

INVITATION TO TENDER BONDS
made by
CITY OF SAN ANTONIO, TEXAS
(the “Issuer”)

All terms used below with initial capitalization where not required by the rules of grammar and not otherwise defined have the meanings given to them in this Invitation.

The Issuer invites Bondowners, as described herein, of all or any portion of its bonds with the maturity dates and CUSIP numbers listed on page (ii) hereof (the “Target Bonds”) to offer to sell to the Issuer for cash:

**CITY OF SAN ANTONIO, TEXAS
GENERAL IMPROVEMENT REFUNDING
BONDS, TAXABLE SERIES 2020**

THIS INVITATION WILL EXPIRE AT 5:00 P.M., EASTERN TIME (“EDT”) ON AUGUST 21, 2026 UNLESS EARLIER TERMINATED OR EXTENDED

Key Dates and Times

<i>All of these dates and times are subject to change. All times are EDT. Notices of changes will be sent in the manner provided for in this Invitation.</i>

Launch Date	August 7, 2026
Pricing Notice.....	August 14, 2026
Tender Expiration Date	5:00 PM on August 21, 2026
Preliminary Notice of Acceptance.....	August 24, 2026
Determination of Target Bonds Purchase Prices	Approximately 10:00 AM on August 25, 2026
Notice of Target Bonds Purchase Prices	August 25, 2026
Final Notice of Acceptance	August 25, 2026
Settlement Date	September 16, 2026

To make an informed decision as to whether, and how, to offer Target Bonds, beneficial owners of Target Bonds (“**Bondowners**”) must read this Invitation, including the Series 2026 Bonds Preliminary Official Statement (the “Series 2026 Bonds POS”) attached hereto as Appendix A, the form Pricing Notice attached hereto as Appendix B, and all other notices, amendments, and supplements thereto, carefully and should consult with their broker-dealer, financial, legal, accounting, tax, and/or other professionals in making this decision. This Invitation, the Series 2026 Bonds POS, and all other notices, amendments, and supplements thereto, if any, collectively shall constitute an invitation to Bondowners to offer to tender their Target Bonds for Purchase.

The Dealer Manager for this Invitation is:

Morgan Stanley & Co. LLC

The Information Agent and Tender Agent is:

Globic Advisors Inc.

The date of the Invitation is August 7, 2026.

TARGET BONDS SUBJECT TO TENDER OFFER FOR CASH

**CITY OF SAN ANTONIO, TEXAS
GENERAL IMPROVEMENT REFUNDING BONDS,
TAXABLE SERIES 2020**

CUSIP No. ⁽¹⁾	Maturity Date	Interest Rate (%)	Outstanding Principal Amount (\$)	Par Call Date	Benchmark Treasury Security ⁽²⁾	Indicative Fixed Spreads ⁽³⁾ (basis points)
79623PET8	2/1/2028	1.433	35,100,000	-	2-Year	-40
79623PEU5	2/1/2029	1.563	36,610,000	-	3-Year	-35
79623PEV3	2/1/2030	1.643	47,610,000	-	5-Year	-38
79623PEW1	2/1/2031	1.763	48,400,000	2/1/2030	5-Year	-33
79623PEX9	2/1/2032	1.863	38,210,000	2/1/2030	7-Year	-41
79623PEY7	2/1/2033	1.963	29,235,000	2/1/2030	7-Year	-34
79623PEZ4	2/1/2034	2.013	8,355,000	2/1/2030	10-Year	-47

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for the convenience of the owners of the Target Bonds. None of the Issuer, the Co-Municipal Advisors, the Dealer Manager, Co-Bond Counsel, or their agents or counsel assume responsibility for the accuracy of such numbers.

⁽²⁾ Each Benchmark Treasury Security will be the most recently auctioned “on-the-run” United States Treasury Security for the maturity indicated as of the date and time that the Offer Purchase Price for the Target Bonds is set, currently expected to be approximately 10:00 a.m. EDT on August 25, 2026.

⁽³⁾ Indicative Fixed Spreads as shown above are preliminary and subject to change. The Fixed Spreads for each CUSIP number will appear in the Pricing Notice.

IMPORTANT INFORMATION

This Invitation and other information with respect to this Invitation are available from the Dealer Manager and the Information Agent and Tender Agent at www.globic.com/sanantonio. Bondowners wishing to offer their Target Bonds for purchase pursuant to this Invitation must follow the procedures more fully described herein. Pursuant to the terms of this Invitation as more fully described herein, the Issuer reserves the right to cancel or modify this Invitation at any time on or prior to the Expiration Date, and reserves the right to make a future invitation to tender bonds at prices different than the offer purchase prices described herein in its sole discretion. Except as described in this Invitation, the Issuer will have no obligation to purchase Target Bonds offered pursuant to this Invitation. The Issuer further reserves the right to waive any irregularities or defects in any offer received.

This Invitation is not being made to, and Target Bonds offered for purchase in response to this Invitation will not be accepted from or on behalf of, Bondowners in any jurisdiction in which this Invitation, the making of an offer to sell Target Bonds or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require the Tender Offer to be made through a licensed or registered broker or dealer, the Tender Offer is being made on behalf of the Issuer by the Dealer Manager.

The Issuer, the Dealer Manager, and the Information Agent and Tender Agent are not recommending to any Bondowner whether or not to tender their Target Bonds for purchase in connection with this Tender Offer. Each Bondowner must make this decision for itself and should read this Invitation and the Series 2026 Bonds POS, attached as **Appendix A**, and the Pricing Notice in the form attached hereto as **Appendix B**, in their entirety and should consult with its broker-dealer, financial, legal, accounting, tax, and other professionals in making this decision.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Invitation, including **Appendices A and B** hereto, and, if given or made, such information or representation may not be relied upon as having been authorized by the Issuer.

The delivery of this Invitation shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the Issuer since the date hereof.

The Dealer Manager makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, including **Appendix A**. The Dealer Manager has not independently verified any of the information contained herein and assumes no responsibility for the accuracy or completeness of any such information. References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Invitation.

This Invitation contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Invitation and other materials referred to or incorporated herein, the words "estimate", "anticipate", "forecast", "project", "intend", "propose", "plan", "expect", and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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Appendix A — SERIES 2026 BONDS PRELIMINARY OFFICIAL STATEMENT

Appendix B — FORM OF PRICING NOTICE

INVITATION DATED AUGUST 7, 2026 TO TENDER BONDS
made by
CITY OF SAN ANTONIO, TEXAS
to the Bondowners described herein of
all or any portion of the maturities listed on page (ii) herein of its

CITY OF SAN ANTONIO, TEXAS
GENERAL IMPROVEMENT
REFUNDING BONDS,
TAXABLE SERIES 2020

1. Introduction. This Invitation to Tender Bonds, dated August 7, 2026 (as it may be amended or supplemented, this “**Invitation**”), which includes the Appendices hereto, describes an offer (“**Tender Offer**”) made by the City of San Antonio, Texas (the “**Issuer**”), to the beneficial owners (the “**Bondowners**”) of the Issuer’s outstanding General Improvement Refunding Bonds, Taxable Series 2020 (the “**Target Bonds**”) maturing on the dates set forth in the table on page (ii) of this Invitation to tender such Target Bonds for cash purchase on the Settlement Date (as defined herein) by the Issuer at the applicable price (each, an “**Offer Purchase Price**”) to be determined as described herein based on a yield (each, a “**Purchase Yield**”) equal to the fixed spread (each, a “**Fixed Spread**”) to be added to the yield on the relevant benchmark United States Treasury Security (the “**Benchmark Treasury Security**”). See Section 2, “Information to Bondowners – *Tender Consideration – Determination of Offer Purchase Prices*” herein. Interest on Target Bonds purchased to but not including the Settlement Date (“**Accrued Interest**”) will also be paid on the Settlement Date. On or about August 14, 2026, the Issuer expects to publish the Pricing Notice (as it may be amended and supplemented, the “**Pricing Notice**”) in the form attached hereto as **Appendix B**, which will include the Fixed Spread for each maturity and corresponding CUSIP of the Target Bonds. **All times in this Invitation are Eastern Standard Time (“EST”).** The Tender Offer is being made by the Issuer with the assistance of Morgan Stanley & Co. LLC, as dealer manager (the “**Dealer Manager**”), and Globic Advisors Inc., as information agent and tender agent (the “**Information Agent and Tender Agent**”).

The purchase of any Target Bonds pursuant to this Invitation is contingent on the Issuer receiving sufficient net proceeds from the issuance of its General Improvement and Refunding Bonds, Series 2026 (the “**Series 2026 Bonds**”), and is also subject to the terms of this Invitation and certain other conditions as described herein, including the approval of the Attorney General of the State of Texas (the “**Attorney General**”) with respect to the Series 2026 Bonds and satisfaction of the Financing Conditions (as defined herein). The Issuer’s obligation to accept for purchase and to pay for Target Bonds validly tendered (and not withdrawn) pursuant to this Invitation is also subject to the satisfaction or waiver of certain conditions. See “*Issuer’s Obligation to Purchase Offered Target Bonds*” below and Section 14, “Conditions to Purchase”, herein for additional information regarding certain of such conditions.

Purpose. This Tender Offer is part of a plan by the Issuer to, in part, refinance certain of its outstanding indebtedness, including the purchase of some or all of the Target Bonds and the defeasance of some or all of the Target Bonds not purchased, for debt service savings (the “**Refunding Plan**”), as described in part, among other transactions, in the Preliminary Official Statement of the Issuer dated August 7, 2026, and attached hereto as **Appendix A** (the “**Series 2026 Bonds POS**”) and below under the heading “*Concurrent Defeasance of Certain Unpurchased Bonds*”. **The Issuer’s outstanding bonds of any series that are not identified in the table on page (ii) of this Invitation are not subject to this Tender Offer.** For additional information concerning the Issuer, its Refunding Plan, and its outstanding indebtedness, see the Series 2026 Bonds POS attached hereto as **Appendix A**.

Offers by Bondowners. Pursuant to this Invitation, each Bondowner may submit an offer to tender to the Issuer for cash purchase all or a part of its Target Bonds, in a denomination of \$5,000 principal amount (the “**Minimum Authorized Denomination**”) or any integral multiple thereof, with respect to which the Bondowner has a beneficial ownership interest. The applicable Fixed Spread for each maturity and corresponding CUSIP of the Target Bonds at which such Target Bonds may be tendered by a Bondowner for purchase pursuant to this Invitation will be set forth in the Pricing Notice attached hereto as **Appendix B**. The applicable Offer Purchase Price for each maturity and corresponding CUSIP of the Target Bonds will be determined as further described below in Section 2, “Information to Bondowners – Tender Consideration – Determination of Offer Purchase Prices” herein.

Source of Funds. Other than Accrued Interest, the total amount paid to Bondowners to purchase the Target Bonds validly tendered and accepted for purchase pursuant to this Invitation (the “**Aggregate Purchase Price**”) is anticipated to be funded from certain net proceeds of the Series 2026 Bonds to be issued on the Settlement Date. The payment of Accrued Interest on Target Bonds validly tendered for purchase is expected to be made from funds held by the Issuer for such purpose as described below.

Issuer’s Obligation to Purchase Offered Target Bonds. Subject to the terms of this Invitation and the satisfaction of all conditions to the Issuer’s obligation to purchase tendered Target Bonds as described herein, and provided that (i) a Bondowner’s Target Bonds tendered for purchase have been validly tendered by 5:00 p.m., EDT, on August 21, 2026 (as may be extended from time to time in accordance with this Invitation, the “**Expiration Date**”), and (ii) accepted by the Issuer on or before August 25, 2026 (as may be extended from time to time in accordance with this Invitation, the “**Final Acceptance Date**”), the Issuer will purchase such Target Bonds tendered and accepted for purchase on September 16, 2026 (the “**Settlement Date**”). Accrued Interest on the Target Bonds purchased will also be paid on the Settlement Date.

The Issuer’s obligation to accept for purchase any tendered Target Bonds and the Issuer’s obligation to pay for Target Bonds validly tendered (and not validly withdrawn) and accepted pursuant to this Invitation is subject to the satisfaction of or waiver of the following conditions on or prior to the Settlement Date: (A) the successful completion by the Issuer of the issuance of the Series 2026 Bonds, certain proceeds of which will be sufficient to, together with other available moneys of the Issuer to, (x) fund the Aggregate Purchase Price of all Target Bonds validly tendered and accepted for purchase pursuant to this Invitation, and (y) pay all fees and expenses associated with the issuance of the Series 2026 Bonds and this Tender Offer; (B) receipt of all certifications and opinions required by the “Dealer Manager Agreement” executed between the Issuer and the Dealer Manager in connection with this Tender Offer and (C) when taken together with the issuance of the Series 2026 Bonds, the Issuer, determining in its reasonable discretion that it will obtain a satisfactory and sufficient economic benefit as a result of market conditions, including (x) all or any portion of the maturities listed on page (ii) will produce sufficient debt service savings for the Issuer, (y) the expected or actual level of participation by Bondowners, or (z) any other factors not within the sole control of the Issuer, all on terms and conditions that are in the Issuer’s best interest (collectively, the “**Financing Conditions**”).

No assurances can be given that the Series 2026 Bonds will be issued or that any Target Bonds tendered for purchase by a Bondowner will be purchased. See Section 10, “Determination of Amounts to be Purchased; Acceptance of Offers; Final Notice of Acceptance”, for more information on the selection of tendered Target Bonds to be purchased, if any. The Issuer reserves the right, subject to applicable law, to amend or waive any of the conditions to this Invitation, in whole or in part, any time prior to the Expiration Date or from time to time subject to the Financing Conditions and other conditions described in this Invitation. The Issuer also has the right to terminate this Tender Offer at any time up to and including the Expiration Date. See Section 15, “Extension, Termination, and Amendment of Tender Offer”, herein.

The Issuer is under no obligation to accept any of the Target Bonds that are tendered for purchase pursuant to this Invitation as described above and in Section 10, “Determination of Amounts to be Purchased; Acceptance of Offers; Final Notice of Acceptance”. Any Target Bonds not tendered by Bondowners, or Target Bonds tendered by Bondowners pursuant to this Invitation but not accepted for purchase by the Issuer (the “**Unpurchased Bonds**”) that have been returned to the Bondowners, will continue to be payable and secured by their terms until maturity or prior defeasance or redemption. If all conditions to this Invitation are not satisfied or waived by the Issuer on or prior to the Settlement Date, all Target Bonds tendered by Bondowners pursuant to this Invitation will be returned to the Bondowners and will continue to be payable and secured under their terms until maturity or prior redemption. See Section 17, “Additional Considerations – *Potential Subsequent Transactions*” herein.

Potential Concurrent Defeasance of Certain Unpurchased Bonds. Notwithstanding the foregoing and dependent on market conditions, the Issuer may concurrently defease certain of the Unpurchased Bonds maturing on February 1, 2028 through February 1, 2034 (the “**Defeasance Candidates**”) with a portion of the proceeds of the Series 2026 Bonds. Should the Issuer choose to defease any of the Defeasance Candidates, those Defeasance Candidates that are not subject to optional redemption at par by the Issuer will be defeased to their respective maturity dates. Those Defeasance Candidates that are subject to optional redemption by the Issuer at par (e.g., the Target Bonds maturing on February 1, 2031, CUSIP number 79623PEW1, February 1, 2032, CUSIP number 79623PEX9, February 1, 2033, CUSIP number 79623PEY7, and February 1, 2034, CUSIP number 79623PEZ4) may either be defeased to maturity or to their respective optional redemption dates that are shown on page (ii) hereof. Any defeased Target Bonds would no longer be outstanding under their terms. Such defeasance may result in the withdrawal of certain credit ratings on the defeased Target Bonds. Bondowners of the Target Bonds should review the Official Statement for any relevant provisions pertaining to the foregoing potential defeasance and should further consult with their broker-dealer, financial, legal, accounting, tax, and other professionals for any associated outcomes thereto.

The Issuer will determine whether to defease any Defeasance Candidates, what maturities will be defeased and in what amounts after determining the economic impact of the Target Bonds accepted for purchase pursuant to this Invitation on the defeasance of the Defeasance Candidates. The Issuer has the sole discretion to determine which Defeasance Candidates, if any, and in what amount will be defeased. There can be no assurance that a particular Bondowner’s Unpurchased Bond(s) that constitute Defeasance Candidates will be defeased by the Issuer.

Future Refunding, Defeasance, or Purchase of Unpurchased Bonds. The Issuer further reserves the right, in its sole discretion, to refund, defease, and/or purchase some or all of the Unpurchased Bonds in the future.

To make an informed decision as to whether, and how, to offer Target Bonds for purchase pursuant to this Invitation, a Bondowner must read this Invitation carefully and entirely, including the Series 2026 Bonds POS attached hereto as Appendix A and the Pricing Notice in the form attached hereto as Appendix B.

None of the Issuer, the Dealer Manager, or the Information Agent and Tender Agent make any recommendation that any Bondowner tender or refrain from tendering all or any portion of such Bondowner’s Target Bonds for purchase. Bondowners must make these decisions and should consult with their broker-dealer, financial, legal, accounting, tax, and other professionals.

2. Information to Bondowners

General. The Issuer will provide additional information about this Tender Offer, if any, to Bondowners of the Target Bonds, including, without limitation, the information contained in the Pricing Notice in the form attached hereto as **Appendix B** expected to be delivered on or about August 14, 2026 and the information contained in **Appendix A** and any supplement to the Series 2026 Bonds POS, by delivery of such information in the following ways (collectively, the “**Information Services**”):

(a) to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system website, currently located at <http://emma.msrb.org> (the “**EMMA Website**”), using the CUSIP numbers for the Target Bonds;

(b) to DTC (defined below) and to the DTC participants holding the Target Bonds;
and

(c) by posting electronically on the website of the Information Agent and Tender Agent at www.globic.com/sanantonio.

Delivery by the Issuer of information in the foregoing manner will be deemed to constitute delivery of the information to each Bondowner of the Target Bonds. The Issuer, the Dealer Manager, and the Information Agent and Tender Agent have no obligation to ensure that any such Bondowner actually receives any information provided by the Issuer in this manner. Any such Bondowner who would like to receive information furnished by or on behalf of the Issuer as described above must make appropriate arrangements with its broker-dealer, account executive, or other financial advisor or representative.

Pricing Notice and Fixed Spreads. On or about August 14, 2026, the Issuer will provide the Pricing Notice in the manner described under the heading “*General*” above in the form attached hereto as **Appendix B**, which Pricing Notice will set forth the Fixed Spreads.

Tender Consideration – Determination of Offer Purchase Prices. The applicable Fixed Spread, expressed as an interest rate percentage, will be added to the yield on the relevant Benchmark Treasury Security (the “**Treasury Security Yield**”) to arrive at the Purchase Yield used to calculate the Offer Purchase Price for each maturity and corresponding CUSIP of the Target Bonds. The Benchmark Treasury Security for each CUSIP is identified on page (ii) hereof and will also be identified in the Pricing Notice. The Treasury Security Yield will equal the bid-side yield of the Benchmark Treasury Security as quoted on the Bloomberg Bond Trader FIT1 series of pages at approximately 10:00 a.m., EDT, on August 25, 2026.

The Purchase Yields will be used to calculate the Offer Purchase Prices expressed as a dollar amount per \$100 principal amount of the Target Bonds. The Offer Purchase Prices will be calculated using the market standard bond pricing formula as of the Settlement Date using the relevant Purchase Yield, the coupon of the relevant Target Bond and the maturity date for each Target Bond.

The Issuer expects to publish a Notice of Target Bonds Purchase Prices on August 25, 2026. The purchase price to be received on the Settlement Date by a Bondowner whose Target Bonds were validly tendered and accepted for purchase, in whole or in part, by the Issuer will equal the par amount of such Bondowners’ purchased Target Bonds multiplied by the Offer Purchase Price of such Target Bonds divided by 100. In addition to the purchase price of the Target Bonds accepted for purchase by the Issuer, Accrued Interest on such Target Bonds will be paid by the Issuer on the Settlement Date.

3. Expiration Date; Offers Only Through Financial Institutions; Brokerage Commissions. This Tender Offer to tender Target Bonds will expire at 5:00 p.m., EDT, on August 21, 2026, the Expiration Date, unless earlier terminated, and Target Bonds received after 5:00 p.m., EDT, on the Expiration Date will not be considered. See Section 15, “Extension, Termination, and Amendment of Tender Offer” herein for a discussion of the Issuer’s ability to extend the Expiration Date and to terminate or amend this Invitation.

In the sole discretion of the Issuer, the Issuer may extend the Expiration Date, the Preliminary Acceptance Date (defined herein), the Final Acceptance Date, or the Settlement Date.

All of the Target Bonds are held in book-entry-only form through the facilities of The Depository Trust Company of New York (“DTC”). The Information Agent and Tender Agent and DTC have confirmed that this Tender Offer is eligible for submission of tenders for purchase through DTC’s Automated Tender Offer Program (known as the “ATOP” system). **Bondowners of Target Bonds who want to tender Target Bonds for purchase pursuant to the Issuer’s Invitation must do so through a DTC participant in accordance with the relevant DTC procedures for the ATOP system. The Issuer will not accept any tenders of Target Bonds for purchase that are not made through the ATOP system.** A Bondowner that is not a DTC participant can only tender Target Bonds for purchase pursuant to this Invitation by making arrangements with and instructing the bank or brokerage firm through which it holds Target Bonds (sometimes referred to herein as a “custodial intermediary”) to tender the Bondowner’s Target Bonds on its behalf through the ATOP system. To ensure a Bondowner’s Target Bonds are tendered through the ATOP system by 5:00 p.m., EDT, on the Expiration Date, the Bondowner must provide instructions to its custodial intermediary with sufficient time for such custodial intermediary to tender the Target Bonds in accordance with DTC procedures through the ATOP system by this deadline. Each Bondowner wishing to tender Target Bonds should contact its custodial intermediary for information on when such custodial intermediary needs the Bondowner’s instructions in order to tender the Bondowner’s Target Bonds through the ATOP system by 5:00 p.m., EDT, on the Expiration Date. See also Sections 5, “Provisions Applicable to all Offers” below.

The Issuer, the Dealer Manager, and the Information Agent and Tender Agent are not responsible for making or transmitting any tender of Target Bonds or for the transfer of any tendered Target Bonds through the ATOP system or for any mistakes, errors, or omissions in the making or transmission of any offer or transfer.

Bondowners will not be obligated to pay any brokerage commissions or solicitation fees to the Issuer, the Dealer Manager, or the Information Agent and Tender Agent in connection with this Tender Offer. However, Bondowners should check with their broker-dealer, account executive, or other financial institution which maintains the account in which their Target Bonds are held to determine if it will charge any commission or fees.

4. Minimum Denominations; Changes to the Terms of this Invitation.

Authorized Denominations for Offers. A Bondowner may tender, as aforesaid, all or a portion of its Target Bonds of a particular maturity and corresponding CUSIP in a principal amount of its choosing, but only in principal amounts equal to the Minimum Authorized Denomination or any integral multiple of \$5,000 in excess thereof.

Changes to Terms of this Invitation. As described in Section 15 hereof, the Issuer may revise the terms of this Invitation prior to the Expiration Date. If the Issuer determines to revise the terms of this Invitation, it shall provide notice thereof in the manner described in Section 2 of this Invitation to provide reasonable time for dissemination of such revision to Bondowners. If the Issuer increases the Fixed Spread

for any of the Target Bonds pursuant to this Invitation (which would thereby reduce the related Offer Purchase Price), the Issuer shall provide notice thereof (in the manner described in Section 2 of this Invitation) no less than three (3) Business Days prior to the Expiration Date, as extended. **In such event, any tenders of the affected Target Bonds prior to such change in the Fixed Spread for such Target Bonds pursuant to this Invitation will remain in full force and effect and each Bondowner of such affected Target Bonds wishing to revoke its tender of such Target Bonds must affirmatively withdraw its tender of such Target Bonds prior to the Expiration Date in the manner described in Section 8 hereof.**

5. Provisions Applicable to all Offers. A Bondowner should ask its financial advisor, investment manager, broker or account executive for advice in determining whether to tender Target Bonds for purchase and the principal amount of Target Bonds to be tendered. A Bondowner should also inquire as to whether its financial institution will charge a fee for submitting tenders. The Issuer, the Dealer Manager, and the Information Agent and Tender Agent will not charge any Bondowner any fee in connection with tendering Target Bonds or completing the purchase thereof. A tender of Target Bonds cannot exceed the par amount of Target Bonds owned by the Bondowner. Target Bonds may be tendered and accepted for payment only in principal amounts equal to the Minimum Authorized Denomination and integral multiples of \$5,000 in excess thereof.

“All or none” tenders are not permitted. No alternative, conditional or contingent tenders will be accepted. All tenders shall survive the death or incapacity of the tendering Bondowner.

By tendering Target Bonds pursuant to this Invitation, each such Bondowner will be deemed to have represented and warranted to and agreed with the Issuer and the Dealer Manager that:

(a) the Bondowner has received, and has had the opportunity to review, this Invitation (including the Series 2026 Bonds POS attached as **Appendix A** hereto) and the Pricing Notice (a form of which is provided as **Appendix B** hereto) prior to making the decision as to whether or not it should tender its Target Bonds for purchase;

(b) the Bondowner has full authority to tender, sell, assign, and transfer such Target Bonds, and that, on the Settlement Date, the Issuer, as transferee, will acquire good title, free and clear of all liens, charges, encumbrances, conditional sales agreements, or other obligations and not subject to any adverse claims, subject to payment to the Bondowner of the applicable Offer Purchase Price, plus payment of Accrued Interest on the Target Bonds;

(c) the Bondowner has independently determined whether to tender its Target Bonds and has independently assessed the appropriateness of the terms of the Tender Offer for the Bondowner;

(d) such decisions are based upon the Bondowner’s judgment and upon advice from such advisors as the Bondowner has consulted;

(e) the Bondowner is not relying on any communication from the Issuer, the Dealer Manager, or the Information Agent and Tender Agent as investment advice or as a recommendation to make the offer, it being understood that the information from any of the foregoing related to the terms and conditions of this Invitation shall not be considered investment advice or a recommendation to tender Target Bonds; and

(f) the Bondowner is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand and accept, the terms and conditions of this Invitation.

6. Transmission of Offers by Financial Institutions; DTC ATOP Procedures. Tenders of Target Bonds pursuant to this Invitation may only be made through DTC's ATOP system. Bondowners that are not DTC participants must make their tenders through their custodial intermediary. A DTC participant must tender the Target Bonds on behalf of the Bondowner for whom it is acting pursuant to this Invitation, by book-entry through the ATOP system. In so doing, such custodial intermediary and the Bondowner on whose behalf the custodial intermediary is acting, agree to be bound by DTC's rules for the ATOP system. In accordance with ATOP procedures, DTC will then verify receipt of the Tender Offer and send an Agent's Message (as described below) to the Information Agent and Tender Agent.

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Information Agent and Tender Agent, forming a part of the book-entry confirmation stating that DTC has received an express acknowledgement from the DTC participant tendering Target Bonds for purchase that are the subject of such book-entry confirmation that includes: (i) the CUSIP number(s) and the par amount(s) of the Target Bonds that have been validly tendered by such DTC participant on behalf of the Bondowner pursuant to this Invitation, and (ii) that the Bondowner agrees to be bound by the terms of this Invitation, including the representations, warranties, agreements and affirmations deemed made by it as set forth in Section 5 above. By causing DTC to transfer Target Bonds into the Issuer's ATOP system, a financial institution warrants to the Issuer that it has full authority, and has received from the Bondowner(s) of such Target Bonds all direction necessary, to tender and sell such Target Bonds as set forth in this Invitation.

Agent's Messages must be transmitted to and received by the Information Agent and Tender Agent by not later than 5:00 p.m., EDT, on the Expiration Date. Target Bonds will not be deemed to have been tendered for cash purchase pursuant to this Invitation until an Agent's Message with respect thereto is received by the Information Agent and Tender Agent.

Each DTC participant is advised to submit each beneficial owner's instruction individually into DTC's ATOP system to ensure proper settlement.

The Issuer, the Dealer Manager, and the Information Agent and Tender Agent are not responsible for making or transmitting any tender of Target Bonds or for the transfer of any tendered Target Bonds through the ATOP system or for any mistakes, errors, or omissions in the making or transmission of any offer or transfer.

7. Determinations as to Form and Validity of Tenders; Right of Waiver and Rejection. All questions as to the validity (including the time of receipt of Agent's Messages by the Information Agent and Tender Agent), eligibility, and acceptance of any tenders of Target Bonds will be determined by the Issuer in its sole discretion and will be final, conclusive, and binding.

The Issuer reserves the right to waive any irregularities or defects in any tender. The Issuer, the Dealer Manager, and the Information Agent and Tender Agent are not obligated to give notice of any defects or irregularities in tenders, and they will have no liability for failing to give such notice.

8. Withdrawals of Tenders Prior to Expiration Date; Irrevocability of Tenders on Expiration Date. A Bondowner may withdraw its tender of Target Bonds pursuant to this Invitation by causing a withdrawal notice to be transmitted via DTC's ATOP system to, and received by, the Information

Agent and Tender Agent at or before 5:00 p.m., EDT, on the Expiration Date (as the date and time may have been changed as provided in this Invitation).

A Bondowner that is not a DTC participant can only withdraw its tender by making arrangements with and instructing the custodial intermediary through which it holds its Target Bonds to submit the Bondowner's notice of withdrawal through the DTC ATOP system.

All tenders of Target Bonds will become irrevocable as of 5:00 p.m., EDT, on the Expiration Date.

9. Preliminary Acceptance Notice. On August 24, 2026, unless such time or date is extended by the Issuer (the "**Preliminary Acceptance Date**"), the Issuer will determine the preliminary principal amount, if any, of the Target Bonds for each CUSIP that it will purchase, based on satisfaction of the Financing Conditions. Notice of the preliminary principal amount of the Target Bonds, if any, for each CUSIP that the Issuer initially agrees to purchase pursuant to the Invitation will be provided to the Information Services on the Preliminary Acceptance Date via the publication of a "**Preliminary Notice of Acceptance**".

10. Determination of Amounts to be Purchased; Acceptance of Offers; Final Notice of Acceptance. This Tender Offer is part of the Refunding Plan as described in the Series 2026 Bonds POS. The Series 2026 Bonds, if issued, will be used in part to finance the Refunding Plan and to pay the costs and expenses of the Tender Offer and issuing the Series 2026 Bonds. The Issuer intends to purchase up to all of the Target Bonds validly tendered pursuant to this Invitation, though depending upon the results of this Tender Offer and other factors including the Financing Conditions, the Issuer, in its sole discretion, may elect to purchase less than all of the Target Bonds so tendered. The Issuer shall be under no obligation to accept any Target Bonds tendered for purchase pursuant to this Invitation. The Issuer, in its sole discretion, will select which, if any, Target Bonds validly tendered of a particular maturity and corresponding CUSIP are purchased based on its determination of the economic benefit from such purchase.

Should the Issuer decide to only purchase a portion of the Target Bonds being tendered for purchase of a certain CUSIP, the Issuer will accept such Target Bonds tendered for purchase on a pro rata basis. The principal amount of each individual offer will be adjusted, pro rata, based upon a proration factor for each such CUSIP (each, a "**Proration Factor**"). In such event, should the principal amount of any individual offer, when adjusted by the Proration Factor, result in an amount that is not a multiple of \$5,000, the principal amount of such offer will be rounded up to the nearest multiple of \$5,000. If as a result of such adjustment, the principal amount of a Bondowner's unaccepted Target Bonds is less than the Minimum Authorized Denomination of \$5,000, the Issuer will reject such Bondowner's offer in whole. The Issuer will determine the Proration Factor that permits it to accept the amount of Target Bonds it has determined to purchase.

On the Final Acceptance Date (i.e., August 25, 2026, unless extended), upon the terms and subject to the conditions of this Invitation, the Issuer will announce its acceptance for purchase of Target Bonds, if any, validly tendered by Bondowners pursuant to this Invitation via the publication of a "**Final Notice of Acceptance**", with acceptance subject to the satisfaction or waiver by the Issuer of the conditions to the purchase of tendered Target Bonds. See Section 11, "Acceptance of Tenders Constitutes Irrevocable Agreement" and Section 14, "Conditions to Purchase".

The Final Notice of Acceptance will state: (i) the principal amount of the Target Bonds of each maturity and corresponding CUSIP number that the Issuer has accepted for purchase in accordance with this Invitation, which may be zero for a particular maturity and corresponding CUSIP, or (ii) that the Issuer has decided not to purchase any Target Bonds.

Following the publication of the Final Notice of Acceptance, all Target Bonds that were tendered but were not accepted for purchase will be released and returned to the tendering institution in accordance with DTC's ATOP procedures. The Issuer, the Dealer Manager, and the Information Agent and Tender Agent are not responsible or liable for the operation of the ATOP system by DTC to properly credit such released Target Bonds to the applicable account of the DTC participant or custodial intermediary or by such DTC participant or custodial intermediary for the account of the Bondowner.

Notwithstanding any other provision of this Invitation, the obligation of the Issuer to accept for purchase and to pay for Target Bonds validly tendered (and not validly withdrawn) by Bondowners pursuant to this Invitation is subject to the satisfaction or waiver of the conditions set forth under Section 14, "Conditions to Purchase" below. The Issuer reserves the right, subject to applicable law, to amend or waive any of the conditions to this Invitation, in whole or in part, any time prior to the Expiration Date or from time to time subject to the Financing Conditions and other conditions described in this Invitation. This Tender Offer may be withdrawn by the Issuer at any time prior to the Expiration Date.

11. Acceptance of Tenders Constitutes Irrevocable Agreement. Acceptance by the Issuer of validly tendered Target Bonds will constitute an irrevocable agreement between the tendering Bondowner and the Issuer to sell and purchase such Target Bonds, subject to the conditions and terms of this Invitation, including the Conditions to Purchase set forth in Section 14 below.

12. Settlement Date; Purchase of Target Bonds. Subject to satisfaction of all conditions to the Issuer's obligation to purchase tendered Target Bonds, as described herein, the Settlement Date is the day on which Target Bonds accepted for purchase will be purchased and paid for at the applicable Offer Purchase Price, and Accrued Interest on the Target Bonds to be purchased will also be paid. Such purchase and payment are expected to occur on the Settlement Date. The Settlement Date has initially been set as September 16, 2026, unless extended by the Issuer, assuming all conditions to this Invitation have been satisfied or waived by the Issuer.

The Issuer may, in its sole discretion, change the Settlement Date by giving notice thereof in the manner described in Section 2 of this Invitation prior to the change. However, the Settlement Date may not be later than October 15, 2026. If the Issuer does not complete the purchase of the Target Bonds by 3:00 p.m., EDT, on October 15, 2026, the right and obligation of the Issuer to purchase any Target Bonds will automatically terminate, without any liability to any Bondowner, and the Issuer will instruct DTC to release from the controls of the ATOP system all Target Bonds.

Subject to satisfaction of all conditions to the Issuer's obligation to purchase Target Bonds tendered for purchase pursuant to this Invitation, as described herein, payment by the Issuer will be made through DTC on the Settlement Date. The Issuer expects that, in accordance with DTC's standard procedures, DTC will transmit the Aggregate Purchase Price to be paid for the Target Bonds tendered for purchase (plus Accrued Interest) to DTC participants holding the Target Bonds accepted for purchase on behalf of Bondowners for subsequent disbursement to the Bondowners. **The Issuer, the Dealer Manager, and the Information Agent and Tender Agent have no responsibility or liability for the distribution of the Aggregate Purchase Price and Accrued Interest paid by DTC to DTC participants or by DTC participants to tendering Bondowners.**

Promptly following such deliveries and payments, the Issuer will instruct the paying agent/registrars for the purchased Target Bonds to cause such purchased Target Bonds to be cancelled and retired.

13. Source of Funds. The source of funds to purchase the Target Bonds validly tendered for purchase pursuant to this Invitation and accepted by the Issuer is anticipated to be funded from certain

proceeds received by the Issuer from the sale of its Series 2026 Bonds, expected to be issued on the Settlement Date. The payment of Accrued Interest on Target Bonds validly tendered and accepted for purchase is expected to be made from funds held by the Issuer for such purpose. The Issuer's ability to settle the cash purchase of Target Bonds tendered for purchase is contingent upon the successful delivery of its Series 2026 Bonds and the other conditions set forth herein.

14. Conditions to Purchase. The consummation of the purchase of the Target Bonds pursuant to this Invitation is conditioned upon the satisfaction of the Financing Conditions and other conditions described in this Invitation. Furthermore, the Issuer will not be required to purchase any Target Bonds, and will incur no liability as a result, if, before payment for Target Bonds on the Settlement Date:

(a) The Issuer does not, for any reason, have sufficient funds on the Settlement Date from certain proceeds of the Series 2026 Bonds to pay the Aggregate Purchase Price of tendered Target Bonds accepted for purchase pursuant to this Invitation and pay all fees and expenses associated with the Series 2026 Bonds and this Tender Offer;

(b) Litigation or another proceeding is pending or threatened which the Issuer believes may, directly or indirectly, have an adverse impact on this Tender Offer or the expected benefits of this Tender Offer to the Issuer or the Bondowners;

(c) A new war, other hostilities, or the escalation of those currently existing as of the date hereof, public health or other national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange, or a limitation of prices on the New York Stock Exchange exists and the Issuer believes this fact makes it inadvisable to proceed with the purchase of Target Bonds;

(d) A material change in the business or affairs of the Issuer has occurred which the Issuer believes in its sole discretion makes it inadvisable to proceed with the purchase of Target Bonds;

(e) The Attorney General will not issue an unqualified opinion (i) relating to the legality and validity of the Series 2026 Bonds, (ii) confirming the firm banking arrangements made for the discharge and final payment or redemption of the Target Bonds accepted for purchase, and (iii) approving the Series 2026 Bonds, or the Texas Comptroller of Public Accounts will not register the Series 2026 Bonds, as required by applicable law;

(f) A material change in the net benefits of the transaction contemplated by this Tender Offer and the Series 2026 Bonds POS has occurred due to a material change in market conditions that the Issuer reasonably believes makes it inadvisable to proceed with the purchase of Target Bonds; or

(g) There shall have occurred a material disruption in securities settlement, payment, or clearance services.

These conditions are for the sole benefit of the Issuer. They may be asserted by the Issuer prior to the time of payment for the Target Bonds on the Settlement Date. The conditions may be waived by the Issuer in whole or in part at any time and from time to time in its sole discretion and may be exercised independently for each maturity date and CUSIP number of the Target Bonds. The failure by the Issuer at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each

of these rights will be deemed an ongoing right of the Issuer that may be asserted at any time and from time to time. Any determination by the Issuer concerning the events described in this Section 14 will be final and binding upon all parties. If, prior to the time of payment of any Target Bonds any of the events described happens, the Issuer will have the absolute right to cancel its obligations to purchase Target Bonds without any liability to any Bondowner or any other person.

15. Extension, Termination, and Amendment of Tender Offer. Through and including the Expiration Date, the Issuer has the right to extend this Tender Offer, to any date in its sole discretion. Notice of an extension of the Expiration Date will be given in the manner described in Section 2 of this Invitation, on or about 11:00 a.m., EDT, on the first Business Day after the then current Expiration Date.

The Issuer also has the right, prior to the Final Acceptance Date, to terminate this Invitation at any time by giving notice of such termination in the manner described in this Invitation.

The Issuer also has the right, prior to the Expiration Date, to amend or waive the terms of this Invitation in any respect and at any time by giving notice of the amendment or waiver in the manner described in Section 2 of this Invitation. The amendment or waiver will be effective at the time specified in such notice.

If the Issuer amends the terms of this Invitation, including a waiver of any term, in any material respect, notice of such amendment or waiver will be given in the manner described in Section 2, to provide reasonable time for dissemination of such amendment or waiver to Bondowners and for Bondowners to respond. **If the Issuer increases the Fixed Spread for any of the Target Bonds pursuant to this Invitation, any tenders submitted with respect to the affected Target Bonds prior to such increase will remain in full force and effect, and any Bondowner of such affected Target Bonds wishing to revoke its tender must affirmatively withdraw its tender of such Target Bonds prior to the Expiration Date in the manner described in Section 8 hereof.**

No extension, termination, or amendment of this Invitation (or waiver of any terms of this Invitation) will: (i) change the Issuer's right to decline to purchase any Target Bonds without liability; or (ii) give rise to any liability of the Issuer, the Dealer Manager, or the Information Agent and Tender Agent to any Bondowner or nominee.

16. Certain Federal Income Tax Consequences.

General Matters. The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) that tender their Target Bonds for cash. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective tendering investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not address U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Target Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address: (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411

of the Internal Revenue Code of 1986, as amended (the “**Code**”), or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Target Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors who will hold their Target Bonds as “capital assets” within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Target Bonds other than investors that are U.S. Holders. As used herein, “**U.S. Holder**” means a Bondowner of a Target Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Target Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Target Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Target Bonds (including their status as U.S. Holders).

ANY FEDERAL INCOME TAX DISCUSSIONS IN THIS INVITATION ARE INCLUDED FOR GENERAL INFORMATION ONLY AND SHOULD NOT BE CONSTRUED AS A TAX OPINION NOR TAX ADVICE TO BONDOWNERS BY THE ISSUER, THE DEALER MANAGER, THE INFORMATION AGENT AND TENDER AGENT, OR ANY OF THE ISSUER’S ADVISORS OR AGENTS. SUCH DISCUSSIONS ALSO DO NOT PURPORT TO ADDRESS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO PARTICULAR BONDOWNERS (E.G., A FOREIGN PERSON, BANK, THRIFT INSTITUTION, PERSONAL HOLDING COMPANY, TAX EXEMPT ORGANIZATION, REGULATED INVESTMENT COMPANY, INSURANCE COMPANY, OR OTHER BROKER OR DEALER IN SECURITIES OR CURRENCIES). BONDOWNERS SHOULD NOT RELY ON SUCH DISCUSSIONS AND ARE URGED TO CONSULT THEIR TAX ADVISORS TO DETERMINE THE PARTICULAR FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF SALES MADE BY THEM PURSUANT TO TENDERS OF TARGET BONDS, INCLUDING THE EFFECT OF POSSIBLE CHANGES IN THE TAX LAWS. IN ADDITION TO FEDERAL TAX CONSEQUENCES, THE SALE OF TARGET BONDS MAY BE TREATED AS A TAXABLE EVENT FOR STATE, LOCAL AND FOREIGN TAX PURPOSES. BONDOWNERS ARE URGED TO CONSULT THEIR TAX ADVISORS TO DETERMINE THE PARTICULAR STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF SALES MADE BY THEM PURSUANT TO TENDERS OF TARGET BONDS, INCLUDING THE EFFECT OF POSSIBLE CHANGES IN THE TAX LAWS.

Tendering U.S. Holders. The purchase by the Issuer of a validly tendered Target Bond and accepted for cash purchase will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder will recognize gain or loss equal to the difference between (i) the amount of cash received (except to the extent attributable to Accrued Interest on the Target Bond, which will be taxed as ordinary interest income except to the extent such interest is excludible from gross income under Section 103 of the Code) and (ii) the U.S. Holder’s adjusted U.S. federal income tax basis in the Target Bond (generally, the purchase price paid by the U.S. Holder for the Target Bond, decreased by any amortized acquisition premium, and increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such Target Bond or otherwise required to be added to the cost basis of the U.S. Holder in such Target Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Target Bonds holding the Target Bond for a period exceeding one year, the maximum marginal U.S. federal income tax rate applicable to any such gain

will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income. The deductibility of capital losses is subject to limitations.

Backup Withholding. Amounts paid to Bondowners may be subject to backup withholding by reason of the events specified by Section 3406 of the Code, which events include failure of a Bondowner to supply the broker, dealer, commercial bank or trust company acting on behalf of such Bondowner with such Bondowner's taxpayer identification number certified under penalty of perjury. Backup withholding may also apply to Bondowners who are otherwise exempt from such backup withholding if such Bondowners fail to properly document their status as exempt recipients.

17. Additional Considerations. In deciding whether to participate in this Tender Offer, each Bondowner should consider carefully, in addition to the other information contained in this Invitation, the following:

Market for Target Bonds. The Target Bonds are not listed on any national or regional securities exchange. To the extent that the Target Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondowners may be able to effect a sale of the Target Bonds at a price higher than the Offer Purchase Price established pursuant to this Invitation.

Target Bonds Not Tendered for Purchase. Bondowners of Target Bonds who do not accept this Invitation will continue to hold their respective interests in such Target Bonds. If Target Bonds are purchased pursuant to this Invitation, the principal amount of Target Bonds for a particular maturity and corresponding CUSIP that remains outstanding will be reduced, which could adversely affect the liquidity and market value of the Target Bonds of that maturity and CUSIP that remain outstanding.

The Target Bonds that remain outstanding will continue to be governed by their terms.

Potential Concurrent Defeasance of Certain Unpurchased Bonds. Notwithstanding the foregoing and dependent on market conditions, the Issuer may concurrently defease the Defeasance Candidates with a portion of the proceeds of the Series 2026 Bonds. Should the Issuer choose to defease any of the Defeasance Candidates, those Defeasance Candidates that are not subject to optional redemption at par by the Issuer will be defeased to their respective maturity dates. Those Defeasance Candidates that are subject to optional redemption by the Issuer at par (e.g., the Target Bonds maturing on February 1, 2031, CUSIP number 79623PEW1, February 1, 2032, CUSIP number 79623PEX9, February 1, 2033, CUSIP number 79623PEY7, and February 1, 2034, CUSIP number 79623PEZ4) may either be defeased to maturity or to their respective optional redemption dates that are shown on page (ii) hereof. Any defeased Target Bonds would no longer be outstanding under their terms. Such defeasance may result in the withdrawal of certain credit ratings on the defeased Target Bonds. Bondowners of the Target Bonds should review the Official Statement for any relevant provisions pertaining to the foregoing potential defeasance and should further consult with their broker-dealer, financial, legal, accounting, tax, and other professionals for any associated outcomes thereto.

The Issuer will determine whether to defease any Defeasance Candidates, what maturities will be defeased and in what amounts after determining the economic impact of the Target Bonds accepted for purchase pursuant to this Invitation on the defeasance of the Defeasance Candidates. The Issuer has the sole discretion to determine which Defeasance Candidates, if any, and in what amount will be defeased. There can be no assurance that a particular Bondowner's Unpurchased Bond that constitute Defeasance Candidates will be defeased by the Issuer.

Potential Subsequent Transactions. To the extent Target Bonds are not purchased pursuant to this Invitation, the Issuer reserves the right to, and may in the future decide to, acquire some or all of the Target

Bonds through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers, or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the consideration offered pursuant to this Invitation, and which could be cash or other consideration. Any future acquisition of Target Bonds may be on the same terms or on terms that are more or less favorable to Bondowners than the terms described in this Invitation. The Issuer also reserves the right in the future to defease, refund, or redeem any remaining portion of outstanding Target Bonds. The decision to undertake any such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the Issuer may ultimately choose to pursue in the future.

Ratings. As of the date of this Invitation, the Target Bonds are each rated “AAA” (stable outlook) by S&P Global Ratings, “Aaa” (stable outlook) by Moody’s Investors Service, Inc., and “AA+” (stable outlook) by Fitch Ratings, Inc. The ratings of the Target Bonds by each rating agency reflect only the views of such organization and any desired explanation of the significance of such ratings and any outlooks or other statements given by such rating agency with respect thereto should be obtained from such rating agency.

There is no assurance that the current ratings assigned to the Target Bonds will continue for any given period of time or that any of such ratings will not be revised upward or downward, suspended or withdrawn entirely by any rating agency. Any upward or downward revision, suspension or withdrawal of such ratings may have an effect on the availability of a market for or the market price of the Target Bonds. Each Bondowner should review these ratings and consult with its financial representatives concerning them.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the Issuer. A revision in a rating agency’s rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Target Bonds remain outstanding (including during the term of this Tender Offer) could undertake such an evaluation process.

Market Conditions. The purpose of this Tender Offer is to provide the Issuer with the opportunity to purchase a portion of the Target Bonds. The final decision to purchase Target Bonds, and which Target Bonds will be accepted for purchase by the Issuer will, in part, be based upon market conditions and other factors outside of the control of the Issuer.

The Dealer Manager is not acting as a financial or municipal advisor to the Issuer in connection with this Tender Offer.

18. The Dealer Manager. References in this Invitation to the Dealer Manager are to Morgan Stanley & Co. LLC, only in its capacity as the Dealer Manager.

The Dealer Manager may contact Bondowners regarding this Tender Offer and may request brokers, dealers, custodian banks, depository trust companies, and other nominees to forward this Invitation to beneficial owners of the Target Bonds.

The Issuer, subject to the terms of the Dealer Manager Agreement, will pay the Dealer Manager a fee for its services in connection with this Tender Offer, and in addition, the Issuer will pay the Dealer Manager its reasonable out-of-pocket costs and expenses relating to this Tender Offer.

The Dealer Manager, including its affiliates, are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory,

investment management, investment research, principal investment, hedging, market making, brokerage, and other financial and non-financial activities and services. The Dealer Manager and its affiliates have, from time to time, performed, and may in the future perform, a variety of these services for the Issuer, for which they received and or will receive customary fees and expenses. In the ordinary course of its various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities of the Dealer Manager and/or its affiliates may involve securities and instruments of the Issuer, including but not limited to Target Bonds, whether or not tendered for purchase pursuant to this Invitation.

In addition to its role as Dealer Manager in connection with this Tender Offer, Morgan Stanley & Co. LLC is currently expected to serve as the lead bookrunning underwriter of the Series 2026 Bonds (and related transactions), anticipated to be issued by the Issuer as described in the Series 2026 Bonds POS attached as **Appendix A** and, as such, will receive compensation in connection with that transaction as well.

19. Information Agent and Tender Agent. The Authorized Officer has appointed, and hereby affirms such appointment by publication of this Invitation, Globic Advisors Inc. to act as the Information Agent and Tender Agent in connection with the Tender Offer and has authorized Morgan Stanley & Co. LLC to engage the Information Agent and Tender Agent to advise the Issuer and Dealer Manager as to such matters related to the Tender Offer. The Issuer will pay the Information Agent and Tender Agent customary fees for its services in connection with this Tender Offer, and in addition, the Issuer will pay the Information Agent and Tender Agent its reasonable out-of-pocket costs and expenses related to this Tender Offer, subject to the terms of the Dealer Manager Agreement.

20. Miscellaneous. This Invitation is not being made to, and offers will not be accepted from or on behalf of, Bondowners in any jurisdiction in which this Invitation or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require this Tender Offer to be made through a licensed or registered broker or dealer, this Tender Offer is being made on behalf of the Issuer by the Dealer Manager.

No one has been authorized by the Issuer, the Dealer Manager, or the Information Agent and Tender Agent to recommend to any Bondowners whether to tender Target Bonds for purchase pursuant to this Invitation. No one has been authorized to give any information or to make any representation in connection with this Tender Offer other than those contained in this Invitation. Any recommendation, information and representations given or made cannot be relied upon as having been authorized by the Issuer, the Dealer Manager, or the Information Agent and Tender Agent.

None of the Issuer, the Dealer Manager, or the Information Agent and Tender Agent makes any recommendation that any Bondowner tender or refrain from tendering all or any portion of such Bondowner's Target Bonds for purchase. Bondowners must make these decisions and should consult with their broker-dealer, account executive, financial advisor, attorney, and/or other appropriate professionals.

21. Available Information; Contact Information. Certain information relating to the Target Bonds and the Issuer may be obtained by contacting the Dealer Manager or Information Agent and Tender Agent at the contact information set forth below. Such information is limited to (i) the Invitation, including the information set forth in the Series 2026 Bonds POS, which is attached hereto as **Appendix A**, and (ii) information about the Issuer available through the EMMA Website.

Investors with questions about this Tender Offer should contact the Dealer Manager or the Information Agent and Tender Agent utilizing the contact information below:

GLOBIC ADVISORS INC., *Information Agent and Tender Agent*

Attention: Robert Stevens
7777 Glades Road, Suite 100
Boca Raton, Florida 33434
Tel: (212) 227-9699
Email: rstevens@globic.com
Document Website: www.globic.com/sanantonio

Morgan Stanley & Co. LLC, *Dealer Manager*

Contact your Morgan Stanley & Co. LLC Representative
or
1585 Broadway, 11th Floor
New York, NY 10036
Attention: Municipal Capital Markets
Telephone: (212) 761-6433
Email: municapmks@morganstanley.com

Appendix A

SERIES 2026 BONDS PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT
Dated August 7, 2026

NEW ISSUES – BOOK-ENTRY-ONLY

**RATINGS: Fitch: “AA+”
Moody’s: “Aaa”
S&P: “AAA”
(See “RATINGS” herein.)**

In the opinion of Co-Bond Counsel, interest on the Tax-Exempt Obligations (defined herein) will be excludable from the gross income of the owners thereof for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS”, including the alternative minimum tax on certain corporations.

The 2026 Taxable Obligations (defined below) are not obligations described in section 103(a) of the Internal Revenue Code of 1986; accordingly, interest on the 2026 Taxable Obligations will be includable in gross income for federal income tax purposes. See “TAX MATTERS” herein.

CITY OF SAN ANTONIO, TEXAS



\$316,690,000*

**General Improvement and Refunding
Bonds, Series 2026**

\$114,870,000*

**Combination Tax and Revenue
Certificates of Obligation, Series 2026**

\$26,460,000*

**General Improvement Bonds,
Taxable Series 2026**

\$22,445,000*

**Combination Tax and Revenue
Certificates of Obligation, Taxable
Series 2026**

\$7,510,000*

Tax Notes, Series 2026

Date: August 1, 2026

(Interest accrues from the hereinafter-defined Delivery Date)

Due: February 1, as shown herein

The City of San Antonio, Texas (the “City”) is issuing its \$316,690,000* General Improvement and Refunding Bonds, Series 2026 (the “2026 Bonds”), its \$114,870,000* Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “2026 Certificates”), and its \$7,510,000* Tax Notes, Series 2026 (the “2026 Notes” and, together with the 2026 Bonds and the 2026 Certificates collectively referred to as the “Tax-Exempt Obligations”). The City is also issuing its \$26,460,000* General Improvement Bonds, Taxable Series 2026 (the “2026 Taxable Bonds”) and its \$22,445,000* Combination Tax and Revenue Certificates of Obligation, Taxable Series 2026 (the “2026 Taxable Certificates”, and together with the 2026 Taxable Bonds, the “2026 Taxable Obligations”) and together with the Tax-Exempt Obligations, are collectively referred to herein as the “2026 Obligations”. The 2026 Certificates and the 2026 Taxable Certificates shall hereinafter be collectively referred to as the “Certificates” and the 2026 Bonds and the 2026 Taxable Bonds shall hereinafter be collectively referred to as the “Bonds”. The 2026 Obligations are being issued pursuant to the Constitution and general laws of the State of Texas (the “State”) as further described herein; the Home Rule Charter of the City (the “City Charter”); separate ordinances (together, the “Ordinances”) authorizing the issuance of each series of the 2026 Obligations adopted by the City Council of the City (the “City Council”) on August 6, 2026, for the respective purposes identified therein and as described herein; and with respect to the Bonds, an election held within the City on May 7, 2022. (See “PURPOSES AND PLAN OF FINANCING – Purposes of the 2026 Obligations” and “THE 2026 OBLIGATIONS – Authority for Issuance” herein). As permitted by applicable State law, the City has, in each Ordinance, authorized certain City officials and staff to execute a separate “Approval Certificate” relating to each particular series of the 2026 Obligations evidencing final sales terms relative thereto.

The City, with the assistance of Morgan Stanley & Co. LLC, as dealer manager, expects to release an “Invitation to Tender Bonds”, dated August 7, 2026 (the “Invitation”), inviting owners of certain outstanding bonds of the City (described herein) to tender such bonds for purchase and cancellation by the City (the “Tender Offer”). Such purchase of any tendered bonds is expected to be funded by certain of the 2026 Bonds. See “PURPOSE AND PLAN OF FINANCING – The Purchased Bonds” herein.

Interest on the 2026 Obligations will accrue from the date of their initial delivery (the “Delivery Date”) to the initial purchasers thereof named below (the “Underwriters”), will be payable on February 1 and August 1 of each year, commencing February 1, 2027, until stated maturity or prior redemption (if the particular series of 2026 Obligations is subject to prior redemption), and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The 2026 Obligations will be issued as fully registered obligations in book-entry-only form and when issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). So long as DTC is the registered owner of the 2026 Obligations, the principal of and interest on the 2026 Obligations will be payable by U.S. Bank Trust Company, National Association, Houston, Texas, as the initial Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners. (See “THE 2026 OBLIGATIONS – Book-Entry-Only System” herein.)

Each series of the 2026 Obligations are payable from ad valorem taxes levied annually against all taxable property located within the City, within the limitations prescribed by law, including the State constitutional tax limit of \$2.50 per \$100 of assessed valuation. In addition, the Certificates are additionally secured by a limited pledge of certain City park system revenues and certain net revenues of the City’s gas and electric system, respectively, as further described herein. (See “THE 2026 OBLIGATIONS – Security” herein.)

The 2026 Obligations are being concurrently offered by the City under a common Official Statement; however, they are separate and distinct securities offerings being issued and sold independently. While the 2026 Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently including, without limitation, the type of obligation being offered, its terms for payment, the rights of the City to redeem obligations, as applicable, of a particular series prior to stated maturity, the federal, state, or local tax consequences of the purchase, ownership, or disposition of the 2026 Obligations, and other features. This cover page is not intended to be a summary of the terms of, or the security for, the 2026 Obligations. Potential investors are advised to read the Official Statement in its entirety to obtain information necessary to make an informed investment decision.

SEE PAGES i, ii AND iii HEREIN FOR MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, AND CUSIP NUMBERS

** Preliminary, subject to change.*

The 2026 Obligations are offered for delivery, when, as, and if issued and received by the Underwriters, and subject to the approving opinions of the Attorney General of the State of Texas and the legal opinions of McCall Parkhurst & Horton L.L.P. and Escamilla & Poneck, LLP, both of San Antonio, Texas, Co-Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Cantu Harden Montoya LLP and Winstead PC, both of San Antonio, Texas and for the City by the City Attorney. (See "LEGAL MATTERS" herein.) It is expected that the 2026 Obligations will be available for initial deliveryIFC through the services of DTC on or about September 16, 2026.

MORGAN STANLEY

STERN BROTHERS

ACADEMY SECURITIES

BLAYLOCK VAN LLC

JEFFERIES

PIPER SANDLER & CO.

STIFEL

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MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, AND CUSIP NUMBERS

\$316,690,000*
CITY OF SAN ANTONIO, TEXAS
GENERAL IMPROVEMENT AND REFUNDING BONDS,
SERIES 2026
(CUSIP No.¹ Prefix: 79623P)

Stated Maturity (February 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: ¹	Stated Maturity (February 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: ¹
2/1/2027	22,530,000				2/1/2040	7,260,000			
2/1/2028	25,170,000				2/1/2041	7,630,000			
2/1/2029	15,545,000				2/1/2042	8,025,000			
2/1/2030	18,465,000				2/1/2043	8,440,000			
2/1/2031	19,405,000				2/1/2044	8,870,000			
2/1/2032	18,155,000				2/1/2045	9,325,000			
2/1/2033	17,100,000				2/1/2046	9,800,000			
2/1/2034	14,930,000				2/1/2047	10,310,000			
2/1/2035	14,245,000				2/1/2048	10,835,000			
2/1/2036	14,970,000				2/1/2049	11,395,000			
2/1/2037	6,250,000				2/1/2050	11,975,000			
2/1/2038	6,570,000				2/1/2051	12,585,000			
2/1/2039	6,905,000								

\$26,460,000*
CITY OF SAN ANTONIO, TEXAS
GENERAL IMPROVEMENT BONDS, TAXABLE SERIES 2026
(CUSIP No.¹ Prefix: 79623P)

Stated Maturity (February 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: ¹	Stated Maturity (February 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: ¹
2/1/2027	715,000				2/1/2040	1,015,000			
2/1/2028	565,000				2/1/2041	1,075,000			
2/1/2029	590,000				2/1/2042	1,135,000			
2/1/2030	615,000				2/1/2043	1,200,000			
2/1/2031	645,000				2/1/2044	1,265,000			
2/1/2032	675,000				2/1/2045	1,340,000			
2/1/2033	710,000				2/1/2046	1,415,000			
2/1/2034	745,000				2/1/2047	1,495,000			
2/1/2035	780,000				2/1/2048	1,585,000			
2/1/2036	820,000				2/1/2049	1,675,000			
2/1/2037	865,000				2/1/2050	1,775,000			
2/1/2038	915,000				2/1/2051	1,880,000			
2/1/2039	965,000								

* Preliminary, subject to change.

¹ CUSIP® is a registered trademark of the American Bankers Association, CUSIP data herein is provided by CUSIP Global Services managed by FactSet Research Systems Inc. on behalf of the American Bankers Association are included solely for the convenience of the owners of the 2026 Obligations. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. None of the City, the Co-Financial Advisors (as defined herein), or the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

\$114,870,000*
CITY OF SAN ANTONIO, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026
(CUSIP No.¹ Prefix: 79623P)

Stated Maturity (February 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: ¹	Stated Maturity (February 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: ¹
2/1/2027	3,050,000				2/1/2040	4,505,000			
2/1/2028	2,470,000				2/1/2041	4,735,000			
2/1/2029	2,595,000				2/1/2042	4,975,000			
2/1/2030	2,730,000				2/1/2043	5,230,000			
2/1/2031	2,870,000				2/1/2044	5,500,000			
2/1/2032	3,020,000				2/1/2045	5,780,000			
2/1/2033	3,175,000				2/1/2046	6,080,000			
2/1/2034	3,335,000				2/1/2047	6,390,000			
2/1/2035	3,505,000				2/1/2048	6,715,000			
2/1/2036	3,685,000				2/1/2049	7,060,000			
2/1/2037	3,875,000				2/1/2050	7,425,000			
2/1/2038	4,075,000				2/1/2051	7,805,000			
2/1/2039	4,285,000								

\$22,445,000*
CITY OF SAN ANTONIO, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2026
(CUSIP No.1 Prefix: 79623P)

Stated Maturity (February 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: ¹	Stated Maturity (February 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: ¹
2/1/2029	525,000				2/1/2041	955,000			
2/1/2030	550,000				2/1/2042	1,010,000			
2/1/2031	575,000				2/1/2043	1,070,000			
2/1/2032	605,000				2/1/2044	1,130,000			
2/1/2033	630,000				2/1/2045	1,195,000			
2/1/2034	665,000				2/1/2046	1,260,000			
2/1/2035	695,000				2/1/2047	1,335,000			
2/1/2036	735,000				2/1/2048	1,410,000			
2/1/2037	770,000				2/1/2049	1,495,000			
2/1/2038	815,000				2/1/2050	1,580,000			
2/1/2039	860,000				2/1/2051	1,675,000			
2/1/2040	905,000								

* Preliminary, subject to change.

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\$7,510,000*
CITY OF SAN ANTONIO, TEXAS
TAX NOTES, SERIES 2026
(CUSIP No.¹ Prefix: 79623P)

Stated Maturity (February 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: ¹
2/1/2027	960,000			
2/1/2028	960,000			
2/1/2029	1,010,000			
2/1/2030	1,060,000			
2/1/2031	1,115,000			
2/1/2032	1,170,000			
2/1/2033	1,235,000			

REDEMPTION

The City reserves the right, exercisable at its option, to redeem the Bonds and the Certificates (collectively, the “Callable Obligations”) having stated maturities on and after February 1, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on _____, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. (See “THE 2026 OBLIGATIONS – Redemption” herein.)

The 2026 Notes are not subject to redemption prior to stated maturity.

* Preliminary, subject to change.

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**CITY OF SAN ANTONIO, TEXAS
ADMINISTRATION**

CITY COUNCIL:

Name	Years on City Council	Occupation
Gina Ortiz Jones, Mayor	1 Year, 2 Months	Under Secretary of the Air Force
Dr. Sukh Kaur, District 1	3 Years, 3 Months	Education Consultant
Jalen McKee-Rodriguez, District 2	5 Years, 2 Months	Teacher
Phyllis Viagran, District 3	5 Years, 2 Months	Training Specialist
Edward Mungia, District 4	1 Year, 2 Months	Public Servant
Teri Castillo, District 5	5 Years, 2 Months	Housing Organizer
Ric Galvan, District 6	1 Year, 2 Months	Public Servant
Marina Alderete Gavito, District 7	3 Years, 3 Months	Nonprofit Executive
Ivalis Meza Gonzalez, District 8	1 Year, 2 Months	Consultant
Misty Spears, District 9	1 Year, 2 Months	Public Servant
Marc Whyte, District 10	3 Years, 3 Months	Attorney at Law

CITY OFFICIALS:

Name	Position	Years with City of San Antonio	Years in Current Position
Erik J. Walsh	City Manager	32 Years, 3 Months	7 Years, 6 Months
Maria Villagomez	Deputy City Manager	28 Years, 11 Months	7 Years, 6 Months
Ben Gorzell, Jr.	Chief of Financial & Administrative Services	35 Years, 9 Months	1 Year, 4 Months
David McCary	Assistant City Manager	19 Years	6 Years, 6 Months
Alejandra Lopez	Assistant City Manager	9 Years, 2 Months	5 Years, 5 Months
Jeff Coyle	Assistant City Manager	13 Years, 7 Months	5 Years, 5 Months
John Peterck	Assistant City Manager	15 Years, 2 Months	1 Year, 4 Months
Justina Tate ¹	Assistant City Manager	16 Years, 7 Months	9 Months
Andrew Segovia	City Attorney	10 Years	10 Years
Debbie Racca-Sittre	City Clerk	24 Years, 8 Months	4 Years, 3 Months
Troy Elliott	Chief Financial Officer	30 Years	1 Year, 4 Months
Alfredo Martinez ²	Director of Management and Budget	21 Years, 8 Months	9 Months

¹ Ms. Tate was appointed Assistant City Manager on June 10, 2026. Ms. Tate served as Interim Assistant City Manager since December 1, 2025. Prior to her appointment, Ms. Tate served as the Director of Management and Budget since December 2021.

² Mr. Martinez was appointed Director of Management and Budget on June 10, 2026. Mr. Martinez served as Interim Director of Management and Budget since December 1, 2025. Prior to his appointment, Mr. Martinez served as Assistant Director of Management and Budget since November 2019.

CONSULTANTS AND ADVISORS:

Co-Bond Counsel McCall, Parkhurst & Horton L.L.P. and Escamilla & Poneck, LLP, San Antonio, Texas

Certified Public Accountant* FORVIS, LLP, Houston, Texas

Co-Financial Advisors Hilltop Securities Inc. and Estrada Hinojosa, San Antonio, Texas

* FORVIS, LLP, the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein any procedures on the financial statements addressed in that report. FORVIS, LLP also has not performed any procedures relating to this Official Statement.

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USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the “Rule”), and in effect on the date of this Preliminary Official Statement, this document constitutes an “official statement” of the City with respect to the 2026 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.

This Official Statement and the information contained herein are subject to completion and amendment. The 2026 Obligations may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, broker, salesman, or other person has been authorized by the City, the Co-Financial Advisors, or the Underwriters to give any information or to make any representation with respect to the 2026 Obligations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been compiled from sources which are believed by the City to be reliable but is not guaranteed as to accuracy or completeness by the Co-Financial Advisors or the Underwriters and is not to be construed as a promise or guarantee of the Co-Financial Advisors or the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth hereinafter the date of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE 2026 OBLIGATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE AGREEMENTS OF THE CITY AND OTHERS RELATED TO THE 2026 OBLIGATIONS ARE CONTAINED SOLELY IN THE CONTRACTS DESCRIBED HEREIN. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER STATEMENT MADE IN CONNECTION WITH THE OFFER OR SALE OF THE 2026 OBLIGATIONS IS TO BE CONSTRUED AS CONSTITUTING AN AGREEMENT WITH THE UNDERWRITERS OF THE 2026 OBLIGATIONS. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE SCHEDULE AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE 2026 OBLIGATIONS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE 2026 OBLIGATIONS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE 2026 OBLIGATIONS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING” STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES AND 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.

All information contained in this Official Statement, including the Schedules and the appendices attached hereto, is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty, or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

None of the City, the Underwriters, or the Co-Financial Advisors makes any representation or warranty with respect to the information contained in this Official Statement regarding DTC (defined herein) or its Book-Entry-Only System, as such information has been provided by DTC.

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PRELIMINARY OFFICIAL STATEMENT

Relating to

CITY OF SAN ANTONIO, TEXAS

\$316,690,000*
General Improvement and Refunding
Bonds, Series 2026

\$114,870,000*
Combination Tax and Revenue
Certificates of Obligation, Series 2026

\$26,460,000*
General Improvement Bonds,
Taxable Series 2026

\$22,445,000*
Combination Tax and Revenue
Certificates of Obligation, Taxable
Series 2026

\$7,510,000*
Tax Notes, Series 2026

INTRODUCTION

GENERAL

The City of San Antonio, Texas (the “City”) is issuing its \$316,690,000* General Improvement and Refunding Bonds, Series 2026 (the “2026 Bonds”), its \$114,870,000* Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “2026 Certificates”), and its \$7,510,000* Tax Notes, Series 2026 (the “2026 Notes” and, together with the 2026 Bonds and the 2026 Certificates collectively referred to as the “Tax-Exempt Obligations”). The City is also issuing its \$26,460,000* General Improvement Bonds, Taxable Series 2026 (the “2026 Taxable Bonds”) and its \$22,445,000* Combination Tax and Revenue Certificates of Obligation, Taxable Series 2026 (the “2026 Taxable Certificates”, and together with the 2026 Taxable Bonds, the “2026 Taxable Obligations”) and together with the Tax-Exempt Obligations, are collectively referred to herein as the “2026 Obligations”. The 2026 Certificates and the 2026 Taxable Certificates shall hereinafter be collectively referred to as the “Certificates” and the 2026 Bonds and the 2026 Taxable Bonds shall hereinafter be collectively referred to as the “Bonds”. The 2026 Obligations are being issued pursuant to the Constitution and general laws of the State of Texas (the “State”) as further described herein; the Home Rule Charter of the City (the “City Charter”); separate ordinances (together, the “Ordinances”) authorizing the issuance of the 2026 Obligations adopted by the City Council of the City (the “City Council”) on August 6, 2026, for the respective purposes identified therein and as described herein; and with respect to the Bonds, an election held within the City on May 7, 2022. (See “PURPOSES AND PLAN OF FINANCING – Purposes of the 2026 Obligations” and “THE 2026 OBLIGATIONS – Authority for Issuance” herein.) As permitted by applicable State law, the City has, in each Ordinance, authorized certain City officials and staff to execute a separate “Approval Certificate” relating to each particular series of the 2026 Obligations evidencing final sales terms relative thereto.

All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained upon request from the City Finance Department, 100 West Houston Street, 8th Floor, San Antonio, Texas 78205 or from the City’s Co-Financial Advisors, Hilltop Securities Inc., 70 Northeast Loop 410, Suite 750, San Antonio, Texas 78216, and Estrada Hinojosa, 14414 Blanco Road, Suite 320, San Antonio, Texas 78216, by electronic mail or upon payment of reasonable copying, mailing, and handling charges.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of the final Official Statement and the Escrow Agreement, as applicable, will be filed with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system. (See “CONTINUING DISCLOSURE OF INFORMATION” herein for information regarding EMMA and for a description of the City’s undertaking to provide certain information on a continuing basis.)

* Preliminary, subject to change.

PURPOSES AND PLAN OF FINANCING

PURPOSES OF THE 2026 OBLIGATIONS

The 2026 Bonds are being issued to provide funds for: (1) improvements to streets, bridges, and sidewalks; drainage and flood control; parks and recreation; library and cultural facilities; and public safety facilities; (2) refunding certain outstanding City obligations (as identified in Schedule I hereto, the “Refunded Obligations”, for debt service savings); (3) financing the purchase of outstanding bonds (as identified in Schedule II hereto) acquired by the City by means of a tender offer (the “Tender Offer”) to produce debt service savings, and (4) paying the costs of issuance of the 2026 Bonds.

The 2026 Taxable Bonds are being issued to provide funds for: (1) the City’s affordable housing program, and (2) paying the costs of issuance of the 2026 Taxable Bonds.

The 2026 Certificates are being issued to provide funds for: (1) designing, acquiring, constructing, renovating, improving, and equipping various City streets, drainage, and sidewalk improvements, including necessary capital maintenance, utilities relocation, landscaping, wayfinding, and monumentation necessary or incidental thereto, (2) designing, acquiring, constructing, renovating, replacing, installing, equipping, and upgrading City-owned facilities, including design, construction, renovation, and improvement of public safety facilities (police substations and training academies), fire, and emergency response, solid waste disposal facilities, and City parks and recreation facilities that are generally accessible to the public and are a part of the City’s park system, (3) rehabilitating, expanding, reconstructing, and maintaining existing community civic centers (including Westside Service Center and Father Roman Community Center) owned and operated by the City or an entity created to act on behalf of the City, (4) acquisition and installation of software and hardware, communications systems, information technology and related equipment necessary to support City operations (including financial management), (5) improving, expanding, constructing, and acquiring improvements to City-owned utility systems, including water, wastewater, drainage, electric gas, and including capital improvement elements of a solar program. (6) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, (7) the payment of professional services related to the construction, project management, and financing of the aforementioned projects, and (8) paying the costs of issuance of the 2026 Certificates.

The 2026 Taxable Certificates are being issued to provide funds for: (1) designing, planning, acquiring, constructing, renovating, improving, and equipping a fully operational four-lane roadway that is part of the State highway system located wholly within the City at 1 Lone Star Pass, San Antonio, Texas 78264, connecting to U.S. Highway 281, including necessary capital maintenance, utilities relocation, landscaping, wayfinding, and monumentation necessary or incidental thereto, (2) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, (3) the payment of professional services related to the construction, project management, and financing of the aforementioned projects, and (4) paying the costs of issuance of the 2026 Taxable Certificates.

The 2026 Notes are being issued to provide funds for: (1) street improvements and ancillary improvements necessary or incidental thereto; (2) information technology improvements; (3) acquiring, purchasing, improving, constructing, renovating, enlarging, extending, equipping, and/or repairing City public safety facilities for the police department, administrative (facilities housing the governmental functions of the City), libraries, parks (facilities that are generally accessible to the public and are a part of the City’s park system), animal shelter, bridges, and upgrades and maintenance to these municipal facilities and infrastructure; (4) the payment of professional services related to the design, construction, installation, and financing of the aforementioned projects; and (5) paying the costs of issuance of the 2026 Notes.

THE PURCHASED BONDS

The City, with the assistance of Morgan Stanley & Co. LLC, as the dealer manager (the “Dealer Manager”), expects to release an “Invitation to Tender Bonds”, dated August 7, 2026 (the “Invitation”) to the beneficial owners of the City’s “General Improvement Refunding Bonds, Taxable Series 2020” identified in the Invitation (the “Target Bonds”) on the terms set forth in the Invitation. Subject to the terms and limitation on amount of Target Bonds to be purchased for cancellation by the City set forth in, and other conditions of, the Invitation, on the date of delivery of the 2026 Bonds (the “Closing Date”), the City will purchase for cash those Target Bonds validly tendered and accepted

for purchase (in the principal amounts comprising the purchased bonds, as set forth in “SCHEDULE II – SCHEDULE OF PURCHASED BONDS”) (the “Purchased Bonds”). The City expects to pay for such Purchased Bonds, together with the costs related thereto, from (1) certain proceeds of the 2026 Bonds, and (2) certain available funds of the City held in trust for the beneficial owners of the Target Bonds. The Purchased Bonds will be canceled on the Closing Date and will no longer be deemed outstanding.

Target Bonds not so purchased will remain outstanding, with the exception of any Target Bonds not so purchased that comprise Refunded Obligations. Prior to or on the Closing Date, The Arbitrage Group, Inc. (the “Verification Agent”) will provide its report (the “Report”) verifying, among other items described below, the sufficiency of cash deposited with the Paying Agent/Registrar (defined herein) to pay the purchase price of the Purchased Bonds plus costs related thereto.

This description is not intended to summarize the terms of the Invitation, or to solicit offers to tender Target Bonds, and reference is made to the Invitation for a discussion of the terms of the Invitation and the conditions for settlement of the Target Bonds validly tendered and accepted for purchase. The City will file the Invitation with the MSRB through its EMMA System. See “PURPOSES AND PLAN OF FINANCING – Sources and Uses of the 2026 Obligations” and “SCHEDULE II – SCHEDULE OF PURCHASED BONDS”.

REFUNDED OBLIGATIONS

The Refunded Obligations, and interest due thereon, are to be paid on their scheduled redemption date and/or maturity dates (subject to market conditions) from funds to be deposited with U.S. Bank Trust Company, National Association, Houston, Texas (the “Escrow Agent”) pursuant to an Escrow and Trust Agreement, dated as of August 6, 2026 (the “Escrow Agreement”), between the City and the Escrow Agent.

The 2026 Bond Ordinance (defined herein) provides that from a portion of the proceeds of the sale of the 2026 Bonds received from the Underwriters, along with a City contribution (if any), the City will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Obligations to their date of redemption and/or stated maturity. Such funds will be held by the Escrow Agent in one or more special escrow accounts (collectively, the “Escrow Fund”), a portion of which will be held uninvested in cash and the remainder used to purchase a portfolio of securities authorized by Section 1207.062, Texas Government Code, as amended, which authorization includes direct noncallable obligations of the United States and noncallable obligations of an agency or instrumentality of the United States rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent and guaranteed by the full faith and credit of the United States of America (the “Federal Securities”) maturing in time to make such payment. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations. Such maturing principal of and interest on the Federal Securities and uninvested cash will not be available to pay debt service on any of the 2026 Bonds.

Prior to, or simultaneously with, the issuance of the 2026 Bonds, the City will give irrevocable instructions to provide notice to the owners of the Refunded Obligations that certain Refunded Obligations will be redeemed at/or prior to stated maturity on which dates money will be made available to redeem the Refunded Obligations from money held under the Escrow Agreement.

In the Report, the Verification Agent will additionally verify at the time of initial delivery of the 2026 Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations. (See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.)

By the deposit of a portion of the 2026 Bond proceeds and cash from the City (if any) with the Escrow Agent pursuant to the Escrow Agreement, and the investment of a portion thereof in the Federal Securities, the City will have effectuated the defeasance of the Refunded Obligations pursuant to the terms of the City ordinances authorizing their issuance. It is the opinion of Co-Bond Counsel (defined herein) that, as a result of such defeasance, and in reliance upon the Report, the Refunded Obligations will no longer be payable from ad valorem taxes and limited revenues, as applicable, but will be payable solely from the amounts on deposit in the Escrow Fund and held for such purpose by the Escrow Agent, and that the Refunded Obligations will be defeased and are not to be included in or considered to be indebtedness of the City for the purpose of a limitation of indebtedness or for any other purpose. The City has

covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund are insufficient to make such payment.

SOURCES AND USES OF THE 2026 OBLIGATIONS

The following table summarizes the application of the proceeds resulting from the sale of the 2026 Bonds and a contribution from the City, if any, and the uses of funds.

Sources of Funds	
Principal Amount of the 2026 Bonds	
[Net] Reoffering Premium	
City Contribution	
Total Sources of Funds	
Uses of Funds	
Purchased Bonds to be Cancelled upon Purchase	
Project Fund Deposit	
Escrow Fund Deposit	
Costs of Issuance and Additional Proceeds	
Underwriters' Discount	
Total Uses of Funds	

The following table summarizes the application of the proceeds resulting from the sale of the 2026 Taxable Bonds and the uses of funds.

Sources of Funds	
Principal Amount of the 2026 Taxable Bonds	
City Contribution	
Total Sources of Funds	
Uses of Funds	
Project Fund Deposit	
Costs of Issuance and Additional Proceeds	
Underwriters' Discount	
Total Uses of Funds	

The following table summarizes the application of the proceeds resulting from the sale of the 2026 Certificates and the uses of funds.

Sources of Funds	
Principal Amount of the 2026 Certificates	
[Net] Reoffering Premium	
Total Sources of Funds	
Uses of Funds	
Project Fund Deposit	
Costs of Issuance and Additional Proceeds	
Underwriters' Discount	
Total Uses of Funds	

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The following table summarizes the application of the proceeds resulting from the sale of the 2026 Taxable Certificates and the uses of funds.

Sources of Funds	
Principal Amount of the 2026 Taxable Certificates	_____
Total Sources of Funds	_____
Uses of Funds	
Project Fund Deposit	
Costs of Issuance and Additional Proceeds	
Underwriters' Discount	_____
Total Uses of Funds	_____

The following table summarizes the application of the proceeds resulting from the sale of the 2026 Notes and the uses of funds.

Sources of Funds	
Principal Amount of the 2026 Notes	
[Net] Reoffering Premium	
Total Sources of Funds	_____
Uses of Funds	
Project Fund Deposit	
Costs of Issuance and Additional Proceeds	
Underwriters' Discount	_____
Total Uses of Funds	_____

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THE 2026 OBLIGATIONS

DESCRIPTION OF THE 2026 OBLIGATIONS

Interest on the 2026 Obligations accrues from the Delivery Date, will be computed on the basis of a 360-day year of twelve 30-day months, and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2027 until stated maturity or prior redemption (if the particular series of 2026 Obligations is subject to prior redemption). The principal of and interest on the 2026 Obligations are payable in the manner described herein under “THE 2026 OBLIGATIONS – Book-Entry-Only System”. If the Book-Entry-Only System is discontinued, the interest on the 2026 Obligations will be payable to the registered owner as shown on the applicable security register (the “Register”) maintained by U.S. Bank Trust Company, National Association, Houston, Texas, as the initial Paying Agent/Registrar, as of the Record Date (defined herein) by check, mailed first-class postage prepaid, to the address of such person on the Register, or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, the principal of the 2026 Obligations will be payable at stated maturity or prior redemption, as and if applicable, upon presentation and surrender thereof at the designated payment office of the Paying Agent/Registrar.

If the date for the payment of the principal of or interest on the 2026 Obligations is a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized to close or the United States Post Office is not open for business, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment was due.

AUTHORITY FOR ISSUANCE

The Bonds

The Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapters 1207, 1251, 1331, and 1371, Texas Government Code, as amended, and Chapter 331, Texas Local Government Code, as amended; an election held in the City on May 7, 2022 (the “Election”); the Home Rule Charter of the City (the “City Charter”); and separate ordinances (together, the “2026 Bond Ordinances”) adopted by the City Council on August 6, 2026 authorizing the respective issuances of the Bonds. (See “THE CITY – Debt Authorization” herein.)

The Certificates

The Certificates are being issued by the City pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapters 1371 and 1502, Texas Government Code, as amended; the City Charter; and separate ordinances (together, the “2026 Certificate Ordinances”) adopted by the City Council on August 6, 2026 authorizing respective issuances of the Certificates.

The 2026 Notes

The 2026 Notes are being issued by the City pursuant to the Constitution and general laws of the State, particularly Chapters 1371 and 1431, Texas Government Code, as amended; the City Charter; and an ordinance (the “2026 Note Ordinance” and collectively with the 2026 Bond Ordinances and the 2026 Certificate Ordinances, the “Ordinances”) adopted by the City Council on August 6, 2026 authorizing the issuance of the 2026 Notes.

Delegation of Authority to Effectuate Sale

As permitted by Chapter 1371, Texas Government Code, as amended (“Chapter 1371”), the City has, in each of the Ordinances, authorized certain City officials and staff to execute a separate “Approval Certificate” relating to each series of the 2026 Obligations evidencing final sales terms relative thereto.

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SECURITY

Ad Valorem Tax Pledge

In each of the Ordinances, the City covenants that it will levy and collect an annual ad valorem tax within the limitations prescribed by law against all taxable property located within the City sufficient to meet the debt service requirements on each series of the 2026 Obligations. The City had outstanding, as of August 1, 2026, \$2,562,795,000 in principal amount of tax-supported obligations prior to the issuance of the 2026 Obligations. After effectuating delivery of the 2026 Obligations, the purchase of the Purchased Bonds and the defeasance of the Refunded Obligations on or about September 16, 2026, the City's outstanding principal amount of indebtedness payable from ad valorem taxes will be \$2,894,250,000.*

Tax Rate Limitations

The State Constitution and the City Charter provide that the ad valorem taxes levied by the City for general purposes and for the purpose of paying the principal of and interest on the City's indebtedness must not exceed \$2.50 for each \$100 of assessed valuation of taxable property. There is no constitutional or statutory limitation within the \$2.50 rate for interest and sinking fund purposes; however, the Texas Attorney General, who must approve the issuance of the 2026 Obligations, has adopted an administrative policy that 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 the foregoing \$2.50 maximum tax rate calculated at 90% collections. In addition, Section 1331.051, Texas Government Code, as amended, and the City Charter prohibit the total debt of the City from exceeding 10% of the total assessed valuation of property shown by the last assessment roll, and the City Charter excludes (i) any indebtedness secured in whole or in part by special assessments, (ii) the debt of any improvement district, and (iii) any indebtedness secured by revenues, other than taxes of the City or of any department or agency thereof. The issuance of the 2026 Obligations does not result in the City's violation of these provisions. (See "DEBT AND TAX RATE LIMITATIONS" herein.)

Limited Revenue Pledge Securing the Certificates

Solely to comply with State law allowing the Certificates to be sold for cash (and not as an expected source of repayment), the Certificates are additionally secured by and payable from a lien on and pledge of not more than \$1,000 derived from (i) the net revenues of the City's municipal parks system (as it relates to the 2026 Certificates), such lien and pledge, however, being subordinate and inferior to any lien thereon and pledge thereof now or hereafter and (ii) the net revenues of the City's electric and gas systems (as it relates to the 2026 Taxable Certificates), such lien and pledge, however, being subordinate and inferior to any lien hereon and pledge hereof now or hereafter. The City has issued, and there remain outstanding, other series of certificates of obligation secured by a limited amount of park revenues, and the City will use these revenues prospectively in a similar manner in connection with the issuance of additional series of certificates of obligation.

Perfection of Security Interest

Chapter 1208, as amended, Texas Government Code, applies to the issuance of the 2026 Obligations and the pledge of the ad valorem taxes and, with respect to the Certificates, the separate pledge of \$1,000 in (i) municipal park system revenues thereto (as it relates to the 2026 Certificates) and (ii) electric and gas systems revenues thereto (as it relates to the 2026 Taxable Certificates) and such pledges are, therefore, valid, effective, and perfected. Should State law be amended at any time while the 2026 Obligations are outstanding and unpaid, the result of such amendment being that the pledge of the ad valorem taxes and revenues (with respect to the Certificates) are to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, as amended, in order to preserve to the registered owners of the 2026 Obligations a perfected security interest in such pledges the City agrees to take such measures as it determines are reasonable and necessary to maintain a perfected security interest in said pledge or pledges.

* Preliminary, subject to change.

REDEMPTION

Optional Redemption

The City reserves the right, at its option, to redeem the Bonds and the Certificates (collectively, the “Callable Obligations”) having stated maturities on and after February 1, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on _____, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

The 2026 Notes are not subject to redemption prior to stated maturity.

Selection of Callable Obligations for Redemption

If less than all of the Callable Obligations are to be redeemed, the City may select the maturities and the principal amount of the Callable Obligations within each series to be redeemed. If less than all the Callable Obligations of any maturity for a series are to be redeemed, the Paying Agent/Registrar (or DTC while the Callable Obligations are in Book-Entry-Only form) shall determine by lot the Callable Obligations, or portions thereof, within such maturity of a particular series of Callable Obligations to be redeemed. If a Callable Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Callable Obligation (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Callable Obligations of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any integral multiple thereof). Any Callable Obligation to be partially redeemed must be surrendered in exchange for one (1) or more new Callable Obligations of the same stated maturity, series, and interest rate for the unredeemed portion of the principal.

Notice of Redemption

Not less than 30 days prior to a redemption date for the Callable Obligations, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Callable Obligations to be redeemed, in whole or in part, at the address of the registered owner appearing on the register of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. By the date fixed for such redemption, due provision must be made with the Paying Agent/Registrar for the payment of the required redemption price for the Callable Obligations or portions thereof which are to be so redeemed. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, AND SUCH PROVISION MADE FOR THE PAYMENT OF THE CALLABLE OBLIGATIONS, THE CALLABLE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CALLABLE OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CALLABLE OBLIGATION OR PORTION THEREOF SHALL CEASE TO ACCRUE AFTER THE DATE FIXED FOR REDEMPTION, AND THEY WILL NOT BE REGARDED AS BEING OUTSTANDING EXCEPT FOR THE RIGHT OF THE REGISTERED OWNER TO RECEIVE THE REDEMPTION PRICE FROM THE PAYING AGENT/REGISTRAR OUT OF THE FUNDS PROVIDED FOR SUCH PAYMENT. See “THE 2026 OBLIGATIONS – Book-Entry-Only System” herein.

Notices and Redemption through The Depository Trust Company

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the 2026 Obligations, will send any notice of redemption of Callable Obligations, notice of proposed amendment to any of the Ordinances or other notices with respect to the 2026 Obligations only to DTC. Any failure by DTC to advise any Direct Participant (hereinafter defined), or of any Direct Participant or Indirect Participant (hereinafter defined) to notify the Beneficial Owner (hereinafter defined), will not affect the validity of the redemption of the Callable Obligations called for redemption or any other action premised on any such notice. Redemption of portions of the Callable Obligations by the City will reduce the outstanding principal amount of such Callable Obligations held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Callable Obligations held for the account of Direct Participants in accordance with its rules or other agreements with Direct Participants and then Direct

Participants and Indirect Participants may implement a redemption of such Callable Obligations from the Beneficial Owners. Any such selection of Callable Obligations to be redeemed will not be governed by the applicable Ordinance relating to such series of Callable Obligations and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to Direct Participants, Indirect Participants or the persons for whom Direct Participants act as nominees, with respect to the payments on the Callable Obligations or the providing of notice to Direct Participants, Indirect Participants, or Beneficial Owners of the selection of portions of the Callable Obligations for redemption. See “THE 2026 OBLIGATIONS – Book-Entry-Only System” herein.

Denominations

The Callable Obligations of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any integral multiple thereof). Any of the Callable Obligations to be partially redeemed must be surrendered in exchange for one (1) or more new Callable Obligations in authorized denominations of the same stated maturity, series, and interest for the unredeemed portion of the principal.

PAYING AGENT/REGISTRAR

The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, Houston, Texas. In each of the Ordinances, the City covenants to provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar at all times until each respective series of the 2026 Obligations are duly paid. In each of the Ordinances, the City retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar must accept the previous Paying Agent/Registrar’s records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the City, must be a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as a Paying Agent/Registrar for any series of 2026 Obligations. Upon a change in the Paying Agent/Registrar for a series of 2026 Obligations, the City will promptly cause written notice thereof to be sent to each registered owner of such series of 2026 Obligations by United States mail, first-class postage prepaid.

TRANSFER, EXCHANGE, AND REGISTRATION

If a series of 2026 Obligations is not in the Book-Entry-Only System, such series of 2026 Obligations may be registered, transferred, assigned, and exchanged on the Register only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration, transfer, and exchange will 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, transfer, and exchange. A 2026 Obligation may be assigned by the execution of an assignment form on the 2026 Obligation or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new 2026 Obligation will be delivered by the Paying Agent/Registrar in lieu of the 2026 Obligation being transferred or exchanged at the designated payment office of the Paying Agent/Registrar or sent by United States registered mail to the new registered owner at the registered owner’s request, risk, and expense. New 2026 Obligations issued in an exchange or transfer of 2026 Obligations will be delivered to the registered owner or assignee of the registered owner, to the extent possible, within three (3) business days after the receipt of the 2026 Obligations to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New 2026 Obligations registered and delivered in an exchange or transfer will be in denominations of \$5,000 for any one (1) stated maturity or any integral multiple thereof and for a like aggregate principal amount, series, and rate of interest as the 2026 Obligations surrendered for exchange or transfer. See “THE 2026 OBLIGATIONS – Book-Entry-Only System” herein for a description of the system to be utilized in regard to ownership and transferability of the 2026 Obligations while in the Book-Entry-Only System.

MUTILATED, DESTROYED, LOST, OR STOLEN OBLIGATIONS

The City has agreed to replace damaged, mutilated, destroyed, lost, or stolen 2026 Obligations upon surrender of the damaged or mutilated 2026 Obligations to the Paying Agent/Registrar or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the City and the Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The City may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

LIMITATION ON TRANSFER

Neither the City nor the Paying Agent/Registrar will be required to (1) transfer or exchange any 2026 Obligations during the period commencing at the close of business on the Record Date (as hereinafter defined) and ending at the opening of business on the next interest payment date, and (2) transfer or exchange any Callable Obligations so selected for redemption when such redemption is scheduled to occur within 30 calendar days; provided however, that such limitation or transfer is not applicable to an exchange by the registered owner of an uncalled balance of a Callable Obligation.

DEFAULTS AND REMEDIES

If the City defaults in the payment of principal, interest, or redemption price on a series of 2026 Obligations (as applicable) when due, or if it fails to make payments into any fund or funds created in the applicable Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the applicable Ordinances, the bondholders may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the 2026 Obligations if there is no other available remedy at law to compel performance of the 2026 Obligations or the applicable Ordinances and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so it rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the 2026 Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The applicable Ordinances do not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the City to perform in accordance with the terms of the applicable Ordinances, 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 bondholders.

The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. 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 the issuance of the 2026 Obligations. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the 2026 Obligations (as further described under the caption "THE 2026 OBLIGATIONS – Authority for Issuance"), the City has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas Legislature has effectively waived the City's sovereign immunity from a suit for money damages outside of Chapter 1371, bondholders may not be able to bring such a suit against the City for breach of the 2026 Obligations or the applicable Ordinances. Furthermore, *Tooke*, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of the municipality.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson"), the Texas Supreme Court (the "Court") addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the State's immunity is not an efficient way to ensure efficient allocation of State's resources." While the Court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018, clarifying 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 when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code.

Notwithstanding the foregoing, such governmental immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based

on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the bondholders 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 2026 Obligations. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the United States 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 bondholders 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 bondholders' 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 court); and the Bankruptcy Code provides for broad discretionary powers of a bankruptcy court in administering any proceeding brought before it. The opinions of Co-Bond Counsel will note that all opinions relative to the enforceability of the Ordinances and the 2026 Obligations are qualified with respect to the customary rights of debtors relative to their creditors and as to general principles of equity that permit the exercise of judicial discretion.

RECORD DATE FOR INTEREST PAYMENT

The date for determining the person to whom the interest on the 2026 Obligations is payable on any interest payment date is the 15th day of the month next preceding such interest payment date (the "Record Date"), as specified in each of the Ordinances. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new Record Date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such 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 must be 15 days after the Special Record Date) will be sent at least five (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 a 2026 Obligation appearing on the applicable Register at the close of business on the day next preceding the date of mailing of such notice.

AMENDMENTS

The City may, without the consent of or notice to any registered owner, from time to time and at any time, amend each of the Ordinances in any manner not detrimental to the interests of the applicable bondholders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of registered owners holding a majority in aggregate principal amount of the 2026 Obligations then outstanding affected thereby, amend, add to, or rescind any of the provisions of the applicable Ordinances; provided, however, that, without the consent of all registered owners of outstanding 2026 Obligations affected thereby, no such amendment, addition, or rescission may (i) extend the time or times of payment of the principal of and interest on the 2026 Obligations, reduce the principal amount thereof, or the rate of interest thereon, modify the redemption price (with respect to the Callable Obligations), or in any other way modify the terms of payment of the principal of or interest on the 2026 Obligations, (ii) give any preference to any 2026 Obligations over any other 2026 Obligations of that series, or (iii) reduce the aggregate principal amount of the 2026 Obligations required for consent to any such amendment, addition, or rescission.

DEFEASANCE

The Ordinances provide for the defeasance of the applicable series of the 2026 Obligations when the payment of the principal of such 2026 Obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption (with respect to the Callable Obligations), or otherwise), is provided for by irrevocably depositing with a paying agent (or other financial institution permitted by applicable State law), in trust (1) money sufficient to make such payment, and/or (2) Government Securities (defined below), of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of money and Government Securities together so certified sufficient to make such payment. The foregoing deposits shall be

certified as to sufficiency by an independent accounting firm, the City's Co-Financial Advisors, the Paying Agent/Registrar, or such other qualified financial institution (as provided in the Ordinances). The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested money on deposit for such defeasance, and to withdraw for the benefit of the City money in excess of the amount required for such defeasance.

The term "Government Securities" means (1) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (2) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, or (4) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the 2026 Obligations. City officials are authorized to further restrict the foregoing Government Securities in connection with and at the time of sale of the 2026 Obligations. There is no assurance that the ratings for United States Treasury securities acquired to defease any 2026 Obligations, or those for any other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of those securities identified in clauses (1) through (3) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the 2026 Obligations ("Defeasance Proceeds"), though the City has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Ordinances do not contractually limit such permissible defeasance securities and expressly recognize the ability of the City to use lawfully available Defeasance Proceeds to defease all or any portion of the 2026 Obligations, registered owners of 2026 Obligations are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under Texas law as permissible defeasance securities.

Upon such deposit as described above, such 2026 Obligations will no longer be regarded as being outstanding or unpaid and no longer entitled to the rights and benefits afforded under the applicable Ordinances; provided, however, that the City may reserve the option, to be exercised at the time of defeasance of the Callable Obligations, to call for redemption, at an earlier date, those Callable Obligations which have been defeased to their maturity date, if the City (1) in the proceedings for the firm banking and financial arrangements, expressly reserves the right to call the Callable Obligations for redemption; (2) gives notice of the reservation of that right to the owners of the Callable Obligations immediately following the making of the firm banking and financial arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

PAYMENT RECORD

The City has never defaulted in payments on its bonded indebtedness.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the 2026 Obligations is to be transferred and how the principal of and interest on the 2026 Obligations are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the 2026 Obligations are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Co-Financial Advisors, and the Underwriters believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (i) DTC will distribute payments of debt service on the 2026 Obligations, or redemption (as related to the Callable Obligations) or other notices, to DTC Participants, (ii) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the 2026 Obligations), or redemption (as it relates to the Callable Obligations) or notices, to the Beneficial Owners, or that they will do so on a timely basis, or (iii) DTC will serve and act in the manner described in this Official Statement.

The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the 2026 Obligations. The 2026 Obligations 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 certificate will be issued for each maturity of each series of the 2026 Obligations in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest 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 about 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"). DTC has a S&P Global Ratings' rating of "AA+". The DTC Rules applicable to its participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2026 Obligations under the DTC system must be made by or through Direct Participants, who will receive a credit for the 2026 Obligations on DTC's records. The ownership interest of each actual purchaser of the 2026 Obligations ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect 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 Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the 2026 Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2026 Obligations, except in the event that use of the book-entry system for the 2026 Obligations is discontinued.

To facilitate subsequent transfers, all 2026 Obligations 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 2026 Obligations 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 2026 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect 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 2026 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026 Obligations, such as redemptions for the Callable Obligations, tenders, defaults, and proposed amendments to the 2026 Obligations documents. For example, Beneficial Owners of 2026 Obligations may wish to ascertain that the nominee holding the 2026 Obligations 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 Paying Agent/Registrar and request that copies of notices are provided directly to them.

Redemption notices for the Callable Obligations will be sent to DTC. If less than all of the Callable Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of 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 the 2026 Obligations 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 the 2026 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the 2026 Obligations 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 detailed 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, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. All 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 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 shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2026 Obligations at any time by giving reasonable notice to the City and the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates for the 2026 Obligations are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the 2026 Obligations will be printed and delivered to DTC.

So long as Cede & Co. is the registered owner of the 2026 Obligations, the City will have no obligation or responsibility to the DTC Participants or Indirect Participants, or to the persons for which they act as nominees, with respect to payment to or providing of notice to such Participants, or the persons for which they act as nominees.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT

In reading this Official Statement, it should be understood that while the 2026 Obligations are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners, bondholders, or holders should be read to include the person for which the Direct Participant or Indirect Participant acquires an interest in the 2026 Obligations, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under any of the Ordinances will be given only to DTC.

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The following Tables 1A-6 contain information on assessed valuation, debt payable from ad valorem taxes, estimated debt payable from ad valorem taxes, tax adequacy, indicated interest and sinking fund, ad valorem tax debt principal repayment schedule, and debt obligations - capital leases payable.

DEBT STATEMENT: ASSESSED VALUATION, OUTSTANDING DEBT PAYABLE FROM AD VALOREM TAXES, AND DEBT RATIOS

ASSESSED VALUATION ¹

TABLE 1A

Tax Year 2025 Actual Market Value of Taxable Property		\$ 213,546,361,826
Less:		
Residence Homestead Exemptions – Optional 65 or Older	\$ 9,005,842,246	
Disabled Veterans’ Exemptions	172,954,732	
Disabled Veterans’ 100% Exemptions	4,838,856,064	
Residence Homestead Exemptions – Disabled	429,360,087	
Historical Property Exemptions	287,762,937	
Freeport Goods Exemptions	998,738,576	
Tax Abatement/Phase-In Exemptions	996,256,979	
Residence Homestead Appraised Value 10% Limitations	1,632,467,218	
Commercial Appraised Value 20% Limitations	471,407,399	
Local Homestead Exemption	13,987,480,952	
Agricultural Productivity Loss	915,494,567	
Pollution Control Exemptions	92,412,629	
Low Income Housing Exemptions	180,221,890	
Absolute Value Exemptions	16,424,960,370	
Community Housing Development Organizations	233,134,241	
Armed Services Surviving Spouse Exemptions	12,339,620	
First Responder Surviving Spouse Exemptions	3,775,638	
Personal Property Vehicle Exemptions	604,760	
Pro-Rated Exemptions	66,314,378	
Childcare Facility Exemptions	117,293,912	
Medical or Biomedical Property Exemptions	803,530	
Total Exemptions	\$ 50,868,482,725	
Exemption & Litigation Loss Adjustment	\$ (3,983,566,387)	
Tax Year 2025 Net Taxable Assessed Valuation (100% of Actual Market) ²		<u>\$ 158,694,312,714</u>

¹ Based on Tax Year 2025 Net Taxable Assessed Valuation certified by the Bexar Appraisal District as of July 19, 2025.

² The City anticipates that the taxable assessed value of real property subject to the 65 years of age and older and disabled homeowners tax freeze totals approximately \$4,492,352,702, resulting in a Fiscal Year 2026 reduction in ad valorem tax revenue of approximately \$24,330,133.

DEBT PAYABLE FROM AD VALOREM TAXES***TABLE 1B****The Outstanding Ad Valorem Tax Debt (at 9/16/2026)**

General Obligation Bonds	\$ 1,556,875,000
Combination Tax and Revenue Certificates of Obligation	752,615,000
Tax Notes	253,305,000
Total Gross Outstanding Ad Valorem Tax Debt	\$ 2,562,795,000
The 2026 Bonds **	\$316,690,000 *
Less: The Refunded Obligations **	\$100,370,000
Less: The Purchased Bonds **	\$56,150,000
The 2026 Taxable Bonds **	\$26,460,000 *
The 2026 Certificates **	\$114,870,000 *
The 2026 Taxable Certificates **	\$22,445,000 *
The 2026 Tax Notes **	\$7,510,000 *
Total Gross Outstanding Ad Valorem Tax Debt	\$2,894,250,000
Less: Self-Supporting Debt ¹	\$381,810,000
Total Net Debt Payable from Ad Valorem Taxes	\$2,512,440,000

Interest and Sinking Fund Balance (at 9/30/2025)	\$ 33,338,210

Ratio of Gross Debt to Actual Market Value ²	1.36%
Ratio of Gross Debt to Net Taxable Assessed Value ²	1.82%
Ratio of Net Debt to Actual Market Value ²	1.18%
Ratio of Net Debt to Net Taxable Assessed Value ²	1.58%

Tax Year 2025 Actual Market Value of Taxable Property ²	\$213,546,361,826
Tax Year 2025 Net Taxable Assessed Value (100% of Actual Market) ²	\$158,694,312,714

Per Capita 2025 Net Taxable Assessed Valuation ^{2,3}	\$ 104,233
Per Capita Gross Debt ³	\$ 1,901
Per Capita Net Debt ³	\$ 1,650

* Preliminary, subject to change; excludes the Purchased Bonds and the Refunded Obligations. Assumes approximately 20% of Target Bonds are tendered and purchased for cancellation.

** Preliminary, subject to change.

¹ To maintain this debt as self-supporting, payments will be made from the Golf Course Revenue, revenues from the following Tax Increment Reinvestment Zones: Brooks City-Base, Inner City, Houston Street, Midtown, Westside; Stormwater Revenue; General Fund Revenue; Airport Revenue; and Development Services Fund Revenue. Though expected to be self-supporting from these respective sources, the sole and primary source of payment for these obligations is the City's pledge of ad valorem tax collections, within the limitations prescribed by law.

² Based on Tax Year 2025 Net Taxable Assessed Valuation certified by the Bexar Appraisal District as of July 19, 2025.

³ Based on the City's Information Technology Services Department estimated population of 1,522,498 in 2026.

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OUTSTANDING PRINCIPAL AND INTEREST REQUIREMENTS ^{*, 1, 2}

TABLE 2

Year	Existing Debt Service ¹	Less Refunded Obligations Debt Service ³	Less Purchased Bonds	The 2026 Bonds			The 2026 Taxable Bonds		
				Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service
2027	\$ 311,323,480	\$ 20,440,275	\$ 8,333,430	\$ 22,530,000	\$ 13,291,938	\$ 35,821,938	\$ 715,000	\$ 1,219,855	\$ 1,934,855
2028	327,058,837	20,437,650	7,802,470	25,170,000	14,078,750	39,248,750	565,000	1,368,454	1,933,454
2029	306,847,047	9,603,725	7,994,965	15,545,000	13,060,875	28,605,875	590,000	1,342,845	1,932,845
2030	291,506,940	9,606,500	10,059,553	18,465,000	12,210,625	30,675,625	615,000	1,315,579	1,930,579
2031	277,796,339	9,602,525	10,056,017	19,405,000	11,263,875	30,668,875	645,000	1,286,813	1,931,813
2032	274,646,381	9,605,350	7,859,521	18,155,000	10,324,875	28,479,875	675,000	1,256,222	1,931,222
2033	224,346,989	9,602,875	5,935,986	17,100,000	9,443,500	26,543,500	710,000	1,223,667	1,933,667
2034	210,814,244	9,607,500	1,686,808	14,930,000	8,642,750	23,572,750	745,000	1,188,335	1,933,335
2035	197,388,608	9,607,600	-	14,245,000	7,913,375	22,158,375	780,000	1,150,172	1,930,172
2036	154,049,033	9,603,300	-	14,970,000	7,183,000	22,153,000	820,000	1,110,132	1,930,132
2037	141,836,927	-	-	6,250,000	6,652,500	12,902,500	865,000	1,066,451	1,931,451
2038	137,645,547	-	-	6,570,000	6,332,000	12,902,000	915,000	1,018,792	1,933,792
2039	115,352,649	-	-	6,905,000	5,995,125	12,900,125	965,000	968,455	1,933,455
2040	98,424,574	-	-	7,260,000	5,641,000	12,901,000	1,015,000	915,440	1,930,440
2041	72,925,086	-	-	7,630,000	5,268,750	12,898,750	1,075,000	859,480	1,934,480
2042	59,290,388	-	-	8,025,000	4,877,375	12,902,375	1,135,000	799,178	1,934,178
2043	43,283,278	-	-	8,440,000	4,465,750	12,905,750	1,200,000	734,335	1,934,335
2044	36,313,608	-	-	8,870,000	4,033,000	12,903,000	1,265,000	665,882	1,930,882
2045	20,110,112	-	-	9,325,000	3,578,125	12,903,125	1,340,000	593,541	1,933,541
2046	4,626,872	-	-	9,800,000	3,100,000	12,900,000	1,415,000	517,035	1,932,035
2047	-	-	-	10,310,000	2,597,250	12,907,250	1,495,000	436,224	1,931,224
2048	-	-	-	10,835,000	2,068,625	12,903,625	1,585,000	349,472	1,934,472
2049	-	-	-	11,395,000	1,512,875	12,907,875	1,675,000	256,432	1,931,432
2050	-	-	-	11,975,000	928,625	12,903,625	1,775,000	157,969	1,932,969
2051	-	-	-	12,585,000	314,625	12,899,625	1,880,000	53,655	1,933,655
	<u>\$ 3,305,586,939</u>	<u>\$ 117,717,300</u>	<u>\$ 59,728,749</u>	<u>\$ 316,690,000</u>	<u>\$ 164,779,188</u>	<u>\$ 481,469,188</u>	<u>\$ 26,460,000</u>	<u>\$ 21,854,415</u>	<u>\$ 48,314,415</u>

* Preliminary, subject to change.

¹ As of September 16, 2026. Includes the Refunded Obligations and the Purchased Bonds.

² Includes self-supporting debt.

³ Assumes 20% of Target Bonds are tendered and purchased for cancellation.

OUTSTANDING PRINCIPAL AND INTEREST REQUIREMENTS *, 1, 2, 3

TABLE 2

The 2026 Tax-Exempt Certificates			The 2026 Taxable Certificates			The 2026 Notes			Total New Debt Service Requirement
Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service	
\$ 3,050,000	\$ 4,949,313	\$ 7,999,313	\$ -	\$ 1,057,648	\$ 1,057,648	\$ 960,000	\$ 304,563	\$ 1,264,563	\$ 330,628,091
2,470,000	5,529,250	7,999,250	-	1,208,741	1,208,741	960,000	303,500	1,263,500	350,472,412
2,595,000	5,402,625	7,997,625	525,000	1,196,973	1,721,973	1,010,000	254,250	1,264,250	330,770,925
2,730,000	5,269,500	7,999,500	550,000	1,172,649	1,722,649	1,060,000	202,500	1,262,500	315,431,740
2,870,000	5,129,500	7,999,500	575,000	1,146,965	1,721,965	1,115,000	148,125	1,263,125	301,723,075
3,020,000	4,982,250	8,002,250	605,000	1,119,617	1,724,617	1,170,000	91,000	1,261,000	298,580,474
3,175,000	4,827,375	8,002,375	630,000	1,090,589	1,720,589	1,235,000	30,875	1,265,875	248,274,134
3,335,000	4,664,625	7,999,625	665,000	1,059,139	1,724,139	-	-	-	234,749,785
3,505,000	4,493,625	7,998,625	695,000	1,025,105	1,720,105	-	-	-	221,588,285
3,685,000	4,313,875	7,998,875	735,000	989,319	1,724,319	-	-	-	178,252,059
3,875,000	4,124,875	7,999,875	770,000	950,309	1,720,309	-	-	-	166,391,062
4,075,000	3,926,125	8,001,125	815,000	907,870	1,722,870	-	-	-	162,205,334
4,285,000	3,717,125	8,002,125	860,000	863,022	1,723,022	-	-	-	139,911,376
4,505,000	3,497,375	8,002,375	905,000	815,764	1,720,764	-	-	-	122,979,153
4,735,000	3,266,375	8,001,375	955,000	765,963	1,720,963	-	-	-	97,480,654
4,975,000	3,023,625	7,998,625	1,010,000	712,345	1,722,345	-	-	-	83,847,911
5,230,000	2,768,500	7,998,500	1,070,000	654,583	1,724,583	-	-	-	67,846,446
5,500,000	2,500,250	8,000,250	1,130,000	593,490	1,723,490	-	-	-	60,871,230
5,780,000	2,218,250	7,998,250	1,195,000	528,924	1,723,924	-	-	-	44,668,952
6,080,000	1,921,750	8,001,750	1,260,000	460,749	1,720,749	-	-	-	29,181,406
6,390,000	1,610,000	8,000,000	1,335,000	388,686	1,723,686	-	-	-	24,562,160
6,715,000	1,282,375	7,997,375	1,410,000	311,371	1,721,371	-	-	-	24,556,843
7,060,000	938,000	7,998,000	1,495,000	228,463	1,723,463	-	-	-	24,560,770
7,425,000	575,875	8,000,875	1,580,000	140,702	1,720,702	-	-	-	24,558,171
7,805,000	195,125	8,000,125	1,675,000	47,805	1,722,805	-	-	-	24,556,210
<u>\$ 114,870,000</u>	<u>\$ 85,127,563</u>	<u>\$ 199,997,563</u>	<u>\$ 22,445,000</u>	<u>\$ 19,436,791</u>	<u>\$ 41,881,791</u>	<u>\$ 7,510,000</u>	<u>\$ 1,334,813</u>	<u>\$ 8,844,813</u>	<u>\$ 3,908,648,658</u>

* Preliminary, subject to change.

¹ As of September 16, 2026. Includes the Refunded Obligations and the Purchased Bonds.

² Includes self-supporting debt.

³ Assumes 20% of Target Bonds are tendered and purchased for cancellation.

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TAX ADEQUACY***TABLE 3**

2025 Net Taxable Assessed Valuation ¹	\$ 158,694,312,714
Maximum Annual Debt Service Requirements, Fiscal Year Ended 2028 ²	350,472,412
Indicated Interest and Sinking Fund Tax Rate	0.2243
Indicated Interest and Sinking Fund Tax Levy at 98.5% Collections	350,612,073

* Preliminary, subject to change.

¹ Based on Tax Year 2025 Net Taxable Assessed Valuation certified by the Bexar Appraisal District as of July 19, 2025.

² Includes self-supporting debt; includes the Refunded Obligations and the Purchased Bonds as of September 16, 2026. Assumes approximately 20% of Target Bonds are tendered and purchased for cancellation.

INTEREST AND SINKING FUND MANAGEMENT INDEX**TABLE 4**

Interest and Sinking Fund Balance, Fiscal Year Ended 2025	\$ 33,338,210
2026 Actual Interest and Sinking Fund Rate	0.2115
2026 Interest and Sinking Fund Tax Levy at 98.5% Collections Produces ¹	<u>302,679,041</u>
Total Available for Debt Service	\$ 336,017,251
Less: Ad Valorem Debt Service Requirements, Fiscal Year Ended 2026 ^{* 2}	<u>327,286,097</u>
Estimated Surplus at Fiscal Year Ended 2026 ²	<u><u>\$ 8,731,154</u></u>

* Preliminary, subject to change.

¹ Includes deductions for loss in ad valorem tax revenue due to delinquencies, tax increment reinvestment zone contribution, the 65 years of age and older exemption, the disabled homeowners exemption, and the tax freeze.

² Excludes Airport Revenue self-supporting Tax Notes in the amount of \$287,979,188; and the Refunded Obligations and Purchased Bonds as of September 16, 2026.

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AD VALOREM TAX DEBT REPAYMENT SCHEDULE *¹
TABLE 5

Fiscal Year	Outstanding Obligations	The 2026 Refunding Bonds	Less Purchased Bonds	The 2026 Bonds	The 2026 Taxable Bonds	The 2026 Tax-Exempt Certificates	The 2026 Taxable Certificates	The 2026 Notes	Total Outstanding	Obligations Remaining Outstanding End of Year	Cumulative Percent of Principal Retired
2027	\$ 206,890,000	\$ 16,725,000	\$ 7,455,000	\$ 22,530,000	\$ 715,000	\$ 3,050,000	\$ -	\$ 960,000	\$ 209,965,000	\$ 2,684,285,000	7.25%
2028	231,990,000	17,580,000	7,020,000	25,170,000	565,000	2,470,000	-	960,000	236,555,000	2,447,730,000	15.43%
2029	221,630,000	7,295,000	7,320,000	15,545,000	590,000	2,595,000	525,000	1,010,000	227,280,000	2,220,450,000	23.28%
2030	215,375,000	7,520,000	9,520,000	18,465,000	615,000	2,730,000	550,000	1,060,000	221,755,000	1,998,695,000	30.94%
2031	210,275,000	7,745,000	9,680,000	19,405,000	645,000	2,870,000	575,000	1,115,000	217,460,000	1,781,235,000	38.46%
2032	216,005,000	8,010,000	7,640,000	18,155,000	675,000	3,020,000	605,000	1,170,000	223,980,000	1,557,255,000	46.19%
2033	173,805,000	8,335,000	5,845,000	17,100,000	710,000	3,175,000	630,000	1,235,000	182,475,000	1,374,780,000	52.50%
2034	167,455,000	8,695,000	1,670,000	14,930,000	745,000	3,335,000	665,000		176,765,000	1,198,015,000	58.61%
2035	160,890,000	9,050,000		14,245,000	780,000	3,505,000	695,000		171,065,000	1,026,950,000	64.52%
2036	123,385,000	9,415,000		14,970,000	820,000	3,685,000	735,000		134,180,000	892,770,000	69.15%
2037	116,115,000			6,250,000	865,000	3,875,000	770,000		127,875,000	764,895,000	73.57%
2038	116,890,000			6,570,000	915,000	4,075,000	815,000		129,265,000	635,630,000	78.04%
2039	99,505,000			6,905,000	965,000	4,285,000	860,000		112,520,000	523,110,000	81.93%
2040	86,410,000			7,260,000	1,015,000	4,505,000	905,000		100,095,000	423,015,000	85.38%
2041	64,365,000			7,630,000	1,075,000	4,735,000	955,000		78,760,000	344,255,000	88.11%
2042	53,565,000			8,025,000	1,135,000	4,975,000	1,010,000		68,710,000	275,545,000	90.48%
2043	39,690,000			8,440,000	1,200,000	5,230,000	1,070,000		55,630,000	219,915,000	92.40%
2044	34,465,000			8,870,000	1,265,000	5,500,000	1,130,000		51,230,000	168,685,000	94.17%
2045	19,530,000			9,325,000	1,340,000	5,780,000	1,195,000		37,170,000	131,515,000	95.46%
2046	4,560,000			9,800,000	1,415,000	6,080,000	1,260,000		23,115,000	108,400,000	96.25%
2047				10,310,000	1,495,000	6,390,000	1,335,000		19,530,000	88,870,000	96.93%
2048				10,835,000	1,585,000	6,715,000	1,410,000		20,545,000	68,325,000	97.64%
2049				11,395,000	1,675,000	7,060,000	1,495,000		21,625,000	46,700,000	98.39%
2050				11,975,000	1,775,000	7,425,000	1,580,000		22,755,000	23,945,000	99.17%
2051				12,585,000	1,880,000	7,805,000	1,675,000		23,945,000	-	100.00%
	<u>\$ 2,562,795,000</u>	<u>\$ 100,370,000</u>	<u>\$ 56,150,000</u>	<u>\$ 316,690,000</u>	<u>\$ 26,460,000</u>	<u>\$ 114,870,000</u>	<u>\$ 22,445,000</u>	<u>\$ 7,510,000</u>	<u>\$ 2,894,250,000</u>		

* Preliminary, subject to change. Includes the Refunded Obligations and Purchased Bonds.

¹ As of September 16, 2026.

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DEBT OBLIGATIONS – CAPITAL LEASES PAYABLE
TABLE 6

The City has entered into lease purchase agreements for the acquisition of various refuse collection containers, lids; bunker gear, enhanced squad vehicles, ambulance, and life-saving devices; thermal imaging cameras, SCBA Smart Docks, police vehicles; and energy/water savings conservation improvements. Shown below is the gross value of the assets at March 31, 2026. Payments on each of the lease purchases will be made from budgeted annual appropriations approved by the City Council. The following is a schedule of the projected remaining future minimum lease payments under these capital leases together with the net minimum lease payments as of March 31, 2026.

Description	Lease Termination Date	Minimum Lease Payment	Amount Representing Interest	Total Minimum Lease Payments
Energy/Water Savings Conservation Improvements (Aviation)	11/1/2026	\$ 174,537	\$ 3,133	\$ 177,670
Energy/Water Savings Conservation Improvements (Convention, Sports, and Entertainment Facilities)	11/1/2026	427,793	8,108	435,901
Refuse Collection Containers	2/1/2030	2,670,591	222,172	2,892,763
Refuse Collection Containers	5/1/2030	3,448,991	299,795	3,748,786
Refuse Collection Containers and Lids	5/1/2032	4,541,432	632,996	5,174,428
Bunker Gear, Enhanced Squad Vehicles, Ambulance, and Life Saving Devices	5/1/2032	5,966,686	831,651	6,798,337
Police Vehicles	5/1/2028	712,191	35,442	747,633
Refuse Collection Containers and Lids	5/1/2033	5,482,734	768,595	6,251,329
Bunker Gear, Enhanced Squad Vehicles, Thermal Imaging Cameras and SCBA Smart Docks	5/1/2033	<u>3,164,977</u>	<u>443,681</u>	<u>3,608,658</u>
Total		<u>\$ 26,589,932</u>	<u>\$ 3,245,573</u>	<u>\$ 29,835,505</u>

ON-BEHALF-OF APPROPRIATION AND PLEDGED REVENUE OBLIGATIONS
City Tower Financing

As a result of a competitive process, the City, in 2015, entered into an Agreement of Purchase and Sale with Frost Bank and a Comprehensive Development Agreement with Weston Urban, LLC, pursuant to which the City agreed to purchase a 22-story high-rise office building and associated parking garage located in the City's downtown area. Because of the proximity to other City facilities (the building is connected by an underground tunnel to Municipal Plaza, where City Council Chambers are located), size (the building provides over 376,710 square feet of usable space), and associated parking (the garage provides 730 spaces), this building was selected as the most qualified to consolidate City administrative staff and functions into a single, centrally-located, state-of-the art, ergonomically and environmentally efficient facility. Known as "City Tower", the facility provides office space for 1,400 City employees, offers multiple employee amenities, and made available an additional 84,325 square feet (the equivalent of six (6) floors) for additional City employees that may be necessary to accommodate a 50% growth in City population projected to occur by 2040.

On December 19, 2016, the City issued variable rate certificates of obligations in the principal amount of \$47,000,000 (the "2016 Certificates"), the proceeds from which were used, in addition to other lawfully available City funds, to pay the costs of acquiring City Tower. The City immediately leased City Tower back to its seller for continued occupation thereof until completion of its own new, high-rise office building.

Use of City Tower in the manner intended by the City required significant renovation of the facility. To finance the costs of the renovation, and the City's commitment to utilize operational savings and revenue generated from owning, occupying, and maintaining City Tower, the City utilized the City of San Antonio, Texas Municipal Facilities Corporation (the "Municipal Facilities Corporation"), a local government corporation heretofore created and existing by the City pursuant to Subchapter D of Chapter 431, as amended, Texas Transportation Code (the "LGC Act"), to facilitate a lease-leaseback financing structure, as hereinafter described. The Municipal Facilities Corporation is an instrumentality of the City authorized under the LGC Act, and utilized by the City from time to time, to accomplish various governmental purposes on the City's behalf, including effectuation of the financing structure hereafter described.

Under this financing structure, the City leased City Tower to the Municipal Facilities Corporation for nominal annual rent; the Municipal Facilities Corporation subleased City Tower back to the City for annual rent that is sufficient to pay annual debt service on Municipal Facilities Corporation bonds (the "Municipal Facilities Corporation Bonds") issued to finance the costs of the City Tower renovation. Annual sublease payments owed by the City to the Municipal Facilities Corporation under this sublease, along with annual operating costs associated with the City's occupying City Tower (the responsibility for which is retained by the City under the primary lease with the Municipal Facilities Corporation), are subject to City Council appropriation. In addition, this annual appropriation lease payment is subject to offset by net rental revenues that may be realized by the City from its further sublease of excess City Tower space not initially needed for direct City purposes.

The Municipal Facilities Corporation Bonds, delivered on July 15, 2021, were issued in two (2) series, as fixed tax-exempt and variable rate taxable bonds, in a combined aggregate principal amount of \$90,310,000. The Municipal Facilities Corporation Bonds were issued concurrently with the conversion and remarketing of the 2016 Certificates into fixed rate obligations. Together the issuance of the Municipal Facilities Corporation Bonds and the conversion of the remarketing of the 2016 Certificates, represent effectuation of the City's long-term financial plan concerning acquisition and renovation of City Tower.

The City has effectuated its first remarketing (on a tax-exempt basis) of the \$29,445,000 Variable Rate Lease Revenue Bonds, Series 2021 (2024 Tax-Exempt Remarketing), for a term of three (3) years which closed on August 1, 2024.

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Municipal Facilities Corporation Bonds¹

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 540,000	\$ 3,608,800	\$ 4,148,800
2028	1,625,000	3,581,800	5,206,800
2029	1,750,000	3,500,550	5,250,550
2030	1,900,000	3,413,050	5,313,050
2031	1,830,000	3,318,050	5,148,050
2032	1,050,000	3,226,550	4,276,550
2033	2,110,000	3,184,550	5,294,550
2034	2,305,000	3,121,250	5,426,250
2035	2,425,000	3,052,100	5,477,100
2036	2,580,000	2,979,350	5,559,350
2037	720,000	2,901,950	3,621,950
2038	2,805,000	2,880,350	5,685,350
2039	2,985,000	2,796,200	5,781,200
2040	3,125,000	2,706,650	5,831,650
2041	3,295,000	2,612,900	5,907,900
2042	2,795,000	2,514,050	5,309,050
2043	3,125,000	2,402,250	5,527,250
2044	3,755,000	2,277,250	6,032,250
2045	3,985,000	2,127,050	6,112,050
2046	4,180,000	1,967,650	6,147,650
2047	3,750,000	1,800,450	5,550,450
2048	4,455,000	1,650,450	6,105,450
2049	14,365,000	1,472,250	15,837,250
2050	15,080,000	754,000	15,834,000
	<u>\$ 86,535,000</u>	<u>\$ 63,849,500</u>	<u>\$ 150,384,500</u>

¹ As of September 16, 2026.

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Pledged Revenue Obligations

On October 17, 2019, the City Council adopted an ordinance authorizing the City's entering into a Financing Agreement with the Municipal Facilities Corporation, under which the City pledged to the Municipal Facilities Corporation a portion of its annual revenue transfer (the "Transferred Revenues") received from CPS Energy for the purpose of providing to the Municipal Facilities Corporation a source of security and repayment for its incurrence of a loan (the "Brooks Loan") from Frost Bank in the amount of \$6,065,000 (the proceeds of which were used by the Municipal Facilities Corporation to satisfy certain economic development expenditure obligations of the City arising under a separate agreement among the City, Brooks Development Authority, and Tax Increment Reinvestment Zone Number 16 (Brooks City-Base TIRZ) (the "Brooks TIRZ"). In the aforementioned City ordinance, the City also approved the Municipal Facilities Corporation's entering into a Taxable Loan Agreement with, and accepting the Brooks Loan from, Frost Bank and its pledge of the Transferred Revenues as security for the Brooks Loan. Under the Financing Agreement, the City is obligated to transfer to the Municipal Facilities Corporation the Transferred Revenues in the amounts and at the times necessary to make payments due and owing by the Municipal Facilities Corporation to the Bank under the Loan Agreement (which includes Brooks Loan payments). The City anticipates that the principal of and interest on the Brooks Loan will actually be paid from revenues to be received by the City from the Brooks TIRZ under the aforementioned agreement, rather than from Transferred Revenues. The Brooks Loan matures on August 15, 2034, with annual principal installments payable on August 15; interest, calculated at an annual fixed rate of 2.39%, is payable semiannually on each February 15 and August 15, while the Brooks Loan remains outstanding. Annual debt service payments on the Brooks Loan are relatively level through maturity.

The table below shows annual debt service for the Brooks Loan¹.

Fiscal Year ¹	Principal	Interest	Annual Debt Service
2027	\$ 405,000	\$ 84,487	\$ 489,487
2028	415,000	74,807	489,807
2029	425,000	64,889	489,889
2030	435,000	54,731	489,731
2031	445,000	44,334	489,334
2032	460,000	33,699	493,699
2033	470,000	22,705	492,705
2034	480,000	11,472	491,472
	<u>\$ 3,535,000</u>	<u>\$ 391,124</u>	<u>\$ 3,926,124</u>

¹ As of September 16, 2026.

The City has historically maintained a program using certain sales tax collections to acquire conservation easements across the recharge zone of the Edwards Aquifer, the City's primary source of drinking water. In November 2020, City voters voted to reallocate this sales tax component, first to workforce training and jobs creation and then, to transportation and mobility enhancement (see "REVENUE SOURCES AND EXPENDITURES – Sales Taxation – Special Entities" herein). To maintain this important, historical program, the City, on September 17, 2020, approved a new program (accompanied by an alternative funding source) known as the Edwards Aquifer Protection Program (the "EAPP") for commencement in Fiscal Year 2024. The City effectuated this program on August 24, 2023, with an initial amount of \$30,000,000. Under the EAPP, funding for a total approved amount of \$100,000,000 will become available over a 10-year period through proceeds from debt financings undertaken by the Municipal Facilities Corporation on the City's behalf and ultimately repaid from the City's General Fund (being a portion of the annual General Fund transfer received from SAWS); (see Table 18 entitled "Comparison of Selected Sources of Revenues" herein). As anticipated, once the initial \$30,000,000 was spent, the debt converted to self-supporting long-term ad valorem debt to be paid for by the General Fund from the transfer received from SAWS. Funding for the next incremental \$30,000,000 for the EAPP closed on March 19, 2026 and was issued by the Municipal Facilities Corporation on the City's behalf. As with the initial increment, the City anticipates once this second increment is spent, this debt will also convert to self-supporting long-term ad valorem debt to be paid for by the General Fund from the transfer received from SAWS.

The table below shows annual debt service for the EAPP¹.

Fiscal Year	Principal	Interest	Annual Debt Service
2027	\$ -	\$ 975,000	\$ 975,000
2028	-	975,000	975,000
2029	-	975,000	975,000
2030	30,000,000	975,000	30,975,000
	<u>\$ 30,000,000</u>	<u>\$ 3,900,000</u>	<u>\$ 33,900,000</u>

¹ As of September 16, 2026.

Convention Center Financing

In addition to the foregoing, the City Council, on June 14, 2012, adopted an ordinance creating the City of San Antonio, Texas Public Facilities Corporation (the “City PFC”), a Texas public facilities corporation created and existing under Chapter 303, as amended, Texas Local Government Code, for the purpose of refinancing and restructuring the City’s then outstanding indebtedness supporting the Henry B. Gonzalez Convention Center (see “THE CITY – Debt Management” herein) and to provide additional financing for a significant renovation and expansion of the same. On October 31, 2012, the City PFC issued its \$550,373,641.50 Improvement and Refunding Lease Revenue Bonds, Series 2012 (Convention Center Refinancing and Expansion Project) (the “Convention Center Lease Revenue Bonds”), the resultant proceeds from which, in the approximate amount of \$325 million, were used to finance the renovation and expansion of the existing Henry B. Gonzalez Convention Center and the remainder to refinance all then-outstanding Henry B. Gonzalez Convention Center related debt.

The City and the City PFC entered into a lease/sublease arrangement, whereby the City leased to the City PFC the Henry B. Gonzalez Convention Center for a nominal amount and the City PFC subleased the same facility back to the City for an amount of rent, subject to annual appropriation, sufficient to pay, when due and owing, scheduled debt service on the Convention Center Lease Revenue Bonds. Under the aforementioned lease agreements, the City retains responsibility for the maintenance and operation of the Henry B. Gonzalez Convention Center, as well as the costs therefore. The City PFC’s pledge of the “subject to annual appropriation” lease payments to be received from the City pursuant to the aforementioned sublease represents the source of security for and payment of the Convention Center Lease Revenue Bonds. No mortgage on any leasehold interest in or the real property comprising the Henry B. Gonzalez Convention Center is granted as additional security for the Convention Center Lease Revenue Bonds.

Design for the Henry B. Gonzalez Convention Center Expansion project was completed in July of 2013 and construction began soon afterwards. The scope of the 726,000 square foot (sf) expansion involved demolishing portions of the existing west-side and expanding the convention center to the east. The east expansion reached substantial completion and was functional beginning in February 2016. The expansion includes 260,000 sf of exhibit hall space; an 86,000-sf column-free multi-purpose/plenary hall; 24 meeting rooms; a 54,000 sf ballroom; pre-function space; expansion of the main kitchen and additional food and beverage offerings; back of house support spaces; a 22-bay loading dock and maintenance building; a state-of-the-art meeting room that is cantilevered over a main downtown thoroughfare; an exterior cafe; and a grand lobby entrance. Demolition of the west wing was completed at the end of July 2016. Renovation of the existing west building was substantially complete and functional in February 2017. The overall project reached final completion in September 2018.

On August 30, 2022, the City issued \$292,880,000 to refund a portion of the Convention Center Lease Revenue Bonds for debt service savings and to provide \$30,000,000 in new money for convention center improvements.

The City and the City PFC have each authorized the refunding and defeasance of a portion of the foregoing obligations taking into consideration factors such as market conditions.

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The table below shows the existing debt service schedule for the Convention Center Lease Revenue Bonds¹:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirement</u>
2027	\$ 11,145,000	\$ 23,877,250	\$ 35,022,250
2028	13,175,000	23,320,000	36,495,000
2029	15,350,000	22,661,250	38,011,250
2030	17,680,000	21,893,750	39,573,750
2031	20,165,000	21,009,750	41,174,750
2032	22,790,000	20,001,500	42,791,500
2033	25,680,000	18,862,000	44,542,000
2034	28,795,000	17,578,000	46,373,000
2035	32,125,000	16,138,250	48,263,250
2036	35,700,000	14,532,000	50,232,000
2037	39,535,000	12,747,000	52,282,000
2038	44,805,000	10,770,250	55,575,250
2039	48,820,000	8,959,300	57,779,300
2040	53,075,000	6,986,800	60,061,800
2041	57,590,000	4,843,100	62,433,100
2042	62,375,000	2,517,800	64,892,800
	<u>\$ 528,805,000</u>	<u>\$ 246,698,000</u>	<u>\$ 775,503,000</u>

¹ Represents combined debt service on outstanding City of San Antonio, Texas Public Facilities Corporation Improvement and Refunding Lease Revenue Bonds, Series 2012 and Lease Revenue Refunding and Improvement Bonds, Series 2022 as of September 16, 2026.

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AD VALOREM TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the “Property Tax Code”), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the “Appraisal Review Board”) responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Bexar Central Appraisal District (the “Appraisal District”). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is 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 the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years.

State law requires the appraised value of an owner’s principal residence (“homestead” or “homesteads”) to be based solely on the property’s value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

Unless extended by the Legislature, through December 31, 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 \$5.32 million dollars (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 % 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. 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.

State law provides that eligible owners of both agricultural land and open-space land, 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 as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see “AD VALOREM TAXATION - City and Taxpayer Remedies”).

LOW INCOME HOUSING EXEMPTIONS

Property owned by a qualifying organization is exempt from ad valorem taxation of improved or unimproved real property if the organization uses volunteer labor to build or repair housing on the property to sell without profit to a low/moderate income individual/family or to rent without profit to such an individual/family.

COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS

Real property owned by a qualifying organization that is engaged exclusively in building or repairing property for sale or rent without profit to low or moderate income individuals is exempt from ad valorem taxation. There are restrictions on eligibility and requirements pertaining to the numbers of years property may be exempted.

SOLAR AND WIND POWERED DEVICES

A person is entitled to an exemption from taxation of the amount of appraised value of his property that arises from the installation or construction of a solar or wind-powered energy device that is primarily for production and distribution of energy for on-site use.

STATE MANDATED HOMESTEAD EXEMPTIONS

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action, surviving spouses of certain qualifying veterans and surviving spouses of first responders killed or fatally wounded in the line of duty.

DISABLED/DECEASED VETERANS' EXEMPTIONS

The Property Tax Code mandates that a disabled veteran or certain surviving dependents are entitled to an exemption from taxation of a portion of the assessed value of a property they own. The amount of this exemption ranges from \$5,000 to \$12,000 and the exemption amount is based on the disability rating of the veteran as certified by the U.S. Veterans' Administration. A disabled veteran may also qualify for an exemption of \$12,000 if the veteran is age 65 or older with a disability rating of at least 10%.

A partially disabled veteran or the surviving spouse of a partially disabled veteran, if such spouse has not remarried since the death of the disabled veteran and the property was the residence homestead of the surviving spouse when the disabled veteran died and remains the residence homestead of the surviving spouse, is entitled to an exemption equal to the percentage of the veteran's disability, if the residence was donated to the disabled veteran by a charitable organization at no cost to the disabled veteran, or at some cost to the disabled veteran in the form of a cash payment, a mortgage, or both in an aggregate amount that is not more than 50% 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. Such exemption is transferable to a different property 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.

State law and Section 2, Article VIII 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. 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. The surviving spouse of a deceased veteran who had received a disability rating of 100% is entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

FIRST RESPONDER AND ARMED SERVICES SURVIVING SPOUSE

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption from taxation 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 is transferable to a different property 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.

Finally, the surviving spouse of a member of the armed forces who is killed or fatally injured in the line of duty is entitled to an exemption from taxation of the total appraised value of the 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 property 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.

SURVIVING SPOUSE OF CERTAIN QUALIFYING VETERAN

Effective January 1, 2026, the surviving spouse of a veteran of the U.S. Armed Forces who died as a result of a qualifying condition or disease is entitled to an exemption from taxation of the total appraised value of the surviving

spouse's residence homestead if the surviving spouse has not remarried since the death of the veteran, regardless of the date of the veteran's death or the veteran's disability rating at the time of the veteran's death. A qualifying condition or disease is defined to mean a condition or disease for which the Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics ("PACT") Act of 2022 or a regulation adopted under the act established a presumption of service connection. A surviving spouse who receives this exemption is entitled to receive an exemption for a subsequently qualified residence homestead in an amount equal to the dollar amount of the exemption for the first property in the last year in which the surviving spouse received the exemption if the surviving spouse has not remarried since the veteran's death.

LOCAL OPTION HOMESTEAD EXEMPTIONS

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed by the governing body of the taxing unit or by a favorable vote of a majority of the qualified voters of the taxing unit at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption described in (1) above that was granted in tax year 2022 through December 31, 2027.

On June 24, 2019, the City first approved a general residential homestead exemption of .01% of the appraised value of a residential homestead, with a minimum of \$5,000 being exempted for the Tax Year beginning January 1, 2019 (Fiscal Year 2020). On June 16, 2022, City Council approved an increase to the residential homestead exemption to 10% of the appraised value of a residential homestead for the Tax Year beginning January 1, 2022 (Fiscal Year 2023). On June 22, 2023, the residential homestead exemption was again raised to the maximum 20% for the Tax Year beginning January 1, 2023 (Fiscal Year 2024).

Additionally, the City may grant an exemption to an individual who is disabled or is 65 years of age or older in a fixed amount of no less than \$3,000 of assessed value. On June 1, 1974, the City granted an Over Age 65 residential homestead exemption to persons 65 years of age or older effective immediately upon their 65th birthday. The City initially adopted a person age 65 or Older exemption in the amount of \$3,000 in Fiscal Year 1974, which was incrementally increased to \$65,000 through Fiscal Year 2004. The Over-65 exemption has remained at the \$65,000 exemption level since Fiscal Year 2004. On January 20, 2005, the City granted a \$12,500 Disabled Persons residential homestead exemption to persons who meet the definition of disabled for the purpose of payment of disability insurance benefits under the Federal Old-Age, Survivors, and Disability Insurance Act. On June 16, 2022, the City approved an increase to the Over Age 65 and Disabled Persons Homestead Exemptions to \$85,000 for the Tax Year beginning January 1, 2022 (Fiscal Year 2023).

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED

The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded. In 2005, the City established a limitation, or tax freeze, on the ad valorem taxes imposed on the homestead of a person who is disabled or 65 years of age or older.

The surviving spouse of an individual qualifying for the homestead exemption is entitled to also receive such exemption if: (1) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (2) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse, and (3) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

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HISTORIC PROPERTY EXEMPTIONS

The City has granted an exemption to historically significant sites in need of tax relief to encourage preservation. Commercial buildings that meet definitions of historical sites and that have been substantially rehabilitated or restored will be exempt from taxation by the City for five (5) tax years, and thereafter, will be taxed by the City at 50% of post-rehabilitation assessed value for an additional five (5) years. For the purposes of levying taxes, residential buildings meeting the definition of historical sites and having been substantially rehabilitated or restored will for a period of 10 years retain the property value assessed prior to such rehabilitation or restoration.

HISTORIC PRESERVATION AREA EXEMPTIONS

The City offers a 20% tax exemption for owner-occupied residences located within new local historic districts. The exemption is effective on the first day of historic district designation and extends for a maximum of 15 years (10 years plus a five-year extension). The purpose of the exemption is to offset any potential property tax increases and to limit gentrification in the district, a term which refers to the effect of forcing lower-income residents in a neighborhood to move, which often includes a higher proportion of elderly residents, because of higher property taxes. Property taxes may or may not increase as a result of historic designation. The Appraisal District does not automatically increase the assessed valuations of designated properties. Appraisals are based upon real estate market factors that affect consumer demand in an area, such as historic designation.

CHILD-CARE FACILITIES

On November 7, 2023, voters approved Texas Proposition 2, the Property Tax Exemption for Child-Care Facilities Amendment, which was on the ballot as a legislatively referred constitutional amendment. Proposition 2 is a constitutional amendment authorizing a local option exemption from ad valorem taxation by a county or municipality of all or part of the appraised value of real property used to operate a childcare facility. This is an optional exemption; the percentage specified may not be less than 50%. On April 4, 2024, the City approved an exemption of 100% of the appraised value of a qualified child-care facility for the Tax Year beginning January 1, 2024 (Fiscal Year 2025).

PERSONAL PROPERTY

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

On November 4, 2025, voters approved Texas Proposition 9, the Authorize Tax Exemption for Tangible Property Used for Income Production Amendment, Constitutionally allowing an exemption of up to \$125,000 of the appraised value of tangible personal property a person owns that is held for the production of income. This would replace the current exemption of less than \$2,500 in taxable value. The exemption would apply to each location in a taxing unit where the property owner holds or uses tangible personal property for the production of income and all property that has taxable situs within a taxing unit is aggregated to determine taxable value. Beginning January 1, 2025, up to \$125,000 of the appraised value of 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 (or, if the person leases such property, regardless of where the property is located in the taxing unit), will be exempt from taxation.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS

Certain goods that are acquired in or imported into the state to be forwarded outside the State and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days (“goods-in-transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax goods-in-transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax goods-in-transit. Goods-in-transit and Freeport Property do not include oil, natural gas or petroleum products,

and goods-in-transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one (1) of the goods-in-transit or Freeport Property exemptions for items of personal property.

The City currently taxes certain tangible personal property that does not qualify for the Freeport Property exemption but would qualify for the goods-in-transit exemption. As such, the City Council adopted an ordinance on November 17, 2011 that provides for the continued taxation of this tangible personal property for the 2012 Tax Year and beyond.

OTHER EXEMPT PROPERTY

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. Beginning with the 2026 Tax Year, all intangible personal property is exempt from State taxation.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER

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 located in an area declared by the governor to be a disaster area following a disaster and is at least 15% damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15% to 100% based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, 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.

TAX INCREMENT REINVESTMENT ZONES

A city or county, by petition of the landowners or by action of its governing body, may create one (1) or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

The City has approved a "TIF manual" for the utilization of tax increment financing ("TIF") and the creation of TIRZ pursuant to Chapter 311 of the Property Tax Code, as amended. Since 1998, the City has utilized TIF as a vehicle to fund in whole or in part eligible capital costs for public infrastructure related to economic development, commercial, and residential projects. As of September 30, 2025, there were 21 existing TIRZ with a total taxable captured value of \$8,354,578,521. For Fiscal Year 2025, this total taxable captured value produced \$42,424,956 in tax increment revenues for use by the City to pay for the capital costs of certain public infrastructure improvements in the TIRZ. The existing TIRZ have terms ranging from 19 to 60 years and are anticipated to expire starting in Fiscal Year 2026 through Fiscal Year 2060. It is estimated that the City will contribute approximately \$1,158,134,868 in tax increment revenues in aggregate over the life of these TIRZ projects. The City's existing TIRZ include both developer initiated and City initiated. The existing developer initiated TIRZ are referred to as Mission Del Lago, Stablewood Farms, Lackland Hills, North East Crossing, Mission Creek, Hunters Pond, Thea Meadows, Nabors, Somerset Grove, Valley Sol, Lone Oak and Rosillo. The existing City initiated TIRZ are referred to as Houston Street, Inner City, Brooks City-Base, Verano, Westside, Midtown, Mission Drive-In, Northeast Corridor, and Hemisfair.

ECONOMIC DEVELOPMENT GRANTS

The Economic Development Department ("EDD") utilizes economic development grants made pursuant to Chapter 380, Texas Local Government Code, as amended, to incentivize jobs, wages, and investment. Currently, EDD has disbursed \$5 million of the total \$30.8 million awarded in economic development grant funds under the 14 active

economic development grant agreements that the EDD monitors. These agreements are funded through the City's general operating budget.

ECONOMIC DEVELOPMENT REBATES

EDD utilizes economic development rebates granted pursuant to Chapter 380, Texas Local Government Code, as amended, to incentivize jobs, wages, and investment, as with grants. It is estimated that rebates will total approximately \$862,000 in Fiscal Year 2026 under the six (6) active agreements.

TAX ABATEMENT AGREEMENTS

Taxing units 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 taxing unit, 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 could last for a period of up to 10 years. The City has established a tax abatement program to encourage economic development. The terms of all tax abatement agreements must be substantially the same. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. The City's tax abatement program does not authorize residential tax abatements, only commercial-industrial tax abatements are permitted.

Active Tax Abatement Agreements

The following table depicts active agreements that are in the abatement period as of May 2026:

<u>Company</u>	<u>Abatement Period</u>	<u>Term (Years)</u>	<u>Percent of Abatement & Type</u>
Security Service Federal Credit Union	2017-2026	10	Real & Personal @ 100%
Holt Texas, Ltd.	2017-2026	10	Real & Personal @ 100%
Credit Human Federal Credit Union	2020-2029	10	Real & Personal @ 100%
Toyota Motor Manufacturing Texas, Inc.	2020-2027	8	Real & Personal @ 100%
Navistar, Inc. & Navistar Manufacturing San Antonio, LLC	2021-2030	10	Real & Personal @ 100%
Navistar, Inc. (2021)	2022-2031	10	Real & Personal @ 50%
Scorpius Biomanufacturing Inc. and Merchants Ice II LLC	2022-2031	10	Real & Personal @ 40%
JCB Texas LLC	2029-2038	10	Real & Personal @ 90%
Toyota Motor Manufacturing Texas, Inc. (2024)	2029-2038	10	Real & Personal @ 100%

CITY AND TAXPAYER REMEDIES

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 (being (i) commercial real and personal property, (ii) real and personal property of utilities, (iii) industrial and manufacturing real and personal property, and (iv) multifamily residential real property) with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one (1) 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 \$62,883,169 for the 2026 Tax Year and is adjusted annually by the State 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 "AD VALOREM TAXATION – Public Hearing and Maintenance and Operation Tax Rate Limitations"). 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.

LEVY AND COLLECTION OF TAXES

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The City contracts with Bexar County to collect its property taxes. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to 20% if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four (4) equal installments without penalty or interest, commencing on February 1 and ending on August 1. See “AD VALOREM TAXATION – Temporary Exemption for Qualified Property Damaged by a Disaster” for a discussion of the applicability of this section of the Property Tax Code.

The City does not allow for discounts, but does allow for split payment of property taxes (one-half (1/2) before December 1, and the remaining one-half (1/2) without penalty and interest before July 1 of the following year). The City allows for installment payments (one-fourth (1/4) before February 1, one-fourth (1/4) before April 1, one-fourth (1/4) before June 1, and the remaining one-fourth (1/4) before August 1) for homeowners that are disabled, disabled veterans, or at least 65 years of age and who qualify for the residential homestead exemption; these homeowners may also defer the collection of tax until the individual no longer owns the property. The same homeowners are offered an additional 10-month payment plan.

Payments are due at the beginning of each month, starting in October and continuing through July of the following year.

CITY’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES

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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PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS

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” means the greater of zero (0) or the amount expressed in dollars calculated according to the following formula: the voter approved tax rate less the actual tax rate, then multiplied by the taxing unit’s current total value in the applicable preceding 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 the cumulative difference between a city’s voter-approval tax rate and its actual tax rate for each of the three years prior to the current tax year divided by the current total.

“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”.

The City’s tax rate consists of two (2) 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 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 (3%) 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.

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 second 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.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

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 2026 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.

DEBT AND TAX RATE LIMITATIONS

The State Constitution and the City Charter provide that the ad valorem taxes levied by the City for general purposes and for the purpose of paying the principal of and interest on the City's indebtedness must not exceed \$2.50 for each \$100 of assessed valuation of taxable property. There is no constitutional or statutory limitation within the \$2.50 rate for interest and sinking fund purposes; however, the Texas Attorney General, who must approve the issuance of the 2026 Obligations, has adopted an administrative policy that 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 the foregoing \$2.50 maximum tax rate calculated at 90% collections. In addition, Section 1331.051, Texas Government Code, as amended, and the City Charter prohibit the total debt of the City from exceeding 10% of the total assessed valuation of property shown by the last assessment roll, and the City Charter excludes (1) any indebtedness secured in whole or in part by special assessments, (2) the debt of any improvement district, and (3) any indebtedness secured by revenues, other than taxes of the City or of any department or agency thereof. The issuance of the 2026 Obligations does not result in the City's violation of these provisions.

The following obligations, among others, may be issued by the City:

- Ad valorem tax-supported debt may be issued to finance capital improvements and to refund obligations previously issued for such purpose. A majority vote of the qualified voters is ordinarily required to authorize the issuance of ad valorem tax-supported debt, other than refunding bonds, certificates of obligation, tax anticipation notes, and public property finance contractual obligations.
- Certificates of obligation may be issued for the purpose of paying contractual obligations incurred in the construction of public works or the purchase of land, materials, and other supplies or services for the City's needs and for professional services without an election except under certain circumstances. The certificates of obligation may be refunded by ad valorem tax-supported bonds without an election. In addition, the City may issue certificates of obligation with a pledge of both tax and revenues derived from the operation of the facility to be acquired, or from any other lawful source, provided that the City otherwise has the right to pledge the revenues involved. Authority for the issuance of certificates of obligation is subject to notice by publication and right of referendum by the voters. Certificates of obligation may not be authorized if a bond proposition to authorize the issuance of bonds for the same purposes was submitted to the voters during the preceding three (3) years and failed to be approved.
- Contractual obligations are generally issued to finance personal property, and tax anticipation notes may be issued for capital improvements. Both the contractual obligations and tax anticipation notes may be issued and secured by ad valorem taxes, and refunded by ad valorem tax-supported bonds, without an election. The

issuance of contractual obligations and tax anticipation notes does not require publication of notice or voter approval. Contractual obligations are limited to 25 years amortization or less; tax anticipation notes are limited to seven (7) years amortization or less.

- Revenue bonds may be issued for certain purposes which include the financing of the water, municipal drainage and sanitary sewer systems, electric and gas systems, convention centers, airports and parking systems, and other economic development projects. The revenue bond indebtedness is not considered in determining the legal debt margin on ad valorem tax-supported obligations. Revenue bond indebtedness, in certain cases, can be refunded by ad valorem tax-supported bonds without an election.
- Appropriation obligations may be issued to finance capital improvements and to refund obligations previously issued for such purpose. The City has incurred ongoing obligations related to the issuance of annual appropriation obligations. The payment of debt service of appropriation obligations is subject to appropriation by the City Council. (See “DEBT STATEMENT: ASSESSED VALUATION, OUTSTANDING DEBT PAYABLE FROM AD VALOREM TAXES, AND DEBT RATIOS – On-Behalf-Of Appropriation and Pledged Revenue Obligations” herein.)

TAX DATA

TABLE 7

Tax Year	Fiscal Year	Net Taxable Assessed Valuation (\$) ¹	Tax Rate (\$)	Tax Levy (\$) ²	Percent Collections Current (%)	Percent Collected Total (%) ³
2016	2017	98,190,156,056	0.55827	535,504,898	98.96	99.44
2017	2018	105,670,285,216	0.55827	573,756,629	98.89	98.98
2018	2019	113,117,850,093	0.55827	611,671,862	98.85	99.00
2019	2020	119,327,715,795	0.55827	644,999,309	98.73	98.95
2020	2021	125,464,362,857	0.55827	675,375,805	98.78	99.25
2021	2022	130,578,802,082	0.55827	698,693,965	98.79	99.40
2022	2023	141,663,959,555	0.54161	750,298,942	98.53	98.57
2023	2024	150,944,878,164	0.54159	804,435,030	98.37	98.20
2024	2025	157,517,701,672	0.54159	832,522,492	98.33	98.33
2025	2026	158,694,312,714	0.54159	835,142,395	In process of collection	

¹ Based on Net Taxable Assessed Valuation certified by the Bexar Appraisal District.

² Tax levy, less the 65 years of age and older and disabled homeowners' tax freeze.

³ Includes collection of prior years' tax levies in subsequent years.

TAX RATE DISTRIBUTION

TABLE 8

Tax Rate	Fiscal Year Ended September 30				
	2026	2025	2024	2023	2022
General Fund	\$ 0.33009	\$ 0.33009	\$ 0.33009	\$ 0.33011	\$ 0.34677
Interest and Sinking Fund	0.21150	0.21150	0.21150	0.21150	0.21150
Total Tax Rate	<u>\$ 0.54159</u>	<u>\$ 0.54159</u>	<u>\$ 0.54159</u>	<u>\$ 0.54161</u>	<u>\$ 0.55827</u>

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PRINCIPAL TAXPAYERS
TABLE 9

Name	Type of Property	FY 2026	Percent of
		Taxable	FY 2026
		Assessed	Taxable
		Valuation	Assessed
			Valuation
H.E. Butt Grocery Company	Retail/Grocery	\$ 2,090,404,940	1.32%
Microsoft Corporation	Software Developer	1,308,003,447	0.82%
Methodist Healthcare System	Hospital/Healthcare	820,834,125	0.52%
VHS San Antonio Partners LP	Hospital/Healthcare	609,906,728	0.38%
Amazon Data Services Inc.	Online Retailer/Distributor	584,220,741	0.37%
Wal-Mart Stores, Inc.	Retail/Grocery	554,068,406	0.35%
Toyota Motor Manufacturing Texas, Inc.	Automobile Manufacturer	550,960,272	0.35%
La Cantera Specialty Retail	Shopping Mall	401,843,591	0.25%
Frankel Family Trust	Apartments	366,462,070	0.23%
United Services Automobile Association	Insurance/Banking	360,892,490	0.23%
		<u>\$ 7,647,596,810</u>	<u>4.82%</u>

NET TAXABLE ASSESSED VALUATION FOR TAX YEARS 2016-2025
TABLE 10

Tax Year	Fiscal Year Ended 9/30	Net Taxable	Change From Preceding Year	
		Assessed Valuation (\$)¹	Amount (\$)	Percent (%)
2016	2017	98,190,156,056	-	-
2017	2018	105,670,285,216	7,480,129,160	7.62
2018	2019	113,117,850,093	7,447,564,877	7.05
2019	2020	119,327,715,795	6,209,865,702	5.49
2020	2021	125,464,362,857	6,136,647,062	5.14
2021	2022	130,578,802,082	5,114,439,225	4.08
2022	2023	141,663,959,555	11,085,157,473	8.49
2023	2024	150,944,878,164	9,280,918,609	6.55
2024	2025	157,517,701,672	6,572,823,508	4.35
2025	2026	158,694,312,714	1,176,611,042	0.75

¹ Based on Net Taxable Assessed Valuation certified by the Bexar Appraisal District.

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NET TAXABLE ASSESSED VALUATION AND AD VALOREM TAX DEBT***TABLE 11**

Tax Year	Fiscal Year Ended 9/30	Net Taxable Assessed Valuation (\$) ¹	Ad Valorem Gross Debt (\$) ²	Debt Ratios Percent (%)
2016	2017	98,190,156,056	1,710,550,000	1.74
2017	2018	105,670,285,216	1,915,155,000	1.81
2018	2019	113,117,850,093	2,041,830,000	1.81
2019	2020	119,327,715,795	2,185,230,000	1.83
2020	2021	125,464,362,857	2,276,290,000	1.81
2021	2022	130,578,802,082	2,371,095,000	1.82
2022	2023	141,663,959,555	2,685,210,000	1.90
2023	2024	150,944,878,164	2,778,955,000	1.84
2024	2025	157,517,701,672	3,058,300,000	1.94
2025	2026	158,694,312,714	2,894,250,000	1.82

* Preliminary, subject to change.

¹ Based on Net Taxable Assessed Valuation certified by the Bexar Appraisal District.

² Includes self-supporting debt.

AUTHORIZED BUT UNISSUED AD VALOREM TAX DEBT**TABLE 12**

Date of Authorization	Improvements	Amount Authorized	Debt Issued To Date	Amount Being Issued ^{*1}	Debt Authorized But Unissued
5/7/2022	Streets, Bridges, and Sidewalks	\$ 471,557,000	\$ 231,903,500	\$ 89,152,000	\$ 150,501,500
5/7/2022	Drainage and Flood Control	169,873,000	70,409,600	39,677,000	59,786,400
5/7/2022	Parks and Recreation	271,915,000	169,253,400	40,744,000	61,917,600
5/7/2022	Libraries and Cultural Facilities	58,375,000	49,346,000	6,788,000	2,241,000
5/7/2022	Public Safety Facilities	78,280,000	58,432,500	13,139,000	6,708,500
5/7/2022	Affordable Housing	150,000,000	123,540,000	26,460,000	-
		<u>\$ 1,200,000,000</u>	<u>\$ 702,885,000</u>	<u>\$ 215,960,000</u>	<u>\$ 281,155,000</u>

* Preliminary, subject to change.

¹ Funded with proceeds from the Bonds.

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CLASSIFICATION OF ASSESSED VALUATION

TABLE 13

	Fiscal Year 2026	% of Total Total	Fiscal Year 2025	% of Total	Fiscal Year 2024	% of Total	Fiscal Year 2023	% of Total	Fiscal Year 2022	% of Total	Fiscal Year 2021	% of Total
Real, Residential, Single-Family	\$ 104,567,241,824	48.97%	\$ 104,692,002,014	50.03%	\$ 103,541,007,384	50.54%	\$ 92,986,752,038	50.91%	\$ 75,846,822,281	48.80%	\$ 70,312,580,418	47.1%
Real, Residential, Multi-Family	21,322,418,982	9.99%	21,406,874,793	10.23%	21,610,823,330	10.55%	19,288,951,134	10.56%	16,561,512,551	10.66%	15,862,852,392	10.6%
Real, Vacant Lots/Tracts	3,472,757,218	1.63%	2,849,620,190	1.36%	2,799,567,584	1.37%	2,312,539,884	1.27%	2,049,238,677	1.32%	2,134,819,754	1.4%
Real, Acreage (Land Only)	1,980,659,997	0.93%	1,847,898,518	0.88%	1,572,192,087	0.77%	1,493,732,958	0.82%	1,331,715,698	0.86%	1,381,959,022	0.9%
Real, Farm and Ranch Improvements	3,686,923	0.00%	2,918,067	0.00%	2,915,022	0.00%	3,023,390	0.00%	3,366,269	0.00%	2,371,235	0.0%
Real, Commercial	44,596,188,721	20.88%	43,538,299,630	20.80%	42,221,106,743	20.61%	37,947,737,363	20.78%	34,025,572,898	21.89%	34,376,709,756	23.0%
Real, Industrial	2,069,034,921	0.97%	2,080,673,325	1.00%	1,978,272,193	0.97%	1,812,597,254	0.99%	1,533,188,106	0.99%	1,446,364,105	1.0%
Real, Minerals Oil and Gas	49,076,544	0.02%	48,921,961	0.02%	46,033,812	0.02%	43,776,001	0.02%	38,414,782	0.02%	40,039,243	0.0%
Real and Tangible Personal Utilities	814,151,231	0.38%	735,815,037	0.35%	526,769,446	0.26%	501,592,299	0.27%	493,400,829	0.32%	487,432,296	0.3%
Tangible Personal, Commercial	14,078,988,887	6.59%	13,214,705,453	6.31%	12,532,609,664	6.12%	11,129,857,080	6.09%	10,256,468,406	6.60%	10,058,256,452	6.7%
Tangible Personal, Industrial	2,108,401,176	0.99%	1,786,746,764	0.85%	2,045,728,014	1.00%	1,957,986,258	1.07%	1,872,905,834	1.21%	2,336,850,154	1.6%
Tangible Personal, Mobile Homes	197,566,808	0.09%	194,190,687	0.09%	191,509,822	0.09%	174,371,160	0.10%	106,867,344	0.07%	104,146,138	0.1%
Real Property, Inventory	498,890,573	0.23%	427,705,408	0.21%	527,239,227	0.26%	419,453,428	0.23%	395,391,330	0.25%	374,107,060	0.3%
Special Inventory Tax	647,905,379	0.30%	642,407,625	0.31%	644,249,924	0.31%	593,007,813	0.33%	473,444,792	0.30%	468,851,654	0.3%
Exempt Property	17,148,392,642	8.03%	15,810,969,345	7.56%	14,614,194,588	7.13%	11,977,835,702	6.56%	10,429,658,212	6.71%	9,829,736,151	6.6%
Total Assessed Value	\$ 213,546,361,826	100.0%	\$ 209,279,748,817	100.0%	\$ 204,854,218,840	100.0%	\$ 182,643,213,762	100.0%	\$ 155,417,968,009	100.0%	\$ 149,217,075,830	100.0%
Less:												
Residence Homestead Exemptions – Optional 65 or Older	\$ 9,005,842,246		\$ 8,874,060,209		\$ 8,652,785,112		\$ 8,421,417,521		\$ 6,417,218,141		\$ 6,208,699,228	
Disabled Veterans' Exemptions	172,954,732		185,247,336		187,750,109		187,843,648		191,976,502		192,812,312	
Disabled Veterans' 100% Exemptions	4,838,856,064		4,477,944,433		3,705,019,634		2,982,036,705		2,428,120,200		2,086,433,223	
Residence Homestead Exemptions –Disabled	429,360,087		519,289,344		536,587,430		554,771,036		90,200,180		94,368,450	
Historical Property Exemptions	287,762,937		265,230,604		284,522,324		277,854,310		278,321,647		411,483,512	
Freeport Goods Exemptions	998,738,576		919,217,580		1,014,657,412		699,014,760		588,869,650		559,743,900	
Tax Abatement/Phase-In Exemptions	996,256,979		997,959,130		1,156,638,992		912,773,653		492,881,059		573,818,902	
Residence Homestead Appraised Value 10% Limitations	1,632,467,218		4,080,438,865		8,782,694,647		7,950,918,428		2,002,009,936		1,897,465,326	
Commercial Appraised Value 20% Limitations ¹	471,407,399		221,262,039		-		-		-		-	
Local Homestead Exemptions ²	13,987,480,952		14,414,026,594		14,118,266,885		6,246,766,736		1,148,662,747		1,119,709,278	
Agricultural Productivity Loss	915,494,567		810,309,532		767,764,229		699,708,803		688,485,250		698,019,103	
Pollution Control Exemptions	92,412,629		89,363,558		81,106,625		64,021,644		69,453,058		73,904,795	
Low Income Housing Exemptions	180,221,890		182,910,886		177,100,377		138,663,764		143,259,887		133,213,236	
Absolute Value Exemptions	16,424,960,370		15,246,551,929		14,008,383,517		11,519,637,552		9,959,157,084		9,343,364,252	
Community Housing Development Organizations	233,134,241		236,717,571		236,300,371		210,873,996		274,119,334		299,216,761	
Armed Services Surviving Spouse Exemptions	12,339,620		12,070,076		10,362,924		7,357,695		5,135,177		4,762,465	
First Responder Surviving Spouse Exemptions ³	3,775,638		3,690,875		2,995,465		2,470,066		2,260,046		1,896,718	
Personal Property Vehicle Exemptions	604,760		647,340		736,270		799,813		950,690		1,065,570	
Pro-Rated Exemptions	66,314,378		107,089,945		185,668,353		102,324,077		47,547,807		52,744,942	
Disaster Damage Exemption ⁴	-		-		-		-		10,537,532		-	
Childcare Facility Exemptions ¹	117,293,912		116,276,959		-		-		-		-	
Medical or Biomedical Property Exemptions ¹	803,530		1,742,340		-		-		-		-	
Total Exemptions	\$ 50,868,482,725		\$ 51,762,047,145		\$ 53,909,340,676		\$ 40,979,254,207		\$ 24,839,165,927		\$ 23,752,721,973	
Exemption and Litigation Loss Adjustment	(3,983,566,387)		-		-		-		-		-	
Net Taxable Assessed Valuation ⁵	\$ 158,694,312,714		\$ 157,517,701,672		\$ 150,944,878,164		\$ 141,663,959,555		\$ 130,578,802,082		\$ 125,464,353,857	

¹ This exemption took effect as of January 1, 2024.

² This exemption took effect as of January 1, 2019.

³ This exemption took effect as of January 1, 2018.

⁴ This is a temporary disaster area exemption.

⁵ Based on Net Taxable Assessed Valuation certified by the Bexar Appraisal District.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS
TABLE 14

Governmental Subdivision	FY 2026 Gross	FY 2026 Net	FY 2026
	Assessed Valuation ¹	Taxable Valuation ¹	Tax Rate ²
Alamo Colleges	\$ 315,265,861,237	\$ 270,531,524,258	\$ 0.149150
Alamo Heights Independent School District	11,231,819,200	9,728,284,481	0.957200
Bexar County	315,302,922,257	245,462,087,305	0.276331
Bexar County Road & Flood Control	315,302,922,257	253,032,448,261	0.023668
Bexar County Hospital District d.b.a. University Health	315,265,861,237	249,833,327,595	0.276235
East Central Independent School District	12,512,037,338	9,761,168,811	0.931900
Edgewood Independent School District	4,082,205,548	2,368,428,587	0.986150
Harlandale Independent School District	4,089,897,201	2,657,446,572	1.257500
Judson Independent School District	21,058,046,134	15,964,890,271	0.979600
North East Independent School District	71,872,949,107	56,786,498,001	0.982200
Northside Independent School District	109,476,277,907	84,981,229,674	1.004900
San Antonio Independent School District	41,769,969,083	29,259,191,875	1.155200
San Antonio River Authority	315,265,861,237	273,277,239,358	0.018300
Somerset Independent School District	948,805,715	707,591,036	1.075500
South San Antonio Independent School District	4,211,090,151	2,851,956,029	1.195900
Southside Independent School District	3,733,612,231	2,851,082,237	1.080500
Southwest Independent School District	9,479,829,460	7,386,542,126	1.159800

¹ Assessed taxable valuation and tax rate data provided by Bexar Appraisal District as of July 19, 2025.

² Tax rate data provided by Bexar County Tax Assessor – Collector for Tax Year 2025.

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The following table indicates the indebtedness, defined as outstanding obligations payable from ad valorem taxes ("Tax Debt"), of governmental entities overlapping the City, and the estimated percentages and amounts of such Tax Debt attributable to property within the City. Expenditures of the various taxing bodies overlapping the territory of the City are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the City. These political taxing bodies are independent of the City and may incur Tax Debt without any control of the City. The following statements of direct and estimated overlapping Tax Debt were developed from information obtained from each taxing entity. 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 authorized or issued additional Tax Debt since the date stated below, and such entities may have programs requiring the authorization and/or issuance of additional Tax Debt, the amount of which cannot be determined.

Taxing Entity ¹	As of	Amount of Tax Debt Outstanding ²	Percent Overlapping ³	Amount of Tax Debt Overlapping
Alamo Community College	9/30/2025	\$ 828,090,346	66.58%	\$ 551,353,128
Alamo Heights Independent School District	9/30/2025	261,838,679	49.96%	130,813,012
Bexar County	9/30/2025	2,044,938,709	66.83%	1,366,575,793
Bexar County Hospital District				
d.b.a University Health System	9/30/2025	1,233,132,685	65.62%	809,212,192
East Central Independent School District	9/30/2025	44,431,348	46.35%	20,593,930
Edgewood Independent School District	9/30/2025	37,839,531	100.00%	37,839,531
Harlandale Independent School District	9/30/2025	192,232,877	100.00%	192,232,877
Judson Independent School District	9/30/2025	756,123,085	24.28%	183,549,165
North East Independent School District	9/30/2025	859,247,440	83.66%	718,819,589
Northside Independent School District [Bexar]	9/30/2025	2,380,172,935	64.49%	1,534,925,742
San Antonio Independent School District	9/30/2025	1,168,461,430	99.33%	1,160,665,997
San Antonio River Authority	9/30/2025	13,193,605	66.62%	8,657,946
Schertz-Cibolo-Universal City ISD Bonds	9/30/2025	282,683,736	0.73%	2,072,903
Somerset Independent School District	9/30/2025	37,630,254	4.47%	1,681,549
South San Antonio Independent School District	9/30/2025	91,919,998	100.00%	91,919,998
Southside Independent School District	9/30/2025	61,094,179	39.25%	23,980,504
Southwest Independent School District	9/30/2025	652,523,563	58.22%	379,894,342
Total Overlapping Tax Debt		<u>\$ 10,945,554,400</u>		<u>\$ 7,214,788,198</u>
City of San Antonio	9/30/2025	<u>\$ 3,058,300,000</u>		<u>\$ 3,058,300,000</u>
Total Direct and Overlapping Tax Debt		<u>\$ 14,003,854,400</u>		<u>\$ 10,273,088,198</u>
Tax Year 2025 Actual Market Value of Taxable Property				\$ 213,546,361,826
Tax Year 2025 Net Taxable Assessed Valuation (100% of Actual Market)				\$ 158,694,312,714
Ratio of Direct and Overlapping Tax Debt to Actual Market Value				4.81%
Ratio of Direct and Overlapping Tax Debt to Net Taxable Assessed Value				6.47%
Per Capita Direct and Overlapping Tax Debt ⁴				\$ 6,748
Note: The City's Total Net Tax Debt is \$2,356,151,790 ⁵ as of September 30, 2025. Calculations on the basis of total net Tax Debt would change the above figures as follows:				
Total Net Direct and Overlapping Tax Debt				\$ 9,570,939,988
Ratio of Net Direct and Overlapping Tax Debt to Actual Market Value				4.48%
Ratio of Net Direct and Overlapping Tax Debt to Net Taxable Assessed Value				6.03%
Per Capita Net Direct and Overlapping Tax Debt ⁴				\$ 6,286

¹ Certain bonds issued by Texas independent school districts are eligible for payment from the State "Instructional Facilities Allotments" and from "Existing Debt Allotments". These bonds, while obligations of each district, are payable in part from direct allocations of State funds. Such funding varies between districts and from year to year depending upon the State's contribution, which is based on a district's property taxable wealth per student in average daily attendance.

² The amount of Tax Debt outstanding was obtained from each taxing entity.

³ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

⁴ Based on the City's Information Technology Services Department estimated population of 1,522,498 in 2026.

⁵ The interest and sinking fund balance for fiscal year ended September 30, 2025 was used to calculate this number.

REVENUE SOURCES AND EXPENDITURES

SOURCES OF REVENUES

The City's General Fund revenue sources include ad valorem taxes, sales taxes, franchise taxes, contributions from City-owned utilities, fines, penalties, licenses and permits, various service charges, and miscellaneous sources.

