457,646 |
| Total | $ 5,030,108 |

## 8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), for a minimum of one year in an exchange or exchange-like transaction.

The City has entered into various SBITAs for noncancellable software subscriptions to support its operations. These SBITAs have annual interest rates ranging from 2.16% to 3.63%. For the fiscal year ended September 30, 2025, the City's governmental and business-type activities reported interest expenses of $1.5 million and $835 thousand, respectively. The terms end between January 2026 and July 2033, with varying extension options. The majority of the subscription arrangements are contracted through cloud computing arrangements, such as software as a service and platform as a service. The present value of subscription payments expected to be made during the SBITA term is recorded as a SBITA liability and the associated assets is recognized as an intangible right-to-use SBITA asset. Information on SBITA assets by major class and related accumulated amortization information can be found in Note 5.

Variable payments, other than those that depend on an index or a rate or are fixed in substance, and other payments that are not known or certain to be exercised are excluded from the measurement of the subscription liabilities. Rather, these variable and other payments are recognized as outflows of resources in the period in which the obligation for those payments is incurred. The amount of outflows of resources recognized in the fiscal year ended September 30, 2025, for variable and other payments not previously included in the measurement of the subscription liability are $9.7 million and $4.5 million for governmental and business activities, respectively.

As of September 30, 2025, the City is contractually committed for SBITAs that have not yet commenced in the amounts of $21.1 million and $3.7 million in governmental and business-type activities, respectively.

IT subscriptions payable activity for the year ended September 30, 2025, is as follows (in thousands):

| IT Subscriptions payable | October 1, 2024 | Additions | Reductions | September 30, 2025 |
|---|---|---|---|---|
| **Governmental activities** | $ 56,522 | 25,160 | (27,037) | 54,645 |
| **Business-type activities** | | | | |
| Austin Energy | 14,329 | 16,694 | (11,812) | 19,211 |
| Austin Water | 4,634 | 1,786 | (1,040) | 5,380 |
| Airport | 2,539 | 2,787 | (1,353) | 3,973 |
| Nonmajor enterprise | 6,283 | 7,199 | (3,425) | 10,057 |
| **Business-type activities total** | 27,785 | 28,466 | (17,630) | 38,621 |
| **Total IT subscriptions payable** | $ 84,307 | 53,626 | (44,667) | 93,266 |

As of September 30, 2025, future annual SBITA commitments include the following (in thousands):

| | Governmental Activities | | Business-Type Activities | | |
|---|---|---|---|---|---|
| Fiscal Year Ended September 30 | Principal | Interest | Principal | Interest | Total |
| 2026 | $ 19,817 | 1,759 | 14,834 | 1,117 | 37,527 |
| 2027 | 15,665 | 936 | 12,611 | 698 | 29,910 |
| 2028 | 7,055 | 518 | 6,528 | 322 | 14,423 |
| 2029 | 6,018 | 325 | 3,790 | 119 | 10,252 |
| 2030 | 1,977 | 161 | 858 | 29 | 3,025 |
| 2031 - 2033 | 4,113 | 164 | - | - | 4,277 |
| Total | $ 54,645 | 3,863 | 38,621 | 2,285 | 99,414 |

## 9. DEBT AND NON-DEBT LIABILITIES

### a. Long-Term Liabilities

Payments on bonds for governmental activities will be made from the general obligation debt service funds. Accrued compensated absences that pertain to governmental activities will be liquidated by the General Fund, special revenue funds, and internal service funds. Claims payable will be liquidated by Austin Energy, Austin Water, Airport, and internal service funds. Other liabilities that pertain to governmental activities will be liquidated by the General Fund, special revenue funds, general governmental capital improvement projects funds, and internal service funds.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all limitations and restrictions.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included in governmental activities.

The following is a summary of changes in long-term obligations. Certain long-term obligations provide financing to both governmental and business-type activities. Balances at September 30, 2025, were as follows (in thousands):

| Description | October 1, 2024 | Increases | Decreases | September 30, 2025 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities** | | | | | |
| General obligation bonds, net | $ 1,249,870 | 352,896 | (230,148) | 1,372,618 | 106,485 |
| Certificates of obligation, net | 317,761 | 118,611 | (41,384) | 394,988 | 18,681 |
| Contractual obligations, net | 87,739 | 31,700 | (22,873) | 96,566 | 21,345 |
| **General obligation bonds and other tax supported debt total** | 1,655,370 | 503,207 | (294,405) | 1,864,172 | 146,511 |
| Financed purchase obligations | 7,022 | 3,554 | (7,022) | 3,554 | 3,554 |
| **Net debt** | 1,662,392 | 506,761 | (301,427) | 1,867,726 | 150,065 |
| **Other long-term obligations** | | | | | |
| Accrued compensated absences, as restated (see Note 21) | 162,091 | 33,055 | (18,309) | 176,837 | 106,571 |
| Claims payable | 73,205 | 283,232 | (279,862) | 76,575 | 36,314 |
| Net pension liability | 2,294,789 | 728,888 | (792,367) | 2,231,310 | - |
| Other postemployment benefits | 1,895,974 | 207,145 | (1,331,374) | 771,745 | 33,006 |
| Asset retirement obligations | 743 | 268 | (29) | 982 | - |
| Other liabilities | 297,766 | 4,789 | (62,725) | 239,830 | 129,489 |
| **Governmental activities total** | 6,386,960 | 1,764,138 | (2,786,093) | 5,365,005 | 455,445 |
| **Total business-type activities** | | | | | |
| General obligation bonds, net | 11,905 | 8,179 | (2,126) | 17,958 | 1,792 |
| Certificates of obligation, net | 29,889 | 1,810 | (10,247) | 21,452 | 1,308 |
| Contractual obligations, net | 6,029 | - | (2,668) | 3,361 | 1,829 |
| Other tax supported debt, net | 1,870 | - | (965) | 905 | 905 |
| **General obligation bonds and other tax supported debt total** | 49,693 | 9,989 | (16,006) | 43,676 | 5,834 |
| Commercial paper notes, net | 315,960 | 500,693 | (263,500) | 553,153 | - |
| Revenue bonds, net | 5,674,485 | 265,142 | (261,043) | 5,678,584 | 187,520 |
| Revenue notes from direct placements, net | 291,646 | 97,160 | (21,011) | 367,795 | 20,245 |
| **Net debt** | 6,331,784 | 872,984 | (561,560) | 6,643,208 | 213,599 |
| **Other long-term obligations** | | | | | |
| Accrued compensated absences, as restated (see Note 21) | 43,949 | 15,625 | (8,963) | 50,611 | 39,732 |
| Claims payable | 292 | 1,542 | (706) | 1,128 | 271 |
| Net pension liability | 1,292,427 | 352,582 | (344,520) | 1,300,489 | - |
| Other postemployment benefits | 1,349,443 | 154,031 | (957,576) | 545,898 | 23,344 |
| Accrued landfill closure and postclosure costs | 17,755 | 821 | (1,617) | 16,959 | 837 |
| Asset retirement obligations | 444,163 | 16,631 | (8,940) | 451,854 | - |
| Other liabilities | 212,609 | 44,212 | (11,103) | 245,718 | 170,592 |
| **Business-type activities total** | 9,692,422 | 1,458,428 | (1,894,985) | 9,255,865 | 448,375 |
| **Total liabilities (1)** | $ 16,079,382 | 3,222,566 | (4,681,078) | 14,620,870 | 903,820 |

(1) This schedule excludes select short-term liabilities of $147,518 for governmental activities. For business-type activities, it excludes select short-term liablities of $408,433, and derivative instruments of $1,644.

# 9. DEBT AND NON-DEBT LIABILITIES, continued
## a. Long-Term Liabilities, continued

| Description | October 1, 2024 | Increases | Decreases | September 30, 2025 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Business-type activities:** | | | | | |
| **Electric activities** | | | | | |
| Commercial paper notes, net | $ 267,960 | 223,193 | (263,500) | 227,653 | - |
| Revenue bonds, net | 2,005,630 | 265,136 | (105,076) | 2,165,690 | 82,065 |
| **Net debt** | 2,273,590 | 488,329 | (368,576) | 2,393,343 | 82,065 |
| **Other long-term obligations** | | | | | |
| Accrued compensated absences, as restated (see Note 21) | 15,752 | 4,758 | (3,027) | 17,483 | 13,695 |
| Claims payable | - | 499 | (227) | 272 | - |
| Net pension liability | 447,648 | 111,446 | (118,756) | 440,338 | - |
| Other postemployment benefits | 385,555 | 42,398 | (272,603) | 155,350 | 6,644 |
| Asset retirement obligations | 442,296 | 16,631 | (8,938) | 449,989 | - |
| Other liabilities | 149,823 | 29,516 | (5,321) | 174,018 | 133,284 |
| **Electric activities total** | 3,714,664 | 693,577 | (777,448) | 3,630,793 | 235,688 |
| **Water and Wastewater activities** | | | | | |
| General obligation bonds, net | 709 | - | (91) | 618 | 77 |
| Certificates of obligation bonds, net | 230 | - | (125) | 105 | 28 |
| Other tax supported debt, net | 1,197 | - | (618) | 579 | 579 |
| **General obligation bonds and other tax supported debt total** | 2,136 | - | (834) | 1,302 | 684 |
| Commercial paper notes, net | 48,000 | 277,500 | - | 325,500 | - |
| Revenue bonds, net | 2,219,149 | - | (107,561) | 2,111,588 | 59,000 |
| Revenue notes from direct placements, net | 252,036 | 31,300 | (13,751) | 269,585 | 12,745 |
| **Net debt** | 2,521,321 | 308,800 | (122,146) | 2,707,975 | 72,429 |
| **Other long-term obligations** | | | | | |
| Accrued compensated absences, as restated (see Note 21) | 8,802 | 7,435 | (5,681) | 10,556 | 6,983 |
| Claims payable | 292 | 937 | (451) | 778 | 243 |
| Net pension liability | 260,075 | 67,002 | (67,409) | 259,668 | - |
| Other postemployment benefits | 277,158 | 31,426 | (195,267) | 113,317 | 4,846 |
| Asset retirement obligations | 1,867 | - | (2) | 1,865 | - |
| Other liabilities | 23,405 | 2,451 | (102) | 25,754 | 19,614 |
| **Water and Wastewater activities total** | 3,092,920 | 418,051 | (391,058) | 3,119,913 | 104,115 |
| **Airport activities** | | | | | |
| Revenue bonds, net | 1,395,151 | - | (40,087) | 1,355,064 | 37,875 |
| Revenue notes from direct placements, net | 25,380 | 60,000 | (4,845) | 80,535 | 4,950 |
| **Net debt** | 1,420,531 | 60,000 | (44,932) | 1,435,599 | 42,825 |
| **Other long-term obligations** | | | | | |
| Accrued compensated absences, as restated (see Note 21) | 3,858 | 1,246 | (217) | 4,887 | 3,488 |
| Claims payable | - | 106 | (28) | 78 | 28 |
| Net pension liability | 91,915 | 49,944 | (28,493) | 113,366 | - |
| Other postemployment benefits | 135,009 | 15,070 | (96,319) | 53,760 | 2,299 |
| Other liabilities | 10,751 | 2,697 | (4,176) | 9,272 | 5,499 |
| **Airport activities total** | 1,662,064 | 129,063 | (174,165) | 1,616,962 | 54,139 |
| **Nonmajor enterprise activities** | | | | | |
| General obligation bonds, net | 11,196 | 8,179 | (2,035) | 17,340 | 1,715 |
| Certificates of obligation, net | 29,659 | 1,810 | (10,122) | 21,347 | 1,280 |
| Contractual obligations | 6,029 | - | (2,668) | 3,361 | 1,829 |
| Other tax supported debt, net | 673 | - | (347) | 326 | 326 |
| **General obligation bonds and other tax supported debt total** | 47,557 | 9,989 | (15,172) | 42,374 | 5,150 |
| Revenue bonds, net | 54,555 | 6 | (8,319) | 46,242 | 8,580 |
| Revenue notes from direct placements, net | 14,230 | 5,860 | (2,415) | 17,675 | 2,550 |
| **Net debt** | 116,342 | 15,855 | (25,906) | 106,291 | 16,280 |
| **Other long-term obligations** | | | | | |
| Accrued compensated absences, as restated (see Note 21) | 15,537 | 4,552 | (2,404) | 17,685 | 15,566 |
| Net pension liability | 492,789 | 124,190 | (129,862) | 487,117 | - |
| Other postemployment benefits | 551,721 | 65,137 | (393,387) | 223,471 | 9,555 |
| Accrued landfill closure and postclosure costs | 17,755 | 821 | (1,617) | 16,959 | 837 |
| Other liabilities | 28,630 | 9,548 | (1,504) | 36,674 | 12,195 |
| **Nonmajor enterprise activities total** | $ 1,222,774 | 220,103 | (554,680) | 888,197 | 54,433 |

## 9. DEBT AND NON-DEBT LIABILITIES, continued
### b. Governmental Activities Long-Term Liabilities

**General Obligation Bonds** – General obligation debt is collateralized by the full faith and credit of the City. The City intends to retire its general obligation debt, plus interest, from future ad valorem tax levies and is required by ordinance to create from such tax revenues a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. General obligation debt issued to finance capital assets of enterprise funds is reported as an obligation of these enterprise funds, although the funds are not obligated by the applicable bond indentures to repay any portion of principal and interest on outstanding general obligation debt. However, the City intends for the enterprise funds to meet the debt service requirements from program revenues.

The following table summarizes significant facts about general obligation bonds, certificates of obligation, contractual obligations, and assumed municipal utility district (MUD) bonds outstanding at September 30, 2025, including those reported in certain proprietary funds (in thousands):

| Series | Fiscal Year | Original Issue Amount | Principal Outstanding | Aggregate Interest Requirements Outstanding | | Interest Rates of Debt Outstanding | Maturity Dates of Serial Debt |
|---|---|---|---|---|---|---|---|
| NW Austin MUD - 2006 | 2006 | $ 7,995 | 905 | 38 | (1)(3) | 4.25% | 9/1/2026 |
| Mueller Contractual Obligation - 2006 | 2006 | 12,000 | 955 | 38 | (1)(4) | 4.00% | 9/1/2026 |
| Public Improvement - 2009B | 2009 | 78,460 | 26,530 | 3,344 | (1) | 5.31% | 9/1/2026-2029 |
| Mueller Contractual Obligation - 2009 | 2010 | 15,000 | 4,105 | 445 | (1)(4) | 4.25% | 9/1/2026-2029 |
| Public Improvement - 2012A | 2013 | 74,280 | 19,765 | 3500 | (1) | 3.00 - 3.10% | 9/1/2026-2032 |
| Public Improvement - 2012B | 2013 | 6,640 | 2,565 | 391 | (1) | 3.00 - 3.50% | 9/1/2026-2032 |
| Certificates of Obligation - 2012 | 2013 | 24,645 | 11,525 | 1,742 | (1) | 3.00 - 3.38% | 9/1/2026-2037 |
| Mueller Contractual Obligation - 2012 | 2013 | 16,735 | 9,070 | 1,449 | (1)(4) | 3.00 - 3.38% | 9/1/2026-2032 |
| Public Improvement - 2014 | 2015 | 10,000 | 7,950 | 1,943 | (1) | 3.40 - 4.02% | 9/1/2026-2034 |
| Certificates of Obligation - 2014 | 2015 | 9,600 | 5,245 | 1,082 | (1) | 3.40 - 3.92% | 9/1/2026-2034 |
| Mueller Contractual Obligation - 2014 | 2015 | 15,845 | 8,280 | 1,099 | (1)(4) | 5.00% | 9/1/2026-2029 |
| Public Improvement and Refunding - 2015 | 2016 | 236,905 | 111,440 | 16,706 | (1) | 2.95 - 5.00% | 9/1/2026-2035 |
| Public Improvement - 2015 | 2016 | 10,000 | 6,075 | 1,436 | (1) | 3.39 - 4.27% | 9/1/2026-2035 |
| Certificates of Obligation - 2015 | 2016 | 43,710 | 26,740 | 7,890 | (1) | 5.00% | 9/1/2026-2035 |
| Public Improvement and Refunding - 2016 | 2017 | 98,365 | 51,055 | 9,222 | (1) | 3.00 - 5.00% | 9/1/2026-2036 |
| Certificates of Obligation - 2016 | 2017 | 44,015 | 29,130 | 8,950 | (1) | 3.00 - 5.00% | 9/1/2026-2036 |
| Public Improvement - 2016 | 2017 | 12,000 | 7,375 | 1,390 | (1) | 2.30 - 3.16% | 9/1/2026-2036 |
| Certificates of Obligation - 2016 | 2017 | 8,700 | 5,345 | 1,006 | (1) | 2.30 - 3.16% | 9/1/2026-2036 |
| Public Improvement - 2017 | 2018 | 63,580 | 34,535 | 10,793 | (1) | 5.00% | 9/1/2026-2037 |
| Certificates of Obligation - 2017 | 2018 | 29,635 | 20,840 | 7,347 | (1) | 5.00% | 9/1/2026-2037 |
| Public Improvement - 2017 | 2018 | 25,000 | 17,940 | 4,150 | (1) | 2.73 - 3.48% | 9/1/2026-2037 |
| Public Improvement - 2018 | 2019 | 65,595 | 15,940 | 3,391 | (1) | 3.00 - 5.00% | 9/1/2026-2038 |
| Certificates of Obligation - 2018 | 2019 | 7,140 | 5,300 | 1,378 | (1) | 3.00 - 5.00% | 9/1/2026-2038 |
| Contractual Obligation - 2018 | 2019 | 21,215 | 1,770 | 35 | (2) | 4.00% | 11/1/2025 |
| Public Improvement - 2018 | 2019 | 6,980 | 5,175 | 1,439 | (1) | 3.38 - 5.00% | 9/1/2026-2038 |
| Public Improvement and Refunding - 2019 | 2020 | 146,090 | 66,925 | 23,413 | (1) | 4.00 - 5.00% | 9/1/2026-2039 |
| Certificates of Obligation - 2019 | 2020 | 5,055 | 3,995 | 1,624 | (1) | 4.00 - 5.00% | 9/1/2026-2039 |
| Contractual Obligation - 2019 | 2020 | 25,780 | 6,345 | 319 | (2) | 5.00% | 11/1/2025-2026 |
| Public Improvement - 2019 | 2020 | 40,535 | 30,535 | 6,656 | (1) | 2.12 - 2.93% | 9/1/2026-2039 |
| Certificates of Obligation - 2019 | 2020 | 14,935 | 11,250 | 2,452 | (1) | 2.12 - 2.93% | 9/1/2026-2039 |
| Public Improvement and Refunding - 2020 | 2021 | 86,440 | 51,950 | 13,082 | (1) | 5.00% | 9/1/2026-2040 |
| Certificates of Obligation - 2020 | 2021 | 109,080 | 67,295 | 34,668 | (1) | 5.00% | 9/1/2026-2040 |
| Contractual Obligation - 2020 | 2021 | 23,205 | 8,810 | 668 | (2) | 5.00% | 11/1/2025-2027 |
| Public Improvement and Refunding - 2020 | 2021 | 49,410 | 30,210 | 3,995 | (1) | 0.89 - 4.00% | 9/1/2026-2040 |
| Public Improvement and Refunding - 2021 | 2022 | 153,685 | 97,230 | 32,465 | (1) | 4.00 - 5.00% | 9/1/2026-2041 |
| Certificates of Obligation - 2021 | 2022 | 35,670 | 30,780 | 11,897 | (1) | 4.00 - 5.00% | 9/1/2026-2041 |
| Contractual Obligation - 2021 | 2022 | 27,110 | 15,280 | 1,718 | (2) | 5.00% | 11/1/2025-2028 |
| Public Improvement and Refunding - 2021 | 2022 | 81,880 | 59,630 | 11,904 | (1) | 1.65 - 3.00% | 9/1/2026-2041 |
| Certificates of Obligation - 2021 | 2022 | 20,300 | 16,915 | 3,006 | (1) | 1.00 - 4.00% | 9/1/2026-2041 |
| Public Improvement and Refunding - 2022 | 2023 | 156,275 | 114,045 | 51,185 | (1) | 5.00% | 9/1/2026-2042 |
| Contractual Obligation - 2022 | 2023 | 9,300 | 6,270 | 811 | (2) | 5.00% | 11/1/2025-2029 |
| Public Improvement - 2022 | 2023 | 59,555 | 46,705 | 22,473 | (1) | 4.44 - 5.00% | 9/1/2026-2042 |
| Certificates of Obligation - 2022 | 2023 | 16,380 | 14,755 | 7,077 | (1) | 4.49 - 5.00% | 9/1/2026-2042 |
| Public Improvement - 2023 | 2024 | 221,950 | 190,455 | 88,293 | (1) | 5.00% | 9/1/2026-2043 |
| Contractual Obligation - 2023 | 2024 | 8,750 | 7,240 | 1,213 | (2) | 5.00% | 11/1/2025-2030 |
| Certificates of Obligation - 2023 | 2024 | 25,790 | 24,120 | 13,017 | (1) | 5.00% | 9/1/2026-2043 |
| Public Improvement and Refunding - 2024 | 2025 | 292,600 | 264,040 | 128,664 | (1) | 5.00% | 9/1/2026-2044 |
| Contractual Obligation - 2024 | 2025 | 29,360 | 26,965 | 4,964 | (2) | 5.00% | 11/1/2025-2031 |
| Certificates of Obligation - 2024 | 2025 | 100,325 | 94,790 | 54,234 | (1) | 5.00% | 9/1/2026-2044 |
| Public Improvement - 2024 | 2025 | 31,760 | 28,685 | 16,644 | (1) | 4.70 - 5.50% | 9/1/2026-2044 |
| Certificates of Obligation - 2024 | 2025 | 7,325 | 7,080 | 3,493 | (1) | 4.70 - 5.50% | 9/1/2026-2044 |
| Certificates of Obligation - 2025 | 2025 | 12,160 | 11,870 | 3,769 | (1) | 2.59 - 3.08% | 9/1/2026-2044 |
| | | | $ 1,769,725 | | | | |

(1) Interest is paid semiannually on March 1 and September 1.
(2) Interest is paid semiannually on May 1 and November 1.
(3) Includes Austin Water principal of $579 and interest of $24 and Drainage fund principal of $326 and interest of $14.
(4) Included with contractual obligations are Mueller Local Government Corporation contract revenue bonds.

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### b. Governmental Activities Long-Term Liabilities, continued

In December 2024, the City issued $292,600,000 of Public Improvement and Refunding Bonds, Series 2024. The net proceeds of $224,800,000 (after issue costs, discounts, and premiums) from this issuances will be used as follows: streets and mobility ($147,200,000), park improvements ($30,000,000), water quality protection ($15,000,000), cultural arts facility improvements ($14,900,000), and health & public safety ($17,700,000). The net proceeds of the refunding portion of $103,998,948 were used to refund $80,575,000 of Public Improvement Bonds, Series 2014 and $21,960,000 of Certificates of Obligation, Series 2014. Principal payments are due on September 1 of each year from 2025 to 2044. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2025. Total interest requirements for these bonds, at a rate of 5.0%, are $138,904,750. An accounting gain of $5,415,819, which will be deferred and amortized, was recorded on this refunding.

In December 2024, the City issued $29,360,000 of Public Property Finance Contractual Obligation, Series 2024. The net proceeds of $31,520,000 (after issue costs, discounts, and premiums) from this issuance will be used for fleet ($17,355,000), hardware and software systems ($11,150,000), and public safety ($3,015,000). Principal payments are due on May 1 and November 1 of each year from 2025 to 2031. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2025. Total interest requirements for these obligations, at a rate of 5.0%, are $5,501,392.

In December 2024, the City issued $100,325,000 of Certificates of Obligation, Series 2024. The new money net proceeds of $112,700,000 (after issue costs, discounts, and premiums) from this issuance will be used for purchase of real estate ($71,000,000) a new Fire/EMS station and station improvements ($35,200,000), street improvements/transportation projects ($4,600,000), and waterway repairs/park improvements ($1,900,000). Interest is payable March 1 and September 1 of each year from 2025 to 2044, commencing on March 1, 2025. Principal payments are due September 1 of each year from 2025 to 2044. Total interest requirements for this obligation, at a rate of 5.0%, are $57,745,125.

In December 2024, the City issued $31,760,000 of Public Improvement Bonds, Taxable Series 2024. The net proceeds of $32,000,000 (after issue costs, discounts, and premiums) from this issuance will be used for affordable housing programs. Principal payments are due on September 1 of each year from 2025 to 2044. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2025. Total interest requirements for these bonds, with rates ranging from 4.7% to 5.5%, are $17,773,623.

In December 2024, the City issued $7,325,000 of Certificates of Obligation, Taxable Series 2024. The new money net proceeds of $7,400,000 (after issue costs, discounts, and premiums) from this issuance will be used primarily for Waller Creek District ($6,900,000) and Austin Public Health ($500,000). Interest is payable March 1 and September 1 of each year from 2025 to 2044, commencing on March 1, 2025. Principal payments are due September 1 of each year from 2025 to 2044. Total interest requirements for this obligation, with rates ranging from 4.7% to 5.5%, are $3,754,167.

