

City of Austin, Texas

Single Audit Report

For the fiscal year ended September 30, 2023

2023



FINANCIAL SERVICES
DEPARTMENT





City of Austin, Texas

*Financial Statements as of and for the Year
Ended September 30, 2023, Single Audit
Report for the Year Ended September 30,
2023, and Independent Auditor's Reports*

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**CITY OF AUSTIN, TEXAS
SINGLE AUDIT
Year Ended September 30, 2023**

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**CITY OF AUSTIN, TEXAS
SINGLE AUDIT
Year Ended September 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Austin, Texas (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Austin, Texas, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Austin-Bergstrom Landhost Enterprises Inc. (ABLE), Austin Convention Enterprises Inc. (ACE), Austin Transit Partnership Local Government Corporation (ATP), and Retreat at North Bluff, LP (RNB) which represent 98.6% and 97.6%, respectively, of the assets and revenues of the discretely presented component units as of September 30, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for ABLE, ACE, ATP, and RNB is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Matter

As discussed in Note 1, the City presented its financial statements to reflect the effects of the adoption of Governmental Accounting Standards Board Statements No. 94, *Private-Public and Public-Public Partnerships and Availability Payment Arrangements*, and No. 96, *Subscription-Based Information Technology Arrangements*, on October 1, 2022. Additionally, as discussed in Note 21, the City has elected to discontinue the use of regulatory accounting for Austin Water. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the General Fund—Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Budget Basis and related notes, the Retirement Plans—Trend Information, and the Other Postemployment Benefits—Trend Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required

supplementary information in accordance with GAAS, 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 and individual nonmajor fund financial statements and supplemental schedules, as listed in the table of contents, 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements and supplemental schedules are 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 report. The other information comprises the introductory and statistical sections 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Deloitte & Touche LLP

March 12, 2024

The Management's Discussion and Analysis (MD&A) section of the City of Austin's (the City) Annual Comprehensive Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The City has implemented GASB Statements No. 1 through No. 100.

FINANCIAL HIGHLIGHTS

Government-wide financial statements

The City's assets and deferred outflows exceeded its liabilities and deferred inflows in fiscal year 2023, resulting in \$4.1 billion of net position. Net position associated with governmental activities is a deficit of approximately \$860.7 million, while the net position associated with business-type activities is approximately \$5.0 billion, or 121.0% of the total net position of the City. The largest portion of net position consists of net investment in capital assets, which is \$6.1 billion, or 147.8% of total net position.

The City's unrestricted net position is a deficit of \$3.7 billion. Unrestricted net position for governmental activities is a deficit of \$3.9 billion, while unrestricted net position for business-type activities is approximately \$117.5 million, or 2.4% of total business-type net position. The deficit in governmental unrestricted net position is largely due to the net pension liability of \$2.3 billion and other postemployment benefits (OPEB) liability of \$1.9 billion.

During fiscal year 2023, total net position for the City of Austin increased \$69.3 million or 1.7%. Of this amount, governmental activities decreased \$113.9 million, or 15.3% from the previous year and business-type activities increased \$183.2 million, or 3.8%.

Total revenues for the City increased \$484.2 million; revenues for governmental activities increased \$156.4 million; revenues for business-type activities increased \$327.9 million. Total expenses for the City increased \$641.3 million; expenses for governmental activities increased \$279.3 million; expenses for business-type activities increased \$362.0 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

a -- Government-wide financial statements

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

a -- Government-wide financial statements, continued

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

The government-wide financial statements also include ten discretely presented component units: Austin-Bergstrom Landhost Enterprises, Inc. (ABLE), Austin Convention Enterprises, Inc. (ACE), Austin Economic Development Corporation (AEDC), Austin Transit Partnership Local Government Corporation (ATP), Austin Travis County Sobriety Center Local Government Corporation (SCLGC), Central Housing, LP (CHLP), Creekside Senior Housing Limited Partnership (CSHLP), Hyde Park Housing, LP (HPLP), Retreat at North Bluff, LP (RNBLP), and Waller Creek Local Government Corporation (WCLGC). These entities are legally separate entities that do not meet the GASB reporting requirements for inclusion as part of the City's operations; therefore, data from these units are shown separately from data of the City. More information on these entities can be found in Note 1, including how to get a copy of separately audited financial statements for ABLE, ACE, AEDC, ATP, CSHLP, RNBLP, and SCLGC. WCLGC activities are recorded in the City's financial system and City staff prepares the financial reports for this entity. There was no WCLGC activity in fiscal year 2023. Additionally, CHLP and HPHLP were formed in 2023 and due to their December 31 fiscal year end, final financial reports are not available for inclusion in the City's 2023 financial statements.

b -- Fund financial statements

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

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

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

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

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

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of three of the City's major funds, Austin Energy™, Austin Water, and Austin-Bergstrom International Airport (Airport), as well as the nonmajor enterprise funds.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

b -- Fund financial statements, continued

- Internal Service funds are used to report activities that provide supplies and services for many City programs and activities. The City’s internal service funds include: Capital Projects Management; Combined Transportation, Emergency and Communications Center (CTECC); Employee Benefits; Fleet Maintenance; Information and Technology; Liability Reserve; Support Services; Wireless Communication; and Workers’ Compensation. Because these services predominantly benefit governmental operations rather than business-type functions, they have been included in governmental activities in the government-wide financial statements.

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

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

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

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

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

c -- Notes to the financial statements

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

d -- Other information

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

a -- Net position

The following table reflects a summary statement of net position compared to prior year, as restated:

	Condensed Statement of Net Position as of September 30 (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 950,303	909,151	2,019,653	1,902,794	2,969,956	2,811,945
Capital assets	4,096,451	3,857,660	9,807,388	9,457,642	13,903,839	13,315,302
Other noncurrent assets	525,119	545,628	3,592,709	3,457,512	4,117,828	4,003,140
Total assets	5,571,873	5,312,439	15,419,750	14,817,948	20,991,623	20,130,387
Deferred outflows of resources	1,833,864	1,478,761	1,468,407	1,078,108	3,302,271	2,556,869
Current liabilities	702,739	721,864	837,730	787,305	1,540,469	1,509,169
Noncurrent liabilities	5,986,569	5,384,382	9,597,259	9,199,733	15,583,828	14,584,115
Total liabilities	6,689,308	6,106,246	10,434,989	9,987,038	17,124,297	16,093,284
Deferred inflows of resources	1,577,139	1,431,731	1,498,462	1,137,542	3,075,601	2,569,273
Net position:						
Net investment in capital assets	2,571,330	2,332,283	3,480,617	2,441,596	6,051,947	4,773,879
Restricted	424,875	341,114	1,356,558	1,236,318	1,781,433	1,577,432
Unrestricted (deficit)	(3,856,915)	(3,420,174)	117,531	1,093,562	(3,739,384)	(2,326,612)
Total net position	\$ (860,710)	(746,777)	4,954,706	4,771,476	4,093,996	4,024,699

In the current fiscal year, total assets increased \$861.2 million and deferred outflows of the City increased by \$745.4 million. Total liabilities increased \$1.0 billion and deferred inflows increased by \$506.3 million. Governmental-type total assets increased by \$259.4 million, and business-type increased by \$601.8 million, while governmental-type liabilities increased by \$583.1 million and business-type increased by \$448.0 million.

The most significant increase in governmental total assets resulted from an increase in capital assets of \$238.8 million as the City continues to build out projects from the 2018, 2020, and other bond programs. Factors in the increase of governmental-type liabilities of \$583.1 million include an increase in net pension liability of \$1.1 billion and an increase in bonds payable of \$33.2 million, offset by a decrease in the other postemployment benefits liability of \$541.4 million and a decrease in other liabilities of \$77.5 million. The increase in the pension liability is driven mainly by unfavorable investment returns, whereas the decrease in the other postemployment benefits liability is primarily due to changes in the discount rate.

The most significant factors in the increase of business-type total assets of \$601.8 million is related to the increase in capital assets of \$349.7 million and an increase in regulatory assets of \$113.2 million. Significant asset additions included the City's Austin Water ongoing installation of advanced water metering infrastructure, enhancements to the North Austin Reservoir and Pump Station and upgrades to the Ullrich Water Treatment Plant system. In addition, the City's airport initiated renovations in the security and badging area and is expanding the data center to bolster IT services. The primary factor for the increase in business-type total liabilities of \$448.0 million is an increase of \$817.4 million in net pension liability, offset by a decrease of \$357.8 million in other postemployment benefits.

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4.1 billion at the end of the current fiscal year. However, the largest portion of the City's net position is represented in the net investment in capital assets (e.g., land, buildings, and equipment offset by related debt), which is \$6.1 billion, or 147.8% of the total amount of the City's net position. The City uses these capital assets to provide services to citizens. Capital assets are generally not highly liquid; consequently, they are not considered future available resources. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion, \$1.8 billion of the City's net position, represents resources that are subject to external restrictions on how they may be used in the future. The remaining balance is a deficit of \$3.7 billion of unrestricted net position. Unrestricted net position decreased by \$1.4 billion in the current fiscal year.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

a—Net position, continued

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for business-type activities. However, both governmental activities and the government as a whole, reported deficits of \$3.9 billion and \$3.7 billion for unrestricted net position, respectively.

b -- Changes in net position

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 168,069	146,739	3,287,020	3,084,992	3,455,089	3,231,731
Operating grants and contributions	102,532	105,901	43,768	50,859	146,300	156,760
Capital grants and contributions	82,480	77,827	144,227	165,649	226,707	243,476
General revenues:						
Property tax	993,687	978,108	--	--	993,687	978,108
Sales tax	358,557	341,620	--	--	358,557	341,620
Franchise fees and gross receipts tax	224,688	205,978	--	--	224,688	205,978
Intergovernmental	47,933	19,833	--	--	47,933	19,833
Interest and other	101,603	47,175	133,511	(20,844)	235,114	26,331
Total revenues	2,079,549	1,923,181	3,608,526	3,280,656	5,688,075	5,203,837
Program expenses:						
General government	344,368	279,333	--	--	344,368	279,333
Public safety	863,798	766,390	--	--	863,798	766,390
Transportation, planning, and sustainability	260,900	247,850	--	--	260,900	247,850
Public health	254,603	200,004	--	--	254,603	200,004
Public recreation and culture	241,914	206,004	--	--	241,914	206,004
Urban growth management	173,652	162,493	--	--	173,652	162,493
Interest on debt	72,986	70,858	--	--	72,986	70,858
Electric	--	--	1,800,366	1,605,171	1,800,366	1,605,171
Water	--	--	327,231	323,833	327,231	323,833
Wastewater	--	--	280,912	290,506	280,912	290,506
Airport	--	--	283,897	239,651	283,897	239,651
Convention	--	--	88,744	74,831	88,744	74,831
Environmental and health services	--	--	182,466	146,379	182,466	146,379
Public recreation	--	--	12,655	10,663	12,655	10,663
Urban growth management	--	--	430,286	353,553	430,286	353,553
Total expenses	2,212,221	1,932,932	3,406,557	3,044,587	5,618,778	4,977,519
Excess (deficiency) before transfers	(132,672)	(9,751)	201,969	236,069	69,297	226,318
Transfers	18,739	58,107	(18,739)	(58,107)	--	--
Increase (decrease) in net position	(113,933)	48,356	183,230	177,962	69,297	226,318
Beginning net position, as previously reported	(744,124)	(792,480)	4,203,548	4,025,586	3,459,424	3,233,106
Restatement adjustment	(2,653)	--	567,928	--	565,275	--
Beginning net position, as restated (see Note 21)	(746,777)	(792,480)	4,771,476	4,025,586	4,024,699	3,233,106
Ending net position	\$ (860,710)	(744,124)	4,954,706	4,203,548	4,093,996	3,459,424

Total net position of the City increased by \$69.3 million in the current fiscal year. Governmental net position decreased by \$113.9 million. The decrease is attributable to expenses exceeding revenues by \$132.7 million before transfers from other funds of \$18.7 million. Business-type net position increased by \$183.2 million due to revenues exceeding expenses by \$202.0 million before transfers of \$18.7 million to other funds.

In addition, the City restated beginning net position for governmental and business-type activities as a result of implementation of GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" and the elimination of regulatory reporting for Austin Water. For more information, see Note 21.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

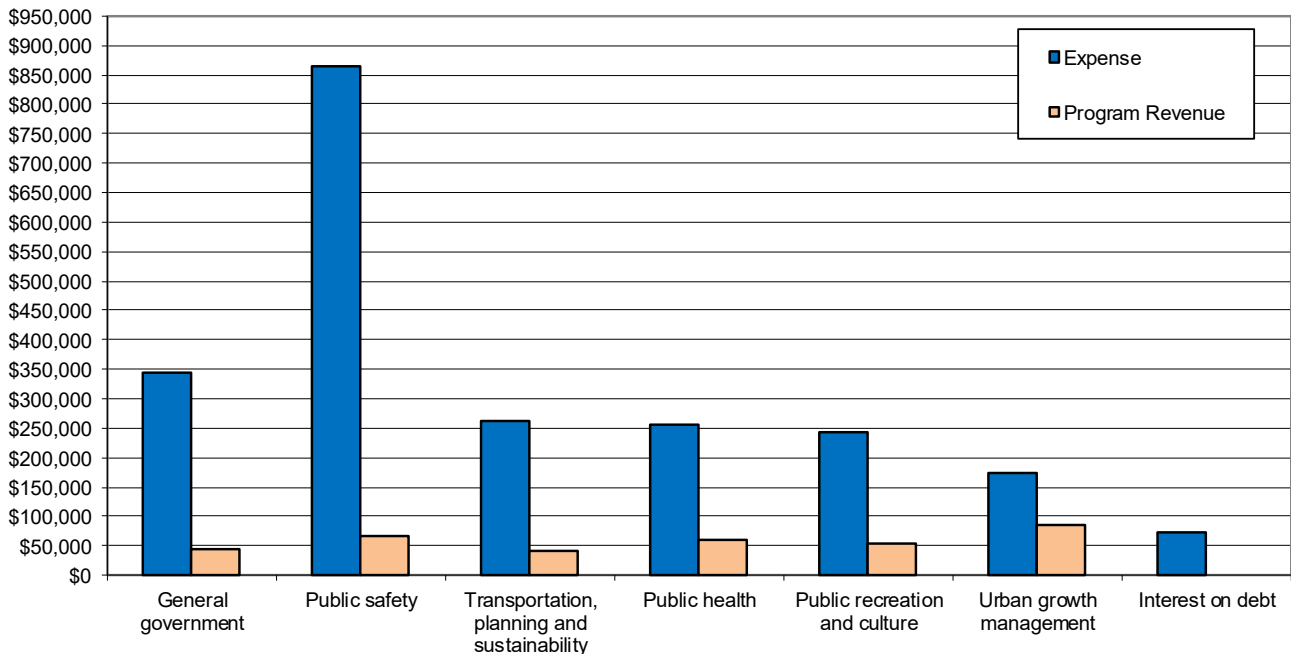
c -- Program revenues and expenses -- governmental activities

Governmental activities decreased the City’s net position by \$113.9 million in fiscal year 2023, a 15.3% decrease of governmental net position from the previous year. The primary reason for the change in net position is due to an increase in pension expenses as a result of changes in assumptions and the net difference between projected and actual earnings. Additional factors that contributed to the change from fiscal year 2022 to 2023 are as follows:

- Property tax revenues increased \$15.6 million primarily due to an increase in assessed property values.
- Sales tax increased \$16.9 million due to Austin’s population and economic growth.
- Franchise fees and gross receipts tax increased \$18.7 million due to an increase in hotel occupancy tax revenue due to an increase in tourism.
- General Government expenses increased by \$65.0 million due to an increase in pension expenses which was offset by a reduction in OPEB expenses.
- Public safety expenses increased by \$97.4 million mainly due to an increase in pension expenses and the creation and staffing of the Forensic Science Department.
- Public Health expenses increased \$54.6 million due to an increase in expenditures related to the American Rescue Plan Act – State and Local Fiscal Recovery Fund and a decrease in reimbursements received for COVID-19 response activities.