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES AND ANALYSIS OF CHANGES IN FUND BALANCES

TABLE 16

The following statements set forth in condensed form reflect the historical operations of the City. The City has prepared such summary for inclusion herein based upon information obtained from the City's Annual Comprehensive Financial Report ("ACFR") and financial records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended September 30				
	2025	2024	2023	2022	2021
Fund Balance - Beginning of Year	\$ 583,399,221	\$ 565,251,410	\$ 465,875,184	\$ 373,144,506	\$ 342,348,562
Revenues					
Taxes	\$ 915,302,181	\$ 893,436,192	\$ 857,973,274	\$ 829,648,108	\$ 765,678,772
Licenses and Permits	11,548,786	10,046,556	9,907,045	9,377,235	8,805,722
Intergovernmental	14,906,047	108,752,792	34,122,490	22,585,902	45,003,117
Revenues from Utilities	527,711,554	500,488,004	487,645,789	419,985,197	383,127,117
Charges for Services	79,241,920	69,074,963	69,286,135	71,721,723	54,007,953
Fines and Forfeits	10,271,735	9,654,519	9,906,729	6,930,942	6,117,355
Interest Earned	23,005,627	35,484,500	16,539,903	(3,949,613)	317,154
Miscellaneous	19,482,701	21,439,497	21,993,861	26,066,788	21,254,177
Contributions	-	-	-	-	475
Total Revenues	<u>\$ 1,601,470,551</u>	<u>\$ 1,648,377,023</u>	<u>\$ 1,507,375,226</u>	<u>\$ 1,382,366,282</u>	<u>\$ 1,284,311,842</u>
Expenditures¹					
General Government	\$ 129,744,604	\$ 141,680,269	\$ 106,650,840	\$ 93,093,944	\$ 84,724,739
Public Safety	992,631,228	1,002,864,148	884,048,063	853,025,305	811,196,218
Streets and Roadways	112,571,140	102,565,025	88,776,942	82,496,654	77,638,515
Health Services	84,588,336	72,538,170	57,111,916	43,453,722	37,316,581
Welfare	61,366,373	59,918,811	57,057,392	48,887,932	42,685,767
Culture and Recreation	162,681,479	154,787,449	145,968,334	133,787,252	121,946,763
Economic Dev. and Opportunity	19,247,255	17,825,755	16,109,967	14,377,053	16,309,476
Urban Redevelopment and Housing	44,979,349	46,349,891	44,785,256	35,217,335	24,683,248
Environmental	14,831,833	8,658,902	6,400,651	-	-
Debt Service	-	-	-	-	-
Leases: Principal	3,139,057	2,901,784	2,739,316	3,071,734	-
Leases: Retirement	484,457	497,118	446,631	359,081	-
Subscription: Principal	7,458,772	6,754,875	4,106,086	-	-
Subscription: Retirement	2,531,358	2,235,696	309,939	-	-
Total Expenditures	<u>\$ 1,636,255,241</u>	<u>\$ 1,619,538,893</u>	<u>\$ 1,414,511,333</u>	<u>\$ 1,307,770,012</u>	<u>\$ 1,216,501,307</u>
Excess of Revenues Over Expenditures	<u>\$ (34,784,690)</u>	<u>\$ 28,838,130</u>	<u>\$ 92,863,893</u>	<u>\$ 74,596,270</u>	<u>\$ 67,810,535</u>
Other Financing Sources (Uses)					
Issuance of Lease Liability	\$ 1,611,657	\$ 1,343,004	\$ 1,390,552	\$ 578,080	\$ -
Issuance of Subscription Liability	2,177,787	63,528,817	3,311,749	-	-
Operating Transfers In	20,543,706	20,844,887	19,545,419	16,894,239	15,137,569
Operating Transfers Out	(155,332,921)	(275,479,436)	(162,074,507)	(99,937,446)	(124,857,634)
Total Other Financing Sources (Uses)	<u>\$ (131,000,371)</u>	<u>\$ (189,762,728)</u>	<u>\$ (137,826,787)</u>	<u>\$ (82,465,127)</u>	<u>\$ (109,720,065)</u>
Add Encumbrances	152,019,668	179,072,409	144,339,120	100,599,535	72,705,474
Fund Balance - End of Year	<u>\$ 569,633,828</u>	<u>\$ 583,399,221</u>	<u>\$ 565,251,410</u>	<u>\$ 465,875,184</u>	<u>\$ 373,144,506</u>
Elimination of the Effects of GASBs 31, 87 & 96	2,077,136	(8,744,328)	(1,648,643)	5,139,666	411,904
Budgetary Fund Balance — End of Year^{2,3,4}	<u>\$ 571,710,964</u>	<u>\$ 574,654,893³</u>	<u>\$ 563,602,767</u>	<u>\$ 471,014,850</u>	<u>\$ 373,556,410</u>

¹ Expenditures are reported on a budgetary basis with encumbrances added back to arrive at a "Generally Accepted Accounting Principles" fund balance.

² End of Year Fund Balance Adjusted for the effects of GASB Statements No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools (implemented in 2007); No. 87, Leases (implemented in 2022); and No. 96, Subscription-Based Information Technology Arrangements (implemented in 2023) to arrive at a Budgetary Fund Balance.

³ The ending fund balance of \$569.4 million is comprised of budgeted financial reserve of \$161.7 million, reserves for commitments and GASB 54 Funds of \$174.0 million, and an undesignated amount of \$233.7 million. All undesignated funds are anticipated for use in future budget cycles.

⁴ The anticipated, unaudited General Fund balance as of September 30, 2026 is approximately \$570 million.

GENERAL FUND – KEY FINANCIAL MANAGEMENT POLICIES

The City continues to follow established financial policies adopted annually by City Council. The City's maintenance of a minimum General Fund ending balance of 15% of revenues is comprised of two (2) components. The City maintains 10% of General Fund revenues as a Budgeted Financial Reserve which is adopted by the City Council. This Budgeted Reserve is reviewed and adopted by City Council annually in the City's Budget Ordinance and additions to the balance are considered annually as part of the City's overall budget adoption process. The second component is a reserve for a two-year balanced plan for the General Fund which reserves funding to be utilized in the subsequent fiscal year to maintain a balanced budget plan. The establishment and maintenance of appropriate reserves within the General Fund is critical to prudent financial management. These reserves provide budgetary flexibility for unexpected events, financial emergencies, or the unusual fluctuation in revenue-expenditure patterns that impact the ability of the City in the short-term to meet its obligations.

As the owners of CPS Energy, the City receives monthly payments from CPS Energy of 14% of gross revenues. The payment is deposited into the City's General Fund. Each year the City will assess the City's payment from CPS Energy to determine the portion, if any, deemed to be unusual, out of the ordinary, and one-time in nature, and make recommendations for that amount taking into consideration factors such as the City's overall financial position, impact on service delivery, benefit to the community and responsible ownership.

In accordance with the financial policy, the City assessed its City Payment from CPS Energy as part of the Fiscal Year 2026 budget process. After consideration of the factors noted above, the City's Fiscal Year 2026 Adopted Budget and its two-year budget plan include the retention by the City of amounts to be deposited into the Capital Reserve Fund to address budgetary challenges through Fiscal Year 2027. The City will continue to assess and make recommendations related to City Payment from CPS Energy on an annual basis based upon the City's financial policies.

GENERAL FUND UPDATE

The City's Fiscal Year 2025 audited total ending General Fund – Fund Balance as presented in the City's ACFR adjusted for the effect of GASB Statement Numbers 31, 87 and 96 to arrive at a Budgetary Fund balance decrease of \$2.9 million in comparison to Fiscal Year 2024. The unassigned fund balance for Fiscal Year 2025 was \$381.1 million, or 23.4% of total General Fund revenues. The City's financial policy requires maintaining an ending fund balance that is at least 15% of total General Fund revenues. Funds in excess of the financial policy are utilized in future budgets.

On May 6, 2026, City Council was presented with the Five-Year Financial Forecast (the "Forecast"). The Forecast provides the City Council and the community with an early financial assessment to identify significant issues that need to be addressed in the budget development process. During the forecast period, total General Fund revenue is expected to grow annually on average 1.5% ranging from (0.6%) as compared to the Fiscal Year 2026 estimate to 2.8% in Fiscal Year 2030. The Fiscal Year 2026 Revenue Estimate is approximately \$50.9 million higher than the Fiscal Year 2026 Adopted Budget, or an overall increase of 3.1%. This increase is primarily a result of additional CPS Energy revenues caused by Off System Sales and one-time credits. The rate of revenue growth projected in Fiscal Year 2027 over the Fiscal Year 2026 Adopted Budget is a 2.3% increase. Revenue growth beyond Fiscal Year 2027 is forecasted at rates of 1.2% in Fiscal Year 2028, 1.6% in Fiscal Year 2029, 2.8% in Fiscal Year 2030, and 2.7% in Fiscal Year 2031.

The City Council held its annual goal setting session on May 22, 2026 (the "Goal Setting Work Session"), to discuss financial policies and priorities for development of the Fiscal Year 2027 Budget. The Goal Setting Work Session is a formal mechanism for City Council as a body to provide policy direction to City staff on budget priorities for the upcoming fiscal year. Strategies discussed to balance Fiscal Year 2026 Budget and the Fiscal Year 2027 Plan include adjusting the property tax rate, adjusting fees and charges, and targeted reductions to non-mandated services.

The Fiscal Year 2027 Trial Budget was presented June 18, 2026. To address the projected \$157.7 million Fiscal Year 2028 deficit, the Fiscal Year 2027 Trial Budget recommended increasing projected General Fund Operating Revenues over the next two (2) years by utilizing the available property tax increase from unused increment, applying the state's allowable 3.5% revenue growth, and implementing targeted fee adjustments and cost recovery efforts. These strategies are projected to generate approximately \$124.8 million from property tax related revenue and \$21.9 million from fee adjustments and cost recovery. Further recommendations included minimum reductions of \$23.4 million in General Fund spending over the next two (2) years and a \$12.5 million increase to financial reserves in Fiscal Year 2028.

The City Manager will present City Council the Fiscal Year 2027 Proposed Budget and a budget plan for Fiscal Year 2028 on August 13, 2026. The Fiscal Year 2027 Budget is anticipated to be considered for adoption on September 17, 2026.

INTERNAL SERVICE FUND – SELF INSURANCE

The City manages the Insurance Reserve, Workers' Compensation, and Employee Benefits Funds as a single Self Insurance Program. The City's audited total ending net position as presented in the City's ACFR for Fiscal Year 2025 for the City's Self Insurance Program were a deficit of (\$8.5) million for the Insurance Reserve Fund, \$2.8 million for the Workers' Compensation Fund and a deficit of (\$1.1) million for the Employee Benefits Fund.

The City adopts a budget using a budgetary basis of accounting which excludes expenses associated with pension and post-employment benefits. The Fiscal Year 2026 adopted budget predicted an ending fund balance deficit of (\$5.2) million for the Insurance Reserve Fund, \$4.3 million for the Workers' Compensation Fund and \$16.5 million for the Employee Benefits Fund.

As part of the annual budget process, the City re-estimates revenues and expenses for the Self Insurance Program. With the estimated Fiscal Year 2026 budget, the City has projected ending fund balances of: (\$9.8) million for the Insurance Reserve Fund; \$7.2 million for the Workers' Compensation Fund; and (\$34.8) million for the Employee Benefits Fund. As part of the City's financial policies the City anticipates addressing any Internal Service Fund deficits over the course of the next three (3) to five (5) years. Medical and pharmacy claims are the primary cost drivers within the Employee Benefits Fund. Specifically, the city has experienced higher than anticipated costs related to Free Standing Emergency Rooms. The City is currently evaluating multiple actions to include medical claims administrative review, discussions with the Free Standing Emergency Rooms, evaluating the State Independent Resolution Process, employee education and awareness and engaging Benefits Consultants to evaluate strategies to mitigate future costs.

SALES TAXATION

AUTHORITY TO LEVY SALES TAXES

Municipal Sales and Use Tax. Chapter 321 of the Texas Tax Code, as amended, authorizes the City to levy and collect a municipal sales and use tax on the receipts from the sale of taxable items within the City at a rate of two percent (2%), which is a revenue source for the City's General Fund. The City has implemented multiple programs that are funded with various portions of this available municipal sales and use tax, which are described below. As a result, the current sales and use tax in the City is 8.25%, which is the maximum allowed by State law.

Venue Projects. The City Council designated an Edwards Aquifer Protection Venue Project ("Edwards Venue Project") and a Parks Development and Expansion Venue Project ("Parks Venue Project") under Chapter 334 of the Texas Local Government Code, as amended. The venue projects were presented separately to the voters at an election on the questions of implementing the Edwards and Parks Venue Projects and imposing a 1/8 of 1% sales and use tax to finance the two (2) venue projects.

At an election held on May 7, 2005, a majority of the voters authorized the implementation of both the Edwards Venue Project and the Parks Venue Project, as well as the imposition of a 1/8 of 1% sales and use tax to finance the venue projects.

The Edwards Venue Project provides for the protection of water quality in the Edwards Aquifer by establishing a watershed protection and preservation project to acquire and preserve land or interests in land in the Edwards Aquifer recharge and contributing zones both inside and outside Bexar County.

The Parks Venue Project provides for the planning, acquisition, establishment, development, construction, or renovation of the Parks Venue Project which includes the acquisition of open space and linear parks along Leon Creek, Salado Creek, Medina River, and San Antonio River, and for improvements and additions to the Municipal Parks and Recreation System.

The two (2) venue projects shared in the use of the 1/8 of 1% sales and use tax, for a total of \$90 million for the Edwards Venue Project and \$45 million for the Parks Venue Project. This sales and use tax took effect October 1, 2005, contributing to the City's current total sales and use tax rate of 8.25%.

On November 2, 2010, the City again presented to the voters the propositions of whether or not to establish an Edwards Aquifer Protection Venue Project and a Parks Development and Expansion Venue Project and authorize the imposition of a sales and use tax at the rate of 1/8 of 1% for the purpose of financing the venue projects. A majority of the voters authorized the implementation of the venue projects as well as the imposition of the 1/8 of 1% sales and use tax receipts aggregating up to \$135 million to be used as follows: (1) \$90 million in connection with the Edwards Aquifer Protection Venue Project; and (2) \$45 million to be used in connection with the Parks

Development and Expansion Venue Project. As of July 2011, the City fully collected the sales and use tax authorized through the May 7, 2005 election for similar venue projects. The City then imposed the 1/8 of 1% sales and use tax approved by the voters in the November 2, 2010 election until the total sum of \$135 million was collected. Thus, this sales and use tax continued through April 2016.

On May 9, 2015, the City again presented to the voters the propositions of whether or not to establish an Edwards Venue Project and a Parks Venue Project and authorize the imposition of a sales and use tax at the rate of 1/8 of 1% for the purpose of financing the venue projects. A majority of the voters authorized the implementation of the venue projects as well as the imposition of the 1/8 of 1% sales and use tax receipts aggregating up to \$180 million to be used as follows: (1) \$100 million in connection with the Edwards Venue Project; and (2) \$80 million to be used in connection with the Parks Venue Project. Collection of the 2015 sales and use tax commenced upon full collection of the 2010 sales and use tax, which, as stated above, was April 2016. As of March 31, 2021, the City had fully collected this sales and use tax, and, pursuant to authorization by a majority of the voters on November 3, 2020, a sales and use tax at a rate of 1/8 of 1% was reallocated for the purpose of financing authorized programs related to job training and the awarding of scholarships of the San Antonio Early Childhood Education Municipal Development Corporation, for a period not to extend beyond December 31, 2025 (see *Job Training and Scholarship Programs* below).

Pre-K 4 SA Early Childhood Education Program. On November 6, 2012, the City presented to the voters a proposition of whether or not to impose a sales and use tax at the rate of 1/8 of 1% for the purpose of funding up to four (4) early childhood education centers of excellence and an early childhood education program. The tax revenue will be combined with State funds, allowing for full-day pre-kindergarten programs. The proposition was passed by a majority vote and the imposition of the additional 1/8 cent sales tax took effect April 1, 2013. On February 13, 2020, the City Council adopted an ordinance placing the re-authorization of the 1/8 cent sales and use tax and the continuation of the program for an additional eight (8) years on the May 2, 2020 ballot. However, due to the COVID-19 outbreak all ballot items scheduled for May 2020 were moved to the November 2020 ballot. On November 3, 2020, the proposition to authorize the continuation of the 1/8 cent sales tax for continued financing of the San Antonio Early Childhood Education Municipal Development Corporation's programs passed by a majority vote, resulting in the imposition of the additional tax to continue from April 1, 2021 for an additional eight (8) years.

Job Training and Scholarship Programs. On November 3, 2020, the City presented to the voters a proposition on whether or not to impose a sales and use tax at a rate of 1/8 of 1% for the purpose of financing authorized programs related to job training and the awarding of scholarship of the San Antonio Early Childhood Education Municipal Development Corporation, for a period not to extend beyond December 31, 2025, to commence upon the full collection of the sales and use tax previously authorized by the voters for the Edwards Venue Project and the Parks Venue Project. A majority of the voters authorized the reallocation of the 1/8 of 1% sales and use tax for the purpose of financing the programs described above. The San Antonio Early Childhood Education Municipal Development Corporation approved amendments to its Bylaws and Articles of Incorporation on March 2, 2021 to incorporate the job training and scholarship programs into its permitted purposes. The amendments to the San Antonio Early Childhood Education Municipal Development Corporation's governing documents were approved by the City Council in 2021. On January 1, 2026, pursuant to the authorization of the voters on November 3, 2020, this 1/8 of 1% sales and use tax will be imposed as an addition to the 1/4 of 1% ATD Tax (defined below) imposed in 2004 and will be allocated and used in the same manner as the current ATD Tax (see "Special Entities - Advanced Transportation District" below).

With the reallocation of the sales and use tax previously authorized by the voters for the Edwards Venue Project and the Parks Venue Project, the City approved an alternative funding source for the EAPP on September 17, 2020 which began in Fiscal Year 2024. The City effectuated this program on August 24, 2023, with an initial amount of \$30 million. Funding from the current 1/8 cent sales and use tax carried the EAPP through Fiscal Year 2024. Funding for the new EAPP which totals \$100 million will be available over a 10-year period and will come from proceeds from debt financings issued through the City's existing Municipal Facilities Corporation. The debt service will be paid from the City's General Fund. (See "DEBT STATEMENT: ASSESSED VALUATION, OUTSTANDING DEBT PAYABLE FROM AD VALOREM TAXES, AND DEBT RATIOS – On-Behalf-of Appropriation and Pledged Revenue Obligations" for a description of the future EAPP.)

SPECIAL ENTITIES

Advanced Transportation District. A proposition was passed at the November 2, 2004 election which allows VIA Metropolitan Transit ("VIA"), the mass transit agency serving the City, to create an Advanced Transportation District ("District") within the City and impose a 1/4 of 1% sales and use tax (the "ATD Tax"). The ATD Tax is allocated as follows: 50% for advanced transit services, operations, passenger amenities, equipment and other

advanced transportation purposes; 25% to construct, improve and maintain streets and sidewalks and related infrastructure to improve mobility and other advanced transportation purposes in the District; and 25% as the local share to obtain State and federal grants for highways, transportation infrastructure designed to improve mobility and other advanced transportation purposes in the District.

Alamo Regional Mobility Authority. The Alamo Regional Mobility Authority (the “Alamo RMA”) created pursuant to Chapter 370, Texas Transportation Code, as amended, provides the San Antonio area with the ability to construct, maintain, and operate certain transportation projects and establish a local governmental entity to make mobility decisions for this area. There is no sales tax associated with projects undertaken by the Alamo RMA.

The Alamo RMA is authorized to develop toll projects, issue revenue bonds to fund transportation projects, and utilize surplus revenues from local toll roads and State and federal assistance for transportation projects. In addition, the Alamo RMA can issue revenue bonds backed by the vehicle registration fee of \$10 per registered vehicle in Bexar County.

The Alamo RMA has been established to work in conjunction with the Texas Department of Transportation, the San Antonio-Bexar County Metropolitan Planning Organization, and other agencies to formulate a strategy to implement a toll network that will generate and direct revenue to other infrastructure projects that will improve the overall transportation system for the San Antonio metropolitan area.

TRANSPORTATION INITIATIVES

In 2020, the City of San Antonio voters approved the Keep San Antonio Sales Tax Initiative, which rededicated the 1/8th cent share of local sales tax to support VIA’s plan for expanded services. In 2022, the City Council approved the Interlocal Agreement with VIA that set out the terms allocating the sales tax to VIA beginning in 2026. VIA’s plan for expanded service included securing federal funding for the Advanced Rapid Transit Project. City Council approved two (2) Interlocal Agreements with VIA identifying roles and responsibilities for both the Green and Silver Advanced Rapid Transit Projects. The Green Line, which will run North/South along San Pedro Avenue and the Silver Line, which will run East/West along Commerce and Buena Vista, brings the needed frequency that will move people farther and faster than ever before. The City’s Transportation Department partnership with VIA on the project also resulted in the adoption of the Transit-Oriented Policy Framework, in December 2024, aimed at bringing the right density and intensity of uses along the transit lines.

In addressing the need for safe, multimodal transportation options, the City’s Transportation Department also worked on updates to the Complete Streets Policy and Vision Zero Action Plan, both adopted by City Council in September 2024. Additionally, the Transportation Department worked with the community to create the Bike Network Plan that aims to have the connected infrastructure to move our residents safely and allow them the connection with transit to address our “last mile” issues. City Council adopted this plan in January 2025 to help guide the 2022 Bond Program which included \$10 million in bike facilities. The City will continue to implement these policies in order to build a successful and sustainable transportation network that increases mobility and provides safe options for all vulnerable road users.

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COLLECTIONS AND EQUIVALENT RATES

Net sales tax collections and the equivalent ad valorem tax rates on a fiscal year basis are as follows:

MUNICIPAL SALES TAXES

TABLE 17

Fiscal Year Ended 9/30	Sales Tax Collected (\$) ¹	Ad Valorem Tax Levy (\$) ²	Percent of Ad Valorem Tax Levy (%)	Net Taxable Assessed Valuation (\$) ³	Equivalent Tax Rate (\$)
2016	347,874,399	489,747,494	71.03	89,341,511,070	0.3894
2017	358,076,106	535,504,898	66.87	98,190,156,056	0.3647
2018	378,367,593	573,756,629	65.95	105,670,285,216	0.3581
2019	397,869,275	611,671,862	65.05	113,117,850,093	0.3517
2020	390,512,230	644,999,309	60.54	119,327,715,795	0.3273
2021	439,381,119	675,375,805	65.06	125,464,362,857	0.3502
2022	501,258,099	698,693,965	71.74	130,578,802,082	0.3839
2023	514,842,612	750,298,942	68.62	141,663,959,555	0.3634
2024	527,128,946	804,435,030	65.53	150,944,878,164	0.3492
2025	537,354,845 ⁴	832,522,492 ⁵	64.55	157,517,701,672	0.3411

¹ Includes the City's General Fund component of sales tax at the rate of 2%. 1/8 of 1% sales and use tax, authorized by voters in a May 6, 2000, May 7, 2005, November 2, 2010, and May 9, 2015 elections to fund various venue projects, including park land acquisition and improvements over the Edwards Aquifer and linear parks along the Salado and Leon Creeks. On November 3, 2020 voters approved to reallocate the 1/8 sales tax, effective April 1, 2021, to finance authorized programs related to SA: Ready to Work Program through December 31, 2025. 1/8 of 1% sales and use tax was authorized by voters in the November 6, 2012 and November 3, 2020 elections, to fund the early childhood education program within the City, Pre-K 4 SA Early Childhood Education Program, through June 30, 2029. 1/4 of 1% Advanced Transportation District sales tax began in fiscal year 2005 levied within the City, of which the City received 25% of such total taxes collected. The City's sales and use tax rate imposed and collected within the City by all purposes at 8.25%, which is the maximum rate currently permitted under applicable State law.

² Total Ad Valorem Tax Levy for debt service and maintenance and operations.

³ Based on Net Taxable Assessed Valuation certified by the Bexar Appraisal District.

⁴ Of total taxes of \$915,302,181 deposited to the General Fund, as evidenced in Table 18, \$409,560,019 was derived from these Sales Tax collections imposed for general municipal purposes.

⁵ Of total taxes of \$915,302,181 deposited to the General Fund, as evidenced in Table 18, \$474,560,019 was derived from these ad valorem tax collections levied for maintenance and operating purposes.

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COMPARISON OF SELECTED SOURCES OF REVENUES

TABLE 18

Fiscal Year Ended									San Antonio Water System		
9/30	Taxes ¹	Charges for Services	Miscellaneous	Fines and Forfeits	Licenses and Permits	Inter- Governmental	CPS Energy		(SAWS)	Contributions	Total
2016	\$ 603,825,684	\$ 66,985,363	\$ 19,164,620	\$ 10,842,321	\$ 8,961,449	\$ 8,050,536	\$ 331,846,513 ²		\$ 13,819,868	\$ 185,809	\$ 1,063,682,163
2017	634,866,781	69,242,587	16,757,212	11,859,100	9,263,690	7,653,676	346,984,680 ³		16,627,237	2,079,066	1,115,334,029
2018	669,961,743	69,753,428	24,744,263	11,885,015	9,157,112	8,113,172	371,136,348 ⁴		18,182,361	81,316	1,183,014,758
2019	708,138,735	68,062,426	40,468,378	9,911,041	7,350,903	6,376,459	358,788,274 ⁵		18,863,829	44,331	1,218,004,376
2020	709,823,195	59,142,301	22,355,894	6,255,675	9,129,599	110,137,709	342,787,031 ⁶		30,639,258	491,355	1,290,762,017
2021	765,678,772	54,007,953	21,571,331	6,117,355	8,805,722	45,003,117	352,974,634 ⁷		30,152,483	475	1,284,311,842
2022	829,648,108	71,721,723	22,117,175	6,930,942	9,377,235	22,585,902	385,887,323 ⁸		34,097,874	-	1,382,366,282
2023	857,973,274	69,286,135	38,533,764	9,906,729	9,907,045	34,122,490	453,476,849 ⁹		34,168,940	-	1,507,375,226
2024	893,436,192	69,074,963	56,923,997	9,654,519	10,046,556	108,752,792	466,295,746 ¹⁰		34,192,258	-	1,648,377,023
2025	915,302,181	79,241,920	42,488,328	10,271,735	11,548,786	14,906,047	492,160,673 ¹¹		35,550,881	-	1,601,470,551

¹ Comprised of property, sales, alcoholic beverage, business taxes, penalties, and interest and judgments; excludes hotel/motel occupancy tax.

² Includes an additional transfer of \$11,601,014 for the Community Infrastructure and Economic Development Fund (the "CIED Fund").

³ Includes an additional transfer of \$11,612,705 for the CIED Fund.

⁴ Includes an additional transfer of \$11,719,596 for the CIED Fund.

⁵ Includes an additional transfer of \$11,765,557 for the CIED Fund.

⁶ Includes an additional transfer of \$11,978,715 for the CIED Fund.

⁷ Includes an additional transfer of \$12,018,203 for the CIED Fund.

⁸ Includes an additional transfer of \$11,599,665 for the CIED Fund.

⁹ Includes an additional transfer of \$11,523,482 for the CIED Fund.

¹⁰ Includes an additional transfer of \$12,853,204 for the CIED Fund.

¹¹ Includes an additional transfer of \$13,030,710 for the CIED Fund.

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EXPENDITURES FOR SELECTED FUNCTIONS¹

TABLE 19

Fiscal Year Ended 9/30	General Government	Public Safety	Streets and Roadways	Health Services	Welfare	Culture and Recreation	Economic Development & Opportunity	Convention & Tourism	Urban Redevelopment & Housing	Environmental	Debt Service	GASB 87 and GASB 96	Transfers Out	Total
2016	\$ 70,385,186	\$ 710,239,805	\$ 55,628,948	\$ 24,908,759	\$ 35,181,929	\$ 106,639,378	\$ 8,215,312	\$ 720,029	\$ 13,833,440	\$ -	\$ 3,290,484	\$ -	\$ 47,341,853	\$ 1,076,385,123
2017 ²	76,624,111	728,481,699	57,681,862	26,176,273	36,467,154	112,388,335	8,720,414	111,300	14,172,176	-	3,310,768	-	46,608,221	1,110,742,313
2018	76,686,621	747,731,140	61,512,906	28,172,417	37,978,705	115,681,206	8,730,778	-	17,265,488	-	3,328,964	-	42,092,053	1,139,180,278
2019	84,555,177	762,890,591	70,225,315	29,620,367	38,454,308	119,768,600	10,982,112	-	25,349,767	-	3,354,956	-	80,654,080	1,225,855,273
2020	80,335,414	802,769,143	65,076,510	28,457,609	39,479,202	114,732,268	6,638,619	-	21,867,104	-	3,373,686	-	164,807,430	1,327,536,985
2021	79,107,654	806,554,083	70,211,784	34,811,957	39,491,278	114,101,141	8,358,401	-	21,980,862	-	-	-	94,036,307	1,268,653,467
2022	82,183,581	844,083,162	73,649,692	41,738,039	43,570,872	126,233,833	9,034,319	-	30,796,968	-	-	3,430,815	52,386,642	1,307,107,923
2023	93,225,100	872,369,511	67,198,415	55,168,948	51,946,772	142,838,452	9,358,136	-	33,816,151	1,677,446	-	7,601,972	97,045,817	1,432,246,720
2024	131,306,578	996,402,858	69,248,638	67,382,434	54,428,256	150,007,258	9,928,767	-	37,439,190	3,225,035	-	12,389,473	184,151,433	1,715,945,920
2025	117,565,604	987,537,159	72,226,953	80,855,880	57,989,321	158,083,983	12,079,813	-	38,543,426	9,864,971	-	13,613,643	91,270,741	1,639,568,494

¹ Expenditures for selected functions do not include non-debt related designations and encumbrances; such designations and encumbrances are included in subsequent year's budget.

² In Fiscal Year 2017, the Official City Store transitioned from City of San Antonio to Visit San Antonio; this accounts for the decrease in Convention and Tourism.

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THE CITY

GOVERNMENTAL STRUCTURE

The City is a “Home Rule Municipality” that operates pursuant to the City Charter, which was adopted on October 2, 1951, became effective on January 1, 1952, and was last amended pursuant to an election held on November 5, 2024, whereby, subject only to the limitations imposed by the Texas Constitution, Texas statutes, and the City Charter, all powers of the City are vested in an 11-member City Council which enacts legislation, adopts budgets, and determines policies. The City Charter provides for a Council-Manager form of government with 10 council members elected from single-member districts, and the Mayor elected at-large, each serving four-year terms, limited to two (2) full terms of office as required by the City Charter. The Office of the Mayor is considered a separate office. All members of the City Council stand for election at the same time in odd-numbered years. The City Council appoints a City Manager who administers the government of the City and serves as the City’s Chief Administrative Officer. The City Manager serves at the pleasure of City Council.

CITY CHARTER

The City may amend its City Charter not more frequently than two (2) full calendar years between amendments (and which amendments must be approved by popular vote). Since its adoption, the City Charter has been amended on 12 separate occasions including: November 1974, January 1977, May 1991, May 1997, November 2001, May 2004, November 2008, May 2012, May 2015, November 2018, May 2021, and November 2024. City Charter elections must be held on a uniform election date (occurring in May and November in each year).

City Charter amendments approved at an election held on November 6, 2018 reduced the City Council’s authority to determine compensation and the term of the City Manager by limiting pay to 10 times the amount of the lowest paid City employee, limits the term of a City Manager to eight (8) years, and requires a supermajority (eight (8) votes out of 11) to select the City Manager. Additionally, the City Charter was amended at this election to allow Local 624 (defined herein) to unilaterally declare an impasse in collective bargaining and to require the City to enter into binding arbitration.

On February 11, 2021, the City Council ordered an election for a City Charter amendment to be held on May 1, 2021 to allow the City to issue bonds for permanent public improvements or any other public purpose not prohibited by State law, including affordable housing projects, following an election on that matter. A majority of the voters voted for the City Charter amendment. The results of the election were canvassed on May 12, 2021, at which time the City Charter amendment became effective immediately.

On November 14, 2023, the Mayor reconstituted the Charter Review Commission to research and make recommendations for amendments to the City Charter related to the specific areas of ethics, City Council term length and compensation, City Manager tenure and compensation, the number of council districts and process for redistricting, and language modernization. The Charter Review Commission submitted its recommendations to City Council on June 5, 2024. On August 8, 2024, the City Council ordered a City Charter election to be held on Tuesday, November 5, 2024, whereby the following modifications were submitted to the voters: A) adding a definition of “conflicts of interest”, requiring sufficient funding to the Ethics Review Board so it may perform all its assigned duties, and authorizing the Ethics Review Board to accept or decline complaints that have been resolved by an entity other than the Ethics Review Board; B) revising the language of the City Charter to account for outdated and superseded provisions; C) granting City Council the authority to set the full terms of the City Manager’s employment including tenure and compensation; D) allowing City employees to participate in local political activity consistent with State and federal law while protecting employees against political retribution and maintaining a general prohibition on participation in local political activity for the City leadership team; E) setting the compensation for City Council members and the Mayor at \$70,200 and \$87,800 annually with annual future adjustments to correlate to the HUD Income Limits for San Antonio; and F) extending the terms of all elected members of City Council, including the Mayor, from two (2) years to four (4) years and changing the term limits from four (4) full terms to two (2) full terms and keeping the terms concurrent. Each of the measures passed in connection with the City Charter election.

SERVICES

The full range of services provided to its constituents by the City includes ongoing programs to provide health, welfare, art, cultural, and recreational services; maintenance and construction of streets, highways, drainage, and sanitation

systems; public safety through police and fire protection; and urban redevelopment and housing. The City also considers the promotion of convention and tourism and participation in economic development programs high priorities. The funding sources from which these services and capital programs are provided include ad valorem, sales and use, and hotel occupancy tax receipts, grants, user fees, debt proceeds, tax increment financing, and other sources.

In addition to the above-described general government services, the City provides services financed by user fees set at levels adequate to provide coverage for operating expenses and the payment of outstanding debt. These services include airport and solid waste management.

Electric and gas services to the San Antonio area are provided by CPS Energy (sometimes herein referred to as “CPS”), an electric and gas utility owned by the City that maintains and operates certain utilities infrastructure. This infrastructure includes a 20-generating unit electric system and gas system that serves the San Antonio area. CPS’ operations and debt service requirements for capital improvements are paid from revenues received from charges to its customers. As specified in the City ordinances authorizing the issuance of its system debt, CPS is obligated to transfer a portion of its revenues to the City. CPS revenue transfers to the City for the City’s fiscal year ended September 30, 2025 were \$492,160,673. (See “Table 18 – Comparison of Selected Sources of Revenues” herein, “THE CITY – Certain Significant Issues Affecting the City” herein and “San Antonio Electric and Gas Systems” in APPENDIX A attached hereto.)

Water services to most of the City are provided by the San Antonio Water System (“SAWS”), San Antonio’s municipally-owned water supply, water delivery, and wastewater treatment utility. SAWS is in its 30th year of operation as a separate, consolidated entity. SAWS’ operating and debt service requirements for capital improvements are paid from revenues received from charges to its customers. SAWS is obligated to transfer a portion of its revenues to the City. SAWS revenue transfers to the City for the City’s fiscal year ended September 30, 2025 were \$35,550,881. Additionally, effective October 1, 2019, the City Council increased the City’s transfer from SAWS from 2.7% to 4.0% of Gross Revenues. This change was made as part of the adoption of the City’s Fiscal Year 2020 budget.

(See “REVENUE SOURCES AND EXPENDITURES – Table 18 - Comparison of Selected Sources of Revenues” herein, “THE CITY – Certain Significant Issues Affecting the City” herein and “San Antonio Water System” in APPENDIX A attached hereto.)

Please refer to Table 18 for historical transfers from CPS and SAWS to the City’s General Fund.

ECONOMIC OVERVIEW

The City fosters a favorable business environment that encourages economic diversification and sustainable growth. This section highlights key economic indicators in employment, business activity, commercial and industrial development, upcoming projects, and placemaking efforts over the previous year, with historical information demonstrating consistent sustainable growth as needed, to establish the City’s fiscal health and support its capacity to meet financial obligations.

The City’s EDD seeks to promote comprehensive growth through strategic investments and public-private partnerships. City Council accepted a five-year Economic Development Strategic Framework (“Framework”) in October of 2022 and is currently in process of updating. The Framework serves to align the City’s policy initiatives towards building a more resilient local economy and raising the City’s competitiveness for capital and investment. Over the next several years, EDD will work towards holistic coordination with economic development partners, developing local talent and a strong workforce pipeline, expanding business retention and attraction efforts via Framework industry clusters, and accelerating place-based real estate development.

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MAJOR INITIATIVE – LOCAL BUSINESS AND WORKFORCE DEVELOPMENT

The following is an overview of major initiatives related to local businesses and workforce development:

- San Antonio for Growth on the Eastside (SAGE) Storefront Grants Program is aimed at revitalizing the Eastside of San Antonio by enhancing the visual and functional appeal of local businesses.
- The Companero Program, administered by Prosper West, is designed to enhance the small business ecosystem on the Westside of San Antonio. Through its initial two-year contract, ending in 2025, the program engaged with 939 small businesses and provided 464 hours of training, advising, and education. The program also connected small businesses to Community Development Financial Institution(s) (CDFIs) and private lending institutions to provide \$218,334 in access to capital. Prosper West entered into a new contract with the City of San Antonio in October 2025 to continue the program for one (1) year with the option to renew for one (1) additional year.
- The Zero (0) Interest Loan Program administered by LiftFund offers interest-free loans to small businesses unable to secure traditional financing, promoting job growth and retention. In Fiscal Year 2025, the program administered 91 loans to small businesses with the City awarding \$1 million in interest buydown. In Fiscal Year 2026, the City allocated \$500,000 of interest buydown funds.
- The RevitalizeSA: Corridor Leadership Program is aimed at training community leaders focused on revitalizing the City's commercial corridors. Currently in its third year, participants have an opportunity to apply for a Commercial Hub Advancement for Neighborhood Growth Engagement (CHANGE) Grant of up to \$5,000 to implement learnings from the program in their identified corridor.
- The Local Initiatives Support Corporation ("LISC") helped fund the Business Development Organization ("BDO") Alliance by increasing their organizational capacity and technical assistance reach their small businesses clients. Through its three-year program that ended in 2025, LISC and the six (6) BDOs in the alliance utilized \$1.8 million to sustain and grow their capacity. This was supplemented by \$703,500 in matching funds raised by LISC.
- Launch SA provides entrepreneurship education and mentoring to entrepreneurs and serves as a resource and one-stop shop for business information.
- Through the SBEDA Program, the City awarded \$224.9 million (39% of eligible contracts) in Fiscal Year 2025 to 413 local SBEs, including \$72 million (12.6%) to Emerging Small businesses.
- Supply SA is a regional procurement collaboration of 14 public agencies that operate under the South-Central Texas Regional Certification Agency. This program intends to streamline public procurement processes and improve small business contract participation across Bexar and neighboring counties.
- As of June 2026, SA: Ready to Work ("RTW") has enrolled more than 16,537 participants. To date, over 7,000 individuals have completed training, with 5,605 placed in high-demand, well-paying occupations. Since 2024, when the On-the-Job Training program launched, SA RTW has trained 335 participants and 371 Incumbent Worker participants. The Mayor is currently exploring ending this program in an effort to close the City's projected \$158 million budget deficit.
- The Smart Cities program is geared toward tech innovations like Artificial Intelligence ("AI"), traffic LiDAR, drones, and digital engagement platforms.
- The Growth Stage Grants program awarded \$1 million in Fiscal Year 2023 funds to 20 local companies to amplify federal Small Business Innovation Research/Small Business Technology Transfer grants and catalyze revenue growth and job creation. A new round of programming to local companies will be awarded by the end of September 2026, with an estimated total of \$1 million in new local grants.

MOBILITY

In the City, mobility and manufacturing are closely linked through large employers such as Toyota, Boeing, Joseph Cyril Bamford Ltd. ("JCB"), and International Motors, which embrace the adoption of new manufacturing technologies and innovative methods for product delivery. The Mobility cluster accounted for more than 115,000 jobs in the San Antonio-New Braunfels Metropolitan Statistical Area, an increase of 1.6% over the last 12 months and had an annual economic impact of over \$16 billion.

- Toyota Motor Manufacturing Texas employs over 3,700 workers, with 5,600 more workers at on-site suppliers. The plant produces Tundra and Sequoia models, generating \$1.7 billion annually, and in 2022, became the exclusive Tundra and Sequoia Hybrid producer. In 2024, Toyota announced a rear axle assembly

plant which will begin at Toyota Texas in 2026. With this new asset, the plant will supply rear axles for the Toyota Tundra and Sequoia assembled on-site and the Toyota Tacoma assembled in Mexico. Toyota Motor North America announced it will invest \$3.6 billion to expand its San Antonio manufacturing campus with a second vehicle assembly line to support the Tacoma truck. The expansion will create 2,000 new, high-quality jobs and add 2.5 million sf to Toyota Texas, doubling its size by the year 2030. This expansion brings Toyota's total investment in San Antonio to \$8.3 billion since breaking ground in 2003. The new facility will enable increased flexibility for the plant through advanced manufacturing technologies and will align with Toyota's broader North American operations.

- In 2026, JCB, a global leader in construction, agricultural, and defense equipment, announced that it would increase its south side factory by one-third (1/3) bringing the total square footage to one (1) million sf. This is additive to their total investment of \$500 million and the creation of over 1,500 jobs. The company is on target to hire 300 people by the end of 2026 and an anticipated facility open date of September 2026. Plans are reportedly being considered to potentially increase their workforce in 2027.
- StandardAero, which opened a 100,000 sf assembly line at Port San Antonio ("Port SA") in 2024 to build and test up to 330 Boom Supersonic Symphony engines annually, is expected to meet their full production target in 2026.

IT SECURITY AND INFRASTRUCTURE

With an annual economic impact of over \$12 billion, and a total employment of over 75,000 employees which grew 1.9% over the past 12 months, the IT industry in San Antonio is a major driver of economic activity and innovation. The City is home to numerous IT companies and initiatives across consumer, corporate, and Federal/Department of War ("DoW") operations, including Jungle Disk, TrueAbility, Rackspace, Microsoft, Bitdefender, the 16th Air Force, the National Security Agency, and others.

- The University of Texas at San Antonio ("UT San Antonio") powers local innovation through its top-ranked cybersecurity program and the National Security Collaboration Center.
- UT San Antonio also leads the Texas Cyber Command. This \$135.5 million project will potentially create approximately 130 jobs.
- Geekdom, a collaborative co-working space incubator and accelerator supports entrepreneurs by offering workspace, programs, and opportunities to grow ideas into businesses.
- Port SA is home to nearly 2,000 IT professionals in over 80 companies. Recently, Port SA has expanded with the additions of Project Tech I and II and also features a rail port and Foreign Trade Zone.
- Microsoft continues to invest in the San Antonio community with an expected operational impact of \$640 million in 2028.
- Cybersecurity school NukuDo launched its U.S. headquarters at Geekdom, offering a six-month training for students who in turn make a commitment to work where they are placed for three (3) years after completion.
- Darkhive is a local startup business involved in drone manufacturing, offering competition with Chinese drones.
- Tech Day, co-sponsored by Tech Bloc and AT&T, gave laptops to 300 fifth graders and hosted a \$100,000 startup pitch sponsored by Bexar County. DevSA also hosted sessions on cloud-native apps, AI, and data science.

SUSTAINABLE ENERGY

The Sustainable Energy Cluster in the City employs nearly 30,000 people and had an annual economic impact of over \$9.8 billion. With the rise of electric vehicles and significant federal investments, the City is well-positioned to attract jobs and investment in renewable energy.

- San Antonio's Sustainable Energy cluster employs over 30,000 people, reflecting 2.5% growth over the past year and generating more than \$11.3 billion in annual economic impact. Federal initiatives, including the CHIPS Act, Bipartisan Infrastructure Law, and Inflation Reduction Act, support continued growth, with Texas leading the nation in renewable power generation.
- CPS Energy serves over 970,000 customers and generates \$4.4 billion annually. Under its Vision 2027 Generation Plan, it has more than 1,000 MW of solar operational and issued RFPs in November 2025 and February 2026.

- In February 2024, the City, CPS Energy, and Joint Base San Antonio (JBSA) signed a memorandum of understanding to explore resilient, carbon-free power options, including green hydrogen, geothermal, and advanced nuclear. Separately, Quidnet's CPS Energy project site completed a 35-MWh discharge test after six (6) months of storage with no discernible loss.
- In 2026, the city expanded its municipal solar project from 42 to 52 sites, growing the \$30 million initiative, described as the largest on-site solar program by a local Texas government, with completion targeted for the end of 2027.
- In 2022, City Council approved a \$113.6 million contract with Balcones Recycling to build and operate a 145,000 sf, AI-powered facility processing up to 50 tons per hour, cutting costs to \$3 per ton (from \$7). The facility reported a 30% recycling rate in 2025.

BIOSCIENCE ANCHORS AND CATALYSTS

The City's bioscience and healthcare industry remains a major economic driver. Key employers include Texas Biomedical Research Institute ("Texas Biomed"), BioBridge Global, Solvatum, and five (5) major hospital systems. The following summarizes key contributors and 2025 highlights for the Bioscience Anchors and Catalysts cluster:

- UT San Antonio, a Carnegie R1 university formed by integrating UT San Antonio and UT Health San Antonio on September 1, 2025, serves over 42,000 students and generates an estimated \$7 billion in economic impact. Its \$100 million Center for Brain Health opened December 10, 2025.
- The University of the Incarnate Word (UIW) is renovating the former AT&T building into Founders Hall, a \$70 million project expanding the campus by 20%, with Phase I targeted for completion in August 2026. The project has drawn significant philanthropic support, including a \$5 million pledge from the Elma Dill Russell Spencer Foundation.
- University Health's five-story Palo Alto Hospital remains on track to open in 2027 with 166 beds and can expand to 286. The broader campus opened University Health Vida in 2025, housing multi-specialty services and the Institute for Public Health.
- Methodist Healthcare advanced major capital expansions in 2025 and 2026, including a \$104 million, 54-bed expansion at Methodist Hospital Stone Oak and a \$146 million patient tower at Methodist Hospital Northeast.
- The Defense Health Agency San Antonio market serves more than 250,000 beneficiaries with roughly 11,000 staff. Brooke Army Medical Center ("BAMC") is the DoW's largest inpatient military facility, its only Level I Trauma Center, and home to its only burn center.
- Through the San Antonio Uniformed Services Health Education Consortium, BAMC supports approximately 700 residents and fellows, making San Antonio the DoW's largest military graduate medical education platform. The 59th Medical Wing transitioned the Wilford Hall Emergency Department to an Urgent Care Center on April 4, 2026.
- Texas Biomed is one of the nation's largest independent infectious-disease research organizations, with 500+ employees across a 200-acre campus. In 2026, it celebrates its 85th anniversary and plans to open an 18,000 sf Animal Health Center.
- Southwest Research Institute achieved record 2025 revenue of \$966 million with more than 3,200 employees. It opened a 21,000 sf Clinical Supply Facility in March 2026 and advanced drug development collaborations with Trinity University.
- BioMedSA, the City's bioscience hub since 2005, hosted its sixth annual BioFest Invest in 2026. Companies in its pitch competition have collectively received more than \$865 million in investments to date.
- VelocityTX is developing a 131-plus-acre life science Innovation District projected to create 10,000 jobs and generate \$3.2 billion in economic impact over 20 years. It is realigning its AIM Health R&D Summit, scheduled for April 7, 2027.

CORPORATE SERVICES

The City's Corporate Services Industry consists of major employers spanning professional services, insurance, finance providers, and corporate headquarters, having a large economic impact. The following is a summary of the major contributors to the Corporate Services Industry and 2025 Cluster highlights.

- United Services Automobile Association (“USAA”) is the City’s largest private corporate employer. Other major insurers in the city include Nationwide, Caremark, United Health, and Pacificare.
- The City headquarters operations for Frost Bank, Broadway National Bank, Credit Human, Security Service Federal Credit Union, Victory Capital, and USAA Federal Savings Bank. Additionally, Bank of America, Wells Fargo, J.P. Morgan Chase, Citigroup, PNC, and Pentagon Federal have local office locations in the City.
- Frost Bank, founded in 1868, employs over 3,100 in the area across its downtown headquarters and One Frost operations center. Its total assets reached \$52.7 billion in 2026, with more than \$66 billion in assets under administration as of March 31, 2026. The Rock at La Cantera, a 45-acre development, invested in by the Spurs, opened in 2023 and includes offices, medical space, and research partnerships.
- As of March 2025, San Antonio-based Victory Capital manages \$175.5 billion in assets and in April 2025, partnered with Amundi, adding to its asset amount.
- Guidehouse is establishing a regional hub in the City which will create jobs over five (5) years to serve Texas, Louisiana, New Mexico, and Oklahoma.
- In November 2024, ATKG Advisors merged with SPR to form one of the City’s largest accounting firms. By March 2025, profits increased to double that of 2023.
- San Antonio is home to the NBA Spurs’ 50-acre mixed-use campus, The Rock at La Cantera, representing approximately \$510 million in investment and more than 1,700 full-time employees. The development features the Spurs’ Victory Capital Performance Center, a 60,000 sf Human Performance Institute, a 22-acre park, and leased space for UT San Antonio sports medicine and human performance uses.

MAJOR INITIATIVE - PLACEMAKING AND REAL ESTATE

EDD’s Strategic Framework guides placemaking efforts like SAEDC to build a resilient local economy. The City is investing in geographic placemaking to strengthen community connections.

- The Botanical Garden unveiled a 10-year plan improving their garden, which will include a horticulture campus with eight (8) greenhouses and an apiary.
- In January 2025, City Council approved a Bike Network Plan adding over 600 miles of bike paths.
- A proposed new downtown Sports and Entertainment district, anchored by the Spurs, is being developed and could potentially include an expanded convention center, renovated Alamodome, and repurposed courthouse for event space and a new NBA arena for the Spurs.
- A term sheet was approved by City Council to relocate the San Antonio Missions baseball stadium to the northwest area of downtown near the San Pedro Creek.
- The Pearl continues to increase development with the addition of the Mira apartments. Additionally, Terry Black’s BBQ has plans for a nearby hotel and restaurant, and Broadway East’s 15-acre development will feature housing, retail, restaurants, a hotel, and parking.
- Morgan’s Wonderland has plans for a hotel, restaurant, and entry monument by 2026.
- Weston Urban’s Continental Hotel project will include a 16-story tower in addition to the completed 300 Main Tower which opened in 2024. The historic Alameda Theater is undergoing restoration with an anticipated reopening in 2028.
- The Alamo is undergoing renovation, which includes a museum and visitor center anticipated to open in 2027 and will include historic exhibits, mission replicas, and pedestrian plazas.
- The San Antonio African American Community Archive and Museum will relocate to the historic Kress-Grant building by mid-2026, expanding from 715 to 20,000 sf. The goal is for space to be completed in 2028.
- Brooks Development Authority, the 1,308-acre former Air Force base, expects its population to double in three (3) years.
- The City’s Neighborhood & Housing Department’s 10-year plan, adopted in 2021, targets the production and preservation of 28,000 units of which approximately 10,500 have been completed or are in progress.

For more information, see “Economic Factors” in APPENDIX A attached hereto.

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EMPLOYEES

The following table shows the City's total full-time, part-time, and alternate employee positions authorized, and number of positions filled. The number of filled positions shown reflects employees on the payroll for the fiscal years indicated, and the number of employee authorized positions shown reflects positions adopted in the fiscal year budget.

Fiscal Year Ended September 30										
Employees	2025		2024		2023		2022		2021	
	Filled	Authorized	Filled	Authorized	Filled	Authorized	Filled	Authorized	Filled	Authorized
Police	2,499	2,655	2,464	2,640	2,407	2,548	2,367	2,463	2,291	2,423
Police Grant Funded	105	120	45	70	40	45	40	40	41	65
Total Police	2,604	2,775	2,509	2,710	2,447	2,593	2,407	2,503	2,332	2,488
Fire	1,824	1,868	1,799	1,853	1,757	1,812	1,732	1,776	1,746	1,766
Fire Grant Funded	0	0	0	0	0	0	0	0	0	0
Total Fire	1,824	1,868	1,799	1,853	1,757	1,812	1,732	1,776	1,746	1,766
Total Police & Fire	4,428	4,643	4,308	4,563	4,204	4,405	4,139	4,279	4,078	4,254
Civilian	7,129	7,959	7,588	7,916	3,741	7,765	3,702	7,555	5,984	7,364
Civilian Grant Funded	610	683	702	764	677	701	776	749	618	618
Pre-K 4 SA	446	501	455	501	416	490	391	467	362	431
Ready to Work	22	22	15	19	16	12	0	11	0	0
Total Civilian	8,207	9,165	8,760	9,200	4,850	8,968	4,869	8,782	6,964	8,413
Total	12,635	13,808	13,068	13,763	9,054	13,373	9,008	13,061	11,042	12,667

DEBT MANAGEMENT

The City issues debt for the purpose of financing long-term infrastructure capital improvements and short-term projects. Some of these projects have multiple sources of funding which include debt financing. Infrastructure, as referred to by the City, means economic externalities essentially required to be provided by government to support a community's basic human needs, economic activity, safety, education, and quality of life. Types of debt issued by the City include ad valorem tax-supported bonds, tax notes, public property finance contractual obligations, combination tax and revenue certificates of obligation, revenue bonds, and revenue notes. Tax notes and combination tax and revenue certificates of obligation are typically secured by a pledge of revenues and/or ad valorem taxes, do not require voter approval, and are issued for programs that support the City's major infrastructure facilities and certain of its revenue-producing facilities. Revenue bonds are utilized to finance long-term capital improvements for proprietary enterprise and self-supporting operations. Currently, revenue bonds provide the financing required for improvements to the City's Airport System and the City's Municipal Drainage Utility System ("Stormwater System").

The long-term infrastructure financing process commences with the identification of major projects throughout the City to be financed with debt. These City-wide projects typically involve health and public safety, street improvements, drainage, flood control, affordable housing, construction and improvements to municipal facilities, as well as quality of life enhancements related to libraries and municipal parks. Major projects that are financed with ad valorem tax-supported bonds are presented to the electorate for approval. Upon voter approval, the City is authorized to issue ad valorem tax-supported bonds to finance the approved projects. Bond elections are held as the needs of the community are ascertained. The short-term financing process includes interim financing and various projects. Revenue bonds do not require an election and are sold as needed for construction, expansion, and/or renovation of facilities in amounts that are in compliance with revenue bond covenants. The process for any debt issuance begins with the budget process and planned improvements to be made during the ensuing fiscal year.

Utilization of comprehensive financial analysis and computer modeling in the City's ad valorem Debt Management Plan incorporates numerous variables such as sensitivity to interest rates, changes in assessed values, annexations, current ad valorem tax collection rates, self-supporting debt, and fund balances. The analytical modeling and effective debt management has enabled the City to maximize efficiencies through refundings and debt structuring. Strict adherence to conservative financial management has allowed the City to meet its financing needs while at the same time maintaining its strong ratings. The City is rated "AAA" by S&P Global Ratings ("S&P"), "Aaa" by Moody's Ratings ("Moody's"), and "AA+" by Fitch Ratings, Inc. ("Fitch"). The City's credit has been rated "AAA" by S&P since October 2008; recalibration of their respective rating scales by Moody's and Fitch in 2010 resulted in rating

changes from each of those rating agencies, upgrading the City's credit to "Aaa" and "AAA", respectively. On December 19, 2018, Fitch downgraded the City's credit rating to "AA+". (See "RATINGS" herein.)

DEBT AUTHORIZATION

General Obligation Bonds

The City is authorized to issue bonds payable from ad valorem taxes pursuant to the City Charter, the general laws of the State, and ordinances adopted by the City Council. Such bonds must be authorized by the voters of the City at elections held within the City. The City had \$1,200,000,000 in ad valorem tax-supported debt approved by its voters on May 7, 2022. See "Table 12 – Authorized but Unissued Ad Valorem Tax Debt" herein. For the fiscal year ended September 30, 2025, the City had \$1,696,450,000 general obligation bonds outstanding, which amount includes the Purchased Bonds and Refunded Obligations initially issued as general obligation bonds.

Tax Notes

The City is authorized to issue short-term tax notes, having a maturity not exceeding seven (7) years, pursuant to the general laws of the State and ordinances authorized by the City Council and are payable from ad valorem taxes. For the fiscal year ended September 30, 2025, the City had \$561,480,000 tax notes outstanding.

Certificates of Obligation

The City is authorized to issue certificates of obligation pursuant to the City Charter, applicable State laws, and ordinances adopted by the City Council. Certificates of obligation are issued for various purposes to include financing revenue-producing capital improvements and for infrastructure support and development. For the fiscal year ended September 30, 2025, the City had \$800,370,000 certificates of obligation outstanding, which comprise 26.17% of the total outstanding ad valorem tax-supported debt, which amount includes the Refunded Obligations initially issued as certificates of obligation.

Revenue Bonds

The City is authorized to issue revenue bonds under the provisions of the City Charter, applicable State laws, and ordinances adopted by City Council. For fiscal year ended September 30, 2025, the City's outstanding revenue bonds were: Airport System Revenue Bonds in the aggregate principal amount of \$105,875,000; Customer Facility Charge Revenue Bonds in the aggregate principal amount of \$113,515,000; Passenger Facility Charge and Subordinate Lien Airport System Revenue Bonds in the aggregate principal amount of \$68,075,000; and Municipal Drainage Utility System Bonds in the aggregate principal amount of \$24,510,000. This excludes revenue bonds issued by the City for the benefit of SAWS and CPS, respectively.

The airport and stormwater revenue bonds are not secured by ad valorem taxes and are limited obligations of the City payable solely from the revenues of the Airport System and Stormwater System, respectively. The Customer Facility Charge Revenue Bonds are not secured by ad valorem taxes and are payable solely from the revenues generated by the City's collection of a customer facility charge, which was approved by the City Council, with collection beginning on April 1, 2012. The Passenger Facility Charge revenue bonds are not secured by ad valorem taxes and are payable solely from the revenues generated by the City's collection of a passenger facility charge, which was approved by the Federal Aviation Administration ("FAA") and the City Council, with collection beginning on November 21, 2001.

The San Antonio International Airport is currently implementing a multibillion-dollar capital program to create facility and infrastructure improvements to accommodate the region's aviation needs for the next 20 to 50 years which includes the development of a new Terminal and associated improvements. The Terminal Development Program alone totals approximately \$1.6 billion. The overall approved six-year Capital Improvement Plan ("CIP") totals approximately \$2.591 billion and is comprised of projects for the design and construction of airfield improvements, transit improvements, terminal expansions, IT upgrade projects and updates to the Master Plan for the Airport. The City plans to fund the combined CIP through the issuance of Airport revenue bonds over multiple years. On July 21, 2026, the City priced its \$866,440,000 in Airport System Revenue and Refunding Bonds, Series 2026 (AMT) which represents the first issuance of the Airport multiyear debt financing. The bonds will close on August 18, 2026.

Airport Obligations

On May 22, 2025, the City closed on \$200,000,000 Tax Notes, Taxable Series 2025 to provide funds for interim financing for airport capital improvements to fund the Terminal Development Program. The City currently has a total of \$200,000,000 in Taxable Tax Notes outstanding.

On August 7, 2025, the City Council approved a \$500,000,000 interim financing program for airport purposes, expected to be effective on August 18, 2026.

On December 16, 2025, the City issued inferior lien bonds via a private placement sold to Bank of America, N.A., in the amount of \$452,775,000 which refunded the 2023 Taxable Tax Notes in the amount of \$269,635,000. The 2023 Taxable Tax Notes are no longer an obligation secured by the City's ad valorem taxes. Such inferior lien bonds are expected to be redeemed on August 18, 2026 with the proceeds of the previously mentioned airport revenue bonds expected to close the same day.

Refundings

The City routinely reviews the possibility of refunding certain of its outstanding debt to effectuate interest cost savings.

Debt Limitations

The amount of ad valorem tax-supported debt that the City may incur is limited by City Charter and by the Constitution of the State. The City Charter establishes a limitation on the general obligation debt supported by ad valorem taxes to an amount not to exceed 10% of the total assessed valuation.

The State Constitution and the City Charter provide that the ad valorem taxes levied by the City for general purposes and for the purpose of paying the principal of and interest on the City's indebtedness must not exceed \$2.50 for each \$100 of assessed valuation of taxable property. There is no constitutional or statutory limitation within the \$2.50 rate for interest and sinking fund purposes; however, the Texas Attorney General has adopted an administrative policy that 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 the foregoing \$2.50 maximum tax rate calculated at 90% collections. In addition, Section 1331.051, Texas Government Code, and the City Charter prohibit the total debt of the City from exceeding 10% of the total assessed valuation of property shown by the last assessment roll, and the City Charter excludes (1) any indebtedness secured in whole or in part by special assessments, (2) the debt of any improvement district, and (3) any indebtedness secured by revenues, other than taxes of the City or of any department or agency thereof. The issuance of the 2026 Obligations does not result in the City's violation of these provisions. (See "DEBT AND TAX RATE LIMITATIONS" herein.)

LONG-TERM DEBT PLANNING

The City employs a comprehensive multi-year, long-term capital improvement planning program that is updated annually. Debt management is a major component of the financial planning model which incorporates projected financing needs for infrastructure development that is consistent with the City's growth while at the same time measuring and assessing the cost and timing of each debt issuance.

LONG-TERM DEBT

The assumptions in the FY 2025-2026 Debt Management Plan include: (i) assessed valuation growth at 4.23% in FY 2025, a projected growth rate of 0.86% in FY 2026, 0.40% in FY 2027, 1.75% in FY 2028, 2.00% in FY 2029, 2.50% in FY 2030, 3.00% in FY 2031, 3.50% in FY 2032 and thereafter; (ii) tax collections at 98.5%; (iii) tax freeze for elderly and disabled; (iv) the adopted debt service tax rate which remains constant at 21.15 cents through FY 2040; and (v) an authorization currently estimated at \$500 million, in FY 2026 and future authorization in FY 2027 and FY 2032. These authorizations are preliminary and subject to change based on economic conditions.

The City will provide a comprehensive update to the Debt Management Plan with revisions to assumptions which will be presented to City Council as part of the Fiscal Year 2027 Proposed Budget process. This update will take into consideration the City's reduced property tax revenue, feasibility analysis for proposed projects and timing of projects.

NEW MONEY ISSUES

Ongoing capital improvement needs have required the City to sell certificates of obligation and general obligation bonds to fund capital improvements for various streets, drainage and flood control projects; acquisition, construction and improvements related to park facilities, public safety, municipal facilities and parking structures; and environmental clean-up and land acquisition. Tax notes have been utilized to fund short-term projects and interim financing of seven (7) years or less.

DEBT SERVICE TAX RATE

The combination of successful refundings and low interest rates for bonds and certificates of obligation sales occurring between Fiscal Year 1992 and Fiscal Year 2025 has resulted in a decrease in the projected maximum debt service tax rate of \$0.3049 per \$100 valuation prior to Fiscal Year 1992 to a projected maximum debt service tax rate of \$0.2115 per \$100 from Fiscal Year 2003 through Fiscal Year 2040.

THE LEGISLATIVE PROCESS

The Texas Legislature convenes in regular session every two years. Thereafter, the Governor may call one or more additional special sessions, each of which may last no more than thirty (30) days and for which the Governor sets the agenda. The Texas Legislature may consider bills that could have a direct impact on the City and its operations. The 90th Legislature, the next regular legislature, is scheduled to convene on January 12, 2027, and adjourn on May 31, 2027.

On August 4, 2026, the Governor's office announced a plan to reshape the energy market in cities served by a single electric provider, such as the City and its municipally owned CPS Energy, by allowing customers to participate in retail electric competition. Reports also indicated that the plan would prohibit city utilities from imposing charges unrelated to electric delivery and from using utility profits for other municipal purposes, which would (presumptively) include the transfers to the City's general fund from its City-owned utilities. The City can make no representations or predictions concerning the substance or effect of any legislation that may be filed or enacted in the future or how any such legislation could affect the City, its finances, and its operations, including legislation such as that described by the Governor in his recent statements.

THE BUDGET PROCESS

FISCAL YEAR 2027 BUDGET . . . The Fiscal Year 2027 Budget Process represents a comprehensive effort that involves input from residents, the Mayor and City Council, outside governmental agencies and private organizations, all City departments and offices, and City employees. There are several major components to the process and each phase of the Fiscal Year 2027 Budget Process is explained below.

FIVE-YEAR FINANCIAL FORECAST . . . On May 6, 2026, City Council was presented with the Fiscal Year 2026 Budget Update and the Five-Year Financial Forecast. The Budget Process is guided with the development and presentation of the Five-Year Financial Forecast (the "Forecast"). The Forecast is a financial and budgetary planning tool that provides a current and long-range assessment of financial conditions and costs for City service delivery plans including the identification of service delivery policy issues that will be encountered in the next five (5) years and will have a fiscal impact upon the City's program of services. The Forecast also examines the local and national economic conditions that have an impact on the City's economy and ultimately, its budget. The Forecast is intended to provide the City Council and the community with an early financial outlook for the City, and to identify significant issues that need to be addressed in the budget development process. Future revenues and expenditures are taken into account in an effort to determine the level of surplus or deficit the City may face during the next five (5) years. The Forecast presentations are available on the City's website. The substance of the information on this website is informational only and not incorporated herein by reference.

CITY COUNCIL GOAL SETTING WORK SESSION AND TRIAL BUDGET. . . On May 22, 2026, the City Council held its Goal Setting Session to discuss financial policies and priorities for the Fiscal Year 2027 Budget development. The Goal Setting Work Session is a formal mechanism for City Council as a body to provide policy direction to City staff on budget priorities for the upcoming fiscal year. This work is focused on establishing strategic goals and service delivery priorities to lead the City's efforts and resources for the Fiscal Year 2027 Budget development. The outcome of the Goal Setting Work Session guides City staff to align service delivery and spending plans with City Council

priorities. The Fiscal Year 2027 Trial Budget was presented on June 18, 2026 and included updates on the City's financial position as well as strategies to balance the projected General Fund deficit for Fiscal Year 2027 and Fiscal Year 2028.

PUBLIC AND EMPLOYEE INPUT . . . The City's budget is a direct reflection of our community's priorities. To ensure all voices are heard, the City uses a two-pronged approach to gather input each year: an independent, statistically valid budget survey, and a general community survey through SASpeakUp.com and paper comment cards. The statistically valid survey uses a Priority Investment Rating methodology to analyze input based on two (2) factors: (1) how important residents consider various City services, and (2) the level of need for each service. This approach helps guide decisions on how to best allocate resources where they matter most. The survey is offered in both English and Spanish to maximize accessibility. Through the SASpeakUp campaign, the City actively seeks input by meeting residents where they are - online, at community events, and at neighborhood City facilities. This comprehensive outreach includes digital media, email campaigns, bilingual surveys, posters, and flyers. All feedback collected helps shape recommendations for the Fiscal Year 2027 Proposed Budget, ensuring the City's investments align with what matters most to our residents.

PROPOSED BUDGET PREPARATION . . . Prior to the Proposed Budget Presentation, each City department's base budget is reviewed by the Office of Management and Budget, along with the City department's respective Executive Leadership Team members. Costs such as fuel, electricity, and other similar maintenance and operational expenses may be adjusted to meet current market demands. Concurrent to these reviews, the Executive Leadership Team and Budget Staff will review preliminary fund schedules in order to determine the financial position for each City department and fund. Other items discussed in these meetings include performance measures, capital and grant programs, policy issues, revenue changes, and potential reductions. As part of the Budget Development Process, City departments will be asked to look for efficiency and operational proposals that reflect the City Council strategic goals and the community service delivery priorities.

FISCAL YEAR 2027 PROPOSED BUDGET . . . After obtaining the priorities of the community and City Council, as well as conducting reviews of each City department, the City Manager will present the Fiscal Year 2027 Proposed Operating and Capital Budget to City Council on August 13, 2026.

PUBLIC INPUT ON BUDGET PRIORITIES . . . Community input is an important part of the budget process. The SASpeakUp campaign connects residents to information regarding the Fiscal Year 2027 Proposed Budget. After the budget is presented to the City Council in early August, the City will conduct a series of budget open houses in English and Spanish across the City, as well as two (2) public hearings at City Council Chambers to obtain input from the community on the proposed budget. These meetings are in addition to the social media opportunities that will be available to the residents to provide their input about the proposed budget. All community feedback gained from these initiatives will be provided to City Council and City staff for consideration in the Fiscal Year 2027 Adopted Budget. The Fiscal Year 2027 Adopted Budget represents City staff's professional recommendation reflecting the priorities of the community and City Council.

FISCAL YEAR 2027 ADOPTED BUDGET . . . After receipt of the Fiscal Year 2027 Proposed Budget, the City Council will hold several work sessions to review the proposed service program details and discuss potential City Council budget amendments. The budget work sessions provide a forum for discourse on significant policy issues as well as an opportunity to review departmental service plans highlighting proposed program enhancements, efficiencies, redirections, and revenue adjustments. After considering all the recommendations and receiving input from citizens, the budget will be approved by City Council on September 17, 2026.

ANNEXATION PROCESS

Like other large American cities, the City experienced unprecedented population growth and suburbanization after World War II. The City has historically been able to capture most of the growth in its Extraterritorial Jurisdiction ("ETJ") through annexation. The City has grown from its 1940s area of 36 square miles to its current size of over 500 square miles. The City has a net taxable assessed value of \$159 billion in tax year 2025.

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Changes to State annexation law in 2017 curtailed the annexation powers of Texas municipalities. The City's Annexation Policy (the "Policy") was recently updated to reflect these recent changes in the State law, and to provide the guidance necessary to evaluate requests for special districts and development agreements in its ETJ. This Policy update is important as the City has seen an influx in the number of requests for special districts and development agreements in the City's ETJ. The Policy was considered and adopted as a component of the City's Comprehensive Master Plan by the City Council in August of 2023.

ANNEXATIONS AND MUNICIPAL BOUNDARY ADJUSTMENTS

The Planning Department recently processed an owner-initiated Annexation request, which was made effective at the end of February 2025, for a total of 794.50 acres (1.24 square miles). As a result of that large annexation, the City's corporate land rose to approximately 526.50 square miles.

PUBLIC IMPROVEMENT DISTRICT

In accordance with the Public Improvement District Assessment Act, Chapter 372 of the Texas Local Government Code, the City Council established a Public Improvement District ("Downtown PID") in the central business district in 1999 for an initial five-year term. The Downtown PID was subsequently renewed in 2004 and 2009, and later re-established in both 2013 and 2023. The most recent re-establishment extends the term for 10 years, from October 1, 2023, through September 30, 2033.

The Downtown PID was created to deliver public improvement services within its defined boundaries. These services include management, maintenance and landscaping/streetscaping, marketing and promotional efforts, a public service representative program, a business retention and recruitment program, and capital improvement projects. Each year the supplemental services and improvements to be provided by the Downtown PID are outlined in a Service and Assessment Plan, which requires City Council approval.

In 1999, the City Council authorized a management contract with Centro San Antonio Management Corporation, a Texas non-profit entity, to oversee the Downtown PID programs. A Board of Directors governs the Downtown PID and meets at least quarterly to ensure the effective delivery of services.

The Fiscal Year 2026 expenditure plan reflects a total budget of approximately \$7.3 million based on the assessment rate of \$0.15 per \$100 valuation for commercial properties, \$0.09 per \$100 valuation for condominium residential properties, and an assessment rate of \$0.045 per \$100 valuation for residential properties with a homestead exemption. In addition to assessment revenues from private property, the total Downtown PID budget includes approximately \$1.17 million of revenue from the City, CPS Energy, VIA Metropolitan Transit, voluntary assessments, and interest on deposits. The Downtown PID will operate on these collected revenues and will not issue bonds.

SAN ANTONIO TOURISM PUBLIC IMPROVEMENT DISTRICT

Visit San Antonio ("VSA") is tasked with the sales, marketing, and promotion of the City to convention, group, and leisure visitors. VSA acted as a City department through September 2016. Beginning in October 2016, City Council approved its transition to a 501(c)(6) public/private entity. One of the key charges for that transition was to allow VSA to explore additional funding opportunities and the ability to expand sales and marketing initiatives and partnerships.

On June 21, 2018, City Council authorized by ordinance various agreements related to the proposed creation of the San Antonio Tourism Public Improvement District ("SATPID") for an eight-year period, that went into effect beginning January 1, 2019, and ending September 30, 2026; and approved the SATPID Service Plan, which included the Assessment Plan. That ordinance authorized a contract which provides that the SATPID will be overseen by the San Antonio Tourism Public Improvement District Corporation, a non-profit entity with a board of directors composed solely of stakeholder hotels within the SATPID.

On October 24, 2018, the San Antonio Hotel Lodging Association presented the City with a petition to create the SATPID which included the signatures of property owners representing 74.24% of appraised value of the real property and 64.52% of the record owners of hotels with 100 rooms or more, ordinarily used for sleeping, located within the SATPID. The Office of the City Clerk verified the petition as required by State law on December 6, 2018. On December 6, 2018, City Council by ordinance authorized the creation of the SATPID, designed to protect and grow the City's multibillion-dollar visitor industry and its associated market share. The ordinance specifies the nature and cost of proposed improvements within the SATPID Service Plan, sets forth the SATPID's boundaries, specifies the

method of assessment, provides for the apportionment of costs between the City and the SATPID, and levies an assessment rate of 1.25% of the gross hotel room night revenue of qualified hotels within the SATPID beginning on January 1, 2019.

Since being implemented, SATPID has generated more than \$65 million for direct investment into sales, marketing, and promotional efforts to boost tourism, leisure, corporate business travel, and convention and group business to the City. As a result, it is also expected to increase City sales tax, alcoholic beverage tax, and property tax receipts due to enhanced economic activity. There are no additional costs to the City. Administrative costs incurred by the City for the collection and disbursement of the assessment fees will be reimbursed to the City from such assessment fees.

INVESTMENTS

Available investable funds of the City are invested as authorized and required by the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Investment Act"), and in accordance with an Investment Policy approved by the City Council. The Investment Act requires that the City establish an investment policy to ensure that City funds are invested only in accordance with State law. The City has established a written investment policy, which was most recently amended and adopted on September 30, 2025. The City's investments are managed by the City's Department of Finance, which, in accordance with the Investment Policy, reports investment activity to the City Council.

LEGAL INVESTMENTS

Under State law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State or its agencies and instrumentalities; (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 unconditionally 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; (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 Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, or otherwise meeting the requirements of the Texas Public Funds Investment Act; (8) certificates of deposit and share certificates that (i) are issued by or through an institution that has its main office or a branch in Texas and (a) are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, (b) are secured as to principal by obligations described in clauses (1) through (7) above, or (c) secured in any other manner and amount provided by law for City deposits, or (ii) certificates of deposit where (a) the funds are invested by the City through a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City 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 City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the United States Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 as custodian for the City with respect to the certificates of deposit issued for the account of the City; (9) fully collateralized repurchase agreements that (i) have a defined termination date, (ii) are fully secured by a combination of cash and obligations described in clause (1), (iii) require the securities being purchased by the City or cash held by the City to be 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 (iv) are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (10) securities lending programs if (i) the securities loaned under the program are 100% collateralized, 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 (7) 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 (7) above and clauses (12) through (15) below, (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 (1) year or less; (11) certain bankers' acceptances if the bankers' acceptance (i) has a stated maturity of 270 days or fewer from the date of issuance, (ii) will be, in accordance with its terms, liquidated in full at maturity, (iii) is eligible for collateral for borrowing from a Federal Reserve Bank, and (iv) is accepted by a State or Federal bank, if the short-term obligations of the accepting bank or its holding company (if the accepting bank is the largest subsidiary) are rated at least "A-1" or "P-1" or the equivalent by at least one (1) nationally recognized credit rating agency; (12) commercial paper with (i) a stated maturity of 365 days or less from the date of issuance, and (ii) a rating of at least "A-1" or "P-1" or the equivalent by either (a) two (2) nationally recognized credit rating agencies, or (b) one (1) nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual fund that are (i) registered with and regulated by the U.S. SEC, (ii) provide the City with a prospectus and other information required by the SEC Act of 1934, and (iii) comply with Federal Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are (i) registered with the U.S. SEC, (ii) have an average weighted maturity of less than two (2) years, and (iii) either (a) have a duration of one (1) year or more and are invested exclusively in obligations described in this paragraph, or (b) have a duration of less than one (1) year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; (15) investment pools if the City has authorized investment in the particular pool and the pool invests solely in investments permitted by the Texas Public Funds Investment Act, and is continuously rated no lower than "AAA" or "AAA-m" or at an equivalent rating by at least one (1) nationally recognized rating service; and (16) guaranteed investment contracts that (i) have a defined termination date, (ii) are secured by obligations which meet the requirements of the Texas Public Funds Investment Act in an amount at least equal to the amount of bond proceeds invested under such contract, and (iii) are pledged to the City and deposited with the City or with a third party selected and approved by the City.

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, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, requirements 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 Texas Public Funds Investment Act. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type; (2) preservation and safety of principal; (3) liquidity; (4) marketability of each investment; (5) diversification of the portfolio; and (6) yield.

State law requires the City's investments 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 must submit an investment report to the City Council 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 any additions and changes to 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 beginning and 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) the investment strategy expressed in the City's investment policy, and (b) the Investment Act. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . The City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt an ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in said ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City; (4) require the qualified representative of firms 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 investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio, requires an interpretation of subjective investment standards, or

relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority); and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the designated City Investment Officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in no-load mutual funds to no more than 15% of the entity's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

CURRENT INVESTMENTS . . . As of March 31, 2026, investable City funds (unaudited), in the total amount of \$2,891,101,323 with 63.06% invested in obligations of the United States, or its agencies and instrumentalities, 6.88% invested in a money market mutual fund, 29.92% invested in local government investment pools, and 0.14% in a collateralized repurchase agreement, with the weighted average maturity of the portfolio being just under one and a half (1 ½) years. The investments and maturity terms are consistent with State law and the City's Investment Policy objectives to satisfy cash flow requirements, preservation and safety of principal, liquidity and diversification, maximize yield, and proactive portfolio management.

The market value of such investments (as determined by the City by reference to published quotations, dealer bids, and comparable information) was approximately 99.96% of their book value. No funds of the City are invested in derivative securities; i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

CERTAIN SIGNIFICANT ISSUES AFFECTING THE CITY

CITY UTILITIES. . . The City owns its electric and gas systems and water and wastewater systems, each of which are managed by an appointed Board of Trustees. The City Public Service Board of San Antonio, Texas, known as CPS Energy, operates and manages the City's electric and gas systems; the Board of Trustees of SAWS operates and manages the City's water and wastewater system. By separate ordinance, the City Council has provided that complete management and control of the applicable utility system is vested in the particular Board of Trustees regarding all matters except for approval of CPS Energy and SAWS board members, authorizing the issuance of bonds, setting rates, and exercising the power of eminent domain (which powers remain exclusively reserved to the City Council). These governance provisions are perpetuated each time the City issues utility bonds secured by the revenues of the respective utility system. As demonstrated in Table 18 herein, a portion of each utility system's annual gross revenues are transferred to the City's general fund for any municipal use (the "City Payment").

As regional utility providers, both CPS Energy and SAWS operate large utility systems that are the subject of significant operational and regulatory issues that may impact their respective financial performance. For a greater discussion of each utility system and significant issues affecting each, see the applicable discussion included in APPENDIX A herein.

AIR QUALITY IN SAN ANTONIO . . . On July 22, 2024, the United States Environmental Protection Agency ("EPA") declared that the San Antonio area had been reclassified to Serious Nonattainment for the required ozone National Ambient Air Quality Standards. The San Antonio area's Serious Nonattainment reclassification was based upon complete, quality-assured, and certified ozone air quality monitoring data that showed that the 8-hour ozone design value for the area exceeded 70 parts per billion for the years 2018 through 2024. The attainment date for this serious nonattainment area is September 24, 2027, with a 2026 attainment year.

The Texas Commission on Environmental Quality ("TCEQ") was required by the EPA to submit State Implementation Plan ("SIP") revisions addressing all Moderate area requirements by January 1, 2023. TCEQ did not meet this deadline. On October 13, 2023, the EPA found that 11 states failed to submit Moderate SIP revisions by the January 1, 2023, due date. On October 12, 2023, Governor Abbott sent a letter to the EPA requesting voluntary reclassification of the Bexar County, Dallas-Fort Worth, and Houston-Galveston Brazoria 2015 ozone standard nonattainment areas from Moderate to Serious Nonattainment. The Clean Air Act requires that the EPA grant this request to move to a higher classification, which provides additional time for San Antonio to attain the 2015 ozone standard and requires the state to implement more stringent measures. On June 20, 2024, the EPA published in the Federal Register its Final Rule on Governor Abbott's request for reclassification of the San Antonio Area from Moderate Nonattainment to

Serious Nonattainment with an effective date of July 22, 2024. The EPA also finalized a deadline of January 1, 2026, for TCEQ to submit SIP revisions addressing the Federal Clean Air Act (“CAA”) Serious designation for ozone nonattainment area requirements for the San Antonio area. As a Serious nonattainment area, the San Antonio area is now subject to additional federal planning and emissions control requirements and has an attainment deadline of September 24, 2027.

TCEQ will have the regulatory role to enforce CAA regulations, which are federal laws that regulate air emissions from stationary and mobile sources. The City of San Antonio will not have a regulatory role to enforce the TCEQ SIP. With regard to fine particulate matter levels, the United States Environmental Protection Agency (“EPA”) announced on January 6, 2023, a proposal to strengthen the annual fine particulate matter National Ambient Air Quality Standard (“PM_{2.5} NAAQS”) from 12.0 micrograms per cubic meter (“µg/m³”) to a level between 9.0 and 10.0 µg/m³. On February 7, 2024, the EPA finalized its reconsideration of the particulate matter (“PM”) NAAQS and revised the primary annual PM_{2.5} standard to 9.0 µg/m³. The revised standard became effective on May 6, 2024. States were required to submit initial area designation recommendations to the EPA by February 7, 2025, and the EPA is required to finalize area designations by February 6, 2026. Areas designated nonattainment for the revised annual PM_{2.5} standard are expected to be initially classified as Moderate nonattainment areas under the Clean Air Act (“CAA”), with State Implementation Plan (“SIP”) submissions anticipated in 2027 and an attainment deadline expected in 2032. Currently, Bexar County remains in attainment for the PM_{2.5} NAAQS based on data from regulatory monitoring sites located throughout the county.

LITIGATION AND REGULATION

GENERAL LITIGATION AND CLAIMS

The City is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its municipal and enterprise activities, certain of which seek substantial damages. That litigation includes lawsuits claiming damages that allege that the City caused personal injuries and wrongful deaths; class actions and promotional practices; various claims from contractors for additional amounts under construction contracts; property tax assessments; and various other liability claims. The amount of damages in most of the pending lawsuits is capped under the Texas Tort Claims Act, Chapter 101, Texas Civil Practice and Remedies Code, as amended. Therefore, as of the City’s fiscal year ended September 30, 2025, the amount of \$43,706,628 is included as a component of the reserve for claims liability. The estimated liability, including an estimate of incurred but not reported claims, is recorded in the Insurance Reserve Fund of the City. The status of such litigation ranges from early discovery stage to various levels of appeal of judgments both for and against the City. The City intends to defend vigorously against the lawsuits, including the pursuit of all appeals; however, no prediction can be made, as of the date hereof, with respect to the liability of the City for such claims or the outcome of such lawsuits.

In the opinion of the City Attorney, it is improbable that the lawsuits now outstanding against the City could become final in a timely manner, as determined by the date posted hereof, so as to have a material adverse financial impact upon the City that should be reflected in the financial information of the City included herein.

The City provides the following updated information related to the lawsuits:

Rogelio Carlos III, et al. v. Carlos Chavez, et al. San Antonio Police Department (“SAPD”) SWAT officers were assisting High-Intensity Drug Trafficking Areas (“HIDTA”) officers in searching for a fleeing suspect. The Plaintiff was misidentified by the HIDTA officer as being the suspect. The HIDTA officer engaged and attempted to physically apprehend the Plaintiff and was assisted by SAPD SWAT officers. The Plaintiff suffered minor injuries as a result of the arrest, although he later complained of neck and shoulder/arm pain. Several months after the incident, the Plaintiff underwent surgery, during which procedure, the Plaintiff was paralyzed. The Plaintiff has filed suit against the City and various officers under 42 U.S.C. § 1983. The Plaintiff has amended his suit to include the physicians involved in the Plaintiff’s surgical procedure. Discovery is completed. Motions for summary judgment were filed on behalf of the City and all officers. In April 2020, the Court entered its order dismissing all claims against the City and two (2) officers. Claims against the three (3) remaining officers were pending trial. The case was bifurcated and trial on the issue of liability was held from April 8 through April 17, 2024 with a verdict in favor of one (1) officer but finding liability by the remaining two (2) officers. The damages case was tried in October 2024, with a final judgment totaling \$7,050,000. The court also awarded an additional \$2,489,757.39 in costs. The Plaintiffs filed a motion for attorney’s fees and an additional \$5 million for life care. Defendants have filed motions for new trial and remittitur. In June 2025, the Court entered Final Judgment, denying the motions for new trial and remittitur and awarding \$1,536,809.98 in attorney’s fees and costs. The officers filed an appeal to the Fifth Circuit; the Plaintiff filed a cross appeal challenging

the summary judgment in favor of the City as well as challenging the judge's exclusion of evidence on a life care plan. The City has informed the officers and the Plaintiffs that it cannot indemnify the officers in this matter.

Patricia Slack, et al. v. City of San Antonio and Steve Casanova. SAPD officers responded to persons complaining they had been assaulted in front of a nearby residence. The officers went to the address provided by the victims and approached the front door, which was behind a security door made of metal bars. The officers knocked, and the door swung open to the living room, although the security door remained closed. At least three (3) individuals were present in the living room. One individual stood and approached the door while reaching his hand into his waistband. Officer Casanova discharged his weapon. A bullet fired by Officer Casanova grazed one (1) individual and fatally struck a second individual. A suit was brought on behalf of the estate of the deceased, the injured individual and another individual on the scene. The Plaintiffs have filed suit under 42 U.S.C. § 1983 alleging use of excessive, deadly force. The Court granted the City's motion for summary judgment in part and denied it in part. It denied the officer's motion for summary judgment. The District Court issued an order bifurcation the case into two (2) trials – on the claims against the officer, and on the claims against the City. The first trial (officer) is set for August 17, 2026.

Anja Contreras, individually and as Representative and Beneficiary to the Estate of Asante Contreras, Deceased v. Mazda Motor Corporation, Mazda Motor of America, Inc., City of San Antonio, Joseph W. Woolard, and Stephen Palade. On May 3, 2020, Defendant Joseph Woolard was wanted on four (4) felony warrants for firing a shotgun at a Bexar County Sheriff's Office deputy. When police officers attempted to contact him at a gas station, he fled for 40 minutes before going the wrong way on IH 35, striking a vehicle and causing the death of Asante Contreras. The Plaintiff filed suit in state court alleging violations of 42 U.S.C. § 1983, the TTCA and general negligence. The Plaintiffs also asserted claims against Mazda Motor Corp. alleging negligence for the design and safety flaws of the Mazda 3 decedent was driving. Discovery is ongoing. On November 26, 2024, the Court granted the City's motion for summary judgment, dismissing all claims against the City. The Plaintiff appealed this case. All briefing has been completed. Oral argument has not been set.

Texas Disposal System v. City of San Antonio. Texas Disposal System ("TDS") holds a contract with the City to operate the City's waste transfer station on Starcrest Road. TDS alleges that the rates allowed under the contract, even with Consumer Price Index adjustments, does not properly compensate them and sought to change the terms of the contract, which the City denied. TDS brought suit against the City in late 2022 claiming the City has breached the terms of the contract and seeking damages in excess of \$250,000. Trial on this case began on September 15, 2025 and lasted three (3) weeks. The jury returned a verdict in the City's favor and awarded zero (0) dollars to TDS on October 1, 2025. The City has filed a motion seeking \$1.6 million in attorneys' fees. The fee motion and entry of final judgment are pending with the trial court. It is anticipated TDS will appeal the jury verdict.

Alexis Tovar, et al. v. City of San Antonio, et al. On June 23, 2023, officers responded to an apartment complex for a call that a woman cut a fire alarm wire. When confronted by the officers, the woman ran to her apartment. Three officers climbed over the railing on her patio and saw her inside the apartment. The woman made a movement toward the patio window and the officers opened fire, killing her. The Plaintiffs filed suit in Federal District Court against the City and the officers, alleging use of excessive force. The City will not be providing representation or indemnification for the officers. The officers filed an initial motion to dismiss, which was granted; however, the Federal District Court allowed the Plaintiffs to amend their complaint. After the amended complaint was filed, the officers and the City filed motions to dismiss. On May 29, 2025, a U.S. Magistrate Judge issued his Report and Recommendation, recommending the case be dismissed as to all parties. The Plaintiffs filed objections to this recommendation. The Federal District Court Judge accepted the recommendation and entered judgment in favor of the City and the former officers. The Plaintiffs appealed to the Fifth Circuit. The case was argued at the Fifth Circuit on July 7, 2026. A decision on the case is pending.

Maria Tijerina, et al. v. City of San Antonio, et al. SAPD received a call that a woman and her children were being held at gunpoint in their apartment by her boyfriend. SWAT was dispatched to the scene. The boyfriend exited the apartment and while standing on the landing, raised his weapon. SWAT officers discharged their weapons, killing the boyfriend. A single bullet went through the apartment door, ricocheted off an air conditioning vent and struck the woman, killing her. Suit has been filed on behalf of the woman and her children in Federal District Court. On August 8, 2025, the Federal District Court granted summary judgment in favor of the City and the officers, dismissing all claims. The Plaintiffs appealed to the Fifth Circuit. Briefing is completed and oral argument began on August 5, 2026.

Maria Vitela, et al. v. City of San Antonio, et al. On September 18, 2022, SAPD officers were flagged down to find a suspect wanted on felony warrants. Family members provided a description of the individual. Alejandro Vitela was seen riding his bicycle in the area, against traffic, and matched the description. When stopped, he was not cooperative,

said he had a gun and would shoot the officers and then made movements that appeared that he was pulling a weapon. Officers drew their weapons and fatally shot Mr. Vitela. Subsequently, it was determined that he did not have a weapon. A suit has been filed on behalf of Mr. Vitela's estate against the City and one (1) officer. A motion for summary judgment was filed but the Court then allowed the Plaintiffs to file and amended complaint and reopen discovery. The discovery period is now completed and summary judgments are pending. No trial date has been set.

Erik Cantu, et al. v. City of San Antonio, et al. On October 20, 2022, SAPD Officer James Brennand was dispatched to a McDonald's for a disturbance. On his arrival, the disturbance had abated, but while in the parking lot, he observed a vehicle that had fled from him the night before. Officer Brennand called for backup but approached the vehicle before it arrived. He opened the door, startling the driver, Eric Cantu. Cantu immediately put the vehicle in reverse, causing the car door to strike the officer. Officer Brennand drew his weapon and shot at the vehicle as it drove away. Mr. Cantu was struck several times and was unable to continue driving within a block. Mr. Cantu was hospitalized for multiple gunshot wounds. Officer Brennand was terminated for failure to follow SAPD policies and procedures and was criminally indicted. The City will not be providing a defense for former officer Brennand. Answers have been filed on behalf of all parties. Discovery is on-going. This case is set for trial on March 22, 2027.

Santander Consumer USA v. City of San Antonio, et al. The Plaintiff, an auto loan company, filed suit against the City and its contractor managing the City's impound lot. The Plaintiff claims that the City's ordinance regarding sending notice on towed vehicles is unconstitutional and deprives them of their due process rights to recover vehicles before they are sold at auction. The Plaintiff claims they have been damaged in an amount in excess of \$250,000.00. Motions to dismiss are currently pending. The Plaintiff filed a new petition, and the court has consolidated the cases. On August 5, 2025, the court granted summary judgment in favor of the City. The Plaintiff filed an appeal with the Fifth Circuit. Briefing is completed and oral argument began August 6, 2026.

Bravo Excavation and Construction, LLC v. Austin Bridge & Road, LP and City of San Antonio. This lawsuit concerns a storm water construction project. Austin Bridge & Road, LP ("Austin Bridge") is the general contractor for the City's project; Bravo Excavation and Construction, LLC ("Bravo") is a subcontractor hired by Austin Bridge for trenching. After trenching issues occurred, Austin Bridge alleged that the soil was different than as described in the documents; the City believes Bravo lacked experience in trenching. Austin Bridge terminated Bravo for OSHA violations and site safety concerns. Bravo sued Austin Bridge and the City, alleging a \$1.5 million breach of contract. Austin Bridge countersued Bravo and crossclaimed the City for breach of contract. Bravo added a third-party defendant, United Rentals, claiming the water bypass for trenching malfunctioned. Discovery is on-going. This case is set for trial on November 16, 2026.

Ben Gonzalez and Ida Gonzalez v. The City of San Antonio; William McManus Individually and as Chief of the San Antonio Police Department; Detective Brian Belcher #2475 Individually. Police responded to a domestic violence call involving the Plaintiff's son and his ex-girlfriend. When police arrived, the decedent appeared to be holding a weapon on his ex. Officer Belcher discharged his weapon, killing decedent. The Plaintiffs allege that their son was not violent and the shooting was excessive force, in violation of 42 U.S.C. § 1983. Discovery is on-going. This case is set for trial on February 16, 2027.

Juanita Najera, individually and on behalf of the Estate of Ramon Najera, Jr., Raymond A. Najera, Sylvia Martinez, Richard G. Najera v. The City of San Antonio, Andy Segovia. The Plaintiff's decedent was attacked by dangerous dogs, resulting in his death. The owners plead guilty to criminal charges of attack by dog resulting in death. The Plaintiff has filed suit in federal court against the City and the City Attorney alleging that the City failed to take possession of the dogs despite allegedly knowing of their dangerous nature. The Defendants' motion to dismiss was granted by the court. The Plaintiffs filed a motion for reconsideration which is pending with the Court.

Associated Builders & Contractors of South Texas, Inc., et al. v. City of San Antonio, et al. In 2018, the City was served with a petition to enact a paid sick leave ordinance or to place the initiative on the ballot for election. On August 16, 2018, the City enacted Ordinance No. 2018-08-16-0620 mandating that all private employers provide employees paid sick leave. This suit was filed by various business organizations alleging that the ordinance violated the Texas Minimum Wage Act. The Plaintiffs sought a temporary injunction and declaratory judgment. A temporary injunction was granted. While this matter was on appeal, the Texas Supreme Court issued an opinion in an Austin case concerning a similar ordinance, finding the ordinance was preempted. The Plaintiffs in this case are seeking attorneys' fees in an amount in excess of \$250,000 which is still pending. This matter is not currently set for trial.

The City of Houston et al. v. The State of Texas. In a lawsuit filed in July 2023 in state district court in Travis County, certain Texas home-rule cities including the City seek a court declaration that recent legislation in House Bill 2127

(“HB 2127”), effective September 1, 2023, is unconstitutionally vague. The Texas Constitution affords Texas home-rule cities broad authority in enacting local laws unless the Texas Legislature specifically legislates a state law that preempts local law. Any statutory language preempting local law must do so with “unmistakable clarity”. In HB 2127, the Texas Legislature broadly enacted “field preemption” in eight (8) state statutory codes without enacting any specific State law. This sort of “field preemption” does not exist between Texas state law and local law. HB 2127 also provides for a private right of action for any person to sue a home-rule city to invalidate any local law with State field preemption under HB 2127 after a 90-day notice period. In a suit under HB 2127, a person suing the City may recover attorney’s fees from the City. Given the ambiguity of HB 2127, the City cannot begin to predict the outcome of this lawsuit or the scope of potential litigation it may face when HB 2127 goes into effect. In late August 2023, a Travis County judge granted the Cities’ motion for summary judgment, finding the statute was overly broad and staying its effective date. The State immediately filed an appeal. On July 18, 2025, the Third Court of Appeals issued its opinion, finding the cities did not have standing to bring the suit at this time and that the State was not the proper party. In doing so, they reversed the trial court’s judgment with prejudice. San Antonio joined with Houston and El Paso to file a motion for rehearing and motion for rehearing en banc. In April 2026, the motions for rehearing were denied. In June 2026, the Cities filed a Petition for Review with the Texas Supreme Court. In July 2026, the Texas Supreme Court requested the State file a response brief. Separately, in November 2025, suit was filed against the City of Dallas alleging over 100 of its ordinances violated HB2127. That suit was dismissed in May 2026 on a standing challenge.

Amy Pentkowski, et. al. v. City of San Antonio and Bexar County. This suit was brought in federal district court pursuant to 42 U.S.C. § 1983, alleging use of excessive force. On January 23, 2023, around 7:00 am, the SAPD received a call reporting a male outside in a residential area acting in an unusual manner. An officer arrived on the scene and observed Daniel Pentkowski acting oddly. He approached Mr. Pentkowski. After initially engaging with the officer, Mr. Pentkowski became aggressive towards the officer, who took Mr. Pentkowski to the ground and called for backup. Several officers arrived and Mr. Pentkowski was escorted to Bexar County Jail. Bodycam footage from the scene does not show any injury. Officers talked with other individuals at the scene who identified as Mr. Pentkowski’s sisters. They stated they rented the Airbnb for a family reunion and their brother had been drinking heavily and acting oddly. The family plaintiffs allege that they had no contact with the SAPD or the Bexar County Sheriff’s Office for several days and were then notified that Mr. Pentkowski died. Discovery is on-going. This case has no trial setting at this time.

Gary Perez and Matilde Torres v. City of San Antonio. In 2017, the citizens of San Antonio approved a bond package which included funds for rehabilitation and restoration of areas of Brackenridge Park. In 2023, the City approved plans for restoring crumbling historic walls in the Lambert Beach area. The Plaintiffs assert they are members of a Native American church which recognizes this area as sacred area. They contend that the City’s plans to remove trees in the restoration process and to deter nesting migratory cormorants will destroy the spiritual ecology of the area. They filed suit in federal court, seeking a preliminary injunction, which was denied. On appeal to the Fifth Circuit, the court initially entered an opinion upholding the denial, but on motion for rehearing, the court vacated the opinion pending certification to the Texas Supreme Court for determination of the standard of review for the Religious Services Protection Amendment of the Texas Constitution. In June 2025, the Texas Supreme Court issued their opinion, finding that the City’s plans for rehabilitation do not violate the Texas Constitution. The matter was returned to the Fifth Circuit. On August 13, 2025, the Fifth Circuit issued a new opinion, with two (2) justices concurring and one (1) dissenting, affirming the denial of the preliminary injunction. The Plaintiffs filed a motion for rehearing en banc. In response, the panel withdrew their opinion and issued a new opinion, again upholding the denial of injunctive relief. The Plaintiffs motion for rehearing en banc was denied. Plaintiffs filed a Petition for Writ of Certiorari with the United States Supreme Court. On July 20, 2026, the Supreme Court requested a response from the City.

Tamika Gloria as next friend of D.G., and C.G., minors, on behalf of The Estate of Victor Manuel Macias-Castro, deceased v. City of San Antonio, Texas and San Antonio City Public Works Department. On June 12, 2025, the City experienced unprecedented rainfall in a short period of time. The Plaintiff decedent’s vehicle was washed off the Loop 410 access road east of Perrin Beitel Road. The City’s engineering investigation revealed that flooding on the roadway was due to the rainfall amount, vegetation growth on abutting non-City property, and a dip in the road, which is owned by the Texas Department of Transportation. The suit is still new and discovery will be undertaken. This matter is not set for trial.

M-Company General Contractors, Inc. v. City of San Antonio, Wantman Group, Inc., Lake/Flato Architects, Inc. The City contracted with M-Company General Contractors for the construction of the ZerNona Black Multigeneration Cultural Community Center. M-Company received notice to proceed with the project on March 4, 2022 with a substantial completion date of December 3, 2022. Despite several change orders extending the substantial completion

date, as of February 2023, the project was still less than 50% complete. Based on M-Company's failure to substantially complete work in a timely manner, the City terminated the contract and hired another contractor to complete the project. M-Company filed suit alleging the City breached the contract and caused the delays. Discovery is on-going. This case is set for trial May 3, 2027.

SAN ANTONIO PARK POLICE OFFICERS ASSOCIATION LAWSUIT

On September 3, 2019, the San Antonio Park Police Officers Association ("PPOA"), the union representing the park and airport officers, sued the City alleging that State law requires that PPOA receive the same pay and benefits as City police officers. PPOA seeks a declaratory judgment that park and airport officers are entitled to both civil service and collective bargaining rights and benefits bargained for by the San Antonio Police Officers Association ("SAPOA"). The City filed pleadings seeking the dismissal of the suit in November 2019. On February 21, 2020, the court heard the City's and SAPOA's pleas to the jurisdiction. The court denied the motions. The City appealed to the Fourth Court of Appeals. The Fourth Court reversed in part and affirmed in part. The City filed a petition for review to the Texas Supreme Court, who declined to review the jurisdictional issue; consequently, the suit has returned to the trial court to proceed with discovery on the merits. Recently, the suit was amended to include a damages claim for past wages calculated under the SAPOA CBA. The case is not currently set for trial.

COLLECTIVE BARGAINING NEGOTIATIONS

The City is required to collectively bargain the compensation and other conditions of employment with its fire fighters and police officers. The City engages in such negotiations with the association selected by the majority of fire fighters and police officers, respectively, as their exclusive bargaining agent. The International Association of Fire Fighters, Local 624 ("Local 624") is the recognized bargaining agent for the fire fighters. The SAPOA is the recognized bargaining agent for the police officers. The following is the status of the collective bargaining negotiations with each association.

Collective Bargaining Agreement between the City of San Antonio and the San Antonio Police Officers Association. The City Council approved a collective bargaining agreement with the SAPOA on May 12, 2022, which provides for a term through September 30, 2026. The parties commenced negotiations in January 2026 to achieve a successor agreement. A tentative agreement was reached in July 2026. Consideration for approval by the union will occur in August 2026 with anticipated City Council consideration in September 2026.

Collective Bargaining Agreement between the City of San Antonio and the International Association of Fire Fighters, Local 624 (Local 624). The City Council approved a collective bargaining agreement with the San Antonio Professional Firefighters Association on September 19, 2024, which provides for a term through September 30, 2027.

CITY PENSION AND OTHER POSTEMPLOYMENT RETIREMENT BENEFIT LIABILITIES

An actuarial valuation is conducted annually on each of the City's pension benefit plans (collectively, the "city pension benefits plans"), which include the Fire and Police Pension Fund (the "Fund") and the Texas Municipal Retirement System ("TMRS"). Such actuarial valuations, conducted in accordance with generally accepted actuarial principles and practices, summarize the funding status of each of such plans as of the respective ending dates of the prior two (2) fiscal years, as well as projects funding contribution requirements for the immediately succeeding fiscal year. The respective actuarial values of each plan's assets represent an adjusted value, as determined by the actuary in accordance with industry standards, and will not, therefore, equal the amounts shown in the City's statement of net position.

Fire and Police Pension Plan

The Fund is a single-employer defined benefit plan which provides retirement benefits to eligible employees of the City's fire and police departments. The Fund was established in accordance with the laws of the State. The Fund is administered by a nine-member Board of Trustees which includes two (2) City Council members, the Mayor or her appointee, two (2) active police officers, two (2) active firefighters, and two (2) uniformed retirees.

The Fund's actuaries calculated the City's Net Pension Liability ("NPL") by taking the plan's total pension liability calculated with the Entry Age Normal actuarial funding method, less the plan's fiduciary net position; and the Fiduciary Net Position as a percentage of the Total Pension Liability ("TPL"). The NPL for the Fund as of December 31, 2024, was \$836.52 million with a Plan Fiduciary Net Position as a percentage of the TPL of 83.14%.

The Fund's annual required contribution for Fiscal Year 2024 is determined by pension law. Significant assumptions included in the December 31, 2024 actuarial valuation were (a) 7.25% investment rate of return and (b) projected annual salary increase of 3.00%. The actuarial valuation utilizes a technique that smooths the effects of short-term volatility in the market value of investments over a five-year period.

TEXAS MUNICIPAL RETIREMENT SYSTEM

TMRS' NPL as of December 31, 2024, was \$618.39 million with a Plan Fiduciary Net Position as a percentage of the TPL of 77.45%.

The City provides benefits for all eligible employees (excluding firefighters and police officers) through a nontraditional, joint contributory, hybrid defined benefit plan in TMRS. TMRS is a statewide agent multiple-employer public employee retirement system created by law in 1947 to provide retirement and disability benefits to municipal employees. TMRS, as of December 31, 2024, is the agent for 938 participating entities. It is the opinion of the TMRS management that the plans in TMRS are substantially defined benefit plans, but they have elected to provide additional voluntary disclosure to help foster a better understanding of some of the nontraditional characteristics of the TMRS plan.

In the Fiscal Year 2026 Budget, City Council adopted an annuity increase that was provided to retired employees and to beneficiaries of deceased employees. The amount of the increase is computed as the sum of the prior service and current service annuities on the effective date of retirement of the person on whose service the annuities are based. This number was multiplied by 70% of the percentage change in the Consumer Price Index for All Urban Consumers ("CPI-U"), from December of the year immediately preceding the effective date of the person's retirement to the December that is 13 months before the effective date of the increase. The provision for the one-time annuity contribution rate was 14.37%, effective January 1, 2026.

Benefits depend upon the sum of the employee's contributions to the TMRS plan, with interest, and the City-financed monetary credits, with interest. At the date the TMRS plan began, the City granted monetary credits for service rendered before the TMRS plan began of a theoretical amount equal to two (2) times what would have been contributed by the employee, with interest, prior to establishment of the TMRS plan. Monetary credits for service since the TMRS plan began are a percentage of the employee's accumulated contributions. In addition, the City may grant, as often as annually, another type of monetary credit referred to as an updated service credit. This is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the TMRS plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percentage had always been in existence and if the employee's salary had always been the average salary for the last three (3) years that are one (1) year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the City-financed monetary credits with interest were used to purchase an annuity.

Members are eligible to retire upon attaining the normal retirement age of 60 and above with five (5) or more years of service, or with 20 years of service regardless of age. The TMRS plan also provides death and disability benefits. A member is vested after five (5) years but must leave accumulated contributions in the TMRS plan. If a member withdraws the contributions with interest, the member would not be entitled to the City-financed monetary credits, even if vested. TMRS provisions and contribution requirements are adopted by the governing body of the City within the options available in the State statutes governing TMRS and within the actuarial constraints contained in the statutes.

Contribution requirements are actuarially determined by TMRS' actuary. The contribution rate for the City's employees is 6.00% and the matching percent was 14.25% for calendar year 2025, both as adopted by the governing body of the City. Under the State law governing TMRS, the employer's contribution rates are annually determined by the actuary, using the Entry Age Normal actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percentage of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortized the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases.

The normal cost contribution finances the currently accruing monetary credits due to the City matching percentage, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percentage of payroll necessary to satisfy the

obligation of the City to each employee at the time the employee's retirement becomes effective. Contributions are made monthly by both the employees and the City. All current year required contributions of the employees and the City were made to TMRS. Due to the fact that the City requires the contribution rates in advance for budget purposes, there is a one-year lag between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

Investments are reported at fair value, and securities transactions are reported on a trade-date basis. Fixed income securities are valued by pricing vendors that utilize quoted market prices, broker prices, or other valuation methodologies. Fair values of the equity index funds (commingled funds) are determined based on the funds' net asset values at the date of valuation. Short-term investment funds and repurchase agreements are reported at cost, which approximates market value.

Membership as of the valuation date at December 31, 2024

Number of: Active Members	8,046
Retirees and beneficiaries	5,891
Inactive members	4,055
Total	<u>17,992</u>

TMRS' administration costs are funded from a portion of TMRS' annual investment earnings.

TMRS issues a publicly available financial report that includes financial information and required supplementary information for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used related to participating municipalities. The report is available on TMRS' website at www.TMRS.com. The Summary of Actuarial Liabilities and Funding Progress are located in the Actuarial Section of the report, and it presents multi-year trend information regarding the actuarial value of plan assets relative to the actuarial liability for benefits.

OTHER CITY POSTEMPLOYMENT RETIREMENT BENEFITS

In addition to the Pension Benefits, the City provides most retired employees with certain health benefits under two (2) postemployment retirement benefit programs. Pursuant to GASB Statement No. 75, the City is required to account for and disclose its other postemployment liability for these programs. The City continues to actively review and have actuarial valuations performed for these programs as required. In addition to the disclosure provided in Note 11 of the City's ACFR, the following information is provided for each of the City's other postemployment retirement benefit programs.

Civilian and pre-October 1, 1989, uniformed retirees are covered under the City's postemployment benefit programs. The City offers medical plans for Medicare eligible retirees and surviving spouses, who have reached age 65 or have otherwise become eligible for Medicare. These retirees and surviving spouses may participate in one (1) of three (3) plans, Medicare Advantage Standard PPO, Medicare Advantage Enhanced PPO, or a fully insured Medicare Part D Drug Plan. All retirees and surviving spouses are required to apply for and maintain Medicare Parts A & B coverage in order to participate in any of the three (3) programs previously listed. Of the current 1,194 participating Medicare retirees as of September 30, 2025, 218 participate in Medicare Advantage PPO Plus plan, 973 participate in a Medicare Advantage PPO plan, and three (3) participate in the Medicare Part D Drug Plan.

As of September 30, 2025, there were 463 retirees who have not reached age 65 and are not eligible for Medicare participating in the pre-Medicare eligible program. These retirees are covered under a program comprised of three (3) self-funded medical plans administered by Blue Cross Blue Shield of Texas: Blue Essential HMO, Consumer Choice PPO, and New Value PPO. These plans may be amended at any time with approval from the City Council.

These programs are funded on a pay-as-you-go basis with an aggregate sharing of premium costs based on the following targets: 67% by the City and 33% by the retiree for those retirees hired prior to October 2007. With the adoption of the Fiscal Year 2008 Budget, additional changes were made to this retirement health plan. For all non-uniformed employees beginning employment on or after October 1, 2007, a revised schedule for sharing of the costs on a pay-as-you-go basis is effective. The revised schedule is as follows: (1) Employees who separate from the City with less than five (5) years of service are not eligible to participate in the program; (2) Employees who separate with at least five (5) years of service but less than 10 years of service are eligible to participate in the program but without City subsidy; and (3) Employees who separate from employment with 10 years of service or more will pay for 50%

of the pay-as-you-go contributions to the program and the City will contribute the remaining 50%. The ability to participate in the program remains based on meeting retirement criteria for the TMRS pension plan.

A dental and vision insurance benefit is made available to eligible retired employees on a fully contributory basis. Since retirees pay the full premium for dental and vision benefits, there is no liability associated with either benefit. Civilian Retirees must be a minimum of age 60 and have at least five (5) years of service or have at least 20 years of service at any age to be eligible for retiree benefits. Civilian Retirees who qualify for a disability pension under TMRS rules are also eligible to receive the retiree medical benefit under this plan. There is no minimum length of service or age required to be eligible.

The City intends to conduct actuarial studies of this plan annually with annual reviews of assumptions and changes in benefits to compute OPEB liability. Most recently, an actuarial valuation of the plan was performed as of September 30, 2025, for fiscal year ended September 30, 2025, with the net OPEB liability reported at \$218.30 million. The plan continues to be funded on a pay-as-you-go basis, and no prefunding has occurred to date.

The other postemployment benefit program of the City, the Retiree Health & Wellness SA Fire and Police Fund (“Health Fund”), is a Texas statutory retirement health trust for firefighters and police officers of the City. The trust holds assets and liabilities of the City’s Fire and Police Retiree Health Care Plan (“Plan”). This Plan is a single-employer defined benefit postemployment health care plan that was created in October 1989 in accordance with provisions established by contract with the local fire and police unions to provide postemployment health care benefits to police officers and firefighters of the City retiring on or after October 1, 1989. Authority to establish and amend the Plan’s postemployment health care benefits is based on such contracts and the Texas Legislature enacts regulations that control the operation of the Health Fund. The statutory trust is governed by a Board of Trustees (the “Health Fund Board”) that meets monthly. The Health Fund Board consists of nine (9) members: the Mayor or her appointee; two (2) members of the City Council; one (1) retired and two (2) active-duty police officers; and one (1) retired and two (2) active duty firefighters. The City is the only participating employer in the Plan.

The Health Fund provides postretirement health benefits for uniform employees of the fire and police departments who become eligible retirees, and their spouses. Eligible retirees are those who retire after October 1, 1989. Eligible spouses are spouses at the time of retirement of the eligible retirees and either remain married to or survive the eligible retiree. In addition, eligible spouses include the surviving spouses of active members whose death was duty-related or who died while eligible for retirement. Retirement eligibility is according to the provisions of the Fire and Police Pension Fund, San Antonio, which requires 20 or more years of service after completing the required training to be certified.

The health benefits are indemnity style coverage with a maximum annual deductible per individual. After age 65, the benefits are coordinated with Medicare. The maximum deductible and out-of-pocket payments are indexed to the annual increase in the medical care category of the CPI-U.

Since its inception, the Health Fund has been funded primarily by contributions from the City and active firefighters and police officers, as part of the compensation for services rendered by members, and by contributions made by retirees for their dependents. As of the January 1, 2025 valuation date, the contributions required by the City were 14.30% of average covered pay of the combined fire and police departments for the City’s Fiscal Year 2025. For the active fire and police employees, the contributions required were 7.15% of the average covered pay for the City’s Fiscal Year 2025.

Ultimately, the funding policy also depends upon the total return of the Fund’s assets, which varies from year to year. Investment policy decisions are established and maintained by the Board of Trustees. The board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. The measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

Membership in the Plan consisted of the following at December 31, 2024:

Active members	4,300
Inactive members currently receiving benefits	2,962
Total	<u>7,262</u>

The net OPEB liability in the January 1, 2025, actuarial valuation was determined using the following assumptions:

Inflation	2.75%
Salary increases	Varies with Service
Discount Rate	7.00%
Initial Trend Rate	6.25%
Ultimate Trend Rate	4.25%

In order to have an adequate contribution arrangement, contributions must be made that are sufficient to pay the plan's normal cost and to amortize the plan's unfunded actuarial accrued liability ("UAAL") within 30 years. The minimum total level contribution rate required to satisfy this objective of paying the normal cost and amortizing the UAAL in 30 years is 16.66% based on the January 1, 2025 actuarial valuation.

The current total rate of 21.45% (first effective October 1, 2021) is more than the 16.66% contribution rate; so no future increase in the contribution rate is necessary based on this actuarial valuation. The Health Fund's Net OPEB as of December 31, 2024 was \$638.99 million with a funded ratio of 49.86%.

Additionally, the actuarial valuation includes a five-year smoothing of market value with an 80%/120% corridor. As such, investment losses are being smoothed which results in the deferred recognition of \$40.71 million in investment losses. These losses will be recognized in future actuarial valuations to the extent they are not offset by investment gains above the Health Fund's assumed investment return of 7.00% or other actuarial gains.

ANNUAL COMPREHENSIVE FINANCIAL REPORT DISCUSSION

In the ACFR, the City's existing pension and other OPEB plans are described in Notes 10 and 11. In addition, the pension schedules included in the ACFR under the heading "REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF CHANGES IN NET PENSION (ASSET) LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS", "SCHEDULE OF CONTRIBUTIONS – PENSIONS LAST 10 FISCAL YEARS", "SCHEDULE OF CHANGES IN NET OPEB (ASSET) LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS", and "SCHEDULE OF CONTRIBUTIONS – OPEB LAST 10 FISCAL YEARS" disclose certain pension and OPEB plan funding liabilities. Investors should carefully review this information and the information contained herein prior to investing in the 2026 Obligations.

TAX MATTERS

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

General. The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the 2026 Obligations and is based on the Internal Revenue Code of 1986 (the "Code"), the regulations promulgated thereunder, published rulings and pronouncements of the 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 herein. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and summary of federal income tax consequences discussed herein.

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 herein will have on, particular holders of the 2026 Obligations and does not address U.S. federal gift or estate tax or (as otherwise stated herein) 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 2026 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

2026 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 herein, the term “U.S. Holder” means a beneficial owner of a 2026 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 therein, (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 herein, the term “Non-U.S. Holder” means a beneficial owner of a 2026 Obligation that is not a U.S. Holder.

THIS SUMMARY IS INCLUDED HEREIN 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 2026 OBLIGATIONS IN LIGHT OF THE HOLDER’S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF THE 2026 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 2026 OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE 2026 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 THEREIN. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE 2026 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 2026 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 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 withholding or 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.

THE TAX-EXEMPT OBLIGATIONS

OPINION

On the date of initial delivery of the Tax-Exempt Obligations, Co-Bond Counsel will render their opinions 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, Co-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 B - Forms of Opinions of Co-Bond Counsel”.

In rendering their opinions, Co-Bond Counsel to the City will rely upon (a) certain information and representations of the City, including information and representations contained in the Report and the City’s federal tax certificate related to the Tax-Exempt Obligations, and (b) covenants of the City contained in the Tax-Exempt Obligation documents relating to certain matters, including arbitrage and the use of the proceeds of the Tax-Exempt Obligations and the property financed or refinanced therewith. 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 opinions of Co-Bond Counsel are conditioned on compliance by the City with such requirements, and Co-Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Tax-Exempt Obligations.

Co-Bond Counsel's opinions regarding the Tax-Exempt Obligations represent their legal judgment based upon their review of Existing Law and the reliance on the aforementioned information, representations and covenants. Co-Bond Counsel's opinions related to the Tax-Exempt Obligations are 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 opinions of Co-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 (1) or more maturities of the Tax-Exempt Obligations may be less than the principal amount thereof or one (1) 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 (1) year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond 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 (1) year.

Under existing law, any U.S. Holder who has purchased a Tax-Exempt Obligation as an Original Issue Discount Bond 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 Bond 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 Bond prior to stated maturity, however, the amount realized by such U.S. Holder in excess of the basis of such Original Issue Discount Bond 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 Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond 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 Bond 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 the 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 Bond.

All U.S. Holders of Original Issue Discount Bonds 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 Bonds 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 Bonds.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES

Interest on the Tax-Exempt Obligations may be includable in certain corporation's "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 tax-exempt obligations, such as 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 (1) 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 (1) 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.

THE 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 original issue discount, if any, 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 (0), 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 Certificate has been held for more than one (1) 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 2026 Taxable Obligations. PROSPECTIVE

PURCHASERS OF THE 2026 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 2026 Taxable Certificate.

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.

REGISTRATION AND QUALIFICATIONS OF 2026 OBLIGATIONS FOR SALE

The sale of the 2026 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 2026 Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the 2026 Obligations been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the 2026 Obligations under the securities laws of any jurisdiction in which the 2026 Obligations may be sold, assigned, pledged, hypothecated, or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the 2026 Obligations must not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

It is the obligation of the Underwriters to register or qualify the sale of the 2026 Obligations under the securities laws of any jurisdiction which so requires. The City has agreed to cooperate, at the Underwriters' written request and sole expense, in registering or qualifying the 2026 Obligations or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the Underwriters shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended), provides that the 2026 Obligations are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the 2026 Obligations by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) requires that the 2026 Obligations be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. (See "RATINGS" herein.) In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the 2026 Obligations are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital, and savings and loan associations. The 2026 Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

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 2026 Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the 2026 Obligations for such purposes. The City has made no review of laws in other states to determine whether the 2026 Obligations are legal investments for various institutions in those states.

LEGAL MATTERS

The City will furnish the Underwriters with respective complete transcripts of proceedings incident to the authorization and issuance of the 2026 Obligations, including the unqualified approving legal opinions of the Attorney General of

the State to the effect that the 2026 Obligations are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the legal opinions of Co-Bond Counsel to the effect that the 2026 Obligations are valid and legally binding obligations of the City and, subject to the qualifications set forth herein under “TAX MATTERS” and “THE TAX-EXEMPT OBLIGATIONS”, the interest on the Tax-Exempt Obligations is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, published rulings, regulations, and court decisions. Co-Bond Counsel has been retained by and only represent the City. The customary closing papers, including respective certificates to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the 2026 Obligations, or which would affect the provision made for their payment or security, or in any manner questioning the validity of the 2026 Obligations will also be furnished. In their capacity as Co-Bond Counsel, McCall, Parkhurst & Horton L.L.P., and Escamilla & Poneck, LLP, both of San Antonio, Texas, have reviewed the information appearing in this Official Statement under the captions “PURPOSES AND PLAN OF FINANCING – Refunded Obligations”, “PURPOSES AND PLAN OF FINANCING – Purchased Bonds”, “THE 2026 OBLIGATIONS” (except for the information under the subcaptions “Redemption – Notices and Redemption through The Depository Trust Company”, “Payment Record” and “Book-Entry-Only System”, as to which no opinion is expressed), “TAX MATTERS”, “THE TAX-EXEMPT OBLIGATIONS”, “THE TAXABLE OBLIGATIONS,” “REGISTRATION AND QUALIFICATION OF 2026 OBLIGATIONS FOR SALE”, “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS”, “LEGAL MATTERS” (except for the last sentence of each of the first and second paragraphs thereof, as to which no opinion is expressed), and “CONTINUING DISCLOSURE OF INFORMATION” (except under the caption “Compliance with Prior Undertakings”, as to which no opinion is expressed) to determine whether such information fairly summarizes the material and documents referred to therein and is correct as to matters of law. Co-Bond Counsel have not, however, independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Co-Bond Counsel’s limited participation as an assumption of responsibility for, or an expression of opinions of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid to Co-Bond Counsel for services rendered in connection with the issuance of the 2026 Obligations are contingent on issuance and delivery of the 2026 Obligations. The legal opinion of Co-Bond Counsel will accompany the 2026 Obligations deposited with DTC or will be printed on the definitive obligations in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Cantu Harden Montoya LLP and Winstead PC, both of San Antonio, Texas, whose fees are contingent upon the issuance of the 2026 Obligations, and for the City by the City Attorney.

Co-Bond Counsel each represent the Co-Financial Advisors, the Dealer Manager, and the Underwriters from time to time in matters not related to the 2026 Obligations. Underwriters’ Counsel represents the City and the Co-Financial Advisors from time to time in connection with matters unrelated to the issuance of the 2026 Obligations.

The various legal opinions to be delivered concurrently with the delivery of the 2026 Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that 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 out of the transaction.

RATINGS

The 2026 Obligations are rated “AA+” by Fitch, “Aaa” by Moody’s, and “AAA” by S&P, respectively. An explanation of the significance of such ratings may be obtained from Fitch, Moody’s, and S&P. The respective ratings of the 2026 Obligations by Fitch, Moody’s, and S&P reflect only the views of said companies at the time the ratings are given, and the City makes no representations as to the appropriateness of the ratings. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There is no assurance that any rating will continue for any given period of time, or that a rating will not be revised downward or withdrawn entirely if, in the judgment of the applicable rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the 2026 Obligations.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the City. A revision in a rating agency’s rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced

no material change in financial condition or operation. Any of the rating agencies at any time while the 2026 Obligations remain outstanding could undertake such an evaluation process.

CONTINUING DISCLOSURE OF INFORMATION

In each of the Ordinances, the City has made the following agreements for the benefit of the holders and Beneficial Owners of the 2026 Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the 2026 Obligations. Under the agreements, the City will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the MSRB. The information provided to the MSRB through EMMA is available free of charge at www.emma.msrb.org.

ANNUAL REPORTS

Under Texas law, including, but not limited to, Chapter 103, Texas Local Government Code, as amended, the City must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified public accountant, and must file each audit report with the City Clerk. The City's fiscal records and audit reports are available for public inspection during the regular business hours of the City Clerk. Additionally, upon the filing of these financial statements and the annual audit, these documents are subject to the Texas Public Information Act, Texas Government Code, Chapter 552, as amended. Thereafter, any person may obtain copies of these documents upon submission of a written request to the City Clerk, City of San Antonio, Texas, 100 W. Houston St. Concourse, San Antonio, Texas 78205, and upon paying the reasonable copying, handling, and delivery charges for providing this information.

In each of the Ordinances, the City has agreed to 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 this Official Statement indicated as Tables 1A-13 and 16-19, and in the ACFR, substantially in the manner set forth in APPENDIX C to this Official Statement. The City will update and provide this information within six (6) months after the end of its fiscal year.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited information within the audit report by the required time and audited financial statements when and if the audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in the ACFR, substantially in the manner set forth in APPENDIX C to this Official Statement, 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's fiscal year ends September 30. Accordingly, the City must provide updated information by March 31 in each year, unless it changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICES OF CERTAIN EVENTS

The City has agreed to file with the MSRB notice of any of the following events with respect to the 2026 Obligations in a timely manner (and not more than 10 business days after occurrence of the event): (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 federal income tax status of the 2026 Obligations, or other material events affecting the tax status of the 2026 Obligations; (7) modifications to rights of holders of the 2026 Obligations, if material; (8) obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the 2026 Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, 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 or additional paying agent/registrar or the change of name of a paying agent/registrar, if material; (15) incurrence of a Financial Obligation (as defined by the Rule) of the City or obligated person, if

material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the City, any of which reflect financial difficulties. In the Ordinances, the City has adopted policies and procedures to ensure timely compliance of its continuing disclosure undertaking. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under “Annual Reports.” The City will provide each notice described in this paragraph to the MSRB.

For these purposes, (a) any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States 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 such jurisdiction has been assumed by leaving the existing governing body and officials or officers 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, and (b) the City intends the words used in the immediately preceding clauses (15) and (16) and the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Neither the 2026 Obligations nor the Ordinances makes any provision for debt service reserves, credit enhancement, or liquidity enhancement. In addition, the Taxable Obligations are not obligations the interest on which is excluded from the gross income calculations of the holders thereof under applicable federal law. The 2026 Notes are not subject to redemption prior to stated maturity.

AVAILABILITY OF INFORMATION

All information and documentation filing required to be made by the City in accordance with its undertaking made for the 2026 Obligations will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB through EMMA 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 the 2026 Obligations may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement 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 (1) the agreement, as amended, would have permitted an underwriter to purchase or sell the 2026 Obligations in the offering described herein 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 (2) either (i) the holders of a majority in aggregate principal amount of the outstanding 2026 Obligations consent to the amendment or (ii) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered owners of the 2026 Obligations. The City may also amend or repeal the provisions of this continuing disclosure agreement 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 2026 Obligations in the primary offering of the 2026 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 “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.

COMPLIANCE WITH PRIOR UNDERTAKINGS

DURING THE PRIOR FIVE (5) YEARS, THE CITY HAS COMPLIED IN ALL MATERIAL RESPECTS WITH CONTINUING DISCLOSURE AGREEMENTS MADE BY IT IN ACCORDANCE WITH THE RULE. FOR ADDITIONAL INFORMATION RELATING TO THE CITY'S CONTINUING DISCLOSURE FILING HISTORY, SEE www.emma.msrb.org.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Co-Financial Advisors (defined herein) on behalf of the City with respect to the 2026 Bonds was examined by the Verification Agent. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and have not made any study or evaluation of the assumptions and information on which the computations are based, and accordingly, have not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome. The Verification Agent will verify from the information provided to them (i) the mathematical accuracy of the purchase price of the Purchased Bonds, (ii) the mathematical accuracy as of the date of the closing on the 2026 Bonds of the computations contained in the provided schedules to determine that the anticipated receipts from the Federal Securities and cash deposits listed in the schedules provided by the Co-Financial Advisors, to be held in the Escrow Fund, will be sufficient to pay, when due, the principal and interest requirements of the Refunded Obligations, and (iii) the mathematical computations of yields used by Co-Bond Counsel to support their opinion that the interest on the 2026 Bonds will be excluded from gross income for federal income tax purposes.

FORWARD-LOOKING STATEMENTS; INFORMATION FROM ONLINE SOURCES

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. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein 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, 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 of 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.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the 2026 Bonds from the City at a purchase price of \$_____ (representing the principal amount of the 2026 Bonds, plus a [net] reoffering premium on the 2026 Bonds of \$_____, and less an Underwriters' discount of \$_____), and no accrued interest.

The Underwriters have agreed, subject to certain conditions, to purchase the 2026 Taxable Bonds from the City at a purchase price of \$_____ (representing the principal amount of the 2026 Taxable Bonds, less an Underwriters' discount of \$_____), and no accrued interest.

The Underwriters have agreed, subject to certain conditions, to purchase the 2026 Certificates from the City at a purchase price of \$_____ (representing the principal amount of the 2026 Certificates, plus a [net] reoffering premium on the 2026 Certificates of \$_____, and less an Underwriters' discount of \$_____), and no accrued interest.

The Underwriters have agreed, subject to certain conditions, to purchase the 2026 Taxable Certificates from the City at a purchase price of \$_____ (representing the principal amount of the 2026 Taxable Certificates, less an Underwriters' discount of \$_____), and no accrued interest.

The Underwriters have agreed, subject to certain conditions, to purchase the 2026 Notes from the City at a purchase price of \$_____ (representing the principal amount of the 2026 Notes, plus a [net] reoffering premium on the 2026 Notes, and less an Underwriters' discount of \$_____), and no accrued interest.

The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the 2026 Obligations if any 2026 Obligations are purchased. The 2026 Obligations may be offered and sold to certain dealers and others at prices lower than such public offering prices and such public prices may be changed from time to time by the Underwriters.

The Purchased Bonds are being purchased with the assistance of the Dealer Manager in connection with the Tender Offer. See "PURPOSES AND PLAN OF FINANCING – The Purchased Bonds". For its role as Dealer Manager, the Dealer Manager will be compensated separately from their role as Underwriters for the 2026 Obligations, in an amount equal to a certain dollar amount according to the aggregate principal amount of the Purchased Bonds and will be reimbursed for their reasonable expenses relating to the Tender Offer. The Dealer Manager's fees and expenses are expected to be paid from certain proceeds of the 2026 Bonds.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

CO-FINANCIAL ADVISORS

Hilltop Securities Inc. and Estrada Hinojosa (the "Co-Financial Advisors") are employed by the City in connection with the issuance of the 2026 Obligations and, in such capacity, have assisted the City in the preparation of certain documents related thereto. The Co-Financial Advisors' fee for services rendered with respect to the sale of the 2026 Obligations is contingent upon the issuance and delivery of the 2026 Obligations.

The Co-Financial Advisors have not independently verified any of the information set forth herein. The information contained in this Official Statement has been obtained primarily from the City's records and from other sources which are believed to be reliable, including financial records of the City and other entities which may be subject to interpretation. No guarantee is made as to the accuracy or completeness of any such information. No person, therefore, is entitled to rely upon the participation of the Co-Financial Advisors as an implicit or explicit expression of opinions as to the completeness and accuracy of the information contained in this Official Statement.

The Co-Financial Advisors have reviewed the information in the Official Statement in accordance with their responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Co-Financial Advisors do not guarantee the accuracy or completeness of such information.

Effective August 2, 2024, Texas State Bankshares, Inc., the registered bank holding company for Texas Regional Bank (collectively, “TRB”), completed its acquisition of Dallas-based investment banking group Estrada Hinojosa & Company, Inc. (“Estrada Hinojosa”). Estrada Hinojosa operates under TRB Capital Markets, LLC, a wholly-owned subsidiary of TRB, using the assumed name of “Estrada Hinojosa”.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the 2026 Obligations, the Underwriters will be furnished a certificate, executed by proper officers of the City, acting in their official capacity, to the substantial effect that to the best of their knowledge and belief (1) the descriptions and statements of or pertaining to the City contained in this Official Statement, and any addenda, supplement, or amendment thereto, for the 2026 Obligations, on the date of sale of the 2026 Obligations and on the date of the initial delivery of the 2026 Obligations, were and are true and correct in all material respects; (2) 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 the light of the circumstances under which they were made, not misleading; (3) 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 (4) there has been no material adverse change in the financial condition of the City, since the date of the last financial statements of the City disclosed in APPENDIX C hereto.

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AUTHORIZATION OF THE OFFICIAL STATEMENT

In the Ordinances, this Official Statement was approved as to form and content and the use thereof in the offering of the 2026 Obligations was authorized, ratified, and approved by an authorized City official on their date of sale. The Underwriters will be furnished, upon request, at the time of payment for and the delivery of the 2026 Obligations, a certified copy of such approval, duly executed by the proper officials of the City.

This Official Statement has been approved by the City Council for distribution in accordance with the provisions of the Rule.

/s/

Mayor, City of San Antonio, Texas

ATTEST:

/s/

City Clerk, City of San Antonio, Texas

* * *

SCHEDULE I*

SCHEDULE OF REFUNDED OBLIGATIONS*

Refunding Candidates	Maturity Date	Interest Rate	Par Amount	Call Date	CUSIP
Combination Tax and Revenue Certificates of					
Obligation Series 2016, 2016CO, SERIAL:	2/1/2027	5.000%	\$ 4,295,000	10/1/2026	7962374C6
	2/1/2028	5.000%	4,515,000	10/1/2026	7962374D4
	2/1/2029	3.000%	4,700,000	10/1/2026	7962374E2
	2/1/2030	3.000%	4,845,000	10/1/2026	7962374F9
	2/1/2031	3.000%	4,990,000	10/1/2026	7962374G7
	2/1/2032	4.000%	5,170,000	10/1/2026	7962374H5
	2/1/2033	4.000%	5,380,000	10/1/2026	7962374J1
	2/1/2034	4.000%	5,600,000	10/1/2026	7962374K8
	2/1/2035	4.000%	5,830,000	10/1/2026	7962374L6
	2/1/2036	4.000%	6,065,000	10/1/2026	7962374M4
			\$ 51,390,000		
General Improvement and Refunding Bonds					
Series 2016, 2016GO, SERIAL:	2/1/2027	5.000%	\$ 12,430,000	10/1/2026	7962373G8
	2/1/2028	5.000%	13,065,000	10/1/2026	7962373H6
	2/1/2029	3.000%	2,595,000	10/1/2026	7962373J2
	2/1/2030	3.000%	2,675,000	10/1/2026	7962373K9
	2/1/2031	3.000%	2,755,000	10/1/2026	7962373L7
	2/1/2032	3.000%	2,840,000	10/1/2026	7962373M5
	2/1/2033	5.000%	2,955,000	10/1/2026	7962373N3
	2/1/2034	4.000%	3,095,000	10/1/2026	7962373P8
	2/1/2035	4.000%	3,220,000	10/1/2026	7962373Q6
	2/1/2036	4.000%	3,350,000	10/1/2026	7962373R4
			\$ 48,980,000		
			\$ 100,370,000		

* Preliminary, subject to change.

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SCHEDULE II*

SCHEDULE OF PURCHASED BONDS *

General Improvement Refunding Bonds, Taxable Series 2020 ⁽¹⁾

Maturity Date	Interest Rate	Currently Outstanding Principal Amount	Amount to be Tendered for Purchase	Remaining Outstanding Amount

* Preliminary, subject to change. Dependent on market conditions, certain of the foregoing (to the extent such maturities remain unpurchased), may be concurrently defeased to maturity or refunded with certain proceeds of the 2026 Bonds.

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APPENDIX A

**CITY OF SAN ANTONIO, TEXAS
GENERAL DEMOGRAPHIC AND ECONOMIC INFORMATION**

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APPENDIX A

CITY OF SAN ANTONIO, TEXAS GENERAL DEMOGRAPHIC AND ECONOMIC INFORMATION

This Appendix contains a brief discussion of certain economic and demographic characteristics of the City of San Antonio (the “City”) and of the metropolitan area in which the City is located. Although the information in this Appendix has been provided by sources believed to be reliable, no investigation has been made by the City to verify the accuracy or completeness of such information.

Population and Location

The 2020 Decennial Census (“2020 Census”), prepared by the United States Census Bureau (“U.S. Census Bureau”), found the City to have a population of 1,434,625¹. The City’s Information Technology Services Department has estimated the City’s population to be 1,522,498² for 2026. The U.S. Census Bureau ranks the City as the second largest in the State of Texas (the “State” or “Texas”) and the seventh largest in the United States (“U.S.”).

The City is the county seat of Bexar County. Bexar County had a population of 2,009,324¹ according to the 2020 Census. The City’s Information Technology Services Department has estimated Bexar County’s population to be 2,128,666² and the San Antonio-New Braunfels Metropolitan Statistical Area (“MSA”) population to be 2,765,476² in 2026. The City is located in south central Texas approximately 80 miles south of the State capital of Austin, 165 miles northwest of the Gulf of Mexico and 150 miles from the U.S./Mexico border cities of Del Rio, Eagle Pass, and Laredo.

¹ Provided by the 2020 Decennial Census.

² Estimates are based on American Community Survey data in years when Decennial Census data is not available.

The following table provides the population of the City, Bexar County, and the San Antonio-New Braunfels MSA for the years shown:

Year	City of San Antonio	Bexar County	San Antonio- New Braunfels MSA ¹
1920	161,379	202,096	255,928
1930	231,542	292,533	351,048
1940	253,854	338,176	393,159
1950	408,442	500,460	556,881
1960	587,718	687,151	749,279
1970	654,153	830,460	901,220
1980	785,880	988,800	1,088,710
1990	935,933	1,185,394	1,324,749
2000	1,144,646	1,392,931	1,711,703 ²
2010	1,326,539	1,714,773	2,142,508
2020	1,434,625	2,009,324	2,558,143 ³

¹ Data for 1920-1990 has been restated to the redefined eight-county MSA from the original four-county MSA.

² As of June 2003, the U.S. Office of Management and Budget redefined the MSA by increasing the number of counties from four to eight: Atascosa, Bandera, Kendall, and Medina Counties were added to its mainstays of Bexar, Comal, Guadalupe, and Wilson Counties. (The 2000 figure reflects the new 2003 redefined eight-county area.) As of December 2009, New Braunfels, Texas qualified as a new principal city of the San Antonio MSA, and the MSA was re-titled San Antonio-New Braunfels MSA.

³ Provided by the 2020 Decennial Census.

Sources: U.S. Census Bureau; Texas Association of Counties – County Information Project; and City of San Antonio, Information Technology Services Department.

Area and Topography

The area of the City contains over 500 square miles with a topography that is generally hilly with heavy black to thin limestone soils. There are numerous streams fed with underground spring water. The average elevation is 788.68 feet above mean sea level.

Annexation Process

Like other large American cities, the City experienced unprecedented population growth and suburbanization after World War II. The City has historically been able to capture most of the growth in its Extraterritorial Jurisdiction (“ETJ”) through annexation. The City has grown from its 1940s area of 36 square miles to its current size of over 500 square miles. The City has a net taxable assessed value of \$159 billion in tax year 2025.

Changes to State annexation law in 2017 curtailed the annexation powers of Texas municipalities. The City's Annexation Policy (the "Policy") was recently updated to reflect these recent changes in the State law, and to provide the guidance necessary to evaluate requests for special districts and development agreements in its ETJ. This Policy update is important as the City has seen an influx in the number of requests for special districts and development agreements in the City's ETJ. The Policy was considered and adopted as a component of the City's Comprehensive Master Plan by the City Council in August of 2023.

Annexations and Municipal Boundary Adjustments

The Planning Department recently processed an owner-initiated Consent Annexation request, which became effective at the end of February 2025, for a total of 794.50 acres (1.24 square miles). As a result of that large annexation, the City's corporate land rose to approximately 526.50 square miles.

Governmental Structure

The City is a "Home Rule Municipality" that operates pursuant to the City Charter, which was adopted on October 2, 1951, became effective on January 1, 1952, and was last amended pursuant to an election held on November 5, 2024, whereby, subject only to the limitations imposed by the Texas Constitution, Texas statutes, and the City Charter, all powers of the City are vested in an 11-member City Council which enacts legislation, adopts budgets, and determines policies. The City Charter provides for a Council-Manager form of government with 10 council members elected from single-member districts, and the Mayor elected at-large, each serving four-year terms, limited to two (2) full terms of office as required by the City Charter. The Office of the Mayor is considered a separate office. All members of the City Council stand for election at the same time in odd-numbered years. The City Council appoints a City Manager who administers the government of the City and serves as the City's Chief Administrative Officer. The City Manager serves at the pleasure of City Council.

City Charter

The City may amend its City Charter not more frequently than two (2) full calendar years between amendments (and which amendments must be approved by popular vote). Since its adoption, the City Charter has been amended on 12 separate occasions including: November 1974, January 1977, May 1991, May 1997, November 2001, May 2004, November 2008, May 2012, May 2015, November 2018, May 2021, and November 2024. City Charter elections must be held on a uniform election date (occurring in May and November in each year).

City Charter amendments approved at an election held on November 6, 2018 reduced the City Council's authority to determine compensation and the term of the City Manager by limiting pay to 10 times the amount of the lowest paid City employee, limits the term of a City Manager to eight (8) years, and requires a supermajority (8 votes out of 11) to select the City Manager. Additionally, the City Charter was amended at this election to allow the San Antonio Professional Firefighters Association ("Local 624"), an affiliate of the International Association of Firefighters, to unilaterally declare an impasse in collective bargaining and require the City to enter into binding arbitration.

On February 11, 2021, the City Council ordered an election for a City Charter amendment to be held on May 1, 2021 to allow the City to issue bonds for permanent public improvements or any other public purpose not prohibited by State law, including affordable housing projects, following an election on that matter. A majority of the voters voted for the City Charter amendment. The results of the election were canvassed on May 12, 2021, at which time the City Charter amendment became effective immediately.

On November 14, 2023, the Mayor reconstituted the Charter Review Commission to research and make recommendations for amendments to the City Charter related to the specific areas of ethics, City Council term length and compensation, City Manager tenure and compensation, the number of council districts and process for redistricting, and language modernization. The Charter Review Commission submitted its recommendations to City Council on June 5, 2024. On August 8, 2024, the City Council ordered a City Charter election to be held on Tuesday, November 5, 2024, whereby the following modifications were submitted to the voters: A) Adding a definition of "conflicts of interest", requiring sufficient funding to the Ethics Review Board so it may perform all its assigned duties, and authorizing the Ethics Review Board to accept or decline complaints that have been resolved by an entity other than the Ethics Review Board; B) revising the language of the City Charter to account for outdated and superseded provisions; C) granting City Council the authority to set the full terms of the City Manager's employment including tenure and compensation; D) allowing City employees to participate in local political activity consistent with State and federal law while protecting employees against political retribution and maintaining a general prohibition on participation in local political activity for the City leadership team; E) setting the compensation for City Council members and the Mayor at \$70,200 and \$87,800 annually with annual future adjustments to correlate to the HUD Income Limits for San Antonio; and F) extending the terms of all elected members of City Council, including the Mayor, from two (2) years to four (4) years and changing the term limits from four (4) full terms to two (2) full terms and keeping the terms concurrent. Each of the measures passed in connection with the City Charter election.

Services

The full range of services provided to its constituents by the City includes ongoing programs to provide health, welfare, art, cultural, and recreational services; maintenance and construction of streets, highways, drainage, and sanitation systems; public safety through police and fire protection; and urban redevelopment and housing. The City also considers the promotion of convention and tourism and participation in economic development programs high priorities. The funding sources from which these services and capital programs are provided include ad valorem, sales and use, and hotel occupancy tax receipts, grants, user fees, debt proceeds, tax increment financing, and other sources.

In addition to the above-described general government services, the City provides services financed by user fees set at levels adequate to provide coverage for operating expenses and the payment of outstanding debt. These services include airport and solid waste management.

Electric and gas services to the City area are provided by CPS Energy, an electric and gas utility owned by the City that maintains and operates certain utilities infrastructure. This infrastructure includes 20 non-nuclear electric generating units and 40% interest in STP's (South Texas Project) two (2) existing nuclear generating units. CPS Energy operations and debt service requirements for capital improvements are paid from revenues received from charges to its customers. As specified in the City ordinances authorizing the issuance of its system debt, CPS Energy is obligated to transfer a portion of its revenues to the City. CPS Energy revenue transfers to the City for the City's Fiscal Year ended September 30, 2025 were \$492,160,673. (See "San Antonio Electric and Gas Systems" herein.)

Water services to most of the City are provided by the San Antonio Water System ("SAWS"), the City's municipally-owned water supply, water delivery, and wastewater treatment utility. SAWS was founded in April 1992 as a separate, consolidated entity. SAWS' operating and debt service requirements for capital improvements are paid from revenues received from charges to its customers. SAWS is obligated to transfer a portion of its revenues to the City. SAWS revenue transfers to the City for the City's Fiscal Year ended September 30, 2025 were \$35,550,881. (See "San Antonio Water System" herein.)

Economic Factors

The City maintains a favorable business environment that supports economic diversification and sustainable growth. This section examines key economic indicators across employment, business activity, commercial and industrial development, major projects, and placemaking initiatives over the prior year. Historical data is included to demonstrate consistent, sustainable growth and to establish the City's fiscal health and its capacity to meet financial obligations.

Population growth continues to underpin sustained business investment and an expanding tax base. According to five-year estimates from the U.S. Census Bureau's American Community Survey, the MSA population grew by more than 49,000 residents over the past year, reaching approximately 2.6 million total residents. The MSA unemployment rate stands at 4.8%, which is slightly below the statewide Texas rate of 4.9%. Nonfarm employment remained steady between June 2025 and June 2025, with total nonfarm employment currently at 1.20 million.

Collaboration remains central to the City's economic development success. In 2026, the Economic Development Department ("EDD") continues to engage partners in education, workforce development, chambers of commerce, and neighborhood organizations to update the Economic Development Strategic Framework (the "Framework"). The updated Framework will evaluate recent investments, address ongoing needs, and identify new opportunities. City Council accepted the original five-year Framework in October 2022, aligning city policy initiatives toward building a more resilient local economy and strengthening the city's competitiveness for capital and investment. The EDD continues to pursue holistic coordination with economic development partners, cultivate local talent and a strong workforce pipeline, expand business retention and attraction through targeted industry clusters, and accelerate place-based real estate development.

Major Initiative – Local Business and Workforce Development

In 2022, the City received \$326 million in American Rescue Plan Act ("ARPA") funds, with City Council approving major allocations from the federal pandemic recovery funding intended to help communities address the economic impacts of COVID-19. Under the Small Business Support pillar, \$33.9 million was designated for initiatives including access to capital, capacity building, ecosystem growth, localism and placemaking, and to revitalize commercial corridors – particularly in historically underserved areas, overseen by the Economic and Workforce Development Committee. The ARPA obligation deadline for ARPA funds was December 31, 2024, with all expenditures required to be completed by December 31, 2026, with the majority of the programs completed in 2025.

By aligning ARPA investments with community input and the guidance of the Small Business Advisory Commission, the city built a coordinated, equity-centered approach to economic recovery. More than 1,000 small businesses received technical assistance, over 500 grants were distributed, and thousands of business owners were connected to resources that helped them stabilize, grow, and adapt in the aftermath of COVID-19.

Targeted partnerships have amplified impact. These efforts delivered hands-on coaching, leadership development, digital tools, and capital—helping entrepreneurs modernize operations, expand markets, and build sustainable growth pathways.

- **Second Stage Program:** With \$362,000 in ARPA funds, the Maestro Entrepreneur Center (“Maestro”), in partnership with the Edward Lowe Foundation, successfully engaged and supported 49 second stage businesses through targeted outreach, peer roundtable discussions, and individualized training. These efforts strengthened operational infrastructure, improved market readiness, and helped participating companies attract new clients. Over the two-and-a-half-year program, the initiative successfully completed four (4) cohorts. Maestro consistently refined its approach and demonstrated the value of leadership development and peer-to-peer learning in enabling the growth of second-stage-firms across San Antonio. The program concluded on November 30, 2025.
- **Back Office Support Program:** With \$432,000 in ARPA funding, San Antonio for Growth on the Eastside (“SAGE”) engaged 274 small businesses, provided over 300 hours of technical assistance and completion of four (4) cohorts with intensive 10-week support to eastside businesses in business planning, marketing, technical assistance, operational capacity, financial management, and cybersecurity with the assistance of external partners. Across four (4) cohorts, 27 business owners graduated before the program concluded on November 30, 2025.
- **Compañero Program:** With \$362,000 in ARPA funding, the program administered by Prosper West, served 939 westside businesses through hands-on training, technical assistance, and support in applying for capital opportunities. Those efforts helped connect small businesses to access capital of \$218,334 and provided 464 training hours. The program has strengthened the small business ecosystem on the westside, thereby improving the overall economic climate in San Antonio. The ARPA-funded pilot concluded its initial two-year contract on April 30, 2025. City Tax Increment Reinvestment Zone (“TIRZ”) funds were approved to continue to fund the program and in October 2025, Prosper West entered into a new one-year agreement to administer the Compañero Program with a one (1) year renewal option.
- **Digital Presence Program:** Administered by Herospace Digital Consulting, the program used \$550,000 in ARPA funding, supplemented by \$150,000 in General Funds, to provide free coaching and digital services, which increased visibility, offered a platform for customer engagement, and provided a broader customer reach. This program also provided additional support for businesses in city-initiated construction zones. A total of 421 businesses completed assessments, 189 consultations were held, and 108 businesses received direct digital support before the program concluded on June 30, 2025.

ARPA funding also established a one-time Façade Improvement and Outdoor Spaces Programs, which supported more than 120 locally owned businesses, improving storefronts, and strengthening commercial corridors.

- **Façade Improvement Program:** Initially, the program provided grants of \$5,000 to \$50,000 for visible commercial façade improvements in targeted areas. Eighty-nine awards were approved and, as of May 2026, \$2.9 million had been disbursed. With no further payments, the program is anticipated to fully close by the end of Summer 2026.
- **Outdoor Spaces Program:** The program provided grants of \$2,000 to \$10,000 to small, locally owned food and drink establishments for outdoor area enhancements. Thirty-two awards were approved, with \$225,170.86 disbursed. The program fully closed in July 2025.

Further supporting placemaking efforts, the RevitalizeSA: Corridor Leadership Program serves as a catalyst for grassroots economic development by training community leaders to design and implement locally driven placemaking projects. A central component of the ARPA-funded two-year pilot program was the implementation of a project tailored to a specific commercial corridor. Upon completion, participant leaders were eligible to apply for a Commercial Hub Advancement for Neighborhood Growth Engagement (“CHANGE”) Grant of up to \$10,000. These grants were specifically intended to act as a spark for positive, visible change, providing the necessary seed capital to transform a neighborhood business district into a more vibrant and resilient destination. The pilot program successfully completed two (2) cohorts representing 32 participants and 24 projects. These efforts have resulted in the creation of new partnership networks, community markets, vibrant murals, and financial literacy initiatives that strengthen the social and economic fabric of San Antonio’s neighborhoods. RevitalizeSA Cohort 3 launched in April 2026 with 13 participants.

In addition to the programming and technical support highlighted, ARPA funding enhanced access to affordable capital. Through the Zero (0) Percent Interest Rate Loan Program, administered by LiftFund, the City leveraged ARPA funds alongside private and nonprofit partners to deliver \$2.75 million in interest-free loans to 85 businesses in Fiscal Year 2025, supporting job creation, retention, and long-term viability for entrepreneurs unable to access traditional financing. In Fiscal Year 2026, \$500,000 has been allocated for an estimated 26 loans with 21 loans administered by May 2026.

Beyond individual businesses, ARPA investments strengthened the small business ecosystem itself. A \$2.56 million partnership with Local Initiatives Support Coalition (“LISC”) empowered six (6) Business Development Organizations (“BDO”), American Indians in Texas at the Spanish Colonial Missions, Culturingua, Maestro Entrepreneur Center, Prosper West, SAGE, and Southside First, to expand staffing for implementation of prioritized plans and operations and capacity strengthening and technical assistance to the needs of their communities. Each BDO had access to up to \$95,000 for technical assistance and \$260,000 for general operational need.

Separate from ARPA funding-related partnerships and continuing the support for the small business ecosystem development partnerships is Launch SA, an entrepreneurship and small business support center. Launch SA was placed under the management of Geekdom through a three-year agreement signed by the City in 2023. Launch SA offers free services, including business advising, mentorship, and funding connections.

In Fiscal Year 2025, Launch SA hosted 292 workshops, provided 362.5 hours of mentorship, and assisted 10 entrepreneurs in securing \$245,000 in funding from grants, loans, investments and the Geekdom Community Fund. To enhance Launch SA’s capacity, the City has contracted with EcoMap Technologies, Inc. (“EcoMap”) and SizeUp. In partnership with EcoMap, Launch SA Link was created as an online platform to simplify access to small business resources across industries and stages. SizeUp provides market research, benchmarking, and business advising. Together, Launch SA, EcoMap, and SizeUp offer a wide-ranging, no-cost resource portfolio to support businesses throughout their journey.

Building on its small business development efforts, the city also leverages procurement to create economic opportunity for local entrepreneurs. The Small Business Economic Development Advocacy (“SBEDA”) Program plays a central role in this strategy, helping level the playing field for local small businesses by ensuring they have access to city contracting opportunities. In Fiscal Year 2025, the City awarded \$274 million—47.9% of contract dollars where SBEDA applied—to 428 unique local small businesses.

Based on vendor feedback from a 2023 Disparity Study, the Supply SA Procurement Playbook, and current program analysis, in 2025 the City established a first-ever cohesive supplier engagement strategy to foster economic growth by enhancing the awareness, capacity, and competitiveness of local small businesses to expand the availability of firms competing on City procurements. The first phase of implementation included a complete redesign of the Mentor Protégé program, offered in partnership with Alamo Colleges. The program, now known as Vendor Development Academy, aims to provide eligible small businesses with the tools and resources to compete for City contracts. Other aspects of the initiative include targeted outreach on high-opportunity City solicitations as well as expanded stakeholder outreach.

Investments continue to be made in workforce development through the SA: Ready to Work program. As of June 2026, SA: Ready to Work has enrolled more than 16,537 participants. To date, over 7,000 individuals have completed training, with 5,605 placed in quality jobs averaging \$15 per hour—or over \$31,200 annually. More than 1,700 employers have hired graduates. Healthcare, IT and cyber security, transportation, and warehousing are the most pursued fields, underscoring the program’s alignment with local labor market needs and its growing impact on economic mobility.

In Fiscal Year 2025, the City’s Emerging Technology Team (“ETT”) continued to build upon the foundation established from the Smart Cities program. Major development was made in cultivating and expanding the SmartSA program including doubling membership from nine (9) to 18 and adding Bexar County to the Interlocal Data Sharing Agreement. A fourth Working Group on Quality of Place was established by greater:SATX to explore ways to improve our built environment for business recruitment, retention, and resident satisfaction. In addition, the team completed 10 prototypes and 11 research projects. These projects spanned testing Microsoft Copilot, evaluating video analytics for public safety, Artificial Intelligence (“AI”) Language Access tools, generative AI use cases for the city, deepfake research, workforce impacts of AI, among others. ETT continues to lead our exploration and development of AI tools. In November 2024, the ETT created Administrative Directive 7.4a for “Acceptable Use of Information Technology” helping define guardrails for safe adoption of generative AI tools. To support this enterprise-wide directive, the team developed and provided an AI training program for city staff, knowing that the use of AI will play an even more prominent role in City operations.

Building on efforts in workforce development and innovation, the San Antonio Economic Development Corporation’s (“SAEDC”) pivotal role is in advancing the City’s broader economic goals. Established as a 501(c)(3) Type-B-Corporation, the SAEDC fosters job creation and entrepreneurship through strategic investments—primarily in the commercialization of intellectual property and later-stage startups. In 2025, the SAEDC updated its investment guidelines to align with the Framework, expanding its scope to include equitable real estate revitalization projects citywide.

Beyond local business and workforce development, the City is focused on advancing five (5) strategic industry clusters identified in the EDD’s Framework: Bioscience Anchors and Catalysts, Corporate Services, IT Security and Infrastructure, Mobility, and Sustainable Energy. These high-potential sectors are backed by strong local assets and are prioritized for enhanced

incentives under updated economic development incentive guidelines that focus on job creation and higher wage growth industries, reinforcing the commitment to driving targeted economic growth. A summary of current economic trends for each cluster follows.

Bioscience Anchors and Catalysts

The bioscience and healthcare industry generates \$44 billion for the regional economy, employs nearly one (1) in five (5) workers in the City, and continues to serve as a significant driver of regional economic activity, with more than 185,000 employees and sector growth of over 2.4% in the past 12 months. With the largest military complex in the U.S., the only NIH Primate Research Center with BSL-4 labs, three (3) national disease research centers, and one of only two complete end-to-end biotech pipelines in the world, the City's diverse academic expertise and clinical research excellence anchor bioscience research and innovation. The City is also home to major employers including the Texas Biomedical Research Institute, BioBridge Global, Solvendum, and five (5) hospital systems – Baptist, Christus, Methodist, University, and VA Audie Murphy. Innovation in this cluster is driven by more than 20 academic, independent, and Department of Defense (“DoD”), also known as the Department of War (“DoW”) biomedical research organizations. San Antonio also hosts the largest military health complex in the United States. The following summarizes the major contributors to the Bioscience Anchors and Catalysts cluster.

The University of Texas at San Antonio (“UT San Antonio”) is a nationally recognized, top-tier public research university and the third-largest public research university in Texas, holding Carnegie R1 designation. Formed through the formal integration of UT San Antonio and UT Health San Antonio effective September 1, 2025, UT San Antonio unites higher education, research, and healthcare within a single institution. UT San Antonio serves over 42,000 students across 350 academic programs and employs 17,000 faculty and staff. It invests more than \$486 million annually in research and generates an estimated \$7 billion in economic impact for Texas. UT San Antonio also serves more than 2.5 million patients annually through its comprehensive health system.

UT San Antonio's \$100 million, 103,000-square-foot Center for Brain Health was formally opened on December 10, 2025, and serves as a major hub for clinical care, diagnostics, research, and caregiver support related to Alzheimer's disease and other neurological conditions, bringing specialty care and neuroscience research together under one (1) facility.

The University of the Incarnate Word (“UIW”), with over 9,000 students, opened its School of Osteopathic Medicine in 2015 and achieved full accreditation in 2021. A \$70 million renovation of the former AT&T building, now Founders Hall, will expand the campus by 20% and house academic units including the Liza and Jack Lewis Center of the Americas, the School of Mathematics, Science and Engineering, and a new student health center. Phase I of the project is targeted for completion in August 2026 and has attracted significant philanthropic support, including a \$5 million pledge from the Elma Dill Russell Spencer Foundation and a \$500,000 gift from Joeris General Contractors. In January of 2026, UIW received a significant gift from Mrs. Jane Cheever Powell to establish the Col. Cheever Events Center and the Cheever Family Auditorium.

University Health's Palo Alto Hospital continues to advance on San Antonio's south side and remains on track to open in 2027. Located on a 68-acre campus adjacent to Texas A&M University San Antonio, the five-story facility is planned to open with 166 inpatient beds, expandable to 286, and will include a 24/7 emergency department, labor and delivery, NICU, operating rooms, radiology, laboratory services, and a connected medical office building for specialists and family medicine. The broader campus entered operations in 2025 with the opening of University Health Vida, which houses multispecialty services and the Institute for Public Health and is the first center to be built on University Health's larger Palo Alto Hospital project site.

Methodist Healthcare advanced a major capital expansion program in San Antonio during 2025 and 2026, including a \$104 million expansion at Methodist Hospital Stone Oak and a \$146 million patient tower at Methodist Hospital Northeast in Live Oak. The Stone Oak project adds 54 beds through vertical expansion and was marked by a topping ceremony in November 2025, while the Northeast project broke ground in January 2026 on a multi-story 100,000-square-foot tower designed to expand inpatient, critical care, and medical-surgical capacity.

The Defense Health Agency San Antonio market is one of 20 Defense Health Agency markets across the United States and integrates military medical facilities across Joint Base San Antonio (“JBSA”) into a unified healthcare delivery system serving more than 250,000 eligible military beneficiaries in the region. The market encompasses the 59th Medical Wing at JBSA Lackland, Brooke Army Medical Center at JBSA Fort Sam Houston, the U.S. Army Institute of Surgical Research, the Naval Medical Research Unit San Antonio, the Center for the Intrepid, and the South Texas Veterans Health Care System, which includes the Audie L. Murphy Memorial Veterans Hospital and the Frank M. Tejeda Department of Veterans Affairs Outpatient Clinic. These institutions are collectively staffed by approximately 11,000 military members, civilian professionals, and contractors from the U.S. Army, U.S. Air Force, U.S. Navy, and Department of Veterans Affairs, representing one of the most concentrated and strategically significant military medical ecosystems in the DoD.

At the center of this ecosystem is Brooke Army Medical Center (“BAMC”), the largest military healthcare organization within the United States. Both inpatient and outpatient services are provided by approximately 8,500 staff members. As the DoW’s only Level I Trauma Center and home to the U.S. Army Institute of Surgical Research Burn Center, the only burn center in the DoW, BAMC plays a critical role in global combat casualty care, trauma innovation, and advanced medical research. BAMC’s Level 1 Trauma Center serves the City and the surrounding region, caring for more than 4,000 military and civilian trauma patients and 80,000 emergency department visits annually. The hospital maintains approximately 425 operational beds and can expand to 653 beds during national emergency or contingency operations. BAMC also serves as a premier academic platform through the San Antonio Uniformed Services Health Education Consortium, a partnership with the 59th Medical Wing and the Uniformed Services University of the Health Sciences that supports approximately 700 residents and fellows across nearly 40 accredited graduate medical education programs annually, making San Antonio the DoW’s largest military graduate medical education platform.

The San Antonio market maintains deep integration with local higher education and research institutions. The military medical enterprise collaborates closely with UT San Antonio in clinical training, trauma research, surgical innovation, specialty medical education, and research initiatives in biomedical engineering, data science, cybersecurity for healthcare systems, and translational bioscience. Additional partnerships with Trinity University and the Texas Biomedical Research Institute support infectious disease research, biodefense initiatives, and the broader life sciences ecosystem. Complementing these collaborations, the U.S. Army Medical Center of Excellence at JBSA-Fort Sam Houston serves as the Army’s premier medical training and doctrine command, educating thousands of enlisted and officer medical personnel annually and aligning with regional academic partners to advance medical capabilities.

The 59th Medical Wing at JBSA-Lackland Emergency Department at Wilford Hall Ambulatory Surgical Center transitioned to an Urgent Care Center beginning April 4, 2026, shifting services to support non-life-threatening care. Emergency response services on JBSA-Lackland remain fully intact and unchanged including the largest ambulatory surgical center in the DoW. The new Urgent Care Center will operate seven (7) days a week from 6 a.m. to 6 p.m. and will treat acute, non-life-threatening conditions. Services will include provider evaluations, on-site laboratory testing, X-ray imaging and pharmacy support during operating hours. The 59th Medical Wing, as the U.S. Air Force’s premier medical wing, leads in healthcare delivery, research, and professional medical education. Its dental training mission provides approximately 85% of Air Force dental readiness training and benefits from collaboration with regional academic institutions.

Together, the Defense Health Agency San Antonio market institutions, integrated with the City’s universities, research institutes, and training commands, form the foundation of the region’s Military Medical City USA identity. Their combined clinical excellence, research innovation, education capacity, and operational readiness mission sustain national defense medical capabilities and anchor San Antonio’s bioscience economy, strengthen its workforce development pipeline, and position the City as a national leader in military medicine, trauma care, and health innovation.

Texas Biomedical Research Institute (“Texas Biomed”) is one of the largest independent infectious-disease research organizations in the nation and the only independent, non-profit U.S. institute that combines high-level biocontainment laboratories with a federally designated National Primate Research Center, including the nation’s only National Institute of Health (“NIH”) primate center with a biosafety level four laboratory. Spanning 200 acres with 70,000 square feet of lab space, Texas Biomed operates three (3) scientific programs, maintains more than 400 active research projects, and houses over 4,000 research animals. Its team of over 500 employees includes over 130 PhD, MD, and DVM scientists across 36 faculty, 23 scientists, and 13 veterinarians. Texas Biomed has been at the forefront of some of the most consequential medical breakthroughs in modern history, including advancing the first COVID-19 vaccine, the first Ebola treatment, the first Hepatitis-C therapy, and the high-frequency neonatal ventilator for premature infants. In 2025, Texas Biomed marked 25 years of maximum-containment research and signed a new agreement supporting potential non-human primate studies for Galidesivir, an antiviral candidate targeting high-priority threats such as Ebola, Marburg, MERS, Zika, and yellow fever. In 2026, Texas Biomed celebrates its 85th anniversary and has announced the planned opening of a new \$20 million, 18,000-square-foot Animal Health Center.

Southwest Research Institute (“SwRI”) is a nonprofit, independent research and development organization headquartered in San Antonio with more than 79 years of history. In 2025, SwRI achieved record revenue of \$966 million, reported more than 3,200 employees, received 26 U.S. patents, filed 29 patent applications, and supported a record 140 new internal research and development projects through more than \$13 million in internal research for new projects and monetary investment. In health and bioscience-related work, SwRI expanded its pharmaceutical and bioengineering capabilities through its 21,000-square-foot Clinical Supply Facility, which opened in March 2026, and advanced drug development activity, including work on a new chromatography process to accelerate drug development and collaborations with Trinity University on therapies for ischemia-related injury and PTSD.

BioMedSA has served as the hub for the city’s healthcare and bioscience industry since 2005, driving growth and facilitating key collaborations. In 2026, BioMedSA hosted its sixth annual BioFest Invest event. In 2025, BioFest Invest welcomed 250 attendees and saw 16 Texas bioscience companies compete for investment. Since the program’s founding, companies in the pitch competition have collectively received more than \$85 million in investments to date. BioMedSA also

organizes BioFest Days, a 10-day series of events including tours, open houses, workshops, and thought leadership programming. The organization fosters economic growth by connecting companies to resources, hosting networking events such as BioTX Corridor to link the bioscience sectors of Austin and San Antonio, and conducting biomedical startup training through its commercialization program, BioMarketSA.

VelocityTX, a nonprofit founded in 1984, fosters the City's life science industry and sustainable economic growth. To establish a life science Innovation District, VelocityTX is developing a 13-acre campus encompassing the historic Merchant's Ice complex and the adjacent G.J. Sutton property, a project projected to create 10,000 jobs and generate \$3.2 billion in economic impact over 20 years. The district serves as a premier hub for military-civilian medical collaboration, anchored by on-site military medical research and development agencies. VelocityTX supports early-stage bioscience and technology companies through incubators, accelerators, and the CoLabs facility, while actively facilitating the transition of dual-use medical technologies to federal government agencies. VelocityTX is also retooling the annual AIM (Academia, Industry, Military) Health R&D Summit, scheduled for April 7, 2027, to more closely align with BioMedSA's annual event: BioFest. The AIM Health R&D Summit is a collaborative event that unites academia, industry, and the military to accelerate the research, development, and commercialization of transformative medical technologies, with a focus on advancing the military medical mission and dual-use applications. Past summits have drawn more than 900 attendees, including 800 researchers and approximately 20 start-up biotechnology companies.

The SAEDC has historically supported projects in the technology, bioscience, and military-medical sectors. Following the San Antonio Military Life Science Commercialization Action Plan, the SAEDC established the San Antonio Military Medical Innovation ("SAMMI") Fund to assist early-stage companies developing products for military medicine with broader civilian applications. The SAMMI Fund invested \$205,000 in five (5) bioscience and technology startups. Through a three-year partnership with VelocityTX that concluded in Fiscal Year 2025, the SAEDC supported growth of the military-medical sector, including investment in the AIM Health R&D Summit. VelocityTX continues to independently scale this ecosystem, leveraging federal networks to sustain San Antonio's role as a national center for defense health innovation, with the SAEDC continuing its annual investment in the summit.

Corporate Services

San Antonio's Corporate Services Industry Cluster encompasses major employers across professional services, insurance, financial services, and corporate headquarters. The sector generates an annual economic impact of more than \$25.1 billion, employs over 130,000 individuals, and has grown at a rate of 2.9% over the past 12 months. The following summarizes the major contributors to the Corporate Services cluster and highlights from 2025 and 2026.

United Services Automobile Association ("USAA") is the city's largest private-sector corporate services employer, with more than 17,000 employees at its headquarters. USAA serves 14 million customers, including military members, veterans, and their families and employs more than 38,000 people worldwide. In January 2026, USAA announced a record \$3.8 billion in financial rewards to members. San Antonio also hosts regional offices for major insurers including Nationwide, Caremark, UnitedHealth, and Pacificare.

The City hosts several regional banking operations and financial services headquarters, including Frost Bank, Broadway National Bank, Credit Human, Security Service Federal Credit Union, Victory Capital, and USAA Federal Savings Bank. Major financial institutions with significant regional operations include Bank of America, Wells Fargo, J.P. Morgan Chase, Citigroup, PNC Bank, and Pentagon Federal Credit Union. The industry saw notable consolidation in early 2026, with Texas Partners Bank's merger into Prosperity Bank effective February 1, 2026. FDIC Summary of Deposits data confirms San Antonio's standing as a major financial services center, with \$174.9 billion in deposits across 68 FDIC-insured institutions in 2025.

Frost Bank, founded in 1868, completed its new downtown headquarters in 2019, providing 460,000 square feet of Class A++ office and retail space for 660 employees. An additional 2,000 employees work at the 435,000-square-foot One Frost operations center in the northwest part of the city. With over 3,100 employees in the area, Frost Bank's total assets reached \$52.7 billion in 2026, and the institution reported more than \$66 billion in trust, brokerage, advisory, and insurance assets under administration as of March 31, 2026.

San Antonio is home to the National Basketball Association's San Antonio Spurs 50-acre mixed-used campus, which represents approximately \$510 million in investment at The Rock at La Cantera ("The Rock"). The multiphase development features the new San Antonio Spurs training facility and Victory Capital Performance Center. Additionally, The Rock development includes the Human Performance Institute, a 60,000-square foot medical and human research facility and sports-performance research center with a 75,000-square-foot parking garage. The Rock's other facilities and amenities include a 27,000-square foot Frost Plaza outdoor events space, medical, retail and hospitality buildings. UT San Antonio will lease approximately 20,000 square feet for sports medicine, imaging, and human performance uses. The development will also include a 22-acre park that offers community access to walking and bicycle trails, connecting green spaces, and the largest dog park in Bexar County. The Rock's campus will employ more than 1,700 full-time employees. The Victory Capital Performance Center,

opened in 2023, in addition to serving as the Spurs' practice facility with office and medical space, anchors partnerships in research, technology, and sports. The \$510-million development includes a \$100 million Spurs Sports & Entertainment investment and prior support from the city and Bexar County.

IT Security and Infrastructure

The Information Technology ("IT") Security and Infrastructure industry in San Antonio generates an annual economic impact of more than \$15 billion, employs approximately 75,000 workers, a figure that grew 1.8% over the past 12 months, and serves as a major driver of regional economic activity and innovation. The city hosts a broad array of IT companies and initiatives across consumer, corporate, and DoD operations, including Jungle Disk, TrueAbility, Rackspace, Microsoft, Bitdefender, the 16th Air Force ("Air Forces Cyber"), the National Security Agency ("NSA"), and others.

San Antonio holds a position as a global leader in IT, with much of its advanced activity remaining confidential due to the extensive presence of military and intelligence agencies focused on intelligence, surveillance, reconnaissance, and cybersecurity. The city contains the second-largest concentration of cyber professionals in the United States outside the National Capital Region, with more than 40 cyber-related entities headquartered in the area. Key organizations include Air Forces Cyber, the first Information Warfare Numbered Air Force, NSA-Texas, FBI San Antonio, the U.S. Secret Service, and the Department of Homeland Security.

UT San Antonio continues to drive IT innovation across the region. Since the September 2025 merger, the university has further strengthened its role in innovation, research, and workforce development. The National Security Collaboration Center ("NSCC"), housed in San Pedro I, remains a key hub linking academia, government, and industry around cybersecurity, data analytics, and cloud computing; current partners include NSA Texas, Booz Allen Hamilton, Dell Technologies, and Raytheon Technologies, among others. The university's College of AI, Cyber and Computing launched officially on September 1, 2025, and is headquartered across San Pedro I and San Pedro II. The approximately \$130 million, 180,000-square-foot San Pedro II facility which opened in April 2026, focuses on business, innovation, and career preparation. Together, the San Pedro facilities are positioned as anchors of San Antonio's high-technology corridor and catalysts for downtown economic and community investment.

UT San Antonio also became the institutional anchor of the Texas Cyber Command (the "Command") after Governor Greg Abbott signed HB 150 in June 2025, creating the new San Antonio-based state cybersecurity agency. The Command is tasked with strengthening statewide cyber defense through threat intelligence, incident response, and digital forensics. By October 2025, UT San Antonio confirmed it would serve as the Command's permanent home alongside the National Security Collaboration Center. Legislative fiscal estimates projected the Command's budget to be \$138.7 million through Fiscal Year 2027 and approximately \$349.2 million over five (5) years, excluding indeterminate facility acquisition and renovation costs, with staffing projected to grow from 65 full-time equivalents in Fiscal Year 2026 to 130 in Fiscal Year 2027.

Geekdom serves as San Antonio's primary startup engine and collaborative innovation ecosystem, located in downtown. As a mission-driven incubator and accelerator, Geekdom provides infrastructure, mentorship, and capital access to scale early-stage concepts into high-growth enterprises. To date, Geekdom-supported companies have collectively raised more than \$500 million in venture capital and follow-on funding, contributing significantly to private-sector job growth and technological diversification. The Geekdom Community Fund drives a key portion of this economic activity by providing strategic early-stage investments to high-potential startups; since June 2025, the fund has deployed \$120,000 into six (6) local companies. Through tiered programming ranging from ideation workshops to high-intensity accelerators, Geekdom has mentored more than 227 participants in the past year alone.