In January 2025, the City issued $12,160,000 of Combination Tax and Surplus Revenue Certificate of Obligation, Series 2025. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds will be used for improving water quality of Buttermilk Creek through stormwater control measures as well as removal/relocation of deteriorating wastewater infrastructure. Principal payments are due September 1 of each year from 2025 to 2044. Interest payments are due March 1 and September 1 of each year from 2025 to 2044. Total interest requirements for the bonds, at rates ranging from 2.59% to 3.08%, are $3,978,812.

General obligation bonds authorized and unissued amounted to $1,392,545 at September 30, 2025. Bond ratings at September 30, 2025, were AAA (S&P Global Ratings), and AAA (Fitch Ratings, Inc.). The City has elected to forego ratings by Moody's for General Obligation issuances after 2022 due to a change in their methodology, but will continue to use Fitch and S&P Global Ratings.

### c. Business-Type Activities Long-Term Liabilities

**Utility Debt** – The City has previously issued combined debt for Austin Energy and Austin Water. The City began issuing separate debt for electric and water and wastewater activities in 2000. The following paragraphs describe both combined and separate debt.

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### c. Business-Type Activities Long-Term Liabilities, continued

**Combined Utility Systems Debt – General** - Austin Energy and Austin Water comprise the combined utility systems, which issue combined utility systems revenue bonds to finance capital projects. Principal and interest on these bonds are payable solely from the combined net revenues of Austin Energy and Austin Water. Revenue bonds authorized and unissued amount to $1,492,642,660. Bond ratings at September 30, 2025, were Aa2 (Moody's Investors Service, Inc.), AA (S&P Global Ratings), and AA- (Fitch Ratings, Inc.).

**Combined Utility Systems Debt – Tax Exempt Commercial Paper Notes** - The City is authorized by ordinance to issue commercial paper notes in an aggregate principal amount not to exceed $600,000,000 outstanding at any one time. Proceeds from the notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2025, were P-1 (Moody's Investors Service, Inc.), A-1+ (S&P Global Ratings), and F1+ (Fitch Ratings, Inc.). The notes are in denominations of $100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the notes are payable from the combined net revenues of Austin Energy and Austin Water.

At September 30, 2025, Austin Energy had tax exempt commercial paper notes of $177,400,000 outstanding and Austin Water had $325,500,000 of commercial paper notes outstanding with interest ranging from 2.7% to 3.0%, which are adjusted daily. Subsequent issues cannot exceed the maximum rate of 12%. The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt. The associated letter of credit agreements have the following terms (in thousands):

**Commercial Paper Tax-Exempt Variable Rate Demand Notes**

| Note Series | Liquidity Provider | Commitment Fee Rate | Remarketing | Remarketing Fee Rate | Outstanding | Expiration |
|---|---|---|---|---|---|---|
| Various | J.P. Morgan Chase Bank NA | 0.53% | J.P. Morgan Securities, LLC | 0.05% | $ 502,900 | 06/18/2029 |

These notes are payable at maturity to the holder at a price equal to principal plus accrued interest. If the remarketing agent is unable to successfully remarket the notes, the notes will be purchased by the respective liquidity providers and become bank notes with principal to be paid in 12 equal, quarterly installments. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate. In the event of a default, at the discretion of the bank and with written notice to the City, the outstanding amount of both principal and interest may become immediately due and payable.

**Combined Utility Systems Debt – Taxable Commercial Paper Notes** - The City is authorized by ordinance to issue taxable commercial paper notes (the "taxable notes") in an aggregate principal amount not to exceed $100,000,000 outstanding at any time. Proceeds from the taxable notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2025, were P-1 (Moody's Investors Service, Inc.), A-1+ (S&P Global Ratings), and F1 (Fitch Ratings, Inc.).

The taxable notes are issued in denominations of $100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the taxable notes are payable from the combined net revenues of Austin Energy and Austin Water.

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### c. Business-Type Activities Long-Term Liabilities, continued

At September 30, 2025, Austin Energy had outstanding taxable commercial paper notes of $50,253,000 with interest rates ranging from 4.18% to 4.42%. The City intends to refinance maturing commercial paper notes by issuing long-term debt. The associated letter of credit agreement has the following terms (in thousands):

| Note Series | Liquidity Provider | Commitment Fee Rate | Remarketing | Remarketing Fee Rate | Outstanding | Expiration |
|---|---|---|---|---|---|---|
| Various | J.P. Morgan Chase Bank NA | 0.53% | J.P. Morgan Securities, LLC | 0.05% | $ 50,253 | 06/18/2029 |

These taxable notes are payable at maturity to the holder at a price equal to the par value of the note. If the remarketing agent is unable to successfully remarket the notes, the notes will be purchased by the respective liquidity provider and become bank notes with principal due immediately. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess note interest or the maximum rate. In the event of a default, at the discretion of the bank and with written notice to the City, the outstanding amount of both principal and interest may become immediately due and payable.

The taxable notes are secured by a direct-pay Letter of Credit issued by J.P. Morgan Chase Bank NA, which permits draws for the payment of the Notes. Draws made under the Letter of Credit are immediately due and payable by the City from the resources more fully described in the ordinance. A 24-month term loan feature is provided by this agreement.

**Electric Utility System Revenue Debt – General** - The City is authorized by ordinance to issue electric utility system revenue obligations. Proceeds from these obligations are used only to fund electric capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of Austin Energy. Bond ratings at September 30, 2025, were Aa3 (Moody's Investors Service, Inc.), AA- (S&P Global Ratings), and AA- (Fitch Ratings, Inc.).

**Electric Utility System Revenue Debt – Revenue Bond Refunding Issues** - In December 2024, the City issued $240,940,000 of Electric Utility System Revenue Refunding Bonds, Series 2024. The net proceeds of $265,136,780 (after issue costs, premium and discounts) from the issuance are being used to refund $263,500,000 in tax-exempt commercial paper. Principal payments are due November 15 of each year from 2028 to 2054. Interest payments are due May 15 and November 15 of each year from 2025 to 2054. Total interest requirements for the bonds at a rate of 5.0%, are $239,142,728. This issuance only encompassed a commercial paper refunding; therefore, there was no real economic gain achieved with this transaction, nor was an accounting loss or gain recorded. The refunding issuances enabled the City to restore the available capacity under its tax-exempt commercial paper notes.

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### c. Business-Type Activities Long-Term Liabilities, continued

**Electric Utility System Revenue Debt – Bonds Issued and Outstanding** - The following table summarizes all electric system refunding revenue bonds outstanding at September 30, 2025 (in thousands):

| Series | Fiscal Year | Original Amount Issued | Principal Outstanding | Aggregate Interest Requirements Outstanding | | Interest Rates of Debt Outstanding | Maturity Dates of Serial Debt |
|---|---|---|---|---|---|---|---|
| 2008 Refunding | 2008 | $ 50,000 | 24,870 | 6,740 | (1) | 6.26% | 11/15/2025-2032 |
| 2010B Refunding | 2010 | 100,990 | 80,560 | 40,258 | (1) | 5.09 - 5.72% | 11/15/2025-2040 |
| 2012A Refunding | 2013 | 267,770 | 7,000 | 2,437 | (1) | 2.50 - 3.25% | 11/15/2025-2040 |
| 2012B Refunding | 2013 | 107,715 | 51,570 | 2,770 | (1) | 2.91 - 3.16% | 11/15/2025-2027 |
| 2015A Refunding | 2015 | 327,845 | 262,690 | 159,876 | (1) | 5.00% | 11/15/2025-2045 |
| 2015B Refunding | 2015 | 81,045 | 28,395 | 12,219 | (1) | 3.36 - 4.66% | 11/15/2025-2037 |
| 2017 Refunding | 2017 | 101,570 | 95,790 | 41,862 | (1) | 4.00 - 5.00% | 11/15/2025-2038 |
| 2019A Refunding | 2019 | 464,540 | 269,615 | 29,137 | (1) | 2.68 - 3.09% | 11/15/2025-2031 |
| 2019B Refunding | 2019 | 169,850 | 166,600 | 130,783 | (1) | 5.00% | 11/15/2025-2049 |
| 2019C Refunding | 2019 | 104,775 | 98,370 | 49,538 | (1) | 2.25 - 3.57% | 11/15/2025-2049 |
| 2020A Refunding | 2021 | 227,495 | 216,035 | 149,830 | (1) | 5.00% | 11/15/2025-2050 |
| 2020B Refunding | 2021 | 49,870 | 48,870 | 21,372 | (1) | 0.88 - 2.93% | 11/15/2025-2050 |
| 2023 Refunding | 2023 | 417,615 | 412,115 | 303,557 | (1) | 5.00 - 5.25% | 11/15/2025-2053 |
| 2024 Refunding | 2025 | 240,940 | 240,940 | 234,257 | (1) | 5.00% | 11/15/2028-2054 |
| | | | $ 2,003,420 | | | | |

(1) Interest is paid semiannually on May 15 and November 15.

**Electric Utility System Revenue Debt – Pledged Revenues** - The net revenue of Austin Energy was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2025 (in thousands):

| Gross Revenue (1) | Operating Expense (2) (3) | Net Revenue | Debt Service Requirement | Revenue Bond Coverage |
|---|---|---|---|---|
| $ 1,827,789 | 1,374,512 | 453,277 | 173,880 | 2.61 |

(1) Gross revenue includes revenues from operations and interest income.
(2) Excludes depreciation, amortization of excess consideration, other postemployment benefits and net pension liability accruals.
(3) Includes lease and IT subscriptions expenses.

Austin Energy obtained a credit facility with Sumitomo Mitsui Banking Corporation, for an unconditional, irrevocable letter of credit with the Electric Reliability Council of Texas, Inc (ERCOT) as beneficiary, for a maximum amount of $100,000,000. In conjunction with the letter of credit, Austin Energy entered into a note purchase agreement for a maximum principal amount of $100,005,000. The agreement has an initial expiration of August 18, 2026, with two one-year automatic extension options. Austin Energy is providing financial security in the form of the letter of credit to ERCOT in compliance with ERCOT Nodal Protocols. Draws made under the note purchase agreement are payable by the City from the resources more fully described in the ordinance. As of September 30, 2025, ERCOT has not drawn on the letter of credit and, therefore the City has not issued any program notes.

**Water and Wastewater System Revenue Debt – General** - The City is authorized by ordinance to issue Austin Water revenue obligations. Proceeds from these obligations are used only to fund water and wastewater capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of Austin Water. Bond ratings at September 30, 2025, were Aa2 (Moody's Investors Service, Inc.), AA (S&P Global Ratings), and AA- (Fitch Ratings, Inc.).

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### c. Business-Type Activities Long-Term Liabilities, continued

**Water and Wastewater System Revenue Debt – Revenue Bond Issues** - In November 2024, the City issued $25,000,000 of Water and Wastewater System Revenue Bonds, Series 2024A. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of $23,256,896 will be used for Austin Water's Advanced Metering Infrastructure program. Principal payments are due November 15 of each year from 2025 to 2044. Interest payments are due May 15 and November 15 of each year from 2025 to 2044. Total interest requirements for the bonds are $7,444,051, with interest rates ranging from 1.80% to 3.09%.

**Water and Wastewater System Revenue Debt – Revenue Bond In-Substance Defeasance** - In May 2025, the City defeased $15,110,000 of separate lien revenue refunding bonds, Series 2015A, $10,545,000 of separate lien revenue refunding bonds, Series 2016, $11,385,000 of separate lien revenue refunding bonds, Series 2017, and $2,180,000 of separate lien revenue refunding bonds, Series 2017A, with a $2,214,219 cash payment for the 2017A Series and a $37,993,285 cash payment for the remaining series. The funds were deposited in irrevocable escrow accounts to provide for the future debt service payments on the defeased bonds. The City is legally released from the obligation for the defeased debt. An accounting loss of $1,062,679 was recorded and recognized in the current period on the defeasance.

**Water and Wastewater System Revenue Debt – Bonds Issued and Outstanding** - The following table summarizes all water and wastewater system original and refunding revenue bonds outstanding at September 30, 2025 (in thousands):

| Series | Fiscal Year | Original Amount Issued | Principal Outstanding | Aggregate Interest Requirements Outstanding | Interest Rates of Debt Outstanding | Maturity Dates of Serial Debt |
|---|---|---|---|---|---|---|
| 2010 | 2010 | $ 31,815 | 18,025 | - (2) | 0.00% | 11/15/2025-2041 |
| 2010B Refunding | 2011 | 100,970 | 72,390 | 38,223 (1) | 5.25 - 6.02% | 11/15/2025-2040 |
| 2015A Refunding | 2015 | 249,145 | 108,415 | 31,771 (1) | 2.85 - 5.00% | 11/15/2025-2036 |
| 2016 Refunding | 2016 | 247,770 | 229,225 | 123,888 (1) | 5.00% | 11/15/2025-2045 |
| 2016A | 2017 | 20,430 | 12,890 | 1,539 (1) | 1.08 - 2.12% | 11/15/2025-2036 |
| 2017 Refunding | 2017 | 311,100 | 226,885 | 108,065 (1) | 3.54 - 5.00% | 11/15/2025-2046 |
| 2017A | 2018 | 45,175 | 28,565 | 3,687 (1) | 1.21 - 2.29% | 11/15/2025-2037 |
| 2018 | 2019 | 3,000 | 2,215 | 384 (1) | 1.66 - 2.61% | 11/15/2025-2038 |
| 2019 | 2020 | 6,200 | 4,780 | 619 (1) | 0.90 - 1.94% | 11/15/2025-2039 |
| 2020A | 2020 | 11,200 | 9,350 | 389 (1) | 0.00 - 0.50% | 11/15/2025-2049 |
| 2020B | 2020 | 3,800 | 3,175 | 249 (1) | 0.00 - 0.80% | 11/15/2025-2049 |
| 2020C Refunding | 2021 | 203,505 | 200,725 | 148,965 (1) | 5.00% | 11/15/2025-2050 |
| 2020D | 2021 | 16,995 | 13,770 | 1,445 (1) | 0.23 - 1.55% | 11/15/2025-2040 |
| 2021A | 2021 | 10,400 | 9,070 | - (2) | 0.00% | 11/15/2025-2050 |
| 2021B | 2021 | 9,400 | 8,205 | 16 (1) | 0.00 - 0.06% | 11/15/2025-2050 |
| 2021 Refunding | 2022 | 216,380 | 211,715 | 105,430 (1) | 4.00 - 5.00% | 11/15/2025-2051 |
| 2021C | 2022 | 18,000 | 15,470 | 2,152 (1) | 0.38 - 1.85% | 11/15/2025-2041 |
| 2021D | 2022 | 23,100 | 20,790 | 218 (1) | 0.00 - 0.19% | 11/15/2025-2051 |
| 2021E | 2022 | 30,000 | 27,010 | 530 (1) | 0.00 - 0.29% | 11/15/2025-2051 |
| 2022 Refunding | 2023 | 295,840 | 269,100 | 149,691 (1) | 5.00% | 11/15/2025-2052 |
| 2022A | 2023 | 18,000 | 16,535 | 5,240 (1) | 2.46 - 3.60% | 11/15/2025-2042 |
| 2022B | 2023 | 24,630 | 23,400 | 8,750 (1) | 1.57 - 2.61% | 11/15/2025-2052 |
| 2022C | 2023 | 8,300 | 7,880 | 2,810 (1) | 1.47 - 2.51% | 11/15/2025-2052 |
| 2023 Refunding | 2023 | 143,770 | 143,770 | 77,483 (1) | 5.00% | 11/15/2028-2043 |
| 2023A | 2024 | 18,000 | 17,305 | 5,832 (1) | 2.64 - 3.60% | 11/15/2025-2043 |
| 2024 Refunding | 2024 | 454,190 | 454,190 | 321,600 (1) | 5.00% | 11/15/2025-2053 |
| 2024A | 2025 | 25,000 | 25,000 | 7,149 (1) | 1.80 - 3.09% | 11/15/2025-2044 |
| | | | $ 2,179,850 | | | |

(1) Interest is paid semiannually on May 15 and November 15.

(2) Zero interest bond placed with Texas Water Development Board.

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### c. Business-Type Activities Long-Term Liabilities, continued

**Water and Wastewater System Revenue Debt – Pledged Revenues** - The net revenue of Austin Water was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2025 (in thousands):

| Gross Revenue (1) | Operating Expense (2) (3) | Net Revenue | Debt Service Requirement | Revenue Bond Coverage (4) |
|---|---|---|---|---|
| $ 762,247 | 405,173 | 357,074 | 155,377 | 2.30 |

(1) Gross revenue includes revenues from operations and interest income.

(2) Excludes depreciation, other postemployment benefits and net pension liability accruals.

(3) Includes lease and IT subscriptions expenses.

(4) The coverage calculation presented considers all Water and Wastewater debt service obligations, regardless of type or designation. This methodology closely approximates but does not follow exactly the coverage calculation required by the master ordinance.

**Airport System Revenue Debt – General** - The City's Airport issues airport system revenue bonds to fund Airport capital projects. Principal and interest on these bonds are payable solely from the net revenues of the Airport fund. Revenue bonds authorized and unissued amount to $735,795,000. Bond ratings at September 30, 2025, for the revenue bonds were A1 (Moody's Investors Service, Inc.) and A+ (S&P Global Ratings).

**Airport System Revenue Debt – Bonds Issued and Outstanding** - The following table summarizes all airport system original and refunding revenue bonds outstanding at September 30, 2025 (in thousands):

| Series | Fiscal Year | Original Amount Issued | Principal Outstanding | Aggregate Interest Requirements Outstanding | Interest Rates of Debt Outstanding | Maturity Dates of Serial Debt |
|---|---|---|---|---|---|---|
| 2013 Revenue | 2013 | $ 60,000 | 20,535 | 879 (1) | 2.25% | 11/15/2025-2028 (2) |
| 2014 Revenue | 2015 | 244,495 | 244,495 | 146,000 (1) | 5.00% | 11/15/2026-2044 |
| 2017A Revenue | 2017 | 185,300 | 185,300 | 122,840 (1) | 5.00% | 11/15/2026-2046 |
| 2017B Revenue | 2017 | 129,665 | 129,665 | 85,956 (1) | 5.00% | 11/15/2026-2046 |
| 2019 Revenue | 2019 | 151,720 | 25,740 | 644 (1) | 5.00% | 11/15/2025 |
| 2019A Revenue | 2019 | 16,975 | 16,975 | 20,794 (1) | 5.00% | 11/15/2049 |
| 2019B Revenue | 2019 | 248,170 | 234,105 | 167,859 (1) | 5.00% | 11/15/2025-2048 |
| 2022 Revenue | 2022 | 416,060 | 416,060 | 356,692 (1) | 5.00 - 5.25% | 11/15/2025-2052 |
| | | | $ 1,272,875 | | | |

(1) Interest is paid semiannually on May 15 and November 15.

(2) Series matures on May 15 of the final year.

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### c. Business-Type Activities Long-Term Liabilities, continued

**Airport System Revenue Debt – Pledged Revenues** - The net revenue of the Airport fund was pledged to service the outstanding principal and interest payments for revenue debt outstanding (including revenue bonds and revenue notes). The table below represents the pledged amounts at September 30, 2025 (in thousands):

| Gross Revenue (1) (5) | Other Available Funds (2) | Operating Expense (3) (4) | Net Revenue and Other Available Funds | Debt Service Requirement (5) | Revenue Bond Coverage |
|---|---|---|---|---|---|
| $ 358,852 | 18,672 | 205,695 | 171,829 | 74,689 | 2.30 |

(1) Gross revenue includes revenues from operations and interest income.
(2) Pursuant to the bond ordinance, in addition to gross revenue, the Airport is authorized to use "other available funds" in the calculation of revenue bond coverage not to exceed 25% of the debt service requirements.
(3) Excludes depreciation, other postemployment benefits and net pension liability accruals.
(4) Includes lease and IT subscriptions expenses.
(5) Excludes debt service amounts paid with passenger facility charge revenues and restricted bond proceeds applied to current interest payments.

Effective February 19, 2025, the City is authorized to issue its Airport System Subordinate Lien Revolving Revenue Notes (the "Subordinate Notes") in a total principal amount not to exceed $150 million outstanding at any one time, which constitute Subordinate Obligations. The Subordinate Notes are issued pursuant to an ordinance adopted by the City Council on January 30, 2025 (the "Note Program Ordinance"), establishing a "Note Program" that permits the issuance of Subordinate Notes from time to time. The Subordinate Notes are initially to be purchased by Wells Fargo Bank, National Association (the "Note Purchaser") under a Note Purchase Agreement dated February 1, 2025 (the "Initial NPA") between the City and the Note Purchaser. The Initial NPA is scheduled to expire on February 18, 2028, unless earlier terminated or extended in accordance with its terms. As of September 30, 2025, the City had issued $60 million aggregate principal amount of Subordinate Notes, which mature on May 29, 2026. The City intends to refinance maturing Subordinate Notes by issuing long-term debt.

**Nonmajor Enterprise Fund Debt:**

**Convention Center Revenue Debt - General –** The City's Convention Center fund issues convention center revenue bonds and hotel occupancy tax revenue bonds to fund Convention Center fund capital projects. Principal and interest on these bonds are payable solely from pledged hotel occupancy tax revenues and the special motor vehicle rental tax revenues. Revenue bonds authorized and unissued amount to $760,000. Bond ratings at September 30, 2025, for the revenue bonds were Aa3 (Moody's Investors Service, Inc.), and AA (S&P Global Ratings).

**Convention Center Revenue Debt – Bonds Issued and Outstanding** - The following table summarizes all Convention Center refunding revenue bonds outstanding at September 30, 2025 (in thousands):

| Series | Fiscal Year | Original Amount Issued | Principal Outstanding | Aggregate Interest Requirements Outstanding | | Interest Rates of Debt Outstanding | Maturity Dates of Serial Debt |
|---|---|---|---|---|---|---|---|
| 2008AB Refunding | 2008 | $ 125,280 | 38,380 | 2,791 | (2) | 1.62 - 4.43% | 11/15/2025-2029 |
| 2012 Refunding | 2012 | 20,185 | 7,795 | 905 | (1) | 3.63 - 5.00% | 11/15/2025-2029 |
| 2016 Refunding | 2017 | 29,080 | 11,955 | 567 | (1) | 1.88% | 11/15/2025-2029 |
| | | | $ 58,130 | | | | |

(1) Interest is paid semiannually on May 15 and November 15.
(2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement is calculated utilizing the rate of 3.25% in effect at the end of the fiscal year.

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### c. Business-Type Activities Long-Term Liabilities, continued

The Series 2008 A and B refunding bonds are variable rate demand bonds. The associated letter of credit agreements have the following terms (in thousands):

| Bond Sub-Series | Liquidity Provider | Commitment Fee Rate | Remarketing Agent | Remarketing Fee Rate | Outstanding | Expiration |
|---|---|---|---|---|---|---|
| 2008-A | Sumitomo Mitsui Banking Corporation | 0.57% | Raymond James | 0.06% | $ 19,190 | 11/15/2029 |
| 2008-B | Sumitomo Mitsui Banking Corporation | 0.57% | BofA Securities, Inc. | 0.05% | 19,190 | 11/15/2029 |
| | | | | | $ 38,380 | |

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds or if the agreement expires with no new agreement in place, the bonds will be purchased by the respective liquidity provider and become bank bonds with principal to be paid in equal semiannual installments over a 5-year amortization period beginning six months from the triggering repayment event. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate. The remarketing agent takes the variable debt to auction on a weekly basis; the winning bid determines the weekly rate paid. The City currently has an irrevocable Letter of Credit Reimbursement Agreement, which has provisions within the agreement that, in the event of a default, the bank has the ability to declare the principal and accrued interest immediately due and payable.

