

AI-ASSISTED MUNICIPAL ISSUER BRIEF

City of Austin, Texas

*Home Rule Municipal Corporation, general-purpose city government · TX ·
 Rating: AAA (Fitch, upgraded September 2025); Aaa (Moody's); AAA (S&P)*

Snapshot dated May 15, 2026. This report is AI-generated preliminary research compiled from public sources via web search. Figures may vary between generations and should be verified against primary source documents (ACFRs, EMMA filings, official statements) before any investment, lending, or financial decision. Not a credit rating. Not investment advice.

AI SENTIMENT	FUND BALANCE	OP. MARGIN	DEBT/CAPITA	RATING
Positive Score: 78/100	13.6% of expenditures	-12.5% net revenue	\$1,845 per resident	AAA / Aaa / AAA AAA (Fitch, upgraded September 2025); Aaa (Moody's); AAA (S&P)

Executive Summary

Primary financial data is drawn from the City's FY2025 ACFR (fiscal year ended September 30, 2025, released March 2026), audited by an independent auditor and prepared by Austin Financial Services. The City of Austin, Texas holds the highest possible credit ratings from all three major rating agencies — AAA from Fitch (upgraded September 2025), Aaa from Moody's, and AAA from S&P — reflecting its exceptional economic base, strong liquidity, and manageable direct debt burden. With a population of 1,010,524 and a full taxable value per capita of \$322,000, Austin ranks among the wealthiest large cities in the United States. The MSA's real GDP grew at a 5-year CAGR of approximately 4.1% (2019–2024), roughly 2.0 percentage points above the national rate, underpinned by a diversified employer base anchored by state government (41,620 employees), the University of Texas at Austin (32,369), H-E-B

(27,271), Tesla (21,191), and the City itself (16,403). The RPP-adjusted median household income of \$86,765 represents 115.5% of the US median, and the MSA unemployment rate stood at 3.8% as of September 2025.

Despite these strengths, the City faces a meaningful structural fiscal imbalance in its General Fund. In FY2025, General Fund expenditures of \$1,412,839K exceeded revenues of \$1,255,465K, a gap that has widened consistently over the five-year trend period. Public safety consumes 56.9% of General Fund expenditures and continues to grow. To address the structural gap, the City raised its FY2026 property tax rate by 20.19% to \$0.5740 per \$100 of assessed value. Pension obligations remain a significant credit concern: the combined funded ratio across the three defined-benefit plans (City Employees, Police, and Fire Fighters) stood at 62.2% as of December 31, 2024, with a total net pension liability of \$3,531,799K on a GASB basis. The pension tread-water contribution requirement is approximately \$340,793K annually. Partially offsetting these pressures, the OPEB liability declined 59% to \$1,317,643K following a Medicare Advantage mandate, and the legal debt margin of \$32.7 billion remains 94.97% unutilized. The Moody's scorecard-indicated outcome, computed using the US Cities and Counties methodology (July 24, 2024), is Aaa, with an aggregate weighted score of approximately 1.25.

Economic Profile

Austin's economy is one of the fastest-growing among large US cities, supported by a highly diversified employer base spanning state and federal government, higher education, technology, healthcare, and retail. The Austin-Round Rock MSA recorded a real GDP CAGR of approximately 4.1% over 2019–2024, compared to 2.1% nationally, a differential of +2.0 percentage points. The MSA's RPP-adjusted median household income of \$86,765 is 115.5% of the US median. The unemployment rate was 3.8% as of September 2025 (BLS). Top employers include the State of Texas (41,620), the University of Texas at Austin (32,369), H-E-B (27,271), Tesla (21,191), the City of Austin (16,403), the Federal Government (16,100), Dell (13,000), St. David's Healthcare (12,639), Ascension Seton (12,635), and Amazon (11,000). The total appraised value of taxable property as of January 1, 2024 was \$325,384,177,129, with a taxable value of \$233,405,019,350 as of October 1, 2024.