Port San Antonio (the "Port") continues to strengthen its role as a hub for cybersecurity and advanced technology activity. With support from a \$1.5 million city infrastructure grant, the Port advanced cybersecurity growth through Project Tech I and Project Tech II, opened in 2018 and 2022 respectively. By 2025, the campus supported nearly 18,000 workers, more than 80 tenant customers, over 800,000 square feet of new commercial and industrial space added since 2017, a 350-acre rail yard, and Foreign-Trade Zone designation. Economic development activity in 2025 included planning for Innovation Tower, an approximately 300,000-square-foot, 11-story building projected to cost approximately \$275 million, as well as continued positioning around advanced air mobility and vertiport infrastructure. The Port's proposed approximately \$1 billion military cyber campus remained a strategic priority in 2025; the inclusion of \$50 million in House Bill 500 for a secure facility intended to attract the 16th Air Force/Air Forces Cyber mission to the Port signals meaningful legislative support for the concept, though the project remains in discussion rather than active implementation.

Mobility

Mobility and manufacturing are closely linked in San Antonio through major employers including Toyota, Boeing, Joseph Cyril Bamford Excavators Ltd. ("JCB"), International Motors, StandardAero, and ST Engineering, reflecting a diversified

cluster spanning automotive, heavy vehicle, construction equipment, and aerospace production, maintenance, and advanced mobility technologies. The Mobility cluster accounts for more than 120,000 jobs in the MSA, an increase of 2.4% over the past 12 months, and generates an annual economic impact of more than \$19 billion.

Toyota Motor Manufacturing Texas employs more than 3,700 workers at its San Antonio plant and supports thousands more through on-site suppliers. Toyota's 2022 launch of exclusive Sequoia production in Texas followed earlier investments that expanded Tacoma production and reinforced the campus's long-term footprint in the region. In June 2024, Toyota announced a \$531 million, 500,000-square-foot rear axle plant at its south side campus, a project expected to create more than 400 jobs and strengthen in-house drivetrain production for the Tundra, Sequoia, and Tacoma. Construction, hiring, and equipment installation advanced through 2025, with the facility designed for capacity of up to 500,000 rear axles annually and expected to begin production in 2026.

Toyota Motor North America (TMNA) announced it will invest \$3.6 billion to expand its San Antonio manufacturing campus with a second vehicle assembly line to support the Tacoma truck. The expansion will create 2,000 new, high-quality jobs and add 2.5 million square feet to Toyota Texas, doubling its size by 2030. This expansion brings Toyota's total investment in San Antonio to \$8.3 billion since breaking ground in 2003. The new facility will enable increased flexibility for the plant through advanced manufacturing technologies and will align with Toyota's broader North American operations.

Heavy equipment manufacturer JCB's San Antonio plant represented one of the region's largest active manufacturing projects in 2025 through 2026. The company reported in October 2025 that construction had gone vertical, with hiring already underway and production scheduled to launch in mid to late 2026. The plant represents a \$500 million investment on the south side of the City with a one (1) million square foot factory and is expected to create approximately 1,500 jobs, manufacturing Loadall telescopic handlers and aerial access equipment.

Boeing's San Antonio operations at the Port are heavily tied to major long-cycle defense modernization work. In December 2025, Boeing delivered the first B-52 Radar Modernization Program flight-test aircraft from San Antonio to the U.S. Air Force, and in early 2026 the company confirmed a new \$2 billion phase of the B-52 Commercial Engine Replacement Program, with modification work tied in part to its San Antonio facility.

Sanko Texas Corp's \$39.8 million manufacturing facility in southern Bexar County broke ground in February 2026, marking the company's first U.S. plant and headquarters. The facility is expected to manufacture plastic pallets, crates, and battery and logistics packaging, reinforcing San Antonio's automotive supply chain. The project is initially expected to create approximately 50 jobs, with longer-term workforce expansion as operations scale.

In July 2025, San Antonio-based Knight Aerospace, a manufacturer that designs and builds modular mission systems, palletized aircraft interiors, and ground support equipment for military cargo aircraft, announced a 20-year agreement with Embraer Defense & Security designating Knight as a primary supplier of modular medical, transport, and VIP mission systems for the KC-390 Millennium aircraft. The agreement represents Knight's largest contract to date, with the potential to double the company's revenue and significantly expand its international reach from the Port's base.

Sustainable Energy

San Antonio's Sustainable Energy cluster employs over 30,000 people, reflecting 2.5% growth over the past year and generating an annual economic impact of more than \$11.3 billion. The City is positioned to attract continued jobs and investment in renewable energy, supported by federal initiatives including the Creating Helpful Incentives to Produce Semiconductors ("CHIPS") Act, the Bipartisan Infrastructure Law, and the Inflation Reduction Act. Texas leads the nation in renewable power generation, and San Antonio's strong economy, workforce programs, and infrastructure establish it as a prime location for continued growth in this sector.

CPS Energy, one of the largest municipally owned utilities in the United States, serves more than 970,000 customers and generates \$4.4 billion annually. The utility's clean energy strategy has advanced under its Vision 2027 Generation Plan. CPS Energy reports more than 1,000 megawatts of solar already operational and launched a request for proposals for up to 600 additional megawatts of solar in November 2025 and issued another solicitation in February 2026 for up to 50 megawatts of community solar. If the 600-megawatt procurement is completed, CPS Energy projects it will have more than 1,600 megawatts of solar either operational or under contract, reinforcing San Antonio's position as a leading solar market in Texas.

In February 2024, the city, CPS Energy, and JBSA signed a memorandum of understanding to explore resilient, carbon-free power options for JBSA, including green hydrogen, geothermal, and advanced nuclear technologies. JBSA has framed the agreement as a platform for strengthening installation resilience, supporting local carbon-reduction goals, and positioning the base for future Air Force infrastructure investment. Separately, CPS Energy's innovation efforts also progressed in 2025 as Quidnet reported that its Texas project site for CPS Energy completed a 35-megawatt-hour discharge test after six (6) months of energy storage with no discernible loss, validating the long-duration storage concept first announced in 2022.

San Antonio's municipal solar buildout continued to advance in 2025. In 2026, the City's municipal solar project was expanded from 42 to 52 sites expanding the \$30 million initiative, described by City officials as the largest on-site solar program undertaken by a local Texas government, with full completion targeted for the end of 2027. At the utility scale, the earlier 150-megawatt solar addition announced by CPS Energy in 2024 came online in 2025 through the Exodus 1 project in Caldwell County, while CPS Energy's broader 2025 through 2026 resource strategy expanded to include substantial new solar, community solar, and battery procurements.

In 2022, City Council approved a \$113.6 million contract with Balcones Recycling to build and operate a 145,000-square-foot recycling facility, effective August 1, 2024. The facility processes up to 50 tons of recyclable material per hour using advanced technology including optical sorting and artificial intelligence and is expected to reduce processing costs to \$3 per ton compared to \$7 per ton under the prior contractor. The facility reported a recycling rate of 30% in 2025, indicating that stronger public participation and cleaner recycling streams will be required to meet the City's long-term diversion goals.

Major Initiative – Placemaking and Real Estate

The EDD's Strategic Framework outlines the strategic application of placemaking tools, including the SAEDC, to build a more resilient local economy. The city remains committed to geographic placemaking investments that strengthen the connection between people and the places they share.

The City formally launched its multi-phase downtown sports and entertainment district initiative on April 4, 2025, with the signing of a non-binding memorandum of understanding among the City, Bexar County, and the San Antonio Spurs. The initiative is centered on a proposed new Spurs arena and surrounding mixed-use, cultural, and infrastructure improvements in and around Hemisfair, downtown, and the East Side. In July 2025, the city conducted public workshops across all 10 council districts, and on August 21, 2025, City Council authorized completion of a non-binding term sheet under which the Spurs pledged more than \$2 billion toward downtown projects, including \$500 million for a new arena, \$1.4 billion for Hemisfair and nearby improvements, \$30 million for the former federal building, and \$75 million in community benefits. In November 2025, Bexar County voters approved Proposition B, clearing a major funding milestone for the arena component. By January 2026, the city had shifted to execution activities, including City Council consideration of a \$30 million acquisition offer for the Federal Building West properties, initiation of consultant procurements for district studies and program management, and early steps toward acquiring the former Institute of Texan Cultures site for the future arena.

Plans have also advanced for a new \$160 million San Antonio Missions baseball stadium seating 4,500 people near the San Pedro Creek Culture Park, with a targeted completion date of 2028 and corresponding mixed-use development expected to finish by 2032. The ownership group reached agreement with the San Antonio Independent School District on terms for acquiring the final piece of the project site to advance the plan, which includes building two (2) residential buildings and a hotel.

The Alamo Plaza Visitor Center and Museum redevelopment is a major heritage-tourism and public-space investment intended to reshape the Alamo area through new museum, visitor, education, and plaza improvements. The Alamo Trust describes the Visitor Center and Museum as a \$185 million project within a broader Alamo Plan now publicly valued at more than \$700 million. Construction on the museum commenced in 2024, with a target opening in Spring 2028.

Morgan's Wonderland, a fully accessible theme park, reopened on March 11, 2024, following a \$7 million expansion that introduced new attractions including the 4D Magic Cinema, Pirate Island Cruises, Jette's Wonder Bikes, Rocket's Sky Flight Adventure, and a zip line over the park's lake. In December 2024, the park announced Morgan's Hotel, a \$16 million, ultra-accommodating hotel designed to extend the inclusive visitor ecosystem around Morgan's Wonderland and Inspiration Island, with an anticipated completion date of October 2026.

The Monarch San Antonio, an \$185 million, 200-room, 17-story luxury hotel at Hemisfair, is intended to strengthen downtown hospitality, meeting, and visitor activity as part of the broader district buildout. Zachry Hospitality broke ground in November 2023, and the hotel opened on March 3, 2026.

The historic Gunter Hotel marked a significant downtown hospitality milestone with its reopening in Fall 2025 following a \$57 million renovation that repositioned the 1909 property as part of Marriott's Tribute Portfolio. The redevelopment upgraded guest rooms, meeting space, food and beverage offerings, and amenities while reinforcing Houston Street's role as a visitor and entertainment corridor.

The JW Marriott River Walk/IBC Centre redevelopment at 175 E. Houston Street is a \$140 million, approximately 300-room hospitality project that will add a new 14-story structure with parking, event space, and rooftop amenities, representing a significant adaptive reuse and downtown revitalization tied to the River Walk and Houston Street corridor. The proposal was announced in September 2025, with construction reported as beginning in July 2026.

El Tropicano is a \$46 million River Walk hotel redevelopment that is transforming the historic property into Sítio El Tropicano, an urban oasis concept intended to revitalize one of downtown San Antonio's legacy hospitality assets. The redeveloped hotel is planned to reopen in Fall 2026 with 315 rooms, more than 400 feet of River Walk frontage, 16,000 square feet of meeting and event space, a 5,000-square-foot spa, and the City's largest hotel pool deck.

Broadway East San Antonio, also branded as the BESA District, is a \$560 million, 15-acre mixed-use development east of Pearl planned to deliver retail, restaurant, and later hospitality and residential uses in a walkable urban format. The project received key City design approvals in June 2025, with site-preparation activity underway and Phase I completion anticipated by 2027.

Additional retail and commercial developments are also active across San Antonio:

- Galm Crossing is a \$16.6 million, 69,000-square-foot shopping center planned at 13253 Galm Road on the Far Northwest Side. Construction began in November 2025, with completion anticipated by October 1, 2026. Known anchor tenants include a 23,000-square-foot Sprouts Farmers Market, a national chicken quick-service restaurant, an oil change business, and additional retail shops.
- The Talley Road shopping center at 2807 Talley Road is a \$3.6 million, approximately 18,000-square-foot retail project. Construction began in June 2025, and tenants are currently being sought.
- Steven's Point at 14302 Potranco Road is a \$3.1 million, approximately 13,590-square-foot retail center where site work began in September 2025, with tenant delivery expected by August 2026. Known tenants include Dunkin', Einstein Bros. Bagels, Ideal Dental, and PNC Bank.
- Atrium of Arcadia at 13746 Potranco Road is a \$1.4 million, approximately 8,000 to 8,255-square-foot retail plaza. Construction began in May 2025 and is expected to open mid-to-late 2026. Known tenants include Farmer's Insurance and Taqueria Don Julio Bar and Grill.

The Brackenridge Park Conservancy effort is a multi-part park improvement and restoration program aimed at strengthening one of San Antonio's signature civic landscapes and cultural destinations. The Brackenridge Park Facilities Leverage Fund project totals \$5 million with an estimated construction window from Fall 2025 to Winter 2027, while a separate nature playscape tied to park activation has been publicly reported at \$9.7 million.

Brooks Development Authority ("Brooks") is a 1,308-acre mixed-use innovation community in Southeast San Antonio, established to transform the former Brooks Air Force Base into a nationally competitive engine for economic development and regional prosperity. Governed by a city-appointed board, Brooks aligns strategic land use, infrastructure investment, and targeted industry recruitment to attract quality jobs, global investment, and inclusive growth across the region. Brooks has catalyzed more than \$1.79 billion in development since inception, with more than \$328 million currently underway. The community is home to more than 150 businesses supported by strong healthcare, advanced manufacturing, and education sectors. Brooks has also secured six (6) Foreign Direct Investment projects representing companies from Japan, France, South Korea, and the Czech Republic.

Brooks's impact is driven by deliberate infrastructure and connectivity investment. To date, more than \$133 million has been invested in roads, utilities, drainage, and mobility improvements that unlock sites for development and accelerate project delivery. The campus hosts the VIA Brooks Transit Center, one of the busiest transit hubs in San Antonio, providing multimodal access for employees, students, and residents. Residential growth is also a core component of Brooks' long-term strategy: more than 4,000 housing units exist or are underway across a mix of market-rate, for-sale, affordable, and senior living communities. Current projects include multiple new multifamily developments, two (2) affordable housing communities, and a permanent supportive housing initiative. Strategically located with direct access to IH-37 and Loop 410 and visibility to more than 80,000 vehicles per day, Brooks offers immediate connectivity to downtown San Antonio, regional airports, and major employment centers. The campus also features direct trail access to the San Antonio River Mission Reach, with future connections planned to Salado Creek and the Arboretum San Antonio.

The Neighborhood & Housing Services Department's ("NHSD") Strategic Housing Implementation Plan, adopted in December 2021, establishes a 10-year framework to advance quality, accessible, and affordable housing choices for all San Antonians. Over the plan's horizon, NHSD aims to support the production and preservation of more than 28,000 housing units. To date, nearly 10,500 completed and in-progress units have been supported, with the majority available to renters earning less than 60% of the area median income. During 2026, the City and local partners will revisit the plan to ensure alignment with community need. NHSD also manages the Fee Waiver Program, which waives city development fees and water and sewer development impact fees for eligible projects, with the goal of supporting affordable housing creation and preservation citywide and encouraging the rehabilitation and adaptive reuse of existing structures. In Fiscal Year 2025, the Fee Waiver Program assisted in the development and rehabilitation of 1,553 affordable housing units. This figure reflects a decrease of 403 units compared to the prior year, attributable to the timing and composition of the affordable housing development pipeline rather than any reduction in City support.

Hospitality Industry

The City’s diversified economy includes a significant sector relating to the hospitality industry. An economic impact report of the City’s hospitality industry found that the hospitality industry had an economic impact of \$23.4 billion in 2024. The estimated annual payroll for the industry was \$4.7 billion, and the industry provided an estimated 150,000 jobs.

In 2025, lodging statistics continued to rebound from the circumstances associated with the COVID-19 pandemic. As compared to 2024, the City’s overall level of hotel occupancy was down 4.6% while room supply was up 1.0%. Total room nights sold decreased 3.8% with the average daily room rate increasing 0.4% while revenue per available room decreased 4.4% and overall revenue decreased 3.6%.

Tourism. The list of attractions in the City area includes, among many others, the Alamo, the San Antonio Missions Historical Park, and other sites of historic significance, the River Walk, and three (3) major theme parks, SeaWorld San Antonio, Six Flags Fiesta Texas, and Morgan’s Wonderland, the only Ultra-Accessible Park in the World. In 2024, the City attracted 37 million visitors. Of these, over 19.7 million were overnight visitors, historically placing the City as one of the top U.S. destinations in Texas. For Fiscal Year 2025, Visit San Antonio was able to achieve the following results: (1) obtained 214 million in online engagements, showing consumer interest in the City through the Visit San Antonio website and social-media channels, both important travel decision influencers and (2) reported an estimated \$34 million in earned media. Visit San Antonio focused on Texas and regional media while being opportunistic and taking advantage of any national and international media that may come on a reactive basis. This media value is the dollar value of the positive media coverage generated by the Visit San Antonio communications team, which represents the stories and articles in print (i.e., magazines, newspapers, etc.), TV, radio, and online media; the dollar figure aligns with what the advertising cost of that coverage would have been if Visit San Antonio had purchased the exposure.

Conventions. The City has traditionally been one of the top convention cities in the country and hosts 5.7 million business visitors a year to the area for a convention, meeting, or other business purpose. Total group sales production for Fiscal Year 2025 resulted in 801 group and meeting events with 990,596 group room nights booked all of which had an economic impact of \$903 million. Visit San Antonio also saw an increase in corporate events that chose the City for their conventions. Forty percent of the events booked in Fiscal Year 2025 were corporate programs, which is a significant increase from years past. These corporate groups tend to book short-term and have a higher per person spend, all helping the City’s hotel community recover faster from the pandemic. Visit San Antonio will continue to be proactive in attracting convention business through its management practices and marketing efforts.

The following table shows both overall performance as well as convention activity hosted by Visit San Antonio for the calendar years indicated:

Calendar Year	Hotel Occupancy ¹	Hotel (RevPAR) ¹	Room Nights Sold ¹	Convention Attendance ²	Convention Room Nights ²
2016	65.90%	\$71.12	9,116,363	637,658	676,501
2017	66.00%	\$73.45	9,268,201	823,561	816,582
2018	67.10%	\$77.88	9,568,119	672,288	882,650
2019	67.40%	\$75.98	9,989,643	605,093	766,259
2020	42.10%	\$37.10	5,986,600	218,957	181,737
2021	59.10%	\$64.04	8,727,861	238,192	287,167
2022	62.60%	\$79.61	9,250,267	541,587	596,512
2023	61.50%	\$78.18	9,239,945	548,953	538,322
2024	61.00%	\$78.78	9,226,809	546,531	622,462
2025	58.20%	\$75.34	8,875,874	621,137	746,364

¹ Data obtained from Smith Travel Research (“STR”) based on hotels in the San Antonio selected zip code reports produced for December 2025 (reporting 2025 numbers), and historical annual reports for prior years. Information is subject to adjustment as hotels submit adjusted data and/or additional hotels begin participating in the STR survey with actual data replacing estimated data.

² Reflects only those conventions hosted by Visit San Antonio.

Source: Visit San Antonio

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Military Industry

The growth in new missions and significant construction activities brought about by Base Realignment and Closure (“BRAC 2005”) strengthened the City’s role as a leading military research, training, education and Level I Trauma medical center. One of the major outcomes of BRAC 2005 was the creation of JBSA, which is the largest joint base in the DoD. JBSA consolidates all the base support functions, real property, and real estate for JBSA-Lackland, JBSA-Randolph, and JBSA-Fort Sam Houston (including Camp Bullis) under the 502nd Air Base Wing. JBSA (includes over 46,500 acres), supports over 80,000 personnel, has a plant replacement value of \$30 billion, and an annual budget of \$800 million. Over 138,000 personnel are trained at JBSA facilities every year.

JBSA and its 266 mission partners represent a significant component of the City’s economy providing an annual economic impact, and when combined with other DoD contracts and contractors, military retirees, veterans, the direct and indirect jobs amount to nearly 240,403. This results in over \$30 billion for the City. The military contributed approximately \$55 billion to the State, which amounts to over one-third (1/3) of the military economic impact of the entire State. In addition, the property of the former Brooks Air Force Base, a fourth major military installation, was transferred from the U.S. Air Force to the City, who created Brooks in 2002 as part of the Brooks City-Base Project. Furthermore, the military is still leasing over 1.7 million square feet of space at the Port, which is the former Kelly Air Force Base that was closed in 2001.

One of the other significant events brought about by BRAC 2005 is the realignment of medical facilities resulting in a major positive impact on military medicine in the City, with \$3.2 billion in construction and the addition of approximately 12,500 jobs. Currently, BAMC continues to play a critical role in patient care, graduate medical education, and research, as well as caring for wounded military service members, and civilian members of the community. Along with other institutions, BAMC provides support to 22 counties in Southwest Texas, covering over 26,000 square miles and servicing over 2.2 million people.

Regarded as one of the top medical facilities in the DoD, BAMC benefits San Antonio and other regional communities by serving as an additional tertiary referral center to care for the most complex and critically wounded civilian patients without concerns for payor status. The bulk of BAMC’s funding for civilian trauma patients comes from the United States Army’s Secretarial Designee Program. In addition, approximately \$2.5 million annually is funded through the Uncompensated Trauma Care Grant administered by the Texas Department of State Health Services. BAMC’s health professionals retain a high degree of medical/combat readiness by the experience they gain treating the large volume of complex trauma patients from the community. This experience replicates the same type of casualties encountered in combat.

BAMC also trains future healthcare providers for their wartime mission. Over 600 physicians are trained/educated through graduate medical education programs. Nearly 900 medical students are trained at BAMC every year in the areas of trauma, orthopedics, ophthalmology, emergency medicine, and otolaryngology. In addition, over 1,200 participants graduate annually from various allied health programs at BAMC. BAMC is the nation’s premier military training platform to prepare military healthcare professionals to provide lifesaving combat medical care.

On September 1, 2021, Texas House Bill 2365 took effect and recognized BAMC as a participating Medicaid provider. This bill eliminates financial burdens placed on the significant number of civilian trauma patients who are treated at BAMC every year. Military trauma teams continue to benefit as they develop invaluable surgical skills and competency due the high volume of civilian trauma patients treated at BAMC – a number that cannot be duplicated with the active-duty military population. This civil-military relationship is mutually beneficial as it saves lives, both on the battlefield and in the City and other surrounding communities.

JBSA-Fort Sam Houston. JBSA-Fort Sam Houston is engaged in military-community partnership initiatives to help reduce infrastructure costs and pursue asset management opportunities using military facilities. In April 2000, the U.S. Army entered into a partnership with the private organization, Fort Sam Houston Redevelopment Partners, Ltd. (“FSHRP”), for the redevelopment of the former BAMC and two (2) other buildings at Fort Sam Houston. These three (3) buildings, totaling about 500,000 square feet in space and located in a designated historic district, had been vacant for several years and were in a deteriorating condition. On June 21, 2001, FSHRP signed a 50-year lease with the U.S. Army to redevelop and lease these three (3) properties to commercial tenants.

Some of the major mission partner organizations on JBSA-Fort Sam Houston include Army Installation Management Command, Army Medical Command, Army Medical Department and School, Regional Health Command-Central, BAMC, Medical Educational and Training Campus, Mission and Installation Contracting Command, Navy Medicine Education, Training & Logistics Command, three (3) U.S. Army Reserve Depots, a Navy/Marine Reserve Operations Center, and a Texas Army National Guard armory. Of note: U.S. Army North and U.S. Army South have been combined and re-designated as Western Hemisphere Command (“WHC”). As of October 1, 2026, WHC will no longer be based in San Antonio with the unit being relocated to North Carolina.

The potential economic impact from JBSA-Fort Sam Houston, due to the BRAC 2005 expansion, along with major growth from the Army Modular Force and Army Grow the Force programs, is estimated at nearly \$8.3 billion. The economic impact due to the amount of construction on post to accommodate the new mission accounts for approximately 80% of the impact (\$6.7 billion). While the major surge of construction from BRAC 2005 and the other major force programs are complete, the economic impact from JBSA-Fort Sam Houston will increase by nearly \$1.6 billion annually with additional annual sales tax revenue of \$4.9 million. Major personnel moves under BRAC 2005 were completed by September 15, 2011, and this increase in personnel and missions at JBSA-Fort Sam Houston supports the employment of over 15,000 jobs in the community.

Various construction projects continue or have been completed at JBSA-Fort Sam Houston. The Walters Street Gate and Entry Control Point and a new Medical Education and Training Campus Headquarters Building are now complete. A student activity center opened in November 2013 and construction was completed on a new BAMC visitor control center and entry control point in January 2014. A new 310-room hotel was completed in October 2014, and a 192-room apartment style dormitory broke ground in 2016 and was completed in early 2018. A small addition to the hospital for a hyperbaric chamber was completed in June 2017, and a two-story Army-Air Force exchange services exchange main store was finished in Spring 2020. In 2016, the United Service Organization in partnership with JBSA, completed an all-service facility located in the Sam Houston Community Center. New construction includes a Combat Medic Lab Instructional Building (the “Lab”) replacing a 1940’s facility. The Lab trains combat medics at a daily average of 180 students. Mission growth saw five (5) new organizations whose cyber and medical missions brought approximately 305 new positions to the installation.

JBSA-Camp Bullis. Armed Forces medics and Corpsmen at JBSA-Fort Sam Houston receive additional field training at the 28,000-acre JBSA-Camp Bullis. JBSA-Camp Bullis is also used by the 37th Training Wing for Security Forces technical and professional development training. Additionally, JBSA-Camp Bullis is home to the United States Air Force Medical Training Readiness Center, which encompasses four (4) medical-related courses. It is also home to multiple Army Reserve and Army National Guard units of all types, to include Military Intelligence, Engineer, Medical, Infantry and Special Forces. The 470th Military Intelligence Brigade, headquartered at JBSA-Fort Sam Houston, operates the United States Army Intelligence and Security Command Detention Training Facility at JBSA-Camp Bullis, and the Defense Medical Readiness Training Institute operates the Combat Casualty Care Course. JBSA-Camp Bullis also supports regular use by local law enforcement agencies and Federal entities. An average of 500 people train at Camp Bullis every day for an average of about 180,000 man-days of training annually. Changes in current events around the world can cause surges in training that occurs at Camp Bullis. Because of its geographical size, numerous units and missions are continually looking at JBSA-Camp Bullis as a viable place to locate and train. An \$18.5 million-dollar Military Construction (“MILCON”) for a new 36,000 square foot dining facility, which serves approximately 370,000 meals a year, is now complete after some of the funding was diverted from the DoD Fiscal Year 2020 budget.

JBSA-Lackland. JBSA-Lackland is home to the 37th Training Wing, situated on 9,700 acres, all within the City limits. According to a recent Economic Impact Analysis, over 53,000 military personnel, civilians, students, contractors, and military dependents work, receive training, or utilize JBSA-Lackland services. JBSA-Lackland hosts the Air Force’s only Basic Military Training (“BMT”) function for all enlisted Airmen, which is known as the “Gateway to the Air Force”, and currently provides BMT for the United States Space Force. Additionally, JBSA-Lackland hosts many of the technical training courses which the BMT graduates are routed to prior to their first assignment. On an annual basis, JBSA-Lackland is expected to graduate 86,000 Airmen and international students. The Air Force is in the middle of a \$900 million MILCON program to replace the BMT recruit housing and training buildings that have been in continuous operation since their construction in the late 1960s. Construction is now complete for four (4) of the Airmen Training Complexes (“ATC”) and the first two (2) Dining/Classroom Facilities (“DCF”) that support the ATCs. Construction is also complete for the Pfingston BMT Reception Center, every new recruit’s entry into BMT. The beginning of the second half of the BMT Complex replacement program began in Fiscal Year 2019 with the start of the fifth ATC and the third DCF. Each ATC will house up to 1,200 trainees and the DCF includes dining halls and classroom facilities for two (2) ATCs. The ATC program has 50% of the new dorms in operational status, 25% are under construction, and 25% are programmed for future years. The BMT replacement program is estimated to be completed in 2029 or 2030.

Projected growth could also come in the form of the completed merger of the 24th Air Force (cyber focus) and the 25th Air Force (intelligence, surveillance, and reconnaissance focus) into the 16th Air Force. Previous projections included a 160,000 square foot expansion of the building housing personnel and operations of the former 24th Air Force and a potential increase of 1,500 students at the Defense Language Institute English Learning Center. The 16th Air Force continues to refine its campus plan with the desire to replace its complex of buildings constructed in the 1950s through the early 1970s. The campus plan will consider the consolidation of personnel and operations in the former 24th Air Force’s building, on what is now former Kelly Air Force Base, into new MILCON facilities that will also replace the current 16th Air Force building complex. Finally, the Transportation Security Agency’s Canine Academy headquarters opened in March 2016.

Adjacent and contiguous to JBSA-Lackland is the Port where the Air Force maintains a significant presence. The Air Force and the Port jointly utilize the Kelly Field runway for military and commercial airfield operations. The Air Force continues to lease over 30 buildings, which consist of 1.75 million square feet of space and over 270 acres. The largest Air Force leaseback is at Building 171, a 460,000 square foot facility previously closed from the 1995 BRAC actions that closed Kelly AFB.

Approximately 7,000 Air Force and other DoD employees work at this and other facilities on the Port in the post-BRAC 2005 era. Recently approved funding from the federal MILCON program and the state of Texas' Defense Economic Adjustment Assistance Grant ("DEAAG") has resulted in the replacement of the aging, non-compliant Kelly Air Traffic Control Tower, and upgrade and renovation of an aging hangar and operations facilities. These much-needed infrastructure improvements support C-5 and F-16 training missions.

Much of the new BRAC 2005 growth which occurred on the Port's property is at Building 171. The Air Force spent \$26.5 million to renovate the building, which houses 11 missions. Seven missions and approximately 800 personnel have relocated to the building from Brooks. These include the Air Force Civil Engineer Center, four (4) medical missions including the Air Force Medical Operations Agency, and other support missions. Building 171 also houses the personnel and mission of the former 24th Air Force that is now conducted under the 16th Air Force consisting of approximately 450 personnel and the Air Force Real Property Agency.

In the near future, eight (8) new organizations are expected to bring approximately 660 new positions to JBSA-Lackland. These new personnel will perform cyber, flight and technical, and training missions. Part of this growth has already taken place. In October of 2018 the Secretary of the Air Force announced that JBSA would be home to the Special Warfare Training Wing ("SWTW") bringing 135 new jobs to the area and significantly enhancing the base's military value. Part of the Fiscal Year 2020 Defense Appropriations Bill included \$69 million for a new aquatics tank to support the SWTW mission. The aquatics tank officially opened in April of 2024.

JBSA-Randolph. JBSA-Randolph, which is known as "the Showplace of the Air Force" because of its consistent Spanish Colonial Revival architectural standard retained from when the installation was first constructed in the early 1930s, is on the northeast side of the City and houses the Headquarters Air Education and Training Command and the Air Force Personnel Center ("AFPC"). Other major tenant organizations include the Air Force Manpower Agency, the 19th Air Force, the Air Force Recruiting Service, and the Air Force Office of Special Investigations (Region 4). The main operational mission is carried out by the 12th Flying Training Wing ("12 FTW") which equips and trains aviators and supports worldwide contingency operations. The 12 FTW operates parallel runways on either side of the main installation facilities and conducts 24-hour-a-day flight training operations. In a related aviation mission, JBSA-Randolph, which in 2017 added 85 instructors and staff to its Remotely Piloted Aircraft ("RPA") training unit, produces RPA pilots to man an Unmanned Aerial Systems ("UAS") force which now encompasses 8.5% of total Air Force pilot manning. The UAS force grew by approximately 25% between Fiscal Year 2013 and Fiscal Year 2017. New construction includes a commercial vehicle gate which replaces a non-Anti-Terrorism/Force Protection compliant gate in the airfield clear zone. New organizations will see 30 new positions supporting the base's flight training mission. The Fiscal Year 2020 Defense Appropriations Bill provided \$36 million in MILCON for a replacement AFPC B-Wing building, and a total of nearly \$20 million in MILCON for buildings to support T-X ground-based flight simulators and T-X aircraft maintenance training facilities. The T-X is also referred to by its nomenclature of T-7 Red Hawk; it is the Air Force's next generation training aircraft that will replace the T-38 Talon.

The BRAC 2005 growth supported the City's economic development strategy to promote development in targeted areas of the City, to leverage military installation economic assets to create jobs, and to assist the City's military installations in reducing base support operating costs.

The City is home to two (2) large projects which serve all the military branches. The Audie L. Murphy Veterans Administration Hospital, which includes a new \$67 million Level I Polytrauma Center, was completed in 2011. This hospital is designed to be the most advanced in the world and can provide state-of-the art medical care to veterans with multiple serious injuries. The City is also home to the National Trauma Institute ("NTI"), a collaborative military-civilian trauma institute involving BAMC, University Hospital, UT San Antonio, and the U.S. Army Institute of Surgical Research. The NTI coordinates resources from the institutions to treat trauma victims and their families most effectively. The U.S. Department of Veterans Affairs is also undertaking a plan to build a new facility and replace the existing Audie L. Murphy Memorial. The new facility is planned to have approximately 1.6 million square feet.

In response to BRAC 2005, the City established the Military Transformation Task Force ("MTTF"). The MTTF is tri-chaired by a senior elected official from the City, Bexar County, and the Greater San Antonio Chamber of Commerce. The Task Force is the San Antonio region's forum where JBSA's active duty, National Guard, and Reserve military commanders inform key public officials and community stakeholders of their most pressing requirements, challenges, and opportunities. The overall mission is to preserve and increase military missions, maximize operational readiness, support mission partners, protect military missions/installations from urban encroachment, and enhance the region's military-friendly environment. What was referred to as BRAC in the past is now in the works again under a different name, as the Army goes through an "Army Transformation Initiative." As the Secretary of Defense and Administration seek to make the military more efficient, lean, and lethal, the Secretary proposed in a memorandum to Senior Pentagon Leadership dated April 30, 2025, subject line "Army Transformation and Acquisition Reform," several measures to realign the Army. A day after this memo, Army General Randy A. George posted "Letter to the Force: Army Transformation Initiative" describing some additional details, and as these directives play out there will likely be adjustments in personnel numbers, unit alignments and some missions. There could be changes to the Air Force in

future planning, so the MTTF is as important and relevant as ever.

These changes from the Army Transformation Initiative will impact the City and the State from a military mission standpoint. There may be the potential loss of missions and some opportunities to gain additional ones. Regardless, these actions will have an economic impact. The impact to the economic productivity centered on military industry could decrease if missions are relocated to other cities/states. However, the community will advocate for adjustments if the military or industry takes opportunities in the fields of military medicine, aviation, drones, advanced manufacturing, unmanned systems, 3D printing for mobile logistics, and cyber, there is potential gain or a replacement to any previous economic activity that is lost. This is true particularly for units that have Army aviation platforms (such as the Texas Military Department and the 149th Army Aviation Regiment).

In January 2007, the City established the Office of Military Affairs (“OMA”) as the single point of contact for the City on military and veteran related issues. In 2018, OMA formally changed its name to the Office of Military and Veterans Affairs (“OMVA”), and in early 2022 the City elevated the OMVA from an “Office” to a “Department” within the City’s organizational structure. OMVA became the Military and Veteran Affairs Department (“MVAD”). The mission of MVAD remains unchanged, which is to keep and grow military missions and work with the military to sustain and enhance mission readiness, develop, and institutionalize relations to strengthen the existing community-military partnership, and to provide an official point of contact for the military and veteran community to highlight and work through issues of common concern.

For the past several years, MVAD has aggressively pursued partnerships with JBSA to preserve and increase military missions, protect military installations, and improve the City’s military-friendly environment for the military and veteran community. MVAD advocates on behalf of the military at the local, state, and national level. Through advocacy and close relationships with JBSA leadership, MVAD has advocated for, and been successful in securing numerous infrastructure projects supporting JBSA. This tangible support, which has included funding through the City’s bond program, State and federal grants, has resulted in approximately \$160 million dollars in investments supporting military commander infrastructure priorities since 2007. These projects have been mutually beneficial for both the City and the military and added military value to the region’s installations. Military value has been part of the scoring criteria in previous BRACs.

MVAD works closely with the military to address compatible land-use issues around the installations to enhance mission readiness. This includes testifying and submitting written testimony at committee hearings before the Texas Legislature during the year and at their biennial sessions. During the 85th Texas Legislative Session, MVAD, along with local and state elected officials, was successful in ensuring the establishment of a five-mile protection buffer against encroachment around all Texas military installations. This same team effort was applied during the 86th Texas Legislative Session to maintain this five-mile buffer. The 87th Texas Legislature saw the successful defeat of three (3) bills which would have given authority for development in the City’s ETJ that is incompatible with select JBSA military missions. MVAD continued its collaboration with JBSA, other City departments, and external partners to shape legislation in the 88th Texas Legislature on items that could have negatively impacted JBSA missions and mission partners. Currently, MVAD, JBSA and other City departments are working with the Government Affairs team to amend bills which threaten military missions.

MVAD provides administrative support to the Mayor and the 10 council members who make up the City’s Veterans Advisory Commission. Chartered in 2022, this 11-member board serves in an advisory capacity focused on all veteran issues within the community.

In 2008, then OMA, introduced the Growth Management Plan as one of the responses to the growth brought about by the BRAC 2005 actions, and it clearly laid out the partnership between the City and the military. One example of the partnership is the City’s effort to gather over \$105 million in resources and funding from bond proceeds, City funding, federal earmarks, and grants to provide significant infrastructure improvements around Fort Sam Houston.

The premier project was the reconstruction and widening of Walters Street, a primary entrance to Fort Sam Houston. This project was substantially completed in June of 2013. This project was complex, since it was the center segment of a cooperative effort joining the already completed Texas Department of Transportation (“TxDOT”) improvements on IH-35 to a new, high security gate entrance that was completed at Fort Sam Houston. An even more unique project is the City’s construction of a much-improved bridge over Salado Creek on Binz-Engleman Road, which was built on federal property and was gifted to the military upon completion in June of 2012. Other key projects included intersection improvements on Harry Wurzbach Road between the JBSA-Fort Sam Houston Gate and Rittiman Road, and the construction of a new bridge on Rittman Road, west of IH-35. The City also expended significant funding to support development along Walters Street by improving utilities, installing a new water line, and improving numerous side streets in that area. These improvements are now complete. The City was also selected by the DoD’s Office of Economic Adjustment to receive an award of \$25 million in federal funds to construct new ramp connectors between IH-35 and Loop 410 near BAMC. This initiative with TxDOT greatly improved traffic flow and safety for personnel seeking access to the medical facility area.

Since 1998, the City has aggressively pursued, and consistently received just over \$33 million in grants from the Texas Military Preparedness Commission's DEAG program. This program assists defense communities who have either been negatively or positively impacted by BRAC decisions. The grant money is invested in infrastructure projects and other initiatives to increase the military value of JBSA installations, thereby mitigating the potential negative effects of future BRAC round(s). The \$33 million plus funded a total of 12 projects. The most recent DEAG award, the first for the City since 2009, was for \$5 million and is funding three (3) individual projects as part of a collaborative effort between the City, JBSA, SAWS and CPS Energy. The CPS Energy project was completed in the Summer of 2023. The City's project, executed by the Public Works Department was completed in August 2024. The third project undertaken by SAWS is now operational, providing a reliable power supply to two (2) key water pump stations during emergencies.

This most recent project consisted of three (3) distinct phases which improved installation resiliency, enhanced physical security, and reduced risks associated with aircraft mishaps. The primary level of effort now provides backup power generation to two (2) critical potable water production facilities serving JBSA-Lackland and a DoD Combat Support Agency. The second component of this proposal includes installation of stormwater crossings at five (5) locations along JBSA's perimeter. The final component of this proposal involved replacement of overhead electrical lines with underground distribution lines in the southwest clear zone of JBSA-Randolph.

Finally, the City and JBSA entered into an Intergovernmental Support Agreement ("IGSA") in late 2018 through which JBSA can leverage the City's existing roadway facility contracts to provide pavement repair services across JBSA's installations. A pilot project was completed on JBSA-Fort Sam Houston in 2019 and saved the government \$52,000, and a second project on JBSA-Fort Sam Houston was completed in the summer of 2020. This IGSA was amended in the spring of 2020 to allow the City to support more complex roadway repairs for JBSA. The City and JBSA representatives met at JBSA-Randolph in early April 2022 to conduct a site visit of a possible third project under this IGSA. In September of 2020, the 502nd Civil Engineer Squadron made its first three (3) purchases under the City of San Antonio-JBSA Bulk Purchase IGSA. This IGSA provides JBSA the opportunity to leverage the City's contracts to purchase bulk materials such as gravel and sand. A third IGSA, for 911/Emergency Medical Service ("EMS") services, was signed in June 2023 between JBSA and San Antonio Fire Department ("SAFD").

Through this IGSA, SAFD will provide 911/EMS service to JBSA-Fort Sam Houston and JBSA-Camp Bullis. The JBSA commander announced in February 2024 that this IGSA thus far provided 12.4% savings over its previous 911/EMS services contract. Additionally, JBSA notified the City that it desires to execute the first one (1) year option on this IGSA.

On March 24, 2017, the United States Patent and Trademark Office ("USPTO") granted the City the trademark Military City, USA[®]. The trademark was a result of a year-long process to ensure that no other city had previously met the criteria. For over 300 years, the City has had a rich military history. The moniker Military City USA[®] became most prominent after World War II. During this time, five (5) military installations operated in the City and the surrounding areas. The trademark emphasizes the City's rich military history and honors approximately 250,000 veterans.

This trademark is also becoming a contributing factor in the City's effort to meet the challenge of military spouse unemployment, which was estimated to be as high as 24% nation-wide prior to the COVID-19 pandemic. In 2019, the City budgeted \$150,000 to fund up to 40 fellowships over a two (2) year period through a partnership with the U.S. Chamber of Commerce's Hiring Our Heroes ("HOH") Foundation. This partnership created a San Antonio Military Spouse Fellowship Program ("MSFP"). The City was one of the first trailblazers in the nation, and the first municipality in Texas to provide funding for the HOH and MSFP programs.

With over 60 companies now participating, the City is proud to report that in addition to the 40 fellowships funded by the City, an additional 45 spouse fellowships were funded through other corporate financial contributions. A total of 85 military spouses completed the fellowship with 78 being hired by their host employer, a 92% hiring rate. Moreover, the average annual salary of a MSFP fellow is greater than \$60,000, which exceeds the MSA average annual salary of \$49,500 and equates to a combined annual income of over \$4.5 million. The City completed a second \$150,000 agreement (Fiscal Year 2023) with HOH (one (1) year period of performance), and is currently executing a third agreement (also \$150,000) as part of the Fiscal Year 2024 budget. The City's MVAD is requesting another \$150,000 to support a fourth agreement with HOH.

Because of the success of the two (2) year program, the City continues to explore innovative ways to fund additional fellowships such as, leveraging its Military City USA[®] trademark. For example, when for-profit entities request Military City USA[®] trademark license agreements, the City will include a fee structure aimed to cover the costs of additional military spouse fellowships (\$5,000 per fellowship) or a donation to a reputable Veteran Support Organization. Spouse employment is a key quality of life factor that directly impacts military retention rates and readiness. Moreover, the DoD and military service branches consider community military family support when making basing decisions.

Currently, the DoD is the community's largest employer, supporting the employment of over 805,685 people, with an economic impact of approximately \$151.2 billion to the Texas economy in 2023. JBSA alone directly employs 282,995 people and has a total economic impact of \$47 billion in payroll, contract expenditures, and value of jobs created. Over 250,000 veterans

reside in the City and receive over \$1.5 billion in annual benefit payments. The BRAC 2005 program in the City concluded in 2011, but the construction momentum continues.

Aerospace

According to the economic impact study commissioned by the Greater San Antonio Chamber of Commerce in 2018, aerospace is a \$3.4 billion industry in the City. This industry provides approximately 17,250 jobs, with employees earning total annual wages of over \$1 billion. The aerospace sector includes key aerospace assets, which include San Antonio International Airport, Stinson Municipal Airport, Port San Antonio, JBSA-Randolph, JBSA-Lackland, and Martindale Army Heliport.

Many of the major aerospace industry participants such as Boeing, StandardAero, STSA, FedEx, UPS, and others, have significant operations in the City. The aerospace industry in the City includes air passenger service, maintenance, repair, overhaul, and general aviation.

The Port is a logistics-based industrial platform on the former Kelly Air Force Base. It was created by the Texas Legislature in 2001 following the closure of the base and tasked with redeveloping and managing the property to ensure that it continues serving as an economic engine for the region and includes over 1,900 acres. Though created by the local government, the Port is self-sustaining and operates like a business, receiving its income from the properties it leases and services it provides, and reinvesting profits into further development of the property. The Port is the region's single largest real estate management and leasing firm, overseeing 12.9 million square feet of facilities and logistics assets that include an industrial airport, Kelly Field, and a 350-acre rail port, East Kelly Rail port.

Fourteen of the Port's customers are aerospace-related firms, including industry leaders Boeing, StandardAero, Chromalloy, and GDC Technics. These Port customers operate within more than 3.5 million square feet of highly specialized facilities, including hangars that accommodate multiple wide-bodied aircraft, workshops, and an array of engine test cells. The campus is also home to the nationally acclaimed Alamo Academies, which prepares the region's youth for advanced technology careers, particularly in the aerospace industry.

In early 2012, Boeing announced that its City facility would gain 300 to 400 workers along with maintenance responsibilities for the nation's executive fleet due to a decision to close a Wichita, Kansas plant. The aircraft maintenance and support work, which moved to the City, included improvements to the nation's fleet of executive jets, including Air Force One, the Boeing 747 that transports the President of the United States, and the jets that transport the Vice President, Cabinet members, and other government officials. In 2018, Boeing announced that it would be increasing its City workforce by approximately 900, effectively doubling its presence in the City. In 2017, StandardAero was awarded a contract to overhaul engines that power military transport planes and other aircraft. In 2018, StandardAero also announced that it would be increasing its City workforce, creating 100 jobs.

Texas Cyber Command

The future establishment of the Command, designed to be a center of excellence for cyber security throughout the State, has been announced by the Governor. With the UT San Antonio holding the mandate, this initiative has the potential to generate economic opportunities to the City and a nexus with the military industry community, particularly considering news about the Army Transformation Initiative. Army (and in the future Air Force) formations will likely explore opportunities to grow and strengthen in the Secretary of Defense's identified priorities. These include cyber, unmanned systems, and 3D printing technology to leverage more mobility in maneuver forces and logistics.

Defense Economic Adjustment Assistance Grant Application – South Beach Pavilion (JBSA–Fort Sam Houston)

Building upon its long-standing success with the Texas Military Preparedness Commission's DEAG program, the City has advanced a new DEAG application in support of the South Beach Pavilion project at JBSA-Fort Sam Houston. This initiative is designed to support the evolving requirements of the Defense Health Agency ("DHA") as medical functions and administrative elements continue to consolidate within the San Antonio Market.

The South Beach Pavilion project represents a strategic infrastructure investment aligned with DoD medical transformation efforts. As DHA centralizes and optimizes healthcare delivery across its markets, the availability of modern, mission-ready facilities at JBSA-Fort Sam Houston is essential to sustaining operational efficiency, ensuring continuity of care, and retaining high-value medical missions within the region. The South Beach Pavilion will provide adaptable space capable of accommodating DHA functions and personnel, enhancing installation resiliency while reinforcing San Antonio's role as Military Medical City USA®. The proposed funding structure reflects a coordinated tri-level government approach, leveraging commitments from the City, Bexar County, and the State of Texas through the DEAG program. This collaborative investment underscores the region's unified support for military medicine and demonstrates proactive engagement amid ongoing DoD transformation initiatives, including potential impacts associated with the Army Transformation Initiative.

Beyond infrastructure, the South Beach Pavilion initiative is fundamentally a readiness project. By ensuring appropriate space and capacity for DHA operations at JBSA-Fort Sam Houston, the City is helping safeguard thousands of military, civilian, and contractor medical positions while preserving the San Antonio Market's standing as one of the DoD's premier healthcare hubs. The project also supports the broader medical ecosystem anchored by BAMC, the 59th Medical Wing, and associated research and training institutions across the region.

Additionally, in December of 2025, the City of San Antonio was officially designated Military Medical City USA[®] by the USPTO. This action strengthens the City's national brand identity in military medicine and complements ongoing infrastructure and mission advocacy efforts designed to retain and expand defense-related healthcare operations in the region.

Together, the DEAAG submission and the USPTO filing reflect a forward-looking strategy that integrates infrastructure investment, mission protection, economic stability, and brand stewardship to ensure JBSA and the City remain a cornerstone of military medical readiness and economic vitality for decades to come.

Growth Indices

San Antonio Average Electric and Gas Customers

<u>For the Month of</u>	<u>Average Electric</u>	<u>Average Gas</u>
<u>December</u>	<u>Customers</u>	<u>Customers</u>
2016	802,712	342,928
2017	819,333	346,247
2018	823,153	348,313
2019	857,559	357,189
2020	883,026	366,019
2021	896,251	370,171
2022	928,915	380,771
2023	948,756	388,514
2024	975,130	394,195
2025	996,428	398,973

Source: CPS Energy.

SAWS Average Customers per Fiscal Year

<u>Fiscal Year</u>	<u>Water Customers</u> ¹
<u>Ended December 31</u>	
2016	486,649
2017	493,768
2018	502,024
2019	511,361
2020	522,515
2021	537,813
2022	552,005
2023	561,290
2024	571,740
2025	581,027

¹ Average number billed, excluding SAWS irrigation customers.

Source: SAWS.

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Construction Activity

Set forth below is a table showing building permits issued for construction within the City at December 31 for the years indicated:

Calendar Year	New Residential Single Family ¹		Residential Multi-Family ²		Other ³	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2016	2,150	\$409,048,513	219	\$408,327,871	19,106	\$2,093,010,308
2017	2,421	\$453,152,457	196	\$505,855,511	18,172	\$2,707,666,910
2018	3,337	\$556,401,894	161	\$387,094,077	19,993	\$3,158,550,699
2019	4,034	\$414,277,872	227	\$469,523,112	20,104	\$2,507,754,861
2020 ⁴	3,908	N/A	284	\$633,871,049	18,362	\$3,107,728,887
2021 ⁵	6,235	N/A	352	N/A	22,972	N/A
2022	4,618	N/A	297	N/A	21,832	N/A
2023	4,348	N/A	175	N/A	20,417	N/A
2024	5,140	N/A	141	N/A	19,419	N/A
2025	3,876	N/A	132	N/A	21,713	N/A

¹ Includes new single family attached and detached projects.

² Includes new two-, three- and four-family projects, townhomes, and multifamily apartment complexes. Apartment complexes are permitted per building.

³ Includes commercial building permits, commercial additions, improvements, extensions, and certain residential improvements.

⁴ As of September 1, 2019, Development Services no longer captures valuation for new single family home construction per HB 852.

⁵ As of November 30, 2020, Development Services reports from a new permitting platform that introduced new permit record types with associated new business and technical reporting processes. Development of reports to produce accurate valuation data is ongoing.

Source: City of San Antonio, Development Services Department.

Total Municipal Sales Tax Collections – Ten Largest Texas Cities

Set forth below in alphabetical order is total municipal sales tax collections for the calendar years indicated:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Arlington	\$193,616,052	\$194,079,904	\$192,752,363	\$192,792,412	\$157,711,765
Austin	356,062,671	354,681,125	346,506,960	335,448,823	278,311,232
Dallas	460,212,116	439,640,677	426,748,146	408,638,487	358,215,983
El Paso	138,826,722	133,640,741	132,615,536	138,161,603	114,356,341
Fort Worth	249,285,578	238,473,709	231,940,150	219,947,155	189,968,733
Frisco	142,358,157	141,158,631	136,588,801	127,550,767	111,487,858
Houston	923,406,695	889,040,848	892,880,233	848,613,073	747,671,385
Plano	134,370,969	121,073,962	113,984,729	108,687,974	95,385,916
Round Rock	129,332,684	117,035,675	118,640,963	116,966,437	103,903,015
SAN ANTONIO	490,450,630	491,460,528	479,106,605	466,369,905	415,149,253

Source: State of Texas, Comptroller's Office.

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Education

As of October 2025, there are 15 independent school districts within Bexar County with a combined enrollment of 288,745 encompassing 61 high schools, 84 middle/junior high schools, 276 early education/elementary schools, 24 magnet schools, and 15 alternative schools. There are an additional 24 charter school districts with 132 open enrollment charter schools at all grade levels. In addition, Bexar County has 127 accredited private and parochial schools at all education levels. Generally, students attend school in the districts in which they reside. There is currently no busing between school districts in effect. The eight (8) largest accredited and degree-granting universities, which include a school of medicine, a school of nursing, a dental school, a law school, and five (5) public community colleges, had combined enrollments of 155,695 for Fall 2025.

Sources: Texas Education Agency; Texas Higher Education Coordinating Board; and Texas Private School Accreditation Commission.

Employment Statistics

The following table shows current non-agricultural employment estimates by industry in the San Antonio-New Braunfels MSA for the period of June 2026, as compared to the prior periods of May 2026 and June 2025, respectively.

Employment by Industry

San Antonio-New Braunfels MSA ¹	June 2026	May 2026	June 2025
Mining, Logging, and Construction ²	76,700	75,900	76,900
Manufacturing	60,200	60,000	60,800
Trade, Transportation, and Utilities	217,800	216,700	209,500
Information	17,100	17,100	18,400
Financial Activities	101,800	101,500	101,500
Professional and Business Services	159,300	158,800	153,800
Education and Health Services	183,400	183,800	180,600
Leisure and Hospitality	152,600	150,200	153,900
Other Services	43,300	43,100	42,800
Government	184,600	191,900	191,400
Total Nonfarm	1,196,800	1,199,000	1,189,600

¹ Based on Labor Market Information Department, Texas Workforce Commission (model-based methodology).

² Mining, Logging, and Construction have been combined compared to previous years.

The following table shows civilian labor force estimates, the number of persons employed, the number of persons unemployed, and the unemployment rate in the San Antonio-New Braunfels MSA, Texas, and the United States for the period of June 2026, as compared to the prior periods of May 2026 and June 2025, respectively.

Unemployment Information (all estimates in thousands)

San Antonio-New Braunfels MSA ¹	June 2026	May 2026	June 2025
Civilian Labor Force	1,350,351	1,354,196	1,352,800
Number of Employed	1,285,786	1,298,388	1,298,568
Number of Unemployed	64,565	55,808	54,232
Unemployment Rate (%)	4.8	4.1	4.0
Texas (Actual) ¹			
Civilian Labor Force	15,921,944	15,915,716	15,866,465
Number of Employed	15,140,964	15,237,946	15,193,245
Number of Unemployed	780,980	677,770	673,220
Unemployment Rate (%)	4.9	4.3	4.2
United States (Actual) ¹			
Civilian Labor Force	170,198,000	169,801,000	171,343,000
Number of Employed	162,722,000	162,897,000	163,883,000
Number of Unemployed	7,476,000	6,904,000	7,460,000
Unemployment Rate (%)	4.4	4.1	4.4

¹ Based on Labor Market Information Department, Texas Workforce Commission (model-based methodology).

San Antonio Electric and Gas Systems

History and Management

The City acquired its electric and gas utilities in 1942 from the American Light and Traction Company, which had been ordered by the federal government to sell properties under provisions of the Holding Company Act of 1935. The City bond ordinances (collectively, the “Bond Ordinances”), authorizing the issuance from time to time of indebtedness secured by liens on and pledges of all income and revenues from the operation of the City’s electric and gas systems (the “Systems”), after deduction of Maintenance and Operations Expenses (such revenues, the “Net Revenues”), provide that the complete management and control of the Systems is vested in the City Public Service Board of San Antonio, Texas, conducting business as “CPS Energy” and managed by the Board of Trustees (the “Board”), comprised of the Mayor of the City and four (4) United States (“U.S.”) citizens permanently residing in Bexar County, Texas (the “County”) (elected, upon the occurrence of a vacancy, by majority vote of the remaining Board members and confirmed by the City Council of the City (the “City Council”)).

The Mayor of the City is a voting member of the Board, represents the City Council, and is charged with the duty and responsibility of keeping the City Council fully advised and informed at all times of any actions, deliberations, and decisions of the Board and its conduct of the management of the Systems. The present members of the Board are:

<u>Name & Position</u>	<u>Profession</u>	<u>Originally Appointed to the Board</u>	<u>Present Term Expires⁽¹⁾</u>
Dr. Francine Sanders Romero, Chair	Associate Professor & Chair of the Public Administration Department at the University of Texas at San Antonio	February 1, 2022	January 31, 2027
Dr. Willis Mackey, Vice Chair	Superintendent, Retired Judson Independent School District	April 6, 2018	January 31, 2028
Dr. Erika Gonzalez, ⁽²⁾ Trustee	CEO and President, STAAMP Allergy	February 1, 2026	January 31, 2030
Janie Martinez Gonzalez, Trustee	President & CEO, Webhead	February 18, 2019	January 31, 2029
Gina Ortiz Jones, ⁽³⁾ Ex-Officio Member	Mayor, City of San Antonio	June 18, 2025	May 31, 2029

⁽¹⁾ Dr. Romero and Dr. Erika Gonzalez are each serving their first terms. Dr. Mackey and Ms. Gonzalez are each serving their second terms.

⁽²⁾ Mr. John Steen’s second term ended on January 31, 2026. City Council voted in favor of CPS Energy Board nominee Dr. Gonzalez, whose five-year term began on February 1, 2026.

⁽³⁾ Ms. Ortiz Jones was elected as Mayor of the City on June 7, 2025 and thereafter became an Ex-Officio Member of the Board.

All vacancies in membership on the Board are filled as follows: a nominee to fill such vacancy shall be elected by the majority vote of the remaining members of the Board, such majority vote to include the vote of the Mayor. The elected nominee is then submitted by the Mayor to the vote of the City Council for confirmation. A vacancy in certain cases may be filled by authorization from the City Council. At the expiration of their first five-year term of office, the members of the Board are eligible for re-appointment by election of the other Board members and confirmation by the City Council to one (1) additional five-year term. In 1997, the City Council ordained that Board membership should be representative of the geographic quadrants established by the City Council. New Board members considered for approval by the City Council will be those whose residence is in a quadrant that provides such geographic representation.

The Board is vested with all of the powers of the City with respect to the management and operation of the Systems and the expenditure and application of the revenues therefrom, including all powers necessary or appropriate for the performance of all covenants, undertakings, and agreements of the City contained in the Bond Ordinances, except regarding rates, condemnation proceedings, and the issuance of bonds, notes, or commercial paper. The Board has full power and authority to make rules and regulations governing the furnishing of electric and gas service and full authority with reference to making extensions, improvements and additions to the Systems, and to adopt rules for the orderly handling of CPS Energy’s affairs. The Board is further empowered to appoint and employ all officers and employees and must obtain and keep in force a “blanket” type employees’ fidelity and indemnity bond (also known as commercial crime bond) covering losses in the amount of not less than \$100,000.

The management provisions of the Bond Ordinances also grant the City Council authority to review Board action with respect to policies adopted relating to research, development, and planning.

2021 Winter Weather Event

From February 12, 2021 through February 19, 2021, the continental United States experienced a severe winter storm, the “2021 Winter Weather Event”, resulting from the southern migration of a polar vortex that meteorologists characterize as the most significant in terms of scope and duration since monitoring of these weather phenomena began in the 1950s. As a result of the 2021 Winter Weather Event, record breaking cold weather invaded the entire State, during which time the City experienced three (3) consecutive days of record low temperatures, over 100 consecutive hours below freezing, and wind chills of negative six (-6) degrees Fahrenheit.

On February 12, 2021, the Texas Governor declared a state of disaster for all 254 counties within the State, certifying in that declaration that severe winter weather posed an imminent threat of widespread and severe property damage, injury, and loss of life due to the prolonged freezing temperatures, heavy snow, and freezing rain statewide. In response to that declaration, and on the same date, the Railroad Commission of Texas (“RRCT”) issued an Emergency Order approving a utilities curtailment program relating to and specifying an essential prioritization of the transportation, delivery, and/or sale of natural gas in the State.

As the 2021 Winter Weather Event covered the entire State, the Electric Reliability Council of Texas (“ERCOT”) implemented what were initially expected to be rotating outages to conserve electricity and address energy needs across the entirety of the State; however, due to the severity of the 2021 Winter Weather Event and the corresponding increase in demand on the Texas electric grid, combined with limited availability of generation, widespread and prolonged power outages began at 1:00 a.m., Central Time, on Monday, February 15, 2021, and continued throughout the week.

Ultimately, approximately 4,000,000 Texas residents were without power for significant stretches of the week. By the middle of the 2021 Winter Weather Event, ERCOT announced that it had lost 46,000 megawatts (“MW”) of generation, comprised of 28,000 MW of natural gas and coal generation and 18,000 MW of wind and solar.

CPS Energy remains engaged in litigation against certain of its natural gas suppliers, in which CPS Energy disputes (under the disputed payment provisions of the relevant contract) prices charged by those suppliers for natural gas during the 2021 Winter Weather Event as being unenforceable under Texas law. The trial related to the disputed charges claimed to be owed by CPS Energy to two (2) Energy Transfer subsidiaries, Houston Pipeline Company, LP and Oasis Pipeline, LP began on March 30, 2026 and continued for approximately three (3) weeks. During the trial, CPS Energy presented evidence outlining its position and vigorously fought for the benefit of its customers. Because such matters were litigated as a bench trial, the judge is currently taking the evidence under advisement before issuing a decision. A second trial is currently being scheduled. CPS Energy makes no guarantee or prediction regarding the outcome of these disputes.

Retail Service Area

The CPS Energy electric system serves a territory consisting of substantially all of the county and various regions throughout the State. Certification of this service area was granted by the Public Utility Commission of Texas (“PUCT”).

CPS Energy is currently the exclusive provider of retail electric service within this service area, including the provision of electric service to some federal military installations located within the service area. In 1999, the Texas Legislature enacted Senate Bill 7 (“SB 7”), which allows for retail electric competition within designated service areas upon a decision of the governing body having jurisdiction within such areas affirmatively acting to “opt-in” to such a competitive scenario. CPS Energy and the City have not elected to “opt in”. Until and unless the City Council and the Board exercise the option to opt-in to retail electric competition (called “Texas Electric Choice” by the PUCT), CPS Energy has the sole right to provide retail electric services in its service area.

On April 26, 2001, after a thorough feasibility study was conducted and reviewed, the City Council passed a resolution stating that the City did not intend to opt-in to the deregulated electric market beginning January 1, 2002, the date Texas Electric Choice became effective. As stated above, SB 7 provides that electric “opt-in” decisions are to be made by the governing body or the body vested with the power to manage and operate a municipal utility such as CPS Energy. Given the relationship between the Board and the City Council, any decision to opt in to electric competition would be based upon the adoption of resolutions by both the Board and the City Council. If CPS Energy and the City choose to opt-in, other retail electric energy suppliers would be authorized to offer retail electric energy in the CPS Energy service area and CPS Energy would be authorized to offer retail electric energy in any other service areas open to retail competition in ERCOT. ERCOT is the independent entity that monitors and administers the flow of electricity within the interconnected grid that operates wholly within Texas; the term “ERCOT” also refers to the area within Texas served by this interconnected grid. CPS Energy has the option of acting in the role of the “Provider of Last Resort” (hereinafter defined) for its service area in the event it and the City choose to opt in.

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The CPS Energy gas system serves the County and portions of the surrounding counties of Comal, Guadalupe, and Medina. In the counties of Kendall, Karnes, Wilson, Atascosa, Guadalupe, and Caldwell, CPS Energy has gas facilities but currently is not serving any customers. In Texas, no legislative provision or regulatory procedure exists for certification of natural gas service areas. As a result, CPS Energy competes against other gas supplying entities on the periphery of its electric service area.

Pursuant to the authority provided by Section 181.026, Texas Utilities Code, among other applicable laws, the City has executed a license agreement (the “License Agreement”) with the City of Grey Forest, Texas (“Grey Forest”), dated July 28, 2003, for a term through May 31, 2028. Pursuant to this License Agreement, the City permits Grey Forest to provide, construct, operate, and maintain certain natural gas lines within the boundaries of the City which it originally established in 1967 to provide extensions and other improvements thereto upon compliance with the provisions of the License Agreement and upon the payment to the City of a quarterly license fee of 3.0% of the gross revenues received by Grey Forest from the sale of natural gas within the Licensed Area (as defined in the License Agreement). Thus, in the Licensed Area (which comprises less than 6.2% of the CPS Energy natural gas service area), CPS Energy is in direct competition with Grey Forest, acting by and through Grey Forest Utilities, as a supplier of natural gas.

Franchise Agreements. CPS Energy maintains “Franchise Agreements” with 31 incorporated communities in the San Antonio metropolitan area. These Franchise Agreements permit CPS Energy to operate its facilities in the streets and public ways of these cities, in exchange for a franchise fee of 4.5% on electric and natural gas revenues earned within their respective municipal boundaries. Of the 31 cities, six (6) have decided to increase their franchise fees to 5.5%. The effective dates of these agreements were February 1, 2015, for two (2) municipalities, January 1, 2018, May 1, 2020, August 1, 2021, and February 1, 2024. Certain cities retain the ability to seek a one percent (1%) increase in their franchise fee under the applicable agreements related thereto.

Wholesale Power

CPS Energy has an active program to optimize its excess power generation capacity in the wholesale power market, which includes both power purchases and power sales when such can be reasonably expected to reduce cost or generate revenue for the electric system. As a part of managing the power generation portfolio, CPS Energy may also purchase power if there is an unanticipated deficit in capacity, to maintain reserve margins, to enhance reliability for the electric system, or when economically prudent to reduce overall costs of its obligations in the ERCOT market. Trained, experienced staff in CPS Energy’s Energy Supply & Market Operations (“ESMO”), who report to the CPS Energy Senior Director - Asset Management, conduct wholesale power transactions in accordance with established procedures. CPS Energy is a Qualified Scheduling Entity (“QSE”) within ERCOT which allows CPS Energy to manage both load and generation in the ERCOT real-time and day-ahead markets. The QSE function is also managed by ESMO. The governance for ERCOT market activity is established by the Energy Markets and Risk Management Policy. Under this policy, the Energy Portfolio Strategy Committee, comprised of select executive leadership, provides comprehensive review and oversight of proposed wholesale transactions to ensure alignment with CPS Energy strategies, including evaluation of the associated risks. CPS Energy conducts wholesale power transactions only with approved counterparties with which CPS Energy has established master enabling agreements for such transactions. The enabling agreements outline payment and delivery terms and conditions of such sales and purchases and provide for written confirmation of each transaction between CPS Energy and its counterparts.

Long-term supply agreements were established with Central Texas Electric Cooperative (“CTEC”), the City of Boerne, Texas (“Boerne”), the City of Seguin, Texas (“Seguin”), and the Kerrville Public Utility Board (“KPUB”) to provide energy supply for terms that began in June 2013. The CTEC contract ended at the end of calendar year 2021. The Boerne and Seguin contracts ended at the end of calendar year 2023, and the KPUB contract will end at the end of calendar year 2026. In addition, CPS Energy has converted its retail contracts with the City of Hondo, Texas (“Hondo”), the City of Castroville, Texas (“Castroville”), and Floresville Electric Light and Power System (“FELPS”) into wholesale contracts as well. The FELPS’ contract will conclude at the end of calendar year 2030. The Hondo contract was extended for five (5) years through December 2027. The Castroville contract ended in December 2022. The requirements under the wholesale agreements are for firm energy obligations provided by CPS Energy. In December 2025, CPS Energy extended the current contract with Seguin through December 2033. In June 2025, CPS Energy entered into a contract with the City of Robstown, Texas (Robstown Utility Services) with a contract expiration of May 2030.

CPS Energy is open to entering into new long-term wholesale power sales agreements with public or private entities in the future. There is some potential to add new agreements or to extend existing agreements with certain counterparties who wish to continue to secure their power supply from CPS Energy. CPS Energy may also agree to provide a variety of supply arrangements on a short-term basis for terms ranging from one (1) month up to one (1) year with a variety of approved counterparties.

Customer Rates

CPS Energy's electric and gas monthly rate schedules list the currently effective monthly charges payable by CPS Energy customers. Each rate schedule briefly describes the types of service CPS Energy renders to customers billed in accordance with that rate schedule, plus customer eligibility criteria. Customers with similar load and usage characteristics are grouped into rate classes and are billed in accordance with the same rate schedule. The different electric rate classes include rate schedules for residential, commercial, and industrial customers. There are also rate schedules for street lighting, all night security lights, and wholesale power to other electric utilities. The gas rate schedules are categorized into general, commercial, and industrial.

Retail Service Rates

Under the Texas Public Utility Regulatory Act ("PURA"), significant original jurisdiction over the rates, services, and operations of "electric utilities" is vested in the PUCT. In this context, "electric utility" means an electric investor-owned utility ("IOU"). Since the electric deregulation aspects of SB 7 became effective on January 1, 2002, the PUCT's jurisdiction over electric IOUs primarily encompasses only the transmission and distribution functions. PURA generally excludes municipally owned utilities ("MOUs"), such as CPS Energy, from PUCT jurisdiction, although the PUCT has jurisdiction over electric wholesale transmission rates. Under the PURA, a municipal governing body or the body vested with the power to manage and operate an MOU such as CPS Energy has exclusive jurisdiction to set rates applicable to all services provided by the MOU except for electric wholesale transmission activities and rates. Unless and until the City Council and Board choose to "opt-in" to electric retail competition or the Texas Legislature places CPS Energy into electric retail competition, CPS Energy retail service electric rates are subject to appellate, but not original rate regulatory jurisdiction by the PUCT in areas that CPS Energy serves outside the City limits. To date, no such appeal to the PUCT of CPS Energy retail electric rates has ever been filed. CPS Energy is not subject to the annual PUCT gross receipts fee payable by IOU electric utilities.

The RRCT has significant original jurisdiction over the rates, services and operations of natural gas utilities in the State. MOUs such as CPS Energy are generally excluded from regulation by the RRCT, except in matters related to natural gas safety. CPS Energy retail gas service rates applicable to ratepayers outside the City are subject to appellate, but not original rate regulatory jurisdiction by the RRCT in areas that CPS Energy serves outside the City limits. To date, no such appeal to the RRCT of CPS Energy retail gas rates has ever been filed. In the absence of a contract for service, the RRCT also has jurisdiction to establish gas transportation rates for service to Texas State agencies by a MOU. A MOU is also required to sell gas to and transport State-owned gas for "public retail customers", including State agencies, State institutions of higher education, public school districts, United States military installations, and United States Veterans Affairs facilities, at rates provided by written contract between the MOU and the buyer entity. If an agreement to such a contract cannot be reached, a rate will be set by the legal and relevant regulatory body.

The City has covenanted and is obligated under the Bond Ordinances, as provided under the rate covenant, to establish and maintain rates and collect charges in an amount sufficient to pay all maintenance and operating expenses of the Systems and to pay the debt service requirements on all revenue debt of the Systems, including the outstanding Senior Lien Obligations, any Additional Senior Lien Obligations, the outstanding Junior Lien Obligations, any Additional Junior Lien Obligations, the Subordinate Lien Obligations, and any Inferior Lien Obligations, and to make all other payments prescribed in the Bond Ordinances.

CPS Energy has periodic rate increases, with the most recent electric and gas base rate increase of 4.25% approved by the Board on December 4, 2023 and approved by the City Council on December 7, 2023. The rate increase, which became effective February 1, 2024, covers the following investments: (1) infrastructure reliability and resiliency, including reinforcing CPS Energy's power plants, wires, and poles; (2) assessment of needs and design of a future technology platform to replace current end-of-life platform; (3) meet the substantial growth of the community by expansion of existing substations, construction of new substations, installing transformers and equipment, and upgrade or replace aging service districts; and (4) hiring and training of employees and employee retention, in preparation for continuous retirements. The rate increase is expected to generate an additional \$85 million annually. For the average residential customer, the rate increase is expected to add \$4.45 or 2.7% (includes base plus fuel and regulatory revenue) to the monthly bill. A 3.85% base rate increase was previously implemented on March 1, 2022 (the first such rate increase since a 4.25% electric and gas base rate increase became effective on February 1, 2014). In conjunction with the March 1, 2022 rate increase, costs associated with the severe winter storm that occurred between February 12, 2021 through February 19, 2021 throughout a majority of the continental United States, including Texas (2021 Winter Weather Event) and recorded as part of the regulatory asset (the "Regulatory Asset"). The Regulatory Asset was approved by City Council on January 13, 2022 for the unrecovered costs of purchased natural gas and power, plus legal, interim financing, and other contractual charges, which began to be recovered on customer bills through the fuel cost adjustment. These costs, which under current estimates are not anticipated to exceed \$1 billion in the aggregate, are expected to be amortized over a period of 25 years and recovered through fuel costs (taking into consideration, among other factors, affordability and monthly customer bill impact). When combined with the \$1.26 or 0.8% (for paid 2021 Winter Weather Event costs of approximately \$414 million) per month in the fuel adjustment portion of a customer's bill related to the regulatory asset, the total average bill increase was

estimated to be \$5.10 or 3.3% for the average electric and natural gas residential customer. CPS Energy expects it will continue to periodically seek electric and gas base rate increases as required to maintain debt service coverage, debt-to-equity, and liquidity ratios.

Year-after-year, CPS Energy's management team continually monitors and analyzes its cash and revenue positions. Within this process, CPS Energy assesses its projections for actual and anticipated costs and expenses. This information is also used to evaluate the scope and timing of potential requests for rate adjustments. When possible, the CPS Energy team shares this approach with the public to ensure there is general awareness that rate adjustments will be needed from time-to-time. CPS Energy will be closely tracking budget results through the summer months of 2026 before deciding on whether to seek community support for a rate adjustment.

In addition to standard service rates, CPS Energy also provides several rates and riders for a variety of programs and products. Since May 2000, under Rider E15, CPS Energy has offered a monthly contract for renewable energy service (currently wind-generated electricity). The High Load Factor ("HLF") rate, first offered in February 2014, is available to customers with new or added load of 10 MW or greater. The HLF rate requires eligible customers to maintain an annual billing load factor of 90% or more and meet the requirements of Rider E16. Rider E16 offers discounts off the Super Large Power and HLF demand charge for a period up to four (4) years for new or added load of at least 10 MW. Under certain conditions, the discount may be extended for up to an additional six (6) years. Eligible customers that qualify for Rider E16 discounts must also meet City employment targets or other related performance metrics and targets for purchases of goods or services from local businesses. Rider E17, which became effective in September 2008, provides a discount on residential electric bills for customers with income at or below 125% of federal poverty guidelines, and meets at least one of several criteria, such as being at least 60 years old or having a disability. The current discount on the monthly bill is \$13.48. The discount typically goes up when a base rate increase becomes effective. Rider G4 provides a similar discount for natural gas customers and is currently set at \$4.88 per month. Since July 2012, under Rider E19, CPS Energy provides an optional service offering electricity generated by wind-powered turbines, solar-powered systems, or other renewable resources. Additionally, Rider E20, which became effective February 1, 2015, waives late fees for individuals 60 years or older with income at or below 125% of the federal poverty level. CPS Energy revised its "Rules and Regulations Applying to Retail Utility Service", effective March 1, 2019, which contains provisions for alternative payment plans, payment assistance, and extensions, and is now referred to as "CPS Energy Customer Terms and Conditions Applying to Retail Utility Service". The New Service Options ("NSO") tariff, effective October 2018, is an umbrella tariff that enables CPS Energy to offer new service options on a pilot basis, with oversight by the City's Office of Public Utilities. This tariff allows CPS Energy to provide innovative energy services while gauging customer interest and cost recovery requirements while gathering information to refine the offering. The Commercial Electric Vehicle Pilot Rate was the first offering under the NSO tariff. Several other pilots have been launched through this tariff since its inception, including offerings for public electric vehicle charging and resiliency service. The resiliency service pilot, designed to enhance reliability from natural gas generators, was successful and was approved as a full tariff in September of 2020.

CPS Energy also has rates that permit recovery of certain miscellaneous customer charges and for extending lines to provide gas and electric service to its customers. The Policy for Miscellaneous Customer Charges is approved periodically by the Board and is subject to a corresponding City ordinance.

In May 2009, the City Council established a mechanism to fund CPS Energy's Save for Tomorrow Energy Plan ("STEP"), an energy efficiency and conservation program to be funded largely through the electric fuel adjustment fee. The total cost of the STEP program during the 2009 to 2020 time period was approved at \$849 million with annual costs ranging from \$12.3 million to over \$111 million. While approximately \$10 million is currently recovered each year through existing base rates, the additional costs for the STEP program will be recovered through a STEP charge applied to the electric fuel adjustment as stated above. Through Fiscal Year 2025, the accumulated cost for the STEP program was \$1.042 billion. As of CPS Energy's fiscal year ending on January 31, 2025, CPS Energy quantified a cumulative reduction of 1,264 MW. Over the lifetime of STEP, the benefits of the program have exceeded the implementation costs to achieve energy savings.

As the STEP goal was achieved a year early, in January 2020, the Board and City Council voted to extend the existing STEP program. The extended program, known as "STEP Bridge", was approved to spend \$70 million to reach a targeted, additional reduction of 75 MW. CPS Energy envisioned STEP Bridge delivering a diverse portfolio of programs to assist customers to save energy. Seeking feedback from a broad array of customers and key stakeholders, CPS Energy used the information that it gathered to update, design, and create programs and services that met the needs of its diverse set of customers. Due to the Pandemic and delays in achieving the STEP Bridge goals, CPS Energy sought and received City Council approval in January 2021 to extend the STEP Bridge program. The City Council authorized CPS Energy to expend up to an additional \$70 million on energy efficiency and conservation programs to be completed by July 2022. On August 30, 2021, the Board requested staff to perform an analysis of the STEP program to determine whether to continue the program. The analysis was prepared by the Brattle Group and presented to the Board at its February 2022 meeting. On June 16, 2022, the City Council approved a plan for the new Sustainable Tomorrow Energy Plan (also known as "STEP") program to be funded as a \$350 million initiative over the next five (5) years. This average impact will continue to be \$3.50 per month to a residential energy bill. The program goals

include 410 MW of demand reduction, 1% energy savings per year, 16,000 weatherized homes, and 1.85 million tons of avoided carbon. For additional information on CPS Energy's STEP energy efficiency and conservation programs, and other strategic initiatives, please see the latest offering document posted to EMMA.

Green Tariff

CPS Energy continues to innovate to meet the emerging needs of its customers. On August 20, 2020, the City Council approved an optional "Green Tariff" for large commercial customers which offers access to renewable energy. This product option was created to facilitate large customers' goals of accelerating their access to renewable energy. Under this tariff, customers may ask CPS Energy to provide renewable energy from specific sources that meet their needs. The Green Tariff has three (3) main components: a monthly grid share charge, a demand charge, and energy charges based on a renewable energy supply agreement. CPS Energy is also evaluating other optional product offerings that will enable customers to use renewable energy while still covering the full cost of service.

Resiliency Tariff

In September 2020, CPS Energy converted a limited Resiliency Service pilot into a permanent tariff for its commercial customers. Under the Resiliency Service offering, CPS Energy or a third party will provide on-site backup generators capable of providing electricity to retail customers during outages of the electric system in exchange for a monthly Resiliency Service capacity fee. The natural gas backup generators are owned and operated by one of CPS Energy's suppliers. As of January 31, 2026, Resiliency Service had been enabled at 28 customer sites with a total capacity of 31.6 MW.

Fuel and Gas Cost Adjustment

The Systems' tariffs feature a fuel cost adjustment provision in the electric rates and a gas cost adjustment provision in the gas rates, which allow CPS Energy to reconcile fuel and gas cost variances above or below levels included in base rates. CPS Energy's electric rates are subject to a positive or negative monthly adjustment equal to the variance in the price of fuel above or below a base cost of \$0.01416 per kilowatt-hour ("kWh"). Similarly, CPS Energy's base gas rates are subject to an adjustment equal to the variance in the price of natural gas above or below a base cost of \$0.220 CCF, approximately equivalent to \$2.167 per one million British Thermal Unit ("Btu"), a measure of energy content in fuel used in the power steam generation, and heating and air conditioning industries. Natural gas is usually measured in Btus. However, the foregoing is qualified by the 2021 Winter Weather Event, which may alter these costs.

Governmentally Imposed Fees, Taxes, or Payments

The rates, as previously approved by various rate ordinances adopted by the City Council, may be adjusted without further action by the City Council to reflect the increase or decrease in fees, taxes, or other required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon Net Revenues of the Systems.

In March 2000, two (2) new governmental assessments resulting from regulatory changes in the Texas electric utility industry, including the open access wholesale transmission charges, were added to CPS Energy's electric billings as regulatory adjustments and are updated annually or as needed. The first assessment recovers additional ERCOT-related transmission expenditures not recovered through CPS Energy's current base rates. For CPS Energy residential customer rates, this adjustment (effective February 2025) adds \$0.01340 per kWh sold. The second assessment relates to CPS Energy's share of the cost to fund the staffing and operation of ERCOT, the Independent System Operator, and the quarterly Electric Reliability Organization ("ERO") fee. The PUCT retains oversight authority over ERCOT. For all CPS Energy retail customers (effective February 2025), this charge increased bills by \$0.00086 per kWh sold.

In March 2005, the RRCT began imposing a regulatory fee to cover the cost of regulation by the RRCT. The fee is based upon the number of active gas customers and is recovered from CPS Energy gas customers through the payment of an annual fee assessed one (1) time during the year.

Transmission Access and Rate Regulation

Pursuant to amendments made by the Texas Legislature in 1995 to the PURA ("PURA95"), MOUs, including CPS Energy, became subject to the regulatory jurisdiction of the PUCT for transmission of wholesale energy. PURA95 requires the PUCT to establish open access transmission on the interconnected Texas grid for all utilities, co-generators, power marketers, independent power producers and other transmission customers.

The 1999 Texas Legislature amended PURA95 to expressly authorize rate authority over MOUs for wholesale transmission and to require that the postage stamp method be used exclusively for pricing wholesale transmission transactions.

The PUCT in late 1999 amended its transmission rule to incorporate fully the postage stamp pricing method, which sets the price for transmission at the system average for ERCOT. CPS Energy's wholesale open access transmission charges are set out in tariffs filed with the PUCT and are based on its transmission cost of service approved by the PUCT, representing CPS Energy's input to the statewide postage stamp pricing model. The PUCT's rule, consistent with provisions in PURA § 35.005(b), also provides that the PUCT may require construction or enlargement of transmission facilities to facilitate wholesale transmission service.

Strategic Initiatives

The utility industry is witnessing rapid change and CPS Energy's strategic plan, Vision 2027 – An Evolving Utility, is designed to guide CPS Energy through this transformation in the near future. The strategic plan sets out clearly how CPS Energy will better serve its customers and community. CPS Energy's power generation plan includes a transition from coal generation to cleaner resources while also replacing aging gas steam units with a diverse mix of renewable and dispatchable energy sources, resulting in further emissions reductions.

San Antonio is one of the fastest growing cities in America, and the utility industry is faced with the challenge of integrating new technology while balancing societal and regulatory expectations, managing severe weather events, and remaining competitive in retaining and attracting talent.

To prepare for and take advantage of these changes, CPS Energy established a set of five (5) strategic objectives with goals and key initiatives:

- Operational Evolution
- Financial Stability
- Customer Experience
- Team Culture
- Community Partnership & Growth

CPS Energy is executing four (4) strategic initiatives to achieve Vision 2027's objectives:

- Power Generation Plan
- System Resiliency & Growth
- Evolve: Enterprise Resource Plan
- Customer Experience

These initiatives are the organization's priority in evolving to deliver on its mission of service today and tomorrow.

Beginning in September 2023, CPS Energy's leadership team hosted internal workshops focused on setting goals for CPS Energy's future, receiving early employee feedback and aligning with industry trends. Throughout the fall of 2024, CPS Energy engaged stakeholders, including CPS Energy employees and customers, through roadshow events, town hall discussions, and surveys that will help CPS Energy continue to refine the framework for addressing future challenges, and ensuring sustainable growth while continuing CPS Energy's commitment to deliver outstanding service and value to its customers. The result is CPS Energy's latest strategic framework, Horizon 2050, which was approved by the Board on January 31, 2025, and is a long-term strategic direction that focuses on addressing future challenges and opportunities.

In support of CPS Energy's commitment to provide world-class energy solutions to meet the diverse and unique needs of its customers, while acting as an economic engine to drive value and growth in the community, CPS Energy designed an integrated planning process to serve as its roadmap forward.

Through thoughtful leadership, partnerships and CPS Energy's passionate employees, management continues to strategically and successfully evolve its value portfolio to achieve top-tier safety, customer service, electric and gas delivery, generation availability and financial performance.

CPS Energy's Integrated Planning Process is a coordinated, cross-functional effort that aligns strategic priorities with risk management and financial planning. This process is anchored in the CPS Energy Business Plan and supported by business unit plans that drive execution through major initiatives, milestones, performance measures, and goal alignment.

Performance targets and supporting metrics are cascaded throughout the organization, creating a clear line of sight from enterprise-level objectives to business unit goals and individual accountability.

Progress is tracked through the Enterprise Scorecard, which enables ongoing monitoring, reporting, and analysis of performance trends. This disciplined approach ensures that CPS Energy remains focused on achieving its strategic goals.

Citizens Advisory Committee – Citizens Input Committee

To enhance its relationship with the community and to provide community input directly to the Board and CPS Energy staff, CPS Energy established a 15-member Citizens Advisory Committee (“CAC”). The CAC met monthly with the primary goal of providing recommendations on utility-related projects and programs to offer a customer perspective on community issues, assisting in identifying strengths and offering suggestions for improvement to the organization. Representing the various sectors of CPS Energy’s service area, the CAC encompassed a broad range of representatives in order to identify concerns and understand community issues. The City Council members nominated 10 of the 15 members, one (1) representing each City Council district. The other five (5) members were at-large candidates who resided anywhere within the service territory. The Board approved all members of the CAC and each member could serve up to three (3), two-year terms.

On April 22, 2024, the Board accepted changes to the CAC bylaws modifying the group name to the Community Input Committee (“CIC”), expanding the committee members from 15 to 19, and revising the purpose, mission, and vision to clarify the bi-directional flow of information between the community and the Board through the CIC. The four (4) new members representing the four (4) quadrants of the CPS Energy service area were chosen by the Board on June 24, 2024. The CIC has three (3) working groups: Power and Technology, Finance and Business, and Customer Relations and Communications.

Rate Advisory Committee

In January 2021, CPS Energy solicited applications for the community to participate in the Rate Advisory Committee (“RAC”) that was formed by CPS Energy in December 2020. The RAC’s mission is to provide helpful and unique knowledge and customer insights to the efforts and projects related to rate structure, rate design, and generation planning with the ultimate goals of helping the Board and management balance its strategic objectives and increasing the mutual understanding of public issues and concerns. The RAC consists of 21 members comprised of 11 appointees by the Board, including Mayoral appointees, and City Council appointees.

The RAC worked with CPS Energy throughout calendar year 2022 to evaluate various combinations of generation portfolios to identify the combination of generation resources that will allow CPS Energy to continue to provide reliable, affordable, and environmentally sustainable power to the community as it replaces retiring generation units over the next few years. On January 23, 2023, the Board approved a path forward to replace aging gas steam generation units retiring between the date hereof and 2029 and to cease coal operations no later than calendar year 2030.

In February 2023, the RAC moved to its next focus area of rate design with a series of meetings focused on affordability. The topic of bill affordability for customers was addressed from three (3) vantage points—bill discounts, energy efficiency and conservation, and demand management. Following these discussions, RAC members in June 2023 completed a survey with their feedback on potential initiatives and measures to address affordability challenges. In August 2023, CPS Energy thanked the RAC for their hard work, dedication, and recommendations to the Board.

Affordability Discount Program

On May 2, 2024, the City Council approved an update to its affordability discount program, with the federal poverty guidelines now at or below 150%, thereby expanding the number of total eligible customers by 29,151 to 134,502 customers within the City. Approximately \$2 million in funding for this program is provided by wholesale revenue, and CPS Energy enrolled more than 80,000 customers. The change went into effect on June 1, 2024.

State and National Legislation

For State and national legislative action regarding competition, CPS Energy continues to participate actively in the legislative process to voice the interests of MOUs and the local community, and play an integral part in shaping the environment in which it operates. CPS Energy is actively evaluating all aspects of its business model, including the pricing components of its energy services, fully recognizing that the cost of electricity will be a crucial factor for success in a deregulated environment. Cost control efforts, along with further phases of debt management strategies, will persist in the coming years.

Historical Programs

In March of 2018, CPS Energy announced its Flexible PathSM strategy. The Flexible PathSM goals included integrating new and emerging technologies, such as battery storage and electric vehicles, expanding its use of renewable energy resources, and adding more programs and services to produce energy efficiency and increase demand response. In June of 2019, CPS Energy announced the next phase of such initiative, the FlexPOWER BundleSM. The FlexPOWER BundleSM initiative played an important part of the Flexible PathSM, as such program was created as a deliberately blended approach to power generation through which CPS Energy added more solar resources coupled with battery energy storage and firming capacity.

CPS Energy executed an agreement with Consolidated Edison Development, Inc., a subsidiary of Con Edison Clean Energy Businesses, Inc., for a 300 MW solar project called Peregrine Solar to be located in Goliad County, representing the first initiative of CPS Energy's FlexPOWER BundleSM. This project came online in February 2025 and is for a 25-year term. In October 2022, RWE Clean Energy, LLC (based out of Germany) announced it would be acquiring all of Con Edison Clean Energy Businesses. The transaction closed in March 2023. CPS Energy consented to the ownership change. In September 2022, CPS Energy reached an agreement with Kenlov Ashtrom Renewable Energy LLC, a subsidiary of Kenlov Renewable Energy and Ashtrom Renewable Energy ("KARE"), for the purchase of 180 MW of solar energy from the Tierra Bonita project. Developed and originated by KARE's U.S. development partner, OnPeak Power, this project provides CPS Energy with 180 MW of the full 305 MW from the Tierra Bonita solar farm located in Pecos County. The KARE agreement is a 20-year contract, and the project came online in late 2024. In January 2023, CPS Energy signed a contract with Ashtrom Renewable Energy, in collaboration with OnPeak Power, for 104 MW of the El Patrimonio solar project, which will be located in the County. The power purchase agreement (each, a "PPA") is a 20-year contract with an anticipated commercial operation date of September 2027. Additionally, as part of the agreement, Ashtrom Renewable Energy will provide community benefits, including the contribution of funds towards CPS Energy student scholarships, as well as on-site field day mentorship to local students during the construction of the facility in the County. Ashtrom Renewable Energy will also grant funds towards the construction of an outdoor classroom that can be used for field trip instruction.

In January 2023, CPS Energy signed a contract with Calpine, totaling approximately 522 MW of firming capacity from the Guadalupe Energy Center located in Guadalupe County. Firming capacity with natural gas is dispatchable, controllable, and reliable energy that can be utilized when the sun is not shining, or the wind is not blowing. The Calpine agreement began delivering power to CPS Energy in the Spring of 2023.

In January 2023, CPS Energy signed a contract with Eolian L.P., who will provide CPS Energy the exclusive right to dispatch a 50 MW, two-hour duration battery energy storage project located in the County. This location, combined with the operating flexibility offered by energy storage, will further improve CPS Energy system resiliency as well as customer reliability. The agreement is a 20-year contract and became operational in July 2025.

CPS Energy and Quidnet Energy ("Quidnet") entered into a 15-year contract for an energy storage project to employ Quidnet's Geomechanical Pumped Storage technology. This includes pumped hydro storage, where water is pumped underground and stored between impermeable rock layers to keep the water under pressure. To produce electricity, the pressurized water is released to a hydroelectric turbine that generates emissions-free electricity. The project will be developed in two (2) phases, starting with a one (1) MW, 10-hour storage facility. As the project matures, CPS Energy has the option to expand the project to provide 15 MW, thus completing the second phase. CPS Energy's role in the partnership is that of the buyer of capacity provided by Quidnet's storage facility (thus mitigating CPS Energy's financial risk by mutually agreed upon operating standards). CPS Energy's financial obligation in buying the capacity is adjusted based on the storage facilities' actual operating performance.

Electric System

CPS Energy currently operates 66 non-nuclear electric generating units, two (2) of which are coal-fired, 51 of which are gas-fired, two (2) solar photovoltaic ("PV") sites, and one (1) Battery Energy Storage System ("BESS"). Some of the gas-fired generating units may also burn fuel oil (ultra-low sulfur diesel), which provides fuel flexibility and greater resiliency. CPS Energy also owns a 40% interest in STP's two (2) existing nuclear generating Units 1 and 2. These nuclear units supplied 20.0% of CPS Energy's total generation for the 12 months ending January 31, 2025.

On October 18, 2023, CPS Energy formally launched a Request For Proposal ("RFP") for up to 500 MW of energy storage systems, as part of its power generation plan approved by the Board in 2023. Projects under this request that were diverse in technologies were welcomed, as well as responses from both large-scale and smaller sized projects. The smaller scale projects can be strategically placed at different locations within the CPS Energy service area, providing another tool to meet community growth and the ability to improve reliability in specific locations. This request was the first time CPS Energy issued a notice solely for standalone storage projects, although past RFPs have included storage as an overall component. From this RFP, CPS Energy successfully contracted 470 MW of battery energy storage projects.

On July 31, 2025, CPS Energy formally launched a RFP for up to 400 MW of additional wind energy, as part of its power generation plan approved by the Board in 2023. The deadline for submitting proposals was September 5, 2025. CPS Energy is working through the final stages of the selection process and has already engaged certain counterparties to initiate contract discussions. CPS Energy expects to execute contracts related to this RFP sometime in the second quarter of calendar year 2026.

On November 13, 2025, CPS Energy formally launched a RFP for up to 600 MW of additional solar energy, as part of its power generation plan approved by the Board in 2023. The deadline for submitting proposals was January 9, 2026. CPS

Energy is working through the final stages of the selection process and has already engaged certain counterparties to initiate contract discussions. CPS Energy expects to execute contracts related to this RFP sometime in the second quarter of calendar year 2026.

On December 11, 2025, CPS Energy formally launched a RFP for up to 500 MW of additional transmission scale and/or distribution scale storage, as part of its power generation plan approved by the Board in 2023. The deadline for submitting proposals was January 30, 2026. CPS Energy is currently evaluating the proposals. CPS Energy expects to engage counterparties and execute contracts related to this RFP sometime in the second quarter of calendar year 2026.

The generating plants are normally referred to by the plant name and number (i.e., Spruce1 for Spruce unit 1, Braunig3 for Braunig unit 3).

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Generating Capability ⁽¹⁾

<u>Dispatchable or Firm</u> <u>Supply</u>	<u>Unit</u>	<u>Fuel</u>	<u>Year</u> <u>Installed</u>	<u>Summer Net Max</u> <u>Capability MW ⁽²⁾</u>	<u>Total Summer</u> <u>Capability MW</u>	<u>Type</u>
STP (40% Ownership) ⁽³⁾	Unit 1	Nuclear	1988	526.0		
	Unit 2	Nuclear	1989	522.0	1,048.0	Nuclear
STP PPA ⁽³⁾	PPA	Market	2024	200.0	200.0	Market
Spruce	Unit 1	Coal	1992	560.0		
	Unit 2	Coal	2010	785.0	1,345.0	Coal
Arthur Von Rosenberg (NGCC 2x1)	Unit 1	Gas	2000	518.0		
Sommers	Unit 1	Gas	1972	420.0		
	Unit 2	Gas	1974	410.0		
Barney Davis ⁽⁴⁾	Unit 1	Gas	1974	292.0		
MBL West	MBLCT 1 ⁽⁵⁾	Gas	2004	46.0		
	MBLCT 2 ⁽⁵⁾	Gas	2004	46.0		
	MBLCT 3 ⁽⁵⁾	Gas	2004	46.0		
	MBLCT 4 ⁽⁵⁾	Gas	2004	46.0		
MBL East	MBLCT 5 ⁽⁵⁾	Gas/Oil	2010	48.0		
	MBLCT 6 ⁽⁵⁾	Gas/Oil	2010	48.0		
	MBLCT 7 ⁽⁵⁾	Gas/Oil	2010	48.0		
	MBLCT 8 ⁽⁵⁾	Gas/Oil	2010	47.0		
HO Clarke ⁽⁹⁾	Unit 1	Gas	2021	45.0		
	Unit 2	Gas	2021	45.0		
	Unit 3	Gas	2021	45.0		
	Unit 4	Gas	2021	45.0		
	Unit 5	Gas	2021	45.0		
	Unit 6	Gas	2021	45.0		
	Unit 7	Gas	2021	45.0		
	Unit 8	Gas	2021	45.0		
Mark One ⁽⁹⁾	Unit 1	Gas	2022	45.0		
	Unit 2	Gas	2022	45.0		
	Unit 3	Gas	2022	45.0		
	Unit 4	Gas	2022	45.0		
	Unit 5	Gas	2022	45.0		
	Unit 6	Gas	2022	45.0		
	Unit 7	Gas	2024	45.0		
	Unit 8	Gas	2024	45.0		
Remy Jade ⁽⁹⁾	Unit 1	Gas	2024	45.0		
	Unit 2	Gas	2024	45.0		
	Unit 3	Gas	2024	45.0		
	Unit 4	Gas	2024	45.0		
	Unit 5	Gas	2024	45.0		
	Unit 6	Gas	2024	45.0		
	Unit 7	Gas	2024	45.0		
	Unit 8	Gas	2024	45.0		

<u>Dispatchable or Firm</u> <u>Supply</u>	<u>Unit</u>	<u>Fuel</u>	<u>Year</u> <u>Installed</u>	<u>Summer Net Max</u> <u>Capability MW</u> ⁽²⁾	<u>Total Summer</u> <u>Capability MW</u>	<u>Type</u>
Topaz ⁽⁹⁾	Unit 1	Gas	2021	45.0		
	Unit 2	Gas	2021	45.0		
	Unit 3	Gas	2021	45.0		
	Unit 4	Gas	2021	45.0		
	Unit 5	Gas	2021	45.0		
	Unit 6	Gas	2021	45.0		
	Unit 7	Gas	2021	45.0		
	Unit 8	Gas	2021	45.0		
	Unit 9	Gas	2021	45.0		
	Unit 10	Gas	2021	45.0		
Laredo Plant (CT) ⁽⁴⁾	Unit 1	Gas	2008	90.0		
	Unit 2	Gas	2008	87.0		
Rio Nogales (NGCC 3x1) ⁽⁶⁾	Unit 1	Gas	2012	798.0		
Barney Davis (NGCC 2x1) ⁽⁴⁾	Unit 2	Gas	2010	633.0		
Nueces Bay (NGCC 2x1) ⁽⁴⁾	Unit 1	Gas	2010	633.0		
Guadalupe Energy Center ⁽⁷⁾	PPA	Gas	2023	522.0	6,308.0	Gas/Oil
Commerce BESS ⁽⁸⁾	Unit 1	BESS	2019	10.0		
Padua 1 Grid	PPA	BESS	2025	50.0	60.0	BESS
Total Dispatchable or Firm					8,961.0	

⁽¹⁾ Data as of October 31, 2025.

⁽²⁾ Summer net max capability reflects net summer rating for CPS Energy owned plants.

⁽³⁾ Current net summer electric rating (MWe) for CPS Energy's share of STP1 and 2. Additional 2% ownership acquired on May 2, 2024, subject to the receipt of various approvals and not included in table.

⁽⁴⁾ Purchase of plants completed on May 1, 2024.

⁽⁵⁾ Plants renamed MBL (Milton B. Lee) CT (Combustion Turbine) as of March 6, 2014.

⁽⁶⁾ The Rio Nogales Plant was commissioned in 2002 and purchased by CPS Energy on April 9, 2012.

⁽⁷⁾ Effective Spring 2023, CPS Energy contracted for a gas toll PPA for 522 MW of NGCC capacity.

⁽⁸⁾ BESS – Battery Energy Storage System.

⁽⁹⁾ Purchased on September 23, 2025.

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Renewable Nameplate Capability

Other Generation & Renewable Nameplate Capability	Unit	Fuel	Year Installed	Summer Net Max Capability MW ⁽²⁾	Total Summer Capability MW	Type
Desert Sky Wind Farm ⁽¹⁰⁾	PPA	Wind	2002	63.4		
Cottonwood Creek Wind Farm (Sweetwater3) ⁽¹⁰⁾	PPA	Wind	2005	82.6		
Sweetwater 4	PPA	Wind	2007	240.8		
Penascal ⁽¹⁰⁾	PPA	Wind	2009	320.0		
Cedro Hill	PPA	Wind	2010	160.0		
Los Vientos	PPA	Wind	2012	200.1	1,066.9	Wind
Nelson Gardens	PPA	Landfill Gas	2014	4.2	4.2	Landfill Gas
Blue Wing	PPA	Solar PV ⁽¹¹⁾	2010	13.9		
Sinkin 1	PPA	Solar PV ⁽¹¹⁾	2012	9.9		
Sinkin 2	PPA	Solar PV ⁽¹¹⁾	2012	9.9		
Somerset	PPA	Solar PV ⁽¹¹⁾	2012	10.6		
Alamo 1	PPA	Solar PV ⁽¹¹⁾	2013	39.2		
St. Hedwig (Alamo 2)	PPA	Solar PV ⁽¹¹⁾	2014	4.4		
Eclipse (Alamo 4)	PPA	Solar PV ⁽¹¹⁾	2014	39.6		
Solar Host (Community Solar) ⁽¹²⁾	PPA	Solar PV ⁽¹¹⁾	2015	5.0		
Walzem (Alamo 3)	PPA	Solar PV ⁽¹¹⁾	2015	5.5		
Helios (Alamo 5)	PPA	Solar PV ⁽¹¹⁾	2015	95.0		
Solara (Alamo 7)	PPA	Solar PV ⁽¹¹⁾	2016	106.4		
CEC Beck (Community Solar) ⁽¹²⁾	Owned	Solar PV ⁽¹¹⁾	2016	1.0		
Sirius 1 (Alamo 6)	PPA	Solar PV ⁽¹¹⁾	2017	110.2		
Sirius 2 (Pearl)	PPA	Solar PV ⁽¹¹⁾	2017	50.0		
Lamesa II (Ivory)	PPA	Solar PV ⁽¹¹⁾	2018	50.0		
Commerce PV	Owned	Solar PV ⁽¹¹⁾	2019	5.0		
Big Sun (Community Solar) ⁽¹²⁾	PPA	Solar PV ⁽¹¹⁾	2019	5.0		
Tierra Bonita	PPA	Solar PV ⁽¹¹⁾	2024	180.0		
Peregrine Solar	PPA	Solar PV ⁽¹¹⁾	2025	300.0	1,040.6	Solar PV
Total Other Generation & Renewable Nameplate Capability					2,111.7	
Total Capability ⁽¹³⁾					11,072.7	

⁽¹⁰⁾ Capacity updated to reflect contracted nameplate capacity after contract renegotiation and turbine uprate.

⁽¹¹⁾ Solar PV capacity is reported on an alternating current ("AC") nameplate basis.

⁽¹²⁾ Community Solar pilot project "CEC Beck" added to CPS Energy renewable portfolio table to align with other corporate reporting.

⁽¹³⁾ Decrease from January 31, 2025 is due to CPS Energy ceasing operation at Braunig1 and Braunig2 units on April 1, 2025.

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Renewable Resources

CPS Energy has one of the strongest and most diverse renewable energy programs in Texas, including local solar, West Texas solar, South Central Texas solar, West Texas wind, coastal wind and landfill gas.

As a step in diversifying its energy resource plan, CPS Energy is proactively pursuing renewable energy supplies. CPS Energy is currently receiving renewable energy under several long-term contracts and has contracts for projects in various phases of development.

As of January 31, 2026, CPS Energy has 1,123.6 MW of wind, 1,040.6 MW of solar and 4.2 MW of landfill gas generated energy for a total other generation and renewable energy capacity in operation of 2,163.4 MW.

Wind

- Desert Sky: consisted of two (2) contracts for wind-generated energy from the Desert Sky Wind Project: a 20-year contract for 135 MW and a 15-year contract for 25.5 MW. These contracts were renegotiated into one (1) single contract, with a termination date of December 31, 2021, in response to a request from the developer to repower the project with improved equipment. The plant capacity factor improved, providing CPS Energy with additional MWh at a lower cost per MWh than the original contracts. The term of the new contract remained the same as the original contracts. The repower was completed in August 2018 and added approximately 8 MW of nameplate capacity. The Desert Sky Wind contract has since been renegotiated to extend through December 31, 2027 and now provides a total of 63.4 MW.
- Cottonwood Creek (Sweetwater 3): this wind farm was also repowered, and the contract was extended in late 2025 and increased offtake capacity to 108.5 MW. This new five-year contract is scheduled to end in calendar year 2030.
- Sweetwater 4: a 20-year contract for 240.8 MW from the Sweetwater 4 Wind Farm.
- Penascal: originally a 15-year contract for 76.8 MW of capacity. This contract was extended in April 2024 for a three-year term and increased CPS Energy's offtake to 160.8 MW. In April 2025, CPS Energy agreed to another extension to April 2028. CPS Energy now is receiving 160.8 MW of capacity from Penascal 1, 111.6 MW from Penascal 2, and 47.6 MW from Penascal 3 for an aggregate amount of 320 MW.
- Los Vientos: a 25-year contract for 200.1 MW of capacity.
- Cedro Hill: a 20-year contract for 150 MW of capacity. This contract was renegotiated in January 2023 with a revised termination date of November 2045, in response to a request from the developer to repower the project with improved equipment. The repower occurred in December 2024 and increased CPS Energy's offtake to 160 MW.

Solar

- Blue Wing: a 30-year contract for 13.9 MW which entered into commercial operation in November 2010.
- Sinkin 1 and Sinkin 2: consists of two (2) 25-year contracts, each 9.9 MW which became operational in May 2012.
- Somerset: a 25-year contract for 10.6 MW, which became operational in August 2012. Sinkin 1 and 2 and Somerset Solar projects comprise what was formally referred to as the SunEdison Project.
- Commerce (Southwest Research Institute): In August 2018, renewable energy infrastructure developer Renewable Energy Systems was selected by CPS Energy to construct an innovative solar and energy storage project, located at Southwest Research Institute and is the first co-located solar and storage project interconnected at the distribution level within ERCOT. This project broke ground on October 9, 2018 and went online in February 2020. This project has 17,752 solar panels that produce about five (5) MW of solar, enough to power approximately 1,250 homes. The project also includes a Battery Energy Storage System, with 10 MW of storage capacity, which provides flexibility to store energy by charging when market prices are low and discharge the stored energy when market prices are high.
- Peregrine Solar: In May 2022, CPS Energy executed a 25-year agreement with Consolidated Edison Development, Inc., a subsidiary of Con Edison Clean Energy Businesses, Inc., for a 300 MW solar project to be located in Goliad County. In October 2022, RWE Clean Energy, LLC (based out of Germany) announced it would be acquiring all of Con Edison Clean Energy Businesses, Inc. The transaction closed in March 2023. CPS Energy consented to the ownership change. Commercial operation began in February 2025.
- Tierra Bonita: In September 2022, CPS Energy reached an agreement with Kenlov Ashtrom Renewable Energy LLC, a subsidiary of KARE, for the purchase of 180 MW of solar energy. Developed and originated by KARE's U.S. development partner, OnPeak Power, this project will provide CPS Energy with 180 MW of the full 305 MW from the Tierra Bonita solar farm located in Pecos County. The KARE agreement is a 20-year contract and came online in late 2024.
- El Patrimonio: In January 2023, CPS Energy signed a contract with Ashtrom Renewable Energy, in collaboration with OnPeak Power, for 104 MW of the El Patrimonio solar project, which will be located in the County. This is a 20-year contract with an anticipated commercial operation date of September 2027.

- Exodus Solar: In December 2023, CPS Energy signed a contract with Exodus Solar LLC, that will provide CPS Energy 150 MW in Caldwell County. The agreement is a 25-year contract with an anticipated commercial operation date of calendar year 2028. Additionally, as part of the agreement, Genesis Consolidated Industries will provide community benefits, including the contribution of funds as well as efforts to establish various training programs in the community related to renewables projects and developments.

CPS Energy executed a Master Agreement with OCI Solar Power for approximately 400 MW from seven (7) facilities. All seven (7) facilities have been or became operational in early 2017. Each individual facility comprising OCI Solar's 401.8 MW has an existing PPA:

- Alamo 1: a 39.2 MW project which achieved commercial operation in December 2013.
- Alamo 2: (St. Hedwig): a 4.4 MW project which achieved commercial operation in March 2014.
- Alamo 4 (Eclipse): a 39.6 MW project which achieved commercial operation in August 2014.
- Alamo 3 (Walzem): a 5.5 MW project which achieved commercial operation in January 2015.
- Alamo 5 (Helios): a 95 MW project which became operational at the end of December 2015.
- Alamo 7 (Solara): a 106.4 MW project which became operational in September 2016.
- Alamo 6 (Sirius 1): a 110.2 MW project in Pecos County, which became operational in March 2017.

In addition to the 25-year PPAs executed under the Master Agreement with OCI, CPS Energy has also executed two (2) separate 25-year PPAs for:

- Pearl: a 50 MW project located adjacent to Alamo 6. Project Pearl became operational on October 16, 2017.
- Ivory: a 50 MW project located near the City of Lamesa, Texas, which previously sold to D.E. Shaw Renewable Investments and began commercial operation on December 20, 2018.

In March 2017, CPS Energy and OCI executed an Amended and Restated Master Power Purchase and Economic Development Agreement. The original Master Agreement was replaced in order to simplify the agreement and reflect pertinent terms going forward.

Landfill Gas

- Covell Gardens: CPS Energy recently ended a long-term contract in 2024 for this landfill gas-generated energy project totaling 9.6 MW which came on-line in December 2005.
- Nelson Gardens: Under an additional 15-year contract, the Nelson Gardens 4.2 MW landfill gas generation project achieved commercial operation in April 2014.

An estimate of less than 1.0 MW of solar electricity will be produced by the utility's Solartricity Producer Program. The Solartricity Producer Program is a limited pilot project that is currently closed to any new subscribers and is not included in the "Generating Capability" table. Each Solartricity participant has a 20-year contract with CPS Energy. In addition, the pilot "Simply Solar" program currently constitutes approximately 10 MW of solar capacity. When including these pilot programs, CPS Energy's renewable portfolio capacity increases to 2,111.7 MW. Only CEC Beck is included in the "Generating Capability" table, since it is owned and operated by CPS Energy and to align with other corporate reporting.

CPS Energy executed several agreements in 2022 and 2024 for the purchase of solar capacity once these new projects are fully developed and operational at various future dates.

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Nuclear

Nuclear is one of CPS Energy’s base energy options, providing about 25% of CPS Energy’s total net annual generation for the 12 months ending January 31, 2026. STP is a two-unit nuclear power plant with Unit 1 and Unit 2 (or “STP1” and “STP2”) having a combined nominal output of approximately 2633.1 MW. STP is located on a 12,220-acre site in Matagorda County, near the Texas Gulf Coast, approximately 200 miles from the City. CPS Energy currently owns 40% of these units. Participant Ownership (“Participants”) in STP1 and STP2 and their shares therein are as follows:

Ownership Effective January 31, 2026 ⁽¹⁾⁽²⁾		
<u>Participants</u>	<u>%</u>	<u>Nominal Output MW (approximate)</u>
Constellation Energy	44.0	1,158.6
CPS Energy	40.0	1,053.3
City of Austin-Austin Energy	<u>16.0</u>	<u>421.2</u>
	<u>100.0</u>	<u>2,633.1</u>

⁽¹⁾ On November 1, 2023, NRG Energy, holder of a 44% interest in STP, was acquired by Constellation Energy. The 44% interest in STP1 and STP2 is wholly owned by Constellation South Texas a subsidiary of Constellation Energy. CPS Energy’s 2% additional ownership interest discussed below is subject to various approvals.

⁽²⁾ The data related to this table is updated annually as of January 31st.

STP is maintained and operated by a non-profit Texas corporation (“STP Nuclear Operating Company” or “STPNOC”) financed and controlled by the owners pursuant to an operating agreement among the owners and STPNOC. Currently, a four-member board of directors governs the STPNOC, with each owner appointing one (1) member to serve with the STPNOC’s Chief Executive Officer (“CEO”). All costs and output continue to be shared in proportion to ownership interests.

The STPNOC Board of Directors selected Charles “Chuck” Kharl as the CEO/CNO (“Chief Nuclear Officer”), effective June 9, 2025. Kym Harshaw, who was the prior acting CEO/CNO, retired in June 2025.

On June 1, 2023, NRG Energy announced that the company had entered into a definitive agreement for the sale of their 44% share of ownership of STP to Constellation Energy (“Constellation”). CPS Energy filed litigation in Matagorda County to seek a legal determination of its rights as a co-owner under existing agreements related to STP. In addition, CPS Energy filed a motion with the NRC to dismiss, stay, or intervene in the license transfer application related to the proposed sale. The purpose of these filings was to ensure that CPS Energy’s rights under existing agreements were preserved and followed by all parties. Austin Energy later joined the Matagorda County litigation as a plaintiff to protect their contract rights under applicable STP agreements. On November 1, 2023, NRG Energy, Inc announced its subsidiaries Texas Genco LP LLC and Texas Genco GP LLC completed the sale of NRG South Texas LP, a 44% ownership interest in the STP, to Constellation. Constellation, NRG, CPS Energy, and Austin Energy subsequently agreed to enter into settlement negotiations and stayed the Matagorda County litigation as well as the NRC proceeding to work toward a mutually agreeable solution. On May 2, 2024, CPS Energy, Austin Energy, NRG and Constellation resolved their disputes regarding the proposed sale of an interest in STP by NRG to Constellation South Texas LLC (formerly NRG South Texas LP) and the related contractual rights of CPS Energy and Austin Energy. As part of this resolution, CPS Energy and Austin Energy dismissed the Matagorda County litigation and withdrew their NRC objections. The settlement also included CPS Energy entering into an agreement to acquire an additional two percent (2%) ownership of STP from Constellation and a long-term Power Purchase Agreement (“PPA”) with Constellation. The 200 MW PPA with Constellation is in effect; CPS Energy has not closed on the additional two percent (2%) ownership share of STP. When the transaction closes (anticipated to be by the second quarter of calendar year 2026), CPS Energy’s ownership of STP will be 42%, Constellation’s will be 42%, and Austin Energy’s ownership will remain at 16%. CPS Energy currently has the benefit of the PPA associated with the transaction. The NRC approved the request for ownership transfer on December 11, 2024. CPS Energy is working with federal and State regulators to complete the transfer and has not set a transfer date.

In September 2017, the NRC approved STPNOC’s license renewal applications for STP1 and STP2 that extends the operating licenses to 2047 and 2048, respectively.

During the 2021 Winter Weather Event, STP1 automatically shut down on February 15, 2021 amid bitter cold temperatures. The unit located in Bay City, Texas, was subsequently repaired, started and was operating at 36% of capacity by the early morning of February 18, 2021 before ascending back to 100% capacity. STP2 remained online throughout the event at full generating capacity.

STP completed corrective actions to ensure the station is ready for winter weather operations. These actions included replacement of missing or degraded heat trace systems and piping insulation, revising the station’s Winter Readiness procedure, and training on the station’s winter readiness for Operations, Maintenance, and Engineering personnel. In addition, STP submitted TAC 25.55 required Winter Weather Readiness Reports to ERCOT on December 1, 2021. ERCOT inspectors were onsite 8’ on December 6, 2021 to tour the plant and confirm STP’s compliance.

Used Nuclear Fuel Management. Under the Nuclear Waste Policy Act, 42 U.S.C. 10101, et seq. (“NWP”), the Department of Energy (“DOE”) has an obligation to provide for the permanent disposal of high-level radioactive waste, which includes used nuclear fuel at United States commercial nuclear power plants such as STP. To fund that obligation, all owners or operators of commercial nuclear power plants have entered into a standard contract under which the owner(s) pay a fee to the DOE of 1.0 mill per kilowatt hour (1M/kWh) electricity generated and sold from the power plant along with additional assessments. In exchange for collecting this fee and the assessments, DOE undertook the obligation to develop a high-level waste repository for safe long-term storage of the fuel and, no later than January 31, 1998, to transport, and dispose of the used fuel. To date, no high-level waste repository has been licensed to accept used fuel. The National Association of Regulatory Utility Commissioners (“NARUC”) has challenged further collection of this fee. On November 19, 2013, the U.S. Court of Appeals for the District of Columbia (the “D.C. Circuit Court”) ruled in favor of NARUC and ordered DOE to submit to Congress a proposal to reduce the fee to zero (0) until certain conditions are met. While the reporting of volumes will continue, effective May 16, 2014, the rate changed to 0.0 mill per kilowatt hour (0/M/kWh), or no fee.

To date, the DOE has not accepted used fuel from any domestic commercial nuclear power plant. According to the filings in one recent suit brought against the DOE, at least 66 cases have been filed in the Court of Federal Claims against the DOE related to its failure to meet its obligations under the NWP by the existing owners or operators of nuclear facilities seeking damages related to ongoing used nuclear fuel storage costs. In early 2016, a federal district court in Washington, D.C. ruled against the DOE, ordering the government to clean up the Hanford Nuclear Reservation in response to NWP violations. Entergy Nuclear Generation Company (“Entergy”) and Boston Edison Company (“Boston Edison”) filed suits alleging a \$40 million claim before the Court of Federal Claims regarding allegations that the DOE failed to compensate a nuclear energy company for nuclear waste storage fees incurred. In an opinion and order addressing both companies’ claims, dated February 14, 2017, the court dismissed Boston Edison’s complaint (based on the rationale that such claim was not yet ripe) and dismissed the government’s motion to stay discovery related to the Entergy case due to Boston Edison’s claim resolution by the court.

On August 31, 2000, in *Maine Yankee Atomic Power Company, et al. v. US*, the United States Court of Appeals for the Federal Circuit affirmed that the DOE has breached its obligations to commercial nuclear power plant owners for failing to live up to its obligations to dispose of used nuclear fuel. After that decision, the DOE has settled with certain commercial nuclear power plant owners and agreed to provide funds to pay for storage costs while the DOE continues to develop a permanent high-level waste repository. In early February 2013, STPNOC, on behalf of the owners of STP, entered a similar settlement with the DOE. Under the terms of the settlement, the DOE will reimburse STP for certain costs that will be incurred in continuing onsite storage of all its used nuclear fuel. As with similar settlements throughout the nuclear industry, the terms of the agreement call for the DOE to reimburse for certain costs incurred through December 2013. In early November 2013, STPNOC and its outside counsel received notice from the Department of Justice (“DOJ”) that the DOE was offering to extend the terms of the settlement to allow for the DOE to reimburse for costs incurred through December 2016. The settlement extension (addendum) was executed on January 24, 2014 and extended the term of the Spent Fuel Settlement Agreement with the DOE through December 31, 2016. In November 2016, STPNOC and its outside counsel received notice from the DOJ that the DOE extended the terms of the settlement through December 31, 2019. On June 25, 2020 STPNOC and its outside counsel received notice from the DOJ that the DOE extended the terms of the settlement through December 31, 2022. On March 5, 2023, STPNOC and its outside counsel received notice from the DOJ that the DOE proposes extending the terms of the settlement through December 31, 2028. The extension was executed on April 4, 2023. On January 5, 2026, STPNOC and its outside counsel received notice from the DOJ that the DOE proposes extending the terms of the settlement through December 31, 2028. Additionally, *In re Aiken County*, 725 F.3d 255 (D.C. Cir. 2013), the court ordered the NRC to comply with the NWP and use available funds to resume consideration of the DOE’s Yucca Mountain application as a possible depository. NRC staff concluded the Yucca Mountain to be a safe location, but the DOE must still obtain acquisition rights and complete licensing requirements. On May 6, 2016, NRC issued its final supplement to the environmental impact statement examining the use of the Yucca Mountain as a permanent repository for used nuclear fuel and high-level radioactive waste. After analyzing the potential impacts on groundwater and surface groundwater discharge, the NRC determined all impacts would be “small”. The adjudicatory hearing, which must be completed before a licensing decision can be made, remains suspended. On December 16, 2016, the DOE released its “Draft Plan for a Defense Waste Repository”, evaluating the possibility of a separate disposal repository (other than the Yucca Mountain). The preliminary plan describes the technical, regulatory, risk management, cost, and schedule consideration thereof and remained open for comment until March 20, 2017. In January 2017, the Government Accountability Office issued a report that assessed DOE’s analysis of the defense-only repository as excluding major costs “that could add tens of billions of dollars” and including a schedule that “appears optimistic”, in light of “past repository siting experiences”. On September 20, 2022, Nevada Governor Steve Sisolak and the Nevada Agency for Nuclear Projects announced the filing of a new legal motion to bring an end to failed federal plans to construct a repository for the Yucca Mountain. As of the date of the filing of the CPS Quarterly Update, no funding for the Yucca Mountain repository is pending before the Congress.

Until the DOE fulfills its responsibilities under the NWP (which includes a permanent underground disposal facility), the NWP has provisions directing the NRC to create procedures to provide for interim storage of used nuclear fuel at the site of a commercial nuclear reactor. Pursuant to STPNOC analysis of NRC guidance, STPNOC constructed an on-site independent spent fuel storage installation (“ISFSI” also known as “Dry Cask Storage”) and commenced dry cask loading operations of spent

nuclear fuel in January 2019. The expenditures for the spent fuel management project are being funded by the STP owners as the costs are incurred. CPS Energy funds its 40% ownership share of these costs and periodically requests reimbursement from its Decommissioning Trusts spent nuclear fuel subaccount for allowable costs.

Annually, STPNOC submits claims to the DOE for the reimbursement of allowable costs for spent fuel management. Allowable costs are returned by STP to the owners upon receipt of funds from the DOE. CPS Energy reimburses the Decommissioning Trusts for the settlement amount received from the DOE. Qualifying spent fuel management costs not reimbursable by the DOE are funded by the Decommissioning Trusts. Any costs not reimbursable by the DOE or the Trusts are recorded as STP operational and maintenance expenses or capital costs.

CPS Energy received reimbursement for certain initial costs related to the Dry Cask Storage project incurred prior to May 1, 2012. A second claim submitted to the DOE under the Spent Fuel Settlement Agreement was submitted on October 31, 2013 and sought reimbursement for covered costs during the period of May 1, 2012 through July 31, 2013. On April 14, 2014, the DOE issued a letter that denied reimbursement for certain costs associated with upgrading the spent fuel dry cask handling cranes. On May 8, 2014, STPNOC agreed to accept the DOE's decision but reserved the right to seek reimbursement for future costs associated with upgrading the cranes. CPS Energy expects that the DOE will render its decision regarding the eligibility for reimbursement of future crane upgrade costs as part of the review process for each annual claim. For those costs that have been deemed, or that in the future may be determined to be, non-reimbursable by the DOE, CPS Energy expects to pay these costs using funds currently held in the STP Decommissioning Trusts. CPS Energy received its share of the allowable reimbursement costs from the DOE on August 6, 2014. The third claim with the DOE under the Spent Fuel Settlement Agreement was submitted on October 31, 2014 and sought reimbursement for covered costs during the period of August 1, 2013 through July 31, 2014. In January 2015, \$3.2 million was recorded for STP spent fuel management project capital costs. On February 25, 2015, STPNOC received DOE's "Determination Letter" regarding this claim which disallowed reimbursement of certain costs associated with dry cask handling crane upgrades. STPNOC filed a Request for Reconsideration with the DOE on March 27, 2015. On June 25, 2015, the DOE issued a Supplemental Determination letter which determined that a portion of the costs to upgrade the dry cask handling cranes was reimbursable as an allowable cost. CPS Energy received its share of the allowable reimbursement costs from the DOE on August 21, 2015 for the third claim. The fourth claim with the DOE under the Spent Fuel Settlement Agreement was submitted on October 30, 2015 and sought reimbursement for covered costs during the period of August 1, 2014 through July 31, 2015. On March 3, 2016, STPNOC received DOE's "Determination Letter" regarding this claim which disallowed reimbursement of certain costs. On June 13, 2016, CPS Energy received its share of the allowable reimbursement costs from the DOE for the fourth claim. The fifth claim with DOE under the Spent Fuel Settlement Agreement was submitted on October 28, 2016. On February 13, 2017, STPNOC received DOE's "Determination Letter" regarding this claim for reimbursement of certain costs. On June 14, 2017, CPS Energy received its share of the allowable reimbursement costs from the DOE for the fifth claim under the Spent Fuel Settlement Agreement. On April 11, 2018, DOE issued its "Determination Letter" regarding the October 2017 claim from STP. STP accepted the DOE's "Determination Letter" on April 20, 2018 and payment was received on June 1, 2018. The seventh claim under the Spent Fuel Settlement Agreement with the DOE was submitted in late October 2018 for the period of August 1, 2017 to July 31, 2018. On April 29, 2019, CPS Energy received its share of the allowable reimbursement costs from the DOE. The eighth claim under the Spent Fuel Settlement Agreement with the DOE was submitted in late October 2019 for the period of August 1, 2018 to July 31, 2019. On June 24, 2020, CPS Energy received its share of the allowable reimbursement costs from the DOE. The ninth claim under the Spent Fuel Settlement Agreement with the DOE was submitted in was submitted in late October 2020 for the period of August 1, 2019 to July 31, 2020. On April 19, 2021, CPS Energy received its share of the allowable reimbursement costs from the DOE. The 10th claim under the Spent Fuel Settlement Agreement with the DOE was submitted in late October 2021 for the period of August 1, 2020 to July 31, 2021. On April 19, 2022, CPS Energy received its share of the allowable reimbursement costs from the DOE. The 11th claim under the Spent Fuel Settlement Agreement with the DOE was submitted in late October 2022 for the period of August 1, 2021 to July 31, 2022. On April 11, 2023, CPS Energy received its share of the allowable reimbursement costs from the DOE. The 12th claim under the Spent Fuel Settlement Agreement with the DOE was submitted in October 2023 for the period of August 1, 2022 to July 31, 2023. On April 9, 2024, CPS Energy received its share of the allowable reimbursement costs from the DOE. On October 29, 2024, the 13th claim under the Spent Fuel Settlement Agreement with the DOE was submitted for the period of August 1, 2023 to July 31, 2024. On April 1, 2025, CPS Energy received its share of the allowable reimbursement costs from the DOE. On October 29, 2025, the 14th claim under the Spent Fuel Settlement Agreement with the DOE was submitted for the period of August 1, 2024 to July 31, 2025. On March 18, 2026, CPS Energy is expected to receive its share of the allowable reimbursement costs from the DOE.

A June 2012 decision by the D.C. Circuit Court vacated the NRC's waste confidence rule update. In response, the NRC issued an order stating that final approval of licenses dependent on the waste confidence rule, such as new reactor licenses and license renewals (Combined Construction and Operating License Application – "COLA"), would not be granted until the court ruling had been addressed. Subsequently, the NRC directed staff to develop a new waste confidence rule and Generic Environmental Impact Statements ("GEIS") by September 2014. In January 2014, the NRC revised the review schedule for the GEIS and to have a new final rule by October 3, 2014. The slight delay in schedule was related to time lost during the government shutdown and lapse of appropriations in October 2013. On August 26, 2014, the NRC approved the GEIS and final rule (renamed

the Continued Storage Rule). In a separate order, NRC approved lifting the licensing suspension once the Continued Storage Rule becomes effective. The rule became effective on October 20, 2014. On September 29, 2014, intervenors filed a petition to suspend the new rule with the Atomic Safety and Licensing Board (a unit of the NRC) and a proposed contention opposing the NRC's action. On February 26, 2015, the NRC issued a decision that rejects the petition, the proposed contention, and the motion to reopen filed by the intervenors in September 2014. On January 28, 2015, the intervenors filed a petition with the NRC to require reactor specific environmental impact statement for each license application for a new reactor and license extension (renewal). The NRC issued a decision in April 2015 that denied the petition. On April 24, 2015, the intervenors filed a petition with the NRC to intervene in the STP1 and STP2 license renewal and STP3 and STP4 license application proceedings regarding the Continued Storage Rule. On May 1, 2015, NRC staff responded to the intervenor's hearing request and motion to reopen the record in the license renewal proceeding for STP1 and STP2. The NRC concluded the intervention petition was inadmissible because it raised an issue that was beyond the scope of the proceedings by challenging an NRC rule without requesting a waiver of the rule. Furthermore, the NRC noted that the petition failed to raise a genuine issue of material fact or law and was filed late without good cause. The motion to reopen was deemed inadmissible because it was "untimely without addressing an extremely grave issue", did not address a significant environmental issue, and did not demonstrate that a materially different result would be likely if its proposed new contention had been raised at the beginning of the proceeding. Furthermore, a move to reopen and request to allow "placeholder" contentions to challenge the 2014 Continued Storage Rule and GEIS were denied by the NRC on June 9, 2015.

In late October 2014, the states of New York, Vermont, Massachusetts, and Connecticut filed a timely petition for review of the Continued Storage Rule by the D.C. Circuit Court. The NRC issued further guidance in February 2015 determining the AEA does not require a waste confidence safety filing and declined to suspend final licensing decisions. Intervenor-Respondents filed a brief with the D.C. Circuit Court on September 11, 2015 in support of the Continued Storage Rule. Petitioners' reply briefs were due by October 23, 2015. The U.S. Court of Appeals heard oral arguments on February 12, 2016. On June 3, 2016, the D.C. Circuit Court upheld the NRC's justification for allowing spent nuclear fuel to be stored on-site at active facilities. Petitions for rehearing were later denied by the court.

Smart Grid Modernization Program. Starting in 2013, CPS Energy began building a converged advanced metering infrastructure ("AMI") and distribution automation network. The rollout of new electric meters and gas interface management units using this network began in 2014 in order to reduce operational costs and improve reliability. A new energy portal was implemented to give customers the opportunity to better track and manage their energy usage. The project was completed in the summer of 2018. The combined cost of the network, electric and gas upgrades was \$264 million. Operational savings, accurate reads, and distribution automation are all factored into the program. Savings are expected to cover the cost in approximately 13 years. As of January 31, 2026, approximately 1.4 million smart grid devices have been installed pursuant to this program. In addition, CPS Energy is utilizing smart grid technologies to ensure grid resilience and reduce the impacts of power events during natural disasters such as flooding and hurricanes.

Smart Streetlights. CPS Energy and the City have partnered on a joint RFP to pilot and award a smart streetlight control solution with added smart city use cases. Smart streetlight controls will enable centralized monitoring, provide locations of streetlights, and provide streetlight failure and status reports which will improve maintenance planning and increase operational efficiency. The solution will provide a foundation for future technologies such as enhanced control of streetlights and adaptive lighting schedules.

The smart streetlight platform can also be leveraged by smart city use cases. The City identified several smart city use cases that it piloted, which included the following: temperature and air quality monitoring, flood detection, noise detection, and smart parking.

CPS Energy and the City selected two (2) solution providers to pilot smart streetlight control and smart city applications within the City's three (3) Innovation Zones (Downtown, Medical Center, and Brooks City Base) over a six-month period. The pilot period concluded on October 15, 2021. An initial evaluation of the results of the streetlight pilot are complete, and such results are being shared with internal and external shareholders. CPS Energy has finalized the evaluation of results from the pilot. While the results of the pilot are promising, CPS Energy is deferring the implementation of the Smart Streetlights until 2031 to focus on the operational streetlight deployment and maintenance.

New Products & Services. CPS Energy continually evaluates its entire portfolio of electric and gas products and services to more fully meet customers' needs. To that end, in the latter half of calendar year 2020, CPS Energy received approval from the Board and City Council for three (3) new offerings now available to commercial customers. First, CPS Energy developed a tariff that provides large commercial customers with improved access to renewable energy sources. Under this optional Green Tariff, CPS Energy procures renewable energy from a source chosen by the customer, and then sells it to the customer through the Green Tariff. Second, CPS Energy converted a limited Resiliency Service pilot into a permanent tariff for its commercial customers. Under the Resiliency Service offering, CPS Energy or a third party will provide on-site backup generators capable of

providing electricity to retail customers during outages of the electric system in exchange for a monthly Resiliency Service capacity fee. The natural gas backup generators are owned and operated by one of CPS Energy's suppliers. As of January 31, 2026, Resiliency Service has been enabled at 28 customer sites with a total capacity of 31.6 MW.

Lastly, in support of growing demand for distribution-level interconnection by energy storage facilities seeking to access to the ERCOT wholesale energy markets as generation resources, CPS Energy finalized regulatory approvals of updates to its existing Wholesale Distribution Service ("WDS") tariff. The updated WDS tariff enables eligible transmission service customers to interconnect at various locations within the distribution system at applicable rates for utilizing the portion of distribution assets ascribed to the location of interconnection. Consistent with the Board's recommendation, the WDS tariff updates were approved by the City Council on September 17, 2020. The WDS tariff, which offers transmission service to customers served at distribution voltage, is subject to the joint jurisdiction of the City Council (regarding appropriate cost recovery for use of distribution assets) and the PUCT (to ensure nondiscriminatory rates and terms of access to the transmission system via the distribution network). CPS Energy filed its application with the PUCT for administrative approval of the updated WDS tariff on October 12, 2020, in Docket No. 51409, which was subsequently challenged by two (2) energy storage companies requesting a hearing on the merits. The PUCT granted the request for a contested hearing and forwarded the matter to the State Office of Administrative Hearings ("SOAH") for adjudication. On June 25, 2021, the SOAH administrative law judges approved the WDS tariff rates on an interim basis subject to potential adjustment pending the final resolution of the case. On September 15, 2022, the PUCT issued a final order approving CPS Energy's revised WDS tariff as filed, consistent with a settlement agreement reached among the parties to their contested proceeding.

Qualified Scheduling Entity. CPS Energy operates as an ERCOT Level 4 Qualified Scheduling Entity ("QSE") representing all of CPS Energy's assets and load. The communication with ERCOT and the CPS Energy power plants is monitored and dispatched 24 hours per day/365 days a year. Functions are provided from the Energy Market Center housed within the main office of CPS Energy. Backup facilities have also been created. QSE functions include load forecasting, day ahead market ("DAM"), and real time scheduling of load, generation and bilateral transactions, generator unit commitment and dispatch, communications, invoicing, and settlement. The QSE operates in all aspects of the ERCOT Market, including submitting bids and offers in the DAM, operating generation and load in the Real Time Market, participating in Congestion Revenue Rights auctions, and offering Ancillary Services into the grid.

Transmission System. CPS Energy maintains an electric transmission network for the movement of large amounts of electric power from generating stations to various parts of the service area, to or from neighboring utilities, and for wholesale energy transactions as required. This network is composed of 138 and 345 kilovolts ("kV") lines with autotransformers to provide the necessary capability in the movement of bulk power.

Distribution System. The distribution system is supplied by 97 substations strategically located on the high voltage 138 kV transmission system stepping down to distribution system voltages of 34.5 kV, 13.2 kV, and 4kV. The City's central business district is served by nine (9) underground networks, each consisting of four (4) primary feeders operated at 13.2 kV, transformers equipped with network protectors, and both a four-wire 120/208 volt secondary grid system and a four-wire 277/480 volt secondary spot system. This system is designed for the highest level of distribution reliability.

Approximately 8,442 circuit miles (three-phase equivalent) of overhead distribution lines are included in the distribution system. These overhead lines also carry secondary circuits and street lighting circuits. The underground distribution system consists of 778 miles of three-phase equivalent distribution lines, 87 miles of three-phase downtown network distribution lines, and 6,680 miles of single-phase underground residential distribution lines.

Gas System

Transmission System. The gas transmission system consists of a network of approximately 116 miles of steel mains that range in size from eight (8) to 30 inches. Over 89 miles of gas transmission was placed into service since 2000 and approximately 77% is less than 30 years old. The entire system is coated and cathodically protected to mitigate corrosion. The gas transmission system operates at pressures between 135 pounds per square inch ("psig") and 1,100 psig and supplies gas to the distribution system and CPS Energy Generating Plants. System Supervisory Control & Data Acquisition ("SCADA") computer system monitors the gas pressure and flow rates at many strategic locations within the transmission system. Additionally, most of the critical pressure regulating stations and isolation valves are remotely controlled by SCADA.

CPS Energy completes the required integrity assessments of the gas transmission system, in accordance with State and federal transmission integrity rules, using the most recently available technology. Over 95% of the system mileage is being inspected using in-line inspection technology. Furthermore, CPS Energy maintains an ongoing reassessment plan and maintains a more conservative leak survey and patrol schedule interval than is required by regulation.

Distribution System. The gas distribution system consists of 25 gate/tap and 361 district pressure regulating stations and a network of approximately 6,225 miles of mains. The system consists of two (2) to 30-inch steel mains and 1-1/4 to 8-inch high-density polyethylene (plastic) mains. The distribution system operates at pressures between nine (9) psig and 485 psig. All steel mains are coated and cathodically protected to mitigate corrosion. Critical areas of the distribution system are also remotely monitored by SCADA and designated critical pressure regulating stations and isolation valves are also remotely controlled by SCADA.

CPS Energy has been methodical in its assessment and renewal of distribution infrastructure utilizing a risk-based leak survey approach to identify both mains and services that are in highest need of replacement and has an annual budget for ongoing system renewal.

Accounting Policies

CPS Energy is subject to and complies with the provisions of Governmental Accounting Standards Board (“GASB”) pronouncements and guidance made from time to time, upon assessment of applicability to and implementation by CPS Energy. GASB pronouncements and guidance to which CPS Energy adheres, and implements are described in its audited financial statements. For a description of recent GASB pronouncements and guidance, as well as CPS Energy’s response thereto in connection with each fiscal year financial reporting.

Other than the changes resulting from GASB pronouncements and guidance that are described in the Basic Financial Statements for the fiscal year ended January 31, 2025, there were no additional significant accounting principles or reporting changes implemented in the fiscal year ended January 31, 2025. Other accounting and reporting changes that occurred during the prior reporting year continued into the fiscal year ending January 31, 2025. These accounting changes and the effects on the financial statements are described in greater detail in the MD&A and in the Notes to the Basic Financial Statements for fiscal year ended January 31, 2025.

10-year Historical Financial Transactions

On July 28, 2016, CPS Energy issued \$544.3 million of Revenue Refunding Bonds, New Series 2016 to refund \$609.0 million of Revenue Bonds, New Series 2008 and Revenue Refunding Bonds, New Series 2009A.

On April 27, 2017, CPS Energy issued \$308.0 million of Revenue and Refunding Bonds, New Series 2017 which included refunding Revenue Refunding Bonds, New Series 2006B and Revenue Refunding Bonds, New Series 2007.

On August 30, 2017, CPS Energy issued \$194.9 million of Revenue Refunding Bonds, New Series 2017 to refund certain outstanding commercial paper notes.

On November 15, 2018, CPS Energy issued \$218.3 million of Revenue Refunding Bonds, New Series 2018 which included refunding a portion of the Revenue Refunding Bonds, New Series 2009D and all of the Variable Rate Junior Lien Revenue Refunding Bonds, Series 2012A, Series 2012B, and Series 2012C.

On December 20, 2018, CPS Energy issued \$130.2 million of New Series 2018A Senior Lien Revenue Refunding Bonds. Proceeds, including the \$20.9 million premium associated with the bonds, were used to refund \$60.0 million and \$90.0 million of the Commercial Paper Series A and Commercial Paper Series C, respectively.

On December 20, 2018, CPS Energy issued \$134.9 million of Series 2018 Variable-Rate Junior Lien Revenue Refunding Bonds. Proceeds, including the \$1.2 million premium associated with the bonds, were used to refund \$135.0 million of the Commercial Paper Series C.

On January 24, 2019, \$52.5 million of New Series 2015 Senior Lien Revenue Refunding Bonds and \$25.1 million of New Series 2016 Senior Lien Revenue Refunding Bonds were legally defeased with cash.

On September 25, 2019, CPS Energy issued \$114.7 million of Revenue Refunding Bonds, New Series 2019 to refund a portion of the Revenue Bonds, Taxable New Series 2012.

On November 21, 2019, CPS Energy issued \$252.6 million of Revenue Refunding Bonds, Series 2019 which included refunding a portion of the Revenue Refunding Bonds, New Series 2010A (Build America Bonds) and all of the Junior Lien Revenue Refunding Bonds, Series 2010B (Build America Bonds).

On December 5, 2019, \$21.5 million of Commercial Paper Series B was legally defeased with cash. On January 9, 2020, \$108.5 million of Commercial Paper Series B was legally defeased with cash.

On January 28, 2020, CPS Energy issued \$134.6 million of New Series 2020 Senior Lien Revenue Refunding Bonds to refund \$170.0 million of the Commercial Paper Series A, on January 29, 2020.

On January 28, 2020, CPS Energy issued \$127.8 million of Series 2020 Variable-Rate Junior Lien Revenue Refunding Bonds. Proceeds, including the \$3.1 million premium associated with the bonds, were used to refund \$50.0 million and \$80.0 million of the Commercial Paper Series A and Commercial Paper Series C, respectively, on January 29, 2020.

On January 28, 2020, \$108.0 million of New Series 2016 Senior Lien Revenue Refunding Bonds was legally defeased with cash.

On November 05, 2020, CPS Energy issued \$418.3 million of New Series 2020 Senior Lien Taxable Revenue Refunding Bonds. Proceeds were to refund the Series 2013 Junior Lien Revenue Bonds.

On February 26, 2021, CPS Energy procured liquidity for its Flexible Rate Revolving Note Program, Series A, in the amount of \$100,000,000.

On March 31, 2021, CPS Energy issued \$330.7 million of Junior Lien Revenue Refunding Bonds, Series 2021A.

On April 26, 2021, CPS Energy effectuated its 2021 Inferior Lien Flexible Rate Revolving Note Program, Series B, in the amount \$500,000,000.

On December 1, 2021, CPS Energy remarketed for a six-year term \$104.2 million of Variable Rate Junior Lien Revenue Refunding Bonds, Series 2015 B, converting these into Fixed Rate Junior Lien Revenue Refunding Bonds, while at the same time defeasing \$19.7 million of the original issued bonds.

On April 8, 2021, CPS Energy issued \$359.5 million of Series 2022 Fixed and Variable-Rate Junior Lien Revenue Refunding Bonds. Proceeds, including the \$52.7 million premium associated with the bonds, were used to refund \$230.0 million and \$160.0 million of the Commercial Paper Series A and Commercial Paper Series B, respectively, on February 16, 2022.

On April 13, 2022, CPS Energy issued \$413.7 million of Taxable New Series 2022 Senior Lien Revenue Refunding Bonds. Proceeds will be used to refund \$210.9 million and \$100.0 million of the Commercial Paper Series A and Commercial Paper Series C as well as \$100.0 million of the Flexible Rate Revolving Note Program Series A, respectively, on April 14, 2021.

On December 1, 2022, CPS Energy remarketed for a three-year term \$134.9 million of Variable Rate Junior Lien Revenue Refunding Bonds, Series 2018.

On June 22, 2023, CPS Energy issued \$100.4 million of Series 2023 Variable Rate Junior Lien Revenue Refunding Bonds. Proceeds were used to refund \$100.0 million Commercial Paper Series A and Commercial Paper Series C, on July 13, 2023 and September 12, 2023, respectively.

On June 22, 2023, CPS Energy issued \$459.5 million of New Series 2023A Senior Lien Revenue Refunding Bonds. Proceeds, including the \$50.7 million premium associated with the bonds were used to refund \$500.0 million Commercial Paper Series A and Commercial Paper Series B, on July 13, 2023, August 10, 2023, and September 12, 2023.

On June 22, 2023, CPS Energy issued \$177.1 million of New Series 2023B Senior Lien Revenue Refunding Bonds. Proceeds, including the \$15.4 million premium associated with the bonds were used to purchase by means of a tender offer \$194.0 million Revenue Refunding Bonds, Taxable Series 2020 and Taxable Series 2022 on June 22, 2023.

On November 7, 2023, CPS Energy issued \$162.7 million of New Series 2023C Senior Lien Revenue Refunding Bonds. Proceeds, including the \$9.8 million premium associated with the bonds were used to refund \$169.2 million of the Junior Lien Revenue Bonds, Series 2014 on February 1, 2024.

On June 25, 2024, CPS Energy issued \$452.2 million of New Series 2024A Revenue Refunding Bonds. Proceeds, including the \$47.2 million premium associated with the bonds were used to refund \$200.0 million of Commercial Paper New Series A-1, \$8.5 million of Commercial Paper New Series B, \$128.3 million of Tax-Exempt Flexible Rate Revolving Notes, Series B-1, \$114.0 million of Tax-Exempt Flexible Rate Revolving Notes, Series B-2, and \$42.8 million of Tax-Exempt Flexible Rate Revolving Notes, Series B-3.

On June 25, 2024, CPS Energy issued \$453.4 million of New Series 2024B Revenue and Refunding Bonds. Proceeds, including \$39.8 million premium associated with the bonds, were used to issue \$310.0 million in new money proceeds, and

refund \$30.8 million of the Junior Lien 2014A Bonds on August 9, 2024, escrow to maturity and defease (as applicable) \$60.6 million of the New Series Revenue Refunding Bonds, Taxable New Series 2022, and purchase, by means of a tender offer, certain maturities of the Revenue Refunding Bonds, Taxable New Series 2020 and Taxable New Series 2022.

On June 25, 2024, CPS Energy issued \$193.3 million of New Series 2024C Revenue Refunding Bonds. Proceeds, including \$18.0 million in premium, was used to refund \$60.0 million of Commercial Paper, Series A, \$75.0 million of Commercial Paper, Series B, and \$75.0 million of Commercial Paper, Series C.

On August 28, 2024, CPS Energy issued \$488.0 million of New Series 2024D Revenue Refunding Bonds. Proceeds, including \$56.5 million in premium, was used to refund \$295.0 million of Commercial Paper, Series A, \$21.4 million of Commercial Paper, Series C, \$75.0 million of Commercial Paper, Series C, \$124.2 million of Variable Rate Junior Lien Revenue Refunding Bonds, Series 2015A, and \$99.7 million of the Variable Rate Junior Lien Revenue Refunding Bonds, Series 2015C.

On August 28, 2024, CPS Energy issued \$268.7 million of New Series 2024E Revenue Refunding Bonds. Proceeds, including \$33.1 million in premium, was used to refund \$50.0 million of Commercial Paper New Series B, \$150.0 million of Commercial Paper New Series C, and \$100.0 million of Taxable Flexible Rate Revolving Notes, Series A.

On November 19, 2025, CPS Energy issued \$1.395 billion in Taxable New Series 2025A Revenue Refunding Bonds. Proceeds were used to refund \$190.0 million of Commercial Paper New Series A-1, \$107.2 million of Commercial Paper New Series B, \$125.0 million of Commercial Paper New Series C, \$125.0 million of Commercial Paper New Series D-1, \$125.0 million of Commercial Paper New Series E, \$115.0 million of Commercial Paper New Series F, \$100.0 million of Taxable Flexible Rate Revolving Notes, Series A, \$225.0 million of Taxable Flexible Rate Revolving Notes, Series B-1, \$200.0 million of Taxable Flexible Rate Revolving Notes, Series B-2, \$75.0 million of Taxable Flexible Rate Revolving Notes, Series B-3.

On November 19, 2025, CPS Energy issued \$345.7 million of New Series 2025B Revenue Refunding Bonds.

On November 19, 2025, CPS Energy issued \$615.7 million of Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2025A. Proceeds were used to remarket \$134.9 million of Variable Rate Junior Lien Revenue Refunding Bonds, Series 2018, and \$127.8 million of the Variable Rate Junior Lien Revenue Refunding Bonds, Series 2020.

On January 13, 2026, CPS Energy issued \$603,005,000 of New Series 2026A Revenue Refunding Bonds to refund certain outstanding Build America Bonds.

On February 12, 2026, CPS Energy issued \$672,425,000 of Variable Rate Junior Lien Revenue Refunding Bonds, Series 2026A to refund short-term obligations.

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CPS Energy Historical Net Revenues and Coverage ⁽¹⁾

(Dollars in thousands)

	Fiscal Year Ended January 31				
	2021	2022	2023	2024	2025
Gross Revenues ⁽²⁾	\$ 2,511,242	\$ 2,754,975	\$ 3,469,577	\$ 3,442,879	\$ 3,643,570
Maintenance & Operating Expenses	\$ 1,555,519	\$ 1,743,521	\$ 2,211,545	\$ 1,967,750	\$ 2,181,324
Available For Debt Service	\$ 955,723	\$ 1,011,454	\$ 1,258,032	\$ 1,475,129	\$ 1,462,246
Actual Principal and Interest Requirements:					
Senior Lien Obligations ^{(3) (4) (8)}	\$ 327,599	\$ 331,844	\$ 349,887	\$ 366,255	\$ 422,216
Junior Lien Obligations ⁽⁴⁾	\$ 61,964	\$ 60,198	\$ 77,548	\$ 77,917	\$ 72,508
ACTUAL COVERAGE – Senior Lien ⁽⁵⁾	2.92x	3.05x	3.60x	4.03x	3.46x
ACTUAL COVERAGE – Senior and Junior Liens ⁽⁵⁾	2.45x	2.58x	2.94x	3.32x	2.96x
PRO FORMA MADS COVERAGE					
Senior Lien ⁽⁶⁾	2.03x	2.15x	2.67x	3.13x	3.10x
Senior and Junior Liens ⁽⁷⁾	1.51x	1.60x	1.98x	2.33x	2.31x

⁽¹⁾ Some numbers have been adjusted due to rounding.

⁽²⁾ Calculated in accordance with the Bond Ordinances.

⁽³⁾ Net of accrued interest where applicable.

⁽⁴⁾ Includes a reduction related to the direct subsidy for the Build America Bonds.

⁽⁵⁾ Calculation differs from “FIVE-YEAR STATEMENT OF NET REVENUES AND DEBT SERVICE COVERAGE” in CPS Energy’s most recent Official Statement by the inclusion of nonoperating expenses in the above schedule.

⁽⁶⁾ Maximum annual debt service on Senior Lien Obligations.

⁽⁷⁾ Maximum annual debt service on Senior Lien Obligations and Junior Lien Obligations is based upon the footnoted assumptions under “Outstanding Senior Lien Obligations and Junior Lien Obligations” as set forth in CPS Energy’s most recent Official Statement.

⁽⁸⁾ Amount shown is gross debt service and does not include any cash contributions made.

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San Antonio Water System

History and Management

On February 13, 1992, the City Council determined that it was in the best interest of the citizens of the City and the customers served by the water and wastewater systems to consolidate all water related systems, functions, agencies, and activities into one (1) agency. This action was taken due to the myriad of issues confronting the City related to the development and protection of its water resources. The consolidation provided the City a singular voice of representation when promoting or defending the City's goals and objectives for water resource protection, planning, and development when dealing with local, regional, state, and federal water authorities and officials.

Final City Council approval for the consolidation was given on April 30, 1992 with the approval of Ordinance No. 75686 (the "System Ordinance"). The System Ordinance approved the creation of SAWS into a single, unified system consisting of the City's existing waterworks (formerly the City Water Board), wastewater, and water reuse systems (formerly departments of the City); together with all future improvements and additions thereto, and all replacements thereof. In addition, the System Ordinance authorizes the City to incorporate into SAWS a stormwater system and any other related system to the extent permitted by law.

SAWS provides water and wastewater service to the majority of the population within the corporate limits of the City and Bexar County. As of December 31, 2025, SAWS employed 2,073 personnel and maintained over 14,000 miles of water and sewer mains.

The complete management and control of SAWS is vested in a board of trustees (the "SAWS Board"), which consists of seven (7) members. The SAWS Board consists of the City's Mayor and up to six (6) persons who are residents of the City or reside within the area serviced by SAWS. With the exception of the Mayor, all other SAWS Board members are appointed by the City Council for four (4) year staggered terms and are eligible for reappointment for one (1) additional four (4) year term. Four (4) SAWS Board members must be appointed from four (4) different quadrants in the City, and two (2) SAWS Board members are appointed from the City's north and south sides of the City. SAWS Board membership specifications are subject to future change by City Council. Notwithstanding the foregoing, the membership on the SAWS Board may be increased to an amount greater than seven (7), to include the Mayor as an ex-officio member, as otherwise appointed by the City Council.

Historical Water Consumption (Million Gallons) ¹

Fiscal Year (Dec. 31)	Gallons of Water Production ^a	Gallons Water Usage	Gallons Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated ^b	Total Direct Rate			
						Water		Sewer	
						Base Rate ^c	Usage Rate ^d	Base Rate ^e	Usage Rate ^f
2025	87,929	70,164	17,765	20.20%	56,782	\$11.19	\$23.68	\$10.05	\$15.44
2024	88,793	68,719	20,074	22.61%	55,505	11.20	23.72	10.06	15.60
2023 ^g	91,323	69,299	22,024	24.12%	55,379	11.21	23.72	10.06	15.65
2022 ^g	90,345	71,194	19,151	21.20%	54,474	13.03	24.83	14.59	14.24
2021 ^g	80,856	64,020	16,836	20.82%	52,435	13.03	24.88	14.59	14.24
2020 ^g	83,785	67,193	16,592	19.80%	49,891	13.03	24.88	14.59	14.24
2019	80,271	65,665	14,616	18.21%	50,142	13.02	19.63	14.59	14.24
2018	78,665	63,660	15,005	19.07%	50,775	12.97	9.16	13.51	13.18
2017	79,256	65,381	13,938	17.59%	50,945	11.82	18.15	13.04	12.72
2016	76,857	63,934	12,923	16.81%	49,282	10.90	17.44	12.35	12.05

¹ Unaudited.

^a Pumpage is total potable water production less Aquifer Storage and Recovery recharge.

^b Represents amounts billed to customers. Residential Class customers are billed based on water usage during a consecutive three-month billing period from November through March. All other customer classes are billed for wastewater treatment based on actual water usage during each monthly billing period.

^c Rate shown is for 5/8" meters and assumes monthly usage of 6,275 gallons. Includes the State-Imposed Texas Commission on Environmental Quality ("TCEQ") fee.

^d Represents standard (non-seasonal) usage charge for monthly residential water usage of 6,275 gallons per month. Includes water supply, Uplift Assistance Program, and Edwards Aquifer Authority ("EAA") fees.

^e Minimum service availability charge (prior to 2023 included charge for first 1,496 gallons). Includes the State-Imposed TCEQ fee.

^f Represents usage charge for a residential customer based on winter average water consumption of 5,052 gallons per month. Includes Uplift Assistance Program fee.

^g Amounts shown for Gallons of Water Production modified from previous reports to reflect metering data from supplier, which aligns with SAWS annual water loss audit and is consistent with 2024 presentation.

Source: SAWS.

Water Consumption by Customer Class (Million Gallons) ¹

Fiscal Year (Dec. 31)	2025	2024	2023	2022	2021 ^d	2020	2019	2018	2017	2016
Water Sales:										
Residential Class	35,681	34,831	35,866	39,641	35,246	38,947	36,084	35,325	36,566	35,360
Residential Uplift Class	2,079	2,296	2,251	-	-	-	-	-	-	-
General Class	28,602	27,624	26,958	26,917	24,756	23,719	25,011	24,498	24,408	24,159
Wholesale Class	335	375	282	325	386	347	352	337	344	393
Irrigation Class	3,467	3,593	3,942	4,311	3,632	4,179	4,208	3,500	4,000	4,022
Total Water	70,164	68,719	69,299	71,194	64,020	67,193	65,655	63,660	65,318	63,934
Wastewater Sales:										
Residential Class	27,367	26,113	26,372	27,426	26,908	26,062	25,263	26,318	26,809	26,462
Residential Uplift Class	1,762	1,935	1,920	-	-	-	-	-	-	-
General Class	25,600	24,839	24,219	23,928	22,328	21,213	22,393	21,873	21,654	20,503
Wholesale Class	2,053	2,618	2,868	3,120	3,199	2,616	2,486	2,584	2,482	2,317
Total Wastewater	56,782	55,505	55,379	54,474	52,435	49,891	50,142	50,775	50,945	49,282
Conservation – Residential Class ^{a, b, c}	8,328	8,716	10,049	10,808	7,969	10,358	9,189	8,658	9,572	6,611
Recycled Water Sales	20,282	20,210	20,276	19,127	17,919	18,172	18,208	18,346	18,949	18,436

¹ Unaudited.

^a Gallons billed for conservation are included in the gallons billed for potable water sales.

^b As part of a rate restructuring which took place on January 1, 2023, a portion of all monthly residential water sales in excess of 7,001 gallons is allocated to fund conservation related programs. From 2016 through 2022, this allocation was limited to monthly sales in excess of 7,482 gallons, while prior to 2016, it was limited to monthly sales in excess of 17,205 gallons.

^c Effective January 1, 2017, District Special Project customers began paying for water service under the SAWS rate structure. As a result, a portion of the revenues from those customers was included in the revenue allocated to conservation. The increase in the gallons subject to the conservation allocation from 2016 to 2017 reflects this.

^d The February Winter Storm Uri event resulted in significant leak adjustments, which impacted Water Sales, including Conservation Sales.

Source: SAWS.

SAWS System

SAWS includes all water resources, properties, facilities, and plants owned, operated, and maintained by the City relating to supply, storage, treatment, transmission, and distribution of treated potable water, and chilled water (collectively, the “waterworks system”), collection and treatment of wastewater (the “wastewater system”), and treatment and reuse of wastewater (the “water reuse system”) (the waterworks system, the wastewater system, and the water reuse system, collectively, the “System”). The System does not include any “Special Projects”, which are declared by the City, upon the recommendation of the SAWS Board, not to be part of the System and are financed with obligations payable from sources other than ad valorem taxes, certain specified revenues, or any water or water-related properties and facilities owned by the City as part of its electric and gas system.

In addition to the water-related utilities, which the SAWS Board has under its control, on May 13, 1993, the City Council approved Ordinance No. 77949 which established initial responsibilities over the stormwater quality program with the SAWS Board and adopted a schedule of rates to be charged for stormwater drainage services and programs. As of the date hereof, the stormwater program is not a part of the System.

Waterworks System. The City acquired its waterworks system in 1925 through the acquisition of the San Antonio Water Supply Company, a privately-owned company. From such time and until 1992, when SAWS was created, management and operation of the waterworks system was under the control of the City Water Board. SAWS authority to provide potable water service within a defined area was established by CNN No. 10640, originally issued by the PUC on November 1, 1979, as amended, and updated with substantial expansion as reflected in its certificate currently on file at the Texas Commission on Environmental Quality (“TCEQ”). The SAWS’ waterworks system service area currently extends over approximately 934 square miles, making it the largest water purveyor in Bexar County.

SAWS serves approximately 93% of the water utility customers in Bexar County. As of December 31, 2025, SAWS provided potable water service to over 584,500 customer connections, which includes residential, commercial, multifamily, industrial, and wholesale accounts.

The waterworks system currently utilizes 57 elevated storage tanks and 68 ground storage reservoirs, of which 28 act as both, with combined storage capacities of approximately 327 million gallons. As of December 31, 2025, the waterworks system had approximately 7,929 miles of distribution mains, ranging in size from four (4) to 61 inches in diameter (the majority being between six (6) and 12 inches).

Wastewater System. The City Council created the City Wastewater System in 1894. A major sewer system expansion program began in 1960 with construction of new treatment facilities and an enlargement of the wastewater system. In 1970, the City became the Regional Agent of the TCEQ (formerly known as the Texas Water Commission and the Texas Water Quality Board). In 1992, the wastewater system was consolidated with the City's waterworks and recycling systems to form the System.

SAWS serves a substantial portion of the residents of the City, 12 governmental entities, and other customers outside the corporate limits of the City. As Regional Agent, SAWS has certain prescribed boundaries that currently cover an area of approximately 630 square miles. SAWS also coordinates with the City for wastewater planning for the City's total planning area, under the ETJ, of approximately 1,107 square miles. The population for this planning area is approximately 1.6 million people. As of December 31, 2025, SAWS provided wastewater services to more than 520,800 customer connections.

In addition to the treatment facilities owned by SAWS, there are seven (7) other entities who operate sewage and treatment plants within Bexar County.

The wastewater system is composed of approximately 6,150 miles of mains and three (3) major treatment plants, Steven M. Clouse (formerly Dos Rios), Leon Creek, and Medio Creek. All three (3) plants are conventional activated sludge facilities. SAWS holds Texas Pollutant Discharge Elimination System wastewater discharge permits, issued by the TCEQ for 187 million gallons per day ("MGD") in treatment capacity and 46 MGD in reserve permit capacity. The permitted flows from the wastewater system's three (3) regional treatment plants represent approximately 98% of the municipal discharges within the City's ETJ.

Recycling Water System. SAWS is permitted to sell Type I (higher quality) recycled water from its water recycling centers located on the City's south side and has been doing so since 2000. The water recycling program is designed to provide up to 35,000 acre-feet per year of recycled water to commercial and industrial businesses in the City. The original system was comprised of two (2) major transmission lines, running east and west. In 2008, these two (2) major transmission lines were interconnected at the northern end, providing additional flexibility to this valuable water resource. In 2013, an additional water recycling center and pipeline was connected to the western line, providing further recycled water system redundancy. Currently, approximately 130 miles of pipeline deliver highly treated effluent to over 60 customers. Recycled water is being delivered for industrial processes, cooling towers, and irrigation of golf courses and parks, all of which would otherwise rely on potable-quality water. Aside from supporting the local economy, this water recycling system also releases water into the upper San Antonio River and Salado Creek to sustain base flows. The result has been significant and lasting environmental improvements for the aquatic ecosystems in these streams.

Combined with the 50,000 acre-feet per year used by CPS Energy, this is the largest recycled water system in the United States. The System amended its contract with CPS Energy to provide such recycled water through 2060. The revenues derived from the CPS Contract have been excluded from the calculation of gross revenues and are not included in any transfers by SAWS to the City.

As part of the 2022 Rate Design Study, the RAC recommended that SAWS raise its recycled water rates by 15% for 2023 and then 10% per year for the years 2024-2027. These rate adjustments would bring the existing recycled water rates more in line with the cost to provide this service, while keeping the rates for recycled water less than potable water alternatives. The recommended 2023 rate adjustment was approved by City Council and took effect on January 1, 2023. The City Council also approved additional annual rate adjustments up to 10% each year from 2024 to 2027 subject to review and consultation with the City's Public Utilities Division prior to implementation. The 2025 rate adjustment of 10% went into effect on January 1, 2025.

Chilled Water System. SAWS owns, operates, and maintains five (5) thermal energy facilities providing chilled water services to governmental and private entities. Two of the facilities, located in the City's downtown area, provide chilled water to 21 customers. They include various City facilities such as the Henry B. Gonzalez Convention Center and the Alamodome, which constitute a large percentage of the SAWS' downtown chilled water annual production requirements. In addition to City facilities, the two (2) central plants also provide chilled water service to a number of major hotels in the downtown area, including the Grand Hyatt, Marriott Riverwalk, and Hilton Palacio Del Rio. The other two (2) thermal facilities, owned and operated by SAWS, are located at the Port and provide chilled water to large industrial customers that include Standard Aero and Boeing Aerospace. SAWS' chilled water producing capacity places it as one of the largest producers of chilled water in south Texas. The chilled water system had gross revenues of \$15.0 million in Fiscal Year 2025.

Prior to 2022, there had been no increase in the demand charge rate for downtown customers since 1999 and the Port customers since 2005. The lack of rate relief over this extended period resulted in an unsustainable financial position. As part of

the newly approved business plan for chilled water, SAWS had approved a new five-year rate plan which included a 12% demand charge rate adjustment that was implemented on January 1, 2023, with subsequent adjustments of 12%, 10%, eight percent (8%) and eight percent (8%) each year from 2024 to 2027 subject to the review and consultation with the City's Public Utilities Division prior to implementation. The 2025 rate adjustment of 10% went into effect as of January 1, 2025. These rate adjustments support needed capital improvements of almost \$50 million and along with other planned marketing, operational, and financial changes to be implemented are designed to return chilled water to a self-sustaining business unit. Even with these projected adjustments, it is expected that SAWS' chilled water rates will remain below market levels.

Stormwater System. The Texas Pollutant Discharge Elimination System ("TPDES") is administered by the TCEQ. The System is a co-permittee with the City under TPDES Permit No. WQ0004284000 (the "Stormwater Permit"). The Stormwater Permit was originally issued on September 28, 2007 and amended on April 11, 2011 but expired on September 28, 2012. An application for renewal was submitted to the TCEQ and a Notice of Receipt for permit renewal was issued on June 7, 2012. The co-permittees continue to operate under the terms of the expired permit until its renewal by the TCEQ. The Stormwater Permit identifies the joint and individual requirements of the City and the System. Each of the co-permittees have developed a Stormwater Management Plan outlining their operational responsibilities. An agreement between the System and the City for stormwater services has been in place since October 3, 1996.

In September of 1997, the City established a Stormwater Utility by ordinance. The System is contractually obligated to perform certain program requirements as described in the Stormwater Permit. The City has the overall responsibility for the program. The approved annual budget for the System's share of program responsibilities for Fiscal Year 2026 was approximately \$5.3 million for which the System anticipates being reimbursed in full from the stormwater utility fee imposed by the City.

Water Supply

Water supply and management planning efforts have always been the cornerstone of SAWS' water resources, including a new era of robust planning as early as 1996. These early planning efforts led to City Council actions, including in October 2000 when the City Council created a permanent funding mechanism (known as the "Water Supply Fee") for water supply development and water quality protection through Ordinance No. 92753. The Water Supply Fee provides a specific fund for the development of water resources.

In 2022, the SAWS Board and management recognized significant changes had occurred since the adoption of the 2017 Water Management Plan and requested a new round of water supply planning. The Draft Water Management Plan was made available for public comment in June 2024 and based on feedback from the community, the 2025 Water Management Plan was approved by the SAWS Board in June 2025. The 2025 Water Management Plan provides a diversified foundation for the System's water supply. While the Edwards Aquifer will always be the cornerstone of the System's water supply, the System has already successfully developed several additional groundwater water resources from the Trinity Aquifer, the Carrizo Aquifer, the Simsboro Aquifer and the Wilcox Aquifer as well as surface water resources from Canyon Lake. The System's recycled water program provides highly treated wastewater to CPS Energy and other industrial and commercial customers who would otherwise use potable water. The System's underground ASR facility allows SAWS to store unused Edwards Aquifer permitted water supplies for use in times of drought. In addition, the System began receiving water from the Vista Ridge Project in 2020, providing approximately 50,000 acre-feet per year to the SAWS' distribution system. Over the past 20 years, SAWS has developed one of the most robust, diversified, and innovative water supply portfolios in the U.S. In doing so, the System has greatly reduced its reliance on the Edwards Aquifer while enhancing the System's ability to manage drought and accommodate projected growth.

Included in the 2025 Water Management Plan is an initiative to reduce nonrevenue water. SAWS has developed a cross functional team of experts to perform an assessment of its distribution system and develop solutions to address water leaks and prioritize water main replacements. SAWS included approximately \$109 million in its 2025 Capital Improvement Program to address water main repairs and replacements and anticipates including an additional \$319 million in capital spending dedicated to water main replacements through Fiscal Year 2029.

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As of December 31, 2025, the System's annual unrestricted, permitted contractual water supply includes the following:

<u>Water Source</u>	<u>Acre-Feet</u>	<u>Percentage of Permitted Supply</u>
Edwards Aquifer	263,688	46%
H ₂ Oaks Center Aquifer Storage and Recovery (underground storage)	119,094	21%
Vista Ridge	50,000	9%
Recycled Water to CPS Energy	50,000	9%
Recycled Water to Other Customers	25,000	4%
Trinity Aquifer	22,000	4%
Regional Carrizo	13,000	2%
H ₂ Oaks Center Brackish Groundwater Desalination	11,200	2%
Local Carrizo	9,900	2%
Western Canyon (Canyon Lake)	7,400	1%
Canyon Regional Water Authority	6,300	0%
Total	577,582	100%

Edwards Aquifer Authority

Pursuant to applicable Texas law, including the Edwards Aquifer Authority ("EAA") Act and legislation enrolled subsequent thereto serving to supplement and/or amend this legislation, the EAA has adopted rules that require a reduction in the amount of permitted Edwards Aquifer water rights that may be pumped annually for the duration of a drought event. During a period of drought management, water rights are impacted on a pro rata basis dependent upon the number of days of a calendar year that involves a particular category of drought (depending on severity) requiring a reduction in pumping. Reductions of permitted rights to withdraw water are generally applied to all permit holders, though there do exist some limited exceptions applicable to agriculture users. The various stages of reduction in permitted water rights are declared by the EAA Board of Directors and impact SAWS' access to its permitted Edwards Aquifer water rights, without input or action by the City or SAWS. The EAA's drought triggers and requisite reduction in pumping for the San Antonio and Uvalde Pools of the Edwards Aquifer are indicated in the following tables. All of SAWS' Edwards Aquifer water rights are subject to the restrictions associated with the San Antonio Pool.

SAN ANTONIO POOL				
Comal Springs Flow ¹	San Marcos Springs Flow ¹	Index Well J-17 Level ²	Critical Period Stage ³	Withdrawal Reduction (%)
< 225	< 96	< 660	I	20
< 200	< 80	< 650	II	30
< 150	N/A	< 640	III	35
< 100	N/A	< 630	IV	40
< 45/40 ⁴	N/A	< 625	V ⁴	44
UVALDE POOL				
Comal Springs Flow ¹	San Marcos Springs Flow ¹	Index Well J-27 Level ²	Critical Period Stage ³	Withdrawal Reduction (%)
N/A	N/A	N/A	I	N/A
N/A	N/A	< 850	II	5
N/A	N/A	< 845	III	20
N/A	N/A	< 842	IV	35
N/A	N/A	< 840	V	44

¹ Measured in cubic feet per second.

² Measured in mean sea level.

³ A change to a critical period stage with higher withdrawal reduction percentages, including initially into Stage I for the San Antonio Pool and Stage II for the Uvalde Pool, is triggered if the ten-day average of daily spring flows at the Comal Springs or the San Marcos Springs or the ten-day average of daily Aquifer levels at the J-17 or J-27 Index Wells, as applicable, drop below the lowest number of any of the trigger levels for that stage. A change from any critical period stage to a critical period stage with a lower withdrawal reduction percentage, including existing from Stage I for the San Antonio Pool and Stage II for the Uvalde Pool, is triggered only when the ten-day average of daily spring flows at the Comal Springs and the San Marcos Springs and the ten-day average of daily Aquifer levels at the J-17 or J-27 Index Wells, as applicable, are all above the same stage trigger level.

⁴ In order to enter into Critical Period Stage V, the applicable spring flow trigger is either less than 45 cubic feet per second based on a ten-day rolling average or less than 40 cubic feet per second based on a three-day rolling average. Expiration of Critical Period Stage V is based on a ten-day rolling average of 45 cubic feet per second or greater.

Due to varying weather patterns, the EAA has, from time to time, imposed various Critical Period Stage withdrawal reduction notices. For any current drought restrictions, as well as additional information on the various levels of drought restrictions imposed by the EAA and current level of the Edwards Aquifer, see www.edwardsaquifer.org.

City's Edwards Aquifer Management Plan

In addition, and separate and apart from the EAA's rules governing withdrawal of Edwards Aquifer water during drought, the City has established a proactive Drought Management Plan to manage the region's water resources during periods of drought. Established by City ordinance and System Utility Service Regulations, the Drought Management Plan also restricts outdoor water use based on specific levels of the Edwards Aquifer. The City first approved the Edwards Aquifer level triggers in 2009 with the more recent updates occurring in 2024.