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

**Government-wide Program Expenses and Revenues – Governmental Activities
(in thousands)**

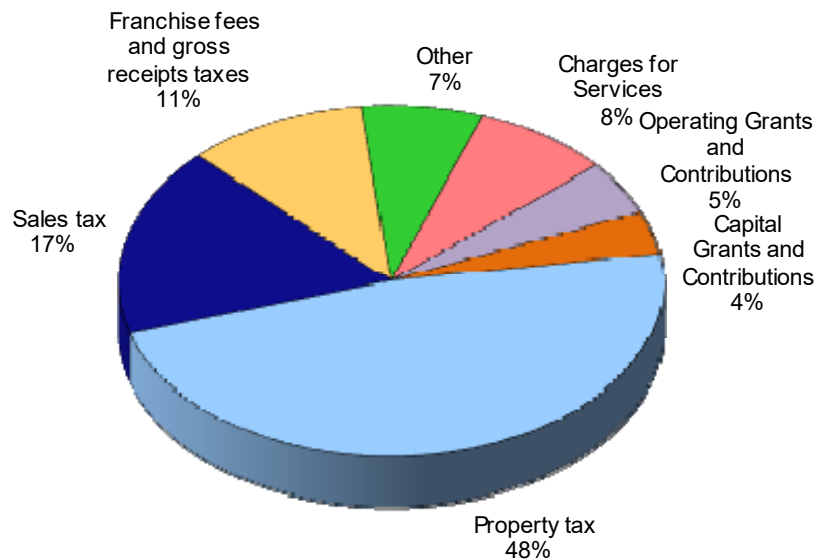


FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

c -- Program revenues and expenses -- governmental activities, continued

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

Government-wide Revenues by Source -- Governmental Activities



d -- Program revenues and expenses -- business-type activities

Business-type activities increased the City’s net position by approximately \$183.2 million, accounting for a 4.5% increase in the City’s total net position. Key factors include:

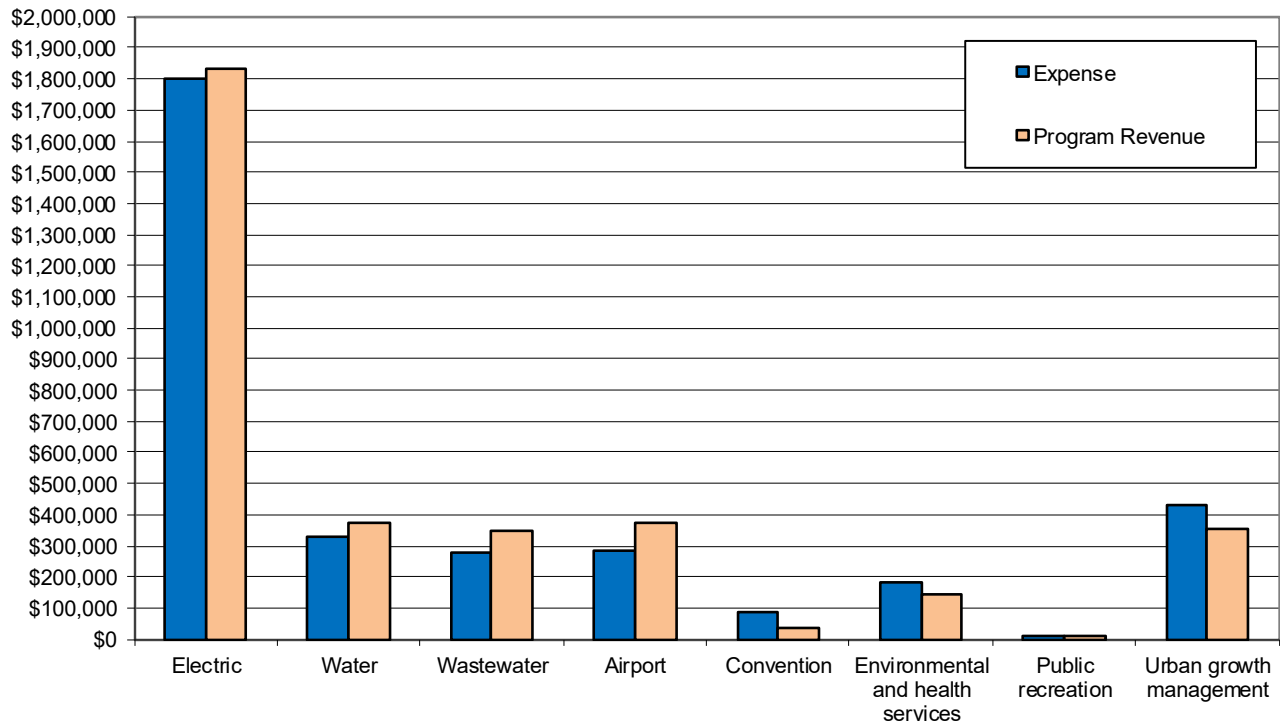
- Austin Energy net position decreased \$30.5 million. This decrease can be attributed to increased operating costs related to Winter Storm Mara.
- Austin Water net position increased approximately \$84.9 million. Both revenues and expenses decreased slightly, by 2.0% and 1.0% respectively. The increase in net position is due largely to the change in the reporting methodology on costs to be recovered for regulatory assets.
- Airport net position increased approximately \$134.4 million. Revenue increased 15.0% due to an increase in passenger traffic, landing fees, and parking revenues. Expenses increased 18.5%, due to an increase in operating and maintenance expenses following the increase in passenger traffic and revenues.
- Convention Center net position increased approximately \$90.4 million. Revenues increased 20.0% due to an increase in the number of events that occurred in fiscal year 2023 compared to fiscal year 2022. As a result of the increase in events, revenues from food and beverage concessions, parking fees, and utility service increased. Expenses increased 18.6% due to the increase in event activity. The primary drivers include food and beverage expense and temporary employee wages to keep up with the increase in events.
- Environmental and health services is comprised of the Austin Resource Recovery nonmajor enterprise fund. Net position decreased approximately \$20.4 million. Revenues increased 3.3% due mainly to an increase in the Clean Community Fee, recycling sales, and the base fee for residential accounts and customer growth. Expenses increased by 24.7% due largely to increased operating expenses related to Winter Storm Mara, as well as an increase in staffing, fuel purchases, maintenance of vehicles, landfill, and recycling processing contracts.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued
d -- Program revenues and expenses -- business-type activities, continued

- Urban growth management activities are comprised of the following nonmajor enterprise funds: Development Services, Drainage, and Transportation. Net position for the urban growth management activities decreased by approximately \$76.2 million.
 - Development Services revenues decreased by 19.1%, primarily as a result of decreased revenues generated from review, permitting, and inspections associated with residential and commercial development. Expenditures increased 15.7% overall, due to the addition of 12 positions, wage adjustments, and an increase in employee retirement contributions.
 - Drainage revenues decreased 2.1% primarily due to a decrease in contributions of \$5.1 million from prior year. Expenses increased 25.7% due to an increase in pension expense and wage adjustments.
 - Transportation revenues increased 16.8% due to an increase in: the transportation user fee, customer base, barricade permit fees, and interest revenue. Expenditures increased 22.6% due to the addition of 61 positions and wage adjustments.

As shown in the following chart, Austin Energy (electric), with expenses of \$1.8 billion is the City’s largest business-type activity, followed by urban growth management with \$430.3 million, water with \$327.2 million, airport with \$283.9 million, wastewater with \$280.9 million, environmental and health services with \$182.5 million, convention with \$88.7 million, and public recreation with \$12.7 million. For the fiscal year, expenses exceeded revenues for convention, environmental and health services, and urban growth management activities.

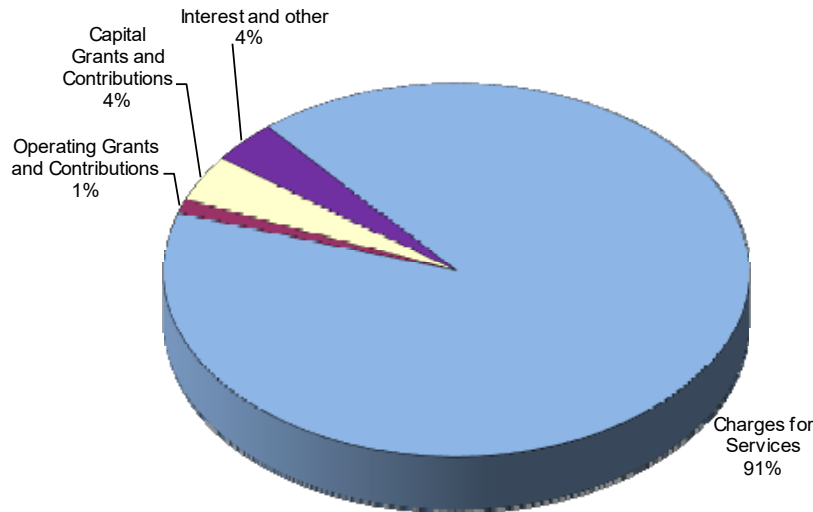
Government-wide Expenses and Program Revenues -- Business-type Activities
(Excludes General Revenues and Transfers)
(in thousands)



FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued
d -- Program revenues and expenses -- business-type activities, continued

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

Government-wide Revenue by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

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

a -- Governmental funds

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

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$783.9 million, an increase of \$44.4 million from the previous year. Approximately \$3.1 million is nonspendable, \$429.2 million is restricted, \$90.9 million is committed, \$352.0 million is assigned, and a deficit of \$91.3 million is unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund reported nonspendable fund balance of \$2.0 million, assigned fund balance of \$179.5 million, and unassigned fund balance of \$177.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.9% of total General Fund expenditures of \$1.3 billion, and total fund balance represents 28.2% of expenditures. The City's financial policies provide that surplus fund balance be identified for budget stabilization. This amount is a component of unassigned fund balance. The fund balance identified for budget stabilization was \$106.7 million. The balance identified for budget stabilization may be appropriated to fund capital or other one-time expenditures in the subsequent fiscal year, if the reserve exceeds six percent of total General Fund requirements, but such appropriation should not exceed one-third of the total amount in the reserve.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS, continued

a -- Governmental funds, continued

The fund balance of the General Fund increased \$16.9 million during the fiscal year. Significant differences from the previous year include:

- Property tax revenues increased \$15.2 million due primarily to an increase in assessed property values.
- Sales tax revenue increased \$16.9 million due to Austin's population and economic growth.
- Charges for services/goods revenue increased \$8.8 million due to a higher rate of collection for services provided.
- Interest revenue increased \$16.8 million due to higher interest rates.
- Public safety expenditures increased \$35.2 million due to an increase in salaries and fringe benefits of \$19.9 million, which was mostly driven by higher overtime pay due to staffing shortages, and \$10.0 million for the creation and staffing of the Forensics Science Department.
- Public health expenditures increased \$17.4 million, which is the result of increased social services expenses of \$8.5 million due to an increase in staffing and wage adjustments, and an increase of \$7.0 million due to increased spending related to homelessness and health equity initiatives.
- Public recreation and culture expenditures increased \$20.5 million due to an increase in staffing and salaries.

b -- Proprietary funds

The City's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. Overall, net position of the City's enterprise funds increased by \$186.3 million before consolidation of the internal service funds activities.

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

OTHER INFORMATION

a -- General Fund budgetary highlights

During fiscal year 2023, an amendment to the Emergency Reserve fund increased transfers out by \$15,363,750 to Austin Resource Recovery to help with expenditures related to Winter Storm Mara. Additional amendments include a decrease in General Fund general city responsibilities expenditures of \$7,600,000 and an increase to Police and Emergency Medical Services expenditures of \$4,200,000 and \$3,400,000, respectively, to cover wages and benefits.

During the year, actual-budget basis revenues were \$39.3 million more than budgeted. Property taxes were \$5.3 million less than budgeted due to ongoing property tax protests. Sales taxes were \$4.2 million more than budgeted due to Austin's population and economic growth. Emergency Medical Services were \$8.6 million more than budgeted due to increased collections of prior year services, and increased funding from the Health and Human Services Commission (HHSC). Interest revenues were \$20.3 million more than budgeted due to rising interest rates.

Actual-budget basis expenditures were \$399 thousand less than budgeted. Most departments were under budget except for Municipal Court, which was over budget by \$60 thousand, EMS, which was over budget by \$64 thousand, Police, which was over budget by \$2.9 million, and General City Responsibilities, which was over budget by \$4.5 million. General City Responsibilities exceeded budget due to wage increases as part of the new fire labor contract, whereas Police exceeded budget due to increased overtime pay because of staffing shortages. Fire was under budget by \$1.7 million due to the reimbursement of emergency deployments from outside entities. Parks and Recreation was under budget by \$1.3 million due to delay in Austin Civilian Conservation Corporation projects budgeted in fiscal year 2023 that will be completed at a later date. Housing and Planning was under budget by \$1.6 million due to projects that were budgeted in fiscal year 2023 but will be completed at a later date. Other Urban Growth Management was under budget by \$2.1 million due to the delay in securing contractual services for the Creative Space Assistance program. The total budget-basis fund balance at year-end was \$246.1 million.