# 9. DEBT AND NON-DEBT LIABILITIES, continued

## d. Debt Service Requirements

Governmental Activities
(in thousands)

| Fiscal Year Ended September 30 | General Obligation Bonds | | Certificates of Obligation | | Contractual Obligations | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2026 | $ 106,485 | 57,078 | 18,681 | 16,187 | 21,345 | 4,156 |
| 2027 | 107,719 | 52,018 | 15,382 | 15,325 | 18,240 | 3,153 |
| 2028 | 104,606 | 47,573 | 16,060 | 14,657 | 15,930 | 2,299 |
| 2029 | 88,080 | 42,760 | 16,765 | 13,953 | 15,350 | 1,503 |
| 2030 | 84,453 | 38,859 | 17,503 | 13,214 | 8,420 | 856 |
| 2031-2035 | 400,895 | 137,554 | 123,150 | 51,393 | 12,565 | 600 |
| 2036-2040 | 252,835 | 63,510 | 108,179 | 23,905 | - | - |
| 2040-2044 | 125,680 | 13,031 | 38,596 | 4,335 | - | - |
| Total debt service requirements | 1,270,753 | 452,383 | 354,316 | 152,969 | 91,850 | 12,567 |
| Less: Unamortized bond discounts | (172) | - | (100) | - | (68) | - |
| Add: Unamortized bond premiums | 102,037 | - | 40,772 | - | 4,784 | - |
| Net debt | 1,372,618 | 452,383 | 394,988 | 152,969 | 96,566 | 12,567 |

| Fiscal Year Ended September 30 | Financed Purchase Obligations | | Total Governmental Debt Service Requirements | | |
|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Total |
| 2026 | 3,554 | 89 | 150,065 | 77,510 | 227,575 |
| 2027 | - | - | 141,341 | 70,496 | 211,837 |
| 2028 | - | - | 136,596 | 64,529 | 201,125 |
| 2029 | - | - | 120,195 | 58,216 | 178,411 |
| 2030 | - | - | 110,376 | 52,929 | 163,305 |
| 2031-2035 | - | - | 536,610 | 189,547 | 726,157 |
| 2036-2040 | - | - | 361,014 | 87,415 | 448,429 |
| 2040-2044 | - | - | 164,276 | 17,366 | 181,642 |
| Total debt service requirements | 3,554 | 89 | 1,720,473 | 618,008 | 2,338,481 |
| Less: Unamortized bond discounts | - | - | (340) | - | (340) |
| Add: Unamortized bond premiums | - | - | 147,593 | - | 147,593 |
| Net debt | $ 3,554 | 89 | 1,867,726 | 618,008 | 2,485,734 |

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### d. Debt Service Requirements, continued

Business-type Activities (in thousands)

| Fiscal Year Ended September 30 | General Obligation Bonds | | Certificates of Obligation | | Contractual Obligations | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2026 | $ 1,792 | 798 | 1,308 | 1,011 | 1,829 | 132 |
| 2027 | 1,891 | 709 | 1,369 | 950 | 1,075 | 52 |
| 2028 | 2,009 | 614 | 1,435 | 881 | 335 | 8 |
| 2029 | 2,145 | 514 | 1,506 | 810 | - | - |
| 2030 | 1,957 | 405 | 1,577 | 738 | - | - |
| 2031-2035 | 5,110 | 914 | 8,760 | 2,476 | - | - |
| 2036-2040 | 1,105 | 142 | 3,116 | 877 | - | - |
| 2041-2045 | - | - | 1,718 | 151 | - | - |
| Total debt service requirements | 16,009 | 4,096 | 20,789 | 7,894 | 3,239 | 192 |
| Less: Unamortized bond discounts | - | - | (186) | - | - | - |
| Add: Unamortized bond premiums | 1,949 | - | 849 | - | 122 | - |
| Net debt | 17,958 | 4,096 | 21,452 | 7,894 | 3,361 | 192 |

| Fiscal Year Ended September 30 | Other Tax Supported Debt | | Commercial Paper Notes (1) | | Revenue Bonds (2) | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2026 | 905 | 38 | 553,153 | 2,099 | 187,520 | 246,070 |
| 2027 | - | - | - | - | 211,700 | 237,685 |
| 2028 | - | - | - | - | 229,015 | 228,352 |
| 2029 | - | - | - | - | 258,780 | 217,575 |
| 2030 | - | - | - | - | 256,090 | 205,889 |
| 2031-2035 | - | - | - | - | 1,008,395 | 876,192 |
| 2036-2040 | - | - | - | - | 1,062,075 | 624,289 |
| 2041-2045 | - | - | - | - | 991,820 | 370,090 |
| 2046-2050 | - | - | - | - | 693,805 | 158,261 |
| 2050-2054 | - | - | - | - | 319,150 | 29,828 |
| Total debt service requirements | 905 | 38 | 553,153 | 2,099 | 5,218,350 | 3,194,231 |
| Less: Unamortized bond discounts | - | - | - | - | (1,241) | - |
| Add: Unamortized bond premiums | - | - | - | - | 461,475 | - |
| Net debt | $ 905 | 38 | 553,153 | 2,099 | 5,678,584 | 3,194,231 |

(1) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt.
(2) A portion of these bonds are variable rate bonds with rates ranging from 1.62% - 4.43%.

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### d. Debt Service Requirements, continued

**Business-type Activities, continued**
**(in thousands)**

| Fiscal Year Ended September 30 | Notes from Direct Placements (1) Principal | Notes from Direct Placements (1) Interest | Total Business-Type Activities Debt Service Requirements Principal | Total Business-Type Activities Debt Service Requirements Interest | Total Business-Type Activities Debt Service Requirements Total |
|---|---|---|---|---|---|
| 2026 | $ 80,245 | 4,784 | 826,752 | 254,932 | 1,081,684 |
| 2027 | 20,555 | 4,216 | 236,590 | 243,612 | 480,202 |
| 2028 | 26,170 | 3,917 | 258,964 | 233,772 | 492,736 |
| 2029 | 15,810 | 3,545 | 278,241 | 222,444 | 500,685 |
| 2030 | 15,990 | 3,340 | 275,614 | 210,372 | 485,986 |
| 2031-2035 | 70,480 | 13,762 | 1,092,745 | 893,344 | 1,986,089 |
| 2036-2040 | 64,380 | 8,227 | 1,130,676 | 633,535 | 1,764,211 |
| 2041-2045 | 44,030 | 3,400 | 1,037,568 | 373,641 | 1,411,209 |
| 2046-2050 | 21,460 | 1,130 | 715,265 | 159,391 | 874,656 |
| 2051-2055 | 8,675 | 182 | 327,825 | 30,010 | 357,835 |
| Total debt service requirements | 367,795 | 46,503 | 6,180,240 | 3,255,053 | 9,435,293 |
| Less: Unamortized bond discounts | - | - | (1,427) | - | (1,427) |
| Add: Unamortized bond premiums | - | - | 464,395 | - | 464,395 |
| Net debt | $ 367,795 | 46,503 | 6,643,208 | 3,255,053 | 9,898,261 |

(1) Includes Revenue Notes and Certificates of Obligation.

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### d. Debt Service Requirements, continued

Business-type Activities: Austin Energy
(in thousands)

| Fiscal Year Ended September 30 | Commercial Paper Notes (1) Principal | Commercial Paper Notes (1) Interest | Revenue Bonds Principal | Revenue Bonds Interest |
|---|---|---|---|---|
| 2026 | $ 227,653 | 1,002 | 82,065 | 89,533 |
| 2027 | - | - | 99,480 | 86,209 |
| 2028 | - | - | 97,075 | 82,572 |
| 2029 | - | - | 104,875 | 78,555 |
| 2030 | - | - | 99,750 | 74,285 |
| 2031-2035 | - | - | 397,430 | 312,832 |
| 2036-2040 | - | - | 356,860 | 227,609 |
| 2041-2045 | - | - | 331,240 | 147,183 |
| 2046-2050 | - | - | 289,105 | 69,780 |
| 2051-2055 | - | - | 145,540 | 16,078 |
| Total debt service requirements | 227,653 | 1,002 | 2,003,420 | 1,184,636 |
| Less: Unamortized bond discounts | - | - | (85) | - |
| Add: Unamortized bond premiums | - | - | 162,355 | - |
| Net debt | 227,653 | 1,002 | 2,165,690 | 1,184,636 |

Total Austin Energy Debt Service Requirements

| Fiscal Year Ended September 30 | Principal | Interest | Total |
|---|---|---|---|
| 2026 | 309,718 | 90,535 | 400,253 |
| 2027 | 99,480 | 86,209 | 185,689 |
| 2028 | 97,075 | 82,572 | 179,647 |
| 2029 | 104,875 | 78,555 | 183,430 |
| 2030 | 99,750 | 74,285 | 174,035 |
| 2031-2035 | 397,430 | 312,832 | 710,262 |
| 2036-2040 | 356,860 | 227,609 | 584,469 |
| 2041-2045 | 331,240 | 147,183 | 478,423 |
| 2046-2050 | 289,105 | 69,780 | 358,885 |
| 2051-2055 | 145,540 | 16,078 | 161,618 |
| Total debt service requirements | 2,231,073 | 1,185,638 | 3,416,711 |
| Less: Unamortized bond discounts | (85) | - | (85) |
| Add: Unamortized bond premiums | 162,355 | - | 162,355 |
| Net debt | $ 2,393,343 | 1,185,638 | 3,578,981 |

(1) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt.

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### d. Debt Service Requirements, continued

**Business-type Activities: Austin Water**
**(in thousands)**

| Fiscal Year Ended September 30 | General Obligation Bonds | | Certificates of Obligation | | Other Tax Supported Debt | | Commercial Paper Notes (1) | |
|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2026 | $ 77 | 27 | 28 | 6 | 579 | 24 | 325,500 | 1,097 |
| 2027 | 81 | 23 | 28 | 6 | - | - | - | - |
| 2028 | 82 | 19 | 28 | 4 | - | - | - | - |
| 2029 | 92 | 15 | 29 | 3 | - | - | - | - |
| 2030 | 97 | 10 | 30 | 2 | - | - | - | - |
| 2031-2035 | 109 | 6 | 57 | 3 | - | - | - | - |
| 2036-2040 | - | - | - | - | - | - | - | - |
| 2041-2045 | - | - | - | - | - | - | - | - |
| 2046-2050 | - | - | - | - | - | - | - | - |
| 2051-2055 | - | - | - | - | - | - | - | - |
| Total debt service requirements | 538 | 100 | 200 | 24 | 579 | 24 | 325,500 | 1,097 |
| Less: Unamortized bond discounts | - | - | (95) | - | - | - | - | - |
| Add: Unamortized bond premiums | 80 | - | - | - | - | - | - | - |
| Net debt | 618 | 100 | 105 | 24 | 579 | 24 | 325,500 | 1,097 |

| Fiscal Year Ended September 30 | Revenue Bonds | | Notes from Direct Placements (2) | | Total Austin Water Debt Service Requirements | | |
|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Total |
| 2026 | 59,000 | 93,474 | 12,745 | 3,734 | 397,929 | 98,362 | 496,291 |
| 2027 | 73,755 | 90,413 | 12,900 | 3,606 | 86,764 | 94,048 | 180,812 |
| 2028 | 91,640 | 86,557 | 13,010 | 3,474 | 104,760 | 90,054 | 194,814 |
| 2029 | 111,685 | 81,725 | 13,125 | 3,332 | 124,931 | 85,075 | 210,006 |
| 2030 | 112,120 | 76,320 | 13,265 | 3,180 | 125,512 | 79,512 | 205,024 |
| 2031-2035 | 411,635 | 315,539 | 69,075 | 13,183 | 480,876 | 328,731 | 809,607 |
| 2036-2040 | 450,175 | 205,383 | 62,770 | 7,857 | 512,945 | 213,240 | 726,185 |
| 2041-2045 | 334,170 | 103,959 | 42,560 | 3,285 | 376,730 | 107,244 | 483,974 |
| 2046-2050 | 175,690 | 43,718 | 21,460 | 1,130 | 197,150 | 44,848 | 241,998 |
| 2051-2055 | 96,545 | 8,027 | 8,675 | 182 | 105,220 | 8,209 | 113,429 |
| Total debt service requirements | 1,916,415 | 1,105,115 | 269,585 | 42,963 | 2,512,817 | 1,149,323 | 3,662,140 |
| Less: Unamortized bond discounts | (1,076) | - | - | - | (1,171) | - | (1,171) |
| Add: Unamortized bond premiums | 196,249 | - | - | - | 196,329 | - | 196,329 |
| Net debt | $ 2,111,588 | 1,105,115 | 269,585 | 42,963 | 2,707,975 | 1,149,323 | 3,857,298 |

(1) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt.
(2) Includes Revenue Notes and Certificates of Obligation.

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### d. Debt Service Requirements, continued

Business-type Activities: Airport
(in thousands)

| Fiscal Year Ended September 30 | Revenue Bonds Principal | Revenue Bonds Interest | Notes from Direct Placements (1) Principal | Notes from Direct Placements (1) Interest |
|---|---|---|---|---|
| 2026 | $ 37,875 | 61,678 | 64,950 | 684 |
| 2027 | 29,585 | 59,991 | 5,060 | 294 |
| 2028 | 31,080 | 58,474 | 10,525 | 179 |
| 2029 | 32,655 | 56,882 | - | - |
| 2030 | 34,290 | 55,208 | - | - |
| 2031-2035 | 199,330 | 247,821 | - | - |
| 2036-2040 | 255,040 | 191,297 | - | - |
| 2041-2045 | 326,410 | 118,948 | - | - |
| 2046-2050 | 229,010 | 44,763 | - | - |
| 2051-2055 | 77,065 | 5,723 | - | - |
| Total debt service requirements | 1,252,340 | 900,785 | 80,535 | 1,157 |
| Less: Unamortized bond discounts | (75) | - | - | - |
| Add: Unamortized bond premiums | 102,799 | - | - | - |
| Net debt | 1,355,064 | 900,785 | 80,535 | 1,157 |

| Fiscal Year Ended September 30 | Total Airport Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|
| 2026 | 102,825 | 62,362 | 165,187 |
| 2027 | 34,645 | 60,285 | 94,930 |
| 2028 | 41,605 | 58,653 | 100,258 |
| 2029 | 32,655 | 56,882 | 89,537 |
| 2030 | 34,290 | 55,208 | 89,498 |
| 2031-2035 | 199,330 | 247,821 | 447,151 |
| 2036-2040 | 255,040 | 191,297 | 446,337 |
| 2041-2045 | 326,410 | 118,948 | 445,358 |
| 2046-2050 | 229,010 | 44,763 | 273,773 |
| 2051-2055 | 77,065 | 5,723 | 82,788 |
| Total debt service requirements | 1,332,875 | 901,942 | 2,234,817 |
| Less: Unamortized bond discounts | (75) | - | (75) |
| Add: Unamortized bond premiums | 102,799 | - | 102,799 |
| Net debt | $ 1,435,599 | 901,942 | 2,337,541 |

(1) Includes $60,000 of Revenue Notes.

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### d. Debt Service Requirements, continued

Business-type Activities: Nonmajor Enterprise
(in thousands)

| Fiscal Year Ended September 30 | General Obligation Bonds Principal | General Obligation Bonds Interest | Certificates of Obligation Principal | Certificates of Obligation Interest | Contractual Obligations Principal | Contractual Obligations Interest | Other Tax Supported Debt Principal | Other Tax Supported Debt Interest |
|---|---|---|---|---|---|---|---|---|
| 2026 | $ 1,715 | 771 | 1,280 | 1,005 | 1,829 | 132 | 326 | 14 |
| 2027 | 1,810 | 686 | 1,341 | 944 | 1,075 | 52 | - | - |
| 2028 | 1,927 | 595 | 1,407 | 877 | 335 | 8 | - | - |
| 2029 | 2,053 | 499 | 1,477 | 807 | - | - | - | - |
| 2030 | 1,860 | 395 | 1,547 | 736 | - | - | - | - |
| 2031-2035 | 5,001 | 908 | 8,703 | 2,473 | - | - | - | - |
| 2036-2040 | 1,105 | 142 | 3,116 | 877 | - | - | - | - |
| 2041-2045 | - | - | 1,718 | 151 | - | - | - | - |
| Total debt service requirements | 15,471 | 3,996 | 20,589 | 7,870 | 3,239 | 192 | 326 | 14 |
| Less: Unamortized bond discounts | - | - | (91) | - | - | - | - | - |
| Add: Unamortized bond premiums | 1,869 | - | 849 | - | 122 | - | - | - |
| Net debt | 17,340 | 3,996 | 21,347 | 7,870 | 3,361 | 192 | 326 | 14 |

| Fiscal Year Ended September 30 | Revenue Bonds (1) Principal | Revenue Bonds (1) Interest | Notes from Direct Placements (2) Principal | Notes from Direct Placements (2) Interest | Total Nonmajor Enterprise Debt Service Requirements Principal | Total Nonmajor Enterprise Debt Service Requirements Interest | Total Nonmajor Enterprise Debt Service Requirements Total |
|---|---|---|---|---|---|---|---|
| 2026 | 8,580 | 1,385 | 2,550 | 366 | 16,280 | 3,673 | 19,953 |
| 2027 | 8,880 | 1,072 | 2,595 | 316 | 15,701 | 3,070 | 18,771 |
| 2028 | 9,220 | 749 | 2,635 | 264 | 15,524 | 2,493 | 18,017 |
| 2029 | 9,565 | 413 | 2,685 | 213 | 15,780 | 1,932 | 17,712 |
| 2030 | 9,930 | 76 | 2,725 | 160 | 16,062 | 1,367 | 17,429 |
| 2031-2035 | - | - | 1,405 | 579 | 15,109 | 3,960 | 19,069 |
| 2036-2040 | - | - | 1,610 | 370 | 5,831 | 1,389 | 7,220 |
| 2041-2045 | - | - | 1,470 | 115 | 3,188 | 266 | 3,454 |
| Total debt service requirements | 46,175 | 3,695 | 17,675 | 2,383 | 103,475 | 18,150 | 121,625 |
| Less: Unamortized bond discounts | (5) | - | - | - | (96) | - | (96) |
| Add: Unamortized bond premiums | 72 | - | - | - | 2,912 | - | 2,912 |
| Net debt | $ 46,242 | 3,695 | 17,675 | 2,383 | 106,291 | 18,150 | 124,441 |

(1) A portion of these bonds are variable rate bonds with rates ranging from 1.62% - 4.43%.
(2) Includes Revenue Notes and Certificates of Obligation.

Over time, the City has issued refunding bonds to advance refund certain public improvement bonds, certificates of obligation, and enterprise revenue bonds. The proceeds of the sale of the refunding bonds were deposited with an escrow agent in an amount necessary to accomplish the discharge and final payment of the refunded obligations. These funds are held by the escrow agent in an escrow fund and used to purchase direct obligations of the United States of America to be held in the escrow fund. The escrow fund is irrevocably pledged to the payment of the principal and interest on the refunded obligations.

## 9. DEBT AND NON-DEBT LIABILITIES, continued

### d. Debt Service Requirements, continued

On September 30, 2025, defeased bonds remaining unredeemed or unmatured are provided below (in thousands):

| Refunded Bonds | Escrow Maturity Dates | Balance (1) |
|---|---|---|
| **General Obligation** | | |
| Public Improvement Bonds, Series 2020 | 9/1/2026 - 9/1/2029 | $ 265 |
| **Austin Water** | | |
| Series 2015A | 11/15/2025 | 16,110 |
| Series 2016 | 11/15/2025 - 11/15/2026 | 12,225 |
| Series 2017 | 11/15/2025 - 11/15/2027 | 15,385 |
| Series 2017A | 5/15/2028 | 2,180 |
| Series 2020C | 11/15/2025 | 1,050 |
| | | $ 47,215 |

(1) The balances shown have been escrowed to their respective call dates.

## 10. RETIREMENT PLANS

### a. General Information

**Plan Description** – The City participates in funding three contributory, defined benefit retirement plans: the City of Austin Employees' Retirement and Pension Plan (City Employees), the City of Austin Police Officers' Retirement and Pension Plan (Police Officers), and the Fire Fighters' Relief and Retirement Plan of Austin, Texas (Fire Fighters). An Independent Board of Trustees administers each plan. These plans are City-wide single employer funded plans each with a fiscal year end of December 31.

All three plans were created by state law and can be found in Vernon's Texas Civil Statutes as follows:

| | |
|---|---|
| City Employees' Plan | Article 6243n |
| Police Officers' Plan | Article 6243n-1 |
| Fire Fighters' Plan | Article 6243e.1 |

State law governs the three pension systems including benefit and contribution provisions. Amendments may be made by the Legislature of the State of Texas. During fiscal year 2025, the Legislature passed, and the Governor signed House Bill 2802 (HB 2802) that enacted substantial reforms to the Fire Fighters' plan. HB 2802, effective September 1, 2025, is intended to place the plan on an actuarially sound path and to stabilize future contribution requirements. The most significant legislative changes include: transitioning the City from a fixed-rate funding model to an actuarially determined contribution structure; establishing a City contribution rate that includes a payment to amortize the legacy unfunded liability over a 30-year period beginning January 1, 2026; setting a minimum and maximum contribution rate (a corridor) to prevent significant fluctuations in the City's required contributions; and creating a new benefit tier effective January 1, 2026. Firefighters hired before the effective date will be designated as Group A, while those hired on or after the effective date were designated as Group B. Benefit changes for Group A members were limited to the elimination of interest on non-vested contribution refunds, a modification to the cost-of-living adjustment (COLA) structure, and the implementation of an actuarial benefit reduction for all post-retirement beneficiary designations, regardless of marital status. Group B members retained a similar benefit structure to Group A with adjusted benefit parameters.

**Plan Financial Statements –** The most recently available financial statements of the pension funds are for the year ended December 31, 2024. Stand-alone financial reports that include financial statements and supplementary information for each plan are publicly available at the locations and internet addresses shown below.

| Plan | Address | Telephone |
|---|---|---|
| City of Austin Employees' Retirement and Pension Fund | 4700 Mueller Blvd, Suite 100<br>Austin, TX 78723<br>**www.coaers.org** | (512)458-2551 |
| City of Austin Police Officers' Retirement and Pension Fund | 2520 S. IH 35, Ste. 100<br>Austin, Texas 78704<br>**www.ausprs.org** | (512)416-7672 |
| Fire Fighters' Relief and Retirement Fund of Austin, Texas | 4101 Parkstone Heights Dr., Ste. 270<br>Austin, Texas 78746<br>**www.afrs.org** | (512)454-9567 |

## 10. RETIREMENT PLANS, continued

### a. General Information, continued

**Classes of Employees Covered** – The three pension plans cover substantially all full-time employees. The City Employees' Plan covers all regular, full-time employees working 30 hours or more except for civil service police officers and fire fighters. Membership in this fund is comprised of two tiers. Group A includes all employees hired before January 1, 2012. Group B includes all employees hired on or after this date. The Police Officers' Plan covers all commissioned law enforcement officers and cadets upon enrollment in the Austin Police Academy. Effective January 1, 2022, membership in this fund is comprised of two tiers. Group A includes all Police Officers hired before the effective date, and Group B includes those hired on or after that date. The Fire Fighters' Plan covers all commissioned civil service and Texas state-certified fire fighters with at least six months of service employed by the Austin Fire Department. Effective January 1, 2026, membership in this fund consists of two tiers. Group A includes all Fire Fighters hired before the effective date, and Group B includes those hired on or after that date.

**Benefits Provided** – Each plan provides service retirement, death, and disability benefits as shown in the following chart. For the City Employees' Plan, vesting occurs after 5 years of creditable service. For the other two systems, vesting occurs after 10 years of creditable service. For all three systems, creditable service includes employment at the City plus purchases of certain types of service where applicable. Withdrawals from the systems include actual contributions plus interest at varying rates depending on the system. This applies to both non-vested employees who leave the City as well as vested employees who leave the City and wish to withdraw their contributions. In addition, each plan offers various Deferred Retirement Option Programs (DROP). These are not included in the discussion of benefits provided.