- Year Round – Year round restrictions are in effect when the Edwards Aquifer level is above 660 feet mean sea level at the monitored well (J-17 Index Well). During year-round watering restrictions, SAWS' customers are permitted to water landscape with an irrigation system or sprinkler any day of the week before 10:00 a.m. or after 9:00 p.m. Hand watering with a hand-held hose is permitted any time of day.
- Stage One – Stage One restrictions begin when the 10-day rolling average of the Edwards Aquifer level drops to 660 feet mean sea level at the monitored well (J-17 Index Well). SAWS' customers are limited to one (1)-day-per week landscape watering with an irrigation system or sprinkler based on the last number of the customer's street address and are only allowed to water between 5:00 a.m. and 10:00 a.m. and 9:00 p.m. to midnight. Drip irrigation may run up to three (3) days per week. Hand watering with a hand-held hose is permitted any time of day.
- Stage Two – Stage Two restrictions begin when the 10-day rolling average of the Edwards Aquifer level drops to 650 feet mean sea level at the monitored well (J-17 Index Well). SAWS' customers are limited to one (1)-day-per week landscape watering with an irrigation system or sprinkler based on the last number of the customer's street address and are only allowed to water between 5:00 a.m. to 10:00 a.m. and 9:00 p.m. to midnight. Drip irrigation may run up to two (2) days per week. Watering with a hand-held hose is permitted any time of day.
- Stage Three – Stage Three restrictions begin when the 10-day rolling average of the Edwards Aquifer level drops to 640 feet mean sea level at the monitored well (J-17 Index Well). SAWS' customers are limited to one (1)-day-per week landscape watering with an irrigation system or sprinkler based on the last number of the customer's street address and are only allowed to water between 5:00 a.m. to 10:00 a.m. and 9:00 p.m. to midnight. Drip irrigation may run up to two (2) days per week. Hand watering with a hand-held hose is permitted any time of day. In addition, a high use surcharge is implemented to help decrease water used for irrigation. This impacts only the highest using customers: residential users using 20,000 gallons or more and billed commercial irrigation beginning at 12,000 gallons and scaled up depending on the size of the meter, will be assessed a drought surcharge of \$10.37 per thousand gallons used above the threshold. The surcharge rate is assessed in addition to the regular water and wastewater rates.
- Stage Four – Stage Four restrictions may be declared if the total supply of water from the Edwards Aquifer and other available water sources to SAWS is insufficient to meet customer demand while complying with applicable regulations governing water supply withdrawals. Stage Four restrictions may be declared at the discretion of the City Manager in consultation with the SAWS President/CEO. SAWS' customers are limited one (1) day every other week landscape watering with an irrigation system or sprinkler based on the last number of the customer's street address and are only allowed to water between 5:00 a.m. to 10:00 a.m. and 9:00 p.m. to midnight. Drip irrigation may run up to two (2) days per week. Hand watering with a hand-held hose is permitted any time of day. In addition, a high use surcharge is implemented to help decrease water used for irrigation. This impacts only the highest using customers: residential users using 12,000 gallons or more and billed commercial irrigation beginning at 7,200 gallons and scaled up depending on the size of the meter, will be assessed a drought surcharge of \$10.37 per thousand gallons used above the threshold. The surcharge rate is assessed in addition to the regular water and wastewater rates.

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Water Production

The table below provides a summary of the annual potable water production by source for distribution to SAWS customers.

Total Distribution to Customers by Year (acre-feet)	2021	2022	2023	2024	2025
Edwards Aquifer	146,974	177,624	162,959	159,999	154,002
Vista Ridge	50,939	50,778	51,527	47,798	50,238
Aquifer Storage and Recovery Production	5,215	14,876	28,285	25,316	27,055
Trinity Aquifer	9,685	5,780	3,421	3,282	3,082
Regional Carrizo Aquifer	10,749	10,496	9,266	10,625	12,663
Brackish Groundwater Desalination	6,089	4,337	5,674	7,056	5,707
Local Carrizo Aquifer	6,009	4,156	7,693	6,315	4,769
Western Canyon	7,968	6,670	5,704	5,860	6,063
Canyon Regional Water Authority	6,361	4,659	5,711	6,247	6,269
Total Distribution	249,989	279,376	280,240	272,498	269,848

Sewer Management Program

In March 2007, SAWS was orally notified by Region 6 of the United States Environmental Protection Agency (the “EPA”) of alleged failures to comply with the Clean Water Act due to the occurrence of Sanitary Sewer Overflows (“SSOs”). The EPA subsequently referred the matter to the United States DOJ for enforcement action. SAWS engaged in settlement negotiations with the EPA and the DOJ to resolve the allegations. On June 4, 2013, the Board approved a Consent Decree (“Consent Decree”) between SAWS and the United States of America and the State to resolve this enforcement action. SAWS signed the Consent Decree on June 5, 2013 and the Consent Decree was subsequently executed by the United States of America and the State. On September 13, 2013, after consideration of the comments received, the United States of America filed its Motion for Entry of the Consent Decree, requesting the Court to approve the Consent Decree by signing and entering it. The Consent Decree was signed and entered by the Court on October 15, 2013. During the 10 to 12 year term of the Consent Decree, SAWS estimated the cost to perform the operating and maintenance requirements of the Consent Decree to be approximately \$250 million. SAWS initially estimated that capital investments of approximately \$850 million would be required over the Consent Decree term. During the last several years, through flow monitoring during significant rainfall events, physical inspection and televising, SAWS has accumulated additional information relative to the performance of its collection system. Based upon this additional information, as well as inflationary cost increases, SAWS currently estimates that capital expenditures associated with the requirements of the Consent Decree could range from \$1.2 billion to \$1.3 billion.

As mentioned above, capital requirements could range in total from \$1.2 billion to \$1.3 billion. Through December 31, 2025, capital expenditures related to the Consent Decree totaled approximately \$1.3 billion which includes certain work which was previously planned prior to entry into the Consent Decree. Since entry into the Consent Decree, SAWS has performed its obligations under the terms of the Consent Decree and management believes SAWS is in material compliance with such terms, conditions, and requirements. Since 2010, SAWS has seen a significant reduction in SSOs, from 538 in 2010 to a record low of 132 SSOs in 2024, and 179 SSOs recorded in 2025.

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SAWS Summary of Pledged Revenues for Debt Coverage (Dollars in Thousands) ¹

Fiscal Year (Dec. 31)	Gross Revenues ^b	Operating Expenses ^c	Net Available Revenue	Revenue Bond Debt Service			Annual Debt Service Coverage	Maximum Annual Debt Service Requirements			
				Principal	Interest ^d	Total ^a		Total Debt ^e	Coverage	Senior Lien Debt ^e	Coverage ^f
2025	\$ 934,171	\$ 529,894	\$ 404,277	\$ 8 5,775	\$ 126,939	\$ 212,714	1.90	\$ 262,273	1.54	\$ 11,664	34.66
2024	899,525	513,330	386,195	70,220	126,999	197,219	1.96	247,264	1.56	11,752	32.86
2023	888,546	492,841	395,705	73,745	124,708	198,453	1.99	232,362	1.70	11,749	33.68
2022	885,326	459,306	426,020	80,910	112,556	193,466	2.20	227,195	1.88	14,111	30.19
2021	781,304	436,077	345,227	90,260	113,989	204,249	1.69	219,263	1.57	33,532	10.30
2020	804,258	401,961	402,297	86,445	104,566	191,011	2.11	210,885	1.91	41,548	9.68
2019	750,849	339,934	410,915	87,060	104,831	191,891	2.14	195,567	2.10	47,455	8.66
2018	703,202	330,235	372,967	84,875	103,922	188,797	1.98	194,518	1.92	81,428	4.58
2017	668,998	318,442	350,556	82,840	102,236	185,076	1.89	185,076	1.89	81,440	4.30
2016	622,947	315,395	307,552	78,570	98,158	176,728	1.74	185,149	1.66	84,009	3.66

¹ Unaudited.

^a Represents respective year debt service payments. All bonded debt is secured by revenue and is included in these totals.

^b Gross Revenues are defined as operating revenues plus nonoperating revenues less revenues from the City Public Service contract, interest on Project Funds, and federal subsidy on Build America Bonds. Beginning in 2018, investment mark to market adjustments were also excluded.

^c Operating Expenses reflect operating expenses before depreciation as shown on the Statement of Revenues, Expenses, and Changes in Net Position adjusted for any non-cash expenses, and treating the Vista Ridge capital and raw groundwater unit price payment as an operating expense.

^d Interest reported net of the U.S. federal interest subsidy on the SAWS Series 2009B & 2010B revenue bonds.

^e Debt service requirements consist of principal and interest payments net of the U.S. federal interest subsidy on the SAWS Series 2009B & 2010B revenue bonds.

^f SAWS bond ordinance requires the maintenance of a debt coverage ratio of at least 1.25x the maximum annual debt service on outstanding senior lien debt in order to issue additional bonds

Source: SAWS.

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The Airport System

General

The Airport, located on a 2,600-acre site that is adjacent to Loop 410 freeway and U.S. Highway 281, is eight (8) miles north of the City's downtown business district. The Airport consists of three (3) runways with the main runway measuring 8,502 feet and able to accommodate the largest commercial passenger aircraft. Its two (2) terminal buildings contain 24 second-level gates and three (3) ground-level loading gates. As of June 2026, the Airport offers an average of 133 daily departures to 46 nonstop destinations. This service is provided by 12 airlines (eight (8) domestic and four (4) foreign flag carriers). The Airport has, over the past several years, expanded nonstop options including a substantial expansion throughout Mexico. The growth of new and existing carriers has increased total available daily seats and lowered fares to levels comparable to competing airports.

The Airport is classified as a medium hub facility by the Federal Aviation Administration ("FAA"). A "medium hub facility" is defined as a facility that enplanes between 0.25% and 0.50% of all passengers enplaned on certificated route air carriers in all services in the 50 states, the District of Columbia, and other designated territorial possessions of the United States. According to Airports Council International – North America ("ACI-NA"), an airport industry group, the Airport ranked 45th based on total U.S. passenger traffic for calendar year 2024. Calendar year 2025 enplanements totaled 5.4 million, 3.71% lower than 2024 and 3.22% higher than 2019 pre-COVID levels. Airport management has determined that approximately 97% of the Airport's passenger traffic is origin and destination ("O&D") in nature, which is important because it demonstrates strong travel to and from the City independent from any one airline's hubbing strategies. A variety of services are available to the traveling public from approximately 280 commercial businesses which lease facilities at the Airport and Stinson ("SSF"; collectively the "Airport System").

Primary Service Region

The Airport's primary service region is the San Antonio-New Braunfels-Kerrville, Texas, Combined Statistical Area (the "Air Trade Area" or "CSA"), encompassing 10 counties in South Central Texas. According to the U.S. Census Bureau, the population of the Air Trade Area was approximately 2.8 million as of calendar year 2023 and is projected to grow to approximately 3.3 million by 2035, representing a compound annual growth rate of 1.3%, outpacing projected national population growth of 0.6% over the same period. In calendar year 2024, San Antonio ranked as Texas' second largest city and the Air Trade Area was the 24th largest metropolitan area in the United States.

The Airport primarily serves O&D passengers. O&D passengers accounted for approximately 97% of total passengers at the Airport in calendar year 2025. The FAA classifies the Airport as a medium hub airport based on its share of nationwide enplaned passengers, with approximately 5.4 million enplaned passengers recorded in calendar year 2025. The Air Trade Area's economy is large and diverse, anchored by government and military, healthcare, finance, information technology and cybersecurity, manufacturing, and leisure and hospitality sectors. The largest employer in the region is Joint Base San Antonio, with approximately 82,000 employees, followed by H-E-B (20,000 employees) and USAA (19,000 employees).

In 2018, the Airport System initiated a two-phased Strategic Development Plan as part of its update to the Master Plan of the Airport. The focus of the first phase was to determine if the current location of the Airport could grow to accommodate the region's long-term aviation needs in the next 20 to 50 years. This phase concluded that the current location could be adapted to meet the region's needs which were briefed to City Council on October 31, 2018. Phase 2 of the Strategic Development Plan advanced to focusing on planning optimal facilities for the growing passenger and cargo traffic through 2040. Phase 2 included planning for the future of the almost obsolete 40-year-old Terminal A, the need and location for a future Terminal C, additional parking and multi-modal facilities, the size and location of cargo expansion, and runway improvement to accommodate demand for additional future international air service.

Stinson, located on 300 acres approximately 5.2 miles southeast of the City's downtown business district, was established in 1915, and is one of the country's first municipally-owned airports. It is the second oldest continuously operating airport in the U.S. and is the FAA's designated general aviation reliever airport to the Airport. On November 15, 2012, City Council authorized its more recent update to the Stinson Master Plan. This program informed the Airport of projects to be undertaken on the airfield, terminal and support in the next 20 years to meet the demand of operations growth of 3.2% Annual Compound Growth Rate ("ACGR") between 2011 and 2031. In December 2018, SSF completed the construction of a new air traffic control tower on the south side of the SSF campus. The new tower eliminates a potential line of sight issue that would have hindered tenant development. In 2019, the City Council authorized a new project to design and construct a new parallel taxiway to SSF's Runway 14/32 which will enhance future development of adjacent land and promote airfield safety by reducing runway crossing once land is developed.

Capital Improvement Plan Program

The approved Capital Improvement Plan (“CIP”) totals approximately \$2.591 billion and is comprised of certain projects for the design and construction of airfield improvements, Transit and Parking improvements, terminal expansions, IT upgrade projects and construction of a new terminal for the Airport (“Airport CIP Program”).

The CIP consists of the following:

Terminal Development Program (“TDP”)

The cornerstone of the CIP, this program provides for the construction of a new Terminal C and related facilities at the Airport, promoting a “sense of place” which is uniquely San Antonio. The program consists of the following major components:

- New Terminal C
 - Up to 18-gate New Concourse including six (6) international arrival gates which can accommodate both domestic and wide-body international flights
 - With a focus on delivering Sustainability, Accessibility, Customer Experience and Sense of Place, the new terminal will be more than 850,000 square feet of new space, making the new terminal larger than the existing terminals A and B combined
 - Relocated/Expanded International Customs/Immigrations Processing (FIS - Federal Inspection Service) supporting up to 1,000 passenger per hour, doubling the existing capacity
 - Modern Ticketing supporting self-check-in, one-stop bag drop and customer interface positions
 - New Security Checkpoint with nine (9) lanes incorporating the needs of the business traveler (such as Transportation and Security Administration (“TSA”) Pre-check) as well as a dedicated lane for families traveling with children
 - Automated TSA Inline Baggage System to efficiently security screen checked bags for efficient delivery to aircraft
 - Baggage Claim
 - Industry standard hold room sizes with mixed seating for both individual travelers and groups
 - Approximately 42,000 square feet of expanded concessions, including offerings from local restaurants and national chains
 - Accessibility-focused restrooms with individual stall occupancy sensors
- Terminal A and Terminal B Security Checkpoint reconfiguration
- Commercial Apron and Apron Hydrant Fueling System
- Central Utility Plant (“CUP”)
- Curbside/Roadway Expansion/Improvements, with extend curbside to new Terminal C location and an increase in vehicle capacity with additional lanes
- Airport Entrance Roadway alignment/simplification to increase vehicle ingress and egress in the Central Terminal Area

The Airport has been awarded a \$10 million federal grant to support the next phase of Terminal C, through the fifth and final rounds of Airport Terminal Program awards under the 2021 Bipartisan Infrastructure Law. The funding supports phase six (6) of Terminal C, which will add 18 gates to meet growing passenger demand. Stinson also received a \$51,500 FAA grant to upgrade its Air Traffic Control Tower systems.

Enabling projects are required to implement the main program components and include the relocation of the Airport Operations, Public Safety, and Airport Badging/ID offices into renovated spaces to make-ready existing site conditions. A Construction Manager at Risk (“CMAR”) is being leveraged for the main Terminal projects (Terminal, Concourse, Apron, CUP, associated curbside and roadway improvements) with other project deliveries, such as the enabling projects, using the Design/Bid/Build approach.

Terminal A & B Reconfiguration and Rehabilitation

- Terminal A and B Reconfiguration and Rehabilitation: Improvements to existing Terminals A and B to extend useful life. The scope addresses all building systems and infrastructure; gate and hold room reconfiguration. Fiscal Year 2026 begins design with construction in terminal areas starting after the new terminal opens.
- Terminal A Modernization: Terminal A was commissioned in 1984 and is now nearly 40 years old, with the facility designed for a prior era of aviation with smaller airplanes and fewer flights. The modernization includes reducing gate counts and leveraging the space to expand hold rooms, “right size” concessions, remodel restrooms, and upgrading existing infrastructure.

- Terminal B Modernization: The reduction of two (2) gates (10 gates to eight (8) gates) needed for a post-security connection to the new Terminal C provides a reconfiguration opportunity to upgrade Terminal B hold rooms, restrooms and expand concessions as well as an expanded airline VIP lounge.

Other Terminal Facilities Improvements

- Terminal A Expansion - Ground Load Facility: This project of a new ground load facility gate off the south concourse of Terminal A increases gate capacity and connects to the Federal Inspection Station (Customs) to support both domestic and international carriers. This project also constructs a South Remain Overnight (“RON”) Parking, originally targeted in the TDP Project Definition Manual.
- Terminal A+B Connector: Design phase for a connector corridor between Terminals A and B, which would allow travelers to walk between gate areas without having to pass through a security checkpoint; originally targeted in the TDP Project Definition Manual.
- Terminal A Electrical System Expansion: This project will add capacity to the maximized electrical system, designed and installed more than 30 years ago, allowing room to expand for future projects.
- Baggage Handling System Expansion: This project develops an area to accommodate up to three (3) in-line security processing lanes, Checked Baggage Inspection System room, mechanical support space, equipment (conveyors) electrical motor apparatus, distribution systems, and other critical devices and systems. The scope includes modifying of existing line and systems to meet the demand for a comprehensive complex passing all system test. The scope will include surveillance, access control, electrical notification, mechanical (HVAC), and IT infrastructure.

Airfield Improvements

- Airfield Safety Enhancement & Improvement Program: This program will address airfield pavement and other infrastructure required to support the reconstruction of SAT’s primary runway to meet current and future aircraft demand, airspace management and safety, and efficiency throughout the National Airspace System (“NAS”). Projects identified within this program include the rehabilitation of runway 13R-31L, the construction of Storm Line S, and improvements to airfield drainage. As the program progresses, an airfield Environmental Impact Statement will inform the scope of additional projects to be accomplished within this program.
- Remote Transmitter Receiver (“RTR”) F Relocation: This project will include relocation of the existing RTR-F Facility to accommodate future development opportunities on the northside of the Airport.
- De-Icing Facility for B/C Gates: this project creates a new de-icing location along Taxiway H to service flights departing on Runway 13R.

Technology, Transit and Other Projects

- Terminal C Parking Garage: Phase 1 of a new parking and ground transportation facility to support current passenger activity and future growth; originally targeted in the TDP Project Definition Manual.
- Consolidated Rental Car (“ConRAC”) Facility Upgrades (Phase II): Project scopes include enclosure of the atrium, installation of fans in the Quick Turn-Around Area (“QTA”), drainage and irrigation improvements, and replacement of expansion joints.
- Network End of Life Replacement: This project will replace end of life technology such as data networks, storage, and server IT infrastructure for the Airport and Stinson.
- Other Capital Projects: Miscellaneous projects at the Airport and at Stinson.

The anticipated sources of funding for the approved CIP are as follows:

<u>Funding Sources</u>	<u>Projected Funding</u>
Grants	
Federal Entitlement & Discretionary Grants	\$ 257,239,842
TxDOT Grant	640,000
Other Funding	
Airport Improvement & Contingency Fund	234,549,928
Stinson Revolving Fund	4,307,547
CFC Funds	18,800,285
PFC Funds	170,992,168
Interim Airport Financing	591,330,551
<u>General Airport Revenue Bonds</u>	<u>1,313,486,699</u>
Total	\$ 2,591,347,020

The FAA issued a “Record of Decision” on August 29, 2001 approving the City’s initial Passenger Facility Charge (“PFC”) application. The City, as the owner and operator of the Airport, received authority to impose a \$3.00 PFC and to collect, in the aggregate, approximately \$102,500,000 in PFC Revenues. On June 26, 2007, the FAA approved the increased collection rate from \$3.00 to \$4.50, effective October 1, 2007. On October 1, 2007, the City began collecting a \$4.50 PFC (less a \$0.11 air carrier collection charge) per qualifying enplaned passenger. The City has received PFC “impose and use” authority, meaning that it may impose the PFC and use the resultant PFC Revenues for all projects, contemplated to be completed using proceeds of the Parity PFC Bonds. By June 2023, after several FAA amendment approvals, the City’s impose and use authority was at \$431,280,175.

On January 28, 2025, the FAA approved PFC Application Number: 25-07-C-00-SAT, which approves the intent to impose a PFC charge at SAT and to use PFC revenue at SAT. The FAA acknowledges that SAT will begin collecting a PFC at a \$4.50 PFC level on February 1, 2029, and complete the collections on March 1, 2030. Furthermore, the FAA acknowledges that SAT will collect a total of \$19,521,000 in PFC revenue for Aviation capital projects and the Terminal A Expansion Ground Load Facility. The total PFC impose and use authority for the City’s PFC Program has increased by \$19,521,000, from its prior impose and use authority of \$431,280,175 to \$450,801,175.

PFC Collection and Use Authority

<u>Date</u>	<u>Application</u>	<u>Current Collection Authority</u>	<u>Current Use Authority</u>
August 29, 2021	Application 1	\$291,245,208	\$32,639,345
July 23, 2003	Application 2	\$0	\$224,153,828
December 1, 2004	Application 3	\$0	\$34,452,035
February 22, 2005	Application 4	\$93,564,909	\$93,564,909
October 4, 2007	Application 5	\$46,470,058	\$46,470,058
January 28, 2025	Application 7	\$19,521,000	\$19,521,000
Total PFC Program		\$450,801,175	\$450,801,175

Note: Applications 2 and 3 are use-only applications, with no associated PFC collection authority. There is no application 6; it is reserved for future applications.

As of September 30, 2025, the City has collected \$357,634,940 (unaudited) in PFC Revenues since authority to impose and collect the PFC was received. The estimated PFC collection expiration date is March 1, 2030. Prior to the estimated PFC collection expiration date, the City expects to apply to the FAA for an additional amendment to its PFC collection authority to enable the City to continue collecting PFC Revenues to pay for debt service relating to the City’s Outstanding Parity PFC Bonds and to fund additional PFC eligible capital improvement projects at the Airport. An “impose and use” application is being drafted in support of the TDP.

To date, the following projects have been approved as “impose and use” projects:

- Replace Remain Overnight Apron
- Implement Terminal Modifications
- Reconstruct Perimeter Road
- Construct New Terminal B
- Acoustical Treatment Program
- Construct Elevated Terminal Roadway
- Upgrade Central Utility Plant
- Construct Apron – Terminal Expansion
- Install Utilities – Terminal Expansion
- Replace Two (2) Aircraft Rescue and Fire Fighting Vehicles
- Conduct Environmental Impact Statement
- Reconstruct Terminal Area Roadway
- Install Noise Monitoring Equipment
- Install Terminal and Airfield Security Improvements
- Install Airfield Electrical Improvements
- PFC Development and Administration Costs
- Runway Safety Action Team Airfield Improvement
- Extension of Runway 21

- Extension to Taxiway R
- Terminal A Expansion - Ground Load Facility

CFC Projects. The City Council, by ordinance adopted on March 8, 2012, authorized the Airport to impose the collection of a \$4.50 per transaction day CFC for rental car customers to pay for all costs and expenses associated with the planning, financing, and construction and certain other costs for a ConRAC to open in three (3) to five (5) years. The rental car companies began collecting the CFC on all car rentals at the Airport on April 1, 2012. The CFC was reapproved at a collection rate of \$5.00 per transaction day, effective July 1, 2015, pursuant to the ordinance adopted by the City Council on June 18, 2015. The CFC rate was further increased to \$5.50 per transaction day, effective October 1, 2018 and on November 1, 2023 the CFC rate was increased again to \$6.50 per transaction day. The ConRAC project (described herein, see “ConRAC Opening”) cost was \$167.8 million. As of September 30, 2025, the City has received \$154,492,732 (unaudited) in CFC Revenues since the April 1, 2012 inception of the CFC.

ConRAC Opening. ConRAC opened for business on January 17, 2018. This 1.8 million square foot facility houses up to 11 rental car brands, a quick turnaround area for fueling, vacuuming, washing and light maintenance and approximately 2,600 ready/return parking spaces. ConRAC is within walking distance to the Airport terminals, eliminating the need for shuttles to take passengers to their rental car locations, thus enabling the Airport to initiate significant improvements to traffic flow in the arrivals area. A first phase of ConRAC facility improvements was completed in fall of 2025 with a new phase of improvements, funded entirely with CFCs, included in the CIP.

Airport Operations

Direct supervision of airport operations is managed by the Department of Aviation (“The Department”). The Department is responsible for: (1) managing, operating, and developing the Airport System and any other airfields which the City may control in the future; (2) negotiating leases, agreements, and contracts; (3) computing and supervising the collection of revenues generated by the Airport System under its management; and (4) coordinating aviation activities under the FAA.

The Department is an enterprise fund of the City. The operations and improvements at the Airport and Stinson are paid for by airport user charges, bond funds, and funds received from the FAA. No general fund tax revenues are used to operate or maintain the Airport System. The City Council appoints a 19-member Airport Advisory Commission (the “AAC” or the “Commission”). The Commission’s primary purpose is to advise the Department regarding policies, including any noise-related issues affecting the Airport System and air transportation initiatives.

Jesus H. Saenz Jr., Director of Airports, has overall responsibility for the management, administration and planning of the Airport System. Mr. Saenz has an experienced staff to aid him in carrying out the responsibilities of his position. The principal members of the Department’s staff include the Director, two (2) Deputy Aviation Directors, the Assistant Aviation Director of Operations, the Interim Assistant Aviation Director of Finance & Administration and the Assistant Aviation Director of Parking.

The Airport System has police and fire departments on premises. The police and firefighters are assigned to duty at the Airport System from the City’s police and fire departments, but their salaries are paid by the Department as an operation and maintenance expense of the Airport System.

The FAA has regulatory authority over navigational aid equipment, air traffic control, and operating standards for the Airport System.

The passage of the Aviation and Transportation Security Act (“ATSA”) in November of 2001, created the TSA. The Department has worked closely with the TSA to forge a new higher level of security for the traveling public. TSA employs about 300 individuals at the Airport System to meet the federal security requirements.

As of October 1, 2025, the Airport System has approximately 487 authorized positions as follows:

Administration	125	Facilities Maintenance	127
Police/Security	94	Airport Operations	96
Fire Rescue	37	Stinson Airport	8

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Comparative Statement of Gross Revenues and Expenses - San Antonio Airport System

The historical financial performance of the Airport System is shown below for the last five (5) fiscal years:

	2021	2022	2023	2024	2025
Gross Revenues ¹	\$101,945,437	\$153,084,998	\$149,556,541	\$164,715,891	\$170,371,347
Expenses	<u>(66,137,262)</u>	<u>(80,929,662)</u>	<u>(86,111,216)</u>	<u>(98,805,362)</u>	<u>(106,624,582)</u>
Net Revenues	<u>\$35,808,175</u>	<u>\$72,155,336</u>	<u>\$63,445,325</u>	<u>\$65,910,529</u>	<u>\$63,746,765</u>

¹ As reported in the City's audited financial statements.

Source: City of San Antonio, Department of Finance.

Total Domestic and International Enplaned Passengers - San Antonio Airport

The total domestic and international enplaned passengers on a calendar year basis, along with year-to-year percentage change are shown below:

Calendar Year	Total	Increase/ (Decrease)	Percent (%) Change
2016	4,309,761	52,073	1.22
2017	4,521,611	211,850	4.92
2018	5,028,658	507,047	11.21
2019	5,192,990	164,332	3.27
2020 ¹	1,999,488	(3,193,502)	(61.50)
2021	3,747,110	1,747,622	87.40
2022	4,837,238	1,090,128	29.09
2023	5,425,065	587,827	12.15
2024	5,566,706	141,641	2.61
2025	5,360,412	(206,294)	(3.71)

¹ In 2020, the enplaned passengers decreased due to a result of the COVID-19 Pandemic.

Source: City of San Antonio, Department of Aviation.

Total Enplaned and Deplaned International Passengers - San Antonio Airport

The total enplaned and deplaned for international passengers on a calendar year basis, along with year-to-year percentage change are shown below:

Calendar Year	Total	Increase/ (Decrease)	Percent (%) Change
2016 ¹	400,061	(111,015)	(21.72)
2017	368,381	(31,680)	(7.92)
2018	415,018	46,637	12.66
2019	467,475	52,457	12.64
2020 ²	207,684	(259,791)	(55.57)
2021	741,572	533,888	257.10
2022	555,808	(185,764)	(25.05)
2023	621,321	65,513	11.79
2024	738,853	117,532	18.92
2025	721,119	(17,734)	(2.40)

¹ The decline in international passengers is in large part a result of capacity reductions by Southwest to Mexico City and Interjet to Toluca. In addition to capacity adjustments, the continuing devaluation of the Peso to the U.S. Dollar may be contributing to decreased leisure travel between the two (2) countries. In December 2016, the Peso had 13.7% less value than the same time in 2015, and 47.0% less value than two (2) years prior to that.

² In 2020, the enplaned and deplaned passengers decreased due to a result of the COVID-19 Pandemic.

Source: City of San Antonio, Department of Aviation.

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Air Carrier Landed Weight - San Antonio Airport

The historical aircraft landed weight in 1,000-pound units on a calendar year basis is shown below. Landed weight is utilized in the computation of the Airport's landed fee.

<u>Calendar Year</u>	<u>Total</u>	<u>Increase/ (Decrease)</u>	<u>Percent (%) Change</u>
2015	5,719,952	58,398	1.03
2016	5,729,257	9,305	0.16
2017	6,024,433	295,176	5.15
2018	6,594,764	570,331	9.47
2019	6,754,689	159,925	2.42
2020 ¹	3,944,499	(2,810,190)	(41.60)
2021	5,189,666	1,245,167	31.57
2022	6,085,890	896,224	17.27
2023	6,871,882	785,992	12.91
2024	7,257,776	385,894	5.62
2025	7,260,616	2,840	0.04

¹ In 2020, the air carrier landed weight decreased due to a result of the COVID-19 Pandemic.
Source: City of San Antonio, Department of Aviation.

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APPENDIX B

FORMS OF OPINIONS OF CO-BOND COUNSEL

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McCall Parkhurst & Horton L.L.P.
112 E. Pecan Street, Suite 1310
San Antonio, Texas 78205

Escamilla & Poneck, LLP
700 N. St. Mary's Street, Suite 850
San Antonio, Texas 78205

September 16, 2026

**CITY OF SAN ANTONIO, TEXAS
GENERAL IMPROVEMENT AND REFUNDING BONDS, SERIES 2026
DATED AS OF AUGUST 1, 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ _____**

AS CO-BOND COUNSEL FOR THE CITY OF SAN ANTONIO, TEXAS (the *City*) 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 specified in the text of the Bonds until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Bonds, all in accordance with the terms and conditions stated in the text of the Bonds.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas, a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Bonds, including (i) the ordinance authorizing the issuance of the Bonds (the *Ordinance*); (ii) the Escrow and Trust Agreement, dated as of August 6, 2026, between the City and U.S. Bank Trust Company, National Association, as Escrow Agent (the *Escrow Agreement*), (iii) the verification report, with respect to the adequacy of certain escrowed funds and securities to accomplish the refunding purposes of the Bonds (the *Verification Report*), (iv) the executed Initial Bond (as defined in the Ordinance), numbered T-1, and (v) the City's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in conformity with the laws of the State of Texas now in force and that the Bonds are valid and legally binding obligations of the City enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Bonds are payable from the proceeds of an ad valorem tax levied, within the legal limitations prescribed by law, upon all taxable property of the City.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Escrow Agreement has been duly authorized, executed, and delivered by the City and, assuming due authorization, execution, and delivery thereof by the Escrow Agent, is a valid and binding obligation, enforceable in accordance with its terms (except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity), and that the outstanding obligations refunded and to be discharged, paid, and retired with certain proceeds of the Bonds are regarded as being outstanding for purposes of the ordinances authorizing their issuance only for the purpose of receiving payment from the funds held in trust with the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Chapter 1207, as amended, Texas Government Code. In rendering this opinion, we have relied upon the Verification Report as to the

sufficiency of cash deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

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 therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the City fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

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 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.

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 City as the taxpayer. We observe that the City 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 Co-Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering opinions with respect to the legality and validity of the Bonds and the defeasance of the Refunded Obligations under the Constitution and general 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 City 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 City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

McCall, Parkhurst and Horton L.L.P.

Escamilla & Poneck, LLP

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112 E. Pecan Street, Suite 1310
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Escamilla & Poneck, LLP
700 N. St. Mary's Street, Suite 850
San Antonio, Texas 78205

September 16, 2026

**CITY OF SAN ANTONIO, TEXAS
GENERAL IMPROVEMENT BONDS, TAXABLE SERIES 2026
DATED AS OF AUGUST 1, 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ _____**

AS CO-BOND COUNSEL FOR THE CITY OF SAN ANTONIO, TEXAS (the *City*) 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 specified in the text of the Bonds until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Bonds, all in accordance with the terms and conditions stated in the text of the Bonds.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas, a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Bonds, including (i) the ordinance authorizing the issuance of the Bonds (the *Ordinance*); and (ii) one of the executed Bonds (numbered T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in conformity with the laws of the State of Texas now in force and that the Bonds are valid and legally binding obligations of the City enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Bonds are payable from the proceeds of an ad valorem tax levied, within the legal limitations prescribed by law, upon all taxable property of the City.

IT IS FURTHER OUR OPINION that the Bonds are not obligations described in Section 103(a) of the Internal Revenue Code of 1986, as amended.

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 Bonds is as Co-Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering opinions with respect to the legality and validity of the Bonds under the Constitution and general 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 City 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 City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

McCall, Parkhurst and Horton L.L.P.

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San Antonio, Texas 78205

September 16, 2026

CITY OF SAN ANTONIO, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026
DATED AS OF AUGUST 1, 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ _____

AS CO-BOND COUNSEL FOR THE CITY OF SAN ANTONIO, TEXAS (the *City*) in connection with the issuance of the certificates described above (the *Certificates*), we have examined into the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Certificates, all in accordance with the terms and conditions stated in the text of the Certificates.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas, a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Certificates, including (i) the ordinance authorizing the issuance of the Certificates (the *Ordinance*); (ii) one of the executed Certificates (numbered T-1); and (iii) the City's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in conformity with the laws of the State of Texas now in force and that the Certificates are valid and legally binding obligations of the City enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Certificates are payable from the proceeds of an ad valorem tax levied, within the legal limitations prescribed by law, upon all taxable property of the City and are further payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the City's municipally owned parks system (the *System*), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien thereon and pledge thereof providing for the payment and security of any Revenue Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of any Net Revenues securing the payment of any Inferior Lien Obligations hereafter issued by the City. The City has previously authorized the issuance of the Limited Pledge Revenue Obligations that are payable from a lien on and pledge of a limited amount of Net Revenues of the System, as described in the ordinances authorizing the issuance of the currently outstanding Limited Pledge Revenue Obligations. In the Ordinance, the City retains the right to issue Revenue Obligations, Additional Limited Pledge Revenue Obligations, and Inferior Lien Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

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 if the City fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

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 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.

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 City as the taxpayer. We observe that the City 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 Co-Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering opinions with respect to the legality and validity of the Certificates under the Constitution and general 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 City 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 City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

McCall, Parkhurst and Horton L.L.P.

Escamilla & Poneck, LLP

McCall Parkhurst & Horton L.L.P.
112 E. Pecan Street, Suite 1310
San Antonio, Texas 78205

Escamilla & Poneck, LLP
700 N. St. Mary's Street, Suite 850
Sam Antonio, Texas 78205

September 16, 2026

CITY OF SAN ANTONIO, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2026
DATED AS OF AUGUST 1, 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ _____

AS CO-BOND COUNSEL FOR THE CITY OF SAN ANTONIO, TEXAS (the *City*) in connection with the issuance of the certificates described above (the *Certificates*), we have examined into the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Certificates, all in accordance with the terms and conditions stated in the text of the Certificates.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas, a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Certificates, including (i) the ordinance authorizing the issuance of the Certificates (the *Ordinance*); and (ii) one of the executed Certificates (numbered T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in conformity with the laws of the State of Texas now in force and that the Certificates are valid and legally binding obligations of the City enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Certificates are payable from the proceeds of an ad valorem tax levied, within the legal limitations prescribed by law, upon all taxable property of the City and are further payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the City's municipally owned electric and gas utility system (the *System*), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien thereon and pledge thereof providing for the payment and security of any Revenue Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of any Net Revenues securing the payment of any Inferior Lien Obligations hereafter issued by the City. In the Ordinance, the City retains the right to issue Revenue Obligations, Additional Limited Pledge Revenue Obligations, and Inferior Lien Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

IT IS FURTHER OUR OPINION that the Certificates are not obligations described in Section 103(a) of the Internal Revenue Code of 1986, as amended.

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 Co-Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering opinions with respect to the legality and validity of the Certificates under the Constitution and general 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 City 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 City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

McCall, Parkhurst and Horton L.L.P.

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700 N. St. Mary's Street, Suite 850
San Antonio, Texas 78205

September 16, 2026

**CITY OF SAN ANTONIO, TEXAS
TAX NOTES, SERIES 2026
DATED AS OF AUGUST 1, 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ _____**

AS CO-BOND COUNSEL FOR THE CITY OF SAN ANTONIO, TEXAS (the *City*) in connection with the issuance of the notes described above (the *Notes*), we have examined into the legality and validity of the Notes, which bear interest from the dates specified in the text of the Notes until maturity at the rates and payable on the dates as stated in the text of the Notes, all in accordance with the terms and conditions stated in the text of the Notes.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas, a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Notes, including (i) the ordinance authorizing the issuance of the Notes (the *Ordinance*); (ii) one of the executed Notes (numbered T-1); and (iii) the City's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Notes have been authorized, issued and delivered in conformity with the laws of the State of Texas now in force and that the Notes are valid and legally binding obligations of the City enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Notes are payable from the proceeds of an ad valorem tax levied, within the legal limitations prescribed by law, upon all taxable property of the City.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Notes 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 Notes are not "specified private activity bonds" and that, accordingly, interest on the Notes 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 Notes 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 if the City fails to comply with such covenants, interest on the Notes may become includable in gross income retroactively to the date of issuance of the Notes.

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 Notes, including the amount, accrual or receipt of interest on, the Notes. Owners of the Notes should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Notes.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Notes, 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.

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 Notes. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City 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 Notes as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Notes is as Co-Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering opinions with respect to the legality and validity of the Notes under the Constitution and general laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Notes 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 City or the disclosure thereof in connection with the sale of the Notes and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Notes and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Notes has been limited as described therein.

McCall, Parkhurst and Horton L.L.P.

Escamilla & Poneck, LLP

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APPENDIX C

**SELECTED PORTIONS OF THE CITY'S ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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March 3, 2026

To the Honorable Mayor, City Council, City Manager, and residents of San Antonio:

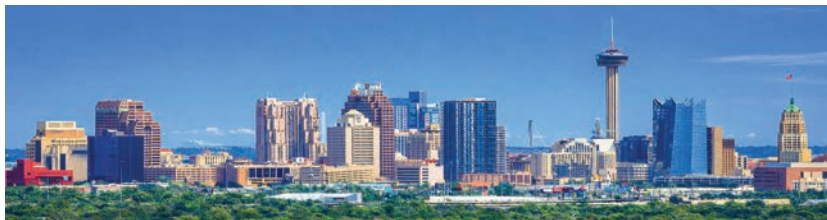
It is my pleasure to present the City of San Antonio's (City) Annual Comprehensive Financial Report (ACFR) and Other Reports for the fiscal year-ended September 30, 2025. These financial statements were prepared by the City's Finance Department and audited by the public accounting firm of Forvis Mazars, LLP. As reflected in the Independent Auditor's Report, the City's financial statements are presented fairly in all material respects in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City.

Management's Discussion and Analysis (MD&A), beginning on page one, provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter complements the MD&A and should be read in conjunction with it.

CITY PROFILE

The City provides a vast array of municipal services. The full range of services provided to its constituents includes ongoing programs to provide health, welfare, education, sanitation, cultural, and recreational services; maintenance and construction of streets and drainage; public safety through police and fire protection and ambulatory services; and urban redevelopment and affordable housing. The City also considers the promotion of convention and tourism and participation in economic development programs as high priorities. The funding sources from which these services are provided include ad valorem, sales and use, and hotel occupancy tax receipts; revenue payments from the City's municipally owned utilities; grants; user fees; debt proceeds; tax increment financing; and other sources.

The City is a home rule city that was incorporated in 1837 and chartered in 1951. The City Charter provides for a Council-Manager form of government, subject only to the limitations imposed by the Texas Constitution and the City Charter. All powers of the City are vested in an elected Council (the City Council), which enacts legislation, adopts budgets, and determines policy. The City Council is comprised of 11 members, with ten members elected from single-member districts, and the Mayor elected at-large. A November 2024 charter election successfully passed, that changed term limits for the Mayor and Council from four, two-year terms to two four-year terms. In December 2025, City Council voted to move its municipal elections from May to November in odd numbered years. Due to this transition to November elections, the Mayor and Councilmembers' terms includes a one-time, six-month extension of the Mayor and City Council's terms ending in 2029. The Charter was also revised to allow the City Council to set the full terms of the City Manager's contract.



CITY PROFILE (Continued)

The City is in South Central Texas, approximately 80 miles south of the state capital of Austin and serves as the county seat for Bexar County. San Antonians enjoy first-rate medical services, a convenient and efficient airport, an excellent highway system, and superb recreation choices, including championship golf courses, 86 miles of linear greenway trails, theme parks, historical attractions, museums, professional sporting attractions, and a lively performing arts environment. Geographically, the City covers more than 525 square miles. The United States Census Bureau cites the City as the second most populated city in the State of Texas with over 1.5 million citizens and is additionally ranked as the seventh most populated city in the country. Since 2020, the City's metropolitan area grew 6.4% and is projected to grow by an additional 1.0 million people from 2020 through the year 2040. Major employers in and around the San Antonio area include the Department of Defense through Joint Base San Antonio (Lackland, Fort Sam and Randolph), H.E.B. Food Stores, United Services Automobile Association, UT – San Antonio (University of Texas at San Antonio and University of Texas Health Science Center), City of San Antonio, Northside, North East, and San Antonio Independent School Districts, Methodist Healthcare System, and Baptist Health Systems.

San Antonio's Gross Domestic Product continues to show consistent growth, increasing to 8.9% in 2025. San Antonio is one of the fastest growing regions in the state. San Antonio is positioned for success in the local State economy as part of the Texas Triangle (Dallas, Fort Worth, Austin, San Antonio, and Houston metro areas) which contains nearly 70.0% of the total population in Texas.

San Antonio is a great place to live. Its cost of living is below the national average and is consistently ranked among the lowest of major U.S. cities, while home prices are among the most affordable in the country. Public, private, and parochial schools are available as well as several colleges and higher education facilities. The City landscape encourages residents to go outdoors to relax in beautiful municipal parks, play on challenging golf courses, visit theme parks, or take advantage of other popular attractions and cultural events, such as Fiesta San Antonio each April. San Antonio is also home to the five-time NBA Champion San Antonio Spurs, the double-A affiliated baseball team San Antonio Missions, and the minor league soccer team San Antonio FC.

Downtown San Antonio is also home to the River Walk, a 15-mile urban waterway that features a 2.5-mile downtown loop that draws millions annually. Visitors can frequent restaurants, shops, and the boat tours to learn more about San Antonio's rich history. The River Walk features Marriage Island, where approximately 225 wedding ceremonies are held each year.



ECONOMIC CONDITIONS AND OUTLOOK

Though impacted by the unforeseen COVID-19 global pandemic, the City's resiliency is demonstrated in the positive change that has occurred within economic growth indicators. The pandemic's impact upon our community was most greatly felt in 2020 when the City experienced a surge in unemployment along with significant effects throughout the community. Since then, the City has been able to rebound from the devastating toll it had on our economy.

According to the Bureau of Labor Statistics, national unemployment for September 2025 was 4.4%. At a local level, the San Antonio area unemployment rate for September 2025 was 4.2%. The City focused efforts in the job sector through strengthening businesses, economic incentives, regional strategic partnerships, and creating Ready to Work, San Antonio's premier training, education, and employment program. Efforts to expand and bring new industries promises to bring over 2,355 new target industry jobs to San Antonio and over \$800 million in new investments. San Antonio continues to grow job opportunities as the overall employment in the City grew by 1.9%, which equates to over 23,000 jobs in 2025. The City's local economy is diverse and vibrant. San Antonio is anchored by several key industries and is targeting other emerging industries to drive the City's economic future.

The City has several strategic industry clusters: Military, IT Security, Sustainable Energy, and Bioscience and Healthcare Cluster, which have seen growth and expansion over the previous year.

Military Known and trademarked as Military City, USA®, San Antonio has had a significant relationship with the military for more than 200 years and is home to several military commands. With Joint Base San Antonio (JBSA) as a hub for U.S. Military operations, San Antonio companies receive significant contracts for providing research and development services, goods, products, and other support services through federal contracts. In 2024, the State of Texas noted JBSA as the largest military economic contributor in the State, with more than \$55 billion going to the Texas economy. Of the 14 military installations in Texas, JBSA provided more than one-third of economic impact.



IT and Cybersecurity San Antonio is home to numerous IT companies and initiatives across consumer, corporate, and Federal/Department of Defense (DoD) operations. San Antonio possesses the second-largest cluster of cyber and cybersecurity professionals in the nation outside the National Capitol Region. More than 40 entities have headquarters in the cyber and cybersecurity sector in San Antonio. The most prominent organization representing the DoD with cybersecurity missions in San Antonio are the 16th Air Force Information Warfare Numbered Air Force and the National Security Agency – Texas (NSA). The University of Texas at San Antonio (UT San Antonio) houses the National Security Collaboration Center (NSCC) in downtown San Antonio. The NSCC was developed to better align partnerships and collaboration between UT San Antonio professors, students, and leading public and private partners. The NSCC has over 60 national collaboration partners, such as Booz Allen Hamilton, the Southwest Research Institute, the DoD, the NSA, Raytheon, Dell, Cisco, and others that will catalyze further training, collaboration, and IT workforce development in San Antonio.

Effective September 1, 2025, the Texas State legislature approved with Texas House Bill 150 the establishment of the Texas Cyber Command (TXCC) as a new state agency within the University of Texas System. UT San Antonio will serve as the permanent home of this new state agency. Led by the Texas governor and a Texas Cyber Command Chief, the TXCC will establish new intelligence capabilities and digital forensic tools and increase statewide cybersecurity training and operational preparedness.

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

UT San Antonio broke ground in October 2023 on the adjacent \$131 million, 180,000 square foot Innovation, Entrepreneurship and Careers building that will introduce additional interdisciplinary programs in business, engineering, and the sciences. This building, also known as San Pedro II, is tentatively scheduled to open in spring 2026.



Sustainable Energy Sustainable Energy is poised to be a major driver of domestic investment and economic activity over the coming decades with the growing interest in electric vehicles, a national recognition of the need for sustainable energy, and large federal investments through the Creating Helpful Incentives to Produce Semiconductors and Science Act, the Bipartisan Infrastructure Law, and the Inflation Reduction Act. San Antonio is already a leader in the generation of power from renewable energy sources, and San Antonio is positioned well to compete for jobs and investments in this industry sector due to its diversified economy, workforce development programs, established advanced manufacturing industries, and access to transportation infrastructure.

Bioscience and Healthcare Cluster Employing nearly 1 in 5 workers in San Antonio, the bioscience and healthcare industry continues to be a significant driver of economic activity in the region, with over 150,000 employees and an annual gross domestic product impact of over \$23 billion. Over 31,000 jobs have been added in bioscience and healthcare over the last decade, with an average salary of \$98,507. San Antonio has several major employers in this industry cluster such as the Texas Biomedical Research Institute, BioBridge Global, 3M KCI (now Solventum), and four hospital systems. Driving innovation in this segment are over 20 academic, independent, and DoD biomedical research organizations. Additionally, San Antonio is home to the largest military health complex in the United States; the San Antonio Market. The San Antonio Market includes Brook Army Medical Center, Wilford Hall Ambulatory Surgical Center, and 10 stand-alone military treatment facilities. The San Antonio Market operates with a \$1.02 billion budget and 11,000 Army, Navy, Air Force, civilian and contract personnel. These staff members take care of more than 253,000 Tricare beneficiaries who rely on the Defense Department for their health care.



On September 1, 2025, the University of Texas at San Antonio and the UT Health Science Center San Antonio merged and is now ranked as the third-largest public research university in Texas. Now known as UT San Antonio, it employs over 17,000 employees, teaches approximately 40,000 students in 320 academic programs, and has more than \$486 million in annual research expenditures. UT San Antonio generated \$7.0 billion of economic impact for Texas.

MAJOR INITIATIVES – CAPITAL PROGRAMS

Alamo District The City, the Texas General Land Office, and the nonprofit Alamo Trust, are partners for the construction of a \$550 million preservation of the Alamo District. These plans will restore reverence to this historic mission, restore the 1836 battlefield footprint, preserve, and conserve the sole remaining structures, and construct an Alamo Museum and visitor center that will be the central focus of the collaboration of the Alamo mission and battle site. Two outdoor exhibits were completed in 2021.



MAJOR INITIATIVES – CAPITAL PROGRAMS (Continued)

Construction was completed on the \$15 million, 24,000 square-foot exhibit hall and collections building in late 2022 and opened to the public in March 2023, representing the first new construction on the Alamo grounds since the 1950s. It houses all of the Alamo artifacts, the Alamo Collection, and the Phil Collins Collection under one roof. It also features an exhibit space that will serve as a museum until the \$140 million Alamo Museum and visitor center is built. The 100,000 square-foot museum is scheduled for a grand opening in 2027. In December 2025 the Welcome Center opened, serving as a one-stop shop for purchasing tickets and tours. In Spring 2026, a second Welcome Center is scheduled to open, located between the Riverwalk and the Alamo.

Airport Terminal Development In November 2021, City Council unanimously approved the Strategic Development Plan (SDP), a Master Planning process required by the Federal Aviation Administration that provided a comprehensive, long-range study of every physical aspect of an airport to ensure it meets projected demand and serves its designated role within the national airport system. The SDP for the San Antonio International Airport identified the need for a new terminal facility to support the forecasted passenger growth for our region.

In May 2022, the City Council was presented with the major components of the Terminal Development Program (TDP), the cornerstone project of ELEVATE/SAT, representing the design and creation of an elevated airport experience. The new Terminal C includes 18 gates and associated enabling projects to be completed by the end of the second quarter of 2028. The new terminal will serve both domestic and international wide-body flights and includes a new modern Federal Inspection Station (FIS, also known as Customs area) to replace the existing FIS, as well as spacious gate holds areas and expansive new airline club and concessions spaces. The program also includes a terminal roadway realignment to provide enhanced traffic flow to all three terminals.

In addition to the TDP, the airport has other ongoing capital projects that were identified as key components to the SDP. An expansion to Terminal A is nearing completion (opening early 2026) and includes three ground load gates, five new airplane overnight parking spaces, and new passenger amenities such as ample seating, a sensory room, outdoor patio, and additional concession space. A much-needed new parking garage adjacent to Terminal C is in design; it will feature up to 2,500 spaces and is slated to open just prior to the new terminal. Other long-term projects in the planning stages for implementation over the next 20 years include runway updates as well as a Terminal A and B reconfiguration and rehabilitations to modernize the aging infrastructure, increase operational efficiency, and significantly improve the passenger experience.



MAJOR INITIATIVES – CAPITAL PROGRAMS (Continued)

San Antonio Public Library In fiscal year 2025, the City invested over \$2.4 million in Library improvement projects at five locations. Projects included improvements to heating, ventilation, and air conditioning at the Igo, Johnston, and Pan American Branches; roofing at the Semmes and Westfall Branches; and additional interior and exterior improvements at the Johnston and Semmes Branches. These projects reflect the San Antonio Public Library's (SAPL) commitment to providing excellent facilities to residents of San Antonio and Bexar County.

Community and Senior Centers The Barbara 'Robbie' Robinette Community and Senior Center opened in November 2024. The Center, located in Council District 4, is 17,000 square feet and provides multi-generational programming, including health and wellness activities, along with educational services to youth and older adults, ages 60 years of age and older. Older adult programming includes a daily noon meal, transportation to and from the center, arts and crafts, exercise classes, recreational activities, and education and technology classes. The site also serves as an important food commodity site that provides monthly food assistance to food insecure older adults.



The City is also renovating, rehabilitating, and constructing additions for the West End Park Senior Center in District 1. This construction will create a multigenerational facility that will support senior and constituent services, meeting space, and other recreational services. Construction is estimated to go through the Summer of 2027.

HPARC Civic Park The City, with the Hemisfair Park Area Redevelopment Corporation (HPARC), continues to work towards the redevelopment of the Hemisfair space, home of the 1968 World's Fair. Working from the Hemisfair Master Plan created in 2012, revitalization of this area is progressing, starting with the first park, Yanaguana Gardens, that opened in 2015. The second park, Civic Park, is divided into two phases.



Phase I of Civic Park opened on September 29, 2023, and is the grandest of Hemisfair's park series with a beautiful urban green space in the heart of San Antonio, to include an open lawn, a shaded promenade, water features, and gardens next to the City's Convention Center. Phase II of Civic Park opened in Spring 2025 and features four main spaces; the Zócalo, an elevated hard-scaped terrace, the Source Plaza, a large plaza with hardscape and landscape producing substantial shade through tree-canopy, the Promenade providing a shaded walkway that seamlessly connects the different areas of Hemisfair, and finally the Stage which provides a space for concerts and larger-scale civic events. Civic Park Phase II is set to include the Monarch Hotel, which is scheduled to open in March 2026. A residential and retail space is currently under design and review.

In September 2025, the first feature of Tower Park, the Red McCombs Community Court, opened to the public (pictured above). It is located on the eastern side of Hemisfair near the Tower of the Americas. All three areas will complement one another and unite to form the reimagined district, that is Hemisfair.

MAJOR INITIATIVES – COMMUNITY FOCUS

SA Tomorrow Given the expected increase in the City's population by 2040, SA Tomorrow was developed to ensure key aspects of growth and development, such as transportation and connectivity, housing, complete neighborhoods, public facilities, community safety, historic preservation, military affairs, natural resources, energy, water supply, jobs, economic competitiveness, education, and more, are addressed in a strategic manner. SA Tomorrow is an innovative effort to guide the City toward smart, sustainable growth through three different plans: comprehensive; sustainability; and multimodal transportation.



Comprehensive Plan was developed with support and collaboration from the City's residents, local organizations, the Department of Planning and Community Development, and other City entities. The purpose of this plan is to unify the visions, goals, and policies of San Antonio's other plans and initiatives and identify specific issues, challenges, and needs. It presents preliminary concepts, strategies, and recommendations for various elements of the community.



Sustainability Plan focuses on enhancing a community's quality of life and overall resilience while balancing the impact of the City's expected growth with existing economic, environmental, and social resources. As part of implementing the sustainability plan, SA Climate Ready was developed as a community-driven plan to guide San Antonio's commitment to reduce its greenhouse gas emissions contributions to climate change and prepare for current and future climate impacts. The plan lays out a roadmap for the community and municipal organization to reduce carbon emissions, adapt to a changing climate, and ensure San Antonio remains a healthy, vibrant place for generations to come. In October 2019, the City adopted the Climate Action Plan. The plan states that the City as a whole must within three decades be taking in or offsetting more carbon dioxide and other greenhouse gases than its emitting. This target is based on current climate science and would require shifting almost entirely away from fossil fuels in power supply and transportation and use technology to assist in keeping emissions out of the atmosphere. The goal of the Climate Action Plan is to be a net-zero carbon emission City by 2050, making San Antonio the second major Texas City to adopt such a goal.



Multimodal Transportation Plan effort will explore how to preserve the San Antonio culture and increase livability through ensuring housing and transportation choices as the City grows. The plan covers the entire City including its extraterritorial jurisdictions. It also considers all modes of transportation: auto; freight; rail; transit; biking; and walking. The plan will communicate the City's transportation strategy for the future, develop proposed improvements that address all modes, and provide for a method of prioritizing projects.

Resiliency, Energy Efficiency, and Sustainability The City established the Resiliency, Energy Efficiency and Sustainability (REES) Fund to provide resources to support the implementation of the SA Climate Ready Plan. In fiscal year 2025, the Office of Sustainability continued implementation of several initiatives to reduce greenhouse gas emissions and to adapt to climate change. These initiatives included community grants, grassroots engagement, and urban heat island business incentive programs. Altogether, \$2.2 million in funding supported 125 small businesses, non-profits, and faith-based organizations. Additionally, they focused efforts on implementing a multi-year plan to enhance the City's resiliency.

MAJOR INITIATIVES – COMMUNITY FOCUS (Continued)

Solar Initiative The largest municipal on-site solar program by a local Texas government in San Antonio is currently in its second year of construction. Funding for the \$30 million is from certificates of obligations (C of Os), State Energy Conservation Office (SECO) Loans, and Clean Energy Tax Credits. The C of Os are paid back from energy savings from the project. This initiative involves the installation of rooftop solar photovoltaic and solar canopy shade structures at various City-owned facilities, moving the City closer to its 2040 goal of achieving zero net energy for all municipal buildings. As of February 2026, twenty-three municipal solar projects have been completed and placed into service with a total capacity of 5.4 MW (megawatts). Twenty-four additional sites are scheduled for completion in 2026, and five sites are anticipated to be completed in 2027, with a combined capacity of 7.4 of MW. In total, the estimated system size is 12.83 MW.

Affordable Housing In December 2021, the City adopted the Strategic Housing Implementation Plan (SHIP), aiming to produce or preserve over 28,000 affordable homes in San Antonio over the next ten years. So far, the City is making steady progress toward its 10-year goal, achieving 40% of the overall target in fourth year of implementation. This includes 46% of the rental goal, 28% of the homeownership goal, and 48% of the goal to add 1,000 permanent supportive homes for people exiting chronic homelessness. SHIP's adoption defined affordable housing, set new production and preservation goals, and identified 36 strategies to help the City and its partners meet those goals. To date, production or preservation of over 8,000 homes has been completed and over 3,000 are in progress. The City has also continued efforts to help renters and homeowners stay in the housing they have through information campaigns on renter's rights and responsibilities and property tax help. Over 400 people have attended a session for renters this year, and the City's video series has been viewed over 1,000 times. In fiscal year 2025, an in-person pilot series focused on landlords with small portfolios was launched and welcomed 75 attendees, with attendance increasing each event. In 2026, a video training series for landlords with small portfolios will launch.



Transportation Effective January 1, 2026, the 1/8 cent sales and use tax proceeds associated with the Ready to Work program will be reassigned and collected by VIA Metropolitan for advanced public transportation services, operations, passenger amenities, equipment, and other innovative advanced transportation purposes or public transportation mobility enhancement purposes. These proceeds will fund VIA's Green and Silver Lines, as part of the Advanced Rapid Transit corridors in San Antonio. These lines are high-frequency, light rail-style bus services. They will have dedicated lanes, specialized stations, and signal priority. The Green Line Project is scheduled to open between 2027 to 2028, and its routes will run north-south along San Pedro Avenue, from the Airport, downtown, and to Brooks Transit Center. In January 2025, the City updated its Transit-Oriented Development zoning code, to allow property owners near VIA's Green Line to build walkable, mixed-use communities. The Silver Line, estimated to start construction in 2027, will provide an east-west rapid transit line. The Silver Line Project is projected to open in late 2029.

MAJOR INITIATIVES – CONVENTION & TOURISM

The Convention & Sports Facilities (CSF) Department operates the Henry B. Gonzalez Convention Center and Lila Cockrell Theatre, the Alamodome and the Carver Community Cultural Center (Carver). CSF is also responsible for managing several leases including Nelson Wolff Stadium and Toyota Field. CSF ended fiscal year 2025 with strong attendance and event numbers in its inventory of high-quality facilities to host conventions, meetings and major sporting events and concerts.

MAJOR INITIATIVES – CONVENTION & TOURISM (Continued)

Carver Community Cultural Center The Carver continued to gain notice for its headline performance seasons at both the Jo Long Theatre and Little Carver. In fiscal year 2025, that lineup included artists owning 12 Grammy Awards and more than 45 Grammy nominations. The performers included Patti Austin, Chief Adjuah and the Branford Marsalis Quartet. Included in the announced performance lineup for the rest of 2025 are celebrated Stanley Clarke and the legendary Mavis Staples. The Carver's offerings include the "Creative Cruiser" Mobile Art Lab, a customized 16-foot Sprinter van that enables the historic facility to bring free arts education, performance and engagement into the community, meeting people where they work, learn and play. The mission of the Carver Community Cultural Center remains to celebrate the diverse cultures of our world, nation, and community.

Henry B. Gonzalez Convention Center Working alongside partner Visit San Antonio (VSA), the City's sales and marketing organization, the Convention Center generated slightly more than \$26.5 million in revenue in fiscal year 2025, 11% more than the previous year. VSA's strategic plan and proactive efforts continue to impact event numbers for 2025 and beyond, utilizing the hosting obligation funds allocated by the City to attract short-term business to the Convention Center. During fiscal year 2025, the Convention Center hosted 198 events with 565,841 attendees. Notable events included the annual San Japan Anime Conference, Ace Hardware, International Roofing Expo, Ulta, Breast Cancer Symposium, the International Society for Technology in Education and American Society of Anesthesiologists. The Center had a record 73% occupancy, well above the industry standard for capacity (70%). In total, 88 citywide events were held at the facility, resulting in more than 460,000 room nights used. 103 citywide events are confirmed for future years with more than 480,000 room nights projected. The biggest headline for 2025 occurred in April when the Convention Center teamed with the Alamodome to host the NCAA Men's Final Four, accommodating a Fan Fest event that drew more than 75,000 visitors.

Alamodome The Alamodome turned 32 years old in 2025, hosting a record-setting NCAA Men's Final Four in March. The City was spotlighted internationally with viewership marks, (engagement of audiences from watching events through television or streaming) and sold-out crowds of 68,252 for both semifinal games. The tournament generated an estimated \$440 million in economic impact, with fans hailing from all 50 states and 26 foreign countries. The basketball tournament was part of a remarkable diversity of events that attracted close to one million fans to San Antonio's signature downtown venue. This included concerts, sporting events, graduations and shows. Football provided many of the headlines for the year, including more than 65,000 fans on hand in late December 2024 when Brigham Young faced Colorado in the Valero Alamo Bowl. The Alamodome also was home to the final season of the United Football League as well as home to UT – San Antonio, coming off its fifth straight postseason bowl appearance in 2024. The Alamodome also hosted international futbol in November 2025, where the national teams of Mexico and Paraguay, both World Cup qualifiers, faced off in a friendly match.



Concerts continued to dominate the headlines at the Alamodome including the sold-out Paul McCartney show held on October 2025. The Alamodome has hosted eight concerts over the past two years that have drawn 38,000 or more fans. In fiscal year 2025, that lineup included acts such as Shakira, The Weeknd, Chris Brown, and Post Malone and Jelly Roll. The Dome also was the site of popular Disney on Ice, the UIL boys and girls state basketball championships in March and the Navy All-American and San Antonio Sports All-Star football games.

The NCAA announced that San Antonio will host the 2026 D1 Women's Volleyball Championship and the 2027 NCAA D1 Mens' Basketball Regionals. Over 1,200 bids across 47 states were received to host these events. San Antonio last hosted the Volleyball Championships in 2005 and 2011. The 2029 NCAA Women's Final Four will be held in San Antonio. This will mark the fourth time the City is hosting this event. With these events, the City continues to be one of the country's leading destinations for sports events.

MAJOR INITIATIVES – CONVENTION & TOURISM (Continued)

The facility also introduced several initiatives to better service fans, including a faster security entrance system called Open Gate, and more order-and-pick-up culinary kiosks throughout the facility. At the Final Four, the Alamodome officially unveiled 18 new suites, bringing its overall total to 70, and provided new finishes to the upper-concourse concession and eating areas.

MAJOR INITIATIVES – ECONOMIC DEVELOPMENT

Proposed Minor League Baseball Stadium A multi-purpose ballpark facility with approximately 4,500 fixed seats and total capacity of around 7,500 attendees is proposed to be constructed in the northwest quadrant of downtown San Antonio near the San Pedro Creek Culture Park.

Designated Bidders, LLC are the new owners of the San Antonio Missions, the Double-A affiliate of the San Diego Padres. Since 1994, the team has played home games in Nelson Wolff Stadium. Due to the age of the Stadium, Major League Baseball (MLB) has determined that the facility in its current condition is not suitable for minor league baseball in the future. MLB requested that the new ownership group have a plan for a new ballpark. The new ownership group has expressed the desire to have a new ballpark, meeting MLB's facility requirements, constructed downtown.

On September 12, 2024, the City approved a non-binding Memorandum of Understanding and Term Sheet between the City, Bexar County, Designated Bidders, LLC, San Antonio Missions Baseball (Team) and Weston Urban LLC (Developer).

In April 2025, the San Pedro Creek Development Authority (the Authority) was created by the City and jointly approved by the City and Bexar County. The Authority will own the new ballpark stadium and the Board of Directors include three representatives each from the City, County, and Developer/Team, respectively.

The preliminary estimated cost of the ballpark project was \$160 million inclusive of land in 2024. Design and updated cost estimates for the ballpark are in progress. The proposed ballpark project site is located within the Houston Street TIRZ. The preliminary financing plan for funding the ballpark is comprised of: Team contribution; rent for the new ballpark, ticket fees, Municipal Management District (MMD) assessments on the new guaranteed development, property tax increment from new guaranteed development in the Houston Street TIRZ; and property tax revenues in the Houston Street TIRZ. The plan includes the construction of four phases of mixed-use private development in areas around the ballpark with a total taxable value of \$1 billion; of these, two phases with a taxable value of \$575 million and their respective property tax revenues are guaranteed.



Proposed Sports & Entertainment District In November 2024, the City unveiled a plan for a Sports and Entertainment District in downtown San Antonio. The proposed district would include an expansion of the Henry B. Gonzalez Convention Center, a new convention center hotel, land bridge over I-37 to connect the east side to downtown, improvements to the Alamodome, renovation of the John Woods Courthouse into a live entertainment venue, mixed-use development, enhanced infrastructure, and a new NBA arena for the San Antonio Spurs.

MAJOR INITIATIVES – ECONOMIC DEVELOPMENT (Continued)



On August 21, 2025, the City approved a Resolution authorizing the City Manager to complete negotiations and execute a non-binding Term Sheet with the San Antonio Spurs Holdings, LLC. (Spurs), relating to a new downtown NBA Arena. The Term Sheet was executed in August 2025 and sets out a nonbinding framework for the negotiation of future documents and definitive agreements. It was also conditioned upon the passage of Bexar County's Venue Tax ballot measure which occurred on November 4, 2025, which provides a portion of the funding for the new Arena.

The Term Sheet establishes the framework for a new NBA Arena downtown as an anchor in the proposed Sports and Entertainment District. The new Arena would be constructed on roughly the footprint of the former Institute of Texan Cultures property.

The cost of the new arena is estimated at \$1.3 billion. Under the term sheet, the arena would be funded as follows: the Spurs would contribute \$500 million plus cover any costs in excess of \$1.3 billion; the County would contribute \$311 million from the Venue Tax proposition approved by the voters at the November 4, 2025 election; and the City would contribute \$489 million. Based upon the preliminary plan of finance, the City's contribution would come from the issuance of bonds that would be repaid from the Spurs lease payment for the use of the new arena, revenues from the Hemisfair Tax Increment Reinvestment Zone (TIRZ), and revenues from the Project Finance Zone (PFZ). Revenues from the TIRZ include ground leases and property taxes from new mixed-use development guaranteed by the Spurs and Developer(s) with a taxable value of \$1.4 billion. The PFZ allows the City to capture the State's incremental growth in its hotel associated revenue within a zone for thirty years for investment into an eligible designated project. The City has designated the Convention Center Complex comprised of the convention center, Alamodome, and arena.

Additionally, the Spurs agreed to a contribution of up to \$30 million plus closing costs to be used by the City to acquire property within the proposed District from the General Services Administration. This property will be the site of a portion of the guaranteed mixed-use development and will be ground leased back to the Spurs and their developer. The Spurs also agreed to providing \$2.5 million annually during the term of the Arena lease to be used for community benefits. The community benefits will be determined by the City Council.

During calendar year 2026, work on the proposed district will continue. This work effort will primarily focus on advancing the convention center expansion project through an updated feasibility study, negotiation of definitive documents related to the arena, acquisition of property, infrastructure planning, District studies, and continued due diligence.

Tax Abatements The City offers tax abatement incentives of up to 100% on real and/or personal property taxes for a maximum term of up to 10 years. The abatement percentages and terms vary, and are based on job creation, wages, benefits offered, targeted industries, and project location. Additionally, per Chapter 380 of the Texas Local Government Code, the City is authorized to grant and loan funds to promote state or local economic development and to stimulate business and commercial activity within the municipality and within tax increment financing zones. For more information on the City's tax abatements, please refer to Note 3 Tax Abatements.

MAJOR INITIATIVES – EDUCATION

Early Child Education In November 2012, City voters approved funding for Pre-K 4 SA with a 1/8 cent sales tax that finances the majority of the early childhood education organization's budget. Pre-K 4 SA is a comprehensive initiative designed to change San Antonio's education and workforce trajectory in one generation through high-quality early education. Pre-K 4 SA achieves its mission through four key program components: 1) four model Education Centers; 2) best-in-class professional learning; 3) family outreach and engagement; and 4) competitive grants. In November 2020, City voters renewed adoption of a sales and use tax at the rate of 1/8 cent for the purpose of continued financing of Pre-K 4 SA, an authorized program of the San Antonio Early Childhood Education Municipal Development Corporation, for another eight years.

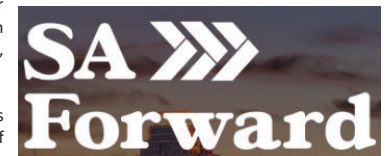
In October 2025, a new South Education Center had a grand opening, moving from leased space into a newly constructed facility. This new center is located in a historically under-resourced region, South San Antonio, and is expanding opportunities for early childhood education to families. There are four classrooms dedicated for infant and toddler care.

Ready to Work (RTW) Ready to Work is San Antonio's premier training, education, and employment program. In 2020, as a longer-term investment in San Antonio's workforce ecosystem, voters overwhelmingly approved Ready to Work as an authorized program of the San Antonio Early Childhood Education Municipal Development Corporation. The \$200 million program is funded by a separate 1/8 cent sales tax to be collected through December 2025. Eligible participants can earn credentials, certifications, and degrees in targeted industries focused on well-paid jobs in high demand. Over the course of the program, the City anticipates training over 28 thousand residents and providing them with support to help them succeed and find quality employment.

RTW runs through six prime partner agencies including Workforce Solutions Alamo, Alamo Colleges District, Project Quest, Restore Education, Goodwill Industries of San Antonio, Hallmark University, and many subcontracted community organizations. Now in its third full year, over 22,000 applicants have completed intake interviews and needs assessments, over 13,000 participants have enrolled in approved training courses, and almost 2,900 participants have been hired by 1,361 employers. To date, participants are achieving a 61.0% training completion rate and a 56.0% job placement rate within 6 months of completing training. Over 670 local employers have pledged to support RTW. RTW has accumulated an abundant fund balance of over \$133 million which is projected to carry the program through 2030.

MAJOR INITIATIVES – PUBLIC HEALTH SERVICES

The SA Forward Plan In fiscal year 2022, Metro Health introduced SA Forward, a five-year community blueprint to address the most pressing health issues in the community, strengthen the local public health ecosystem, and decrease social and racial disparities in health. Fiscal year 2025 was the fourth year of the initiative and placed an emphasis on addressing mental health, domestic violence, and quality of life for residents:



- **Mental Health & Resilience:** Mental health continues to be an increasingly large part of the burden of disease in our community. As such, improving the coordination of mental health services by strengthening community assets to ensure emotional, psychological, and social wellbeing for people and communities is essential. In fiscal year 2025, Metro Health continued initiatives that expanded the availability of mental health services to children in areas with higher needs, provided support for City departments to achieve trauma informed certification, and supported the San Antonio Community Outreach and Resiliency Effort (SA-CORE) program which enhances the City's response to mental health related 911 calls by dispatching a multi-disciplinary response team (see SA Core on following page).

MAJOR INITIATIVES – PUBLIC HEALTH SERVICES (Continued)

- **Violence Prevention:** The vision of the Violence Prevention initiative is to stop violence from happening before it starts by building equitable and empowered communities who can heal past harms and grow safer futures and communities. To achieve this vision, Metro Health continues to provide preventative resources associated with family violence, child abuse, parenting skills, and neighborhood or community violence.
- **Quality of Life:** The City supported the continued development of a new UT San Antonio, School of Public Health. This partnership is a \$10 million investment over five years from the City. The goal of the investment is to ensure that the Metro Health Department and community stakeholders improve public health workforce development and collaborations.

SA Core The San Antonio Community Outreach and Resiliency Effort (SA-CORE) is a partnership between Metro Health, the San Antonio Fire Department (SAFD), San Antonio Police Department (SAPD), Southwest Texas Regional Advisory Council (STRAC), and the Center for Health Care Services (CHCS). SA-CORE enhances the City's response to mental health related 911 calls by dispatching a multi-disciplinary response team comprised of a SAFD paramedic, a SAPD police officer, and a CHCS mental health clinician. The SA-CORE initiative is a vital improvement in the first response system for individuals experiencing a mental health emergency so they may gain access to appropriate, tailored clinical care as soon as possible. In fiscal year 2025, three SA-CORE teams responded to more than 5,000 mental health calls with a success rate of less than 1% resulting in an arrest. Fiscal year 2025 was the first year of City-wide 24/7 coverage.

FINANCIAL INFORMATION

The management of the City is responsible for establishing a system of internal controls that is designed to provide reasonable assurance that assets are protected from loss, theft, or misuse. The City's accounting system supports the internal controls and procedures, which provide reliable financial records for preparing financial statements in conformity with generally accepted accounting principles. The internal control structure provides reasonable assurance that the City's assets are safeguarded as well as the reliability of financial records for preparing financial statements. The concept of reasonable assurance first recognizes that the cost of a control should not exceed the benefits likely to be derived. Secondly, the evaluation of costs and benefits require estimates and judgments by management.

Budgetary compliance is a significant tool for managing and controlling governmental activities, as well as ensuring conformance with the City's budgetary limits and specifications. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Levels of budgetary control, that is the levels at which expenditures cannot legally exceed appropriated amounts, are established at the department level within individual funds. The City utilizes an encumbrance system of accounting as one mechanism to accomplish effective budgetary control. Another budgetary control is the generation of a monthly revenue and expenditure report summarizing by department budget and actual balances with variances which are reviewed by the City's Office of Management and Budget (OMB), Finance, and the City Manager's Office.

Each quarter, OMB and Finance meet with department representatives to assess departments' revenues and expenditures based on actual results to date and projected revenue and expenditures for the remainder of the fiscal year. The projected revenue and expenditures are compared against the legally adopted budget for analysis and are presented to the City Manager's Office and City Council. During the mid-year budget review, an additional step is added related to formal budget adjustment recommendations that are made to City Council for adoption to modify the original budget. At fiscal year-end, as part of the subsequent year's budget adoption, City Council is provided information regarding the current year's estimated final amounts and recommendations to again approve desired budget adjustments and carryforwards for the next fiscal year. The City further implemented available budget controls within its system of record for capital projects and grants. The system warns when cumulative expenditures are within 75.0% of total budget and will not allow the processing of non-payroll transactions which exceed the budget.

FINANCIAL INFORMATION (Continued)

Annual Budget Process The annual budget serves as the foundation for the City's financial planning and control. The development of the City's annual budget generally begins in April. It is a comprehensive effort that involves input from residents, the Mayor and City Council, outside governmental agencies, private organizations, all City departments and offices, and City employees. There are several major components to the process, including gathering input from the community on priorities, the annual policy and goal setting session with the Mayor and City Council, presentation of the proposed budget, public comment on the proposed budget, City Council budget work sessions, and budget adoption.

Five-year Financial Forecast At the beginning of the budget process, the City prepares a five-year financial forecast (Forecast). The Forecast is a financial and budgetary planning tool that provides a current and long-range assessment of financial conditions and costs for City services. The Forecast includes the identification of service delivery policy issues that will be encountered in the next five years which will have a fiscal impact upon the City's program of services. The Forecast also examines the local and national economic conditions that have an impact on the City's economy and, ultimately, its budget. The Forecast serves as a foundation for development of the proposed budget by projecting revenues and anticipated expenditures under a defined set of assumptions. The Five-year Financial Forecast for fiscal year 2025's budget was presented to City Council on April 17, 2024.

Goal – Setting Session A budget goal-setting session was held on April 18, 2024, with the Mayor and City Council. At this session, the City Council discussed financial policies and City Council Priority Areas. Key priorities identified by the Mayor and City Council included, public safety, infrastructure, homeless support, employees, animal care services, housing, and small business.

Trial Budget To give City Council and the community an opportunity to provide feedback on the budget, prior to the proposed budget in August, a Trial Budget was also developed and presented to the City Council for initial thoughts and consideration on May 8, 2024. The Trial Budget included certain revenue and expenditure assumptions, as well as proposing targeted improvements for the fiscal year 2025 Budget.

Public Input A major component of the budget process is community input. Through the City's public outreach campaign, SASpeakUp, residents had the opportunity to provide feedback through a wide variety of channels in both English and Spanish, with an emphasis on reaching residents where they are, whether online, at community-wide events, or at City facilities in their neighborhoods. The City also conducted a citywide statistically valid budget survey for additional feedback. The Community Input Report on the Trial Budget was presented to City Council on June 20, 2024.

Proposed Budget After obtaining the priorities of City Council and the community, the City Manager reviewed department budgets to ensure they were in line with priorities and funding availability. The City Manager then presented the proposed budget to the City Council for review in early August. The proposed budget represented the City staff's recommendation of utilizing revenues and expenditures to achieve a balanced budget, while optimizing City service deliveries and addressing priorities of the City Council and residents.

Public Hearing After the budget was proposed, the City Council held 11 sessions to review the proposed service program details and discuss potential City Council budget amendments. The budget work sessions provided a forum for public discourse on significant policy issues as well as an opportunity to review departmental service plans, service enhancement, and revenue changes.

FINANCIAL INFORMATION (Continued)

Adopted Budget On September 19, 2024, City Council adopted the fiscal year 2025 Operating and Capital Budget. City Council must adopt a final budget each year no later than September 27th. The appropriated budget is prepared by fund (e.g., General Fund) and department (e.g., Finance Department). The legal level of budgetary control is approved by City Council at the individual fund and departmental level. Expenditures by department and major category (personnel, non-personnel, and capital outlay) are further defined in the budget document. The City Manager or designee may revise the approved department expenditure allotments during the fiscal year, but in no event shall the aggregate departmental expenditure allotment exceed the appropriation available to the department unless approved by City Council. The City Council may at any time transfer unencumbered appropriation balances or any portion thereof within a department, office, or agency to another as requested in writing by the City Manager.

The City implemented a set of financial policies as a means of fiscal prudence in consideration with City operations, implications to the City's credit rating, and City Council priorities to maintain a strong and solid financial position coupled with flexibility to adapt to changing economic conditions. These policies are evaluated annually as part of the budget process.

The City's financial policies adopted with the fiscal year 2025 budget include:

- Maintain a minimum General Fund ending balance of 15.0% of revenues;
- Maintain Public Safety below 66.0% of the General Fund budget;
- Manage structural balance in the General Fund;
- Maintain a \$3,000 contingency in the Capital Budget;
- Address Internal Fund deficits within 3 to 5 years;
- Annually review the impact of the State imposed 3.5% Property Tax Cap on service delivery and provide a recommendation on whether to adjust the Property Tax Rate;
- Annually review property tax relief with a focus on homeowners;
- Annually review and periodically adjust fees and charges to provide for cost recovery, inflation, consumer relief, and/or alignment with policy goals.
- Annually assess the City's payment from CPS Energy to determine the portion, if any, deemed to be unusual, out of the ordinary, and one-time in nature, and make recommendations for that amount taking into consideration factors such as the City's overall financial position, impact on service delivery, benefit to the community, and responsible ownership.
 - City Payment from Off-System Sales – Revenue from off-system sales is capped at \$10 million annually with any City Payment from off-system sales above \$10 million reserved in a CPS Energy Capital Reserve Fund, with any shortfall in the City payment base budget at year-end deducted from the Fund to determine the amount eligible to be transferred to CPS Energy for resiliency and reliability initiatives;
 - City Payment Base Budget – City Payment in excess of 10% over the City's adopted City Payment base budget (adopted budget plus 10%) allocated to the following authorized purposes based upon percentages to be determined by the City: CPS Energy resiliency and reliability projects; and the City's Resiliency Energy Efficiency and Sustainability Fund (REES).

In accordance with the financial policy, the City assessed its City Payment from CPS Energy as part of the fiscal year 2026 budget process. After consideration of the factors noted above, the City's fiscal year 2026 Adopted Budget and its two-year budget plan include the retention by the City of amounts to be deposited into the Capital Reserve Fund to address City budget challenges through fiscal year 2027. The City will continue to assess and make recommendations related to City Payment from CPS Energy on an annual basis based upon the City's financial policies.

FINANCIAL INFORMATION (Continued)

The City further utilizes a comprehensive debt management financial planning program, which is updated annually and is a major component of the City's financial planning. The model projects financing needs, measuring, and assessing the cost and timing of each debt issuance. It involves comprehensive financial analysis, utilizing computer modeling, and incorporates variables such as interest rate sensitivity, assessed value changes, annexations, and current ad valorem tax collection rates. Use of this financial management tool has assisted the City in meeting its financing needs by facilitating timely and thorough planning, thus allowing the City to capitalize on market opportunities.

San Antonio holds a 'AAA' general obligation bond rating from Standard & Poor's, a 'Aaa' from Moody's, and a 'AA+' from Fitch. The 'AAA' bond rating is the highest credit rating an organization can receive and it allows the City to pay the lowest possible interest rates in the market.

GRANT FUNDS

The City actively seeks and applies for Federal and State grants that are in line with the City's core operations and initiatives as an additional tool in providing services to the citizens of San Antonio. In 2025, the City was awarded \$253 million in Federal assistance and \$15 million in State assistance for a total of \$268 million.

AWARDS

The City's Office of Management and Budget received the Annual Distinguished Budget Award from the Government Finance Officers Association of the United States and Canada (GFOA). This award recognizes outstanding achievement in preparation of the 2025 Operating and Capital Budget for the 42nd consecutive year.

The City's Finance Department received the Achievement of Excellence in Procurement (AEP) award for the 28th consecutive year in recognition of organizational excellence in public procurement.

The Office of the City Clerk Vital Records Division earned first place in the inaugural Vital Statistics Spotlight Awards for the *Guiding Statement* category. The submission highlights the City's mission, vision, and strategic goals. The City's mission is to uphold integrity and serve as custodian of essential records and to provide vital records with excellent customer service. Goals and strategies included increased accessibility for customers, improved communication, and education and training for staff.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Report for the fiscal year-ended September 30, 2024. This was the 50th consecutive year that the government has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Report. This report satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

INDEPENDENT AUDITS

State statutes and the City's Charter require that an annual audit by an independent certified public accountant be conducted. The City selected the accounting firm Forvis Mazars, LLP. In addition to meeting the requirements set forth in State statutes and the City's Charter, the audit was also designed to meet the requirements of the Uniform Guidance, the State of Texas Grant Management Standards, and the Federal Aviation Administration *Passenger Facility Charge Audit Guide for Public Agencies*.

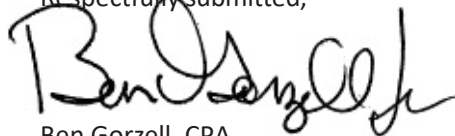
The Independent Auditor's Report on the basic financial statements, Management's Discussion and Analysis, required supplementary information, and required disclosures and schedules are included in the Financial Section of this Annual Report. The Federal Single Audit Report has been prepared in accordance with the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The State Single Audit Report has been prepared in accordance with the State of Texas Grant Management Standards. The Passenger Facility Charges Report has been prepared in accordance with the Federal Aviation Administration *Passenger Facility Charge Audit Guide for Public Agencies*.

The Federal, State and Passenger Facility Charges Report section is comprised of the Schedules of Expenditures of Federal and State Awards, respectively, the Schedule of Revenues and Expenditures of Passenger Facility Charges, Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* – Independent Auditor's Report, Report on Compliance for each Major Federal Program and Report on Internal Control Over Compliance as Required by the Uniform Guidance – Independent Auditor's Report, Report on Compliance for each Major State Program and Report on Internal Control Over Compliance Required by the State of Texas Grant Management Standards – Independent Auditor's Report, Report on Compliance for the Passenger Facility Charge Program and Report on Internal Control over, the Schedule of Findings and Questioned Costs, Corrective Action Plans, and the Summary Status of Prior Year Findings for both the Federal and State Single Audits and the Passenger Facility Charges Report.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Controller's Office in the Finance Department. Much time and effort in preparation of this report lies in the Controller's Office, with support from OMB, Department Fiscal Administrators, other Finance Department personnel, and fiscal staff throughout the City. I would like to express my appreciation to all who assisted in this effort. In closing, please accept my sincere gratitude to the Mayor and City Council, City Manager, Deputy City Manager, Assistant City Managers, and their staff for their continued support.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ben Gorzell", written over a horizontal line.

Ben Gorzell, CPA
Chief of Financial & Administrative Services



Government Finance Officers Association

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Presented to

**City of San Antonio
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO

City of San Antonio Mayor and City Council



Gina Ortiz Jones
Mayor



Ivalis Meza Gonzalez
District 8



Misty Spears
District 9



Marc Whyte
District 10



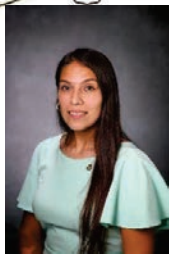
Marina Alderete Gavito
District 7



Ric Galvan
District 6



Dr. Sukh Kaur
District 1



Teri Castillo
District 5



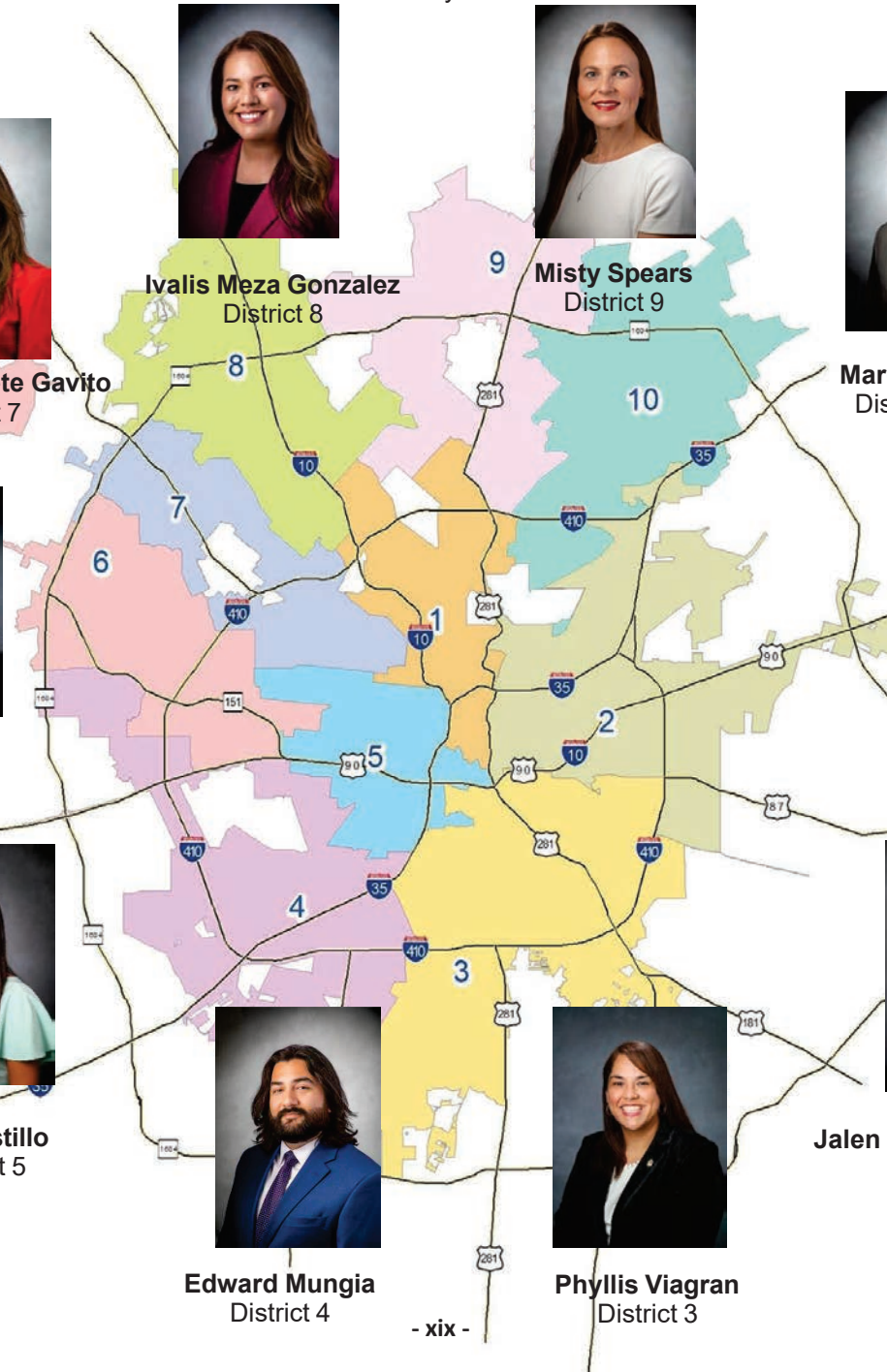
Jalen McKee-Rodriguez
District 2



Edward Mungia
District 4



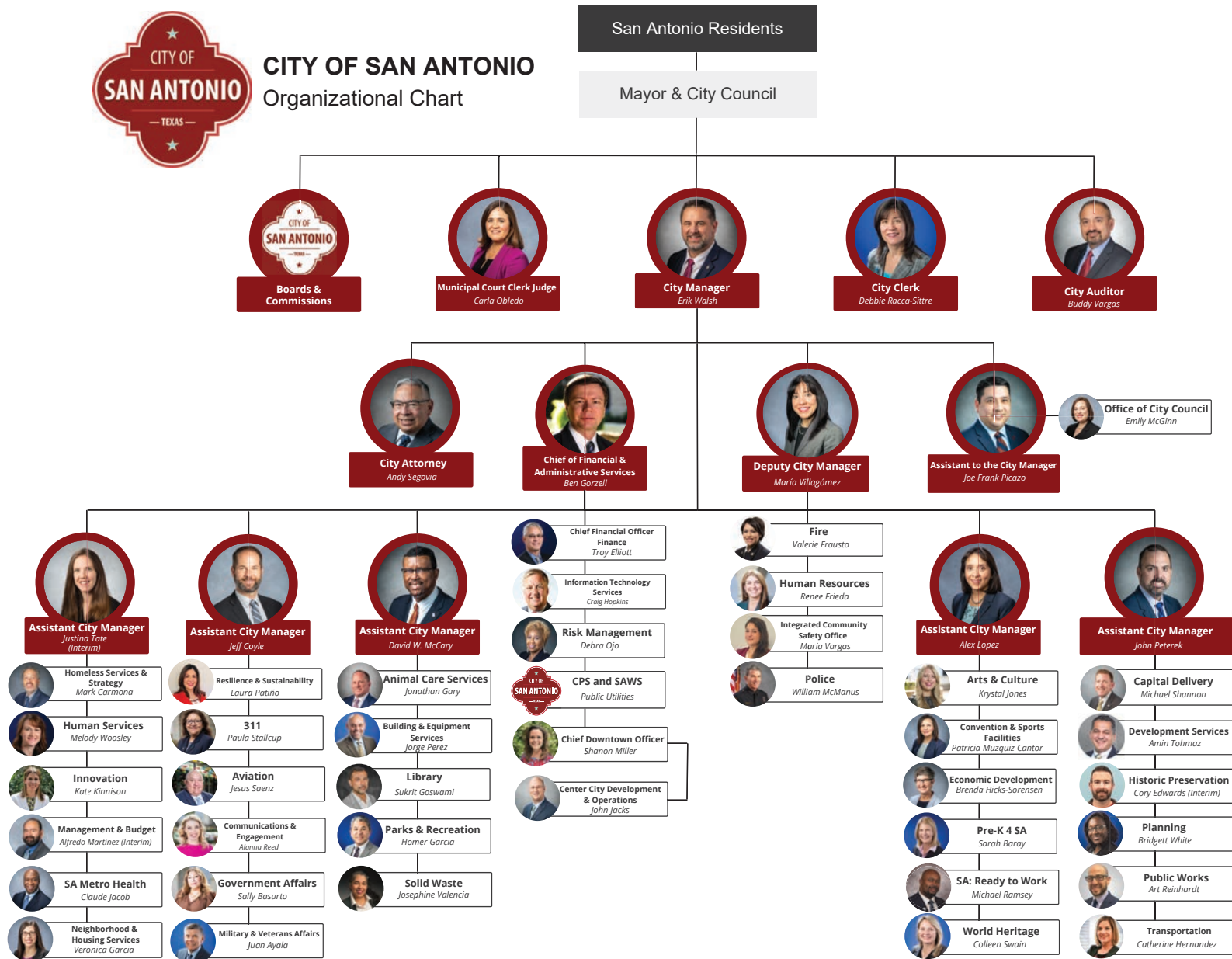
Phyllis Viagran
District 3





CITY OF SAN ANTONIO

Organizational Chart



FINANCIAL SECTION

Independent Auditor's Report

Independent Auditor's Report

Honorable Mayor and Members of City Council
City of San Antonio, Texas
San Antonio, Texas

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 San Antonio, Texas (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 reports 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 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 Municipal Golf Association – San Antonio dba Alamo City Golf Trail (blended component unit), and San Antonio Fire and Police Pension Fund and Retiree Health & Wellness San Antonio Fire and Police Fund (fiduciary component units), which represent 74%, 83%, and 34%, respectively, of the assets, net position/fund balances, and revenues/additions of the aggregate remaining fund information as of and for the year ended September 30, 2025. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those component units, are based solely on the reports of the other auditors. We also did not audit the financial statements of Brooks, CPS Energy, and San Antonio Water System, discretely presented component units, which represent the aggregate discretely presented component units as of and for the year ended September 30, 2025. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those component units, are 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.

Emphasis of Matters

As discussed in Note 21 to the financial statements, beginning net position of the governmental activities, business-type activities, airport system fund, solid waste management fund, and the other aggregate remaining fund information has been restated for a change in accounting principle. Our opinions are not modified with respect to this matter.

As discussed in Note 21 to the financial statements, beginning net position of the governmental activities and the other aggregate remaining fund information has been adjusted for a change to the financial reporting entity. Our opinions are not modified with respect to this matter.

As discussed in Note 21 to the financial statements, beginning net position of the aggregate discretely presented component units has been adjusted and restated, respectively, for a change to the financial reporting entity and a change in accounting principle. Our opinions are not modified with respect to this matter.

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 12 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, budgetary comparison schedule – general fund, pension, and other postemployment benefit 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

**Houston, Texas
March 3, 2026**

Management's Discussion and Analysis

**(Required Supplementary Information)
(Unaudited)**

Management's Discussion and Analysis (Unaudited)

The City of San Antonio (City) presents the following discussion and analysis of the City's financial performance during the fiscal year-ended September 30, 2025. This discussion and analysis are intended to assist readers in focusing on significant financial issues and changes in the City's financial position and identifying any significant variances from the adopted budget. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements provided in this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2025 by \$3,271,396 (net position), which is a decrease of \$178,570 from prior year's net position. A deficit ending balance of \$847,880 in unrestricted net position is primarily due to the City's pension and other postemployment benefits liabilities.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,764,023, a decrease of \$325,163 compared to the fiscal year 2024 fund balance. Of this amount, \$26,639 is nonspendable, \$1,033,186 is restricted in use, \$437,401 is committed, \$792 is assigned, and \$266,005 is unassigned. The unassigned fund balance includes the General Fund's of \$381,082 less \$115,077 in deficits reported in other governmental funds.
- The establishment and maintenance of appropriate reserves within the General Fund is critical to prudent financial management. City Council approved financial policies requiring the City to maintain a minimum General Fund ending balance of 15.0% of revenues. The General Fund's unassigned fund balance includes \$381,082 in financial reserves of which \$208,401 or 12.7% of budgeted revenues, was reserved for a two-year balanced budget and \$161,745 or 9.8% of the adopted General Fund revenues is the budgeted financial reserve. The General Fund available ending balance is \$8,931 better than anticipated when compared to re-estimated fiscal year 2025 budget.

Overview of the Financial Statements

This discussion and analysis are intended to serve as the introduction to the City's basic financial statements, which have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. As discussed in Note 21 Adjustments and Restatements to the financial statements, certain adjustments and restatements were made to the beginning net position and fund balances. In accordance with GASB 100, *Accounting Changes and Error Corrections*, prior year amounts contained in the MD&A have not been adjusted or restated.

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 similar to private-sector business financial presentation.

The *statement of net position* reports the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources as net position. Over time, increases or decreases in net position may help determine whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the fiscal year. Changes in net position are recorded when the underlying event giving rise to the change occurs regardless of the timing of the cash flows. Therefore, revenues and expenses reported in this statement for some items will not result in

cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused annual leave). 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 or charges (business-type activities). Governmental activities include general government, public safety, public works, sanitation, health services, culture and recreation, convention and tourism, urban redevelopment and housing, welfare, education, economic development and opportunity, and environmental. The business-type activities of the City include the Airport System, Development Services, Market Square, Parking System, and Solid Waste Management.

In addition, the basic financial statements provide information regarding the City's legally separate discretely presented component units. Discretely presented component unit financial information is reported separately from the primary government in the government-wide financial statements.

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements are used to present financial information detailing resources that have been identified for specific activities. The focus of the fund financial statements is on the City's major funds, although nonmajor funds are also presented in aggregate and further detailed in the supplementary statements. The City uses fund accounting to ensure and demonstrate compliance with requirements placed on resources. Funds are divided into three categories: governmental, proprietary, and fiduciary. Fund financial statements allow the City to present information regarding fiduciary funds since they are not reported in the government-wide financial statements.

Governmental Funds – Governmental funds are used for essentially the same functions reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

As the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental fund types for financial reporting purposes. The governmental fund types are General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Permanent Funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, COVID-19, Categorical Grant-in-Aid, and 2022 General Obligation Bonds Funds, all of which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation labeled as Nonmajor Governmental Funds. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – The City maintains two types of proprietary funds. *Enterprise Funds* are used to report the functions presented in business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Airport System, Development Services, Market Square, Parking, and Solid Waste Management Funds. *Internal Service Funds* are used to accumulate and allocate costs internally among the City's various functions, including self-insurance programs, information services, other internal services, and capital management services. The services provided by these funds predominantly support the governmental rather than the business-type functions. They have been included within the governmental activities in the government-wide financial statements and are reported

alongside the enterprise funds in the fund financial statements. Information is presented separately for Airport System and Solid Waste Management Funds, which are considered to be major funds in the proprietary funds' statement of net position and in the proprietary funds' statement of revenues, expenses, and changes in net position. Data from the other enterprise funds, Development Services Department, Market Square, and Parking Funds, are combined into a single, aggregated presentation labeled "Nonmajor Enterprise Funds". Individual fund data for each nonmajor enterprise fund and each internal service fund is provided in the form of respective combining statements elsewhere in this report. The Internal Service Funds are combined into a single aggregated presentation in the proprietary fund financial statements.

Fiduciary Funds – The City maintains two different types of fiduciary funds. The Pension (and Other Employee Benefit) Trust Funds are used to report resources held in trust for retirees and beneficiaries covered by the San Antonio Fire and Police Pension Fund, the Retiree Health & Wellness SA Fire and Police Fund and the City of San Antonio Retiree Health Care Fund. The Custodial Funds report resources, not in a trust, that are held by the City for other parties outside of the City's reporting entity.

Fiduciary funds are used to account for resources held for the benefit of parties outside the primary government. Fiduciary funds are not reflected in the government-wide financial statements as the resources of those funds are not available to support the City's programs and operations. The accounting for fiduciary funds is much like that used for the proprietary funds.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information and Supplementary Information – In addition to the basic financial statements and the accompanying notes, this report also presents the required supplementary information of (a) the City's General Fund budgetary comparison schedules that demonstrate compliance with their budget, and (b) pension and other postemployment benefits schedules. The budgets for the Debt Service Fund, various Special Revenue Funds, and a Permanent Fund, which are legally adopted on an annual basis, are also included as supplementary schedules within the Combining Financial Statements and Schedules. Additionally, this document presents the Financial Reporting and Compliance Report on Federal and State Grants, or Single Audit Reports, and the Airport Passenger Facility Charges.

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Government-Wide Financial Statement Analysis

The following tables, graphs, and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year-ended September 30, 2025.

Net Position As of September 30, 2025 (With Comparative Totals as of September 30, 2024)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$ 2,667,267	\$ 2,946,813	\$ 801,402	\$ 668,071	\$ 3,468,669	\$ 3,614,884
Capital Assets	6,215,321	6,070,417	1,013,297	817,283	7,228,618	6,887,700
Total Assets	8,882,588	9,017,230	1,814,699	1,485,354	10,697,287	10,502,584
Total Deferred Outflows of Resources	720,840	854,347	38,700	49,256	759,540	903,603
Current and Other Liabilities	721,922	741,648	426,679	98,562	1,148,601	840,210
Long-term Liabilities	5,734,047	5,688,015	661,534	765,272	6,395,581	6,453,287
Total Liabilities	6,455,969	6,429,663	1,088,213	863,834	7,544,182	7,293,497
Total Deferred Inflows of Resources	508,821	527,827	132,428	134,897	641,249	662,724
Net Position:						
Net Investment in Capital Assets	3,318,484	3,241,934	381,702	322,560	3,700,186	3,564,494
Restricted	123,190	208,537	295,900	306,519	419,090	515,056
Unrestricted (Deficit)	(803,036)	(536,384)	(44,844)	(93,200)	(847,880)	(629,584)
Total Net Position	\$ 2,638,638	\$ 2,914,087	\$ 632,758	\$ 535,879	\$ 3,271,396	\$ 3,449,966

As of September 30, 2025, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,271,396. Investment in capital assets which represents the largest portion of the City's net position, \$3,700,186, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvement of those assets. Capital assets are used to provide services to the citizens of San Antonio and are not available for further spending. The City's investment in capital assets is reported net of related debt and any related deferred outflows of resources. The resources needed to repay the debt must be provided from other sources, as capital assets cannot be used to liquidate liabilities. The restricted portion of the total net position totaling \$419,090 represents resources that are subject to external restrictions on how they may be used.

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The following schedule provides a detail of the changes to the City's net position:

Changes in Net Position Year-Ended September 30, 2025 (With Comparative Totals for the Year-Ended September 30, 2024)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	\$ 296,755	\$ 251,312	\$ 365,060	\$ 358,574	\$ 661,815	\$ 609,886
Operating Grants and Contributions	329,673	472,237		36	329,673	472,273
Capital Grants and Contributions	116,897	54,585	115,524	53,849	232,421	108,434
General Revenues:						
Property Taxes	837,808	809,895		837,808	809,895	
Other Taxes	697,544	678,310		697,544	678,310	
Revenues from Utilities	527,712	500,488		527,712	500,488	
Investment Earnings	90,066	137,959	25,617	35,322	115,683	173,281
Miscellaneous	87,826	101,639	1,896	1,639	89,722	103,278
Special Items		(31,135)		31,135		
Total Revenues	2,984,281	2,975,290	508,097	480,555	3,492,378	3,455,845
Expenses:						
Primary Government:						
Governmental Activities:						
General Government	193,442	195,810			193,442	195,810
Public Safety	1,155,042	1,027,190			1,155,042	1,027,190
Public Works	488,865	438,995			488,865	438,995
Sanitation	12,885	13,297			12,885	13,297
Health Services	130,049	124,759			130,049	124,759
Culture and Recreation	285,723	258,340			285,723	258,340
Convention and Tourism	92,280	92,716			92,280	92,716
Urban Redevelopment and Housing	87,867	100,428			87,867	100,428
Welfare	291,084	270,173			291,084	270,173
Education	155,146	129,276			155,146	129,276
Economic Development and Opportunity	60,343	55,479			60,343	55,479
Environmental	10,702	3,619			10,702	3,619
Bond Issuance Debt		2,731				2,731
Interest on Long-Term Debt	99,670	94,944			99,670	94,944
Business-Type Activities:						
Airport System			184,554	171,412	184,554	171,412
Development Services			54,006	50,322	54,006	50,322
Market Square			3,118	2,901	3,118	2,901
Parking System			10,919	9,889	10,919	9,889
Solid Waste Management			155,126	144,185	155,126	144,185
Total Expenses	3,063,098	2,807,757	407,723	378,709	3,470,821	3,186,466
Before Transfers	(78,817)	167,533	100,374	101,846	21,557	269,379
Transfers, Net	1,062	4,293	(1,062)	(5,400)	(1,107)	(1,107)
Net Change in Net Position	(77,755)	171,826	99,312	96,446	21,557	268,272
Beginning Net Position (Previously Reported)	2,914,087	2,742,261	535,879	439,433	3,449,966	3,181,694
Change in Accounting Principle	(35,201)		(2,433)		(37,634)	
Change Within Financial Reporting Unit (Removal of Blended Component Unit)	(162,493)				(162,493)	
Net Position, as adjusted or restated	2,716,393	2,742,261	533,446	439,433	3,249,839	3,181,694
Ending Net Position	\$ 2,638,638	\$ 2,914,087	\$ 632,758	\$ 535,879	\$ 3,271,396	\$ 3,449,966

The City's total revenues were \$3,492,378 for fiscal year-ended September 30, 2025. Revenues from Governmental Activities totaled \$2,984,281 (85.5%) and revenues from Business-Type Activities totaled \$508,097 (14.5%). Expenses for the City totaled \$3,470,821; Governmental Activities expenses totaled \$3,063,098 (88.3%) and Business-Type Activities expenses totaled \$407,723 (11.7%).

Governmental Activities

Overall governmental activities decreased the City's net position by \$275,449. Revenues for Governmental Activities were \$2,984,281 compared to prior year's revenues of \$2,975,290. The increase of \$8,991 is due to the following:

- Charges for Services for Governmental Activities increased by \$45,443;
 - Public Safety revenue increased by \$35,800 in fiscal year 2025 primarily due to a 53.9% increase in gross EMS Transport billing compared to fiscal year 2024, along with an adjustment to the City's EMS Transport fee from \$1,000 to \$1,500 (not in thousands) beginning in September 2024.
- Culture and Recreation revenue experienced an increase of \$11,869, primarily attributed to Alamodome event revenue, which was driven by higher event commissions from box office, concessions, and catering, compared to fiscal year 2024. The Alamodome hosted more major revenue-generating events such as sporting competitions and concerts (NCAA Final Four, Shakira, Post Malone, The Weeknd, and Chris Brown) in fiscal year 2025.
- Operating Grants and Contributions revenue decreased by \$142,564, primarily driven by the wind-down of COVID-19 and ARPA-related grant funding across multiple functions;
 - General Government decreased by \$7,375 due to the spending down of remaining COVID-19 awards for internet fiber communications (\$6,551).
 - Public Safety decreased by \$88,963 due to full expenditure of COVID-19 funding for first responder payroll in fiscal year 2024 (\$92,055).
 - Public Works decreased by \$10,916 due to the spending down of COVID-19 funds for infrastructure projects that included city-wide bridge improvements and street maintenance.
 - Health Services decreased by \$22,417 due to reduced COVID-19 grant expenditures supporting Mental Health, Public Health Infrastructure, Health Disparities, and Community Health Worker projects (\$27,329).
 - Economic Development decreased by \$4,154 due to expiration of ARPA funding for the Lift Fund Program.
- Capital Grant and Contributions revenue increased by \$62,312 primarily due to an increase in funding for Airport Improvement Program (AIP) grants. The increased revenue relates to the following projects funded by AIP grants: Terminal A Ground Loading, Terminal Development Program, TaxiWay Reconstruction, and Airfield Safety Enhancement and Improvements Program capital projects at San Antonio International Airport.
- Property Tax Revenues increased by \$27,913 due to an increase in new construction and increase in taxable property valuation on existing properties when compared to fiscal year 2024. The City's property tax rate is at 54.159 cents per \$100 of valuation; of this rate, 33.009 cents per \$100 is deposited in the General Fund for Maintenance and Operations, with the remaining 21.150 cents per \$100 being deposited in the Debt Service Fund to pay principal and interest on outstanding debt.
- Other Taxes Revenues increased by \$19,234. The General Sales and Use Taxes increase of \$10,226 is primarily due to inflationary price increases and sales within the wholesale trade sector. Additionally, Occupancy Tax revenues increased \$6,042 versus fiscal year 2024 which included a \$4,010 increase in occupancy tax revenues collected from short term rental (STR) properties. This increase is due to a change in the STR ordinance requiring STR platforms to pay occupancy tax revenues directly to the City, effective on February 1, 2025. Furthermore, there was an increase in 12-month Average Daily Rate of \$1.89 (not in thousands).
- Revenue from Utilities increased by \$27,224 primarily attributed to CPS Revenue related to increased customer usage as well as higher than projected fuel costs.
- Investment earnings decreased by \$47,893 in fiscal year 2025, primarily due to a lower average interest rate of 4.4% compared with 4.5% in fiscal year 2024, and due to rising interest rates reducing the market value of the City's securities.
- Miscellaneous Revenues decreased by \$13,813 in fiscal year 2025, primarily due to the assessment of note and loan receivable balances to be forgivable, thus increasing the related allowance.

- Special Items increased by \$31,135 as a result of the reclassification of Solid Waste Management debt from business-type debt to governmental long-term debt in fiscal year 2024 due to the pledged ad valorem debt no longer being paid from Solid Waste Management revenues as self-supporting debt. The debt is now paid by ad valorem taxes.

Expenses for Governmental Activities were \$3,063,098 compared to prior year's expenses of \$2,807,757. The increase of \$255,341 is due primarily to the following:

- The increase of \$127,852 in Public Safety expenses is driven by a \$47,697 increase in Fire and Police compensation costs. \$28,491 is from the approval of the new Collective Bargaining Agreement (CBA) with the San Antonio Professional Fire Fighters Association which included a 7% wage increase for Uniform Personnel effective October 1, 2024. \$19,206 is from the CBA between the City and the San Antonio Police Officers' Association which included a 4% wage increase in fiscal year 2025. Compensated absences increased \$41,598, mostly due to the City reporting more leave hours as required by the implementation of GASB 101 *Compensated Absences*. Medical costs paid by the City's self-insurance fund increased by \$10,681, driven by a 15% growth in claims for fiscal year 2025 over fiscal year 2024. Finally, Community Services Fund expenses increased \$10,721 due to expenses related to the Body Worn Camera project in fiscal year 2025.
- The increase of \$49,870 in Public Works is primarily due to increase of \$62,430 in Airport Improvement Program grants for construction and inspection projects at San Antonio International Airport. These increases are primarily for the Terminal A Ground Loading, Terminal Development Program, TaxiWay Reconstruction, and Airfield Safety Enhancement and Improvements Program (runway upgrades) projects.
- The increase of \$27,383 in Culture and Recreation is due to the reporting of expenses to Visit San Antonio (VSA), a blended component unit of the City. The City did not include the financials for VSA, as it was deemed to be financially immaterial to the City's financial reporting for fiscal year 2025; therefore, these expenses are reported in the Culture and Recreation function rather than in Transfers, net, as it was reported in fiscal year 2024.
- The \$12,561 decrease in Urban Redevelopment and Housing is primarily attributable to the completion of COVID-related funding in fiscal year 2024 for Housing Stability Services and Other Financial Assistance, as well as the conclusion of the Emergency Rental Assistance Program in fiscal year 2025.
- The increase of \$20,911 in Welfare is due to increases in Child Care Management Services (CCS) program. The City received a larger grant award in fiscal year 2025 which enabled more spending to occur, based on the grantor's assessment of needs in the community.
- The increase of \$25,870 in Education is attributed to the reporting of expenses to San Antonio Early Childhood Education Municipal Development Corporation (ECEMDC), a blended component unit of the City. The City did not receive ECEMDC's fiscal year 2025 audited financial statements; therefore, these expenses are reported in the Education function rather than in Transfers, net, as it was reported in fiscal year 2024.

Business-Type Activities

Business-Type Activities increased the City's net position by \$96,879.

Revenues for Business-Type Activities totaled \$508,097 compared to prior year's revenues of \$480,555. The increase of \$27,542 is due to the following:

- Charges for Services for business-type activities increased \$6,486;
 - The San Antonio International Airport revenues increased by \$4,282 driven in part by Southwest Airlines billed at higher rate for lease space as they were considered nonsignatory in fiscal year 2025.
 - Solid Waste Management revenues increased by \$7,506 of which \$3,444 is related to recycling revenue and \$3,452 is from waste processing fees. The City processed 3,736 less recycling tons in fiscal year 2025 as compared to fiscal year 2024, however, average revenue per ton was \$54.25 higher due to a new vendor agreement. Waste processing fee revenue increased due to an additional 3,388 tons of waste collected compared to fiscal year 2024 (tonnage not in thousands).

- Development Services decreased by \$5,089 due to decrease in building permits. New residential permits decreased by 904 and new commercial permits decreased by 224 from fiscal year 2024 (permit count not in thousands).

- Capital Grants and Contributions increase of \$61,675 is primarily due to an increase in funding for Airport Improvement Program (AIP) grants. The increased revenue relates to the following projects funded by AIP grants: Terminal A Ground Loading, Terminal Development Program, TaxiWay Reconstruction, and Airfield Safety Enhancement and Improvements Program capital projects at San Antonio International Airport.
- Investment Earnings reflected a decrease of \$9,705 primarily due to a decline in the average interest rate to 4.4% from 4.5% in fiscal year 2024.
- Special Items decrease of \$31,135 is due to reclassification of Solid Waste Management debt from business-type debt to governmental long-term debt in fiscal year 2024 due to the ad valorem debt no longer being paid from Solid Waste Management revenues as self-supporting debt. The debt is now paid by ad valorem taxes.

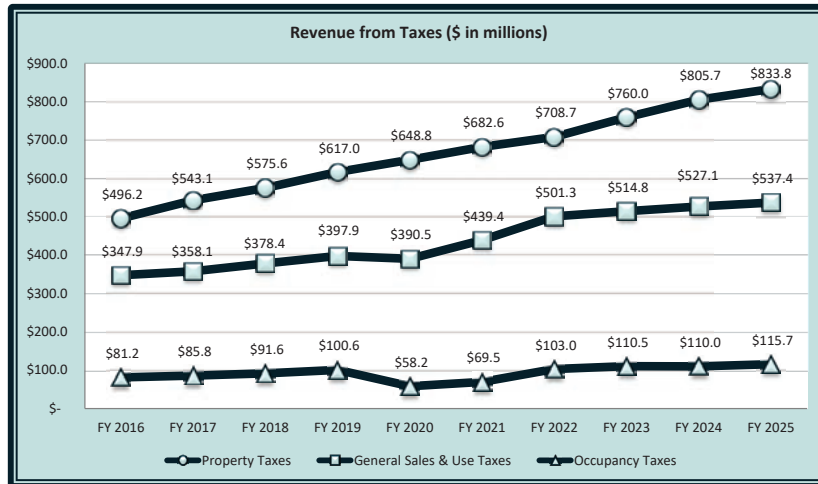
Expenses for Business-Type Activities were \$407,523 compared to prior year's expenses of \$378,709. The increase of \$29,014 is due primarily to the following:

- Airport System increase of \$13,142 in expenses is driven by \$6,609 contractual services from the Metropolis Technologies Airport Parking System agreement, whose contract began in late fiscal year 2024. Additionally, personnel services increased \$3,973 due to an increase in pension expenses, overtime salaries, and 3.0% cost of living adjustment for all civilian City employees in fiscal year 2025.
- Solid Waste Management increase of \$10,941 is driven by personnel costs, primarily a \$6,195 increase to pension expense, other postemployment benefits expense, and 3.0% cost of living adjustment for all civilian City employees in fiscal year 2025.
- Development Services increase of \$3,684 is due to increase in personnel services from other postemployment benefits expense and a 3.0% cost of living adjustment for all civilian City employees in fiscal year 2025.

Financial Analysis of Governmental Funds

Activities of the Primary Government's General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds are considered general government functions. The General Fund is the City's primary operating fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Debt Service Fund is used to account for financial activity related to the City's general bonded indebtedness, as well as other long-term obligations. The Capital Projects Funds are used to account for financial activity related to the City debt for Capital Projects, other agency contributions, and the operating activities of those projects.

- Revenues from taxes increased by \$43,328, which is primarily attributable to: (1) a \$28,056 increase in property tax revenues (2) a \$10,226 increase in general sales and use tax, and (3) a \$5,669 increase in occupancy tax revenues. The increase in property taxes is due to an 2.7% increase in value for existing taxable property valuation, while new taxable property valuation increased by approximately 1.6%. The increase in general sales and use taxes is a result of the lodging and food services increasing over last year. The increase in occupancy tax revenues is due to a \$4,010 increase in occupancy tax revenues collected from STR properties due to an ordinance requiring STR platforms to pay occupancy tax revenues directly to the City, effective on February 1, 2025. Furthermore, there was an increase in 12-month Average Daily Rate of \$1.89 (not in thousands) while the Occupancy Rate was 2.0% lower in fiscal year 2025.



The total fund balance of the General Fund at year-end was \$569,634, a decrease of \$13,766 from the total fund balance of \$583,400 in fiscal year 2024. The fund balance is categorized as follows: \$12,631 in nonspendable, \$175,919 in committed, \$2 in assigned, and \$381,082 in unassigned fund balances. The unassigned fund balance includes \$161,745 in budgeted financial reserves held by the City, as well as amounts available for additional appropriations at the end of the fiscal year inclusive of a \$208,401 reserve for Two-Year Budget Plan.

The total fund balance of the Debt Service Fund at year-end was \$37,827, a decrease of \$6,105 from the total fund balance of \$43,932 in fiscal year 2024 as a result of the reclassification of Alamodome debt no longer being paid from the Convention and Visitors Facilities fund as self-supporting debt. The entire fund balance is restricted for payment of debt service.

The COVID-19 Funds have a total fund balance of \$39,065 at year-end, a decrease of \$54,308 from the total fund balance of \$93,373 in fiscal year 2024. The fund balance is due to operating funds transferred into the COVID-19 Funds to complete programs approved by City Council. The COVID-19 Funds are restricted or committed, depending upon funding source, for disbursements related to the City's response to the COVID-19 pandemic.

The total deficit fund balance of the Categorical Grant In-Aid Funds year-end was a \$77,889, an increase of \$44,388 from the total deficit fund balance of \$33,501 in fiscal year 2024. These deficits are primarily due to deferred inflow accruals to be recognized in future periods.

The total fund balance of the 2022 General Obligation Bonds at year-end was \$390,537, an increase of \$14,646 from the total fund balance of \$375,891 in fiscal year 2024. The increase is from the third year of sales of obligation bonds issued to support capital expenditures associated with the \$1,200,000 bond program approved by voters in fiscal year 2022.

General Fund Budgetary Highlights

Variances in Budget Appropriations Year-Ended September 30, 2025 (Budgetary Basis) General Fund					
	Original Budget	Final Budget	Actual Results	Variances	
				Budget	Final to Actual
Resources (Inflows):					
Taxes	\$ 931,223	\$ 915,631	\$ 915,302	\$ (15,592)	\$ (329)
Licenses and Permits	13,065	11,527	11,549	(1,538)	22
Intergovernmental	15,838	14,208	14,906	(1,630)	698
Revenues from Utilities	489,575	526,636	527,712	37,061	1,076
Charges for Services	76,796	79,102	80,093	2,306	991
Fines and Forfeits	10,072	10,517	10,272	445	(245)
Miscellaneous	15,572	17,271	18,981	1,699	1,710
Investment Earnings	21,826	24,128	24,734	2,302	606
Transfers from Other Funds	16,819	19,598	20,544	2,779	946
Total	\$ 1,590,786	\$ 1,618,618	\$ 1,624,093	\$ 27,832	\$ 5,475
Charges to Appropriations (Outflows):					
General Government	\$ 121,119	\$ 132,115	\$ 130,744	\$ 10,996	\$ 1,371
Public Safety	988,787	1,001,153	999,573	12,366	1,580
Public Works	81,401	114,060	112,868	32,659	1,192
Health Services	81,087	84,978	84,276	3,891	702
Culture and Recreation	165,574	164,166	163,705	(1,408)	461
Urban Redevelopment and Housing	40,449	48,106	44,990	7,657	3,116
Welfare	58,196	63,549	62,133	5,353	1,416
Economic Development and Opportunity	16,124	19,837	19,346	3,713	491
Environmental	11,635	17,059	14,832	5,424	2,227
Transfers to Other Funds	87,264	177,923	155,334	90,659	22,589
Total	\$ 1,651,636	\$ 1,822,946	\$ 1,787,801	\$ 171,310	\$ 35,145

Changes from the adopted budget revenues to the final amended budget resulted in a net increase of \$27,832. This increase can be summarized by the following:

- Revenues from Utilities budget was increased by \$37,061 due primarily to increased off-system sales and higher than anticipated customer usage and fuel costs.
- Current Property Tax budget was decreased by \$9,791 because of more than anticipated protests and appeals, as well as more individuals receiving Homestead, Over-65, or Disabled Persons exemptions.
- City Sales Tax budget decreased by \$4,143 due to slower-than-anticipated growth in consumer spending, which is attributed to broader economic uncertainty, inflation, and shifts in consumer behavior towards essential goods.
- Investment Earnings budget increased by \$2,302 due to rates being originally budgeted at an average rate of 4.0% compared to final budget of average 4.2%.

Final budgeted revenue for the General Fund were \$1,618,618 while actual revenues on a budgetary basis were \$1,624,093, creating a favorable variance of \$5,475. Variance explanations are listed below:

- Revenues from Utilities were \$1,076 higher than planned due to CPS having higher than anticipated off-system sales and other nonoperating revenues.
- Charges for Services revenues were \$991 higher than planned driven by EMS Transports as the City has been able to capture more per transport because of Senate Bill 2476 which requires commercial health plans to cover non-network municipal ground ambulance services. Additionally, there was a \$500 rate increase per ride that went into effect October 1, 2024 (rate increase not in thousands).

- Miscellaneous revenues were \$1,710 higher than planned driven by cost recoveries for uniform personnel expenses in the Fire Department Deployment Fund.
- Transfer revenues are \$946 higher primarily due to \$857 from CPS Energy Sustainable Tomorrow Energy Plan (STEP) energy conservation program in which revenues were driven by higher than projected electric sales and increased recovery factor over budget.

Changes in original expenditure budget appropriations to the final amended budget appropriations resulted in a net \$171,310 increase in appropriations. This increase can be summarized by the following:

- General Government increased by \$10,996 to capture prior year carryforwards related to City-wide planning and capital outlay of computer replacements, generators, and other essential equipment.
- Public Safety increased by \$12,366 to capture prior year carryforwards related to capital outlay for replacement duty weapons, computer replacements, computer equipment, and other essential equipment.
- Public Works increased by \$32,659 to capture prior year carryforwards related to VIA Contributions, as well as Neighborhood Access and Mobility Program (NAMP) projects such as street, sidewalk rehabilitation and preservation projects.
- Urban Redevelopment and Housing increased by \$7,657 to capture prior year carryforwards related to Housing Assistance Programs, Development Tax Rebates as well as the CPS Energy Casa Verde Weatherization Program.
- Welfare increased by \$5,353 to capture prior year carryforwards related to Low Barrier Housing rent and tax funding as well as AlamoPROMISE Scholarship program funding.
- Economic Development budget increased by \$3,713 to capture prior year carryforwards related to Economic Development Incentive Fund grants and loans to attract businesses, create high-wage jobs, and spur investment in targeted industries like tech, bioscience, and advanced manufacturing.
- Environmental increased by \$5,424 to capture prior year carryforwards related to two initiatives. The first program is the Business Urban Heat Island & Sustainability Incentive Program which covers cool pavement, cool roofs, green infrastructure, shade structures, and other cooling solutions. The second program is the Community Grants Program which offer grants to local business and nonprofits for sustainability projects like community gardens, e-bikes, energy efficiency, and climate education.
- Transfers to Other Funds increased by \$90,659 to capture prior year carryforwards related to Public Works' street maintenance programs, sidewalks, and the public safety warehouse.

Final budgeted expenditure appropriations for the General Fund were \$1,822,946 while actual expenditures on a budgetary basis were \$1,787,801, creating a favorable variance of \$35,145. Variance explanations are listed below:

- General Government savings of \$1,371 was driven by savings in the City of San Antonio Council Aides Corporation attributable to vacancy savings.
- Public Safety savings of \$1,580 is driven by savings in Fire personnel costs due to vacancies and fewer retirements than projected.
- Public Works savings of \$1,192 driven by savings in personnel of \$282 due to vacancies, and in gas and electricity savings of \$447.
- Urban Redevelopment and Housing savings of \$3,116 is primarily driven by Neighborhood and Housing Department release of prior year carryforwards related to the Minor Repair program.
- Environmental savings of \$2,227 driven by \$1,060 savings in Community Grant Programs as well as \$1,124 savings related to less than anticipated miles completed relating to cool pavement construction.
- Transfer savings of \$22,589 due to savings on closed projects, releases available from active projects, and reallocation of debt to fund projects.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to \$7,228,618 (net of accumulated depreciation and amortization). This investment in capital assets includes land, other non-depreciable assets, buildings, improvements, infrastructure, machinery and equipment, intangible assets, and construction in progress. The net increase in the City's investment in capital assets for the current fiscal year was \$340,918, which is comprised of an increase of \$144,904 in governmental activities and an increase of \$196,014 in business-type activities.

Capital Assets as of September 30, 2025 (With Comparative Totals as of September 30, 2024)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 1,456,093	\$ 1,452,090	\$ 15,796	\$ 15,796	\$ 1,471,889	\$ 1,467,886
Construction in Progress	616,879	583,775	291,512	105,336	908,391	689,111
Non-Depreciable Intangible	278,969	270,747			278,969	270,747
Depreciable Intangible Assets	35	123	634	3,515	669	3,638
Buildings	1,039,907	997,211	313,204	319,273	1,353,111	1,316,484
Improvements	609,192	607,078	362,446	341,119	971,638	948,197
Infrastructure	1,749,974	1,689,821			1,749,974	1,689,821
Machinery & Equipment	313,952	283,781	14,788	13,822	328,740	297,603
Leases	63,728	94,890	10,341	11,137	74,069	106,027
Subscriptions	86,592	90,901	4,576	7,285	91,168	98,186
Total Capital Assets	\$ 6,215,321	\$ 6,070,417	\$ 1,013,297	\$ 817,283	\$ 7,228,618	\$ 6,887,700

During fiscal year 2025, the City transferred \$219,280 of construction in progress for completed capital projects, mainly comprised of city-wide streets and drainage projects, parks improvements, and building improvements.

The following schedule provides a summary of the City's changes in capital assets:

Change in Capital Assets Year-Ended September 30, 2025			
	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 6,040,996	\$ 817,283	\$ 6,858,279
Additions	521,985	251,601	773,586
Deletions	(28,902)	(16,101)	(45,003)
Accumulated Depreciation/Amortization	(318,758)	(39,486)	(358,244)
Ending Balance	\$ 6,215,321	\$ 1,013,297	\$ 7,228,618

Additional information on the City's capital assets can be found in Note 5 Capital Assets.

Debt Administration

Standard & Poor's, Moody's, and Fitch's underlying ratings for City obligations during fiscal year 2025 were as follows:

Bond Ratings Year-Ended September 30, 2025			
	Standard & Poor's	Moody's	Fitch
Ad Valorem - Property Tax Debt	AAA	Aaa	AA+
PFC Lease Revenue Bonds - Convention Center Exp	AA+	Aa2	AA
Airport - General Airport Revenue Bonds	A+	A1	A+
Airport - Passenger Facility Charge Revenue Bonds	A	A2	A
Airport - Customer Facility Charge Revenue Bonds	A	A3	BBB+
Stormwater Revenue Bonds	AA+	Aa2	AA+
Contract Revenue Bonds - Starbright (Toyota)	AA+	Aa1	AA
MFC Lease Revenue Bonds - City Tower	AA+	Aa1	AA

Long-Term Obligations

At the end of the current fiscal year, the City had a total of \$4,039,870 in bonds, certificates, and notes outstanding. Additional information on the City's long-term debt, including descriptions of the new issues, can be found in Note 8 Long-Term Obligations.

Outstanding Debt as of September 30, 2025 (With Comparative Totals as of September 30, 2024)					
	Governmental Activities		Business-Type Activities		Total Primary Government
	2025	2024	2025	2024	2025 2024
Bonds Payable:					
Tax-Exempt General Obligation Bonds	\$ 1,317,690	\$ 1,287,030	\$ -	\$ -	\$ 1,317,690 \$ 1,287,030
Taxable General Obligation Bonds	378,760	410,060			378,760 410,060
Tax-Exempt Certificates of Obligation	615,020	558,300	4,900	5,140	619,920 563,440
Taxable Certificates of Obligation	166,365	160,790			166,365 160,790
Tax Notes	91,845	70,645			91,845 70,645
Taxable Tax Notes			469,635	269,635	469,635 269,635
Revenue Bonds	660,170	693,485	287,465	309,970	947,635 1,003,455
Notes from Direct Placements	30,000	30,000			30,000 30,000
Bonds from Direct Placements	18,020	21,680			18,020 21,680
Total	\$ 3,277,870	\$ 3,231,990	\$ 762,000	\$ 584,745	\$ 4,039,870 \$ 3,816,735

Governmental Activities

On May 7, 2022, voters approved a \$1,200,000 bond program (2022 Bond Program), the largest bond program in the City's history. On August 14, 2025, the City issued \$221,650 in General Improvement and Refunding Bonds, Series 2025 to provide funding for projects in the 2022 Bond Program and to refinance debt for interest cost savings. The refunding portion of \$81,015 included a premium of \$5,093. The debt refunded included Tax-Exempt General Improvement and Refunding Bonds, Series 2014 and Series 2015, in addition to, Tax-Exempt Certificates of Obligation, Series 2015. As a result of the refunding, the City will realize a total decrease of \$3,323 in debt service payments and total deferred charges of \$4,252. Through this refunding, the City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,818. The remaining \$140,635 included a premium of \$10,324, and were issued to finance improvements to streets, bridges, and sidewalks; drainage and flood control; parks and recreation; library and cultural facilities; and public safety facilities. The Bonds have maturities ranging from 2026 to 2045, with interest rates at 5.0%.

On August 14, 2025, the City issued \$112,770 in Combination Tax and Revenue Certificates of Obligation, Series 2025; \$13,575 in Combination Tax and Revenue Certificates of Obligation, Taxable Series 2025, and \$54,440 in Tax Notes, Series 2025 to provide funding for projects in the City's Capital Budget. The Tax-Exempt Certificates of Obligation included a premium of \$9,927, and were issued to finance improvements to drainage, public safety, streets, information technology, municipal facilities, parks and recreation and land acquisition related to the Edwards Aquifer program. The Tax-Exempt Certificates have maturities ranging from 2026 to 2045, with an interest rate of 5.0%. The Taxable Certificates of Obligation proceeds were issued to finance capital improvement elements of solar program. The Taxable Certificates have maturities ranging from 2026 to 2045, with interest rates ranging from 4.0% to 5.6%. The Tax Notes proceeds included a premium of \$1,801, and were issued to finance improvements for information technology, municipal facilities, parks and recreation, street maintenance projects, police, and other improvements. The Tax Notes have maturities ranging from 2026 to 2028, with an interest rate of 5.0%.

Business-Type Activities

On May 22, 2025, the City sold \$200,000 in Tax Notes, Taxable Series 2025 through a private placement with Frost Bank. The 2025 Taxable Notes were sold to provide interim financing for airport capital improvements to fund the Terminal Development Program. The 2025 Taxable Notes mature in 2032, with an interest rate of 5.3%.

The Constitution of the State of Texas and the City Charter limit the amount of debt the City may incur. For more information related to these limits and the City's long-term obligations see Note 8 Long-Term Obligations.

Currently Known Facts

For more information on other currently known facts, please see Note 22 Subsequent Events.

Requests for Information

This financial report is designed to provide a general overview of the City's position for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, P.O. Box 839966, San Antonio, TX 78283-3966 or via email at <http://www.sanantonio.gov/Finance/about/contactandfeedback>.

Basic Financial Statements

Statement of Net Position
As of September 30, 2025

(In Thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 261,028	\$ 16,718	\$ 277,746	\$ 698,381
Investments	527,548	86,217	613,765	415,476
Receivables, Net	212,824	38,282	251,106	591,077
Materials and Supplies, at Cost	14,035	1,385	15,420	224,570
Internal Balances	20,568	(20,568)		
Due From Other Governmental Agencies, Net	6,048	306	6,354	
Deposits	301		301	
Prepaid Expenses	12,604		12,604	180,024
Lease Receivables	5,582	10,835	16,417	
Restricted Assets:				
Cash and Cash Equivalents	451,533	283,987	735,520	81,130
Investments	745,848	311,501	1,057,349	200,492
Receivables, Net	178,492	4,534	183,026	
Materials and Supplies, at Cost	1,665		1,665	
Deposits	1		1	
Prepaid Expenses	5,119	250	5,369	
Lease Receivables	2,407		2,407	3,170
Due From Other Governmental Agencies, Net	115,234	49	115,283	
Total Current Assets	2,560,837	733,496	3,294,333	2,394,320
Noncurrent Assets:				
Capital Assets:				
Non-Depreciable	2,351,941	307,308	2,659,249	2,639,760
Depreciable, Net	3,713,060	691,072	4,404,132	16,929,628
Lease Assets, Net	63,728	10,341	74,069	5,017
Subscription Assets, Net	86,592	4,576	91,168	30,616
Cash and Cash Equivalents				706,077
Investments				1,754,238
Receivables, Net	62,081		62,081	11,687
Pension Regulatory Asset				275,333
Lease Receivables	44,349	67,906	112,255	61,611
Other Noncurrent Assets				1,037,434
Total Noncurrent Assets	6,321,751	1,081,203	7,402,954	23,451,401
Total Assets	8,882,588	1,814,699	10,697,287	25,845,721
Total Deferred Outflows of Resources	720,840	38,700	759,540	1,030,307
Liabilities:				
Current Liabilities:				
Accounts Payable and Other Current Liabilities	98,006	24,355	122,361	865,046
Accrued Interest	32	78	110	
Unearned Revenue	2,358	1,029	3,387	102
Current Portion of Long-Term Obligations	193,772	13,149	206,921	98,822
Liabilities Payable From Restricted Assets:				
Accounts Payable and Current Liabilities	100,227	84,577	184,804	115,654
Accrued Interest on Bonds and Certificates	19,341	7,894	27,235	18,863
Unearned Revenue	9,111	61	9,172	
Due To Other Governmental Agencies	23,434		23,434	
Current Portion of Long-Term Obligations	275,641	295,536	571,177	263,951
Total Current Liabilities	721,922	426,679	1,148,601	1,362,438
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	5,734,047	661,534	6,395,581	15,227,494
Total Noncurrent Liabilities	5,734,047	661,534	6,395,581	15,227,494
Total Liabilities	6,455,969	1,088,213	7,544,182	16,589,932
Total Deferred Inflows of Resources	508,821	132,428	641,249	321,746
Net Position:				
Net Investment in Capital Assets	3,318,484	381,702	3,700,186	7,007,391
Restricted for:				
Debt Service	37,055	39,978	77,033	257,907
Capital Projects	62,914	255,922	318,836	981,196
Operating and Other Reserves	2,517		2,517	130,805
Perpetual Care:				
Expendable	13,481		13,481	
Nonexpendable	7,223		7,223	
Unrestricted (Deficit)	(803,036)	(44,844)	(847,880)	1,587,051
Total Net Position	\$ 2,638,638	\$ 632,758	\$ 3,271,396	\$ 9,964,350

The accompanying notes are an integral part of these basic financial statements.

Statement of Activities
Year-Ended September 30, 2025
(In Thousands)

(in Thousands)

FUNCTION/PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			COMPONENT UNITS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Primary Government:								
Governmental Activities:								
General Government	\$ 193,442	\$ 19,264	\$ 7,945	\$ -	\$ (166,233)	\$ -	\$ (166,233)	
Public Safety	1,155,042	77,429	23,305		(1,054,308)		(1,054,308)	
Public Works	488,865	68,592	3,040	97,260	(319,973)		(319,973)	
Sanitation	12,885	11,611	64		(1,210)		(1,210)	
Health Services	130,049	13,264	32,263		(84,522)		(84,522)	
Culture and Recreation	285,723	102,613	833		(182,277)		(182,277)	
Convention and Tourism	92,280		14,069		(78,211)		(78,211)	
Urban Redevelopment and Housing	87,867	961	42,389	19,637	(24,880)		(24,880)	
Welfare	291,084		200,523		(90,561)		(90,561)	
Education	155,146		1,164		(153,982)		(153,982)	
Economic Development and Opportunity	60,343	2,408	4,078		(53,857)		(53,857)	
Environmental	10,702	613			(10,089)		(10,089)	
Interest on Long-Term Debt	99,670				(99,670)		(99,670)	
Total Governmental Activities	3,063,098	296,755	329,673	116,897	(2,319,773)		(2,319,773)	
Business-Type Activities:								
Airport System	184,554	154,574		115,524		85,544	85,544	
Development Services	54,006	40,822				(13,184)	(13,184)	
Market Square	3,118	1,945				(1,173)	(1,173)	
Parking System	10,919	7,686				(3,233)	(3,233)	
Solid Waste Management	155,126	160,033				4,907	4,907	
Total Business-Type Activities	407,723	365,060		115,524		72,861	72,861	
Total Primary Government	\$ 3,470,821	\$ 661,815	\$ 329,673	\$ 232,421	(2,319,773)	72,861	(2,246,912)	
Discretely Presented Component Units:								
CPS Energy	\$ 3,545,729	\$ 3,575,883	\$ -	\$ 162,829				\$ 192,983
SAWS	863,974	866,953		255,383				258,362
Brooks	26,970	20,368		10,508				3,906
Total Discretely Presented Component Units	\$ 4,436,673	\$ 4,463,204	\$ -	\$ 428,720				455,251
General Revenues:								
Taxes:								
Property					837,808		837,808	
General Sales and Use					537,355		537,355	
Selective Sales and Use					12,674		12,674	
Gross Receipts Business					16,279		16,279	
Occupancy					119,986		119,986	
Penalties and Interest on Delinquent Taxes					11,250		11,250	
Revenues from Utilities					527,712		527,712	
Investment Earnings					90,066	25,617	115,683	188,398
Miscellaneous					87,826	1,896	89,722	47,239
Transfers, net					1,062	(1,062)		
Total General Revenues, Special Items and Transfers					2,242,018	26,451	2,268,469	235,637
Change in Net Position					(77,755)	99,312	21,557	690,888
Net Position - Beginning of Fiscal Year, as previously reported					2,914,087	535,879	3,449,966	9,484,311
Change in Accounting Principle					(35,201)	(2,433)	(37,634)	(9,893)
Change To Financial Reporting Entity (Removal of Blended Component Units)					(162,493)		(162,493)	
(Removal of Discretely Presented Component Units)								(200,956)
Aggregate adjustments and restatements					(197,694)	(2,433)	(200,127)	(210,849)
Net Position, Beginning of Fiscal Year, as adjusted or restated					2,716,393	533,446	3,249,839	9,273,462
Net Position - End of Fiscal Year					\$ 2,638,638	\$ 632,758	\$ 3,271,396	\$ 9,964,350

The accompanying notes are an integral part of these basic financial statements.

Balance Sheet
Governmental Funds
As of September 30, 2025
(In Thousands)

	MAJOR FUNDS					NONMAJOR	TOTAL
	GENERAL	DEBT SERVICE	COVID-19 FUNDS	CATEGORICAL GRANT IN-AID	2022 GENERAL OBLIGATION BONDS	GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS
Assets:							
Cash and Cash Equivalents	\$ 120,928	\$ -	\$ -	\$ -	\$ -	\$ 58,154	\$ 179,082
Investments	262,634					96,662	359,296
Receivables, Net	195,499					14,437	209,936
Materials and Supplies, at Cost	10,875						10,875
Prepaid Expenditures	1,756						1,756
Lease Receivables	8,131					6,514	14,645
Due From Other Funds	104,590					8,907	113,497
Due From Other Governmental Agencies, Net	2,526					3,426	5,952
Restricted Assets:							
Cash and Cash Equivalents		36,841	15,942	5	116,161	282,483	451,432
Investments			32,463	656	272,638	440,048	745,805
Receivables, Net	33,898	17,534	209	674	24,400	163,858	240,573
Materials and Supplies, at Cost			5	786		874	1,665
Deposits						1	1
Prepaid Expenditures			2,269			2,850	5,119
Lease Receivables						36,114	36,114
Due From Other Funds		225	3,475				3,700
Due From Other Governmental Agencies, Net	506		11,491	93,045		10,192	115,234
Total Assets	\$ 741,343	\$ 54,600	\$ 65,854	\$ 95,166	\$ 413,199	\$ 1,124,520	\$ 2,494,682
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Vouchers Payable	\$ 18,495	\$ -	\$ -	\$ -	\$ -	\$ 1,473	\$ 19,968
Accounts Payable - Other	26,074					8,907	34,981
Accrued Payroll	16,031					172	16,203
Compensated Absences	8,384						8,384
Unearned Revenue	1,441						1,441
Due To Other Funds	3,700						3,700
Liabilities Payable From Restricted Assets:							
Vouchers Payable	22		2,930	3,257		50,126	56,335
Accounts Payable - Other	81		3,206	3,476		38,203	44,966
Accrued Payroll	25		100	919		2,849	3,893
Compensated Absences						105	105
Unearned Revenue			1,007	1,203		6,901	9,111
Due To Other Funds		92	8,981	86,239		18,185	113,497
Due To Other Governmental Agencies				72		23,362	23,434
Total Liabilities	74,253	92	16,224	95,166		150,283	336,018
Deferred Inflows of Resources	97,456	16,681	10,565	77,889	22,662	169,388	394,641
Fund Balances (Deficits):							
Nonspendable	12,631		2,274	786		10,948	26,639
Restricted		37,827			390,537	604,822	1,033,186
Committed	175,919		50,504			210,978	437,401
Assigned	2					790	792
Unassigned	381,082		(13,713)	(78,675)		(22,689)	266,005
Total Fund Balances (Deficits)	569,634	37,827	39,065	(77,889)	390,537	804,849	1,764,023
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 741,343	\$ 54,600	\$ 65,854	\$ 95,166	\$ 413,199	\$ 1,124,520	\$ 2,494,682

The accompanying notes are an integral part of these basic financial statements.

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**As of September 30, 2025**

(In Thousands)

Fund Balances - Total Governmental Funds	\$ 1,764,023

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 governmental funds.

Governmental Capital Assets:

Depreciable and Non-Depreciable Assets

Land	1,456,093
Construction In Progress	616,879
Non-Depreciable Intangible Assets	278,969
Depreciable Intangible Assets	4,091
Buildings	1,771,639
Improvements	1,342,984
Infrastructure	4,579,461
Machinery and Equipment	549,519
Less: Accumulated Depreciation	<u>(4,697,101)</u>
Total Depreciable and Non-Depreciable Assets	5,902,534

Governmental Lease Assets

Less: Accumulated Amortization (Lease Assets)	<u>(21,460)</u>
Total Governmental Lease Assets	37,752

Governmental Subscription Assets

Less: Accumulated Amortization (Subscription Assets)	<u>(22,127)</u>
Total Governmental Subscription Assets	63,111

Governmental Capital Assets	6,003,397

Deferred inflows of resources-unavailable revenue not reported in the Statement of Net Position

Revenues recorded as unavailable revenue in the fund financial statements	299,579

Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position.

	186,352

Deferred outflows of resources related to pensions, OPEB, loss on bond refunding, and asset retirement obligations not reported in the Governmental Funds

	696,793

Deferred inflows of resources related to pensions and OPEB not reported in the Governmental Funds

	(376,992)

Long-term liabilities are not due and payable in the current year, therefore are not reported in the governmental funds.

Governmental Bonds Payable	(3,273,905)
Unamortized Discount/(Premium) on Bonds, Net	(177,831)
Lease Liability	(38,547)
Subscription Liability	(64,518)
Financed Purchases	(11,118)
Net OPEB and Pension Liability	(2,036,618)
Accrued Interest Payable	(19,341)
Arbitrage Rebate Payable	(17,836)
Pollution Remediation Payable	(1,774)
Compensated Absences	(292,997)
Other Payable	<u>(29)</u>
	<u>(5,934,514)</u>

Net Position of Governmental Activities

	<u><u>\$ 2,638,638</u></u>

The accompanying notes are an integral part of these basic financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year-Ended September 30, 2025

(In Thousands)

	MAJOR FUNDS					NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	COVID-19 FUNDS	CATEGORICAL GRANT IN-AID	2022 GENERAL OBLIGATION BONDS		
Revenues:							
Taxes:							
Property	\$ 474,560	\$ 304,552	\$ -	\$ -	\$ -	\$ 54,670	\$ 833,782
General Sales and Use	409,571					127,784	537,355
Selective Sales and Use	12,674						12,674
Gross Receipts Business	14,697					1,582	16,279
Occupancy						115,717	115,717
Penalties and Interest on Delinquent Taxes	3,800	2,435				782	7,017
Licenses and Permits	11,549						11,549
Intergovernmental	14,906		12,597	280,978		53,622	362,103
Revenues from Utilities	527,712						527,712
Charges for Services	79,242					168,605	247,847
Fines and Forfeits	10,272					370	10,642
Miscellaneous	19,483	21	16	186	15	52,711	72,432
Investment Earnings	23,006	4,099	3,334	54	14,346	34,765	79,604
Contributions				21,081		10,739	31,820
Total Revenues	1,601,472	311,107	15,947	302,299	14,361	621,347	2,866,533
Expenditures:							
Current:							
General Government	117,567	915	4,919	2,285		7,180	132,866
Public Safety	987,538		2,814	29,211		27,665	1,047,228
Public Works	72,227		8,610	77,627		75,657	234,121
Health Services	80,857		13,592	22,847		8,976	126,272
Sanitation				64		11,278	11,342
Welfare	57,989		19,515	210,217		464	288,185
Culture and Recreation	158,084			133		87,112	245,329
Convention and Tourism						78,393	78,393
Urban Redevelopment and Housing	38,543		4,243	660		28,754	72,200
Education			6,493	280		144,593	151,366
Economic Development and Opportunity	12,080		10,067			39,939	62,086
Environmental	9,865			561		276	10,702
Capital Outlay						515,003	515,003
Debt Service:							
Principal Retirement		242,585				29,726	272,311
Interest		95,219				30,651	125,870
Arbitrage						4,967	4,967
Issuance Costs					959	1,145	2,104
Leases:							
Principal Retirement	3,139		2	2,395		660	6,196
Interest	484			335		299	1,118
Subscription:							
Principal Retirement	7,459			2		544	8,005
Interest	2,531					21	2,552
Total Expenditures	1,548,363	338,719	70,255	346,617	959	1,093,303	3,398,216
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,109	(27,612)	(54,308)	(44,318)	13,402	(471,956)	(531,683)
Other Financing Sources (Uses):							
Issuance of Long-Term Debt					140,635	189,205	329,840
Refunding Debt Issued		81,015					81,015
Payments to Refunded Bond Escrow Agent		(85,670)					(85,670)
Issuance of Lease Liabilities	1,611			222		81	1,914
Issuance of Subscription Liabilities	2,178					231	2,409
Premium on Long-Term Debt		5,093			10,324	11,728	27,145
Transfers In	20,544	21,069		5,569		630,975	678,157
Transfers Out	(91,208)			(5,861)	(149,715)	(436,381)	(683,165)
Total Other Financing Sources (Uses), Net	(66,875)	21,507		(70)	1,244	395,839	351,645
Net Change in Fund Balances (Deficits)	(13,766)	(6,105)	(54,308)	(44,388)	14,646	(76,117)	(180,038)
Fund Balances (Deficits) October 1, as previously reported	583,400	43,932	93,373	(33,501)	375,891	1,026,091	2,089,186
Change to Financial Reporting Entity (Removal of Blended Component Unit)						(145,125)	(145,125)
Fund Balances (Deficits) October 1, as adjusted	583,400	43,932	93,373	(33,501)	375,891	880,966	1,944,061
Fund Balances (Deficits) September 30	\$ 569,634	\$ 37,827	\$ 39,065	\$ (77,889)	\$ 390,537	\$ 804,849	\$ 1,764,023

The accompanying notes are an integral part of these basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year-Ended September 30, 2025

(In Thousands)

Net change in Fund Balances (Deficits) - Total Governmental Funds \$ (180,038)

Amounts reported for governmental activities in the Statement of Activities are different because:

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 outlay exceeds depreciation in the current year.

Expenditures for Capital Assets	436,684	
Pollution Remediation Capitalization	230	
Donated Capital Assets	1,918	
Less: Current Year Depreciation	(267,599)	
Less: Current Year Deletions	<u>(7,781)</u>	
		163,452

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.

80,098

The issuance of long-term debt (e.g. bonds, notes and loans) 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond, Note, Loan and Financed Purchases Amounts Issued	(410,855)	
(Premium)/Discount on Long-term Debt	(27,145)	
Payments to Escrow Agent	85,670	
Amortization of Bond Premiums/Discounts and Deferred Charges, Net	30,459	
Principal Payments	<u>272,311</u>	
		(49,560)

The following 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:

Interest Expense	(1,809)	
Compensated Absences	(10,993)	
Net OPEB and Pension Expenses	(77,669)	
Pollution Remediation	278	
Principal Amounts on Financed Purchases and Notes	872	
Arbitrage	(5,224)	
Net Effect of Lease Activity	1,082	
Net Effect of Subscription Activity	<u>(47)</u>	
		(93,510)

Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The change in net position remaining after allocation of business-type activities of the Internal Service Funds is reported with governmental activities.

1,803

Change in Net Position of Governmental Activities

\$ (77,755)

The accompanying notes are an integral part of these basic financial statements.

Statement of Net Position

Proprietary Funds

As of September 30, 2025

(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Assets:					
Current Assets:					
Unrestricted Assets:					
Cash and Cash Equivalents	\$ 1,298	\$ 6,083	\$ 9,337	\$ 16,718	\$ 81,946
Investments	55,769	12,393	18,055	86,217	168,252
Receivables, Net	24,446	12,718	1,118	38,282	2,888
Materials and Supplies, at Cost	1,031	40	314	1,385	3,160
Deposits					301
Prepaid Expenses					10,848
Lease Receivables	9,496		1,339	10,835	179
Due From Other Governmental Agencies, Net	306			306	96
Total Unrestricted Assets	92,346	31,234	30,163	153,743	267,670
Restricted Assets:					
Debt Service Accounts:					
Cash and Cash Equivalents	45,154		237	45,391	80
Investments			293	293	
Receivables, Net			2	2	
Construction Accounts:					
Cash and Cash Equivalents	116,808	4,320	58	121,186	21
Investments	127,164		1	127,165	43
Receivables, Net	216			216	
Prepaid Expenses	250			250	
Improvement and Contingency Accounts:					
Cash and Cash Equivalents	117,092		232	117,324	
Investments	183,572		471	184,043	
Receivables, Net	3,074		3	3,077	
Other Restricted Assets:					
Cash and Cash Equivalents	86			86	
Receivables, Net	1,239			1,239	
Due From Other Governmental Agencies, Net	49			49	
Total Restricted Assets	594,704	4,320	1,297	600,321	144
Total Current Assets	687,050	35,554	31,460	754,064	267,814
Noncurrent Assets:					
Capital Assets:					
Depreciable and Non-Depreciable:					
Land	5,323	1,107	9,366	15,796	
Buildings	551,643	11,147	27,128	589,918	179
Improvements	739,410	15,223	15,582	770,215	715
Machinery and Equipment	46,042	29,302	15,066	90,410	448,624
Depreciable Intangible	353		14,404	14,757	250
Construction in Progress	287,709		3,803	291,512	
Less: Accumulated Depreciation	676,604	38,936	58,688	774,228	287,301
Depreciable and Non-Depreciable, Net	953,876	17,843	26,661	998,380	162,467
Lease Assets	11,904	140	92	12,136	31,780
Less: Accumulated Amortization	1,685	85	25	1,795	5,804
Lease Assets, Net	10,219	55	67	10,341	25,976
Subscription Assets	2,410	2,390	2,110	6,910	44,402
Less: Accumulated Amortization	841	226	1,267	2,334	20,921
Subscription Assets, Net	1,569	2,164	843	4,576	23,481
Net Capital Assets	965,664	20,062	27,571	1,013,297	211,924
Lease Receivables	62,332		5,574	67,906	1,400
Total Noncurrent Assets	1,027,996	20,062	33,145	1,081,203	213,324
Total Assets	1,715,046	55,616	64,605	1,835,267	481,138
Total Deferred Outflows of Resources	16,605	13,639	8,456	38,700	24,047

(Continued)

Statement of Net Position
Proprietary Funds (Continued)
As of September 30, 2025
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Liabilities:					
Current Liabilities:					
Payable from Current Unrestricted Assets:					
Vouchers Payable	\$ 2,771	\$ 1,624	\$ 252	\$ 4,647	\$ 21,583
Accounts Payable - Other	7,324	3,798	5,239	16,361	2,662
Claims Payable					33,783
Accrued Payroll	1,096	1,385	866	3,347	2,609
Accrued Interest	2	76		78	32
Current Portion of Compensated Absences	3,787	3,170	2,032	8,989	7,196
Unearned Revenue	712		317	1,029	917
Current Portion of Lease Liability	621	19	15	655	981
Current Portion of Subscription Liability	510	191	448	1,149	11,521
Current Portion of Financed Purchases	233	2,004		2,237	
Current Portion of Landfill Postclosure Costs		119		119	
Total Payable from Current Unrestricted Assets	17,056	12,386	9,169	38,611	81,284
Payable from Current Restricted Assets:					
Vouchers Payable	15,809		58	15,867	
Accrued Payroll	25			25	
Accrued Interest	7,857		37	7,894	
Current Portion of Compensated Absences	42			42	
Unearned Revenue	61			61	
Current Portion of Bonds and Certificates (net of premium/discount)	295,163		331	295,494	232
Other Payables	68,685			68,685	
Total Payable from Current Restricted Assets	387,642		426	388,068	232
Total Current Liabilities	404,698	12,386	9,595	426,679	81,516
Noncurrent Liabilities:					
Bonds and Certificates (net of current portion & discount/premium)	468,323		5,107	473,430	3,777
Claims Payable (net of current portion)					61,730
Compensated Absences (net of current portion)	1,551	367		1,918	1,319
Lease Liability (net of current portion)	10,425	39	53	10,517	27,120
Subscription Liability (net of current portion)	1,154	2,110	478	3,742	9,609
Financed Purchases (net of current portion)	57	9,649		9,706	
Net OPEB and Pension Liabilities	55,333	63,764	41,010	160,107	115,475
Pollution Remediation (net of current portion)	1,274			1,274	
Asset Retirement Obligations (net of current portion)	840			840	2,088
Total Noncurrent Liabilities	538,957	75,929	46,648	661,534	221,118
Total Liabilities	943,655	88,315	56,243	1,088,213	302,634
Total Deferred Inflows of Resources	88,586	23,064	20,778	132,428	36,767
Net Position (Deficit):					
Net Investment in Capital Assets	350,192	10,370	21,140	381,702	158,748
Restricted:					
Debt Service	39,482		496	39,978	48
Capital Projects	255,214		708	255,922	65
Unrestricted (Deficit)	54,522	(52,494)	(26,304)	(24,276)	6,923
Total Net Position (Deficit)	\$ 699,410	\$ (42,124)	\$ (3,960)	\$ 653,326	\$ 165,784
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(20,568)	
Net position of business-type activities				\$ 632,758	

The accompanying notes are an integral part of these basic financial statements.

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

Proprietary Funds

Year-Ended September 30, 2025

(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating Revenues:					
Charges for Services	\$ 154,574	\$ 160,033	\$ 50,453	\$ 365,060	\$ 498,578
Total Operating Revenues	<u>154,574</u>	<u>160,033</u>	<u>50,453</u>	<u>365,060</u>	<u>498,578</u>
Operating Expenses:					
Personal Services	48,738	62,409	40,821	151,968	127,406
Contractual Services	39,155	42,453	8,175	89,783	56,057
Commodities	2,961	12,346	1,078	16,385	3,326
Materials and Supplies					33,923
Claims					217,472
Other	14,752	33,238	11,844	59,834	67,486
Depreciation	42,049	2,157	4,569	48,775	39,844
Total Operating Expenses	<u>147,655</u>	<u>152,603</u>	<u>66,487</u>	<u>366,745</u>	<u>545,514</u>
Operating Income (Loss)	<u>6,919</u>	<u>7,430</u>	<u>(16,034)</u>	<u>(1,685)</u>	<u>(46,936)</u>
Nonoperating Revenues (Expenses):					
Investment Earnings	23,634	662	1,321	25,617	10,462
Other Nonoperating Revenue	1,041	603	31	1,675	24,058
Gain on Sale of Capital Assets	221	40		261	3,130
Interest and Debt Expense	(32,994)	(416)	(146)	(33,556)	(202)
Other Nonoperating Expense	(2,241)			(2,241)	
Total Nonoperating Revenues (Expenses), Net	<u>(10,339)</u>	<u>889</u>	<u>1,206</u>	<u>(8,244)</u>	<u>37,448</u>
Change in Net Position Before Capital Contributions and Transfers	<u>(3,420)</u>	<u>8,319</u>	<u>(14,828)</u>	<u>(9,929)</u>	<u>(9,488)</u>
Capital Contributions	115,524			115,524	
Transfers In (Out):					
Transfers In		99	5,200	5,299	15,465
Transfers Out	(1,018)	(2,038)	(3,305)	(6,361)	(9,395)
Total Transfers In (Out), Net	<u>(1,018)</u>	<u>(1,939)</u>	<u>1,895</u>	<u>(1,062)</u>	<u>6,070</u>
Change in Net Position	<u>111,086</u>	<u>6,380</u>	<u>(12,933)</u>	<u>104,533</u>	<u>(3,418)</u>
Net Position (Deficit) - October 1, as previously reported	589,547	(47,872)	9,406	551,081	170,556
Change in Accounting Principle	(1,223)	(632)	(433)	(2,288)	(1,354)
Net Position (Deficit) - October 1, as restated	588,324	(48,504)	8,973	548,793	169,202
Net Position (Deficit) - September 30	<u>\$ 699,410</u>	<u>\$ (42,124)</u>	<u>\$ (3,960)</u>	<u>\$ 653,326</u>	<u>\$ 165,784</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds.				(5,221)	
Change in Net Position of Business-Type Activities				<u>\$ 99,312</u>	

The accompanying notes are an integral part of these basic financial statements.

CITY OF SAN ANTONIO, TEXAS

Statement of Cash Flows
Proprietary Funds
Year-Ended September 30, 2025
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 134,369	\$ 159,901	\$ 50,422	\$ 344,692	\$ 498,376
Cash Payments to Suppliers for Goods and Services	(31,532)	(88,024)	(20,413)	(139,969)	(369,311)
Cash Payments to Employees for Service	(47,789)	(60,208)	(39,526)	(147,523)	(122,447)
Cash Received from Other Cash Receipts	1,041	603	31	1,675	24,057
Net Cash Provided by (Used for) Operating Activities	56,079	12,272	(9,486)	58,865	30,675
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds		99	5,200	5,299	15,465
Transfers Out to Other Funds	(1,018)	(2,038)	(3,305)	(6,361)	(9,395)
Net Cash Provided by (Used for) Noncapital Financing Activities	(1,018)	(1,939)	1,895	(1,062)	6,070
Cash Flows from Capital and Related Financing Activities:					
Acquisitions and Construction of Capital Assets	(219,985)	22	(2,783)	(222,746)	(59,643)
Contributed Capital	115,524			115,524	
Interest and Fees Paid on Long-Term Debt	(31,459)	(391)	(146)	(31,996)	(204)
Interest Paid on Notes and Leases	(1)			(1)	
Principal Payments on Long-Term Debt	(22,750)		(324)	(23,054)	(221)
Principal Payments on Notes and Leases		(722)		(722)	
Proceeds from Issuance of Long-Term Debt	200,000	4,263		200,000	
Proceeds from Issuance of Notes and Leases				4,263	
Proceeds from Sale of Assets	4	40		44	4,327
Net Cash Provided by (Used for) Capital and Related Financing Activities	41,353	3,212	(3,253)	41,312	(55,741)
Cash Flows from Investing Activities:					
Purchases of Investment Securities	(124,943)	(5,085)	(7,704)	(137,732)	(68,887)
Maturity of Investment Securities	118,403	(2,586)	18,571	134,388	100,338
Investments Earnings	24,107	662	1,379	26,148	10,624
Net Cash Provided by (Used for) Investing Activities	17,567	(7,009)	12,246	22,804	42,075
Net Increase in Cash and Cash Equivalents	113,981	6,536	1,402	121,919	23,079
Cash and Cash Equivalents, October 1	166,457	3,867	8,462	178,786	58,968
Cash and Cash Equivalents, September 30	\$ 280,438	\$ 10,403	\$ 9,864	\$ 300,705	\$ 82,047
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ 6,919	\$ 7,430	\$ (16,034)	\$ (1,685)	\$ (46,936)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	42,049	2,157	4,569	48,775	39,844
Other Nonoperating Revenues	1,041	603	31	1,675	24,058
Changes in Assets, Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources:					
(Increase) in Accounts Receivable	(17,394)	(137)	(330)	(17,861)	(1,389)
Decrease in Lease Receivables	904	127	1,340	2,371	259
(Increase) Decrease in Due from Other Governmental Agencies	(229)		42	(187)	188
(Increase) Decrease in Materials and Supplies	(30)	3	4	(23)	392
(Increase) Decrease in Prepaid Expenses			101	101	(341)
Decrease in Deposits					3
Increase (Decrease) in Vouchers Payable	(6,948)	(389)	(409)	(7,746)	3,562
Increase in Claims Payable					5,732
Increase (Decrease) in Accounts Payable - Other	32,260	439	988	33,687	(380)
Increase in Accrued Payroll	177	267	106	550	459
Increase (Decrease) in Compensated Absences	367	97	(91)	373	463
(Decrease) in Landfill Postclosure Liability		(40)		(40)	
(Decrease) in Net OPEB Liability and Pension Liability	(3,106)	(3,237)	(1,897)	(8,240)	(4,708)
Increase in Asset Retirement Obligations	54			54	
Decrease in Deferred Outflows of Resources Related to OPEB and Pension	3,511		2,506	6,017	6,727
Increase (Decrease) in Deferred Inflows of Resources	(2,505)	4,952	(697)	1,750	1,869
Increase (Decrease) in Unearned Revenue	(991)		285	(706)	883
Net Cash Provided by (Used for) Operating Activities	\$ 56,079	\$ 12,272	\$ (9,486)	\$ 58,865	\$ 30,675
Noncash Investing, Capital and Financing Activities:					
Acquisitions of Leased Capital Assets	\$ -	\$ -	\$ 68	\$ 68	\$ 16
Acquisitions of Subscription Capital Assets	1,637	2,382		4,019	10,640
Accounts and Retainage Payable related to Capital Assets	57,413			57,413	

The accompanying notes are an integral part of these basic financial statements.

CITY OF SAN ANTONIO, TEXAS

Statement of Fiduciary Net Position
Fiduciary Funds
As of September 30, 2025
(In Thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	CUSTODIAL FUNDS
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 71,925	\$ 5,227
Security Lending Collateral	102,670	
Investments:		
Common Stock	1,853,921	
U.S. Government Securities	350,382	2,151
Corporate Bonds	520,321	
Mutual Funds	104,736	
Hedge Funds	24,196	
Real Estate	385,174	
Alternative	1,414,829	
Receivables:		
Accounts	7,515	1,029
Accrued Interest	8,445	14
Accrued Revenue	5,918	
Prepaid Expenses	51	
Total Current Assets	4,850,083	8,421
Noncurrent Assets:		
Capital Assets:		
Depreciable and Non-Depreciable		
Land	10,315	
Machinery and Equipment	3,100	
Buildings	21,499	
Less: Accumulated Depreciation	2,897	
Depreciable and Non-Depreciable, Net	32,017	
Assets Held for Resale	11,694	
Lease Assets	1,153	
Less: Accumulated Amortization	496	
Lease Assets, Net	657	
Net Capital Assets	44,368	
Total Noncurrent Assets	44,368	
Total Assets	\$ 4,894,451	\$ 8,421
Liabilities:		
Vouchers Payable	\$ 4,558	\$ -
Accounts Payable - Other	11,220	
Claims Payable	6,278	
Accrued Payroll	501	
Securities Lending Obligation	102,670	
Total Liabilities	125,227	-
Net Position:		
Restricted for Pensions	4,124,762	
Restricted for Other Postemployment Benefits	644,462	
Restricted for individuals, organizations, and other governments		8,421
Total Net Position	\$ 4,769,224	\$ 8,421

The accompanying notes are an integral part of these basic financial statements.

CITY OF SAN ANTONIO, TEXAS

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year-Ended September 30, 2025

(In Thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	CUSTODIAL FUNDS
Additions:		
Contributions:		
Employer	\$ 154,358	\$ -
Employee	74,303	
Other Contributions	<u>3,833</u>	
Total Contributions	<u>232,494</u>	
Investment Earnings:		
Net Increase (Decrease) in Fair Value of Investments	298,056	(4)
Real Estate Income, Net	3,933	
Interest and Dividends	80,777	111
Securities Lending	8,059	
Other Income	<u>358</u>	
Total Investment Earnings	<u>391,183</u>	<u>107</u>
Less: Investment Expenses		
Investment Management Fees and Custodian Fees	(11,648)	
Less: Securities Lending Expenses		
Borrower Rebates and Lending Fees	<u>(7,543)</u>	
Net Investment Earnings	<u>371,992</u>	<u>107</u>
Collections:		
Tax Collections for Other Governments		50,002
Fee and Fine Collections for Other Governments		8,732
Payments Collected on Behalf of Others		<u>267</u>
Total Collections	<u>-</u>	<u>59,001</u>
Total Additions	<u>604,486</u>	<u>59,108</u>
Deductions:		
Benefits	331,745	
Refunds of Contributions	2,344	
Administrative Expenses	9,926	933
Fees and Fines Disbursed to Other Governments		7,946
Payments Disbursed on Behalf of Others		329
Tax Collections Disbursed to Other Governments		45,165
Other Disbursements		<u>2,743</u>
Total Deductions	<u>344,015</u>	<u>57,116</u>
Change in Net Position	<u>260,471</u>	<u>1,992</u>
Net Position - Beginning of Fiscal Year	<u>4,508,753</u>	<u>6,429</u>
Net Position - End of Fiscal Year	<u>\$ 4,769,224</u>	<u>\$ 8,421</u>

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The accompanying notes are an integral part of these basic financial statements.

Statement of Net Position
Discretely Presented Component Units
As of September 30, 2025

(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNIT	TOTAL
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	\$ 407,259	\$ 271,297	\$ 19,825	\$ 698,381
Investments		415,476		415,476
Receivables, Net	492,783	97,893	401	591,077
Materials and Supplies, at Cost	215,550	8,979	41	224,570
Prepaid Expenses	170,196	9,643	185	180,024
Total Unrestricted Assets	1,285,788	803,288	20,452	2,109,528
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents		72,715		72,715
Capital Projects Accounts:				
Cash and Cash Equivalents		2,871		2,871
Other Restricted Accounts:				
Cash and Cash Equivalents			5,544	5,544
Investments		200,492		200,492
Receivables, Net				
Lease Receivables			3,170	3,170
Total Restricted Assets		276,078	8,714	284,792
Total Current Assets	1,285,788	1,079,366	29,166	2,394,320
Noncurrent Assets:				
Capital Assets:				
Depreciable and Non-Depreciable				
Land	115,465	183,170	11,397	310,032
Land Easements and Water Rights	107,846	248,686		356,532
Depreciable Intangible Assets	280,687	1,354		282,041
Infrastructure			54,312	54,312
Buildings			130,607	130,607
Utility Plant in Service	17,107,748	9,539,604		26,647,352
Machinery and Equipment		656,399	11,878	668,277
Construction in Progress	1,073,018	897,650	2,528	1,973,196
Nuclear Fuel	1,332,053			1,332,053
Less: Accumulated Depreciation	9,042,657	3,046,539	95,818	12,185,014
Depreciable and Non-Depreciable, Net	10,974,160	8,480,324	114,904	19,569,388
Lease Assets	6,128		2,353	8,481
Less: Accumulated Amortization	3,178		286	3,464
Lease Assets, Net	2,950		2,067	5,017
Subscription Assets	54,466	6,892	323	61,681
Less: Accumulated Amortization	27,190	3,627	248	31,065
Subscription Assets, Net	27,276	3,265	75	30,616
Net Capital Assets	11,004,386	8,483,589	117,046	19,605,021
Other Noncurrent Assets:				
Cash and Cash Equivalents	634,446	71,631		706,077
Investments	1,332,269	421,969		1,754,238
Receivables, Net	8,395	3,292		11,687
Pension Regulatory Asset	275,333			275,333
Lease Receivables			61,611	61,611
Other Noncurrent Assets	994,339	43,095		1,037,434
Total Other Noncurrent Assets	3,244,782	539,987	61,611	3,846,380
Total Noncurrent Assets	14,249,168	9,023,576	178,657	23,451,401
Total Assets	15,534,956	10,102,942	207,823	25,845,721
Deferred Outflows of Resources	917,441	112,839	27	1,030,307

(Continued)

The accompanying notes are an integral part of these basic financial statements.

Statement of Net Position

Discretely Presented Component Units (Continued)

As of September 30, 2025

(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNIT	TOTAL
Liabilities:				
Current Liabilities:				
Payable from Current Unrestricted Assets:				
Accounts Payable and Other Current Liabilities	\$ 765,115	\$ 57,707	\$ 2,765	\$ 825,587
Unearned Revenues			102	102
Current Portion of Compensated Absences	27,156	12,107	18	39,281
Current Portion of Long-Term Lease/Notes Payable		18,381	3,105	21,486
Current Portion of Lease Liability			154	154
Current Portion of Subscription Liability			24	24
Current Portion of Other Payables	69,175	8,022	139	77,336
Total Payable from Current Unrestricted Assets	861,446	96,217	6,307	963,970
Payable from Restricted Assets:				
Accounts Payable and Other Current Liabilities		115,654		115,654
Accrued Interest on Bonds and Certificates		18,863		18,863
Current Portion of Bonds and Certificates (net of premium/discount)	183,600	74,770	511	258,881
Current Portion of Commercial Paper		5,070		5,070
Total Payable from Restricted Assets	183,600	214,357	511	398,468
Total Current Liabilities	1,045,046	310,574	6,818	1,362,438
Noncurrent Liabilities:				
Bonds and Certificates (net of current portion & premium/discount)	8,222,456	3,496,579	73,554	11,792,589
Commercial Paper (net of current portion)		166,305		166,305
Asset Retirement Obligations	1,082,718	50,969		1,133,687
Long-Term Lease/Notes Payable (net of current portion)		833,217	6,907	840,124
Compensated Absences (net of current portion)		16,598	68	16,666
Lease Liability (net of current portion)	2,666		1,894	4,560
Subscription Liability (net of current portion)	11,164	2,942	19	14,125
Net OPEB and Pension Liabilities	472,091	49,585		521,676
Other Payables (net of current portion)	713,677	18,908	5,177	737,762
Total Noncurrent Liabilities	10,504,772	4,635,103	87,619	15,227,494
Total Liabilities	11,549,818	4,945,677	94,437	16,589,932
Deferred Inflows of Resources	176,369	28,844	116,533	321,746
Net Position:				
Net Investment in Capital Assets	2,775,776	4,199,734	31,881	7,007,391
Restricted for:				
Debt Service	187,321	66,521	4,065	257,907
Capital Projects	793,573	187,623		981,196
Operating and Other Reserves		130,805		130,805
Unrestricted	969,540	656,577	(39,066)	1,587,051
Total Net Position	\$ 4,726,210	\$ 5,241,260	\$ (3,120)	\$ 9,964,350

The accompanying notes are an integral part of these basic financial statements.