OTHER INFORMATION, continued

b -- Capital assets

The City's capital assets for governmental and business-type activities as of September 30, 2023, total \$13.9 billion (net of accumulated depreciation and amortization). Capital assets include buildings and improvements, plant and equipment, vehicles, electric plant, non-electric plant, nuclear fuel, water rights, infrastructure, land and improvements, construction in progress, development in progress, plant held for future use, intangible right-to-use lease and IT subscription assets, and other assets not depreciated. The total increase in the City's capital assets for the current fiscal year was \$587 million, with an increase of 6.2% for governmental activities and an increase of 3.7% for business-type activities. Additional information regarding the City's capital assets can be found in Note 5. Capital asset balances are as follows, as restated:

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Building and improvements	\$ 958	928	2,260	2,324	3,218	3,252
Plant and equipment	76	82	2,668	2,595	2,744	2,677
Vehicles	86	75	113	100	199	175
Electric plant	--	--	2,383	2,334	2,383	2,334
Non-electric plant	--	--	236	241	236	241
Nuclear fuel	--	--	53	54	53	54
Water rights	--	--	76	77	76	77
Infrastructure	1,751	1,741	--	--	1,751	1,741
Land and improvements	602	540	831	815	1,433	1,355
Construction in progress	423	291	1,087	816	1,510	1,107
Development in progress	7	--	--	--	7	--
Plant held for future use	--	--	22	23	22	23
Intangible right-to-use lease and IT subscription assets	162	171	70	73	232	244
Other assets not depreciated	31	30	8	6	39	36
Total net capital assets	<u>\$ 4,096</u>	<u>3,858</u>	<u>9,807</u>	<u>9,458</u>	<u>13,903</u>	<u>13,316</u>

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

- Governmental capital assets increased \$238.8 million, largely attributed to the addition of new facilities and enhancements to existing ones. Notable contributions to this increase include the acquisition of parkland, the construction of EMS and fire stations, and improvements to service center and tennis facilities. During the fiscal year, the City's Parks and Recreation Department procured land, the City's Municipal Court implemented a new case management system, and the Austin Police Department's Air Support unit acquired a new Airbus helicopter.
- Business-type activities purchased, constructed, or received capital asset contributions of \$349.7 million. Significant asset additions included Austin Water's ongoing installation of advanced water metering infrastructure, enhancements to the North Austin Reservoir and Pump Station, and upgrades to the Ullrich Water Treatment Plant system. In addition, the Airport and Austin Convention Center made facility security improvements.

OTHER INFORMATION, continued

c -- Debt administration

At the end of the current fiscal year, the City reported \$7.9 billion in outstanding debt. The table below reflects the outstanding debt at September 30. Additional information can be found in Note 9.

Outstanding Debt						
General Obligation and Revenue Debt						
(in millions)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
General obligation bonds and other tax supported debt, net	\$ 1,628	1,595	59	60	1,687	1,655
Commercial paper notes, net	--	--	176	260	176	260
Revenue bonds, net	--	--	5,735	5,709	5,735	5,709
Revenue notes from direct placements, net	--	--	291	256	291	256
Financed purchase obligations	10	16	--	--	10	16
Total	\$ 1,638	1,611	6,261	6,285	7,899	7,896

During fiscal year 2023, the City's total outstanding debt increased by \$3.0 million. The City issued new debt and refinanced portions of existing debt to achieve lower borrowing costs. Debt issues include the following:

- Outstanding debt for governmental activities increased by \$27.8 million. The City issued \$241.5 million in new debt to be used primarily for cultural arts facility improvements, water quality protection, streets and mobility, park improvements, capital equipment, Waller Creek District and erosion control, affordable housing, engineering services, and the acquisition of a hotel property for a family violence shelter. This issuance was offset by a debt refunding of \$30.8 million and debt payments of \$157.1 million made during the year.
- Outstanding debt for business-type activities decreased by \$24.8 million. The City issued \$417.6 million of Electric Utility System Revenue Refunding and Improvement bonds to refund commercial paper and revenue bond debt, and to finance the acquisition of a new field service center and warehouse facility. Additionally, the City issued \$439.6 million in Water and Wastewater System revenue refunding bonds to refund commercial paper and revenue bond debt. The City also issued \$50.9 million of Water and Wastewater System revenue bonds to improve and extend the water and wastewater system. These issuances were offset by debt payments during the year and a cash defeasance of \$48.3 million in Water and Wastewater separate lien revenue bonds.

The City's commercial paper ratings are related to the ratings of the liquidity providers associated with those obligations; commercial paper ratings were unchanged in the current fiscal year. All other bond ratings were unchanged. The City has elected to forego ratings by Moody's for GO issuances after 2022 due to a change in methodology but will continue to use Fitch and S&P Global Ratings. Ratings of the City's obligations for various debt instruments at September 30, 2023 and 2022 were as follows:

Debt	Moody's Investors					
	Service, Inc.		S&P Global Ratings		Fitch Ratings, Inc.	
	2023	2022	2023	2022	2023	2022
General obligation bonds and other tax supported debt	NUR (1)	Aa1	AAA	AAA	AA+	AA+
Commercial paper notes - tax exempt	P-1	P-1	A-1+	A-1+	F1+	F1+
Commercial paper notes - taxable	P-1	P-1	A-1+	A-1+	F1	F1
Utility revenue bonds - subordinate lien	Aa2	Aa2	AA	AA	AA-	AA-
Utility revenue bonds - separate lien:						
Austin Energy	Aa3	Aa3	AA-	AA-	AA-	AA-
Austin Water Utility	Aa2	Aa2	AA	AA	AA-	AA-
Airport system revenue bonds	A1	A1	A+	A+	NUR (1)	NUR (1)
Convention Center revenue bonds	Aa3	Aa3	AA	AA	NUR (1)	NUR (1)

(1) No underlying rating

OTHER INFORMATION, continued

d -- Economic factors and next year's budget and rates

With inflationary pressures triggering a rise in interest rates, Austin's economy largely mirrored that of the nation with a slow-down in the housing market and a marginal cooling of the technology sector. The elevated growth levels of the past two post-pandemic years were largely considered unsustainable.

According to one expert, the Austin economy is expected to fare better than the nation and the state in 2024. The Austin area gained nearly 33 thousand jobs from December 2022 through December 2023 with the greatest number in education and health services, mining and logging, and construction sectors. Despite lay-off headlines in the technology sector in the past year, the unemployment rate for the Austin-Round Rock MSA was 3.0%, while the state unemployment rate was 4.0%, and the national unemployment rate was 3.5%.

With several interest rate increases during the year, the residential market further cooled in 2023, offering buyers greater opportunity as inventory increased. Compared to 2022, the Austin metro residential market experienced a 9.5% decrease in sales and a 10.5% decrease in median home prices. Sales tax revenue increased 5.0% from the previous year, reflecting a return to a more normal growth rate after the influx of pandemic stimulus funds into the economy. Overall, Austin maintains its diverse ecosystem and "hub magnet quality" which have drawn both technology companies and talent and will attract both established companies and start-ups alike.

The overriding goal of the 2024 budget process was to maintain focus on the core of City operations. Each year during the budget process, the Austin City Council adopts a comprehensive set of financial policies that provide the foundation for long-range financial sustainability. These financial policies are directly aligned with the Council's underlying goals of budget stability, maintaining affordability, investing in future economic development, infrastructure needs, and quality of life. These policies are also crucial in maintaining the City's favorable bond ratings. The City's general obligation (GO) bond rating had no changes in 2023. The City has elected to forego ratings by Moody's Investors Service, Inc. for GO issuances after 2022 due to a change in their methodology, but will continue to use Fitch Rating, Inc. and S&P Global Ratings. Additionally, the City's revenue system debt for Austin Energy, Austin Water, and the Airport also maintained high bond ratings with no changes.

Growth of taxable property values within the City increased by 11.3% in 2023 for fiscal year 2024. The property tax rate for fiscal year 2024 is 44.58 cents per \$100 valuation, down from 46.27 cents per \$100 valuation in 2023. The tax rate consists of 35.77 cents for the General Fund and Project Connect, and 8.81 cents for debt service. The change in rates, fees, and property tax for the typical City ratepayer is \$171.10 based on the increases to rates and utility fees for Austin Energy, Austin Water, Austin Resource Recovery, and the Drainage Utility Fee. There were no changes to the Transportation User Fee.

e -- Requests for Information

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



BASIC FINANCIAL STATEMENTS



Statement of Net Position
September 30, 2023
(In thousands)

City of Austin, Texas
Exhibit A-1

	Governmental Activities	Business-type Activities	Total (†)	Component Units
ASSETS				
Current assets:				
Cash	\$ 47	42	89	--
Pooled investments and cash	729,775	874,289	1,604,064	11,697
Pooled investments and cash - restricted	721	227,809	228,530	--
Total pooled investments and cash	730,496	1,102,098	1,832,594	11,697
Investments - restricted	28,805	226,600	255,405	--
Cash held by trustee	--	9,337	9,337	--
Cash held by trustee - restricted	6,480	7,759	14,239	2,961
Working capital advances	--	2,685	2,685	--
Property taxes receivable, net of allowance \$1,105	14,388	--	14,388	--
Accounts receivable, net of allowance \$457,060	131,388	302,317	433,705	4,559
Interest receivable	9,134	6,452	15,586	--
Receivables from other governments	46,090	8	46,098	--
Receivables from other governments - restricted	--	11,691	11,691	969
Leases receivable	528	24,055	24,583	--
Notes receivable, net of allowance \$30,700	64,790	--	64,790	--
Inventories, at cost	3,977	124,526	128,503	232
Internal balances	(115,079)	115,079	--	--
Real property held for resale	3,499	--	3,499	--
Regulatory assets, net of accumulated amortization	--	50,867	50,867	--
Prepaid expenses	8,216	22,982	31,198	1,078
Other receivables - restricted	--	6,040	6,040	--
Other assets	17,544	7,115	24,659	--
Total current assets	950,303	2,019,653	2,969,956	21,496
Noncurrent assets:				
Cash - restricted	--	4,712	4,712	--
Pooled investments and cash - restricted	341,327	1,366,793	1,708,120	--
Investments	--	--	--	362,127
Investments - restricted	--	350,077	350,077	48,052
Investments held by trustee - restricted	9,845	283,781	293,626	--
Cash held by trustee - restricted	1,013	4,676	5,689	7,056
Interest receivable - restricted	--	4,795	4,795	--
Leases receivable	50,249	126,767	177,016	--
Depreciable capital assets, net	2,871,590	7,788,953	10,660,543	188,075
Nondepreciable capital assets	1,062,433	1,948,410	3,010,843	127,835
Intangible right-to-use lease and IT subscription assets, net	162,428	70,025	232,453	8,886
Derivative instruments - energy risk management	--	1,226	1,226	--
Regulatory assets, net of accumulated amortization	--	1,389,417	1,389,417	--
Other receivables - restricted	--	9,402	9,402	--
Other long-term assets	122,685	30,036	152,721	924
Other long-term assets - restricted	--	21,027	21,027	--
Total noncurrent assets	4,621,570	13,400,097	18,021,667	742,955
Total assets	5,571,873	15,419,750	20,991,623	764,451
DEFERRED OUTFLOWS OF RESOURCES				
	\$ 1,833,864	1,468,407	3,302,271	10,605

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

(Continued)

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

Statement of Net Position
September 30, 2023
(In thousands)

City of Austin, Texas
Exhibit A-1
(Continued)

	Governmental Activities	Business-type Activities	Total (†)	Component Units
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 105,306	158,638	263,944	27,610
Accounts and retainage payable from restricted assets	14,763	115,627	130,390	--
Accrued payroll	21,879	13,860	35,739	313
Accrued compensated absences	81,050	39,500	120,550	--
Claims payable	41,440	2,187	43,627	--
Due to other governments	1	5,300	5,301	6,529
Accrued interest payable from restricted assets	1	92,754	92,755	5,547
Interest payable on other debt	7,498	1,605	9,103	--
Bonds payable	97,891	7,376	105,267	11,425
Bonds payable from restricted assets	30,946	200,756	231,702	--
Leases and IT subscriptions payable	36,380	17,266	53,646	14
Other postemployment benefits liability	40,569	29,449	70,018	--
Financed purchase obligations	3,384	--	3,384	--
Customer and escrow deposits payable from restricted assets	95,246	136,792	232,038	--
Accrued landfill closure and postclosure costs	--	874	874	--
Other liabilities	125,832	15,180	141,012	11,312
Other liabilities payable from restricted assets	553	566	1,119	--
Total current liabilities	702,739	837,730	1,540,469	62,750
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	80,349	3,407	83,756	--
Claims payable	34,554	540	35,094	--
Commercial paper notes payable, net of discount	--	176,300	176,300	--
Bonds and loans payable, net	1,499,485	5,876,074	7,375,559	242,017
Leases and IT subscriptions payable	124,761	52,045	176,806	1,896
Net pension liability	2,323,414	1,636,176	3,959,590	--
Other postemployment benefits liability	1,903,155	1,381,545	3,284,700	--
Financed purchase obligations	7,022	--	7,022	--
Accrued landfill closure and postclosure costs	--	17,635	17,635	--
Asset retirement obligations	518	438,699	439,217	--
Derivative instruments - interest rate swaps	--	301	301	--
Other liabilities	13,311	9,400	22,711	3,549
Other liabilities payable from restricted assets	--	5,137	5,137	--
Total noncurrent liabilities	5,986,569	9,597,259	15,583,828	247,462
Total liabilities	6,689,308	10,434,989	17,124,297	310,212
DEFERRED INFLOWS OF RESOURCES				
	1,577,139	1,498,462	3,075,601	772
NET POSITION				
Net investment in capital assets	2,571,330	3,480,617	6,051,947	105,123
Restricted for:				
Bond reserve	--	61,227	61,227	--
Capital projects	144,455	735,467	879,922	--
Debt service	27,306	133,799	161,105	27,677
Housing activities	102,788	--	102,788	75,141
Operating reserve	--	88,895	88,895	--
Passenger facility charges	--	106,233	106,233	--
Perpetual care:				
Expendable	1	--	1	--
Nonexpendable	1,070	--	1,070	--
Public safety activities	12,995	--	12,995	--
Capital reserve	--	82,595	82,595	--
Contingency reserve	--	108,638	108,638	--
Power supply stabilization reserve	--	39,704	39,704	--
Tourism	94,214	--	94,214	--
Urban growth programs	33,432	--	33,432	--
Other purposes	8,614	--	8,614	--
Unrestricted (deficit)	(3,856,915)	117,531	(3,739,384)	256,131
Total net position	\$ (860,710)	4,954,706	4,093,996	464,072

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

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

Statement of Activities
For the year ended September 30, 2023
(In thousands)