MSA REAL GDP CAGR (2019–2024)

4.1%

▲ Growing

MSA UNEMPLOYMENT RATE
(SEPTEMBER 2025)

3.8%

— Stable

POPULATION (FY2025)

1,010,524

▲ Growing

TOTAL APPRAISED VALUE
(JANUARY 1, 2024)

\$325.4B

▲ Growing

KEY ECONOMIC DATA

Unemployment Rate **3.8%**

Median Household Income **\$90,063**

Poverty Rate **Not reported in FY2025
ACFR**

TOP EMPLOYERS

1. State Government — 41,620 employees
2. University of Texas at Austin — 32,369 employees
3. H-E-B — 27,271 employees
4. Tesla — 21,191 employees
5. City of Austin — 16,403 employees
6. Federal Government — 16,100 employees
7. Dell — 13,000 employees
8. St. David's Healthcare — 12,639 employees
9. Ascension Seton — 12,635 employees
10. Amazon — 11,000 employees

💰 Financial Overview

Total Revenue	\$1255.5M	Total Expenditures	\$1412.8M
Fund Balance	\$192.1M	Debt Outstanding	\$1864.2M
Fund Balance Ratio	13.6%	Operating Margin	-12.5%
Debt Per Capita	\$1,845	Days Cash on Hand	44
Pension Funded Ratio	62.2%	Available Reserves Ratio	28.5%
Available Reserves	\$403.2M	Total Tax-Supported Debt	\$1864.2M

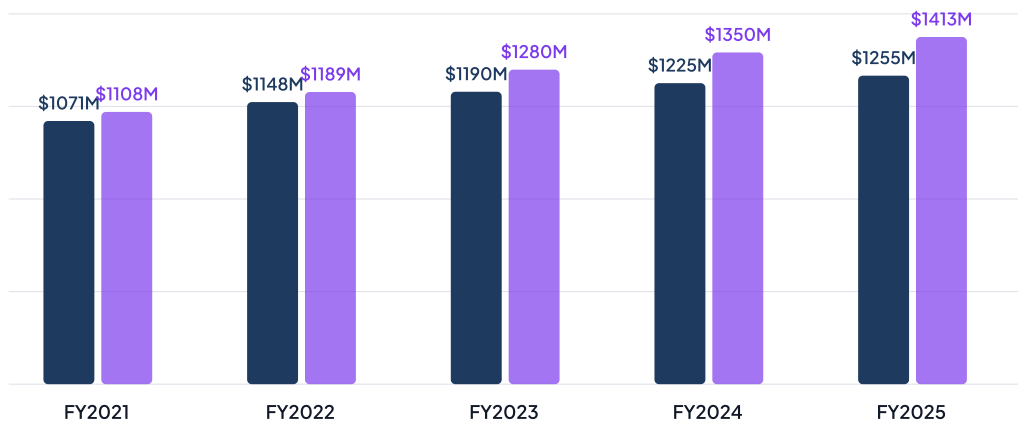
📈 Revenue & Expenditure Trends

FY2021 - FY2025

Revenue vs. Expenditures

FY2021 - FY2025 · \$M

■ Revenue ■ Expenditures



	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	\$1071M	\$1148M	\$1190M	\$1225M	\$1255M
Expenses	\$1108M	\$1189M	\$1280M	\$1350M	\$1413M

Credit Scorecard US Cities and Counties

SCORECARD-INDICATED OUTCOME

Aaa

▼ Show calculation

 *Scorecard-Indicated Outcome is the result of applying Moody's published scorecard formulas and thresholds to public source data. It is not a Moody's rating and MuniReports is not affiliated with Moody's Investors Service.*

Economic Growth

2.0 pp Aaa

Austin MSA real GDP grew at a 5-year CAGR approximately 2.0 percentage points above the US rate, comfortably in the Aaa bucket (≥ 0 pp differential).

► INPUTS USED

Resident Income

115.5% Aa

RPP-adjusted median household income is 115.5% of the US median, placing Austin in the Aa bucket (100–120% range); strong but not quite at the Aaa threshold of 120%.

► INPUTS USED

Full Value per Capita

\$322,000 Aaa

Full taxable value per capita of \$322,000 far exceeds the Aaa threshold of \$180,000, reflecting Austin's robust property wealth base.

► INPUTS USED

Liquidity Ratio

35.9% Aa

Unrestricted cash and investments across governmental activities equal 35.9% of operating revenue, placing Austin in the Aa bucket (30–40%); strong but below the 40% Aaa threshold.

► INPUTS USED

Available Fund Balance Ratio

43.3% **Aaa**

Combined available fund balance plus net current assets of business-type activities equals 43.3% of operating revenue, well above the Aaa threshold of 35%.

▶ INPUTS USED

Institutional Framework

Aa **Aa**

Texas home rule municipalities operate under a well-established legal framework; however, SB2 limits property tax revenue increases to 3.5% annually without voter approval, constraining revenue flexibility and placing the state in the Aa rather than Aaa institutional framework tier.