## 10. RETIREMENT PLANS, continued

### a. General Information, continued

| | City Employees | Police Officers | Fire Fighters |
|---|---|---|---|
| Eligibility | Group A members qualify for retirement benefits at age 62 with 5 years of creditable service; age 55 with 20 years creditable service; or any age with 23 years creditable service. No reduced benefits are available. Group B members qualify for normal retirement benefits at age 65 with 5 years creditable service or at age 62 with 30 years creditable service. Reduced benefits are available at age 55 with 10 years of creditable service. | Group A members are eligible for retirement benefits at any age with 23 years creditable service or at age 55 with 20 years creditable service (both excluding pre-membership military service). Group B members are eligible for retirement benefits at age 50 with 25 years creditable service (excluding pre-membership military service.) Any member is eligible for retirement at age 62 and any number of years of creditable service. | Members are eligible for retirement benefits upon attaining a normal retirement age of 50 with 10 years of service, or upon completing 25 years of service regardless of age. In addition, Group A is eligible for early retirement benefits at age 45 with at least 10 years of service or 20 years of creditable service, regardless of age. |
| Calculation | Average of 36 highest months of base pay multiplied by years and months of creditable service multiplied by 3% for Group A and 2.5% for Group B. | For Group A, average of 36 highest months of base salary plus longevity pay multiplied by years and months of creditable service, multiplied by 3.2%. For Group B, 60 months and 2.5% are substituted for 36 months and 3.2%, respectively. | Average of the 36 highest months of base salary plus longevity pay, multiplied by years of service, then multiplied by 3.3% for Group A and 3.0% Group B, with a minimum monthly benefit of $2,000. |
| Death Benefits | Retiree or active member eligible for retirement, $10,000 lump sum and continuation of benefits to beneficiary if this option was selected. If not eligible for retirement, refund of accumulated deposits plus death benefit from COAERS equal to those deposits excluding purchases of time. | For retirees and members eligible for retirement, $10,000 lump sum and the member's accrued benefit as of the date of death based on annuity selected. Non-vested members receive the greater of $10,000 or twice the amount of the member's accumulated contributions. | Surviving spouse receives 75% of retiree benefits based on the greater of 20 years or years of service at time of death. If surviving spouse exists, each dependent receives 15% of retiree benefits. If no surviving spouse exists, dependents split equally the amount that would have been paid to surviving spouse. |
| Disability Benefits | After approved for disability benefits, active members may choose from several disability retirement options. Members must have 5 years of service if disability is not job related. | After approved for disability benefits, on-duty disability benefit is calculated at 20 years of service for Group A and 25 years for Group B. Members must have 10 years of service if disability is not job related and calculation is based on actual years of service. | For the first 30 months, eligible for retiree benefits based on the greater of service at time of disability or 20 years. After 30 months, continuance of annuity may be reevaluated. |
| Cost of Living Adjustments (COLA) | The plan does not require automatic COLAs. Such increases must be deemed sustainable by the actuary and approved by the City Council and Board of Trustees of the fund. The most recent COLA went into effect in 2002. | The most recent COLA went into effect in 2007. Effective September 1, 2021, State law no longer allows the board to approve COLAs. Any such future adjustments require legislative approval. | Effective January 1, 2026, the plan provides substantively automatic COLAs. For Group A employees, if certain financial stability tests are met, a maximum of 1.5% COLA can be granted. For Group B employees, performance-based COLAs can be granted based on asset returns. |

## 10. RETIREMENT PLANS, continued

### a. General Information, continued

**Employees Covered by Benefit Terms –** Membership in the plans as of December 31, 2024, is as follows:

| | City Employees | Police Officers | Fire Fighters |
|---|---|---|---|
| Inactive employees or beneficiaries: | | | |
| Currently receiving benefits | 8,052 | 1,414 | 1,032 |
| Entitled to but not yet receving benefits | 1,630 | 80 | 36 |
| Nonvested terminated due refunds | 2,918 | 98 | - |
| Active employees | 11,783 | 1,541 | 1,249 |
| Total | 24,383 | 3,133 | 2,317 |

**Contributions –** For all three systems, minimum contributions are determined by the enabling legislation cited above. In certain cases, the City may contribute at a level greater than that stated in the law. While the contribution requirements for Fire Fighters are not actuarially determined, state law requires that a qualified actuary approve each plan of benefits adopted.

| | City Employees | Police Officers | Fire Fighters |
|---|---|---|---|
| Employee contribution (percent of earnings) | 10% (1) | 15% | 18.7% (4) |
| City contribution (percent of earnings) | 8.47% (2) | 10.78% (3) | 22.05% (5) |
| City contributions year ended September 30, 2025 (in thousands) | $194,981 | 60,832 | 26,843 |

(1) A rate of 10% was effective January 1, 2025. Prior to that change the rate was 9%.

(2) An ADC of 8.47% was effective January 1, 2025. Prior to that change the rate was 8.68%. The City also contributes according to a fixed payment plan established to eliminate the legacy unfunded liability existing as of December 31, 2023 over a 30-year period. For calendar year 2025 this amount is $4,275,418 per pay period.

(3) An ADC of 10.78% was effective January 1, 2025. Prior to that change the rate was 9.59%. The City also contributes according to a fixed payment plan established to eliminate the legacy unfunded liability existing as of December 31, 2020 over a 30-year period. For calendar year 2025 this amount is $1,682,448 per pay period.

(4) Effective January 1, 2026 the rate is subject to a possible increase of up to 2% of pay (20.7% of pay total) if ADC exceeds the corridor maximum.

(5) An ADC will begin calendar year 2026. For Calendar year 2025 the rate will remain 22.05%. The City's will also contribute according to a fixed payment plan established to eliminate the legacy unfunded liability existing as of December 31, 2024 over a 30-year period starting in 2026.

## 10. RETIREMENT PLANS, continued

### b. Net Pension Liability

The City's net pension liability was measured as of December 31, 2024, for all three systems.

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, for all three systems.

Contributions made after the measurement date of the net pension liability, but before the end of the City's reporting period, will be recognized as a reduction of the net pension liability in the subsequent fiscal period.

**Actuarial Assumptions –** Actuarial assumptions used in the most recent calculation of the net pension liability include:

| | City Employees | Police Officers | Fire Fighters |
|---|---|---|---|
| Inflation rate | 2.50% | 2.50% | 2.50% |
| Projected annual salary increases | 3.75% to 6.50% | 3.00% to 15.20% Service based (1) | 2.50% to 7.00% Service based (2) |
| Investment rate of return | 6.75% | 7.25% | 7.3% |
| Ad hoc postemployment benefit changes including COLAs | None | None | None |
| Experience study period | January 1, 2019 – December 31, 2023 | January 1, 2018 – December 31, 2022 | Data collected through December 31, 2022 |
| Source for mortality assumptions | PubG-2010 Mortality Table with full generational projection assuming immediate convergence of rates in the mortality projection scale MP-2021. Mortality improvement is projected from the mortality table's base year of 2010. | PubS-2010 Mortality Table for males and females. Generational mortality improvements projected from the year 2010 using the ultimate mortality improvement rates in the MP-2021 tables. | PubS(A)-2010 mortality table with mortality improvements projected from the base year of 2010 generationally using MP-2021. |

(1) This includes the classification status change upon graduation from the academy.
(2) Fiscal year 2025 salary increase assumption reflects an additional base increase of 1.5% based on the latest agreement between the City of Austin and the Austin Firefighters Association Local 975.

## 10. RETIREMENT PLANS, continued

### b. Net Pension Liability, continued

**Development of Long-Term Rate of Return on Investments** – Each pension plan utilizes different asset allocations and assumed rates of return in developing the long-term rate of return on investments. However, all three use the same methodology as follows:

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following provides asset allocations and long-term expected real rate of return for each asset class for the three funds.

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| **City Employees:** | | |
| US equity | 34% | 6.9% to 8.5% |
| Developed markets equities | 16% | 7.2% to 8.9% |
| Emerging markets equities | 6% | 7.6% to 8.9% |
| Fixed income | 21% | 2.4% to 9.2% |
| Alternative investments | 13% | 2.4% to 11.2% |
| Real estate | 10% | 6.3% to 8.0% |
| Total | 100% | |
| **Police Officers:** | | |
| Domestic equity | 40% | 30% to 50% |
| International equity | 15% | 5% to 25% |
| Other equity | 12.5% | 0% to 15% |
| US and non-US fixed income | 17.5% | 5% to 30% |
| Other fixed income | 0% | 0% to 5% |
| Real estate | 15% | 0% to 30% |
| Timber | 0% | 0% to 5% |
| Total | 100% | |
| **Fire Fighters:** | | |
| Domestic Equity | 20% | 5.6% |
| Developed Market Equity (non-US) | 10% | 5.8% |
| Emerging Market Equity | 12% | 5.8% |
| Private Equity | 15% | 7.0% |
| Investment Grade Bonds | 13% | 2.5% |
| Treasury inflation protected securities | 5% | 2.2% |
| High yield | 2.5% | 4.3% |
| Bank Loans | 2.5% | 4.0% |
| Emerging Market Bonds | 7% | 4.0% |
| Core Real Estate | 5% | 4.6% |
| Value Add Real Estate | 5% | 6.7% |
| Private Natural Resources | 3% | 6.3% |
| Total | 100% | |

## 10. RETIREMENT PLANS, continued

### b. Net Pension Liability, continued

**Discount Rate –** The following provides information on the discount rate used to measure the City's total pension liability. Based on the assumptions presented below, the fiduciary net positions of Police Officers and Fire Fighters funds was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of project benefit payments to determine the total pension liability. The City Employees' fund was projected to make all projected benefit payments of current and inactive employees through the year 2057. Therefore, the long term expected rate of return on pension plan investments was applied to projected benefit payments through 2057 fiscal year, and the municipal bond rate of 4.08% was applied to all benefit payments after that date, with the resulting blended discount rate being 6.75%.

| | City Employees | Police Officers | Fire Fighters |
|---|---|---|---|
| Discount rate | 6.75% | 7.25% | 7.30% |
| Change since last measurement date | 0.00% | 0% | 1.29% |
| Long-term expected rate of return on pension plan investments | 6.75% | 7.25% | 7.3% |
| Cash flow assumptions | Plan member and employer contributions will be made in accordance with the provisions of SB 1444, 88th Texas Legislature. | Plan member and employer contributions will be made in accordance with the provisions of HB 4368, 87th Texas Legislature. | Plan member contributions will be made at current contribution rates. City contributions will be continued at the currently negotiated rate of 22.05%. |

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate –** The following presents the net pension liability of each of the pension funds of the City calculated using the long-term expected rate of return on pension plan investments, as well as what the net pension liability (in thousands) would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate.

| | 1% Decrease | | Current Discount Rate | | 1% Increase | |
|---|---|---|---|---|---|---|
| | Rate | Net Pension Liability | Rate | Net Pension Liability | Rate | Net Pension Liability (Asset) |
| City Employees | 5.75% | $ 3,150,541 | 6.75% | $ 2,386,653 | 7.75% | $ 1,758,728 |
| Police Officers | 6.25% | 1,026,083 | 7.25% | 795,680 | 8.25% | 608,271 |
| Fire Fighters | 6.30% | 497,683 | 7.30% | 349,466 | 8.30% | 224,332 |

**Pension Plan Fiduciary Net Position –** Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report of each of the pension systems.

## 10. RETIREMENT PLANS, continued

### b. Net Pension Liability, continued

**Schedule of Changes in Net Pension Liability –** Changes in net pension liability for all three funds and the City for the measurement period ended December 31, 2024, are as follows (in thousands):

| | City Employees | Police Officers | Fire Fighters | Total |
|---|---|---|---|---|
| **Total pension liability at December 31, 2023** | $ 5,617,502 | 1,778,501 | 1,647,502 | 9,043,505 |
| **Changes for the year:** | | | | |
| Service cost | 165,722 | 37,272 | 44,637 | 247,631 |
| Interest | 374,970 | 126,767 | 97,479 | 599,216 |
| Benefit changes | - | - | 15,475 | 15,475 |
| Differences between expected and actual experience | 84,184 | 33,169 | (2,185) | 115,168 |
| Assumption changes | 5,513 | - | (191,586) | (186,073) |
| Contribution buy back | - | 1,701 | - | 1,701 |
| Benefit payments including refunds | (290,513) | (98,953) | (96,509) | (485,975) |
| **Net change in total pension liability** | 339,876 | 99,956 | (132,689) | 307,143 |
| **Total pension liability at December 31, 2024** | 5,957,378 | 1,878,457 | 1,514,813 | 9,350,648 |
| **Total plan fiduciary net position at December 31, 2023** | 3,278,692 | 1,014,902 | 1,162,695 | 5,456,289 |
| **Changes for the year:** | | | | |
| Employer contributions | 183,110 | 58,012 | 26,025 | 267,147 |
| Employee contributions | 90,331 | 23,826 | 22,071 | 136,228 |
| Contribution buy back | - | 1,701 | - | 1,701 |
| Pension plan net investment income (loss) | 316,279 | 87,018 | 53,734 | 457,031 |
| Benefits payments and refunds | (290,513) | (98,953) | (96,509) | (485,975) |
| Pension plan administrative and other expense | (7,174) | (3,729) | (2,669) | (13,572) |
| **Net change in total plan fiduciary net position** | 292,033 | 67,875 | 2,652 | 362,560 |
| **Total plan fiduciary net position at December 31, 2024** | 3,570,725 | 1,082,777 | 1,165,347 | 5,818,849 |
| **Net pension liability at December 31, 2023** | 2,338,810 | 763,599 | 484,807 | 3,587,216 |
| **Net pension liability at December 31, 2024** | $ 2,386,653 | 795,680 | 349,466 | 3,531,799 |

The City Employees' Plan had no significant changes to benefits terms during the measurement period but did have several changes of assumptions that affected the total pension liability including:

- The projected salary assumption was increased from 3.5% to 3.75%.
- Payroll growth assumption was increased from 3.25% to 3.50%.
- DROP election rate was decreased from 15% to 10%.
- The projection scale for generational mortality improvement was updated to the ultimate MP 2021 Scale.
- Disability assumption was updated to the newly-adopted Texas Municipal Retirement System assumption.
- Termination and retirement rates were modified to be more consistent with experience.

The Police Officers' fund had no significant changes to benefit terms or assumptions that affected the total pension liability for the measurement period.

The Fire Fighters' Plan had significant changes to benefit terms and assumptions that affected the total pension liability for the measurement period. Effective January 1, 2026, plan changes included a new tier of benefits for employees in the Fire Fighters' pension system and substantively automatic COLAs. Changes of assumptions included:

- Discount rate was increased from 6.01% to 7.30%.
- Future COLA assumptions of 0.25% per year for Group A and 1.0 % per year for Group B.

## 10. RETIREMENT PLANS, continued

### c. Pension Expense

Total pension expense recognized by the City for the fiscal year ended September 30, 2025, was comprised of the following (in thousands):

| | Pension Expense |
|---|---|
| City Employees | $ 367,972 |
| Police Officers | 90,894 |
| Fire Fighters | 80,304 |
| Total | $ 539,170 |

### d. Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources (in thousands):

| Source | City Employees | Police Officers | Fire Fighters | Total |
|---|---|---|---|---|
| **Deferred Outflows of Resources** | | | | |
| Contributions to the plans subsequent to the measurement date | $ 149,719 | 47,477 | 20,624 | 217,820 |
| Differences between expected and actual experience | 162,803 | 43,282 | 10,046 | 216,131 |
| Changes in assumptions | 265,423 | 163,575 | 184,731 | 613,729 |
| Net difference between projected and actual earnings on pension plan investments | 105,981 | 28,148 | 95,485 | 229,614 |
| Changes in proportionate share (between funds) | 45,882 | - | - | 45,882 |
| **Total** | 729,808 | 282,482 | 310,886 | 1,323,176 |
| **Deferred Inflows of Resources** | | | | |
| Differences between expected and actual experience | 2,515 | 5,746 | 9,805 | 18,066 |
| Changes in assumptions | 367,571 | 251,930 | 164,814 | 784,315 |
| Changes in proportionate share (between funds) | 45,882 | - | - | 45,882 |
| **Total** | $ 415,968 | 257,676 | 174,619 | 848,263 |

The portion of deferred outflows and inflows of resources that will be recognized as an increase (decrease) in pension expense is as follows (in thousands):

| Fiscal Year Ended September 30 | City Employees | Police Officers | Fire Fighters | Total |
|---|---|---|---|---|
| 2026 | $ 139,827 | 27,693 | 39,307 | 206,827 |
| 2027 | 145,390 | (6,356) | 57,639 | 196,673 |
| 2028 | (119,053) | (56,487) | 9,030 | (166,510) |
| 2029 | (2,043) | 6,522 | 8,836 | 13,315 |
| 2030 | - | 5,957 | 2,566 | 8,523 |
| Thereafter | - | - | (1,735) | (1,735) |
| Total | $ 164,121 | (22,671) | 115,643 | 257,093 |

## 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

### a. General Information

**Plan Description** – In addition to the contributions made to the three pension systems, the City provides certain other postemployment benefits to its retirees. The City of Austin OPEB Plan is a defined-benefit single-employer plan. Allocation of City funds to pay postemployment benefits other than pensions is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis. The City is under no obligation to pay any portion of the cost of other postemployment benefits for retirees or their dependents. The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Day-to-day accounting and administration of the OPEB activities is provided by the City and recorded in the Employee Benefits fund. However, at year end an adjustment is made to recognize OPEB expense in the operating funds that provide funding to the Employee Benefits fund to pay for these benefits. No separate plan report is available.

Unlike pensions, State law does not provide specific requirements or authority for OPEB. Instead, the City relies on its status as a municipal corporation under Article XI, Section 5 of the Constitution of the State of Texas, the Home Rule Amendment, as the authority under which OPEB is provided to retirees. Any amendments to the OPEB Plan are approved by City Council through the annual budget approval process.

**Benefits Provided** – Other postemployment benefits include access to medical, dental, and vision insurance for the retiree and the retiree's family and $1,000 of life insurance on the retiree only. All retirees who are eligible to receive pension benefits under any of the City's three pension systems as described in Note 10 are eligible for other postemployment benefits. Retirees may also enroll eligible dependents under the medical, dental, and vision plan(s) in which they participate.

Plan members do not pay into the OPEB Plan while in active employment nor does the City pay on behalf of active employees. The City pays actual claims for medical and prescription drug coverage as a primary provider for non-Medicare eligible, and as a secondary provider for Medicare eligible retirees through either a PPO, HMO, CDHP (Consumer Driven Health Plan), or MA (Medicare Advantage) medical plan as selected by the retiree. The City subsidizes a maximum of 80% of the projected medical premium for retirees, 50% for dependents, and 70% (75% if pre-Medicare) for surviving spouses. Subsidies are based on years of service at retirement as displayed in the table below and are applied to the corresponding maximum reflected above. For example, a retiree with less than five years of service would be eligible for a subsidy of 16% (20% of 80%). Retirees must pay the unsubsidized portion of the premium.

For the 2025 plan year, (January 1 to December 31), the percentage of the maximum subsidy paid by the City was as follows:

| Years of Service at Retirement | Percent of Maximum Subsidy Paid by the City |
|---|---|
| <5 | 20% |
| 5-9 | 30% |
| 10-14 | 50% |
| 15-19 | 70% |
| 20 and over | 100% |

The City pays 100% of the retiree's basic life insurance premium. The cost of coverage above the $1,000 level is paid by the retiree. Group dental and vision coverage is available to retirees and their eligible dependents. The retiree pays the full cost of vision premiums and certain dental premiums. If excise tax is payable in the future, it is assumed that these costs will also be paid by the retirees.

## 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

### a. General Information, continued

**Employees Covered by Benefit Terms –** The City has elected to do biennial actuarial valuations of its other postemployment benefits liability with a roll forward in the off years. The current year is a roll forward year and as a result membership in the plan is presented as of December 31, 2023:

| | |
|---|---:|
| Inactive employees or beneficiaries currently receiving benefits | 9,317 |
| Inactive employees entitled to but not yet receiving benefits | 4,472 |
| Active employees | 14,021 |
| Total | 27,810 |

### b. Total OPEB Liability

The City's total OPEB liability of $1.3 billion was determined by an actuarial valuation as of December 31, 2024, the measurement date. Of the total liability, $56.4 million is considered to be due within one year.

Contributions made after the measurement date of the net OPEB liability, but before the end of the City's reporting period, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period.

**Actuarial Assumptions and Other Inputs** – Actuarial assumptions used in the most recent actuarial valuations are shown below. The majority of the demographic assumptions used in the OPEB valuation are identical to those used in the pension valuations from the previous reporting period. As a result, experience studies performed by the pension systems as described in Note 10a and Required Supplementary Information were also relied upon.

| | General Assumptions |
|---|---|
| Inflation rate | • NA |
| Salary increases | • Vary by retirement group and years of service |
| Discount rate | • 4.08% |
| Experience studies | • Experience for medical, dental, and prescription healthcare costs was based on activity through December 31, 2023. |
| | **Healthcare cost trend rates** |
| Medical and Prescription drug (pre-65) | • 7.44% graded to 4.0% over 17 years |
| Medical and Prescription drug (post-65) | • 6.44% graded to 4.0% over 13 years |
| Stop Loss Fees | • 7.44% graded to 4.0% over 17 years |
| Administrative costs | • 4% |
| Dental | • 4% |
| | **Sources for mortality rate assumptions** |
| General (Actives) | • PubG-2010 Employee Mortality Table projected generationally using scale MP-2018, applied on a gender-specific basis |
| General (Healthy Retirees) | • PubG-2010 Healthy Retiree Mortality Table projected generationally using scale MP-2018, applied on a gender-specific basis |
| General (Disabled Retirees) | • PubG-2010 Disabled Retiree Mortality Table, set forward three years, projected generationally using scale MP-2018, applied on a gender-specific basis, 3% rate minimum |
| Police (Actives) | • PubS-2010 Employee Mortality Table projected generationally using scale MP-2018, applied on a gender-specific basis |
| Police (Healthy Retirees) | • PubS-2010 Healthy Retiree Mortality Table projected generationally using scale MP-2018, applied on a gender-specific basis |
| Police (Disabled Retirees) | • PubS-2010 Disabled Mortality Table projected generationally using scale MP-2018, applied on a gender-specific basis |
| Fire (Actives) | • PubS-2010 Employee Mortality Table projected generationally using scale MP-2021, applied on a gender-specific basis |
| Fire (Healthy Retirees) | • PubS-2010 Healthy Retiree Mortality Table projected generationally using scale MP-2021, applied on a gender-specific basis |
| Fire (Disabled retirees) | • PubS-2010 Disabled Mortality Table projected generationally using scale MP-2021, applied on a gender-specific basis |

## 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

### b. Total OPEB Liability, continued

**Discount Rate** – The discount rate for OPEB, which is funded entirely on a pay-as-you-go basis, is the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). For the OPEB measurement at December 31, 2024, the City's actuaries used the Bond Buyer 20-Bond GO Index of 4.08%.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** – The following presents the City's total OPEB liability calculated using the discount rate discussed above, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate (in thousands).

| 1% Decrease | | Current Discount Rate | | 1% Increase | |
|---|---|---|---|---|---|
| Rate | Total OPEB Liability | Rate | Total OPEB Liability | Rate | Total OPEB Liability |
| 3.08% | $ 1,581,919 | 4.08% | $ 1,317,643 | 5.08% | $ 1,113,214 |

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The following presents the City's total OPEB liability calculated using the healthcare cost trend rates displayed above, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower and 1-percentage point higher than the current rates (in thousands).

| 1% Decrease | Current Rate | 1% Increase |
|---|---|---|
| Total OPEB Liability | Total OPEB Liability | Total OPEB Liability |
| $1,088,011 | $1,317,643 | $1,620,113 |

**Schedule of Changes in Total OPEB Liability –** Changes in the total OPEB liability for the measurement period ended December 31, 2024 are as follows (in thousands):

| | |
|---|---|
| **Total OPEB liability at December 31, 2023** | $ 3,245,417 |
| **Changes for the year:** | |
| Service cost | 139,272 |
| Interest | 109,382 |
| Benefit changes | (1,956,936) |
| Differences between expected and actual experience | (6,582) |
| Assumption changes | (147,273) |
| Benefit payments | (65,637) |
| **Net change in total OPEB liability** | (1,927,774) |
| **Total OPEB liability at December 31, 2024** | $ 1,317,643 |

The OPEB benefit plan changes included:

- In 2024, the City announced it would offer retiree Medicare coverage only through the Medicare Advantage (MA) plan. Effective January 1, 2025, enrollment in the MA plan is mandatory. In the prior valuation, only 30% of future Medicare-eligible retirees were assumed to elect the MA plan. The new mandate reduces the City's liability, as all current and future Medicare retirees must now enroll.

## 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

### b. Total OPEB Liability, continued

The OPEB plan assumption changes included:

- Updating the trend rates to an initial rate of 7.75% (6.75% for Post-65) grading down to an ultimate rate of 4.00%. The initial rate and the grade down period is extended to account for recent inflationary pressures and price increases over the next couple of years.
- Updating per capita claims costs calculated on a per member per month basis, adjusted for age, gender, Medicare integration, plan design changes, and applicable trends.
- Increasing the discount rate from 3.26% to 4.08% based on the Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date.

### c. Other Postemployment Benefits Expense

For the fiscal year ended September 30, 2025, the City recognized a negative OPEB expense of $1.7 billion.

### d. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the following sources (in thousands):

| | Deferred Outflows | Deferred Inflows |
|---|---|---|
| Benefit payments subsequent to the measurement date | $ 36,138 | - |
| Differences between expected and actual experience | 230,906 | 10,385 |
| Changes in assumptions | 539,184 | 1,015,516 |
| Changes in proportionate share (between funds) | 65,163 | 65,163 |
| **Total** | $ 871,391 | 1,091,064 |

The portion of deferred outflows and inflows of resources that will be recognized in OPEB expense is as follows (in thousands):

| Fiscal Year Ended September 30 | |
|---|---|
| 2026 | $ 32,281 |
| 2027 | (18,985) |
| 2028 | (123,466) |
| 2029 | (126,773) |
| 2030 | (14,534) |
| Thereafter | (4,334) |
| Total | $ (255,811) |

## 12. DERIVATIVE INSTRUMENTS

The City has derivative instruments in two hedging programs: Energy Risk Management Program and Variable Rate Debt Management Program.

In accordance with GAAP, the City is required to report the fair value of all derivative instruments on the statement of net position. All derivative instruments must be categorized into three basis types – (1) hedging derivative instruments, (2) investment derivative instruments, and (3) other derivative instruments. Hedging derivative instruments significantly reduce an identified financial risk by substantially offsetting changes in cash flows or fair values of an associated hedgeable item. Investment derivative instruments are entered into primarily for income or profit purposes. Derivative instruments that are intended as hedges but do not meet the criteria of an effective hedge are considered other derivative instruments. Changes in fair value of hedging derivative instruments are deferred on the statement of net position, and changes in fair value of investment derivative instruments and other derivative instruments are recognized as gains or losses on the statement of activities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, which is the City's fiscal year end date of September 30. This requires consideration of nonperformance risk when measuring the fair value of a liability and considers the effect of the government's own credit quality and any other factors that might affect the likelihood that the obligation will or will not be fulfilled.