City of Austin, Texas
Exhibit A-2

Functions/Programs	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	
Governmental activities								
General government	\$ 344,368	35,155	863	9,206	(299,144)	--	(299,144)	--
Public safety	863,798	58,264	8,800	80	(796,654)	--	(796,654)	--
Transportation, planning, and sustainability	260,900	1,537	2,750	37,064	(219,549)	--	(219,549)	--
Public health	254,603	15,985	44,040	--	(194,578)	--	(194,578)	--
Public recreation and culture	241,914	16,908	428	36,050	(188,528)	--	(188,528)	--
Urban growth management	173,652	40,220	45,651	80	(87,701)	--	(87,701)	--
Interest on debt	72,986	--	--	--	(72,986)	--	(72,986)	--
Total governmental activities	<u>2,212,221</u>	<u>168,069</u>	<u>102,532</u>	<u>82,480</u>	<u>(1,859,140)</u>	<u>--</u>	<u>(1,859,140)</u>	<u>--</u>
Business-type activities								
Electric	1,800,366	1,788,622	24	41,631	--	29,911	29,911	--
Water	327,231	340,901	2,855	30,737	--	47,262	47,262	--
Wastewater	280,912	297,531	99	51,129	--	67,847	67,847	--
Airport	283,897	320,774	40,288	12,859	--	90,024	90,024	--
Convention	88,744	35,742	--	--	--	(53,002)	(53,002)	--
Environmental and health services	182,466	145,395	502	--	--	(36,569)	(36,569)	--
Public recreation	12,655	13,006	--	334	--	685	685	--
Urban growth management	430,286	345,049	--	7,537	--	(77,700)	(77,700)	--
Total business-type activities	<u>3,406,557</u>	<u>3,287,020</u>	<u>43,768</u>	<u>144,227</u>	<u>--</u>	<u>68,458</u>	<u>68,458</u>	<u>--</u>
Total primary government	<u>\$ 5,618,778</u>	<u>3,455,089</u>	<u>146,300</u>	<u>226,707</u>	<u>(1,859,140)</u>	<u>68,458</u>	<u>(1,790,682)</u>	<u>--</u>
Component Units	<u>163,761</u>	<u>90,773</u>	<u>39,398</u>	<u>-</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(33,590)</u>
General revenues:								
Property tax					993,687	--	993,687	--
Sales tax					358,557	--	358,557	--
Franchise fees and gross receipts tax					224,688	--	224,688	--
Intergovernmental					47,933	--	47,933	125,095
Interest and other income (loss)					101,603	133,511	235,114	15,640
Transfers-internal activities					18,739	(18,739)	--	--
Total general revenues and transfers					<u>1,745,207</u>	<u>114,772</u>	<u>1,859,979</u>	<u>140,735</u>
Net change in net position					<u>(113,933)</u>	<u>183,230</u>	<u>69,297</u>	<u>107,145</u>
Beginning net position, as restated (see Note 21)					<u>(746,777)</u>	<u>4,771,476</u>	<u>4,024,699</u>	<u>356,927</u>
Ending net position					<u>\$ (860,710)</u>	<u>4,954,706</u>	<u>4,093,996</u>	<u>464,072</u>

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



**Governmental Funds
Balance Sheet
September 30, 2023
(In thousands)**

**City of Austin, Texas
Exhibit B-1**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 40	--	40
Pooled investments and cash	329,112	496,507	825,619
Investments - restricted	--	28,805	28,805
Cash held by trustee - restricted	--	6,940	6,940
Investments held by trustee - restricted	--	9,845	9,845
Property taxes receivable, net of allowance	11,522	2,866	14,388
Accounts receivable, net of allowance	83,574	44,753	128,327
Interest receivable	3,595	5,080	8,675
Receivables from other governments	1	45,352	45,353
Leases receivable	7,098	1,927	9,025
Notes receivable, net of allowance	120	64,670	64,790
Due from other funds	--	228,255	228,255
Advances to other funds	--	45,756	45,756
Inventories, at cost	2	--	2
Real property held for resale	--	3,499	3,499
Prepaid items	2,003	--	2,003
Other assets	8,202	9,342	17,544
Total assets	<u>445,269</u>	<u>993,597</u>	<u>1,438,866</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	31,412	67,951	99,363
Accrued payroll	17,477	167	17,644
Accrued compensated absences	1,758	--	1,758
Due to other funds	5	228,293	228,298
Due to other governments	1	--	1
Unearned revenue	--	116,911	116,911
Advances from other funds	--	45,669	45,669
Deposits and other liabilities	4,784	96,159	100,943
Total liabilities	<u>55,437</u>	<u>555,150</u>	<u>610,587</u>
DEFERRED INFLOWS OF RESOURCES	<u>31,130</u>	<u>13,287</u>	<u>44,417</u>
FUND BALANCES			
Nonspendable:			
Inventories and prepaid items	2,005	--	2,005
Permanent funds	--	1,070	1,070
Restricted	--	429,172	429,172
Committed	--	90,855	90,855
Assigned	179,469	172,564	352,033
Unassigned	177,228	(268,501)	(91,273)
Total fund balances	<u>358,702</u>	<u>425,160</u>	<u>783,862</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 445,269</u>	<u>993,597</u>	<u>1,438,866</u>

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

Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2023
(In thousands)

City of Austin, Texas
Exhibit B-1.1

Total fund balances - Governmental funds \$ 783,862

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Governmental capital assets	6,331,139	
Less: accumulated depreciation	(2,466,020)	
Intangible right-to-use lease and IT subscription assets, net	76,647	3,941,766

Other long-term assets and certain revenues are not available as current-period resources and are not reported in the funds.

Other assets		122,685
--------------	--	---------

Deferred outflows represent the consumption of net position that are applicable to a future reporting period.

Pensions	1,193,670	
Other postemployment benefits	633,420	
Loss on debt refundings	6,659	1,833,749

Long-term liabilities are not payable in the current period and are not reported in the funds.

Compensated absences	(145,450)	
Interest payable	(6,506)	
Bonds and other tax supported debt payable, net	(1,627,374)	
Leases and IT subscriptions payable	(77,664)	
Net pension liability	(2,323,414)	
Other postemployment benefits	(1,943,724)	
Financed purchase obligations	(10,406)	
Other liabilities	(15,814)	(6,150,352)

Deferred inflows represent an acquisition of net position that is applicable to a future reporting period.

Unavailable revenue		
Property taxes and interest	15,128	
Accounts and other taxes receivable	7,565	
Pensions	(480,896)	
Other postemployment benefits	(870,379)	
Deferred gain on debt refundings	(1,224)	
Public-private partnership arrangements	(161,739)	(1,491,545)

Internal service funds are used by management to charge the costs of capital project management, combined emergency communication center, employee benefits, fleet maintenance, information systems, liability reserve, support services, wireless communication, and workers' compensation to individual funds.

Certain assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.

99,125

Total net position - Governmental activities		\$ (860,710)
--	--	--------------

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

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2023
(In thousands)

City of Austin, Texas
Exhibit B-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 605,483	383,865	989,348
Sales taxes	358,557	--	358,557
Franchise fees and other taxes	47,905	176,783	224,688
Fines, forfeitures and penalties	4,531	2,249	6,780
Licenses, permits and inspections	22,330	3,463	25,793
Charges for services/goods	77,034	29,645	106,679
Intergovernmental	--	155,209	155,209
Property owners' participation and contributions	--	34,517	34,517
Lease revenue	156	29	185
Interest and other income (loss)	51,234	46,972	98,206
Total revenues	1,167,230	832,732	1,999,962
EXPENDITURES			
Current:			
General government	226,080	1,269	227,349
Public safety	699,638	11,964	711,602
Transportation, planning, and sustainability	--	165,871	165,871
Public health	122,069	92,009	214,078
Public recreation and culture	166,666	1,545	168,211
Urban growth management	47,346	124,533	171,879
Debt service:			
Principal	--	157,791	157,791
Interest	--	71,793	71,793
Fees and commissions	--	32	32
Lease and IT subscription financing principal	8,757	1,618	10,375
Interest expense on leases and IT subscriptions	1,134	68	1,202
Capital outlay-capital project funds	--	332,436	332,436
Total expenditures	1,271,690	960,929	2,232,619
Deficiency of revenues under expenditures	(104,460)	(128,197)	(232,657)
OTHER FINANCING SOURCES (USES)			
Issuance of tax supported debt	--	202,236	202,236
Issuance of refunding bonds	--	30,834	30,834
Bond premiums	--	17,463	17,463
Payment to refunding bond escrow agent	--	(30,834)	(30,834)
Lease and IT subscription proceeds	3,611	2,169	5,780
Transfers in	171,867	177,994	349,861
Transfers out	(54,151)	(244,088)	(298,239)
Total other financing sources (uses)	121,327	155,774	277,101
Net change in fund balances	16,867	27,577	44,444
Fund balances at beginning of year, as restated (see Note 21)	341,835	397,583	739,418
Fund balances at end of year	\$ 358,702	425,160	783,862

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

Governmental Funds
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the year ended September 30, 2023
(In thousands)

City of Austin, Texas
Exhibit B-2.1

Net change in fund balances - Governmental funds \$ 44,444

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay-capital project funds	332,436	
Capital outlay-other funds	50,374	
Depreciation expense	(154,390)	
Amortization expense	(10,671)	
Loss on disposal of capital assets	(1,822)	
Capital asset transfers to business-type activities, net	(3,711)	
Other asset adjustments	<u>(30,167)</u>	182,049

Revenues and transfers in the statement of activities that do not provide current available financial resources are not reported as revenues or transfers in the funds.

Property taxes	4,339	
Charges for services	7,043	
Capital asset contributions	<u>48,914</u>	60,296

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of long-term debt	(202,236)	
Principal repayment on long-term debt	157,791	
Issuance of refunding bonds	(30,834)	
Bond premiums	(17,463)	
Payment to refunding bond escrow agent	30,834	
Lease and IT subscription proceeds	(5,780)	
Lease and IT subscription financing principal payments	<u>10,375</u>	(57,313)

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Compensated absences	(18,332)	
Pensions	(195,361)	
Other postemployment benefits	(138,754)	
Interest and other	<u>19,465</u>	(332,982)

A portion of the net revenue (expense) of the internal service funds is reported with the governmental activities. (10,427)

Change in net position - Governmental activities \$ (113,933)

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

Proprietary Funds
Statement of Net Position
September 30, 2023
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water	Airport
ASSETS			
Current assets:			
Cash	\$ 16	3	3
Pooled investments and cash	174,888	307,595	19,382
Pooled investments and cash - restricted	116,341	69,363	24,872
Total pooled investments and cash	291,229	376,958	44,254
Investments - restricted	88,651	75,526	53,744
Cash held by trustee	--	9,337	--
Cash held by trustee - restricted	--	7,759	--
Working capital advances	2,685	--	--
Accounts receivable, net of allowance	181,206	72,488	15,417
Interest receivable	2,279	1,343	1,125
Receivables from other governments	--	8	--
Receivables from other governments - restricted	2,310	--	5,108
Leases receivable	--	184	23,433
Due from other funds	4,487	301	--
Inventories, at cost	114,960	3,082	2,811
Regulatory assets, net of accumulated amortization	50,867	--	--
Prepaid expenses	19,595	1,153	838
Other receivables - restricted	--	--	6,040
Other assets	6,000	102	896
Total current assets	764,285	548,244	153,669
Noncurrent assets:			
Cash - restricted	4,712	--	--
Pooled investments and cash - restricted	131,369	33,615	898,558
Advances to other funds	19,608	301	--
Advances to other funds - restricted	--	--	--
Investments - restricted	238,243	18,001	83,570
Investments held by trustee - restricted	257,214	26,567	--
Cash held by trustee - restricted	--	--	--
Interest receivable - restricted	1,020	141	2,798
Leases receivable	--	1,817	121,099
Depreciable capital assets, net	2,694,119	3,436,629	1,264,221
Nondepreciable capital assets	339,407	781,641	348,390
Intangible right-to-use lease and IT subscription assets, net	33,362	1,460	1,078
Derivative instruments - energy risk management	1,226	--	--
Regulatory assets, net of accumulated amortization	1,389,417	--	--
Other receivables - restricted	9,281	121	--
Other long-term assets	13,981	366	15,149
Other long-term assets - restricted	21,027	--	--
Total noncurrent assets	5,153,986	4,300,659	2,734,863
Total assets	5,918,271	4,848,903	2,888,532
DEFERRED OUTFLOWS OF RESOURCES	\$ 570,936	264,750	122,809

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

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
ASSETS			
Current assets:			
Cash	20	42	7
Pooled investments and cash	372,424	874,289	238,582
Pooled investments and cash - restricted	17,233	227,809	721
Total pooled investments and cash	389,657	1,102,098	239,303
Investments - restricted	8,679	226,600	--
Cash held by trustee	--	9,337	--
Cash held by trustee - restricted	--	7,759	553
Working capital advances	--	2,685	--
Accounts receivable, net of allowance	33,206	302,317	3,061
Interest receivable	1,705	6,452	459
Receivables from other governments	--	8	737
Receivables from other governments - restricted	4,273	11,691	--
Leases receivable	438	24,055	411
Due from other funds	--	4,788	--
Inventories, at cost	3,673	124,526	3,975
Regulatory assets, net of accumulated amortization	--	50,867	--
Prepaid expenses	1,396	22,982	6,213
Other receivables - restricted	--	6,040	--
Other assets	117	7,115	--
Total current assets	443,164	1,909,362	254,719
Noncurrent assets:			
Cash - restricted	--	4,712	--
Pooled investments and cash - restricted	303,251	1,366,793	6,901
Advances to other funds	--	19,909	--
Advances to other funds - restricted	26	26	--
Investments - restricted	10,263	350,077	--
Investments held by trustee - restricted	--	283,781	--
Cash held by trustee - restricted	4,676	4,676	--
Interest receivable - restricted	836	4,795	--
Leases receivable	3,851	126,767	41,341
Depreciable capital assets, net	393,984	7,788,953	60,446
Nondepreciable capital assets	478,972	1,948,410	8,458
Intangible right-to-use lease and IT subscription assets, net	34,125	70,025	85,781
Derivative instruments - energy risk management	--	1,226	--
Regulatory assets, net of accumulated amortization	--	1,389,417	--
Other receivables - restricted	--	9,402	--
Other long-term assets	540	30,036	--
Other long-term assets - restricted	--	21,027	--
Total noncurrent assets	1,230,524	13,420,032	202,927
Total assets	1,673,688	15,329,394	457,646
DEFERRED OUTFLOWS OF RESOURCES	509,912	1,468,407	115

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

(Continued)

Proprietary Funds
Statement of Net Position
September 30, 2023
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 132,810	6,541	5,640
Accounts and retainage payable from restricted assets	30,039	33,871	43,096
Accrued payroll	4,645	2,921	1,065
Accrued compensated absences	15,515	8,097	3,280
Claims payable	2,102	85	--
Due to other funds	--	--	--
Due to other governments	5,284	--	16
Accrued interest payable from restricted assets	32,093	35,333	24,870
Accrued interest payable	707	449	24
Bonds payable	--	--	--
Bonds payable from restricted assets	88,717	68,794	33,050
Leases and IT subscriptions payable	12,090	345	446
Other postemployment benefits liability	8,304	5,952	2,997
Customer and escrow deposits payable from restricted assets	115,759	10,142	1,352
Accrued landfill closure and postclosure costs	--	--	--
Other liabilities	1,342	7,618	5,944
Other liabilities payable from restricted assets	566	--	--
Total current liabilities	449,973	180,148	121,780
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	--	12	204
Claims payable	160	380	--
Advances from other funds	--	--	--
Advances from other funds payable from restricted assets	--	5,952	--
Commercial paper notes payable, net of discount	76,900	99,400	--
Bonds payable, net of discount and inclusive of premium	2,021,245	2,305,612	1,431,894
Leases and IT subscriptions payable	19,865	1,104	668
Net pension liability	585,163	321,971	109,371
Other postemployment benefits liability	389,565	279,200	140,585
Accrued landfill closure and postclosure costs	--	--	--
Asset retirement obligations	437,367	1,332	--
Derivative instruments - interest rate swaps	--	--	--
Other liabilities	8,520	249	631
Other liabilities payable from restricted assets	145	316	--
Total noncurrent liabilities	3,538,930	3,015,528	1,683,353
Total liabilities	3,988,903	3,195,676	1,805,133
DEFERRED INFLOWS OF RESOURCES			
	\$ 734,303	135,327	362,138