Fixed-Costs Ratio

9.99% **Aaa**

Fixed costs including implied debt service, pension tread-water contribution, OPEB contributions, and other LTL carrying costs equal 9.99% of operating revenue, just within the Aaa threshold of $\leq 10\%$.

▶ INPUTS USED

Long-Term Liabilities Ratio

93.1% **Aaa**

Total long-term liabilities (tax-supported debt plus GASB-reported NPL, OPEB liability, and other LTL) equal 93.1% of operating revenue, within the Aaa threshold of $\leq 100\%$. Note: NPL is reported on a GASB basis; Moody's adjusted NPL is not publicly available per the dossier.

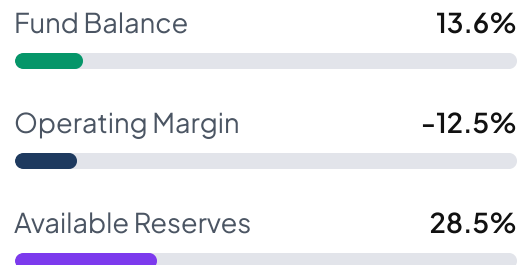
▶ INPUTS USED

Credit Health Dashboard

AI CREDIT SENTIMENT SCORE

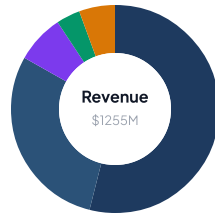


KEY FINANCIAL INDICATORS



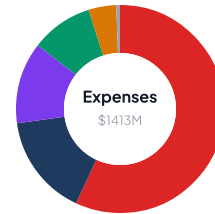
Revenue & Expenditure Composition

REVENUE SOURCES



Property Tax	53.9%
Sales Tax	29.2%
Charges for Services	7.5%
Franchise Fees	3.7%
Other	5.7%

EXPENDITURE BREAKDOWN



Public Safety	56.9%
General Government	15.8%
Public Recreation	12.7%
Public Health	9.6%
Urban Growth	4.3%
Other	0.7%

✓ Credit Strengths

✓ Triple-AAA ratings from Fitch (upgraded September 2025), Moody's (Aaa), and S&P (AAA), reflecting the highest possible credit quality across all three major agencies.

✓ Full taxable value per capita of \$322,000 — well above the Moody's Aaa threshold of \$180,000 — supported by a total appraised value of \$325.4 billion and a 99.08% property tax collection rate.

✓ Available fund balance ratio of 43.3% (combining \$403,192K GF available reserves and \$2,087,719K net current assets of business-type activities against \$5,755,425K operating revenue) exceeds the Moody's Aaa threshold of 35%.

✓ Legal debt margin of \$32,717,619K with only 5.03% utilized, providing exceptional future borrowing capacity.

✓ OPEB liability declined approximately 59% from \$3,245,417K to \$1,317,643K following a Medicare Advantage mandate, materially reducing long-term retiree healthcare obligations.

✓ Austin MSA real GDP CAGR of 4.1% (2019–2024) outpaced the US rate by 2.0 percentage points, underpinned by a diversified employer base of over ten major employers each with more than 11,000 workers.

⚠ Risk Assessment

▶ Structural General Fund imbalance

HIGH

General Fund expenditures of \$1,412,839K exceeded revenues of \$1,255,465K in FY2025, a gap of approximately \$157M. This imbalance has widened every year from FY2021 through FY2025, with expenditure growth consistently outpacing revenue growth. The FY2026 property tax rate was raised 20.19% to \$0.5740 per \$100 to address the gap, but public safety costs (56.9% of GF expenditures) and pension contributions continue to grow.

▶ Underfunded pension obligations

HIGH

The combined funded ratio of the three defined-benefit pension plans (City Employees COAERS, Police AUPRS, Fire Fighters AFRS) was 62.2% as of December 31, 2024 (City Employees 59.9%, Police 57.6%, Fire 76.9%), with a total GASB-reported net pension liability of \$3,531,799K. The pension tread-water contribution requirement for governmental activities is approximately \$340,793K annually. FY2025 employer contributions totaled \$282,656K, below the tread-water level, implying continued NPL growth absent reform.

⚠ Rising public safety expenditure concentration

MEDIUM

Public safety accounts for 56.9% of General Fund expenditures (\$804,603K in FY2025) and has been the primary driver of expenditure growth. This concentration limits budget flexibility and increases the City's exposure to labor cost escalation and collective bargaining outcomes.