### a. Energy Risk Management Program

In an effort to mitigate the financial and market risk associated with the purchase and sale of natural gas, energy, capacity, and congestion price volatility, Austin Energy has established a Risk Management Program. This program was authorized by the Austin City Council and is led by the Risk Oversight Committee. Under this program, Austin Energy enters into futures contracts, forwards, options, swaps and congestion revenue rights for the purpose of reducing exposure to natural gas, energy, capacity, and congestion price risk. Use of these types of instruments for the purpose of reducing exposure to price risk is performed as a hedging activity. These contracts may be settled in cash or delivery of certain commodities. Austin Energy typically settles these contracts in cash.

### Hedging Derivative Instruments

#### Natural Gas Derivative Instruments

Austin Energy purchases financial contracts on the New York Mercantile Exchange (NYMEX) to provide a hedge against the physical delivery price of natural gas from its various hubs. Austin Energy enters into basis swaps to protect delivery price differences between Henry Hub and its natural gas delivery points, Katy and the Houston Ship Channel (HSC).

The fair value of futures, swaps, and basis swap contracts is determined using the NYMEX closing settlement prices as of the last day of the reporting period, using a hierarchy level 2 market approach. The fair value is calculated by deriving the difference between the closing futures price on the last day of the reporting period and purchase price at the time the positions were established. The fair value of the options is categorized as hierarchy level 2, calculated using the Black/Scholes valuation method utilizing implied volatility based on the NYMEX closing settlement prices of the options as of the last day of the reporting period, including any necessary price analysis adjustments, risk free interest rate, time to maturity, and the NYMEX forward price of the underlier as of the last day of the reporting period.

Premiums paid for options are deferred until the contract is settled. As of September 30, 2025, $0.07 million in premiums were deferred. As of September 30, 2025, the fair value of Austin Energy's futures, options, and swaps has an unrealized gain of $0.5 million, of which $1.4 million is reported as derivative instruments in assets and $0.9 million is reported as derivative instruments in liabilities. The fair values of these derivative instruments are deferred until future periods on the statement of net position using deferred outflows and deferred inflows.

## 12. DERIVATIVE INSTRUMENTS, continued

### a. Energy Risk Management Program, continued

**Congestion Revenue Rights Derivative Instruments**

Preassigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow Austin Energy to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, annually and monthly at fair value. Municipally owned utilities are granted the right to purchase PCRRs at auction at 10-20% of the cost of CRRs. While the instruments exhibit all three characteristics - settlement, leverage, and net settlement - to classify them as derivative instruments, they are generally used by Austin Energy as factors in the cost of transmission, and therefore meet the Normal Purchases and Normal Sales scope exception allowing them to be reported at cost.

In fiscal year 2025, Austin Energy did not sell PCRRs. At September 30, 2025, $1.3 million gain remained deferred.

On September 30, 2025, Austin Energy had the following outstanding hedging derivative instruments (in thousands):

| | | Fair Value at September 30, 2025 | | | | |
|---|---|---|---|---|---|---|
| Type of Transaction | Reference Index | Maturity Dates | Notional Volumes | Fair Value | Change in Fair Value | Premiums Deferred |
| Long Call Options | Henry Hub | Dec 2026 - Dec 2027 | 1,825,000 (1) | $ 640 | 238 | - |
| Long OTC Swaps | Henry Hub | Dec 2025 - Dec 2027 | 2,130,000 (1) | 744 | 462 | - |
| Short Futures | Henry Hub | Oct 2025 | 10,400 (1) | 20 | 20 | |
| | | Derivative instruments | (assets) | 1,404 | 720 | - |
| Long Put Options | Henry Hub | Dec 2025 | 305,000 (1) | (81) | (81) | (70) |
| Short OTC Put Options | Henry Hub | Dec 2026 - Dec 2027 | (1,825,000)(1) | (809) | (809) | - |
| | | Derivative instruments | (liabilities) | (890) | (890) | (70) |
| | | | Total | $ 514 | (170) | (70) |

(1) Volume In MMBTUs

Austin Energy routinely purchases derivative instruments. The outstanding hedging derivative instruments were purchased at various dates. Any realized gains and losses related to the hedging activity derivative instruments are recognized in the period realized.

**Risks**

*Credit Risk.* Credit risk is the risk of loss due to a counterparty defaulting on its obligations. Austin Energy's power supply derivative instruments contracts expose Austin Energy to custodial credit risk on exchange-traded derivative instruments positions. In the event of default or nonperformance by brokers or the exchange, Austin Energy's operations will not be materially affected.

The over-the-counter agreements expose Austin Energy to credit risk. However, Austin Energy does not expect the counterparties to fail to meet their obligations given their high credit ratings and strict oversight by federal regulators. The contractual provisions applied to these contracts under the International Swaps and Derivatives Association (ISDA) agreement include collateral provisions at specified thresholds. At September 30, 2025, Austin Energy had no collateral posted under these provisions and held $89 million of collateral from counterparties for physical transactions.

The congestion revenue rights expose Austin Energy to custodial credit risk in the event of default or nonperformance by ERCOT, a regulatory entity of the State of Texas. In the event of default of nonperformance, Austin Energy's operations will not be materially affected.

## 12. DERIVATIVE INSTRUMENTS, continued

### a. Energy Risk Management Program, continued

*Termination Risk.* Termination risk is the risk that a derivative instrument will terminate prior to its scheduled maturity due to a contractual event. Contractual events include illegality, tax and credit events upon merger and other events. Termination risk for exchange-traded instruments is greatly reduced by the strict rules and guidelines set up by the exchange, which is governed by the Commodity Futures Trade Commission. Austin Energy's exposure to termination risk for over-the-counter agreements is mitigated due to the high credit rating of the counterparties and the contractual provisions under the ISDA agreement applied to these contracts. Termination risk is associated with all of Austin Energy's derivative instruments up to the fair value of the instruments.

*Netting Arrangements.* Austin Energy enters into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by or owed to the non-defaulting party.

*Basis Risk.* Austin Energy is exposed to basis risk on its power supply hedges because the expected commodity purchases being hedged will price based on a delivery point (Katy/HSC) different than that at which the financial hedging contracts are expected to settle i.e. NYMEX (Henry Hub). As of September 30, 2025, the NYMEX price was $3.12 per MMBTU (one million British thermal unit, a measurement of heating value), Katy was $2.98 per MMBTU, and the HSC Hub price was $2.94 per MMBTU.

### b. Variable Rate Debt Management Program

#### Hedging Derivative Instruments

The intention of each of the City's swaps is to provide a cash flow hedge for its variable interest rate bonds by providing synthetic fixed rate bonds. As a means to lower its borrowing costs when compared against fixed rate bonds at the time of issuance, the City executed pay-fixed, receive-variable swaps in connection with its issuance of variable rate bonds.

As of September 30, 2025, the City has one outstanding swap transaction with initial and outstanding notional amounts totaling $125.3 million and $38.4 million, respectively. The fair value of the interest rate derivative instrument transaction was estimated based on an independent pricing service. The valuation provided was derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The expected transaction cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing benchmark interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the transaction, where future amounts (the expected transaction cash flows) are converted to a single current amount, discounted using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows. Where applicable under the income approach an option pricing model is applied such as the Black-Scholes-Merton model, the Black-Derman-Toy model, one of the short-rate models, or other market standard models consistent with accepted practices in the market for interest rate option products. The option models consider probabilities, volatilities, time, settlement prices, and other variables pertinent to the transactions. This valuation technique is applied consistently across all the transactions. Given the observability of inputs significant to the measurements, the fair value of the transactions is categorized as Level 2.

On September 30, 2025, the City had the following outstanding interest rate swap hedging derivative instrument (in thousands):

| Item | Related Variable Rate Bonds | Terms | Effective Date | Maturity Date | Notional Amount | Fair Value |
|---|---|---|---|---|---|---|
| **Business-Type Activities:** | | | | | | |
| **Hedging derivatives:** | | | | | | |
| HOT1 | Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008 | Pay 3.251%, receive 67% of SOFR | 8/14/2008 | 11/15/2029 | $ 38,380 | (754) |

## 12. DERIVATIVE INSTRUMENTS, continued

### b. Variable Rate Debt Management Program, continued

The City's swap is a pay-fixed interest rate swap. It was entered into with the objective of hedging changes in the cash flows on the related variable rate debt.

The fair value of the City's interest rate swap hedging derivative instrument is reported as derivative instruments in liabilities with an offsetting adjustment to deferred outflow of resources. The table below provides for the fair value and changes in fair value of the City's interest rate swap agreement as of September 30, 2025 (in thousands):

| Item | Outstanding Notional Amount | Fair Value and Classification | | Change in fair value | |
|---|---|---|---|---|---|
| | | Amount | Classification | Deferred Outflows | Deferred Inflows |
| **Business-Type Activities:** | | | | | |
| **Hedging derivative instruments (cash flow hedges):** | | | | | |
| HOT1 | $ 38,380 | (754) | Non-current liability | (361) | - |

The City's interest rate swap hedging derivative instrument had a negative fair value as of September 30, 2025. The fair value takes into consideration nonperformance risk, the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received.

**Risks**

*Credit risk.* As of September 30, 2025, the City was not exposed to credit risk on its outstanding swap agreements because each swap had a negative fair value. However, should interest rates change and the fair value of a swap become positive, the City would be exposed to credit risk in the amount of the swap's fair value.

The counterparty credit ratings for the City's interest rate swap hedging derivative instrument at September 30, 2025, are included in the table below:

| Item | Related Variable Rate Bonds | Counterparty | Counterparty Ratings | | |
|---|---|---|---|---|---|
| | | | Moody's Investors Service, Inc | S&P Global Ratings | Fitch Ratings, Inc |
| **Business-Type Activities:** | | | | | |
| HOT1 | Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008 | Deutsche Bank AG | A1 | A | A |

The swap agreement contains collateral agreements with the counterparty. This swap agreement requires collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds in the agreement. For Swap HOT1, the credit support provider is Deutsche Bank AG, New York Branch (DBAG). This swap requires collateralization of the fair value of the swap should DBAG's credit rating fall below the applicable thresholds in the agreement.

Swap payments and associated debt. The net cash flows for the City's interest rate swap hedging derivative instruments for the year ended September 30, 2025, is included in the table below (in thousands):

| Item | Related Variable Rate Bonds | Counterparty Swap Interest | | | Interest to Bondholders | Net Interest Payments |
|---|---|---|---|---|---|---|
| | | Pay | Receive | Net | | |
| **Business-Type Activities:** | | | | | | |
| HOT1 | Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008 | $ (1,281) | 1,211 | (70) | (1,119) | (1,189) |

## 12. DERIVATIVE INSTRUMENTS, continued

### b. Variable Rate Debt Management Program, continued

*Basis and interest rate risk.* Basis risk is the risk that the interest rate paid by the City on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. At September 30, 2025, the City bears basis risk on the Swap HOT1. This swap has basis risk since the City receives a percentage of SOFR to offset the actual variable rate the City pays on the related bond. The City is exposed to basis risk should the floating rate that it receives on a swap drop below the actual variable rate the City pays on the bond. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

*Tax risk.* Tax risk is a specific type of basis risk. Tax risk is the risk of a permanent mismatch occurring between the interest rate paid on the City's underlying variable rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds. For example, a grandfathering of the elimination of federal tax-exemption on existing tax-exempt bonds, or a tax cut, would result in the yields required by investors on the City's bonds coming close to or being equal to taxable yields. This would result in an increase in the ratio of tax-exempt to taxable yields. The City is receiving 67% of SOFR on Swap HOT1 and would experience a shortfall relative to the rate paid on its bond if marginal income tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic fixed rate debt.

*Nonperformance/Termination risk.* The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the respective contract. If the swap is terminated, the associated variable rate bond would no longer be hedged to a fixed rate. If at the time of termination, the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value. The additional termination events in the agreement are limited to credit related events only and the ratings triggers are substantially below the current credit rating of the City.

*Rollover risk.* The City is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, the City will be re-exposed to the risks being hedged by the hedging derivative instruments. The City is currently not exposed to rollover risk on its hedging derivative instrument.

**Investment Derivative Instruments**

At September 30, 2025, the City did not have any investment derivative instruments related to interest rate swaps.

### c. Swap Payments and Associated Debt

As of September 30, 2025, debt service requirement of the City's variable rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (as rates vary, variable rate bond interest payments and net swap payments will vary):

| Fiscal Year Ended September 30 | Variable Rate Bonds (in thousands) | | Interest Rate Swaps, Net | Total Interest |
|---|---|---|---|---|
| | Principal | Interest (1) | | |
| 2026 | $ 7,160 | (29) | 1,083 | 1,054 |
| 2027 | 7,395 | (23) | 837 | 814 |
| 2028 | 7,660 | (16) | 583 | 567 |
| 2029 | 7,935 | (9) | 320 | 311 |
| 2030 | 8,230 | (1) | 45 | 44 |
| Total | $ 38,380 | (78) | 2,868 | 2,790 |

(1) The net effect of the reference rate projected to be paid to the City versus the variable rate projected to be paid to bondholders utilizing rates in effect at the end of the fiscal year.

## 13. DEFICITS IN FUND BALANCES AND NET POSITION

At September 30, 2025, the following funds reported deficits in fund balances/net position (in thousands). Management intends to recover these deficits through future operating revenues, transfers, or debt issuances.

| Nonmajor Governmental | Deficit |
|---|---|
| **Special Revenue Funds:** | |
| U.S. Department of Homeland Security | $ 18,090 |
| Project Connect | 85 |
| Project Connect - Office | 42 |
| **Capital Projects Funds:** | |
| **2006 fund** | |
| Drainage & open spaces | 12 |
| Cultural facilities | 539 |
| **2012 fund** | |
| Transportation | 1,753 |
| **2016 fund** | |
| Mobility | 83,594 |
| **2018 fund** | |
| Affordable housing | 12,797 |
| Library & cultural | 27,429 |
| Parks | 25,063 |
| Open space | 64,204 |
| Health | 4,296 |
| Public safety | 14,828 |
| Transportation | 9,272 |
| **2020 fund** | |
| Transportation | 110,481 |
| **2022 fund** | |
| Affordable housing | 65,620 |
| **Other funds** | |
| General government projects | 329,008 |
| Health projects | 7,595 |
| Fire - general | 19,852 |
| GCP - BSD Deferred Maintenance | 1,660 |
| Public Works | 316 |
| Colony Park | 8,700 |
| GCP - Land Acquisition | 9 |
| Waller Creek District | 14,011 |
| **Nonmajor Enterprise** | |
| Austin Resource Recovery | 37,213 |
| Development Services | 172,041 |
| Transportation | 128,253 |
| **Internal Service** | |
| Workers' Compensation | 23,347 |

## 14. INTERFUND BALANCES AND TRANSFERS

### a. Interfund Receivables, Payables, and Advances

Interfund receivables, payables, and advances at September 30, 2025, are as follows (in thousands):

| | Due From | | | |
|---|---|---|---|---|
| Due To | General Fund | Nonmajor Governmental | Austin Energy | Total |
| General Fund | $ - | 5 | - | 5 |
| Nonmajor governmental | 193,864 | 536,464 | 43 | 730,371 |
| Internal Service | - | - | 4,556 | 4,556 |
| Total | $ 193,864 | 536,469 | 4,599 | 734,932 |

Interfund receivables (due from) and payables (due to) reflect short term loans between funds, mainly the result of a short-term deficits in pooled investments and cash ($729.4 million). Deficits in capital projects ($660.8 million) were borrowed from General Fund ($193.9 million), special revenue fund ($246.1 million), and other capital projects ($220.8 million). Additionally, deficits in grant funds awaiting reimbursement from grantors ($67.6 million) and were borrowed from Fiscal Surety - Land Development Fund. The special revenue funds and capital projects funds referenced herein are reported as nonmajor governmental funds in the table above.

| | Advances to | | | | |
|---|---|---|---|---|---|
| Advances From | Nonmajor Governmental | Austin Energy | Austin Water | Nonmajor Enterprise | Total |
| Nonmajor governmental | $ 123,003 | - | - | 26 | 123,029 |
| Austin Energy | - | - | 1,187 | - | 1,187 |
| Nonmajor enterprise | 112 | - | - | - | 112 |
| Internal Service | - | 4,601 | - | - | 4,601 |
| Total | $ 123,115 | 4,601 | 1,187 | 26 | 128,929 |

Advances to and advances from reflect borrowings that will not be liquidated within one year. Advances to nonmajor governmental projects are primarily for transportation and mobility projects, facility renovations, and the acquisition of two real properties that will be funded by bonds and new development fees. Austin Energy transferred the Town Lake Center property to Support Services, which will be paid out by Support Services over a 5-year period. The long-term portion of the payable is reflected as an advance. The Support Services fund referenced herein are reported as internal service funds in the table above.

### b. Transfers

Transfers at September 30, 2025, are as follows (in thousands):

| | Transfers In | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Transfers Out | General Fund | Nonmajor Governmental | Austin Energy | Austin Water | Airport | Nonmajor Enterprise | Internal Service | Total |
| General Fund | $ - | 36,931 | - | - | - | 12,248 | - | 49,179 |
| Nonmajor governmental | 3,425 | 134,645 | 1,290 | - | - | 141,376 | 1,325 | 282,061 |
| Austin Energy | 135,163 | - | - | - | - | - | 341 | 135,504 |
| Austin Water | 56,341 | 74 | 1,581 | - | - | 150 | - | 58,146 |
| Airport | - | - | 741 | - | - | - | - | 741 |
| Nonmajor enterprise | 712 | 26,339 | 297 | 85 | - | 20 | 96 | 27,549 |
| Internal service | 65 | 12,598 | 171 | - | 400 | - | - | 13,234 |
| Total | $ 195,706 | 210,587 | 4,080 | 85 | 400 | 153,794 | 1,762 | 566,414 |

Interfund transfers are authorized through City council approval. Significant transfers include:

- Austin Energy and Austin Water transfer funds to the General Fund ($191.5 million), which are comparable to a return on investment to owners.
- The Hotel-Motel Occupancy Tax ($124.8 million) and the Vehicle Rental Tax ($14.7 million), both reported as special revenue funds and included in the nonmajor governmental funds table above, transferred funds to the Convention Center fund, which is reported as a nonmajor enterprise fund in the table above, in support of convention operations and debt services.
- Affordable Housing capital project funds ($59.1 million) transferred funds to Austin Housing Finance Corporation, a special revenue fund, in support of affordable housing. Both funds referenced herein are reported as nonmajor governmental funds in the table above.

## 15. SELECTED REVENUES

**Austin Energy and Austin Water**

The Public Utility Commission of Texas (PUCT) has jurisdiction over electric utility wholesale transmission rates. The PUCT approved the City's most recent wholesale transmission rate of $1.24822/KW effective August 24, 2022. Transmission revenues totaled approximately $103.2 million in fiscal year 2025. The City Council has jurisdiction over all other electric utility rates and over all water and wastewater utility rates and other services. The Council determines electric utility and water and wastewater utility rates based on the cost of operations.

Under a bill passed by the Texas Legislature in 1999, municipally-owned electric utilities such as the City's utility system have the option of offering retail competition after January 1, 2002. As of September 30, 2025, the City has elected not to enter the retail market, as allowed by state law.

Electric rates include a fixed-rate component and cost-adjustment factors that allow for recovery of power supply, regulatory, and community benefit costs. If actual costs differ from amounts billed to customers, then regulatory assets or deferred inflows are recorded by Austin Energy. Any over- or under-collections of the power supply, regulatory, or community benefit costs are applied to the respective cost-adjustment factor.

## 16. TAX ABATEMENTS

The City grants tax abatements under one of two programs, the Chapter 380 Performance Based Economic Development Incentive Program under which sales and property taxes may be rebated if the entity meets performance criteria, and the Media Production and Development Zone program under which sales and use taxes may be abated.

**a. Performance Based Rebate Program**

To promote local economic development and stimulate business and commercial activity in the municipality, the City has granted tax rebate agreements under the authority of Chapter 380 of the Texas Local Government Code through the City's Chapter 380 Performance Based Economic Development Incentive Program. All or a portion of property tax, sales tax, or a combination of the two are abated as a part of these agreements. To be eligible to participate in the program an entity must make a commitment to pay its Austin-based employees no less than the City living wage, move or expand its business in the City through investments in real and/or personal property or leasehold improvements as well as commitments about the number of new jobs it will create. Each agreement is negotiated individually, and the terms vary depending on the type of development and the economic benefits to the City.

Sales taxes abated may either be all or a portion of those generated by the project. The amount of property taxes abated may be all or a portion of property taxes on the entity's real and personal property or leasehold investment. Agreements generally run for a certain number of years. All taxes are collected and then a portion is refunded if the entity meets commitments made under the agreement. If criteria are not met, no taxes are refunded.

During fiscal year 2025, the City had three active agreements under this program. Two agreements demonstrated compliance with their performance requirements in fiscal year 2024 (monitored in 2025) which resulted in abatement of taxes paid of approximately $5 million. The City had no commitments related to these agreements other than the timeframe during which a compliance review will occur.

**b. Exemption Program**

The Media Production Development and Zone Program offers exemption to the limited sales, excise, and use taxes to qualified persons who build, construct, renovate, improve, or expand a media production facility within the state. The City does not currently have any agreements in fiscal year 2025 that resulted in exemptions.

The City is not subject to any tax abatement agreements entered into by other governmental entities.

## 17. COMMITMENTS AND CONTINGENCIES

### a. Fayette Power Project

Austin Energy's coal-fired electric generating units are located at the Fayette Power Project (FPP) and operate pursuant to a participation agreement with LCRA. Austin Energy has an undivided 50 percent interest in Units 1 and 2, and LCRA wholly owns Unit 3. A management committee of four members governs the FPP; each participant administratively appoints two members. As managing partner, LCRA is responsible for the operation of the project and appoints project management.

Austin Energy's investment is financed through operations, revenue bonds, or commercial paper, which are repaid by Austin Energy (see Note 9), and its pro-rata share of operations is recorded as if wholly owned. Austin Energy's pro-rata interest in the FPP was $25 million as of September 30, 2025. The pro-rata interest in the FPP is calculated pursuant to the participation agreement and is reported in various asset and liability accounts within the City's financial statements. The original cost of Austin Energy's share of the FPP's generation and transmission facilities is recorded in the utility plant accounts of the City in accordance with its accounting policies.

### b. South Texas Project

Austin Energy is one of three participants in the South Texas Project (STP), which consists of two 1,350-megawatt nuclear generating units in Matagorda County, Texas. The other participants in the STP are Constellation Energy Generation and City Public Service of San Antonio. In-service dates for the STP were August 1988 for Unit 1 and June 1989 for Unit 2. Austin Energy's 16 percent ownership in the STP represents 432 megawatts of plant capacity. At September 30, 2025, Austin Energy's investment in the STP was approximately $360 million, net of accumulated depreciation.

Effective November 17, 1997, the participation agreement among the owners of the STP was amended and restated, and the STP Nuclear Operating Company (STPNOC), a Texas non-profit non-member corporation created by the participants, assumed responsibility as the licensed operator of the STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of the STPNOC.

Each participant is responsible for its STP funding. The City's portion is financed through operations, revenue bonds, or commercial paper, which are repaid by Austin Energy (see Note 9). In addition, each participant has the obligation to finance any deficits that may occur. Each participant appoints one member to the board of directors of the STPNOC, as well as one other member to the management committee. A member of the management committee may serve on the board of directors in the absence of a board member. The City's portion of the STP is classified as plant in service, construction in progress, and nuclear fuel inventory. Nuclear fuel includes fuel in the reactor as well as nuclear fuel in process.

The STP was issued a 20-year license renewal by the Nuclear Regulatory Commission (NRC) in September 2017. Unit 1 and 2 are currently licensed through 2047 and 2048, respectively.

### c. South Texas Project Decommissioning

Austin Energy began collecting in rates and accumulating funds for decommissioning the STP in 1989 in an external trust. The Decommissioning Trust assets are reported as restricted investments held by trustee. The related liability is reported as an asset retirement obligation. Excess or unfunded liabilities related to decommissioning the STP will be adjusted in future rates so that there are sufficient funds in place to pay for decommissioning. At September 30, 2025, the trust's assets exceeded total expenses amortized over the pro-rata useful life by $29.4 million which is reported as part of deferred inflows of resources (in thousands).

| | |
|---|---|
| Decommissioning Trust Assets | $ 294,478 |
| Pro Rata Decommissioning Expense | (265,107) |
| | $ 29,371 |

The STP is subject to regulation by the Nuclear Regulatory Commission (NRC). The NRC requires that each holder of a nuclear plant-operating license submit a certificate of financial assurance to the NRC for plant decommissioning every two years or upon transfer of ownership. The certificate provides reasonable assurance that sufficient funds are being accumulated to provide the minimum requirement for decommissioning mandated by the NRC. The most recent calculation of financial assurance filed for December 31, 2024 showed that the trust assets exceeded the minimum required assurance by $96.9 million.