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

(Continued)

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
LIABILITIES			
Current liabilities:			
Accounts payable	13,647	158,638	20,706
Accounts and retainage payable from restricted assets	8,621	115,627	--
Accrued payroll	5,229	13,860	4,235
Accrued compensated absences	12,608	39,500	12,895
Claims payable	--	2,187	41,440
Due to other funds	301	301	4,444
Due to other governments	--	5,300	--
Accrued interest payable from restricted assets	458	92,754	1
Accrued interest payable	425	1,605	992
Bonds payable	7,376	7,376	134
Bonds payable from restricted assets	10,195	200,756	--
Leases and IT subscriptions payable	4,385	17,266	25,901
Other postemployment benefits liability	12,196	29,449	--
Customer and escrow deposits payable from restricted assets	9,539	136,792	721
Accrued landfill closure and postclosure costs	874	874	--
Other liabilities	276	15,180	--
Other liabilities payable from restricted assets	--	566	553
Total current liabilities	86,130	838,031	112,022
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	3,191	3,407	1,296
Claims payable	--	540	34,554
Advances from other funds	414	414	13,656
Advances from other funds payable from restricted assets	--	5,952	--
Commercial paper notes payable, net of discount	--	176,300	--
Bonds payable, net of discount and inclusive of premium	117,323	5,876,074	814
Leases and IT subscriptions payable	30,408	52,045	57,576
Net pension liability	619,671	1,636,176	--
Other postemployment benefits liability	572,195	1,381,545	--
Accrued landfill closure and postclosure costs	17,635	17,635	--
Asset retirement obligations	--	438,699	518
Derivative instruments - interest rate swaps	301	301	--
Other liabilities	--	9,400	--
Other liabilities payable from restricted assets	4,676	5,137	--
Total noncurrent liabilities	1,365,814	9,603,625	108,414
Total liabilities	1,451,944	10,441,656	220,436
DEFERRED INFLOWS OF RESOURCES			
	266,694	1,498,462	41,177

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

(Continued)

**Proprietary Funds
Statement of Net Position
September 30, 2023
(In thousands)**

	Business-Type Activities		
	Austin Energy	Austin Water	Airport
NET POSITION			
Net investment in capital assets	\$ 527,770	1,765,650	451,407
Restricted for:			
Bond reserve	30,634	14,118	9,206
Capital projects	--	35,889	395,793
Debt service	56,558	40,193	28,873
Operating reserve	--	59,437	23,520
Passenger facility charges	--	--	106,233
Capital reserve	71,368	--	10,000
Contingency reserve	108,638	--	--
Power supply stabilization reserve	39,704	--	--
Unrestricted	931,329	(132,637)	(180,962)
Total net position	\$ 1,766,001	1,782,650	844,070
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	37,787	19,232	7,156
Total net position - Business-type activities	\$ 1,803,788	1,801,882	851,226

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

(Continued)

	<u>Business-Type Activities</u>		<u>Governmental Activities- Internal Service Funds</u>
	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
NET POSITION			
Net investment in capital assets	735,790	3,480,617	70,260
Restricted for:			
Bond reserve	7,269	61,227	--
Capital projects	303,785	735,467	6,901
Debt service	8,175	133,799	--
Operating reserve	5,938	88,895	--
Passenger facility charges	--	106,233	--
Capital reserve	1,227	82,595	--
Contingency reserve	--	108,638	--
Power supply stabilization reserve	--	39,704	--
Unrestricted	(597,222)	20,508	118,987
Total net position	<u>464,962</u>	<u>4,857,683</u>	<u>196,148</u>
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	32,848	97,023	
Total net position - Business-type activities	<u>497,810</u>	<u>4,954,706</u>	

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

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the year ended September 30, 2023
(In thousands)

	<u>Business-Type Activities</u>		
	<u>Austin Energy</u>	<u>Austin Water</u>	<u>Airport</u>
OPERATING REVENUES			
Utility services	\$ 1,788,622	638,197	--
User fees and rentals	--	--	255,118
Billings to departments	--	--	--
Employee contributions	--	--	--
Lease revenue	--	235	23,393
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
Total operating revenues	<u>1,788,622</u>	<u>638,432</u>	<u>278,511</u>
OPERATING EXPENSES			
Operating expenses before depreciation	1,529,070	388,579	177,519
Depreciation and amortization	<u>227,507</u>	<u>143,786</u>	<u>49,165</u>
Total operating expenses	<u>1,756,577</u>	<u>532,365</u>	<u>226,684</u>
Operating income (loss)	<u>32,045</u>	<u>106,067</u>	<u>51,827</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other income	39,836	21,593	45,607
Interest on revenue bonds and other debt	(75,728)	(73,318)	(56,051)
Interest expense on leases and IT subscriptions	(645)	(28)	(36)
Passenger facility charges	--	--	42,263
Gain on in-substance defeasance	--	665	--
Cost to be recovered in future years	35,002	--	--
Other nonoperating revenues (expenses)	(669)	1,119	38,538
Total nonoperating revenues (expenses)	<u>(2,204)</u>	<u>(49,969)</u>	<u>70,321</u>
Income (loss) before contributions and transfers	29,841	56,098	122,148
Capital contributions	41,631	81,866	12,859
Transfers in	31,710	75	143
Transfers out	(131,959)	(51,925)	(53)
Change in net position	<u>(28,777)</u>	<u>86,114</u>	<u>135,097</u>
Beginning net position, as restated (see Note 21)	<u>1,794,778</u>	<u>1,696,536</u>	<u>708,973</u>
Ending net position	<u>\$ 1,766,001</u>	<u>1,782,650</u>	<u>844,070</u>
Reconciliation to government-wide Statement of Activities			
Change in net position	(28,777)	86,114	135,097
Adjustment to consolidate internal service activities	(1,725)	(1,262)	(657)
Change in net position - Business-type activities	<u>\$ (30,502)</u>	<u>84,852</u>	<u>134,440</u>

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

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES			
Utility services	--	2,426,819	--
User fees and rentals	538,696	793,814	--
Billings to departments	--	--	598,018
Employee contributions	--	--	47,419
Lease revenue	496	24,124	721
Operating revenues from other governments	--	--	9,013
Other operating revenues	--	--	12,576
Total operating revenues	539,192	3,244,757	667,747
OPERATING EXPENSES			
Operating expenses before depreciation	672,442	2,767,610	613,539
Depreciation and amortization	35,520	455,978	40,164
Total operating expenses	707,962	3,223,588	653,703
Operating income (loss)	(168,770)	21,169	14,044
NONOPERATING REVENUES (EXPENSES)			
Interest and other income	26,475	133,511	5,106
Interest on revenue bonds and other debt	(4,787)	(209,884)	(20)
Interest expense on leases and IT subscriptions	(653)	(1,362)	(1,681)
Passenger facility charges	--	42,263	--
Gain on in-substance defeasance	--	665	--
Cost to be recovered in future years	--	35,002	--
Other nonoperating revenues (expenses)	(4,542)	34,446	(1,841)
Total nonoperating revenues (expenses)	16,493	34,641	1,564
Income (loss) before contributions and transfers	(152,277)	55,810	15,608
Capital contributions	7,871	144,227	8,780
Transfers in	167,942	199,870	9,051
Transfers out	(29,645)	(213,582)	(46,961)
Change in net position	(6,109)	186,325	(13,522)
Beginning net position, as restated (see Note 21)	471,071	4,671,358	209,670
Ending net position	464,962	4,857,683	196,148
Reconciliation to government-wide Statement of Activities			
Change in net position	(6,109)	186,325	
Adjustment to consolidate internal service activities	549	(3,095)	
Change in net position - Business-type activities	(5,560)	183,230	

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2023
(In thousands)

	<u>Business-Type Activities</u>		
	<u>Austin Energy</u>	<u>Austin Water</u>	<u>Airport</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,751,816	626,725	257,154
Cash received from other funds	30,706	10,341	--
Cash payments to suppliers for goods and services	(1,114,663)	(96,099)	(52,781)
Cash payments to other funds	(61,769)	(78,108)	(37,654)
Cash payments to employees for services	(257,424)	(155,366)	(61,368)
Cash payments to claimants/beneficiaries	(1,056)	(156)	(3)
Taxes collected and remitted to other governments	(52,032)	--	9
Net cash provided (used) by operating activities	<u>295,578</u>	<u>307,337</u>	<u>105,357</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	13,586	75	--
Transfers out	(124,765)	(51,925)	--
Collections from other sources	--	5,917	79
Loans to other funds	(43)	--	--
Loan repayments to other funds	--	--	--
Loan repayments from other funds	--	300	--
Payments from component units	--	--	825
Collections from other governments	2,868	1,612	47,414
Net cash provided (used) by noncapital financing activities	<u>(108,354)</u>	<u>(44,021)</u>	<u>48,318</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	96,000	99,400	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	--	--
Proceeds from the sale of revenue bonds	205,118	50,930	--
Principal paid on long-term debt	(80,783)	(80,913)	(31,725)
Principal paid on leases and IT subscriptions	(13,008)	(389)	(462)
Proceeds from the sale of capital assets	3,550	--	--
Interest paid on revenue bonds and other debt	(85,385)	(97,365)	(66,630)
Interest paid on leases and IT subscriptions	(255)	(20)	(12)
Interest income from leases	--	31	1,528
Passenger facility charges	--	--	41,913
Acquisition and construction of capital assets	(238,204)	(233,636)	(176,614)
Contributions from state and federal governments	--	--	12,859
Contributions in aid of construction	56,607	29,693	--
Bond issuance costs	(2,579)	(2,877)	--
Bond discounts	--	(626)	--
Bond premiums	56,859	36,739	--
Cash paid for bond defeasance	--	(48,743)	--
Bonds issued for advanced refundings of debt	212,497	439,610	--
Cash paid for bond refunding escrow	(212,497)	(399,342)	--
Cash paid to payoff commercial paper	(189,600)	(90,000)	--
Cash paid for nuclear fuel inventory	(19,432)	--	--
Net cash provided (used) by capital and related financing activities	<u>(211,112)</u>	<u>(297,508)</u>	<u>(219,143)</u>

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	533,323	3,169,018	68,707
Cash received from other funds	4,231	45,278	594,277
Cash payments to suppliers for goods and services	(140,971)	(1,404,514)	(141,476)
Cash payments to other funds	(103,862)	(281,393)	(22,173)
Cash payments to employees for services	(293,555)	(767,713)	(232,691)
Cash payments to claimants/beneficiaries	--	(1,215)	(208,179)
Taxes collected and remitted to other governments	--	(52,023)	--
Net cash provided (used) by operating activities	(834)	707,438	58,465
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	167,568	181,229	1,500
Transfers out	(29,577)	(206,267)	(28,084)
Collections from other sources	6	6,002	--
Loans to other funds	--	(43)	--
Loan repayments to other funds	(301)	(301)	--
Loan repayments from other funds	--	300	--
Payments from component units	--	825	--
Collections from other governments	668	52,562	--
Net cash provided (used) by noncapital financing activities	138,364	34,307	(26,584)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	--	195,400	--
Proceeds from the sale of general obligation bonds and other tax supported debt	8,440	8,440	--
Proceeds from the sale of revenue bonds	--	256,048	--
Principal paid on long-term debt	(17,210)	(210,631)	(2,238)
Principal paid on leases and IT subscriptions	(4,460)	(18,319)	(29,282)
Proceeds from the sale of capital assets	598	4,148	--
Interest paid on revenue bonds and other debt	(5,375)	(254,755)	(79)
Interest paid on leases and IT subscriptions	(638)	(925)	(732)
Interest income from leases	74	1,633	857
Passenger facility charges	--	41,913	--
Acquisition and construction of capital assets	(57,215)	(705,669)	(4,290)
Contributions from state and federal governments	(56)	12,803	--
Contributions in aid of construction	4,891	91,191	--
Bond issuance costs	--	(5,456)	--
Bond discounts	--	(626)	--
Bond premiums	61	93,659	--
Cash paid for bond defeasance	--	(48,743)	--
Bonds issued for advanced refundings of debt	--	652,107	--
Cash paid for bond refunding escrow	--	(611,839)	--
Cash paid to payoff commercial paper	--	(279,600)	--
Cash paid for nuclear fuel inventory	--	(19,432)	--
Net cash provided (used) by capital and related financing activities	(70,890)	(798,653)	(35,764)

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2023
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water	Airport
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(87,277)	(281,908)	(99,222)
Proceeds from sale and maturities of investment securities	146,632	325,922	98,479
Interest income (loss) on investments	12,015	16,074	38,294
Net cash provided (used) by investing activities	71,370	60,088	37,551
Net increase (decrease) in cash and cash equivalents	47,482	25,896	(27,917)
Cash and cash equivalents, beginning	379,844	401,776	970,732
Cash and cash equivalents, ending	\$ 427,326	427,672	942,815
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 32,045	106,067	51,827
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	227,507	143,786	49,165
Change in assets and liabilities:			
Increase in working capital advances	1,573	--	--
(Increase) decrease in accounts receivable	(13,385)	665	(13,825)
Increase (decrease) in allowance for doubtful accounts	1,206	(524)	1
Increase in receivables from other governments	--	--	--
(Increase) decrease in leases receivable	--	204	(7,579)
Decrease in due from other funds	--	--	--
(Increase) decrease in inventory	(25,895)	(902)	(244)
(Increase) decrease in prepaid expenses and other assets	(24,774)	(343)	13
(Increase) decrease in other long-term assets	16,514	--	(1,016)
Increase in deferred outflows	(117,567)	(83,460)	(53,182)
Increase (decrease) in accounts payable	8,093	291	412
Increase in accrued payroll and compensated absences	1,189	1,263	602
Increase (decrease) in claims payable	944	65	(1,900)
Decrease in due to other funds	--	--	--
Decrease in customer deposits	(18,829)	(1,476)	(76)
Increase in net pension liability	285,474	162,665	53,042
Decrease in other postemployment benefits liability	(125,368)	(72,606)	(7,859)
Increase (decrease) in other liabilities	(34,778)	--	112
Increase in deferred inflows	81,629	51,642	35,864
Total adjustments	263,533	201,270	53,530
Net cash provided by operating activities	\$ 295,578	307,337	105,357
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Capital assets contributed from other funds	\$ --	--	--
Capital assets contributed to other funds	--	--	(1,281)
Contributed facilities	--	52,173	--
Increase in the fair value of investments	6,469	--	--
Amortization of bond premiums	14,425	25,794	12,211
Amortization of deferred loss on refundings	(1,740)	(1,541)	(2,902)
Loss on disposal of assets	(1,664)	(540)	(549)
Costs to be recovered	35,001	--	--
Transfers from other funds	18,124	--	143
Transfers to other funds	(7,194)	--	(53)

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

(Continued)