⚠ Property tax rate constraint under SB2

MEDIUM

Texas Senate Bill 2 limits annual property tax revenue increases to 3.5% without voter approval, constraining the City's ability to close the structural gap through organic revenue growth. The FY2026 rate increase of 20.19% to \$0.5740 per \$100 required voter or statutory authorization and may face political resistance if repeated.

i Negative unrestricted governmental net position

LOW

The unrestricted governmental net position is approximately negative \$3.1 billion, reflecting the cumulative weight of pension and OPEB liabilities on the governmental balance sheet. While this is a common condition among large municipalities with legacy benefit obligations, it signals that long-term liabilities substantially exceed unrestricted governmental assets.

 **Pension & OPEB Analysis**

Adjusted basis



Pension System	City of Austin Employees' Retirement System (COAERS); Austin Police Retirement System (AUPRS); Austin Fire Fighters Relief and Retirement Fund (AFRS) — three defined-benefit plans	
Adjusted Net Pension Liability		\$3531.8M
Annual Employer Contribution		\$282.7M

\$ Tax Burden Analysis

PROPERTY TAX

Tax **\$0.4776** per \$100 assessed value Rate(FY2025); **\$0.5740** per \$100 assessed value (FY2026)

vs. State **Below Texas major-city Average** **average (~\$0.65/\$100)**

Homestead **Not itemized in ACFR.**
Exemption **FY2025 total exemptions: \$91.98B against \$325.38B appraised value. City of Austin offers 20% local-option general homestead exemption (verify with Travis CAD).**

OVERALL TAX BURDEN

Total Tax **\$1,032** (property + sales tax, Burden **FY2025 GF basis — Per Capita MuniReports-computed)**

Sales Tax Rate **8.25%**

TOP 10 PROPERTY TAXPAYERS

RANK	TAXPAYER	TYPE	ASSESSED VALUE	% OF TOTAL
1	Samsung Austin Semiconductor LLC	Manufacturing	\$840.0M	0.36%
2	Columbia/St. Davids Health Care	Hospital/Medical	\$654.5M	0.28%
3	BPP Alphabet MF Riata LP	Commercial	\$479.0M	0.21%
4	110 E 2nd Series	Commercial	\$437.8M	0.19%
5	Oracle America Inc	Manufacturing	\$423.2M	0.18%
6	Waller Creek Eleven LTD	Commercial	\$415.5M	0.18%
7	University of Texas	Education	\$390.0M	0.17%
8	Alpine Guadalupe LLC	Commercial	\$385.8M	0.17%
9	Apple	Manufacturing	\$381.3M	0.16%
10	HEB Grocery Company LP	Retail	\$373.1M	0.16%



Housing & Tax Base Stability

MuniReports Analysis

MEDIAN HOME VALUE

\$513K

PRICE-TO-INCOME
N/A — disclosure not available

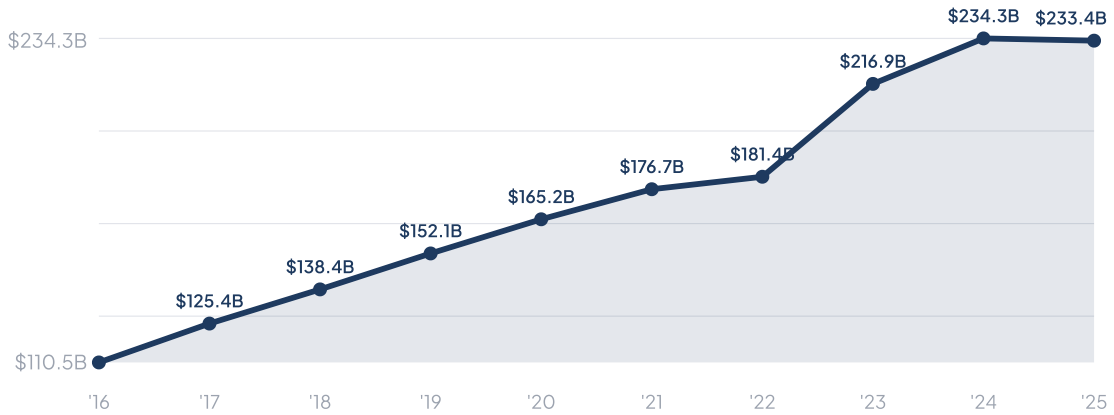
5Y AV GROWTH

41.29%

HOMEOWNERSHIP

43.4%

10-YEAR ASSESSED VALUE HISTORY



Climate & Natural Hazard Risk

MuniReports Analysis

OVERALL CLIMATE RISK SCORE

Moderate

Austin's central Texas location exposes it to heat, drought, and periodic flooding risk, consistent with a moderate overall climate risk profile for an inland Texas city. Specific quantitative climate risk scores are not available in the research dossier.