Statement of Activities
Discretely Presented Component Units
Year-Ended September 30, 2025
(In Thousands)

	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNIT	TOTALS
CPS Energy	\$ 3,545,729	\$ 3,575,883	\$ -	\$ 162,829	\$ 192,983	\$ -	\$ -	\$ 192,983
San Antonio Water System	863,974	866,953		255,383		258,362		258,362
Nonmajor Component Unit	26,970	20,368		10,508			3,906	3,906
Total	<u>\$ 4,436,673</u>	<u>\$ 4,463,204</u>	<u>\$ -</u>	<u>\$ 428,720</u>	<u>192,983</u>	<u>258,362</u>	<u>3,906</u>	<u>455,251</u>
General Revenues:								
Investment Earnings					122,310	64,434	1,654	188,398
Miscellaneous					<u>46,862</u>	<u>53</u>	<u>324</u>	<u>47,239</u>
Total General Revenues					<u>169,172</u>	<u>64,487</u>	<u>1,978</u>	<u>235,637</u>
Change in Net Position					<u>362,155</u>	<u>322,849</u>	<u>5,884</u>	<u>690,888</u>
Net Position - Beginning of Fiscal Year, as previously reported					<u>4,364,055</u>	<u>4,928,304</u>	<u>191,952</u>	<u>9,484,311</u>
Change in Accounting Principle						(9,893)		(9,893)
Change to Financial Reporting Entity							(200,956)	(200,956)
Aggregate adjustments and restatements						<u>(9,893)</u>	<u>(200,956)</u>	<u>(210,849)</u>
Net Position, Beginning of Fiscal Year, as adjusted or restated					<u>4,364,055</u>	<u>4,918,411</u>	<u>(9,004)</u>	<u>9,273,462</u>
Net Position - End of Fiscal Year					<u>\$ 4,726,210</u>	<u>\$ 5,241,260</u>	<u>\$ (3,120)</u>	<u>\$ 9,964,350</u>

The accompanying notes are an integral part of these basic financial statements.

Annual Comprehensive Financial Report**Notes to Financial Statements****Year-Ended September 30, 2025**

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Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

The financial statements of the City of San Antonio (the City) have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for establishing governmental accounting and financial reporting standards. The following is a summary of significant accounting policies of the City.

Reporting Entity

In the evaluation of how to define the City for financial reporting purposes, management considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended. The underlying concept of the Statement is improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

The financial reporting entity consists of: (a) the primary government (in these financial statements the primary government is the City), (b) component units, which are legally separate organizations for which the City is financially accountable or the services rendered by the component unit are provided entirely or almost entirely to the City (blended), (c) component units, which are fiduciary in nature such as certain public employee retirement systems or pension trust funds with the City (fiduciary), and (d) component units, for which the City is financially accountable or the nature and significance of their relationship with the City is such that exclusion from the reporting entity's financial statements would be misleading or incomplete (discretely presented).

Using the criteria of GASB Statement No. 14, as amended and outlined below, potential component units were evaluated for inclusion in or exclusion from the reporting entity, whether the organizations were financially accountable or not, and were further evaluated for financial statement presentation. Based on their individual relationships with the City, some component unit financial statements were blended as though they are part of the City and others were discretely presented.

GASB Statement No. 80, *Blending Requirements for Certain Component Units* – an amendment of GASB Statement No. 14 was issued in January 2016, and it established an additional criterion for determining whether or not a potential component unit should be blended. If a component unit is a not-for-profit corporation in which the primary government is the sole corporate member as identified in the corporation's articles of incorporation or bylaws, the component unit's financial statements are to be blended.

The following criteria (as set forth in GASB Statement No. 14, as amended) were used in the evaluation of potential component units of the City:

- 1) Legally separate
- 2) Financial accountability
 - a) Appointment of a voting majority
 - b) Imposition of will
 - c) Financial benefit to or burden on the City
 - d) Fiscal dependency with financial benefit to or burden on the City
- 3) The relationship with the City is such that exclusion would cause these financial statements to be misleading or incomplete.
- 4) Service rendered by the potential component unit is provided entirely or almost entirely to the City
- 5) The City or its component units are entitled to or have the ability to access the majority of the resources received or held by the separate organization.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

The criteria outlined on the previous page were excerpted from GASB Statement No. 14, as amended. For a more detailed explanation of the criteria established by the Statements, refer to the *Codification of Governmental Accounting and Financial Reporting Standards*, as of June 30, 2025, published by GASB, Sections 2100 and 2600. GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, further clarifies that a "not-for-profit" may not be financially accountable to the City, but may be considered a component unit based on the nature and significance of its relationship with the City. Predicated upon the application of the criteria outlined above, the following is a brief overview of component units included in the reporting entity.

Blended Component Units

The relationships among the following component units and the City meet the criteria, as set forth in GASB Statement No. 14, as amended, for inclusion in the reporting entity and are such that the financial statements may be blended with those of the City. See Note 21 Adjustments and Restatements for more information.

Following is a brief description of the City's blended component units:

**City of San Antonio
Council Aides Corporation**
100 Military Plaza,
San Antonio, TX 78205
Contact: Emily McGinn
Telephone No. (210) 207-7041

City of San Antonio Council Aides Corporation (Council Aides) was established in fiscal year 2021 in accordance with state laws for the purposes of, solely aiding and acting on behalf of the City to accomplish certain governmental purposes of the City through the employment of council aides for purposes of assisting council members in the performance of their official public duties as members of the City Council of the City, all at the request of the Council. Council Aides' governing board is the same as the City's governing board, providing the City the ability to impose its will. Council Aides has additionally met the fiscal dependency and financial benefit/burden criteria. Council Aides is considered immaterial to the opinion unit, as such its financial statements are not included in this document.

**Hemisfair Park Area
Redevelopment Corporation**
630 E. Nueva St.
San Antonio, TX 78205
Contact: Melissa Chamrad
Telephone No. (210) 709-4750

The Hemisfair Park Area Redevelopment Corporation (HPARC) was established in fiscal year 2009 in accordance with state laws for the purposes of, and to act on behalf of the City in, assisting with acquiring property, planning, developing, constructing, managing, and financing projects within Hemisfair Park and its surrounding area in order to promote economic development, employment, and to stimulate business, housing, tourism, and commercial activity within the City. Though HPARC does not directly provide services to the City, its services benefit the City. The HPARC is governed by 11 members appointed by the City Council. The City's ability to impose its will on HPARC is through City Council having the power to remove board members. HPARC has additionally met the fiscal dependency and financial benefit/burden criteria.

Notes to Financial Statements**Note 1 Summary of Significant Accounting Policies (Continued)****Blended Component Units (Continued)**

Municipal Golf Association – San Antonio DBA Alamo City Golf Trail
2315 Avenue B
San Antonio, TX 78215
Contact: Joe Nunez
Telephone No. (210) 908-5921

Municipal Golf Association – San Antonio DBA Alamo City Golf Trail (MGA-SA) was established in fiscal year 2007 in accordance with state laws for the purposes of, and to act on behalf of the City in, operating and promoting the City's municipal golf facilities. MGA-SA is governed by a 15-member board of directors, which is comprised of seven members selected by MGA-SA according to the approved process contained in its by-laws; two ex-officio member positions from City staff who are appointed by the City Manager; and six members appointed by the City Council. MGA-SA provides services entirely to the City through managing the City's eight golf courses.

Prosper West San Antonio
630 S.W. 41st Street
San Antonio, TX 78237
Contact: Ryan Kuhl
Telephone No. (210) 501-0192

Prosper West San Antonio (PWSA), formerly known as Westside Development Corporation, was established in fiscal year 2006 in accordance with state laws for the purposes of promoting economic development and redevelopment opportunities in the west side of San Antonio. PWSA seeks to generate new capital investment, create higher paying jobs, and reduce the poverty level in the area. In addition, PWSA functions as a land development corporation that has the power to buy, sell, and accept land as a nonprofit without the restrictions placed upon a municipality. Therefore, although PWSA does not directly provide services to the City, it benefits the City. PWSA is governed by a board of directors nominated by a City Council committee and appointed by the City Council. The policy-setting oversight authority consists of 17 members, comprised of representatives of key stakeholders and PWSA advocates. The City can remove board members at will, providing the City the ability to impose its will. PWSA has met the financial benefit/burden criteria. PWSA is considered immaterial to the opinion unit, as such its financial statements are not included in this document.

San Antonio Early Childhood Education Municipal Development Corporation
7031 S. New Braunfels Ave.
San Antonio, TX 78223
Contact: Dr. Sarah Baray & Mike Ramsey
Telephone No. (210) 206-2755

The San Antonio Early Childhood Education Municipal Development Corporation (ECEMDC) was established in fiscal year 2012 in accordance with state laws for the purpose of, and to act on behalf of the City, to develop and implement programs for early childhood development, job training, and any other undertaking that the board determines will directly facilitate the development of a skilled workforce and foster economic opportunity. As such in 2012, Pre-K 4 SA was established to develop and implement authorized programs for early childhood education services. Additionally, in 2020, SA: Ready to Work was established to ensure that unemployed, underemployed, or underserved residents can access and successfully complete training and education that lead to current and anticipated high-demand, well-paid careers. ECEMDC is governed by a board of trustees appointed by the City Council. ECEMDC's debt, including leases, is expected to be repaid almost entirely with the resources of the City comprised of a 1/8 cent sales tax increase approved by San Antonio residents for each program. The City has the ability to impose its will and has met the fiscal dependency and financial benefit/burden criteria. The City did not receive ECEMDC's fiscal year 2025 audited financial statements; therefore, its financial data is not disclosed in the City's financial statements. ECEMDC is considered immaterial to the opinion unit.

Notes to Financial Statements**Note 1 Summary of Significant Accounting Policies (Continued)****Blended Component Units (Continued)**

San Antonio Economic Development Corporation
100 W. Houston St.
San Antonio, TX 78205
Contact:
Brenda Hicks-Sorenson
Telephone No. (210) 207-3970

The San Antonio Economic Development Corporation (EDC) was established in fiscal year 2010 as a nonprofit corporation to promote, assist, and enhance economic development activities for the City. EDC was organized for the purposes of undertaking any statute-authorized projects to benefit and accomplish the public purpose of promoting economic development in the City. The affairs of EDC are managed by a board of directors appointed by the City Council. The City Council may remove a director at any time without cause. EDC's budget is not effective until approved by the City Council. EDC provides services entirely to the City, as contracts or agreements cannot be executed without City Council approval. The City has the ability to impose its will. EDC is considered immaterial to the opinion unit, as such its financial statements are not included in this document.

San Antonio Education Facilities Corporation
100 W. Houston St.
San Antonio, TX 78205
Contact:
Brenda Hicks-Sorenson
Telephone No. (210) 207-3970

The San Antonio Education Facilities Corporation (EFC), formerly the City of San Antonio Higher Education Authority, was established in 1984 in accordance with state laws for the purpose of aiding nonprofit institutions of higher education in providing educational, housing, and other related facilities in accordance with, and subject to, the provisions of Section 53.35 (b) Texas Education Code (the Code), all to be done on behalf of the City and its duly constituted authority and instrumentality. The Code authorizes EFC to issue revenue bonds, for which the City is not obligated in any manner, to finance qualified projects that meet the purpose of the Code. The EFC is governed by a board of directors, which is comprised of the City Council. EFC met the financial benefit/burden and operational responsibility criteria, and the City has the ability to impose its will. EFC is considered immaterial to the opinion unit, as such its financial statements are not included in this document.

San Antonio Health Facilities Development Corporation
100 W. Houston St.
San Antonio, TX 78205
Contact:
Brenda Hicks-Sorenson
Telephone No. (210) 207-3970

The San Antonio Health Facilities Development Corporation (HFDC) was established by Ordinance No. 55400, dated June 3, 1982, in accordance with state laws for the purposes of, and to act on behalf of the City as, a corporation under the Texas Health Facilities Development Act of 1981. The HFDC is authorized to issue tax-exempt health facility revenue bonds, for which the City is not obligated in any manner, to finance health related projects in support of the promotion, expansion, and improvement of health facilities. The HFDC is governed by a board of directors, which is comprised of the City Council. HFDC met the financial benefit/burden and operational responsibility criteria, and the City has the ability to impose its will. HFDC is considered immaterial to the opinion unit, as such its financial statements are not included in this document.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

San Antonio Industrial Development Authority 100 W. Houston St. San Antonio, TX 78205 Contact: Brenda Hicks-Sorenson Telephone No. (210) 207-3970	The San Antonio Industrial Development Authority (IDA) was established by Resolution No. 79-48-100, dated October 11, 1979, in accordance with state laws for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of the City as, a corporation under the Development Corporation Act of 1979. The IDA is authorized to issue tax-exempt industrial revenue bonds, for which the City is not obligated in any manner, to finance qualified projects, which may further the promotion and development of commercial, industrial, and manufacturing enterprises to advance and encourage employment and public welfare. The IDA is governed by a board of directors, which is comprised of the City Council. IDA met the financial benefit/burden and operational responsibility criteria, and the City has the ability to impose its will. IDA is considered immaterial to the opinion unit, as such its financial statements are not included in this document.
San Antonio Texas Municipal Facilities Corporation 100 W. Houston St. San Antonio, TX 78205 Contact: Margaret U. Villegas Telephone No. (210) 207-8632	The San Antonio Texas Municipal Facilities Corporation (TMFC) was established in fiscal year 2001 in accordance with state laws for the purposes of, and to act on behalf of the City in, acquiring, constructing, equipping, financing, operating, and maintaining land and other municipal facilities for the City. The TMFC is governed by a board of directors, which is comprised of the City Council. The City can impose its will, and TMFC also meets the operational responsibility criteria.
San Pedro Creek Development Authority 100 W. Houston St. San Antonio, TX 78205 Contact: Troy Elliott Telephone No. (210) 207- 5734	The San Pedro Creek Development Authority (SPCDA) was established in fiscal year 2025 in accordance with state laws for the purposes of, and to promote economic development in the San Pedro Creek Park District located in the northwestern portion of the City of San Antonio's downtown, including the development of facilities located within and related to the San Pedro Creek Park District. The Authority is responsible for owning a multi-purpose facility, with construction funded by bonds backed by incremental revenue from the Houston Street TIRZ. SPCDA has a nine-member board of trustees, including the City Manager and Mayor. SPCDA has met the financial benefit/burden criteria. SPCDA did not have any financial activity in fiscal year 2025 and had no beginning fund balance at October 1, 2024.
Starbright Industrial Development Corporation 100 W. Houston St. San Antonio, TX 78205 Contact: Margaret U. Villegas Telephone No. (210) 207-8632	The Starbright Industrial Development Corporation (SIDC) was established in fiscal year 2003 in accordance with state laws for the purposes of, and to act on behalf of the City in, the promotion and development of commercial, industrial, and manufacturing enterprises, to advance and encourage employment and public welfare, including but not limited to the acquisition of land. The SIDC is governed by a board of directors, which is comprised of the City Council. SIDC met the financial benefit/burden and the operational responsibility criteria. The City has the ability to impose its will.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

Texas Public Facilities Corporation 100 W. Houston St. San Antonio, TX 78205 Contact: Margaret U. Villegas Telephone No. (210) 207-8632	Texas Public Facilities Corporation (TPFC) was established in fiscal year 2012 in accordance with state laws for the purpose of, and to act on behalf of the City in, effectuating the buyout of the City's existing Hotel Revenue Bonds and funding for the expansion of the City's Convention Center through issuance of 2012 Lease Revenue Bonds. The TPFC is governed by a board of directors, which is comprised of the City Council. TPFC's governing board is substantially the same as the City's governing board, and TPFC meets the operational responsibility criteria. The City has the ability to impose its will.
Urban Renewal Agency of the City of San Antonio DBA Office of Urban Redevelopment of San Antonio 100 W. Houston St. San Antonio, TX 78205 Contact: Veronica Garcia Telephone No. (210) 207-6459	The Urban Renewal Agency of the City of San Antonio DBA Office of Urban Redevelopment of San Antonio (OUR SA) was created under the provisions of the Urban Renewal Law of the State of Texas. OUR SA is responsible for implementing the City's Urban Renewal Program and may designate for urban renewal in such areas as it deems advisable, subject to approval by the City Council. OUR SA receives a majority of its operating funds from the City. OUR SA is governed by a six-member board of commissioners appointed by the City Council. The City's management has operational responsibility for Our SA. The City has the ability to impose its will. OUR SA is considered immaterial to the opinion unit, as such its financial statements are not included in this document.
Visit San Antonio 317 Alamo Plaza San Antonio, TX 78205 Contact: Natalie Balderrama Telephone No. (210) 244-2026	Visit San Antonio (VSA) was established in fiscal year 2016 in accordance with state laws for the purposes of providing destination and marketing services, attracting leisure visitors, events and conventions to the City's Henry B. Gonzalez Convention Center and other owned facilities. VSA will also serve as a liaison to local businesses, including hoteliers, sports foundations, and other similar entities to attract visitors and events to the City. VSA has a 21-member board, of which the City Manager and two Council members are appointed by the Mayor. VSA provides services almost entirely to the City, and met the financial benefit/burden criteria. VSA is considered immaterial to the opinion unit, as such its financial statements are not included in this document.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fiduciary Component Units

The relationships among the following component units and the City meet the criteria, as set forth in GASB Statement No. 14, as amended, for inclusion in the reporting entity and are such that the financial statements are presented as fiduciary funds of the City.

As set forth in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the City excludes fiduciary funds and component units that are fiduciary in nature from the government-wide financial statements. The City's component units that are fiduciary in nature are the San Antonio Fire and Police Pension Fund, the Retiree Health & Wellness SA Fire and Police Fund, and the City of San Antonio Retiree Health Care Fund. These component units are presented in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

San Antonio Fire and Police Pension Fund
11603 W. Coker Loop, Ste. 201
San Antonio, TX 78216
Contact: Warren J. Schott
Telephone No. (210) 534-3262

The San Antonio Fire and Police Pension Fund (Pension Fund) is a single-employer defined benefit pension plan established in accordance with state law. The Pension Fund is administered by a nine-member board of trustees, including two members of the City Council, the Mayor or her appointee, two active police officers, two active firefighters, and two uniformed retirees. The City and its active uniformed personnel are obligated to make all contributions to the Pension Fund in accordance with rates established by state laws. Benefit levels are also set by state laws. Services rendered by the Pension Fund are exclusively for the benefit of eligible firefighters and police officers, upon retirement. The Pension Fund provides services entirely to the City's uniformed personnel.

Retiree Health & Wellness SA Fire and Police Fund
11603 W. Coker Loop, Ste. 210
San Antonio, TX 78216
Contact: James Bounds
Telephone No. (210) 494-6500

The City of San Antonio Firefighters' and Police Officers' Retiree Prefunded Group Health Plan was created in October 1989 in accordance with the provisions of the City's contracts with the local fire and police unions, respectively, to provide postemployment health care benefits to uniformed employees who retired on or after October 1, 1989. Pursuant to the passage of Senate Bill 1568 in 1997, a separate and distinct statutory trust, the Retiree Health & Wellness SA Fire and Police Fund (Health Fund) was created to provide these postemployment health care benefits for eligible uniformed employees of the City. The Health Fund is administered by a nine-member board of trustees, including two members of the City Council, the Mayor or her appointee, two active police officers, two active firefighters, and two uniformed retirees. The City, active uniform employees, and retirees on behalf of their dependents are obligated to make all contributions to the Health Fund in accordance with rates established by state laws. Benefits are established pursuant to legislation enacted by the State with the Health Fund Board's ability to modify those benefits within certain parameters. The Health Fund provides services entirely to the City's active and retired uniformed personnel.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fiduciary Component Units (Continued)

City of San Antonio Retiree Health Care Fund
100 W. Houston St.
San Antonio, TX 78205
Contact: Renee Frieda
Telephone No. (210) 207-8705

The City of San Antonio's Retiree Health Care Fund was created to provide postemployment health care benefits entirely to civilian retirees and uniformed employees who retired prior to October 1, 1989. The Retiree Health Care Fund is governed by a board of directors, which is comprised of the City Council. The City and its eligible retirees make all contributions to the Retiree Health Care Fund in accordance with assessments and rates adopted by City Council through passage of the annual adopted budget. Additionally, benefits are established pursuant to adoption of annual budget. The Retiree Health Care Fund's governing board is the same as the City's governing board, it meets the financial benefit/burden and the operational responsibility criteria. The City has the ability to impose its will.

It is management's belief that to exclude essential disclosures from the City's financial statements as they pertain to the Pension Fund and Health Fund would be misleading. Therefore, relevant disclosures have been included in the City's financial statements.

The Pension Fund and Health Fund's fiscal year-end are December 31st; financial information disclosed in the City's Annual Comprehensive Financial Report for both entities is as of December 31, 2024.

Discretely Presented Component Units

The relationships among the following component units and the City meet the criteria, as set forth in GASB Statement No. 14, as amended, for inclusion in the reporting entity as discretely presented component units.

Brooks
3201 Sidney Brooks
San Antonio, TX 78235
Contact: Leo Gomez
Telephone No. (210) 678-3318

Brooks is a special district and political subdivision of the State of Texas. It was established on September 27, 2001, as a defense base development authority in accordance with state laws for the purposes of, and to act on behalf of the City in, improving mission effectiveness, reducing the cost of providing quality installation support through improved capital asset management, and promoting economic development for Brooks Air Force Base and in the surrounding community. An 11-member board of directors appointed by the City Council governs Brooks for two-year terms and oversees the Brooks Technology and Business Park in support of the Brooks City-Base Project. The City's ability to impose its will on Brooks is through City Council having the power to remove board members.

CPS Energy
P.O. Box 1771
San Antonio, TX 78296
Contact: Lizeth Oliver
Telephone No. (210) 353-5835

CPS Energy, a municipally owned utility, provides electricity and natural gas to San Antonio and the surrounding areas. CPS Energy is governed by a board of trustees, which is comprised of four members appointed by City Council and has the City's Mayor as an ex-officio member. The City has the ability to impose its will on CPS Energy through the setting of user rates for services and charges and the issuance of bonds approved by the City Council.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

Port Authority of San Antonio DBA Port San Antonio 907 Billy Mitchell Blvd. San Antonio, TX 78226 Contact: Patrick Cruzen Telephone No. (210) 362-7834	The Port Authority of San Antonio DBA Port San Antonio (the Port) is a special district and political subdivision of the State of Texas that was originally established in 1996 as a local development authority under the Development Corp Act of 1979 for the purpose of monitoring the proposed closing of Kelly Air Force Base (Kelly). The Port was to conduct comprehensive studies of all issues related to the closure, conversion, redevelopment, and future use of Kelly, and submit and implement the plan to the appropriate agency or agencies of the federal government. The Port is authorized to issue bonds, for which the City is not obligated in any manner, to finance projects as permitted by state laws. The Port is governed by an 11-member board of directors, appointed at will by City Council, providing the City the ability to impose its will. The Port is considered immaterial to the opinion unit, as such its financial statements are not included in this document.
SA Energy Acquisition Public Facility Corporation P.O. Box 1771 San Antonio, TX 78296 Contact: Lizeth Oliver Telephone No. (210) 353-5835	SA Energy Acquisition Public Facility Corporation (SAEAPFC) was established in 2007 in accordance with state laws for the purposes of, and to act on behalf of the City in, the financing and acquisition of electric energy and power, oil, gas, coal, and other liquid, gaseous or solid hydrocarbon fuels for the electric and gas systems of the City. SAEAPFC is governed by a seven-member board of directors appointed by City Council for two-year terms. Board members are subject to removal by City Council for cause or at will. The issuance of bonds is approved by City Council, meeting fiscal dependency criteria. SAEAPFC is considered immaterial to the opinion unit, as such its financial statements are not included in this document.
San Antonio Bexar County Soccer Public Facility Corporation 100 Military Plaza San Antonio, TX 78205 Contact: Alejandra Lopez Telephone No. (210) 207-3975	San Antonio Bexar County Soccer Public Facility Corporation (SABC PFC) is a nonprofit corporation established in fiscal year 2016 in accordance with state laws for the purposes of, and to act on behalf of the City in, the renovation and operation of a facility and related property and infrastructure to be used for and to support professional soccer within the City. SABC PFC is governed by a four-member board of directors comprised of two appointees from the City and two from the County, all who must be approved by City Council, providing the City the ability to impose its will. The issuance of bonds is approved by City Council, meeting fiscal dependency criteria. SABC PFC is considered immaterial to the opinion unit, as such its financial statements are not included in this document.
San Antonio Housing Trust Finance Corporation 8200 IH-10 West, Suite 501 San Antonio, TX 78230 Contact: Pedro Alanis Telephone No. (210) 735-2772	The San Antonio Housing Trust Finance Corporation (HTFC) was established in 1997 under the Texas Housing Finance Corporations Act (the Act), in accordance with state laws for the purposes of, and to act on behalf of the City in, carrying out the purposes of the Act, including the issuance of single family and multi-family revenue bonds. HTFC's board of directors is appointed by City Council, consisting of five City Council members. The City can remove board members at will, providing the City the ability to impose its will. HTFC is considered immaterial to the opinion unit, as such its financial statements are not included in this document.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

San Antonio Housing Trust Foundation, Inc. 8200 IH-10 West, Suite 501 San Antonio, TX 78230 Contact: Pedro Alanis Telephone No. (210) 735-2772	San Antonio Housing Trust Foundation, Inc. (HTF) is a nonprofit entity incorporated in 1990 under the laws of the State of Texas. HTF was organized for the purposes of supporting charitable, educational, and scientific undertakings, and specifically for providing housing for low- and middle-income families, promoting public health, safety, convenience, and welfare, revitalizing neighborhoods, and the downtown area through appropriate housing activities, and providing administrative and other support for the operations of the City of San Antonio Housing Trust Fund, a Special Revenue Fund of the City. HTF is governed by an 11-member board of directors appointed by City Council. The City can remove board members at will, providing the City the ability to impose its will. HTF is considered immaterial to the opinion unit, as such its financial statements are not included in this document.
San Antonio Housing Trust Public Facility Corporation 8200 IH-10 West, Suite 501 San Antonio, TX 78230 Contact: Pedro Alanis Telephone No. (210) 735-2772	San Antonio Housing Trust Public Facility Corporation (HTPFC) was established in fiscal year 2010 as a nonprofit corporation organized for the purpose of assisting the City in financing, refinancing, or providing public facilities. HTPFC enables housing resources to be better coordinated and directed to accomplish the City's revitalization goals and gives the City another tool to establish housing in downtown and other areas targeted for development. HTPFC's board of directors is appointed by City Council and consists of five City Council members. The City can remove board members at will, providing the City the ability to impose its will. HTPFC is considered immaterial to the opinion unit, as such its financial statements are not included in this document.
San Antonio Housing Trust Reinvestment Corporation 8200 IH-10 West, Suite 501 San Antonio, TX 78230 Contact: Pedro Alanis Telephone No. (210) 735-2772	San Antonio Housing Trust Reinvestment Corporation (HTRC) was created to act as a duly constituted authority of the City and is authorized by the City Council to aid, assist, and act on behalf of the City to promote for the common good and general welfare of reinvestment zones. The City must approve the issuance of bonds, providing fiscal dependency. HTRC is considered immaterial to the opinion unit, as such its financial statements are not included in this document.
San Antonio Water System P.O. Box 2449 San Antonio, TX 78298 Contact: Anthony Turrietta Telephone No. (210) 233-3803	On May 19, 1992, the consolidation of water systems, agencies, and activities into one institution through a refunding of the then outstanding water and sewer bonds of the former City Water Board, Alamo Water Conservation and Re-Use District, and the City's Sewer and Stormwater System, resulted in the creation of the San Antonio Water System (SAWS). The City Council determined that the interests of the citizens and the customers would best be served by placing authority for management and control of SAWS, as consolidated, with a board of trustees. This board of trustees includes the City's Mayor as an ex-officio member, along with six members appointed by City Council for four-year staggered terms. The City has the ability to impose its will on SAWS through the setting of user rates for services and charges and the issuance of bonds approved by the City Council.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

It is management's belief that to exclude essential disclosures from the City's financial statements as they pertain to CPS Energy and SAWS would be misleading. CPS Energy and SAWS have been identified as major discretely presented component units as they both relate to total component units and to the primary government. Therefore, relevant disclosures have been included in the City's financial statements.

SAWS' s fiscal year-end is December 31st while CPS Energy's is January 31st; financial information disclosed in the City's Annual Comprehensive Financial Report is as of December 31, 2024 for SAWS and January 31, 2025 for CPS Energy.

Essential disclosures related to the previously mentioned discretely presented, fiduciary, and blended component units are included in the complete financial statements of each of the individual component units. These statements may be obtained at the respective entity's administrative office.

Related Organizations

The City Council appoints members to the board of commissioners for Opportunity Home San Antonio. However, the City's accountability for this entity does not extend beyond making appointments to its board and the coordination and approval of strategic plans.

Basic Financial Statements - GASB Statement No. 34

Government-Wide and Fund Financial Statements – The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The government-wide financial statements report information on all non-fiduciary activities of the primary government and its component units. MD&A introduces the basic financial statements and provides an analytical overview of the City's financial activities. Additionally, the effect of interfund activity has been removed from the statements.

The Statement of Net Position – Reflects both short-term and long-term assets and liabilities as well as deferred inflows and outflows of resources. In the government-wide Statement of Net Position, governmental activities are reported separately from business-type activities. Governmental activities are supported by taxes and intergovernmental revenues, whereas business-type activities are normally supported by user fees and charges for services. Long-term assets, such as capital assets, long-term obligations, such as debt, and any deferred inflows and outflows of resources are now reported in the governmental activities. The components of Net Position are presented in three separate categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Interfund receivables and payables within governmental and business-type activities have been eliminated in the government-wide Statement of Net Position, which minimizes the duplication within the governmental and business-type activities. Discretely presented component units are also reported in the Statement of Net Position.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Basic Financial Statements - GASB Statement No. 34 (Continued)

The Statement of Activities – Reflects both the gross and net expense format. The net expense (by function or business-type activity) is usually covered by general revenues (property tax, sales and use tax, revenues from utilities, etc.). Direct (gross) expenses of a given function or segment are offset by charges for services, operating and capital grants and contributions. Program revenues must be directly associated with the function of program activity. The presentation allows users to determine which functions are self-supporting and which rely on the tax base in order to complete their mission. Internal Service Fund balances, whether positive or negative, have been eliminated against the expenses and program revenues shown in the governmental and business-type activities of the Statement of Activities. The net amount of interfund transfers between governmental and proprietary funds is the balance reported in the Statement of Activities.

Fund Accounting

A reconciliation detailing the change in net position between the government-wide financial statements and the fund financial statements is presented separately for governmental funds. In order to achieve a break-even result in the Internal Service Fund activity, differences in the basis of accounting and reclassifications are allocated back to user departments. These allocations are reflected in the government-wide statements. Any residual amounts of the Internal Service Funds are reported in the governmental activity column. The proprietary funds have a reconciliation presented in the proprietary funds' Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position related to the Internal Service Fund allocation.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and other debits, liabilities, fund balances and other credits, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the proceeds of revenue sources, those proceeds' restrictions or commitments for which they are to be spent and the means by which spending activities are controlled.

The City has three types of funds: governmental, proprietary, and fiduciary. The fund financial statements provide more detailed information about the City's most significant funds but not about the City as a whole. Major governmental and enterprise funds are reported separately in the fund financial statements. Nonmajor funds are aggregated in the fund financial statements and independently presented in the combining statements.

The criteria used to determine if a governmental or enterprise fund should be reported as a major fund are as follows: the total assets and deferred outflows of resources, the total liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10.0% of the corresponding element total for all funds of that category or type (that is, total governmental or total enterprise funds), and the same element that met the 10.0% criterion above in the governmental or enterprise fund is at least 5.0% of the corresponding element total for all governmental and enterprise funds combined.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

The following is a brief description of the major governmental funds that are separately presented in the fund financial statements:

- The General Fund is always presented as a major fund.
- The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs, except those that are accounted for in enterprise funds.
- The COVID-19 Funds accounts for the receipt and disbursements of federal, state, local, and private money designated to be spent towards the City's response to the COVID-19 pandemic and better prepare the City after the pandemic through infusion of cash aid and services to the community.
- The Categorical Grant-In-Aid Fund, a special revenue fund, accounts for the receipt and disbursement of all federal and state grants (with non-cash in-kind contributions from external agencies for federal and state grants), except for Community Development Block Grants, HOME Investment Partnership Grants, and Confiscated Property.
- The 2022 General Obligation Bonds Fund, a capital projects fund, accounts for the receipt and disbursement of bond proceeds for physical infrastructure development and improvement projects approved in an \$1,200,000 bond election held on May 7, 2022.

The following is a brief description of the major enterprise funds that are separately presented in the fund financial statements:

- The Airport System accounts for the operation of the San Antonio International Airport and Stinson Municipal Airport. Financing for the Airport System's operations is provided by user fees, while financing for the Airport System's capital is primarily funded by City issued revenue bonds (repaid with user fees), tax notes, grants and facility charges assessed to users.
- Solid Waste Management accounts for all revenues and expenses associated with the operations and maintenance of the City's solid waste and environmental management programs, as well as construction and management of Solid Waste Management's assets.

Governmental Funds

General Fund is the primary operating fund for the City, which accounts for and reports all financial resources of the general government not accounted for and reported in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. The specific revenue sources are the foundation for the fund's designation and are expected to continue to comprise a substantial portion of the inflows reported in the fund. If the fund no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources, the fund's remaining resources and activities are reported in the General Fund.

Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest as well as financial resources that are being accumulated for principal and interest maturing in future years.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Governmental Funds (Continued)

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, except those financed by enterprise funds.

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs - that is, for the benefit of the government or its citizenry.

The governmental funds that have legally adopted budgets are the General Fund, Debt Service Fund, Special Revenue Funds (excluding HOME Program, Categorical Grant-In-Aid, COVID-19 Funds, Community Development Program, Early Education, Ready to Work SA, Tax Increment Reinvestment Zone, San Antonio Housing Trust, and most Community Services Funds), and City Cemeteries.

Proprietary Funds

Enterprise Funds are used to account for and report operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the expenses (including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges.

Internal Service Funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The City's self-insurance programs, data processing programs, other internal service programs, and Capital Management Services (CMS) are accounted for in these funds.

Fiduciary Funds

The Trust and Custodial Funds are used to account for, and report assets held by the City in a trustee capacity or as a custodian for individuals, private organizations, and other governmental units. The San Antonio Fire and Police Pension Fund is a statutory trust fund established to provide pension benefits to eligible uniformed employees. The Retiree Health & Wellness SA Fire and Police Fund is a statutory trust fund established to provide Other Postemployment Benefits (OPEB) for retired uniformed employees and their dependents. The City's Retiree Health Care Fund meets the criteria of a fiduciary fund and manages OPEB for retired City civilian employees. The Custodial Funds account for unclaimed property, taxes, fines, fees, and deposits collected by the City for remittance to the State of Texas and other governmental entities.

Fire and Police Pension Fund, Retiree Health & Wellness SA Fire and Police Fund, City Retiree Health Care Fund, and Custodial Funds are accounted for in essentially the same manner as proprietary funds.

Note 1 Summary of Significant Accounting Policies (Continued)**Measurement Focus and Basis of Accounting****Primary Government (City)**

The government-wide financial statements present information about the City as a whole. Government-wide financial statements exclude both fiduciary funds and fiduciary component units. The Statement of Net Position and the Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The City recognizes revenue from property taxes in the period for which they were levied. Other taxes and fees are recognized as revenue in the year they are earned. Revenues from grants and similar items are recognized in the fiscal year the qualifying expenditures are made and all other eligibility requirements have been satisfied.

Program revenues are presented in the government-wide Statement of Activities. The City reports program revenues in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. They are presented separately as a reduction of the total expense to arrive at the net expense of each functional activity. Program revenues are revenues generated by charges to those who purchase, use, or directly benefit from a program. They also include amounts such as grants and contributions received from outside parties that restrict the use of those resources to specific programs.

- 1) Charges for services are revenues generated by those who purchase goods or services from the City. Examples of charges for services include airport landing fees, solid waste collection and disposal fees, and flat rate parking fees. Fines and forfeitures, licenses and permits, and intergovernmental revenues as reported in the General Fund are also reported under charges for services.
- 2) Operating grants and contributions are those revenues that are restricted in the way they may be spent for operations of a particular program.
- 3) Capital grants and contributions are also restricted revenues whose resources may only be spent to purchase, build, or use capital assets for specified programs.

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that principally only current assets and current liabilities are included in their balance sheets, and revenues are recognized in the accounting period in which they become available and measurable. Available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period.

Revenues from property taxes, sales and use taxes, occupancy taxes, gross receipts taxes, municipal court fines and fees, licenses, revenues from utilities, and investment earnings are susceptible to accrual. The City's availability period is no more than 60 days beyond the end of the fiscal year. Grant revenues are recognized when reimbursable expenditures are made, all other eligibility requirements imposed by the provider have been met, and the City receives reimbursement within 60 days of the fiscal year-end. Grant funds received in advance are recorded as unearned revenue until earned and available.

Gross receipts and sales and use taxes are considered available when received by intermediary collecting governments and are recognized at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Note 1 Summary of Significant Accounting Policies (Continued)**Measurement Focus and Basis of Accounting (Continued)****Primary Government (City) (Continued)**

Expenditures are recognized in the accounting period in which the fund liability is incurred; however, compensated absences, debt service expenditures, claims and judgments, arbitrage rebates, pension, postemployment obligations, asset retirement obligations and pollution remediation obligations are recorded only when the liability is matured.

The reported fund balance for each fund is considered a measure of current financial resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of current financial resources during the period.

Special reporting treatments are applied to governmental fund materials and supplies, prepaid expenditures, and deposits to indicate that they do not represent current financial resources, since they do not represent spendable assets. Such amounts are generally offset by fund balance nonspendable accounts.

Proprietary, fiduciary, and governmental and business-type activities are accounted for using the accrual basis of accounting. Their revenues/additions are recognized when they are earned, and their expenses/deductions and related liabilities, including claims, judgments, and compensated absences, are recognized when they are incurred. These funds are accounted for on a cost of services or economic resources measurement focus. Consequently, all assets and all liabilities (whether current or noncurrent), as well as deferred inflows and outflows of resources associated with its activity, are included in their Statement of Net Position. The reported proprietary fund net position is segregated into three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Proprietary funds report both operating and nonoperating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position. The City defines operating revenues as those receipts generated by a specified program offering either a good or service. For example, parking garage and surface lot charges are operating revenues of the Parking System. This definition is consistent with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, which defines operating receipts as cash receipts from customers and other cash receipts that do not result from transactions defined as capital and related financing, noncapital financing or investing activities. Operating expenses include personal services, contractual services, commodities, other expenses (such as insurance), and depreciation on capital assets. Revenues and expenses not fitting the above definitions are considered nonoperating.

CPS Energy

Revenues and expenses related to providing energy services in connection with CPS Energy's principal ongoing operations of the electric and gas systems are classified as operating. All other revenues and expenses are classified as nonoperating and reported as nonoperating income (expense).

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

CPS Energy (Continued)

Revenues are recorded when earned. Customers' meters are read, or periodically estimated, and bills are prepared monthly based on billing cycles. Rate tariffs include adjustment clauses that permit recovery of electric and gas fuel costs. CPS Energy uses historical information from prior fiscal years as partial bases to estimate and record earned revenue not yet billed (unbilled revenue). This process involves an extrapolation of customer usage over the days since the last meter read through the last day of the monthly period. Also included in unbilled revenue are the over/under-recoveries of electric and gas fuel costs and regulatory assessments. Unbilled revenue receivable recorded on January 31, 2025, including estimates for electric fuel and gas costs, was \$32,170.

CPS Energy's rate tariffs contain a fuel cost adjustment clause which also permits recovery of regulatory assessments. CPS Energy recovers assessments from the Public Utility Commission of Texas (PUCT) for transmission access charges and from the Texas independent system operator, also known as the Electric Reliability Council of Texas (ERCOT), for its operating costs and other charges applicable to CPS Energy as a wholesale provider of power to other utilities. Regulatory assessments for fiscal year 2025 was \$112,708.

The allowance for uncollectible accounts is management's best estimate of the amount of probable credit losses based on account delinquencies, historical write-off experience and current energy market conditions. Account balances are written off against the allowance when it is probable the receivable will not be recovered. The allowance for uncollectible accounts totaled \$92,667 fiscal year-ended January 31, 2025.

In fiscal year 2025, CPS Energy paused residential customer disconnects during the extreme summer weather conditions, but they were resumed as conditions improved and continued through the end of the fiscal year.

CPS Energy records bad debts for its estimated uncollectible accounts related to electric and gas services as a reduction to the related operating revenues. CPS Energy's bad debt provision totaled \$1,028 for the fiscal year-ended January 31, 2025. On January 31, 2025, customer accounts receivables, net were \$354,282.

In fiscal year 2022, the City approved the use of regulatory accounting related to the fuel expenses that were incurred as a result of Winter Storm Uri in February 2021 that severely impacted the CPS Energy service area. CPS Energy incurred unprecedented costs associated with the winter storm that included purchases of natural gas and purchased power, along with financing costs to cover short-term liquidity needs, and legal costs for ongoing legal disputes over excessive amounts invoiced by gas suppliers. On January 13, 2022, the City approved the ordinance that established a rate-supported regulatory asset for the winter storm costs incurred and recovery of paid fuel costs totaling \$418,000 to be recovered over a 25-year period, commencing in March 2022. Recovery of additional amounts for costs include in the regulatory asset must be approved by CPS Energy's Board of Trustees and City Council. On January 31, 2025, fuel costs to be recovered in future years totaled \$763,305.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

CPS Energy (Continued)

CPS Energy accounts for its legal obligation to decommission STP Units 1 and 2 in accordance with GASB Statement No. 83, *Certain Asset Retirement Obligations (ARO)*. CPS Energy has recognized its pro rata share of an ARO based on the best estimate of the current values of outlays expected to be incurred to decommission the units, determined by the most recent cost study performed in May 2023. A new cost study is performed every five years; in years after the latest study, GASB Statement No. 83 requires the current value of the CPS Energy's ARO be adjusted for the effects of inflation or deflation, at least annually. In addition to the ARO, CPS Energy has recorded deferred outflows of resources that are being amortized over the remaining useful life of the plant.

Additionally, due to requirements under the Code of Federal Regulations governing nuclear decommissioning trust funds, a zero-net position approach is applied in accounting for the Decommissioning Trusts. Accordingly, current year and prior year activity in the Trusts is reported in the nonoperating income (expense) section of the Statements of Revenues, Expenses and Changes in Net Position as decommissioning net costs recoverable (refundable). The cumulative effect of activity in the Trusts is reported on the Statements of Net Position as a noncurrent liability referred to as Decommissioning net costs refundable since any excess funds are payable to customers. Going forward, prolonged unfavorable economic conditions could result in the assets of the Trusts being less than the estimated decommissioning liability. In that case, instead of an excess as currently exists, there would be a deficit that would be reported as decommissioning net costs recoverable and would be receivable from customers.

Periodically, federal or state grants are made available to CPS Energy as a subrecipient for a portion of grant funds allocated to the State of Texas or as direct awards. Grant receipts are recorded as nonoperating income and generally reimburse CPS Energy for costs, recorded as operating expenses, incurred in the administration of the program. This accounting treatment results in no impact to CPS Energy's net position. Federal or state grants that subsidize in whole or a partial amount of capital assets are recognized as contributed capital. Revenues associated with the grant-related programs are exempt from payments of a percentage of gross revenues made to the City. Grant funding received by CPS Energy is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

San Antonio Water System (SAWS)

SAWS' revenues are recorded as goods or services are provided. Customers' meters are read, and bills are prepared monthly based on billing cycles. SAWS uses historical information to estimate, and record earned revenue not yet billed.

SAWS' principal operating revenues are charges to customers for water supply, water delivery, wastewater, and chilled water services. Operating expenses include costs of service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1 Summary of Significant Accounting Policies (Continued)**Current Year GASB Statement Implementations****Primary Government (City)**

GASB Statement No. 101, *Compensated Absences*, the primary objective of this Statement is to meet the information needs of financial statement users by updating recognition and measurement guidance for compensated absences. That is achieved by aligning the recognition and measurement guidance under a unified model and amending certain previous required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave that is accumulated is carried forward from the reporting period to a future reporting period in which it may be used, paid, or settled. Leave that is likely to be settled through conversion to defined benefit postemployment benefits should not be included in liability for compensated absences. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. The Statement establishes guidance for liability measurement; generally, this is the pay rate of the employee as of date of the financial statements. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The City implemented this Statement in fiscal year 2025. See Note 8 Long-Term Obligations and Note 21 Adjustments and Restatements for additional information.

GASB Statement No. 102, *Certain Risk Disclosures*, the primary objective of this Statement is to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. This is achieved by requiring governments to disclose information about a concentration or constraint if all of the following criteria are met (a) the concentration or constraint is known to the government prior to issuing the financial statements, (b) the concentration or constraint makes the government vulnerable to the risk of a substantial impact, (c) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date financial statement are issued.

The disclosures should include descriptions of the following (1) the concentration or constraint, (2) each event associated with the concentration or constraint that could cause a substantial impact if the event has occurred or has begun to occur prior to the issuance of the financial statements, (3) actions taken by the government to mitigate the risk prior to the issuance of the financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. The City evaluated this Statement in fiscal year 2025 and did not have any disclosures to report.

Note 1 Summary of Significant Accounting Policies (Continued)**Future GASB Statement Implementations****Primary Government (City)**

GASB Statement No. 103, *Financial Reporting Model Improvements*, the objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The City will assess and implement this Statement where applicable in fiscal year 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirement for certain types of capital assets to be disclosed separately for purposes of note disclosures. It also establishes requirements for capital assets held for sale and requires additional disclosures for those capital assets. Statement No. 104 requires separate disclosure for four types of capital assets: lease assets reported under Statement No. 87, by major class of underlying asset; intangible right-to-use assets recognized by an operator under Statement No. 94, by major class of underlying asset; subscription assets reported under Statement No. 96; and intangible assets other than listed above, by major class of asset. Statement No. 104 establishes requirements for capital assets held for sale. A capital asset is a capital asset held for sale if the government has decided to pursue the sale of the asset, and it is probable the sale will be finalized within a year of the financial statement date. A government should disclose the historical cost and accumulated depreciation of capital assets held for sale, by major class of asset. The requirements of Statement No. 104 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The City will assess and implement this Statement where applicable in fiscal year 2026.

GASB Statement No. 105, *Subsequent Events*, which is designed to improve the financial reporting requirements for subsequent events. GASB's pre-agenda research on subsequent events showed diversity in practice in the application of the previously existing guidance on subsequent events, which was contained in GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This Statement, therefore, is intended to enhance consistency in the application of requirements for subsequent events. The Statement defines subsequent events as transactions or other events that occur after the date of the financial reporting statements but before the date the financial statements are available to be issued. The definition of subsequent events in this Statement modifies the subsequent events time frame throughout the GASB literature. Statement No. 105 also clarifies the different types of subsequent events, when note disclosures are required, and the information that should be included in those note disclosures. The requirements of Statement No. 105 are effective for fiscal year beginning after June 15, 2026, and all reporting periods thereafter. The City will assess and implement this Statement where applicable in fiscal year 2027.

The City has not fully determined the effects that implementation of these statements will have on its financial statements.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents and Investments

Primary Government (City)

The City's investment practices are governed by state statutes and by the City's own Investment Policy. City cash is required to be deposited in Federal Deposit Insurance Corporation (FDIC) insured banks located within the State of Texas. A pooled cash and investment strategy is utilized, which enables the City to have one central depository. Investments are pooled into two primary categories: operating funds and debt service funds. The balances in these funds are invested in an aggregate or pooled amount, with principal and interest income distributed to each respective fund on a prorated basis. In addition, the City may purchase certain investments with the available balance of a specific fund for the sole benefit of such fund. Fair value of the City's investments is determined by quoted market prices and valuations using interest rate curves and credit spreads applied to the terms of the debt instrument, while also considering the counterparty rating. The City's policy with respect to money market investments, which have a remaining maturity of one year or less at the time of purchase, is to report those investments at amortized cost, which approximates fair value. Amortization of premium or accretion of discount is recorded over the term of the investments. As of September 30, 2025, the City's investment portfolio did not contain any derivative instruments or alternative investment products, nor was it leveraged in any way. Derivative instruments or alternative investment products are found only were noted in the Pension Fund and Health Fund. For a listing of authorized investments, see Note 4 Cash and Cash Equivalents, Securities Lending and Investments.

For purposes of the financial statements, the City considers all highly liquid investments with an original maturity of approximately 90 days or less to be cash equivalents.

Materials and Supplies and Prepaid Items

Materials and supplies consist principally of expendable items held for consumption and are stated at cost, based on first-in, first-out and lower of average cost or market methods. For governmental and proprietary fund types, the "consumption" method is used to account for certain materials and supplies. Under the consumption method, these acquisitions are recorded in materials and supplies accounts and charged as expenditures for governmental funds and as expenses for proprietary funds when used.

Prepaid items are goods and services that are paid in advance. These payments reflect costs applicable to future accounting periods and are recorded in both government-wide and fund financial statements. Using the consumption method, prepaid items are charged as expenditures for governmental funds and as expenses for proprietary funds as the goods or services are used.

Capital Assets and Depreciation

Primary Government (City)

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, works of art, historical treasures, or capital assets received in a service concession agreement are valued at acquisition value. Capital assets recorded under financed purchases are recorded at the present value of future minimum payments. Depreciation on all exhaustible capital assets of the City is charged as an expense with accumulated depreciation being reported in the Statement of Net Position. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

Primary Government (City) (Continued)

The City has established capitalization thresholds for automotive equipment, computer software, computer equipment, machinery and equipment, buildings, improvements, infrastructure, and depreciable intangible (e.g., right of ways, easements, internally generated software). Some intangible assets may have an indefinite life. For those assets, depreciation is not calculated. Capital assets are tested for impairment when a significant unexpected decline in its service utility occurs. Losses are recorded net of any insurance recovery when the recovery is realizable in the respective fiscal year.

The estimated useful lives and capitalization thresholds applied are as follows:

Assets	Useful Life (Years)	Capitalization Threshold
Automotive Equipment	5-10	\$ 5
Computer Software	5-10	5
Computer Equipment	5-10	5
Machinery and Equipment	5-25	5
Infrastructure- Sidewalks	20	5
Buildings	10-40	100
Depreciable Intangible	5-40	100
Improvements (other than buildings)	10-40	100
Infrastructure	10-100	100

The right-to-use lease and subscription asset threshold is \$5 and are amortized over the lesser of the life of the associated contract or useful life of the asset.

CPS Energy

The costs of additions and replacements of assets identified as major components or property units are capitalized. Maintenance and replacements of minor items are charged to operating expense. Except for certain assets that may become impaired, the cost of a depreciable plant that is retired, plus removal costs and less salvage, is charged to accumulated depreciation. Per the financial reporting requirements of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, any losses associated with capital asset impairments will be charged to operations, not to accumulated depreciation.

CPS Energy's utility plant is stated at the cost of construction, including expenses for contracted services; direct equipment, material and labor; indirect costs, including general engineering, labor, equipment and material overheads.

Proceeds from customers to partially fund construction expenses are reported as capital grants and contributions in the Statement of Activities as increases in net position in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The amount reported for capital grants and contributions was \$162,829 for the period ending January 31, 2025, including donated assets of \$6,117. The remaining portion of this balance, \$156,712 for fiscal year 2025, represents contributions received from customers as payments for utility extensions and services, as well as funding for community initiatives and other local partnership projects.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

CPS Energy (Continued)

Except for nuclear fuel, which is amortized over units of production, CPS Energy computes depreciation using the straight-line method over the estimated service lives of the depreciable property according to asset type. Total depreciation as a percent of total depreciable assets, excluding nuclear fuel, was 2.9% for fiscal year 2025.

The estimated useful lives of depreciable capital assets are as follows:

Depreciable Capital Assets	Useful Life (Years)
Buildings and Structures	45-50
Utility Plant in Service:	
Generation	35-59
Transmission and Distribution	6-63
Gas	30-65
Machinery and Equipment	4-20
Intangibles:	
Software	8
Other	20-30
Mineral Rights and Other	20-40
Nuclear fuel	Units of Production

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Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

CPS Energy (Continued)

In fiscal year 2025, CPS Energy engaged an independent third-party consulting firm to conduct a depreciation study. To align with changes in the industry, CPS Energy plans to have studies conducted on a three-year cycle moving forward. The new depreciation rates resulting from the study were retroactively applied to the beginning of fiscal year 2025. As a result of the study, based on the plant in service as of January 31, 2024, total annual depreciation decreased by approximately 9.3% based on the updated estimated useful lives and increases in Plant-In-Service balances.

Separately, right-to-use lease assets and subscription assets are amortized over the lesser of the life of the assets or the term of the lease, using the straight-line method.

Thresholds contained in CPS Energy's capitalization policy for fiscal year 2025 are as follows:

Assets	Capitalization Threshold
Land, Land Improvements and Certain Easements	Capitalize All
Buildings and Building Improvements	\$ 10
Computer Software:	
Purchased	50
Internally Developed	50
Enhancements/Upgrades	50
Computer Hardware	3
All Other Assets	3

San Antonio Water System (SAWS)

SAWS' capital assets in service are capitalized when the unit cost is greater than or equal to \$5. Utility plant additions are recorded at cost, which includes materials, labor, and direct internal costs during construction. Capital assets include intangible assets, which consist of purchased water rights and land capital easements, costs associated with acquiring additional Certificates of Convenience and Necessity (CCN) related to new service areas, and development costs for internally generated computer software and subscription assets. Assets acquired through financed purchase agreements are recorded as assets in Utility plant in service and the financed purchase agreements recorded as liabilities in contract payable in SAWS' financial statements using the present value of the contract payments and any other non-executory costs. Assets acquired through contributions, such as those from developers, are recorded at estimated acquisition value at date of donation. Maintenance, repairs, and minor renewals are charged to operating expense, while major plant replacements are capitalized.

Capital assets are depreciated on the straight-line method. This method is applied to all individual assets except distribution and collection mains and intangible assets. Groups of mains are depreciated on the straight-line method over an estimated average useful life of 50 years. Mains are included in the distribution and transmission system asset category and the collection system category. Intangible assets not considered to have indefinite useful lives are amortized over their estimated useful life. Capital assets are tested for impairment when a significant unexpected decline in its service utility occurs.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

SAWS (Continued)

The following table shows an estimated range of useful lives used in providing for depreciation of capital assets:

Assets	Useful Life (Years)
Structures and Improvements	25-50
Pumping and Purification Equipment	10-50
Distribution and Transmission System	17.5-50
Collection System	50
Treatment Facilities	25
Machinery and Equipment	5-20
Furniture and Fixtures	3-10
Computer Equipment	5
Software	3-10
Intangible Assets (Definite Useful Life)	2-20

Capital contributions consist of plant contributions from developers, capital recovery fees, and contributions in aid of construction and/or grant proceeds received from governmental agencies for facility expansion.

Capital recovery fees are charged to customers to connect to the water or wastewater system. By Texas law, these fees are to be used for capital expenditures that expand infrastructure capacity or to reimburse SAWS for the cost associated with existing excess infrastructure capacity. In certain instances, infrastructure that facilitates expansion of SAWS' service capacity is contributed by developers. In these instances, SAWS records the donated infrastructure as plant contributions and may abate future capital recovery fees due from the developer equal to a portion of the acquisition value of the infrastructure contributed. SAWS abated future capital recovery fees of \$13,157 in 2024. These abatements are conditional based on the type of development and in certain instances, time requirements and geographic restrictions.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Compensated Absences

Primary Government (City)

The City implemented GASB Statement No. 101, *Compensated Absences* in fiscal year 2025, which established a unified model for accruing compensated absences based on updated recognition and measurement guidance. The City accrues annual leave, sick leave, and other leave types and associated employee related costs for leave that has not been used and leave that has been used but not yet paid or settled for both civilian and uniformed employees. The City grants leave for temporary and part-time civilians as well as school crossing guards that enabled the matured leave to be paid out upon separation. The City accrues available sick leave at year-end for these employees. The City accrues the matured portion of its uniformed employees' accrued sick leave, holiday, and bonus pay in accordance with their respective collective bargaining agreements.

For governmental fund types, the matured current portion of the liability resulting from the accrual of these leave liabilities is recorded in the respective governmental fund and reported in the fund financial statements, while the entire liability is reported in the government-wide financials. The current and long-term portions of the liability related to proprietary fund types are accounted for in the respective proprietary funds.

CPS Energy

In fiscal year 2025, CPS Energy adopted a paid-time off (PTO) benefits policy, which consolidated vacation, sick leave, and personal days. The policy allows employees to earn PTO benefits each pay cycle based on their years of service. As of January 31, 2025, the accrued liabilities for those vested benefits were \$27,156, which are included in accounts payable and accrued liabilities on the Statement of Net Position. In addition, the adoption of the new policy did not result in a material financial statement impact.

San Antonio Water System (SAWS)

As a part of the implementation of GASB Statement No. 101, SAWS is required to accrue earned but unused employee vacation and a portion of personal leave pay as well as the employer portion of Social Security taxes and required employer pension contributions related to the accrued vacation and personal leave pay. Per SAWS' policy, unused vacation hours are payable upon termination; therefore, employees are expected to either use or receive a payout for all of their vacation accrued as of the measurement date. Personal leave is not paid out upon termination, but employees have the option of receiving a payout annually for up to 40 hours accrued. Employees can carry up to a maximum of 880 hours of personal leave. At the end of each year, SAWS pays one hour's pay for every two hours to employees with an excess of 880 hours. Personal leave liability is measured related to these payouts as well as leave expected to be used during active employment.

Insurance

Primary Government (City)

Activity for the City's self-insurance programs is recorded in the Internal Service Funds. Assets and obligations related to property and casualty liability, employee health benefits, workers' compensation, unemployment compensation, and employee wellness are included. Retired employee health benefit activity is reported in a Fiduciary Component Unit Fund.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Insurance (Continued)

Primary Government (City) (Continued)

The City is insured for property loss on a primary basis through Alliant Property Insurance Programs. The City is completely self-insured for liability claims. Related liabilities are accrued based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported prior to the end of the fiscal year. The City determines and accrues loss liabilities based on an actuarial assessment, performed after fiscal year-end, of historical claim data and industry trends, less expenditures and accrued claims during close out that were included in the reserve census data given to the actuaries.

The City also provides employee health insurance, which includes funding a prorated share of retiree health benefit costs, workers' compensation, and unemployment benefits under its self-insurance programs. On January 1, 2024, the City purchased medical claims stop-loss insurance from BCBS and continued that coverage for all of fiscal year 2025. The stop-loss insurance covers civilian and uniformed active employees, non-Medicare eligible retirees, and eligible dependents for claims paid exceeding \$1,200.

Employee and retiree health benefit liabilities are determined and accrued based upon the City's estimates of aggregate liabilities for unpaid benefits utilizing claim lag data from the City's third-party administrator. The City additionally determines and accrues postemployment liabilities based on an actuarial assessment of historical claim data performed and reviewed annually. Current year unpaid benefit liabilities for retirees are netted against the postemployment liability as additional contributions.

The City is a member of the Texas Municipal League Workers' Compensation Joint Insurance Fund and uses this fund as a mechanism for administering workers' compensation claims that occurred prior to September 30, 1986. Workers' compensation claims that occurred after October 1, 1986 are administered by third-party administrators. The City records all workers' compensation loss contingencies, including claims incurred but not reported. The City determines and accrues workers' compensation liabilities based on an actuarial assessment of historical claim data and industry trends performed annually. The City has been completely self-insured for workers' compensation claims since May 1, 2013. In fiscal year 2020, the City purchased worker's compensation stop loss insurance for claims that exceed \$3,000. Additionally, in fiscal year 2023, the City purchased workers' compensation stop loss insurance for claims that exceed \$2,000 for civilian employees and \$5,000 for uniformed employees. This policy remains in place for fiscal year 2025.

Regarding unemployment compensation, the City is subject to the State of Texas Employment Commission Act. Under this Act, the City's method for providing unemployment compensation is to reimburse the State for claims paid by the State.

All insurance carriers providing coverage for the City are required to possess an A.M. Best Company rating of 'A-' or better, where 'A-' denotes Excellent. A.M. Best is an industry recognized rating service for insurance companies. For more detailed explanation of the City's self-insurance programs, see Note 16 Risk Financing.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Insurance (Continued)

CPS Energy

CPS Energy maintains property and liability insurance programs that combine self-insurance with commercial insurance policies to cover major risks.

San Antonio Water System (SAWS)

SAWS is self-insured for a portion of workers' compensation, employee's health, employer's liability, public officials' liability, property damage, and certain elements of general liability. A liability has been recorded for the estimated amount of eventual loss, which will be incurred on claims arising prior to the end of the period including incurred but not reported claims.

Pensions and Postemployment Benefits (OPEB)

Primary Government (City)

For purposes of measuring the net pension liability and total and net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information (where applicable) about the fiduciary net position of the plans (where applicable) and additions to/deductions from the Plan's fiduciary net position (where applicable) 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. See Note 10 Pension and Retirement Plans and Note 11 Other Postemployment Benefits for more information.

Fund Balances

Fund balances are classified as nonspendable, restricted, committed, assigned, and unassigned based on the extent to which the City is bound to observe constraints imposed on the use of the resources in the governmental funds. The classifications are as follows:

- Nonspendable – The nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaids.
- Restricted – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation.
- Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Primary Government (City) (Continued)

- Assigned – Amounts in the assigned fund balance are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by the City Council, City Manager, Executive Leadership Team, and Department Directors.
- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and does not have a specific purpose. In the governmental funds other than the General Fund, if expenditures incurred exceed the amounts restricted, committed or assigned, the fund may report a negative unassigned fund balance.

Generally, the City would apply restricted, committed, or assigned resources prior to unassigned resources when an expenditure is incurred for purposes for which more than one of the classifications of fund balance is available. See Note 18 Fund Balance Classifications for more detail.

Assets associated with cash and receivables received from restricted sources (grants, bond issuances, legislative items, or other third-party restrictions) as well as associated obligations are categorized as restricted.

Allocation of Indirect Expenses

Primary Government (City)

The City recovers indirect costs in the General Fund through the application of departmental indirect cost rates. These rates are developed and documented in the City's departmental indirect cost rate plan. In this plan, each department is classified by function. Indirect costs are budgeted by department and are used as a basis for the City's actual indirect cost allocation. Base rates are then applied to actual indirect costs recovered, and indirect costs are reclassified to reduce general government expenditures. For fiscal year 2025, general government expenditures in the General Fund were reduced by \$27,222, resulting in increased expenditures/expenses in other governmental functions and in business-type activities in the amounts of \$18,428 and \$8,794 respectively.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the debt. For current refundings and advance refundings of debt resulting in defeasance of debt, the difference between the reacquisition price and the carrying amount of the old debt are deferred as a deferred outflow of resources or deferred inflow of resources and amortized over the shorter of the life of the old debt or the life of the new debt. The reacquisition price differentiates between current and advance refunding. Per GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in a current refunding, this includes principal of the old debt and any call premium. In an advance refunding, it is the amount placed in escrow that, together with interest earnings, is necessary to pay interest and principal on the old debt and any call premium.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the period of issuance. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Elimination of Internal Activity

Primary Government (City)

Elimination of internal activity, particularly related to internal service fund and blended component unit transactions, is needed to make the transition from governmental funds to government-wide activities. The overriding objective in eliminating the effects of internal service fund activity is to adjust the internal charges to cause a break-even result. The main objective in eliminating the effect of funding and reimbursement of costs between the primary government and blended component unit is to remove duplication of same activities.

Eliminating the effect of internal service fund activity requires the City to look back and adjust the Internal Service Funds' internal charges. Net income derived from internal service fund activity would cause a prorated reduction in the charges made to the participating funds/functions. Conversely, an internal service fund net loss would require a prorated increase in the amounts charged to the participating funds/functions.

Therefore, eliminations made to the Statement of Activities remove the doubling up effect of internal service fund activity. The residual internal balances between the governmental and business-type activities are reported in the Statement of Net Position and the internal balance amounts that exist within the governmental funds or within business-type funds are eliminated. The City reports internal service fund balances in both governmental and business-type activities, based on the prorated share of the amounts charged to the participating funds/functions.

The City has four Internal Service Funds: Other Internal Services (OISF), Information Services, Self-Insurance Funds, and CMS. Through tracking charges to the applicable departments in each fund, the net income or loss will be allocated back to the user department, based on actual charges incurred over time.

OISF reports on activities of five funds: City Tower Fund, Purchasing Fund, Equipment Renewal and Replacement Fund, Building Maintenance Fund, and Fleet Services Fund. The City Tower and Garage Fund was created to account for revenues from leases, City transfers from departmental rental, facility, and efficiency savings and parking revenues. The Purchasing Fund generates its revenue through fixed assessments charged to various funds each year for procurement services, as well as charge-backs for postage and printing. The Equipment Renewal and Replacement Fund charges fixed assessments associated with the replacement of vehicles and heavy equipment. Building Maintenance Fund charges user fees based on the space occupied by departments. Fleet Services Fund charges a monthly amount based on vehicle repair and maintenance and fuel purchases by each department.

Information Services charge a monthly amount based on the usage of data processing, telephone, and radio services by each department. The Self-Insurance Funds generate their revenues through fixed assessments charged to the various funds each year. The Employee Health Benefits Fund, a component of the Self-Insurance Funds, additionally charges prorated user fees to active employees on the City's healthcare plans; and earns rebates for prescription purchases. The CMS Fund generates revenues by charging a capital administrative fee for activities on projects being worked on. The fund additionally generates revenue through reimbursements of costs incurred.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Elimination of Internal Activity (Continued)

Primary Government (City) (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the City, to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Application of Restricted and Unrestricted Net Position

The City may receive funding from an organization whose expenditures are restricted to certain allowable costs. In situations where both restricted and unrestricted net position are expended to cover allowable expenses, the City will first expend the restricted net position and cover additional costs with unrestricted net position. The City reserves the right to selectively defer the use of restricted assets or reimburse unrestricted net position with allowable restricted assets.

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Notes to Financial Statements

Note 2 Property Taxes

Property taxes are levied and due upon receipt on October 1, based on the assessed value of the previous January 1. The taxes are attached as an enforceable lien on property as of January 1 of the subsequent year and become delinquent the following February 1. Property tax billing and collections are performed via an interlocal agreement with the Bexar County Tax Assessor/Collector's Office. The City recognizes assets for property taxes when an enforceable legal claim to the assets arises (lien date) and recognizes revenues in the period for which the taxes are levied (when available for governmental funds).

The City is permitted by the Municipal Finance Law of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable valuation (amounts are not reflected in thousands). The tax rate approved by City ordinance for the fiscal year-ended September 30, 2025, was \$0.54159 per \$100 taxable valuation, which means that the City has a tax margin of \$1.95841 per \$100 taxable valuation (tax rate amounts are not reflected in thousands). This could raise an additional \$3,084,842 per year based on the net taxable valuation of \$157,517,702 before the limit is reached. In fiscal year 2025, the City has forgone property tax revenues as a result of abatement agreements entered into. For more information see Note 3 Tax Abatements.

The City has adopted a Tax Increment Financing (TIF) Program Policy and Implementation Manual for the utilization of tax increment as a financing mechanism and the creation of Tax Increment Reinvestment Zones (TIRZ) pursuant to Chapter 311 of the Texas Tax Code. The City has utilized TIF to fund in whole or in part eligible capital costs for public infrastructure related to economic development, commercial, and residential projects. As of September 30, 2025, there were 21 existing TIRZ with a total taxable captured value of \$8,354,579. For fiscal year 2025, this total taxable captured value produced \$42,425 in tax increment revenues for use by the City to fund capital costs of certain public infrastructure improvements, tax rebates for public arts, historic building restoration and remediation, economic development projects, affordable housing, and operating and administrative expenses in the TIRZ. The existing TIRZ have initial terms ranging from 19 years to 61 years which are anticipated to expire by fiscal year 2060. It is estimated that the City will contribute approximately \$1,158,135 in tax increment revenues in aggregate over the life of all TIRZ projects.

TIRZ	Start Date	End Date	Taxable Captured Value
Mission Del Lago	8/19/1999	9/30/2032	\$ 475,245
Houston Street	12/9/1999	9/30/2060	1,188,347
Stablewood Farms	12/14/2000	9/30/2025	81,554
Inner City	12/14/2000	9/30/2035	1,872,250
Lackland Hills	12/13/2001	9/30/2026	30,676
Northeast Crossing	6/13/2002	9/30/2028	326,347
Brooks City Base	12/9/2004	9/30/2039	651,275
Mission Creek	12/9/2004	9/30/2029	74,543
Hunters Pond	6/1/2006	9/30/2031	73,851
Verano	12/6/2007	9/30/2045	73,767
Westside	12/11/2008	9/30/2060	619,970
Midtown	12/11/2008	9/30/2041	2,057,949
Mission Drive In	12/11/2008	9/30/2027	257,711
North East Corridor	12/4/2014	9/30/2034	291,830
Hemisfair	2/2/2017	9/30/2037	121,640
Thea Meadows	12/5/2019	9/30/2054	66,671
Nabors	5/13/2021	9/30/2046	54,658
Somerset Grove	6/17/2025	9/30/2046	24,843
Valley Sol	6/17/2021	9/30/2046	11,374
Lone Oak	1/12/2023	9/30/2048	78
Rosillo ¹	2/20/2025	9/30/2050	
			<u>\$ 8,354,579</u>

¹ Fiscal year 2026 is anticipated to be the first year of tax increment collections for the TIRZ.

Notes to Financial Statements

Note 3 Tax Abatements

GASB Statement No. 77, *Tax Abatement Disclosures*, defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or citizens of those governments.

The City utilizes the following tax abatement programs to provide powerful new resources and incentives to grow the economy in the region, revitalize targeted areas of the City and promote strong, balanced growth throughout the community.

The City has not entered into agreements with other governments that would reduce the reporting government's tax revenues. Other entities are not authorized to enter into tax abatement agreements that reduce the City tax revenue without the City's consent.

City Tax Abatement Program

- **Purpose of program** – Encourages a job creation environment to help attract, retain, and expand targeted industries, increase employment and high-wage jobs, expand the tax base, and create long-term capital investment (including foreign direct investment) and new wealth opportunities in the community in accordance with the SA Tomorrow Comprehensive Plan.
- **Taxes being abated** – This program offers a tax abatement of up to 100.0% on real and/or personal property taxes on improvement values for a maximum term of up to ten years.
- **Authority for entering program** – Chapter 312 of the Texas Tax Code.
- **Eligibility criteria for recipients** – A new or existing local company must meet or exceed all of the criteria: 1) minimum amounts of new real and/or personal property capital investment; 2) minimum levels of full-time job creation, excluding data center projects and solar farms; 3) employee and dependent access to health care benefits; 4) minimum living and all-industry wage requirements for new and existing employees at project site; and 5) applicant must be in a targeted industry, a qualifying project or business activity.
- **Mechanism used to abate taxes** – The City assesses the agreed upon reduction of the property's assessed value or the credit to the amount of taxes owed. Bexar County Appraisal District processes the reduction of the property's assessed value.
- **How the dollar amount of the abatement was determined** – The amount and term of the tax abatement offered is dependent upon the location and industry of the project, other public incentives offered for the same project and the overall benefit to the City and community.
- **Recapture Provisions** – Violations for employment of undocumented workers, failure to meet investment requirements, failure to meet and maintain the minimum number of employees, failure to pay property taxes if owed or for refunding agreements, failure to complete project by the agreed upon deadline, events of relocation or cessation of business activities within the term of the agreement, or failure to meet other specified terms of the agreement.
- **Types of commitments made by recipients** – Varies by agreement, including investment in real and personal property, creating a minimum number of full-time jobs, and commitment to maintain business activities for a set amount of time.
- **Other commitments to the recipient** – No other commitments are made with this program.

Notes to Financial Statements

Note 3 Tax Abatements (Continued)

Economic Development Incentive Fund (EDIF) Program

- **Purpose of program** – Provide economic development grants and/or loans to eligible companies seeking to create or retain jobs and invest in San Antonio.
- **Taxes being abated** – These programs decrease the property tax revenue up to 100.0% from real and/or personal property for the City by reducing the amount of the assessed value up to 15 years. The City coordinates with Bexar County Appraisal District to process the reduction of the property's assessed value.
- **Authority for entering program** – Chapter 380 of the Local Government Code.
- **Eligibility criteria for recipients** – A new or existing local company must meet or exceed all of the criteria: 1) minimum amounts of new real and/or personal property capital investment; 2) minimum levels of full-time job creation, excluding data center projects and solar farms; 3) employee and dependent access to health care benefits; 4) minimum living and all-industry wage requirements for new and existing employees at project site; and 5) applicant must be in a targeted industry, a qualifying project or business activity.
- **Mechanism used to abate taxes** – The City assesses the agreed upon reduction of the property's assessed value or the credit to the amount of taxes owed. Bexar County Appraisal District processes the reduction of the property's assessed value.
- **How the dollar amount of the abatement was determined** – The amount of EDIF assistance for a business recruitment or retention/expansion project will be based on a determination of need for financial incentives from the City to ensure the attraction, retention and/or expansion of the eligible company or program. Staff will also conduct a fiscal benefit analysis on each such project and evaluate the total benefits from all financial incentive programs the City might offer for the project.
- **Recapture Provisions** – Violations for employment of undocumented workers, failure to meet investment requirements, failure to meet and maintain the minimum number of employees, failure to pay property taxes if owed or for refunding agreements, failure to complete project by the agreed upon deadline, events of relocation or cessation of business activities within the term of the agreement, or failure to meet other specified terms of the agreement.
- **Types of commitments made by recipients** – Varies by agreement, including investment in real and personal property, creating a minimum number of full-time jobs, and commitment to maintain business activities for a set amount of time.
- **Other commitments to the recipient** – Varies by agreement, may include grants (usually most significant, amount depends on financial availability), loans, and forgivable loans.

Tax Increment Financing Program – Center City Housing Incentive Policy

- **Purpose of program** – Provides financial incentives for multi-family housing projects and focuses on housing redevelopment within the Greater Downtown Area.
- **Taxes being reimbursed** – This program offers a tax reimbursement of up to 100.0% on real and/or personal property taxes on improvement values for a maximum term of up to 15 years.
- **Authority for entering program** – Chapter 311 of the Texas Tax Code, Chapter 380 of the Local Government Code.
- **Eligibility criteria for recipients** – All projects must create housing at a density of at least eight units per acre for adaptive reuse or historic rehabilitation projects, or 16 housing units per acre for all other projects. Rental projects must maintain first year rental rate for 10.0% of units throughout agreement term. All projects must receive design approval prior to commencement.
- **Mechanism used to reimburse taxes** – Eligible projects will receive a tax reimbursement disbursed annually over the life of the agreement.

Notes to Financial Statements

Note 3 Tax Abatements (Continued)

Tax Increment Financing Program – Center City Housing Incentive Policy (Continued)

- **How the dollar amount of the reimbursement was determined** – The amount of the tax reimbursement offered is dependent on the location of the property and increase of the property value over the term of the agreement from the base year's value.
- **Recapture Provisions** – Violations for employment of undocumented workers, failure to meet investment requirements, failure to meet and maintain the minimum number of employees, failure to pay property taxes if owed or for refunding agreements, failure to complete project by the agreed upon deadline, events of relocation or cessation of business activities within the term of the agreement, or failure to meet other specified terms of the agreement.
- **Types of commitments made by recipients** – Varies by agreement, including investment in real and personal property (generally rental housing units).
- **Other commitments to the recipient** – Varies by agreement, may include SAWS fee waivers, City fee waivers, low interest loans, low interest forgivable loans, and mixed-use forgivable loans. The program ended in December 2020 and had not entered into new agreements. The program does have rebate obligations through existing agreements.

Tax Increment Financing Program – Non-Center City Housing Incentive Policy

- **Purpose of program** – This program is to promote local economic development and to stimulate business and commercial activity.
- **Taxes being reimbursement** – This program offers a tax reimbursement of up to 100.0% on real and/or personal property taxes on improvement values for a maximum term of up to 15 years.
- **Authority for entering program** – Chapters 311 and 312 of the Texas Tax Code, Chapter 380 of the Local Government Code.
- **Eligibility criteria for recipients** – All projects must create housing at a density of at least eight units per acre for adaptive reuse or historic rehabilitation projects, or 16 housing units per acre for all other projects. Rental projects must maintain first year rental rate for 10.0% of units throughout agreement term. All projects must receive design approval prior to commencement.
- **Mechanism used to reimburse taxes** – Eligible projects will receive a tax reimbursement disbursed annually over the life of the agreement.
- **How the dollar amount of the reimbursement was determined** – The amount of the tax reimbursement offered is dependent on the location of the property and increase of the property value over the term of the agreement from the base year's value.
- **Recapture Provisions** – Violations for employment of undocumented workers, failure to meet investment requirements, failure to meet and maintain the minimum number of employees, failure to pay property taxes if owed or for refunding agreements, failure to complete project by the agreed upon deadline, events of relocation or cessation of business activities within the term of the agreement, or failure to meet other specified terms of the agreement.
- **Types of commitments made by recipients** – Varies by agreement, including investment in real and personal property, creating a minimum number of full-time jobs, and commitment to maintain business activities for a set amount of time.
- **Other commitments to the recipient** – Varies by agreement, may include SAWS fee waivers, City fee waivers, low interest loans, low interest forgivable loans, and mixed-use forgivable loans.

Notes to Financial Statements

Note 3 Tax Abatements (Continued)

Summary

A summary of these taxes forgone on the City's abatement programs for the year-ended September 30, 2025 follows:

Tax Abatement Program	Number of Agreements (not in thousands)	Amount of Taxes Abated during the fiscal year
City Tax Abatement Program	7	\$ 5,206
Economic Development Incentive Fund Program	2	341
Center City Housing Incentive Policy	16	1,769
Non-Center City Housing Incentive Policy	1	78
	<u>26</u>	<u>\$ 7,394</u>

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Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments

Summary of Cash and Cash Equivalents, Securities Lending and Investments

Totals from Statement of Net Position					
	City ¹	Fire and Police Pension Fund ^{2, 4}	Retiree Health & Wellness SA Fire and Police Fund (Health Fund) ^{2, 4}	CPS Energy ³	SAWS ⁴
Unrestricted:					
Cash and Cash Equivalents	\$ 277,746	\$ -	\$ -	\$ 407,259	\$ 271,297
Investments	613,765				415,476
Total Unrestricted	<u>\$ 891,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,259</u>	<u>\$ 686,773</u>
Restricted:					
Cash and Cash Equivalents	743,784	61,741	7,147	634,446	147,217
Security Lending Collateral		102,670		-	
Investments	1,065,683	4,058,766	588,610	1,332,269	622,461
Total Restricted	<u>\$ 1,809,467</u>	<u>\$ 4,223,177</u>	<u>\$ 595,757</u>	<u>\$ 1,966,715</u>	<u>\$ 769,678</u>
Total Cash and Cash Equivalents, Securities Lending Collateral and Investments	<u>\$ 2,700,978</u>	<u>\$ 4,223,177</u>	<u>\$ 595,757</u>	<u>\$ 2,373,974</u>	<u>\$ 1,456,451</u>

¹ Custodial and City Retiree Health Care Fund cash and investments are included in the City's pooled cash and investments but are not available for City activities and are excluded from the primary government's Statement of Net Position. The Custodial assets are presented above as Restricted Cash and Cash Equivalents of \$5,227 and Investments of \$2,151. The City Retiree Health Care Fund assets are presented above as Restricted Cash and Cash Equivalents of \$3,037 and Investments of \$6,183.

² The Fire and Police Pension Fund and the Health Fund are separately issued fiduciary component units and are excluded from the primary government's Statement of Net Position.

³ For the fiscal year-ended January 31, 2025.

⁴ For the fiscal year-ended December 31, 2024.

A summary of cash and cash equivalents, securities lending and investments for the City, Pension Fund, Health Fund, CPS Energy, and SAWS is presented below as of each entity's respective fiscal year-end. This information is provided in order to facilitate reconciliation between the Statement of Net Position and the following note disclosures:

Summary of Cash and Cash Equivalents					
	City	Fire and Police Pension Fund	Retiree Health & Wellness SA Fire and Police Fund (Health Fund)	CPS Energy	SAWS
Deposits with Financial Institutions	\$ 96,459	\$ 310	\$ 78	\$ 383,911	\$ 7,894
Investments with Original Maturities of Less than Ninety Days	870,022	61,431	7,069	657,754	410,602
Cash with Other Financial Agents	54,826				
Petty Cash Funds	121			40	
Cash on Hand	102				18
Total Cash and Cash Equivalents	<u>\$ 1,021,530</u>	<u>\$ 61,741</u>	<u>\$ 7,147</u>	<u>\$ 1,041,705</u>	<u>\$ 418,514</u>

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Summary of Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Summary of Investments					
	City	Fire and Police Pension Fund	Retiree Health & Wellness SA Fire and Police Fund (Health Fund)	CPS Energy	SAWS
U.S. Treasuries, Government Agencies, Money Market Mutual Funds, and Government Investment Pool	\$ 2,547,670	\$ 405,630	\$ 7,069	\$ 1,566,882	\$ 1,448,539
Repurchase Agreements	1,800				
Convertible Bonds		353			
Corporate Bonds		505,437	14,531	105,402	
Foreign Bonds				11,160	
Common Stock		1,232,582		270,832	
Mutual Funds			104,736		
Real Estate		349,630	35,544	34,934	
Preferred Stock				813	
Hedge Funds		24,196			
International Equities - Common Stock		621,339			
Alternative Investment		981,030	433,799		
Total Investments	<u>\$ 2,549,470</u>	<u>\$ 4,120,197</u>	<u>\$ 595,679</u>	<u>\$ 1,990,023</u>	<u>\$ 1,448,539</u>
Less: Investments with Original Maturities of Less than Ninety Days included in Cash and Cash Equivalents	<u>(870,022)</u>	<u>(61,431)</u>	<u>(7,069)</u>	<u>(657,754)</u>	<u>(410,602)</u>
Total	<u>\$ 1,679,448</u>	<u>\$ 4,058,766</u>	<u>\$ 588,610</u>	<u>\$ 1,332,269</u>	<u>\$ 1,037,937</u>

City monies are deposited in demand accounts at the City's depository. The City utilizes a pooled cash and investment strategy with each fund's cash balance and pro rata shares of highly liquid investments, including U.S. Treasury securities, U.S. government agency securities, and repurchase agreements with original maturities of 90 days or less, summarized by fund type and included in the combined Statement of Net Position as cash and cash equivalents. Overdrafts, which result from a fund overdrawing its share of pooled cash, are reported as interfund payables by the overdrawn fund and as interfund receivables of either the General Fund or another fund with a similar purpose.

The City's investment portfolio is managed in accordance with the Texas Public Funds Investment Act, as amended, and its own Investment Policy. Authorized investments include demand accounts, certificates of deposit, obligations of the U.S. Treasury and U.S. government agencies, commercial paper, repurchase agreements, money market mutual funds and government investment pools. The City maintains in its investment portfolio U.S. Treasury securities and U.S. government agency securities with original maturities greater than 90 days. Each fund's pro rata share of these investments with original maturities greater than 90 days is combined with similar nonpooled securities (i.e., securities purchased and held for specific funds), including U.S. Treasury securities and U.S. government agency securities, and are reported as investments in the combined Statement of Net Position, as of September 30, 2025.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City)

With regard to money market investments and government investment pools that have a remaining maturity of one year or less at the time of purchase, the City's policy is to report these investments at amortized cost. Amortized cost approximates fair value for these investments. The increase in fair value for investments of the City with a remaining maturity of greater than one year at the time of purchase was \$6,994 for the year-ended September 30, 2025.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, applies to all state and local governments that participate in external investment pools. The City participates in two such pools: TexPool and TexPool Prime, collectively, TexPool. The City's investments managed through TexPool are recorded at amortized cost in accordance with GASB Statement No. 79. These investments consist exclusively of U.S. government securities, its agencies or instrumentalities, repurchase agreements collateralized by U.S. government securities, its agencies or instrumentalities, AAA-rated, no-load money market mutual funds, certificates of deposit guaranteed or insured by the Federal Deposit Insurance Company or the National Credit Union Share Insurance Fund, commercial paper rated at least A-1 or P-1 by 1) two Nationally Recognized Statistical Rating Organizations (NRSROs) or 2) one NRSRO and fully secured by an irrevocable letter of credit by a national or state bank, and securities lending programs. The Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company (the Trust Company), which is authorized to operate TexPool. Federated Investors, Inc. manages the assets under an agreement with the Comptroller, acting on behalf of the Trust Company. Additional information regarding TexPool and TexPool Prime may be found at <http://www.texpool.com/TexPool/home.do>.

TexPool and TexPool Prime do not have any limitations or restrictions on participants' withdrawals that would have to be stated in the notes to the financial statements. All TexPool securities are reported within the highest category of credit ratings and are denominated in U.S. dollars. Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*, TexPool is not exposed to custodial credit risk. Additionally, TexPool utilizes shadow pricing, which is consistently within 0.5% of amortized cost value per unit.

In accordance with GASB Statement No. 40, the following table and narrative addresses the interest rate risk exposure by investment type, using the weighted average maturity (WAM) method, custodial credit risk, interest rate risk, credit risk, and concentration of credit risk. The City does not hold any foreign securities; therefore, foreign currency risk is not applicable.

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Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

City Investments					
	Carrying ¹ Amount	Fair ¹ Value	Allocation ²	Rating ³	WAM
U.S. Government Agency Securities	\$ 1,630,381	\$ 1,636,847	64.2%	AA+/A-1+	1.61 Years
U.S. Treasuries	42,073	42,601	1.6%	N/A	.09 Years
Money Market Mutual Funds	80,398	80,398	3.2%	AAAm	1 day
Government Investment Pool	787,824	787,824	30.9%	AAAm	1 day
Repurchase Agreement	1,800	1,800	0.1%	N/A	1 day
Total City Investments	<u>\$ 2,542,476</u>	<u>\$ 2,549,470</u>	<u>100.0%</u>		

¹ The Carrying Amount and Fair Value include blended component units for SIDC, TMFC, and TPFC, which total \$21,730.

² The allocation is based on fair value.

³ Standard & Poor's Rating

Custodial Credit Risk (Deposits) – Collateral pledged for demand accounts and certificates of deposit is required to be held in the City's name in the custody of a third-party institution that customarily provides such custodial services at 102.0% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the U.S. government and its agencies and obligations of the State and its municipalities, school districts, and district corporations.

Written custodial agreements are required which provide, among other things, that the collateral securities are held separate from the assets of the custodial banks. The City periodically determines that the collateral has a fair value adequate to cover the deposits (not less than 102.0% of the deposit amount) and that the collateral has been segregated either physically or by book entry. At fiscal year-end, cash deposits for the City, and City-managed component units, were entirely collateralized by the City's depository with securities consisting of U.S. government and its agencies or U.S. government guaranteed obligations held in book entry form by the Federal Reserve Bank in the City's name.

Custodial Credit Risk (Investments) – The City's investment securities are held at the City's depository bank's third-party custodian, CitiBank, in the depository bank's name as a custodian for the City. Assets pledged as collateral must generally be a type of security specifically authorized to be held as a direct investment; must be held by an independent third party; and must be pledged in the name of the City.

Interest Rate Risk – The City manages exposure to value losses resulting from rising interest rates by limiting the investment portfolio's weighted-average maturity to five years. Per the City's Investment Policy, investments are diversified across issuers and maturity dates so that fewer funds will be subject to interest rate risk occurrence at any given time. In addition, the City generally follows a ladder approach to investing, whereby blocks of roughly the same increments are invested at similarly increased maturity lengths. This approach provides security that all investments will not become due at one particularly advantageous or disadvantageous period of time, thereby spreading the risk. Weighted-average maturity is defined as the weighted-average time to the return of a dollar of principal. It is used as an estimate of the interest rate risk of a fixed income investment. The City invests in money market mutual funds and government investment pools with 100.0% overnight liquidity. Additionally, the City has entered into a repurchase agreement with 100.0% overnight liquidity.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Credit Risk – The City’s Investment Policy requires the purchase of securities that are of the highest credit quality, based on current ratings provided by nationally recognized credit rating agencies. To limit the City’s credit risk, investments in other debt securities will consist of securities rated ‘A’ or better by at least two nationally recognized rating agencies. As of September 30, 2025, the City’s investment portfolio, with the exception of the repurchase agreement, the money market mutual fund investments, and the government investment pools, consisted only of U.S. Treasury securities and U.S. government agency securities. Investments in U.S. government agency securities, including Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, Federal Agricultural Mortgage Corporation and Federal Farm Credit Bank were rated ‘AA+’ (Long-term) and ‘A-1+’ (Short-term) by Standard & Poor’s. The investments in the money market mutual fund and governmental investment pools were rated ‘AAAm’ by Standard & Poor’s and the repurchase agreement was greater than 100.0% collateralized with U.S. government agency securities.

Concentration of Credit Risk – Although the City’s Investment Policy does not limit the amount of the portfolio invested in any one U.S. government agency, the City manages exposure to concentration of credit risk through diversification. As of September 30, 2025, the U.S. government agency’s 64.2% securities allocation was as follows: Federal National Mortgage Association 4.4%, Federal Home Loan Mortgage Corporation 16.7%, Federal Home Loan Bank 25.7%, Farm Federal Credit Bank 13.9%, and Federal Agricultural Mortgage Corporation 3.5%.

Fair Value Measurement – The City records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value and establishes a framework for measuring fair value and expands disclosures about fair value measurement.

Fair value is defined by GASB Statement No. 72 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 (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

As a basis for considering market participant assumptions in fair value measurements, GASB Statement No. 72 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. U.S. Government Treasury securities and Equity securities are examples of Level 1 inputs.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Government agency securities are examples of Level 2 inputs.

Level 3 inputs are unobservable inputs that reflect the entity’s own assumptions about factors that market participants would use in pricing the asset or liability (including assumptions about risk).

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

	9/30/2025	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
Government Agency Securities	\$ 1,636,847	\$ -	\$ 1,636,847	\$ -
Treasuries	42,601	42,601		
Total Debt Securities	\$ 1,679,448	\$ 42,601	\$ 1,636,847	\$ -
Total Investments by Fair Value Level	\$ 1,679,448	\$ 42,601	\$ 1,636,847	\$ -

The City’s investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty rating.

Fire and Police Pension Fund

Investments of the Fire and Police Pension fund are administered by the Fire and Police Pension Fund Board of Trustees. Investment purchases and sales are recorded as of the trade date. Dividend income is recognized on the ex-dividend date. Other investment income is recognized when earned. Investments of the Pension Fund are reported at fair value. Common and preferred stocks are valued based on published market prices and quotations from national security exchanges and securities pricing services. International stocks are then adjusted to reflect the current exchange rate of the underlying currency. Investments, for which no notional exchanges or pricing service exists, such as private market investments, are valued by the investment partnership based on the valuation methodology outlined in the partnership agreement. Real estate may be valued by the manager or independent appraisers. Commingled fund investments that are not traded on a national exchange are valued on a Net Asset Value Basis by the commingled investment manager. The Pension Fund performs due diligence reviews of the investment pricing, process, and infrastructure of private market investments, commingled fund investments, and real estate investments to assure that the asset values provided by the managers are reasonable.

Net appreciation/(depreciation) is determined by calculating the change in fair value of investments between the beginning of the period and the end of the period, less purchases of investments at cost, plus sales of investments at fair value. Investment costs consist of external expenses directly related to the Pension Fund’s investment operations, as well as internal administrative expenses associated with the Pension Fund’s investment program.

The Pension Fund’s assets are invested as authorized by Texas state law. The fair value of the Pension Fund’s cash, security lending, and investments is \$4,223,177.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Investment Policy – The Pension Fund’s policy in regard to the allocation of invested assets is established and may be amended by the Pension Fund’s Board of Trustees. The primary long-term objective will be to achieve a return of at least the actuarial return assumption. Preservation of capital and consistent capital appreciation are the key considerations in establishing acceptable levels of risk; however, since the Pension Fund enjoys a very long-term investment horizon, significant short-term fluctuations in value can be tolerated. Based on existing contribution rates and benefit payments, current income from investments should be addressed in the management of these assets. To pursue the foregoing objectives at an acceptable risk level, the following policy (i.e., long-term) allocation is considered appropriate as updated on April 30, 2024, and compared to actual allocations at December 31, 2024.

Investment Type	Target Allocation	2024 Actual Allocation
Large Cap U.S. Equities	22.0%	22.9%
Small Cap U.S. Equities	7.0%	7.0%
Developed International Equities	11.0%	10.6%
Emerging International Equities	5.0%	4.5%
Private Equity	9.0%	9.6%
Subtotal Equity	54.0%	54.6%
Core Fixed Income	7.0%	8.8%
Treasury Inflation-Protected Securities (TIPS)	3.0%	1.2%
High Yield	5.0%	3.7%
Bank Loans	5.0%	4.1%
Unconstrained Fixed Income	3.0%	3.0%
Private Debt	9.0%	9.2%
Real Estate	9.0%	8.5%
Hedge Funds	0.0%	0.6%
Real Assets	5.0%	4.8%
Cash	0.0%	1.5%
Subtotal Fixed Income	46.0%	45.4%
Total Investments	100.0%	100.0%

Rate of Return – The money weighted rate of return for the year-ended December 31, 2024 was 8.5%. The return is net of investment costs and adjusted for the changing amounts actually invested.

Investment Risk – The Pension Fund’s investments have been categorized to address deposit and investment risks related to custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the Pension Fund will not be able to recover the value of the investment or collateral in possession of the counterparty. The Pension Fund does not have an investment policy regarding custodial credit risk. The Pension Fund considers only demand deposits as cash. The Federal Depository Insurance Corporation (FDIC) covered cash on deposit up to \$250 at each financial institution. As of December 31, 2024, the Pension Fund had cash deposits in the amount of \$26 that were uninsured and uncollateralized.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of the Pension Fund's investment in a single issue. As of December 31, 2024, the Pension Fund did not have any single investment in any one organization which represented greater than 5.0% of plan net assets.

Credit Risk – Credit Risk is the risk that an issuer will not fulfill its obligations. Using Standard and Poor’s rating system for fixed income securities as of December 31, 2024, 2.0% of the Pension Fund’s bonds were rated ‘AAA’, 1.0% were rated ‘AA’, 5.0% were rated ‘A’, 6.0% were rated ‘BBB’, 13.0% were rated ‘BB’, 23.0% were rated ‘B’, 3.0% were rated ‘CCC’, and 6.0% were unrated or not rated. 41.0% of the securities were invested in U.S. Government and Agencies, which are not rated.

Credit risk for derivative instruments held by the Pension Fund results from counterparty risk, which is essentially that the counterparty will be unable to fulfill its obligations, which are then assumed by the Pension Fund. Information regarding the Pension Fund's credit risk related to derivatives is found under the derivatives disclosures. Policies pertaining to credit risk associated with the Pension Fund's securities lending program are found under the securities lending disclosures.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of fixed income securities will adversely affect the fair value of an investment. Only the fixed income securities of the Pension Fund are subject to interest rate risk due to the possibility that prevailing interest rates could change before the securities reach maturity. The Pension Fund does not have an investment policy specifically regarding interest rate risk. Investment managers have full discretion in adopting investment strategies to deal with these risks, and all of the Pension Fund’s fixed income portfolios are managed in accordance with guidelines that are specific as to the degree of interest rate risk taken.

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Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Securities that are subject to interest rate risk as of December 31, 2024 are shown in the table below.

Investment Type	Fair Value	Weighted-Average Maturity (WAM) (Years)
Corporate Bonds	\$ 88,132	4.97
Corporate Convertible Bonds	353	1.96
Government Agencies	291	5.33
Government Bonds	187,914	4.99
Government Mortgage Backed Securities	84,508	25.52
Bank loans	170,453	4.59
Short Term Bills and Notes	71,486	0.64
Treasury Inflation-Protected Securities (TIPS)	46,720	7.08
Payden and Rygel ¹	123,569	3.60
GoldenTree ²	76,563	
Total Interest Rate Sensitive Securities	<u>\$ 849,989</u>	
Portfolio WAM		6.64

¹ Payden and Rygel, a commingled fund, invests opportunistically in any type of bond.

² GoldenTree is a commingled fund invested in high-yield corporate bonds. They report their portfolio duration as 3.3 as of December 31, 2024.

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Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

The Pension Fund's exposure to foreign currency risk in U.S. dollars as of December 31, 2024 is shown in the table below.

Country	Equities	Real Estate	Private Equity	Cash	Total
Australian Dollar	\$ 17,577	\$ -	\$ -	\$ -	\$ 17,577
Bangladesh Taka	3,530				3,530
Brazilian Real	8,974				8,974
British Pound	72,892		30,982	3	103,877
Cayman Islands	3,782				3,782
Canadian Dollar	44,742				44,742
Chilean Peso	608				608
Chinese Yuan	17,769				17,769
Colombian Peso	868				868
Danish Krone	6,400				6,400
European Union Euro	142,623	1,311		14	143,948
Hong Kong Dollar	14,159				14,159
Indian Rupee	18,974				18,974
Indonesian Rupiah	289				289
Iranian Rial	2,143				2,143
Israeli New Shekel	6,220				6,220
Japanese Yen	76,515				76,515
Malaysian Ringgit	385				385
Mexican Peso	1,424				1,424
New Taiwan Dollar	25,974				25,974
New Zealand Dollar	496				496
Norwegian Krone	5,956				5,956
Philippine Peso	59				59
Polish Zloty	44				44
Qatari Rial	7				7
Saudi Riyal	133				133
Singapore Dollar	9,292				9,292
South African Rand	2,086				2,086
South Korean Won	10,801				10,801
Swedish Krona	15,714			9	15,723
Swiss Franc	24,978				24,978
Thailand Baht	1,104				1,104
Turkish New Lira	126				126
United Arab Emirates Dir	37				37
Uruguayan Peso	2,521				2,521
West African Franc	3,278				3,278
	<u>\$ 542,480</u>	<u>\$ 1,311</u>	<u>\$ 30,982</u>	<u>\$ 26</u>	<u>\$ 574,799</u>

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Securities Lending – State statutes and Pension Fund policies allow for securities lending transactions. The Pension Fund has entered into an agreement with its custodian bank to lend the Pension Fund's securities to one or more borrowers for a fee. It is the policy of the Pension Fund and the custodian bank to require that collateral equal to 102.0% and 105.0% for domestic and international securities, respectively, of the loaned securities be maintained by the custodian bank. Collateral may be in the form of cash, U.S. government securities, and irrevocable letters of credit. Until such time as the loan is terminated, the borrower retains all incidents of ownership with respect to the collateral. In the event that the borrower fails to repay the borrowed securities when due and the value of the collateral is insufficient to replace the borrowed securities, the Pension Fund may suffer a loss. Management of the Pension Fund considers the possibility of such a loss to be remote. Cash open collateral is invested in a short-term investment pool with an average weighted maturity to the interest rate reset date of 21 days at December 31, 2024. The maturities of the investments in the short-term investment pool do not match the maturities of the securities lent. Non-cash securities are required to be kept separately and they are not available for sale or for pledging if the borrow is not in default.

As of December 31, 2024, the Pension Fund had lending arrangements outstanding with a total fair value of \$232,273 which were fully collateralized with cash and securities. Cash collateral of \$102,670 is recorded in the accompanying Statement of Fiduciary Net Position. Net income for the year-ended December 31, 2024, under the securities lending arrangement was \$516.

Cash Collateral Pool	
Repo Agreements	\$ 52,793
Variable Rate Certificates of Deposit	14,692
Commercial Paper	6,725
Certificates of Deposit	8,255
Time Deposit	4,938
ABS Commercial Paper	12,926
Sweep Vehicle	914
Agency Discount Note	1,427
Total	<u>\$ 102,670</u>

Derivative Instruments and Other Structured Financial Instruments – The Pension Fund has only limited involvement with derivative instruments and other structured financial instruments. The Pension Fund's investment philosophy regarding the use of derivative instruments and other structured financial instruments is to use derivative instruments to replicate exposures to equity or fixed income securities. The Pension Fund held government mortgage-backed securities amounting to \$84,508 as of December 31, 2024. These are included with investments in the Statement of Fiduciary Net Position. The Pension Fund made \$2,876 in interest on these securities and gained \$239 in capital transactions related to these securities in the year ended December 31, 2024. As of December 31, 2024, the Pension Fund retained an investment in one hedge fund on the amount of \$21,241 which may employ the use of derivative instruments.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Fair Value Measurement – The Pension Fund categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on valuation inputs used to measure the fair value of the investment.

	12/31/2024	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
Government Bonds	\$ 187,914	\$ -	\$ 187,914	\$ -
Government Mortgage-backed Securities	84,508		84,508	
Government Agencies	291		291	
Short-term Bills and Notes	71,486		71,486	
Convertible Bonds	353		353	
Corporate Bonds	88,132		88,132	
Bank Loans	170,453		170,453	
Total Debt Securities	\$ 603,137	\$ -	\$ 603,137	\$ -
Equity Securities				
Equity Securities	\$ 742,303	\$ 741,232	\$ 847	\$ 224
Total Equity Securities	\$ 742,303	\$ 741,232	\$ 847	\$ 224
Private Equity				
Venture	\$ 84,344	\$ -	\$ -	\$ 84,344
Buyout	236,932			236,932
Fund-of-funds - Diversified	74,435			74,435
Real Assets	196,311			196,311
Total Private Equity	\$ 592,022	\$ -	\$ -	\$ 592,022
Private Debt				
Mezzanine	\$ 34,834	\$ -	\$ -	\$ 34,834
Distressed	92,279			92,279
Asset-Based	48,457			48,457
Opportunistic	40,574			40,574
Senior Debt	172,864			172,864
Total Private Debt	\$ 389,008	\$ -	\$ -	\$ 389,008
Total Investments by Fair Value Level	\$ 2,326,470	\$ 741,232	\$ 603,984	\$ 981,254
Investments Measured at the Net Asset Value (NAV)				
Structured Credit Hedge Fund	\$ 21,241			
Held in reserve from closed funds	2,955			
Commingled Funds:				
Domestic Debt	246,852			
Domestic Equity	490,279			
Global Equity	621,339			
Real Estate	349,630			
Total Investments Measured at the NAV	1,732,296			
Total Investments	\$ 4,058,766			

Debt and Equity Securities – Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Equity securities classified in Level 2 of the fair value hierarchy are thinly traded securities such as preferred stock held by fixed income managers and are valued similarly to debt securities. Equity Securities in Level 3 are held at cost or some other valuation that doesn't have a close comparison with other assets.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Private Equity – The Pension Fund is invested in 63 private equity funds that are diversified across four main types of strategies, which include 10 venture capital funds, 22 buyout funds, 17 real assets funds, and 14 diversified fund of funds. These investee funds are considered Level 3 in the fair value hierarchy. These investee funds are limited partnerships, and the managing general partner is responsible for determining the fair value of the underlying investments. The methods used to determine fair value include discounted cash flow, small public company comparison and appraisal. The partnerships have a ten-year life with options to extend beyond the original term by as much as two years in most cases. Original capital commitments to these funds range from \$10,000 to \$30,000. It is expected that the investee funds will call between 80.0% and 90.0% of the committed capital. In most cases the final commitment is never called because the investee funds start to receive returned capital either from sales of or operations from the underlying investments. As of December 31, 2024, it is estimated that the unfunded commitments were approximately \$294,577 of which \$212,192 is expected to be called. These investments in the investee funds are diversified across vintage years so the investee funds are in different stages of their life cycles. The Pension Fund's allocation to this asset class requires that capital that is received from these investments will be reinvested in other investee funds as they become available. Even though these investments could be sold to other investors or secondary funds, the Pension Fund has no intention of doing so, so these investments are considered illiquid.

Private Debt – The Pension Fund is invested in 37 private debt funds, which include six funds focused on mezzanine lending to companies that have operations that have good growth potential, but limited access to bank loans or public debt or equity markets, 17 funds focused on loans that are senior in the borrowers' capital structure, eight funds that concentrate on distressed debt where debt is purchased at a cost that is less than the value of the collateral, three opportunistic funds which makes investments in companies based on the managers evaluation of the company and the market environment, and three asset based lenders that make loans for asset purchases using the assets as collateral. These investee funds are considered Level 3 in the fair value hierarchy. These investee funds are limited partnerships, and the managing general partner is responsible for determining the fair value of the underlying investments. The methods used to determine fair value include discounted cash flows plus the value of any equity that investee funds receive as part of the lending arrangements. The partnerships have a ten-year life with options to extend beyond the original term by as much as two years in most cases. Original capital commitments to these funds range from \$10,000 to \$40,000. It is expected that the investee funds will call between 70.0% and 80.0% of the committed capital. In most cases the final commitment is never called because the investee funds start to receive repayment from the debt service of the underlying investments and in some cases extra capital from the sale of the equity received when underlying companies are sold or refinanced through public offerings.

As of December 31, 2024, it is estimated that unfunded commitments were approximately \$242,876 of which \$129,786 is expected to be called. These investments in the investee funds are diversified across vintage years so the investee funds are in different stages of their life cycles. The Pension Fund's allocation to this asset class requires that capital that is received from these investments will be reinvested in other investee funds as they become available. Even though these investments could be sold to other investors or secondary funds, the Pension Fund has no intention of doing so, so these investments are considered illiquid.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Investment Measured at the Net Asset Value – The Pension Fund is also substantially invested in investee funds where fair value is measured at the net asset value (NAV). These funds invest in stocks, bonds, derivatives in some cases and real estate. The stocks, bonds or derivatives, if they were held directly by the Pension Fund, would have readily determinable values that would fit into the fair value levels. Most of these would be in Level 1 or 2. Real estate investments would fall into Level 3 since there is not usually a ready market for the underlying assets. The investee funds have both active and inactive managers. Inactive managers invest in stocks that are in an index such that the return on the investment equals the return on the index. Active managers will invest in stocks or bonds with intent of either achieving a higher rate of return than the market or one of the indexes or lowering the amount of the risk involved. The investee funds in this category include hedge funds, index funds, commingled funds, and real estate funds.

Hedge Funds – In 2020, the Pension Fund's board elected to eliminate the allocation to hedge funds except for one structured credit fund. The structured credit hedge fund may hedge interest rate exposure while making bets on credit spreads, and they may look for relative value between the senior and junior securities on the same corporate issuer. The process of fully redeeming the investment from hedge funds was expected to take two to three years, beginning in late 2020. As of December 31, 2024, the Pension Fund's investments in hedge funds have been reallocated to other parts of the investment portfolio, with the exception of the investment mentioned above. Hedge funds like the investment mentioned above, typically require notice between 30-90 days of the intent to redeem cash from them. They will only redeem cash at the end of calendar quarters. As of December 31, 2024, the Pension Fund had \$2,955 held by four hedge fund managers that represented amounts held in reserve for charges related to the redemption of the assets. The carrying value of these investments is based on the hedge fund of funds' estimate of value and would be similar to Level 3 type investments.

Commingled Fund – The Pension Fund's investments in commingled funds consist of bond investors and stock investors. The bond funds invest in domestic high yield bonds, Treasury inflation-protect securities, and low duration and enhanced cash securities. Redemptions from this fund require 90-day notice and are made only at the end of calendar quarters. The stock funds are invested in domestic large and small cap stocks and global and emerging market stocks. Redemptions from domestic stock funds can be made between 1 and 10 days. Commingled funds are chosen for these investments either because of the size of the investment, or because of the transfer of the complexity of investing internationally.

Real Estate Fund – Real estate investments are diversified by type of real estate such as residential, commercial office, industrial and retail. They are also diversified by stage of development such as opportunistic, value added and core properties. Finally, they are diversified geographically. Two of the investee managers representing \$90,581 were open-ended funds that allow redemptions. 28 of the investee managers were limited partnerships with durations of ten to 15 years. These limited partnerships do not allow redemptions. They do distribute cash after the investment period, usually two to four years, from operations or sales of underlying properties. These investments are similar to the private equity partnerships and private debt partnerships; in that, funds are committed at the beginning of the investment and called by the partnerships as purchase opportunities present themselves. Commitments in this category are more likely to be called up. It is likely that 80.0% to 90.0% of the committed capital will ultimately be called. Unfunded commitments in this category were approximately \$115,061 of which approximately \$90,945 is expected to be called. Fair value for this asset class is determined by appraisals of the underlying properties.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

The Pension Fund's asset allocation requires that when capital is returned it is reinvested in new partnerships so that the percentage allotted to the asset class can be maintained. Like private equity and private debt limited partnerships, it is possible to sell partnership interests to other investors or secondary partnerships at a substantial cost to the Pension Fund. The Pension Fund has no intention of redeeming these investments prior to maturity. Consequently, these investments are considered illiquid.

Retiree Health & Wellness SA Fire and Police Fund

The Retiree Health & Wellness SA Fire and Police Fund (Health Fund) Board of Trustees administers investments of the Health Fund. Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established fair value are reported at estimated fair value.

Alternative investments are held in the form of nonmarketable limited partnership interests, private real estate investment trusts, hedge funds, and index funds. These investments are subject to the terms of the respective partnerships' or other types of governing documents which may limit the Health Fund's withdrawal to specified times and conditions and restrict the transferability of the Health Fund's interest. The fair valuation of these investments is based on net position values as set by the fund managers or general partners. These net position values may differ from the value that would have been used had a readily available market for the investments existed; accordingly, such differences could be material.

All investment income, including changes in the fair value of investments, is reported as additions in the Statement of Changes in Fiduciary Net Position.

The Health Fund's assets are invested as authorized by the Investment Policy, as established by the Board. The Health Fund utilizes an investment consultant who provides recommendations to the Health Fund on the appropriate target portfolio weightings among the major asset classes (e.g. stocks, mutual funds, limited liability partnerships, cash, etc.) within the Health Fund. Additionally, the Health Fund has contracted with certain investment managers to exercise full discretionary authority to buy, hold, and sell decisions for each security under management, in accordance with the guidelines defined in the Health Fund's Investment Policy. All of the Health Fund's cash and investments, with the exception of alternative investments, are held by Frost National Bank, the Health Fund's custodian bank located in San Antonio, Texas.

Investments authorized by the Health Fund's Investment Policy include U.S. equities (such as common stocks, securities convertible into common stock, and open or closed-end mutual funds), international equity; certain fixed income assets (including corporate bonds and certificates of deposit); commercial paper; private equity and alternative investments (such as real estate, absolute return hedge funds, and natural resources). The cash portion of the Health Fund is invested in a short-term money market mutual fund administered by the Health Fund's custodian bank.

The fair value of the Health Fund's cash and investments at December 31, 2024 is \$588,610.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Retiree Health & Wellness SA Fire and Police Fund (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. To limit its exposure to fair value losses arising from rising interest rates, the Health Fund's Investment Policy limits the maturities of money market mutual funds to two years at time of purchase. At December 31, 2024, the weighted average maturity of money market funds was 31 days. The Health Fund places no limit on maturities of Mutual Funds – Fixed Income. The Health Fund also invests in fixed-income corporate debt securities including, but not limited to, corporate notes and bonds and foreign private placement bonds. These securities are subject to interest rate risk due to the possibility that prevailing interest rates could change before the securities reach maturity.

The Health Fund's investments in Mutual Funds – Fixed Income had the following weighted average maturities as of December 31, 2024:

Investment	December 31, 2024	
	Fair Value	WAM (Years)
Baird	\$ 28,806	7.8
Payden	11,859	10.7
Vanguard	15,095	2.5
Barrow Hanley	4,162	5.2
	<u>\$ 59,922</u>	

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligation, resulting in a financial loss. In accordance with the Health Fund's Investment Policy, investments in money market mutual fund must be rated at least 'A-2' by Standard and Poor's (S&P). At December 31, 2024, the money market mutual fund was rated 'AAAm' by S&P. The Health Fund's investments in Mutual Funds – Fixed Income are not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk (Investments) – Custodial credit risk for investments is the risk that, in the event of a counterparty's failure in an investment transaction, a government may not be able to recover the value of its investment or collateral securities held by an outside party. The Health Fund's common stock investments were held at Frost National Bank's third-party custodian, Bank of New York. Since the investments are maintained separately from the bank's assets, they would not be affected in the event of the bank's failure.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Retiree Health & Wellness SA Fire and Police Fund (Continued)

Concentration of Credit Risk – Concentration risk is the exposure to loss that can result from failing to diversify investments. A government should disclose investments that represent 5.0% or more of its total investments in a single issuer. Concentration risk does not arise with U.S. government obligations and obligations explicitly guaranteed by the U.S. government; mutual funds; and similar pooled investments, which are designed in part, to provide diversification. At December 31, 2024, the Health Fund held the following investments that exceeded 5.0% of total investments:

Investment	Balance at December 31, 2024	% of Total
SSgA Russell 1000 Index Fund	\$ 88,413	15.0%
Portfolio Advisers Secondary Fund IV	38,770	6.6%
Portfolio Advisers Credit Strategies Fund	41,352	7.0%

Although the index funds exceed 5.0% of total investments, these investment portfolios are comprised of many investments.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of December 31, 2024, one of the Health Fund's investments totaling \$1,291 or 0.2% of total investments, is exposed to foreign currency risk. The primary currency for these investments is the Euro.

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Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Retiree Health & Wellness SA Fire and Police Fund (Continued)

Fair Value Measurement – The Health Fund categorizes its fair value measurements of its investments within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on valuation inputs used to measure the fair value of the investment.

The Health Fund uses the net asset value (NAV) per share as the fair value measurement for its alternative investments since they cannot be traded; and, therefore, market-based information regarding their value does not exist. As such, these alternative investments are not categorized according to the fair value hierarchy. At December 31, 2024, the Health Fund's fair value measurements for its investments were as follows:

	Fair Value Measurement Using			
	12/31/2024	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Equity Securities				
U.S. Equity - Common Stock	\$ 14,531	\$ 14,531	\$ -	\$ -
Mutual Fund - Fixed Income	59,922	59,922		
Mutual Fund - International Equity	11,579	11,579		
Mutual Fund - Common Stock	33,235	33,235		
Total Investments by Fair Value Level	\$ 119,267	\$ 119,267	\$ -	\$ -

Investments Measured at the Net Asset Value (NAV)

Real Estate Funds	\$ 35,544
Natural Resource Funds	23,620
Private Equity Funds	147,895
Private Debt Funds	97,103
Global & Domestic Equity Funds	44,017
Index Funds	121,164
Total Investments Measured at the NAV	\$ 469,343
Total Investments	\$ 588,610

Investments Measured at the NAV	NAV	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Real Estate Funds	\$ 35,544	\$ 30,966		
Natural Resource Funds	23,620	3,759	Annually	90-120 Days
Private Equity Funds	147,895	82,536		
Private Debt Funds	97,103	43,567	Quarterly	30 Days
Global & Domestic Equity Funds	44,017		Monthly	15-30 Days
Index Funds	121,164		Monthly	3 Days
	\$ 469,343	\$ 160,828		

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Retiree Health & Wellness SA Fire and Police Fund (Continued)

Real Estate Funds – The Health Fund is invested in nine real estate funds at December 31, 2024. These funds are primarily diversified through fund-to-funds strategies. Portfolios include investments in assets and distressed debt for residential and commercial real estate (domestic and international). Fair values have been determined using NAV per share of investments. Real estate investment funds represent 6.0% of the Health Fund's portfolio. For each of the funds, the Health Fund receives distributions as the underlying assets of investments are sold/liquidated. One investment fund (representing \$5,061 or 14.2% of real estate funds) is eligible for redemption on an annual basis with a 90-day formal notice. Management estimates that one investment (representing \$664 or 1.9% of real estate funds) will liquidate within three years; two investments (representing \$2,589 or 7.3% of real estate funds) will liquidate within five years; four investments (representing \$21,189 or 59.6% of real estate funds) will liquidate within nine years; and one investment (representing \$6,041 or 17.0% of real estate funds) will liquidate within in ten years.

Natural Resources Funds – The Health Fund is invested in six natural resources investment funds at December 31, 2024. These funds are limited partnerships that use harvesting and fund-to-fund strategies. Portfolios for these funds include investments in domestic and international commodities such as: oil, gas, iron, copper, minerals, metals, and energy sources. Fair values have been determined using NAV per share of investments. These natural resources investment funds represent 4.0% of the Health Fund's portfolio. These investments are not redeemable. Management estimates that two investments (representing \$3,159 or 13.4% of natural resources funds) will liquidate within three years; one investment (representing \$2,553 or 10.8% of natural resources funds) will liquidate within five years; and three investments (representing \$17,908 or 75.8% of natural resources funds) will liquidate within nine years.

Private Equity Funds – The Health Fund is invested in 15 private equity investment funds at December 31, 2024. Strategies for these funds include seven diverse fund-to-funds, two private debt funds, three secondary funds, one venture capital fund, one co-investment fund, and one direct fund. Portfolios for these funds include assets in multiple domestic and international industries. Fair values have been determined using NAV per share of investments. These private equity funds represent 24.8% of the Health Fund's portfolio. These investments are not redeemable. The Health Fund receives distributions as the underlying assets of investments are sold/liquidated. Management estimates that one investment (representing \$162 or 0.1% of private equity funds) will liquidate within three years; one investment (representing \$13,220 or 9.0% of private equity funds) will liquidate within two to five years; three investments (representing \$23,770 or 16.1% of private equity funds) will liquidate within five years; one investment (representing \$17,250 or 11.7% of private equity funds) will liquidate within five to seven years; four investments (representing \$23,533 or 15.9%) will liquidate within nine years; one investment (representing \$8,326 or 5.6%) will liquidate within three to nine years; one investment (representing \$4,789 or 3.2% of private equity funds) will liquidate within ten years; and, three investments (representing \$56,845 or 38.4%) will liquidate within 15 years.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Retiree Health & Wellness SA Fire and Police Fund (Continued)

Private Debt Funds – The Health Fund is invested in seven private debt investment funds at December 31, 2024. Strategies for these funds include making junior debt investments with equity participation in several private equity sponsored transactions, including leveraged buyouts, growth financings, refinancing, and recapitalizations. Fair values have been determined using NAV per share of investments. These private debt funds represent 16.3% of the Health Fund's portfolio. One investment fund (representing \$41,353 or 42.6% of private debt funds) is eligible for redemption on a quarterly basis with a 30-day formal notice. Management estimates that one investment (representing \$4,366 or 4.5% of private debt funds) will liquidate within seven years; and five investments (representing \$51,384 or 52.9% of private debt funds) will liquidate within nine years.

Global & Domestic Equity Funds – The Health Fund is invested in two commingled global and domestic equity funds at December 31, 2024, which consist of bond and stock investors. Portfolios for these funds include investments in international emerging markets in various industries. Fair values have been determined using NAV per share of investments. These investment funds totaling \$44,017 represent 7.4% of the Health Fund's portfolio. All funds are eligible for redemption on a monthly basis with a 15-30 day formal redemption notice.

Index Funds – The Health Fund is invested in four nonpublic index funds at December 31, 2024, consisting of domestic equities; international equities, including emerging markets and developing markets; and treasury inflation protected securities (TIPS). Index funds seek to provide investment results that, before expenses, correspond generally to the total return of an index that tracks the performance of an investment class. Fair values have been determined using NAV per share of investments. These investment funds totaling \$121,164 represent 20.3% of the Health Fund's portfolio. All funds are eligible for redemption with a three-day notice.

Subscribed Capital Commitments – The Health Fund has non-binding commitments to invest capital in 31 investment companies under investment capital subscription agreements. These commitments are subject to periodic calls from the investment companies. The amount of this investment capital committed under the subscription agreements totaled to \$160,828. As of December 31, 2024, \$14,769 of this total had been called.

CPS Energy

CPS Energy's investments with a maturity date within one year of the purchase date are reported at amortized cost, which approximates fair value. Amortization of premium and accretion of discount are recorded over the terms of the investments. CPS Energy's investments with a maturity date longer than one year from the purchase date are accounted for at fair value. As available, fair values are determined by using generally accepted financial reporting services, publications, and broker-dealer information. The specific identification method is used to determine costs in computing gains or losses on sales of securities. CPS Energy reports all investments of the Decommissioning Trusts at fair value.

Restricted funds are generally for uses other than current operations. They are designated by law, ordinance or contract and are often used to acquire or construct noncurrent assets. Restricted funds consist primarily of unspent bond or commercial paper proceeds, debt service required for the New Series Bonds, Junior Lien Obligations, commercial paper, the flexible rate revolving note (FRRN) and funds for future construction or contingencies. Restricted funds also include customer assistance programs that receive proceeds from outside parties and assets of the Decommissioning Trusts. Also included in the restricted funds classification is the Repair and Replacement Account, restricted in accordance with CPS Energy's bond ordinances. Unrestricted funds are generally used for current operations.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

CPS Energy's cash deposits at January 31, 2025 were either insured by federal depository insurance or collateralized by banks. For deposits that were collateralized, the collateral included letters of credit and securities. The securities were U.S. government, U.S. government agency, or U.S. government-guaranteed obligations held in book entry form by the Federal Reserve Bank of New York or other allowable banks in CPS Energy's name.

Separation – CPS Energy's cash, cash equivalents, and investments can be separated as those directly managed by CPS Energy and those managed through the Decommissioning Trusts.

For financial reporting purposes, cash, cash equivalents and investments managed directly by CPS Energy have been consistently measured as of the end of the fiscal year. The Decommissioning Trusts are reported on a calendar-year basis.

Public Funds Investment Act (PFIA) – CPS Energy's investments and the investments held in the Decommissioning Trusts are subject to the rules and regulations of the PFIA. The PFIA regulates what types of investments can be made, requires written investment policies, mandates training requirements of investment officers, requires internal management reports to be produced at least quarterly, and provides for the selection of authorized brokers/dealers and investment managers.

Investments of CPS Energy – CPS Energy's allowable investments are defined by CPS Energy Board Resolution, CPS Energy Investment Policy, the Investment Committee, bond ordinances, commercial paper ordinances, a revolving financial program ordinance and State law. These investments are subject to market risk, and their fair value will vary as interest rates fluctuate. All CPS Energy investments are held in trust custodial funds by independent banks.

Investments of the Decommissioning Trusts – CPS Energy's investments in the Decommissioning Trusts are held by an independent trustee. Investments are limited to those defined by CPS Energy Board Resolution, the South Texas Project Decommissioning Trust Investment Policy, the Investment Committee, the Trust Agreements and State law, as well as Public Utility Commission of Texas (PUCT) and Nuclear Regulatory Commission (NRC) guidelines. Allowable investments for the Decommissioning Trusts include those directly permissible for CPS Energy (except for investment pools), as well as equities and corporate bonds (including international securities traded in U.S. dollars and on U.S. stock exchanges). In accordance with the Decommissioning Trusts' Investment Policy, total investments can include a maximum of 60.0% equity securities. To further reduce the overall risk of the portfolio, the target allocations for both Decommissioning Trusts are 60.0% fixed-income, 36.0% equities and 4.0% U.S. real estate investment trusts.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Permissible Investments		
Investment Description	CPS Energy Direct Investments	Decommissioning Trusts Investments
U.S. Government, U.S. Government Agency, or U.S. Government-guaranteed obligations	✓	✓
Collateralized mortgage obligation issued by the U.S. Government	✓	✓
Fully secured certificates of deposit issued by a state, national or savings bank domiciled in the State of Texas	✓	✓
Direct repurchase agreements	✓	✓
Reverse repurchase agreements	✓	✓
Defined bankers' acceptances and commercial paper	✓	✓
No-load money market mutual funds	✓	✓
Investment pools	✓	Not Permitted
Equities	Not Permitted	✓
Investment quality obligations	✓	✓
Corporate bonds	Not Permitted	✓
International securities	Not Permitted	✓
No-load commingled funds	Not Permitted	✓
Securities lending programs	✓	✓
Other specific types of secured or guaranteed investments	✓	✓

Risk Exposure – CPS Energy's cash equivalents, equity and fixed-income investments are exposed to interest rate risk, credit risk (including custodial credit risk and concentration of credit risk), and foreign currency risk. Interest rate risk is the exposure to fair value losses resulting from rising interest rates. Credit risk is the risk that an issuer of an investment will not fulfill its obligations (will be unable to make timely principal and interest payments on the security). Foreign currency risk is the exposure to fair value losses arising from changes in exchange rates. Due to market fluctuations, it is possible that substantial changes in the fair value of investments could occur after the end of the reporting period.

CPS Energy's investments and the investments in the Decommissioning Trusts are managed with a conservative focus. The investment policies are structured to ensure compliance with bond ordinances, the PFIA, the Public Funds Collateral Act, the NRC, the PUCT, other applicable state statutes, and CPS Energy Board of Trustee resolutions relating to investments. CPS Energy identifies and manages risks by following an appropriate investment oversight strategy, establishing and monitoring compliance with investment policies and procedures, and continually monitoring prudent controls over risks.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Investment Policies – In accordance with State law, the Decommissioning Trusts’ Investment Policy allows for investment in additional types of securities, such as corporate bonds and equity securities. The policy provides guidelines to ensure all funds are invested in authorized securities to earn a reasonable return. The primary emphasis is placed on long-term growth commensurate with the need to preserve the value of the assets and, at the time funds are needed for decommissioning costs, on liquidity. The Investment Policy continues to follow the “prudent person” concept.

GASB Statement No. 40 – In accordance with GASB Statement No. 40, additional disclosures have been provided in this note that address investment exposure to interest rate risk, credit risk (including custodial credit risk and concentration of credit risk), and foreign currency risk, as applicable. CPS Energy’s investments and those in the Decommissioning Trusts do not have custodial credit risk, as all investments are held either by an independent trustee or bank and are in CPS Energy’s or the Decommissioning Trusts’ names.

CPS Energy Investments – In accordance with GASB Statement No. 40, the following tables address concentration of credit risk and interest rate risk exposure by investment type using the WAM method. Since CPS Energy does not hold foreign instruments in its direct investments (those held by CPS Energy), foreign currency risk is not applicable.

Interest Rate Risk – In accordance with its Investment Policy, CPS Energy manages exposure to fair value losses resulting from rising interest rates by placing a limit on the portfolio’s WAM. The Investment Policy limits the WAM to three years or less, which allows for the management of risk while optimizing returns. CPS Energy invests in money market mutual funds and investment pools that have maturities of one year or less.

Concentration of Credit Risk – In accordance with its Investment Policy, CPS Energy manages exposure to concentration of credit risk through diversification and by limiting investment in each federal agency to 35.0% and investment in any other issuer of debt securities to 5.0% of the total fixed-income portfolio. Additionally, negotiable certificates of deposit are limited to 35.0% of the total portfolio per issuer.

Investment Type	Carrying Value	Fair Value	Allocation	Weighted-Average Maturity (Years) ¹
U.S. Treasuries	\$ 14,164	\$ 14,164	1.1%	1.5
U.S. Agencies:				
Federal Agriculture Mortgage Corp.	21,996	21,996	1.8%	2.3
Federal Farm Credit Bank	296,501	296,501	23.9%	2.3
Federal Home Loan Bank	93,141	93,141	7.5%	1.8
Federal Home Loan Mortgage Corp.	28,780	28,780	2.3%	1.1
Federal National Mortgage Assn.	39,558	39,558	3.2%	1.6
Small Business Administration	1,763	1,763	0.1%	3.7
Municipal Bonds	112,361	112,361	9.1%	1.7
Investment Pools	612,192	612,192	49.4%	
Money Market Mutual Funds	20,085	20,085	1.6%	
Total Fixed-Income Portfolio	<u>\$ 1,240,541</u>	<u>\$ 1,240,541</u>	<u>100.0%</u>	1.1

¹ CPS Energy invests in money market mutual funds and investment pools that are assumed to have maturities of one year or less.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Credit Risk – In accordance with its Investment Policy, CPS Energy manages exposure to credit risk by limiting long-term debt security investments to those with a credit rating of ‘A’ or better. As of January 31, 2025, CPS Energy held no debt securities with a long-term credit rating below ‘A-’, or equivalent, or short-term credit rating below ‘A-1/P-1/F-1’.

Credit Rating	Carrying Value	Fair Value	Allocation
U.S. Treasuries (AA+)	\$ 14,164	\$ 14,164	1.1%
AAA / Aaa	680,631	680,631	54.9%
AA+ / Aa1	502,107	502,107	40.5%
AA / Aa2	19,560	19,560	1.6%
AA- / Aa3	3,994	3,994	0.3%
Not rated ¹	20,085	20,085	1.6%
Total Fixed-Income Portfolio	<u>\$ 1,240,541</u>	<u>\$ 1,240,541</u>	<u>100.0%</u>

¹ Interest bearing deposit accounts which still meet PFIA/CPS Energy Investment Policy requirements.

Decommissioning Trust Investments – As mentioned previously, the Decommissioning Trusts report their assets on a calendar-year basis; therefore, information related to the Trusts is as of December 31, 2024. The tables in this section address interest rate risk exposure by investment type, concentration of credit risk, credit risk, and foreign currency risk. All investments held by the Decommissioning Trusts are long-term in nature and are recorded at fair value.

Interest Rate Risk – Generally, the long-term nature of the liabilities and the limited need for daily operating liquidity allow interim fluctuations in fair value to occur without jeopardizing the ultimate value of the assets. Where long-term securities are held, the interim fair value of assets can be sensitive to changes in interest rates. As the general level of interest rates moves up and down, the interim fair value of longer-maturity bonds may change substantially.

To mitigate interest rate risk, a limitation is placed on the weighted-average duration (WAD) of the fixed-income portfolio. The overall portfolio duration is limited by the Investment Policy to a deviation of no more than +/- 1.5 years from the WAD of the Investment Committee’s specified fixed-income index. The specified fixed-income index for the 28% Trust and the 12% Trust is Bloomberg Barclays US Aggregate, which was 6.1 years for the period ending December 31, 2024.

Concentration of Credit Risk – In accordance with the Investment Policy, exposure to concentration of credit risk is managed through diversification and by limiting investments in each federal agency to 30.0% and investments in any other single issuer of debt securities to 5.0% of the total fixed-income portfolio. Likewise, equity investments are limited to 5.0% of the total portfolio for any one issuer. At December 31, 2024, total other debt securities (corporate and foreign issuers) amounted to 27.0% of the fixed-income portfolio for the 28% Decommissioning Trust and 24.5% for the 12% Decommissioning Trust.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

The following table lists the fixed-income investment holdings by type:

Investment Type	28% Trust			12% Trust		
	Fair Value	Allocation	Weighted-Average Duration (Years) ¹	Fair Value	Allocation	Weighted-Average Duration (Years) ¹
U.S. Treasuries	\$ 86,481	26.7%	8.7	\$ 35,381	29.7%	8.1
U.S. Agencies:						
Federal Home Loan Mortgage Corp.	45,979	14.2%	5.8	14,949	12.6%	5.7
Federal National Mortgage Assn.	64,147	19.8%	5.7	23,040	19.3%	5.5
Government National Mortgage Assn.	7,205	2.2%	2.9	1,478	1.3%	6.4
Small Business Administration	7,231	2.2%	4.5	3,720	3.1%	4.6
Municipal Bonds - Texas	739	0.2%	7.9	357	0.3%	7.8
Municipal Bonds - Other States	7,062	2.2%	6.8	3,096	2.6%	6.6
Corporate Bonds	77,886	24.1%	4.9	27,516	23.1%	5.0
Foreign Bonds	9,471	2.9%	4.5	1,689	1.4%	4.7
Money Market Mutual Funds	17,591	5.5%	N/A	7,885	6.6%	N/A
Total Fixed-income Portfolio	<u>\$ 323,792</u>	<u>100.0%</u>	6.3	<u>\$ 119,111</u>	<u>100.0%</u>	6.2
Combined Decommissioning Trust Funds Total	<u>\$ 442,903</u>					

¹ The aggregate portfolio of debt securities of the trusts are limited to +/- 1.5 years of the effective durations of the specified debt security index.

Credit Risk – In accordance with the Investment Policy, exposure to credit risk is managed by limiting all fixed-income investments to a credit rating of ‘BBB-’, or equivalent, or better from at least two nationally recognized credit rating agencies. If a security’s rating falls below the minimum investment grade rating of ‘BBB-’ after it has been purchased, the Investment Policy allows investment managers to continue to hold the security as long as the total fair value of securities rated below investment grade does not exceed 5.0% of the total fixed-income portfolio. As noted in the table on the following page, which lists fixed-income investment holdings by credit rating, investments with a credit rating below ‘BBB-/Baa3’ did not exceed 5.0% of the total fixed-income portfolio for the 28% Trust or the 12% Trust at December 31, 2024.

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Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

The following table lists the fixed-income investment holdings by credit rating:

Credit Rating	28% Trust		12% Trust	
	Fair Value	Allocation	Fair Value	Allocation
U.S. Treasuries (AA+)	\$ 86,481	26.7%	\$ 35,381	29.7%
AAA / Aaa	22,416	6.9%	9,956	8.4%
AA+ / Aa1	128,109	39.6%	45,036	37.8%
AA / Aa2	1,841	0.6%	955	0.8%
AA- / Aa3	2,077	0.6%	575	0.5%
A+ / A1	1,926	0.6%	529	0.4%
A / A2	7,559	2.3%	3,254	2.7%
A- / A3	17,140	5.3%	6,181	5.2%
BBB+ / Baa1	16,714	5.2%	6,176	5.2%
BBB / Baa2	22,272	6.9%	6,055	5.1%
BBB- / Baa3	8,845	2.7%	1,437	1.2%
BB+ / Ba1	892	0.28%	29	0.0%
BB / Ba2	77	0.02%		0.0%
Not Rated ¹	7,443	2.3%	3,547	3.0%
Total Fixed-income Portfolio	<u>\$ 323,792</u>	<u>100.0%</u>	<u>\$ 119,111</u>	<u>100.0%</u>
Combined Decommissioning Trust Funds Total	<u>\$ 442,903</u>			

¹ The Nuclear Decommissioning Trust (NDT) Investment Managers are given discretion to invest in unrated securities that are of suitable quality and in line with their investment strategy, as long as those do not exceed the 10.0% limit prescribed for the portfolio by the NDT Investment Policy.

Foreign Currency Risk – All investments authorized for purchase by the Decommissioning Trusts are in U.S. dollars. This reduces the potential foreign currency risk exposure of the portfolio. All foreign bonds outstanding were issued in the U.S. and amounted to \$11,160 at December 31, 2024. In accordance with the Investment Policy, investments in international equity securities are limited to international commingled funds, American Depository Receipts and exchange traded funds that are diversified across countries and industries. The international equity portfolio will be limited to 20.0% of the total portfolio. At December 31, 2024, total foreign equity securities amounted to 14.2% of the 28% Trust’s total portfolio and 12% Trust amounted to 14.2% of the Trust’s portfolio.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Fair Value Measurement – CPS Energy records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement.

Valuation methods of the primary fair value measurements are disclosed below:

The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market. For equity securities, these markets include published exchanges such as the National Association of Securities Dealers Automated Quotations and the New York Stock Exchange. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market.

Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. For the investments held by the Employee Benefit Plans it also includes commingled investments that include both debt and directly held equity securities.

Commodity derivative instruments, such as futures, swaps and options, which are ultimately settled using prices at locations quoted through clearinghouses, are valued using Level 1 inputs. Options included in this category are those with identical strike price quoted through a clearinghouse.

Other commodity derivative instruments, such as swaps settled using prices at locations other than those quoted through clearinghouses and options with strike prices not identically quoted through a clearinghouse, are valued using Level 2 inputs. For these instruments, fair value is based on internally developed pricing algorithms using observable market quotes for similar derivative instruments. Pricing inputs are derived from published exchange transactions and other observable data sources.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. CPS Energy's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their place within the fair value hierarchy levels.

CPS Energy's fair value measurements are performed on a recurring basis. The table on the following page presents fair value balances and their levels within the fair value hierarchy for CPS Energy as of January 31, 2025, and the Decommissioning Trust investment balances as of December 31, 2024. The CPS Energy and Decommissioning Trusts investment balances presented exclude amounts related to money market mutual fund investments, and short-term investments which are recorded at amortized cost. Financial instrument fair value balances are presented in Note 16 Risk Financing.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

	1/31/2025	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Assets				
Fair Value Investments				
CPS Energy				
Debt Securities				
US Treasuries	\$ 14,164	\$ -	\$ 14,164	\$ -
US Agencies				
Federal Agricultural Mortgage Corp.	21,996		21,996	
Federal Farm Credit Bank	296,501		296,501	
Federal Home Loan Bank	93,141		93,141	
Federal Home Loan Mortgage Corp.	28,780		28,780	
Federal National Mortgage Assn.	39,558		39,558	
Small Business Administration	1,763		1,763	
Municipal Bonds	112,361		112,361	
Total CPS Energy Fair Value of Investments	\$ 608,264	\$ -	\$ 608,264	\$ -
Decommissioning Trust Investments				
28% Trust				
Debt Securities				
US Treasuries	\$ 86,481	\$ -	\$ 86,481	\$ -
US Agencies				
Federal Home Loan Mortgage Corp.	45,979		45,979	
Federal National Mortgage Assn.	64,147		64,147	
Government National Mortgage Assn.	7,205		7,205	
Small Business Administration	7,231		7,231	
Municipal Bonds - Texas	739		739	
Municipal Bonds - Other States	7,062		7,062	
Corporate Bonds	77,886		77,886	
Foreign Bonds	9,471		9,471	
Total 28% Trust Fair Value Fixed-Income	\$ 306,201	\$ -	\$ 306,201	\$ -
Equity Securities				
Common Stock	\$ 197,965	\$ 197,965	\$ -	\$ -
Real Estate Investment Trusts	25,602	25,602		
Preferred Stock	813		813	
Total 28% Trust Fair Value Investments	\$ 530,581	\$ 223,567	\$ 307,014	\$ -
12% Trust				
Debt Securities				
US Treasuries	\$ 35,381	\$ -	\$ 35,381	\$ -
US Agencies				
Federal Home Loan Mortgage Corp.	14,949		14,949	
Federal National Mortgage Assn.	23,040		23,040	
Government National Mortgage Assn.	1,478		1,478	
Small Business Administration	3,720		3,720	
Municipal Bonds - Texas	357		357	
Municipal Bonds - Other States	3,096		3,096	
Corporate Bonds	27,516		27,516	
Foreign Bonds	1,689		1,689	
Total 12% Trust Fair Value Fixed-Income	\$ 111,226	\$ -	\$ 111,226	\$ -
Equity Securities				
Common Stock	\$ 72,866	\$ 72,866	\$ -	\$ -
Real Estate Investment Trusts	9,332	9,332		
Total 12% Trust Fair Value Investments	\$ 193,424	\$ 82,198	\$ 111,226	\$ -
Total Trust Fair Value Investments	\$ 724,005	\$ 305,765	\$ 418,240	\$ -
Total Fair Value Investments	\$ 1,332,269	\$ 305,765	\$ 1,026,504	\$ -

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

CPS Energy Fiduciary Funds

The CPS Financial Report includes the CPS Energy Pension Plan and the CPS Energy Group Health Plan, CPS Energy Group Life Insurance Plan and the CPS Energy Long-Term Disability Income Plan. Please refer to the CPS Energy Financial Report for information about fiduciary cash and investments.

San Antonio Water System (SAWS)

SAWS is permitted by City Ordinance No. 75686, SAWS' Investment Policy, and Texas state law, to invest in direct obligations of the U.S. or its agencies and instrumentalities. Other allowable investments include direct obligations of the State of Texas or its agencies and instrumentalities; secured certificates of deposit issued by depository institutions that have their main office or a branch office in the State of Texas; defined bankers acceptances and commercial paper; collateralized direct repurchase agreements, reverse repurchase agreements; no-load money market mutual funds; investment pools; municipal bonds; and other types of secured or guaranteed investments. These investments are subject to market risk, interest rate risk, and credit risk, which may affect the value at which these investments are recorded. Under the provisions of GASB Statement No. 31, money market investments, including U.S. Treasury and agency obligations, with a remaining maturity at time of purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

As of December 31, 2024 SAWS' funds are deposited in demand accounts at JP Morgan Chase, SAWS' general depository bank. As required by state law, all SAWS' deposits are fully collateralized and/or are covered by federal depository insurance. At December 31, 2024, the collateral pledged was a letter of credit issued by the Federal Home Loan Bank of Cincinnati and Federal Reserve Bank of New York, under SAWS' name so SAWS incurs no custodial credit risk. At December 31, 2024, the bank balance of SAWS' demand accounts was \$4,034 and the reported amount was \$7,912 which included \$18 of cash on hand.

Custodial Credit Risk (Investment) – Investments include securities issued by the U. S. government and its agencies and instrumentalities, municipal securities, money market funds, and investment pools. As of December 31, 2024, securities purchased are held in custody by Bank of New York Mellon and registered as securities of SAWS. Money market funds are managed by Fidelity and Morgan Stanley and are invested in securities issued by the U.S. government or by U.S. agencies. Funds in investment pools are invested in TexPool Prime, Texas Class, Texas Fixed Income Trust, Texas Daily and Texas TERM. Investment pools may invest in commercial paper and certificates of deposit, as well as obligations of the U.S. government or its agencies and instrumentalities, and repurchase agreements as allowed under the PFIA. All investments in money market funds and investment pools are reported at amortized cost. Amortized cost approximates fair value for these investments.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

San Antonio Water System (SAWS) (Continued)

The following table provides information related to investments at December 31, 2024.

Investment Type	Reported Value	Fair Value	Allocation ¹	Rating ²	WAM (Days)
U.S. Treasury Securities	\$ 314,498	\$ 314,498	22.0%	AAA	276
U.S. Agency Notes	373,327	373,327	26.0%	AA+	432
Municipal Bonds	128,112	128,112	9.0%	AAA to AA-	508
Money Market Funds					
Fidelity Institutional MMF	3,504	3,504	0.0%	AAAm	1
Morgan Stanley	15,490	15,490	1.0%	AAAm	1
Texas Class Investment Pool	175,192	175,192	12.0%	AAAm	1
TexPool Prime Local Government Pool	88,304	88,304	6.0%	AAAm	1
Texas FIT Cash Pool	128,112	128,112	9.0%	AAAf	1
Texas Term Investment Pool	222,000	222,000	15.0%	AAAf	136
Total Investments	<u>\$ 1,448,539</u>	<u>\$ 1,448,539</u>	<u>100.0%</u>		<u>254</u>

¹ The allocation is based on fair value.

² Standard & Poor's or Moody's Rating.

Interest Rate Risk – As a means of limiting its exposure to fair value losses due to rising interest rates, SAWS' investment policy limits its investment maturities to no more than five years. At December 31, 2024, the longest remaining maturity for any investment was approximately three years and approximately 75.0% of the investment portfolio matures in less than one year.

Credit Risk – In accordance with its investment policies, SAWS manages exposure to credit risk by limiting its investments in long-term obligations of other states and cities to those with a credit rating of 'A' or better. As of December 31, 2024, the lowest rated municipal security held was 'AA-'. Additionally, any short-term investments require a rating of at least 'A-1' or 'P-1'.

Concentration of Credit Risk – SAWS' investment policy does not limit the amount it may invest in U.S. Treasury securities, government-guaranteed securities, or government-sponsored entity securities. However, in order to manage its exposure to concentration of credit risk, the investment policy does limit the amount that can be invested in any one government-sponsored issuer to no more than 50.0% of the total investment portfolio, and no more than 30.0% of the total investment portfolio in any non-government issuer unless it is fully collateralized, excluding investment pools and money market funds.

Custodial Credit Risk – SAWS' risk is completely mitigated by insurance coverage provided by the custodian that protects against loss of cash or securities held in custody, and collateral in the form of letters of credit issued by the Federal Home Loan Bank of Cincinnati over the FDIC limit. Texas public fund accounts are collateralized at 100.0%. As of December 31, 2024, the percentage of SAWS' investment portfolio for government-sponsored issuers that represent 5% or more of the total investments was 14.0% in Federal Home Loan Bank.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

San Antonio Water System (SAWS) (Continued)

Fair Value Measurement – SAWS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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 significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Pricing for Level 1 inputs is provided by a pricing service as of the measurement date using pricing from exchanges. Securities classified in Level 2 of the fair value hierarchy are valued using interest rate curves and credit spreads applied to the terms of the debt instruments (maturity and coupon interest) and considers the counterparty rating.

	12/31/2024	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasury Securities	\$ 314,498	\$ 314,498	\$ -	\$ -
U.S. Agency Notes	373,327		373,327	
Municipal Bonds	128,112		128,112	
Texas Term Investment Pool	222,000		222,000	
Total Investments measured at fair value	<u>\$ 1,037,937</u>	<u>\$ 314,498</u>	<u>\$ 723,439</u>	<u>\$ -</u>

Restricted Cash and Investments – Cash and investments are restricted for a variety of purposes based on the requirement set forth in City Ordinance No. 75686, state law or SAWS policy. The following table summarizes both current and noncurrent restricted cash and investments by purpose at December 31, 2024.

	12/31/2024
Restricted for:	
Operations	\$ 87,710
Debt Service	72,715
Debt Service Reserve	12,669
Construction - accrued liabilities	115,654
Construction - capital recovery fees	187,623
Construction - bond proceeds	293,307
Total Restricted Cash & Investments	<u>\$ 769,678</u>

The requirements of City Ordinance No. 75686 stipulate that SAWS must accumulate and maintain a reserve equal to 100.0% of the maximum annual debt service requirements for senior lien obligations. Additional City ordinances require SAWS to maintain a debt service reserve equal to the average annual debt service on all junior lien obligations secured by a reserve fund. Not all SAWS junior lien obligations require the security of a debt service reserve. Increases in the required reserve amount may be deposited into a reserve account over a five-year period.

Ordinance No. 75686 allows for SAWS to provide surety policies equal to all or part of the required reserve. SAWS may use bond proceeds to make the required deposits related to new debt issued. Debt service reserve deposits are required to be maintained until a) the revenue bonds mature, b) the surety policy provider's credit ratings improve to the minimum ratings required under SAWS bond ordinance, or c) new surety policies are provided that meet the requirements of the bond ordinance.

Notes to Financial Statements

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

San Antonio Water System (SAWS) (Continued)

The cash and investments amounts restricted on December 31, 2024, for the Debt Service Reserve for the Junior Lien Bonds, was \$12,669.

Funds restricted for construction include amounts needed to pay accrued construction liabilities, collected but unspent capital recovery fees and unspent bond proceeds. Funds restricted for accrued construction liabilities and unspent bond proceeds are completely offset by related liabilities. By state law, capital recovery fees are restricted for the construction of the infrastructure upon which the calculation of the fee is based.

By state law, capital recovery fees are restricted for the construction of capital improvements related to growth. However, these funds may also be used to repay the costs incurred by ratepayers to fund capital improvements related to growth.

San Antonio Water System Fiduciary Funds

The SAWS Financial Report includes three fiduciary funds related to SAWS employee benefit plans: the San Antonio Water System Retirement Plan (SAWSRP), the District Special Project Retirement Income Plan (DSPRP) and the San Antonio Water System Retiree Health Trust (OPEB Trust). Please refer to the SAWS Financial Report for information about fiduciary cash and investments.

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Notes to Financial Statements

Note 5 Capital Assets

Primary Government (City)

Capital assets were reduced by \$969 for impairment losses in fiscal year 2025 for governmental activities. Of this amount, \$966 is allocated in miscellaneous revenue as a component of the gain/loss on capital assets on the Statement of Activities, and \$3 is allocated to operating expenses. Additionally, depreciation expense was increased by \$380 for impaired vehicles which have not been retired.

Capital asset activity for governmental activities, to include internal service funds, for the year-ended September 30, 2025 is as follows:

Capital Assets - Governmental Activities					
	Beginning Balance (Restated) ¹	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land	\$ 1,451,310	\$ 3,448	\$ -	\$ 1,335	\$ 1,456,093
Construction in Progress	583,775	398,007	(6,965)	(357,938)	616,879
Non-Depreciable Intangible Assets	270,747	8,680	(458)		278,969
Total Non-Depreciable Assets	<u>\$ 2,305,832</u>	<u>\$ 410,135</u>	<u>\$ (7,423)</u>	<u>\$ (356,603)</u>	<u>\$ 2,351,941</u>
Depreciable/Amortizable Assets:					
Buildings	1,678,844			92,974	1,771,818
Improvements	1,281,100	1,392		61,207	1,343,699
Infrastructure	4,392,077			187,384	4,579,461
Machinery and Equipment	912,671	87,379	(16,762)	14,855	998,143
Intangible Assets	4,341		(183)	183	4,341
Leases ²					
Land	11,958				11,958
Buildings	52,855	3,186	(1,279)		54,762
Machinery and Equipment	24,593	440	(761)		24,272
Subscriptions ²	112,681	19,453	(2,494)		129,640
Total Depreciable/Amortizable Assets	<u>\$ 8,471,120</u>	<u>\$ 111,850</u>	<u>\$ (21,479)</u>	<u>\$ 356,603</u>	<u>\$ 8,918,094</u>
Accumulated Depreciation/Amortization:					
Buildings	(681,633)	(50,278)			(731,911)
Improvements	(674,585)	(59,922)			(734,507)
Infrastructure	(2,702,256)	(127,231)			(2,829,487)
Machinery and Equipment	(629,534)	(69,919)	15,262		(684,191)
Intangible Assets	(4,218)	(93)	5		(4,306)
Leases ²					
Land	(1,260)	(325)			(1,585)
Buildings	(15,178)	(5,712)	1,279		(19,611)
Machinery and Equipment	(4,231)	(2,171)	334		(6,068)
Subscriptions ²	(23,061)	(21,903)	1,916		(43,048)
Total Accumulated Depreciation/Amortization	<u>\$ (4,735,956)</u>	<u>\$ (337,554)</u>	<u>\$ 18,796</u>	<u>\$ -</u>	<u>\$ (5,054,714)</u>
Total Depreciable/Amortizable Assets, net	<u>\$ 3,735,164</u>	<u>\$ (225,704)</u>	<u>\$ (2,683)</u>	<u>\$ 356,603</u>	<u>\$ 3,863,380</u>
Total Capital Assets, net	<u>\$ 6,040,996</u>	<u>\$ 184,431</u>	<u>\$ (10,106)</u>	<u>\$ -</u>	<u>\$ 6,215,321</u>

¹ Beginning balance is restated by \$2,284 to remove the balances for Visit San Antonio, and \$27,137 to remove San Antonio Early Childhood Education Municipal Development Corporation (ECEMDC). See Note 21 Adjustments and Restatements, for more information.

² For more information, see Note 14 Leases and Subscription-Based Information Technology Arrangements (SBITAs).

The capital assets of internal service funds are included in governmental activities. In fiscal year 2025, internal service funds capital assets increased by \$70,982, and decreased by \$15,097, of which \$1,912 was for impairments, resulting in an ending balance of \$525,950. Depreciation expense of \$52,998, of which \$343 was for impairments, less the \$13,269 in previously depreciated assets disposed of during the current year, of which \$946 was for impairments, resulted in an ending accumulated depreciation balance of \$314,026. Net book value is \$211,924.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 5 Capital Assets (Continued)

Primary Government (City) (Continued)

Depreciation/Amortization expense was charged to governmental functions as follows:

General Government	\$ 26,328
Public Safety	21,626
Public Works	185,147
Health Services	2,030
Sanitation	7
Welfare	2,877
Culture and Recreation	32,318
Convention and Tourism	12,412
Urban Redevelopment and Housing	142
Economic Development and Opportunity	744
Education	925
Aviation	
Depreciation/Amortization on Capital Assets Held by City's Internal Service Funds are Charged to Various Functions Based on Asset Usage	52,998
Total Depreciation/Amortization Expense for Governmental Activities	<u>\$ 337,554</u>

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Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 5 Capital Assets (Continued)

Primary Government (City) (Continued)

No impairments were identified for business-type activities in fiscal year 2025.

Capital asset activity for business-type activities for the year-ended September 30, 2025, is as follows:

	Capital Assets - Business-Type Activities				
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land:					
Airport System	\$ 5,323	\$ -	\$ -	\$ -	\$ 5,323
Solid Waste Management	1,107				1,107
Nonmajor Enterprise Funds	9,366				9,366
Total Land	\$ 15,796	\$ -	\$ -	\$ -	\$ 15,796
Construction in Progress:					
Airport System	104,281	240,719	(381)	(56,910)	287,709
Nonmajor Enterprise Funds	1,055	2,750		(2)	3,803
Total Construction in Progress	\$ 105,336	\$ 243,469	\$ (381)	\$ (56,912)	\$ 291,512
Total Non-Depreciable Assets	\$ 121,132	\$ 243,469	\$ (381)	\$ (56,912)	\$ 307,308
Depreciable/Amortizable Assets:					
Intangible Assets:					
Airport System	353				353
Nonmajor Enterprise Funds	14,404				14,404
Total Intangible Assets	\$ 14,757	\$ -	\$ -	\$ -	\$ 14,757
Buildings:					
Airport System	542,764			8,879	551,643
Solid Waste Management	11,147				11,147
Nonmajor Enterprise Funds	27,128				27,128
Total Buildings	\$ 581,039	\$ -	\$ -	\$ 8,879	\$ 589,918
Improvements:					
Airport System	691,368			48,042	739,410
Solid Waste Management	15,223				15,223
Nonmajor Enterprise Funds	15,580			2	15,582
Total Improvements	\$ 722,171	\$ -	\$ -	\$ 48,044	\$ 770,215
Machinery and Equipment:					
Airport System	43,211	4,322	(1,480)	(11)	46,042
Solid Waste Management	36,167	383	(7,248)		29,302
Nonmajor Enterprise Funds	14,637	551	(122)		15,066
Total Machinery and Equipment	\$ 94,015	\$ 5,256	\$ (8,850)	\$ (11)	\$ 90,410
Leases:					
Airport System					
Buildings	11,681				11,681
Machinery and Equipment	223				223
Solid Waste Management					
Equipment	140				140
Nonmajor Enterprise Funds					
Machinery and Equipment	23	69			92
Total Leases	\$ 12,067	\$ 69	\$ -	\$ -	\$ 12,136
Subscriptions:					
Airport System	6,449	426	(4,465)		2,410
Solid Waste Management	748	2,381	(739)		2,390
Nonmajor Enterprise Funds	3,776		(1,666)		2,110
Total Subscriptions	\$ 10,973	\$ 2,807	\$ (6,870)	\$ -	\$ 6,910
Total Depreciable/Amortizable Assets	\$ 1,435,022	\$ 8,132	\$ (15,720)	\$ 56,912	\$ 1,484,346

(continued)

Notes to Financial Statements

Note 5 Capital Assets (Continued)

Primary Government (City) (Continued)

	Capital Assets - Business-Type Activities				
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Accumulated Depreciation/Amortization:					
Intangible Assets:					
Airport System	(352)				(352)
Nonmajor Enterprise Funds	(10,890)	(2,881)			(13,771)
Total Intangible Assets	\$ (11,242)	\$ (2,881)	\$ -	\$ -	\$ (14,123)
Buildings:					
Airport System	(237,952)	(13,825)			(251,777)
Solid Waste Management	(4,204)	(386)			(4,590)
Nonmajor Enterprise Funds	(19,610)	(737)			(20,347)
Total Buildings	\$ (261,766)	\$ (14,948)	\$ -	\$ -	\$ (276,714)
Improvements:					
Airport System	(363,668)	(25,465)			(389,133)
Solid Waste Management	(7,544)	(644)			(8,188)
Nonmajor Enterprise Funds	(9,840)	(608)			(10,448)
Total Improvements	\$ (381,052)	\$ (26,717)	\$ -	\$ -	\$ (407,769)
Machinery and Equipment:					
Airport System	(34,063)	(2,759)	1,480		(35,342)
Solid Waste Management	(32,230)	(1,127)	7,199		(26,158)
Nonmajor Enterprise Funds	(13,900)	(343)	121		(14,122)
Total Machinery and Equipment	\$ (80,193)	\$ (4,229)	\$ 8,800	\$ -	\$ (75,622)
Leases:					
Airport System					
Buildings	(779)	(779)			(1,558)
Machinery and Equipment	(83)	(44)			(127)
Solid Waste Management					
Equipment	(57)	(28)			(85)
Nonmajor Enterprise Funds					
Machinery and Equipment	(11)	(14)			(25)
Total Leases	\$ (930)	\$ (865)	\$ -	\$ -	\$ (1,795)
Subscription Assets:					
Airport System	(1,106)	(739)	1,004		(841)
Solid Waste Management	(525)	(418)	717		(226)
Nonmajor Enterprise Funds	(2,057)	(876)	1,666		(1,267)
Total Subscription Assets	\$ (3,688)	\$ (2,033)	\$ 3,387	\$ -	\$ (2,334)
Total Accumulated Depreciation/Amortization	\$ (738,871)	\$ (51,673)	\$ 12,187	\$ -	\$ (778,357)
Total Depreciable Assets, net	\$ 696,151	\$ (43,541)	\$ (3,533)	\$ 56,912	\$ 705,989
Total Capital Assets, net	\$ 817,283	\$ 199,928	\$ (3,914)	\$ -	\$ 1,013,297

End of Schedule

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Notes to Financial Statements

Note 5 Capital Assets (Continued)

CPS Energy

CPS Energy's plant-in-service includes seven power stations that are solely owned and operated by CPS Energy. In total, there are 22 generating units at these seven power stations, two of which are coal-fired and 20 of which are gas-fired (units not in thousands). CPS Energy has publicly committed to transitioning away from coal generation by calendar year 2028. CPS Energy also has two solar generating units, one of which also includes battery storage. Excluding STP (nuclear units), the following is a list of power stations and respective generating units in service at January 31, 2025.

Power Station	Generating Units	Type
Calaveras	4	Coal (2)/Gas (2)
Barney Davis	2	Gas
Braunig	8	Gas
Laredo	2	Gas
Leon Creek	4	Gas
Nueces Bay	1	Gas
Rio Nogales	1	Gas
Commerce	1	Solar/Battery Storage
Community	1	Solar

Plant Acquisition – In fiscal year 2025, CPS Energy issued taxable senior lien bonds to acquire two natural gas-fired generation facilities located in Corpus Christi, Texas, as well as a natural gas-fired generation facility located in Laredo, Texas. The acquisition of the Barney Davis, Nueces Bay and Laredo generation facilities adds approximately 1,710 MW of generation that will provide additional resiliency and reliability to CPS Energy customers as well as additional power to sell into the ERCOT market. CPS Energy has integrated these plants into its rate base to provide generation capacity that will not otherwise be available once the V.H. Braunig units are retired.

Other notable capital assets in electric and gas plant include supporting coal yard assets, a fleet of railcars, a transmission network for the movement of electric power from the generating stations to substations, electric and gas distribution systems, and metering. Included in general plant are two data centers; the McCullough headquarters campus; the construction and customer service centers; and a fleet of automobiles, trucks and work equipment.

Intangible assets consist of easements, software, leases, SBITAs and other intangible items.

As part of normal operations, CPS Energy evaluates whether surplus property exists within the capital asset portfolio and whether such property should be sold or reported as held for sale.

Asset Impairments – There were no capital asset impairments identified for fiscal year 2025.

Notes to Financial Statements

Note 5 Capital Assets (Continued)

CPS Energy (Continued)

Investment in STP Unit 1 and 2 – STP is a two-unit nuclear power plant located in Matagorda County, Texas. It is maintained and operated by the STP Nuclear Operating Company (STPNOC), a nonprofit Texas corporation special-purpose entity. It is financed and controlled by the owners – CPS Energy; the City of Austin; and Constellation South Texas, LLC. CPS Energy's 40.0% interest in STP Units 1 and 2 is included in plant assets.

STP Capital Investment, Net	
	January 31, 2025
STP Capital Assets, net	
Land	\$ 5,701
Construction in progress, STP Units 1 and 2	16,362
Electrical and general plant	790,453
Intangibles	9,879
Nuclear Fuel	144,928
Total STP Capital Assets, net	<u>\$ 967,323</u>
Total CPS Energy Capital Assets, net	<u>\$ 11,004,386</u>
STP Capital Investments as a percentage of total CPS Energy Capital Assets, net	8.8%

Joint Base San Antonio (JBSA) Electric and Gas Systems – In July 2019, CPS Energy executed a Bill of Sale with the Department of Defense for \$87,054 for the electric and gas systems at three JBSA installations: JBSA Randolph, JBSA Lackland and JBSA Lackland Training Annex. In addition to the fixed assets acquired, \$84,297 in deferred inflows for the unrealized future recoveries associated with the JBSA agreement was recorded at the time of the purchase. This amount is being amortized over the 50-year Utilities Privatization Contract that covers the JBSA systems.

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Notes to Financial Statements

Note 5 Capital Assets (Continued)

CPS Energy (Continued)

The following table provides more detailed information on the activity of CPS Energy's net capital assets as presented on the Statement of Net Position, including capital asset activity for fiscal year 2025:

Capital Assets - CPS Energy					
	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Non-Depreciable Assets:					
Land	\$ 121,672	\$ -	\$ 1,133	\$ (7,340)	\$ 115,465
Land Easements	107,611		239	(4)	107,846
Construction in Progress	1,220,274	837,859	(985,115)		1,073,018
Total Non-Depreciable Assets	\$ 1,449,557	\$ 837,859	\$ (983,743)	\$ (7,344)	\$ 1,296,329
Depreciable Assets:					
Utility Plant in Service:					
Electric Plant	13,168,007	861,944	743,892	(15,002)	14,758,841
Gas Plant	1,391,898	26,111	115,271	(533)	1,532,747
General Plant	806,702	5,634	47,231	(43,407)	816,160
Intangibles:					
Software	204,255		77,349	(13,986)	267,618
Other	13,069				13,069
Leases:					
Buildings	3,902	308			4,210
Equipment	1,918				1,918
Subscription assets	48,227	14,091		(7,852)	54,466
Nuclear Fuel	1,283,333	48,720			1,332,053
Total Depreciable Assets	\$ 16,921,311	\$ 956,808	\$ 983,743	\$ (80,780)	\$ 18,781,082
Accumulated Depreciation and Amortization:					
Utility Plant in Service:					
Electric Plant	(6,655,013)	(401,040)		35,867	(7,020,186)
Gas Plant	(517,374)	(32,295)		3,160	(546,509)
General Plant	(185,143)	(33,668)		41,036	(177,775)
Intangibles:					
Software	(90,674)	(31,841)		13,986	(108,529)
Other	(2,368)	(1,024)		859	(2,533)
Leases:					
Buildings	(2,175)	(587)			(2,762)
Equipment	(32)	(384)			(416)
Subscription assets	(18,853)	(16,189)		7,852	(27,190)
Nuclear Fuel	(1,136,126)	(50,999)			(1,187,125)
Total Accumulated Depreciation, Depletion and Amortization	\$ (8,607,758)	\$ (568,027)	\$ -	\$ 102,760	\$ (9,073,025)
Total Capital Assets, net	\$ 9,763,110	\$ 1,226,640	\$ -	\$ 14,636	\$ 11,004,386

Cash flow information – Cash paid for additions and net removal costs totaled \$1,728,051. This amount includes \$1,720,391 in additions to construction-in-progress and electric, gas and general plant, partially offset by \$6,117 in donated assets.

Other – Depreciation and amortization expense for the period totaled \$517,028, while amortization of nuclear fuel of \$50,999 was included in fuel expense on CPS Energy's Statement of Revenues, Expenses and Changes in Net Position, in CPS Energy's separately issued financial statements.

Notes to Financial Statements

Note 5 Capital Assets (Continued)

San Antonio Water System (SAWS)

Capital asset activity for SAWS is as follows:

Capital Assets - San Antonio Water System					
	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Non-Depreciable Assets:					
Land	\$ 181,075	\$ 18	\$ 4,590	\$ (2,513)	\$ 183,170
Intangible Assets:					
Water Rights	248,881			(565)	248,316
Other	370				370
Construction in Progress	830,450	703,222	(631,077)	(4,945)	897,650
Total Non-Depreciable Assets	\$ 1,260,776	\$ 703,240	\$ (626,487)	\$ (8,023)	\$ 1,329,506
Depreciable Assets:					
Utility Plant in Service:					
Structures and Improvements	1,096,334		42,005	(393)	1,137,946
Pumping and Purification	289,056	1,112		(63)	290,105
Distribution and Transmission System	4,003,977		316,011	(30,910)	4,289,078
Treatment Facilities	3,572,251		267,042	(16,818)	3,822,475
Total Utility Plant in Service	\$ 8,961,618	\$ 1,112	\$ 625,058	\$ (48,184)	\$ 9,539,604
Machinery and Equipment:					
Machinery and Equipment	533,878	16,076	1,429	(2,387)	548,996
Furniture and Fixtures	6,591				6,591
Computer Equipment	34,036	665		(604)	34,097
Software	66,683	32			66,715
Total Machinery and Equipment	\$ 641,188	\$ 16,773	\$ 1,429	\$ (2,991)	\$ 656,399
Intangible Subscription Assets	6,892				6,892
Other Intangible Assets	1,354				1,354
Total Depreciable Assets	\$ 9,611,052	\$ 17,885	\$ 626,487	\$ (51,175)	\$ 10,204,249
Accumulated Depreciation:					
Utility Plant in Service:					
Structures and Improvements	(357,475)	(28,938)		178	(386,235)
Pumping and Purification	(122,979)	(9,681)		37	(132,623)
Distribution and Transmission System	(1,060,262)	(82,654)		30,762	(1,112,154)
Treatment Facilities	(996,588)	(70,430)		16,458	(1,050,560)
Machinery and Equipment:					
Machinery and Equipment	(243,873)	(30,809)		2,379	(272,303)
Furniture and Fixtures	(6,475)	(47)			(6,522)
Computer Equipment	(26,631)	(2,294)		559	(28,366)
Software	(54,220)	(2,565)			(56,785)
Intangible Subscription Assets	(1,691)	(1,936)			(3,627)
Other Intangible Assets	(923)	(68)			(991)
Total Accumulated Depreciation	\$ (2,871,117)	\$ (229,422)	\$ -	\$ 50,373	\$ (3,050,166)
Total Depreciable Assets, net	\$ 6,739,935	\$ (211,537)	\$ 626,487	\$ (802)	\$ 7,154,083
Total Capital Assets, net	\$ 8,000,711	\$ 491,703	\$ -	\$ (8,825)	\$ 8,483,589

Asset Impairment – SAWS periodically reviews its capital assets for possible impairment. As part of SAWS' capital improvement program, SAWS incurs costs to design capital improvement projects. These costs are included in capital assets as Construction in Progress. Periodically the actual construction of these projects may not occur due to changes in plans. Once it has been determined that construction will not proceed, any capitalized costs are charged off to operating expenses. Design and project costs written off totaled \$4,945 in 2024.

Notes to Financial Statements

Note 6 Receivables and Payables

Disaggregation of Receivables and Payables

Primary Government (City)

Net receivables at September 30, 2025 are as follows:

	Customer Accounts	Taxes	Notes and Loans	Accrued Interest	Other	Total Net Receivables	Lease Receivables
Governmental Activities	\$ 138,483	\$ 44,602	\$ 158,823	\$ 8,164	\$ 103,325	\$ 453,397	\$ 52,338
Business-Type Activities	40,765			1,943	108	42,816	78,741
Total	<u>\$ 179,248</u>	<u>\$ 44,602</u>	<u>\$ 158,823</u>	<u>\$ 10,107</u>	<u>\$ 103,433</u>	<u>\$ 496,213</u>	<u>\$ 131,079</u>

The receivable balances for Governmental Activities have been reduced by estimated allowances for doubtful accounts in the amount of \$232,820; \$132,039 against customer accounts, \$2,841 against taxes, \$52,779 against notes and loans and \$44,891 against other receivables. The receivable balances for Business-Type Activities have been reduced by estimated allowances for doubtful accounts of \$162 against customer accounts and \$108 against other receivables.

Of the \$158,823 recorded in notes and loans, only \$69,867 is expected to be collected within one year. The remaining \$88,956 note and loans receivables not expected to be collected within one year are related to General Fund, 2022 General Obligation Bonds, CDBG, and Community Services net of allowance for doubtful accounts of \$102,397. The \$102,397 allowance is comprised of forgivable non-interest-bearing notes and loans and aged loans greater than 90 days that are collectible. The notes and loans not collectible within 60 days have a corresponding deferred inflows of resources balance recorded within the governmental funds.

Payables at September 30, 2025 are as follows:

	Accounts	Construction	Accrued Payroll	Total Payables	Lease Payables	Subscription Payables
Governmental Activities	\$ 115,307	\$ 60,221	\$ 22,705	\$ 198,233	\$ 66,648	\$ 85,648
Business-Type Activities	21,066	84,494	3,372	108,932	11,172	4,891
Total	<u>\$ 136,373</u>	<u>\$ 144,715</u>	<u>\$ 26,077</u>	<u>\$ 307,165</u>	<u>\$ 77,820</u>	<u>\$ 90,539</u>

CPS Energy

Disaggregation of Receivables – Net customer accounts receivable as of January 31, 2025, included \$32,170 for unbilled revenue receivables and \$322,112 for billed utility services. Interest and other receivables included \$22,592 for regulatory-related receivables and \$115,909 for other miscellaneous receivables.

Disaggregation of Payables – At January 31, 2025, accounts payable and accrued liabilities included \$343,298 related to standard operating supplier and vendor accounts payables, including fuels payable; \$46,565 for employee-related payables; \$141,689 for customer related payables; \$30,310 for STP-related payables; and \$299,584 for other miscellaneous payables and accrued liabilities.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 6 Receivables and Payables (Continued)

Disaggregation of Receivables and Payables (Continued)

San Antonio Water System (SAWS)

Disaggregation of Receivables – Gross customer accounts receivables as of December 31, 2024, included \$81,656 from customers; \$28,962 in unbilled revenue; \$3,633 receivable from leases and other governmental agencies, and \$8,511 for interest receivable, less an allowance of \$21,576.

Disaggregation of Payables – At December 31, 2024, accounts payable and other current liabilities included \$49,963 in accounts payable; \$12,107 accrued compensated absences; \$4,643 in accrued payroll and benefits; \$134,035 in construction contracts; \$15,950 in customer deposits; and \$11,771 in other miscellaneous payables.

Interfund Receivable and Payable Balances

Primary Government (City)

The following is a summary of interfund receivables and payables for the City as of September 30, 2025:

	Due From Other Funds	Due To Other Funds
General Fund:		
Debt Service Fund	\$ 92	\$ 225
COVID-19 Funds	8,981	3,475
Categorical Grant In-Aid	86,239	
Nonmajor Governmental Funds	9,278	
Total General Fund	<u>\$ 104,590</u>	<u>\$ 3,700</u>
Debt Service Fund:		
General Fund	225	92
Total Debt Service Fund	<u>\$ 225</u>	<u>\$ 92</u>
COVID-19 Funds:		
General Fund	3,475	8,981
Total COVID-19 Funds	<u>\$ 3,475</u>	<u>\$ 8,981</u>
Categorical Grant In-Aid:		
General Fund		86,239
Total Categorical Grant In-Aid	<u>\$ -</u>	<u>\$ 86,239</u>
Nonmajor Governmental Funds:		
Nonmajor Governmental Funds	8,907	18,185
Total Nonmajor Governmental Funds	<u>\$ 8,907</u>	<u>\$ 18,185</u>
Total	<u>\$ 117,197</u>	<u>\$ 117,197</u>

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 6 Receivables and Payables (Continued)

Interfund Receivable and Payable Balances (Continued)

Primary Government (City) (Continued)

As of September 30, 2025, the interfund receivable and payable balances represent short-term loans resulting from timing differences between the dates that transactions are recorded in the accounting system and short-term borrowings at fiscal year-end. Of the \$104,590 due from other funds reported in General Fund, \$104,498 is timing differences due to providing services and reimbursements not yet received. All interfund balances are expected to be paid within one year.