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(12,543)	(480,950)	--
Proceeds from sale and maturities of investment securities	12,669	583,702	--
Interest income (loss) on investments	24,529	90,912	3,981
Net cash provided (used) by investing activities	24,655	193,664	3,981
Net increase (decrease) in cash and cash equivalents	91,295	136,756	98
Cash and cash equivalents, beginning	606,309	2,358,661	246,666
Cash and cash equivalents, ending	697,604	2,495,417	246,764
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	(168,770)	21,169	14,044
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	35,520	455,978	40,164
Change in assets and liabilities:			
Increase in working capital advances	--	1,573	--
(Increase) decrease in accounts receivable	(98)	(26,643)	(405)
Increase (decrease) in allowance for doubtful accounts	(857)	(174)	5
Increase in receivables from other governments	--	--	(302)
(Increase) decrease in leases receivable	365	(7,010)	397
Decrease in due from other funds	--	--	3,741
(Increase) decrease in inventory	1,397	(25,644)	(628)
(Increase) decrease in prepaid expenses and other assets	550	(24,554)	6,096
(Increase) decrease in other long-term assets	118	15,616	(717)
Increase in deferred outflows	(153,935)	(408,144)	--
Increase (decrease) in accounts payable	3,308	12,104	(5,114)
Increase in accrued payroll and compensated absences	1,745	4,799	1,888
Increase (decrease) in claims payable	--	(891)	3,296
Decrease in due to other funds	--	--	(3,741)
Decrease in customer deposits	(40)	(20,421)	--
Increase in net pension liability	316,169	817,350	--
Decrease in other postemployment benefits liability	(151,966)	(357,799)	--
Increase (decrease) in other liabilities	(1,388)	(36,054)	(259)
Increase in deferred inflows	117,048	286,183	--
Total adjustments	167,936	686,269	44,421
Net cash provided by operating activities	(834)	707,438	58,465
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Capital assets contributed from other funds	508	508	8,780
Capital assets contributed to other funds	(3,400)	(4,681)	(40)
Contributed facilities	--	52,173	--
Increase in the fair value of investments	--	6,469	--
Amortization of bond premiums	1,180	53,610	29
Amortization of deferred loss on refundings	(635)	(6,818)	(3)
Loss on disposal of assets	(2,415)	(5,168)	(2,418)
Costs to be recovered	--	35,001	--
Transfers from other funds	374	18,641	7,551
Transfers to other funds	(68)	(7,315)	(18,877)

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

Fiduciary Funds
Statement of Fiduciary Net Position
September 30, 2023
(In thousands)

City of Austin, Texas
Exhibit D-1

	<u>Custodial</u>
ASSETS	
Pooled investments and cash	\$ 2,734
Other assets	8
Total assets	<u>2,742</u>
LIABILITIES	
Accounts payable	25
Due to other governments	450
Total liabilities	<u>475</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	2,267
Total net position	<u>\$ 2,267</u>

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

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the year ended September 30, 2023
(In thousands)

City of Austin, Texas
Exhibit D-2

	<u>Custodial</u>
ADDITIONS	
Contributions	\$ 94
Interest and other	73
Fees collected for other governments	1,242
Miscellaneous	24
Total additions	<u>1,433</u>
DEDUCTIONS	
Beneficiary payments	81
Payment of fees to other governments	1,242
Administrative expenses	1
Total deductions	<u>1,324</u>
Change in net position	109
Beginning net position	<u>2,158</u>
Ending net position	<u>\$ 2,267</u>

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The City of Austin's charter requires an annual audit by an independent certified public accountant. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The City has implemented GASB Statements No.1 through No. 100. In fiscal year 2023, the City implemented the following GASB Statements:

GASB Statement	Impact
91 – “Conduit Debt Obligations”	This statement defines conduit debt obligations for accounting and financial reporting purposes and establishes related standards for recognition, measurement, and disclosure for issuers. The implementation of this standard had no impact on the financial statements.
94 – “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”	This statement's primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs). This statement establishes the definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. In addition, the statement provides more relevant and reliable information for financial statement users and creates consistency in practice. The implementation of this standard resulted in a restatement to the beginning balances of receivables, capital assets, deferred inflows, and a restatement of net position. For governmental activities, the receivables increased \$7.5 million, the deferred inflows increased \$10.1 million, and net position decreased \$2.6 million. For business-type activities, the receivables increased \$2.0 million, and the deferred inflows increased \$2.0 million. See Note 21.
96 – “Subscription-Based Information Technology Arrangements”	This statement is intended to reduce inconsistencies and improve the accounting and financial reporting of subscription-based information technology arrangements (SBITAs). This statement defines a SBITA as a contract that conveys control of the right to use another party's information technology as specified in the contract for a period of time in an exchange or exchange-like transaction. It establishes that a SBITA will result in an intangible right-to-use subscription asset and a corresponding subscription liability. The adoption of GASB 96 resulted in a restatement to beginning balances of the right-to-use IT subscription assets and IT subscriptions payable. Right-to-use IT subscription assets and IT subscriptions payable were restated by \$59.3 million for governmental activities and \$15.8 million for business-type activities. The adoption of GASB 96 had no impact on the beginning net position.
100 – “Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62.”	The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The new standard defines four categories of accounting changes and error corrections and related accounting and financial reporting requirements. The implementation of this standard had no financial impact on the City.

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

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
a -- Reporting Entity

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

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

<u>Blended Component Units</u>	<u>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</u>
Austin Housing Finance Corporation (AHFC)	<p>AHFC was created in 1979 as a public, nonprofit corporation and instrumentality of the City under the provisions of the Texas Housing Finance Corporation Act, Chapter 394, and the Texas Local Government Code. The mission of the AHFC is to generate and implement strategic housing solutions for the benefit of low- and moderate- income residents of the City. AHFC is governed by a board composed of the City Council. In addition, City management has operational responsibilities for this component unit.</p> <p>Reporting Fund: Austin Housing Finance Corporation fund, a nonmajor special revenue fund</p>
Austin Housing Public Facility Corporation (AHPFC)	<p>AHPFC was created in March 2022 as a nonprofit public facility corporation under the Texas Public Facility Corporation Act, Chapter 303 of the Texas Local Government Code. The purpose of the AHPFC is to serve as an issuer of private activity bonds to finance all or part of the cost of affordable housing developments in the City of Austin. AHPFC is governed by a board composed of the City Council. In addition, City management has operational responsibilities for this component unit.</p> <p>Reporting Fund: Austin Housing Public Facility Corporation fund, a nonmajor special revenue fund</p>
Austin Public Facilities Corporation (APFC)	<p>APFC was created in May 2023 as a nonprofit public facility corporation under the Texas Public Facility Corporation Act, Chapter 303 of the Texas Local Government Code. The primary purpose of APFC is to assist the City in financing, refinancing, or providing for the costs of public facilities. APFC is governed by a board that is appointed by the City Council. In addition, City management has operational responsibilities for this component unit.</p> <p>There is no financial activity to report related to this component unit.</p>
Urban Renewal Agency (URA)	<p>URA was created by the City under Chapter 374 of the Texas Local Government Code. The Mayor, with consent of the City Council, appoints the board of commissioners for this agency, whose primary responsibility is to oversee the implementation and compliance of urban renewal plans adopted by the City Council. An urban renewal plan's primary purpose is to eliminate slum and blighting influence within a designated area of the city. City Council maintains the ability to impose its will on the organization. URA exclusively receives financial support/benefits from its relationship with the City. Additionally, the City is fiscally responsible for the obligations of URA, therefore URA is reported as a blended component unit of the City.</p> <p>Reporting Fund: Urban Renewal Agency fund, a nonmajor special revenue fund</p>
Austin Industrial Development Corporation (AIDC)	<p>AIDC was created under the Texas Development Corporation Act of 1979 to provide a means of extending tax-exempt financing to projects that are deemed to have substantial social benefit through the creation of commercial, industrial, and manufacturing enterprises, in order to promote and encourage employment in the City. City Council acts as the board of directors of the corporation. In addition, City management has operational responsibilities for this component unit.</p> <p>Reporting Fund: Austin Industrial Development Corporation fund, a nonmajor special revenue fund</p>

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
a -- Reporting Entity, continued

Blended Component Units

Mueller Local Government Corporation (MLGC)

Brief Description of Activities, Relationship to City, and Key Inclusion Criteria

MLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. MLGC was created for the purpose of financing infrastructure projects required for the development of the former site of Mueller Airport. City Council acts as the board of directors of the corporation. Members of the City staff serve as officers of the corporation and have operational responsibilities for this component unit.

Reporting Fund: Mueller Local Government Corporation, a nonmajor special revenue fund

Austin-Bergstrom International Airport (ABIA) Development Corporation

ABIA Development Corporation is governed by a board composed of the City Council. The entity has no day-to-day operations. Its existence relates only to the authorization for issuance of industrial revenue bonds or to other similar financing arrangements in accordance with the Texas Development Corporation Act of 1979. To date, none of the bonds issued constitute a liability of ABIA Development Corporation or the City. In addition, City management has operational responsibilities for this component unit.

There is no financial activity to report related to this component unit.

Nacogdoches Power, LLC (NP)

Austin Energy acquired Nacogdoches Power, LLC on June 13, 2019, which included the purchase of a 115 MW biomass power plant that was transferred to Austin Energy. NP provides renewable energy exclusively for the benefit of Austin Energy customers and Austin Energy staff serve as officers of the corporation. Additionally, Austin Energy is fiscally responsible for the obligations of NP, therefore NP is reported as a blended component unit in the Austin Energy enterprise fund.

Reporting Fund: Austin Energy, a major proprietary fund

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

Discretely Presented Component Units

Austin-Bergstrom Landhost Enterprises, Inc. (ABLE)
3600 Presidential Blvd, Suite 411
Austin, TX 78719

Description of Activities, Relationship to City, and Key Inclusion Criteria

ABLE is a legally separate entity that issues revenue bonds for the purpose of financing the cost of acquiring, improving, and equipping a full-service hotel on airport property. City Council appoints this entity’s Board and maintains a contractual ability to remove board members at will. Debt issued by ABLE does not constitute a debt or pledge of the faith and credit of the City.

Austin Convention Enterprises, Inc. (ACE)
500 East 4th Street
Austin, TX 78701

ACE is a legally separate entity that owns, operates, and finances the Austin Convention Center Hotel. City Council appoints this entity’s Board and maintains a contractual ability to remove board members at will. Debt issued by ACE does not constitute a debt or pledge of the faith and credit of the City.

Austin Economic Development Corporation (AEDC)
301 W. 2nd Street, Ste 2030
Austin, TX 78701

AEDC is a legally separate entity created in October 2020 by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of AEDC is to engage in socially beneficial real estate and economic development within the City. City Council has appointed the entity’s initial Board and maintains the ability to remove members of the Board. AEDC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
a -- Reporting Entity, continued

<u>Discretely Presented Component Units</u>	<u>Description of Activities, Relationship to City, and Key Inclusion Criteria</u>
<p>Austin Transit Partnership Local Government Corporation (ATP) 203 Colorado Street Austin, TX 78701</p>	<p>ATP is a legally separate entity created in December 2020 by the City and the Capital Metropolitan Transportation Authority (Capital Metro) under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of ATP is to serve as the independent entity responsible for the implementation of the Project Connect System Plan (Project Connect). The implementation of Project Connect is comprised of the financing, design, engineering, and construction of a fixed rail and bus transit system, including customer technology, park & ride hubs, on-demand neighborhood circulators, and associated improvements to roadways, bikeways, sidewalks, and street lighting. Project Connect also includes transit-supportive anti-displacement strategies for the purpose of preventing displacement and encouraging transit-oriented affordable housing along Project Connect transit corridors. ATP's Board is jointly appointed by the City and Capital Metro. ATP is fiscally dependent on the City and in a relationship of financial benefit/burden with the City. Additionally, the nature of ATP's relationship with the City is of significance, and exclusion from the City's financial statements would be misleading.</p>
<p>Austin Travis County Sobriety Center Local Government Corporation (SCLGC) 700 Lavaca Street Austin, TX 78701</p>	<p>SCLGC is a non-profit local government corporation created by the City and Travis County under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of SCLGC is to operate a sobriety center located within the City of Austin and Travis County. The City Council and the County each appoint five members of the SCLGC board. The operations of the Sobriety Center are primarily funded by the City. The SCLGC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City.</p>
<p>Central Housing, LP (CHLP) 1000 E. 11th St., Suite 200 Austin, TX 78702</p>	<p>CHLP is a Texas limited partnership for which AHFC Arbors Non-Profit Corporation, a blended component unit of AHFC, can impose a financial benefit or burden as a 50% general partner. CHLP was formed in 2023 and due to their December 31 fiscal year end, final financial reports are not available for inclusion in the City's 2023 financial statements.</p>
<p>Creekside Senior Housing Limited Partnership (CSHLP) 1000 E. 11th St., Suite 200 Austin, TX 78702</p>	<p>CSHLP is a Texas limited partnership for which AHFC Arbors Non-Profit Corporation, a blended component unit of AHFC, can impose a financial benefit or burden as a 50% general partner. CSHLP follows applicable FASB standards. For presentation purposes, certain transactions are reflected differently in these financial statements to conform to the GASB presentation of the City.</p>
<p>Hyde Park Housing, LP (HPLP) 1000 E. 11th St., Suite 200 Austin, TX 78702</p>	<p>HPLP is a Texas limited partnership for which AHFC Arbors Non-Profit Corporation, a blended component unit of AHFC, can impose a financial benefit or burden as a 50% general partner. HPLP was formed in 2023 and due to their December 31 fiscal year end, final financial reports are not available for inclusion in the City's 2023 financial statements.</p>
<p>Retreat at North Bluff, LP (RNBLP) 1000 E. 11th St., Suite 200 Austin, TX 78702</p>	<p>RNBLP is a Texas limited partnership for which AHFC Arbors Non-Profit Corporation, a blended component unit of AHFC, can impose a financial benefit or burden as a 50% general partner. RNBLP follows applicable FASB standards. For presentation purposes, certain transactions are reflected differently in these financial statements to conform to the GASB presentation of the City.</p>
<p>Waller Creek Local Government Corporation (WCLGC) 124 W. 8th Street Austin, TX 78701</p>	<p>WCLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of WCLGC is implementing the financing, design, construction, maintenance and operation of certain public improvements located within or around the Waller Creek Redevelopment Project district. The WCLGC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City.</p>

There is no financial activity to report related to this component unit.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
a – Reporting Entity, continued

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

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

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

b -- Government-wide and Fund Financial Statements

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

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

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

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

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

c -- Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
c -- Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

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

The City reports the following major governmental fund:

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

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

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

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

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

Convention: Accounts for convention center and public event activities.

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

Public recreation: Accounts for golf activities.