## 17. COMMITMENTS AND CONTINGENCIES, continued

### d. Purchase Power

Austin Energy has commitments totaling $3.5 billion to purchase energy and capacity through purchase power agreements. This amount includes provisions for wind power through 2041, solar through 2046, and geothermal through 2036.

### e. Decommissioning and Environmental/Pollution Remediation Contingencies

Austin Energy may incur costs for environmental/pollution remediation of certain sites including the Holly and Fayette Power Plants. At September 30, 2025, the financial statements include a $0.7 million environmental liability. The amount is based on 2025 cost estimates to perform remediation and decommissioning. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

### f. Airport Grant Agreement

In October 2017, the Airport entered into a grant agreement with ABLE to provide support for ABLE's $45,600,000 Series 2017 Airport Hotel Senior Revenue Refunding and Improvement Bonds issuance. The bonds are special limited obligations of ABLE and are payable by ABLE from revenues generated from the hotel located adjacent to the airport. Pursuant to the agreement, the Airport agreed to provide financial assistance to restore deficiencies in ABLE's Senior Debt Service Reserve Fund, to the extent that Surplus Airport System Revenues, as defined in the grant agreement, are available. The Airport has no obligation under this agreement to fund a deficiency if the hotel ceases operations nor does the agreement constitute a commitment, conditional or otherwise, to pay the debt service on the bonds. The terms of the agreement end on the date when the bonds are no longer outstanding. As of September 30, 2025, the Airport has provided $4.8 million in financial assistance to restore deficiencies in ABLE's Senior Debt Service Reserve Fund.

### g. Arbitrage Rebate Payable

The City's arbitrage consultant has determined that the City has earned interest revenue on unused bond proceeds in excess of amounts allowed by applicable Federal regulations. The City will  be required to rebate the excess amounts to the federal government. The estimated amounts payable at September 30, 2025, was $2.7 million for governmental activities, $1.1 million for Austin Energy, $1.6 million for Austin Water, and $1.3 million for Airport.

### h. Federal and State Financial Assistance Programs

The City participates in a number of federally assisted and state grant programs, financed primarily by the U.S. Department of Transportation, U.S. Treasury Department, and U.S. Health and Human Services Department.  The City's programs are subject to program compliance audits by the grantor agencies. Management believes that no material liability will arise from any such audits.

## 17. COMMITMENTS AND CONTINGENCIES, continued

### i. Capital Improvement Plan

As required by charter, the City has a Capital Improvements Program plan (capital budget) covering a five-year period which details anticipated spending for projects in the upcoming and future years. The City's 2025 Capital Budget has substantial contractual commitments relating to its capital improvement plan.

The key projects in progress include improvements to and development of the electric system, water and wastewater systems, airport, transportation infrastructure, public recreation and culture activities, and urban growth management activities. Remaining commitments represent current unspent budget and future costs required to complete projects.

| Project | Remaining Commitment (in thousands) |
|---|---|
| Governmental activities: | |
| General government | $ 512,875 |
| Public safety | 93,172 |
| Transportation, planning, and sustainability | 562,153 |
| Public health | 3,629 |
| Public recreation and culture | 121,205 |
| Urban growth management | 638,912 |
| Business-type activities: | |
| Electric | 265,373 |
| Water | 284,227 |
| Wastewater | 939,113 |
| Airport | 802,796 |
| Convention | 136,421 |
| Environmental and health services | 11,308 |
| Public recreation and culture | 90 |
| Urban growth management | 138,095 |
| Total | $ 4,509,369 |

### j. Encumbrances

The City utilizes encumbrances to track commitments against budget in governmental funds. The amount of outstanding encumbrances at September 30, 2025 is as follows (in thousands):

| | Encumbrances |
|---|---|
| General Fund | $ 69,145 |
| Nonmajor governmental | |
| Special Revenue | 44,728 |
| Capital Projects | 376,568 |
| | $ 490,441 |

Significant encumbrances include reservations for Outreach to Homeless ($87,662), General Government Projects ($74,530), 2018 Transportation Programs ($54,658), and Public Works Grants ($52,772).

## 17. COMMITMENTS AND CONTINGENCIES, continued

### k. Landfill Closure and Postclosure Liability

State and federal regulations require the City to place a final cover on the City of Austin landfill site (located on FM 812) when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, a portion of these future closure and postclosure care costs are reported as an operating expense in each period as incurred in the Austin Resource Recovery fund, a nonmajor enterprise fund. Closure with TCEQ occurred in May 2021. While the landfill only reached 99.04% capacity, the City is no longer accepting waste. The amount of costs reported, based on landfill capacity of 100% as of September 30, 2025, is as follows (in thousands):

| | Closure | Postclosure | Total |
|---|---|---|---|
| Total estimated costs | $ 25,381 | 20,979 | 46,360 |
| % capacity used | 100% | 100% | 100% |
| Cumulative liability accrued | 25,381 | 20,979 | 46,360 |
| Costs incurred | (25,381) | (4,020) | (29,401) |
| Closure and postclosure liability | $ - | 16,959 | 16,959 |

These amounts are based on the 2025 cost estimates to perform closure and postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. State and federal laws require owners to demonstrate financial assurance for closure, postclosure, and/or corrective action. The City complies with the financial and public notice components of the local government financial test and government-guarantee of the test.

### l. Asset Retirement Obligations (ARO)

**South Texas Project (STP) –** Federal regulations require Austin Energy to perform certain asset retirement obligations related to decommissioning the STP, a nuclear power station located in Bay City, Texas. These regulations are provided by the Nuclear Regulatory Commission (NRC) and require licensed nuclear facilities to follow both technical and financial criteria for decommissioning activities. An external decommissioning cost study is performed every five years. The most recent cost study was completed in May 2023 by TLG Services, Inc. and included a total decommissioning cost estimate of $2.6 billion. The study assumes that the U.S. Department of Energy will commence pickup of spent fuel from the STP site no later than 2067. Austin Energy, holding a 16% ownership interest in STP, has included a total ARO estimate of $424.3 million (2025 dollars) and an associated deferred outflow of resources of $159.1 million. Austin Energy has restricted assets held in an irrevocable trust to cover the eventual decommissioning costs and as of September 30, 2025, trust assets totaled $294.5 million.

**Fayette Power Project (FPP) –** Federal and state regulations as well as contractual obligations require Austin Energy to perform certain asset retirement activities associated with our ownership of FPP, two coal-fired electric generating units. A cost study performed by the LCRA assessed the activities required for capital asset retirement and includes a best estimate of the current value of costs to be incurred related to legal or contractual obligations. Austin Energy, holding a 50% ownership in Units 1 and 2 with the LCRA, has included a total ARO estimate of $25.7 million and an associated deferred outflow of resources of $18.2 million. Austin Energy, as joint owner of the facility, will amortize the deferred outflow related to regulatory obligations over 16 years, the estimated remaining useful life of the plant.

**Wastewater treatment plants –** Federal regulations require the City to perform certain asset retirement obligations related to its wastewater treatment plants. The City must close the wastewater treatment facilities in a manner that minimizes the need for further maintenance and minimizes or controls postclosure escape of hazardous waste, hazardous constituents, leachate, contaminated run-off, or hazardous waste decomposition products to the ground or surface waters. Based on historical vendor invoices to remove solids from wastewater treatment plants, the ARO for wastewater treatment plants was approximately $1.9 million as of September 30, 2025 and is reported as asset retirement obligations in the Austin Water fund, a major enterprise fund. The associated deferred outflow of $964 thousand will be amortized over the remaining useful lives of the City’s wastewater treatment plants, which range from 8 to 39 years.

## 17. COMMITMENTS AND CONTINGENCIES, continued

### l. Asset Retirement Obligations (ARO), continued

**Petroleum underground storage tanks –** State regulations require the City to perform certain asset retirement obligations pertaining to its petroleum underground storage tanks. Upon retirement of the tanks, the City is required to either remove the tank from the ground, permanently fill the tank in place, or conduct a permanent change in service. The City is opting to remove the tanks from the ground upon retirement. Based on an estimate from a certified vendor, the ARO for petroleum underground storage tanks was approximately $982 thousand as of September 30, 2025 and is reported as asset retirement obligations in the Fleet Maintenance fund, an internal service fund. The associated deferred outflow of $576 thousand will be amortized over the remaining useful lives of the City's petroleum underground storage tanks, which range from 2 to 39 years.

### m. Risk-Related Contingencies

The City uses internal service funds to account for risks related to health benefits, third-party liability, and workers' compensation. The funds are as follows:

| Fund Name | Description |
|---|---|
| Employee Benefits | City employees and retirees under the age of 65 may choose a self-insured PPO, HMO, or CDHP with HSA for health coverage. Approximately 71% of City employees and 87% of retirees use the PPO option; approximately 8% of City employees and 9% of retirees use the HMO option; and approximately 21% of City employees and 5% of retirees use the CDHP with HSA option. Costs are charged to City funds through a charge per employee per pay period. Retirees over the age of 65 are mandated to enroll in the Medicare Advantage plan starting January 1, 2025. Medicare Advantage plan is a fully-insured medical plan. |
| Liability Reserve | This self-insured program includes losses and claims related to liability for bodily injury, property damage, professional liability, and certain employment liability. Premiums are charged to other City funds each year based on historical costs. Third-party claims activities are also reported directly in the Austin Energy, Austin Water, and Airport enterprise funds. |
| Workers' Compensation | Premium charges for this self-insured program are assessed to other funds each year based on the number of full-time equivalent (FTE) employees per fund. |

The City purchases stop-loss insurance for the City's PPO, HMO, and CDHP plans. Stop-loss insurance covers individual claims that exceed a stated threshold amount per calendar year. Beginning in 2019 the stated threshold amount is $750,000 with an unlimited maximum. In fiscal year 2025, nine claims exceeded the stop loss limit of $750,000. In fiscal year 2024, five claims exceeded the stop loss limit of $750,000. In fiscal year 2023, six claims exceeded the stop loss limit of $750,000. City coverage is unlimited for lifetime of benefits. The City does not purchase stop-loss insurance for workers' compensation claims.

The City is self-insured for much of its risk exposure; however, the City purchases commercial insurance coverage for loss or damage to real property, theft and other criminal acts committed by employees, and third-party liability associated with the airport, owned aircraft, and electric utility operations. There have been no claims settlements in excess of the purchased insurance coverage to date. The City also purchases insurance coverage through a program that provides workers' compensation, employer's liability, and third-party liability coverage to contractors working on designated capital improvement project sites.

Liabilities are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The City utilizes actuarial information, which is based on historical claim settlement trends, to determine the claim liabilities for the Employee Benefits fund and Workers' Compensation fund. Claims liabilities for the Austin Energy, Austin Water, Airport, and Liability Reserve funds are calculated based on an estimate of outstanding claims, which may differ from the actual amounts paid. Possible losses are estimated to range from $77.7 million to $101.1 million. In accordance with GAAP, $77.7 million is recognized as claims payable in the financial statements with $36.6 million recognized as a current liability and $41.1 million recognized as long-term liability.

## 17. COMMITMENTS AND CONTINGENCIES, continued

### m. Risk-Related Contingencies, continued

Changes in the balances of claims liability are as follows (in thousands):

| | Austin Energy | | Austin Water | | Airport | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Liability balances, beginning of year | $ - | 2,262 | 292 | 465 | - | - |
| Claims and changes in estimates | 499 | (1,094) | 937 | 99 | 106 | 30 |
| Claim payments | (227) | (1,168) | (451) | (272) | (28) | (30) |
| Liability balances, end of year | 272 | - | 778 | 292 | 78 | - |

| | Employee Benefits | | Liability Reserve | | Workers' Compensation | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Liability balances, beginning of year | 17,996 | 20,551 | 10,054 | 8,740 | 45,155 | 46,703 |
| Claims and changes in estimates | 262,860 | 211,112 | 7,055 | 8,079 | 13,317 | 6,969 |
| Claim payments | (260,502) | (213,667) | (10,700) | (6,765) | (8,660) | (8,517) |
| Liability balances, end of year | $ 20,354 | 17,996 | 6,409 | 10,054 | 49,812 | 45,155 |

The Austin Water fund claims liability balance at fiscal year-end included liabilities of $258 thousand discounted at 5.05% in 2025 and $292 thousand discounted at 3.96% in 2024. The claims liability balance for all other funds had no discounted liability in fiscal years 2025 and 2024.

### n. No-Commitment Special Assessment Debt

In November 2011, the City issued $15,500,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Whisper Valley Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. $582,883 in total assessments were levied in the year ended September 30, 2025. The aggregate principal outstanding at September 30, 2025 is $1,865,000.

In November 2011, the City issued $2,860,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Indian Hills Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. $206,058 in total assessments were levied in the year ended September 30, 2025. The aggregate principal outstanding at September 30, 2025 is $515,000.

In July 2013, the City issued $12,590,000 of Special Assessment Revenue Bonds, Series 2013 related to the Estancia Hill Country Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. $1,994,060 in total assessments were levied during the fiscal year ended September 30, 2025. The aggregate principal outstanding at September 30, 2025 is $4,505,000.

## 17. COMMITMENTS AND CONTINGENCIES, continued

### n. No-Commitment Special Assessment Debt, continued

In December 2018, the City issued $4,265,000 and $8,305,000 of Special Assessment Revenue Bonds, Series 2018 #1 and #2, respectively, related to the Estancia Hill Country Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. $741,287 in total assessments were levied during the fiscal year ended September 30, 2025. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2025 are $6,760,000 and $958 respectively.

In April 2019, the City issued $4,500,000 of Special Assessment Revenue Bonds, Series 2019 related to the Whisper Valley Public Improvement District, Phase 1. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. $291,780 in total assessments were levied during the fiscal year ended September 30, 2025. The aggregate principal outstanding at September 30, 2025 is $4,180,000.

In December 2022, the City issued $6,820,000 of Special Assessment Revenue Bonds, Series 2022 related to the Whisper Valley Public Improvement District, Phase 2. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. $469,119 in total assessments were levied during the fiscal year ended September 30, 2025. The aggregate principal outstanding at September 30, 2025 is $6,727,000.

In December 2024, the City issued $11,990,000 of Special Assessment Revenue Bonds, Series 2024 related to the Whisper Valley Public Improvement District, Phase 3. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. $886,615 in total assessments were levied during the fiscal year ended September 30, 2025. The aggregate principal outstanding at September 30, 2025 is $11,990,000.

## 18. LITIGATION

A number of claims and lawsuits against the City are pending with respect to various matters arising in the normal course of the City's operations. Legal counsel and City management are of the opinion that settlement of these claims and lawsuits will not have a material effect on the City's financial statements. The City has accrued liabilities in the Austin Energy, Austin Water, Aviation and Liability Reserve funds for claims payable at September 30, 2025. These liabilities, reported in the government-wide statement of net position, include amounts for claims and lawsuits settled subsequent to year end.

## 19. CONDUIT DEBT

The City has issued several series of housing revenue bonds to provide for low-cost housing. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. As of September 30, 2025, $425.2 million in housing revenue bonds were outstanding with an original issue value of $446.3 million.

Revenue bonds have been issued by various related entities to provide for facilities located at the international airport. These bonds are special limited obligations payable solely from and secured by a pledge of revenue to be received from agreements between the entities and various third parties. As of September 30, 2025, $144.3 million in revenue bonds were outstanding with an original issue value of $147.3 million.

The above bonds do not constitute a debt or pledge of the faith and credit of the City and accordingly have not been reported in the accompanying financial statements.

## 20. SEGMENT INFORMATION – CONVENTION CENTER

The Convention Center provides event facilities and services to its customers. Below are the condensed financial statements for this segment (in thousands):

| Condensed Statement of Net Position | |
|---|---|
| **ASSETS** | |
| Current assets | $ 347,623 |
| Advances to other funds | 26 |
| Capital assets | 260,969 |
| Other noncurrent assets | 78,886 |
| **Total assets** | 687,504 |
| **Deferred outflows of resources** | 31,550 |
| **LIABILITIES** | |
| Other current liabilities | 29,654 |
| Other noncurrent liabilities | 122,385 |
| **Total liabilities** | 152,039 |
| **Deferred inflows of resources** | 35,383 |
| **NET POSITION** | |
| Net investment in capital assets | 203,967 |
| Restricted | 88,976 |
| Unrestricted | 238,689 |
| **Total net position** | $ 531,632 |

| Condensed Statement of Revenues, Expenses, and Changes in Net Position | |
|---|---|
| **OPERATING REVENUES** | |
| User fees and rentals | $ 24,584 |
| Lease revenue | 391 |
| **Total operating revenues** | 24,975 |
| **OPERATING EXPENSES** | |
| Operating expenses before depreciation | 37,565 |
| Depreciation and amortization | 9,489 |
| **Total operating expenses** | 47,054 |
| **Operating income (loss)** | (22,079) |
| Nonoperating revenues (expenses) | (63,400) |
| Transfers | 120,135 |
| **Change in net position** | 34,656 |
| **Beginning net position, as restated** | 496,976 |
| **Ending net position** | $ 531,632 |

| Condensed Statement of Cash Flows | |
|---|---|
| **Net cash provided (used) by:** | |
| Operating activities | $ (32,689) |
| Noncapital financing activities | 120,231 |
| Capital and related financing activities | (133,294) |
| Investing activities | 14,922 |
| **Net increase (decrease) in cash and cash equivalents** | (30,830) |
| **Cash and cash equivalents, beginning** | 428,408 |
| **Cash and cash equivalents, ending** | $ 397,578 |

## 21. RESTATEMENTS

### a. Change in Accounting Principle

During fiscal year 2025, the City implemented GASB Statement No. 101, *Compensated Absences*, which provides updated guidance on the recognition of compensated leave liabilities. Under this standard, the City is required to recognize a liability for compensated absences based on leave that has been earned as of the end of the fiscal year and is attributable to past service, including amounts expected to be paid upon separation or used as future time off.

As a result of this change, the fiscal year 2025 beginning net position and compensated absences liability for governmental activities was restated by $3.4 million, and the beginning net position and compensated absences liability for business-type activities was restated by $2.8 million.

During fiscal year 2025, this change in accounting principle resulted in adjustments to and restatements of beginning net position and fund balance, as follows (in thousands):

| | Government-wide | |
|---|---|---|
| **September 30, 2024** | **Governmental Activities** | **Business-Type Activities** |
| Net position, as previously reported | $ (541,244) | 5,398,532 |
| Adjustments to record: | | |
| Implementation of GASB Statement No. 101 | (3,388) | (2,835) |
| Net Position, as restated | (544,632) | 5,395,697 |

| | Governmental Funds |
|---|---|
| **September 30, 2024** | **General Fund** |
| Fund balance, as previously reported | 427,042 |
| Adjustments to record: | |
| Implementation of GASB Statement No. 101 | (12,584) |
| Fund balance, as restated | 414,458 |

| | Proprietary Funds | | | | |
|---|---|---|---|---|---|
| **September 30, 2024** | **Austin Energy** | **Austin Water** | **Airport** | **Nonmajor Enterprise Funds** | **Governmental Activities Internal Service funds** |
| Net position, as previously reported | 1,790,859 | 1,898,682 | 996,486 | 618,645 | 197,686 |
| Adjustments to record: | | | | | |
| Implementation of GASB Statement No. 101 | (782) | (507) | (344) | (1,202) | (916) |
| Net Position, as restated | $ 1,790,077 | 1,898,175 | 996,142 | 617,443 | 196,770 |

## 22. SUBSEQUENT EVENTS

### a. General Obligation Bonds Issue

In October 2025, the City issued $377,765,000 of Public Improvement and Refunding Bonds, Series 2025. The net proceeds of $273,100,000 (after issue costs, discounts, and premiums) from this issuance will be used as follows: streets and mobility ($161,000,000), park improvements ($20,000,000), water quality protection ($55,000,000), cultural arts facility improvements ($18,000,000), and health & public safety ($19,100,000). The net proceeds of the refunding portion of $138,611,301 were used to refund $111,440,000 Public Improvement Bonds, Series 2015 and $26,740,000 Certificates of Obligation, Series 2015. Principal payments are due on September 1 of each year from 2026 to 2045. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2026. Total interest requirements for these bonds, at a rate of 5.0%, are $176,206,012.

In October 2025, the City issued $266,630,000 of Certificates of Obligation, Series 2025. The new money net proceeds of $290,995,000 (after issue costs, discounts, and premiums) from this issuance will be used for purchase of properties for consolidation of multiple departments ($237,975,000), a new Fire/EMS station and station improvements ($31,500,000), street improvements/transportation projects ($17,210,000), and waterway repairs/park improvements ($4,310,000). Principal payments are due September 1 of each year from 2026 to 2045. Interest is payable March 1 and September 1 of each year from 2026 to 2045, commencing on March 1, 2026. Total interest requirements for this obligation, at a rate of 5.0%, are $159,577,260.

In October 2025, the City issued $37,720,000 of Public Property Finance Contractual Obligation, Series 2025. The net proceeds of $40,800,000 (after issue costs, discounts, and premiums) from this issuance will be used for fleet ($34,285,000), hardware and software systems ($6,455,000), and public safety ($60,000). Principal payments are due on May 1 and November 1 of each year from 2026 to 2032. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2026. Total interest requirements for these obligations, with rates ranging from 3.0% to 5.0%, are $7,594,339.

In October 2025, the City issued $84,220,000 of Public Improvement Bonds, Taxable Series 2025. The net proceeds of $85,000,000 (after issue costs, discounts, and premiums) from this issuance will be used for affordable housing programs. Principal payments are due on September 1 of each year from 2026 to 2045. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2026. Total interest requirements for these bonds, with rates ranging from 4.6% to 5.3%, are $51,924,510.

In October 2025, the City issued $29,710,000 of Certificates of Obligation, Taxable Series 2025. The new money net proceeds of $30,025,000 (after issue costs, discounts, and premiums) from this issuance will be used primarily for Waller Creek District and surface improvements ($14,275,000), Waterloo Confluence ($7,750,000) and a family violence shelter ($8,000,000). Interest is payable March 1 and September 1 of each year from 2026 to 2045, commencing on March 1, 2026. Principal payments are due September 1 of each year from 2026 to 2045. Total interest requirements for this obligation, with rates ranging from 4.6% to 5.3%, are $16,988,644.

### b. Water and Wastewater System Revenue Debt – Revenue Bond Issues

In November 2025, the City issued $10,000,000 of Water and Wastewater System Revenue Bonds, Series 2025A. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of $9,245,094 will be used for Travis Heights Reclaimed Water project. Principal payments are due November 15 of each year from 2026 to 2045. Interest payments are due May 15 and November 15 of each year from 2026 to 2045. Total interest requirements for the bonds, at rates ranging from 1.7% to 3.4%, are $3,340,710.

In November 2025, the City issued $3,000,000 of Water and Wastewater System Revenue Bonds, Series 2025B. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of $2,763,849 will be used for Municipal Conservation projects. Principal payments are due November 15 of each year from 2026 to 2045. Interest payments are due May 15 and November 15 of each year from 2026 to 2045. Total interest requirements for the bonds, at rates ranging from 1.7% to 3.4%, are $1,000,801.

## 22. SUBSEQUENT EVENTS, continued

**c. Water and Wastewater System Revenue Debt - Revenue Bond In-Substance Defeasance, Series 2025**

In December 2025, the City defeased $27,255,000 of separate lien revenue refunding bonds, Series 2015A, $6,665,000 of separate lien revenue refunding bonds, Series 2016, $8,690,000 of separate lien revenue refunding bonds, Series 2017, $1,485,000 of separate lien revenue refunding bonds, Series 2020C, and $1,890,000 of separate lien revenue refunding bonds, Series 2021. The funds were deposited in irrevocable escrow accounts to provide for the future debt service payments on the defeased bonds. The City is legally released from the obligation for the defeased debt.

**d. Electric Utility System Revenue Debt – Revenue Bond Refunding Issues**

In December 2025, the City issued $417,645,000 of Electric Utility System Revenue Refunding Bonds, Series 2025. The net proceeds of $454,950,613 (after issue costs, premium and discounts) from the issuance are being used to refund $201,300,000 in tax-exempt commercial paper and $250,310,000 in Electric Utility System Revenue Bonds, Series 2015A. Principal payments are due November 15 of each year from 2026 to 2054. Interest payments are due May 15 and November 15 of each year from 2026 to 2055. Total interest requirements for the bonds, at a rate of 5.0%, are $329,679,888.

**e. Airport System Revenue Refunding Bonds, Series 2025 (AMT)**

In December 2025, the City issued $229,150,000 of Airport System Revenue Refunding Bonds, Series 2025 (AMT). Net proceeds of $247,001,135 (after issues costs, premiums and discounts) from the issuance are being used to refund $244,495,000 in Airport System Revenue Refunding Bonds, Series 2014. Principal payments are due November 15 of each year from 2026 to 2045. Interest payments are due May 15 and November 15 of each year from 2026 to 2045. Total interest requirements for the bonds, at a rate of 5.0% are $130,475,048.61.