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Notes to Financial Statements

Note 7 Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Primary Government (City)

Deferred outflows and inflows of resources in the Statement of Net Position are shown in the table below:

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Deferred Outflows of Resources:			
Deferred Outflows of Resources related to Pensions	\$ 333,272	\$ 9,768	\$ 343,040
Contributions Subsequent to Measurement Date related to Pensions	125,814	11,267	137,081
Deferred Outflows of Resources related to OPEB	194,222	15,228	209,450
Contributions Subsequent to Measurement Date related to OPEB	40,145	329	40,474
Deferred Outflows of Resources related to ARO	1,259	570	1,829
Unamortized Debt Reacquisition Costs	26,128	1,538	27,666
Total Deferred Outflows of Resources	\$ 720,840	\$ 38,700	\$ 759,540
Deferred Inflows of Resources:			
Deferred Inflows of Resources related to Pensions	\$ 51,123	\$ 6,000	\$ 57,123
Deferred Inflows of Resources related to OPEB	361,193	49,130	410,323
Deferred Inflows of Resources related to Leases	77,163	77,298	154,461
Deferred Inflows of Resources related to SCA	19,342		19,342
Total Deferred Inflows of Resources	\$ 508,821	\$ 132,428	\$ 641,249

Additional information concerning deferred outflows of resources and deferred inflows of resources related to pensions and OPEB can be found in Note 10 Pension and Retirement Plans and Note 11 Other Postemployment Benefits, respectively. Additional information concerning deferred inflows of resources related to leases and service concession arrangements (SCA) can be found in Note 14 Leases and Subscription-Based Information Technology Arrangements and Note 20 Other Disclosures, respectively. Additional information concerning deferred outflows of resources related to ARO can be found in Note 15 Other Obligations, respectively.

Notes to Financial Statements

Note 7 Deferred Outflows and Inflows of Resources (Continued)

Primary Government (City) (Continued)

Deferred inflows of resources in the governmental fund financial statements related to unavailable revenues are shown in the table below:

	Governmental Funds
Deferred Inflows of Resources:	
Revenues associated with:	
Loans receivables	\$ 150,728
Grants	88,505
Leases	48,349
Property Tax Collections	42,715
Service Concession Arrangements	19,342
EMS Collections	11,783
Municipal Court Fines	938
Library Fines	925
Alarm Fees	4,306
Magistrate/Detention Fees	400
Other entities	26,650
Total Deferred Inflows of Resources in the Balance Sheet - Governmental Funds Statement	\$ 394,641

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Notes to Financial Statements

Note 7 Deferred Outflows and Inflows of Resources (Continued)

CPS Energy

Deferred outflows and inflows of resources are shown in the table below:

Deferred Outflows of Resources:	CPS Energy
Unrealized pension contributions	\$ 72,774
Losses related to pension	194,790
Unrealized contributions to the OPEB Plan	576
Losses related to OPEB	81,298
Unrealized losses to fuel hedges	90,471
Unamortized debt reacquisition costs	38,577
Unamortized costs for AROs	438,955
Total Deferred Outflows of Resources	\$ 917,441
Deferred Inflows of Resources:	
Unrealized gains related to pension	\$ 6,079
Unrealized gains related to OPEB	35,072
Leases	9,649
Sale of future revenues	66,939
Unamortized debt reacquisition costs	58,630
Total Deferred Inflows of Resources	\$ 176,369

San Antonio Water Systems (SAWS)

Deferred outflows and inflows of resources are shown in the table below:

Deferred Outflows of Resources:	SAWS
Deferred charges on bond refunding	\$ 15,588
Decrease of fair value of hedging derivatives	993
Deferred outflows of resources related to AROs	43,252
Unrealized pension contributions	12,367
Net Difference between expected and actual experience and change in assumption	5,212
Net Difference between projected and actual earnings on pension plan investments	21,429
Unrealized OPEB contributions	150
Difference between expected and actual experience and changes of assumptions related to OPEB	9,564
Net Difference between expected and actual earnings on OPEB plan investments	4,284
Total Deferred Outflows of Resources	\$ 112,839
Deferred Inflows of Resources:	
Differences between expected and actual experience and changes of assumptions related to pension	\$ 2,430
Differences between expected and actual experience and changes of assumptions related to OPEB	14,873
Gain on bond refunding	7,906
Leases	3,635
Total Deferred Inflows of Resources	\$ 28,844

Notes to Financial Statements

Note 8 Long-Term Obligations

Primary Government (City)

Governmental Activities Long-Term Obligations

Issuances

The City's debt management and on-going capital improvement financing for infrastructure and "quality of life" purposes resulted in the issuance of additional indebtedness during fiscal year 2025.

On May 7, 2022, voters approved a \$1,200,000 bond program (2022 Bond Program), the largest bond program in the City's history. On August 14, 2025, the City issued \$221,650 in General Improvement and Refunding Bonds, Series 2025 to provide funding for projects in the 2022 Bond Program and to refinance debt for interest cost savings. The refunding portion of \$81,015 included a premium of \$5,093. The debt refunded included Tax-Exempt General Improvement and Refunding Bonds, Series 2014 and Series 2015, in addition to, Tax-Exempt Certificates of Obligation, Series 2015. As a result of the refunding, the City will realize a total decrease of \$3,323 in debt service payments and total deferred charges of \$4,252. Through this refunding, the City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,818. The remaining \$140,635 included a premium of \$10,324, and were issued to finance improvements to streets, bridges, and sidewalks; drainage and flood control; parks and recreation; library and cultural facilities; and public safety facilities. The Bonds have maturities ranging from 2026 to 2045, with interest rates at 5.0%.

On August 14, 2025, the City issued \$112,770 in Combination Tax and Revenue Certificates of Obligation, Series 2025; \$13,575 in Combination Tax and Revenue Certificates of Obligation, Taxable Series 2025, and \$54,440 in Tax Notes, Series 2025 to provide funding for projects in the City's Capital Budget. The Tax-Exempt Certificates of Obligation included a premium of \$9,927, and were issued to finance improvements to drainage, public safety, streets, information technology, municipal facilities, parks and recreation and land acquisition related to the Edwards Aquifer program. The Tax-Exempt Certificates have maturities ranging from 2026 to 2045, with an interest rate of 5.0%. The Taxable Certificates of Obligation proceeds were issued to finance capital improvement elements of solar program. The Taxable Certificates have maturities ranging from 2026 to 2045, with interest rates ranging from 4.0% to 5.6%. The Tax Notes proceeds included a premium of \$1,801, and were issued to finance improvements for information technology, municipal facilities, parks and recreation, street maintenance projects, police, and other improvements. The Tax Notes have maturities ranging from 2026 to 2028, with an interest rate of 5.0%.

Pledges and Significant Terms

The City's General Obligation Bonds, Certificates of Obligation, Tax Notes, and Public Property Finance Contractual Obligations are secured by ad valorem taxes levied upon all taxable property located within the City, within the limitations prescribed by law. The Certificates of Obligations are additionally secured by a lien on and pledge of certain revenues of the City's municipal parks system not to exceed \$1 during the entire period the Certificates of Obligation or interest thereon remains outstanding in order to permit the Certificates of Obligation to be sold for cash. The total outstanding debt that is secured by an ad valorem tax pledge is \$3,058,300 including \$2,583,765 that is reported in government-type activities. Remedies for nonpayment of ad valorem tax-backed debt is bondholder suit in mandamus to compel the City's payment of scheduled debt service to occur in a given year. There is no lien on property, right to accelerate, or default rate of interest for City non-payment.

The Municipal Drainage Utility System Revenue Bond is secured by a lien on Stormwater revenues. Remedies for nonpayment of debt is limited to the right of bondholders to file a mandamus action to compel the City's payment of scheduled debt service to occur in a given year. There is no lien on property, right to accelerate, or default rate of interest for City non-payment.

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

Primary Government (City) (Continued)

Governmental Activities Long-Term Obligations (Continued)

Pledges and Significant Terms (Continued)

The Starbright Industrial Development Corporation Contract Revenue Bonds are secured with a pledge of utility revenue received by the City from CPS Energy. Remedies for nonpayment by the City of sums due under the Economic Development Contract between the City and the issuer are limited to the right of the trustee to pursue any remedies authorized by applicable law. Remedies for nonpayment of debt are limited to the right of the trustee, on behalf of the bondholders, to file a mandamus action to compel the issuer's payment of scheduled debt service to occur in a given year. There is no lien on property, right to accelerate, or default rate of interest for issuer or City non-payment.

The Texas Municipal Facilities Corporation (MFC) has secured bonds and loans. The 2011 MFC Bonds financed the construction of a new Fire and Police Emergency Dispatch Center, also known as the Public Safety Answering Point (PSAP) and are paid semi-annually by the General Fund. The payments from the General Fund are supported by appropriated lease payments which equal the annual debt service on the bonds. The 2011 MFC Bonds were paid off in advance of the maturity date in October 2024. The 2019 MFC Contract Revenue Notes financed the redevelopment of two buildings at Brooks City Base for the City and are paid by annually appropriated Brooks City-Base Tax Increment Reinvestment Zone revenues. The 2021 MFC Bonds financed a portion of the acquisition and funded the renovation of the City Tower building for a consolidated City administrative office building. These Lease Revenue Bonds are paid semi-annually by the City Tower Fund and are supported by City department budget assessments, parking revenues, and external lease revenue held in the City Tower Lease Payment Fund. The 2023 MFC Contract Revenue Notes financed the Edwards Aquifer Protection Program. On October 30, 2025, a principal payment of \$30,000 was made on the 2023 MFC Contract Revenue Notes. See Note 22, Subsequent Events, for additional information. The Contract Revenue Notes are secured by a portion of the City's revenue payment from SAWS and paid for from the General Fund. Payment of debt service on the bonds and notes is solely dependent upon the payment by the City (as the "lessee" under the related lease agreement) of lease payments under the lease. In the event the City fails to appropriate for the payment of lease payments during any fiscal year, the lease will terminate at the end of the fiscal year for which sufficient appropriations have been made, and the City must, upon the expiration of such fiscal year, surrender possession and control of the assets to the lessor or the trustee. Remedies available under the lease upon a failure of the City to pay lease payments from appropriated funds could include some of the following: (i) immediate acceleration of all lease payments due or to become due during the current fiscal year, (ii) termination of the City's leasehold interest in the assets, (iii) the right of the trustee to take possession and control of the asset, and to sell, or lease or otherwise dispose of the asset upon foreclosure under the related mortgage and security agreement, (iv) with or without terminating the primary lease, immediate acceleration of all operating expenses due or to become due during the current fiscal year, and (v) take any other action at law or in equity that may be necessary or desirable to collect lease payments, including filing a suit in mandamus to compel payment. Remedies available under the trust agreement upon a failure of the issuer to pay debt service on the bonds or the occurrence of an event of default under the lease agreement include, (i) with or without terminating the lease and to the extent permitted by law, immediate acceleration of all outstanding bonds at the option of the trustee or if directed by the holders of at least 25.0% in principal amount of the outstanding bonds, and (ii) the right of the trustee to terminate the lease and take possession and control of the asset, and to sell, or lease, sublease or otherwise dispose of the asset upon foreclosure under the related mortgage and security agreement.

Notes to Financial Statements**Note 8 Long-Term Obligations (Continued)****Primary Government (City) (Continued)****Governmental Activities Long-Term Obligations (Continued)****Pledges and Significant Terms (Continued)**

For the Texas Municipal Facilities Corporation, City Tower Renovation Project, upon the occurrence of an Event of Default, the Master Trustee shall have the right to take one or any combination of the following remedial steps to the extent permitted by law (i) declare the principal of all outstanding parity bonds and all unpaid accrued interest thereon to be due and payable immediately, (ii) terminate the Sublease upon giving 30 days written notice to the City and the Corporation at the expiration of which period of time the City shall immediately surrender possession and control of the City Tower to the Master Trustee and the Master Trustee shall have the right, thereafter, to sublease the City Tower to any third party for a period up to but not exceeding the remaining Term of the Primary Lease, and (iii) exercise any rights, powers, or remedies it may have as a secured party under the Uniform Commercial Code of the State, or other similar laws in effect, and shall have the power to proceed with any available right or remedy granted by the financing documents, as it may deem best, including any suit, action, mandamus, or special proceeding in equity or at law or in bankruptcy or otherwise for the collection of all amounts due and unpaid under the Financing Documents, for specific performance of any covenant or agreement contained herein or therein, or for the enforcement of any legal or equitable remedy as the Master Trustee shall deem most effective to protect the rights aforesaid, insofar as such may be authorized by law.

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Notes to Financial Statements**Note 8 Long-Term Obligations (Continued)****Primary Government (City) (Continued)****Governmental Activities Long-Term Obligations (Continued)****Pledges and Significant Terms (Continued)**

Texas Public Facilities Corporation Improvement and Refunding Lease Revenue Bonds, Convention Center Facilities, are paid by annually appropriated lease payments from any money that has not been encumbered to secure the payment of any indebtedness of the City and that may lawfully be used with respect to any payment obligated or permitted under the lease agreement, including but not limited to unencumbered and lawfully available revenues derived by the City from hotel occupancy taxes levied by the City; annual ad valorem taxes levied for maintenance and operation purposes (although pursuant to the authorization adopted on November 21, 2024, this portion of the security will not be pledged to prospective obligations issued); the 1.0% general sales and use tax levied by the City; and transfers from City-owned utility systems. The finance plan is based upon the utilization of hotel occupancy taxes and no other sources are anticipated to be used. In the event the City (as the "sublessee" under the related lease agreement) fails to appropriate for the payment of lease payments during any fiscal year, (i) the sublease will terminate at the end of the fiscal year for which sufficient appropriations have been made (but the primary lease will remain in existence and will not terminate), (ii) the City must, upon the expiration of such fiscal year, surrender possession and control of the Convention Center facilities to the trustee, and (iii) the City will be prohibited from conducting any operations or activities at the Convention Center facilities. Remedies available under the lease agreement upon a failure of the City to pay lease payments from appropriated funds include, (i) terminating the sublease upon the trustee giving 30 days written notice to the City, after which the City must surrender possession and control of the Convention Center facilities to the trustee, (ii) with or without terminating the sublease, (a) immediate acceleration of all lease payments due or to become due during the current fiscal year, and (b) the right of the trustee to take possession and control of the Convention Center facilities and exclude the City from using the Convention Center facilities, (iii) with or without terminating the primary lease, immediate acceleration of all operating expenses due or to become due during the current fiscal year, and (iv) take any other action at law or in equity that may be necessary or desirable to collect lease payments, including filing a suit in mandamus to compel payment. Remedies available under the trust agreement upon a failure of the issuer to pay debt service on the bonds or the occurrence of an event of default under the lease agreement include, (i) with or without terminating the sublease and to the extent permitted by law, immediate acceleration of all outstanding bonds at the option of the trustee or if directed by the holders of at least 25.0% in principal amount of the outstanding bonds, and (ii) the right of the trustee to terminate the sublease and take possession and control of the Convention Center facilities, and to sublease the Convention Center facilities for a period up to but not exceeding the remaining term of the primary lease.

Prior Years' Defeased Debt

In prior years, the City advance refunded, prior to maturity, certain General Obligation Bonds, Revenue Bonds, Certificates of Obligation and Tax Notes. The refunding bonds were utilized to purchase securities, which are direct obligations of the United States of America (the Purchased Securities). The Purchased Securities plus cash were deposited into irrevocable escrow accounts in amounts scheduled to mature in principal amounts that, when added to interest earned on the Purchased Securities plus remaining balances in the escrow fund, are fully sufficient to make timely payment on the principal, premium if any, and interest scheduled to come due on the refunded obligations. The refunded obligations represent a legal defeasance and are no longer a liability of the City; therefore, they are not included in the City's financial statements. As of September 30, 2025, \$27,915 of previously defeased bonds are outstanding.

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

Primary Government (City) (Continued)

Governmental Activities Long-Term Obligations (Continued)

The following table is a summary of changes for the year-ended September 30, 2025 for governmental activities:

Governmental Activities Long-Term Debt							
Issue	Time of Original Issuance			Balance Outstanding October 1, 2024	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2025
	Original Amount	Final Principal Payment	Interest Rates (%)				
Tax-Exempt General Obligation Bonds:							
Series 2014	\$ 227,275	2034	2.000-5.000	\$ 21,690	\$ -	\$ (21,690)	\$ -
Series 2014 Refunding	51,955	2025	0.500-5.000	2,065		(2,065)	
Series 2015	234,510	2035	4.000-5.000	76,265		(76,265)	
Series 2016	194,175	2036	3.000-5.000	80,455		(15,340)	65,115
Series 2017	88,070	2037	4.000-5.000	57,400		(3,770)	53,630
Series 2018	154,850	2038	3.000-5.000	108,880		(5,570)	103,310
Series 2019 Refunding (HUD)	24,570	2025	3.000-5.000	3,770		(3,770)	
Series 2019 Refunding	383,940	2040	3.000-5.000	325,870		(14,920)	310,950
Series 2020	145,565	2040	3.000-5.000	117,790		(5,090)	112,700
Series 2021	128,295	2041	4.000-5.000	106,775		(4,265)	102,510
Series 2022	57,680	2042	4.000-5.000	53,960		(1,905)	52,055
Series 2023	163,665	2043	4.000-5.000	156,135		(30,000)	126,135
Series 2024	175,975	2044	5.000	175,975		(6,340)	169,635
Series 2025 Improvement and Refunding	221,650	2045	5.000		221,650		221,650
Total Tax-Exempt General Obligation Bonds	\$ 2,252,175			\$ 1,287,030	\$ 221,650	\$ (190,990)	\$ 1,317,690
Taxable General Obligation Bonds:							
Series 2020 Refunding	\$ 437,420	2034	0.314-2.013	\$ 337,670	\$ -	\$ (28,445)	\$ 309,225
Series 2022	100,520	2042	3.274-4.531	72,390		(2,855)	69,535
Total Taxable General Obligation Bonds	\$ 537,940			\$ 410,060	\$ -	\$ (31,300)	\$ 378,760
Tax-Exempt Certificates of Obligation:							
Series 2015	\$ 36,360	2035	1.500-5.000	\$ 14,775	\$ -	\$ (12,045)	\$ 2,730
Series 2016	84,855	2036	2.000-5.000	59,375		(3,900)	55,475
Series 2017	73,360	2037	3.000-5.000	45,395		(3,115)	42,280
Series 2018	131,610	2038	4.000-5.000	104,145		(5,340)	98,805
Series 2019	30,235	2039	4.000-5.000	21,660		(1,955)	19,705
Series 2020	40,500	2040	3.000-5.000	33,895		(1,865)	31,830
Series 2021	41,425	2041	3.000-5.000	37,220		(1,505)	35,715
Series 2022	79,830	2042	4.000-5.000	74,685		(2,640)	72,045
Series 2023	46,990	2033	5.000	43,500		(3,925)	39,575
Series 2024	123,850	2035	5.000	123,850		(19,760)	104,090
Series 2025	112,770	2045	5.000		112,770		112,770
Total Tax-Exempt Certificates of Obligation	\$ 801,785			\$ 558,300	\$ 112,770	\$ (56,050)	\$ 615,020
Taxable Certificates of Obligation:							
Series 2015	\$ 43,820	2035	0.880-4.162	\$ 27,350	\$ -	\$ (2,060)	\$ 25,290
Series 2016	24,830	2036	0.921-3.278	15,210		(1,750)	13,460
Series 2016 (Fixed Conversion)	47,000	2038	2.580-4.050	46,795		(885)	45,910
Series 2018	8,600	2040	0.300-2.400	6,625		(365)	6,260
Series 2020	15,440	2046	0.793-2.933	12,630		(705)	11,925
Series 2021A	22,890	2041	0.220-2.670	19,825		(1,020)	18,805
Series 2024	32,355	2044	4.131-4.997	32,355		(1,215)	31,140
Series 2025	13,575	2045	4.070-5.580		13,575		13,575
Total Taxable Certificates of Obligation	\$ 208,510			\$ 160,790	\$ 13,575	\$ (8,000)	\$ 166,365
Tax Notes:							
Series 2023	30,450	2025	5.000	15,545		(15,545)	
Series 2024	55,100	2027	5.000	55,100		(17,695)	37,405
Series 2025	54,440	2028	5.000		54,440		54,440
Total Tax Notes	\$ 139,990			\$ 70,645	\$ 54,440	\$ (33,240)	\$ 91,845

(Continued)

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

Primary Government (City) (Continued)

Governmental Activities Long-Term Obligations (Continued)

Governmental Activities Long-Term Debt							
Issue	Time of Original Issuance			Balance Outstanding October 1, 2024	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2025
	Original Amount	Final Principal Payment	Interest Rates (%)				
Revenue Bonds:							
Series 2013 Municipal Drainage	\$ 70,685	2030	3.000-5.000	\$ 29,835	\$ -	\$ (5,325)	\$ 24,510
Series 2013 Starbright Industrial Dev Corp	20,890	2033	1.078-4.750	12,020		(1,135)	10,885
Series 2011 Municipal Facilities Corp	27,925	2041	2.000-5.000	20,115		(20,115)	
Series 2021 Municipal Facilities Corp	59,760	2048	3.000-5.000	59,490		(1,110)	58,380
Series 2012 Public Facilities Corp	550,374	2042	3.000-5.100	256,300			256,300
Series 2022 Public Facilities Corp and Refunding	292,880	2037	5.000	286,280		(5,630)	280,650
Series 2024 Tax-Exempt Remarketing Municipal Facilities Corp	29,445	2050	5.000	29,445			29,445
Total Revenue Bonds	\$ 1,051,959			\$ 693,485	\$ -	\$ (33,315)	\$ 660,170
Notes from Direct Placements:							
Series 2023 Municipal Facility Corp - Contractual Obligations	\$ 30,000	2027	3.950	\$ 30,000	\$ -	\$ -	\$ 30,000
Total Notes from Direct Placements	\$ 30,000			\$ 30,000	\$ -	\$ -	\$ 30,000
Bonds from Direct Placements:							
Series 2019 Municipal Facilities Corp	\$ 6,065	2034	2.390	\$ 4,325	\$ -	\$ (390)	\$ 3,935
Series 2020 Public Facilities Corp - Contractual Obligations	11,300	2025	1.701	2,335		(2,335)	
Series 2021 Taxable Certificates of Obligation	15,955	2035	2.010	15,020		(935)	14,085
Total Bonds from Direct Placements	\$ 33,320			\$ 21,680	\$ -	\$ (3,660)	\$ 18,020
Total	\$ 5,055,679			\$ 3,231,990	\$ 402,435	\$ (356,555)	\$ 3,277,870

(End of Schedule)

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Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

Primary Government (City) (Continued)

Governmental Activities Long-Term Obligations (Continued)

Annual Requirements

The annual requirements to amortize all General Obligation Bonds, Certificates of Obligation, Tax Notes, Revenue Bonds, Notes from Direct Placements, and Bonds from Direct Placements outstanding as of September 30, 2025 are as follows:

Year-Ending September 30,	Principal and Interest Requirements					
	General		Certificates of		Tax Notes	
	Obligation Bonds ¹		Obligation ²			
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 139,575	\$ 64,227	\$ 46,565	\$ 33,261	\$ 38,540	\$ 3,425
2027	124,235	59,812	41,145	31,745	40,310	1,658
2028	120,005	55,128	61,900	29,361	12,995	325
2029	116,265	50,593	66,300	26,406		
2030	114,370	46,527	59,875	23,508		
2031-2035	532,590	171,552	298,245	79,136		
2036-2040	399,650	77,632	140,940	27,197		
2041-2045	149,760	14,204	61,855	6,104		
2046-2047			4,560	67		
Total	<u>\$ 1,696,450</u>	<u>\$ 539,675</u>	<u>\$ 781,385</u>	<u>\$ 256,785</u>	<u>\$ 91,845</u>	<u>\$ 5,408</u>

¹ Includes both Tax-Exempt and Taxable General Obligation Bonds.

² Includes both Tax-Exempt and Taxable Certificates of Obligation.

Year-Ending September 30,	Principal and Interest Requirements					
	Revenue Bonds		Notes from Direct Placements		Bonds from Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 16,180	\$ 29,432	\$ -	\$ 1,185	\$ 1,335	\$ 377
2027	18,755	28,631	30,000	1,185	1,340	349
2028	22,220	27,700			1,350	320
2029	21,820	26,688			1,365	292
2030	24,480	25,645			1,375	263
2031-2035	143,815	109,930			11,255	679
2036-2040	234,150	68,260				
2041-2045	136,920	19,294				
2046-2050	41,830	7,645				
Total	<u>\$ 660,170</u>	<u>\$ 343,225</u>	<u>\$ 30,000</u>	<u>\$ 2,370</u>	<u>\$ 18,020</u>	<u>\$ 2,280</u>

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

Primary Government (City) (Continued)

Governmental Activities Long-Term Obligations (Continued)

In May 2022, the citizens authorized the City to sell \$1,200,000 in debt for the 2022-2027 Bond Program. The program includes 183 projects designed to improve and enhance existing, as well as acquire or construct, streets, bridges, and sidewalks; drainage and flood control; parks, recreation, and open spaces; library, museum and cultural facilities; public safety facilities; and affordable housing. The Bonds are pledged with and will be repaid from ad valorem tax revenue the City collects on an annual basis.

Authorization Date	Purpose	Authorized but Unissued General Obligation Debt		
		Amount Authorized	Bonds Previously Issued	Bonds Authorized but Unissued
5/7/2022	Streets, Bridges, and Sidewalks ¹	\$ 471,557	\$ 231,904	\$ 239,654
5/7/2022	Drainage and Flood Control ¹	169,873	70,410	99,463
5/7/2022	Parks, Recreation, and Open Space ¹	271,915	169,253	102,662
5/7/2022	Library, Museum, and Cultural Facilities ¹	58,375	49,345	9,029
5/7/2022	Public Safety Facilities ¹	78,280	58,433	19,847
5/7/2022	Affordable Housing ²	150,000	123,540	26,460
Total		<u>\$ 1,200,000</u>	<u>\$ 702,885</u>	<u>\$ 497,115</u>

¹ The amount issued of \$579,345 includes the par value of the bonds in the amount of \$537,955, the premium of the bonds in the amount of \$44,909, and less the cost of issuance of \$3,519.

² The taxable amount issued of \$123,540 is the par value of the bonds, with project funding of \$122,770 and cost of issuance of \$770.

Debt Limitation

The amount of debt that the City may incur is limited by City Charter and by the Constitution of the State of Texas. The City Charter establishes a limitation on the general obligation debt supported by ad valorem taxes to an amount not to exceed 10.0% of the total assessed valuation. The total assessed valuation for fiscal year 2025 was \$211,496,772 which provides a debt ceiling of \$21,149,677. The total outstanding debt that is secured by an ad valorem tax pledge is \$3,058,300 (1.45%) including \$474,535 that is reported in business-type activities.

The Constitution of the State of Texas provides that the ad valorem taxes levied by the City for debt service and maintenance and operation purposes shall not exceed \$2.50 for each \$100 of assessed valuation of taxable property. There is no limitation within the \$2.50 rate for interest and sinking fund purposes; however, it is the policy of the Attorney General of the State of Texas to prohibit the issuance of debt by a city if such issuance produces debt service requirements that exceed the amount that can be paid from \$1.50 tax rate calculated at 90.0% collections. The Debt Service component is determined by the City's debt service requirements. The fiscal year 2025 Debt Service rate was 21.150 cents per \$100 of taxable valuation. (Amounts in this paragraph are not in thousands).

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

Primary Government (City) (Continued)

Governmental Activities Long-Term Obligations (Continued)

Interfund Borrowings

In 2016, the City authorized proceeds of \$18,100 from the Combination Tax and Revenue Certificates of Obligation, Taxable Series 2016 to finance improvements to Hemisfair Park including continuing restoration of historic buildings, a civic park, landscaping, and other improvements. HPARC agreed to fund all regularly scheduled debt service on this debt. Until this debt has been fully repaid and retired, revenues from the NW Quadrant P3 development would be paid directly to the City, on behalf of HPARC, to fund the annual debt service requirements. To the extent that those revenues are not sufficient, HPARC would repay the debt service using other rental revenues. As a result of the COVID-19 pandemic and resulting delays in the development of the NW Quadrant P3, HPARC requested a five-year deferral with debt payments to the City resuming in fiscal year 2028. HPARC began accruing interest on the deferred amount in fiscal year 2023 at a rate of 4.0%. The total deferred amounts of \$8,809, of which \$7,821 is deferred debt service payments and \$988 interest, will be paid in full on or before September 30, 2029. HPARC will pay the remaining balance beginning February 1, 2028 and annually thereafter through fiscal year 2036.

The following is HPARC's restructured debt schedule for fiscal year-ended September 30, 2025:

Year-Ending September 30,	Principal	Interest	Total
2026	\$ -	\$ -	\$ -
2027			
2028			
2029	8,514	2,443	10,957
2030	1,324	245	1,569
2031-2035	7,148	705	7,853
2036-2037	1,549	22	1,571
Total	<u>\$ 18,535</u>	<u>\$ 3,415</u>	<u>\$ 21,950</u>

The City has authorized proceeds from various Certificates of Obligation issuances to MGA-SA to finance improvements to City owned golf courses. MGA-SA will repay the interfund borrowing with interest from revenues generated by its golf operations. Since MGA-SA is a blended component unit, activity between the Community Service Funds and MGA-SA are eliminated as part of government-wide reporting.

The following table is a summary of changes for the year-ended September 30, 2025:

Issue	Time of Original Issuance			Balance Outstanding October 1, 2024	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2025
	Original Amount	Final Principal Payment	Interest Rates (%)				
Series 2010	\$ 1,185	2025	3.676	\$ 100	\$ -	\$ (100)	\$ -
Series 2015	4,000	2025	1.500-5.000	490		(490)	
Series 2016	3,275	2031	2.000-5.000	1,805		(225)	1,580
Series 2018	1,315	2033	4.000-5.000	900		(80)	820
Series 2021	1,655	2031	5.000	1,240		(150)	1,090
Series 2023	3,710	2033	5.000	3,415		(310)	3,105
Total	<u>\$ 15,140</u>			<u>\$ 7,950</u>	<u>\$ -</u>	<u>\$ (1,355)</u>	<u>\$ 6,595</u>

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

Primary Government (City) (Continued)

Business-Type Activities Long-Term Obligations

Business-Type Activities long-term obligations applies to those City operations that relate to business and quasi-business activities where net income and capital maintenance are measured (enterprise funds). Long-term debt, which is to be repaid from enterprise fund resources, is reported in the respective proprietary fund. The long-term indebtedness of the City's enterprise funds is presented in the discussion that follows.

On May 22, 2025, the City sold \$200,000 in Tax Notes, Taxable Series 2025 through a private placement with Frost Bank. The 2025 Taxable Notes were sold to provide interim financing for airport capital improvements to fund the Terminal Development Program. The 2025 Taxable Notes mature in 2032, with an interest rate of 5.3%.

Pledges and Significant Terms

The Airport System includes the City of San Antonio International Airport, Stinson Municipal Airport, and all land, buildings, structures, equipment, and facilities pertaining thereto. The Airport System's long-term debt consists of Airport System Revenue Improvement Bonds (GARB), Passenger Facility Charge and Subordinate Lien Bonds (PFC), and Customer Facility Charge Revenue Bonds (CFC). GARBs are payable from and secured solely by an irrevocable first lien on and pledge of the gross revenues of the Airport System. Gross revenues of the Airport System include all revenues of any nature derived from contracts or use agreements with airlines and other users of the Airport System and its facilities. PFCs are payable from and secured by an irrevocable first lien on and pledge of the PFC revenues and a first lien on and pledge of the subordinate net revenues. CFCs are payable from and secured by an irrevocable first lien on and pledge of the CFC revenues. Remedies for nonpayment of debt related to GARB, PFC, and CFC is limited to the right of bondholders to file a mandamus action to compel the City's payment of scheduled debt service to occur in a given year. There is no lien on property, right to accelerate, or default rate of interest for City non-payment.

The Development Services Department includes coordinating land and building development throughout the City. Long-term debt is allocated to Development Services on a pro rata basis from proceeds received from the issuance of certificates of obligation and is paid from revenues derived from the operation of Development Services. The allocated debt is secured by an ad valorem tax pledge.

The total outstanding debt that is secured by an ad valorem tax pledge allocated to business-type activities is \$474,535. Remedies for nonpayment of ad valorem tax-backed debt is bondholder suit in mandamus to compel the City's payment of scheduled debt service to occur in a given year. There is no lien on property, right to accelerate or default rate of interest for City non-payment.

Prior Years' Defeased Debt

As of September 30, 2025, business-type activities do not have previously defeased debt outstanding.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

Primary Government (City) (Continued)

Business-Type Activities Long-Term Obligations (Continued)

The following table is a summary of changes for the year-ended September 30, 2025 for business-type activities:

Business-Type Long-Term Debt							
Time of Original Issuance							
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2024	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2025
Airport System:							
Revenue Bonds:							
Series 2012 Refunding	\$ 70,135	2027	2.000-5.000	\$ 18,110	\$ -	\$ (5,735)	\$ 12,375
Series 2012 PFC Refunding	25,790	2027	2.000-5.000	6,815		(2,160)	4,655
Series 2015	38,805	2045	5.000	34,610		(970)	33,640
Series 2015 CFC	123,900	2045	2.910-5.871	115,890		(2,375)	113,515
Series 2019A Refunding	47,255	2032	5.000	33,545		(3,515)	30,030
Series 2019B Refunding	36,280	2040	2.020-3.527	31,180		(1,350)	29,830
Series 2019A PFC Refunding	63,405	2032	5.000	43,205		(5,100)	38,105
Series 2019B PFC Refunding	31,535	2040	2.120-3.707	26,615		(1,300)	25,315
Taxable Tax Notes:							
Series 2023	269,635	2026	5.635	269,635			269,635
Series 2025	200,000	2032	5.300		200,000		200,000
Subtotal	\$ 906,740			\$ 579,605	\$ 200,000	\$ (22,505)	\$ 757,100
Development Services:							
Tax-Exempt Certificates of Obligation:							
Series 2019	\$ 6,190	2039	4.000-5.000	\$ 5,140	\$ -	\$ (240)	\$ 4,900
Subtotal	\$ 6,190			\$ 5,140	\$ -	\$ (240)	\$ 4,900
Total	\$ 912,930			\$ 584,745	\$ 200,000	\$ (22,745)	\$ 762,000

The annual requirements to amortize long-term debt for the City's Enterprise Funds related to General Obligation Bonds, Certificates of Obligation, Tax Notes, Revenue Bonds, and Bonds from Direct Placements outstanding at September 30, 2025 are as follows:

Year-Ending September 30,	Principal and Interest Requirements					
	Airport System			Development Services		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 293,595	\$ 32,515	\$ 326,110	\$ 255	\$ 220	\$ 475
2027	25,315	23,823	49,138	265	207	472
2028	53,450	21,724	75,174	280	194	474
2029	56,225	18,910	75,135	295	180	475
2030	59,135	15,964	75,099	305	165	470
2031-2035	155,520	43,668	199,188	1,785	585	2,370
2036-2040	60,900	24,334	85,234	1,715	175	1,890
2041-2045	52,960	9,356	62,316			
Total	\$ 757,100	\$ 190,294	\$ 947,394	\$ 4,900	\$ 1,726	\$ 6,626

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

Primary Government (City) (Continued)

Governmental and Business-Type Activities Long-Term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	\$ 1,287,030	\$ 221,650	\$ (190,990)	\$ 1,317,690	\$ 108,195
Taxable General Obligation Bonds	410,060		(31,300)	378,760	31,380
Tax-Exempt Certificates of Obligation	558,300	112,770	(56,050)	615,020	38,010
Taxable Certificates of Obligation	160,790	13,575	(8,000)	166,365	8,555
Tax Notes	70,645	54,440	(33,240)	91,845	38,540
Revenue Bonds	693,485		(33,315)	660,170	16,180
Notes from Direct Placements	30,000			30,000	
Bonds from Direct Placements	21,680		(3,660)	18,020	1,335
Gross Bonds Payable	\$ 3,231,990	\$ 402,435	\$ (356,555)	\$ 3,277,870	\$ 242,195
Unamortized (Discount)/Premium	\$ 189,905	\$ 27,145	\$ (39,175)	\$ 177,875	\$ 28,479
Net Bonds Payable	\$ 3,421,895	\$ 429,580	\$ (395,730)	\$ 3,455,745	\$ 270,674
Other Payables:					
Lease Liability ^{4,6}	\$ 72,250	\$ 1,914	\$ (7,516)	\$ 66,648	\$ 6,936
Subscription Liability ^{4,6}	88,801	13,049	(16,202)	85,648	18,370
Financed Purchases ^{4,6}	4,916	8,420	(2,218)	11,118	2,764
Compensated Absences	263,356	46,645		310,001	130,145
Net Pension Liability ¹	1,378,043	715,335	(751,547)	1,341,831	
Net OPEB Liability ²	784,044	139,792	(113,574)	810,262	
Claims Payable Liability	89,782	217,471	(211,740)	95,513	33,783
Arbitrage Rebate Payable ³	15,919	10,190	(3,306)	22,803	4,967
Pollution Remediation Liability ³	2,052	516	(794)	1,774	1,774
Asset Retirement Obligations ³	2,088			2,088	
Other Payable	30		(1)	29	
Total Other Payables	\$ 2,701,281	\$ 1,153,332	\$ (1,106,898)	\$ 2,747,715	\$ 198,739
Total Governmental Activities	\$ 6,123,176	\$ 1,582,912	\$ (1,502,628)	\$ 6,203,460	\$ 469,413
Business-Type Activities:					
Bonds Payable:					
Tax-Exempt Certificates of Obligation	\$ 5,140	\$ -	\$ (240)	\$ 4,900	\$ 255
Taxable Tax Notes	269,635	200,000		469,635	269,635
Revenue Bonds	309,970		(22,505)	287,465	23,960
Gross Bonds Payable	\$ 584,745	\$ 200,000	\$ (22,745)	\$ 762,000	\$ 293,850
Unamortized (Discount)/Premium	\$ 8,911	\$ -	\$ (1,987)	\$ 6,924	\$ 1,644
Net Bonds Payable	\$ 593,656	\$ 200,000	\$ (24,732)	\$ 768,924	\$ 295,494
Other Payables:					
Leases Liability ^{4,6}	\$ 11,679	\$ 69	\$ (576)	\$ 11,172	\$ 655
Subscription Liability ^{4,6}	6,694	4,019	(5,820)	4,891	1,149
Financed Purchases ^{4,6}	8,628	5,012	(1,697)	11,943	2,237
Compensated Absences	8,289	2,660		10,949	9,031
Net Pension Liability ¹	120,246	58,834	(65,999)	113,081	
Net OPEB Liability ²	48,101	9,847	(10,922)	47,026	
Accrued Landfill Postclosure Costs ⁴	159		(40)	119	119
Pollution Remediation Liability ³	1,274			1,274	
Asset Retirement Obligations ³	786			840	
Total Other Payables	\$ 205,856	\$ 80,495	\$ (85,054)	\$ 201,295	\$ 13,191
Total Business-Type Activities	\$ 799,512	\$ 280,495	\$ (109,786)	\$ 970,219	\$ 308,685

¹ See Note 10 Pension and Retirement Plans for a description of the pension program.

² See Note 11 Other Postemployment Benefits for a description of the postemployment program.

³ See Note 13 Commitments and Contingencies for a description of Arbitrage costs and Landfill Postclosure Care costs.

⁴ See Note 14 Leases & SBITA for a description of Lease Liability, SBITA Liability, and Financed Purchases reporting.

⁵ See Note 15 Other Obligations for a description of the Pollution Remediation Liability and Asset Retirement Obligations.

⁶ See Note 21 Adjustments and Restatements for additional information.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

Primary Government (City) (Continued)

Governmental and Business-Type Activities Long-Term Obligations (Continued)

Compensated Absences

The following is a summary of compensated absences for the fiscal year-ended September 30, 2025:

Fund Type	Governmental Activities			Long-Term	Total
	Short-Term Available	Short-Term Remaining	Short-Term		
Governmental Funds	\$ 8,396	\$ 114,553	\$ 122,949	\$ 178,537	\$ 301,486
Internal Service Funds		7,196	7,196	1,319	8,515
Total Governmental Activities	<u>\$ 8,396</u>	<u>\$ 121,749</u>	<u>\$ 130,145</u>	<u>\$ 179,856</u>	<u>\$ 310,001</u>

Fund	Business-Type Activities		
	Short-Term	Long-Term	Total
Airport System	\$ 3,829	\$ 1,551	\$ 5,380
Solid Waste Management	3,170	367	3,537
Nonmajor Enterprise Funds	2,032		2,032
Total Business-Type Activities	<u>\$ 9,031</u>	<u>\$ 1,918</u>	<u>\$ 10,949</u>

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Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

CPS Energy

To support its long-term capital financing needs, CPS Energy uses several types of debt instruments. As of January 31, 2025, these included fixed-rate and variable-rate bonds, as well as commercial paper. Relative to the bond instruments, provisions may be included that allow for refunding after specified time periods during the bond term.

Subject to applicable timing restrictions that may prevent early payoff, CPS Energy also has the option to defease or extinguish debt. A defeasance occurs when funds are placed in an irrevocable trust to be used solely for satisfying scheduled payments of both interest and principal of the defeased debt, which fully discharges the bond issuer's obligation. At the time of an extinguishment, since the issuer no longer has the legal obligation, the defeased debt is removed from the Statement of Net Position, the related unamortized costs are expensed, and the gain or loss is immediately recognized.

Bond premiums and discounts are amortized using the effective interest method over the life of the related debt.

CPS Energy's outstanding debt agreements specify certain events of default or breach of a financial covenant or failure to make debt service. Such an event would trigger a covenant requiring the City to charge rates sufficient to make debt service payments and satisfy debt service coverage. During the year-ended January 31, 2025, CPS Energy did not default on any terms of its debt agreements.

As of January 31, 2025, the bond ordinances for New Series Bonds contained, among others, the following provisions:

The City agrees that it will maintain rates and charges for the sale of electric energy, gas, or other services furnished, provided, and supplied by CPS Energy to the City and all other consumers, which shall be reasonable and nondiscriminatory, and which will produce income and revenues sufficient to pay:

- All operation and maintenance expenses, depreciation, replacement and betterment expenses, and other costs as may be required by Chapter 1502 of the Texas Government Code, as amended;
- The interest on, and principal of, senior lien bonds, as defined in the New Series Bond ordinances, as and when the same shall become due, and for the establishment and maintenance of the funds and accounts created for the payment and security of the senior lien bonds;
- The interest on, and principal of, the prior lien bonds, including the junior lien obligations and any additional junior lien obligations hereafter issued (all as defined in the New Series Bond ordinances), as and when the same shall become due, and for the establishment and maintenance of the funds and accounts created for the payment and security of the junior lien obligations and any additional junior lien obligations;
- To the extent the same are reasonably anticipated to be paid with available revenues (as defined in the ordinance authorizing the commercial paper), the interest on and principal of all notes (as defined in said ordinance), and the credit agreement (as defined in said ordinance); and
- Any inferior lien obligations or any other legal debt or obligation of CPS Energy as and when the same shall become due.

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

CPS Energy (Continued)

Revenue deposited in CPS Energy's General Account shall be pledged and appropriated to be used in the following priority for:

- Maintenance and operating expenses of CPS Energy;
- Payment of the current and future senior lien obligations;
- Payment of prior lien bonds, including junior lien obligations;
- Payment of the notes and the credit agreement (as defined in the ordinance authorizing commercial paper);
- Payment of any inferior lien obligations issued;
- An annual amount equal to 6.0% of the gross revenues of CPS Energy to be deposited in the Repair and Replacement Account;
- Payment of the annual amount due to the General Fund of the City of San Antonio;
- Any remaining net revenues of CPS Energy in the General Account to the Repair and Replacement Account, which is used to partially fund construction costs.

Revenue Bonds

On June 25, 2024, CPS Energy issued \$452,220 of New Series 2024A Revenue Refunding Bonds. Proceeds, including the \$47,182 premium associated with the bonds, were used to refund \$200,000, \$8,522, and \$285,000 par value of the Tax-Exempt Commercial Paper Series A, Tax-Exempt Commercial Paper Series B, and Tax-Exempt Flexible Rate Revolving Note Series B, respectively. The true interest cost for this issuance, which has maturities in 2025 through 2049, is 4.3%.

On June 25, 2024, CPS Energy issued \$453,355 of New Series 2024B Revenue Refunding Bonds. Proceeds, including the \$39,810 premium associated with the bonds, were used to refund \$30,770 par value of Series 2014 Revenue Refunding Bonds and \$60,655 par value of Taxable New Series 2022 Revenue Refunding Bonds. Proceeds were also used to tender \$24,275 par value of Taxable New Series 2020 Revenue Refunding Bonds and \$77,165 par value of Taxable New Series 2022 Revenue Refunding Bonds. The true interest cost for this issuance, which has maturities from 2025 through 2054, is 4.4%.

Also on June 25, 2024, CPS Energy issued \$193,265 of New Series 2024C Revenue Refunding Bonds. Proceeds, including the \$18,038 premium associated with the bonds, were used to refund \$60,000, \$75,000, and \$75,000 par value of the Tax-Exempt Commercial Paper Series A, Tax-Exempt Commercial Paper Series B, and Tax-Exempt Commercial Paper Series C, respectively. The true interest cost for this issuance, which has maturities from 2025 to 2054, is 4.5%.

On September 18, 2024, CPS Energy issued \$487,995 of Series 2024D Revenue Refunding Bonds, Proceeds, including the \$58,453 premium associated with the bonds, were used to refund \$124,205 par value of the 2015A Variable Rate Junior Lien Revenue Refunding Bonds, \$99,740 par value of the 2015C Variable Rate Junior Lien Revenue Bonds, \$295,000 par value of the Tax-Exempt Commercial Paper Series A, and \$21,400 par value of the Tax-Exempt Commercial Paper Series C, respectively. The true interest cost for this issuance, which has maturities in 2025 through 2049, is 4.2%.

On September 18, 2024, CPS Energy issued \$268,710 of New Series 2024E Revenue Refunding Bonds. Proceeds, including the \$33,062 premium associated with the bonds, were used to refund \$50,000, \$150,000, and \$100,000 par value of the Taxable Commercial Paper Series B, Taxable Commercial Paper Series C, and Taxable Flexible Rate Revolving Note Series A, respectively. The true interest cost for this issuance, which has maturities in 2025 through 2049 is 4.2%.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

Long-Term Debt Activity							
Issue	Time of Original Issuance			Balance Outstanding February 1, 2024	Additions During Year	Decreases During Year	Balance Outstanding January 31, 2025
	Original Amount	Final Principal Payment	Interest Rates (%)				
Revenue and Refunding Bonds:							
2009C Taxable Senior Lien ¹	\$ 375,000	2039	6.051	\$ 375,000	\$ -	\$ -	\$ 375,000
2010A Taxable Senior Lien ¹	380,000	2041	3.834	280,000			280,000
2010A Taxable Junior Lien ¹	300,000	2041	3.399	300,000			300,000
2012 Taxable Senior Lien	521,000	2042	4.382	404,225			404,225
2012 Tax Exempt New Series	655,370	2025	2.552	236,735		(123,245)	113,490
2014 Tax Exempt Junior Lien	200,000	2044	4.142	30,770		(30,770)	
2015A Tax Exempt Junior Lien	125,000	2033	Variable	124,205		(124,205)	
2015B Tax Exempt Junior Lien	125,000	2033	1.428	104,150			104,150
2015 Tax Exempt Senior Lien	320,530	2032	2.992	218,410		(20,230)	198,180
2015 Tax Exempt Senior Lien	235,000	2039	3.476	235,000			235,000
2015C Tax Exempt Junior Lien	100,000	2045	Variable	99,740		(99,740)	
2015D Tax Exempt Junior Lien	100,000	2046	Variable	99,450			99,450
2016 Tax Exempt Senior Lien	544,260	2034	2.144	334,940		(3,795)	331,145
2017 Tax Exempt Senior Lien	267,320	2047	3.804	267,320			267,320
2017 Tax Exempt Senior Lien	194,980	2047	3.619	194,980			194,980
2018 Tax Exempt Senior Lien	218,285	2028	2.745	122,425			122,425
2018A Tax Exempt Senior Lien	130,220	2048	3.654	130,220			130,220
2018 Tax Exempt Junior Lien	134,870	2048	Variable	134,870			134,870
2019 Tax Exempt Senior Lien	114,685	2030	1.462	114,685			114,685
2019 Tax Exempt Junior Lien	252,640	2041	2.885	252,640			252,640
2020 Tax Exempt Senior Lien	134,580	2049	3.132	134,580			134,580
2020 Tax Exempt Junior Lien	127,770	2049	Variable	127,770			127,770
2020 Taxable Senior Lien	418,255	2048	2.864	328,635		(24,275)	304,360
2021A Tax Exempt Junior Lien	330,700	2049	3.139	330,700			330,700
2022 Tax Exempt Junior Lien	125,005	2049	Variable	125,005			125,005
2022 Tax Exempt Junior Lien	234,460	2044	2.782	234,460			234,460
2022 Taxable Senior Lien	413,720	2047	4.315	276,040		(144,880)	131,160
2022 Tax Exempt Senior Lien	109,620	2025	2.264	62,885		(24,220)	38,665
2023A Tax Exempt - Senior Lien	459,450	2050	4.382	459,450		(490)	458,960
2023B Tax Exempt - Senior Lien	177,130	2044	4.209	177,130			177,130
2023 Tax Exempt - Junior Lien	100,340	2053	Variable	100,340			100,340
2023C Tax Exempt - Senior Lien	162,715	2042	4.336	162,715		(2,155)	160,560
2024A Tax Exempt - Senior Lien	452,220	2049	4.349		452,220		452,220
2024B Tax Exempt - Senior Lien	453,355	2054	4.363		453,355		453,355
2024C Tax Exempt - Senior Lien	193,265	2054	4.481		193,265		193,265
2024D Tax Exempt - Senior Lien	487,995	2054	4.164		487,995		487,995
2024E Tax Exempt - Senior Lien	268,710	2049	4.171		268,710		268,710
Total	\$ 9,943,450			\$ 6,579,475	\$ 1,855,545	\$ (598,005)	\$ 7,837,015
Bond Current Maturities				(181,295)	(2,305)		(183,600)
Bond (Discount)/Premium				425,873	194,546	(51,378)	569,041
Revenue Bonds, Net				\$ 6,824,053	\$ 2,047,786	\$ (649,383)	\$ 8,222,456
Taxable and Tax Exempt Commercial Paper			Variable	351,400	583,522	(934,922)	
Long-term debt, Net				\$ 7,175,453	\$ 2,631,308	\$ (1,584,305)	\$ 8,222,456

¹ Direct Subsidy Build America Bonds

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

Build America Bonds Direct Subsidy - The American Recovery and Reinvestment Act of 2009 (ARRA) provided authority for the issuance of Build America Bonds (BABs), which were issuable in calendar years 2009 and 2010 as taxable bonds. The ARRA permitted the issuer or the issuer's paying agent to receive a subsidy payment equal to 35.0% of the bond's interest directly from the U.S. Department of Treasury. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the federal government has reduced the BABs subsidy through sequestration reduction. For the year-ended January 31, 2025, the total subsidy recorded for the 2009C and 2010A Senior Lien BABs and the 2010A Junior Lien BABs was \$18,423, which included a reduction totaling \$1,115.

As of January 31, 2025, principal and interest amounts due for all revenue bonds outstanding for each of the next five years and thereafter to maturity are:

CPS Energy Principal and Interest Requirements				
Year	Principal	Interest	Direct Subsidy	Total
2026	\$ 183,600	\$ 364,190	\$ (18,443)	\$ 529,347
2027	169,185	361,988	(18,443)	512,730
2028	197,495	365,824	(18,443)	544,876
2029	206,865	361,816	(18,443)	550,238
2030	198,720	355,949	(18,443)	536,226
2031-2035	1,215,760	1,628,342	(94,692)	2,749,410
2036-2040	1,939,070	1,245,074	(61,598)	3,122,546
2041-2045	1,873,365	734,330	(5,488)	2,602,207
2046-2050	1,457,530	304,813		1,762,343
2051-2055	395,425	56,182		451,607
Totals	<u>\$ 7,837,015</u>	<u>\$ 5,778,508</u>	<u>\$ (253,993)</u>	<u>\$ 13,361,530</u>

The above table includes senior lien and junior lien bonds. Interest on the senior lien bonds and the junior lien fixed-rate bonds are based upon the stated coupon rates of each series of bonds outstanding. The direct subsidy associated with the BABs has been presented in a separate column and includes the impact of sequestration. CPS Energy has taken the position that the BABs direct subsidy should be deducted when calculating total debt service since the subsidy is received directly by the trustee to be used solely for BABs debt service payments.

The Series 2015D Junior Lien Bonds were issued as multi-modal variable-rate bonds. The bonds were remarketed in fiscal year 2020 and utilize an interest rate of 1.1% through their term rate period's expiration in fiscal year 2026. A stepped rate of 7.0% is assumed in the previous table for this series thereafter through applicable final maturity. The stepped rate is applicable only if the bonds are not remarketed by their respective expiration date.

The Series 2018 Junior Lien Bonds were issued as multi-modal variable-rate bonds. The bonds were remarketed in fiscal year 2022 as multi-modal variable-rate bonds issued in a SIFMA Index Mode with an applicable spread of 0.9% through their term rate periods of 2025 and at a stepped rate of 8.0% thereafter through applicable final maturity. In the table above, interest on these variable-rate bonds is calculated at an assumed rate of 3.5% for the applicable initial interest period and at an assumed stepped rate of 8.0% thereafter through stated maturity. The stepped rate is applicable only if the bonds are not remarketed by their respective expiration date.

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

The Series 2020 Junior Lien Bonds were issued as multi-modal variable-rate bonds that utilize an interest rate of 1.8% through their term rate period's expiration in 2025. A stepped rate of 7.0% is assumed in the table on previous page for each series thereafter through applicable final maturity. The stepped rate is applicable only if the bonds are not remarketed by their respective expiration date.

The Series 2022 Junior Lien Bonds were issued as multi-modal variable-rate bonds that utilize an interest rate of 2.0% through their term rate period's expiration in 2027. A stepped rate of 7.0% is assumed in the table on the previous page for each series thereafter through applicable final maturity. The stepped rate is applicable only if the bonds are not remarketed by their respective expiration date.

The Series 2023 Junior Lien Bonds were issued as multi-modal variable-rate bonds that utilize an interest rate of 3.7% through their term rate period's expiration in 2026. A stepped rate of 8.0% is assumed in the table on the previous page for each series thereafter through applicable final maturity. The stepped rate is applicable only if the bonds are not remarketed by their respective expiration date.

Pursuant to guidance provided in GASB Statement No. 65, debt reacquisition costs meet neither the definition of an asset nor a liability and are therefore required to be classified as deferred outflows (unamortized loss on debt refunding) or inflows (unamortized gain on debt refunding) of resources on the Statements of Net Position. The debt refundings that occurred in fiscal year 2025 resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$17,847 in deferred inflows of resources. Debt reacquisition costs reported as deferred outflows of resources totaled \$38,577 at January 31, 2025. Debt reacquisition costs reported as deferred inflows of resources totaled \$58,630 at January 31, 2025. These amounts are amortized as components of interest expense using the effective interest method over the shorter of the remaining life of the refunding or the refunded debt.

CPS Energy, as a rate-regulated entity and in accordance with guidance found in GASB Statement No. 62, establishes regulatory assets for debt issuance costs that would otherwise be required to be expensed in accordance with GASB Statement No. 65. This regulatory accounting treatment results in the amortization of these costs over the life of the related debt. Debt issuance costs, which are reported within other noncurrent assets on the Statement of Net Position, totaled \$50,903 at January 31, 2025.

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

CPS Energy (Continued)

Flexible Rate Revolving Notes

In fiscal year 2010, the San Antonio City Council adopted an ordinance authorizing the establishment of the Flexible Rate Revolving Note (FRRN) Private Placement Program (Series A Flex Notes), under which CPS Energy may issue taxable or tax-exempt notes, bearing interest at fixed or variable rates. This ordinance provides for funding to assist in the interim financing of eligible projects that include the acquisition or construction of improvements, additions or extensions to the electric and gas systems, including capital assets and facilities incident and related to the operation, maintenance and administration of fuel acquisition and development and facilities for the transportation thereof; capital improvements to CPS Energy; and refinancing or refunding of any outstanding obligations secured by the net revenues of CPS Energy; or with respect to the payment of any obligation of CPS Energy pursuant to any credit. The note purchase agreement that was entered into in fiscal year 2019, under the program, was not renewed and terminated in calendar year 2019. On May 27, 2020, the Board authorized for CPS Energy to enter into a new FRRN note purchase agreement not to exceed \$100,000.

Additionally, on March 18, 2021, the City Council and the Board approved a second FRRN program (Series B Flex Notes) with an additional \$500,000 in capacity to provide assurance of sufficient liquidity to address the costs incurred related to Winter Storm Uri.

On February 24, 2023, the City entered into a note purchase agreement under the Series A Flex Notes program, with Truist Bank and Truist Commercial Equity, Inc. replacing the note purchase agreement with Wells Fargo Bank, National Association. The stated expiration of the note purchase agreement with Truist Bank and Truist Commercial Equity, Inc. is November 1, 2028. As of January 31, 2025, there were no Series A Flex Notes outstanding.

On April 12, 2023, the City entered into a Note Purchase Agreement under the Series B Flex Notes program, with JPMorgan Chase Bank, National Association, Wells Fargo Bank, and Frost Bank as the note purchasers by contractual agreement in effect through April 4, 2028, with the approval of \$500,000 in additional capacity. As of January 31, 2025, there were no Series B Flex Notes outstanding.

When issued, both Series A and Series B Flex Notes will be classified as long-term in accordance with the financing terms under the Note Purchase Agreement. Any outstanding notes under Series A and Series B Flex Note will be secured by a lien on and pledge of the new revenue of CPS Energy and the proceeds of sale.

Compensated Absences

In fiscal year 2025, CPS Energy adopted a paid-time off ("PTO") benefits policy, which consolidated vacation, sick leave, and personal days. The policy allows employees to earn PTO benefits each pay cycle based on their years of service. At January 31, 2025, the accruals for employee vested benefits were \$27,156 which were reported under Accounts Payable and Other Current Liabilities on the Statement of Net Position. In addition, the adoption of the new policy did not result in a material financial statement impact.

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

San Antonio Water System (SAWS)

City Ordinance No. 75686 requires that SAWS' gross revenues be applied in sequence to: (1) Payment of current maintenance and operating expenses including a two-month reserve amount based upon the budgeted amount of maintenance and operating expenses for the current fiscal year; (2) Debt Service Fund requirements of Senior Lien Obligations; (3) Reserve Fund requirements of Senior Lien Obligations; (4) Interest and Sinking Fund and Reserve Fund requirements of Junior Lien Obligations; (5) Interest and Sinking Fund and Reserve Fund requirements of Subordinate Lien Obligations; (6) Payment of amounts required on Inferior Lien Obligations; and (7) Transfers to the City's General Fund and to SAWS' Renewal and Replacement Fund.

City Ordinance No. 75686 requires SAWS to make payments to the City each month after making all other payments required by the ordinance. The amount of the payment is determined by City Council from time to time and cannot exceed 5.0% of gross revenues. SAWS payment to the City in fiscal year 2025 was 4.0%. Gross Revenues consist of all revenue with respect to the operation and ownership of SAWS with the exception of capital contributions, payments received under the CPS Energy contract, the federal subsidy of interest on Build America Bonds and earnings on funds deposited in the Project Fund and Reserve Fund until the Reserve Fund contains the required reserve amount. The Ordinance does not allow for the provision of free services except for municipal fire-fighting purposes.

SAWS has a contract with CPS Energy, the City-owned electricity and gas utility, for the provision of reuse water. According to City Ordinance No. 75686, the revenues derived from the contract have been restricted in use to only reuse activities and are excluded from gross revenue for purposes of calculating any payments to the City's General Fund.

Net revenues of SAWS have been pledged to the payment and security of its debt obligations. Net revenues are defined by the City Ordinance No. 75686 as SAWS' gross revenues after deducting operating expenses before depreciation.

Revenue Bonds

SAWS issues revenue bonds to finance capital improvement projects, refund outstanding bonds to reduce future debt service payments, and pay the cost of issuance. All SAWS' revenue bonds are secured by a lien on and pledge of net revenues of the system. Additionally, certain SAWS' bonds are further secured by the maintenance of a reserve fund established for the benefit of the bondholders.

On April 1, 2024, SAWS issued \$116,480 in Tax-Exempt Commercial Paper Notes to partially fund an escrow account for the redemption of the City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue Bonds, Series 2019A (No Reserve Fund) (the "Series 2019A Bonds"). Additionally, SAWS deposited \$50,000 from available cash on hand to the escrow account to effectuate the redemption of \$166,480 in Series 2019A Bonds on the bonds mandatory tender date of May 1, 2024.

On September 11, 2024, SAWS issued \$165,310 City of San Antonio, Texas Water System Subordinate Lien Revenue Refunding Bonds, Series 2024A. The proceeds from the sale of the bonds were used to (i) refund \$165,200 of City of San Antonio, Texas Water System Tax-Exempt Commercial Paper, and (ii) pay for costs of issuance. The bonds are secured solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations and Junior Lien Obligations.

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

On October 29, 2024, SAWS issued \$265,075 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2024B (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) finance capital improvement projects, and (ii) pay for cost of issuance. The bonds are secured together with other outstanding junior lien obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding senior lien obligations.

Senior lien water system revenue bonds consist of the Series 2009B and Series 2010B, outstanding in the amount of \$101,835 at December 31, 2024. Senior lien revenue bonds are collateralized by a senior lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operations and maintenance of SAWS and maintaining a two-month operating reserve for such expenses. Interest rates on senior lien bonds range from 5.5% to 5.9%, exclusive of any federal interest subsidy on the Series 2009B and 2010B Build America Bonds.

The junior lien water system revenue bonds are composed of two categories of debt: fixed rate debt and variable rate debt. The junior lien fixed rate debt is similar to the senior lien bonds, as they have fixed interest rates for the life of the bonds. The junior lien variable rate bonds have interest rates that are periodically reset throughout the life of the bonds. An additional component of the fixed rate junior lien debt is direct placement debt with the Texas Water Development Board (TWDB). Direct placement debt with TWDB is offered at subsidized interest rates for qualified water, wastewater, and water supply projects. All the junior lien water system revenue bonds are collateralized by a junior lien and pledge of the gross revenue of SAWS after deducting the current expenses of operation and maintenance of SAWS, maintaining a two-month operating reserve for such expenses, and paying debt service on senior lien obligations.

As of December 31, 2024, direct placement bonds with TWDB consist of Junior Lien Series 2012, Series 2013A, Series 2013C, Series 2013D, Series 2014C, Series 2014D, Series 2015A, Series 2016D, Series 2016E, Series 2018B, Series 2019B, Series 2020B, and Series 2020D in an outstanding amount of \$274,415. Interest rates on the TWDB junior lien fixed rate bonds range from 0.0% to 3.4%.

As of December 31, 2024, the remaining junior lien fixed rate revenue bonds consist of Series 2015B (No Reserve Fund), Series 2016A (No Reserve Fund), Taxable Series 2016B, Series 2016C (No Reserve Fund), Series 2017A (No Reserve Fund), Series 2018A (No Reserve Fund), Series 2019C (No Reserve Fund), Series 2020A (No Reserve Fund), Series 2020C (No Reserve Fund), Series 2021A (No Reserve Fund), Series 2022A (No Reserve Fund), and Series 2022B (No Reserve Fund), Series 2023A (No Reserve Fund), and Series 2024B (No Reserve Fund) is outstanding in the amount of \$2,531,715. Interest rates on the junior lien fixed rate bonds range from 2.0% to 5.3%.

The junior lien variable rate bonds, comprised of the Series 2013F (No Reserve Fund) (Series 2013F Bonds), and the Series 2014B (No Reserve Fund) (Series 2014B Bonds), are outstanding in the amount of \$198,010 at December 31, 2024. The Series 2013F Bonds are tax-exempt variable rate notes currently in a Term Mode through October 31, 2026, at an interest rate of 1.0%. The Series 2014B Bonds are tax-exempt variable rate notes currently in a SIFMA Index Mode with interest reset weekly at a spread of 0.7% over the SIFMA Swap Index through October 31, 2025.

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

Upon conclusion of the initial interest period, SAWS is permitted to change the mode for all or any portion of the junior lien variable interest bonds to a different mode. The Bonds are subject to a mandatory tender without right of retention at the conclusion of the interest period. The Bonds are not subject to the benefit of a liquidity facility provided by a third party. Accordingly, a failure to remarket the Bonds at the end of the initial interest period or subsequent new interest period will result in the rescission of the notice of mandatory tender with respect to the Bonds and SAWS has no obligation to purchase the Bonds at such time. The occurrence of a failed remarketing will not result in an event of default under the ordinance. Until SAWS redeems or remarkets the Bonds that had a failed remarketing, the Bonds shall bear interest at the stepped rate of 7.0% for the Series 2013F Bonds and 8.0% for the Series 2014B Bonds.

The direct placement revenue bonds of \$274,415 contain events of default and/or termination provisions with possible finance-related consequences. SAWS has evaluated the events of default and/or termination provisions with possible finance-related consequences and in the opinion of SAWS, the likelihood is remote that these provisions will have a significant effect on SAWS' financial position or results of operations.

Subordinate lien water system revenue bonds consist of the Series 2024A Bonds, outstanding in the amount of \$165,310 at December 31, 2024. Subordinate lien revenue bonds are collateralized by a subordinate lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operations and maintenance of SAWS, maintaining a two-month operating reserve for such expenses, and paying debt service on senior lien and junior lien debt.

The 2024A Bonds are tax-exempt variable rate bonds issued in a Daily Mode. Upon the occurrence of a failed remarketing, the bonds will be purchased under the liquidity facility being a Standby Bond Purchase Agreement with Trust Bank that expires on September 11, 2029. The 2024A Bonds are subject to a mandatory tender on the substitution of the liquidity facility, change in interest rate mode, on any rate adjustment date, and termination of the liquidity facility.

The following summarizes transactions of the Revenue Bonds for the year-ended December 31, 2024:

	Beginning Balance January 1, 2024	Additions	Reductions	Ending Balance December 31, 2024	Due Within One Year
Revenue Bonds	\$ 2,789,350	\$ 430,385	\$ 222,865	\$ 2,996,870	\$ 60,790
Direct Placement Bonds	288,250		13,835	274,415	13,980
Unamortized Premium	292,994	36,976	29,720	300,250	
Unamortized Discount	(202)		(16)	(186)	
Total Bonds Payable, Net	<u>\$ 3,370,392</u>	<u>\$ 467,361</u>	<u>\$ 266,404</u>	<u>\$ 3,571,349</u>	<u>\$ 74,770</u>

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

The following table shows the annual debt service requirements on SAWS' debt obligations for each of the next five years and then in five-year increments:

Year-Ended December 31,	Annual Debt Service Requirements Revenue and Refunding Bonds							
	Fixed Rate				Variable Rate			
	Revenue Bonds		Direct Placement Bonds		Revenue Bonds			
	Principal	Interest Expense	Direct Subsidy ¹	Net Interest	Principal	Interest Expense	Principal	Interest Expense*
2025	\$ 60,790	\$ 126,931	\$ (1,875)	\$ 125,056	\$ 13,980	\$ 4,408	\$ -	\$ 9,341
2026	73,080	123,127	(1,797)	121,330	14,155	4,242		9,344
2027	71,010	119,500	(1,716)	117,784	14,315	4,062		11,312
2028	72,065	115,936	(1,650)	114,286	14,510	3,869		11,314
2029	96,150	111,786	(1,581)	110,205	14,725	3,660		11,309
2030-2034	536,520	483,714	(7,001)	476,713	72,890	14,641	55,975	52,777
2035-2039	690,235	332,363	(3,292)	329,071	54,390	9,091	70,480	42,994
2040-2044	467,955	190,855	(56)	190,799	55,255	3,584	71,555	31,796
2045-2049	405,680	83,582		83,582	18,890	361	43,450	25,449
2050-2054	160,065	11,618		11,618	1,305	4	121,860	10,143
Total	\$ 2,633,550	\$ 1,699,412	\$ (18,968)	\$ 1,680,444	\$ 274,415	\$ 47,922	\$ 363,320	\$ 215,779

¹ Federal interest rate subsidy on Build America Bonds (BABs) is utilized to pay interest on those bonds but is reported as nonoperating revenue. The Balanced Budget and Emergency Deficit Control Act of 1985, as amended, reduced the BAB subsidy paid during fiscal years 2021-2030 by 5.7%. The BAB subsidy to be received by SAWS is reduced by this amount for payments through September 30, 2030.

* The variable rate bonds are currently in a fixed rate Term Mode and SIFMA Index Mode. Interest listed above is based on fixed rate through the interest period for the Term Mode and a budgeted rate of 3.0% thereafter, 3.0% for the SIFMA Index Mode, and 3.3% for the Daily Mode.

In fiscal year 2024, SAWS received a total of \$1,907 in BABs subsidy.

SAWS is required to comply with various provisions included in the ordinances which authorized the bond issuances. SAWS believes it is in compliance with all significant provisions of the bond ordinances.

Under these bond ordinances, SAWS is required to establish and maintain rates and charges for services sufficient to produce Net Revenues sufficient to pay 1.3 times the annual debt service requirements on senior lien debt obligations (senior lien debt coverage ratio) and at least 1.0 times the current year annual debt service on outstanding junior lien debt. SAWS senior lien debt coverage ratio was 99.7 times at December 31, 2024. The current annual combined debt coverage ratio was 2.0 times at December 31, 2024.

In prior years, SAWS either legally defeased revenue bonds by placing revenues or proceeds of new bond issuance in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in SAWS' financial statements. At December 31, 2024, there were \$2,241 of the former Bexar Metropolitan Water District's bonds outstanding considered legally defeased.

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

San Antonio Water System (SAWS) (Continued)

Compensated Absences

SAWS accrues earned but unused employee vacation and a portion of personal leave pay as well as the employer portion of Social Security taxes and required employer pension contributions related to the accrued vacation and personal leave pay. Per SAWS' policy, unused vacation hours are payable upon termination; therefore, employees are expected to either use or receive a payout for all vacation accrued as of the Measurement Date. Personal leave is not paid out upon termination, but employees have the option of receiving a payout annually for up to 40 hours accrued. Hours above a specific level (880 hours) are also paid out at the end of each calendar year. Personal leave liability is measured related to these payouts as well as leave expected to be used during active employment. The current and long-term portion of these accruals are reported under the Accounts Payable and Other Current Liabilities and Other Payables line items, respectively, in the Statement of Net Position. Changes in the liability amount for 2024 are as follows:

Year-Ended	Liability Beginning Balance ¹	Current-Year Accruals	Payments	Liability Ending Balance	Estimated Due Within One Year
December 31, 2024	\$ 26,677	\$ 17,294	\$ (15,266)	\$ 28,705	\$ 12,107

¹ Restated for the implementation of GASB 101 Compensated Absences

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Notes to Financial Statements

Note 9 Commercial Paper Programs

Primary Government (City)

The City had no commercial paper debt during fiscal year 2025.

CPS Energy

As of January 31, 2025, the commercial paper ordinances contain, among others, the following provisions:

- Authorized capacity of \$1,000,000;
- Allow flexibility to issue tax-exempt or taxable commercial paper;
- Allow the issuance of multiple series notes;
- Final maturity on April 20, 2053.

Eligible projects include fuel acquisition, capital improvements to CPS Energy, and refinancing or refunding any outstanding obligations, which are secured by and payable from a lien and/or a pledge of net revenues of CPS Energy. Such pledge of net revenues is subordinate and inferior to the pledge securing payment of existing senior lien and junior lien obligations. The original commercial paper program has a final maturity of April 11, 2049, and the new series commercial paper program as a final maturity date of April 20, 2053.

To secure the payment of commercial paper principal and interest, a pledge is made of:

- Proceeds from:
 - The sale of Bonds issued for such purposes, and
 - The sale of Project Notes;
- Borrowings under a related Credit Agreement; and
- Amounts held in payment funds used specifically for payment of commercial paper principal and interest balances; and
- The Net Revenues of CPS Energy, however, being subordinate to the pledge securing payment of CPS Energy Revenue Priority Obligations.

The commercial paper has been classified as long-term in accordance with the refinancing terms under various revolving credit agreements with a consortium of banks that serve as liquidity facility support for the commercial paper program. Each revolving credit agreement relates to a particular series of notes and provides liquidity facility support in the amount specified. The Series A agreement provides \$400,000 in liquidity facility support for the Series A Notes and is effective through June 19, 2026. The Series C agreement provides \$100,000 in liquidity facility support for Series C Notes and is effective through June 21, 2025. The New Subseries A1 agreement replaces the Series B capacity of \$200,000 in liquidity support through the New Subseries A1 Notes and is effective through July 31, 2031. The New Series B agreement provides \$150,000 in liquidity support for the New Series B Notes and is effective through July 31, 2028. The New Series C agreement provides \$150,000 in liquidity support for the New Series C Notes and is effective through October 12, 2025. Under the terms of these revolving credit agreements, CPS Energy may borrow up to an aggregate amount not to exceed \$1,000,000 for the purpose of paying principal due under the commercial paper program. As of January 31, 2025, and since inception of the program, there have been no backstop options exercised under the revolving credit agreements.

Notes to Financial Statements

Note 9 Commercial Paper Programs (Continued)

CPS Energy (Continued)

During fiscal year 2025, CPS Energy issued a total of \$583,522 in commercial paper. As of January 31, 2025, there was no outstanding commercial paper.

	January 31, 2025
New Commercial Paper Issues	\$ 583,522
Weighted Average Interest Rate of Outstanding	6.4%
Average Life Outstanding (Number of Days)	232

CPS Energy's outstanding debt agreements specify certain events of default or breach of a financial covenant or failure to make debt service. Such an event would trigger a covenant requiring the City Council to charge rates sufficient to make debt service payments and satisfy debt service coverage. During fiscal year 2025, CPS Energy did not default on any terms of its debt agreements.

San Antonio Water System (SAWS)

SAWS maintains a commercial paper program that is used to provide funds for the interim financing of a portion of its capital improvements. The City Council has authorized the commercial paper program in an amount of \$500,000. Notes payable under the program cannot exceed maturities of 270 days.

The City has covenanted in the ordinance authorizing the commercial paper program (Note Ordinance) the issuance of City of San Antonio, Texas Water System Commercial Paper Notes, Series A (Series A Notes), the issuance of City of San Antonio, Texas Water System Commercial Paper Notes, Series B (Series B Notes), and City of San Antonio, Texas Water System Commercial Paper Notes, Series C (Series C Notes) and the maintenance at all times of credit facilities with banks or other financial institutions which would provide available borrowing capacity sufficient to pay the principal of the commercial paper program. The credit facility is maintained under the terms of a revolving credit agreement. The Note Ordinance also authorizes the ability to designate and issue subseries of notes. The Series A Notes are currently authorized as City of San Antonio, Texas Water System Commercial Paper Notes, Subseries A-1 (Subseries A-1 Notes) and City of San Antonio, Texas Water System Commercial Paper Notes, Subseries A-2 (Subseries A-2 Notes). The Subseries A-2 Notes are directly placed with JPMorgan Chase Bank, N.A. under a Note Purchase Agreement.

The borrowings under the commercial paper program are equally and ratably secured by and are payable from (i) the proceeds from the sale of bonds or additional borrowing under the commercial paper program and (ii) borrowing under and pursuant to the revolving credit agreement. The capacity of the combined revolving credit and note purchase agreements is \$500,000 with the Revolving Credit Agreement with JPMorgan Chase Bank, N.A. in the amount of \$400,000, supporting the Series A Notes expiring October 4, 2026; and the Revolving Credit Agreement with Truist Bank in the amount of \$100,000, supporting the Series B Notes expiring October 31, 2028.

The issuance of commercial paper is further supported by the following agreements and related participants:

- Dealer Agreements with Goldman, Sachs & Co., J.P. Morgan Securities LLC., and Ramirez & Co., Inc.
- Issuing and Paying Agency Agreement with the Bank of New York Mellon Trust Company, N.A.

Notes to Financial Statements

Note 9 Commercial Paper Programs (Continued)

San Antonio Water System (SAWS) (Continued)

Commercial paper notes of \$171,375 are outstanding as of December 31, 2024, with all notes issued under the subseries A-1 Notes. Interest rates on the Subseries A-1 Notes outstanding at December 31, 2024 range from 3.1% to 3.4% and maturities range from 35 to 107 days. All outstanding notes combined had an average rate of 3.3% and average 78 days to maturity.

SAWS intends to reissue maturing commercial paper, in accordance with the refinancing terms of the revolving credit agreement, and ultimately refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, and since SAWS has the available \$500,000 revolving credit agreement described above, SAWS has classified nearly all outstanding commercial paper notes as long-term debt. In accordance with the amortization schedule of the interest rate swap agreement, SAWS intends to redeem \$45,070 of commercial paper in 2025. Therefore, this portion of outstanding commercial paper is classified as a current liability.

The following table summarizes transactions of the program for the year-ended December 31, 2024.

	Beginning Balance Balance as of January 1, 2024	Additions during year	Deletions during year	Ending Balance Balance as of December 31, 2024	Due Within One Year
Tax Exempt Commercial Paper Notes					
Subseries A-1 Notes	\$ 224,945	\$ 116,480	\$ (170,050)	\$ 171,375	\$ 5,070

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Notes to Financial Statements

Note 10 Pension and Retirement Plans

Summary of Pension and Retirement Plans

Pension and Retirement Plans provide information relating to various City and component unit pension plans. These pension and retirement plans include the City's TMRS Plan, the San Antonio Fire and Police Pension Plan, CPS Energy All Employee Plan, the SAWS TMRS Plan, the SAWS Retirement Plan, and the SAWS District Special Project Retirement Income Plan.

	City - TMRS	Fire and Police Pension Plan	Total City Pension Plans	CPS Energy All Employee Plan	SAWS-TMRS	SAWS Retirement Plan	SAWS District Special Project Retirement Income Plan
Total Pension Liability	\$ 2,742,258	\$ 4,961,285	\$ 7,703,543	\$ 2,592,155	\$ 282,983	\$ 310,250	\$ 6,822
Plan Fiduciary Net Position	2,123,869	4,124,762	6,248,631	2,140,673	255,367	288,281	7,899
Net Pension (Asset) Liability	\$ 618,389	\$ 836,523	\$ 1,454,912	\$ 451,482	\$ 27,616	\$ 21,969	\$ (1,077)
Total Deferred Inflows of Resources	\$ (30,579)	\$ (26,544)	\$ (57,123)	\$ (6,079)	\$ (1,532)	\$ (103)	\$ (795)
Deferred Outflows of Resources	34,625	308,415	343,040	194,790	9,388	16,789	464
Contributions Subsequent to Measurement Date	59,269	77,812	137,081	72,774	6,312	6,053	2
Total Deferred Outflows of Resources	\$ 93,894	\$ 386,227	\$ 480,121	\$ 267,564	\$ 15,700	\$ 22,842	\$ 466
Pension Expenses	\$ 108,509	\$ 175,058	\$ 283,567	\$ 92,536	\$ 4,937	\$ 7,523	\$ (214)

Primary Government (City)

Texas Municipal Retirement System (TMRS)

Plan Description — TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with Texas Government Code, Title 8, Subtitle G (TMRS Act) for the benefit of the employees of Texas participating cities. The TMRS Act places the administration and management of TMRS with a six-member Board of Trustees appointed by the Governor with the advice and consent of the Texas Senate. TMRS does not receive any funding from the State of Texas.

TMRS administers a defined benefit cash-balance plan for the eligible employees of 942 participating cities. Under GASB, TMRS is an agent multiple-employer public employee retirement system.

Benefits Provided — TMRS provides retirement, disability, and death benefits to all eligible employees, excluding firefighters and police officers. Members are eligible to retire upon attaining the retirement age of 60 and above with five or more years of service, or with 20 years of service regardless of age. A member is vested after five years, but must leave accumulated contributions in the TMRS plan. If a member withdraws the contributions with interest, the member would not be entitled to the City-financed monetary credits, even if vested.

Benefits depend upon the sum of the employee's contributions to the TMRS plan with interest, the City-financed monetary credits with interest, their age at retirement, and other actuarial factors. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. Prior service credit, granted by the City, is a monetary credit equal to the accumulated value of the percentage of prior service credit adopted times an employee's deposits that would have been made, based on the average salary prior to participation, for the number of months the employee has been employed, accruing 3.00% annual interest, and including the matching ratio adopted by the City (2 to 1). Monetary credits for service since the TMRS plan began are a percentage of the employee's accumulated contributions. In addition, the City may grant, as often as annually or annually on a repeating basis, another type of monetary credit referred to as an updated service credit.

Note 10 Pension and Retirement Plans (Continued)**Primary Government (City) (Continued)****Texas Municipal Retirement System (TMRS) (Continued)**

This monetary credit is determined by hypothetically re-computing the employee's account balance by assuming that the current employee deposit rate (6.00%) has always been in effect. The computation also assumes that the employee's salary has always been the employee's average salary, using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical amount is increased by 3.00% each year and increased by the City's match currently in effect (12.00%). The resulting sum is then compared to the employee's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the City-financed monetary credits with interest were used to purchase an annuity. Employees may choose to receive their retirement benefit in one of seven payment options: retiree life only, retiree life with 100.00% survivor benefit payments, retiree life with 75.00% survivor benefit payments, retiree life with 50.00% survivor benefit payments, retiree life with five years guaranteed balance payout to survivor, retiree life with ten years guaranteed balance payout to survivor, and retiree life with 15 years guaranteed balance payout to survivor. Employees may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments under the retiree life only option, which cannot exceed 75.00% of the total employee's deposits and interest. The City may elect to increase the annuities of its retirees, either annually or on an annually repeating basis, effective January 1 of the calendar year. The City may also adopt annuity increases at a rate equal to 30.00%, 50.00%, or 70.00% of the increase in the Consumer Price Index – all Urban Consumers between the December preceding the employee's retirement date and the December one year before the effective date of the increase, minus any previously granted COLA increases.

City Council, based on available financial resources, may approve an annual ad hoc cost of living adjustment for the City's retirees as part of the annual adopted budget. The ad hoc cost of living adjustments were deemed to be substantively automatic in TMRS' actuarial report. The default method for determining whether ad hoc benefit enhancements are substantively automatic is if the City had granted them in one of the last two years and two of the last five years; the City has met these requirements. TMRS provisions and contribution requirements adopted by the City Council are within the options available in the state statutes governing TMRS and within the actuarial constraints contained in the statutes.

The following table presents information about TMRS Pension Plan participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate the net pension liability (asset), as of the measurement date of December 31, 2024, for the fiscal year-ended September 30, 2025, were:

Number of:	
Active Members	8,046
Retirees and Beneficiaries	5,891
Inactive Members ¹	4,055
Total	<u>17,992</u>

¹ Inactive members are vested employees no longer employed by the City, but are eligible for a deferred retirement benefit. Amounts not in thousands.

Note 10 Pension and Retirement Plans (Continued)**Primary Government (City) (Continued)****Texas Municipal Retirement System (TMRS) (Continued)**

Contributions — The City must pay its required contribution rate, which is determined annually by TMRS' external actuary using the Entry Age Normal actuarial cost method based on the liabilities (assets) created from the benefit plan options selected by the City and any changes in benefits or actual experience over time. This rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for the City is the percentage of total gross payroll which, if applied to all employees' compensation throughout their period of anticipated employment with the City, would be sufficient to pay the expected benefits. The prior service contribution rate amortizes any unfunded (overfunded) actuarial accrued liability (asset) over the amortization period for the City. Both the normal cost and prior service contribution rates include the projected costs of annually repeating benefits adopted by the City, such as updated service credits and cost of living adjustments.

In the fiscal year 2025 budget, City Council adopted a one-time annuity increase that was provided to retired employees and to beneficiaries of deceased employees. The amount of the increase is computed as the sum of the prior service and current service annuities on the effective date of retirement of the person on whose service the annuities are based. This number was multiplied by 70.00% of the percentage change in the Consumer Price Index – all Urban Consumers, from December of the year immediately preceding the effective date of the person's retirement to the December that is 13 months before the effective date of the increase. The provision for the one-time annuity contribution increased from 13.91% to 14.25%, effective January 1, 2025.

The contribution rate for the City's employees is 6.00% of their annual gross earnings during the fiscal year and the matching percent was 14.25% for calendar year 2025, both as adopted by City Council. The City's contribution to TMRS for fiscal year 2025 was \$110,686, with \$32,931 contributed by City employees and \$77,755 contributed by the City. These amounts were equal to required contributions.

As of September 30, 2025, the City reported a payable to TMRS in the amount of \$8,474 for the outstanding amounts of contributions from the City and active civilian employees.

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Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Actuarial Assumptions — The total pension liability calculated in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years (longest amortization ladder)
Asset Valuation Method	Ten-year smoothed fair value; 12.00% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%, including inflation, net of pension plan investment expense
Retirement Age	Experience-based table of rates that vary by age.
Cost-of-living Adjustments	Granted 70.00% retroactive ad hoc COLA
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103.00% and female rates are multiplied by 105.00%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB (10) mortality tables, with the 110.00% of the Public Safety table used for males and the 100.00% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Salary increases were based on a service-based scale. The Retirement Age was last updated for the 2023 valuation pursuant to an experience study of the period ending 2022. Mortality rates for active members, retirees, and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.50% and 3.00% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively.

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The long-term expected rate of return on pension plan investments is 6.75%. A single discount rate of 6.75% was used to measure the total pension liability as of December 31, 2024. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and projection of cash flows, the City's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for the City. The projection of cash flows used to determine the single discount rate for the City assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the City will finance the unfunded actuarial accrued liability over the 21 years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals.

The long-term expected rate of return on pension plan investments is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of arithmetic rates of return for each major asset class are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.00%	6.70%
Core Fixed Income	6.00%	4.70%
Non-Core Fixed Income	20.00%	8.00%
Other Public and Private Markets	12.00%	8.00%
Real Estate	12.00%	7.60%
Hedge Funds	5.00%	6.40%
Private Equity	10.00%	11.60%
Total	100.00%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate — The following presents the City's net pension liability, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.00% lower, 5.75%, or 1.00% higher, 7.75%, than the current rate:

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability	\$ 978,944	\$ 618,389	\$ 319,905

Pension Plan Fiduciary Net Position — Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at <http://www.tmr.com>.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios — The following table presents the changes in the net pension liability for the year-ended September 30, 2025, based on the measurement date and actuarial valuation date of December 31, 2024.

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	\$ 82,977
Interest Cost	173,422
Difference Between Expected and Actual Experience	20,049
Benefit Payments, including Refunds of Employee Contributions	(123,818)
Net Change in Total Pension Liability	\$ 152,630
Total Pension Liability - Beginning	2,589,628
Total Pension Liability - Ending	<u>\$ 2,742,258</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 74,708
Contributions - Employee	32,225
Net Investment Income	201,269
Benefit Payments, including Refunds of Employee Contributions	(123,818)
Administrative Expense	(1,294)
Other	(30)
Net Change in Plan Fiduciary Net Position	\$ 183,060
Plan Fiduciary Net Position - Beginning	1,940,809
Plan Fiduciary Net Position - Ending	<u>\$ 2,123,869</u>
Net Pension Liability	<u>\$ 618,389</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.45%

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Pension Expense — For the year-ended September 30, 2025, based on the actuarial valuation of December 31, 2024, the City recognized pension expense of \$108,509.

Schedule of Pension Expense	
Total Service Cost	\$ 82,977
Interest Cost	173,422
Employee Contributions (Reduction of Expense)	(32,225)
Projected Earnings on Plan Investments (Reduction of Expense)	(131,005)
Administrative Expense	1,294
Other Changes in Fiduciary Net Position	30
Expensed Portion of Current Year Period Differences Between Expected and Actual Experience	5,063
Expensed Portion of Current Year Period Differences Between Projected and Actual Earnings	(14,053)
Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	10,362
Amortization of Prior Year Outflows (Inflows) of Resources - Assets	12,644
Total Pension Expense	<u>\$ 108,509</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At September 30, 2025, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in Expected and Actual Experience	\$ 34,625	\$ -
Changes of Assumptions		(9,802)
Net Difference in Projected and Actual Earnings on Pension Plan Investments		(20,777)
Contributions Subsequent to the Measurement Date	59,269	
Total	<u>\$ 93,894</u>	<u>\$ (30,579)</u>

\$59,269 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-ending September 30, 2026.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in future pension expense as follows:

Year-Ending September 30,	Net Deferred Outflows (Inflows) of Resources
2026	\$ 14,653
2027	29,442
2028	(25,996)
2029	(14,053)
Total	\$ 4,046

City Deferred Compensation

The City has a deferred compensation program for its employees, created in accordance with Internal Revenue Code Section 457(b). The program, available to all full-time civilian and uniform employees, permits them to defer a portion of their salary on a pre-tax basis. The compensation deferred under this program is not available to employees until termination, retirement, death, loan, or qualifying unforeseeable emergency. Participation in the program is voluntary. In fiscal year 2012, the City implemented a matching contribution of up to 1.00% of base salary to eligible executives who participated in the program. In fiscal year 2015, the City increased its matching contribution for executives up to 2.00% of base salary. There has been no change to the matching contribution rate since 2015. In fiscal years 2018, 2019, and 2020, executives in the third and fourth quartile of their salary ranges received 1.00% of their prior year performance pay as a deferred compensation contribution, and this annual contribution will continue for these executives until their employment ends with the City. Performance pay contributions do not count towards the employer match program. The City has no liability for losses under this plan and it does not meet the criteria of a fiduciary activity as defined in GASB Statement No. 84, *Fiduciary Activities*.

Fire and Police Pension Plan

The Pension Fund is a single-employer defined benefit pension plan established in accordance with the laws of the State of Texas, administered by the San Antonio Fire and Police Pension Fund. The governing document for the Pension Fund is found in Vernon's Texas Civil Statutes, Article 6243o. The pension law governing the Pension Fund was amended on October 1, 2009. The Pension Fund meets the criteria of a fiduciary fund of the City as established by governmental standards and is therefore included in the City's financial statements as a pension trust fund. A more complete description of the Pension Fund is provided in the Pension Fund's 2024 separately issued financial statements.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The following table presents information about Pension Plan participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate the net pension liability, as of the measurement date, for the fiscal year-ended December 31, 2024, were:

Number of:	
Active Members	4,315
Retirees and Beneficiaries	3,441
Inactive Members ¹	33
Total	7,789

¹ Inactive members are vested employees no longer employed by the City, but are eligible for a deferred retirement benefit. Amounts not in thousands. Includes terminated members due a refund of contributions.

Currently, the Pension Fund provides retirement benefits to eligible uniformed employees of the fire and police departments of the City who have served for 20 years or more. Employees who terminate prior to accumulating 20 years of service may apply to receive a refund of their contributions. Upon application for a service retirement pension from the Pension Fund, retiring employees are entitled to a retirement annuity computed based on the average of the employee's total salary, excluding overtime pay, for the highest three years of the last five years. The retirement annuity computation for employees retiring during the period covered by the financial statements and following, is 2.25% of such average for each of the first 20 years served, plus 5.00% of the participant's average total salary for each of the next seven years, plus 2.00% of the participant's average total salary for each of the next three years of service, plus 0.50% of the participant's average total salary for each of the next three years of service, with fractional years of service prorated based on full months served as a contributing participant. In making the computation for a year, the year is considered to begin on the first day a contribution is made. A retirement annuity under this subsection may not exceed, as of the date of retirement, 87.50% of the member's average total salary.

There is a provision for the Backwards Deferred Retirement Option Plan (BackDROP), which, as of October 1, 2009, permits retiring members who had actual service credit of at least 20 years and one month to elect to receive a lump-sum payment for a number of full months of service elected by the member that does not exceed the lesser of the number of months of service credit the member had in excess of 20 years, or 60 months and a reduced annuity payment. For purposes of a BackDROP benefit calculation, the participant's salary beyond 34 years of service is used to determine the participant's average salary.

There is also a provision for a 13th and 14th pension check. At the end of each fiscal year, the Board may authorize the disbursement of a 13th monthly pension check if the annualized yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five-year fiscal period by at least 100 basis points (basis points not reported in thousands). In the same way, the Board may authorize a 14th monthly pension check if the annualized yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five-year period by at least 300 basis points. The 13th and 14th pension checks are paid to each retiree and beneficiary receiving a pension at the end of the fiscal year and are in an amount equal to the pension check paid in the last month of the preceding fiscal year of the Pension Fund (retirees/beneficiaries with less than one year of benefits will receive a prorated check, and no check will be paid to members who retired after the end of the fiscal year). Authorization for one year does not obligate the Board to authorize a 13th and 14th check for any other year. The Pension Fund did not meet the criteria for the 13th and 14th check for the year-ended December 31, 2024.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The Pension Fund provides benefits when service is terminated by reason of disability. The employee is entitled to one-half of the average of the employee's total salary, excluding overtime pay, or vested benefit as is provided in the computation of normal retirement benefits, whichever is higher. As of September 1, 2023, the death benefit for the beneficiaries who were married to or dependents of a participant who dies while still active was changed from 50.00% to 75.00% of the participant's total salary, excluding overtime pay, or vested benefit as is provided in the computation of normal retirement benefits, whichever is higher. The increase began September 1, 2023 for active participant deaths after September 1, 2005. If a member dies after retiring, spouses or beneficiaries who were married to, or dependents of, the member at the time of retirement receive the same annuity paid to the member as of the date of the member's death up to the maximum benefit. The maximum benefit for surviving spouses and dependent children is equal to a 27-year service pension. As of October 1, 2009, the allocation of death benefits between a surviving spouse and the dependent children of a member is 75.00% to the spouse and 25.00% to the children. The spousal death benefit provided to a spouse who married a retiree after retirement, and at least five years prior to the date of the retiree's death, is the same as a spouse who married a member prior to retirement. In the case of marriage after retirement, a spouse who is otherwise qualified to receive a pension is subject to a 55-year-old minimum age to begin receiving annuity payments. As of October 1, 2009, the spousal death benefit for a spouse who married a retiree after retirement, and less than five years prior to the date of the retiree's death, is \$15 if there are no other beneficiaries.

The Pension Fund provides a disability annuity equal to 87.50% of average total salary if the member suffers a catastrophic injury. A catastrophic injury is described as an irreparable physical bodily injury suffered during the performance of high-risk line of duty activities, when the injury results in the individual being unable to obtain any sort of employment sufficient to generate income above the poverty level.

The surviving spouse of an active member may elect to receive benefits in the form of a lump-sum payment and reduced annuity, similar to a BackDROP election made by a retiring member.

The estate of an active member who dies and does not leave a beneficiary will receive either ten times the amount of an annuity computed according to the annuity computation, using the deceased member's service credit and average total salary as of the date of death, or the deceased member's contributions that were deducted from their City paycheck. The estate of a retired member who dies and does not leave a beneficiary will receive a lump-sum benefit equal to ten times the amount of the annual annuity awarded by the Board effective on the retiree's date of retirement, less any retirement or disability annuity and any lump-sum payments paid to the retiree. The Pension Fund also provides benefits when an eligible member is killed in the line of duty. The member's surviving spouse and dependent children are entitled to a total pension equal to the member's base salary at the time of death. A member of the fund is considered to have been killed in the line of duty if the member's death directly resulted from traumatic injury sustained while engaging in, or conducting simulated training of, a law enforcement activity, fire suppression activity, rescue, hazardous material response, emergency medical services, disaster relief, or other emergency response activity. Traumatic injury, in this instance, means severe physical injury of sudden onset and of a life-ending or life-threatening nature.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

Another important provision of the Pension Fund is the Cost-of-Living Adjustment (COLA). The COLA is based on the Consumer Price Index for all Urban Consumers – U.S. City Average (CPI-U) as published by the Bureau of Labor Statistics. Members whose retirement, disability, or death occurred before August 30, 1971, receive an increase equal to 100.00% of the increase in the CPI-U. Members whose retirement, disability, or death occurred after August 30, 1971, but before October 1, 1999, receive an increase equal to 100.00% of the increase in the CPI-U up to 8.00% and 75.00% of the increase in the CPI-U in excess of 8.00%. Members whose retirement, disability, or death occurred after October 1, 1999, receive an increase equal to 75.00% of the increase in the CPI-U.

The Pension Fund is funded in accordance with Texas state statutes and is not actuarially determined. In fiscal year 2025, the City was required to contribute 24.64% of salary, or \$100,511, excluding overtime pay, and the employee contribution rate was 12.32%, or \$50,347. New firefighters and police officers are immediately eligible for membership after they receive state certification and complete all other requirements. The new member contributes to the Pension Fund upon becoming eligible.

The Pension Fund has a provision that allows the fire chief and police chief to opt out of membership in the Pension Fund.

The Net Pension Liability for the plan was measured as of December 31, 2024. Plan Fiduciary Net Position (plan assets) was valued as of the measurement date and Total Pension Liability was determined from actuarial valuations as of January 1, 2024:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, using 3.00% annual increases
Remaining Amortization Period	20.96 years remaining as of January 1, 2024
Asset Valuation Method	Five-year smoothed fair value based on expected return of 7.25%.
Inflation	3.00%
Salary Increases	3.00% (plus merit scale of 0.00% - 11.00%)
Investment Rate of Return	7.25% including inflation, net of pension plan investment expense
Cost-of-living Adjustments	3.00% for retirements before October 1, 1999; 2.25% for retirements on or after October 1, 1999
Retirement Rates	Fire: Rates based on years of service ranging from 20 to 43 years, with 100.00% retirement at the earlier of age 65 or 43 years of service Police: Rates based on years of service ranging from 20 to 40 years, with 100.00% retirement at the earlier of age 65 or 40 years of service
Mortality:	
Pre-retirement	Sex-distinct PUBS-2010 Safety Employee Amount-Weighted Table
Healthy Annuitant	Sex-distinct PUBS-2010 Safety Health Retiree Amount-Weighted Table
Disabled Annuitant	Sex-distinct PUBS-2010 Safety Disabled Retiree Amount-Weighted Table
Beneficiaries	Sex-distinct PUBS-2010 Safety Contingent Survivor Amount-Weighted Table
Future Improvement	Generational Projection using Scale SSA2019-2D improvement scale

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The actuarial assumptions are based on the results of an actuarial experience study for the period from October 1, 2009 through September 30, 2014. There were no changes in the actuarial assumptions for the year ended December 31, 2024.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table as of December 31, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic) ¹
Large Cap U.S. Equities	22.00%	6.40%
Small Cap U.S. Equities	7.00%	7.30%
International Equities	11.00%	6.70%
International Small Cap Equities	5.00%	8.10%
Private Equity	9.00%	9.90%
Core Bonds	7.00%	1.80%
High Yield	5.00%	3.60%
Bank Loans	5.00%	3.20%
TIPS	3.00%	1.80%
Private Debt	9.00%	6.20%
Unconstrained Fixed Income	3.00%	2.70%
Real Estate	9.00%	3.40%
Real Assets	5.00%	6.60%
Total	100.00%	

¹ Arithmetic real rates of return are net of assumed inflation of 3.00%

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 12.32% of the compensation from plan members and 24.64% of the compensation from the City. Based on these assumptions, the Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Pension Fund's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, for the year-ended September 30, 2025, based on the measurement date of December 31, 2024, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 6.25%, or one percentage point higher, 8.25%, than the current rate:

	1.00% Decrease 6.25%	Current Discount Rate 7.25%	1.00% Increase 8.25%
Net Pension Liability	\$ 1,515,502	\$ 836,523	\$ 280,346

The City is responsible for funding the deficiency, if any, between the amount available to pay all retirement annuities and other benefits owed by the Pension Fund and the amount required to pay such benefits.

Schedule of Changes in Net Pension Liability and Related Ratios — The following table presents the changes in the net pension liability for the year-ended September 30, 2025, based on the measurement date of December 31, 2024 and actuarial valuation date of January 1, 2024.

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	\$ 87,592
Interest Cost	342,935
Change of Benefit Terms	12,648
Difference Between Expected and Actual Experience	6,104
Benefit Payments,	
including Refunds of Employee Contributions	(261,068)
Net Change in Total Pension Liability	\$ 188,211
Total Pension Liability - Beginning	4,773,074
Total Pension Liability - Ending	\$ 4,961,285
Plan Fiduciary Net Position	
Contributions - Employer	\$ 95,246
Contributions - Employee	47,622
Net Investment Income	323,099
Benefit Payments,	
including Refunds of Employee Contributions	(261,068)
Administrative Expense	(3,741)
Net change in Plan Fiduciary Net Position	\$ 201,158
Plan Fiduciary Net Position - Beginning	3,923,604
Plan Fiduciary Net Position - Ending	\$ 4,124,762
Net Pension Liability	\$ 836,523
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.14%

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

For the fiscal year-ended September 30, 2025, based on December 31, 2024 measurement date, the City recognized pension expense of \$175,058. Amounts recognized in the fiscal year represent changes between current and prior measurement dates:

Schedule of Pension Expense	
Service Cost	\$ 87,592
Interest Cost	342,935
Current Period Benefit Changes	12,648
Employee Contributions	(47,622)
Administrative Expenses	3,741
Expected Return on Assets	(280,041)
Expensed Portion of Current Year Period Differences	
Between Expected and Actual Experience	679
Expensed Portion of Current Year Period Differences	
Between Projected and Actual Earnings	(8,612)
Current Year Recognition of Deferred Outflows	
Established in Prior Years	195,476
Current Year Recognition of Deferred Inflows	
Established in Prior Years	(131,738)
Total Expense	<u>\$ 175,058</u>

At September 30, 2025, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in Expected and Actual Experience	\$ 196,909	\$ (26,544)
Changes of Assumptions	7,197	
Net Difference in Projected and Actual Earnings on Pension Plan Investments	104,309	
Contributions Subsequent to the Measurement Date	77,812	
Total	<u>\$ 386,227</u>	<u>\$ (26,544)</u>

\$77,812 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-ending September 30, 2026.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-Ending September 30,	Net Deferred Outflows (Inflows) of Resources
2026	\$ 80,599
2027	134,636
2028	(20,038)
2029	16,972
2030	26,704
Thereafter	42,998
Total	<u>\$ 281,871</u>

The Pension Fund issues a publicly available financial report that includes financial statements and required supplemental information, and detailed information about the Pension Fund's net pension liability (asset). That report may be obtained by writing to the Fire and Police Pension Fund of San Antonio, 11603 W. Coker Loop, Suite 201, San Antonio, Texas 78216 or by calling (210) 534-3262. You may also access the financial report at www.safppf.org.

CPS Energy

All Employee Plan

Plan Description — The CPS Energy Pension Plan (the Pension Plan) is a self-administered, single-employer, defined-benefit contributory pension plan covering substantially all employees who have attained age 21 and completed one year of service. The Pension Plan is sponsored by and may be amended at any time by CPS Energy, acting by and through the Employee Benefits Oversight Committee (EBOC), which includes the President and CEO, the Chief Financial Officer, and the Audit & Finance Committee of CPS Energy's board. Pension Plan assets are segregated from CPS Energy's assets and are separately managed by an Administrative Committee, whose members are appointed by the EBOC. The Pension Plan reports results on a calendar-year basis, and the separately audited financial statements, which contain historical trend information, may be obtained at www.cpsenergy.com or by contacting Benefit Trust Administration at CPS Energy. The Pension Plan's financial statements include certain disclosures related to CPS Energy's net pension liability. However, because the financial reporting and pension measurement dates for the Pension Plan and CPS Energy are not aligned, the Pension Plan's disclosures will vary from information provided by CPS Energy in this footnote and in the accompanying RSI.

In addition to the defined-benefit Pension Plan, CPS Energy has two Restoration Plans that were effective as of January 1, 1998, which supplement benefits paid from the Pension Plan due to Internal Revenue Code restrictions on benefit and compensation limits. The benefits due under those Restoration Plans have been paid annually by CPS Energy.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Benefits Provided — Participants become fully vested in the benefits of the Pension Plan upon attainment of age 40 or after completion of seven years of vesting service before age 40. Normal retirement is age 65; however, early retirement is available with 25 years of benefit service, as well as to those employees who are age 55 or older with at least ten years of benefit service. Retirement benefits consist of a normal retirement annuity calculated based primarily on length of service and compensation. Benefits are reduced for retirement before age 55 with 25 years or more of benefit service or before age 62 with less than 25 years of service. If early retirement occurs due to disability, the reductions in benefits normally associated with early retirement are modified.

Payments to retirees are adjusted each year by an amount equal to 50.00% of the change in the Consumer Price Index-U, limited to a maximum adjustment of 5.00% each year, with no reduction allowed below the retirees' initial benefit levels.

The following table presents information about Pension Plan participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate the net pension liability, as of the January 31, 2024 measurement date, for the fiscal year-ended January 31, 2025, were:

Number of:	
Active Members	2,715
Retirees and Beneficiaries	2,758
Inactive Members ¹	266
Total	<u>5,739</u>

¹Inactive members are Pension Plan participants that are entitled to deferred benefits.
Amounts not in thousands.

Contributions — The current policy of CPS Energy is to use an actuarial valuation as the basis for determining employer contributions to the Pension Plan during the fiscal year beginning 13 months after the valuation date. The January 1, 2023, valuation is the basis for contributions in fiscal year 2025. With recommendations from the Administrative Committee, composed of a cross-functional group of active and retired CPS Energy employees, CPS Energy establishes funding levels, considering annual actuarial valuations. Generally, participating employees contribute 5.00% of their total compensation, commencing with the effective date of participation and continuing until normal or early retirement, completion of 44 years of benefit service, or termination of employment. Participants who leave CPS Energy service before becoming eligible for retirement benefits receive a return of the total amount they contributed to the Pension Plan, plus the vested portion of accumulated interest. Beginning January 1, 2021, the employee contribution interest crediting rate was 5.00%.

The balance of Pension Plan contributions is the responsibility of CPS Energy, giving consideration to actuarial information, budget controls, legal requirements, compliance, and industry and/or community norms. For fiscal year 2025, the amount to be funded was established using a general target near the 30-year layered amortization funding contribution level as determined by the Pension Plan's actuary using the entry-age normal cost method.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Actuarial Assumptions — Significant actuarial assumptions used in the January 1, 2023, valuation include:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent; Layered Periods
Remaining Amortization Period	24 Years
Asset Valuation Method	Fair value gains/losses recognized over five years.
Discount Rate	7.00%
Inflation	2.33%, compounded annually.
Salary Increases	5.68%, average including inflation
Investment Rate of Return	7.00% per year, compounded annually
Cost-of-living Increases	1.50% per year
Mortality	Mortality rates were based on the Pri-2012 Employee/Retiree Mortality Table projected forward (fully generational) with MP-2021. Separate tables are used for disabled participants and contingent annuitants.

The actuarial assumptions used in the January 1, 2023 valuation for amounts reported in fiscal year 2025 were based on the results of an actuarial experience study completed in 2023 covering experience for the period January 1, 2020, through December 31, 2022.

The long-term expected rate of return on Pension Plan investments was determined based on a blend of historical performance data and future expectations for each major asset class, while also reflecting current capital market conditions, developed on a geometric basis. An economic simulation method was used in which best-estimate ranges of expected future rates of return (expected returns net of Pension Plan investment expense) for each major asset class were combined using simulations that ensure the economic consistency of each individual trial, and then reduced by a factor representing inflation to produce long-term expected real rates of return for each major asset class.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

The assumed allocation and expected real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Expected Real Rate of Return
Equities	54.50%	4.21%
Debt securities	23.50%	3.21%
Alternative Investments	22.00%	4.38%
Total Investments	100.00%	

Discount Rate — The discount rate used to measure the total pension liability for fiscal year 2025 was 7.00%. The projection of cash flows used to determine the discount rate assumed that future employee contributions will be made at the current contribution rate and that future CPS Energy contributions will be made in a manner consistent with the current contribution practices. Based on those assumptions, the Pension Plan's fiduciary net position 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 projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of net pension liability (asset) calculation to a 1.00% increase and a 1.00% decrease in the discount rate used to measure the total pension liability.

	1.00% Decrease 6.00%	Current Discount 7.00%	1.00% Increase 8.00%
Net Pension Liability (asset)	\$ 769,244	\$ 451,482	\$ 185,337

Pension Plan Fiduciary Net Position — The financial results of the Pension Plan are included, in combination with the Employee Benefits Plans, in CPS Energy's Statement of Fiduciary Net Position. Detailed information about the Pension Plan's fiduciary net position is available in separately issued Pension Plan financial statements. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position for the Pension Plan, and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. Investments are stated at fair value. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the Pension Plan.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios — CPS Energy's net pension liability as of January 31, 2025 was measured as of January 31, 2024. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of January 1, 2023 and rolled forward using generally accepted actuarial procedures to the January 31, 2024 measurement date.

Changes in Net Pension Liability	
Total Pension Liability	
Service Cost	\$ 42,481
Interest Cost	166,928
Difference Between Expected and Actual Experience	106,920
Changes of Assumptions	48,543
Benefit Payments	(130,541)
Net Change in Total Pension Liability	\$ 234,331
Total Pension Liability - Beginning	2,357,824
Total Pension Liability - Ending	\$ 2,592,155
Plan Fiduciary Net Position	
Contributions - Employer	\$ 56,717
Contributions - Employee	16,133
Net Investment Earnings	191,059
Benefit Payments	(130,541)
Administrative Expense	(540)
Net Change in Plan Fiduciary Net Position	\$ 132,828
Plan Fiduciary Net Position - Beginning	2,007,845
Plan Fiduciary Net Position - Ending	\$ 2,140,673
Net Pension Liability - Ending	\$ 451,482
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.58%

CPS Energy recorded \$92,536 in pension expense for the year-ended January 31, 2025.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension – The following table presents information about the pension-related deferred outflows of resources and deferred inflows of resources for CPS Energy as of January 31, 2025:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in Expected and Actual Experience	\$ 40,112	\$ (672)
Changes of Assumptions	126,648	(5,407)
Difference in Projected and Actual Earnings on Pension Assets	28,030	
Contributions Subsequent to the Measurement Date	72,774	
Total	<u>\$ 267,564</u>	<u>\$ (6,079)</u>

\$72,774 reported as deferred outflows of resources related to pension resulting from CPS contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year-ending January 31, 2026.

The following table presents the future amortization of pension-related deferred outflows of resources and deferred inflows of resources, excluding the balance attributable to the employer's contribution to the Pension Plan in the current fiscal year and subsequent to the net pension liability measurement date. The deferred outflows of resources balance for such contribution amounts at the end of a fiscal period are recognized fully as adjustments to the net pension liability in the subsequent fiscal year.

Year-Ended January 31,	Net Deferred Outflows (Inflows) of Resources
2026	\$ 40,226
2027	52,596
2028	71,485
2029	24,404
Total	<u>\$ 188,711</u>

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS)

Texas Municipal Retirement System (TMRS)

Plan Description — SAWS' pension program includes benefits provided by TMRS, the San Antonio Water System Retirement Plan (SAWSRP) and the District Special Project Retirement Income Plan (DSPRP).

SAWS provides pension benefits for all of its eligible employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide TMRS, an agent multiple employer public employee retirement system.

Benefits Provided — TMRS provides retirement benefits to eligible SAWS employees. All eligible employees of SAWS are required to participate in TMRS. Members are eligible to retire upon attaining the normal retirement age of 60 and above with five or more years of service, or with 20 years of service regardless of age. A member is vested after five years.

At retirement, the benefit is calculated as if the sum of the employee's contribution, with interest, and the SAWS financed monetary credits with interest were used to purchase an annuity. Members choose to receive their benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in the amount equal to 12, 24 or 36 monthly payments which cannot exceed 75.00% of the member's deposits and interest.

The following table presents information about SAWS TMRS participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate the net pension liability (asset), as of the December 31, 2023 measurement date, for the fiscal year-ended December 31, 2024, were:

Number of:	
Active Members	1,918
Retirees and Beneficiaries	1,440
Inactive Members ¹	930
Total	<u>4,288</u>

¹ Inactive members are vested employees no longer employed by SAWS, but are eligible for a deferred retirement benefit.
Amounts not in thousands.

Contributions — Under the state law governing TMRS, SAWS' contribution rate is determined annually by the actuary using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Eligible SAWS employees are required to contribute 3.00% of their annual gross earnings. The employer required contribution rate for SAWS was 3.61% in calendar year 2023. SAWS' contribution to TMRS totaled \$9,644 for the year-ended December 31, 2023, with \$4,377 contributed by SAWS' employees, and \$5,267 contributed by SAWS. The total contribution equaled the required contributions.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Actuarial Assumptions — The total pension liability calculated in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	22 years
Asset Valuation Method	Ten-year smoothed fair value; 12.00% soft corridor.
Inflation Rate	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Investment Rate of Return	6.75%, including inflation, net of pension plan investment expense
Retirement Age	Experience-based table of rates that vary by age.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement PUB (10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.50% and 3.00% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the mortality study performed in 2013, with factors based on a unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS. The long-term expected 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 expense 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.

In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the plan actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table. The long-term expected real rate of return amounts do not include inflation.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.70%
Non-Core Fixed Income	20.00%	8.70%
Real Estate	12.00%	5.80%
Other Public & Private Markets	12.00%	8.10%
Private Equity	10.00%	11.80%
Core Fixed Income	6.00%	4.90%
Hedge Funds	5.00%	6.90%
Total	100.00%	

The discount rate of 6.75% was used to measure the total pension liability in the December 31, 2023 actuarial valuation. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the TMRS pension plan's Fiduciary Net Position 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 projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate — The following presents the net pension liability (asset) as of fiscal year ended December 31, 2024, calculated using the discount rate of 6.75%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1.00% lower, 5.75%, or 1.00% higher, 7.75%, than the current rate:

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability (Asset) - TMRS	\$ 62,410	\$ 27,616	\$ (1,432)

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios — The table presents the components used to calculate the net pension liability for fiscal year-ended December 31, 2024, based on the measurement date of December 31, 2023.

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	\$ 7,456
Interest Cost	18,041
Difference Between Expected and Actual Experience	1,846
Changes in Assumptions	(1,985)
Benefit Payments	(11,847)
Net Change in Total Pension Liability	\$ 13,511
Total Pension Liability - Beginning	269,472
Total Pension Liability - Ending	<u>\$ 282,983</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 5,267
Contributions - Employee	4,377
Net Investment Income	26,711
Benefits Payments, including Refunds of	
Employee Contributions	(11,847)
Administrative Expense	(170)
Other	(1)
Net change in Plan Fiduciary Net Position	\$ 24,337
Plan Fiduciary Net Position - Beginning	231,030
Plan Fiduciary Net Position - Ending	<u>\$ 255,367</u>
Net Pension Liability	<u>\$ 27,616</u>
Plan Fiduciary Net Position as a Percentage	
of the Total Pension Liability	90.24%

San Antonio Water System Retirement Plan (SAWSRP)

Plan Description — The San Antonio Water System Retirement Plan (SAWSRP) is a single-employer pension plan controlled by the provisions of Ordinance No. 75686, which serves as a supplement to TMRS and Social Security. The plan has both a defined benefit and a defined contribution component. SAWS delegated to Principal Financial Group the authority to manage plan assets and administer the payment of benefits under the plan.

The financial information for SAWSRP is reported in the SAWS Fiduciary Funds financial statements. SAWSRP does not issue stand-alone financial statements.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

The following table presents information about SAWSRP Pension Plan participants covered by the benefits terms. Participants providing the basis of the actuarial valuations used to calculate the net pension liability (asset), as of the January 1, 2024 measurement date, for the fiscal year-ended December 31, 2024, were:

Number of:	
Active Members	780
Retirees and Beneficiaries	1,275
Inactive Members ¹	565
Total	<u>2,620</u>

¹ Inactive members are vested employees no longer employed by SAWS, but are eligible for a deferred retirement benefit. Amounts not in thousands.

Benefits Provided — Eligible employees hired prior to June 1, 2014 participate in the defined benefit component of the plan. Eligible employees vest in this plan after completion of five years of service.

Covered employees are eligible to retire upon attaining the normal retirement age of 65. An employee may elect early retirement, with reduced benefits, upon attainment of 20 years of vesting service regardless of age or five years of vesting service and at least age 60. An employee is automatically 100.00% vested upon attainment of age 65 or upon becoming totally and permanently disabled.

The normal retirement benefit is based upon two factors: average compensation and years of vesting service. Average compensation is defined as the monthly average of total compensation received for the three consecutive years-ending December 31, out of the last ten compensation years prior to normal retirement date, which gives the highest average.

The normal retirement benefit under SAWSRP is equal to the following:

- 1.20% of the average compensation, times years of credited service not in excess of 25 years, plus
- 0.75% of the average compensation, times years of credited service in excess of 25 years but not in excess of 35 years, plus
- 0.38% of the average compensation, times years of credited service in excess of 35 years.

Upon retirement, an employee must select from one of eight alternative payment plans. Each payment plan provides for monthly payments as long as the retired employee lives. The options available address how plan benefits are to be distributed to the designated beneficiary of the retired employee. The program also provides disability benefits.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

The funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when they are due. Contribution requirements are established and may be amended by the SAWS Board. The actuarially determined contribution for 2024 was determined using Entry Age Normal cost method. The actuarially determined contribution is the estimated amount necessary to finance the cost of benefits earned by participating employees during the year, with an additional amount to finance any unfunded accrued liability. Prior to 2015, active members made no contributions to the plan and all obligations with respect to the defined benefit feature of the plan were paid solely by SAWS. On January 1, 2015, active members began sharing in the cost of providing benefits under the plan by contributing 3.00% of their compensation.

Contributions — Eligible employees hired on or after June 1, 2014 participate in the defined contribution component of the plan. SAWS contributes 4.00% of participant's compensation into an individual retirement account. Participants are required to contribute 3.00% of their compensation into their individual retirement account. Contributions under the defined contribution feature of the plan are made to participants' individual retirement accounts on a bi-weekly basis based on the participants' compensation during the period. An eligible employee totally vests in SAWS contributions to the individual retirement account after one year of service and immediately vests in the employee's contributions to the plan. The employee directs the investments in their individual retirement account. SAWS has no liability for losses under the defined contribution component of the SAWSRP but does have the usual fiduciary responsibilities of a plan sponsor.

During the year-ended December 31, 2024, SAWS made contributions to participants' individual retirement accounts totaling \$3,493, net of forfeitures of \$21, and employees contributed \$2,805.

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Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

Actuarial Assumptions — The total pension liability calculated in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions:

Remaining Amortization Period	Unfunded liability at December 31, 2013 of \$40,551 is being amortized over a 15 fixed year period. The annual impact of experience gains/losses, plan amendments and changes in plan assumptions are amortized over ten years.
Amortization Method	Equal annual installments
Asset Valuation Method	Four-year smoothed fair value
Inflation	2.40%
Salary Increases	In 2021, changed to a new table based on management philosophies and more recent experience of plan participants. Previously, scale based on 2011-2013 SAWS experience.
Retirement Age	Active: In 2020, changed to a table of rates starting at age 45 and ending at age 70. Inactive: In 2020, changed from 100.00% at age 62 to a table of rates starting at age 60 and ending at age 65.
Investment Rate of Return	6.25%, net of pension expense, including inflation.
Mortality Table	In 2024, the mortality assumptions were based on PubG-2010 General base rate mortality table projected to future years with historical and assumed Mortality Improvement (MI) rates that were issued by the Society of Actuaries (SOA). PubG-2010 is the baseline mortality rate table underlying the SOA Pub-2010 experience study published in January 2019. The January 1, 2024 valuation was based on MP-2021, the most recent MI scale published in October 2021.

The interest rate was developed as a long-term expected geometric return on plan assets. Arithmetic expected return is calculated as the weighted average of broad asset classes' arithmetic returns of the plan's target asset allocation, and then converted to the geometric under lognormal distribution assumption. The 2024 valuation used the assumptions updated in November 2022. Due to the long-term nature of pension obligations, the investment horizon for the CMA is 20 years. The November 2023 CMA was an interim update to the CMA 2020 to help ensure that the results are consistent with the current economic situation and outlook.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table. The Long-term Expected Real Rate of Return amounts do not include inflation.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Total Return	34.00%	2.90%
US Equity - Large Cap	19.00%	5.10%
International Equity	10.00%	3.90%
US Mid Cap Equity	10.00%	7.40%
International Small/Mid Equity	7.00%	6.40%
US Small Cap Equity	7.00%	5.80%
Real Estate	7.00%	6.80%
High Yield Bond	6.00%	4.70%
Total	100.00%	

The discount rate used to measure the total pension liability was 6.25% at December 31, 2024. The projection of cash flows used to determine the discount rate assumed that contributions will be made based on actuarial determined amounts. Based on that assumption, the SAWSRP defined benefit component's Fiduciary Net Position 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 projected benefit payments to determine total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate — The following presents the net pension liability (asset), calculated using the discount rate of 6.25%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate of 1.00% lower, 5.25%, or 1.00% higher, 7.25%, than the current rate:

	1.00% Decrease 5.25%	Current Discount 6.25%	1.00% Increase 7.25%
Net Pension Liability (Asset) - SAWSRP	\$ 60,196	\$ 21,969	\$ (9,941)

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

Schedule of Changes in Net Pension (Asset) Liability and Related Ratios — The following table summarizes changes in the SAWSRP net pension (asset) for the fiscal year-ended December 31, 2024, based on the measurement date and actuarial valuation date of January 1, 2024.

Changes in the Net Pension (Asset)	
Total Pension Liability	
Service Cost	\$ 4,689
Interest Cost	18,414
Differences Between Expected and Actual Experience	3,994
Changes of Assumptions	3
Benefit Payments	(12,401)
Net Change in Total Pension Liability	\$ 14,699
Total Pension Liability - Beginning	295,551
Total Pension Liability - Ending	\$ 310,250
Plan Fiduciary Net Position	
Contributions - Employer	\$ 6,136
Contributions - Employee	2,290
Net Investment Income	31,598
Benefit Payments	(12,401)
Administrative Expense	(290)
Net Change in Plan Fiduciary Net Position	\$ 27,333
Plan Fiduciary Net Position - Beginning	260,948
Plan Fiduciary Net Position - Ending	\$ 288,281
Net Pension (Asset) Liability	\$ 21,969
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.92%

District Special Project Retirement Income Plan (DSPRP)

Plan Description — The District Special Project Retirement Income Plan (DSPRP) is a single-employer defined benefit pension plan that covers all eligible employees. The plan was originally established by Bexar Metropolitan Water District (BexarMet) to provide pension benefits to its employees. In 2008, the BexarMet Board elected to freeze pension benefits and entry into the plan effective September 30, 2008. In 2012, BexarMet was dissolved and all its assets and liabilities were transferred to the San Antonio Water System District Special Project (DSP). The plan was renamed District Special Project Retirement Income Plan (DSPRP). In 2016, DSP was merged into SAWS and DSPRP is now governed by SAWS, which is authorized to establish and amend all plan provisions. SAWS has delegated to Standard Insurance Company the authority to manage plan assets and administer the payment of benefits under the plan.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

District Special Project Retirement Income Plan (DSPRP) (Continued)

The financial information for DSPRP is reported in the SAWS Fiduciary Funds financial statements. DSPRP does not issue stand-alone financial statements.

The following table presents information about DSPRP Pension Plan participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate the net pension liability (asset), as of the January 1, 2024 measurement date, for the fiscal year-ended December 31, 2024, were:

Number of:	
Active Members	80
Retirees and Beneficiaries	13
Inactive Members ¹	38
Total	<u>131</u>

¹ Inactive members are vested employees no longer employed by DSP, but are entitled to a deferred retirement benefit.
Amounts not in thousands.

Benefits Provided — Prior to freezing entry into the plan, employees were eligible to enter on May 1st or November 1st following the completion of 12 months of employment and attaining the age of 21. Participating employees accrued benefits if they worked at least 1,000 hours per plan year. Eligible employees vested in this plan after the completion of five years of service. Employees are 100.00% vested in any benefits derived from employee contributions regardless of years of service. A terminating participant who has completed five years of service is entitled to receive a vested benefit starting on their normal retirement date.

The normal retirement benefit is a percentage of average monthly earnings. Prior to March 1, 1996, the monthly benefit was 60.00% of average monthly earnings reduced proportionately for less than 15 years of service. Effective March 1, 1996, the monthly benefit is 40.00% of average monthly earnings reduced proportionately for less than 20 years of service. Prior to March 1, 1996, average monthly earnings were based on the monthly earnings during the five consecutive and complete calendar years that produced the highest average. After March 1, 1996, average monthly earnings are determined by the ten consecutive and complete calendar years after December 31, 1990, which produce the highest average. Upon retirement, retirees may choose from three different types of annuities or receive a single lump sum distribution.

Contributions — The plan's funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits as they come due. The contribution requirements of the plan are established and may be amended by the SAWS Board. The unit credit method was used to calculate the actuarial determined contribution for 2024. Under this method, the actual or expected accrued benefit of each participant is allocated to the year in which it accrues. The normal cost is the present value of benefits expected to accrue in the current year.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

District Special Project Retirement Income Plan (DSPRP) (Continued)

Actuarial Assumptions — The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date performed as of the measurement date:

Actuarial Cost Method	Unit Credit
Amortization Method	Rolling level amortization over a declining period.
Remaining Amortization Period	Ten years
Asset Valuation Method	Fair Value with smoothing
Inflation	3.00%
Salary Increase	Earned benefits frozen in 2008.
Investment Rate of Return	5.75%, net of pension plan investment expense, including inflation.
Retirement Age	Normal retirement age - the earlier of (a) age 65 or (b) the "rule of 90" where the participant's age and years of service added together equal 90 or greater.
Mortality	Mortality rates are based on the PUB-2010 General Table projected on a fully generational basis using mortality improvement scale MP-2021. Due to the limited size of this plan and the frozen nature of benefits under the plan, an experience study has not been done.

The long-term expected 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 expense 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 target allocation and best estimates of arithmetic real rates of return for each major asset class for the January 1, 2024 valuation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	36.00%	4.85%
Fixed Income	40.00%	1.40%
International Equity	17.00%	5.05%
Real Estate	7.00%	4.05%
Total	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions will be made equal to the actuarially determined contributions. Based on those assumptions, the defined benefit component's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the defined benefit component's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

District Special Project Retirement Income Plan (DSPRP) (Continued)

Sensitivity of the Net Pension Liability (Asset) — The following table presents the net pension liability (asset), calculated at December 31, 2024 using the discount rate of 5.75%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1.00% lower, 4.75%, or 1.00% higher, 6.75%, than the current rate.

	1.00% Decrease	Current Discount	1.00% Increase
	4.75%	5.75%	6.75%
Net Pension Liability (Asset) - DSPRP	\$ (533)	\$ (1,077)	\$ (1,560)

Schedule of Changes in Net Pension (Asset) and Related Ratios — The following table summarizes the changes in the DSPRP net pension (asset) for the fiscal year-ended December 31, 2024 based on the measurement date of January 1, 2024.

Changes in the Net Pension (Asset)	
Total Pension Liability	
Service Cost	\$ 124
Interest Cost	397
Difference Between Expected and Actual Experience	(305)
Changes of Assumptions	
Benefit Payments	(356)
Net Change in Total Pension Liability	\$ (140)
Total Pension Liability - Beginning	6,962
Total Pension Liability - Ending	<u>\$ 6,822</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 134
Net Investment Income	924
Benefit Payments, Including Refunds of Employee Contributions	(356)
Administrative Expense	(6)
Net change in Plan Fiduciary Net Position	<u>\$ 696</u>
Plan Fiduciary Net Position - Beginning	7,203
Plan Fiduciary Net Position - Ending	<u>\$ 7,899</u>
Net Pension (Asset)	<u>\$ (1,077)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	115.79%

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Other Pension Disclosures

Deferred Compensation Plans — In November 2019, SAWS consolidated its prior deferred compensation plans into one plan with Empower Retirement, who acts as an independent administrator of the plan. The plan complies with Section 457(b) of the Internal Revenue Code (Deferred Compensation Plans with Respect to Service for State and Local Governments) and is classified as an other employee benefit plan for accounting and financial reporting basis. Employee participation is voluntary, and SAWS makes no contributions to the plan. Empower Retirement issues a publicly available financial report that includes financial information relating to participating entities. The report may be obtained at: <http://www.empower-retirement.com/about/financial-strength>.

Pension Expense — For the year-ended December 31, 2024, SAWS recognized pension expense under the TMRS, SAWSRP, and DSPRP plans as follows:

Schedule of Pension Expense	
TMRS	\$ 4,937
SAWSRP - Defined Benefit	4,030
SAWSRP - Defined Contribution	3,493
DSPRP	(214)
Total Pension Expense	<u>\$ 12,246</u>

Amounts payable to the pension plans by SAWS for contributions totaled \$395 at December 31, 2024.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At December 31, 2024, Deferred Outflows of Resources and Deferred Inflows of Resources associated with SAWS plans related to the following sources:

	TMRS		SAWSRP		DSPRP		ALL PLANS	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in Expected and Actual Experience	\$ 3,015	\$ (23)	\$ 1,903	\$ (103)	\$ 170	\$ (795)	\$ 5,088	\$ (921)
Changes of Assumptions		(1,509)	2		122		124	(1,509)
Net Difference in Projected and Actual Earnings on Pension Plan Investments	6,373		14,884		172		21,429	
Contributions Subsequent to the Measurement Date	6,312		6,053		2		12,367	
Total	<u>\$ 15,700</u>	<u>\$ (1,532)</u>	<u>\$ 22,842</u>	<u>\$ (103)</u>	<u>\$ 466</u>	<u>\$ (795)</u>	<u>\$ 39,008</u>	<u>\$ (2,430)</u>

\$12,367 reported as deferred outflows of resources related to pension resulting from SAWS contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability (asset) in the year-ending December 31, 2025.

Notes to Financial Statements

Note 10 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Other Pension Disclosures (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Net Deferred Outflows (Inflows) of Resources				
Year-Ending December 31,	TMRS	SAWSRP	DSRP	Combined
2025	\$ 2,408	\$ 4,427	\$ (211)	\$ 6,624
2026	2,673	5,900	(83)	8,490
2027	5,004	9,435	102	14,541
2028	(2,229)	(3,076)	(139)	(5,444)
Total	<u>\$ 7,856</u>	<u>\$ 16,686</u>	<u>\$ (331)</u>	<u>\$ 24,211</u>

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Notes to Financial Statements

Note 11 Other Postemployment Benefits

Summary of Other Postemployment Benefits

The other postemployment benefits are provided at the City and component unit levels. The City's and component units' other postemployment benefits include the City's Retiree Health Care Fund, the Retiree Health & Wellness San Antonio Fire and Police Fund, CPS Energy Health, Life, and Disability, and SAWS Retiree Health Trust.

	Retiree Health Care Fund	Retiree Health & Wellness SA Fire and Police Fund (Health Fund)	Total City OPEB Plans	CPS Energy: Health, Life, and Disability	SAWS Retiree Health Trust
Total OPEB Liability	\$ 227,354	\$ 1,274,396	\$ 1,501,750	\$ 389,379	\$ 82,722
Plan Fiduciary Net Position	9,052	635,410	644,462	368,770	124,740
Net OPEB Liability (Asset)	<u>\$ 218,302</u>	<u>\$ 638,986</u>	<u>\$ 857,288</u>	<u>\$ 20,609</u>	<u>\$ (42,018)</u>
Total Deferred Inflows of Resources	\$ (251,342)	\$ (158,981)	\$ (410,323)	\$ (35,072)	\$ (14,873)
Deferred Outflows of Resources	75,352	134,098	209,450	81,298	13,848
Contributions Subsequent to Measurement Date		40,474	40,474	576	150
Total Deferred Outflows of Resources	<u>\$ 75,352</u>	<u>\$ 174,572</u>	<u>\$ 249,924</u>	<u>\$ 81,874</u>	<u>\$ 13,998</u>
Total OPEB Expense	\$ 5,182	\$ 38,490	\$ 43,672	\$ 11,560	\$ (6,542)

Primary Government (City)

Plan Description — In addition to the pension benefits discussed in Note 10 Pension and Retirement Plans, the City provides a single-employer defined benefit postemployment benefit plan for Medicare eligible civilian retirees, pre-Medicare eligible civilian retirees, and uniform employees who retired prior to October 1, 1989. Activity related to the postemployment benefits is reported in the Fiduciary Component Unit Retiree Health Care Fund. Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City is required to account for and disclose its other postemployment liability for this plan. The City administers the plan and continues to actively review and have actuarial valuations performed for all programs as required. This plan is administered through an equivalent arrangement.

Medicare eligible retirees and surviving spouses, who have reached age 65 or have otherwise become eligible for Medicare may participate in one of three plans, Medicare Advantage Standard PPO, Medicare Advantage Enhanced PPO, or a fully insured Medicare Part D Drug Plan. All retirees and surviving spouses are required to apply for and maintain Medicare Parts A & B coverage in order to participate in any of the three programs previously listed. Of the current 1,194 participating Medicare retirees, 218 participate in Medicare Advantage PPO Plus plan, 973 participate in a Medicare Advantage PPO plan, and three participate in the Medicare Part D Drug Plan (participants not in thousands).

Pre-Medicare retirees and surviving spouses are covered under a program comprised of three self-funded medical plans administered by Blue Cross Blue Shield of Texas; Blue Essential HMO, Consumer Choice PPO, and New Value PPO. These plans may be amended at any time with approval from the City Council. As of September 30, 2025, there were 463 retirees who have not reached age 65 and are not eligible for Medicare, participating in the pre-Medicare eligible program (participants not in thousands).

Civilian retirees must be a minimum of age 60 and have at least five years of service or have at least 20 years of service at any age to be eligible for retiree health benefits.

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Primary Government (City) (Continued)

Civilian retirees who qualify for a disability pension under TMRS rules are also eligible to receive the retiree medical benefit under this plan. There is no minimum length of service or age required to be eligible.

A dental and vision insurance benefit is made available to eligible retired employees on a fully contributory basis. Since retirees pay the full premium for dental and vision benefits, there is no liability associated with either benefit.

Contributions — The two postemployment benefit programs are funded on a pay-as-you-go basis with an aggregate sharing of premium costs based on the following targets: 67.00% by the City and 33.00% by the retiree for those retirees hired prior to October 2007. With the adoption of the fiscal year 2008 Budget, additional changes were made to this retirement health plan. For all non-uniformed employees beginning employment on or after October 1, 2007, a revised schedule for sharing of the costs on a pay-as-you-go basis is effective. The revised schedule is as follows: (1) Employees who separate from the City with less than five years of service are not eligible to participate in the program; (2) Employees who separate with at least five years of service but less than ten years of service are eligible to participate in the program but without City subsidy; and (3) Employees who separate from employment with ten years of service or more will pay for 50.00% of the pay-as-you-go contributions to the program and the City will contribute the remaining 50.00%. The program requires employees to meet the retirement eligibility criteria set forth by TMRS and accrued actual years of service with the City.

Retirees may waive coverage at retirement but must do so at the exact time of retirement. These retirees are allowed a one-time opportunity to re-enter the plan at a later date upon submitting proof of continuous health coverage. Retirees may only enroll dependents that were covered at the time coverage was waived. Dependents must return to the plan with the retiree, otherwise coverage for the dependent is forfeited.

The following table presents information about OPEB participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate the total OPEB liability, as of the measurement date, for the fiscal year-ended September 30, 2025, were:

Number of:	
Active Members	7,958
Retirees and Beneficiaries	1,647
Inactive Members ¹	1,472
Total	11,077

¹ Inactive members are vested employees no longer employed by the City, but are eligible for a deferred retirement benefits.

Amounts not in thousands.

The cost of the program is reviewed annually, and the costs of medical claims are funded jointly by the City and retirees on a pay-as-you-go basis, based on the allocations described above. No contributions were made in fiscal year 2025 to prefund benefits. Total contributions by the City and Retirees for fiscal year-ended September 30, 2025 were \$8,788 and \$1,524 respectively. The plan's fiduciary net position is a result of the accumulation of prescription rebates earned and savings from claim payments being lower than anticipated.

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Primary Government (City) (Continued)

Actuarial Assumptions — Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. This valuation's assumptions are as follows:

Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary
Amortization Method	Experience/Assumptions gains and losses are amortized over a closed period of 11.5 years starting on the current fiscal year, equal to the average remaining service of active and inactive plan members (who have no future service)
Asset Valuation Method	Fair Value
Inflation	2.60%
Remaining Amortization Period	10.5 years
Salary Increase Rate	3.50% per annum
Discount Rate	3.00% per annum (EOY)
Healthcare and Prescription Cost Trend Rates	Pre-65 Select 8.50% and Ultimate 4.00%; Post-65 Select 5.25% and Ultimate 4.00%; Stop Loss Fees Select 8.50% and Ultimate 4.00%; Administrative Fees Select 4.00% and Ultimate 4.00%
Mortality	PUB-2010 headcount weighted base mortality table, projected generationally using Scale MP-2021, applied on a gender-specific and job class basis (teacher, safety, or general, as applicable).

The City's retiree participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 50.00% of all employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan. Additionally, current waived retirees that are eligible to return to the plan have a 10.00% participation rate for returning to a Medicare Advantage plan.

Annual retirement probabilities have been determined based on the TMRS Actuarial Valuation as of December 31, 2024. The annual retirement probability is dependent on an employee's gender, entry age group, and age. Additional criteria that adjust the base table rates include employee contribution rate, employer match, and if the City has a recurring cost-of-living adjustment.

The rate of withdrawal for reasons other than death and retirement has been developed from the TMRS Actuarial Valuation as of December 31, 2024. The annual termination probability is dependent on an employee's age, gender, and years of service. Additional criteria that adjust the base table rates include employee group (Police, Fire, Other) and a city multiplier.

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Primary Government (City) (Continued)

The target allocation for each major asset class are summarized in the following table:

Asset Class	Target Allocation
U.S. Government Agency Securities	65.20%
U.S. Treasuries	1.60%
Money Market Mutual Funds	3.10%
Government Investment Pool	29.90%
Preferred Stock	0.10%
Repurchase Agreement	0.10%
Total	100.00%

The long-term investment return is 3.00% per annum, which includes inflation of 2.60%.

Discount Rate — The discount rate used to measure the total OPEB Liability was 3.00%, based on the Expected Return on Assets assumption. The City's OPEB Trust is assumed fully funded to cover all future expected benefit payments based on the current OPEB Trust Funding Policy. As of the current valuation, the Policy is to fund, annually, an amount equal to the benefit payments required each year.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate — The following shows the net OPEB liability, calculated using the discount rate of 3.00% in comparison to what the net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (2.00%) or 1.00% higher (4.00%) than the current rate:

	1.00% Decrease 2.00%	Current Discount 3.00%	1.00% Increase 4.00%
Net OPEB Liability	\$ 246,380	\$ 218,302	\$ 194,863

Sensitivity of the Net OPEB Liability to Changes in the Health Care Trend Rates — The following shows the current net OPEB liability, calculated using the assumed health benefit cost trend rates, in comparison to what the net OPEB liability would be if it were calculated using trend rates that are 1.00% lower (7.50% decreasing to 3.00%) or 1.00% higher (9.50% decreasing to 5.00%) than the assumed health benefit costs trend rates:

	1.00% Decrease (7.50% - 4.25% decreasing to 3.00%)	Assumed Rates (8.50% - 5.25% decreasing to 4.00%)	1.00% Increase (9.50% - 6.25% increasing to 5.00%)
Net OPEB Liability	\$ 189,844	\$ 218,302	\$ 253,386

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Primary Government (City) (Continued)

Changes in the Net OPEB Liability — The following table shows the changes in the net OPEB liability as of the fiscal year-ended September 30, 2025.

Changes in the Net OPEB Liability	
Total OPEB Liability	
Service Cost	\$ 9,684
Interest Cost	9,495
Difference Between Expected and Actual Experience	(43,698)
Changes of Assumptions	28,636
Benefit Payments	(8,903)
Net Change in Total OPEB Liability	\$ (4,786)
Total OPEB Liability - Beginning	232,140
Total OPEB Liability - Ending	<u>\$ 227,354</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 8,788
Contributions - Employee	1,524
Net investment income	328
Benefit Payments, including Refunds of Employee Contributions	(7,607)
Administrative Expense	(38)
Net change in Plan Fiduciary Net Position	\$ 2,995
Plan Fiduciary Net Position - Beginning	6,057
Plan Fiduciary Net Position - Ending	<u>\$ 9,052</u>
Net OPEB Liability	<u>\$ 218,302</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.98%

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Primary Government (City) (Continued)

OPEB Expense — For the year-ended September 30, 2025, the City recognized OPEB expense of \$5,182.

Schedule of OPEB Expense		
Service Cost	\$	9,684
Interest Cost		9,495
Expected return on assets		153
Employee Contributions		(1,524)
Administrative expenses		38
Current Recognized Deferred Outflows/(Inflows):		
Differences Between Expected and Actual Experience		(32,793)
Changes in Assumptions or Other Inputs		20,404
Projected Investment earnings difference		(275)
Total OPEB Expense	\$	5,182

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB — At September 30, 2025, the City reported OPEB related deferred outflows of resources and deferred inflows of resources from the following:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Net difference in projected and actual earnings on OPEB plan investments	\$ -	\$ (205,385)
Changes of Assumptions	75,352	(45,065)
Difference in Expected and Actual Experience		(892)
Total	\$ 75,352	\$ (251,342)

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Primary Government (City) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year-Ending September 30,	Outflows (Inflows) of Resources
2026	\$ (13,028)
2027	(23,503)
2028	(25,354)
2029	(25,230)
2030	(25,134)
Thereafter	(63,741)
Total	\$ (175,990)

Contact Information — For additional information regarding the separately issued actuarial valuation report contact the City of San Antonio Human Resource Department, Employee Benefit Division, at P.O. Box 839966, San Antonio, Texas, 78283-3966. The City's Retiree Health Care Fund's financials are reported as a fiduciary fund in the City's Annual Comprehensive Financial Report (ACFR). The City's ACFR is available for viewing at www.sanantonio.gov.

Retiree Health & Wellness SA Fire and Police Fund

Plan Description — The Retiree Health & Wellness San Antonio Fire and Police Fund (Health Fund) is a Texas statutory retirement health trust for firefighters and police officers of the City, established under Article 6243q, Vernon's Texas Civil Statutes. The trust holds assets and liabilities of the City's Fire and Police Retiree Health Care Plan (Plan). This Plan is a single-employer defined benefit postemployment health care plan that was created in October 1989 in accordance with provisions established by contract with the local fire and police unions to provide postemployment healthcare benefits to police officers and firefighters of the City retiring after October 1, 1989. Authority to establish and amend the Plan's postemployment health care benefits is based on such contracts and on regulations enacted by the Texas Legislature that control the operation of the Health Fund. The statutory trust is governed by a Board of Trustees that meet on a monthly basis. The Board consists of nine members: the Mayor or his representative; two members of the City Council; one retired and two active duty police officers; and one retired and two active duty firefighters. The City is the only participating employer in the Plan. The plan is operated on an advance-funded basis and has established the Health Fund as the trust for accumulating assets.

WEB-TPA Employer Services, LLC and WellDyncRx serve as the medical and prescription third party administrators for the Health Fund.

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Primary Government (City) (Continued)

Retiree Health & Wellness SA Fire and Police Fund (Continued)

Benefits Provided — The Health Fund provides postretirement health benefits for uniform employees of the fire and police departments who become eligible retirees, and their spouses. Eligible retirees are those who retire after October 1, 1989. Eligible spouses are spouses at the time of retirement of the eligible retirees and either remain married to or survive the eligible retiree. Eligible spouses also include the surviving spouses of active members whose death was duty-related or who died while eligible for retirement. Retirement eligibility is in accordance with the provisions of the Fire and Police Pension Fund, San Antonio, which requires 20 or more years of service after completing the required training to be certified.

The health benefits are indemnity style coverage with a maximum annual deductible per individual. After age 65, the benefits are coordinated with Medicare. The maximum deductible and out-of-pocket payments are indexed to the annual increase in the medical care category of the CPI-U.

Contributions — Since its inception, the Health Fund has been funded primarily by contributions from the City and active firefighters and police officers, as part of the compensation for services rendered by members, and by contributions made by retirees for their dependents. As of the January 1, 2025 valuation date, the contributions required by the City were 14.30% of average covered pay of the combined fire and police departments for the City's fiscal year 2025. For the active fire and police employees, the contributions required were 7.15% of the average covered pay for the City's fiscal year 2025.

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Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Primary Government (City) (Continued)

Retiree Health & Wellness SA Fire and Police Fund (Continued)

Total contributions by the City and active members for fiscal year-ended September 30, 2025 were \$48,477 and \$24,228 respectively.

Going forward, the total statutorily determined contribution rates effective October 1, 2025 through September 30, 2026 are presented in the table below.

Contribution Rates			
Effective Date	City	Member	Total
10/1/2025	14.30%	7.15%	21.45%
10/1/2026 ¹	14.30%	7.15%	21.45%

¹ The January 1, 2026 actuarial valuation will determine the actual increase beginning October 1, 2026, where necessary.

Ultimately, the contribution policy also depends upon the total return of the Health Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the Board of Trustees. The Board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year-ending December 31, 2024, the money-weighted rate of return on plan investments was 8.40%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

The following table presents information about OPEB participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate the net OPEB liability (asset), as of the measurement date of December 31, 2024, were:

Number of:	
Active Members	4,300
Retirees and Beneficiaries	2,962
Total	7,262
Amounts not in thousands.	

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Primary Government (City) (Continued)

Retiree Health & Wellness SA Fire and Police Fund (Continued)

Actuarial Assumptions — The net OPEB liability (asset) in the January 1, 2025 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Period	15 years
Amortization Method	For purposes of determining the minimum required contribution, the unfunded actuarial accrued liability (UAAL) is amortized as a level percentage of covered payroll. The UAAL is amortized over a period of 30 years, open period, beginning on the valuation date.
Asset Valuation Method	Adjusted fair value gains/losses spread over a five-year period
Inflation	2.75%
Salary Increases	Varies with service
Discount Rate	7.00%
Initial Trend Rate	6.25%
Ultimate Trend Rate	4.25%
Years to Ultimate	Four
Mortality	Based on the PUB-2010 Mortality Tables projected generationally with scale MP-2021.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense 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.

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Primary Government (City) (Continued)

Retiree Health & Wellness SA Fire and Police Fund (Continued)

The target allocation and long-term expected rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Domestic Equity	20.0%	8.40%
International Developed Market Equity	6.0%	8.70%
International Emerging Market Equity	8.0%	8.70%
Private Equity	20.0%	11.20%
Real Estate	10.0%	8.50%
High Yield Bonds	4.0%	7.10%
Bank Loans	5.0%	6.80%
Investment Grade Bonds	5.0%	5.30%
TIPS	4.0%	5.00%
Emerging Markets Debt	3.0%	7.10%
Private Debt	14.0%	9.10%
Cash	1.0%	3.10%
Total	100.00%	

Discount Rate — The discount rate used to measure the net OPEB liability was 7.00%. The 7.00% discount rate is the single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the actuarial present values determined in conformity with GASB statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate — The following shows the net OPEB liability, calculated using the discount rate of 7.00% in comparison to what the net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate:

	1.00% Decrease 6.00%	Current Discount 7.00%	1.00% Increase 8.00%
Net OPEB Liability	\$ 832,677	\$ 638,986	\$ 482,203

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Primary Government (City) (Continued)

Retiree Health & Wellness SA Fire and Police Fund (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Trend Rates — The following shows the current net OPEB liability, calculated using the assumed health benefit cost trend rates, in comparison to what the net OPEB liability would be if it were calculated using trend rates that are 1.00% lower (5.25% decreasing to 3.25%) or 1.00% higher (7.25% decreasing to 5.25%) than the assumed health benefit costs trend rates:

	1.00% Decrease (5.25% decreasing to 3.25%)	Assumed Rates (6.25% decreasing to 4.25%)	1.00% Increase (7.25% decreasing to 5.25%)
Net OPEB Liability	\$ 466,362	\$ 638,986	\$ 857,334

Changes in the Net OPEB Liability — The following table shows the changes in the net OPEB liability for the year ended September 30, 2025 based on the measurement period ended December 31, 2024.

Changes in the Net OPEB Liability	
Total OPEB Liability	
Service Cost	\$ 27,905
Interest Cost	82,690
Difference Between Expected and Actual Experience	25,029
Changes of Assumptions	18,067
Benefit Payments	(64,250)
Net Change in Total OPEB Liability	\$ 89,441
Total OPEB Liability - Beginning	1,184,955
Total OPEB Liability - Ending	\$ 1,274,396
Plan Fiduciary Net Position	
Contributions - Employer	\$ 50,324
Contributions - Employee	25,158
Net Investment Income	48,566
Benefit Payments, including Refunds of	
Employee Contributions	(64,250)
Administrative Expense	(5,565)
Other Contributions - Retirees	2,284
Net change in Plan Fiduciary Net Position	\$ 56,517
Plan Fiduciary Net Position - Beginning, Restated	578,893
Plan Fiduciary Net Position - Ending	\$ 635,410
Net OPEB Liability	\$ 638,986
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	49.86%

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Primary Government (City) (Continued)

Retiree Health & Wellness SA Fire and Police Fund (Continued)

OPEB Expense — For the year-ended September 30, 2025, based on the actuarial valuation of December 31, 2024, the recognized OPEB expense was \$38,490. Amounts recognized in the fiscal year represent changes between current and prior measurement dates.

Schedule of OPEB Expense	
Service Cost	\$ 27,905
Interest Cost	82,690
Projected Earnings on OPEB Plan Investments	(40,801)
Amortization of Differences Between Projected and Actual Earnings on Plan Investments	7,931
Amortization of Changes of Assumptions	(27,942)
Amortization of Differences Between Expected and Actual Experience	10,584
OPEB plan administrative expenses	5,565
Employee Contributions	(25,158)
Other Contributions - Retirees	(2,284)
Net OPEB Expense	\$ 38,490

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB — At September 30, 2025, the City reported OPEB related deferred outflows of resources and deferred inflows of resources from the following:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in Expected and Actual Experience	\$ 67,270	\$ (1,177)
Changes of Assumptions	35,634	(157,804)
Net Difference in Projected and Actual Earnings on OPEB Plan Investments	31,194	
Contributions Subsequent to the Measurement Date	40,474	
Total	\$ 174,572	\$ (158,981)

\$40,474 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year-ending September 30, 2026.

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Primary Government (City) (Continued)

Retiree Health & Wellness SA Fire and Police Fund (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year-Ended September 30,	Net Deferred Outflows (Inflows) of Resources
2026	\$ (4,117)
2027	811
2028	(14,140)
2029	(13,446)
2030	(6,074)
Thereafter	12,083
Total	<u>\$ (24,883)</u>

Contact Information — Additional information regarding the Health Fund separately issued stand-alone financial report, or the actuarial valuation report for OPEB, may be obtained at 11603 W. Coker Loop, Suite 210, San Antonio, Texas, 78216.

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Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

CPS Energy

CPS Energy provides certain health, life insurance and disability income benefits for active and retired employees. CPS Energy employees and their dependents may elect to participate in the plans and most CPS Energy employees continue eligibility upon retirement from CPS Energy. Disclosures in this footnote are limited to information related only to those benefits provided on a postemployment basis. Assets of the plans are held in three separate, single-employer defined benefit contributory plans:

- CPS Energy Group Health Plan (Health Plan) – a defined-benefit contributory group health plan that provides health, dental, and vision insurance benefits.
- CPS Energy Group Life Insurance Plan (Life Plan) – a defined-benefit contributory plan that provides life insurance benefits.
- CPS Energy Long-Term Disability Income Plan (Disability Plan) – a defined-benefit contributory plan that provides disability income benefits.

The Employee Benefit Plans may be amended at any time by CPS Energy, acting by and through the Employee Benefits Oversight Committee (EBOC), which includes the President & CEO, the Chief Financial Officer, and the Audit & Finance Committee of the Board.

The Employee Benefit Plans' assets are segregated from CPS Energy's assets and are separately managed by an Administrative Committee whose members are appointed by the EBOC. The Employee Benefit Plans report results on a calendar-year basis and issue separately audited financial statements that may be obtained by contacting Benefit Trust Administration at CPS Energy. The Employee Benefit Plans' financial statements include certain disclosures related to CPS Energy's Net OPEB liability (asset). However, because the financial reporting and OPEB measurement dates for the Employee Benefits Plans and CPS Energy are not aligned, the Employee Benefit Plans' disclosures will vary from information provided by CPS Energy in this footnote and in the accompanying RSI.

Benefits Provided — The Health Plan provides health, dental, and vision benefits to eligible retirees, including their enrolled dependents, and the spouse and dependent children of deceased employees. The Life Plan provides life insurance benefits and death benefits to eligible retired employees and enrolled dependents. The Disability Plan provides disability income benefits to employees as of an employee's date of hire; however, benefits under the Plan are reduced if the employee is receiving certain other disability, retirement, or welfare benefits.

The following table presents information about OPEB participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate the net OPEB liability (asset), as of the measurement dates, for the fiscal year-ended January 31, 2025, were:

	Health	Life	Disability
Number of:			
Active Members	2,715	2,715	2,881
Retirees and Beneficiaries	<u>1,959</u>	<u>2,572</u>	<u>75</u>
Total	<u>4,674</u>	<u>5,287</u>	<u>2,956</u>
Amounts not in thousands.			

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

CPS Energy (Continued)

Contributions — The funding requirements for both the plan participants and the employer are established by and may be amended by CPS Energy. Funding is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by CPS Energy. The current policy of CPS Energy is to use each actuarial valuation as the basis for determining monthly employer contributions to the plans during the fiscal year beginning 13 months after the valuation date. The January 1, 2023 valuation was the basis for contributions in fiscal year 2025.

Retired employees contribute to the Health Plan in varying amounts depending upon an equity formula that considers age and years of service. Individuals who retired before February 1, 1993, contribute a base rate plus 2.25% of the difference between that amount and the aggregate rate for each year that the sum of age and service is less than 95. Those who retired on or after February 1, 1993, contribute a base rate plus a percentage of the CPS Energy contribution, based on the number of years of service, if they retired with less than 35 years of service.

Based on the funded status of the Health Plan, CPS Energy made no contributions in fiscal year 2025.

The Medicare Prescription Drug Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D entitled the Health Plan to receive retiree drug subsidy payments from the federal government to offset pharmacy claims paid by the Health Plan on behalf of certain plan participants. These payments totaled \$996 for fiscal year 2025. In accordance with GASB Technical Bulletin 2006-01, *Accounting and Financial Reporting by Employers for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D*, future projected payments from the federal government have not been used to lessen total projected obligations under CPS Energy's Health Plan.

Active employees contribute to the Life Plan at a rate of \$0.13 per \$1 of insurance per month on amounts in excess of \$20. Employees who retired prior to February 1, 1993, contribute to the Life Plan at a rate of \$0.13 per \$1 of insurance per month on amounts in excess of \$20 plus 2.25% of the difference between that amount and the aggregate rate for retiree coverage for each year the sum of retirement age and service is less than 95. Those who retired on or after February 1, 1993, contribute \$0.13 per \$1 of insurance per month on amounts in excess of \$20 plus a percentage of the CPS Energy contribution, based on number of years of service, if they retired with less than 35 years of service. CPS Energy made no contributions in fiscal year 2025.

Beginning in fiscal year 2015, the Disability Plan has been funded by a combination of employee and employer contributions. Active employee contribution rates are determined by CPS Energy and may be adjusted on an annual basis. CPS Energy's contributions are determined on a discretionary basis and are generally based on the actuarial valuation calculations. Retired employees are not eligible to participate and therefore do not contribute to the Disability Plan. Prior to fiscal year 2015, the Disability Plan was funded completely by CPS Energy. CPS Energy's average contribution rate was 0.08% of covered-employee payroll in fiscal year 2025. CPS Energy's contributions in fiscal year 2025 were \$602.

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

CPS Energy (Continued)

Actuarial Methods and Assumptions — Significant actuarial assumptions used in the calculations for the January 1, 2023, actuarial valuation for fiscal year 2025 included:

	Health	Life	Disability
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level dollar; layered periods	Level dollar; layered periods	Level dollar; layered periods
Remaining Amortization Period	N/A	N/A	N/A
Asset Valuation Method	Fair value gains/losses recognized over five years	Fair value gains/losses recognized over five years	Fair value gains/losses recognized over five years
Inflation	2.33%, compounded annually	2.33%, compounded annually	2.33%, compounded annually
Salary Increase	3.33% to 11.61%	3.33% to 11.61%	3.33% to 11.61%
Investment Rate of Return	7.00% per year, compounded annually	7.00% per year, compounded annually	7.00% per year, compounded annually
Health and Prescription Cost Trend Rates	6.40% initial, decreasing to an ultimate rate of 3.70%.	N/A	N/A
Mortality	Based on Pri-2012 Employee/Retiree Mortality table (headcount weighted) projected with mortality improvement scale MP-2021, with sex-distinct employee rates before termination and healthy annuitant rates after termination and separate tables for contingent annuitants.	Based on Pri-2012 Employee/Retiree Mortality table (headcount weighted) projected with mortality improvement scale MP-2021, with sex-distinct employee rates before termination and healthy annuitant rates after termination and separate tables for contingent annuitants.	Based on Pri-2012 Employee/Retiree Mortality table (headcount weighted) projected with mortality improvement scale MP-2021, with sex-distinct employee rates before termination and healthy annuitant rates after termination and separate tables for contingent annuitants.

The actuarial assumptions used in the January 1, 2023 valuation for amounts reported in fiscal year 2025 were based on the results of an actuarial experience study completed in 2023 covering experience for the period January 1, 2020 through December 31, 2022.

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

CPS Energy (Continued)

The long-term expected rate of return on OPEB plan investments was determined based on a blend of historical performance data and future expectations for each major asset class, while also reflecting current capital market conditions, developed on a geometric basis. An economic simulation method was used in which best-estimate ranges of expected future rates of return (expected returns on Employee Benefit Plans investment expense) for each major asset class were combined using simulations that ensure the economic consistency of each individual trial, then reduced by a factor representing inflation to produce long-term expected real rate of return for each major asset class. The assumed allocation and expected real rate of return for each major asset class are summarized in the table below.

Asset Class	Assumed Asset Allocation	Expected Real Rate of Return
Equities	56.50%	4.20%
Debt Securities	26.50%	3.11%
Alternative Investments	17.00%	4.62%
Total Investments	100.00%	

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate — The discount rate used to measure the total OPEB liability for fiscal year 2025 was 7.00%. The projection of cash flows used to determine the discount rate assumed that CPS Energy contributions will be made in a manner consistent with the current contribution practices. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table present the sensitivity of the net OPEB liability (asset) calculation to a 1.00% increase and a 1.00% decrease in the discount rate used to measure the total OPEB liability:

	Net OPEB Liability (Asset)		
	1.00% Decrease 6.00%	Current Discount 7.00%	1.00% Increase 8.00%
Health	\$ 49,914	\$ 15,714	\$ (13,561)
Life	12,738	5,211	(931)
Disability	(98)	(316)	(518)
Total	\$ 62,554	\$ 20,609	\$ (15,010)

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

CPS Energy (Continued)

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Health Care Trend Rates - The following table presents the sensitivity of net Health Plan OPEB asset calculation to a 1.00% increase and a 1.00% decrease in the healthcare cost trend rates used to measure the total Health Plan OPEB asset:

	1.00% Decrease (5.40% decreasing to 2.70%)	Current Discount (6.40% decreasing to 3.70%)	1.00% Increase (7.40% decreasing to 4.70%)
Net Health Plan OPEB (Asset)	\$ (19,102)	\$ 15,714	\$ 57,513

Net OPEB (Asset) Liability — CPS Energy's net OPEB (Asset) Liability at January 31, 2025, was measured as of January 31, 2024. The total OPEB liability used to calculate the net OPEB (Asset) Liability was determined by actuarial valuations as of January 1, 2023, rolled forward using generally accepted actuarial procedures to the January 31, 2024 measurement date. At January 31, 2025, the net OPEB Liability was \$20,609, and is reflected as part of the net OPEB and pension liabilities on the Statement of Net Position.

Changes in Net OPEB (Asset) Liability				
	Health	Life	Disability	Total
Total OPEB Liability				
Service Cost	\$ 5,780	\$ 632	\$ 720	\$ 7,132
Interest Cost	21,478	3,729	469	25,676
Differences Between Expected and Actual Experience	59,849	800	(648)	60,001
Changes of Assumptions	4,516	1,252	145	5,913
Benefit Payments	(20,113)	(5,125)	(949)	(26,187)
Net Change in Total OPEB Liability	\$ 71,510	\$ 1,288	\$ (263)	\$ 72,535
Total OPEB Liability - Beginning	251,091	58,659	7,094	316,844
Total OPEB Liability - Ending	\$ 322,601	\$ 59,947	\$ 6,831	\$ 389,379
Plan Fiduciary Net Position				
Contributions - Employer	\$ -	\$ -	\$ 602	\$ 602
Contributions - Employee		1,270	327	1,597
Medicare Part D Payment	996			996
Earnings on Plan Assets	29,593	4,733	544	34,870
Benefit Payments	(20,113)	(5,125)	(949)	(26,187)
Administrative Expense	(1,328)	(14)	(12)	(1,354)
Net Change in Plan Fiduciary Net Position	\$ 9,148	\$ 864	\$ 512	\$ 10,524
Plan Fiduciary Net Position - Beginning	297,739	53,872	6,635	358,246
Plan Fiduciary Net Position - Ending	\$ 306,887	\$ 54,736	\$ 7,147	\$ 368,770
Net OPEB (Asset) Liability	\$ 15,714	\$ 5,211	\$ (316)	\$ 20,609
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	95.13%	91.31%	104.63%	94.71%

CPS Energy recorded \$11,560 in OPEB expense, as calculated under GASB Statement No. 75, for the year-ended January 31, 2025.

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

CPS Energy (Continued)

Plan Fiduciary Net Position — Detailed information about the OPEB plans' fiduciary net position is available in the separately issued Employee Benefit Plans financial statements. For purposes of measuring the net OPEB (asset) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position for the Employee Benefit Plans, and additions to/deductions from the Employee Benefit Plans' fiduciary net position have been determined on the same basis as they are reported by the Employee Benefit Plans. Investments are stated at fair value. Benefit payments are recognized when due and payable in accordance with the terms of the Employee Benefit Plans.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB — The following table presents information about the OPEB-related deferred outflows of resources and deferred inflows of resources for CPS Energy at January 31, 2025:

	Health	Life	Disability	Total
Deferred Outflows of Resources				
Differences Between Projected and Actual Earnings on OPEB Assets	\$ 2,600	\$ 1,482	\$ 188	\$ 4,270
Differences Between Expected and Actual Experience in the Measurement of Total OPEB Liability	64,779	4,236	323	69,338
Changes of Assumptions	3,763	2,908	1,019	7,690
Contributions Subsequent to the Measurement Date		333	243	576
Total Deferred Outflows of Resources	<u>\$ 71,142</u>	<u>\$ 8,959</u>	<u>\$ 1,773</u>	<u>\$ 81,874</u>
Deferred Inflows of Resources				
Differences Between Projected and Actual Earnings on OPEB Assets	\$ -	\$ -	\$ -	\$ -
Differences Between Expected and Actual Experience in the Measurement of Total OPEB Liability	(29,358)	(72)	(1,173)	(30,603)
Changes in Assumptions	(4,467)		(2)	(4,469)
Total Deferred Inflows of Resources	<u>\$ (33,825)</u>	<u>\$ (72)</u>	<u>\$ (1,175)</u>	<u>\$ (35,072)</u>

\$333 reported as deferred outflows of resources in the Life Plan, and \$243 reported as deferred outflows of resources in the Disability Plan, related to OPEB resulting from CPS Energy contributions subsequent to the measurement date, will be recognized as an adjustment of the net OPEB (asset) in the year-ending January 31, 2026.

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

CPS Energy (Continued)

The following table presents the future amortization of OPEB-related deferred outflows of resources and deferred inflows of resources, excluding the balance attributable to the employer's contribution to the Employee Benefit Plans in the current fiscal year and subsequent to the net OPEB (asset) liability measurement date. The deferred outflows of resources balance for such contribution amounts at the end of a fiscal period are recognized fully as adjustments to the net OPEB (asset) liability in the subsequent fiscal year.

Year-ended January 31,	Health	Life	Disability	Total
2026	\$ 3,048	\$ 2,556	\$ 92	\$ 5,696
2027	5,786	2,577	181	8,544
2028	13,122	2,508	196	15,826
2029	6,951	465	(76)	7,340
2030	8,410	448	(38)	8,820
Total	<u>\$ 37,317</u>	<u>\$ 8,554</u>	<u>\$ 355</u>	<u>\$ 46,226</u>

San Antonio Water System (SAWS)

SAWS provides certain healthcare and life insurance benefits for eligible retirees, their spouses, and their dependents through San Antonio Water System Retiree Health Trust (SAWS' OPEB Plan), a single-employer defined benefit plan administered by SAWS. The authority to establish and amend the OPEB provisions is vested in the SAWS Board of Trustees.

SAWS does not issue a separate financial report for its OPEB plan.

By State law, any employee that retires under either the TMRS or SAWS retirement plans is eligible, at the time of retirement, to obtain health insurance benefits similar to those offered to active SAWS employees. Retirees may also purchase coverage for their spouse and qualifying dependents at group rates partially subsidized by SAWS. Any plan participant eligible for Medicare is required to enroll in a Medicare Advantage Plan. No supplemental health benefits are provided to those participants enrolled in Medicare Advantage Plans. Employees hired after December 31, 2013 will not be eligible for any subsidized medical benefits upon retirement from SAWS.

The following table presents information about OPEB participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate the net OPEB liability (asset), as of the measurement date, for the fiscal year-ended December 31, 2024, were:

Number of:	
Active Members	768
Retirees and Beneficiaries	<u>827</u>
Total	<u>1,595</u>
Amounts not in thousands.	

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

Contributions — The contribution requirements of plan participants are established and may be amended by the SAWS Board. Contributions made by retirees for health insurance benefits vary based on retirement date, years of service, and the health care options selected. Plan participants made contributions toward plan benefits totaling \$1,072 for year-ended December 31, 2024.

SAWS contributions to the plan are also established by the SAWS Board. Prior to 2012, SAWS only funded the shortfall between annual benefit payments and retiree contributions (current benefit payments). In March 2012, SAWS established an OPEB Trust for the purpose of prefunding future benefit payments for eligible retirees and their dependents. In addition to making contributions to the trust, SAWS has continued to fund current benefit payments outside of the trust. Beginning in 2024, the OPEB Trust began reimbursing SAWS for current year retiree benefit payments. The OPEB Trust is expected to continue to fund future benefit payments for the foreseeable future. Future contributions to the trust, if any, will be based on the actuarially determined annual required contributions for these benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between SAWS and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Methods and Assumptions — Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The following table summarizes the actuarial methods and assumptions used in the most recent actuarial valuation for SAWS' OPEB plan.

Actuarial Value of Assets	Fair Value
Remaining Amortization Period	10 Years - Closed
Inflation Rate	2.50%
Salary Increases	3.75% to 9.00%, varies by age
Investment Rate of Return	5.50%
Healthcare Cost Trend:	
Initial	6.75%
Ultimate	4.04%
Mortality	In 2024, the mortality rate was based on Pub-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement rates that were issued by the SOA. PubG-2010 is the baseline mortality rate table underlying the SOA Pub-2010 experience study published in January 2019. The mortality improvement scale is based on MP-2021 published in October 2021.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

Sensitivity of the Net OPEB (Asset) to Changes in the Discount Rate — The discount rate used to measure the total OPEB liability at December 31, 2024 was 5.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be made equal to the actuarially determined contributions. Based on those assumptions, the defined benefit component's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the defined benefit component's investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the SAWS' OPEB Plan net OPEB (asset) calculated at December 31, 2024 using the discount rate of 5.50%, as well as what the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate.

	1.00% Decrease 4.50%	Current Discount 5.50%	1.00% Increase 6.50%
Net OPEB (Asset)	\$ (31,484)	\$ (42,018)	\$ (50,739)

Sensitivity of the Net OPEB (Asset) to Changes in the Health Care Trend Rates — The following table presents the change in the SAWS' OPEB net (asset) calculated at December 31, 2024 assuming healthcare cost trends decrease or increase by one percentage point from the assumptions used in total OPEB liability.

	1.00% Decrease (5.75% decreasing to 3.04%)	Assumed Rates (6.75% decreasing to 4.04%)	1.00% Increase (7.75% decreasing to 5.04%)
Net OPEB (Asset)	\$ (44,753)	\$ (42,018)	\$ (38,922)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table. The long-term expected rate of return amounts does not include inflation.

Asset Class	Target Allocation	Long-term expected real
		rate of return
Short Term - Bond	37.00%	1.30%
Domestic Equity - Large Cap	20.00%	6.00%
Total Return - Bond	18.00%	1.60%
Foreign Equity - Large Cap	10.00%	5.00%
Domestic Equity - Small/Mid Cap	8.00%	6.00%
Fixed Income - High Yield	5.00%	3.20%
Real Estate	2.00%	4.20%
Total	100.00%	

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

The following table summarizes the change in net OPEB (asset) at December 31, 2024.

Changes in the Net OPEB (Asset)	
Total OPEB Liability	
Service Cost	\$ 845
Interest Cost	3,869
Changes in Terms	6,943
Difference Between Expected and Actual Experience	6,296
Changes of Assumptions	5,898
Benefit Payments	(4,310)
Net change in Total OPEB Liability	\$ 19,541
Total OPEB Liability - Beginning	63,181
Total OPEB Liability - Ending	<u>\$ 82,722</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 5,160
Contributions - Employee	
Net Investment Income (Loss)	16,479
Benefit Payments	(4,310)
Administrative Expense	(169)
Net change in Plan Fiduciary Net Position	\$ 17,160
Plan Fiduciary Net Position - Beginning	107,580
Plan Fiduciary Net Position - Ending	<u>\$ 124,740</u>
Net OPEB (Asset)	<u>\$ (42,018)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	150.79%

SAWS recognized (\$6,542) in OPEB expense for the fiscal year-ended December 31, 2024 based on a measurement date of December 31, 2023.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – The following table summarizes Deferred Outflows of Resources and Deferred Inflows of Resources associated with the SAWS' OPEB plan at December 31, 2024 from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in Expected and Actual Experience	\$ 4,722	\$ (10,336)
Changes of Assumptions	4,842	(4,537)
Net Difference in Projected and Actual Earnings on OPEB Plan Investments	4,284	
Contributions Subsequent to the Measurement Date	150	
Total	<u>\$ 13,998</u>	<u>\$ (14,873)</u>

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

\$150 is reported as deferred outflows of resources related to OPEB resulting from SAWS contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB (asset) in the year-ending December 31, 2025.

Other amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

Year-Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ (5,468)
2026	(35)
2027	6,425
2028	(1,947)
Total	<u>\$ (1,025)</u>

Contact Information — Additional information regarding SAWS separately issued stand-alone financial report, contact the San Antonio Water System, at P.O. Box 2449, San Antonio, Texas, 78298-2449. SAWS ACFR is available for viewing at www.saws.org.

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Notes to Financial Statements

Note 12 CPS Energy South Texas Project (STP)

Joint Operations

Units 1 and 2 – CPS Energy is one of three participants in STP, a two-unit nuclear power plant located in Matagorda County, Texas approximately ten miles from the Texas Gulf Coast. The units have a combined nominal output of 2,660 Megawatts (MW). CPS Energy's ownership share (40.0%) in STP Units 1 and 2 represents approximately 1,064 MW of total plant capacity. In addition, STP is owned by Constellation South Texas, LLC (Constellation) (44.0%), a wholly owned subsidiary of Constellation Energy Corporation, and the City of Austin, Texas (16.0%). In November 2023, Constellation acquired NRG South Texas LP's 44.0% ownership stake in STP. The ownership transfer was approved on October 30, 2023, by the NRC, which was the final regulatory approval needed before closing the acquisition. As a result, Constellation became one of the three owner-investors in STP.

The units, along with their support facilities and administrative offices, are located on a 12,200-acre site adjacent to the lower Colorado River in Matagorda County. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2.