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

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

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

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
d -- Budget

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

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

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

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

e -- Financial Statement Elements

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

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

Accounts Receivable -- Balances of accounts receivable, reported on the government-wide statement of net position, are aggregations of different components such as charges for services, fines, and balances due from taxpayers or other governments. To assist the reader, the following information has been provided regarding significant components of receivable balances as of September 30, 2023 (in thousands):

	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Governmental activities				
Charges for services	\$ 427,041	155	3,374	430,570
Fines	13,016	8	--	13,024
Taxes	63,149	36,349	--	99,498
Other governments	--	4,290	--	4,290
Other	--	6,148	--	6,148
Allowance for doubtful accounts	(419,632)	(2,197)	(313)	(422,142)
Total	<u>\$ 83,574</u>	<u>44,753</u>	<u>3,061</u>	<u>131,388</u>

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

	Austin Energy	Austin Water	Airport	Nonmajor Enterprise	Total
Business-type activities					
Accounts receivable	\$ 207,024	75,713	17,415	37,083	337,235
Allowance for doubtful accounts	(25,818)	(3,225)	(1,998)	(3,877)	(34,918)
Total	<u>\$ 181,206</u>	<u>72,488</u>	<u>15,417</u>	<u>33,206</u>	<u>302,317</u>

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
e -- Financial Statement Elements, continued

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

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

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

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

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

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

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

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

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
e -- Financial Statement Elements, continued

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

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

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

	<u>Business-Type Activities</u>					Total Restricted Assets
	Governmental Activities	Austin Energy	Austin Water	Airport	Nonmajor Enterprise	
Capital projects	\$ 22,313	96,663	55,244	782,106	308,763	1,265,089
Customer and escrow deposits	76,171	115,759	10,136	1,352	9,237	212,655
Debt service	30,946	88,651	75,530	62,801	8,705	266,633
Federal receivables	--	2,422	--	5,108	4,273	11,803
Housing activities	38,057	--	--	--	--	38,057
Operating reserve account	--	--	59,227	23,520	6,588	89,335
Passenger facility charge account	--	--	--	106,233	--	106,233
Perpetual care	1,070	--	--	--	--	1,070
Plant decommissioning	--	311,553	--	--	--	311,553
Public health activities	115,025	--	--	--	--	115,025
Capital reserve	--	71,368	--	10,000	1,408	82,776
Revenue bond reserve	--	30,634	30,641	83,570	10,263	155,108
Revolving loan reserve	--	4,712	--	--	--	4,712
Contingency reserve	--	108,638	--	--	--	108,638
Power supply stabilization reserve	--	39,704	--	--	--	39,704
Tourism	64,190	--	--	--	--	64,190
Urban growth programs	14,974	--	--	--	--	14,974
Other purposes	25,445	64	315	--	--	25,824
Total	\$ 388,191	870,168	231,093	1,074,690	349,237	2,913,379

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
e -- Financial Statement Elements, continued

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

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

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

(1) Nuclear fuel is amortized over units of production

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

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

Water rights represent the amortized cost of a \$100 million contract, net of accumulated amortization of \$23.7 million, between the City and the Lower Colorado River Authority (LCRA) for a fifty-one year assured water supply agreement, with an option to extend another fifty years. The City and the LCRA entered into the contract in 1999. The asset amortization period is 101.25 years.

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

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
e -- Financial Statement Elements, continued

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

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

Funds	Deferred Outflows		Deferred Inflows	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Asset Retirement Obligations (ARO) -- When an ARO is recognized, a corresponding deferred outflow of resources is recognized and amortized over the remaining life of the corresponding tangible asset. Deferred outflows only.				
Governmental Activities	\$ 97	--	--	--
Austin Energy	--	186,936	--	--
Austin Water	--	499	--	--
Derivative Instruments -- Derivative instruments are reported in the statement of net position at fair value. Changes in fair value of hedging derivative instruments are recognized through the application of hedge accounting as either deferred outflows or inflows in the statement of net position, as an offset to the related hedging derivative instrument. Can be deferred outflows or inflows.				
Austin Energy	--	--	--	1,226
Nonmajor Enterprise Funds	--	301	--	--
Excess consideration -- When a government acquires another entity in exchange for significant consideration, the amount of consideration that exceeds the net position acquired should be reported as a deferred outflow of resources and amortized over future periods.				
Austin Energy	--	4,111	--	--
Gain/loss on debt refundings -- When debt is refunded, the associated gains (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods. Can be deferred outflows or inflows.				
Governmental Activities	6,677	--	1,224	--
Austin Energy	--	5,132	--	14,425
Austin Water	--	27,382	--	8,082
Airport	--	6,287	--	--
Nonmajor Enterprise Funds	--	4,164	--	7
Leases -- The resources related to the lease arrangements that will be recognized as revenue in future years over the terms of leases between the City and the operators are reported as deferred inflows of resources.				
Governmental Activities	--	--	50,047	--
Austin Water	--	--	--	1,961
Airport	--	--	--	141,277
Nonmajor Enterprise Funds	--	--	--	4,147
Other postemployment benefits -- Changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds) may be treated as either deferred outflows or inflows. City benefit payments made between the measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows. Can be deferred outflows or inflows.				
Governmental Activities	633,420	--	870,379	--
Austin Energy	--	133,219	--	185,586
Austin Water	--	98,610	--	122,986
Airport	--	70,633	--	63,924
Nonmajor Enterprise Funds	--	229,036	--	256,531
Pensions -- Differences between estimated and actual investment earnings, changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds), may be treated as either deferred outflows or inflows. Contributions made to the pension systems between the Plans' measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows. Can be deferred outflows or inflows.				
Governmental Activities	1,193,670	--	480,896	--
Austin Energy	--	241,538	--	8,690
Austin Water	--	138,259	--	2,298
Airport	--	45,889	--	3,524
Nonmajor Enterprise Funds	--	276,411	--	4,574

(Continued)

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
e -- Financial Statement Elements, continued

Funds	Deferred Outflows		Deferred Inflows	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Public-Private Partnership Arrangements -- The resources related to the public-private partnership arrangements that will be recognized as revenue in future years over the terms of arrangements between the City and the operators are reported as deferred inflows of resources.				
Governmental Activities	--	--	174,593	--
Airport	--	--	--	153,413
Nonmajor Enterprise Funds	--	--	--	1,435
Regulated operations. In accordance with accounting for regulated operations, certain credits to income are held as deferred inflows of resources until the anticipated matched charge is incurred. These credits include unrealized gain/loss on investments, contributions, interest, decommissioning, and pass-through rates. Deferred outflows or inflows.				
Austin Energy	--	--	--	524,376
Total	\$ 1,833,864	1,468,407	1,577,139	1,498,462
Totals by Fund				
Governmental Activities	1,833,864	--	1,577,139	--
Austin Energy	--	570,936	--	734,303
Austin Water	--	264,750	--	135,327
Airport	--	122,809	--	362,138
Nonmajor Enterprise Funds	--	509,912	--	266,694
Grand Total	\$ 1,833,864	1,468,407	1,577,139	1,498,462

The governmental funds' statements include amounts recognized as deferred inflows of resources as a result of property taxes, other taxes, and certain revenues (\$22.7 million) that are not available to liquidate current liabilities in the funds. These amounts will be recognized in the period these amounts become available.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
e -- Financial Statement Elements, continued

Compensated Absences -- The amounts owed to employees for unpaid vacation, exception vacation, and sick leave liabilities, including the City’s share of employment-related taxes, are reported on the accrual basis of accounting in the government-wide statements and in the proprietary activities of the fund financial statements. The liabilities and expenditures are reported on the modified accrual basis in the governmental fund financial statements; the estimated liability in governmental funds is the amount of unused vacation, exception vacation, and sick leave eligible for payout upon termination for employees that terminated by the fiscal year end.

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

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

- (1) Non-sworn employees are eligible for accumulated sick leave payout if hired before October 1, 1986.
- (2) Sworn police employees with 16 years of actual service are eligible for accumulated sick leave payout. As of March 8, 2023, officers may be eligible to receive up to 1,700 hours of sick leave if certain criteria are met.
- (3) Sworn fire employees are eligible for accumulated sick leave payout regardless of hire date.
- (4) Sworn EMS employees with 12 years of actual service are eligible for accumulated sick leave payout if certain criteria are met.
- (5) Exception vacation hours are hours accumulated by an employee when the employee works on a City holiday.
- (6) Employees may earn compensatory time in lieu of paid overtime; maximum payout is 120 hours for all employees.

Other Postemployment Benefits (OPEB) -- The City provides certain health care benefits for its retired employees and their families as more fully described in Note 11. At September 30, 2023, the City’s total OPEB liability for these retiree benefits was approximately \$3.4 billion. The City funds the costs of these benefits on a pay-as-you-go basis.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
e -- Financial Statement Elements, continued

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

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

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

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

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

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

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

Other Liabilities -- Other liabilities includes Austin Energy's ownership portion of the South Texas Project net pension liability and other postemployment benefits liability.

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

	Bad Debt Expense
Austin Energy	\$ 8,774
Austin Water	1,173
Airport	1
Nonmajor Enterprise	2,463

Electric, water, and wastewater revenue is recorded when earned. Customers' electric and water meters are read, and bills rendered on a cycle basis by billing district. Electric rate schedules include a power supply adjustment rate that permits recovery of fuel costs in the month incurred or in future months. The City reports fuel costs on the same basis as it recognizes revenue. Unbilled revenue is recorded for Austin Energy by estimating the daily net load and allocating by each billing district meter read dates as of September 30, 2023. The amount of unbilled revenue reported in accounts receivable as of September 30, 2023 was \$47.8 million. Austin Water records unbilled revenue as earned based upon the percentage of October's billing that represented water usage through September 30, 2023. The amount of unbilled revenue reported in accounts receivable as of September 30, 2023 was \$21.1 million for water and \$16.5 million for wastewater.

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

	Discounts
Airport	\$ 3,423
Nonmajor Enterprise	4,287

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
e -- Financial Statement Elements, continued

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

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

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

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

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

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

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

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

Assigned: The portion of fund balance that is constrained by the City's intent to use for specific purposes but are neither restricted nor committed. Under the City charter, the City Manager is authorized to assign individual amounts up to \$72,000 in fiscal year 2023 to a specific purpose. This amount is reviewed annually and subject to be updated based on the most recently published federal government, Bureau of Labor Statistics Indicator, Consumer Price Index (CPI-W U.S. City Average) U.S. City Average.

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
e -- Financial Statement Elements, continued

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

	General Fund	Nonmajor Governmental			Total
		Special Revenue	Debt Service	Capital Projects	
Nonspendable					
Inventory	\$ 2	--	--	--	2
Prepaid items	2,003	--	--	--	2,003
Permanent funds	--	--	--	--	1,070
Total Nonspendable	2,005	--	--	--	3,075
Restricted					
Municipal court services	--	474	--	--	474
General government services	--	22	--	--	22
Fire special purpose	--	61	--	--	61
Police special purpose	--	12,934	--	--	12,934
Transportation, planning, and sustainability	--	604	--	--	604
Public health services	--	1,957	--	--	1,957
Library services	--	5,525	--	--	5,526
Parks services	--	636	--	--	636
Tourism programs	--	96,252	--	--	96,252
Affordable housing programs	--	102,788	--	--	102,788
Urban growth programs	--	30,790	--	--	30,790
Capital construction	--	--	--	147,063	147,063
Debt service	--	--	30,065	--	30,065
Total Restricted	--	252,043	30,065	147,063	429,172
Committed					
Tourism programs	--	243	--	--	243
Urban growth programs	--	90,612	--	--	90,612
Total Committed	--	90,855	--	--	90,855
Assigned					
Municipal court services	3,031	--	--	--	3,031
EMS activities	498	--	--	--	498
Fire activities	1,536	--	--	--	1,536
Police activities	7,377	--	--	--	7,377
Public health services	25,603	--	--	--	25,603
Library services	1,702	--	--	--	1,702
Parks services	1,643	--	--	--	1,643
Tourism programs	--	3	--	--	3
Affordable housing programs	9,348	700	--	--	10,048
Urban growth programs	128,731	682	--	--	129,413
Capital construction	--	--	--	171,179	171,179
Total Assigned	179,469	1,385	--	171,179	352,033
Unassigned	177,228	(2,634)	--	(265,867)	(91,273)
Total Fund Balance	\$ 358,702	341,649	30,065	52,375	783,862

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
e -- Financial Statement Elements, continued

Budgetary Reserve Funds -- By formal action of City Council, the General Fund maintains two reserve funds; a budget stabilization reserve and an emergency reserve fund. These reserves are part of unassigned fund balance for the General Fund. As of September 30, 2023, the budget stabilization reserve reports a balance of \$106.7 million, the emergency reserve maintains a balance of eight percent of total General Fund requirements, or \$102.2 million. The funds in the budget stabilization reserve may be appropriated to fund capital or other one-time costs if the reserve exceeds 6% of total General Fund requirements, but such appropriation should not exceed one-third of the total amount in the reserve.

Cash and Cash Equivalents -- For purposes of the statement of cash flows, the City considers cash and cash equivalents to be currency on hand, cash held by trustee, demand deposits with banks, and all amounts included in pooled investments and cash accounts. The City considers the investment pool to be highly liquid, similar to a money market mutual fund.

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

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

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

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

f -- COVID-19 Response Funding

Emergency Rental Assistance Funding -- The City was awarded an additional \$500 thousand in fiscal year 2023 for a total of \$66.4 million from the US Department of the Treasury for the COVID-19 relief Emergency Rental Assistance Program grant. Through the end of the fiscal year, the City expended \$65.5 million. The Housing and Planning Department oversees this grant which is being used to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic.

American Rescue Plan Act -- Coronavirus State and Local Fiscal Recovery Fund (SLFRF) -- The City was allocated and received \$188.5 million in federal funding from SLFRF administered by the US Department of the Treasury. Through the end of the fiscal year, the City expended \$75.2 million. SLFRF will provide relief services and assistance to Austin residents, creatives, non-profits, and businesses to address the needs created by this public health emergency.

g -- Comparative Data

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

h -- Use of Estimates

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

2 – POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund at September 30, 2023 (in thousands):

	Pooled Investments and Cash	
	Unrestricted	Restricted
General Fund	\$ 329,112	--
Nonmajor governmental funds	496,507	--
Austin Energy	174,888	247,710
Austin Water	307,595	102,978
Airport	19,382	923,430
Nonmajor enterprise funds	372,424	320,484
Internal service funds	238,582	7,622
Fiduciary funds	2,734	--
Subtotal pooled investments and cash	<u>1,941,224</u>	<u>1,602,224</u>
Total pooled investments and cash	<u>\$ 3,543,448</u>	

3 – INVESTMENTS AND DEPOSITS

a -- Investments

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

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

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

3 – INVESTMENTS AND DEPOSITS, continued
a -- Investments, continued

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

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

The City did not participate in any reverse repurchase agreements or security lending arrangements during fiscal year 2023.

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

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

The City invests in LGIPs to provide its liquidity needs. The LGIPs were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. The LGIPs are structured like money market mutual funds and allow shareholders the ability to deposit or withdraw funds on a daily basis. In addition, interest rates are adjusted on a daily basis, and the funds seek to maintain a constant NAV of \$1.00, although this cannot be fully guaranteed. The LGIPs are rated AAAM and must maintain a dollar weighted average maturity not to exceed a 60-day limit. At September 30, 2023, TexPool, TexPool Prime, TexasDAILY, TexStar, and Texas CLASS had a weighted average maturity of 28 days, 46 days, 30 days, 30 days, and 49 days, respectively. The City's LGIP investments are not subject to limitations, penalties, or restrictions on withdrawals outside emergency conditions that make the sale of assets or determination of fund NAV not reasonably practical, and therefore, the City considers holdings in these funds to have an effective weighted average maturity of one day.