**f. Tax Rate Election**

On November 4, 2025, voters rejected a proposition to raise the City's property tax rate above the State's no-new-revenue-property tax rate cap of 3.5%, which would have generated additional revenue for fiscal year 2026. Because the election outcome occurred after the September 30, 2025 fiscal year end, no adjustment has been made to amounts reported in these financial statements.

In response to the election outcome, the City Council adopted an amended fiscal year 2026 budget on November 20, 2025. The amended budget removed the revenue previously assumed from Proposition Q and included expenditure adjustments and revisions to the City's financial planning to reflect the reduced revenue capacity.

# REQUIRED SUPPLEMENTARY INFORMATION (RSI)

## General Fund
## Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-Budget Basis
## For the year ended September 30, 2025
## (In thousands)

| General Fund | Actual | Adjustments (1) (2) | Actual-Budget Basis | Budget Original | Budget Final | Variance Positive (Negative) (3) |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Taxes | $ 1,059,849 | 100 | 1,059,949 | 1,080,198 | 1,080,198 | (20,249) |
| Franchise fees | 29,884 | 1 | 29,885 | 29,908 | 29,908 | (23) |
| Fines, forfeitures and penalties | 9,122 | - | 9,122 | 4,809 | 4,809 | 4,313 |
| Licenses, permits and inspections | 28,444 | (234) | 28,210 | 22,038 | 22,038 | 6,172 |
| Charges for services/goods | 94,043 | (2,469) | 91,574 | 82,775 | 82,775 | 8,799 |
| Lease revenue | 156 | (156) | - | - | - | - |
| Interest and other income (loss) | 33,967 | 108 | 34,075 | 49,810 | 49,810 | (15,735) |
| **Total revenues** | 1,255,465 | (2,650) | 1,252,815 | 1,269,538 | 1,269,538 | (16,723) |
| **EXPENDITURES** | | | | | | |
| General government | | | | | | |
| Municipal Court | 41,145 | 1,817 | 42,962 | 44,224 | 44,224 | 1,262 |
| Public safety | | | | | | |
| Emergency Medical Services | 122,534 | 19,568 | 142,102 | 144,442 | 144,442 | 2,340 |
| Fire | 232,525 | 29,561 | 262,086 | 263,156 | 263,156 | 1,070 |
| Forensic Science | 14,200 | 532 | 14,732 | 14,971 | 14,971 | 239 |
| Police | 435,344 | 73,846 | 509,190 | 497,211 | 513,795 | 4,605 |
| Public health | | | | | | |
| Animal Services | 20,297 | 3,467 | 23,764 | 23,496 | 23,496 | (268) |
| Homeless Strategy | 26,405 | 15,209 | 41,614 | 41,947 | 41,947 | 333 |
| Public Health | 88,616 | 3,699 | 92,315 | 94,125 | 94,125 | 1,810 |
| Public recreation and culture | | | | | | |
| Austin Public Library | 58,973 | 16,362 | 75,335 | 76,501 | 76,501 | 1,166 |
| Parks and Recreation | 120,445 | 14,287 | 134,732 | 136,315 | 136,315 | 1,583 |
| Urban growth management | | | | | | |
| Housing | 15,533 | 5,008 | 20,541 | 24,327 | 24,327 | 3,786 |
| Planning | 10,565 | 1,980 | 12,545 | 12,771 | 12,771 | 226 |
| Other urban growth management | 34,456 | 5,855 | 40,311 | 44,624 | 44,624 | 4,313 |
| Lease and IT subscription financing principal | 8,206 | (8,206) | - | - | - | - |
| Interest expense on leases and IT subscriptions | 1,140 | (1,140) | - | - | - | - |
| General city responsibilities (4) | 182,455 | (172,728) | 9,727 | 33,781 | 17,197 | 7,470 |
| **Total expenditures** | 1,412,839 | 9,117 | 1,421,956 | 1,451,891 | 1,451,891 | 29,935 |
| Excess (deficiency) of revenues over expenditures | (157,374) | (11,767) | (169,141) | (182,353) | (182,353) | 13,212 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Issuance of lease and IT subscription debt | 2,287 | (2,287) | - | - | - | - |
| Transfers in | 195,706 | 50,635 | 246,341 | 236,037 | 236,037 | 10,304 |
| Transfers out | (49,179) | (56,541) | (105,720) | (101,741) | (102,735) | (2,985) |
| Other adjustments (1) | - | 6,421 | 6,421 | - | - | 6,421 |
| **Total other financing sources (uses)** | 148,814 | (1,772) | 147,042 | 134,296 | 133,302 | 13,740 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | (8,560) | (13,539) | (22,099) | (48,057) | (49,051) | 26,952 |
| Fund balances at beginning of year | 414,458 | (97,200) | 317,258 | 296,500 | 296,500 | 20,758 |
| **Fund balances at end of year** | $ 405,898 | (110,739) | 295,159 | 248,443 | 247,449 | 47,710 |

(1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.

(2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.

(3) Variance is actual-budget basis to final budget.

(4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers.
Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.

## BUDGET BASIS REPORTING

**a. General**

The City of Austin prepares its annual operating budget based on the modified accrual basis. Encumbrances constitute the equivalent of expenditures for budgetary purposes. In order to provide a meaningful comparison of actual results to the budget, the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual-Budget Basis for the General Fund presents the actual and actual-budget basis amounts in comparison with original and final budgets.

The General Fund, as reported in the financial statements, is comprised of twelve separately budgeted funds in the City's legally adopted budget: the Budgetary General Fund (represented as the General Fund in the City's budget document), plus Barton Springs Conservation, Budget Stabilization Reserve, Economic Development, Economic Incentives Reserve, Emergency Reserve, Iconic Venue, Long Center Capital Improvements, Neighborhood Housing-Housing Trust, Pay for Success, Planning Technology, and Seaholm Parking Garage Revenue. RSI reflects the budgetary comparison for the consolidated General Fund.

The General Fund budget includes other revenues and requirements, which are presented in the general city responsibilities category. The expenditure budget for these general city requirements includes interdepartmental charges ($7,976,976).

**b. Budget Amendments**

During fiscal year 2025, the General Fund budget for general city responsibilities decreased by $16,583,833, which was offset by an increase in the Police expenditures budget to cover additional wages and benefits resulting from the new labor contract. An additional amendment increased transfers out in the Economic Incentives Reserve Fund by $993,700 to support a transfer to the Mueller Local Government Corporation for debt service on outstanding bonds.

**c. Reconciliation of GAAP Basis and Budget Basis Amounts**

The primary differences between GAAP-basis and budget-basis reporting for the General Fund are the reporting of encumbrances and the reporting of certain transfers. General Fund accrued payroll is recorded at the department level on a GAAP basis and as an expenditure in the general city responsibilities activity on the budget basis. Adjustments necessary to convert the excess revenues and other sources over expenditures and other uses on a GAAP basis to a budget basis for the activities comprising the General Fund are provided, as follows (in thousands):

| | General Fund |
|---|---|
| Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis | $ (8,560) |
| Adjustments - increases (decreases) due to: | |
| Unbudgeted revenues | (2,676) |
| Net compensated absences accrual | (278) |
| Outstanding encumbrances established in current year | (32,040) |
| Payments against prior year encumbrances | 35,280 |
| Other | (13,825) |
| Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis | $ (22,099) |

(In thousands)

**Schedule of Changes in the City Employees' Plan Net Pension Liability and Related Ratios**
**Measurement Period Ended December 31**

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Beginning total pension liability** | $ 3,094,056 | 3,391,796 | 3,591,376 | 3,797,823 | 3,989,560 |
| **Changes for the year:** | | | | | |
| Service cost | 93,506 | 107,111 | 107,767 | 111,438 | 117,635 |
| Interest | 236,844 | 251,684 | 266,257 | 281,404 | 295,341 |
| Benefit Changes | - | - | - | - | - |
| Differences between expected and actual experience | 13,414 | 19,914 | 22,755 | 1,882 | 23,672 |
| Assumption changes | 123,493 | - | - | - | 279,897 |
| Benefit payments including refunds | (169,517) | (179,129) | (190,332) | (202,987) | (218,221) |
| **Net change in total pension liability** | 297,740 | 199,580 | 206,447 | 191,737 | 498,324 |
| **Ending total pension liability** | 3,391,796 | 3,591,376 | 3,797,823 | 3,989,560 | 4,487,884 |
| **Beginning total plan fiduciary net position** | 2,209,800 | 2,144,804 | 2,299,688 | 2,650,438 | 2,461,383 |
| **Changes for the year:** | | | | | |
| Employer contributions | 100,485 | 104,273 | 110,846 | 116,486 | 123,610 |
| Employee contributions | 54,066 | 60,801 | 56,194 | 58,713 | 63,626 |
| Pension plan net investment income (loss) | (47,608) | 171,640 | 376,820 | (157,242) | 503,853 |
| Benefits payments and refunds | (169,517) | (179,129) | (190,332) | (202,987) | (218,221) |
| Pension plan administrative and other expense | (2,422) | (2,701) | (2,778) | (4,025) | (6,218) |
| **Net change in plan fiduciary net position** | (64,996) | 154,884 | 350,750 | (189,055) | 466,650 |
| **Ending total plan fiduciary net position** | 2,144,804 | 2,299,688 | 2,650,438 | 2,461,383 | 2,928,033 |
| **Beginning net pension liability** | 884,256 | 1,246,992 | 1,291,688 | 1,147,385 | 1,528,177 |
| **Ending net pension liability** | $ 1,246,992 | 1,291,688 | 1,147,385 | 1,528,177 | 1,559,851 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 63.24% | 64.03% | 69.79% | 61.70% | 65.24% |
| **Covered Payroll** | $ 546,058 | 573,308 | 609,553 | 640,464 | 678,500 |
| **City's net pension liability as a percentage of covered payroll** | 228.36% | 225.30% | 188.23% | 238.60% | 229.90% |

**Notes to the Schedule of Changes in the City Employees' Net Pension Liability and Related Ratios**

- This fund had no significant changes of benefit terms in any of the years presented.
- The inflation assumption was decreased from 3.25% to 2.75% in 2015 and to 2.5% in 2019.
- The investment rate of return was decreased from 7.75% to 7.5% in 2015, to 7% in 2019, and to 6.75% in 2021.
- The salary increase assumption was decreased from 4.5% to 4% in 2015, to 3.5% in 2019, and to 3.75% in 2024.
- The new hire wage growth assumption was increased from 3.75% to 4% in 2015 and decreased to 3.5% in 2019.
- The tables for rates of retirement were adjusted in 2015, 2019, and 2024 to be more consistent with experience.
- Termination rate assumptions were revised in 2015, 2019, and 2024 to be more consistent with actual experience.
- Mortality rates were changed from RP-2000 to RP-2014 in 2015 and to PubG-2010 in 2019.
- The discount rate decreased from 7.75% to 7.5% in 2015, to 7% in 2019, and to 6.75% in 2021 mirroring the investment rate of return. In 2022, a single blended discount rate was required resulting in a rate of 5.87%, in 2023 the rate was increased to 6.75%.
- New assumptions were adopted as of December 31, 2024. They are recognized in the Net Pension Liability and will be reflected in the 2026 contribution rates.

(In thousands)

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Beginning total pension liability** | 4,487,884 | 4,701,215 | 5,032,043 | 5,884,128 | 5,617,502 |
| **Changes for the year:** | | | | | |
| Service cost | 121,881 | 122,860 | 132,574 | 175,912 | 165,722 |
| Interest | 310,319 | 324,736 | 335,216 | 342,518 | 374,970 |
| Benefit Changes | - | - | - | (5,149) | - |
| Differences between expected and actual experience | 12,524 | (11,910) | 60,429 | 122,135 | 84,184 |
| Assumption changes | - | 142,270 | 588,187 | (627,983) | 5,513 |
| Benefit payments including refunds | (231,393) | (247,128) | (264,321) | (274,059) | (290,513) |
| **Net change in total pension liability** | 213,331 | 330,828 | 852,085 | (266,626) | 339,876 |
| **Ending total pension liability** | 4,701,215 | 5,032,043 | 5,884,128 | 5,617,502 | 5,957,378 |
| **Beginning total plan fiduciary net position** | 2,928,033 | 3,199,546 | 3,565,140 | 2,959,775 | 3,278,692 |
| **Changes for the year:** | | | | | |
| Employer contributions | 130,743 | 141,219 | 146,618 | 163,839 | 183,110 |
| Employee contributions | 71,470 | 66,820 | 69,189 | 80,573 | 90,331 |
| Pension plan net investment income (loss) | 307,289 | 411,210 | (550,087) | 357,113 | 316,279 |
| Benefits payments and refunds | (231,393) | (247,128) | (264,321) | (274,059) | (290,513) |
| Pension plan administrative and other expense | (6,596) | (6,527) | (6,764) | (8,549) | (7,174) |
| **Net change in plan fiduciary net position** | 271,513 | 365,594 | (605,365) | 318,917 | 292,033 |
| **Ending total plan fiduciary net position** | 3,199,546 | 3,565,140 | 2,959,775 | 3,278,692 | 3,570,725 |
| **Beginning net pension liability** | 1,559,851 | 1,501,669 | 1,466,903 | 2,924,353 | 2,338,810 |
| **Ending net pension liability** | 1,501,669 | 1,466,903 | 2,924,353 | 2,338,810 | 2,386,653 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 68.06% | 70.85% | 50.30% | 58.37% | 59.94% |
| **Covered Payroll** | 713,527 | 743,256 | 761,246 | 862,312 | 971,979 |
| **City's net pension liability as a percentage of of covered payroll** | 210.46% | 197.36% | 384.15% | 271.23% | 245.55% |

(In thousands)

## Schedule of Changes in the Police Officers' Plan Net Pension Liability and Related Ratios
## Measurement Period Ended December 31

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Beginning total pension liability** | $ 971,623 | 1,028,909 | 1,106,189 | 1,189,591 | 1,904,954 |
| **Changes for the year:** | | | | | |
| Service cost | 32,138 | 32,990 | 35,322 | 33,757 | 71,334 |
| Interest | 76,999 | 80,846 | 84,472 | 90,479 | 89,680 |
| Benefit changes | (4,080) | - | - | - | - |
| Differences between expected and actual experience | (6,318) | 7,455 | 17,241 | (12,905) | (4,743) |
| Assumption changes | 3,904 | 5,148 | - | 666,873 | 179,003 |
| Contribution buy back | 4,648 | 1,668 | 2,915 | 1,142 | 1,261 |
| Benefit payments including refunds | (50,005) | (50,827) | (56,548) | (63,983) | (66,319) |
| **Net change in total pension liability** | 57,286 | 77,280 | 83,402 | 715,363 | 270,216 |
| **Ending total pension liability** | 1,028,909 | 1,106,189 | 1,189,591 | 1,904,954 | 2,175,170 |
| **Beginning total plan fiduciary net position** | 638,019 | 644,174 | 686,020 | 769,475 | 718,520 |
| **Changes for the year:** | | | | | |
| Employer contributions | 33,239 | 33,814 | 35,141 | 35,244 | 35,993 |
| Employee contributions | 20,061 | 20,623 | 21,437 | 21,461 | 21,942 |
| Contribution buy back | 4,648 | 1,668 | 2,915 | 1,142 | 1,261 |
| Pension plan net investment income (loss) | (322) | 37,965 | 82,072 | (43,398) | 148,163 |
| Benefits payments and refunds | (50,005) | (50,827) | (56,548) | (63,983) | (66,319) |
| Pension plan administrative expense | (1,466) | (1,397) | (1,562) | (1,421) | (1,721) |
| **Net change in plan fiduciary net position** | 6,155 | 41,846 | 83,455 | (50,955) | 139,319 |
| **Ending total plan fiduciary net position** | 644,174 | 686,020 | 769,475 | 718,520 | 857,839 |
| **Beginning net pension liability** | 333,604 | 384,735 | 420,169 | 420,116 | 1,186,434 |
| **Ending net pension liability** | $ 384,735 | 420,169 | 420,116 | 1,186,434 | 1,317,331 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 62.61% | 62.02% | 64.68% | 37.72% | 39.44% |
| **Covered Payroll** | $ 152,696 | 157,303 | 163,995 | 164,112 | 167,835 |
| **City's net pension liability as a percentage of covered payroll** | 251.96% | 267.11% | 256.18% | 722.94% | 784.90% |

## Notes to the Schedule of Changes in the Police Officers' Net Pension Liability and Related Ratios

- This fund had no significant changes of benefit terms in any of the years presented.
- The investment return assumption was decreased annually from 2015 to 2018 from a high of 8% to the current 7.25%.
- The core inflation rate assumption was decreased from 3.25% to 3% in 2016 and to 2.5% in 2018.
- The discount rate decreased annually from 2015 to 2017 from 8% to 7.7% mirroring the investment rate of return. In 2018 and 2019 a blended discount rate was required resulting in rates of 4.7% and 4.1% respectively. As the result of legislative changes which increase future contribution rates, discount rate increased to 7.25% in 2020, again matching the investment rate of return.
- The general wage inflation rate assumption was decreased from 3.5% to 3.25% in 2016, to 2.5% plus a 0.5% promotional increase in 2023.
- In 2016 assumed rates of salary increase were amended at most service points, and in 2018 individual salary increase rates were modified to better reflect the current expectation for inflation and the current step schedule.

**(In thousands)**

| | 2020 | 2021 | 2022 | | 2023 | 2024 |
|---|---|---|---|---|---|---|
| **Beginning total pension liability** | 2,175,170 | 1,544,153 | 1,625,187 | | 1,690,002 | 1,778,501 |
| **Changes for the year:** | | | | | | |
| Service cost | 84,469 | 40,070 | 38,394 | | 37,991 | 37,272 |
| Interest | 89,376 | 110,642 | 116,130 | | 120,456 | 126,767 |
| Benefit changes | - | - | - | | - | - |
| Differences between expected and actual experience | 10,320 | 6,536 | (4,529) | | 10,339 | 33,169 |
| Assumption changes | (740,167) | - | - | | 14,789 | - |
| Contribution buy back | 1,941 | 3,993 | 2,554 | | 3,100 | 1,701 |
| Benefit payments including refunds | (76,956) | (80,207) | (87,734) | | (98,176) | (98,953) |
| **Net change in total pension liability** | (631,017) | 81,034 | 64,815 | | 88,499 | 99,956 |
| **Ending total pension liability** | 1,544,153 | 1,625,187 | 1,690,002 | | 1,778,501 | 1,878,457 |
| **Beginning total plan fiduciary net position** | 857,839 | 938,226 | 1,080,734 | | 933,084 | 1,014,902 |
| **Changes for the year:** | | | | | | |
| Employer contributions | 36,577 | 35,429 | 44,419 | | 50,544 | 58,012 |
| Employee contributions | 22,181 | 21,186 | 23,811 | | 23,318 | 23,826 |
| Contribution buy back | 1,941 | 3,993 | 2,554 | | 3,100 | 1,701 |
| Pension plan net investment income (loss) | 98,573 | 164,509 | (127,690) | | 105,486 | 87,018 |
| Benefits payments and refunds | (76,956) | (80,207) | (87,734) | | (98,176) | (98,953) |
| Pension plan administrative expense | (1,929) | (2,402) | (3,010) | | (2,454) | (3,729) |
| **Net change in plan fiduciary net position** | 80,387 | 142,508 | (147,650) | | 81,818 | 67,875 |
| **Ending total plan fiduciary net position** | 938,226 | 1,080,734 | 933,084 | | 1,014,902 | 1,082,777 |
| **Beginning net pension liability** | 1,317,331 | 605,927 | 544,453 | | 756,918 | 763,599 |
| **Ending net pension liability** | 605,927 | 544,453 | 756,918 | | 763,599 | 795,680 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 60.76% | 66.50% | 55.21% | | 57.07% | 57.64% |
| **Covered Payroll** | 169,308 | 162,973 | 336,731 | (1) | 155,450 | 158,839 |
| **City's net pension liability as a percentage of covered payroll** | 357.88% | 334.08% | 224.78% | (1) | 491.22% | 500.93% |

(1) The 2022 covered payroll included legacy liability payment amounts. The City's net pension liability as a percentage of covered payroll, excluding the legacy liability payments, is 482.84%.

### Notes to the Schedule of Changes in the Police Officers' Net Pension Liability and Related Ratios, continued

- The payroll growth assumption was increased from 3.5% to 4% in 2016 and decreased from 4% to 3% in 2018.
- An explicit administrative expense load of 0.9% of payroll was added to the normal cost in 2018 and increased to 1.25% in 2023.
- In 2018, mortality rate assumptions were changed to PubS-2010 fully generational mortality improvement using the ultimate mortality improvement rates in the MP tables. Previously RP2000 (fully generational using Scale AA) set back two years - sex distinct were used. Starting in 2023, the PubS-2010 gender-distinct mortality tables projected from 2010 with mortality improvement rates from MP-2021 were used.
- In 2018, termination and retirement rates were modified to be more consistent with experience.
- Prior to 2022, the members and employers contributions are based on statutorily fixed rates. Beginning with January 1 2022, the employer contribution rate is determined actuarially.

**(In thousands)**

### Schedule of Changes in the Fire Fighters' Plan Net Pension Liability and Related Ratios
### Measurement Period Ended December 31

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Beginning total pension liability** | $ 861,468 | 913,618 | 977,723 | 1,038,801 | 1,093,179 |
| **Changes for the year:** | | | | | |
| Service cost | 23,309 | 24,323 | 23,830 | 25,131 | 26,192 |
| Interest | 66,405 | 70,893 | 75,812 | 80,552 | 84,547 |
| Benefit changes | - | 5,491 | 8,964 | 10,188 | 8,059 |
| Differences between expected and actual experience | 7,193 | 8,893 | 4,360 | (735) | (9,835) |
| Assumption changes | - | - | - | (4,779) | 12,707 |
| Benefit payments including refunds | (44,757) | (45,495) | (51,888) | (55,979) | (58,824) |
| **Net change in total pension liability** | 52,150 | 64,105 | 61,078 | 54,378 | 62,846 |
| **Ending total pension liability** | 913,618 | 977,723 | 1,038,801 | 1,093,179 | 1,156,025 |
| **Beginning total plan fiduciary net position** | 789,433 | 785,211 | 829,610 | 953,798 | 909,118 |
| **Changes for the year:** | | | | | |
| Employer contributions | 19,222 | 19,104 | 19,242 | 20,085 | 21,058 |
| Employee contributions | 15,547 | 15,884 | 16,319 | 17,033 | 17,858 |
| Pension plan net investment income (loss) | 6,328 | 55,569 | 141,915 | (25,114) | 141,535 |
| Benefits payments and refunds | (44,757) | (45,496) | (51,888) | (55,979) | (58,824) |
| Pension plan administrative expense | (562) | (662) | (1,400) | (705) | (852) |
| **Net change in plan fiduciary net position** | (4,222) | 44,399 | 124,188 | (44,680) | 120,775 |
| **Ending total plan fiduciary net position** | 785,211 | 829,610 | 953,798 | 909,118 | 1,029,893 |
| **Beginning net pension liability** | 72,035 | 128,407 | 148,113 | 85,003 | 184,061 |
| **Ending net pension liability** | $ 128,407 | 148,113 | 85,003 | 184,061 | 126,132 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 85.95% | 84.85% | 91.82% | 83.16% | 89.09% |
| **Covered Payroll** | $ 83,979 | 86,632 | 87,266 | 91,087 | 95,499 |
| **City's net pension liability as a percentage of of covered payroll** | 152.90% | 170.97% | 97.41% | 202.07% | 132.08% |

### Notes to the Schedule of Changes in the Fire Fighters' Net Pension Liability and Related Ratios

- Changes of benefit terms in the form of cost-of-living adjustments were granted on January 1st of each of the following years in the following amounts: 2015 - 1.3%; 2017 - 1.5%; 2018 - 2.2%; 2019 - 2.3%; 2020 - 1.7%; 2021 - 1.4%; and 2022 - 5.4%. There was not a cost-of-living adjustment in 2023 and 2024.
- The inflation assumption was decreased from 3.5% to 2.75% in 2018 and to 2.5% in 2019.
- The investment rate of return was decreased from 7.7% to 7.5% in 2019 and from 7.5% to 7.3% in 2020.
- The payroll growth rate was increased from 2% to 2.5% in 2020.
- An explicit administrative expense load of 1.25% of payroll was added in 2023.
- Since 2018 the PubS-2010 mortality tables were used with mortality improvement project using the MP-2018 tables in 2018, the MP-2019 tables in 2019, the MP-2020 tables in 2020, and MP-2021 tables in 2021 and 2022. Prior to that the RP-2000 (Fully Generational using Scale AA) tables were used. Starting in 2023, the PubS-2010(A) mortality tables were used with generational mortality improvements projected from 2010 using Scale MP-2021.
- Assumptions related to salary increases, retirement rates, retro-drop elections, withdrawal rates and disability rates were all adjusted in 2019 and again in 2023 to be more consistent with experience.