Prior to Constellation's acquisition of NRG's ownership, the Participation Agreement among the initial owners of STP was amended and restated effective November 17, 1997. At that time, South Texas Nuclear Operating Company (STPNOC), a Texas nonprofit, nonmember corporation created by the owners, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STPNOC. STPNOC is financed and controlled by the owners pursuant to an operating agreement among the owners and STPNOC. Currently, a four-member board of directors governs STPNOC, with each owner appointing one member to serve with STPNOC's chief executive officer. No changes in the Participation Agreement resulted from Constellation's acquisition, and STPNOC continues to operate the plant. Effective May 2, 2024, the owners agreed to the First Amendment to the Amended and Restated South Texas Project Participation Agreement.

In September 2017, the Nuclear Regulatory Commission (NRC) approved STPNOC's license renewal applications for STP Units 1 and 2, which extends the operating licenses to 2047 and 2048, respectively.

Under the Nuclear Waste Policy Act (NWPA), the Department of Energy (DOE) had an obligation to provide for the permanent disposal of high-level radioactive waste, which included used nuclear fuel at U.S. commercial nuclear power plants such as STP. To fund that obligation, all owners or operators of commercial nuclear power plants entered into a standard contract under which the owners paid a fee to the DOE based on the amount of electricity generated and sold from the power plant, along with additional assessments. In exchange for collecting this fee and the assessments, the DOE undertook the obligation to develop a high-level waste repository for safe, long-term storage of the fuel and to transport and dispose of the used fuel no later than January 31, 1998. The National Association of Regulatory Utility Commissioners (NARUC) challenged further collection of this fee; and on November 19, 2013, the D.C. Circuit Court ruled in favor of NARUC and ordered the DOE to submit to the U.S. Congress a proposal to reduce the fee to zero until certain conditions are met. While used nuclear fuel volume reporting to the DOE continues, the rate was reduced to zero effective May 16, 2014.

Notes to Financial Statements

Note 12 CPS Energy South Texas Project (STP) (Continued)

Joint Operations (Continued)

Multiple cases have been filed in the U.S. Court of Federal Claims by the existing owners or operators of nuclear facilities against the DOE relating to its failure to meet its obligations under the NWPA. The owners and operators sought damages related to ongoing used nuclear fuel storage costs incurred as a result of the DOE's failure to meet its obligation. On August 31, 2000, in *Maine Yankee Atomic Power Company, et al. v. United States*, the U.S. Court of Appeals for the Federal Circuit affirmed that the DOE had breached its obligations to commercial nuclear power plant owners and operators for failing to live up to its obligations to dispose of used nuclear fuel. STPNOC, on behalf of the owners of STP, and other utilities have reached settlement agreements with the DOE. In March 2023, the DOE extended its commitment to reimburse STP for allowable spent fuel management expenditures through December 31, 2025.

Pursuant to STPNOC's analysis of NRC guidance, the first dry cask storage campaign was completed in calendar year 2019, with 12 dry casks stored at the Dry Cast Storage Project. STP reported the Dry Cask Storage Project loading campaign was completed on July 15, 2022. The calendar year 2022 Dry Cask Storage campaign included the loading of four casks for Unit 1 and six casks for Unit 2. The next loading campaign is scheduled for 2025 and the plan is to load eight casks for Unit 1 and six for Unit 2.

Ongoing costs for the spent fuel management project are funded by the STP owners (CPS Energy; the City of Austin; and Constellation) as expenditures are incurred. CPS Energy is entitled to request reimbursement at its discretion from its Decommissioning Trusts for CPS Energy's portion of allowable costs. Annually, STPNOC submits claims to the DOE for the reimbursement of allowable costs for spent fuel management. Allowable costs are returned to the owners by STP upon receipt of funds from the DOE. Qualifying spent fuel management costs not reimbursable by the DOE are funded by the Trusts. Spent fuel management costs that do not qualify for reimbursement by the DOE or the Trusts are recorded as an STP operating and maintenance expenses or capital costs.

Nuclear Insurance

STP maintains required insurance coverage pursuant to the Price-Anderson Act, providing limitations on liability and governmental indemnities with respect to nuclear incidents. Pursuant to the Price-Anderson Act, the maximum amount that each licensee may be assessed as secondary financial protection following a nuclear incident at any United States insured facility is \$166,000 taking into account a 5.0% adjustment for administrative fees and subject to adjustment for inflation every five years, with the next adjustment expected to be effective no later than November 1, 2028, for the number of operating nuclear units and for each licensed reactor, payable at \$25,000 per year per reactor for each nuclear incident. CPS Energy and each of the other participants of STP are subject to such assessments, which will be borne on the basis of their respective ownership interests. For purposes of these assessments, STP currently has two licensed reactors. Any funding needed in excess of these assessments is at the discretion of the United States Congress. The participants have purchased the maximum limits of nuclear liability insurance, as required by law, and have executed indemnification agreements with the NRC in accordance with the financial protection requirements of the Price-Anderson Act. A Nuclear Liability policy, with a maximum limit of \$500,000 for each nuclear facility, provides primary protection from nuclear-related liability claims. A Master Worker Certificate policy, with a maximum limit of \$500,000 for the nuclear industry, provides protection from radiation tort liability claims of workers at nuclear facilities.

Notes to Financial Statements

Note 12 CPS Energy South Texas Project (STP) (Continued)

Nuclear Decommissioning

The NRC regulations require licensees of nuclear power plants to obtain on-site property damage nuclear accident stabilization and decontamination insurance in a minimum amount of approximately \$1,100,000. The NRC regulations also require that the proceeds from this insurance be used first to ensure that the licensed reactor is in a safe and stable condition so as to prevent any significant risk to the public health or safety, and then to complete any decontamination operations that may be ordered by the NRC. Any funds remaining would then be available for covering direct losses to property.

The owners of STP Units 1 and 2 currently maintain nuclear property insurance at or above the regulatory required amount. CPS Energy also maintains accidental outage insurance through STP's Nuclear Elective Insurance Limited (NEIL) membership that provides weekly indemnity payments for an insured property loss subject to an applied deductible period. The nuclear property and/or accidental insurance may be subject to a retrospective assessment being paid by members of NEIL and European Mutual Association for Nuclear Insurance (EMANI). A retrospective assessment could occur if losses, as a result of an accident at any nuclear plant insured by NEIL or EMANI, exceed the desired funds of NEIL and/or EMANI.

In 1991, CPS Energy started accumulating funds for the decommissioning of its 28.0% ownership in STP Units 1 and 2 in an external trust in accordance with the NRC regulations. The 28.0% Decommissioning Trust's assets and related liabilities are included in CPS Energy's financial statements as a component unit. Excess or deficient funds related to the 28.0% Trust will be distributed to or received from CPS Energy's ratepayers after decommissioning is complete.

In conjunction with the acquisition of the additional 12.0% interest in STP Units 1 and 2 in May 2005, CPS Energy assumed control of a relative portion of the Decommissioning Trust previously established by the prior owner, American Electric Power (AEP). The 12.0% Decommissioning Trust's assets and related liabilities are also included in CPS Energy's financial statements as a component unit. Subject to Public Utility Commission of Texas (PUCT) approval in the future, excess or deficient funds related to the 12.0% Trust will be distributed to or received from AEP's ratepayers after decommissioning is complete.

CPS Energy, together with the other owners of STP Units 1 and 2, files a certificate of financial assurance with the NRC for the decommissioning of the nuclear power plant every two years. The certificate assures that CPS Energy and the other owners meet the minimum decommissioning funding requirements mandated by the NRC. The owners agreed in the financial assurance plan that their estimate of decommissioning costs would be reviewed and updated periodically.

In fiscal year 2009, CPS Energy determined that some pre-shutdown decommissioning and spent fuel management activities would be required prior to shutdown of STP Units 1 and 2. As a result, separate trust accounts were created to pay for pre-shutdown decommissioning activities. Additionally, funds in the Trusts applicable to spent fuel management were transferred to separate spent fuel management accounts to prevent commingling with funds allocable to pre-shutdown or post-shutdown decommissioning costs. Based on projected costs, the spent fuel management accounts are currently fully funded; therefore, no contributions were made to these accounts in fiscal year 2025. In fiscal year 2025, no contributions were made to fund pre-shutdown decommissioning costs for CPS Energy's 28.0% ownership in STP. No pre-shutdown decommissioning expenses were incurred for the 28.0% ownership in calendar year 2024. For the 12.0% Trust, pre-shutdown costs were funded by AEP's ratepayers. The 12.0% Trust incurred no pre-shutdown decommissioning expenses in calendar year 2024.

Notes to Financial Statements

Note 12 CPS Energy South Texas Project (STP) (Continued)

Nuclear Decommissioning (Continued)

The most recent cost study, which was finalized in May 2023, estimated decommissioning costs for the 28.0% ownership and 12.0% ownership in STP Units 1 and 2 at \$725,871 and \$311,088, respectively, in 2023 dollars. Included in the cost study was a 10.0% contingency component as required to comply with the PUCT. Based on the level of funds accumulated in the 28.0% Trust and 12.0% Trust and an analysis of this cost study, CPS Energy determined that no further decommissioning contributions were required to be deposited into the Trusts.

As of December 31, 2024, CPS Energy had accumulated \$551,829 in the 28.0% Trust. Total funds are allocated to decommissioning costs, pre-shutdown decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC as of December 31, 2024, the 28.0% Trust funds allocated to decommissioning costs totaled \$349,875 which exceeded the calculated financial assurance amount of \$137,915.

As of December 31, 2024, \$202,662 was accumulated in the 12.0% Trust. Total funds are allocated to decommissioning costs, pre-shutdown decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC as of December 31, 2024, the 12.0% Trust funds allocated to decommissioning costs totaled \$139,126, which exceeded the calculated financial assurance amount of \$59,106.

CPS Energy accounts for decommissioning in accordance with GASB Statement No. 83, *Certain Asset Retirement Obligations*, by recognizing its pro rata share of an ARO based on the best estimate of the current values of outlays expected to be incurred, determined by the most recent cost study. A new cost study is performed every five years. The most recent study was finalized in May 2023 and estimated costs in 2023 dollars. In years subsequent to the latest study, GASB Statement No. 83 requires the current value of CPS Energy's ARO be adjusted for the effects of inflation or deflation, at least annually. In addition to the ARO, CPS Energy has recorded a deferred outflow of resources that is being amortized over the remaining useful life of the plant.

Both Decommissioning Trusts also have separate calendar year financial statements, which are separately audited and can be obtained by contacting the Controller at CPS Energy.

STP Pension Plans and Other Post-Retirement Benefits

STPNOC maintains several pension and other post-retirement benefit plans covering most employees, including a noncontributory defined-benefit pension plan, defined-benefit post-retirement plan, supplementary nonqualified unfunded pension plan, supplemental retirement plan, deferred compensation program, and a contributory savings plan. The owners of STPNOC, including CPS Energy, although not sponsors to the STPNOC plans, share in all plan costs in the same proportion as their respective ownership percentages.

The noncontributory defined-benefit pension plan covers certain employees. Effective January 1, 2007, STPNOC approved a change to the pension plan to preclude the eligibility of employees hired after December 31, 2006, in the plan. Employees hired after this date receive enhanced matching contributions under the STP Nuclear Operating Company Savings Plan.

On June 4, 2019, STP's Board of Directors approved freezing the Retirement Plan for non-bargaining participants, effective December 31, 2021.

Notes to Financial Statements

Note 12 CPS Energy South Texas Project (STP) (Continued)

STP Pension Plans and Other Post-Retirement Benefits (Continued)

STPNOC also maintains a defined-benefit post-retirement plan that provides post-retirement health and welfare benefits. As of May 1, 2014, certain STPNOC employees voted to transition STPNOC's medical plan to a Taft-Hartley multi-employer health and welfare plan. During calendar year 2018, there were additional plan design changes related to the STPNOC post-retirement health and welfare benefits resulting in additional employees transitioning to the Taft-Hartley multi-employer plan, which resulted in a reduction in STPNOC's OPEB liability as of December 31, 2019. STPNOC pays monthly premiums for the benefits, to be partially funded by participating employees.

Employees whose eligible compensation exceeds the limitations established under the 1974 Employee Retirement Income Security Act, \$345 for calendar year 2024, are covered by a supplementary nonqualified, unfunded pension plan, which is provided for by charges to operations sufficient to meet the projected benefit obligations. The accruals for the costs of that plan are based on substantially the same actuarial methods and economics as the noncontributory defined-benefit pension plan.

An unfunded supplemental retirement plan and other unfunded deferred compensation programs are maintained by STPNOC for certain key individuals.

The effect to CPS Energy of funding obligations related to the defined-benefit plans sponsored by STPNOC was reflected as a decrease of \$6,451 for fiscal year 2025 and was reflected as miscellaneous revenues on the Statement of Activities.

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Notes to Financial Statements

Note 13 Commitments and Contingencies

Primary Government (City)

Grants

The City has received significant financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a materially adverse effect on the City's financial position at September 30, 2025. Grant and local funding received from federal, state, and other governmental agencies but not yet earned as of September 30, 2025 was \$2,210, of which \$1,007 is reported in the COVID-19 Funds and \$1,203 in the Categorical Grant In-Aid Funds.

The City had \$22,551 pending reimbursement from FEMA at year-end. The Categorical Grant In-Aid Fund was pending \$16,931 related to the Shelter and Services Program and Winter Storm Uri, and COVID-19 Fund was pending \$5,620 for the FEMA Public Assistance Program. The City continues to work with FEMA to recoup expenditures.

Capital Improvement Program

The City will be undertaking various capital improvements during fiscal year 2026. The estimated cost of these improvements is \$1,155,523; of this amount \$203,292 will be funded from the 2022 General Obligation Bond Program, and \$648,832 from Airport Funding. The 2026 Capital Improvements Program consists of the following:

Function/Program	2026
General Government	
Information Technology	\$ 32,078
Municipal Facilities	71,149
Total General Government	<u>\$ 103,227</u>
Public Health & Safety	
Drainage	\$ 44,970
Fire Protection	16,752
Law Enforcement	15,122
Total Public Health & Safety	<u>\$ 76,844</u>
Recreation & Culture	
Libraries	\$ 11,518
Parks	75,843
Total Recreation & Culture	<u>\$ 87,361</u>
Transportation	
Air Transportation	\$ 648,832
Street	200,016
Total Transportation	<u>\$ 848,848</u>
Neighborhood Improvements	<u>\$ 39,243</u>
Total Capital Plan	<u>\$ 1,155,523</u>

These projects are scheduled to be funded with a combination of grants, bonds, certificates, notes, and other designated City resources.

Notes to Financial Statements

Note 13 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation

The City is a party to various claims and lawsuits alleging personal and property damages, wrongful death, breach of contract, environmental matters, compliance claims, civil rights violations, and employment matters. The estimated liability, including an estimate of incurred but not reported claims, is recorded in the Self-Insurance Program's - Insurance Reserve Fund in the amount of \$43,708. The City estimates the amounts of unsettled claims under its self-insurance program and believes that the self-insurance reserves recorded as appropriations in the Self-Insurance Program's - Insurance Reserve Fund are adequate to cover losses for which the City may be liable. Whether additional claims or revisions to estimates required for settlement on existing claims could have a material effect on the basic financial statements cannot be determined.

Rogelio Carlos III, et al. v Carlos Chavez, et al. SAPD SWAT officers were assisting High-Intensity Drug Trafficking Areas (HIDTA) in searching for a fleeing suspect. Plaintiff was misidentified by the HIDTA officer as being the suspect. The HIDTA officer engaged and attempted to physically apprehend Plaintiff and was assisted by SAPD SWAT officers. Plaintiff suffered minor injuries as a result of the arrest, although he later complained of neck and shoulder/arm pain. Several months after the incident, Plaintiff underwent surgery. The plaintiff was left paralyzed by the surgical procedure. Plaintiff has filed suit against the City and various officers under 42 U.S.C. § 1983. Discovery is completed. Motions for summary judgment were filed on behalf of the City and all officers. In April 2020, the Court entered its order dismissing all claims against the City and two officers. The judge entered an order bifurcating trial of liability from trial of damages. The liability case was tried in April 2024, with a finding against two of the officers but dismissal of the third. The damages case was tried in October 2024, with a final judgment totaling \$7,050. The court also awarded an additional \$2,490 in prejudgment interest, attorneys fees in the amount of \$1,468 and costs in the amount of \$69, for a total judgment of \$11,077. Post judgment interest was awarded to accrue at 4.19% per annum. The officers have appealed to the Fifth Circuit; Plaintiff filed a cross appeal challenging the City's summary judgment. The City has informed the officers and the Plaintiff that it cannot indemnify the officers in this matter.

Patricia Slack, et al. v City of San Antonio and Steve Casanova. SAPD officers responded to persons complaining they had been assaulted in front of a nearby residence. The officers went to the address provided by the victims and approached the front door, which was behind a security door made of metal bars. The officers knocked, and the door swung open to the living room, although the security door remained closed. At least three individuals were present in the living room. One individual stood and approached the door while reaching his hand into his waistband. Officer Casanova discharged his weapon. A bullet fired by Officer Casanova grazed one individual and fatally struck a second individual. A suit was brought on behalf of the estate of the deceased, the injured individual, and another individual on the scene. Plaintiffs have filed suit under 42 U.S.C. § 1983 alleging use of excessive, deadly force. Discovery is completed. Summary judgment motions were filed on behalf of the City and the officer. The Court granted the City's motion in part and denied it in part. It denied the officer's motion. The officer appealed the denial of its motion to the Fifth Circuit, which upheld the Court's ruling. The judge has bifurcated the trial into three separate trials – the first trial will address only the issue of Officer Casanova's liability. That case is set for trial on August 13, 2026. If the officer is found liable, a second trial will be set concerning the claims against the City. A third trial to address damages will be set if necessary.

Notes to Financial Statements

Note 13 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Associated Builders & Contractors of South Texas, Inc., et al. v City of San Antonio, et al. In 2018, the City was served with a petition to enact a paid sick leave ordinance or to place the initiative on the ballot for election. On August 16, 2018, the City enacted Ordinance No. 2018-08-16-0620 mandating that all private employers provide employees paid sick leave. This suit was filed by various business organizations alleging that the ordinance violated the Texas Minimum Wage Act. Plaintiffs sought a temporary injunction and declaratory judgment. A temporary injunction was granted. While this matter was on appeal, the Texas Supreme Court issued an opinion in an Austin case concerning a similar ordinance, finding the ordinance was preempted. Plaintiffs in this case are seeking attorneys' fees in an amount in excess of \$250 which is still pending. This matter is not currently set for trial.

Ania Contreras et al. v Mazda Motor Corporation, et al. On May 3, 2020, Defendant Joseph Woolard was wanted on four felony warrants for firing a shotgun at a Bexar County Sheriff's Office deputy. When police officers attempted to contact him at a gas station, he fled for 40 minutes before going the wrong way on IH 35, striking a vehicle, and causing the death of Asante Contreras. Plaintiff filed suit in state court alleging violations of 42 U.S.C. § 1983, the Texas Tort Claims Act and general negligence. Plaintiff has also asserted claims against Mazda Motor Corp. alleging negligence for the design and safety flaws of the Mazda 3 decedent was driving. Discovery is ongoing. The City filed a plea to the jurisdiction, which was granted on November 2, 2024. Plaintiffs severed the claims against the City and filed an appeal with the Fourth Court of Appeals. The matter was then transferred to the Eighth Court of Appeals. Briefing has been concluded and oral argument requested.

Texas Disposal System v City of San Antonio. Texas Disposal System (TDS) holds a contract with the City to operate the City's waste transfer station on Starcrest Road. TDS alleges the rates allowed under the contract, even with Consumer Price Index adjustments, does not properly compensate them and sought to change the terms of the contract, which the City denied. TDS brought suit against the City in late 2022 claiming the City breached the terms of the contract and seeks damages in excess of \$15,000. The case was tried by a jury in September 2025, with a verdict in favor of the City. The City is preparing to file to recover attorney's fees and costs in excess of \$1,000. The City anticipates that Plaintiff will appeal when final judgment is entered.

Alexis Tovar, et al. v City of San Antonio, et al. On June 23, 2023, officers responded to an apartment complex for a call that a woman cut a fire alarm wire. When confronted by the officers, the woman ran to her apartment. Three officers climbed over the railing on her patio and saw her inside the apartment. The woman made a movement toward the patio window and the officers opened fire, killing her. Plaintiffs filed suit in Federal District Court against the City and the officers, alleging use of excessive force. The City is not providing representation or indemnification for the officers. A motion to dismiss was filed on behalf of the officers and a motion for summary judgment filed on behalf of the City. On September 29, 2025, the Court entered final judgment, granting the defendants' motions and dismissing all claims. Plaintiffs have appealed to the Fifth Circuit.

Maria Tijerina, et al. v City of San Antonio, et al. SAPD received a call that a woman and her children were being held at gunpoint in their apartment by her boyfriend. SWAT was dispatched to the scene. The boyfriend exited the apartment and while standing on the landing, raised his weapon. SWAT officers discharged their weapons, killing the boyfriend. A single bullet went through the apartment door, ricocheted off an air conditioning vent and struck the woman, killing her. On August 8, 2025, the Court entered judgment, granting the City and the Officers' motions for summary judgment and dismissing all claims. Plaintiffs have appealed to the Fifth Circuit.

Notes to Financial Statements

Note 13 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Mission Road Developmental Center v Cal-Tex Interiors, et al. Mission Road, a non-profit agency, filed suit against the City and eleven other developers/property owners alleging development in the area of their facility has diverted the natural flow of water, causing flooding and damage on their property. With respect to the City, they allege that the City's construction activities in the area constitute inverse condemnation of their property. Discovery is ongoing. This case settled for \$45 in December 2025.

Maria Vitela, et al. v City of San Antonio, et al. On September 18, 2022, SAPD officers were flagged down to find a suspect wanted on felony warrants. Family members provided a description of the individual. Alejandro Vitela was seen riding his bicycle in the area, against traffic, and matched the description. When stopped, he was not cooperative, said he had a gun and would shoot the officers and then made movements that appeared that he was pulling a weapon. Officers drew their weapon and fatally shot Mr. Vitela. Subsequently, it was determined that he did not have a weapon. A suit has been filed on behalf of Mr. Vitela's estate against the City and one officer. Motions for summary judgment have been filed on behalf of the City and the officer. No trial date has been set.

Lynda Espinoza, et al. v City of San Antonio, et al. On June 3, 2022, officers received a call for a vehicle stolen at gun point. Officers located the vehicle and attempted to make a stop. One officer blocked the stolen vehicle with his patrol car and began exiting his car, when the stolen vehicle began to drive straight at him. A second officer on the scene discharged his weapon at the driver, killing him. It was later discovered that the driver was a 13-year-old male. The decedent's family filed suit against the City and the officer in federal court. Motions for summary judgment have been filed on behalf of the City and the officer. On January 5, 2026, the United States Magistrate Judge issued his Report and Recommendation to the United States District Judge that the City and the Officer's motions for summary judgment should be granted and all claims dismissed. Plaintiff has filed objections to the Report and Recommendation. On February 18, 2026, the District Court Judge denied Plaintiff's objections to the Magistrate's Report and Recommendation. He entered an order granting the City and Officer Ramos' Motions for Summary Judgement and entered Judgement in favor of the defendants. Plaintiff has thirty days to appeal to the Fifth Circuit Court of Appeals.

Juana Morales v City of San Antonio. On August 21, 2020, Plaintiff, Juana Morales, stopped at an intersection and then began to turn left. A SAPD officer driving on the cross street struck Plaintiff's car on the front driver's side. Plaintiff alleges she suffered significant personal injuries. The officer sued separately for injuries she incurred, and the cases were consolidated. This case has been settled and was approved by City Council on February 5, 2026.

Santander Consumer USA v City of San Antonio, et al. Plaintiff, an auto loan company, filed suit against the City and its contractor managing the City's impound lot. Plaintiff claims that the City's ordinance regarding sending notice on towed vehicles is unconstitutional and deprives them of their due process rights to recover vehicles before they are sold at auction. Plaintiff claims there have been damages in an amount in excess of \$250. Motions to dismiss were pending. Plaintiff filed a new petition and the court consolidated the cases and reopened discovery. The City filed a motion for summary judgment which was granted in August 2025. Plaintiff has appealed to the Fifth Circuit.

Notes to Financial Statements

Note 13 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Bravo Excavation and Construction, LLC v Austin Bridge & Road, LP and City of San Antonio. This lawsuit concerns a storm water construction project. Austin Bridge & Road is the general contractor for the City's project; Bravo Excavation and Construction, LLC is a subcontractor hired by Austin Bridge & Road for trenching. After trenching issues occurred, Austin Bridge alleged that the soil was different than as described in the documents; the City believes Bravo lacked experience in trenching. Austin Bridge terminated Bravo for OSHA violations and site safety concerns. Bravo sued Austin Bridge and the City, alleging a \$1,500 breach of contract. Austin Bridge countersued Bravo and crossclaimed the City for breach of contract. Bravo added a third-party defendant, United Rentals, claiming the water bypass for trenching malfunctioned. Discovery is ongoing. This case is set for trial on November 16, 2026.

Erik Cantu, et al. v City of San Antonio, et al. On October 20, 2022, SAPD Officer James Brennand was dispatched to a McDonald's for a disturbance. On his arrival, the disturbance had abated, but while in the parking lot, he observed a vehicle that had fled from him the night before. Officer Brennand called for backup but approached the vehicle before it arrived. He opened the door, startling the driver, Eric Cantu. Cantu immediately put the vehicle in reverse, causing the car door to strike the officer. Officer Brennand drew his weapon and shot at the vehicle as it drove away. Mr. Cantu was struck several times and was unable to continue driving within a block. Mr. Cantu was hospitalized for multiple gunshot wounds. Officer Brennand was terminated for failure to follow SAPD policies and procedures and was criminally indicted. The City will not be providing a defense for former officer Brennand. Discovery is ongoing. This case is set for trial on September 21, 2026.

Dreyshla Limady Cadena Perez et al. v Victoria Ocejio et al. On July 26, 2024, decedent was driving a motorcycle when he was fatally struck by an SAPD patrol vehicle. Plaintiff contends that the officer entered the intersection on a red light, against a traffic signal without activating lights or sirens. Discovery is ongoing. This case is set for trial May 18, 2026.

Ben Gonzalez et al v The City of San Antonio; et al. Police responded to a domestic violence call involving Plaintiff's son and his ex-girlfriend. When police arrived, the decedent appeared to be holding a weapon on his ex. Officer Belcher discharged his weapon, killing decedent. Plaintiffs allege that their son was not violent and the shooting was excessive force, in violation of Section § 1983. Discovery is ongoing. This case is set for trial on July 20, 2026.

Juanita Naiera et al. v The City of San Antonio, et al. Plaintiff's decedent was attacked by dangerous dogs, resulting in his death. The owners plead guilty to criminal charges of attack by dog resulting in death. Plaintiff has filed suit in Federal Court against the City and the City Attorney alleging that the City failed to take possession of the dogs despite allegedly knowing of their dangerous nature. This suit has recently been filed. Motions to dismiss on behalf of the Defendants were granted in September 2025. Plaintiff filed a motion to reconsider which is pending.

Southwest Airlines v City of San Antonio. Southwest Airlines filed suit against the City attempting to stop the execution of an Airline Lease and Use Agreement which set forth rental terms at the San Antonio International Airport and designated gate assignments for a new terminal scheduled for completion in 2028. Southwest contends that the City used arbitrary and capricious factors in deciding gating assignments, in violation of the Aviation Deregulation Act. Their request for temporary injunction was denied by the Federal Court. The City filed a motion to dismiss which was granted in August 2025. Plaintiff has appealed to the Fifth Circuit. Plaintiff has also filed a complaint with the FAA. All briefings on that complaint are completed and a determination is pending.

Note 13 Commitments and Contingencies (Continued)**Primary Government (City) (Continued)*****Litigation (Continued)***

Gary Perez and Matilde Torres v City of San Antonio. In 2017, the citizens of San Antonio approved a bond package which included funds for rehabilitation and restoration of areas of Brackenridge Park. In 2023, the City approved plans for restoring crumbling historic walls in the Lambert Beach area. Plaintiffs assert they are members of a Native American church which recognizes this area as sacred area. They contend that the City's plans to remove trees in the restoration process and to deter nesting migratory cormorants will destroy the spiritual ecology of the area. They filed suit in Federal Court, seeking a preliminary injunction, which was denied. On appeal to the Fifth Circuit, the Court initially entered an opinion upholding the denial, but on motion for rehearing, the Court vacated the opinion pending certification to the Texas Supreme Court for determination of the standard of review for the Religious Services Protection Amendment of the Texas Constitution. Oral argument on that question was heard on December 4, 2024. In June 2025, the Texas Supreme Court issued their opinion in favor of the City and the matter was returned to the Fifth Circuit. In August 2025, the Fifth Circuit panel reissued its prior opinion in favor of the City. Plaintiffs filed a motion for reconsideration en banc. The Court requested a response to the motion. The decision on whether or not to grant en banc review is pending.

Amy Pentkowski et al. v City of San Antonio and Bexar County. This suit was brought in Federal District Court pursuant to Section 1983, alleging use of excessive force. On January 23, 2023, around 7:00 am, the SAPD received a call reporting a male outside in a residential area acting in an unusual manner. An officer arrived on the scene and observed Daniel Pentkowski acting oddly. He approached Mr. Pentkowski. After initially engaging with the officer, Mr. Pentkowski became aggressive towards the officer, who took Mr. Pentkowski to the ground and called for backup. Several officers arrived and Mr. Pentkowski was escorted to Bexar County Jail. Body cam footage from the scene does not show any injury. Officers talked with other individuals at the scene who identified as Mr. Pentkowski's sisters. They stated they rented the Air B&B for a family reunion and their brother had been drinking heavily and acting oddly. The family plaintiffs allege that they had no contact with the SAPD or Bexar County for several days and were then notified that Mr. Pentkowski died. Discovery is ongoing. This case is set for trial on July 13, 2026.

Maria Villegas, et al. v City of San Antonio. This is an employment lawsuit brought in Federal District Court pursuant to Title VII. Plaintiffs are employees of the Convention, Sports and Entertainment Facilities Department. Plaintiffs allege they were each subject to sexual harassment while employed with the City. Suit was filed seeking class certification with a defined class of former and current female maintenance workers in the CSEF department. In July 2025, a hearing was held on class certification and a judge noted that the request was denied. The parties are currently negotiating the order for this decision. The plaintiffs dropped their appeal of denial of class certification. The City is moving to bifurcate the claims of the plaintiffs into two separate lawsuits.

Flooding Claims. On June 12, 2025, the City experienced a significant rain event in a short period of time, leading to flooding in areas of the City. During this event, 13 individuals died, 11 of whom whose vehicles were swept into Beitel Creek near Loop 410. The City has received 25 claims, related to 5 of these deaths. In anticipation of litigation, the City retained the services of an engineering firm to model the flooding at Loop 410 and help assess the causes. Based on this study, it does not appear that the City knew or should of known of the potential for flooding in this area. As of this date, only one lawsuit has been filed, *Tamika Gloria et al. v City of San Antonio*.

Note 13 Commitments and Contingencies (Continued)**Primary Government (City) (Continued)*****Litigation (Continued)***

Adrian Guevara v City of San Antonio. A Solid Waste Department truck abruptly made a u-turn in front of Plaintiff's vehicle. Plaintiff did not have sufficient time to avoid hitting the truck's broadside. Plaintiff suffered significant injuries. This case is set for trial on April 13, 2026.

Danyce Garcia, et. al. v City of San Antonio. A Solid Waste Department collecting truck was driving in a right turn lane when Plaintiff also attempted to turn right from the adjacent lane, striking the truck. Plaintiff alleges she suffered significant injuries. This case is currently set for trial on March 23, 2026 but a motion for continuance is pending.

San Antonio Park Police Officers' Association, et. al. v City of San Antonio. San Antonio Park and Airport Police Officers filed suit alleging they are entitled to the benefits provided by Texas Local Government Code Chapter 143 and the right to collectively bargain pursuant to Texas Local Government Code Chapter 174. The City moved to dismiss all claims; claims under Chapter 143 were dismissed and the case proceeds under Chapter 174. The officers claim alternately that they are entitled to coverage under the CBA with the San Antonio Police Officers' Association or alternately that they should be allowed to negotiate a CBA on their own behalf. Recently, the suit was amended to include damage claims for past wages calculated under the SAPOA CBA. This case is not currently set for trial.

Derek Perez v City of San Antonio. On February 3, 2023, Plaintiff was traveling west on SW Loop 410 and occupying the inside lane. A motor vehicle accident ahead on the highway cause traffic to congest and slow. A SAPD officer attempting to reach the accident drove onto the unimproved shoulder with lights activated. As Plaintiff attempted to move over one lane, the police car struck his vehicle. Plaintiff incurred damages in excess of \$200,000. This case is set for trial on April 6, 2026.

Victor Fernandes Sr., et. Al. v Christopher Wesch. On August 30, 2023, SAPD undercover detectives were tracking a stolen vehicle that had been involved in a series of other vehicle thefts. When the vehicle attempted to flee, the detectives called for patrol backup. The vehicle entered and stopped in a Home Depot parking lot. One individual exited the vehicle and was immediately apprehended. The second began running from the car with a gun clearly visible in his hand. At some point, that individual turned in the direction of patrol officers. Officer Wesch heard a gunshot and saw a fellow officer fall to the ground, at which point he discharged his weapon, killing the suspect. Subsequently it was determined that the injured officer had a self-inflicted wound. Plaintiff filed suit in Federal Court against Officer Wesch only. Trial is scheduled for February 22, 2027.

State Energy Conservation Office

On March 20, 2025, the City and the Texas Comptroller of Public Accounts, through its State Energy Conservation Office (SECO), executed a loan agreement for the LoanSTAR Revolving Loan Program (LoanSTAR) of the Texas State Energy Plan. LoanSTAR provides low-interest loans to assist Texas public entities by financing its energy-related, cost-reduction retrofit projects. The loan amount is for \$1,487, at an interest rate of 2.0%, to fund five projects to install solar photovoltaic (PV) panels that will convert sunlight directly into electricity. These five facilities are the Animal Care Services facility, Fire Station #34, Cuellar Community Center, Culebra Household Hazardous Waste Facility, and the Rosedale YMCA building. The City must complete these projects within a twelve-month period from signing of contract on March 17, 2025. Terms of the loan repayment will commence upon receipt of the loan payment schedule, which will be provided and finalized once the projects are completed.

Note 13 Commitments and Contingencies (Continued)**Primary Government (City) (Continued)****Landfill Postclosure Care Costs**

In October 1993, the City Council approved closure of the Nelson Gardens Landfill, which immediately stopped accepting solid waste. Subsequent to landfill closure, federal and state laws required the City to incur certain postclosure care costs over a period of 30 years. As of September 30, 1994, the City estimated these costs for postclosure of the Nelson Gardens Landfill at \$3,825. The estimate was based on projected costs for installation of a leachate and groundwater collection system, installation of a methane recovery system, geotechnical and environmental engineering services, and monitoring and maintaining the facility for a 30-year period. The City will continue to monitor the site on an annual basis beyond the 30-year requirement due to it being an active methane collection and groundwater system. In accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Cost*, the estimated postclosure cost for the Nelson Gardens Landfill is recorded as a liability and expensed in the Solid Waste Management Fund. This cost is an estimate and is subject to changes resulting from inflation/deflation, advances in technology, or changes in applicable laws or regulations. Each fiscal year, the City performs an annual re-evaluation of the postclosure care costs associated with the Nelson Gardens Landfill. The annual re-evaluation conducted for the fiscal year-ended September 30, 2025, resulted in an estimated postclosure care liability for the Nelson Gardens Landfill of \$119. The City contracted with a third party in 2010 to capture and sell methane gas in exchange for a percentage of the revenue earned and postclosure maintenance costs assumed by the third party. This resulted in the City reducing its postclosure liability by \$40 from the prior fiscal year.

Texas Commission on Environmental Quality (TCEQ) Financial Assurance

The City is required, under the provision of the Texas Administrative Code, to provide financial assurance to the Texas Commission on Environmental Quality (TCEQ) related to the closure of municipal solid waste operations including, but not limited to, storage, collection, handling, transportation, processing, and disposal of municipal solid waste. In relation to new and modification permits for closed landfills from TCEQ, the City has an obligation to provide financial assurance of the post closure cost estimates for landfills. Additionally, financial assurance is required to demonstrate financial responsibility for underground storage petroleum facilities. Based on the number of underground petroleum storage tanks, the City is required to provide \$1,000 of financial assurance related to the underground storage facilities. The City completes and submits its financial assurance to TCEQ annually.

Arbitrage

The City has issued certain tax-exempt obligations that are subject to IRS arbitrage regulations. Noncompliance with these regulations, which pertain to the utilization and investment of proceeds, can result in penalties, including the loss of the tax-exempt status of the applicable obligations retroactive to the date of original issuance. In addition, the IRS requires that interest income earned on proceeds in excess of the arbitrage rate on applicable obligations be rebated to the federal government. The City monitors its bond proceeds in relation to arbitrage regulations, and "arbitrage rebate" is estimated and recorded in the government-wide and proprietary financial statements when susceptible to accrual, and in the governmental fund type when matured. As of September 30, 2025, the City has arbitrage liability of \$22,803 for its governmental funds, and \$170 recorded for its proprietary funds.

Note 13 Commitments and Contingencies (Continued)**CPS Energy****Litigation**

CPS Energy is currently engaged in litigation against three of its natural gas suppliers, in which CPS Energy is disputing (under disputed payment provision) approximately \$350,000 in natural gas prices charged by those suppliers for natural gas in Winter Storm Uri as being unconscionable and violative of public policy in Texas. The pending gas supplier cases have been consolidated into the Multi District Litigation Panel and have been assigned to a judge in Bexar County for pretrial proceedings. The outcome of this pending litigation remains uncertain as of the issuance of these financial statements.

CPS Energy has also been named as one of many defendants in various other lawsuits arising out of Winter Storm Uri. The outcomes of these pending lawsuits are uncertain as of the issuance of the financial statements. Additionally, CPS Energy is involved in a number of other lawsuits unrelated to Winter Storm Uri. The outcomes of these pending lawsuits are uncertain as of the issuance of the financial statements.

Other

Purchase and construction commitments are \$12,830,600 at January 31, 2025. This amount includes construction commitments, provisions for coal purchases through December 2027, and natural gas purchases through March 2055; the actual amount to be paid will depend on CPS Energy's actual requirements during the contract period and the price of gas. Also included are provisions for gas toll energy through 2028, wind power through 2038, solar power through 2044, landfill power through 2029, and raw uranium associated with STP fabrication and conversion services needed for refueling through December 2026.

In fiscal year 2008, CPS Energy entered into a Natural Gas Supply Agreement with SA Energy Acquisition Public Facility Corporation (PFC), a component unit of the City, to purchase all-natural gas to be delivered under a Prepaid Natural Gas Sales Agreement. Under the Prepaid Natural Gas Sales Agreement between PFC and a third-party gas supplier, PFC has prepaid the cost of a specified supply of natural gas to be delivered over 20 years since inception, through the middle of fiscal year 2028.

CPS Energy sells excess power into the wholesale market with a balanced portfolio that includes a mix of short-term (less than a month) and mid-term (one month to a year) transactions with market participants. CPS Energy also has long-term (greater than one year) wholesale agreements with four public power entities and cities, providing full or partial requirements. These long-term agreements have varying terms expiring through December 2028. The capacities committed under these agreements represent approximately 3.8% of CPS Energy's current nameplate capacity.

Notes to Financial Statements

Note 13 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

On June 20, 2011, CPS Energy announced its New Energy Economy initiative. The program is designed to focus on more clean energy sources rather than traditional energy sources and includes several major initiatives to which CPS Energy has the remaining commitments:

- CPS Energy offers customers the opportunity to better manage their home's energy use through the Wi-Fi Thermostat Rewards program. The program gives customers access to a wide choice of programmable thermostat options. Customers benefit from better control of their home's air conditioning use and the visibility to program settings from their mobile devices. Customers in Wi-Fi Thermostat Rewards can choose to have a CPS Energy contractor install a free programmable thermostat in their place of residence. Alternatively, they can purchase and self-install their own thermostat from a list of qualifying devices and receive a rebate from CPS Energy. In exchange for the rebate, customers allow CPS Energy to periodically control and interrupt service to manage peak energy periods. The program is funded through the Sustainable Tomorrow Energy Plan (STEP). As of January 31, 2025, there were 149,007 (not reported in thousands) CPS Energy customer devices enrolled in Wi-Fi Thermostat Rewards.
- In November 2011, CPS Energy entered into a \$77,025 prepaid agreement for purchased power equal to approximately 60.0% of the anticipated output from 30 MW of solar energy facilities in the San Antonio area. The unamortized balance of the prepayment was \$38,326 at January 31, 2025. The agreement expires in 2037, and the purchase of the balance of the output is on a pay-as-you-go basis.
- In July 2012, CPS Energy executed a Master Agreement with OCI Solar Power (OCI) for approximately 400 MW from seven facilities. All seven facilities became operational by the end of 2017. In March 2017, CPS Energy and OCI executed an Amended and Restated Master Power Purchase and Economic Development Agreement. The original Master Agreement was replaced in order to simplify the agreement and reflect pertinent terms going forward. In addition, CPS Energy also executed two separate 25-year Purchase Power Agreements for Project Pearl and for Project Ivory for 50 MW each.

The table below represents a total capacity of approximately 494 MW for all solar farm facilities included in the 25-year power purchase agreements mentioned above:

Facility	Capacity in MW ¹	Achieved Commercial Operations
Alamo 1	39.2	December 2013
St. Hedwig (Alamo 2)	4.4	March 2014
Walzem (Alamo 3)	5.5	January 2015
Eclipse (Alamo 4)	37.6	August 2014
Helios (Alamo 5)	95.0	December 2015
Sirius 1 (Alamo 6)	108.3	March 2017
Solara (Alamo 7)	104.5	September 2016
Sirius 2 (Pearl)	49.1	October 2017
Lamesa 2 (Ivory)	50.0	December 2018
Total 25-year Power Purchase Agreements	493.6	

¹ Capacity in MW from facilities may vary from year to year based on revised annual output estimates.

Notes to Financial Statements

Note 13 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

- Simply Solar is the trademarked name for CPS Energy's *Roofless Solar* programs. In 2015 the *SolarHostSA* program was launched by CPS Energy in partnership with PowerFin Partners to install up to 5 MW of rooftop systems on customer homes and businesses. The program provides participating customers a monthly credit for hosting the systems on their rooftops. On August 12, 2015, CPS Energy entered into an agreement to purchase the output from the rooftop systems for an initial term of 20 years. In 2015 Roofless Solar was also launched by CPS Energy in partnership with Clean Energy Collective (CEC). CEC built a 1 MW community solar farm in the CPS Energy service territory. The program sold 107.5-Watt panels in the array to customers who wanted to enjoy the benefits of solar power without having to install their own system. During fiscal year 2021, CPS Energy opted to purchase the solar farm from CEC and assumed maintenance and operational responsibility for the solar farm. On December 17, 2018, CPS Energy entered into a 25-year agreement with Big Sun SA 1 (Big Sun) to expand the Roofless Solar program by 5 MW. Big Sun successfully installed community solar panels on carports at commercial businesses across San Antonio. The panels were sold to customers who will receive bill credits from CPS Energy for their share of the solar production. In August 2023, CPS Energy launched a Request for Proposal for up to 50 MW of additional community solar to expand its Roofless Solar program and is currently evaluating proposals.

In July 2019, CPS Energy executed a Bill of Sale with the Department of Defense for \$87,054 for the electric and gas systems at three Joint Base San Antonio (JBSA) installations: JBSA Randolph, JBSA Lackland and JBSA Lackland Training Annex. In addition to the fixed assets acquired, deferred inflows for the unrealized future recoveries associated with the JBSA agreement were recorded at the time of the purchase which are being amortized over the 50-year Utilities Privatization Contract that covers the JBSA systems.

In December 2021, the PUCT authorized ERCOT to implement securitization of \$800,000 pursuant to Public Utility Regulatory Act Chapter 39, Subchapter M to reimburse short payments for operating days February 12 to 20, 2021, during Winter Storm Uri. The proceeds of these securitized transactions by ERCOT and these market participants resulted in repayment of their outstanding short-payments to ERCOT, which in turn have been used to reimburse short-pay claimants such as CPS Energy which successfully recovered most of its \$15,000 short-payment claim.

The \$800,000 in securitized debt was reduced to \$200,300 as a result of a settlement authorized on November 14, 2022, by the United States Bankruptcy Court in the Brazos Chapter 11 Plan of Reorganization. On December 15, 2022, a disbursement of \$1,151,400 from the bankruptcy settlement was paid to ERCOT, of which \$599,700 went to reduce the \$800,000 securitization debt. Pursuant to provision in Subchapter M, over the next 25 to 30 years, ERCOT is requiring CPS Energy to make monthly payments of its share of the remaining \$200,300, which are expected to total \$5,472. Additionally, ERCOT claims that CPS Energy may be responsible for additional market uplifts related to other market participants that are in default with ERCOT and from which ERCOT may not be able to recover its claims because such market participants exited the market or other reasons. The amount of CPS Energy's share of these possible uplifts, which are currently being disputed, cannot be estimated at this time.

Notes to Financial Statements

Note 13 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS)

Other

In March 2007, SAWS was orally notified by Region 6 of the United States Environmental Protection Agency (EPA) of alleged failures to comply with the Clean Water Act due to the occurrence of sanitary sewer overflows (SSOs). The EPA subsequently referred the matter to the United States Department of Justice (DOJ) for enforcement action. SAWS engaged in settlement negotiations with the EPA and the DOJ to resolve the allegations. In June 2013, the Board approved a Consent Decree between SAWS and the United States of America and the State of Texas to resolve this enforcement action. During the 10 to 12-year term of the Consent Decree, SAWS estimated the cost to perform the operating and maintenance requirements of the Consent Decree to be approximately \$250,000. SAWS estimates that capital expenditures associated with the requirements of the Consent Decree to be approximately \$1,300,000. As with any estimate, the actual amounts incurred could differ materially.

Through December 31, 2024, capital expenditures related to the Consent Decree totaled \$1,200,000, which includes certain work which was previously planned prior to entry into the Consent Decree. Since entry into the Consent Decree, SAWS has performed its obligations under the terms of the Consent Decree and management believes SAWS is in material compliance with such terms, conditions, and requirements. Since 2010, SAWS has seen a significant reduction in annual SSOs, from 538 in 2010 to 132 in 2024. (Sanitary sewer overflows not reported in thousands).

Mitchell Lake and adjacent wetlands cover approximately 600 acres which are legacy remnants of 19th-century wastewater reuse and disposal practices. With the passage of time, Mitchell Lake has become a unique and environmentally sensitive natural facility that is a wildlife refuge and an active destination attraction for birdwatchers from around the world. The site provides essential habitats where more than 330 species of migratory birds can rest and feed and was declared to be a "Refuge for Shore Birds and Waterfowl" by the City in 1973. Since 2004, the site has been operated by the National Audubon Society as a Nature Center.

As a result of its past use as a waste management center for San Antonio, the EPA regulated discharges from Mitchell Lake, which can occur after significant rainfall events. In 2016, SAWS received an Administrative Order from the EPA that alleged SAWS violated its then existing Texas Pollutant Discharge Elimination System (wastewater) permit by failing to meet effluent limitations for discharges from the lake as required by the permit.

Upon receiving the Administrative Order, SAWS began working with consulting experts and conducted preliminary feasibility evaluations of a proposed solution that would entail the use of constructed treatment wetlands to meet the water quality objectives while protecting and enhancing the existing natural resources and aquatic waterfowl habitats. The proposal has two major components: (a) modifications to the existing dam with the construction of a new spillway and (b) constructing treatment wetlands of approximately 83 acres (not in thousands) below Mitchell Lake. SAWS was also successful in changing the wastewater permit to a Municipal Separate Storm Sewer System (stormwater) permit.

Notes to Financial Statements

Note 13 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

The EPA had accepted SAWS' proposed solution and established a deadline for completion of March 31, 2026; however, in early 2024, the EPA provided notice that it was withdrawing the Administrative Order. The EPA also advised that with the withdrawal of the Administrative Order, oversight of the wetlands project would transition to the TCEQ pursuant to its authority under the stormwater permit. Withdrawal of the Administrative Order removes EPA's enforcement authority, ability to assess penalties, and SAWS's potential liability associated with the Administrative Order. SAWS has provided notice to TCEQ of the withdrawal of the Administrative Order and will work with the EPA and TCEQ to develop an appropriate schedule of activities for the project going forward. Projected costs for the wetlands project are estimated to be approximately \$76,000.

As of December 31, 2024, SAWS has entered into various agreements to obtain rights to pump water from the Edwards Aquifer. The term of these agreements varies, with some expiring as early as 2026 and others continuing until 2028. The annual cost per acre-foot ranges from \$100 to \$130. (Per acre-foot figures are not in thousands). Under these various agreements, SAWS paid \$1,813 in 2024.

The future commitments under these agreements are as follows:

	2025	2026	2027	2028
Edwards Aquifer - lease payments	\$ 1,377	\$ 1,377	\$ 769	\$ 451
Edwards Aquifer - acre feet leased	10,780	10,780	6,012	3,541

SAWS also has commitments to purchase water supplies under various contracts. All water provided under these contracts is subject to availability.

Under a contract with Guadalupe-Blanco River Authority (GBRA), SAWS will receive 4,000 acre-feet of water annually through the end of the contract in 2037. Additionally, SAWS must purchase water not sold by GBRA to other third parties. The additional amount of water available in 2025 is estimated to be 2,500 acre-feet and is projected to decline over the remaining term of the contract as the demand increases for other GBRA customers. The cost of the water escalates over time with projected prices ranging from \$1,276 per acre-foot in 2025 to approximately \$1,853 per acre-foot by 2037. (Figures in this paragraph are not in thousands).

Under a contract with the Massah Development Corporation, SAWS has a minimum take or pay commitment to purchase 100 acre-feet per month or 1,200 acre-feet per year of raw water from the Lower Glen Rose/Cow Creek formations of the Trinity Aquifer in northern Bexar County at a projected 2025 price of \$860 per acre-foot. This agreement expires in July 2025 and SAWS has a unilateral option to extend the contract for 10 years. (Figures in this paragraph are not in thousands).

In 2012, SAWS entered into an agreement with Water Exploration Company, Ltd., (WECO) to purchase groundwater produced by WECO from the Trinity Aquifer. In connection with this agreement, two prior water purchase agreements between District Special Project (DSP) and WECO were terminated. In 2018, Texas Water Supply Company assumed the assets of WECO, including this agreement between SAWS and WECO. The 2012 agreement has a term of 15 years, with two optional five-year extensions. SAWS is obligated to purchase up to 17,000 acre-feet per year in monthly increments not to exceed 1,417 acre-feet if the water is available to be produced. SAWS only pays for delivered water meeting all state and federal drinking water standards. Pumping under this contract may not reduce the Trinity Aquifer below 600 feet Mean Sea Level at test wells on the tracts.

Notes to Financial Statements

Note 13 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

The projected price to be paid per acre-foot of raw water ranges from \$1,322 in 2025 to \$1,376 in 2027. Due to drought conditions in the area, Texas Water Supply Company has not been able to deliver near the maximum amount of water SAWS is contractually obligated to purchase. (Figures in this paragraph are not in thousands).

In 2010, SAWS was granted a permit by the Gonzales County Underground Water Conservation District (District) to produce 11,688 acre-feet of water from the Carrizo Aquifer in Gonzales County. SAWS has entered into 23 separate agreements with landowners to produce water under that permit. (Agreement count and acre-feet not in thousands). These agreements remain in force indefinitely as long as SAWS continues to make payments in accordance with the terms of the agreements. SAWS makes payments to the landowners based on actual water produced. SAWS expects to produce the maximum water available under its permit in 2025 and projects payments to landowners will be \$1,647. These payments escalate annually based on the average of the increase in the Consumer Price Index and Producers Price Index.

In 2011, SAWS entered into an agreement with the Schertz Seguin Local Government Corporation (SSLGC) to 1) treat water produced by SAWS under its permit with the District at SSLGC's treatment plant in Gonzales County and transport that water through SSLGC's existing transportation pipeline to a SAWS facility in Schertz, Texas and 2) purchase up to 5,000 acre-feet of wholesale water annually from SSLGC. As part of this agreement, SSLGC agreed to expand its treatment facilities to handle the volume of water supplied by SAWS. SSLGC issued contract revenue bonds in 2012 to finance the expansion. SAWS is unconditionally obligated to make monthly payments to SSLGC beginning in December 2014 equal to 1/12th the annual debt service payment owed by SSLGC on the contract revenue bonds regardless of the amount of water actually provided by SAWS to SSLGC for treatment and transportation. In addition to the payment made to SSLGC for the expansion of the treatment plant, SAWS makes payments to SSLGC for treating and transporting the SAWS produced water. (Figures in this paragraph are not in thousands).

The initial term of the agreement with SSLGC expires in 2050 and is automatically renewed for successive terms of five years unless SAWS chooses to cancel the contract upon the expiration of any term. The price paid to SSLGC to treat and transport water provided by SAWS is projected to be \$547 per acre-foot in 2025 and peaks at \$630 per acre-foot in 2041 and ends at \$591 per acre-foot in 2050. This projected price through 2041 includes the debt service associated with the expansion of SSLGC's treatment plant. Payments for any wholesale water purchased from SSLGC are based on SSLGC's operating water rates. The 2025 price also includes the cost of surplus water from SSLGC, which contractually continues to be made available in subsequent years. (Figures in this paragraph are not in thousands).

Under a contract with Bexar-Medina-Atascosa Counties W.C.I.D. No. 1 (BMA), SAWS has a take or pay commitment to purchase 19,974 acre-feet of untreated water annually from Medina Lake. Due to low lake levels and poor water quality, SAWS has not taken water from Medina Lake since 2015 and has paid around \$3,000 per year pursuant to the contract which was originally entered into by the former Bexar Metropolitan Water District. The price of the water is based on the rate charged by GBRA for raw water. GBRA's rate for raw water as of December 31, 2025, was \$184 per acre foot. The agreement has been amended several times with the current expiration of the agreement in 2049. During 2024, SAWS invoked the facilitated mediation process outlined within the agreement. These mediation efforts were not successful, and SAWS is now seeking a judicial declaration that the agreement is void on various grounds. (Acre-feet in this paragraph are not in thousands).

Notes to Financial Statements

Note 13 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

Under a contract with Canyon Regional Water Authority (CRWA), SAWS is required to make certain contractually required minimum payments each year to fund capital and operating expenses of CRWA. Additionally, SAWS makes payments based on the number of acre-feet of water SAWS commits to take in a given year. SAWS currently has access to 6,300 acre-feet annually from 2025 through 2028 and 6,800 acre-feet annually from 2029 to 2047. The average cost ranges from \$1,221 to \$1,789 per acre-foot. (Figures in this paragraph are not in thousands).

Total payments under these water purchase agreements were \$29,243 in 2024. A summary of all estimated future payments under all of these agreements is provided in the following table. The estimated fixed water payments consist of the take or pay commitments under the agreements. The estimated variable water payments will be made only if water is made available to SAWS. The estimates assume price escalations but do not assume the extension of any water purchase agreement. As with any estimate, the actual amounts paid could differ materially.

	2025	2026	2027	2028	2029	Thereafter
Purchased water payments - fixed	\$ 27,261	\$ 27,172	\$ 27,638	\$ 28,123	\$ 27,236	\$ 506,783
Acre feet purchased - fixed	42,507	41,307	41,307	41,307	41,807	785,583
Purchased water payments - variable	\$ 12,250	\$ 11,328	\$ 7,052	\$ 3,424	\$ 3,407	\$ 27,062
Acre feet purchased - variable	9,736	8,612	4,864	2,118	1,995	11,842

On October 30, 2014, the City Council adopted an ordinance, approving the execution of a Water Transmission and Purchase Agreement (Agreement) between the City, acting by and through SAWS, and Vista Ridge LLC (Project Company), pursuant to which the Project Company has committed to make available to SAWS, and SAWS has agreed to pay for up to 50,000 acre-feet of potable water (Project Water) per year for an initial period of 30 years plus a limited extension period (up to 20 years) under certain circumstances (hereinafter referred to as the operational phase). The execution of the Agreement represents a significant diversification of the City's water sources.

Pursuant to the terms of the Agreement, SAWS will pay costs arising under the Agreement, as a maintenance and operating expense of SAWS from a flow of funds perspective, only for Project Water made available at the connection point (which payment will also include the costs of operating and maintaining the Vista Ridge Pipeline Project as described below). SAWS will have no obligation to pay for any debt issued by the Project Company, and any such debt will be non-recourse to SAWS.

On May 17, 2016, SAWS exercised its contractual right to fix the Capital and Raw Groundwater Unit Price, locking in the price of the Project Water component of SAWS annual payment requirements at \$1,606 per acre-foot for the entire 30-year term (and any extension of that term) of the Agreement. (Figures in this paragraph are not in thousands).

In addition to the Capital and Raw Groundwater Unit Price, SAWS will pay operations and maintenance costs deemed to be compensable by an independent budget panel as a direct pass through under the Agreement as well as electricity costs. Finally, SAWS is responsible for compensating the Project Company for any major repairs and replacement costs, which may arise and are deemed to be compensable by the budget panel.

Notes to Financial Statements

Note 13 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

Delivery of Project Water commenced April 15, 2020. The start of water delivery initiated the 30-year operational phase, during which period SAWS is obligated to pay for Project Water (up to 50,000 acre-feet annually) made available by the Project Company. A total of \$105,649 was spent in 2024 to make contractually required payments for water made available, provide for the operations and maintenance of the pipeline, support the operation of the treatment plant which receives the water made available, and provide for the utility expenses associated with the pipeline and the treatment process.

Since the start of 2020, SAWS paid for approximately 11,007 acre-feet of water that it was not able to receive. Consistent with the terms of the Agreement, SAWS recorded a prepaid asset, which as of December 31, 2024, totaled \$4,147. Given the priority of water deliveries and payments, it is currently estimated it will take several years to fully amortize the prepaid Project Water.

At the end of the operational phase, ownership of the well fields, pumping and related treatment facilities and the pipeline, collectively known as the Project, will be transferred to SAWS at no cost. SAWS has also entered into a separate agreement with Blue Water Vista Ridge, LLC, the lessee of the Project Water, to continue to acquire up to 50,000 acre-feet annually of untreated groundwater, for an additional 30-year period upon the termination of the Agreement and transfer of the Project to SAWS. The cost of such water at the end of the Agreement will be tied to prevailing Edwards Aquifer agreements.

Because all Project assets will transfer to SAWS at the end of the Agreement, SAWS recorded the capital assets and a contract payable equal to the acquisition value of the Project Company infrastructure of \$929,326 in 2020. During 2024, SAWS recorded depreciation of \$23,956 associated with these assets, while reducing the contract payable through the debt service portion of payments to be made under the contract to \$851,598 as of December 31, 2024.

The following table is a schedule of interest and principal payments for each of the next five years and then in five-year increments thereafter.

Year-Ended December 31,	Principal	Interest	Balance
2025	\$ 18,381	\$ 43,078	\$ 61,459
2026	19,152	42,307	61,459
2027	19,960	41,499	61,459
2028	20,864	40,763	61,627
2029	21,696	39,763	61,459
2030-2034	123,547	183,916	307,463
2035-2039	154,230	153,234	307,464
2040-2044	196,507	111,125	307,632
2045-2049	259,793	47,670	307,463
2050	17,468	212	17,680
Total	<u>\$ 851,598</u>	<u>\$ 703,567</u>	<u>\$ 1,555,165</u>

Notes to Financial Statements

Note 13 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

SAWS has the right to terminate the Agreement at any time by purchasing the Project for the aggregate amount of the outstanding Project Company debt, contract breakage costs and return of and return on equity contributions. SAWS also has the obligation to purchase the Project assets in similar fashion in the event of a SAWS default under the Agreement. The termination payment as of December 31, 2024, was estimated to be \$1,030,740. SAWS also maintains the option to assume rather than pay off the outstanding Project Company debt. Under either scenario, SAWS purchasing of the Project would result in the recording of additional liabilities totaling approximately \$200,000.

Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. A liability is recorded once payment appears to be probable. As of December 31, 2024, SAWS had an arbitrage liability of \$7,597 related to the 2015A, 2018B, 2020B, 2020D, 2022B and 2023A junior lien bonds.

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Notes to Financial Statements

Note 14 Leases and Subscription-Based Information Technology Arrangements (SBITAs)

Primary Government (City)

Leases

Per GASB Statement No. 87, *Leases*, a lease is defined as a contract that conveys control of the right-to-use another entity's nonfinancial asset for a specified period of time. The contractual right-to-use must be for a period of greater than one year in an exchange or exchange-like transaction.

Governmental Activities

Lessee

For leases in which the City is the lessee, the leases are recognized as a lease liability and a lease asset. The lease liability is measured at the present value of the payments expected to be made for the duration of the lease term, with the liability reduced as payments are made. An outflow of resources is recognized for interest paid on the liability. The lease asset is recognized at the initial measurement amount of the lease liability plus additional payments made to the lessor at or before the commencement of the lease and applicable direct costs. The asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

The City leases various assets such as copiers and office buildings. The various contractual agreements include both fixed payments and variable payments that are fixed in substance. Variable payments that are fixed in substance are based on indexes and rates such as market interest rates or the consumer price index. The following table is a summary of the leases for the year-ended September 30, 2025.

	October 1, 2024 ¹	Additions	Deletions	September 30, 2025
Lease Asset:				
Land	\$ 11,958	\$ -	\$ -	\$ 11,958
Buildings	52,855	3,186	(1,279)	54,762
Equipment	24,593	440	(761)	24,272
Total	<u>\$ 89,406</u>	<u>\$ 3,626</u>	<u>\$ (2,040)</u>	<u>\$ 90,992</u>
Accumulated Amortization:				
Land	\$ (1,260)	\$ (325)	\$ -	\$ (1,585)
Buildings	(15,178)	(5,712)	1,279	(19,611)
Equipment	(4,231)	(2,171)	334	(6,068)
Total	<u>\$ (20,669)</u>	<u>\$ (8,208)</u>	<u>\$ 1,613</u>	<u>\$ (27,264)</u>
Lease Asset, Net	<u>\$ 68,737</u>	<u>\$ (4,582)</u>	<u>\$ (427)</u>	<u>\$ 63,728</u>

¹ See Note 21 Adjustments and Restatements for information related to the component unit restatements.

Notes to Financial Statements

Note 14 Leases and SBITAs (Continued)

Primary Government (City) (Continued)

Governmental Activities (Continued)

Lessee (Continued)

As of September 30, 2025, the principal and interest requirements to maturity for lease liability are as follows:

Year-Ending September 30,	Principal	Interest	Total
2026	\$ 6,936	\$ 1,431	\$ 8,367
2027	7,765	1,267	9,032
2028	6,160	1,139	7,299
2029	4,890	924	5,814
2030	3,015	827	3,842
2031-2035	10,815	3,319	14,134
2036-2040	9,263	2,268	11,531
2041-2045	5,588	1,505	7,093
2046-2050	3,857	957	4,814
2051-2055	8,359	4,298	12,657
Total	<u>\$ 66,648</u>	<u>\$ 17,935</u>	<u>\$ 84,583</u>

Lessor

For leases in which the City is the lessor, the leases are recognized as a lease receivable measured at the present value of payments expected to be received during the lease term. A deferred inflow of resources is recognized at the measured value of the receivable plus additional payments made at or before the commencement of the lease term for future periods. Additionally, interest revenue is recognized with the lease receivable and as an inflow of resources from the deferred inflow of resources.

The City leases and subleases City-Owned properties such as land, buildings, and infrastructure. Similar to the City's lessee agreements, as lessor, the City's contracts include fixed payments and variable payments that are fixed in substance. The variable payments that are fixed in substance are based on market interest rates, the consumer price index, and future performance. Variable payments that are fixed in substance are included in the measurement of the lease receivable. The major leasing activities of the City's governmental funds are presented in the discussion that follows.

The major contributors to the City's lease revenue include Community & Visitor Facilities Fund which accounts for revenues generated from Convention and Tourism activities relating from City's owned facilities such as the Convention Center and Alamodome. Also, the Center City Development Operations department leases tenant space of La Villita and the Riverwalk area under various leases, a majority of which are non-cancellable. Hemisfair Park Area Redevelopment Corporation (HPARC) has leases with various parties involving building, restaurant, and parking garage spaces in areas in or adjacent to Hemisfair through 2095. Certain provisions of the leases provide for fixed and variable rental payments, and all are generally designed to allow the City to meet its debt service requirements and recover certain operating and maintenance costs. In addition, the agreements under which the City receives revenue are from the operation of concessions and provide for the payment of a fee based on the greater of an aggregated percentage of gross receipts or a guaranteed minimum. Total lease revenue received for the fiscal year-ended September 30, 2025 was \$16,763 which consisted of \$14,647 in fixed payments and \$2,116 in variable payments, including interest, for Governmental Activities.

Notes to Financial Statements

Note 14 Leases and SBITAs (Continued)

Primary Government (City) (Continued)

Governmental Activities (Continued)

Lessor (Continued)

As of September 30, 2025, the principal and interest to maturity for the lease receivables are as follows:

Year-Ending September 30,	Principal	Interest	Total
2026	\$ 7,989	\$ 1,772	\$ 9,761
2027	4,081	1,122	5,203
2028	3,707	969	4,676
2029	3,549	915	4,464
2030	1,934	794	2,728
2031-2035	8,249	3,051	11,300
2036-2040	4,191	2,070	6,261
2041-2045	3,840	1,702	5,542
2046-2050	3,881	1,303	5,184
2051-2055	3,120	934	4,054
2056-After	7,797	2,152	9,949
Total	<u>\$ 52,338</u>	<u>\$ 16,784</u>	<u>\$ 69,122</u>

Financed Purchases

The City has lease-purchase contracts that transfer ownership of the underlying asset to the City by the end of the contract. Per GASB Statement No. 87, these contracts are reported as financed purchases and accounted for separately from the City's leases. Total expenditures for financed purchases for fiscal year-ended September 30, 2025 were \$872.

As of September 30, 2025, the City had future minimum payments for financed purchases with a remaining term in excess of one year for governmental activities as follows:

Year-Ending September 30,	Principal	Interest	Total
2026	\$ 2,764	\$ 436	\$ 3,200
2027	2,483	307	2,790
2028	1,763	227	1,990
2029	1,271	146	1,417
2030	1,009	101	1,110
2031-2032	1,828	76	1,904
Total	<u>\$ 11,118</u>	<u>\$ 1,293</u>	<u>\$ 12,411</u>

Notes to Financial Statements

Note 14 Leases and SBITAs (Continued)

Primary Government (City) (Continued)

Business-Type Activities

Lessee

The Business-Type Activities lease copiers, water dispensers and buildings. The terms and conditions for these leases vary and they include both fixed payments and variable payments that are fixed in substance. Variable payments that are fixed in substance are based on indexes and rates such as market interest rates or the consumer price index. The agreement terms, including renewal periods, are through September 2033. The following table is a summary of the leases for business-type activities for the year-ended September 30, 2025.

	October 1, 2024	Additions	Deletions	September 30, 2025
Lease Asset				
Buildings	\$ 11,681	\$ -	\$ -	\$ 11,681
Equipment	386	69	-	455
Total	<u>\$ 12,067</u>	<u>\$ 69</u>	<u>\$ -</u>	<u>\$ 12,136</u>
Accumulated Amortization				
Buildings	\$ (779)	\$ (779)	\$ -	\$ (1,558)
Equipment	(151)	(86)	-	(237)
Total	<u>\$ (930)</u>	<u>\$ (865)</u>	<u>\$ -</u>	<u>\$ (1,795)</u>
Lease Asset, Net	<u>\$ 11,137</u>	<u>\$ (796)</u>	<u>\$ -</u>	<u>\$ 10,341</u>

As of September 30, 2025, the principal and interest requirements to maturity for lease liability are as follows:

Year-Ending September 30,	Principal	Interest	Total
2026	\$ 655	\$ 427	\$ 1,082
2027	747	402	1,149
2028	743	373	1,116
2029	763	344	1,107
2030	789	313	1,102
2031-2035	4,389	1,060	5,449
2036-2040	3,086	656	3,742
Total	<u>\$ 11,172</u>	<u>\$ 3,575</u>	<u>\$ 14,747</u>

Lessor

The City leases property, buildings, and infrastructure. Similar to the City's lessee agreements, as lessor the City's contracts include fixed payments and variable payments that are fixed in substance. The variable payments that are fixed in substance are based on market interest rates, the Consumer Price Index, and future performance. Variable payments that are fixed in substance are included in the measurement of the lease receivable. The leasing activities of the City's enterprise funds is presented in the discussion that follows.

Notes to Financial Statements

Note 14 Leases and SBITAs (Continued)

Primary Government (City) (Continued)

Business-Type Activities (Continued)

Lessor (Continued)

The Airport System leases terminal space (except for regulated leases), aircraft maintenance and overhaul facilities, cargo facilities, hangars, and other structures to air carriers and other tenants under various leases, a majority of which are noncancellable and terminate no later than December 2047. Certain provisions of the leases provide for fixed and variable rental payments, and all are generally designed to allow the Airport System to meet its debt service requirements and recover certain operating and maintenance costs. In addition, certain of the agreements under which the Airport System receives revenue is from the operation of concessions at San Antonio International Airport and provide for the payment of a fee based on the greater of an aggregated percentage of gross receipts or a guaranteed minimum.

The Solid Waste Management System leases land for the use of disposal services. The Nonmajor Enterprise Fund's leases are comprised of leases from Market Square and the Parking System. Market Square accounts for all the lease revenues from the tenants of the Farmers Market, El Mercado, Market Square Parking Lot and Centro De Artes localities. The Parking System leases consist of leasing parking spaces in the Downtown area of the City.

Total lease revenue received for the fiscal year-ended September 30, 2025 was \$34,401 for business-type activities, which consisted of \$26,920 in fixed payments and \$6,090 in variable payments for the Airport System. Solid Waste Management revenues consisted of \$124 in fixed payments. Nonmajor Enterprise Funds revenues consisted of \$1,266 in fixed payments, including interest.

As of September 30, 2025, the principal and interest to maturity for the lease receivables are as follows:

Year-Ending September 30,	Principal	Interest	Total
2026	\$ 10,835	\$ 2,236	\$ 13,071
2027	10,914	1,522	12,436
2028	11,019	1,059	12,078
2029	9,206	838	10,043
2030	5,256	691	5,947
2031-2035	14,962	2,335	17,298
2036-2040	7,683	1,299	8,982
2041-2045	6,451	615	7,066
2046-After	2,415	102	2,517
Total	<u>\$ 78,741</u>	<u>\$ 10,696</u>	<u>\$ 89,437</u>

Notes to Financial Statements

Note 14 Leases and SBITAs (Continued)

Primary Government (City) (Continued)

Business-Type Activities (Continued)

Regulated Leases

The City entered into Airport Use and Lease Agreements (AULA) on October 1, 2024, with Signatory Airlines for usage of San Antonio International Airport facilities for the purpose of conducting air transportation businesses. The AULA are noncancellable through September 30, 2034, with an automatic five-year renewal to September 30, 2039. Under the terms of the AULA, Signatory Airlines pay the Airport System monthly based on the annual rental rate/fee schedule. Rate calculations are based on total estimates of costs and expenses, estimates of passengers, total landed weight, and other factors. Final settlements are made each year after the City's audit is conducted. Non-signatory airlines operating at San Antonio International Airport are billed at rates established by the annual rate/fee schedules. During the holdover period, the airlines will be charged rates per the existing agreement, or new rates approved by City Council may be instituted.

Under the AULA with Signatory Airlines, they have exclusive and preferential use of certain spaces and facilities of airport terminals A and B and preferential use of certain apron areas. In addition, the AULA with American, Delta, and United grants them with preferential use of certain areas of the West Cargo areas at the San Antonio International Airport.

Use of space are summarized as follows (amounts in the table below are not in thousands) as of September 30, 2025:

	American	Delta	Southwest	Spirit	United	Viva	Other
Terminal Areas - Leased Airline Space (sq. ft.)	20,193	14,788	31,664	2,302	2,371	24,467	2,696
Apron - Leased Airline Space (sq. ft.)	650	400	750	125	125	675	1,700
Number of Leased Gates	1	3	6		5		

Total lease revenue received for the fiscal year-ended September 30, 2025 was \$95,949 for regulated leases.

Carriers	Variable Payments
American	\$ 15,558
Delta	12,181
Southwest	39,202
Spirit	3,500
United	13,999
Viva	4,686
Other	6,823
Total	<u>\$ 95,949</u>

Notes to Financial Statements

Note 14 Leases and SBITAs (Continued)

Primary Government (City) (Continued)

Business-Type Activities (Continued)

Regulated Leases (Continued)

A new AULA became effective October 1, 2024 through September 30, 2034, with an automatic five-year renewal to September 30, 2039. Expected future minimum lease payments from the AULA are summarized in the table below. These future payments are based on budgeted expenses and projected airline activity.

Year-Ending September 30,	Aviation
2026	\$ 25,979
2027	25,979
2028	25,979
2029	25,672
2030	25,644
2031-2035	128,220
2036-2039	102,576
Total	<u>\$ 360,049</u>

Financed Purchases

The City has lease-purchase contracts that transfer ownership of the underlying asset to the City by the end of the contract. Per GASB Statement No. 87, these contracts are reported as financed purchases and accounted for separately from the City's leases. Total expenditures for financed purchases for fiscal year-ended September 30, 2025 were \$1,697.

As of September 30, 2025, the City had future minimum payments for financed purchases with a remaining term in excess of one year for business-type activities as follows:

Year-Ending September 30,	Principal	Interest	Total
2026	\$ 2,237	\$ 436	\$ 2,673
2027	2,140	350	2,491
2028	2,166	267	2,433
2029	2,252	181	2,433
2030	1,757	94	1,851
2031-2033	1,391	58	1,449
Total	<u>\$ 11,943</u>	<u>\$ 1,387</u>	<u>\$ 13,330</u>

Notes to Financial Statements

Note 14 Leases and SBITAs (Continued)

CPS Energy

Leases

CPS Energy accounts for leases in accordance with GASB Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this Statement, CPS Energy as a lessee is required to recognize a lease liability and an intangible lease asset, and as a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Pole Attachment Lease

CPS Energy leases space on poles and streetlight poles to third party communication providers. In an effort to adhere to state and federal laws, CPS Energy established the Pole Attachment Standards, which includes contract terms and rates formula. The standard terms include a five-year initial contract and successive automatic one-year renewals until contract is terminated by either party by providing six months written notice. The pole standards, standard contract, and rate formula are accessible to all applicants via CPS Energy's website. The total amount of lease revenue for the year-ended January 31, 2025, was \$10,188. There were no other or variable lease payments received in fiscal year 2025. In addition, CPS Energy does not issue debt that relies on the receipt of regulated lease payments to pay the debt principal and interest payments.

Communication Shelters Lease

In fiscal year 2014, CPS Energy entered into an agreement to lease 62 of its communication towers to an independent third party and an additional five in fiscal year 2017, which resulted in a total of 67 tower leases. Additionally, the provisions of the agreement allowed for the third party's ongoing use of communication shelters for a period of 40 years, with three five-year options by the third party to extend the agreement. The third party prepaid the entire contracted lease amount for the term of the agreement and the parties agreed that no further cash payments would be paid by either party for the 40-year lease term.

Lessee

Both the lease asset and lease liability are included in the Statement of Net Position. The lease assets are recorded as lease assets, net and the lease liability are recorded as either current or noncurrent portion of long-term obligations.

CPS Energy leases buildings and equipment from third parties. Lease terms range from two to 15 years. Several leases have an option to extend the lease term after completion of the contracted term. CPS Energy's leased assets and associated accumulated amortization are included as intangible capital assets. There were no payments recorded in the current period that were not included in the measurement of the lease liability, no commitments prior to the commencement of the lease contracts, and no lease impairments as of January 31, 2025.

Notes to Financial Statements

Note 14 Leases and SBITAs (Continued)

CPS Energy (Continued)

Lessee (Continued)

The following table summarizes lease balances as of January 31, 2025:

	February 1, 2024	Additions	Deletions	January 31, 2025
Lease assets				
Buildings	\$ 3,902	\$ 308	\$ -	\$ 4,210
Equipment	1,918			1,918
Total	<u>\$ 5,820</u>	<u>\$ 308</u>	<u>\$ -</u>	<u>\$ 6,128</u>
Amortization				
Buildings	\$ (2,175)	\$ (587)	\$ -	\$ (2,762)
Equipment	(32)	(384)		(416)
Total	<u>\$ (2,207)</u>	<u>\$ (971)</u>	<u>\$ -</u>	<u>\$ (3,178)</u>
Leases, net	<u>\$ 3,613</u>	<u>\$ (663)</u>	<u>\$ -</u>	<u>\$ 2,950</u>

The following table summarizes future principal and interest payments related to leases as of January 31, 2025:

Year Ended January 31,	Principal	Interest	Total
2026	\$ 1,026	\$ 91	\$ 1,117
2027	980	51	1,031
2028	660	20	680
Total	<u>\$ 2,666</u>	<u>\$ 162</u>	<u>\$ 2,828</u>

Lessor

CPS Energy leases buildings to third parties with terms ranging from two to 19 years, which include options to extend the term. There were no receipts of variable or other lease payments as of fiscal year 2025. The total lease interest and revenue was \$1,342 for the year-ended January 31, 2025. In addition, the total leased asset receivable was \$5,279 and the corresponding deferred inflow of resources was \$9,648 as of January 31, 2025.

San Antonio Water System (SAWS)

Leases

Effective January 1, 2022, SAWS adopted GASB Statement No. 87, *Leases*. This Statement covers leases where the entity is the lessee and the lessor. SAWS has agreements for each type. SAWS reviewed all the leases where SAWS is the lessee and determined these leases are not material to the financials. As a result, SAWS did not record any lease liabilities or deferred outflows. SAWS examined all agreements where SAWS is the lessor and recorded seven leases that are material to the financials and have been included in the Statement of Net Position.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 14 Leases and SBITAs (Continued)

San Antonio Water System (SAWS) (Continued)

Leases (Continued)

Six of these leases are for rental of space on various water towers which allows cell phone providers to attach transmitter equipment and many include space on the ground for the installation of support equipment. The seventh lease is for acreage at one of the SAWS' water treatment plants for the installation of solar panel equipment for the production of electricity. Once a lease is complete, the lessee is responsible for removing all equipment. The remaining terms of the leases range from four to 20 years inclusive of any anticipated renewal options. These leases were recorded at the net present value of all future payments. None of the lessor agreements are a principal part of SAWS' ongoing operations nor are they subject to paragraph 58 of GASB Statement No. 87, which includes disclosures for leases of assets that are investments, certain regulated leases, sublease transactions, sale-leaseback transactions, and lease-leaseback transactions. During fiscal year 2024, SAWS recognized \$324 as lease revenue and \$115 in interest revenue.

Subscription-Based Information Technology Arrangements (SBITAs)

Primary Government (City)

Per GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), a SBITA is defined as a contract that conveys control of the right-to-use another entity's information technology software, alone or in combination with tangible capital assets, for a specified period of time. The contractual right-to-use must be for a period of greater than one year in an exchange or exchange-like transaction.

SBITAs are recognized as a subscription liability and subscription asset. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges. The subscription liability is recorded in the Statement of Net Position as either current or noncurrent portion of long-term obligations. The subscription asset is initially measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The asset is amortized as an outflow of resources over the subscription term and is recorded in the Statement of Net Position as subscription assets, net.

Governmental Activities

The City has entered into SBITAs such as software for various desktop and server subscriptions, cloud backup services, document management, computer-aided dispatch, performance measurement, strategic planning, and benchmarking. The following table is a summary of the SBITA activities for the year-ended September 30, 2025:

	October 1, 2024	Additions	Deletions	September 30, 2025
Subscription Assets				
SBITAs	\$ 112,681	\$ 19,453	\$ (2,494)	\$ 129,640
Total	<u>\$ 112,681</u>	<u>\$ 19,453</u>	<u>\$ (2,494)</u>	<u>\$ 129,640</u>
Accumulated Amortization				
SBITAs	\$ (23,061)	\$ (21,903)	\$ 1,916	\$ (43,048)
Total	<u>\$ (23,061)</u>	<u>\$ (21,903)</u>	<u>\$ 1,916</u>	<u>\$ (43,048)</u>
SBITA Asset, Net	<u>\$ 89,620</u>	<u>\$ (2,450)</u>	<u>\$ (578)</u>	<u>\$ 86,592</u>

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 14 Leases and SBITAs (Continued)

Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

Primary Government (City) (Continued)

As of September 30, 2025, the principal and interest requirements to maturity for SBITA liability are as follows:

Year-Ending September 30,	Principal	Interest	Total
2026	\$ 18,370	\$ 2,771	\$ 21,141
2027	19,956	2,236	22,192
2028	9,639	1,775	11,414
2029	8,303	1,429	9,732
2030	7,688	1,101	8,789
2031-2035	21,692	1,218	22,910
Total	<u>\$ 85,648</u>	<u>\$ 10,530</u>	<u>\$ 96,178</u>

Business-Type Activities

The City has entered into SBITAs such as software for airport flight management, cloud backup services, and computer-aided design. The following table is a summary of the SBITA activities for the year-ended September 30, 2025:

	October 1, 2024	Additions	Deletions	September 30, 2025
Subscription Assets				
SBITAs	\$ 10,973	\$ 2,807	\$ (6,870)	\$ 6,910
Total	<u>\$ 10,973</u>	<u>\$ 2,807</u>	<u>\$ (6,870)</u>	<u>\$ 6,910</u>
Accumulated Amortization				
SBITAs	\$ (3,688)	\$ (2,033)	\$ 3,387	\$ (2,334)
Total	<u>\$ (3,688)</u>	<u>\$ (2,033)</u>	<u>\$ 3,387</u>	<u>\$ (2,334)</u>
SBITA Asset, Net	<u>\$ 7,285</u>	<u>\$ 774</u>	<u>\$ (3,483)</u>	<u>\$ 4,576</u>

As of September 30, 2025, the principal and interest requirements to maturity for SBITA liability are as follows:

Year-Ending September 30,	Principal	Interest	Total
2026	\$ 1,149	\$ 159	\$ 1,308
2027	883	151	1,034
2028	424	39	463
2029	361	31	392
2030	382	25	407
2031-2035	1,692	27	1,719
Total	<u>\$ 4,891</u>	<u>\$ 432</u>	<u>\$ 5,323</u>

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 14 Leases and SBITAs (Continued)

Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

CPS Energy

CPS Energy accounts for subscriptions in accordance with GASB Statement No. 96, *Subscription Based Information Technology Agreements*, in which the subscription asset and subscription liability are included in the Statement of Net Position. The subscription assets are recorded as subscription assets, net and the subscription liability are recorded as either current or noncurrent portion of long-term obligations.

The following table summarizes SBITA activities for the year ended January 31, 2025:

	February 1, 2024	Additions	Deletions	January 31, 2025
Subscription Assets				
SBITAs	\$ 48,227	\$ 14,091	\$ (7,852)	\$ 54,466
Total	<u>\$ 48,227</u>	<u>\$ 14,091</u>	<u>\$ (7,852)</u>	<u>\$ 54,466</u>
Amortization				
SBITAs	\$ (18,853)	\$ (16,189)	\$ 7,852	\$ (27,190)
Total	<u>\$ (18,853)</u>	<u>\$ (16,189)</u>	<u>\$ 7,852</u>	<u>\$ (27,190)</u>
SBITAs, net	<u>\$ 29,374</u>	<u>\$ (2,098)</u>	<u>\$ -</u>	<u>\$ 27,276</u>

The following table summarizes future principal and interest payments related to SBITA payments as of January 31, 2025:

Year Ended January 31,	Principal	Interest	Total
2026	\$ 7,741	\$ 335	\$ 8,076
2027	3,409	85	3,494
2028	14		14
Total	<u>\$ 11,164</u>	<u>\$ 420</u>	<u>\$ 11,584</u>

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Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 14 Leases and SBITAs (Continued)

Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

San Antonio Water System (SAWS)

Effective January 1, 2023, SAWS implemented GASB Statement No. 96, *Subscription Based Information Technology Agreements*. SAWS has various contracts with information technology vendors for cloud-based software. The terms of the SBITA contracts range from four to five years, including options to extend that are considered to be reasonably certain.

Both the subscription asset and subscription liability are included in the Statement of Net Position. The subscription assets are recorded as subscription assets, net and the subscription liability are recorded as either current or noncurrent portion of long-term obligations.

The following table summarizes SBITA activities for the year ended December 31, 2024:

	January 1, 2024	Additions	Deletions	December 31, 2024
Subscription Assets				
SBITAs	\$ 6,892	\$ -	\$ -	\$ 6,892
Total	\$ 6,892	\$ -	\$ -	\$ 6,892
Amortization				
SBITAs	\$ (1,691)	\$ (1,936)	\$ -	\$ (3,627)
Total	\$ (1,691)	\$ (1,936)	\$ -	\$ (3,627)
SBITAs, net	\$ 5,201	\$ (1,936)	\$ -	\$ 3,265

The following table lists all future payments under the SBITAs as of December 31, 2024:

Year Ended	Principal	Interest	Total
December 31,			
2025	1,359	20	1,379
2026	1,787	12	1,799
2027	1,155	4	1,159
Total	\$ 4,301	\$ 36	\$ 4,337

Notes to Financial Statements

Note 15 Other Obligations

Primary Government (City)

Pollution Remediation Obligation

The City follows the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

The general nature of existing pollution that has been identified on City property is consistent with City operations of acquiring properties for infrastructure and improvement development. Under most circumstances, the triggering event relevant to the City is the voluntary commencement of activities to clean up the pollution. Costs were estimated using the expected cash flow technique prescribed under GASB Statement No. 49 utilizing information provided by the City's respective departments which included previous knowledge of clean-up costs, existing contracts, etc. Depending on the length of time it takes the City to remediate the pollution, costs may be different from those estimated below as a result of market rate changes, price changes, improvements to technology, or changes in applicable laws or regulations.

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Liabilities	\$ 2,052	\$ 516	\$ (794)	\$ 1,774
Construction in Progress	\$ 350	\$ -	\$ (120)	\$ 230
Business-Type Activities:				
Liabilities	\$ 1,274	\$ -	\$ -	\$ 1,274

The Governmental Activities' liabilities were a result of cost estimates to clean existing pollution found on land acquired by the City's Public Works Department for the construction of streets, drainage, facility improvements and parks. Any net change in the Governmental Activities pollution remediation liability that was not capitalized under Construction in Progress was expensed under the City's general government, public safety, and public works activities.

The City foresees receiving \$97 in recoveries from third parties for the costs associated with cleaning up these pollution obligations.

The business-type liability was a result of cost estimates to clean existing pollution found on land acquired by the Airport System for the construction of airport structures. As the City acquired this property in the early 1940s, the liability did not meet the criteria to be capitalized, and as such was expensed in fiscal year 2009. The City had no additional pollution remediation costs in business-type activities in fiscal year 2025.

Asset Retirement Obligations

The City accounts for asset retirement obligations (AROs) by recognizing the obligations as a liability based on the best estimate of the current value of outlays expected to be incurred once the assets are retired. GASB Statement No. 83, *Certain Asset Retirement Obligations*, requires the AROs be adjusted for the effects of inflation or deflation at least annually. In addition to the AROs, the City has recorded associated deferred outflows of resources that are being amortized over the remaining useful life of the respective asset groups.

Notes to Financial Statements

Note 15 Other Obligations (Continued)

Primary Government (City) (Continued)

Asset Retirement Obligations (Continued)

The governmental activities include 36 fuel storage tanks and two oil tanks with useful lives of 40 years (not reported in thousands). The storage tanks have regulatory requirements to be met for removal or permanent closure after retirement under the Texas Administrative Code. The associated retirement costs are being amortized utilizing straight-line method over the average estimated remaining useful life of the storage tanks. At September 30, 2025, the ARO liability related to the storage tanks was \$2,088.

The business-type activities include seven fuel storage tanks with useful lives of 40 years, three above ground oil tanks with useful lives of 40 years and one X-ray machine with a useful life of ten years. Additionally, the City has the following assets with 30-year useful lives; two above ground aqueous film forming foam (AFFF) product storage tanks, piping systems and underground AFFF waste collection tanks, one underground AFFF storage tank and piping system, and one automobile fuel piping system and dispensers (not reported in thousands). The storage tanks have regulatory requirements to be met for removal or permanent closure after retirement under the Texas Administrative Code. The Airport X-ray machine also has special requirements for the decommissioning/sanitizing of the equipment when it is retired. The associated retirement costs are being amortized utilizing straight-line method over the average estimated remaining useful life of the assets. At September 30, 2025, the ARO liability related to these assets was \$840.

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Liabilities	\$ 2,088	\$ -	\$ -	\$ 2,088
Business-Type Activities:				
Liabilities	\$ 786	\$ 54	\$ -	\$ 840

CPS Energy

Pollution Remediation Obligation

GASB Statement No. 49 requires that a liability be recognized for expected outlays for remediating existing pollution when certain triggering events occur. The general nature of existing pollution that has been identified at CPS Energy sites is consistent with that experienced within the electric and gas utilities industry. Under most circumstances, the triggering event most relevant to CPS Energy is the voluntary commencement of activities to clean up pollution.

Under Federal Energy Regulatory Commission guidance, reserves have been established for dismantling and closure costs. In fiscal year 2008, in preparation for implementation of GASB Statement No. 49, a portion of those reserves were reclassified to remediation and dismantling reserve accounts reported on the Statement of Net Position within other liabilities. When a triggering event occurs, those reserves will be reclassified as a pollution remediation liability also reported within other liabilities.

The pollution remediation liability was \$2,800 as of January 31, 2025. Costs were estimated using the expected cash flow technique prescribed under GASB Statement No. 49, utilizing information provided by CPS Energy's environmental staff and consultants.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 15 Other Obligations (Continued)

CPS Energy (Continued)

Asset Retirement Obligations

CPS Energy accounts for AROs by recognizing the obligations as a liability based on the best estimate of the current value of outlays expected to be incurred once the assets are retired. Asset retirement obligations recognized under GASB Statement No. 83 were estimated utilizing information provided by CPS Energy's environmental and engineering staff, external consultants, and costs based on an external cost study for decommissioning.

GASB Statement No. 83 requires the AROs be adjusted for the effects of inflation or deflation at least annually and to evaluate factors to determine if one or more factors is expected to significantly increase or decrease the estimated outlays. In addition to the AROs, CPS Energy has recorded associated deferred outflows of resources that are being amortized over the remaining useful life of the respective asset groups. The following asset groups have been included in the ARO reflected on the Statement of Net Position:

- **STP Units 1 and 2** – CPS Energy is one of three participants in STP, currently a two-unit nuclear power plant located in Matagorda County, Texas. The Code of Federal Regulations (CFR) provides the main decommissioning requirements mandated by the NRC that issues the operational license of the site. The ARO is based on an external cost study performed every five years. The most recent study was finalized in May 2023 and estimates costs in 2023 dollars. The associated costs are being amortized utilizing a straight-line method over the estimated remaining useful lives of the units. Total asset lives for the units are 60 years based on the operating license extensions. The deferred outflows of resources are based on the estimated remaining useful life of the assets. CPS Energy has established two decommissioning trusts that are reported as blended component units combined into the CPS Energy financial statements to cover the eventual decommissioning associated with STP Units 1 and 2. At January 31, 2025, the ARO related to STP Units 1 and 2 was \$1,063,561.
- **Vaults** - CPS Energy has approximately 205 underground vaults with useful lives of 46 years (vault count not reported in thousands). The vaults have regulatory requirements to be met prior to removal and after retirement under the CFR and TCEQ. Methods and assumptions to determine the associated liability were based on an internal calculation of cost per square foot of each vault which includes assessment, remediation, transportation, and disposal costs. The associated costs are being amortized utilizing a straight-line method over the average estimated remaining useful life of the vaults. At January 31, 2025, the ARO related to the vaults was \$12,838.
- **Fuel Storage Tanks** – CPS Energy has 14 underground fuel storage tanks with useful lives of 30 years (fuel storage tank count not reported in thousands). The storage tanks have regulatory requirements to be met for removal or permanent closure after retirement under the Texas Administrative Code. The methods and assumptions used to determine the liability associated with the tanks were based on a cost analysis performed by an outside engineering consulting firm in July 2018. The associated retirement costs are being amortized utilizing straight-line method over the average estimated remaining useful life of the storage tanks. At January 31, 2025, the ARO related to the storage tanks \$6,319.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 15 Other Obligations (Continued)

CPS Energy (Continued)

Other

CPS Energy has two Long-Term Service Agreements (LTSA) with General Electric (GE) for two of its combined-cycle power plants, Arthur Von Rosenberg (AVR) and Rio Nogales.

- **AVR** – In 2007, CPS Energy entered into a 20-year LTSA with GE to provide maintenance services and select replacement parts for the AVR power plant. In September 2015, the contract was amended primarily to add a provision for the advance purchase from GE of three new sets of Advanced Gas Path (AGP) parts. There was no remaining obligation on the AVR LTSA as of January 31, 2025.
- **Rio Nogales** – In March 2017, the existing Rio Nogales power plant LTSA contract was amended primarily to add a provision for the advance purchase of four new sets of AGP parts from GE. The balance of the Rio Nogales LTSA obligation as of January 31, 2025, totaled \$5,571 of which \$2,343 and \$3,228 were reported on the Statement of Net Position as a current and noncurrent liability, respectively.

San Antonio Water System (SAWS)

Pollution Remediation Obligation

SAWS had no material pollution remediation liabilities at December 31, 2024.

Asset Retirement Obligation

SAWS accounts for AROs by recognizing the total obligation as a liability based on the best estimate of the current value of expenditures expected to be incurred once the assets are retired. GASB Statement No. 83 requires the effects of inflation or deflation on the ARO liability be adjusted annually. In addition to the ARO liability, SAWS has recorded associated outflows of resources that are being amortized over the remaining useful life of the respective asset groups. The total liability for AROs was \$50,969 at December 31, 2024. The following asset groups have been included in the ARO liability reflected in the Statement of Net Position.

Wastewater Treatment Plants (WTPs) – SAWS operates three WTPs in its service area, and also maintains Mitchell Lake, which was previously classified as a WTP. Due to the environmentally sensitive nature and ongoing wetlands project at the plant, the remaining life and the cost to decommission this site are not reasonably estimable and are not included in the ARO liability. The average remaining useful life of the other WTPs is 46 years. The TCEQ requires that a WTP be decommissioned once no longer in service. The cost for decommissioning the other three plants was \$49,124 at December 31, 2024. The cost was determined using data from various 2006 contracts relating to the decommissioning of the Salado Creek WTP. The cost includes a 10.0% design allowance. The contract data was inflated to 2024 dollars.

Notes to Financial Statements

Note 15 Other Obligations (Continued)

San Antonio Water System (SAWS) (Continued)

Asset Retirement Obligations (Continued)

Underground Storage Tanks (USTs) – SAWS maintains eight USTs across its service area for servicing fleet vehicles. Texas State Law, 30 Texas Administrative Code Chapter 334, requires that USTs be removed from the ground when they are no longer in use. The cost to remove these USTs from the ground is estimated to be \$983 at December 31, 2024. The cost was determined using data from a 2020 SAWS contract to remove two USTs at the SAWS' Van Dyke Service Center. The cost includes a 10.0% design allowance. During 2024, two USTs were removed.

Desalination Injection Wells – SAWS currently has two injection wells in use with the desalination process. In connection with desalination injection well permits obtained by SAWS from the TCEQ, SAWS has an obligation to plug the injection wells once the wells are no longer in service. These wells became operational in 2016 and have a remaining useful life of 41 years based on SAWS experience with other wells throughout the system. The cost to plug these wells was estimated to be \$862 at December 31, 2024. The liability was based on an engineer's estimate from 2022 and data from past contracts for well plugging from 2012 to 2018 was used to determine the costs to plug the various wells currently in service. The cost includes a 10.0% design allowance.

The following table summarizes the ARO activity for 2024.

Beginning Balance January 1, 2024	Additions	Deletions	Ending Balance December 31, 2024
\$ 50,729	\$ 345	\$ (105)	\$ 50,969

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Notes to Financial Statements

Note 16 Risk Financing

Primary Government (City)

Property and Casualty Liability

As of October 1, 2013, the City is self-insured for liability claims. Effective January 1, 2015, all auto and general liability claims were brought in-house to be administered internally.

The City purchased a property policy through Alliant Property Insurance Programs (APIP) for building property and contents, with a policy loss limit of \$1,250,000 per occurrence. The deductible for specific perils and coverages are:

- \$1,000 flat deductible per occurrence for freeze;
- 3.0% per unit of insurance subject to \$500 minimum per occurrence for hail;
- \$250 per occurrence for water damage;
- 3.0% per unit of insurance subject to \$500 minimum per occurrence for wind damage;
- \$1,000 per occurrence for flood zones A & V (inclusive of all 100 year exposures);
- \$500 unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, landfills (as more fully defined in the policy), docks, piers, wharves, streetlights, traffic signals, meters, roadways or highway fencing (including guardrails), and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of earthquake and excluded for Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs;
- \$250 earthquake shock: If the stated deductible is a flat dollar amount, the deductible will apply on a per occurrence basis, unless otherwise stated. If the stated deductible is on a percentage basis, the deductible will apply per occurrence on a per unit basis, as defined in the policy form, subject to the minimum deductible per occurrence; and
- \$25 per police vehicle, except \$50 for all police vehicles valued under \$250; \$100 for All Riot Control Vehicles (RCV) of \$250 to \$750; \$250 for All Vehicles with RCV in excess of \$750 per occurrence for off-premises vehicle physical damage. If off-premises coverage is included/purchased, the stated deductible will apply to vehicle physical damage both on and off-premises on a per occurrence basis, unless otherwise stated. If off-premises coverage is not included, on-premises/in-yard coverage is subject to the all risk (basic) deductible.

Obligations for claims under these programs are accrued in the City's Self-Insurance Program's – Insurance Reserve Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported. The departments are assessed contributions to cover expenditures. No settlements exceeded insurance coverage in each of the past three years.

Starting in fiscal year 2023, the City has cyber liability insurance from Arch Specialty Insurance Company. The cyber liability insurance covers the financial costs associated with a breach and cyber extortion that exceed the deductible of \$500. The purchase of this insurance policy mitigates the risk to the City's Self-Insurance Program's – Insurance Reserve Fund in the event a large catastrophic claim occurs. No settlements exceeded insurance coverage in each of the past three years.

Notes to Financial Statements

Note 16 Risk Financing (Continued)

Primary Government (City) (Continued)

Workers' Compensation

As of May 1, 2013, the City is self-insured for workers' compensation claims. The City utilizes a third-party administrator to adjust its claims. In fiscal year 2023, the City purchased workers' compensation stop loss insurance from CHUBB ACE American Insurance Company. The stop loss insurance covers civilian compensation claims that exceed \$2,000 and uniformed claims that exceed \$5,000. The purchase of the stop loss insurance mitigates the risk to the City's Self-Insurance Program's – Workers' Compensation Fund in the event a large catastrophic claim occurs. No settlements exceeded insurance coverage since it was first purchased in fiscal year 2020.

Obligations for claims are accrued in the City's Self-Insurance Program's – Workers' Compensation Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported. The departments are assessed contributions to cover expenditures.

Health Benefits Stop Loss Insurance

Since 2018, the City has purchased medical claims stop loss insurance. In calendar year 2024, the City purchased medical claims stop loss insurance from BCBS that continued through 2025. The stop loss insurance covers civilian and uniformed active employees, non-Medicare eligible retirees, and eligible dependents for claims paid exceeding \$1,200 per claimant. The purchase of the stop loss insurance mitigates the risk to the City's Self Insurance Program's – Employee Health Benefits Fund and the Fiduciary Retiree Health Care Fund in the event a large catastrophic claim occurs.

Employee Health Benefits

The City offers employees and their eligible dependents a comprehensive employee benefits program including medical, dental, vision, and basic and supplemental life insurance. Employees may also participate in healthcare or dependent care spending accounts. The City's health program is self-insured, and the City's vision plan is fully-insured. The City offers two dental plans that are both fully-insured. Obligations for benefits are accrued in the City's Self-insurance Program's – Employee Health Benefits Fund based upon the City's estimates of the aggregate liability for unpaid benefits.

Retiree Health Benefits

The City offers medical coverage for its retirees and their dependents. The City offers both self-insured and fully-insured plans to participating employees who are eligible to retire from the TMRS Pension Plan immediately following severance from the City. Self-funded obligations for benefits are accrued in the City's Retiree Health Care Fund (a fiduciary fund of the City) based upon the City's estimates of the aggregate liability for unpaid benefits. The City additionally determined and accrued OPEB liabilities based on an actuarial assessment of historical self-funded claims data performed and reviewed annually. Current year unpaid benefit liabilities for retirees are netted against the OPEB liability as additional contributions.

Notes to Financial Statements

Note 16 Risk Financing (Continued)

Primary Government (City) (Continued)

Unemployment Compensation Program

The Unemployment Compensation Program provides a central account for payment of unemployment compensation claims. As of the fiscal year-end, claims were being administered externally and are paid to the Texas Workforce Commission on a reimbursement basis. All costs incurred are recorded on a claim paid basis in the City's Self-Insurance Program's – Employee Health Benefits Fund.

Extended Sick Leave Program

The Extended Sick Leave Program is used to pay benefits associated with short-term disability, long-term disability and continued long-term disability. Benefits are administered by the City. Actual costs are incurred when extended leave is taken. Short-term and long-term disability is funded by the employee's department. Continued long-term disability is funded out of the City's Self-Insurance Program's – Employee Health Benefits Fund and is reimbursed by the employee's department.

Employee Wellness Program

The Employee Wellness Program supports a culture of wellness and provides employees and their family members with the necessary tools to achieve and maintain a healthy lifestyle, while positively impacting medical claim trends. The City offers a variety of programs including personalized onsite and telephonic health coaching, smoking cessation, and health education sessions. Through this activity-based program, employees are able to track their activity over the course of 12 months, during which they can earn up to \$0.5 in financial contributions. In fiscal year 2025, the City contributed \$721 towards employees' Flexible Spending or Health Savings accounts. In June 2022, the City opened the City Tower Fitness Center which is available to all full-time, part-time, and temporary City employees. This facility was carefully designed to provide an inclusive, inviting, and comprehensive space intended to appeal to all employees regardless of their current fitness level. The Employee Wellness Program is reported in the City's Self-Insurance Program's – Employee Health Benefits Fund.

Claims Liability

The liability for the City's Self-Insurance Program's – Employee Health Benefits Insurance Program is based on the estimated aggregate amount outstanding at the Statement of Net Position date for unpaid benefits. Liabilities for the City's Self-Insurance Programs' – Insurance Reserve and Workers' Compensation Programs are reported when it is probable that a loss has occurred as of the Statement of Net Position date, and the amount of the loss can be reasonably estimated. These liabilities include allocable loss adjustment expenses, specific incremental claim adjustment expenses such as the cost of outside legal counsel, and a provision for claims that have been incurred but not reported (IBNR). Unallocated claim adjustment expenses have not been included in the calculation of the outstanding claims liability, as management of the City feels it would not be practical or cost beneficial. In addition, based on the difficulty in determining a basis for estimating potential recoveries and the immateriality of prior amounts, no provision for subrogation or salvage has been included in the calculation of the claims' liability. The claims liability reported in the accompanying financial statements for both the Insurance Reserve and Workers' Compensation Programs is based on a 4.0% discount rate due to the multi-year life cycle to close out these claims and the average historical, as well as forecasted, yield on the City's investments.

Notes to Financial Statements

Note 16 Risk Financing (Continued)

Primary Government (City) (Continued)

Claims Liability (Continued)

The following is a summary of changes in claims liability for the City's Insurance Reserve, Employee Health Benefits, and Workers' Compensation Programs Funds for the fiscal years as indicated:

Programs/Funds	October 1,	Change in Estimate	Claims Incurred	Claims Payments	September 30,
Insurance Reserve:					
Fiscal Year 2024	\$ 38,526	\$ 13,438	\$ 668	\$ (11,988)	\$ 40,644
Fiscal Year 2025	40,644	16,186	1,544	(14,666)	43,708
Employee Health Benefits ¹ :					
Fiscal Year 2024	\$ 8,467	\$ 54,980	\$ 111,423	\$ (164,021)	\$ 10,849
Fiscal Year 2025	10,849	58,192	132,493	(188,102)	13,432
Workers' Compensation:					
Fiscal Year 2024	\$ 36,160	\$ 6,426	\$ 2,528	\$ (6,825)	\$ 38,289
Fiscal Year 2025	38,289	5,410	3,187	(8,513)	38,373

¹ Fiscal Year 2025 fund financial claims expense reflects an additional \$458 paid for Unemployment Claims that are not included in the calculation of claims liability.

CPS Energy

Insurance and Reserves — CPS Energy is exposed to various risks of loss including, but not limited to, those related to torts, theft or destruction of assets, errors and omissions, and natural disasters. CPS Energy maintains property and liability insurance programs that combine self-insurance with commercial insurance policies to cover major risks. The property insurance program provides \$1,500,000 of replacement-value coverage for property and boiler machinery loss, including comprehensive automobile coverage, and fire damage coverage for construction equipment and valuable papers. The deductible for the property insurance policy is \$1,000 for non-power plant/non-substation locations, \$2,500 for substations, and \$5,000 for power plant locations.

The liability insurance program includes:

- \$100,000 of excess general liability coverage over a retention amount of \$3,000;
- \$25,000 of fiduciary liability coverage;
- \$100,000 of employment practices liability coverage; and
- Other property and liability insurance coverage, which includes directors and officers, cyber insurance, commercial crime, employee travel and event insurance.

Notes to Financial Statements

Note 16 Risk Financing (Continued)

CPS Energy (Continued)

CPS Energy also manages its own workers' compensation program. To support this program, \$35,000 of excess workers' compensation coverage over a retention amount of \$3,000 is maintained. No claims exceeded insurance coverage and there were no decreases in coverage in fiscal year 2025.

Actuarial studies are performed periodically to assess the adequacy of CPS Energy insurance reserve retentions. Actuarial valuations include nonincremental claims expenses. An actuarial study was completed in fiscal year 2025.

The remaining balance under the Property Reserves (Environmental) column in the table below at January 31, 2025, relates to estimated obligations for the cleanup, closure and post-closure care requirements of the CPS Energy's landfills. CPS Energy has seven landfill/impoundment sites, four of which are at full capacity. The estimates for landfills, surface impoundment and ash ponds liability are based upon capacity to date and are subject to change due to inflation or deflation, as well as new developments in technology, applicable laws, or regulations.

Under CPS Energy's reserve program, all insurance related claims are recorded against the reserve.

Schedule of Changes in Claims Liability				
Fund	Liability February 1,	Claims Adjustments	Claims Payments	Liability January 31,
Property Reserves (Environmental):				
Fiscal Year 2024	\$ 19,310	\$ 12,691	\$ -	\$ 32,001
Fiscal Year 2025	32,001	(172)		31,829
Property Reserves (Insurance):				
Fiscal Year 2024	\$ 5,859	\$ 4,700	\$ -	\$ 10,559
Fiscal Year 2025	10,559	(2,632)		7,927
Employee and Public Liability Claims:				
Fiscal Year 2024	\$ 19,709	\$ 6,477	\$ (6,334)	\$ 19,852
Fiscal Year 2025	19,852	2,035	(3,455)	18,432

Counterparty Risk — CPS Energy is exposed to counterparty risk associated with various transactions primarily related to debt, investments, fuel hedging, suppliers, and wholesale power. Counterparty risk is the risk that a counterparty will fail to meet its obligations in accordance with the terms and conditions of its contract with CPS Energy. CPS Energy has policies and practices in place to ensure the solvency of counterparties is assessed accurately, monitored regularly, and managed actively through its Enterprise Risk Management and Solution Division.

Fuel Hedging — CPS Energy reports its derivative instruments in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which addresses recognition, measurement, and disclosures related to derivative instruments. CPS Energy does not use derivative instruments for speculative purposes. The only derivative instruments entered are for the purposes of risk mitigation; therefore, these instruments are considered potential hedging derivative instruments under GASB Statement No. 53.

Notes to Financial Statements

Note 16 Risk Financing (Continued)

CPS Energy (Continued)

On October 31, 2022, the CPS Energy Board reaffirmed the Energy Price Risk Management Policy, which sets forth the guidelines for the purchase and sale of certain financial instruments and certain physical products, collectively defined as hedge instruments. The essential goal of the Energy Price Risk Management Policy is to provide a framework for the operation of a fuel and energy price hedging program to better manage CPS Energy's risk exposure in order to stabilize pricing and costs for the benefit of CPS Energy and its customers.

In accordance with the requirements of GASB Statement No. 53, all fuel hedges are reported on the Statement of Net Position at fair value. The fair value of option contracts is determined using a Black-Scholes pricing model based on the New York Mercantile Exchange (NYMEX) closing futures prices as of the last day of the reporting period. For fixed-price contracts, the fair value is calculated by deriving the difference between the closing futures prices on the last day of the reporting period and the futures or basis swap purchase prices at the time the positions were established.

As of January 31, 2025, the total fair value of outstanding hedge instruments was a net asset of \$47,803. Fuel hedging instruments with a fair value of \$7,373 and \$37,758 are classified on the Statement of Net Position as a component of current assets and current accounts payable and accrued liabilities, respectively. Long-term fuel hedging instruments with a fair value of \$18,369 and \$35,507 are classified as a component of other noncurrent assets and other noncurrent liabilities, respectively.

All hedging derivative instruments were evaluated for effectiveness as of January 31, 2025. Consistent with hedge accounting treatment required for derivative instruments that are determined to be effective in offsetting changes in the cash flows of the hedged item, changes in fair value are reported as deferred outflows or deferred inflows of resources on the Statement of Net Position until the contract expiration that occurs in conjunction with the hedged expected fuel purchase transaction. When fuel hedging contracts expire, at the time the purchase transactions occur, the deferred balance is recorded as an adjustment to fuel expense. The deferred outflows of resources related to fuel hedges totaled \$90,471 at January 31, 2025. No deferred inflow of resources related to fuel hedges were reported as of January 31, 2025.

In fiscal year 2025, as a result of revisions to the expected volumes of some underlying physical transactions, it was determined that a group of existing financial hedge positions were no longer effective. Offsetting financial positions were executed, and fair value of the ineffective hedges resulted in losses totaling \$3,326, which was recognized as a reduction to investment income.

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Notes to Financial Statements

Note 16 Risk Financing (Continued)

CPS Energy (Continued)

Following is information related to CPS Energy's outstanding fuel hedging derivative instruments, using the referenced index of Henry Hub. For Type of Transaction on the below table, Houston Ship Channel is presented as HSC, and Western Area Hub Association is presented as WAHA:

Fuel Derivative Instrument Transactions as of January 31, 2025					
Type of Transaction		Duration	Volumes in MMBtu	Fair Value	Changes in Fair Value
Long	Natural Gas Swap	Feb 2025 - Dec 2025	6,456,417	\$ 3,039	\$ 5,638
Short	Natural Gas Swap	Feb 2025 - Feb 2025	2,011,000	50	(1,823)
Long	Natural Gas Call Option	Feb 2025 - Jan 2028	91,132,862	21,474	26,412
Short	Natural Gas Call Option	Feb 2025 - Apr 2026	773,446	(173)	74
Long	HSC Basis Swap	Feb 2025 - May 2025	462,085	(3)	45
Short	HSC Basis Swap	Feb 2025 - Feb 2025	1,591,000	524	524
Long	HSC Gas Daily Swap	Feb 2025 - Sep 2025	27,320,150		
Long	WAHA Basis Swap	Feb 2025 - Jan 2028	83,933,975	(74,892)	(71,702)
Short	WAHA Basis Swap	Feb 2025 - Apr 2026	2,967,165	2,178	2,525
Long	WAHA Gas Daily Swap	Feb 2025 - Feb 2025	3,136,000		
				<u>\$ (47,803)</u>	<u>\$ (38,307)</u>

In the event purchased options are allowed to expire, the related premiums paid to acquire those options will be lost. When a short position is established and options are sold, premiums are received, and an obligation to honor the terms of the option contract, if exercised, is created. The decision to exercise the options or let them expire rests with the purchasing party.

Futures contracts represent a firm obligation to buy or sell the underlying asset. If held to expiration, the contract holder must take delivery of, or deliver, the underlying asset at the established contract price. Basis swap contracts represent a financial obligation to buy or sell the underlying delivery point basis. If held to expiration, the financial difference determined by mark-to-market valuation must be settled on a cash basis. Only if expressly requested in advance, may an exchange for physical assets take place.

Credit Risk — CPS Energy executes over-the-counter hedge transactions directly with approved counterparties. These counterparties are generally highly rated entities that are leaders in their respective industries. CPS Energy monitors the creditworthiness of these entities on a daily basis and manages the resulting financial exposure via a third-party, vertically integrated risk system. Contractual terms with each existing counterparty vary, but each is structured so that, should the counterparty's credit rating fall below investment grade, no unsecured credit would be granted, and the counterparty would be required to post collateral for any calculated credit exposure. In the event of default or nonperformance by counterparties, brokers, or NYMEX, the operations of CPS Energy could be materially affected. However, CPS Energy does not expect these entities to fail to meet their obligations given the level of their credit ratings and the monitoring procedures in place with which to manage this risk. As of January 31, 2025, the exposure to all hedge-related counterparties was such that no material counterparty credit risk existed.

Notes to Financial Statements

Note 16 Risk Financing (Continued)

CPS Energy (Continued)

Termination Risk — For CPS Energy's fuel hedges that are executed over the counter directly with approved counterparties, the possibility exists that one or more of these derivative instruments may end earlier than expected, thereby depriving CPS Energy of the protection from the underlying risk that was being hedged or potentially requiring CPS Energy to make a significant termination payment. This termination payment between CPS Energy and its counterparty is determined based on current market prices. In the event a transaction is terminated early, CPS Energy would likely be able to replace the transaction at current market prices with similar, although not exact, terms with one of its other approved counterparties.

Basis Risk — CPS Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will be priced based on a pricing point (HSC or WAHA) different than which the contracts are expected to settle (Henry Hub). For January 2025, the HSC price was \$3.55 per MMBtu, the WAHA price was \$2.89 per MMBtu and the Henry Hub price was \$3.51 per MMBtu. (Figures in this paragraph are not in thousands).

Congestion Revenue Rights — In the normal course of business, CPS Energy acquires Preassigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) as a hedge against congestion costs. The CRRs are purchased at semi-annual and monthly auctions at market value. Non-Opt-In Entities are granted the right to purchase PCRRs annually at a percentage of the cost of CRRs. While PCRRs exhibit the three characteristics of derivative instruments as defined in GASB Statement No. 53, they are generally used by CPS Energy as factors in the cost of transmission. Therefore, these PCRRs meet the normal purchases and sales scope exception and are reported on the Statement of Net Position at cost and classified as prepaid expenses.

From time to time, CPS Energy purchases PCRRs with the intent of selling them at the same auction at market price. In this case, the PCRRs are considered investments, and the proceeds are reported as either investment gains or losses. There were no investment gains or losses on the sale of PCRRs and CRRs for fiscal year 2025.

Fair Value Measurement — CPS Energy records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. More information regarding GASB Statement No. 72 is disclosed in Note 4 Cash and Cash Equivalents, Security Lending and Investments. Below is the liability portion disclosure of GASB Statement No. 72:

	January 31, 2025			
	Level 1	Level 2	Level 3	Total
Liabilities				
Financial Instruments				
Current fuel hedges	\$ 40,239	\$ 134	\$ -	\$ 40,373
Noncurrent fuel hedges	34,995	38		35,033
Total financial instruments	<u>\$ 75,234</u>	<u>\$ 172</u>	<u>\$ -</u>	<u>\$ 75,406</u>

San Antonio Water System (SAWS)

Risk Management — SAWS provides health care benefits to eligible employees and retirees through a self-insured plan that includes medical, prescription drug, and dental benefits. The payment of claims associated with these benefits is handled by third party administrators. Plan participants contribute a portion of the cost of providing these benefits through payroll deductions or monthly premiums, annual deductibles, and other co-payments. SAWS was self-insured for the first \$800 of medical claims per person during 2024.

Notes to Financial Statements

Note 16 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

SAWS is exposed to various risks of financial loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SAWS is self-administered and self-insured for the first \$2,000 of each workers' compensation and general liability claim, and is fully self-insured for automobile liability. Claims that exceed the self-insured retention limit for workers' compensation and general liability are covered through SAWS' Comprehensive Commercial Insurance Program (CCIP). Additionally, under the CCIP, SAWS maintains deductible programs for public officials and employment practices liability, fiduciary liability, pollution legal liability, drone liability, cyber liability, and crime with varying deductibles. Property coverage is on a replacement cost basis with a deductible of \$250 per occurrence. Settled claims during the last three years have not exceeded the insurance coverage in any year.

The claims liability for health care benefits and other risks, including incurred but not reported claims, is based on the estimated ultimate cost of settling the claims. Changes in the liability amount for the last two fiscal years were as follows:

San Antonio Water System Schedule of Changes in Claims Liability					
Year-Ended	Balance at Beginning of Fiscal Year	Estimates	Claims and Payments	Balance at End of Fiscal Year	Estimated Due Within One Year
December 31, 2023	\$ 8,513	\$ 21,709	\$ (21,284)	\$ 8,938	\$ 8,938
December 31, 2024	8,938	22,059	(22,975)	8,022	8,022

Pay-Fixed, Receive-Variable Interest Rate Swap — In 2003, SAWS entered into an interest rate swap agreement in connection with its City of San Antonio, Texas, Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B (Series 2003 Bonds) issued in a variable interest rate mode. The Series 2003 Bonds were issued to provide funds for SAWS' capital improvements program and to refund certain outstanding commercial paper notes.

The swap was used to hedge interest rates on the Series 2003 Bonds to a synthetic fixed rate that produced a lower interest rate cost than a traditional long-term fixed rate bond issued at that time. In August 2008, SAWS used commercial paper notes to redeem \$110,615 of the \$111,615 outstanding principal of the Series 2003 Bonds due to unfavorable market conditions relating to the ratings downgrade of the 2003 Bond insurer, MBIA Insurance Corporation. In 2009, SAWS redeemed the remaining \$1,000 of the Series 2003 Bonds through the issuance of additional commercial paper. The interest rate swap agreement was not terminated upon the redemption of the Series 2003 Bonds and instead serves as an off-market hedge for that portion of the commercial paper notes outstanding which pertain to the redemption of the Series 2003 Bonds. SAWS currently intends to maintain a portion of its outstanding commercial paper in amounts matching the notional amounts of the swap. SAWS did not recognize any economic gain or loss as a result of this refunding since the debt service requirements of the commercial paper notes are expected to closely match the debt service requirements of the refunded debt. At December 31, 2024, \$54,895 of commercial paper notes was hedged by the interest rate swap agreement.

Notes to Financial Statements

Note 16 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

Terms — The swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow the original scheduled reductions in the Series 2003 Bonds. The Series 2003 Bonds were issued on March 27, 2003, with a principal amount of \$122,500. The swap agreement matures on May 1, 2033. At the time the swap was entered into, the counterparty was Bear Stearns Financial Products, Inc. (Bear Stearns FPI), with the index for the variable rate leg of the swap being the Securities Industry and Financial Markets Association Municipal Swap Index.

In 2008, JPMorgan Chase & Co. announced its acquisition of The Bear Stearns Companies, Inc., the parent of Bear Stearns FPI. JPMorgan Chase & Co. has guaranteed the trading obligations of Bear Stearns Companies Inc. and its subsidiaries. Effective June 16, 2009, the swap agreement was amended between SAWS, JPMorgan Chase & Co., and MBIA to provide for JPMorgan Chase Bank N.A. to become the swap counterparty and allow for the remainder of outstanding Series 2003 Bonds to be redeemed, while maintaining the swap agreement as an obligation to all parties. The amendment provides for the conditional release of MBIA's swap insurance policy upon the occurrence of certain future events. The combination of commercial paper notes and a floating-to-fixed swap creates a synthetic fixed-rate of 4.2%. The synthetic fixed-rate protects against the potential of rising interest rates.

Fair Value — The swap had a negative fair value of approximately \$2,310 at December 31, 2024. This value is based on Level 2 inputs in the fair value hierarchy using the zero-coupon valuation method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

The swap agreement meets the criteria of an effective hedge under GASB Statement No. 53 and therefore qualifies for hedge accounting treatment. Since the fair value is negative, the fair value is recorded as a noncurrent liability. Changes in the swap's fair value are recorded as a deferred outflow of resources and included on the Statement of Net Position. At the time the Series 2003 Bonds were redeemed in 2008, the fair value of the swap was negative \$6,179. The deferred outflow at the time of redemption was included in the carrying value of the Series 2003 Bonds and resulted in a loss on redemption of \$6,179. This loss is included in the deferred charge on bond refunding on the Statement of Net Position and is being amortized over the remaining life of the Series 2003 Bonds. The unamortized deferred charge on bond refunding related to the swap was \$1,318 at December 31, 2024.

Credit Risk — As of December 31, 2024, SAWS was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, SAWS would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, JPMorgan Chase, was rated 'Aa2' by Moody's Ratings, 'AA-' by Standard & Poor's Global Ratings, and 'AA' by Fitch Ratings as of December 31, 2024. The amended swap agreement contains a credit support annex which will become effective upon the release of MBIA from the swap insurance policy. Collateralization would be required by either party should the fair value of the swap reach applicable thresholds as stated in the amended swap agreement.

Basis Risk — SAWS is exposed to basis risk to the extent that the interest payments on its hedged commercial paper notes do not match the variable-rate payments received on the associated swap. SAWS attempts to mitigate this risk by matching the outstanding hedged commercial paper notes associated with the redemption of the variable-rate debt to the notional amount and amortization schedule of the swap and selecting an index for the variable-rate leg of the swap that is reasonably expected to closely match the interest rate on the hedged commercial paper notes.

Notes to Financial Statements

Note 16 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

Termination Risk — SAWS may terminate the swap at any time for any reason. JPMorgan Chase may terminate the swap if SAWS fails to perform under the terms of the agreement. The ongoing payment obligations under the swap are insured as provided for in the swap amendment, and JPMorgan Chase cannot terminate as long as the insurer does not fail to perform. Also, if at the time of the termination the swap has a negative fair value, SAWS would be liable to the counterparty for a payment equal to the swap's fair value.

Market-access Risk — SAWS is subject to market-access risk as the variable-rate debt hedged by the swap consists of commercial paper notes. At December 31, 2024, \$54,895 of outstanding commercial paper with current maturities of approximately 35 days was hedged by the interest rate swap. As previously noted, SAWS intends to reissue the commercial paper notes in amounts matching the notional amounts of the swap.

Swap Payments and Associated Debt — As of December 31, 2024, debt service requirements of the hedged commercial paper notes and net swap payments, assuming current interest rates remain the same, are detailed in the following table. As rates vary, variable-rate interest payments and net swap payments will vary. Principal payments assume that commercial paper will be repaid in accordance with the amortization schedule of the swap.

Pay-Fixed, Receive-Variable Interest Rate Swap Estimated Debt Service Requirements of Variable-Rate Debt Outstanding and Net Swap Payments				
Year	Principal	Interest Paid on Debt	Interest Rate Swap, Net	Total
2025	\$ 5,070	\$ 1,752	\$ 288	\$ 7,110
2026	5,305	1,574	259	7,138
2027	5,540	1,388	229	7,157
2028	5,795	1,194	197	7,186
2029	6,060	991	163	7,214
2030-2033	27,125	1,742	287	29,154
Total	\$ 54,895	\$ 8,641	\$ 1,423	\$ 64,959

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Notes to Financial Statements

Note 17 Interfund Transfers

The following is a summary of interfund transfers for the City for the fiscal year-ended September 30, 2025:

Interfund Transfers		
	Transfers In From Other Funds	Transfers Out To Other Funds
General Fund:		
Debt Service Fund	\$ -	\$ 1,824
Categorical Grant In-Aid		5,522
Nonmajor Governmental Funds	15,815	68,502
Airport System	335	
Solid Waste Management	1,376	60
Nonmajor Enterprise Funds	3,018	4,644
Internal Service Funds		10,656
Total General Fund	\$ 20,544	\$ 91,208
Debt Service Fund:		
General Fund	1,824	
Nonmajor Governmental Funds	17,092	
Internal Service Funds	2,153	
Total Debt Service Fund	\$ 21,069	\$ -
Categorical Grant In-Aid:		
General Fund	5,522	
Nonmajor Governmental Funds		5,524
Internal Service Funds	47	337
Total Categorical Grant In-Aid	\$ 5,569	\$ 5,861
2022 General Obligation Bonds:		
Nonmajor Governmental Funds		149,715
Total 2022 General Obligation Bonds	\$ -	\$ 149,715
Nonmajor Governmental Funds:		
General Fund	68,502	15,815
Debt Service Fund		17,092
Categorical Grant In-Aid	5,524	
2022 General Obligation Bonds	149,715	
Nonmajor Governmental Funds	402,491	402,491
Solid Waste Management		39
Nonmajor Enterprise Funds	114	250
Internal Service Funds	4,629	694
Total Nonmajor Governmental Funds	\$ 630,975	\$ 436,381
Airport System:		
General Fund		335
Internal Service Funds		683
Total Airport System	\$ -	\$ 1,018
Solid Waste Management:		
General Fund	60	1,376
Nonmajor Governmental Funds	39	
Internal Service Funds		662
Total Solid Waste Management	\$ 99	\$ 2,038
Nonmajor Enterprise Funds:		
General Fund	4,644	3,018
Nonmajor Governmental Funds	250	114
Nonmajor Enterprise Funds	173	173
Internal Service Funds	133	
Total Nonmajor Enterprise Funds	\$ 5,200	\$ 3,305
Internal Service Funds:		
General Fund	10,656	
Debt Service Fund		2,153
Categorical Grant In-Aid	337	47
Nonmajor Governmental Funds	694	4,629
Airport System	683	
Solid Waste Management	662	
Nonmajor Enterprise Funds		133
Internal Service Funds	2,433	2,433
Total Internal Service Funds	\$ 15,465	\$ 9,395
Total	\$ 698,921	\$ 698,921

Notes to Financial Statements

Note 17 Interfund Transfers (Continued)

Transfers are made to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds. These transfers are in the form of operating subsidies, grant matches, and funding for capital projects. In addition, transfers are routinely made from other funds to fund debt service payments and for other restricted purposes. Some examples include the 15.0% of the Hotel Occupancy Tax (HOT) collections used to fund Historic Preservation which operates in the General Fund, and Bond proceeds are used to fund capital projects. All transfers are in accordance with budgetary authorizations.

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Notes to Financial Statements

Note 18 Fund Balance Classifications

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented in the following table. Please see the definitions of the various fund balance classifications in Note 1 Summary of Significant Accounting Policies.

	General Fund	Debt Service Fund	COVID-19 Funds	Categorical Grant IN-AID	2022 General Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:							
Nonspendable:							
In nonspendable form:							
Materials and Supplies	\$ 10,875	\$ -	\$ 5	\$ 786	\$ -	\$ 874	\$ 12,540
Prepaid, Deposits and Other	1,756		2,269			2,851	6,876
Legally or contractually intact:							
Permanent Fund Corpus						7,223	7,223
Total Nonspendable	\$ 12,631	\$ -	\$ 2,274	\$ 786	\$ -	\$ 10,948	\$ 26,639
Restricted:							
Convention and Tourism						4,043	4,043
Debt Service		37,827				9,031	46,858
Drainage - Capital Projects					49,497	79,165	128,662
Economic Development & Opportunity						75,541	75,541
Education						10,877	10,877
Environmental						328	328
Fire Protection						1,394	1,394
Health Services						31,071	31,071
Law Enforcement						8,945	8,945
Library						1,397	1,397
Municipal Facilities - Capital Projects					74,441	61,123	135,564
Other Capital Projects					75,001	107,313	182,314
Other Purposes						73	73
Parks - Capital Projects					84,047	16,369	100,416
Parks & Recreation						36,141	36,141
Social Services						110	110
Streets - Capital Projects					107,551	155,655	263,206
Urban Redevelopment and Housing						4,578	4,578
Welfare						1,668	1,668
Total Restricted	\$ -	\$ 37,827	\$ -	\$ -	\$ 390,537	\$ 604,822	\$ 1,033,186
Committed:							
Convention and Tourism						159,761	159,761
Economic Development & Opportunity	15,300						15,300
Environmental	16,433						16,433
Fire Protection	2,049						2,049
General Government	37,280						37,280
Health Services	3,751		50,504				54,255
Law Enforcement	8,729					588	9,317
Other - Capital Projects						1,680	1,680
Other Purposes						13,089	13,089
Parks & Recreation	1,771					23,116	24,887
Public Works	69,981						69,981
Streets - Capital Projects	5,713					120	5,833
Urban Redevelopment and Housing	11,516					12,620	24,136
Welfare	3,396					4	3,400
Total Committed	\$ 175,919	\$ -	\$ 50,504	\$ -	\$ -	\$ 210,978	\$ 437,401
Assigned:							
Economic Development & Opportunity						790	790
Other Purposes	2						2
Total Assigned	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ 790	\$ 792
Unassigned	381,082	(13,713)	(78,675)	(78,675)	(22,689)	(22,689)	266,005
Total Fund Balance	\$ 569,634	\$ 37,827	\$ 39,065	\$ (77,889)	\$ 390,537	\$ 804,849	\$ 1,764,023

Notes to Financial Statements

Note 18 Fund Balance Classifications (Continued)

The City utilizes encumbrance accounting to ensure specified remaining unspent balances are adequately carried forward into the next fiscal year. Encumbrances are created for purchase orders, grant match requirements, and capital project funding. The City further carries forward available unspent uncommitted funds identified through the Closing Ordinance into the next fiscal year as authorized by City Council. The encumbrance and carryforward amounts are reported in the committed and restricted fund balance as follows:

General Fund	COVID-19 Funds	Categorical Grant In-Aid	Nonmajor Governmental Funds	Total Governmental Funds
\$ 152,019	\$ 68,153	\$ 17,875	\$ 481,090	\$ 719,137

The City followed the established General Fund Financial Policies approved by City Council in fiscal year 2025:

- Maintain a minimum General Fund ending balance of 15.0% of revenues;
 - The City maintains 10.0% of the adopted General Fund revenues as a Budgeted Financial Reserve. This Budgeted Reserve is reviewed and adopted by City Council annually in the City's Budget Ordinance and additions to the balance are considered annually as part of the City's overall budget adoption process. The balance within this Budgeted Financial Reserve as of September 30, 2025, was \$161,745 and is presented in the General Fund's unassigned fund balance classification.
 - The second component is a reserve for a two-year balanced plan for the General Fund which reserves funding to be utilized in the subsequent fiscal year to maintain a balanced budget plan. At the end of fiscal year 2025, \$208,401, or 12.7% of budgeted revenues, was reserved for a two-year balanced budget plan and is presented in the General Fund's unassigned fund balance classification. The establishment and maintenance of appropriate reserves within the General Fund is critical to prudent financial management. These reserves provide budgetary flexibility for unexpected events, financial emergencies, or the unusual fluctuation in revenue-expenditure patterns that impact the ability of the City in the short-term to meet its obligations.
- Maintain Public Safety below 66.0% of the General Fund budget;
- Manage structural balance in the General Fund;
- Maintain a two-year budget plan for the General Fund;
- Maintain a \$3,000 contingency in the Capital Budget;
- Address Internal Fund deficits within 3 to 5 years;
- Annually review the impact of the State imposed 3.5% Property Tax Cap on service delivery and provide a recommendation on whether to adjust the Property Tax Rate;
- Annually review property tax relief with a focus on homeowners;
- Annually review and periodically adjust fees and charges to provide for cost recovery, inflation, consumer relief, and/or alignment with policy goals;

Notes to Financial Statements

Note 18 Fund Balance Classifications (Continued)

- Annually assess the City's payment from CPS Energy to determine the portion, if any, deemed to be unusual, out of the ordinary, and one-time in nature, and make recommendations for that amount taking into consideration factors such as the City's overall financial position, impact on service delivery, benefit to the community, and responsible ownership.
 - City Payment from Off-System Sales – Revenue from off-system sales is capped at \$10,000 annually with any City Payment from off-system sales above \$10,000 reserved in a CPS Energy Capital Reserve Fund, with any shortfall in the City payment base budget at year-end deducted from the Fund to determine the amount eligible to be transferred to CPS Energy for resiliency and reliability initiatives;
 - City Payment Base Budget – City Payment in excess of 10.0% over the City's adopted City Payment base budget (adopted budget plus 10.0%) allocated to the following authorized purposes based upon percentages to be determined by the City: CPS Energy resiliency and reliability projects; and the City's Resiliency Energy Efficiency and Sustainability Fund (REES).

In accordance with the financial policy, the City assessed its City Payment from CPS Energy as part of the fiscal year 2026 budget process. After consideration of the factors noted above, the City's fiscal year 2026 Adopted Budget and its two-year budget plan include the retention by the City of amounts to be deposited into the Capital Reserve Fund to address City budget challenges through fiscal year 2027. The City will continue to assess and make recommendations related to City Payment from CPS Energy on an annual basis based upon the City's financial policies.

The City followed the established Hotel Occupancy Tax (HOT) Funds Financial Policies approved by City Council in fiscal year 2025:

- Reserve \$15,000 in the HOT Operating Contingency Fund to smooth out fluctuations in HOT revenues and address unanticipated operational related expenses;
- Reserve \$46,600 in the HOT Lease Payment Contingency Fund to be utilized by the City to manage changing economic conditions in conjunction with other financial strategies and can be used to make lease payments; and
- Reserve residual funds in the Redemption and Capital Reserve Fund. The City may utilize the fund to exercise its voluntary call options and defease a portion of the outstanding debt or fund one-time improvements such as improvements to the convention center facility or sales and marketing programs.

The City followed the established Airport Capital Improvements Fund (CIF) Financial Policies approved by City Council in fiscal year 2025:

- Rolling Debt Service Coverage - reserve \$44,000 which is the equivalent to 25.0% of the anticipated Airport Terminal Development debt service;
- Operating Contingency Fund - reserve six months of Airport Operation and Maintenance Expenses which equaled \$54,687 for fiscal year 2025; and
- Capital Renewal and Replacement Contingency Fund - reserve \$10,000 to provide for unforeseen breakdowns, accidents or emergencies that require immediate repair or replacement of equipment without disrupting operations or causing undue financial strain.

Notes to Financial Statements

Note 19 Deficits in Fund Balances / Net Position

Capital Projects Funds

As of September 30, 2025, a deficit fund balance is reported in the General Obligation Projects Fund in the amount of \$4,621, the Certificates of Obligation Projects Fund in the amount of \$6,467 and the Improvement Projects Fund in the amount of \$7,094, due to timing of funding. These project deficits will be funded from the proceeds of future bond issuances. To maintain the ability to reimburse these costs from tax-exempt bond proceeds, the City annually approves a reimbursement resolution covering projects within the Adopted Capital Budget to comply with Internal Revenue Service requirements.

Grant Funds

As of September 30, 2025, a deficit fund balance is reported in the Categorical Grant In-Aid in the amount of \$77,889. These deficits are primarily due to deferred inflow accruals to be recognized in future periods.

Enterprise Funds

As of September 30, 2025, deficit net positions are reported in the Solid Waste Management Fund and Development Services Fund in the amounts of \$42,124 and \$24,416, respectively. The City does not currently prefund its net OPEB liability or the net pension liability; as a result, these funds will continue to exhibit a deficit net position. The City will continue to pay for these obligations as they become due.

Internal Service Funds

As of September 30, 2025, a deficit net position is reported for the Information Services Fund in the amount of \$41,382 and for Capital Management Service Fund (CMS) in the amount of \$24,722. The deficit is due to the funds not including long-term liabilities in their rate assessments. The City does not prefund its net OPEB liability or the net pension liability; as a result, these funds will continue to exhibit a deficit net position. The City will continue to pay for these obligations as they become due.

As of September 30, 2025, deficit net positions are reported for Self-Insurance Programs - Insurance Reserve Fund, and Employee Health Benefits Fund in the amount of \$8,513 and \$1,095, respectively. The Insurance Reserve deficit is primarily due to an increasing trend in reserves for both general and auto liability claims and their associated actuarial accrual. The Employee Health Benefits deficit is primarily due to increases in reserve estimates driven by payment delays for disputed and negotiated claims. These deficits will be addressed through assessments within the next three to five years in accordance with the City's financial policy.

Discretely Presented Component Unit Funds

Brooks

As of September 30, 2025, a deficit net position is reported for Brooks in the amount of \$3,120. The deficit is primarily related to a restatement in fiscal year 2021 of \$30,770 to correct accounting for two leases originally recorded as sale-type leases that did not meet the criteria; the conveyance of \$3,508 of infrastructure assets transferred to the City in fiscal year 2023; and increased expenditures of \$1,111 for additional campus development in fiscal year 2024. Brooks' management expects to recover the deficit net position through continued development of its campus resulting in increased property sale and/or lease revenue opportunities as well as significant long-term prepaid leases that will be recognized as revenue over their respective terms. In addition, Brooks is reviewing the restructuring of its debt to reduce interest expenses.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements

Note 20 Other Disclosures

Primary Government (City)

Donor Restricted Endowment

The City has five Permanent Funds: Carver Cultural Center Endowment, City Cemeteries, William C. Morris Endowment, Boza Becica Endowment, and Southern Edwards Plateau Endowment. The City is only allowed to spend interest proceeds generated from the principal amount for each of these funds. The City's endowments' spending policy for authorizing and spending investment income is a total return policy. Income will include not only interest and dividends, but also include increases and/or decreases in the fair value of the endowed assets, if applicable. Fair value fluctuations are included as an integral part of investment returns. The net position from these endowment funds are reported in the government-wide financial statements.

The Carver Cultural Center Endowment Fund generated \$15 in investment earnings. These earnings can be used for the Carver Community Cultural Center's operating program or reinvestment expenses (as detailed in the grant agreement). This fund is managed in accordance with the Uniform Prudent Management of Institutional Funds Act, which is codified as Section 163.001 in the Texas Property Code. The principal portion of the fund came from a \$334 one-time grant from the National Endowment for the Arts.

The City Cemeteries Fund generated \$219 in investment earnings to be expended for specified purposes. Chapter 713 of the Texas Health and Safety Code governs what expenditures the City may incur when spending the interest income. Per Chapter 713, the revenue can be spent for the maintenance and care of the graves, lots, and burial places, and to beautify the entire cemetery. The principal amount of this fund is increased each year by sales of lots from the San Jose Cemetery. The principal is required to be retained in perpetuity. The principal balance was \$4,959 in fiscal year 2025.

The William C. Morris Endowment Fund generated \$13 in investment earnings. These earnings are used on an annual basis to enhance educational programming and services for children provided at the City libraries. The earnings of the funds will be expended in accordance with the spending policy of the Library's Board of Directors or Trustees. The principal portion of the fund was provided by the \$313 endowment.

The Boza Becica Endowment Fund generated \$22 in investment earnings. These earnings will be used for the acquisition of books and materials for the San Antonio Public Library in accordance with the terms and conditions of the Last Will and Testament of Boza Becica. The principal balance of \$514 is required to be retained in perpetuity.

The Southern Edwards Plateau Endowment Fund generated \$64 in investment earnings. This fund is managed in accordance with the Endangered Species Act of 1973, which is codified as Section 83.005 in the Texas Parks and Wildlife Code Chapter 83. These earnings will be used to fund management and monitoring of the preserves in support of the Southern Edwards Plateau Habitat Conservation Plan. The principal amount of this fund is increased each year by outside donations and transfers from the Development Services Fund. The principal is required to be retained in perpetuity. The principal balance was \$1,103 in fiscal year 2025.

Year-Ended September 30, 2025

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Amounts are expressed in thousands

Notes to Financial Statements**Note 20 Other Disclosures (Continued)****Primary Government (City) (Continued)****Service Concession Arrangements**

The City has a fixed term Service Concession Arrangement (SCA) agreement with Mission Park to operate and manage the City cemeteries. Mission Park pays the City 40.0% of burial plot sales and 10.0% of revenue from services, merchandise, and products for the life of the contract (ending December 2035 with an option to renew). All capital improvements become property of the City, and the City retains ownership of the property after the contract expires. All permanent improvements of material nature have to be approved by the City. The City approves the rates and services Mission Park will provide. Mission Park collects all fees and pays the City its portion. The assets include 84 acres acquired at a value of \$1,820. The City received an upfront payment of \$130 in fiscal year 2011. In fiscal year 2025, the City received \$384 in variable payment revenue from Mission Park. No receivables or deferred inflow of resources are recorded under GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, as of September 30, 2025.

The City has a SCA agreement with MGA-SA (ending May 2027 with option to renew). In the agreement, MGA-SA manages the City's golf courses and in return retains all funding to cover operations and improvements. All permanent structures existing on the golf courses and those added during the term of the agreement are property of the City. The City determines and/or approves of the services provided to the public. The assets include eight golf courses valued at \$70,254. MGA-SA collects all fees and pays the City loan payments due on outstanding debt issued by the City for the purpose of golf course improvements. In fiscal year 2025, the City received \$1,708 in loan payments from MGA-SA. No receivables or deferred inflow of resources are recorded under GASB Statement No. 94 as of September 30, 2025.

The City has a SCA agreement with Go Rio San Antonio, LLC (Go Rio) in which Go Rio operates and manages the river cruises using City owned barges. Go Rio pays the City 51.0% of river barge ticket sales and 15.0% of revenue from merchandise, food and beverage, advertising, and other ancillary services for the life of the contract (ending September 2030). The agreement also includes \$795 for a barge use fee for use of the City owned barges throughout the term of the contract. The assets include 44 barges and accompanying equipment acquired at a value of \$9,094. All capital improvements to the barges become property of the City, and the City retains ownership of the property after the contract expires. All permanent improvements of material nature have to be approved by the City. The City approves the rates and services Go Rio will provide. Go Rio collects all fees and pays the City its portion. In fiscal year 2025, the City received \$9,807 in variable payment revenue and \$795 in fixed payment revenue from Go Rio. The City has \$20,612 in receivables and \$19,342 in deferred inflow of resources recorded as of September 30, 2025.

The City has a SCA agreement with Landry's for operation of the Tower of the Americas. A revised contract was approved by City Council in December 2024, with an effective date of January 1, 2025 through September 30, 2031. The City will receive the greater of a minimum annual guaranteed payment of \$984 or revenue based on 10.0% of restaurant services, 35.0% of revenue from admission fees, 30.0% of revenue from parking, 15.0% from retail at the ground level gift shop and observation deck, 5.0% from theater tickets and vending, and 50.0% from telescope and other revenues not otherwise listed. The assets include the Tower of the Americas building, telescopes, movie theater equipment and renovations with a combined value of \$2,474. All capital improvements have to be approved and become property of the City. The City retains ownership of the property after the contract expires. The City approves the rates and services Landry's will provide. Landry's collects all fees and pays the City its portion. In fiscal year 2025, the City received \$1,079 in variable payment revenue from Landry's. No receivables or deferred inflow of resources are recorded under GASB Statement No. 94 as of September 30, 2025.

Notes to Financial Statements**Note 20 Other Disclosures (Continued)****Primary Government (City) (Continued)****Service Concession Arrangements (Continued)**

The City has a SCA agreement with United Road Towing Inc. for operation of the City's Vehicle Storage Facilities, ending February 28, 2035. All capital improvements become property of the City, and the City retains ownership of the property after the contract expires. All permanent improvements of material nature have to be approved by the City. The assets include the vehicle storage facility, administration building, supply shed, drop shed, golf cart shed, and property shed with a combined value of \$1,906. In fiscal year 2025, the City received \$7,595 in variable payment revenue from United Road Towing Inc. No receivables or deferred inflow of resources are recorded under GASB Statement No. 94 as of September 30, 2025.

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Notes to Financial Statements

Note 21 Adjustments and Restatements

Primary Government (City)

GASB 101 Restatement

GASB Statement No. 101, *Compensated Absences* requires the effects of the accounting change be reported retroactively by restating beginning net position for the cumulative effect of the adoption. The City adopted GASB Statement No. 101 in 2025 and has restated beginning net position as of October 1, 2024.

Blended Component Units

In fiscal year 2025, the City evaluated each of its blended component units to assess if their exclusion will mislead users. The City assessed financial materiality and benefit relationship of each blended component unit to determine the potential for misleading omissions. Based upon that evaluation, the City has removed certain blended component units previously reported by the City, as they are deemed to be financially immaterial to the City's financial reporting, and have adjusted beginning fund balances as of October 1, 2024, for their removal.

Summary of Governmental Activities and Governmental Funds Restatements

The table below reports the impact of the change in accounting principle and the change to financial reporting entity:

	Blended Component Units	Nonmajor Special Revenue Funds	Total Governmental Funds	Governmental Activities
Fund Balance or Net Position, as previously reported:	\$ 210,318	\$ 1,026,091	\$ 2,089,186	\$ 2,914,087
Change in Accounting Principle - GASB 101				(35,201)
Change to Financial Reporting Entity:				
San Antonio Early Childhood Education Municipal Development Corp.	(130,243)	(130,243)	(130,243)	(146,092)
City of San Antonio Council Aides Corporation	(396)	(396)	(396)	(138)
San Antonio Economic Development Corporation	(1,761)	(1,761)	(1,761)	(2,586)
San Antonio Education Facilities Corporation	(293)	(293)	(293)	(293)
San Antonio Health Facilities Development Corporation	(7)	(7)	(7)	(7)
San Antonio Industrial Development Authority	(29)	(29)	(29)	(29)
Urban Renewal Agency of the City of San Antonio	(2,452)	(2,452)	(2,452)	(2,452)
Visit San Antonio	(9,944)	(9,944)	(9,944)	(10,896)
Fund Balance or Net Position as Restated or Adjusted, October 1, 2024	\$ 65,193	\$ 880,966	\$ 1,944,061	\$ 2,716,393

The financial statements of Prosper West San Antonio were not included in the prior year reporting entity and therefore did not require adjustment.

Notes to Financial Statements

Note 21 Adjustments and Restatements (Continued)

Primary Government (City) (Continued)

Enterprise Funds and Business-Type Activities

The Enterprise Funds and Business-Type Activities' restatement for GASB statement No. 101 is as follows:

	Airport System	Solid Waste Management	Nonmajor Enterprise Funds	Total
Beginning Net Position, as previously reported	\$ 589,547	\$ (47,872)	\$ 9,406	\$ 551,081
Change in Accounting Principle - GASB 101	(1,223)	(632)	(433)	(2,288)
Net Position as Restated, October 1, 2024	\$ 588,324	\$ (48,504)	\$ 8,973	\$ 548,793

	Business-Type Activities
Beginning Net Position, as previously reported	\$ 535,879
Change in Accounting Principle - GASB 101	(2,288)
GASB 101 - Internal Services Fund Allocation	(145)
Net Position as Restated, October 1, 2024	\$ 533,446

Discretely Presented Component Units

In fiscal year 2025, the City evaluated each of its discretely presented component units, to assess if their exclusion will mislead users. The City assessed financial materiality and benefit relationship of each discretely presented component unit to determine the potential for misleading omissions. Based upon that evaluation, the City has removed certain discretely presented component units previously reported by the City, as they are deemed to be financially immaterial to the City's financial reporting and have adjusted beginning net position balances as of October 1, 2024.

San Antonio Energy Acquisition Public Facility Corporation, a Discretely Presented nonmajor component unit of the City, was also evaluated for materiality and was determined to be immaterial to the overall financial reporting. The Net Position is zero and does not require an adjustment of beginning net position.

The financial statements of San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Foundation, Inc., San Antonio Housing Trust Public Facility Corporation and San Antonio Housing Trust Reinvestment Corporation were not included in the prior year reporting entity and therefore did not require adjustment.

SAWS implemented GASB Statement No. 101, in its fiscal year ending December 31, 2024. Detailed impact of its implementation is presented on the next page.

Notes to Financial Statements

Note 21 Adjustments and Restatements (Continued)

Primary Government (City) (Continued)

Discretely Presented Component Units (Continued)

The table below reports the impact of the change in the financial reporting entity and the change in accounting principle:

	Discretely Presented Component Units
Net Position, as previously reported:	\$ 9,484,311
Change to Financial Reporting Entity:	
SABC Soccer Public Facility Corp.	(13,398)
Port Authority of San Antonio	(187,558)
Change in accounting principle:	
SAWS	(9,893)
Net Position as Restated or Adjusted, October 1, 2024	\$ 9,273,462

San Antonio Water System (SAWS)

GASB Statement No. 101 requires the effects of the accounting change be applied retroactively by restating the financial statements. SAWS adopted GASB Statement No. 101 in its fiscal year 2024, and accordingly, has restated amounts of the affected balances within the financial statements for the fiscal year ending December 31, 2023, as follows:

	As Originally Reported	As Restated	Effects of Change
Statement of Net Position			
Current Liabilities to be paid from Unrestricted Assets			
Compensated Absences	\$ 7,547	\$ 11,436	\$ 3,889
Noncurrent Liabilities			
Compensated Absences	9,237	15,241	6,004
Total Liabilities and Deferred Outflows of Resources	4,840,845	4,850,738	9,893
Net Position			
Unrestricted	664,651	654,758	(9,893)
Total Net Position	\$ 4,928,304	\$ 4,918,411	\$ (9,893)

Notes to Financial Statements

Note 22 Subsequent Events

Primary Government (City)

Proposition A and B

On November 5, 2025, Bexar County voters had the opportunity to vote on Proposition A and B. The two Propositions passed. Proposition A raised Bexar County's hotel occupancy tax from 1.75% to 2.0%, to fund a \$197,000 redevelopment of Frost Bank Center, Freeman Coliseum, and the stock show and rodeo grounds (the Coliseum Complex). Its long-term goal is to turn the East Side of San Antonio into a year-round rodeo and event destination. Proposition B authorized funding for approximately \$311,000 for construction and development for a new arena for the San Antonio Spurs basketball team. Hotel occupancy tax will increase from 16.7% to 17.0%, and the short-term motor vehicle rental tax will remain at 5.0%.

Sports and Entertainment District Property Acquisition

On January 15, 2026, City Council approved an ordinance which: a) authorized the submission of an offer to buy approximately 5.7 acres from the General Services Administration (GSA); and b) authorized the acceptance of a contribution from the San Antonio Spurs of \$30 million plus closing costs of up to \$120,000 to be utilized by the City to acquire this property from the GSA. Based upon the preliminary plan of finance and non-binding term sheet executed with the Spurs, this property will be the site of future guaranteed mixed-use development which supports the financing for a new NBA arena for the Spurs.

General Election Resolution for City Council

On December 18, 2025, City Council passed a resolution to move its City Council elections from May in odd-numbered years to November in odd-numbered years. The State of Texas Senate Bill 1494 allows governing bodies of a political subdivision that held its elections other than the November election date to change the date, if a resolution is passed by its governing body by December 31, 2025. The Councilmember's terms for current sitting members will continue to serve in holdover status after June 2029, until their successors are duly elected; this is a one-time adjustment extending Council terms for the transition.

Collective Bargaining Agreement

On January 30, 2026, the City and the San Antonio Police Officers Association (SAPOA) began collective bargaining negotiations. The two parties will have a 60-day review period to negotiate in good faith to agree on a new contract. A new agreement would potentially take effect when the current CBA expires on September 30, 2026.

Stormwater Long Term Debt

On October 23, 2025, the City's Stormwater Bonds were downgraded by Standard & Poor's Global Ratings (S&P) from "AA+" to "AA" with a negative outlook. S&P noted that the downgrade was a result of reduced Stormwater System liquidity which was due to increased capital spending on Stormwater projects without corresponding budget adjustments including drainage fees or expenditures. As of September 30, 2025, the City had \$24,510 Stormwater Revenue Bonds outstanding.

Notes to Financial Statements

Note 22 Subsequent Events (Continued)

Primary Government (City) (Continued)

Southwest Airlines

Southwest Airlines filed suit against the City attempting to stop the execution of an Airline Lease and Use Agreement which set forth rental terms at the San Antonio International Airport and designated gate assignments for a new terminal scheduled for completion in 2028. Southwest contends that the City used arbitrary and capricious factors in deciding gating assignments, in violation of the Aviation Deregulation Act. Their request for temporary injunction was denied by the Federal Court. The City filed a motion to dismiss which was granted in August 2025. Plaintiff has appealed to the Fifth Circuit. Their briefing deadline is February 26, 2026. Plaintiff has also filed a complaint with the FAA. Currently, the decision date is March 8, 2026. That deadline may be extended by the FAA. The City and Southwest Airlines have engaged in discussions to determine if a resolution can be reached that is acceptable to all parties, including the signatory airlines.

Edwards Aquifer Protection Program Financing

On October 28, 2025, the City of San Antonio Municipal Facilities Corporation sold property acquired to protect the Edwards Aquifer to the City for \$30,000. The funding for the sale was through the issuance of City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2025 issued on August 14, 2025. The proceeds from the sale were used redeem the Corporation's outstanding Revenue Notes, Series 2023 in the par amount of \$30,000. This is consistent with the funding plan for the Edwards Aquifer Protection Program which was approved by the City on September 17, 2020. That plan includes funding of approximately \$10,000 per year over 10 years for a total of \$100,000.

On March 5, 2026, City Council will consider the issuance of the City of San Antonio Municipal Facilities Corporation Contract Revenue Notes, Series 2026 (Revenue Notes), which will be issued to provide funding for land acquisitions for the Edwards Aquifer Protection Program. The issuance will provide funding up to \$30,000, with options of funding including \$10,000, \$20,000, and \$30,000. Closing and delivery of these funds are planned for March 19, 2026.

Airport System Long-Term Debt

On December 16, 2025, the City issued \$472,775 in Airport System Inferior Lien Revenue and Refunding Bonds, Series 2025 (AMT). The Bonds were issued to provide funding for interim financing for certain capital improvements for the Airport's Terminal Development Program and also refunded the outstanding 2023 Tax Notes in the amount of \$269,635, which previously provided interim financing for certain capital improvements for the Airport's Terminal Development Program. The 2023 Tax Notes were sold as ad valorem tax supported debt, but the debt service was paid with Airport revenues. The bonds have maturities between 2026 and 2036 with interest rate of 4.9%.

Notes to Financial Statements

Note 22 Subsequent Events (Continued)

Primary Government (City) (Continued)

Tax-Exempt Lease Purchase Agreement

On February 19, 2026, City Council approved the 2026 Master Tax-Exempt Lease Purchase Agreement with JP Morgan Chase Bank, N.A. (JP Morgan). Proceeds will be used to purchase refuse containers for the Solid Waste Management Department (Solid Waste), and vehicles and other equipment for the Fire Department. Financing terms are for seven years at an interest rate of 3.5%. Lease payments for Solid Waste purchases will be made from the department's budget, in the total amount of \$6,251; \$5,483 for principal and \$768 for interest. Lease payments for the Fire Department purchases will be made from the General Fund, for the total amount of \$3,609; \$3,165 for principal and \$444 for interest.

Airport Terminal Development Program

On December 11, 2025, the City approved an amendment to the Construction Manager at Risk (CMAR) contract with Hensel Phelps Construction Co., which was originally approved in December 2023, to establish a Guaranteed Maximum Price (GMP) of \$1,310 for the construction of the new Terminal and enabling projects at the Airport. Under the CMAR contract, Hensel Phelps is constructing the new Terminal C which features 18 gates, including 3 for international service, more than 850,000 square feet of new terminal space, 42,000 square feet of concessions space, and 29,000 square feet of club lounge space (square feet not reported in thousands).

CPS Energy

Long-Term Debt

On November 19, 2025, CPS Energy issued \$1,394,670 of Taxable New Series 2025A Revenue Refunding Bonds. Proceeds were used to refund \$190,000, \$107,200, \$125,000, \$125,000, \$125,000, and \$115,000 par value of the Taxable Commercial Paper New Sub Series A-1, New Series B, New Series C, New Sub Series D-1, New Series E, and New Series F, respectively. Proceeds were also used to refund \$100,000 and \$500,000 par value of the Taxable Flexible Rate Revolving Note Series A and the Taxable Flexible Rate Revolving Note Series B, respectively. The true interest cost for this issue, which has maturities in 2029 through 2034, and 2042 through 2050, is 5.54%.

On November 19, 2025, CPS Energy issued \$615,720 of Series 2025A Variable-Rate Junior Lien Revenue and Refunding Bonds. Bond proceeds are partially being used to fund construction projects and were partially used to refund \$134,870 and \$127,770 par value of the Series 2018 Variable-Rate Junior Lien Revenue Refunding Bonds, and the Series 2020 Variable-Rate Junior Lien Revenue Refunding Bonds, respectively. Reflecting stepped interest rate provisions applicable to the bonds, the true interest cost for this issue, which has maturities in 2042 through 2049, and 2051 through 2055, is 5.9%. The bonds were issued as multi-modal variable-rate instruments with initial term rates of 3.1% and a stepped rate of 7.0%, which is only applicable if the bonds are not remarketed before their expiration date.

Note 22 Subsequent Events (Continued)**CPS Energy (Continued)*****Long-Term Debt (Continued)***

Also on November 19, 2025, CPS Energy issued \$345,740 of New Series 2025B Revenue Refunding Bonds. Proceeds, including the \$38,543 premium associated with the bonds, were used to refund \$160,815 par value of the New Series 2015 Senior Lien Revenue Refunding Bonds, and \$220,835 par value of the New Series 2015 Revenue Bonds, respectively. The refunding transaction, resulted in net present value debt service savings of \$20,478, or 5.4% of the par amount of the bonds being refunded. The true interest cost for this issue, which has maturities in 2027 through 2039, is 2.9%.

On January 13, 2026, CPS Energy issued \$603,005 of New Series 2026A Senior Lien Revenue Refunding Bonds. Bond proceeds, including the \$84,673 premium associated with the bonds, were used to refund \$375,000 par value of the Taxable New Series 2009C Revenue Bonds (Direct Subsidy – Build America Bonds) and \$280,000 par value of the Taxable New Series 2010A Revenue Bonds (Direct Subsidy – Build America Bonds). The true interest cost for this issue, which has maturities in 2033 through 2041 is 3.5%.

On February 12, 2026, CPS Energy issued \$672,425 of Series 2026A Variable-Rate Junior Lien Revenue Refunding Bonds. Proceeds were used to refund \$400,000, \$10,000, \$42,800, \$55,000, and \$10,000 par value of the Tax-Exempt Commercial Paper Series A, New Sub Series A-1, New Series B, New Sub Series D-1, and New Series F, respectively. Proceeds were also used to refund \$150,000 par value of the Extendible Municipal Commercial Paper. Reflecting stepped interest rate provisions applicable to the bonds, the true interest cost for this issue, which has maturities in 2051 through 2055, is 6.0%. The bonds were issued as multi-modal variable-rate instruments with initial term rates of 2.9% and a stepped rate of 7.0%, which is only applicable if the bonds are not remarketed before their expiration date.

Other

On September 16, 2025, CPS Energy and Proenergy announced an agreement for CPS Energy to purchase Proenergy's four natural gas power generation facilities with an aggregate electric capacity of approximately 1,632 MW for \$1,387,200, subject to customary net working capital adjustments. These assets include peaking natural gas plants and are located in the Southeast Zone of the Electric Reliability Council of Texas (ERCOT) market in Harris, Brazoria, and Galveston Counties. The acquired assets are dual-fuel capable, providing CPS Energy future optionality to transition to a hydrogen fuel blend that would enable reduced carbon emissions. On September 25, 2025, CPS Energy finalized the acquisition through the issuance of short term debt which was converted to long-term obligations through the November 19, 2025 bond issuance.

San Antonio Water System (SAWS)***Long-Term Debt***

On February 18, 2025, SAWS will issue \$181,225 City of San Antonio, Texas Water System Junior Lien Revenue, Series 2025A (No Reserve Fund). The proceeds from the sale of the bonds will be used to (i) refund a portion of SAWS' outstanding bonds and to (ii) pay for costs of issuance. The true interest rate is 3.6%, with yields ranging from 2.9% to 3.5%, with a coupon rate of 5.0%.

Note 22 Subsequent Events (Continued)**San Antonio Water System (SAWS) (Continued)*****Long-Term Debt (Continued)***

On February 25, 2025, SAWS will issue \$89,160 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2025B. The proceeds from the sale of the bonds will be used to (i) refund a portion of SAWS' outstanding bonds and to (ii) pay for costs of issuance. The true interest rate is 3.6%, with yields ranging from 2.9% to 3.6%, with a coupon rate of 5.0%.

On October 22, 2025, SAWS issued \$150,895 City of San Antonio, Texas Water System Subordinate Lien Revenue Bonds, Series 2025D. The proceeds from the sale of the bonds will be for the purposes of (i) building, improving, extending, enlarging, equipping, and repairing SAWS' capital infrastructure and to (ii) pay for costs of issuance. The true interest rate is 3.3%, with yield of 3.2%, with a coupon rate of 3.3%.

On October 28, 2025, SAWS issued \$293,260 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2025C. The proceeds from the sale of the bonds were used to (i) refund a portion of SAWS' outstanding bonds, (ii) building, improving, extending, enlarging, equipping, and repairing SAWS' capital infrastructure and to (iii) pay for costs of issuance. The true interest rate is 3.9%, with yields ranging from 2.2% to 4.4%, with a coupon rate of 5.0%.

PDG

On December 8, 2025, SAWS issued \$26,865 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2025E (TWDB SWIFT). The proceeds from the sale of the bonds will be for the purposes of (i) building, improving, extending, enlarging, equipping, and repairing SAWS' capital infrastructure and to (ii) pay for costs of issuance. The true interest rate is 2.9%, with yields ranging from 1.7% to 3.4%, with coupon rates ranging from 1.74% to 3.4%.

On March 16, 2026, SAWS will issue \$11,755 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2025(X) (TWDB DWSRF). The proceeds from the sale of the bonds will be for the purposes of compliance with the EPA's Lead and Copper Rules, specifically service line inventory. Terms of the agreement with TWDB allow 51.0% of the loan to be forgiven if eligible expenses are incurred making the expected borrowed funds to be \$5,760. The loan will be interest free.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

Budgetary Comparison Schedule - (Unaudited)**General Fund****Year-Ended September 30, 2025**

(In Thousands)

2025				
	BUDGETED AMOUNTS		BUDGETARY BASIS	VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Resources (Inflows):				
Taxes	\$ 931,223	\$ 915,631	\$ 915,302	\$ (329)
Licenses and Permits	13,065	11,527	11,549	22
Intergovernmental	15,838	14,208	14,906	698
Revenues from Utilities	489,575	526,636	527,712	1,076
Charges for Services	76,796	79,102	80,093	991
Fines and Forfeits	10,072	10,517	10,272	(245)
Miscellaneous	15,572	17,271	18,981	1,710
Investment Earnings	21,826	24,128	24,734	606
Transfers from Other Funds	16,819	19,598	20,544	946
Amounts Available for Appropriation	\$ 1,590,786	\$ 1,618,618	\$ 1,624,093	\$ 5,475
Charges to Appropriations (Outflows):				
General Government	121,119	132,115	130,744	1,371
Public Safety	988,787	1,001,153	999,573	1,580
Public Works	81,401	114,060	112,868	1,192
Health Services	81,087	84,978	84,276	702
Culture and Recreation	165,574	164,166	163,705	461
Urban Redevelopment and Housing	40,449	48,106	44,990	3,116
Welfare	58,196	63,549	62,133	1,416
Economic Development and Opportunity	16,124	19,837	19,346	491
Environmental	11,635	17,059	14,832	2,227
Transfers to Other Funds	87,264	177,923	155,334	22,589
Total Charges to Appropriations:	\$ 1,651,636	\$ 1,822,946	\$ 1,787,801	\$ 35,145
Surplus (Deficiency) of Resources Over (Under)				
Charges to Appropriations	(60,850)	(204,328)	(163,708)	40,620
Fund Balance Allocation	60,850	204,328	163,708	(40,620)
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**Sources/Inflows of Resources:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 1,624,093
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(20,544)
Amortized lease revenue, reported in accordance with GASB 87, are revenues for financial reporting purposes but are not inflows of budgetary resources	(349)
Net value of investments revenue, reported in accordance with GASB 31, are revenues for financial reporting purposes but are not inflows of budgetary resources	(1,728)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds\$ 1,601,472**Uses/Outflows of Resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,787,801
Differences - budget to GAAP:	
Encumbrances and Earmarks for supplies and equipment ordered but not received is reported in the year the orders are placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	(152,019)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(91,208)
Lease Right-to-use Asset expenditures, reported in accordance with GASB 87, are expenditures for financial reporting purposes but are not outflows of budgetary resources	1,611
Subscription Right-to-use Asset expenditures, reported in accordance with GASB 96, are expenditures for financial reporting purposes but are not outflows of budgetary resources	2,178

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds\$ 1,548,363**General Fund Budgetary Information**

The City Charter establishes requirements for the adoption of budgets and budgetary control. Under provisions of the Charter, expenditures of each City department and activity within individual funds cannot legally exceed the final budget approved by the City Council. Amendments to line items within a departmental budget may be initiated by Department Directors.

Differences in Presentation between Budget and GAAP Basis:

The City records principal and interest payments related to lease and subscription activity on a GAAP basis; however, for budget purposes they are included in the associated division's expenditures. Additionally, the City records capitalized expenditures as capital outlay on the GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall expenditures are the same.

Pension and Other Postemployment Benefit Schedules

Required Supplementary Schedule – (Unaudited)

City of San Antonio (TMRS)

Schedule of Changes in Net Pension (Asset) Liability and Related Ratios

Last Ten Fiscal Years

	Measurement Period Ended									
	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Total Pension Liability										
Service Cost	\$ 82,977	\$ 76,026	\$ 67,906	\$ 60,570	\$ 59,600	\$ 58,786	\$ 55,964	\$ 53,965	\$ 51,329	\$ 47,521
Interest Cost	173,422	164,733	154,986	146,526	140,724	134,394	128,149	122,010	115,882	114,257
Differences Between Expected and Actual Experience	20,049	22,767	26,867	17,753	(16,719)	(16,405)	(3,125)	(1,637)	1,226	(8,192)
Changes of Assumptions		(19,183)				10,121				4,540
Benefit Payments, including Refunds of Employee Contributions	(123,818)	(114,397)	(104,420)	(101,939)	(94,347)	(92,696)	(87,070)	(81,702)	(76,256)	(74,742)
Net Change in Total Pension Liability	\$ 152,630	\$ 129,946	\$ 145,339	\$ 122,910	\$ 89,258	\$ 94,200	\$ 93,918	\$ 92,636	\$ 92,181	\$ 83,384
Total Pension Liability - Beginning	2,589,628	2,459,682	2,314,343	2,191,433	2,102,175	2,007,975	1,914,057	1,821,421	1,729,240	1,645,856
Total Pension Liability - Ending (a)	\$ 2,742,258	\$ 2,589,628	\$ 2,459,682	\$ 2,314,343	\$ 2,191,433	\$ 2,102,175	\$ 2,007,975	\$ 1,914,057	\$ 1,821,421	\$ 1,729,240
Plan Fiduciary Net Position										
Contributions - Employer	\$ 74,708	\$ 66,253	\$ 56,128	\$ 49,827	\$ 47,351	\$ 46,687	\$ 44,278	\$ 41,828	\$ 36,327	\$ 35,915
Contributions - Employee	32,225	30,391	27,162	24,213	23,795	24,060	22,783	21,922	20,830	20,027
Net Investment Income (Loss)	201,269	203,000	(139,796)	224,308	123,098	220,290	(44,654)	183,805	85,229	1,888
Benefit Payments, including Refunds of Employee Contributions	(123,818)	(114,397)	(104,420)	(101,939)	(94,347)	(92,696)	(87,070)	(81,702)	(76,256)	(74,742)
Administrative Expense	(1,294)	(1,293)	(1,211)	(1,039)	(797)	(1,246)	(864)	(953)	(963)	(1,150)
Other	(30)	(9)	1,445	7	(31)	(37)	(45)	(48)	(52)	(57)
Net Change in Plan Fiduciary Net Position	\$ 183,060	\$ 183,945	\$ (160,692)	\$ 195,377	\$ 99,069	\$ 197,058	\$ (65,572)	\$ 164,852	\$ 65,115	\$ (18,119)
Plan Fiduciary Net Position - Beginning	1,940,809	1,756,864	1,917,556	1,722,179	1,623,110	1,426,052	1,491,624	1,326,772	1,261,657	1,279,776
Plan Fiduciary Net Position - Ending (b)	\$ 2,123,869	\$ 1,940,809	\$ 1,756,864	\$ 1,917,556	\$ 1,722,179	\$ 1,623,110	\$ 1,426,052	\$ 1,491,624	\$ 1,326,772	\$ 1,261,657
City's Net Pension Liability - Ending (a) - (b)	\$ 618,389	\$ 648,819	\$ 702,818	\$ 396,787	\$ 469,254	\$ 479,065	\$ 581,923	\$ 422,433	\$ 494,649	\$ 467,583
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.45%	74.95%	71.43%	82.86%	78.59%	77.21%	71.02%	77.93%	72.84%	72.96%
Covered Payroll	\$ 537,066	\$ 506,499	\$ 452,404	\$ 403,257	\$ 396,539	\$ 399,366	\$ 379,417	\$ 365,112	\$ 346,584	\$ 333,714
City's Net Pension Liability as a Percentage of Covered Payroll	115.14%	128.10%	155.35%	98.40%	118.34%	119.96%	153.37%	115.70%	142.72%	140.11%

Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended September 30, 2016 through September 30, 2025.

Required Supplementary Schedule – (Unaudited)
City of San Antonio (TMRS)
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
Last Ten Fiscal Years (Continued)

Notes to Schedule:

Benefit Changes: There were no changes in benefit terms, in the size of composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: In 2019, TMRS adopted the 2019 Municipal Retirees of Texas Mortality Tables for post-retirement and the PUB (10) mortality tables for pre-retirement, with the Public Safety table used for Males and the General Employee table used for females. In 2015, TMRS adopted a reduction in the investment return assumption from 7.00% to 6.75%, and a reduction in the inflation assumption from 3.00% to 2.50%, which is reflected in December 31, 2015.

Required Supplementary Schedule – (Unaudited)

Fire and Police Pension Fund

Schedule of Changes in Net Pension (Asset) Liability and Related Ratios

Last Ten Fiscal Years

	Measurement Period Ended									
	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015 ¹
Total Pension Liability										
Service Cost	\$ 87,592	\$ 85,145	\$ 80,097	\$ 78,637	\$ 78,579	\$ 75,880	\$ 73,354	\$ 71,161	\$ 74,771	\$ 96,631
Interest Cost	342,935	322,506	302,041	293,337	283,106	271,542	259,758	246,848	233,943	277,002
Change of Benefit Terms	12,648									
Differences Between Expected and Actual Experience	6,104	117,765	133,147	(16,681)	(26,279)	(7,535)	50,057	(27,776)	(47,670)	(20,698)
Changes of Assumptions					16,194					148,315
Benefit Payments, including Refunds of Employee Contributions	(261,068)	(231,124)	(244,979)	(228,416)	(192,671)	(173,494)	(172,692)	(156,137)	(152,296)	(179,787)
Net Change in Total Pension Liability	\$ 188,211	\$ 294,292	\$ 270,306	\$ 126,877	\$ 158,929	\$ 166,393	\$ 210,477	\$ 134,096	\$ 108,748	\$ 321,463
Total Pension Liability - Beginning	4,773,074	4,478,782	4,208,476	4,081,599	3,922,670	3,756,277	3,545,800	3,411,704	3,302,956	2,981,493
Total Pension Liability - Ending (a)	\$ 4,961,285	\$ 4,773,074	\$ 4,478,782	\$ 4,208,476	\$ 4,081,599	\$ 3,922,670	\$ 3,756,277	\$ 3,545,800	\$ 3,411,704	\$ 3,302,956
Plan Fiduciary Net Position										
Contributions - Employer	\$ 95,246	\$ 89,741	\$ 88,371	\$ 86,324	\$ 85,693	\$ 81,016	\$ 78,312	\$ 75,916	\$ 75,958	\$ 94,816
Contributions - Employee	47,622	44,870	44,303	43,213	42,846	40,508	39,182	37,958	37,978	47,408
Net Investment Income (Loss)	323,099	437,251	(448,808)	521,575	390,028	449,067	(122,694)	407,278	242,007	(1,919)
Benefit Payments, including Refunds of Employee Contributions	(261,068)	(231,125)	(244,979)	(228,415)	(192,671)	(173,494)	(172,692)	(156,137)	(152,296)	(179,787)
Administrative Expense	(3,741)	(3,617)	(3,333)	(2,963)	(3,389)	(3,565)	(3,480)	(3,034)	(2,795)	(3,677)
Net Change in Plan Fiduciary Net Position	\$ 201,158	\$ 337,120	\$ (564,446)	\$ 419,734	\$ 322,507	\$ 393,532	\$ (181,372)	\$ 361,981	\$ 200,852	\$ (43,159)
Plan Fiduciary Net Position - Beginning	3,923,604	3,586,484	4,150,930	3,731,196	3,408,689	3,015,157	3,196,529	2,834,548	2,633,696	2,676,855
Plan Fiduciary Net Position - Ending (b)	\$ 4,124,762	\$ 3,923,604	\$ 3,586,484	\$ 4,150,930	\$ 3,731,196	\$ 3,408,689	\$ 3,015,157	\$ 3,196,529	\$ 2,834,548	\$ 2,633,696
City's Net Pension Liability - Ending (a) - (b)	\$ 836,523	\$ 849,470	\$ 892,298	\$ 57,546	\$ 350,403	\$ 513,981	\$ 741,120	\$ 349,271	\$ 577,156	\$ 669,260
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.14%	82.20%	80.08%	98.63%	91.42%	86.90%	80.27%	90.15%	83.08%	79.74%
Covered Payroll	\$ 386,538	\$ 364,207	\$ 359,607	\$ 350,758	\$ 347,776	\$ 328,796	\$ 318,038	\$ 308,101	\$ 308,263	\$ 384,807
City's Net Pension Liability as a Percentage of Covered Payroll	216.41%	233.24%	248.13%	16.41%	100.76%	156.32%	233.03%	113.36%	187.23%	173.92%

Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended December 31, 2015 through December 31, 2024.