FEMA NATIONAL RISK INDEX

22.92

Relatively Moderate

Travis County, TX

<p>TOTAL OUTSTANDING</p> <p>\$1864M</p>	<p>AVG COUPON</p> <p>5.06%</p>	<p>AVG YIELD</p> <p>4.41%</p>	<p>AVG SPREAD TO AAA</p> <p>+44 bp vs AAA MMD</p>
--	---------------------------------------	--------------------------------------	--

ISSUE	PAR AMOUNT	COUPON	MATURITY	YTM	PRICE	SPREAD
Public Improvement & Refunding Bonds, Series 2025 (Tax-Exempt)	\$377.8M	5.000%	9/1/2045	4.290%	104.5	+44 bp
Certificates of Obligation, Series 2025 (Tax-Exempt)	\$266.6M	5.000%	9/1/2045	4.290%	104.5	+44 bp
Public Improvement Bonds, Taxable Series 2025	\$84.2M	5.327%	9/1/2045	5.327%	100.0	+148 bp
Certificates of Obligation, Taxable Series 2025	\$29.7M	5.327%	9/1/2045	5.327%	100.0	+148 bp
Public Property Finance Contractual Obligations, Series 2025	\$37.7M	5.000%	11/1/2032	2.830%	112.3	+18 bp

Market Commentary: Austin issued \$796.0M in Series 2025 tax-supported obligations (Tax-Exempt + Taxable) on October 2, 2025, following \$422.0M in Series 2024 obligations on December 19, 2024. The table below shows the long-bond (final maturity) of each recent Series 2025 issuance with initial pricing data from the Official Statement. Tax-exempt Series 2025 long bonds priced at 4.29% YTM on the 2045 maturity – approximately +44 basis points over the AAA MMD curve at issuance, consistent with Austin's triple-AAA ratings from Fitch, Moody's, and S&P. Per-maturity pricing for all 18 serial maturities is available in the Official Statement filed on EMMA (base CUSIP 052397).

Capital Plan & Forward Outlook

Austin's outstanding tax-supported governmental debt of \$1,864,172K comprises general obligation bonds (\$1,372,618K), certificates of obligation (\$394,988K), and contractual obligations (\$96,566K). The City's legal debt margin of \$32,717,619K stands 94.97% unutilized, providing substantial future borrowing headroom. The FY2026–FY2030 Five-Year Capital Improvement Program totals \$4.4 billion in FY2026 appropriations and \$2.9 billion in actual FY2026 spending. Three areas drive 70% of the year-over-year all-funds increase: Austin Energy (grid reliability and transmission upgrades), Austin Water (water/wastewater infrastructure expansion to address growth and base-cost pressures), and Aviation (Austin-Bergstrom International Airport terminal expansion). The City's most recent voter-authorized bond program (2018, \$925M across affordable housing, transportation, parks, libraries, flood mitigation, and public safety) has approximately \$547.5M remaining to issue across the CIP period.

The City's internal FY2026–FY2030 Financial Forecast projects a \$33M General Fund shortfall in FY2026, widening to \$77.9M by FY2030 — even after \$20M in identified ongoing operating savings. Sales tax collections are projected to decline 1.0% vs. FY2025 estimated levels, and Hotel Occupancy Tax revenue is forecast 1.5% below FY2025 budget, compounding the structural gap. The City's primary near-term tool was the FY2026 property tax rate increase of 20.19% to \$0.5740/\$100, but Texas SB2's 3.5% annual revenue growth cap (without voter approval) limits the repeatability of large rate increases. Public safety, which consumed 56.9% of General Fund expenditures in FY2025, and rising pension contributions remain the dominant expenditure pressures.

On the pension front, HB 2802 reforms to the Fire Fighters plan (effective January 1, 2026) provide actuarial stabilization for the strongest of the three plans (76.9% funded). The City Employees (59.9% funded) and Police (57.6% funded) plans remain the more significant long-term concerns. FY2025 employer contributions of \$282.7M ran approximately \$58M below the actuarial tread-water level of ~\$340.8M, implying continued growth in net pension liability absent further reform. The OPEB liability's 59% reduction to \$1,317,643K

following the Medicare Advantage mandate provides meaningful balance sheet relief.