(In thousands)

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Beginning total pension liability** | 1,156,025 | 1,232,431 | 1,315,377 | 1,394,152 | 1,647,502 |
| **Changes for the year:** | | | | | |
| Service cost | 26,170 | 28,112 | 31,101 | 32,382 | 44,637 |
| Interest | 86,821 | 91,655 | 94,234 | 99,835 | 97,479 |
| Benefit changes | 7,159 | 30,096 | - | - | 15,475 |
| Differences between expected and actual experience | (1,671) | 3,266 | 13,461 | (6,340) | (2,185) |
| Assumption changes | 21,411 | - | 20,949 | 213,909 | (191,586) |
| Benefit payments including refunds | (63,484) | (70,183) | (80,970) | (86,436) | (96,509) |
| **Net change in total pension liability** | 76,406 | 82,946 | 78,775 | 253,350 | (132,689) |
| **Ending total pension liability** | 1,232,431 | 1,315,377 | 1,394,152 | 1,647,502 | 1,514,813 |
| **Beginning total plan fiduciary net position** | 1,029,893 | 1,162,024 | 1,303,545 | 1,115,833 | 1,162,695 |
| **Changes for the year:** | | | | | |
| Employer contributions | 21,311 | 22,041 | 22,765 | 23,958 | 26,025 |
| Employee contributions | 18,073 | 18,697 | 19,306 | 20,318 | 22,071 |
| Pension plan net investment income (loss) | 157,323 | 171,936 | (147,530) | 91,231 | 53,734 |
| Benefits payments and refunds | (63,484) | (70,183) | (80,970) | (86,436) | (96,509) |
| Pension plan administrative expense | (1,092) | (970) | (1,283) | (2,209) | (2,669) |
| **Net change in plan fiduciary net position** | 132,131 | 141,521 | (187,712) | 46,862 | 2,652 |
| **Ending total plan fiduciary net position** | 1,162,024 | 1,303,545 | 1,115,833 | 1,162,695 | 1,165,347 |
| **Beginning net pension liability** | 126,132 | 70,407 | 11,832 | 278,319 | 484,807 |
| **Ending net pension liability** | 70,407 | 11,832 | 278,319 | 484,807 | 349,466 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 94.29% | 99.10% | 80.04% | 70.57% | 76.90% |
| **Covered Payroll** | 96,649 | 99,962 | 103,244 | 108,652 | 118,027 |
| **City's net pension liability as a percentage of covered payroll** | 72.85% | 11.84% | 269.57% | 446.20% | 296.09% |

## RETIREMENT PLANS-TREND INFORMATION, continued

Information pertaining to City contributions to the retirement systems is shown in the following three tables (in thousands). An actuarially determined contribution was calculated for the City Employees' and Police Officers' plan, but was not calculated for the Fire Fighters' plan.

### Schedule of Actuarially Determined City Contributions to the City Employees' Plan (in thousands)

| Fiscal Year Ended September 30 | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | |
| 2016 | 109,725 | 102,609 | 7,116 | 566,227 | 18.12% |
| 2017 | 119,038 | 108,929 | 10,109 | 600,726 | 18.13% |
| 2018 | 123,058 | 114,149 | 8,909 | 630,631 | 18.10% |
| 2019 | 129,910 | 120,795 | 9,115 | 667,256 | 18.10% |
| 2020 | 149,110 | 127,990 | 21,120 | 706,471 | 18.12% |
| 2021 | 156,682 | 137,068 | 19,614 | 727,280 | 18.85% |
| 2022 | 169,668 | 148,844 | 20,824 | 778,048 | 19.13% |
| 2023 | 188,420 | 157,846 | 30,574 | 825,575 | 19.12% |
| 2024 | 191,859 | 182,272 | 9,586 | 930,452 | 19.59% |
| 2025 | 194,981 | 194,981 | - | 1,012,337 | 19.26% |

*Notes to Schedule of Actuarially Determined City Contributions to the City Employees' plan*

| | |
|---|---|
| **Valuation Date** | |
| Date | • December 31 of each calendar year occurring during the fiscal year. |
| Notes | • A funding period is solved for through open group projections. |
| **Methods and Assumptions Used to Determine Contribution Rates** | |
| Actuarial Cost Method | • Entry Age Normal (all years) |
| Asset Valuation Method | • 2017 forward - Expected actuarial value plus 20% recognition of prior years' differences between expected and actual investment income.<br>• 2016 - 20% of market plus 80% of expected actuarial value. |
| Inflation | • 2.5% for 2020 through 2024, 2.75% for 2016 through 2019 |
| Salary Increases | • 3.5% to 5.75% for 2020 through 2024, 4% to 6.25% for 2016 through 2019 |
| Investment Rate of Return | • 6.75% for 2022 through 2025, 7% for 2020 through 2021, and 7.5% for 2016 through 2019 |
| Retirement Age | • Experience-based table of rates that are gender specific.<br>• 2020-25 - Last updated for December 31, 2019 valuation pursuant to an experience study of the period ending December 31, 2018.<br>• 2016-19 - Last updated for December 31, 2015 valuation pursuant to an experience study of the 5-year period ending December 31, 2015. |
| Mortality | • 2020-25 - PubG-2010 Healthy Retiree Mortality Table (for General employees) for males and females with full generational projection assuming immediate convergence of rates in the mortality projection scale MP-2018, 2D for male and female.<br>• 2016-19 - RP-2014 Mortality Table with Blue Collar adjustment. Generational mortality improvements in accordance with Scale BB are projected from the year 2014. |
| **Other Information** | |
| Notes | • There were no benefit changes during the periods displayed.<br>• An actuarially determined contribution of 8.47% was effective January 1, 2025. Prior to, the rate was 8.68%. The City also contributes according to a fixed payment plan established to eliminate the legacy unfunded liability as of December 31, 2024 over a 30-year period. For calendar year 2025 this amount is $4,275,418 per pay period.<br>• New assumptions were adopted as of December 31, 2024. They are recognized in the Net Pension Liability and will be reflected in the 2026 contribution rates. |

## RETIREMENT PLANS-TREND INFORMATION, continued

### Schedule of Actuarially Determined City Contributions to the Police Officers' Plan (in thousands)

| Fiscal Year Ended September 30 | Actuarially Determined Contribution (1) | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | |
| 2022 | 47,577 | 43,030 | 4,547 | 157,783 | 27.27% |
| 2023 | 47,394 | 48,311 | (917) | 154,878 | 31.19% |
| 2024 | 55,683 | 55,683 | - | 155,273 | 35.86% |
| 2025 | 60,832 | 60,832 | - | 165,711 | 36.71% |

(1) Effective January 1, 2022 Police contributions are actuarially determined.

*Notes to Schedule of Actuarially Determined City Contributions to the Police Officers' plan*

| | |
|---|---|
| **Valuation Date** | |
| Date | • December 31, 2024 |
| Notes | • The actuarial assumptions used for the December 31, 2024 actuarial valuation are based on an experience review for the five-year period from January 1, 2018 through December 31, 2022, dated March 20, 2024. |
| **Methods and Assumptions Used to Determine Contribution Rates** | |
| Actuarial Cost Method | • Entry Age Normal |
| Asset Valuation Method | • 2025 - Smoothed market value recognizing prior 5 years' differences between expected and actual investment income over a period of at most five years.<br>• 2023-24 - Expected actuarial value plus 20% recognition of prior 5 years' differences between expected and actual investment income.<br>• 2022 - Smoothed market value recognition of prior 5 years' differences between expected and actual investment income. |
| Inflation | • 2.50% |
| Salary Increases | • 3% to 15.20% |
| Investment Rate of Return | • 7.25% |
| Retirement Age | • Experience-based table of rates, last updated for the December 31, 2023 valuation. |
| Mortality | • 2024-25 - PubS-2010 gender-distinct mortality tables (employee, healthy retiree, disabled retiree) as appropriate, projected from 2010 with the ultimate mortality improvement rates from MP-2021.<br>• 2023 - PubS-2010 gender-distinct mortality tables (employee, healthy retiree, disabled retiree) as appropriate, projected from 2010 with the ultimate mortality improvement rates from MP-2018.<br>• 2022 - PubS-2020 gender-distinct mortality tables (employee, healthy retiree, disabled retiree) as appropriate, projected from 2010 with the ultimate mortality improvement rates from MP-2018. |
| **Other Information** | |
| Notes | • There were no benefit changes during the periods displayed.<br>• Prior to 2022, contributions were statutorily determined and can be found on the next table. Beginning with the January 1, 2022 contributions, the employer contribution rate is determined actuarially.<br>• The ADC actual contribution amount of $43.0 million in fiscal year 2022 includes $9.3 million of statutorily required contributions made prior to January 1, 2022.<br>• An actuarlially determined contribution of 10.78% was effective January 1, 2025. Prior to that change the rate was 9.59%. The City also contributes according to a fixed payment plan established to eliminate the legacy unfunded liability existing as of December 31, 2020 over a 30-year period. For calendar year 2025 this amount is $1,682,448 per pay period. |

## RETIREMENT PLANS-TREND INFORMATION, continued

### Schedule of Statutorily Required City Contributions to the Police Officers' Plan and the Fire Fighters' Plan (in thousands)

| Fiscal Year Ended September 30 | Statutorily Required Contribution (1) | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll (2) |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | |
| **Police Officers** | | | | | |
| 2016 | 33,141 | 33,141 | - | 155,476 | 21.32% |
| 2017 | 34,717 | 34,717 | - | 162,891 | 21.31% |
| 2018 | 34,944 | 34,944 | - | 163,956 | 21.31% |
| 2019 | 35,603 | 35,617 | (14) | 167,048 | 21.32% |
| 2020 | 36,261 | 36,268 | (7) | 170,135 | 21.32% |
| 2021 | 35,617 | 35,619 | (2) | 163,856 | 21.74% |
| 2022 | 9,287 | 9,287 | - | 42,724 | 21.74% |
| **Fire Fighters** | | | | | |
| 2016 | 19,145 | 19,145 | - | 86,826 | 22.05% |
| 2017 | 19,104 | 19,104 | - | 86,642 | 22.05% |
| 2018 | 19,809 | 19,809 | - | 89,834 | 22.05% |
| 2019 | 20,890 | 20,890 | - | 94,740 | 22.05% |
| 2020 | 21,141 | 21,141 | - | 95,877 | 22.05% |
| 2021 | 21,851 | 21,851 | - | 99,099 | 22.05% |
| 2022 | 23,496 | 23,496 | - | 106,560 | 22.05% |
| 2023 | 23,292 | 23,292 | - | 105,631 | 22.05% |
| 2024 | 25,798 | 25,798 | - | 117,003 | 22.05% |
| 2025 | 26,843 | 26,854 | (11) | 121,737 | 22.05% |

(1) Statutorily required contribution for Police Officers was effective for the first 3 months of fiscal year 2022 (October - December 2021). Effective January 1, 2022 Police contributions are actuarially determined.
(2) Statutorily required contribution for Police Officers from 21.313% in 2016 to 21.737% in 2021.

## OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION

The other postemployment benefits plan information for the City's plan provided below represents seven years of trend information. Additional years will be added each year until ten years of trend data is available. Changes in other postemployment benefits liability for the other postemployment benefits plan for each of the eight years ended December 31, 2017 through 2024 (measurement periods) are presented below:

### Schedule of Changes in the City of Austin OPEB Liability and Related Ratios
(in thousands)

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|
| **Beginning total OPEB liability** | $ 2,055,627 | 2,524,897 | 2,395,447 | 3,504,494 | 4,346,367 | 4,253,955 | 3,354,718 | 3,245,417 |
| **Changes for the year:** | | | | | | | | |
| Service cost | 86,687 | 108,478 | 88,486 | 167,027 | 195,576 | 220,001 | 137,703 | 139,272 |
| Interest | 80,132 | 89,675 | 100,978 | 99,915 | 95,670 | 92,840 | 128,554 | 109,382 |
| Benefit changes | - | 231 | (3,829) | - | (36,411) | - | (723,999) | (1,956,936) |
| Differences between expected and actual experience | 64,227 | - | 12,335 | (6,103) | 64,216 | 107,084 | 205,541 | (6,582) |
| Assumption changes | 283,099 | (274,758) | 953,202 | 631,360 | (352,788) | (1,253,523) | 216,240 | (147,273) |
| Benefit payments | (44,875) | (53,076) | (42,125) | (50,326) | (58,675) | (65,639) | (73,340) | (65,637) |
| **Net change in total OPEB liability** | 469,270 | (129,450) | 1,109,047 | 841,873 | (92,412) | (899,237) | (109,301) | (1,927,774) |
| **Ending total OPEB liability** | $ 2,524,897 | 2,395,447 | 3,504,494 | 4,346,367 | 4,253,955 | 3,354,718 | 3,245,417 | 1,317,643 |
| **Covered-employee payroll** | $ 968,403 | 1,000,536 | 1,051,771 | 1,103,927 | 1,140,948 | 1,199,777 | 1,313,210 | 1,435,286 |
| **City's total OPEB liability as a percentage of covered-employee payroll** | 260.73% | 239.42% | 333.20% | 393.72% | 372.84% | 279.61% | 247.14% | 91.80% |

Allocation of City funds to pay postemployment benefits other than pensions is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis. The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. For the years ended December 31, 2018 and 2019 there were changes to benefit terms that affected the measurement of the total OPEB liability. There were no significant changes in benefit terms for years ended December 31, 2017, 2020 and 2021. However, plan changes effective January 1, 2022, January 1, 2023, and January 1, 2024 impacted the total OPEB liability. For all years presented there were assumption changes.

(1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.

## OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION, continued

The OPEB plan benefit term changes included:

- Increasing the maximum value of the Health Reimbursement Account (HRA) for retirees in the Consumer Driven Health Plan (CDHP) from $500 to $1,000 for individuals and $1,000 to $1,500 for families effective January 1, 2019, and decreasing the maximum value of the HRA for retirees in the CDHP from $1,000 to $500 for individuals and from $1,500 to $1,000 for families effective January 1, 2020.
- Switching health benefit providers from United Healthcare to BlueCross BlueShield effective January 1, 2019. However, the plan of benefits was unchanged and plan costs were not projected to change materially as a result of this change.
- The fully insured Cigna dental PPO option was replaced with the self-insured BlueCross BlueShield BlueCare dental PPO, effective January 1, 2021. Retiree contribution rates for both the prior fully-insured option and the new self-insured option are expected to cover the full cost of the benefits, thus the net OPEB liability associated with dental benefits remain $0 after the plan change only for the 2020 valuation.
- Effective January 1, 2022, the schedules of benefits for the PPO and HMO plans were changed. These changes included increasing deductibles and copays for individual and family plans.
- In 2023, the City announced its intention to offer a Medicare Advantage (MA) option to its Medicare-eligible retiree population, effective January 1, 2024. A significant number of Medicare-eligible retirees opted for the new MA plan starting on that date. This transition from the City-sponsored plans to the MA option results in a reduction of liability for two key reasons: first, MA plans are structured to eliminate age-related cost differences, and second, the City’s contributions toward MA plan premiums are substantially lower than those for other plan premiums.
- In 2024, the City announced its intention to provide retiree Medicare coverage exclusively through the MA plan. Effective January 1, 2025, retiree membership in the MA plan is no longer optional. In the December 31, 2023 valuation, 30% of future Medicare eligible retirees were assumed to elect the MA plan. This represents a reduction in the City’s liability as all current and future Medicare retirees must elect the MA plan.

The OPEB plan assumption changes included:

- Adjusting the discount rate based on the Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date as follows: 2017 - 3.44% (from 3.78%), 2018 - 4.1%, 2019 - 2.74%, 2020 - 2.12%, 2021 - 2.06%, 2022 - 3.72%, 2023 - 3.26%, 2024 - 4.08%,
- Updating medical, dental, and prescription drug claim costs each year to reflect the most recent experience,
- Modifying medical and prescriptions drug trend rates in 2017 by splitting the single category from the previous valuation into three categories, grading these categories for different periods, and lowering the ultimate trend rate from 5% to 4.5%; and in 2019 by adjusting 2020 assumed trend rates from 6.5% to 7% for pre-65 and 5.5% to 6% for post-65 and trending rates down at 0.25% rather than 0.5% annually,
- Modifying health care cost trend rates in 2020 by adding a dental category trend rate at 3%,
- Updating the trend rates to an initial 7.75% (6.75% for Post-65) grading down to an ultimate rate of 4.00%. The initial rate and the grade down period is extended to account for recent inflationary pressures and price increases over the next couple of years,
- Updating third-party administrator and vendor administrative expenses to reflect the most recent contracts and assumed trends on such costs, (currently $597 per covered individual),
- Adjusting retiree enrollment and plan election assumptions in 2019 to be more consistent with actual experience,

(1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.

- Updating firefighters' mortality projection scale in 2023 for all lives to MP-2021, previously MP-2020,
- Updating the marriage assumption for female medical participants and dental participants in 2023,
- Addition of firefighters' separate mortality table for Contingent Survivors in 2021,
- Addition of projected net costs as part of the OPEB liability was made in 2021 after reviewing the actual experience of the self-insured dental PPO beginning January 1, 2021. It was determined that retiree contribution rates do not fully cover the cost of the dental benefits,
- Addition of a separate 70% PPO dental coverage election assumption and a separate PPO dental spouse coverage election assumption of 65% for males and 35% for females in 2021, and
- Adjusting demographic assumptions each year to mirror changes in the pension plan demographic assumptions for the previous plan year. See Required Supplementary Information, Retirement Plans-Trend Information for additional information on these changes.

(1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.

## APPENDIX C

## FORMS OF BOND COUNSEL'S OPINIONS

**Proposed Form of Opinion of Bond Counsel**

*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.*

**CITY OF AUSTIN, TEXAS**
**PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2026**
**IN THE AGGREGATE PRINCIPAL AMOUNT OF $________**

---

AS BOND COUNSEL FOR THE CITY OF AUSTIN, TEXAS (the "Issuer") in connection with the issuance of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Bonds (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued, and delivered in accordance with law; and that the Bonds, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity and governmental immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, within the limit prescribed by law, as provided in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed and refinanced therewith and the report or certificate verifying the sufficiency of the amounts deposited to the escrow fund to pay the principal of and interest on the refunded obligations when due. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

**Proposed Form of Opinion of Bond Counsel**

*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Certificates, assuming no material changes in facts or law.*

**CITY OF AUSTIN, TEXAS**
**CERTIFICATES OF OBLIGATION, SERIES 2026**
**IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____**

AS BOND COUNSEL FOR THE CITY OF AUSTIN, TEXAS (the "Issuer") in connection with the issuance of the certificates of obligation described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Certificates. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Certificates (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized, issued, and delivered in accordance with law; and that the Certificates, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity and governmental immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates are additionally secured by and payable from the surplus revenues received by the Issuer from the operation of the Issuer's solid waste disposal system; provided, that the amount of such pledge of surplus revenues shall not exceed $1,000.00.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates, including the amount, accrual or receipt of interest on, the Certificates. Owners of the Certificates should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Certificates.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within, and the sufficiency of the pledged revenues of, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

Respectfully,

**Proposed Form of Opinion of Bond Counsel**

*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Contractual Obligations, assuming no material changes in facts or law.*

**CITY OF AUSTIN, TEXAS**
**PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2026**
**IN THE AGGREGATE PRINCIPAL AMOUNT OF $_________**

---

AS BOND COUNSEL FOR THE CITY OF AUSTIN, TEXAS (the "Issuer") in connection with the issuance of the public property finance contractual obligations described above (the "Contractual Obligations"), we have examined into the legality and validity of the Contractual Obligations, which bear interest from the dates and mature on the dates in accordance with the terms and conditions stated in the text of the Contractual Obligations. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Contractual Obligations (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Contractual Obligations, including one of the executed Contractual Obligations (Contractual Obligation Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Contractual Obligations have been duly authorized, issued, and delivered in accordance with law; and that the Contractual Obligations, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity and governmental immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Contractual Obligations have been levied and pledged for such purpose, within the limit prescribed by law, as provided in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Contractual Obligations is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Contractual Obligations are not "specified private activity bonds" and that, accordingly, interest on the Contractual Obligations will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Contractual Obligations and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Contractual Obligations may become includable in gross income retroactively to the date of issuance of the Contractual Obligations.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Contractual Obligations, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Contractual Obligations, including the amount, accrual or receipt of interest on, the Contractual Obligations. Owners of the Contractual Obligations should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Contractual Obligations.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Contractual Obligations, nor as to any such insurance policies issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Contractual Obligations. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Contractual Obligations as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Contractual Obligations is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Contractual Obligations under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Contractual Obligations for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Contractual Obligations, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Contractual Obligations and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Contractual Obligations has been limited as described therein.

Respectfully,

**Proposed Form of Opinion of Bond Counsel**

*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.*

**CITY OF AUSTIN, TEXAS**
**PUBLIC IMPROVEMENT BONDS, TAXABLE SERIES 2026**
**IN THE AGGREGATE PRINCIPAL AMOUNT OF $________**

AS BOND COUNSEL FOR THE CITY OF AUSTIN, TEXAS (the "Issuer") in connection with the issuance of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Bonds (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued, and delivered in accordance with law; and that the Bonds, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity and governmental immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, within the limit prescribed by law, as provided in the Ordinance.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective.

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OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

**Proposed Form of Opinion of Bond Counsel**

*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Certificates, assuming no material changes in facts or law.*

**CITY OF AUSTIN, TEXAS**
**CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2026**
**IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____**

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AS BOND COUNSEL FOR THE CITY OF AUSTIN, TEXAS (the "Issuer") in connection with the issuance of the certificates of obligation described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Certificates. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Certificates (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized, issued, and delivered in accordance with law; and that the Certificates, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity and governmental immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates are additionally secured by and payable from the surplus revenues received by the Issuer from the operation of the Issuer's solid waste disposal system; provided, that the amount of such pledge of surplus revenues shall not exceed $1,000.00.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within, and the sufficiency of the pledged revenues of, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

Respectfully,

## APPENDIX D

## SUMMARY OF REFUNDED OBLIGATIONS[1]

### Certificates of Obligation, Series 2016

| Maturity Date | Principal Amount | Coupon | Call Date | Call Price | CUSIP[2] |
|---|---|---|---|---|---|
| 9/01/2027 | $2,165,000 | 5.000% | 11/17/2026 | 100.000 | 052397EG7 |
| 9/01/2028 | 2,275,000 | 5.000% | 11/17/2026 | 100.000 | 052397EH5 |
| 9/01/2029 | 2,390,000 | 5.000% | 11/17/2026 | 100.000 | 052397EJ1 |
| 9/01/2030 | 2,510,000 | 5.000% | 11/17/2026 | 100.000 | 052397EK8 |
| 9/01/2031 | 2,635,000 | 5.000% | 11/17/2026 | 100.000 | 052397EL6 |
| 9/01/2032 | 2,765,000 | 5.000% | 11/17/2026 | 100.000 | 052397EM4 |
| 9/01/2033 | 2,905,000 | 3.000% | 11/17/2026 | 100.000 | 052397EN2 |
| 9/01/2034 | 2,990,000 | 5.000% | 11/17/2026 | 100.000 | 052397EP7 |
| 9/01/2035 | 3,135,000 | 5.000% | 11/17/2026 | 100.000 | 052397EQ5 |
| 9/01/2036 | 3,300,000 | 5.000% | 11/17/2026 | 100.000 | 052397ER3 |

### Public Improvement and Refunding Bonds, Series 2016

| Maturity Date | Principal Amount | Coupon | Call Date | Call Price | CUSIP[2] |
|---|---|---|---|---|---|
| 9/01/2027 | $11,530,000 | 5.000% | 11/17/2026 | 100.000 | 052397DL7 |
| 9/01/2028 | 15,125,000 | 5.000% | 11/17/2026 | 100.000 | 052397DM5 |
| 9/01/2029 | 3,320,000 | 5.000% | 11/17/2026 | 100.000 | 052397DN3 |
| 9/01/2030 | 3,320,000 | 5.000% | 11/17/2026 | 100.000 | 052397DP3 |
| 9/01/2031 | 3,320,000 | 5.000% | 11/17/2026 | 100.000 | 052397DQ6 |
| 9/01/2032 | 3,735,000 | 5.000% | 11/17/2026 | 100.000 | 052397DR4 |
| 9/01/2033 | 1,680,000 | 3.000% | 11/17/2026 | 100.000 | 052397DS2 |
| 9/01/2034 | 825,000 | 5.000% | 11/17/2026 | 100.000 | 052397DT0 |
| 9/01/2035 | 825,000 | 5.000% | 11/17/2026 | 100.000 | 052397DU7 |
| 9/01/2036 | 895,000 | 5.000% | 11/17/2026 | 100.000 | 052397DV5 |

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(1) Preliminary, subject to change. The refunding of any of the Refunded Obligations is contingent upon the delivery of the Bonds. See "OBLIGATION INFORMATION – Authority and Purpose for Issuance" and "– Refunded Obligations."

(2) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Service, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. CUSIP numbers are provided for convenience of reference only. The City and the Municipal Advisor take no responsibility for the accuracy of the CUSIP numbers.

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