¹ The Fire and Police Pension Fund changed their fiscal year-end to December 31 effective fiscal year 2015, and therefore the City was required to change its measurement date from September 30 to December 31. These amounts reflect 15 months of pension information.

Required Supplementary Schedule – (Unaudited)
Fire and Police Pension Fund
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
Last Ten Fiscal Years (Continued)

Notes to Schedule:

Benefit Changes: The HB2649/SB1207 provision increased the minimum death benefit from 50% to 75% of average salary for all widows whose spouses died prior to termination or retirement. The change was retroactive to include survivors of any pre-retirement non-line-of-duty death after September 1, 2005 but before September 1, 2023 and was payable prospective only.

Change of Assumptions: There have been on changes in actuarial assumptions in the last two fiscal years.

A comprehensive Actuarial Experience Review, covering the period October 1, 2014 through December 31, 2018, was completed in 2019. As a result of that study, the following assumption changes were proposed by the actuary and subsequently were approved by the Board. These changes are reflected for the first time in the disclosure measured as of December 31, 2020:

- The pre-retirement mortality assumption was changed from the sex-distinct RP-2014 Employee Mortality Table, with rates loaded 7.00% for females, to the PUBS-2010 Safety Employee Amount-Weighted Table for males and females.
- The post-retirement mortality assumption for healthy annuitants was changed from the sex-distinct RP-2014 Healthy Annuitant Mortality Table, with rates loaded 7.00% for females, to the PUBS-2010 Safety Health Retiree Amount-Weighted Table for males and females.
- The mortality assumption for disabled retirees was changed from the sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward six years, with rates loaded 7.00% for females, to the PUBS-2010 Safety Disabled Retiree Amount-Weighted Table for males and females.
- The mortality assumption for beneficiaries was changed from the sex-distinct RP-2014 Healthy Annuitant Mortality Table, with rates loaded 7.00% for females, to the PUBS-2010 Safety Contingent Survivor Amount-Weighted Table for males and females.
- The generational projection scale was changed from 50.00% of the sex-distinct Scale MP-2014 projected from 2014 to Scale SSA2019-2D projected from 2010.
- The existing service-based retirement rates for both Fire and Police were modified to more accurately reflect observed retirement patterns.
- The assumption for BackDROP utilization was decreased from 95.00% to 90.00% for Firefighters.
- The load for marriage after retirement was reduced from 0.35% to 0.20% for retirees and from 0.80% to 0.40% for disabled annuitants.
- Disability rates were lowered from 30.00% to 10.00% of OASDI rates for Police Officers.
- The age-based withdrawal rates for both Fire and Police were modified to reflect service-based rates for each group, with rates zeroing out after 20 years for service.
- The service-based salary scale table was maintained for both Public Safety groups. The modified rates start at 14.00% with an ultimate rate of 3.00% after nine years of service.
- The percent married assumption was increased from 90.00% to 95.00% for males and lowered from 90.00% to 60.00% for females.
- The payroll growth assumption was lowered from 3.50% to 3.00%.

Required Supplementary Schedule – (Unaudited)

CPS Energy

Schedule of Changes in Net Pension (Asset) Liability and Related Ratios

Last Ten Fiscal Years

	Measurement Period Ended									
	1/31/2024	1/31/2023	1/31/2022	1/31/2021	1/31/2020	1/31/2019	1/31/2018	1/31/2017	1/31/2016	1/31/2015
Total Pension Liability										
Service Cost	\$ 42,481	\$ 40,271	\$ 41,129	\$ 35,403	\$ 36,861	\$ 37,175	\$ 32,569	\$ 31,547	\$ 30,183	\$ 32,591
Interest Cost	166,928	155,015	150,633	148,068	143,079	137,954	132,861	128,991	122,800	117,802
Effect of plan changes		(12)								
Differences Between Expected and										
Actual Experience	106,920	394	2,174	(846)	(2,685)	(19,385)	6,025	(18,647)	19,691	(35,634)
Changes of Assumptions	48,543	51,083	(9,825)	28,832	(4,940)	(10,129)	77,574			38,296
Benefit Payments	(130,541)	(123,427)	(114,484)	(106,825)	(101,037)	(96,969)	(93,550)	(91,230)	(91,293)	(84,319)
Net Change in Total Pension Liability	\$ 234,331	\$ 123,324	\$ 69,627	\$ 104,632	\$ 71,278	\$ 48,646	\$ 155,479	\$ 50,661	\$ 81,381	\$ 68,736
Total Pension Liability - Beginning	2,357,824	2,234,500	2,164,873	2,060,241	1,988,963	1,940,317	1,784,838	1,734,177	1,652,796	1,584,060
Total Pension Liability - Ending (a)	\$ 2,592,155	\$ 2,357,824	\$ 2,234,500	\$ 2,164,873	\$ 2,060,241	\$ 1,988,963	\$ 1,940,317	\$ 1,784,838	\$ 1,734,177	\$ 1,652,796
Plan Fiduciary Net Position										
Contributions - Employer	\$ 56,717	\$ 58,986	\$ 62,100	\$ 56,025	\$ 73,435	\$ 58,700	\$ 46,200	\$ 44,500	\$ 46,000	\$ 55,800
Contributions - Employee	16,133	14,970	14,054	13,890	14,758	13,363	13,039	12,144	11,563	12,140
Net Investment Income (Loss)	191,059	(64,655)	244,563	187,600	169,004	(48,316)	246,772	207,196	(52,945)	85,520
Benefit Payments	(130,541)	(123,427)	(114,484)	(106,825)	(101,037)	(96,969)	(93,550)	(91,230)	(91,293)	(84,319)
Administrative Expense	(540)	(474)	(487)	(510)	(476)	(391)	(389)			
Net Change in Plan Fiduciary Net Position	\$ 132,828	\$ (114,600)	\$ 205,746	\$ 150,180	\$ 155,684	\$ (73,613)	\$ 212,072	\$ 172,610	\$ (86,675)	\$ 69,141
Plan Fiduciary Net Position - Beginning	2,007,845	2,122,445	1,916,699	1,766,519	1,610,835	1,684,448	1,472,376	1,299,766	1,386,441	1,317,300
Plan Fiduciary Net Position - Ending (b)	\$ 2,140,673	\$ 2,007,845	\$ 2,122,445	\$ 1,916,699	\$ 1,766,519	\$ 1,610,835	\$ 1,684,448	\$ 1,472,376	\$ 1,299,766	\$ 1,386,441
Net Pension Liability - Ending (a) - (b)	\$ 451,482	\$ 349,979	\$ 112,055	\$ 248,174	\$ 293,722	\$ 378,128	\$ 255,869	\$ 312,462	\$ 434,411	\$ 266,355
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.58%	85.16%	94.99%	88.54%	85.74%	80.99%	86.81%	82.49%	74.95%	83.88%
Covered Payroll	\$ 308,095	\$ 304,482	\$ 293,669	\$ 286,959	\$ 282,302	\$ 271,449	\$ 254,241	\$ 242,477	\$ 235,360	\$ 256,236
Net Pension Liability as a Percentage of Covered Payroll	146.54%	114.94%	38.16%	86.48%	104.05%	139.30%	100.64%	128.86%	184.57%	103.95%

Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended January 31, 2016 through January 31, 2025.

Required Supplementary Schedule – (Unaudited)**CPS Energy****Schedule of Changes in Net Pension (Asset) Liability and Related Ratios****Last Ten Fiscal Years (Continued)****Notes to Schedule:**

Benefit Changes: Changes of benefit terms reflect the effect of changes in the Employee's Contribution Accumulation rate during fiscal year 2017 from 5.75% to 5.50%, fiscal year 2020 from 5.50% to 5.25%, and fiscal year 2024 from 5.25% to 5.00%.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate during fiscal year 2019 and 2022 and changes to the mortality improvement scale during each period; and a change in the earnings progression during fiscal year 2024; fiscal year 2025 amounts reflect the effects of the 2023 experience study updates; fiscal year 2022 amounts reflect the effects of the 2020 experience study updates, including updating to the Pri-2012 Mortality Table; fiscal year 2019 amounts reflect the effect of the 2017 experience study updates.

Required Supplementary Schedule – (Unaudited)

San Antonio Water System (SAWS) - TMRS

Schedule of Changes in Net Pension (Asset) Liability and Related Ratios

Last Ten Fiscal Years

	Measurement Period Ended									
	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability										
Service Cost	\$ 7,456	\$ 6,318	\$ 6,068	\$ 6,233	\$ 5,733	\$ 5,551	\$ 5,332	\$ 4,979	\$ 4,810	\$ 4,379
Interest Cost	18,041	17,061	16,200	15,448	14,670	13,952	13,268	12,623	12,480	11,960
Differences Between Expected and Actual Experience	1,846	2,221	1,214	(189)	499	240	54	29	(1,311)	(1,717)
Changes of Assumptions	(1,985)				211				433	
Benefit Payments	(11,847)	(11,442)	(10,261)	(10,294)	(9,392)	(8,960)	(8,332)	(8,186)	(7,337)	(7,461)
Net Change in Total Pension Liability	\$ 13,511	\$ 14,158	\$ 13,221	\$ 11,198	\$ 11,721	\$ 10,783	\$ 10,322	\$ 9,445	\$ 9,075	\$ 7,161
Total Pension Liability - Beginning	269,472	255,314	242,093	230,895	219,174	208,391	198,069	188,624	179,549	172,388
Total Pension Liability - Ending (a)	\$ 282,983	\$ 269,472	\$ 255,314	\$ 242,093	\$ 230,895	\$ 219,174	\$ 208,391	\$ 198,069	\$ 188,624	\$ 179,549
Plan Fiduciary Net Position										
Contributions - Employer	\$ 5,267	\$ 4,510	\$ 4,450	\$ 4,440	\$ 4,095	\$ 4,059	\$ 3,852	\$ 3,609	\$ 3,953	\$ 3,721
Contributions - Employee	4,377	3,717	3,569	3,660	3,412	3,291	3,149	2,935	2,892	2,722
Net Investment Income (Loss)	26,711	(18,429)	29,401	16,073	28,632	(5,773)	23,639	10,909	239	8,818
Benefit Payments, including Refunds of Employee Contributions	(11,847)	(11,442)	(10,261)	(10,294)	(9,392)	(8,960)	(8,332)	(8,186)	(7,337)	(7,461)
Administrative Expense	(170)	(159)	(136)	(104)	(162)	(111)	(123)	(123)	(146)	(92)
Other	(1)	190	1	(4)	(5)	(6)	(6)	(7)	(7)	(8)
Net Change in Plan Fiduciary Net Position	\$ 24,337	\$ (21,613)	\$ 27,024	\$ 13,771	\$ 26,580	\$ (7,500)	\$ 22,179	\$ 9,137	\$ (406)	\$ 7,700
Plan Fiduciary Net Position - Beginning	231,030	252,643	225,619	211,848	185,268	192,768	170,589	161,452	161,858	154,158
Plan Fiduciary Net Position - Ending (b)	\$ 255,367	\$ 231,030	\$ 252,643	\$ 225,619	\$ 211,848	\$ 185,268	\$ 192,768	\$ 170,589	\$ 161,452	\$ 161,858
Net Pension Liability - Ending (a) - (b)	\$ 27,616	\$ 38,442	\$ 2,671	\$ 16,474	\$ 19,047	\$ 33,906	\$ 15,623	\$ 27,480	\$ 27,172	\$ 17,691
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.24%	85.73%	98.95%	93.20%	91.75%	84.53%	92.50%	86.13%	85.59%	90.15%
Covered Payroll	\$ 145,906	\$ 123,985	\$ 118,981	\$ 121,984	\$ 113,750	\$ 109,703	\$ 104,960	\$ 97,818	\$ 96,389	\$ 90,721
Net Pension Liability as a Percentage of Covered Payroll	18.93%	31.01%	2.24%	13.51%	16.74%	30.91%	14.88%	28.09%	28.19%	19.50%

Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended December 31, 2015 through December 31, 2024.

Required Supplementary Schedule – (Unaudited)
San Antonio Water System (SAWS) - TMRS
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
Last Ten Fiscal Years (Continued)

Notes to Schedule:

Benefit Changes: There were no changes in benefit terms, in the size of composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: In 2015, the long term rate of return was reduced from 7.00% to 6.75%. In 2015, mortality rates were updated to reflect updated historical data.

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Retirement Plan (SAWSRP)
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended									
	1/1/2024	1/1/2023	1/1/2022	1/1/2021	1/1/2020	1/1/2019	1/1/2018	1/1/2017	1/1/2016	1/1/2015
Total Pension Liability										
Service Cost	\$ 4,689	\$ 4,933	\$ 5,036	\$ 5,187	\$ 5,464	\$ 5,629	\$ 5,859	\$ 5,724	\$ 5,004	\$ 5,204
Interest Cost	18,414	17,869	17,026	16,403	16,282	15,101	14,354	13,680	12,596	11,709
Change of Benefit Terms									4,339	
Differences Between Expected and Actual Experience	3,994	(1,814)	2,224	(66)	1,700	1,926	(1,394)	712	555	(622)
Changes of Assumptions	3		413	(1,063)	(1,534)	4,653		5,532	(405)	2,771
Benefit Payments	(12,401)	(11,654)	(10,669)	(10,090)	(9,358)	(8,615)	(7,974)	(7,283)	(6,318)	(5,796)
Net Change in Total Pension Liability	\$ 14,699	\$ 9,334	\$ 14,030	\$ 10,371	\$ 12,554	\$ 18,694	\$ 11,997	\$ 18,365	\$ 15,771	\$ 13,266
Total Pension Liability - Beginning	295,551	286,217	272,187	261,816	249,262	230,568	218,571	200,206	184,435	171,169
Total Pension Liability - Ending (a)	\$ 310,250	\$ 295,551	\$ 286,217	\$ 272,187	\$ 261,816	\$ 249,262	\$ 230,568	\$ 218,571	\$ 200,206	\$ 184,435
Plan Fiduciary Net Position										
Contributions - Employer	\$ 6,136	\$ 7,000	\$ 6,136	\$ 9,131	\$ 9,131	\$ 7,923	\$ 7,982	\$ 7,367	\$ 7,890	\$ 10,339
Contributions - Employee	2,290	2,165	2,219	2,095	2,528	2,434	2,484	2,533	2,357	
Net Investment Income (Loss)	31,598	(43,417)	34,840	31,582	38,722	(7,767)	30,741	6,971	1,215	15,695
Benefit Payments	(12,401)	(11,654)	(10,669)	(10,090)	(9,358)	(8,615)	(7,974)	(7,283)	(6,318)	(5,796)
Administrative Expense	(290)	(264)	(293)	(294)	(309)	(360)	(380)	(195)	(17)	
Net Change in Plan Fiduciary Net Position	\$ 27,333	\$ (46,170)	\$ 32,233	\$ 32,424	\$ 40,714	\$ (6,385)	\$ 32,853	\$ 9,393	\$ 5,127	\$ 20,238
Plan Fiduciary Net Position - Beginning	260,948	307,118	274,885	242,461	201,747	208,132	175,279	165,886	160,759	140,521
Plan Fiduciary Net Position - Ending (b)	\$ 288,281	\$ 260,948	\$ 307,118	\$ 274,885	\$ 242,461	\$ 201,747	\$ 208,132	\$ 175,279	\$ 165,886	\$ 160,759
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 21,969	\$ 34,603	\$ (20,901)	\$ (2,698)	\$ 19,355	\$ 47,515	\$ 22,436	\$ 43,292	\$ 34,320	\$ 23,676
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.92%	88.29%	107.30%	100.99%	92.61%	80.94%	90.27%	80.19%	82.86%	87.16%
Covered Payroll	\$ 69,346	\$ 68,883	\$ 75,822	\$ 74,643	\$ 76,320	\$ 78,348	\$ 79,417	\$ 83,493	\$ 85,299	\$ 83,812
Net Pension Liability (Asset) as a Percentage of Covered Payroll	31.68%	50.23%	(27.57%)	(3.61%)	25.36%	60.65%	28.25%	51.85%	40.23%	28.25%

Amounts presented are determined as of the measurement date of the net pension liability (asset) for fiscal years-ended December 31, 2015 through December 31, 2024.

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Retirement Plan (SAWSRP)
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
Last Ten Fiscal Years (Continued)

Notes to Schedule:

Total pension liability at December 31, 2023 is based on a rollforward of the January 1, 2023 actuarial valuation.

Benefit Changes: In 2015, the normal form of distribution changed and a mandatory employee contribution of 3.00% of payroll was instituted. Effective June 1, 2014, the defined benefit plan was frozen to new entrants.

Changes of assumptions: In 2020, retirement age assumptions were changed to reflect more recent experience. In 2019, the mortality assumption was updated to the public retirement plans mortality tables published by the Society of Actuaries (SOA). In 2017 through 2023, the mortality assumption was updated for the latest improvement scale. For 2020, the long-term rate of return was adjusted to 6.25%. In 2016, the long-term rate of return was reduced to 6.50%. In 2015, mortality rates were updated to reflect historical data.

Required Supplementary Schedule – (Unaudited)
SAWS District Special Project Retirement Income Plan (DSPRP)
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended									
	1/1/2024	1/1/2023	1/1/2022	1/1/2021	1/1/2020	1/1/2019	1/1/2018	1/1/2017	1/1/2016	1/1/2015
Total Pension Liability										
Service Cost	\$ 124	\$ 201	\$ 209	\$ 241	\$ 245	\$ 257	\$ 108	\$ 71	\$ 124	\$ 123
Interest Cost	397	426	420	409	371	388	424	418	446	424
Differences Between Expected and Actual Experience	(305)	(285)	(62)	375	(466)	(622)	101	(381)	18	153
Changes of Assumptions		36			219	6	15	224		
Benefit Payments	(356)	(371)	(378)	(408)	(330)	(485)	(776)	(324)	(261)	(230)
Net Change in Total Pension Liability	\$ (140)	\$ 7	\$ 189	\$ 617	\$ 39	\$ (456)	\$ (128)	\$ 8	\$ 327	\$ 470
Total Pension Liability - Beginning	6,962	6,955	6,766	6,149	6,110	6,566	6,694	6,686	6,359	5,889
Total Pension Liability - Ending (a)	\$ 6,822	\$ 6,962	\$ 6,955	\$ 6,766	\$ 6,149	\$ 6,110	\$ 6,566	\$ 6,694	\$ 6,686	\$ 6,359
Plan Fiduciary Net Position										
Contributions - Employer	\$ 134	\$ 138	\$ 175	\$ 400	\$ 400	\$ 400	\$ 315	\$ 280	\$ 308	\$ 414
Net Investment Income (Loss)	924	(1,034)	1,049	998	1,049	(75)	764	306	18	394
Benefit Payments, including Refunds of Employee Contributions	(356)	(371)	(378)	(408)	(330)	(485)	(776)	(324)	(261)	(230)
Administrative Expense	(6)	(5)	(7)	(6)	(6)	(7)	(7)	(8)	(6)	(11)
Net Change in Plan Fiduciary Net Position	\$ 696	\$ (1,272)	\$ 839	\$ 984	\$ 1,113	\$ (167)	\$ 296	\$ 254	\$ 59	\$ 567
Plan Fiduciary Net Position - Beginning	7,203	8,475	7,636	6,652	5,539	5,706	5,410	5,156	5,097	4,530
Plan Fiduciary Net Position - Ending (b)	\$ 7,899	\$ 7,203	\$ 8,475	\$ 7,636	\$ 6,652	\$ 5,539	\$ 5,706	\$ 5,410	\$ 5,156	\$ 5,097
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (1,077)	\$ (241)	\$ (1,520)	\$ (870)	\$ (503)	\$ 571	\$ 860	\$ 1,284	\$ 1,530	\$ 1,262
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	115.79%	103.46%	121.85%	112.86%	108.18%	90.65%	86.90%	80.82%	77.12%	80.15%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Amounts presented are determined as of the measurement date of the net pension liability (asset) for fiscal years-ended December 31, 2015 through December 31, 2024.

Required Supplementary Schedule – (Unaudited)
SAWS District Special Project Retirement Income Plan (DSPRP)
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
Last Ten Fiscal Years (Continued)

Notes to Schedule:

The plan was frozen in 2008. Therefore, current and future wages have no impact on net pension liability (asset).

Total pension liability (asset) at December 31, 2024, is based on a rollforward of the January 1, 2024 actuarial valuation.

Benefit Changes: There were no changes in benefit terms, in the size of composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: In 2023, the investment rate of return was decreased to 5.75%. In 2020, the investment rate of return was changed to 6.25%. In 2023, the improvement mortality scale was changed to MP-2021. In 2022, the mortality improvement scale was updated to MP-2020. In 2019, the mortality improvement scale was updated to MP-2018. In 2018, the mortality improvement scale was based on MP-2017. In 2017, the mortality table was changed from 1994 GAR projected to 2002 to the RP-2014 table using the MP-2016 improvement scale. In 2017, the investment rate of return was modified from 7.00% to 6.50%.

Required Supplementary Schedule – (Unaudited)
City of San Antonio (TMRS)
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 35,942	\$ 35,942		\$ 340,660	10.55%
2017	40,374	40,374		361,009	11.18%
2018	43,631	43,631		375,931	11.61%
2019	45,943	45,943		393,916	11.66%
2020	47,311	47,311		398,863	11.86%
2021	48,180	48,180		393,758	12.24%
2022	56,305	56,305		454,555	12.39%
2023	63,995	63,995		495,336	12.92%
2024	72,984	72,984		532,319	13.71%
2025	77,755	77,755		548,823	14.17%

Required Supplementary Schedule – (Unaudited)
City of San Antonio (TMRS)
Schedule of Contributions – Pensions
Last Ten Fiscal Years (Continued)

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years (longest amortization ladder)
Asset Valuation Method	Ten-year smoothed fair value; 12.00% soft corridor

Actuarial assumptions:

Inflation Rate	2.50%
Salary Increases	3.60% to 11.85% including inflation.
Investment Rate of Return	6.75% including inflation, net of pension plan investment expense.
Retirement Age	Experience-based table rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103.00% and female rates are multiplied by 105.00%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB (10) mortality tables, with the 110.00% of the Public Safety table used for males and the 100.00% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021. (with immediate convergence).

Other Information:

Notes	Granted 70.00% ad hoc COLA. Effective 6/1/2021 plan was opened to current and future City of San Antonio Council Aides Corporation employees.

Required Supplementary Schedule – (Unaudited)
 Fire and Police Pension Fund
 Schedule of Contributions – Pensions
 Last Ten Fiscal Years

Year-Ended September 30,	Statutorily Determined Contribution	Contributions in Relation to the Statutorily Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll ¹	Contributions as a Percentage of Covered Payroll
2016	\$ 74,414	\$ 74,414		\$ 301,993	24.64%
2017	75,039	75,039		320,955	24.64%
2018	77,488	77,488		313,951	24.64%
2019	79,973	79,973		324,430	24.64%
2020	84,775	84,775		343,799	24.64%
2021	85,545	85,545		347,112	24.64%
2022	90,949	90,949		369,110	24.64%
2023	88,561	88,561		359,326	24.64%
2024	92,853	92,853		376,554	24.64%
2025	100,511	100,511		407,683	24.64%

¹ Payroll is estimated based on the actual member contributions received and a 12.32% contribution rate.

Required Supplementary Schedule – (Unaudited)**Fire and Police Pension Fund****Schedule of Contributions – Pensions****Last Ten Fiscal Years (Continued)****NOTES TO SCHEDULE OF CONTRIBUTIONS****Valuation Date**

Notes	Statutorily determined contribution is calculated using a January 1 valuation date as of the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, using 3.00% annual increases.
Remaining Amortization Period	20.96 years remaining as of January 1, 2024.
Asset Valuation Method	Five-year smoothed fair value based on expected return of 7.25%.

Actuarial assumptions:

Inflation Rate	3.00%
Salary Increases	3.00% (plus merit scale of 0.00% - 11.00%)
Investment Rate of Return	7.25% including inflation, net of pension plan investment expense.
Cost-of-living Adjustments	3.00% for retirement before October 1, 1999; 2.25% for retirement on or after October 1, 1999
Retirement Rates	Fire: Rates based on years of service ranging from 20 to 43 years, with 100.00% retirement at the earlier of age 65 or 43 years of service. Police: Rates based on years of service ranging from 20 to 40 years, with 100.00% retirement at the earlier of age 65 or 40 years of service.

Mortality:

Pre-retirement	Sex-distinct PUBS-2010 Safety Employee Amount-Weighted Table.
Healthy Annuitant	Sex-distinct PUBS-2010 Safety Health Retiree Amount-Weighted Table.
Disabled Annuitant	Sex-distinct PUBS-2010 Safety Disabled Retiree Amount-Weighted Table.
Beneficiaries	Sex-distinct PUBS-2010 Safety Contingent Survivor Amount-Weighted Table.
Future Improvement	General Projection using Scale SSA2019-2D improvement scale.

Required Supplementary Schedule – (Unaudited)

CPS Energy

Schedule of Contributions – Pensions

Last Ten Fiscal Years

Year-Ended January 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 46,001	\$ 46,000	\$ 1	\$ 256,236	17.95%
2017	44,532	44,500	32	235,360	18.91%
2018	46,234	46,200	34	242,477	19.05%
2019	58,657	58,700	(43)	254,241	23.09%
2020	53,435	73,435	(20,000)	271,449	27.05%
2021	56,025	56,025		282,302	19.85%
2022	62,050	62,100	(50)	286,959	21.64%
2023	58,986	58,986		293,669	20.09%
2024	56,717	56,717		304,482	18.63%
2025	72,774	72,774		308,095	23.62%

Amounts presented are determined as of the measurement date of the net pension liability (asset) for fiscal years-ended January 31, 2016 through January 31, 2025.

Required Supplementary Schedule – (Unaudited)**CPS Energy****Schedule of Contributions – Pensions****Last Ten Fiscal Years (Continued)****NOTES TO SCHEDULE OF CONTRIBUTIONS****Valuation Date**

Notes

Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent; layered periods
Remaining Amortization Period	24 years
Asset Valuation Method	Fair value gains/losses recognized over five years.

Actuarial assumptions:

Inflation Rate	2.33% for fiscal year 2025, 2.30% for fiscal year 2024, 2.20% for fiscal year 2023 and 2022; and 3.00% for previous years presented per year, compounded annually.
Salary Increases	Average, including inflation: 5.68% for fiscal year 2025, 5.65% for fiscal year 2024, 5.54% for fiscal years 2023 and 2022, 5.36% for fiscal year 2021 and 2020, 4.72% for fiscal year 2019, 4.66% for fiscal year 2018, 4.78% for fiscal year 2017, 5.01% for fiscal year 2016.
Investment Rate of Return	7.00% per year, compounded annually, for fiscal year 2025 through 2022, 7.25% for fiscal years 2021 through 2019, 7.50% for fiscal year 2018 and 2017, 7.75% for prior years.
Cost-of-living Increases	1.50% for fiscal year 2025, 1.25% for fiscal year 2024 through 2022, 1.50% for previous years presented per year.
Mortality	Mortality rates were based on the Pri-2012 Mortality Table projected forward (fully generational) with MP-2021 for fiscal year 2025 and 2024, MP-2020 for 2023, Pri-2012 Mortality Table projected forward (fully generational) with MP-2019 for fiscal year 2022, RP-2014 Mortality Table adjusted backwards to 2006 with Mortality Improvement Scale MP-2014 and projected (fully generational) with MP-2018 for fiscal year 2021; RP-2014 Mortality Table adjusted backwards to 2006 with Mortality Improvement Scale MP-2014 and projected (fully generational) with MP-2017 for fiscal year 2020; RP-2016 Combined Healthy, with No Collar Adjustment, Male and Female Tables with MP-2016 Mortality Improvement Scale for fiscal year 2019; RP-2000 Combined Healthy Annuitant Mortality Table for Males or Females, projected using Scale BB for fiscal year 2017 and fiscal year 2016.
Other Information	In fiscal year 2020, an additional \$20,000 was contributed to the pension plan in excess of the actuarially determined contribution. There were no changes in benefit terms, in the size or composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Required Supplementary Schedule – (Unaudited)
San Antonio Water System (SAWS) - TMRS
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 3,672	\$ 3,953	\$ (281)	\$ 96,389	4.10%
2016	3,609	3,609		97,818	3.69%
2017	3,852	3,852		104,960	3.67%
2018	4,059	4,059		109,703	3.70%
2019	4,095	4,095		113,750	3.60%
2020	4,440	4,440		121,984	3.64%
2021	4,450	4,450		118,981	3.74%
2022	4,510	4,510		123,902	3.64%
2023	5,267	5,267		145,905	3.61%
2024	6,312	6,312		162,260	3.89%

Amounts presented are determined as of the measurement date of the net pension liability (asset) for fiscal years-ended December 31, 2014 through December 31, 2024.

Valuation Date

Notes Actuarially determined contributions are calculated as of December 31 and become effective 12 months later on January 1.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll, closed.
Remaining Amortization Period	For 2024, the remaining amortization period is 22 years. In 2015 the amortization period was 30 years.
Asset Valuation Method	Ten-year smoothed fair value; 12.00% soft corridor

Inflation Rate	In fiscal year 2015, the inflation rate was changed to 2.50%.
Salary Increases	3.50% to 11.50% for fiscal year 2020 to 2024, 3.50% to 10.50% for fiscal year 2015 to 2019. All percentages including inflation.
Investment Rate of Return	In 2015 the investment rate of return was lowered from 7.00% to 6.75%.
Retirement Age	Experience-based table of rates that vary by age. Last updated for the fiscal year 2023 valuation pursuant to an experience study of the period fiscal year 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement PUB (10) mortality tables, with the 110% of the Public Safety table used for males and the 100% General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Retirement Plan (SAWSRP)
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 7,890	\$ 7,890	\$ -	\$ 85,299	9.25%
2016	7,367	7,367		83,493	8.82%
2017	7,982	7,982		79,417	10.05%
2018	7,923	7,923		78,348	10.11%
2019	9,131	9,131		76,320	11.96%
2020	7,723	9,131	(1,408)	74,643	12.23%
2021	6,136	6,136		75,822	8.09%
2022	4,428	7,000	(2,572)	68,883	10.16%
2023	4,412	6,136	(1,724)	69,346	8.85%
2024	6,053	6,053		71,444	8.47%

Amounts presented are determined as of the measurement date of the net pension liability (asset) for fiscal years-ended December 31, 2015 through December 31, 2024.

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Retirement Plan (SAWSRP)
Schedule of Contributions – Pensions
Last Ten Fiscal Years (Continued)

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contributions are determined as of January 1 of the year in which the contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Remaining Amortization Period	Unfunded Liability at December 31, 2023 of \$40,551 is being amortized over a 15 fixed year period. The annual impact of experience gains/losses, plan amendments and changes in plan assumptions are amortized over ten years.
Amortization Method	Equal annual installments.
Asset Valuation Method	Four-year smoothed fair value.

Actuarial assumptions:

Inflation Rate	2.40% for fiscal year 2024, 2.25% for fiscal year 2023 to 2019, 2.00% for fiscal year 2017, previously it was 2.25%.
Salary Increases	In 2021, changed to a new table based on management philosophies and more recent experience of plan participants. Previously, scale based on 2011-2013 SAWS experience.
Investment Rate of Return	6.25% for fiscal years 2024 to 2020; In 2017, the rate was changed from 6.75% to 6.50%, net of pension expense, including inflation.
Retirement Age	Active: In 2020, changed to a table of rates starting at age 45 and ending at age 70. In 2015, expected retirement ages were adjusted to reflect actual experience from 2011-2013. Inactive: In 2020, changed from 100.00% at age 62 to a table of rates starting at age 60 and ending at age 65.
Mortality	In 2024, the mortality assumptions were based on PubG-2010 General base rate mortality table projected to future years with historical and assumed Mortality Improvement (MI) rates that were issued by the Society of Actuaries (SOA). PubG-2010 is the baseline mortality rate table underlying the SOA Pub-2010 experience study published in January 2019. The January 1, 2024 valuation was based on MP-2021, the most recent MI scale published in October 2021. In 2022, the improvement scale was changed to MP-2021. In 2021, the improvement scale was changed to MP-2020. In 2020, the improvement scale was changed to MP-2019. In 2019, the mortality assumption was updated to the public retirement plans mortality tables published by the SOA. In 2018 and 2017, the mortality assumption was updated for the latest improvement scale. In 2016, the mortality table was changed to use adjusted RP-2014 mortality with scale MP-2016 based on data published by the SOA in 2015. Previously, the IRS Prescribed Generational Mortality table was used.

Required Supplementary Schedule – (Unaudited)
 SAWS District Special Project Retirement Income Plan (DSPRP)
 Schedule of Contributions – Pensions
 Last Ten Fiscal Years

Year-Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 274	\$ 308	\$ (34)	N/A	N/A
2016	279	280	(1)	N/A	N/A
2017	315	315		N/A	N/A
2018	247	400	(153)	N/A	N/A
2019	388	400	(12)	N/A	N/A
2020	290	400	(110)	N/A	N/A
2021	138	175	(37)	N/A	N/A
2022		138	(138)	N/A	N/A
2023	84	134	(50)	N/A	N/A
2024	2	2		N/A	N/A

Amounts presented are determined as of the measurement date of the net pension liability (asset) for fiscal years-ended December 31, 2015 through December 31, 2024.

Required Supplementary Schedule – (Unaudited)
SAWS District Special Project Retirement Income Plan (DSPRP)
Schedule of Contributions – Pensions
Last Ten Fiscal Years (Continued)

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contributions are determined as of January 1 of the year in which the contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Unit Credit
Amortization Method	Rolling level-amortization over a declining period.
Remaining Amortization Period	In 2023, the amortization period was changed to ten years. 2022: five years; 2021: six years; 2020: seven years; 2019: eight years; 2018: nine years; 2017: ten years; 2016: 11 years; 2015: 12 years
Asset Valuation Method	Fair value with smoothing

Actuarial assumptions:

Inflation Rate	3.00% for fiscal year 2023; 2.25% for fiscal years 2022 to 2020; 2.50% for fiscal year 2019; 2.75% for fiscal year 2015.
Salary Increases	Earned benefits frozen in 2008.
Investment Rate of Return	5.75% for fiscal year 2023; 6.25% for fiscal years 2022 to 2020; 6.50% for fiscal year 2017; Previously 7.00%, net of pension plan investment expense, including inflation was used.
Retirement Age	Normal retirement age – the earlier of (a) age 65, or (b) the “rule of 90” where the participant’s age and years of service added together equal 90 or greater.
Mortality	PUB-2010 General Table projected on a fully generational basis using mortality improvement scale MP-2021. In 2022, the improvement scale was updated to MP-2020. In 2019, the mortality projection scale was updated to MP-2018. In 2018, the mortality projection scale was based on MP-2017. In 2017, the table was changed to the RP-2014 table using mortality improvement scale MP-2016. Previously, 1994 GAR projected to 2002 was used.

Required Supplementary Schedule – (Unaudited)

City of San Antonio

Retiree Health Care Fund

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios

Last Ten Fiscal Years

	Measurement Period Ended							
	9/30/2025	9/30/2024	9/30/2023	9/30/2022 ¹	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability								
Service Cost	\$ 9,684	\$ 7,847	\$ 8,203	\$ 12,177	\$ 17,533	\$ 12,294	\$ 16,893	\$ 11,665
Interest Cost	9,495	9,692	10,696	7,157	10,402	10,653	13,464	11,999
Differences Between Expected and Actual Experience	(43,698)	(7,276)	(35,635)	(792)	(217,862)	(36,898)	(12,617)	
Changes of Assumptions	28,636	(9,534)		(56,399)	47,648	83,865	78,030	(32,771)
Benefit Payments	(8,903)	(9,343)	(7,593)	(7,607)	(5,938)	(5,874)	(7,111)	(7,439)
Net Change in Total OPEB Liability	\$ (4,786)	\$ (8,614)	\$ (24,329)	\$ (45,464)	\$ (148,217)	\$ 64,040	\$ 88,659	\$ (16,546)
Total OPEB Liability - Beginning	232,140	240,754	265,083	310,547	458,764	394,724	306,065	322,611
Total OPEB Liability - Ending (a)	\$ 227,354	\$ 232,140	\$ 240,754	\$ 265,083	\$ 310,547	\$ 458,764	\$ 394,724	\$ 306,065
Plan Fiduciary Net Position								
Contributions - Employer	\$ 8,788	\$ 7,085	\$ 6,320	\$ 6,666	\$ 5,938	\$ 5,874	\$ 7,111	\$ 7,439
Contributions - Employee	1,524	1,536	1,534	1,599				
Net Investment Income (loss)	328	436	241	(61)				
Benefit Payments, including Refunds of Employee Contributions	(7,607)	(9,343)	(7,593)	(7,607)	(5,938)	(5,874)	(7,111)	(7,439)
Administrative Expense	(38)	(43)	(22)	(24)				
Other				5,333				
Net Change in Plan Fiduciary Net Position	\$ 2,995	\$ (329)	\$ 480	\$ 5,906	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position - Beginning	6,057	6,386	5,906	5,906	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 9,052	\$ 6,057	\$ 6,386	\$ 5,906	\$ -	\$ -	\$ -	\$ -
City's Net/Total OPEB Liability - Ending (a) - (b)	\$ 218,302	\$ 226,083	\$ 234,368	\$ 259,177	\$ 310,547	\$ 458,764	\$ 394,724	\$ 306,065
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	3.98%	2.61%	2.65%	2.23%	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	\$ 548,823	\$ 532,335	\$ 495,336	\$ 454,555	\$ 393,758	\$ 398,863	\$ 393,916	\$ 375,931
City's Net Pension Liability as a Percentage of Covered Employee Payroll	39.78%	42.47%	47.31%	57.02%	78.87%	115.02%	100.21%	81.42%

This schedule is to be built prospectively. Until a full ten-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net or total OPEB liability for fiscal years-ended September 30, 2018 through September 30, 2025.

¹ Fiscal Year 2022 is the first year the City reported Net OPEB Liability.

Required Supplementary Schedule – (Unaudited)
City of San Antonio
Retiree Health Care Fund
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years (Continued)

Notes to Schedule:

Benefit Changes: There were no changes in benefit terms, in the size of composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of actuarial assumptions: In fiscal year 2025, the reinstatement rate for current opt-out retirees was decreased from 10.00% to 5.00%. In fiscal year 2024, the City's participation rate was decreased from 60.00% to 50.00%. In fiscal year 2025, the discount rate was updated from 4.00% to 3.00%; 2022 it was updated from 2.26% to 4.00%; 2021 it was updated from 2.21% to 2.26%; 2020 it was updated from 2.66% to 2.21%; 2019 it was updated from 4.24% to 2.66%; and 4.24% was assumed for prior years. The retirement rates were updated to reflect the 2023 Texas Municipal Retirement System Actuarial Valuation tables. The mortality projection scale was updated from MP-2020 to MP-2021 to reflect the Society of Actuaries' recent mortality study. The trend rates were updated to 8.50% for pre-Medicare and 7.50% for Medicare. The marriage rate is based on current contracts, which is approximately 35.00%, compared to the 25.00% used in the prior valuation.

Required Supplementary Schedule – (Unaudited)
Retiree Health & Wellness San Antonio Fire and Police Fund
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended							
	12/31/2024	12/31/2023	12/31/2022*	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Total OPEB Liability								
Service Cost	\$ 27,905	\$ 25,994	\$ 29,107	\$ 28,869	\$ 29,001	\$ 26,077	\$ 25,345	\$ 24,289
Interest Cost	82,690	78,173	78,680	78,094	78,948	72,602	71,055	68,947
Differences Between Expected and Actual Experience	25,029	8,671	26,011	2,387	14,616	28,124	2,169	(5,165)
Changes of Assumptions	18,067	9,066	(88,239)	(59,131)	(99,032)	28,936	(43,489)	(25,344)
Benefit Payments	(64,250)	(54,490)	(45,070)	(39,850)	(31,348)	(33,146)	(35,821)	(33,560)
Net Change in Total OPEB Liability	\$ 89,441	\$ 67,414	\$ 489	\$ 10,369	\$ (7,815)	\$ 122,593	\$ 19,259	\$ 29,167
Total OPEB Liability - Beginning	1,184,955	1,117,541	1,117,052	1,106,683	1,114,498	991,905	972,646	943,479
Total OPEB Liability - Ending (a)	\$ 1,274,396	\$ 1,184,955	\$ 1,117,541	\$ 1,117,052	\$ 1,106,683	\$ 1,114,498	\$ 991,905	\$ 972,646
Plan Fiduciary Net Position								
Contributions - Employer	\$ 50,324	\$ 47,832	\$ 45,073	\$ 42,030	\$ 39,480	\$ 35,234	\$ 30,892	\$ 27,242
Contributions - Employee	25,158	23,920	22,533	21,012	19,727	17,605	15,442	13,616
Net Investment Income (loss)	48,566	23,910	(43,970)	59,256	55,638	19,867	(21,629)	25,294
Benefit Payments, including Refunds of Employee Contributions	(64,250)	(54,490)	(45,070)	(39,849)	(31,348)	(33,146)	(35,821)	(33,560)
Administrative Expense	(5,565)	(5,180)	(4,095)	(3,794)	(3,464)	(3,056)	(3,070)	(2,660)
Other Contributions - Retirees	2,284	2,262	1,920	1,545	1,513	1,571	1,817	1,829
Net Change in Plan Fiduciary Net Position	\$ 56,517	\$ 38,254	\$ (23,609)	\$ 80,200	\$ 81,546	\$ 38,075	\$ (12,369)	\$ 31,761
Plan Fiduciary Net Position - Beginning	578,893	540,639	564,248	484,060	402,514	364,439	376,808	345,047
Plan Fiduciary Net Position - Ending (b)	\$ 635,410	\$ 578,893	\$ 540,639	\$ 564,260	\$ 484,060	\$ 402,514	\$ 364,439	\$ 376,808
City's Net Pension Liability - Ending (a) - (b)	\$ 638,986	\$ 606,062	\$ 576,902	\$ 552,792	\$ 622,623	\$ 711,984	\$ 627,466	\$ 595,838
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	49.86%	48.85%	48.38%	50.51%	43.74%	36.12%	36.74%	38.74%
Covered-Employee Payroll	\$ 337,831	\$ 489,882	\$ 359,326	\$ 369,110	\$ 347,776	\$ 328,795	\$ 318,038	\$ 308,101
City's Net OPEB Liability as a Percentage of Covered-Employee Payroll	189.14%	123.72%	160.55%	149.76%	179.03%	216.54%	197.29%	193.39%

*The 12/31/2022 beginning of year Plan Fiduciary Net Position was restated following the submission of the 12/31/2021 GASB 74 disclosure.

This schedule is to be built prospectively. Until a full ten-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended December 31, 2017 through December 31, 2024.

Required Supplementary Schedule – (Unaudited)
Retiree Health & Wellness San Antonio Fire and Police Fund
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years (Continued)

Notes to Schedule:

Benefit Changes: There were no changes in benefit terms, in the size of composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: The annual investment rate of return underlying the calculation of total OPEB liability was assumed to be 7.00% for fiscal year 2021. A rate of 7.25% was assumed for the previous year presented.

Required Supplementary Schedule – (Unaudited)

CPS Energy – Health Plan

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios

Last Ten Fiscal Years

	Measurement Period Ended									
	1/31/2024	1/31/2023	1/31/2022	1/31/2021	1/31/2020	1/31/2019	1/31/2018	1/31/2017	1/31/2016	1/31/2015
Total OPEB Liability										
Service Cost	\$ 5,780	\$ 4,302	\$ 4,905	\$ 3,772	\$ 4,300	\$ 4,466	\$ 3,376	\$ 3,435	\$ 3,319	\$ 3,207
Interest Cost	21,478	17,092	18,604	17,089	17,624	18,032	17,182	18,176	17,601	17,050
Changes in Plan Benefits							415	(19,185)		
Differences Between Expected and Actual Experience	59,849	(29,153)	26,691	(11,592)	(19,010)	1,763		475		
Changes of Assumptions	4,516	(970)	(385)	(5,962)	(4,246)	(2,190)	9,657			
Benefit Payments	(20,113)	(18,104)	(11,915)	(13,398)	(12,475)	(11,390)	(12,197)	(14,001)	(12,756)	(13,275)
Net Change in Total OPEB Liability	\$ 71,510	\$ (26,833)	\$ 37,900	\$ (10,091)	\$ (13,807)	\$ 10,681	\$ 18,433	\$ (11,100)	\$ 8,164	\$ 6,982
Total OPEB Liability - Beginning	251,091	277,924	240,024	250,115	263,922	253,241	234,808	245,908	237,744	230,762
Total OPEB Liability - Ending (a)	\$ 322,601	\$ 251,091	\$ 277,924	\$ 240,024	\$ 250,115	\$ 263,922	\$ 253,241	\$ 234,808	\$ 245,908	\$ 237,744
Plan Fiduciary Net Position										
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,500	\$ 8,806	\$ 3,200
Contributions - Employee							7,156	6,802	6,734	6,024
Medicare Part D Payment	996	985	977	924	842	872	998	933	976	933
Earnings (Loss) on Plan Assets	29,593	(10,701)	41,220	26,613	30,260	(10,571)	41,718	38,949	(9,765)	12,536
Benefit Payments	(20,113)	(18,104)	(11,915)	(13,398)	(12,475)	(11,390)	(19,353)	(20,804)	(19,490)	(19,299)
Administrative Expense	(1,328)	(1,300)	(1,251)	(1,297)	(1,150)	(1,223)	(1,346)	(1,621)	(1,456)	(1,137)
Net Change in Plan Fiduciary Net Position	\$ 9,148	\$ (29,120)	\$ 29,031	\$ 12,842	\$ 17,477	\$ (22,312)	\$ 29,173	\$ 32,759	\$ (14,195)	\$ 2,257
Plan Fiduciary Net Position - Beginning	297,739	326,859	297,828	284,986	267,509	289,821	260,648	227,889	242,084	239,827
Plan Fiduciary Net Position - Ending (b)	\$ 306,887	\$ 297,739	\$ 326,859	\$ 297,828	\$ 284,986	\$ 267,509	\$ 289,821	\$ 260,648	\$ 227,889	\$ 242,084
Net OPEB (Asset) Liability - Ending (a) - (b)	\$ 15,714	\$ (46,648)	\$ (48,935)	\$ (57,804)	\$ (34,871)	\$ (3,587)	\$ (36,580)	\$ (25,840)	\$ 18,019	\$ (4,340)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	95.13%	118.58%	117.61%	124.08%	113.94%	101.36%	114.44%	111.00%	92.67%	101.83%
Covered-employee Payroll	\$ 272,200	\$ 273,551	\$ 263,640	\$ 257,608	\$ 254,996	\$ 244,010	\$ 228,240	\$ 220,522	\$ 223,523	\$ 242,652
Net OPEB (Asset) Liability as a Percentage of Covered-Employee Payroll	5.77%	(17.05%)	(18.56%)	(22.44%)	(13.68%)	(1.47%)	(16.03%)	(11.72%)	8.06%	(1.79%)

Amounts presented are determined as of the measurement date of the net OPEB liability (asset) for fiscal years-ended January 31, 2016 through January 31, 2025.

Required Supplementary Schedule – (Unaudited)

CPS Energy – Health Plan

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios

Last Ten Fiscal Years (Continued)

Notes to Schedule:

Benefit Changes: Changes in plan deductibles were updated accordingly for each period; Fiscal year 2019 amounts reflect updates to the HRA contributions; Fiscal year 2021 amounts reflect the addition of the HSA contributions.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate during fiscal years 2019 and 2022 and changes to the mortality improvement scale during each period, and a change in the earnings progression during fiscal year 2024, fiscal year 2025 amounts reflect the effects of the 2023 experience study updates. fiscal year 2022 amounts reflect the effects of the 2020 experience study updates, including updating to the Pri-2012 Mortality Table; fiscal year 2019 amounts reflect the effects of the 2017 experience study updates.

Required Supplementary Schedule – (Unaudited)

CPS Energy – Life Plan

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios

Last Ten Fiscal Years

	Measurement Period Ended									
	1/31/2024	1/31/2023	1/31/2022	1/31/2021	1/31/2020	1/31/2019	1/31/2018	1/31/2017	1/31/2016	1/31/2015
Total OPEB Liability										
Service Cost	\$ 632	\$ 586	\$ 614	\$ 517	\$ 511	\$ 473	\$ 349	\$ 336	\$ 325	\$ 313
Interest Cost	3,729	3,688	3,612	3,400	3,308	3,284	3,432	3,256	3,244	3,228
Differences Between Expected and Actual Experience	800	561	252	4,766	840	(936)		2,378		
Changes of Assumptions	1,252	820	985	4,044	309	594	(457)			
Benefit Payments	(5,125)	(4,204)	(4,255)	(3,987)	(3,895)	(4,028)	(3,813)	(3,469)	(3,358)	(3,313)
Net Change in Total OPEB Liability	\$ 1,288	\$ 1,451	\$ 1,208	\$ 8,740	\$ 1,073	\$ (613)	\$ (489)	\$ 2,501	\$ 211	\$ 228
Total OPEB Liability - Beginning	58,659	57,208	56,000	47,260	46,187	46,800	47,289	44,788	44,577	44,349
Total OPEB Liability - Ending (a)	\$ 59,947	\$ 58,659	\$ 57,208	\$ 56,000	\$ 47,260	\$ 46,187	\$ 46,800	\$ 47,289	\$ 44,788	\$ 44,577
Plan Fiduciary Net Position										
Contributions - Employer	\$ -	\$ 925	\$ 900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employee	1,270	1,131	1,156	1,077	1,053	1,030	1,000	972	930	911
Earnings (Loss) on Plan Assets	4,733	(1,950)	6,526	4,031	5,702	(2,135)	8,066	6,936	(2,102)	2,460
Benefit Payments	(5,125)	(4,204)	(4,255)	(3,987)	(3,895)	(4,028)	(3,813)	(3,469)	(3,358)	(3,313)
Administrative Expense	(14)	(17)	(26)	(25)	(30)	(28)	(30)	(27)	(21)	(16)
Net Change in Plan Fiduciary Net Position	\$ 864	\$ (4,115)	\$ 4,301	\$ 1,096	\$ 2,830	\$ (5,161)	\$ 5,223	\$ 4,412	\$ (4,551)	\$ 42
Plan Fiduciary Net Position - Beginning	53,872	57,987	53,686	52,590	49,760	54,921	49,698	45,286	49,837	49,795
Plan Fiduciary Net Position - Ending (b)	\$ 54,736	\$ 53,872	\$ 57,987	\$ 53,686	\$ 52,590	\$ 49,760	\$ 54,921	\$ 49,698	\$ 45,286	\$ 49,837
Net OPEB (Asset) Liability - Ending (a) - (b)	\$ 5,211	\$ 4,787	\$ (779)	\$ 2,314	\$ (5,330)	\$ (3,573)	\$ (8,121)	\$ (2,409)	\$ (498)	\$ (5,260)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	91.31%	91.84%	101.36%	95.87%	111.28%	107.74%	117.35%	105.09%	101.11%	111.80%
Covered-employee Payroll	\$ 272,200	\$ 273,551	\$ 263,640	\$ 257,608	\$ 254,996	\$ 244,010	\$ 218,003	\$ 210,631	\$ 198,704	\$ 191,984
Net OPEB (Asset) Liability as a Percentage of Covered-Employee Payroll	1.91%	1.75%	(0.30%)	0.90%	(2.09%)	(1.46%)	(3.73%)	(1.14%)	(0.25%)	(2.74%)

Amounts presented are determined as of the measurement date of the net OPEB (asset) liability for fiscal years-ended January 31, 2016 through January 31, 2025.

Required Supplementary Schedule – (Unaudited)**CPS Energy – Life Plan****Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios****Last Ten Fiscal Years (Continued)****Notes to Schedule:**

Benefit Changes: There were no changes in benefit terms, in the size or composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate during fiscal years 2019 and 2022 and changes to the mortality improvement scale during each period, and a change in the earnings progression during fiscal year 2024. Fiscal year 2025 amounts reflect the effects of the 2023 experience study updates; fiscal year 2022 amounts reflect the effects of the 2020 experience study updates, including updating to the Pri-2012 Mortality Table; fiscal year 2019 amounts reflect the effects of the 2017 experience study updates.

Required Supplementary Schedule – (Unaudited)

CPS Energy – Disability Plan

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios

Last Ten Fiscal Years

	Measurement Period Ended									
	1/31/2024	1/31/2023	1/31/2022	1/31/2021	1/31/2020	1/31/2019	1/31/2018	1/31/2017	1/31/2016	1/31/2015
Total OPEB Liability										
Service Cost	\$ 720	\$ 680	\$ 712	\$ 557	\$ 580	\$ 620	\$ 516	\$ 527	\$ 509	\$ 492
Interest Cost	469	490	457	384	402	475	473	455	448	426
Differences Between Expected and Actual Experience	(648)	468	(665)	(156)	(673)	(656)		255		
Changes of Assumptions	145	142	(4)	1,993	11	189	94			
Benefit Payments	(949)	(1,049)	(1,230)	(1,142)	(977)	(880)	(1,012)	(974)	(775)	(559)
Net Change in Total OPEB Liability	\$ (263)	\$ 731	\$ (730)	\$ 1,636	\$ (657)	\$ (252)	\$ 71	\$ 263	\$ 182	\$ 359
Total OPEB Liability - Beginning	7,094	6,363	7,093	5,457	6,114	6,366	6,295	6,032	5,850	5,491
Total OPEB Liability - Ending (a)	\$ 6,831	\$ 7,094	\$ 6,363	\$ 7,093	\$ 5,457	\$ 6,114	\$ 6,366	\$ 6,295	\$ 6,032	\$ 5,850
Plan Fiduciary Net Position										
Contributions - Employer	\$ 602	\$ 559	\$ 726	\$ 614	\$ 769	\$ 1,000	\$ 1,300	\$ 700	\$ 175	\$ 175
Contributions - Employee	327	287	276	276	291	274	265	260	248	211
Earnings (Loss) on Plan Assets	544	(191)	782	539	603	(205)	627	501	(158)	177
Benefit Payments	(949)	(1,049)	(1,230)	(1,142)	(977)	(880)	(1,012)	(974)	(775)	(559)
Administrative Expense	(12)	(12)	(17)	(21)	(14)	(19)	(18)	(15)	(14)	(18)
Net Change in Plan Fiduciary Net Position	\$ 512	\$ (406)	\$ 537	\$ 266	\$ 672	\$ 170	\$ 1,162	\$ 472	\$ (524)	\$ (14)
Plan Fiduciary Net Position - Beginning	6,635	7,041	6,504	6,238	5,566	5,396	4,234	3,762	4,286	4,300
Plan Fiduciary Net Position - Ending (b)	\$ 7,147	\$ 6,635	\$ 7,041	\$ 6,504	\$ 6,238	\$ 5,566	\$ 5,396	\$ 4,234	\$ 3,762	\$ 4,286
Net OPEB (Asset) Liability - Ending (a) - (b)	\$ (316)	\$ 459	\$ (678)	\$ 589	\$ (781)	\$ 548	\$ 970	\$ 2,061	\$ 2,270	\$ 1,564
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	104.63%	93.53%	110.66%	91.70%	114.31%	91.04%	84.76%	67.26%	62.37%	73.26%
Covered-employee Payroll	\$ 281,449	\$ 276,105	\$ 268,773	\$ 260,739	\$ 259,520	\$ 251,482	\$ 224,137	\$ 216,558	\$ 212,904	\$ 205,704
Net OPEB (Asset) Liability as a Percentage of Covered-Employee Payroll	(0.11%)	0.16%	(0.25%)	0.23%	(0.30%)	0.22%	0.43%	0.95%	1.07%	0.76%

Amounts presented are determined as of the measurement date of the net OPEB (asset) liability for fiscal years-ended January 31, 2016 through January 31, 2025.

Required Supplementary Schedule – (Unaudited)

CPS Energy – Disability Plan

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios

Last Ten Fiscal Years (Continued)

Notes to Schedule:

Benefit Changes: Fiscal year 2019 reflects updates for the 2017 amendment to the minimum benefit, eligibility requirement, and maximum age for benefit receipt tiered schedule.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate during fiscal years 2019 and 2022 and changes to the mortality improvement scale during each period, and a change in the earnings progression during fiscal year 2024. Fiscal year 2025 amounts reflect the effects of the 2023 experience study updates; fiscal year 2022 amounts reflect the effects of the 2020 experience study updates, including updating to the Pri-2012 Mortality Table; fiscal year 2019 amounts reflect the effects of the 2017 experience study updates.

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Other Post Employment Benefit Plan
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended						
	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Total OPEB Liability							
Service Cost	\$ 845	\$ 1,170	\$ 1,712	\$ 1,750	\$ 1,913	\$ 2,220	\$ 2,428
Interest Cost	3,869	5,099	7,491	7,688	9,112	9,429	9,221
Changes of benefit terms	6,943		(32,517)				
Differences Between Expected and Actual Experience	6,296	(14,196)	(5,859)	(8,867)	(18,580)	(11,970)	(3,358)
Changes of Assumptions	5,898	(7,173)	(3,799)	2,089	(3,237)	2,817	(351)
Benefit Payments	(4,310)	(4,200)	(5,342)	(6,141)	(6,311)	(7,808)	(6,209)
Net Change in Total OPEB Liability	\$ 19,541	\$ (19,300)	\$ (38,314)	\$ (3,481)	\$ (17,103)	\$ (5,312)	\$ 1,731
Total OPEB Liability - Beginning	63,181	82,481	120,795	124,276	141,379	146,691	144,960
Total OPEB Liability - Ending (a)	\$ 82,722	\$ 63,181	\$ 82,481	\$ 120,795	\$ 124,276	\$ 141,379	\$ 146,691
Plan Fiduciary Net Position							
Contributions - Employer	\$ 5,160	\$ 9,300	\$ 10,442	\$ 13,641	\$ 13,811	\$ 15,308	\$ 13,709
Contributions - Employee							
Net Investment Income (Loss)	16,479	(18,870)	12,260	13,747	13,264	(3,164)	7,127
Benefit Payments	(4,310)	(4,200)	(5,342)	(6,141)	(6,311)	(7,808)	(6,209)
Administrative Expense	(169)	(170)	(177)	(187)	(175)	(159)	(144)
Net Change in Plan Fiduciary Net Position	\$ 17,160	\$ (13,940)	\$ 17,183	\$ 21,060	\$ 20,589	\$ 4,177	\$ 14,483
Plan Fiduciary Net Position - Beginning	107,580	121,520	104,337	83,277	62,688	58,511	44,028
Plan Fiduciary Net Position - Ending (b)	\$ 124,740	\$ 107,580	\$ 121,520	\$ 104,337	\$ 83,277	\$ 62,688	\$ 58,511
Net OPEB (Asset) Liability - Ending (a) - (b)	\$ (42,018)	\$ (44,399)	\$ (39,039)	\$ 16,458	\$ 40,999	\$ 78,691	\$ 88,180
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	150.79%	170.27%	147.33%	86.38%	67.01%	44.34%	39.89%
Covered-employee Payroll	\$ 66,975	\$ 62,161	\$ 65,898	\$ 67,557	\$ 68,894	\$ 71,520	\$ 79,417
Net OPEB (Asset) Liability as a Percentage of Covered-Employee Payroll	(62.74%)	(71.43%)	(59.24%)	24.36%	59.51%	110.03%	111.03%

This schedule is to be built prospectively. Until a full ten-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB (asset) liability for fiscal year-end December 31, 2018 through December 31, 2024.

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Other Post Employment Benefit Plan
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years (Continued)

Notes to Schedule:

Total OPEB liability at December 31, 2024 is based on a rollforward of the January 1, 2024 actuarial valuation.

Benefit Changes: SAWS changed Medicare Advantage providers in 2022. The new contract provides coverage at no charge to the employer or employee for three years. After three years, the cost is expected to be nominal.

Changes of assumptions: For 2022 to 2024, the MP-2021 mortality table was used. In 2021, the mortality table was updated to MP-2020. Healthcare trend rate assumption updated to 2021 SOA Long-Run Medical Trend model and the post 65 initial trend rate set to -2.00%. In 2020, the investment rate of return was changed from 6.50% to 6.25%. In 2019, health care cost trends ultimate rate was changed to 3.94% in 2075. In 2018, health cost trends ultimate rate was changed to 3.84% in 2075. In 2019, the mortality table was changed to the public retirement plans mortality tables published by the SOA. The mortality table was updated for 2018 and 2017. In 2024 the Trust began reimbursing SAWS for the under 65 retiree medical expenses and life insurance premiums.

Required Supplementary Schedule – (Unaudited)
City of San Antonio
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended September 30,	Statutorily Determined Contribution	Contributions in Relation to the Statutorily Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2018	\$ 7,439	\$ 7,439	\$ -	\$ 375,931	1.98%
2019	7,111	7,111		393,916	1.81%
2020	5,874	5,874		398,863	1.47%
2021	5,938	5,938		393,758	1.51%
2022	25,088	6,666	18,422	454,555	1.47%
2023	24,135	6,320	17,815	495,336	1.28%
2024	23,394	7,085	16,309	532,335	1.33%
2025	23,870	8,788	15,083	548,823	1.60%

This schedule is to be built prospectively. Until a full ten-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the total OPEB (asset) liability for fiscal years-ended September 30, 2018 through September 30, 2025.

Required Supplementary Schedule – (Unaudited)**City of San Antonio****Schedule of Contributions – OPEB****Last Ten Fiscal Years (Continued)****NOTES TO SCHEDULE OF CONTRIBUTIONS****Valuation Date**

Notes	Statutorily determined contribution is determined by the adopted OPEB funding policy, through adoption of the City's annual budget. The OPEB programs are funded on a pay-as-you-go basis.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal based on level percentages of projected salary.
Amortization Method	Experience/Assumptions gains and losses are amortized over a closed period of 11.5 years starting on the current fiscal year, equal to the average remaining service of active and inactive plan members (who have no future service).
Remaining Amortization Period	10.5 years
Asset Valuation Method	Fair Value

Actuarial assumptions:

Discount Rate	3.00% per annum (EOY)
Healthcare and Prescription Cost Trend Rates	Pre-65 Select 8.50% and Ultimate 4.00%; Post-65 Select 5.25% and Ultimate 4.00%; Stop Loss Fees Select 8.50% and Ultimate 4.00%; Administrative Fees Select 4.00% and Ultimate 4.00%
Salary Increase Rate	3.50% per annum
Inflation	2.60%
Mortality	PUB-2010 headcount weighted base mortality table, projected generationally using Scale MP-2021, applied on a gender-specific and job class basis (teacher, safety, or general, as applicable).

Required Supplementary Schedule – (Unaudited)
Retiree Health & Wellness San Antonio Fire and Police Fund
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended September 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2018	\$ 29,776	\$ 29,776	\$ -	\$ 313,951	9.48%
2019	33,987	33,987		324,430	10.48%
2020	38,656	38,656		343,799	11.24%
2021	41,204	41,204		347,112	11.87%
2022	46,098	46,098		369,110	12.49%
2023	47,419	47,419		359,326	13.20%
2024	49,725	49,725		489,882	10.15%
2025	48,477	48,477		509,349	9.52%

This schedule is to be built prospectively. Until a full ten-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability (asset) for fiscal years-ended December 31, 2017 through December 31, 2024.

Required Supplementary Schedule – (Unaudited)
Retiree Health & Wellness San Antonio Fire and Police Fund
Schedule of Contributions – OPEB
Last Ten Fiscal Years (Continued)

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Statutorily determined contribution is using a January valuation date as of the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Period	15 years
Amortization Method	For purposes of determining the minimum required contribution, the unfunded actuarial accrued liability (UAAL) is amortized as a level percentage of covered payroll. Total covered payroll is assumed to increase at a rate of 3.5% per year. The UAAL is amortized over a period of 30 years, open period, beginning on the valuation date.
Asset Valuation Method	Adjusted fair value gains/losses spread over a five-year period.

Actuarial Assumptions:

Discount Rate	7.00%
Inflation	2.75%
Initial Trend Date	6.25%
Ultimate Trend Date	4.25%
Years to Ultimate	Four
Salary Increases	Varies with service
Mortality	Based on the PUB-2010 Mortality Tables projected generationally with scale MP-2021.

Actuarially Determined Contribution Amounts for Fiscal Year 2025 (not in thousands):

Biweekly Contributions:	
Active Members	\$231.58
City per Active Member	\$463.17
Monthly Contributions:	
Retirees with Less Than 30 Years of Service	\$501.76
Dependent Children	\$350.00

Required Supplementary Schedule – (Unaudited)
 CPS Energy – Health Plan
 Schedule of Contributions – OPEB
 Last Ten Fiscal Years

Year-Ended January 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2016	\$ -	\$ 8,806	\$ (8,806)	\$ 215,964	4.10%
2017		8,500	(8,500)	223,523	3.80%
2018				220,522	0.00%
2019				228,240	0.00%
2020				244,010	0.00%
2021				254,996	0.00%
2022				257,608	0.00%
2023				263,640	0.00%
2024				273,551	0.00%
2025				272,200	0.00%

Amounts presented are determined as of the measurement date of the net OPEB liability (asset) for fiscal years-ended January 31, 2016 through January 31, 2025.

Required Supplementary Schedule – (Unaudited)**CPS Energy – Health Plan****Schedule of Contributions – OPEB****Last Ten Fiscal Years (Continued)****NOTES TO SCHEDULE OF CONTRIBUTIONS****Valuation Date**

Notes

Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar; layered periods
Remaining Amortization Period	N/A
Asset Valuation Method	Fair value gains/losses recognized over five years.

Actuarial assumptions:

Inflation	2.33% for fiscal year 2025, 2.30% for fiscal year 2024, 2.20% for fiscal year 2023 and 2022; 3.00% for fiscal year 2021; 2.30% for fiscal year 2020 and 3.00% previous years presented per year, compounded annually.
Investment Rate of Return	7.00% per year, compounded annually, for fiscal year 2025 through 2022, 7.25% for fiscal years 2021 through 2019, 7.50% for fiscal year 2018 and 2017, 7.75% for previous years.
Healthcare and Prescription Cost Trend Rates	6.40% initial, decreasing to an ultimate rate of 3.70% for fiscal year 2025; 5.50% initial, decreasing to an ultimate rate of 3.70% for fiscal year 2024; 5.60% initial, decreasing to an ultimate rate of 3.70% for fiscal year 2023; 6.70% initial, decreasing to an ultimate rate of 3.80% for fiscal year 2022; 5.80% initial, decreasing to an ultimate rate of 4.00% for fiscal year 2021; 8.70% initial, decreasing to an ultimate rate of 4.10% for fiscal year 2020; 7.00% initial, decreasing to an ultimate rate of 5.00% for fiscal years 2019 and 2018; 7.50% initial, decreasing to an ultimate of 5.00% for fiscal years 2017 and 2016.
Salary Increases	Projected average annual base salary increases from 3.33% to 11.61% for fiscal year 2025, 3.30% to 11.58% for fiscal year 2024, 3.20% to 11.47% for fiscal year 2023 and 2022; 3.10% to 11.60% for fiscal years 2021 through 2019; 4.00% to 9.50% for previous years.
Mortality	Based on Pri-2012 Employee/Retiree mortality table (headcount weighted) projected with mortality improvement scale MP-2021 for fiscal years 2025 and 2024; Pri-2012 Employee/Retiree mortality table (headcount weighted) projected with mortality improvement scale MP-2020 and mortality improvement scale MP-2019 for fiscal years 2023 and 2022, respectively; Gender specific RP-2014 mortality table adjusted backwards to 2006 with mortality improvement scale MP-2014 and projected with mortality improvement scale MP-2018 and mortality improvement scale MP-2017 for fiscal year 2021 and 2020, respectively; Gender specific RP-2016 Combined Healthy, with No Collar Adjustment, with MP-2016 mortality improvement scale for fiscal year 2019; Gender specific RP-2000 Combined Healthy, with No Collar Projected Adjustment, projected to 2020 using Scale BB and 95% participation for males/85% participation for females for fiscal year 2018; and Gender specific RP-2000 Combined Healthy, with No Collar Adjustment, projected to 2020 using Scale BB for fiscal years 2017 and 2016.
Other Information	Changes in plan deductibles were updated accordingly for each period; Fiscal year 2019 amounts reflect updates to the Health Reimbursement Arrangement contributions; Fiscal year 2021 amounts reflect the addition of the Health Savings Account contributions.

Required Supplementary Schedule – (Unaudited)

CPS Energy – Life Plan

Schedule of Contributions – OPEB

Last Ten Fiscal Years

Year-Ended January 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2016	\$ 561	\$ -	\$ 561	\$ 191,984	0.00%
2017	145		145	198,704	0.00%
2018	515		515	210,631	0.00%
2019	435		435	218,003	0.00%
2020				244,010	0.00%
2021				254,996	0.00%
2022	924	900	24	257,608	0.35%
2023	925	925		263,640	0.35%
2024				273,551	0.00%
2025	333	333		272,200	0.12%

Amounts presented are determined as of the measurement date of the net OPEB liability (asset) for fiscal years-ended January 31, 2016 through January 31, 2025.

Required Supplementary Schedule – (Unaudited)**CPS Energy – Life Plan****Schedule of Contributions – OPEB****Last Ten Fiscal Years (Continued)****NOTES TO SCHEDULE OF CONTRIBUTIONS****Valuation Date**

Notes	Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar; layered periods
Remaining Amortization Period	N/A
Asset Valuation Method	Fair value gains/losses recognized over five years.

Actuarial assumptions:

Inflation	2.33% for fiscal year 2025, 2.30% for fiscal year 2024, 2.20% for fiscal year 2023 and 2022; 3.00% for fiscal year 2021; 2.30% for fiscal year 2020 and 3.00% previous years presented per year, compounded annually.
Investment Rate of Return	7.00% per year compounded annually for fiscal year 2025 through 2022; 7.25% for fiscal years 2021 through 2019, 7.50% for previous years.
Salary Increases	Projected average annual base salary increases from 3.33% to 11.61% for fiscal year 2025; 3.30% to 11.58% for fiscal year 2024; 3.20% to 11.47% for fiscal year 2023 and 2022; 5.36% average for fiscal years 2021 and 2020; 4.54% average, including inflation for fiscal year 2019; 4.78% average, including inflation, in prior years.
Mortality	Based on Pri-2012 Employee/Retiree mortality table (headcount weighted) projected forward (fully generational) with mortality improvement scale MP-2021 for fiscal years 2025 and 2024; Pri-2012 Employee / Retiree mortality table (headcount weighted) projected forward (fully generational) with mortality improvement scale MP-2020 and mortality improvement scale MP-2019 for fiscal years 2023 and 2022; Gender specific RP-2014 mortality table adjusted backwards to 2006 with mortality improvement scale MP-2014 and projected with mortality improvement scale MP-2018, with employee rates before termination and healthy annuitant rates after termination for fiscal year 2021; Gender specific RP-2014 mortality table adjusted backwards to 2006 with mortality improvement scale MP-2014 and projected with mortality improvement scale MP-2017, with employee rates before termination and healthy annuitant rates after termination and fiscal year 2020; Gender specific RP-2016 Combined Healthy, with No Collar Adjustment, with MP-2016 mortality improvement scale for fiscal year 2019; Gender specific RP-2000 Combined Healthy, with No Collar Adjustment, projected to 2020 using Scale B for fiscal year 2018; Gender specific RP-2000 Combined Healthy, with No Collar Adjustment, projected to 2020 using Scale BB for fiscal years 2017 and 2016.
Other Information	There were no other changes in benefit terms, in the size of composition of the population covered by the benefit terms that significantly affected trends from year to year in the amounts reported above.

Required Supplementary Schedule – (Unaudited)

CPS Energy – Disability Plan

Schedule of Contributions – OPEB

Last Ten Fiscal Years

Year-Ended January 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2016	\$ 793	\$ 175	\$ 618	\$ 205,704	0.09%
2017	886	700	186	212,904	0.33%
2018	1,035	1,300	(265)	216,558	0.60%
2019	1,045	1,000	45	224,137	0.45%
2020	769	769		251,482	0.31%
2021	614	614		259,520	0.24%
2022	726	726		260,739	0.28%
2023	559	559		268,773	0.21%
2024	602	602		276,105	0.22%
2025	243	243		281,449	0.09%

Amounts presented are determined as of the measurement date of the net OPEB liability (asset) for fiscal years-ended January 31, 2016 through January 31, 2025.

Required Supplementary Schedule – (Unaudited)**CPS Energy – Disability Plan****Schedule of Contributions – OPEB****Last Ten Fiscal Years (Continued)****NOTES TO SCHEDULE OF CONTRIBUTIONS****Valuation Date**

Notes	Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which the contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar; layered periods
Remaining Amortization Period	N/A
Asset Valuation Method	Fair value gains/losses recognized over five years.

Actuarial assumptions:

Inflation	2.33 % for fiscal year 2025, 2.30% for fiscal year 2024, 2.20% for fiscal year 2023 and 2022; 3.00% for fiscal year 2021; 2.30% for fiscal year 2020 and 3.00% for previous years presented per year, compounded annually.
Investment Rate of Return	7.00% per year, compounded annually for fiscal year 2025 through 2022; 7.25% for fiscal years 2021 through 2019; 7.50% for previous years.
Salary Increases	Projected average annual base salary increases from 3.33% to 11.61% for fiscal year 2025; 3.20% to 11.47% for fiscal year 2024 through 2022; 5.36% average for fiscal year 2021 and 2020; 4.72% average, including inflation for fiscal year 2019; 4.78% average, including inflation for previous years.
Mortality	Healthy mortality based on Pri-2012 Employee/Retiree mortality table (headcount weighted) projected forward (fully generational) with mortality improvement scale MP-2021 for fiscal years 2025 and 2024; Pri-2012 Employee / Retiree mortality table (headcount weighted) projected forward (fully generational) with mortality improvement scale MP-2020 for fiscal year 2023; Pri-2012 Employee/Retiree mortality (headcount weighted) projected forward (fully generational) with mortality improvement scale MP-2019 for fiscal year 2022; and The 1987 Commissioners Group Disabled Life Mortality Table for the previous years.
Other Information	Fiscal year 2019 reflects updates for the 2017 amendment to the minimum benefit, eligibility requirement, and maximum age for benefit receipt tiered schedule.

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Other Post Employment Benefit Plan
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2017	\$ 11,416	\$ 13,709	\$ (2,293)	\$ 79,417	17.26%
2018	11,392	15,308	(3,916)	78,348	19.54%
2019	10,407	13,811	(3,404)	68,894	20.05%
2020	6,339	13,641	(7,302)	67,557	20.19%
2021	3,706	10,442	(6,736)	65,898	15.85%
2022		9,300	(9,300)	62,161	14.96%
2023		5,160	(5,160)	66,975	7.70%
2024		150	(150)	66,260	0.23%

This schedule is to be built prospectively. Until a full ten-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability (asset) for fiscal years-ended December 31, 2017 and December 31, 2024.

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Other Post Employment Benefit Plan
Schedule of Contributions – OPEB
Last Ten Fiscal Years (Continued)

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes Actuarially determined contribution rates are calculated as of January 1, of the year in which the contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	Fair Value
Remaining Amortization Period	10 years - Closed.

Actuarial assumptions:

Inflation	2.50% for 2024 to 2020; 2.40% for 2019; and 2.50% for 2018 and 2017.
Investment Rate of Return	In fiscal year 2024, the investment rate of return was changed to 5.50% from 6.25%
Salary Increases	Ranging from 3.75% to 9.0%, Varies by age.
Mortality	Mortality rates for the January 1, 2022 through 2024 valuation were based Pub-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement rates that were issued by the SOA. PubG-2010 is the baseline mortality rate table underlying the SOA Pub-2010 experience study published in January 2019. The mortality improvement scale is based on MP-2021 published in October 2021. In 2021, the improvement table was changed to MP-2020. In 2020, the improvement table was changed to MP-2019. In 2019, the mortality tables were changed to the public retirement plans mortality tables published by the SOA. Previously, the RP-2014 mortality tables for Healthy Employee/Annuitant updated annually were used.
Healthcare Cost Trend Rates	Pre-65 initial trend is 6.75%; Post-65 trend is -2.00%. Ultimate trend rate 2024 – 4.04%; 2023 – 4.14%, 2022 – 2.94%, 2020 and 2021-4.04%, 2019 – 3.94%, 2018 – 3.84%, 2017 – 4.14%.

**SUPPLEMENTARY
INFORMATION -
COMBINING
FINANCIAL
STATEMENTS AND
SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

GRANTS

COMMUNITY DEVELOPMENT PROGRAM – to accept, receipt, and disburse federal funds designated for Community Development Block Grants' Programs and the American Recovery and Reinvestment Act Grants.

CONFISCATED PROPERTY – to account for receipts and disbursement of funds confiscated by law enforcement officers within the City.

HOME PROGRAM – to accept, receipt, and disburse federal funds designated for HOME Investment Partnership Programs.

OTHER SPECIAL REVENUES

ADVANCED TRANSPORTATION DISTRICT – to account for a ⅛ cent sales tax that funds the administration and project delivery of the Advanced Transportation District Program (ATD).

COMMUNITY AND VISITOR FACILITIES – to account for revenues and expenditures generated from Convention and Tourism activities relating to the promotion of the City's owned facilities to be used for conventions, community, and entertainment venues.

COMMUNITY SERVICES – to account for funds that provide various services to the community, such as health, housing, education, safety, employment, golfing, and economic development.

HOTEL/MOTEL 2% REVENUE – to account for funds derived from and capital improvement activity relating to the additional 2.0% Municipal Hotel/Motel Occupancy Tax.

PARKS DEVELOPMENT AND EXPANSION – to account for a ⅛ cent sales tax that funds the purchase and maintenance of new parkland in the Edwards Aquifer Recharge Zones, as well as linear parks along Leon Creek and Salado Creek. In November 2020 the sales tax was reallocated, to finance authorized programs related to job training.

EARLY EDUCATION DEVELOPMENT – to account for revenues and expenditures relating to a ⅛ cent sales tax to fund the Pre-K 4 SA education initiative created to provide high quality pre-kindergarten for 3-year-olds and 4-year-olds throughout the City.

READY TO WORK – to account for revenues and expenditures relating to a ⅛ cent sales tax to develop and implement programs for job training and increase access to quality jobs.

RIGHT OF WAYS – to account for funds used in the maintenance and improvement of right of ways. Financing is provided by street resurfacing charges.

SAN ANTONIO HOUSING TRUST – to account for funds utilized in programs administered by the San Antonio Housing Trust Foundation. Financing is provided from investment earnings that were designated from the sale of Roger's Cable System.

STORMWATER OPERATIONS – to account for the administrative and operational activities of the Stormwater Program. Financing is provided by a storm water fee.

TAX INCREMENT REINVESTMENT ZONE – to account for all revenues and expenditures associated with the operations of Tax Increment Reinvestment Zones (TIRZ) and the Tax Increment Financing Fund (TIF). Financing is provided by property taxes contributed from the City and other participating jurisdictions.

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

OTHER SPECIAL REVENUES (Continued)

PARKS ENVIRONMENTAL & SANITATION – to account for the administrative and operational activities of the Parks Environmental Program. Financing is provided by a parks environmental fee.

BLENDED COMPONENT UNITS

SAN ANTONIO EARLY CHILDHOOD EDUCATION MUNICIPAL DEVELOPMENT CORPORATION (ECEMDC) – was established to account for the establishment and operation of full day Pre-K education for City resident's; provide quality training to teachers; and grant awards for expansion of Pre-K operations in their facilities. Financing is derived from a ¼ cent sales tax approved by voters on November 6, 2012 and extended by voters on November 3, 2020. Additionally, SA: Ready to Work was established to ensure that unemployed, underemployed, or underserved residents can access and successfully complete training and education that lead to current and anticipated high demand, well-paid careers. Financing is derived from a ¼ cent sales tax approved by voters on November 3, 2020.

SAN ANTONIO EDUCATION FACILITIES CORPORATION (EFC) – was established in accordance with state laws for the purpose of aiding nonprofit institutions of higher education in providing educational, housing, and other related facilities.

SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORPORATION (HFDC) – was established in accordance with state laws for the purpose of acquiring, constructing, improving, providing, financing, and refinancing for any real, personal, or mixed property for health care, research, and education, and to assist in the maintenance of the public health.

SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY (IDA) – was established in accordance with state laws for the purpose of furthering the promotion and development of commercial, industrial, and manufacturing enterprises to promote and encourage employment and the public welfare.

MUNICIPAL GOLF ASSOCIATION – SAN ANTONIO (MGA-SA) – was established for the purpose of, and to act on behalf of the City in, operating and promoting its municipal golf facilities.

SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORPORATION (TMFC) – was established to account for the financing for the acquisition and construction of a One Stop Development Services Center, a Fire and Police Emergency Dispatch Center, also known as the Public Safety Answering Point (PSAP) facility, the City Tower renovation for City employee offices, the redevelopment of two buildings at Brooks City Base, and funding for the Edwards Aquifer Protection Program for the City. Financing was derived from the sale of City of San Antonio, Texas Municipal Facilities Corporation Lease Revenue Bonds and Notes.

STARBRIGHT INDUSTRIAL DEVELOPMENT CORPORATION (SIDC) – was established to account for the purchase of the project site for the Toyota plant and finance other costs of the project site including site preparation and a training facility as provided in the Project Starbright Agreement. Financing was derived from the prior sale of City of San Antonio, Texas Starbright Industrial Development Corporation Contract Revenue Bonds.

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

BLENDED COMPONENT UNITS (Continued)

SAN ANTONIO ECONOMIC DEVELOPMENT CORPORATION (EDC) – was established to promote, assist, and enhance economic development activities for the City.

TEXAS PUBLIC FACILITIES CORPORATION (TPFC) – was established in accordance with state laws for the purpose of, and to act on the behalf of the City, to effectuate the buyout of its existing Hotel Revenue Bonds and funding for the expansion of the City's Convention Center through issuance of 2012 Lease Revenue Bonds and 2022 Lease Revenue Refunding and Improvement Bonds.

HEMISFAIR PARK AREA REDEVELOPMENT CORPORATION (HPARC) – was established by the City in August 2009 for the purpose of aiding and acting on behalf of the City to assist with acquiring property, planning, developing, constructing, managing, maintaining, and financing projects within Hemisfair Park and adjacent to or near Hemisfair Park.

URBAN RENEWAL AGENCY (OUR SA) – OUR SA is responsible for implementing the City's Urban Renewal Program. Financing is provided from the City as well as the sale of redeveloped real estate.

VISIT SAN ANTONIO (VSA) – was established to attract leisure visitors to the City, and attract and secure meetings, events, and conventions to the City, including but not limited to, the Henry B. Gonzalez Convention Center and other City-owned facilities.

CITY OF SAN ANTONIO COUNCIL AIDES CORPORATION (COUNCIL AIDES) – was established for the purpose of assisting council members with handling staff administration costs associated with their office members of the City Council of the City of San Antonio.

Capital Projects Funds

GENERAL OBLIGATION BONDS

GENERAL OBLIGATION BONDS – to account for financial resources to be used for the acquisition or construction of significant improvements to streets, bridges, drainage, city facilities, public safety, parks and recreation, and neighborhood improvements (housing), excluding those financed by proprietary-type funds and trust funds. Financing is derived by the sale of General Obligation Bonds.

PRE-2017 GENERAL OBLIGATION BONDS – consists of the bond elections held before 2017 for physical infrastructure development and improvement projects. The bond election covered projects within five areas: libraries, parks and recreation, drainage and flood control, public health facilities improvements, and street, bridge, pedestrian and related improvements.

2017 GENERAL OBLIGATION BONDS – a bond election held on May 6, 2017 approved \$850 million in physical infrastructure development and improvement projects. These projects were within six areas; streets and pedestrian, drainage improvements, library improvements, parks and recreation, public safety, and neighborhood improvements.

GENERAL OBLIGATION PROJECTS FUND – to account for the acquisition or construction of major capital improvements such as streets, drainage, municipal facilities, park improvements, and neighborhood improvements (housing), where funding is primarily derived from the sale of General Obligation Bonds.

Nonmajor Governmental Funds

Capital Project Funds (Continued)

CERTIFICATES OF OBLIGATION

CERTIFICATES OF OBLIGATION – to account for permanent public improvements and/or construction of municipal facilities, streets, drainage, emergency fire protection, and information technology projects. Financing is derived from the sale of Certificates of Obligation.

PRE-2020 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold between the years of 2006 to 2018 for acquisition, construction and improvement, of municipal facilities; library; streets and street lighting; drainage; sidewalks; parks and infrastructure; police; emergency fire protection projects; installation of upgrades in technology systems; and other pedestrian mobility enhancement improvements.

2020 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2020 for improvements to the City's Alamodome; Witte Museum; streets, bridges, drainage, and sidewalks; parks infrastructure; libraries; and public facilities.

2021 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2021 for improvements to streets, and sidewalks; drainage and flood control; parks, recreation, and open spaces; library and cultural facilities; and public safety facilities.

2022 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2022 for improvements to municipal facilities; streets, sidewalks and drainage; parks and recreation; and funding for capital contingency.

2023 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2023 for public safety improvements; streets; parks and recreation; and information technology.

2024 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2024 for public safety improvements; municipal facilities; streets; parks and recreation; and information technology.

2025 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2025 for streets, drainage, and sidewalk improvements; municipal facilities; parks, and community civic centers; and information technology.

CERTIFICATES OF OBLIGATION PROJECTS FUND – to account for the acquisition or construction of major capital improvements such as streets, drainage; municipal facilities; park improvements, and information technology projects, where funding is primarily derived from the sale of Certificates of Obligation.

OTHER CAPITAL PROJECTS

EQUIPMENT ACQUISITION – to account for the lease financing of major or bulk capital assets for the City, including bunker gear, automated CPR devices, ambulatory equipment, enhanced vehicles, police interceptors, radar units, and other related equipment.

IMPROVEMENT PROJECTS – to account for special capital improvements designated by City Council. Financing is derived from contributions from other funds and notes payables issued.

MUNICIPAL DRAINAGE UTILITY SYSTEM – to account for financial resources to be used to finance the costs of drainage improvements, including the acquisition, construction, and repair of structures, equipment and facilities for the City's Municipal Drainage Utility System. Financing is derived from the prior sale of City of San Antonio, Texas Municipal Drainage Utility System Revenue Bonds.

TAX & REVENUE NOTES – to account for capital projects where funding is derived from the sale of short-term tax and revenue notes.

Nonmajor Governmental Funds

Permanent Funds

CARVER CULTURAL CENTER ENDOWMENT – to account for matching funds held by the City and grant funds previously awarded by the National Endowment for the Arts.

CITY CEMETERIES – to account for operation of the City's burial park. Financing for operations is provided by user fees and investment earnings. The principal portion is required to be retained in the Fund's Corpus.

WILLIAM C. MORRIS ENDOWMENT – to account for funds donated to the City by the estate of William C. Morris for the purpose of developing and sustaining the San Antonio Public Library's programs for children.

BOZA BECICA ENDOWMENT – to account for funds donated to the City by the estate of Boza Becica for the purpose of developing and sustaining the San Antonio Public Library's material purchases. The principal portion is required to be retained in the Fund's Corpus.

SOUTHERN EDWARDS PLATEAU ENDOWMENT – to account for funds donated to the City by third parties for the purpose of developing and sustaining the Southern Edwards Plateau Habitat Conservation. Financing for operations is also provided by user fees and investment earnings. The principal portion is required to be retained in the Fund's Corpus.

Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2025

(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Assets:				
Cash and Cash Equivalents	\$ 58,115	\$ 39	\$ -	\$ 58,154
Investments	96,582	80		96,662
Receivables, Net	14,436	1		14,437
Lease Receivables	6,514			6,514
Due From Other Funds	8,907			8,907
Due From Other Governmental Agencies, Net	3,426			3,426
Restricted Assets:				
Cash and Cash Equivalents	120,060	160,210	2,213	282,483
Investments	194,045	240,084	5,919	440,048
Receivables, Net	159,843	3,812	203	163,858
Materials and Supplies, at Cost	874			874
Deposits	1			1
Prepaid Expenditures	2,850			2,850
Lease Receivables	36,114			36,114
Due From Other Governmental Agencies, Net	8,613	1,579		10,192
Total Assets	\$ 710,380	\$ 405,805	\$ 8,335	\$ 1,124,520
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Vouchers Payable	\$ 1,473	\$ -	\$ -	\$ 1,473
Accounts Payable - Other	8,907			8,907
Accrued Payroll	172			172
Liabilities Payable From Restricted Assets:				
Vouchers Payable	10,903	39,194	29	50,126
Accounts Payable - Other	13,481	24,721	1	38,203
Accrued Payroll	2,826	21	2	2,849
Compensated Absences	105			105
Unearned Revenue	1,005	5,896		6,901
Due To Other Funds	10,120	8,045	20	18,185
Due To Other Governmental Agencies	23,362			23,362
Total Liabilities	72,354	77,877	52	150,283
Deferred Inflows of Resources	169,116	272		169,388
Fund Balances:				
Nonspendable	3,725		7,223	10,948
Restricted	258,044	345,718	1,060	604,822
Committed	210,858	120		210,978
Assigned	790			790
Unassigned	(4,507)	(18,182)		(22,689)
Total Fund Balances	468,910	327,656	8,283	804,849
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 710,380	\$ 405,805	\$ 8,335	\$ 1,124,520

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year-Ended September 30, 2025

(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Taxes:				
Property	\$ 54,670	\$ -	\$ -	\$ 54,670
General Sales and Use	127,784			127,784
Gross Receipts Business	1,582			1,582
Occupancy	115,717			115,717
Penalties and Interest on Delinquent Taxes	782			782
Intergovernmental	38,056	15,566		53,622
Charges for Services	168,221		384	168,605
Fines and Forfeits	370			370
Miscellaneous	52,303	408		52,711
Investment Earnings	20,095	14,337	333	34,765
Contributions	4,937	5,802		10,739
Total Revenues	584,517	36,113	717	621,347
Expenditures:				
Current:				
General Government	7,180			7,180
Public Safety	21,299	6,366		27,665
Public Works	75,657			75,657
Health Services	8,976			8,976
Sanitation	11,278			11,278
Welfare	464			464
Culture and Recreation	86,656		456	87,112
Convention and Tourism	78,393			78,393
Urban Redevelopment and Housing	28,754			28,754
Education	144,593			144,593
Economic Development and Opportunity	39,939			39,939
Environmental	276			276
Capital Outlay		515,003		515,003
Debt Service:				
Principal Retirement	29,726			29,726
Interest	30,651			30,651
Arbitrage	1,324	3,643		4,967
Issuance Costs	25	1,120		1,145
Leases:				
Principal Retirement	660			660
Interest	299			299
Subscription:				
Principal Retirement	544			544
Interest	21			21
Total Expenditures	566,715	526,132	456	1,093,303
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,802	(490,019)	261	(471,956)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt	899	188,306		189,205
Issuance of Lease Liabilities	81			81
Issuance of Subscription Liabilities	231			231
Premium on Long-Term Debt		11,728		11,728
Transfers In	135,626	495,349		630,975
Transfers Out	(184,867)	(251,514)		(436,381)
Total Other Financing Sources (Uses), Net	(48,030)	443,869		395,839
Net Change in Fund Balances	(30,228)	(46,150)	261	(76,117)
Fund Balances October 1, as previously reported	644,263	373,806	8,022	1,026,091
(Removal of Blended Component Unit)	(145,125)			(145,125)
Fund Balances October 1, as Adjusted	499,138	373,806	8,022	880,966
Fund Balances, September 30	\$ 468,910	\$ 327,656	\$ 8,283	\$ 804,849

Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
As of September 30, 2025
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Assets:				
Cash and Cash Equivalents	\$ -	\$ 58,115	\$ -	\$ 58,115
Investments		96,582		96,582
Receivables, Net		14,436		14,436
Lease Receivables		6,514		6,514
Due From Other Funds		8,907		8,907
Due From Other Governmental Agencies, Net		3,426		3,426
Restricted Assets:				
Cash and Cash Equivalents	2,379	89,980	27,701	120,060
Investments	3,457	188,007	2,581	194,045
Receivables, Net	72,226	87,419	198	159,843
Materials and Supplies, at Cost		329	545	874
Deposits		1		1
Prepaid Expenditures		2,792	58	2,850
Lease Receivables	301	29,929	5,884	36,114
Due From Other Governmental Agencies, Net	6,497	2,116		8,613
Total Assets	\$ 84,860	\$ 588,553	\$ 36,967	\$ 710,380
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits):				
Liabilities:				
Vouchers Payable	\$ -	\$ 1,473	\$ -	\$ 1,473
Accounts Payable - Other		8,907		8,907
Accrued Payroll		172		172
Liabilities Payable From Restricted Assets:				
Vouchers Payable	1,998	8,905		10,903
Accounts Payable - Other	482	10,517	2,482	13,481
Accrued Payroll	94	2,560	172	2,826
Compensated Absences		12	93	105
Unearned Revenue		971	34	1,005
Due To Other Funds	738	9,382		10,120
Due To Other Governmental Agencies	6	23,356		23,362
Total Liabilities	3,318	66,255	2,781	72,354
Deferred Inflows of Resources	73,962	89,502	5,652	169,116
Fund Balances (Deficits):				
Nonspendable		3,122	603	3,725
Restricted	9,037	221,866	27,141	258,044
Committed		210,858		210,858
Assigned			790	790
Unassigned	(1,457)	(3,050)		(4,507)
Total Fund Balances (Deficits)	7,580	432,796	28,534	468,910
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 84,860	\$ 588,553	\$ 36,967	\$ 710,380

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Special Revenue Funds

Year-Ended September 30, 2025

(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:				
Taxes:				
Property	\$ -	\$ 54,670	\$ -	\$ 54,670
General Sales and Use		127,784		127,784
Gross Receipts Business		1,582		1,582
Occupancy		115,717		115,717
Penalties and Interest on Delinquent Taxes		782		782
Intergovernmental	27,414	10,642		38,056
Charges for Services	229	139,820	28,172	168,221
Fines and Forfeits		370		370
Miscellaneous	976	51,203	124	52,303
Investment Earnings	423	17,211	2,461	20,095
Contributions	498	2,166	2,273	4,937
Total Revenues	29,540	521,947	33,030	584,517
Expenditures:				
Current:				
General Government		7,176	4	7,180
Public Safety	849	20,450		21,299
Public Works		75,657		75,657
Health Services		8,976		8,976
Sanitation		11,278		11,278
Welfare		464		464
Culture and Recreation		63,929	22,727	86,656
Convention and Tourism		78,393		78,393
Urban Redevelopment and Housing	25,738	3,016		28,754
Education		144,593		144,593
Economic Development and Opportunity		34,464	5,475	39,939
Environmental		276		276
Debt Service:				
Principal Retirement			29,726	29,726
Interest			30,651	30,651
Arbitrage			1,324	1,324
Issuance Costs			25	25
Leases:				
Principal Retirement		59	601	660
Interest		3	296	299
Subscription:				
Principal Retirement	66	478		544
Interest	1	20		21
Total Expenditures	26,654	449,232	90,829	566,715
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,886	72,715	(57,799)	17,802
Other Financing Sources (Uses):				
Issuance of Long-Term Debt			899	899
Issuance of Lease Liabilities		81		81
Issuance of Subscription Liabilities		231		231
Transfers In	95	78,129	57,402	135,626
Transfers Out	(235)	(147,471)	(37,161)	(184,867)
Total Other Financing Sources (Uses), Net	(140)	(69,030)	21,140	(48,030)
Net Change in Fund Balances	2,746	3,685	(36,659)	(30,228)
Fund Balances (Deficits) October 1, as previously reported	4,834	429,111	210,318	644,263
Change to Financial Reporting Entity (Removal of Blended Component Unit)			(145,125)	(145,125)
Fund Balances October 1, as Adjusted	4,834	429,111	65,193	499,138
Fund Balances, September 30	\$ 7,580	\$ 432,796	\$ 28,534	\$ 468,910

Combining Balance Sheet
Nonmajor Governmental Funds - Grants
As of September 30, 2025
(In Thousands)

	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	TOTAL NONMAJOR GRANTS
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$ -	\$ 1,686	\$ 693	\$ 2,379
Investments	24	3,433		3,457
Receivables, Net	25,835	52	46,339	72,226
Lease Receivables	301			301
Due From Other Governmental Agencies, Net	4,784	13	1,700	6,497
Total Assets	\$ 30,944	\$ 5,184	\$ 48,732	\$ 84,860
Liabilities, Deferred Inflow of Resources and Fund Balances (Deficits):				
Liabilities:				
Liabilities Payable From Restricted Assets:				
Vouchers Payable	\$ 1,129	\$ 35	\$ 834	\$ 1,998
Accounts Payable - Other	322		160	482
Accrued Payroll	80	5	9	94
Due To Other Funds	738			738
Due To Other Governmental Agencies		6		6
Total Liabilities	2,269	46	1,003	3,318
Deferred Inflows of Resources	27,511		46,451	73,962
Fund Balances (Deficits):				
Nonspendable				
Restricted	2,569	5,138	1,330	9,037
Unassigned	(1,405)		(52)	(1,457)
Total Fund Balances (Deficits)	1,164	5,138	1,278	7,580
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 30,944	\$ 5,184	\$ 48,732	\$ 84,860

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Grants

Year-Ended September 30, 2025

(In Thousands)

	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	TOTAL NONMAJOR GRANTS
Revenues:				
Intergovernmental	\$ 14,790	\$ 840	\$ 11,784	\$ 27,414
Charges for Services	229			229
Miscellaneous	291		685	976
Investment Earnings	55	208	160	423
Contributions			498	498
Total Revenues	15,365	1,048	13,127	29,540
Expenditures:				
Current:				
Public Safety		849		849
Urban Redevelopment and Housing	14,247		11,491	25,738
Subscription:				
Principal Retirement		66		66
Interest		1		1
Total Expenditures	14,247	916	11,491	26,654
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,118	132	1,636	2,886
Other Financing Sources (Uses):				
Transfers In	64		31	95
Transfers Out	(171)		(64)	(235)
Total Other Financing Sources (Uses), Net	(107)		(33)	(140)
Net Change in Fund Balances	1,011	132	1,603	2,746
Fund Balances (Deficits) October 1,	153	5,006	(325)	4,834
Fund Balances (Deficits), September 30	\$ 1,164	\$ 5,138	\$ 1,278	\$ 7,580

Combining Balance Sheet

Nonmajor Governmental Funds - Other Special Revenues

As of September 30, 2025

(In Thousands)

	ADVANCED TRANSPORTATION DISTRICT	COMMUNITY AND VISITOR FACILITIES	COMMUNITY SERVICES	HOTEL/MOTEL 2% REVENUE	PARKS DEVELOPMENT AND EXPANSION	EARLY EDUCATION DEVELOPMENT	READY TO WORK	RIGHT OF WAYS	SAN ANTONIO HOUSING TRUST	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	PARKS ENVIRONMENTAL AND SANITATION	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Assets:													
Cash and Cash Equivalents	\$ -	\$ 58,115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,115
Investments		96,582											96,582
Receivables, Net		14,436											14,436
Lease Receivables		6,514											6,514
Due From Other Funds		8,907											8,907
Due From Other Governmental Agencies, Net		3,426											3,426
Restricted Assets:													
Cash and Cash Equivalents	1,453	225	37,159	25	5,703	32	4,475	957	720	15,336	23,891	4	89,980
Investments	4,519	5,957	63,800	3,670	12,178	3,077	387	1,945	12,008	32,314	48,144	8	188,007
Receivables, Net	4,161	20,407	34,223	4,844	78	8,406	8,388	1,031	93	4,522	308	958	87,419
Materials and Supplies, at Cost		34	248							47			329
Deposits			1										1
Prepaid Expenditures			2,792										2,792
Lease Receivables		17,569	12,360										29,929
Due From Other Governmental Agencies		21	1,495					267			333		2,116
Total Assets	\$ 10,133	\$ 232,193	\$ 152,078	\$ 8,539	\$ 17,959	\$ 11,515	\$ 13,250	\$ 4,200	\$ 12,821	\$ 52,219	\$ 72,676	\$ 970	\$ 588,553
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits):													
Liabilities:													
Vouchers Payable	\$ -	\$ 1,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,473
Accounts Payable - Other		8,907											8,907
Accrued Payroll		172											172
Liabilities Payable From Restricted Assets:													
Vouchers Payable	159	1,550	5,264			1			400	827	704		8,905
Accounts Payable - Other	48	7,740	1,794			362	142	37		299	10	85	10,517
Accrued Payroll	99	463	324			836	63	77		497	21	180	2,560
Compensated Absences		1	7			3				1			12
Unearned Revenue		350	619			1	1						971
Due To Other Funds		4,600		4,307								475	9,382
Due To Other Governmental Agencies						10,312	13,044						23,356
Total Liabilities	306	25,256	8,008	4,307		11,515	13,250	114	400	1,624	735	740	66,255
Deferred Inflows of Resources		45,017	41,587	2,898					-				89,502
Fund Balances (Deficits):													
Nonspendable		34	3,041							47			3,122
Restricted	9,827	2,125	63,816	1,334	17,959			4,086		50,548	71,941	230	221,866
Committed		159,761	38,676						12,421				210,858
Unassigned			(3,050)										(3,050)
Total Fund Balances (Deficits)	9,827	161,920	102,483	1,334	17,959			4,086	12,421	50,595	71,941	230	432,796
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 10,133	\$ 232,193	\$ 152,078	\$ 8,539	\$ 17,959	\$ 11,515	\$ 13,250	\$ 4,200	\$ 12,821	\$ 52,219	\$ 72,676	\$ 970	\$ 588,553

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Other Special Revenues

Year-Ended September 30, 2025

(In Thousands)

	ADVANCED TRANSPORTATION DISTRICT	COMMUNITY AND VISITOR FACILITIES	COMMUNITY SERVICES	HOTEL/MOTEL 2% REVENUE	PARKS DEVELOPMENT AND EXPANSION	EARLY EDUCATION DEVELOPMENT	READY TO WORK	RIGHT OF WAYS	SAN ANTONIO HOUSING TRUST	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	PARKS ENVIRONMENTAL AND SANITATION	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Revenues:													
Taxes:													
Property	\$ -	\$ -	\$ 6,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,066	\$ -	\$ 54,670
General Sales and Use	25,392					51,196	51,196						127,784
Gross Receipts Business			1,582										1,582
Occupancy		81,441	10,947	23,329									115,717
Penalties and Interest on Delinquent Taxes		608		174									782
Intergovernmental		2,704	7,938										10,642
Charges for Services		49,992	11,151					4,415		62,601	50	11,611	139,820
Fines and Forfeits			370										370
Miscellaneous		1,346	7,108	1		38,456	3,689		502	101			51,203
Investment Earnings	562	6,157	4,188	211	848	19	141	113	545	1,869	2,558		17,211
Contributions			2,166										2,166
Total Revenues	25,954	142,248	52,054	23,715	848	89,671	55,026	4,528	1,047	64,571	50,674	11,611	521,947
Expenditures:													
Current:													
General Government			7,176										7,176
Public Safety			20,450										20,450
Public Works	10,091		14,929					4,186		46,451			75,657
Health Services			8,976										8,976
Sanitation												11,278	11,278
Welfare			464										464
Culture and Recreation		58,054	5,875										63,929
Convention and Tourism		67,275	11,116	2									78,393
Urban Redevelopment and Housing			2,616						400				3,016
Education						89,671	54,922						144,593
Economic Development and Opportunity			7,500							26,964			34,464
Environmental			276										276
Leases:													
Principal Retirement		14	39					1		5			59
Interest		1	2										3
Subscription:													
Principal Retirement	3	322								153			478
Interest		4								16			20
Total Expenditures	10,094	125,670	79,419	2		89,671	54,922	4,187	400	46,625	26,964	11,278	449,232
Excess of Revenues Over (Under) Expenditures	15,860	16,578	(27,365)	23,713	848		104	341	647	17,946	23,710	333	72,715
Other Financing Sources (Uses):													
Issuance of Lease Liabilities			81										81
Issuance of Subscription Liabilities		231											231
Transfers In		17,520	36,630	23,979									78,129
Transfers Out	(22,691)	(29,235)	(17,305)	(47,623)	(4,270)		(104)	(200)		(15,686)	(10,357)		(147,471)
Total Other Financing Sources (Uses), Net	(22,691)	(11,484)	19,406	(23,644)	(4,270)		(104)	(200)		(15,686)	(10,357)		(69,030)
Net Change in Fund Balances	(6,831)	5,094	(7,959)	69	(3,422)		141	647	2,260	13,353	13,353	333	3,685
Fund Balances October 1	16,658	156,826	110,442	1,265	21,381			3,945	11,774	48,335	58,588	(103)	429,111
Fund Balances, September 30	\$ 9,827	\$ 161,920	\$ 102,483	\$ 1,334	\$ 17,959	\$ -	\$ -	\$ 4,086	\$ 12,421	\$ 50,595	\$ 71,941	\$ 230	\$ 432,796

Combining Balance Sheet
Nonmajor Governmental Funds - Blended Component Units
As of September 30, 2025
(In Thousands)

	SAN ANTONIO EARLY CHILDHOOD EDUCATION MUNICIPAL DEVELOPMENT CORP.	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	MUNICIPAL GOLF ASSOCIATION SAN ANTONIO	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	SAN ANTONIO ECONOMIC DEVELOPMENT CORP.	TEXAS PUBLIC FACILITIES CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	VISIT SAN ANTONIO	CITY OF SAN ANTONIO COUNCIL AIDES CORPORATION	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Assets:														
Restricted Assets:														
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 5,140	\$ 11,109	\$ 289	\$ -	\$ 10,332	\$ 831	\$ -	\$ -	\$ -	\$ 27,701
Investments					56	7			23	2,574				2,581
Receivables, Net					545	37				82				198
Materials and Supplies, at Cost					30		3			25				545
Prepaid Expenditures										5,884				58
Lease Receivables														5,884
Total Assets	\$ -	\$ -	\$ -	\$ -	\$ 5,771	\$ 11,153	\$ 292	\$ -	\$ 10,355	\$ 9,396	\$ -	\$ -	\$ -	\$ 36,967
Liabilities, Deferred Inflows of Resources and Fund Balances:														
Liabilities:														
Liabilities Payable From Restricted Assets:														
Vouchers Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable - Other					1,049				1,324	109				2,482
Accrued Payroll										172				172
Compensated Absences										93				93
Unearned Revenue										34				34
Total Liabilities					1,049				1,324	408				2,781
Deferred Inflows of Resources										5,652				5,652
Fund Balances:														
Nonspendable					575		3			25				603
Restricted					4,147	11,153	289		9,031	2,521				27,141
Assigned										790				790
Total Fund Balances					4,722	11,153	292		9,031	3,336				28,534
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ 5,771	\$ 11,153	\$ 292	\$ -	\$ 10,355	\$ 9,396	\$ -	\$ -	\$ -	\$ 36,967

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Blended Component Units

Year-Ended September 30, 2025

(In Thousands)

	SAN ANTONIO EARLY CHILDHOOD EDUCATION MUNICIPAL DEVELOPMENT CORP.	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	MUNICIPAL GOLF ASSOCIATION SAN ANTONIO	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	SAN ANTONIO ECONOMIC DEVELOPMENT CORP.	TEXAS PUBLIC FACILITIES CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	VISIT SAN ANTONIO	CITY OF SAN ANTONIO COUNCIL AIDES CORPORATION	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Revenues:														
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services					25,814					2,358				28,172
Miscellaneous					12	3				109				124
Investment Earnings					145	799	28		1,356	133				2,461
Contributions										2,273				2,273
Total Revenues					25,971	802	28		1,356	4,873				33,030
Expenditures:														
Current:														
General Government						4								4
Culture and Recreation					22,727									22,727
Economic Development and Opportunity							4			5,471				5,475
Debt Service:														
Principal Retirement					1,346	21,615	1,135		5,630					29,726
Interest					235	5,327	523		24,566					30,651
Arbitrage									1,324					1,324
Issuance Costs						25								25
Leases:														
Principal Retirement					530					71				601
Interest					90					206				296
Total Expenditures					24,928	26,971	1,662		31,520	5,748				90,829
Excess (Deficiency) of Revenues Over (Under) Expenditures					1,043	(26,169)	(1,634)		(30,164)	(875)				(57,799)
Other Financing Sources (Uses):														
Issuance of Long-Term Debt					899									899
Transfers In					(1,709)	25,617	1,632		30,153	(22,939)				57,402
Transfers Out						(12,513)								(37,161)
Total Other Financing Sources, Net					(810)	13,104	1,632		7,214	(875)				21,140
Net Change in Fund Balances					233	(13,065)	(2)		(22,950)	(875)				(36,659)
Fund Balances October 1, as previously reported	130,243	293	7	29	4,489	24,218	294	1,761	31,981	4,211	2,452	9,944	396	210,318
Change to Financial Reporting Entity (Removal of Blended Component Unit)	(130,243)	(293)	(7)	(29)				(1,761)			(2,452)	(9,944)	(396)	(145,125)
Fund Balances October 1, as Adjusted					4,489	24,218	294		31,981	4,211				65,193
Fund Balances, September 30	\$ -	\$ -	\$ -	\$ -	\$ 4,722	\$ 11,153	\$ 292	\$ -	\$ 9,031	\$ 3,336	\$ -	\$ -	\$ -	\$ 28,534

Combining Balance Sheet
Nonmajor Governmental Funds - Capital Projects
As of September 30, 2025
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Assets:				
Cash and Cash Equivalents	\$ -	\$ -	\$ 39	\$ 39
Investments			80	80
Receivables, Net			1	1
Restricted Assets:				
Cash and Cash Equivalents	55,606	66,100	38,504	160,210
Investments	90,303	107,128	42,653	240,084
Receivables, Net	2,840	684	288	3,812
Due From Other Governmental Agencies, Net	1,312		267	1,579
Total Assets	<u>\$ 150,061</u>	<u>\$ 173,912</u>	<u>\$ 81,832</u>	<u>\$ 405,805</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Liabilities Payable From Restricted Assets:				
Vouchers Payable	\$ 24,099	\$ 2,317	\$ 12,778	\$ 39,194
Accounts Payable - Other	11,974	2,907	9,840	24,721
Accrued Payroll	3	14	4	21
Unearned Revenue	1,494	303	4,099	5,896
Due To Other Funds		3,700	4,345	8,045
Total Liabilities	<u>37,570</u>	<u>9,241</u>	<u>31,066</u>	<u>77,877</u>
Deferred Inflows of Resources	<u>270</u>		<u>2</u>	<u>272</u>
Fund Balances:				
Restricted	116,842	171,138	57,738	345,718
Committed			120	120
Unassigned	(4,621)	(6,467)	(7,094)	(18,182)
Total Fund Balances	<u>112,221</u>	<u>164,671</u>	<u>50,764</u>	<u>327,656</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 150,061</u>	<u>\$ 173,912</u>	<u>\$ 81,832</u>	<u>\$ 405,805</u>

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Capital Projects

Year-Ended September 30, 2025

(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Revenues:				
Intergovernmental	\$ 12,174	\$ 184	\$ 3,208	\$ 15,566
Miscellaneous			408	408
Investment Earnings	6,791	5,378	2,168	14,337
Contributions	5,802			5,802
Total Revenues	24,767	5,562	5,784	36,113
Expenditures:				
Current:				
Public Safety			6,366	6,366
Capital Outlay	233,106	41,539	240,358	515,003
Debt Service:				
Arbitrage	2,307	642	694	3,643
Issuance Costs	15	830	275	1,120
Total Expenditures	235,428	43,011	247,693	526,132
(Deficiency) of Revenues (Under) Expenditures	(210,661)	(37,449)	(241,909)	(490,019)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt		126,345	61,961	188,306
Premium on Long-Term Debt		9,927	1,801	11,728
Transfers In	219,643	35,395	240,311	495,349
Transfers Out	(63,091)	(130,041)	(58,382)	(251,514)
Total Other Financing Sources (Uses), Net	156,552	41,626	245,691	443,869
Net Change in Fund Balances	(54,109)	4,177	3,782	(46,150)
Fund Balances, October 1	166,330	160,494	46,982	373,806
Fund Balances, September 30	\$ 112,221	\$ 164,671	\$ 50,764	\$ 327,656

Combining Balance Sheet**Nonmajor Governmental Funds - General Obligation Bonds****As of September 30, 2025**

(In Thousands)

	PRE-2017 GENERAL OBLIGATION BONDS	2017 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	TOTAL GENERAL OBLIGATION BONDS
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$ 5,161	\$ 23,110	\$ 27,335	\$ 55,606
Investments	11,794	78,509		90,303
Receivables, Net	75	500	2,265	2,840
Due From Other Governmental Agencies, Net			1,312	1,312
Total Assets	<u>\$ 17,030</u>	<u>\$ 102,119</u>	<u>\$ 30,912</u>	<u>\$ 150,061</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits):				
Liabilities:				
Liabilities Payable From Restricted Assets:				
Vouchers Payable	\$ -	\$ -	\$ 24,099	\$ 24,099
Accounts Payable - Other		2,307	9,667	11,974
Accrued Payroll			3	3
Unearned Revenue			1,494	1,494
Total Liabilities		<u>2,307</u>	<u>35,263</u>	<u>37,570</u>
Deferred Inflows of Resources			<u>270</u>	<u>270</u>
Fund Balances (Deficits):				
Restricted	17,030	99,812		116,842
Unassigned			(4,621)	(4,621)
Total Fund Balances (Deficits)	<u>17,030</u>	<u>99,812</u>	<u>(4,621)</u>	<u>112,221</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 17,030</u>	<u>\$ 102,119</u>	<u>\$ 30,912</u>	<u>\$ 150,061</u>

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - General Obligation Bonds

Year-Ended September 30, 2025

(In Thousands)

	PRE-2017 GENERAL OBLIGATION BONDS	2017 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	TOTAL GENERAL OBLIGATION BONDS
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 12,174	\$ 12,174
Investment Earnings	869	5,922		6,791
Contributions			5,802	5,802
Total Revenues	869	5,922	17,976	24,767
Expenditures:				
Capital Outlay			233,106	233,106
Debt Service:				
Arbitrage		2,307		2,307
Issuance Costs		15		15
Total Expenditures		2,322	233,106	235,428
Excess (Deficiency) of Revenues Over (Under) Expenditures	869	3,600	(215,130)	(210,661)
Other Financing Sources (Uses):				
Transfers In			219,643	219,643
Transfers Out	(5,711)	(57,380)		(63,091)
Total Other Financing Sources (Uses), Net	(5,711)	(57,380)	219,643	156,552
Net Change in Fund Balances	(4,842)	(53,780)	4,513	(54,109)
Fund Balances (Deficits), October 1	21,872	153,592	(9,134)	166,330
Fund Balances (Deficits), September 30	\$ 17,030	\$ 99,812	\$ (4,621)	\$ 112,221

Combining Balance Sheet
Nonmajor Governmental Funds - Certificates of Obligation
As of September 30, 2025
(In Thousands)

	PRE-2020 CERTIFICATES OF OBLIGATION	2020 CERTIFICATES OF OBLIGATION	2021 CERTIFICATES OF OBLIGATION	2022 CERTIFICATES OF OBLIGATION	2023 CERTIFICATES OF OBLIGATION	2024 CERTIFICATES OF OBLIGATION	2025 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Assets:									
Restricted Assets:									
Cash and Cash Equivalents	\$ 14,337	\$ 465	\$ 1,234	\$ 2,281	\$ 209	\$ 8,502	\$ 36,940	\$ 2,132	\$ 66,100
Investments	11,757	1,074	2,513	10,811	425	21,308	59,240		107,128
Receivables, Net	75	7	16	69	3	136	378		684
Total Assets	<u>\$ 26,169</u>	<u>\$ 1,546</u>	<u>\$ 3,763</u>	<u>\$ 13,161</u>	<u>\$ 637</u>	<u>\$ 29,946</u>	<u>\$ 96,558</u>	<u>\$ 2,132</u>	<u>\$ 173,912</u>
Liabilities and Fund Balances (Deficits):									
Liabilities:									
Liabilities Payable From Restricted Assets:									
Vouchers Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,317	\$ 2,317
Accounts Payable - Other		642						2,265	2,907
Accrued Payroll								14	14
Unearned Revenue								303	303
Due To Other Funds								3,700	3,700
Total Liabilities		<u>642</u>						<u>8,599</u>	<u>9,241</u>
Fund Balances (Deficits):									
Restricted	26,169	904	3,763	13,161	637	29,946	96,558		171,138
Unassigned								(6,467)	(6,467)
Total Fund Balances (Deficits)	<u>26,169</u>	<u>904</u>	<u>3,763</u>	<u>13,161</u>	<u>637</u>	<u>29,946</u>	<u>96,558</u>	<u>(6,467)</u>	<u>164,671</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 26,169</u>	<u>\$ 1,546</u>	<u>\$ 3,763</u>	<u>\$ 13,161</u>	<u>\$ 637</u>	<u>\$ 29,946</u>	<u>\$ 96,558</u>	<u>\$ 2,132</u>	<u>\$ 173,912</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Certificates of Obligation

Year-Ended September 30, 2025

(In Thousands)

	PRE-2020 CERTIFICATES OF OBLIGATION	2020 CERTIFICATES OF OBLIGATION	2021 CERTIFICATES OF OBLIGATION	2022 CERTIFICATES OF OBLIGATION	2023 CERTIFICATES OF OBLIGATION	2024 CERTIFICATES OF OBLIGATION	2025 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Revenues:									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184	\$ 184
Investment Earnings	1,450	82	268	752	42	2,154	630		5,378
Total Revenues	<u>1,450</u>	<u>82</u>	<u>268</u>	<u>752</u>	<u>42</u>	<u>2,154</u>	<u>630</u>	<u>184</u>	<u>5,562</u>
Expenditures:									
Capital Outlay								41,539	41,539
Debt Service:									
Arbitrage		642							642
Issuance Costs							830		830
Total Expenditures	<u></u>	<u>642</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>830</u>	<u>41,539</u>	<u>43,011</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,450</u>	<u>(560)</u>	<u>268</u>	<u>752</u>	<u>42</u>	<u>2,154</u>	<u>(200)</u>	<u>(41,355)</u>	<u>(37,449)</u>
Other Financing Sources (Uses):									
Issuance of Long-Term Debt							126,345		126,345
Premium on Long-Term Debt							9,927		9,927
Transfers In								35,395	35,395
Transfers Out	(13,800)	(446)	(6,523)	(5,746)	(352)	(63,660)	(39,514)		(130,041)
Total Other Financing Sources (Uses), Net	<u>(13,800)</u>	<u>(446)</u>	<u>(6,523)</u>	<u>(5,746)</u>	<u>(352)</u>	<u>(63,660)</u>	<u>96,758</u>	<u>35,395</u>	<u>41,626</u>
Net Change in Fund Balances	<u>(12,350)</u>	<u>(1,006)</u>	<u>(6,255)</u>	<u>(4,994)</u>	<u>(310)</u>	<u>(61,506)</u>	<u>96,558</u>	<u>(5,960)</u>	<u>4,177</u>
Fund Balances (Deficits), October 1	<u>38,519</u>	<u>1,910</u>	<u>10,018</u>	<u>18,155</u>	<u>947</u>	<u>91,452</u>	<u></u>	<u>(507)</u>	<u>160,494</u>
Fund Balances (Deficits), September 30	<u>\$ 26,169</u>	<u>\$ 904</u>	<u>\$ 3,763</u>	<u>\$ 13,161</u>	<u>\$ 637</u>	<u>\$ 29,946</u>	<u>\$ 96,558</u>	<u>\$ (6,467)</u>	<u>\$ 164,671</u>

Combining Balance Sheet
Nonmajor Governmental Funds - Other Capital Projects
As of September 30, 2025
(In Thousands)

	EQUIPMENT ACQUISITION	IMPROVEMENT PROJECTS	MUNICIPAL DRAINAGE UTILITY SYSTEM	TAX & REVENUE NOTES	TOTAL OTHER CAPITAL PROJECTS
Assets:					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 39	\$ 39
Investments				80	80
Receivables, Net				1	1
Restricted Assets:					
Cash and Cash Equivalents	6,088	18,600	38	13,778	38,504
Investments	15		76	42,562	42,653
Receivables, Net		17		271	288
Due From Other Governmental Agencies, Net		267			267
Total Assets	\$ 6,103	\$ 18,884	\$ 114	\$ 56,731	\$ 81,832
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits):					
Liabilities:					
Liabilities Payable From Restricted Assets:					
Vouchers Payable	\$ 51	\$ 12,727	\$ -	\$ -	12,778
Accounts Payable - Other		9,146		694	9,840
Accrued Payroll		4			4
Unearned Revenue		4,099			4,099
Due To Other Funds	4,345				4,345
Total Liabilities	4,396	25,976		694	31,066
Deferred Inflows of Resources		2			2
Fund Balances (Deficits):					
Restricted	1,707		114	55,917	57,738
Committed				120	120
Unassigned		(7,094)			(7,094)
Total Fund Balances (Deficits)	1,707	(7,094)	114	56,037	50,764
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 6,103	\$ 18,884	\$ 114	\$ 56,731	\$ 81,832

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Capital Projects
Year-Ended September 30, 2025
(In Thousands)

	EQUIPMENT ACQUISITION	IMPROVEMENT PROJECTS	MUNICIPAL DRAINAGE UTILITY SYSTEM	TAX & REVENUE NOTES	TOTAL OTHER CAPITAL PROJECTS
Revenues:					
Intergovernmental	\$ -	\$ 3,208	\$ -	\$ -	\$ 3,208
Miscellaneous	408				408
Investment Earnings	144		4	2,020	2,168
Total Revenues	552	3,208	4	2,020	5,784
Expenditures:					
Current:					
Public Safety	6,366				6,366
Capital Outlay		240,358			240,358
Debt Service:					
Arbitrage				694	694
Issuance Costs				275	275
Total Expenditures	6,366	240,358		969	247,693
Excess (Deficiency) of Revenue Over (Under) Expenditures	(5,814)	(237,150)	4	1,051	(241,909)
Other Financing Sources (Uses):					
Issuance of Long-Term Debt	7,521			54,440	61,961
Premium on Long-Term Debt				1,801	1,801
Transfers In		240,311			240,311
Transfers Out				(58,382)	(58,382)
Total Other Financing Sources (Uses), Net	7,521	240,311		(2,141)	245,691
Net Change in Fund Balances	1,707	3,161	4	(1,090)	3,782
Fund Balances, October 1		(10,255)	110	57,127	46,982
Fund Balances (Deficits), September 30	\$ 1,707	\$ (7,094)	\$ 114	\$ 56,037	\$ 50,764

Combining Balance Sheet
Nonmajor Governmental Funds - Permanent
As of September 30, 2025
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	SOUTHERN EDWARDS PLATEAU ENDOWMENT	TOTAL PERMANENT FUNDS
Assets:						
Restricted Assets:						
Cash and Cash Equivalents	\$ 125	\$ 1,785	\$ 109	\$ 185	\$ 9	\$ 2,213
Investments	255	3,635	221	378	1,430	5,919
Receivables, Net	1	187	1	2	12	203
Total Assets	\$ 381	\$ 5,607	\$ 331	\$ 565	\$ 1,451	\$ 8,335
Liabilities and Fund Balances:						
Liabilities:						
Liabilities Payable From Restricted Assets:						
Vouchers Payable	\$ -	\$ 28	\$ 1	\$ -	\$ -	\$ 29
Accounts Payable - Other		1				1
Accrued Payroll		2				2
Due To Other Funds					20	20
Total Liabilities		31	1		20	52
Fund Balances:						
Nonspendable	334	4,959	313	514	1,103	7,223
Restricted	47	617	17	51	328	1,060
Total Fund Balances	381	5,576	330	565	1,431	8,283
Total Liabilities and Fund Balances	\$ 381	\$ 5,607	\$ 331	\$ 565	\$ 1,451	\$ 8,335

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Permanent
Year-Ended September 30, 2025
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	SOUTHERN EDWARDS PLATEAU ENDOWMENT	TOTAL PERMANENT FUNDS
Revenues:						
Charges for Services	\$ -	\$ 384	\$ -	\$ -	\$ -	\$ 384
Investment Earnings	15	219	13	22	64	333
Total Revenues	15	603	13	22	64	717
Expenditures:						
Culture and Recreation	4	440	12			456
Total Expenditures	4	440	12			456
Excess of Revenue Over Expenditures	11	163	1	22	64	261
Net Change in Fund Balances	11	163	1	22	64	261
Fund Balances, October 1	370	5,413	329	543	1,367	8,022
Fund Balances, September 30	<u>\$ 381</u>	<u>\$ 5,576</u>	<u>\$ 330</u>	<u>\$ 565</u>	<u>\$ 1,431</u>	<u>\$ 8,283</u>

**Supplementary
Budget and Actual
Schedules for Legally
Adopted Funds**

CITY OF SAN ANTONIO, TEXAS

Schedules of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

General Fund

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes	\$ 915,631	\$ 915,302	\$ (329)
Licenses and Permits	11,527	11,549	22
Intergovernmental	14,208	14,906	698
Revenues from Utilities	526,636	527,712	1,076
Charges for Services	79,102	80,093	991
Fines and Forfeits	10,517	10,272	(245)
Miscellaneous	17,271	18,981	1,710
Investment Earnings	24,128	24,734	606
Total Revenues	\$ 1,599,020	\$ 1,603,549	\$ 4,529
Expenditures:			
General Government	132,115	130,744	1,371
Public Safety	1,001,153	999,573	1,580
Public Works	114,060	112,868	1,192
Health Services	84,978	84,276	702
Culture and Recreation	164,166	163,705	461
Urban Redevelopment and Housing	48,106	44,990	3,116
Welfare	63,549	62,133	1,416
Economic Development and Opportunity	19,837	19,346	491
Environmental	17,059	14,832	2,227
Total Expenditures	\$ 1,645,023	\$ 1,632,467	\$ 12,556
(Deficiency) of Revenues (Under) Expenditures	\$ (46,003)	\$ (28,918)	\$ 17,085
Other Financing Sources (Uses):			
Transfers In	19,598	20,544	946
Transfers Out	(177,923)	(155,334)	22,589
Total Other Financing Sources (Uses), Net	\$ (158,325)	\$ (134,790)	\$ 23,535
Net Change in Fund Balance	(204,328)	(163,708)	\$ 40,620
Fund Balances, October 1	583,400	583,400	
Add Encumbrances	178,172	152,019	
Fund Balances, September 30	\$ 557,244	\$ 571,711	
Explanation of Differences:			
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Amortized Lease Revenue (GASB 87)		(349)	
Net Fair Value of Investments (GASB 31)		(1,728)	
Ending Fund Balance		\$ 569,634	

Differences in Presentation between Budget and GAAP Basis:

The City records principal and interest payments related to lease activity on a GAAP basis; however, for budget purposes they are included in the associated division's expenditures. Additionally, the City records capitalized expenditures as capital outlay on the GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall expenditures are the same.

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues Compared to Budget

Budget and Actual (Budgetary Basis)

General Fund

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Property:			
Current	\$ 471,879	\$ 473,497	\$ 1,618
Delinquent	2,755	1,063	(1,692)
General Sales and Use:			
City Sales	411,015	409,571	(1,444)
Selective Sales and Use:			
Alcoholic Beverages	12,799	12,674	(125)
Gross Receipts Business:			
Telecommunication Access Lines Fees	4,602	4,856	254
Cablevision Franchise	6,303	6,420	117
Bingo	1,100	1,190	90
Other	2,435	2,231	(204)
Penalties and Interest on Delinquent Taxes	2,743	3,800	1,057
Total Taxes	\$ 915,631	\$ 915,302	\$ (329)
Licenses and Permits:			
Alarm Licenses	3,151	3,004	(147)
Alcoholic Beverages Licenses	906	1,008	102
Amusement Licenses	40	36	(4)
Building Permits	75	93	18
Health Licenses	5,367	5,342	(25)
Professional and Occupational Licenses	947	1,006	59
Street Permits	1,041	1,060	19
Total Licenses and Permits	\$ 11,527	\$ 11,549	\$ 22
Intergovernmental:			
Bexar County - Child Support	36	33	(3)
Federal Aid	8,872	8,872	
Library Aid from Bexar County	3,500	3,500	
Other	1,413	2,097	684
VIA Contributions	387	404	17
Total Intergovernmental	\$ 14,208	\$ 14,906	\$ 698
Revenues from Utilities:			
CPS Energy	490,516	492,161	1,645
San Antonio Water System	36,120	35,551	(569)
Total Revenues from Utilities	\$ 526,636	\$ 527,712	\$ 1,076

(Continued)

CITY OF SAN ANTONIO, TEXAS

**Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)**

General Fund

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Charges for Services:			
General Government	\$ 3,358	\$ 3,581	\$ 223
Public Safety:			
Fire Department	41,246	42,172	926
Police Department	13,853	13,756	(97)
Sanitation:			
Demolition of Unsafe Structures	656	614	(42)
Health	3,037	3,218	181
Streets	241	247	6
Culture and Recreation:			
Attractions and Venues	13,951	13,385	(566)
Community Centers	205	196	(9)
Concessions & Rentals	496	521	25
Library	367	577	210
Miscellaneous Recreation Revenue	312	456	144
Recreation Fees	1,362	1,362	
Swimming Pools	18	8	(10)
Total Charges for Services	\$ 79,102	\$ 80,093	\$ 991
Fines and Forfeits:			
Municipal Court Fines	\$ 10,517	\$ 10,272	\$ (245)
Miscellaneous:			
Interfund Charges	2,000	1,948	(52)
Other	1,164	1,253	89
Recovery of Expenditures	3,602	5,489	1,887
Rents, Leases, and Concessions	1,901	1,745	(156)
Sales	8,604	8,546	(58)
Total Miscellaneous	\$ 17,271	\$ 18,981	\$ 1,710
Investment Earnings:			
Interest	\$ 24,128	\$ 24,734	\$ 606
Total Revenues	\$ 1,599,020	\$ 1,603,549	\$ 4,529

(End of Schedule)

Explanation of Differences:

Items recorded for GAAP purposes that are not recorded for budget purposes:

Amortized Lease Revenue (GASB 87)	(349)
Net Fair Value of Investments (GASB 31)	(1,728)
Total Revenues	\$ 1,601,472

CITY OF SAN ANTONIO, TEXAS

**Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)**

General Fund

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Expenditures:			
General Government:			
Executive:			
Personal Services	\$ 58,933	\$ 58,634	\$ 299
Contractual Services	6,357	5,902	455
Commodities	936	732	204
Other Expenditures	14,102	14,272	(170)
Capital Outlay	1,715	1,556	159
Total Executive	\$ 82,043	\$ 81,096	\$ 947
Judicial:			
Personal Services	13,757	13,581	176
Contractual Services	2,269	2,431	(162)
Commodities	211	211	
Other Expenditures	2,766	2,766	
Capital Outlay	885	628	257
Total Judicial	\$ 19,888	\$ 19,617	\$ 271
Legislative:			
Personal Services	5,961	5,954	7
Contractual Services	5,990	6,407	(417)
Commodities	305	711	(406)
Other Expenditures	17,570	16,404	1,166
Capital Outlay	358	555	(197)
Total Legislative	\$ 30,184	\$ 30,031	\$ 153
Total General Government	\$ 132,115	\$ 130,744	\$ 1,371
Public Safety:			
Fire:			
Personal Services	330,995	328,463	2,532
Contractual Services	19,112	18,405	707
Commodities	14,695	14,688	7
Other Expenditures	38,465	37,892	573
Capital Outlay	2,754	3,044	(290)
Total Fire	\$ 406,021	\$ 402,492	\$ 3,529
Police:			
Personal Services	494,068	494,399	(331)
Contractual Services	31,435	31,507	(72)
Commodities	5,803	7,074	(1,271)
Other Expenditures	58,719	58,981	(262)
Capital Outlay	5,107	5,120	(13)
Total Police	\$ 595,132	\$ 597,081	\$ (1,949)
Total Public Safety	\$ 1,001,153	\$ 999,573	\$ 1,580
Public Works:			
Administration:			
Personal Services	3,092	3,857	(765)
Contractual Services	25,479	26,516	(1,037)
Commodities	65	62	3
Other Expenditures	1,477	1,593	(116)
Capital Outlay	140	104	36
Total Administration	\$ 30,253	\$ 32,132	\$ (1,879)

(Continued)

CITY OF SAN ANTONIO, TEXAS

**Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2025**
(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Streets:			
Personal Services	\$ 23,163	\$ 18,117	\$ 5,046
Contractual Services	5,931	14,883	(8,952)
Commodities	8,045	6,728	1,317
Other Expenditures	28,795	22,637	6,158
Capital Outlay	10	58	(48)
Total Streets	\$ 65,944	\$ 62,423	\$ 3,521
Traffic and Transportation:			
Personal Services	8,128	5,954	2,174
Contractual Services	4,602	8,463	(3,861)
Commodities	1,765	1,269	496
Other Expenditures	3,054	2,538	516
Capital Outlay	314	89	225
Total Traffic and Transportation	\$ 17,863	\$ 18,313	\$ (450)
Total Public Works	\$ 114,060	\$ 112,868	\$ 1,192
Health Services:			
Personal Services	45,893	45,720	173
Contractual Services	23,701	23,260	441
Commodities	3,453	3,675	(222)
Other Expenditures	9,836	9,610	226
Capital Outlay	2,095	2,011	84
Total Health Services	\$ 84,978	\$ 84,276	\$ 702
Culture and Recreation:			
Downtown Operations:			
Personal Services	5,845	5,779	66
Contractual Services	3,817	3,887	(70)
Commodities	494	405	89
Other Expenditures	2,662	2,596	66
Capital Outlay	103	93	10
Total Downtown Operations	\$ 12,921	\$ 12,760	\$ 161
Libraries:			
Personal Services	32,208	31,902	306
Contractual Services	7,027	7,081	(54)
Commodities	8,043	8,122	(79)
Other Expenditures	5,716	5,679	37
Capital Outlay	1,280	1,346	(66)
Total Libraries	\$ 54,274	\$ 54,130	\$ 144
Parks:			
Personal Services	59,482	55,805	3,677
Contractual Services	14,315	18,002	(3,687)
Commodities	4,264	3,962	302
Other Expenditures	17,393	17,618	(225)
Capital Outlay	1,517	1,428	89
Total Parks	\$ 96,971	\$ 96,815	\$ 156
Total Culture and Recreation	\$ 164,166	\$ 163,705	\$ 461

(Continued)

CITY OF SAN ANTONIO, TEXAS

**Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2025**
(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Urban Redevelopment and Housing			
Personal Services	\$ 16,947	\$ 17,146	\$ (199)
Contractual Services	21,127	17,838	3,289
Commodities	402	390	12
Other Expenditures	9,133	9,151	(18)
Capital Outlay	497	465	32
Total Urban Redevelopment and Housing	\$ 48,106	\$ 44,990	\$ 3,116
Welfare:			
Personal Services	16,873	16,838	35
Contractual Services	31,723	30,874	849
Commodities	438	436	2
Other Expenditures	12,966	12,681	285
Capital Outlay	1,549	1,304	245
Total Welfare	\$ 63,549	\$ 62,133	\$ 1,416
Economic Development and Opportunity:			
Personal Services	4,487	4,468	19
Contractual Services	13,345	12,903	442
Commodities	110	78	32
Other Expenditures	1,874	1,841	33
Capital Outlay	21	56	(35)
Total Economic Development and Opportunity	\$ 19,837	\$ 19,346	\$ 491
Environmental:			
Personal Services	1,875	1,866	9
Contractual Services	11,841	9,825	2,016
Commodities	69	156	(87)
Other Expenditures	3,272	2,963	309
Capital Outlay	2	22	(20)
Total Environmental	\$ 17,059	\$ 14,832	\$ 2,227
Total Expenditures	\$ 1,645,023	\$ 1,632,467	\$ 12,556

(End of Schedule)

Explanation of Differences:

Items recorded for GAAP purposes that are not recorded for budget purposes:

Encumbrances	(87,893)
Lease Right-to-Use Assets Expenditures	1,611
Subscription Right-to-Use Assets Expenditures	2,178
Total Expenditures	\$ 1,548,363

Differences in Presentation between Budget and GAAP Basis:

The City records principal and interest payments related to lease and subscription activity on a GAAP basis; however, for budget purposes they are included in the associated division's expenditures. Additionally, the City records capitalized expenditures as capital outlay on the GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall expenditures are the same.

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Debt Service Fund

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Property Taxes:			
Current	\$ 302,349	\$ 303,900	\$ 1,551
Delinquent	1,765	652	(1,113)
Penalties and Interest on Delinquent Taxes	2,234	2,435	201
Miscellaneous	1,746	21	(1,725)
Investment Earnings	1,871	4,099	2,228
Total Revenues	<u>\$ 309,965</u>	<u>\$ 311,107</u>	<u>\$ 1,142</u>
Expenditures:			
General Government:			
Contractual Services	915	915	
Total General Government	<u>\$ 915</u>	<u>\$ 915</u>	<u>\$ -</u>
Debt Service:			
Principal Retirement	242,585	242,585	
Interest	95,219	95,219	
Total Debt Service	<u>\$ 337,804</u>	<u>\$ 337,804</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 338,719</u>	<u>\$ 338,719</u>	<u>\$ -</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ (28,754)</u>	<u>\$ (27,612)</u>	<u>\$ 1,142</u>
Other Financing Sources (Uses):			
Refunding Debt Issued	81,015	81,015	
Payments to Refunded Bond Escrow Agent	(85,670)	(85,670)	
Premium on Long-Term Debt	5,093	5,093	
Transfers In	20,935	21,069	134
Total Other Financing Sources (Uses)	<u>\$ 21,373</u>	<u>\$ 21,507</u>	<u>\$ 134</u>
Net Change in Fund Balance	<u>(7,381)</u>	<u>(6,105)</u>	<u>\$ 1,276</u>
Fund Balances, October 1	43,932	43,932	
Fund Balances, September 30	<u><u>\$ 36,551</u></u>	<u><u>\$ 37,827</u></u>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Advanced Transportation District

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
General Sales and Use:			
City Sales Tax	\$ 25,688	\$ 25,392	\$ (296)
Investment Earnings	609	604	(5)
Total Revenues	<u>\$ 26,297</u>	<u>\$ 25,996</u>	<u>\$ (301)</u>
Expenditures:			
Public Works:			
Personal Services	4,424	4,389	35
Contractual Services	2,286	2,504	(218)
Commodities	122	147	(25)
Other Expenditures	2,866	2,848	18
Capital Outlay	886	867	19
Total Expenditures	<u>\$ 10,584</u>	<u>\$ 10,755</u>	<u>\$ (171)</u>
Excess of Revenues Over Expenditures	<u>\$ 15,713</u>	<u>\$ 15,241</u>	<u>\$ (472)</u>
Other Financing (Uses):			
Transfers Out	(27,618)	(27,417)	201
Total Other Financing (Uses)	<u>\$ (27,618)</u>	<u>\$ (27,417)</u>	<u>\$ 201</u>
Net Change in Fund Balance	<u>(11,905)</u>	<u>(12,176)</u>	<u>\$ (271)</u>
Fund Balances, October 1	16,658	16,658	
Add Encumbrances	8,620	5,387	
Fund Balances, September 30	<u><u>\$ 13,373</u></u>	<u><u>\$ 9,869</u></u>	
Explanation of Differences:			
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Net Fair Value of Investments (GASB 31)		(42)	
Ending Fund Balance		<u><u>\$ 9,827</u></u>	

Differences in Presentation between Budget and GAAP Basis:

The City records principal and interest payments related to lease and subscription activity on a GAAP basis; however, for budget purposes they are included in the associated division's expenditures. Additionally, the City records capitalized expenditures as capital outlay on the GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall expenditures are the same.

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues and fund balances to cover these excesses, the City does not deem these violations to be material.

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Community and Visitor Facilities

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	\$ 82,221	\$ 81,441	\$ (780)
Penalties and Interest on Delinquent Taxes	441	608	167
Intergovernmental	2,113	2,704	591
Charges for Services	47,702	50,300	2,598
Miscellaneous	604	822	218
Investment Earnings	139	6,527	6,388
Total Revenues	\$ 133,220	\$ 142,402	\$ 9,182
Expenditures:			
Culture & Recreation:			
Arts & Cultural:			
Personal Services	2,657	2,655	2
Contractual Services	1,478	1,774	(296)
Commodities	57	59	(2)
Other Expenditures	862	1,145	(283)
Capital Outlay	37	36	1
Total Arts & Cultural	\$ 5,091	\$ 5,669	\$ (578)
Alamodome:			
Personal Services	7,538	7,426	112
Contractual Services	9,249	9,549	(300)
Commodities	742	867	(125)
Other Expenditures	5,999	6,136	(137)
Capital Outlay	69	72	(3)
Total Alamodome	\$ 23,597	\$ 24,050	\$ (453)
Nondepartmental:			
Personal Services	2,399	1,903	496
Contractual Services	19,424	17,922	1,502
Commodities	6	6	
Other Expenditures	2,794	2,698	96
Capital Outlay	349	198	151
Total Nondepartmental	\$ 24,972	\$ 22,727	\$ 2,245
Contributions to Other Agencies	7,869	7,470	399
Total Culture & Recreation	\$ 61,529	\$ 59,916	\$ 1,613

(Continued)

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Community and Visitor Facilities (Continued)

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Expenditures Continued:			
Convention and Tourism:			
Convention Center:			
Personal Services	\$ 18,372	\$ 18,274	\$ 98
Contractual Services	5,221	5,011	210
Commodities	1,314	1,459	(145)
Other Expenditures	12,840	12,996	(156)
Capital Outlay	1,265	1,408	(143)
Total Convention Center	\$ 39,012	\$ 39,148	\$ (136)
Contributions to Other Agencies (VSA)	28,407	28,407	
Total Convention and Tourism	\$ 67,419	\$ 67,555	\$ (136)
Total Expenditures	\$ 128,948	\$ 127,471	\$ 1,477
Excess of Revenues Over Expenditures	\$ 4,272	\$ 14,931	\$ 10,659
Other Financing Sources (Uses):			
Transfers In	15,660	17,520	1,860
Transfers Out	(36,752)	(34,918)	1,834
Total Other Financing Sources (Uses), Net	\$ (21,092)	\$ (17,398)	\$ 3,694
Net Change in Fund Balance	(16,820)	(2,467)	\$ 14,353
Fund Balances, October 1	156,826	156,826	
Add Encumbrances	9,207	7,715	
Fund Balances, September 30	\$ 149,213	\$ 162,074	

(End of Schedule)

Explanation of Differences:

Items recorded for GAAP purposes that are not recorded for budget purposes:

Amortized Lease Revenue (GASB 87)	216
Net Fair Value of Investments (GASB 31)	(370)
Ending Fund Balance	\$ 161,920

Differences in Presentation between Budget and GAAP Basis:

The City records principal and interest payments related to lease and subscription activity on a GAAP basis; however, for budget purposes they are included in the associated division's expenditures. Additionally, the City records capitalized expenditures as capital outlay on the GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall expenditures are the same.

Note: Includes revenues and expenditures generated from Convention and Tourism activities relating to the promotion of City owned facilities to be used for conventions, community and entertainment venues; the marketing and promotion of the City through VSA and support for arts and cultural organizations in the Department of Arts and Culture.

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Confiscated Property

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Intergovernmental	\$ 815	\$ 840	\$ 25
Investment Earnings	173	219	46
Total Revenues	<u>\$ 988</u>	<u>\$ 1,059</u>	<u>\$ 71</u>
Expenditures:			
Public Safety:			
Personal Services	100	87	13
Contractual Services	1,114	1,118	(4)
Commodities	235	107	128
Other Expenditures	47	45	2
Capital Outlay	145	118	27
Total Expenditures	<u>\$ 1,641</u>	<u>\$ 1,475</u>	<u>\$ 166</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ (653)</u>	<u>\$ (416)</u>	<u>\$ 237</u>
Net Change in Fund Balance	(653)	(416)	<u>\$ 237</u>
Fund Balances, October 1	5,006	5,006	
Add Encumbrances	358	559	
Fund Balances, September 30	<u><u>\$ 4,711</u></u>	<u><u>\$ 5,149</u></u>	
Explanation of Differences:			
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Net Fair Value of Investments (GASB 31)		(11)	
Ending Fund Balance		<u><u>\$ 5,138</u></u>	

Differences in Presentation between Budget and GAAP Basis:

The City records principal and interest payments related to lease and subscription activity on a GAAP basis; however, for budget purposes they are included in the associated division's expenditures. Additionally, the City records capitalized expenditures as capital outlay on the GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall expenditures are the same.

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Hotel/Motel 2% Revenue

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	\$ 23,492	\$ 23,329	\$ (163)
Penalties and Interest on Delinquent Taxes	185	174	(11)
Miscellaneous		1	1
Investment Earnings	139	234	95
Total Revenues	<u>\$ 23,816</u>	<u>\$ 23,738</u>	<u>\$ (78)</u>
Expenditures:			
General Government:			
Other Expenditures			
Total General Government	\$ -	\$ -	\$ -
Convention and Tourism:			
Personal Services			
Contractual Services			
Commodities			
Other Expenditures	2	2	
Total Convention and Tourism	\$ 2	\$ 2	\$ -
Total Expenditures	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>
Excess of Revenues Over Expenditures	<u>\$ 23,814</u>	<u>\$ 23,736</u>	<u>\$ (78)</u>
Other Financing Sources (Uses):			
Transfer In	9,231	23,979	14,748
Transfers Out	(32,953)	(47,623)	(14,670)
Total Other Financing Sources (Uses), Net	<u>\$ (23,722)</u>	<u>\$ (23,644)</u>	<u>\$ 78</u>
Net Change in Fund Balance	92	92	<u>\$ -</u>
Fund Balances, October 1	1,265	1,265	
Fund Balances, September 30	<u><u>\$ 1,357</u></u>	<u><u>\$ 1,357</u></u>	
Explanation of Differences:			
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Net Fair Value of Investments (GASB 31)		(23)	
Ending Fund Balance		<u><u>\$ 1,334</u></u>	

The City noted budget violations of excess transfers out over appropriations. As there was sufficient actual revenues and fund balances to cover these excesses, the City does not deem these violations to be material.

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Parks Environmental & Sanitation

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	\$ 11,555	\$ 11,611	\$ 56
Total Revenues	<u>\$ 11,555</u>	<u>\$ 11,611</u>	<u>\$ 56</u>
Expenditures:			
Sanitation:			
Personal Services	8,108	8,135	(27)
Contractual Services	1,583	1,562	21
Commodities	278	277	1
Other Expenditures	1,305	1,303	2
Capital Outlay	<u>1</u>	<u>1</u>	
Total Expenditures	<u>\$ 11,275</u>	<u>\$ 11,278</u>	<u>\$ (3)</u>
Excess of Revenues Over Expenditures	<u>\$ 280</u>	<u>\$ 333</u>	<u>\$ 53</u>
Net Change in Fund Balance	280	333	<u>\$ 53</u>
Fund Balances, October 1	<u>(103)</u>	<u>(103)</u>	
Fund Balances, September 30	<u><u>\$ 177</u></u>	<u><u>\$ 230</u></u>	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues and fund balances to cover these excesses, the City does not deem these violations to be material.

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Right of Ways

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	\$ 4,628	\$ 4,415	\$ (213)
Investment Earnings	52	108	56
Total Revenues	<u>\$ 4,680</u>	<u>\$ 4,523</u>	<u>\$ (157)</u>
Expenditures:			
Public Works:			
Personal Services	3,230	3,244	(14)
Contractual Services	423	416	7
Commodities	52	54	(2)
Other Expenditures	442	441	1
Capital Outlay	<u>51</u>	<u>34</u>	<u>17</u>
Total Expenditures	<u>\$ 4,198</u>	<u>\$ 4,189</u>	<u>\$ 9</u>
Excess of Revenues Over Expenditures	<u>\$ 482</u>	<u>\$ 334</u>	<u>\$ (148)</u>
Other Financing Sources (Uses):			
Transfers In	373		(373)
Transfers Out	<u>(200)</u>	<u>(200)</u>	
Total Other Financing Sources (Uses)	<u>\$ 173</u>	<u>\$ (200)</u>	<u>\$ (373)</u>
Net Change in Fund Balance	655	134	<u><u>\$ (521)</u></u>
Fund Balances, October 1	3,945	3,945	
Add Encumbrances	<u>7</u>	<u>2</u>	
Fund Balances, September 30	<u><u>\$ 4,607</u></u>	<u><u>\$ 4,081</u></u>	
Explanation of Differences:			
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Net Fair Value of Investments (GASB 31)		5	
Ending Fund Balance		<u><u>\$ 4,086</u></u>	

Differences in Presentation between Budget and GAAP Basis:

The City records principal and interest payments related to lease and subscription activity on a GAAP basis; however, for budget purposes they are included in the associated division's expenditures. Additionally, the City records capitalized expenditures as capital outlay on the GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall expenditures are the same.

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Stormwater Operations

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	\$ 62,661	\$ 62,601	\$ (60)
Miscellaneous	93	101	8
Investment Earnings	1,969	1,984	15
Total Revenues	\$ 64,723	\$ 64,686	\$ (37)
Expenditures:			
Public Works:			
Administration:			
Personal Services	5,325	5,325	
Contractual Services	7,156	6,967	189
Commodities	108	45	63
Other Expenditures	3,567	3,550	17
Capital Outlay	71	66	5
Total Administration	<u>\$ 16,227</u>	<u>\$ 15,953</u>	<u>\$ 274</u>
Vegetation Control:			
Personal Services	6,161	6,027	134
Contractual Services	1,725	1,815	(90)
Commodities	898	748	150
Other Expenditures	2,563	2,644	(81)
Capital Outlay	205	188	17
Total Vegetation Control	<u>\$ 11,552</u>	<u>\$ 11,422</u>	<u>\$ 130</u>
River Maintenance:			
Personal Services	153	179	(26)
Contractual Services	1,926	1,872	54
Commodities	10	3	7
Other Expenditures	161	154	7
Total River Maintenance	<u>\$ 2,250</u>	<u>\$ 2,208</u>	<u>\$ 42</u>
Street Sweeping:			
Personal Services	3,041	3,074	(33)
Contractual Services	691	717	(26)
Commodities	379	379	
Other Expenditures	1,014	1,002	12
Capital Outlay	48	200	(152)
Total Street Sweeping	<u>\$ 5,173</u>	<u>\$ 5,372</u>	<u>\$ (199)</u>
Tunnel Maintenance:			
Personal Services	5,710	5,706	4
Contractual Services	2,798	2,877	(79)
Commodities	650	592	58
Other Expenditures	1,753	1,588	165
Capital Outlay	1,285	789	496
Total Tunnel Maintenance	<u>\$ 12,196</u>	<u>\$ 11,552</u>	<u>\$ 644</u>

(Continued)

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Stormwater Operations (Continued)

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Expenditures Continued:			
Design Engineering:			
Personal Services	2,293	2,296	(3)
Contractual Services	1,147	1,052	95
Commodities	20	4	16
Other Expenditures	242	239	3
Capital Outlay	1	2	(1)
Total Design Engineering	<u>\$ 3,703</u>	<u>\$ 3,593</u>	<u>\$ 110</u>
Total Public Works	<u>51,101</u>	<u>50,100</u>	<u>1,001</u>
Total Expenditures	\$ 51,101	\$ 50,100	\$ 1,001
Excess of Revenues Over Expenditures	\$ 13,622	\$ 14,586	\$ 964
Other Financing (Uses):			
Transfers Out	(53,365)	(50,025)	3,340
Total Other Financing (Uses)	\$ (53,365)	\$ (50,025)	\$ 3,340
Net Change in Fund Balance	(39,743)	(35,439)	\$ 4,304
Fund Balances, October 1	48,335	48,335	
Add Encumbrances	21,126	37,814	
Fund Balances, September 30	\$ 29,718	\$ 50,710	

(End of Schedule)

Explanation of Differences:

Items recorded for GAAP purposes that are not recorded for budget purposes:

Net Fair Value of Investments (GASB 31)	(115)
Ending Fund Balance	<u>\$ 50,595</u>

Differences in Presentation between Budget and GAAP Basis:

The City records principal and interest payments related to lease and subscription activity on a GAAP basis; however, for budget purposes they are included in the associated division's expenditures. Additionally, the City records capitalized expenditures as capital outlay on the GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall expenditures are the same.

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Tax Increment Financing

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Administrative Fee ¹	\$ 1,431	\$ 1,494	\$ 63
Investment Earnings	129	136	7
Total Revenues	<u>\$ 1,560</u>	<u>\$ 1,630</u>	<u>\$ 70</u>
Expenditures:			
Economic Development and Opportunity:			
Personal Services	857	840	17
Contractual Services	75	15	60
Commodities	7	3	4
Other Expenditures	46	46	
Capital Outlay	8	10	(2)
Total Expenditures	<u>\$ 993</u>	<u>\$ 914</u>	<u>\$ 79</u>
Excess of Revenues Over Expenditures	<u>\$ 567</u>	<u>\$ 716</u>	<u>\$ 149</u>
Other Financing (Uses):			
Transfers Out	(85)	(85)	
Total Other Financing (Uses)	<u>\$ (85)</u>	<u>\$ (85)</u>	<u>\$ -</u>
Net Change in Fund Balance	482	631	<u>\$ 149</u>
Fund Balances, October 1	3,210	3,210	
Fund Balances, September 30	<u><u>\$ 3,692</u></u>	<u><u>\$ 3,841</u></u>	
Explanation of Differences:			
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Net Fair Value of Investments (GASB 31)		(3)	
Ending Fund Balance		<u><u>\$ 3,838</u></u>	

This fund is incorporated within the Tax Increment Reinvestment Zone reporting unit.

¹ For financial reporting presentation the revenue is reported as an intrafund transfer and therefore is not reflected in the financial statements; however the above schedule reflects the fund schedule from the City's 2025 Adopted Budget.

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Community Service Funds - Child Safety

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	\$ 386	\$ 370	\$ (16)
Intergovernmental	2,117	2,130	13
Total Revenues	<u>\$ 2,503</u>	<u>\$ 2,500</u>	<u>\$ (3)</u>
Expenditures:			
Public Safety:			
Personal Services	2,560	2,510	50
Contractual Services	18	17	1
Commodities	11	19	(8)
Other Expenditures	340	340	
Capital Outlay	4	2	2
Total Expenditures	<u>\$ 2,933</u>	<u>\$ 2,888</u>	<u>\$ 45</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ (430)</u>	<u>\$ (388)</u>	<u>\$ 42</u>
Other Financing Sources:			
Transfers In	475	475	
Total Other Financing Sources	<u>\$ 475</u>	<u>\$ 475</u>	<u>\$ -</u>
Net Change in Fund Balance	45	87	<u>\$ 42</u>
Fund Balances, October 1 (Deficit)	(36)	(36)	
Add Encumbrance	2	9	
Fund Balances, September 30	<u><u>\$ 11</u></u>	<u><u>\$ 60</u></u>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Community Service Funds - Energy Efficiency Fund

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Intergovernmental	\$ 42	\$ 27	\$ (15)
Investment Earnings	90	87	(3)
Contributions from Other Agencies	490	479	(11)
Total Revenues	<u>\$ 622</u>	<u>\$ 593</u>	<u>\$ (29)</u>
Expenditures:			
General Government:			
Personal Services	488	488	
Contractual Services	303	131	172
Other Expenditures	58	50	8
Total Expenditures	<u>\$ 849</u>	<u>\$ 669</u>	<u>\$ 180</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ (227)</u>	<u>\$ (76)</u>	<u>\$ 151</u>
Other Financing Sources (Uses):			
Transfers In	1,192	1,192	
Transfers Out	(2,555)	(2,533)	22
Total Other Financing Sources (Uses), Net	<u>\$ (1,363)</u>	<u>\$ (1,341)</u>	<u>\$ 22</u>
Net Change in Fund Balance	<u>(1,590)</u>	<u>(1,417)</u>	<u>\$ 173</u>
Fund Balances, October 1	1,960	1,960	
Add Encumbrances	1,076	1,145	
Fund Balances, September 30	<u><u>\$ 1,446</u></u>	<u><u>\$ 1,688</u></u>	
Explanation of Differences:			
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Net Fair Value of Investments (GASB 31)		(7)	
Ending Fund Balance		<u><u>\$ 1,681</u></u>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Community Service Funds - Golf Course Operating and Maintenance

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Miscellaneous ¹	\$ 1,708	\$ 1,708	\$ -
Investment Earnings	17	18	1
Total Revenues	<u>\$ 1,725</u>	<u>\$ 1,726</u>	<u>\$ 1</u>
Excess of Revenues Over Expenditures	<u>\$ 1,725</u>	<u>\$ 1,726</u>	<u>\$ 1</u>
Other Financing Sources (Uses):			
Transfers Out	(1,708)	(1,708)	
Total Other Financing (Uses)	<u>\$ (1,708)</u>	<u>\$ (1,708)</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>17</u>	<u>18</u>	<u>\$ 1</u>
Fund Balances, October 1	49	49	
Fund Balances, September 30	<u><u>\$ 66</u></u>	<u><u>\$ 67</u></u>	
Explanation of Differences:			
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Net Fair Value of Investments (GASB 31)		(2)	
Ending Fund Balance		<u><u>\$ 65</u></u>	

¹ For financial reporting presentation the revenue is reported as transfers in; however the above schedule reflects the fund schedule from the City's 2025 Adopted Budget.

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Community Service Funds - Municipal Court Security

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	\$ 438	\$ 433	\$ (5)
Investment Earnings	16	16	
Total Revenues	<u>\$ 454</u>	<u>\$ 449</u>	<u>\$ (5)</u>
Expenditures:			
General Government:			
Personal Services	405	394	11
Contractual Services	90	88	2
Commodities	5	4	1
Other Expenditures	34	34	
Total Expenditures	<u>\$ 534</u>	<u>\$ 520</u>	<u>\$ 14</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ (80)</u>	<u>\$ (71)</u>	<u>\$ 9</u>
Net Change in Fund Balance	(80)	(71)	<u>9</u>
Fund Balances, October 1	393	393	
Add Encumbrances		1	
Fund Balances, September 30	<u><u>\$ 313</u></u>	<u><u>\$ 323</u></u>	
Explanation of Differences:			
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Net Fair Value of Investments (GASB 31)		(1)	
Ending Fund Balance		<u><u>\$ 322</u></u>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Community Service Funds - Municipal Court Technology

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	\$ 364	\$ 361	\$ (3)
Investment Earnings	19	19	
Total Revenues	<u>\$ 383</u>	<u>\$ 380</u>	<u>\$ (3)</u>
Expenditures:			
General Government:			
Contractual Services	856	856	
Total Expenditures	<u>\$ 856</u>	<u>\$ 856</u>	<u>\$ -</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ (473)</u>	<u>\$ (476)</u>	<u>\$ (3)</u>
Other Financing Sources:			
Transfers In	503	503	
Total Other Financing Sources	<u>\$ 503</u>	<u>\$ 503</u>	<u>\$ -</u>
Net Change in Fund Balance	30	27	<u>(3)</u>
Fund Balances, October 1	370	370	
Fund Balances, September 30	<u><u>\$ 400</u></u>	<u><u>\$ 397</u></u>	
Explanation of Differences:			
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Net Fair Value of Investments (GASB 31)		(1)	
Ending Fund Balance		<u><u>\$ 396</u></u>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Municipal Court Truancy Intervention & Prevention Fund
Year-Ended September 30, 2025
(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	\$ 609	\$ 632	\$ 23
Investment Earnings	14	16	2
Total Revenues	<u>\$ 623</u>	<u>\$ 648</u>	<u>\$ 25</u>
Expenditures:			
General Government:			
Personal Services	668	661	7
Contractual Services	15	11	4
Commodities	1	1	
Other Expenditures	67	67	
Capital Outlay	2	2	
Total Expenditures	<u>\$ 753</u>	<u>\$ 742</u>	<u>\$ 11</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ (130)</u>	<u>\$ (94)</u>	<u>\$ 36</u>
Other Financing Sources:			
Transfers In	214	214	
Total Other Financing Sources	<u>\$ 214</u>	<u>\$ 214</u>	<u>\$ -</u>
Net Change in Fund Balance	84	120	<u><u>\$ 36</u></u>
Fund Balances, October 1	390	390	
Fund Balances, September 30	<u><u>\$ 474</u></u>	<u><u>\$ 510</u></u>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Public Education and Government
Year-Ended September 30, 2025
(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Business and Franchise Tax	\$ 1,449	\$ 1,582	\$ 133
Investment Earnings	424	430	6
Total Revenues	<u>\$ 1,873</u>	<u>\$ 2,012</u>	<u>\$ 139</u>
Expenditures:			
General Government:			
Contractual Services	519	514	5
Other Expenditures	3	3	
Capital Outlay	3,241	2,895	346
Total Expenditures	<u>\$ 3,763</u>	<u>\$ 3,412</u>	<u>\$ 351</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ (1,890)</u>	<u>\$ (1,400)</u>	<u>\$ 490</u>
Other Financing (Uses):			
Transfers Out	(661)	(661)	
Total Other Financing (Uses)	<u>\$ (661)</u>	<u>\$ (661)</u>	<u>\$ -</u>
Net Change in Fund Balance	(2,551)	(2,061)	<u><u>\$ 490</u></u>
Fund Balances, October 1	10,409	10,409	
Add Encumbrances	1,028	1,805	
Fund Balances, September 30	<u><u>\$ 8,886</u></u>	<u><u>\$ 10,153</u></u>	
Explanation of Differences:			
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Net Fair Value of Investments (GASB 31)		(22)	
Ending Fund Balance		<u><u>\$ 10,131</u></u>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Community Service Funds - Riverwalk Capital Improvement Fund

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	\$ 825	\$ 825	\$ -
Investment Earnings	48	74	26
Total Revenues	<u>\$ 873</u>	<u>\$ 899</u>	<u>\$ 26</u>
Expenditures:			
Culture and Recreation:			
Contractual Services	368	254	114
Total Expenditures	<u>\$ 368</u>	<u>\$ 254</u>	<u>\$ 114</u>
Excess of Revenues Over Expenditures	<u>\$ 505</u>	<u>\$ 645</u>	<u>\$ 140</u>
Other Financing (Uses):			
Transfers Out	(58)	(40)	18
Total Other Financing (Uses)	<u>\$ (58)</u>	<u>\$ (40)</u>	<u>\$ 18</u>
Net Change in Fund Balance	447	605	<u>\$ 158</u>
Fund Balances, October 1	<u>1,544</u>	<u>1,544</u>	
Fund Balances, September 30	<u><u>\$ 1,991</u></u>	<u><u>\$ 2,149</u></u>	
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Net Fair Value of Investments (GASB 31)		(2)	
Ending Fund Balance		<u><u>\$ 2,147</u></u>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Special Revenue Funds

Community Service Funds - Tree Canopy Preservation and Mitigation Fund

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	\$ 5,311	\$ 4,843	\$ (468)
Investment Earnings	983	977	(6)
Total Revenues	<u>\$ 6,294</u>	<u>\$ 5,820</u>	<u>\$ (474)</u>
Expenditures:			
Culture and Recreation:			
Personal Services	1,013	1,006	7
Contractual Services	2,406	2,060	346
Commodities	506	450	56
Other Expenditures	120	123	(3)
Capital Outlay	617	616	1
Total Expenditures	<u>\$ 4,662</u>	<u>\$ 4,255</u>	<u>\$ 407</u>
Excess of Revenues Over Expenditures	<u>\$ 1,632</u>	<u>\$ 1,565</u>	<u>\$ (67)</u>
Other Financing (Uses):			
Transfers Out	(24,095)	(24,019)	76
Total Other Financing (Uses)	<u>\$ (24,095)</u>	<u>\$ (24,019)</u>	<u>\$ 76</u>
Net Change in Fund Balance	<u>(22,463)</u>	<u>(22,454)</u>	<u>\$ 9</u>
Fund Balances, October 1	23,274	23,274	
Add Encumbrances	14,813	17,921	
Fund Balances, September 30	<u><u>\$ 15,624</u></u>	<u><u>\$ 18,741</u></u>	
Explanation of Differences:			
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Net Fair Value of Investments (GASB 31)		(67)	
Ending Fund Balance		<u><u>\$ 18,674</u></u>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)

Permanent Fund

City Cemeteries

Year-Ended September 30, 2025

(In Thousands)

	2025		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Lease Revenue	\$ 271	\$ 238	\$ (33)
Investment Earnings	20	20	
Total Revenues	<u>\$ 291</u>	<u>\$ 258</u>	<u>\$ (33)</u>
Expenditures:			
Culture and Recreation:			
Personal Services	92	90	2
Contractual Services	450	409	41
Commodities	6	4	2
Self-Insurance	40	40	
Capital Outlay	2	1	1
Total Culture and Recreation	<u>\$ 590</u>	<u>\$ 544</u>	<u>\$ 46</u>
Total Expenditures	<u>\$ 590</u>	<u>\$ 544</u>	<u>\$ 46</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ (299)</u>	<u>\$ (286)</u>	<u>\$ 13</u>
Net Change in Fund Balance	(299)	(286)	<u><u>13</u></u>
Fund Balances, October 1	560	560	
Add Encumbrances		109	
Fund Balances, September 30	<u><u>\$ 261</u></u>	<u><u>\$ 383</u></u>	
Explanation of Differences:			
Items recorded for GAAP purposes that are not recorded for budget purposes:			
Net Fair Value of Investments (GASB 31)		(2)	
Ending Fund Balance		<u><u>\$ 381</u></u>	

This fund is incorporated within the City Cemeteries reporting unit.

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CITY OF SAN ANTONIO, TEXAS

Appendix B

FORM OF PRICING NOTICE

PRICING NOTICE

RELATING TO THE INVITATION TO TENDER BONDS DATED AUGUST 7, 2026 made by

**to the Bondowners described herein of
all or any portion of the maturities listed on page (ii) herein of its**

CITY OF SAN ANTONIO, TEXAS GENERAL IMPROVEMENT REFUNDING BONDS, TAXABLE SERIES 2020

The purpose of this Pricing Notice dated August 14, 2026 (the “Pricing Notice”) is to publish the Fixed Spreads for the Target Bonds. All other terms relating to the Invitation (hereinafter defined) remain unchanged.

Pursuant to the Invitation to Tender Bonds dated August 7, 2026 (as it may be amended or supplemented, the “**Invitation**”), City of San Antonio, Texas (the “**Issuer**”), invited Bondowners to tender Target Bonds for cash at the applicable Offer Purchase Prices based on a Fixed Spread to be added to the yields on certain benchmark United States Treasury Securities set forth in this Pricing Notice, plus Accrued Interest on the Target Bonds tendered for purchase to but not including the Settlement Date. All terms used herein and not otherwise defined are used as defined in the Invitation.

As set forth in the Invitation, the Issuer retains the right to extend the Tender Offer, or amend the terms of the Tender Offer (including a waiver of any term) in any material respect, provided, that the Issuer shall provide notice thereof at such time and in such manner to allow reasonable time for dissemination to Bondowners and for Bondowners to respond. In such event, any tenders of Target Bonds prior to such change in the Fixed Spreads for such Target Bonds pursuant to the Invitation will remain in full force and effect and any Bondowner of such affected Target Bonds, wishing to revoke its tender of such Target Bonds for purchase must affirmatively withdraw such offer prior to the Expiration Date, as extended.

The Invitation, including the Preliminary Official Statement dated August 7, 2026 relating to the Issuer’s General Improvement and Refunding Bonds, Series 2026 (among other transactions) is available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org>, using the CUSIP numbers for the Target Bonds, and (ii) on the website of the Information Agent and Tender Agent at <https://www.globic.com/sanantonio>.

Any questions are to be directed to the Information Agent and Tender Agent at (212) 227-9699.

TENDER OFFER – YIELD SPREADS

Pursuant to the Invitation, the Fixed Spreads for the Target Bonds are listed below.

CITY OF SAN ANTONIO, TEXAS GENERAL IMPROVEMENT REFUNDING BONDS, TAXABLE SERIES 2020

CUSIP No. ⁽¹⁾	Maturity Date	Interest Rate (%)	Outstanding Principal Amount (\$)	Par Call Date	Benchmark Treasury Security ⁽²⁾	Fixed Spreads (basis points)
79623PET8	2/1/2028	1.433	35,100,000	-	2-Year	
79623PEU5	2/1/2029	1.563	36,610,000	-	3-Year	
79623PEV3	2/1/2030	1.643	47,610,000	-	5-Year	
79623PEW1	2/1/2031	1.763	48,400,000	2/1/2030	5-Year	
79623PEX9	2/1/2032	1.863	38,210,000	2/1/2030	7-Year	
79623PEY7	2/1/2033	1.963	29,235,000	2/1/2030	7-Year	
79623PEZ4	2/1/2034	2.013	8,355,000	2/1/2030	10-Year	

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. All rights reserved. CUSIP data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for the convenience of the owners of the Target Bonds. None of the Issuer, the Co-Municipal Advisors, the Dealer Manager, Co-Bond Counsel, or their agents or counsel assume responsibility for the accuracy of such numbers.

⁽²⁾ Each Benchmark Treasury Security will be the most recently auctioned “on-the-run” United States Treasury Security for the maturity indicated as of the date and time that the Offer Purchase Price for the Target Bonds is set, currently expected to be approximately 10:00 a.m. EDT on August 25, 2026.

**Example based on the following closing yields for the Benchmark Treasury Securities
as of August 14, 2026 and the Fixed Spreads**

The table below provides an example of the Offer Purchase Price which would be paid for each validly offered and accepted Target Bond based on the following indicative Treasury Security Yields as of August 14, 2026 and the Fixed Spreads. This example is being provided for convenience only and is not to be relied upon by a Bondowner as an indication of the Purchase Yield or Offer Purchase Price that may be paid for each Target Bond by the Issuer.

Based on Treasury Security Yields as of August 14, 2026, the following Offer Purchase Prices would be derived:

**CITY OF SAN ANTONIO, TEXAS
GENERAL IMPROVEMENT REFUNDING BONDS,
TAXABLE SERIES 2020**

CUSIP No.	Maturity Date (Feb. 1)	Benchmark Treasury Security	Indicative Treasury Security Yield ⁽¹⁾	Fixed Spread	Indicative Purchase Yield ⁽¹⁾	Indicative Offer Purchase Price per \$100 Principal Amount ⁽¹⁾

⁽¹⁾ Preliminary, subject to change.