Austin's triple-AAA ratings, \$32.7 billion legal debt margin, and 43.3% available fund balance ratio provide substantial financial cushion. Credit watchpoints over the medium term: (1) the City's ability to close the FY2026–FY2030 structural gap without repeated tax-rate elections; (2) trajectory of pension funded ratios absent additional plan-level reform; (3) sustained property tax base growth supporting the structural budget posture; and (4) successful execution of the \$4.4 billion CIP — particularly Aviation and Austin Water expansion — without straining the City's enterprise fund credit profiles.

Source: City of Austin FY2026–FY2030 Financial Forecast (presented to City Council, April 2025); FY2025–26 Proposed Budget Document; FY2025 ACFR.

Quantitative ratios shown in the Credit Scorecard section are computed using the framework published in Moody's Investors Service, US Cities and Counties Rating Methodology (July 24, 2024) [for cities and counties] or US K-12 Public School Districts Rating Methodology (July 24, 2024) [for school districts]. Threshold ranges and scoring buckets follow the published scorecard. Moody's, Aaa, and related rating designations are trademarks of Moody's Investors Service. MuniReports is not affiliated with, endorsed by, or sponsored by Moody's Investors Service. The 'Scorecard-Indicated Outcome' shown is the result of applying the published methodology to public source data and is not a Moody's rating.

SOURCES & REFERENCES

City of Austin FY2025 Annual Comprehensive Financial Report (ACFR), fiscal year ended September 30, 2025, released March 6, 2026, prepared by Austin Financial Services, audited by independent auditor. Moody's Investors Service, US Cities and Counties Rating Methodology, July 24, 2024. BEA Regional Price Parities, 2023 (Austin-Round Rock MSA = 103.8). BEA Regional GDP, Austin-Round Rock MSA and US National, 2019–2024. BLS Local Area Unemployment Statistics (LAUS), Austin MSA, September 2025. Claritas, MSA Median Household Income, FY2025 (\$90,063). U.S. Census Bureau, American Community Survey (ACS) 5-year estimates, 2023 (US MHI \$75,149).

City of Austin defined-benefit pension plans (COAERS, AUPRS, AFRS), valuation data as of December 31, 2024, per FY2025 ACFR Note 10. Texas HB 2802, Fire Fighters plan reforms effective January 1, 2026, referenced in FY2025 ACFR. Texas SB2, property tax revenue cap legislation, referenced in FY2025 ACFR and Moody's institutional framework assessment.

DATA SOURCES BY SECTION

Tax

City of Austin FY2025 ACFR Statistical Section (tax rate \$0.4776 per \$100 FY2025; taxable value \$233,405,019,350; collection rate 99.08%); FY2026 tax rate \$0.5740 per \$100 per research dossier forecast section

Climate

FEMA National Risk Index, Travis County, TX (2024 data release)

Economy

BEA Regional Price Parities 2023 (Austin-Round Rock MSA RPP = 103.8); BEA Regional GDP 2019–2024 (Austin MSA CAGR 4.1%; US CAGR 2.1%); BLS LAUS September 2025 (MSA unemployment 3.8%); Claritas FY2025 MSA Median Household Income (\$90,063); U.S. Census ACS 2023 5-year (US MHI \$75,149); City of Austin FY2025 ACFR Statistical Section (Tables 7, 8, 10, 17, 18)

Housing

Zillow Home Value Index (ZHVI), Austin metro (May 2026 data release); U.S. Census Bureau ACS 2023 5-year estimates (homeownership rate); City of Austin FY2025 ACFR Statistical Section (10-year assessed value history)

Pension

City of Austin FY2025 ACFR, Note 10 (pp. 101–109); pension plan data as of December 31, 2024 for COAERS, AUPRS, and AFRS

Forecast

City of Austin FY2026–FY2030 Financial Forecast (presented to City Council, April 2025); FY2025–26 Proposed Budget Document

Financials

City of Austin FY2025 Annual Comprehensive Financial Report (ACFR), fiscal year ended September 30, 2025, released March 2026, audited by independent auditor, prepared by Austin Financial Services

Bond Market

MSRB EMMA filings, City of Austin Public Improvement & Refunding Bonds and Certificates of Obligation Series 2025 Official Statement (base CUSIP 052397, issued October 2, 2025); Series 2024 Official Statement (issued December 19, 2024)

Scorecard Methodology

Moody's Investors Service, US Cities and Counties Rating Methodology, July 24, 2024

