

# Proposed changes to the General Obligation Debt Financial Policies



Austin Financial Services | March 4, 2026



# Proposed Policy Change – Financial Metrics

## ■ **Current Language:**

- The ratio of net debt (total outstanding tax supported general obligation debt less G.O. Debt Service Fund balance) to Total Assessed Valuation shall not exceed 2%. This excludes debt of overlapping jurisdictions. The City shall structure its bond issuance to achieve and maintain a debt-to-assessed value of 2% or less.
- The ratio of Debt Service to Total Expenditures (operating expenditures and debt service combined) shall not exceed approximately 20%.

## ■ **Proposed Language:**

- The City shall structure bond issuances and manage its long-term bond sale schedule in a manner consistent with the City Council's goal of maintaining a AAA credit rating.



# Proposed Policy Change – Timing of Bond Elections

## ■ **Current Language:**

- Timing of general obligation bond elections shall be determined by the inventory of current authorized unissued bonds remaining to be sold. An estimated two years of authorized unissued bonds shall remain before an election will be held.

## ■ **Proposed Language:**

- A new bond election shall not be held until prior bond programs have reached substantial completion, which is generally considered to occur when approximately 90% of bond program expenditures have been incurred.



# Proposed Policy Change – Sizing of Bond Elections

## ■ **Current Language:**

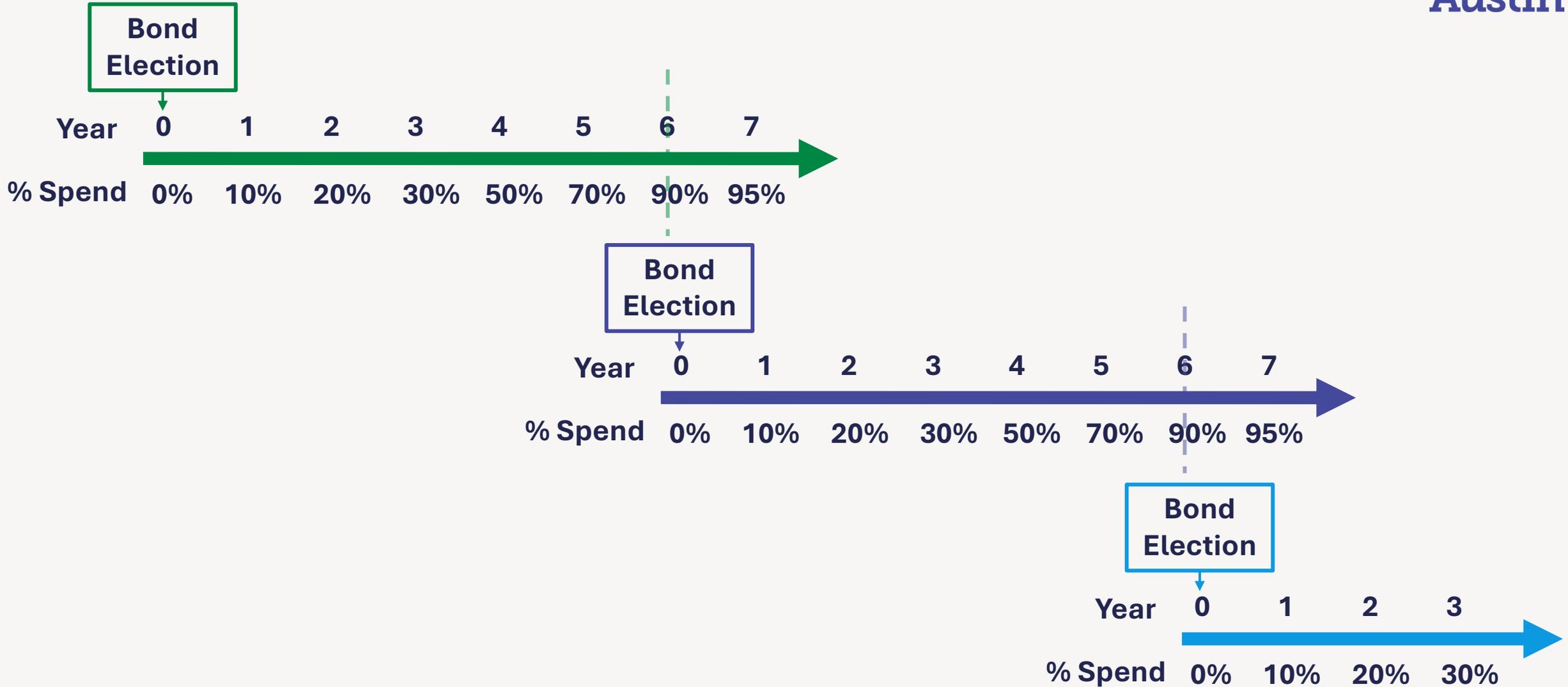
- The total dollar amount of bond election propositions recommended to the voters shall not exceed the City’s estimated ability to issue said bonds within a normal six-year period.

## ■ **Proposed Language:**

- To promote sound financial and capital project planning, bond election propositions shall be sized and implemented in a manner consistent with a six-year project-delivery cycle.



# 6-Year Bond Planning and Implementation Cycle



# Proposed Policy Change – Reimbursement Resolutions



## ■ **Current Language:**

- The use of reimbursement resolutions shall be encouraged as a cash management tool for general obligation debt funded projects. Reimbursement resolutions may be used for any project which is on the bond sale schedule or is revenue supported.

## ■ **Proposed Language:**

- The use of reimbursement resolutions shall be encouraged as a cash management tool for general obligation debt funded projects.