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

3 – INVESTMENTS AND DEPOSITS, continued
a -- Investments, continued

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

The City has the following recurring fair value measurements as of September 30, 2023:

- U.S. Treasury securities of \$1.9 billion are valued using quoted prices (unadjusted) in active markets for identical financial assets which the City can access at the measurement date (Level 1 inputs).
- U.S. Agency securities of \$1.2 billion are valued using other observable inputs, including but not limited to, model processes, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing (Level 2 inputs).

As of September 30, 2023, the City presented Money Market Funds of \$78.9 million, LGIPs of \$1.2 billion valued using amortized cost, and LGIPs of \$79.7 million valued using NAV.

The following table includes the portfolio balances of all non-pooled and pooled investments of the City at September 30, 2023 (in thousands):

	Governmental Activities	Business- type Activities	Fiduciary Funds	Total
Non-pooled investments:				
Local Government Investment Pools	\$ 28,805	358,787	--	387,592
Money Market Funds	9,845	69,086	--	78,931
US Treasury Notes	--	171,948	--	171,948
US Treasury Bills	--	24,336	--	24,336
US Agency Bonds	--	174,486	--	174,486
US Agency Discounts Notes	--	61,815	--	61,815
Total non-pooled investments	<u>38,650</u>	<u>860,458</u>	<u>--</u>	<u>899,108</u>
Pooled investments:				
Local Government Investment Pools	269,316	620,368	676	890,360
US Treasury Notes	445,347	1,025,835	1,136	1,472,318
US Treasury Bills	79,789	183,788	204	263,781
US Agency Bonds	112,253	258,569	286	371,108
US Agency Discount Notes	169,541	390,531	432	560,504
Total pooled investments	<u>1,076,246</u>	<u>2,479,091</u>	<u>2,734</u>	<u>3,558,071</u>
Total investments	<u>\$ 1,114,896</u>	<u>3,339,549</u>	<u>2,734</u>	<u>4,457,179</u>

Concentration of Credit Risk

At September 30, 2023, the City of Austin was exposed to concentration of credit risk since it held investments with more than five percent of the total investment portfolio balances of the City in securities of the following issuers: Federal Farm Credit Bank (\$537.4 million or 12.1%) and Federal Home Loan Bank (\$537 million or 12%) both have discount notes of \$328.6 million and \$274 million, respectively, that will mature in less than one year.

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

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

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

3 – INVESTMENTS AND DEPOSITS, continued
b -- Investment Categories

As of September 30, 2023, the City had the following investments in each of these strategic categories (in thousands):

Investment Type by Category	Governmental Activities	Business- type Activities	Fiduciary Funds	Total	Weighted Average Maturity (days)
Operating funds					
Local Government Investment Pools	\$ 269,316	620,368	676	890,360	1
US Treasury Notes	445,347	1,025,835	1,136	1,472,318	366
US Treasury Bills	79,789	183,788	204	263,781	158
US Agency Bonds	112,253	258,569	286	371,108	347
US Agency Discount Notes	169,541	390,531	432	560,504	120
Total Operating funds	1,076,246	2,479,091	2,734	3,558,071	
Debt service funds					
General Obligation Debt Service					
Local Government Investment Pools	28,805	--	--	28,805	1
Utility (1)					
Local Government Investment Pools	--	164,177	--	164,177	1
Airport					
Local Government Investment Pools	--	53,744	--	53,744	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	8,679	--	8,679	1
Total Debt service funds	28,805	226,600	--	255,405	
Debt service reserve funds					
Utility (1)					
Local Government Investment Pools	--	12,049	--	12,049	1
Money Market Funds	--	4,881	--	4,881	1
Airport					
Local Government Investment Pools	--	83,570	--	83,570	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	10,263	--	10,263	1
Total Debt service reserve funds	--	110,763	--	110,763	
Special projects/purpose funds					
Austin Energy Contingency, Power Supply, and Capital Reserve					
Local Government Investment Pools	--	1,810	--	1,810	1
US Treasury Notes	--	63,647	--	63,647	206
US Agency Bonds	--	129,558	--	129,558	413
US Agency Discount Notes	--	24,685	--	24,685	90
Total Austin Energy Contingency, Power Supply, and Capital Reserve	--	219,700	--	219,700	
Austin Energy Nuclear Decommissioning					
Trust Funds (NDTF)					
Money Market Funds	--	42,518	--	42,518	1
US Treasury Notes	--	108,301	--	108,301	273
US Treasury Bills	--	24,336	--	24,336	182
US Agency Bonds	--	44,928	--	44,928	143
US Agency Discount Notes	--	37,130	--	37,130	166
Total Austin Energy NDTF	--	257,213	--	257,213	
Special Projects - Utility Reserve (1)					
Local Government Investment Pools	--	24,495	--	24,495	1
Special Projects - Other					
Money Market Funds	9,845	21,687	--	31,532	1
Total Special Projects	9,845	46,182	--	56,027	
Total Special projects/purpose funds	9,845	523,095	--	532,940	
Total funds	\$ 1,114,896	3,339,549	2,734	4,457,179	

(1) Includes combined pledge debt service

3 – INVESTMENTS AND DEPOSITS, continued
b -- Investment Categories, continued

Credit Risk

At September 30, 2023, City funds held investments in LGIPs and Money Market Funds rated AAAm by S&P Global Ratings or AAAmmf by Fitch Ratings, Inc., short-to-medium term U.S. Agency bonds rated AA+ by S&P Global Ratings, and the remaining investments in Treasury securities, which are direct obligations of the U.S. government.

Concentration of Credit Risk

Operating Funds

At September 30, 2023, the operating funds held investments with more than five percent of the total portfolio in securities of the following issuers (in millions): Federal Farm Credit Bank (\$467.6 or 13.1%) and Federal Home Loan Bank (\$395.0 or 11.1%)

Special Projects or Special Purpose Funds

At September 30, 2023, the Austin Energy Contingency, Power Supply, and Capital Reserve Fund held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Farm Credit Bank (\$56.1 or 25.5%), Federal Home Loan Bank (\$73.8 or 33.6%), and Federal National Mortgage Association (\$19.6 or 8.9%).

At September 30, 2023, the Nuclear Decommissioning Trust Fund held investments with more than 5% of the total in securities of the following issuers (in millions): Federal Farm Credit Bank (\$13.8 or 5.4%), and Federal Home Loan Bank (\$68.2 or 26.5%).

Interest Rate Risk

Operating Funds

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

At September 30, 2023, less than a third of the Investment Pool was invested in AAAm rated LGIPs, with the remainder invested in short-to-medium term U.S. Agency and Treasury obligations. Term limits on individual maturities did not exceed five years from the purchase date. The dollar weighted average maturity of all securities was 218 days, which was less than the threshold of 720 days.

Debt Service Funds

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

Debt Service Reserve Funds

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

Special Projects or Special Purpose Funds

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

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

At September 30, 2023, the portfolios held investments in TexPool, U.S. Treasury, and U.S. Agency obligations with maturities that will meet anticipated cash flow requirements and an overall dollar weighted average maturity of 321 days.

Special Purpose Funds - Austin Energy Nuclear Decommissioning Trust Funds (NDF)

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy for the NDF portfolios requires that the dollar weighted average maturity, using final stated maturity dates, shall not exceed seven years, although the portfolio's weighted average maturity may be substantially shorter if market conditions so dictate. At September 30, 2023, the dollar weighted average maturity was 181 days.

Special Purpose Funds - Investments Held by Trustee

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

3 – INVESTMENTS AND DEPOSITS, continued
c -- Investment and Deposits

Investments and deposits portfolio balances at September 30, 2023, are as follows (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments and cash	\$ 46,190	886,984	--	933,174
Pooled investments and cash	1,077,397	2,481,742	2,734	3,561,873
Total investments and cash	<u>1,123,587</u>	<u>3,368,726</u>	<u>2,734</u>	<u>4,495,047</u>
Unrestricted cash	47	9,379	--	9,426
Restricted cash	7,493	17,147	--	24,640
Pooled investments and cash	1,077,397	2,481,742	2,734	3,561,873
Investments	38,650	860,458	--	899,108
Total	<u>\$ 1,123,587</u>	<u>3,368,726</u>	<u>2,734</u>	<u>4,495,047</u>

The bank balance of the portfolio exceeds the book balance by approximately \$18.4 million (net), which primarily consists of outstanding checks and deposits in transit. The outstanding checks decrease the book balance as compared to the bank, whereas the deposits in transit increase it. The difference eliminates once both the outstanding checks and deposits in transit clear the bank.

Deposits

The September 30, 2023 carrying amount of deposits at the bank and cash on hand are as follows (in thousands):

	Governmental Activities	Business-type Activities	Total
Cash			
Unrestricted	\$ 47	42	89
Restricted	--	4,712	4,712
Cash held by trustee			
Unrestricted	--	9,337	9,337
Restricted	7,493	12,435	19,928
Non-pooled cash	<u>7,540</u>	<u>26,526</u>	<u>34,066</u>
Pooled cash	<u>1,151</u>	<u>2,651</u>	<u>3,802</u>
Total deposits	<u>\$ 8,691</u>	<u>29,177</u>	<u>37,868</u>

All bank accounts were either insured or collateralized with securities held by the City or its agents in the City's name at September 30, 2023.

4 – PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The adjusted assessed value for the roll as of January 1, 2022, upon which the 2023 levy was based, was \$216,893,650,976.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2023, 99.20% of the current tax levy (October 1, 2022) was collected. The statutory lien date is January 1.

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

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

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

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

The tax rate to finance general governmental functions and fund Project Connect, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 2023, was \$0.3669 per \$100 assessed valuation. The tax rate for servicing the payment of principal and interest on general obligation long-term debt for the fiscal year ended September 30, 2023, was \$0.0958 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$0.6331 per \$100 assessed valuation and could levy approximately \$1,373,153,704 in additional taxes from the assessed valuation of \$216,893,650,976 before the legislative limit is reached.

5 – CAPITAL ASSETS AND INFRASTRUCTURE
a -- Capital Assets

Governmental Activities

Capital asset activity for the year ended September 30, 2023, was as follows (in thousands):

	<u>Beginning Balance</u>	(1)	<u>Increases</u>	(2)	<u>Decreases</u>	(2)	<u>Ending Balance</u>
Depreciable capital assets							
Building and improvements	\$ 1,467,922		73,039		--		1,540,961
Plant and equipment	293,305		15,345		(57,841)		250,809
Vehicles	189,919		28,636		(8,741)		209,814
Infrastructure	3,345,242		101,206		(1,660)		3,444,788
Intangible assets:							
Right-to-use leased assets	126,138		3,273		(2,378)		127,033
Right-to-use IT subscriptions	59,263		26,246		--		85,509
Total depreciable capital assets	<u>5,481,789</u>		<u>247,745</u>		<u>(70,620)</u>		<u>5,658,914</u>
Less accumulated depreciation/amortization for							
Building and improvements	(539,522)		(43,568)		--		(583,090)
Plant and equipment	(211,503)		(17,544)		54,498		(174,549)
Vehicles	(115,188)		(16,348)		8,003		(123,533)
Infrastructure	(1,604,146)		(89,464)		--		(1,693,610)
Intangible assets:							
Right-to-use leased assets	(15,031)		(15,675)		2,378		(28,328)
Right-to-use IT subscriptions	--		(21,786)		--		(21,786)
Total accumulated depreciation/amortization	<u>(2,485,390)</u>		<u>(204,385)</u>	(3)	<u>64,879</u>		<u>(2,624,896)</u>
Depreciable capital assets, net	<u>2,996,399</u>		<u>43,360</u>		<u>(5,741)</u>		<u>3,034,018</u>
Nondepreciable capital assets							
Land and improvements	539,625		65,075		(2,614)		602,086
Arts and treasures	12,268		354		--		12,622
Library collections	18,167		--		--		18,167
Construction in progress	291,201		266,889		(135,225)		422,865
Development in progress	--		6,693		--		6,693
Total nondepreciable assets	<u>861,261</u>		<u>339,011</u>		<u>(137,839)</u>		<u>1,062,433</u>
Total capital assets	<u>\$ 3,857,660</u>		<u>382,371</u>		<u>(143,580)</u>		<u>4,096,451</u>

(1) With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the right-to-use IT subscriptions. This restatement amounted to \$59.3 million. Additionally, right-to-use leased assets have been incorporated into the footnote for consistency.

(2) Increases and decreases do not include transfers (at net book value) between Governmental Activities.

(3) Components of accumulated depreciation/amortization increases:

Governmental Activities:

General government	\$ 8,876
Public safety	24,229
Transportation, planning and sustainability	70,861
Public health	5,222
Public recreation and culture	28,261
Urban growth management	27,612
Internal service funds	39,324
Total increases in accumulated depreciation/amortization	<u>\$ 204,385</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued
a -- Capital Assets, continued

Business-type Activities: Total

Capital asset activity for the year ended September 30, 2023, was as follows (in thousands):

	Beginning			Ending
	Balance	(1) Increases	(2) Decreases	Balance
Depreciable capital assets				
Building and improvements	\$ 3,460,244	16,524	(422)	3,476,346
Plant and equipment	4,700,824	200,880	(36,999)	4,864,705
Vehicles	270,240	29,620	(18,746)	281,114
Electric plant	6,040,991	251,039	(69,226)	6,222,804
Non-electric plant	353,084	9,612	--	362,696
Nuclear fuel	481,762	19,433	--	501,195
Water rights	100,000	--	--	100,000
Intangible assets:				
Right-to-use leased assets	72,337	3,683	(5,277)	70,743
Right-to-use IT subscriptions	15,758	13,444	--	29,202
Total depreciable capital assets	<u>15,495,240</u>	<u>544,235</u>	<u>(130,670)</u>	<u>15,908,805</u>
Less accumulated depreciation/amortization for				
Building and improvements	(1,136,132)	(80,385)	102	(1,216,415)
Plant and equipment	(2,105,958)	(125,194)	34,380	(2,196,772)
Vehicles	(170,807)	(19,727)	22,167	(168,367)
Electric plant	(3,706,769)	(194,192)	61,717	(3,839,244)
Non-electric plant	(111,987)	(15,208)	--	(127,195)
Nuclear fuel	(428,386)	(19,824)	--	(448,210)
Water rights	(22,716)	(988)	--	(23,704)
Intangible assets:				
Right-to-use leased assets	(15,248)	(14,637)	5,612	(24,273)
Right-to-use IT subscriptions	--	(5,647)	--	(5,647)
Total accumulated depreciation/amortization	<u>(7,698,003)</u>	<u>(475,802)</u>	<u>123,978</u>	<u>(8,049,827)</u>
Depreciable capital assets, net	<u>7,797,237</u>	<u>68,433</u>	<u>(6,692)</u>	<u>7,858,978</u>
Nondepreciable capital assets				
Land and improvements	815,263	22,979	(6,999)	831,243
Arts and treasures	6,334	1,404	--	7,738
Construction in progress	816,213	704,045	(433,424)	1,086,834
Plant held for future use	22,595	--	--	22,595
Total nondepreciable assets	<u>1,660,405</u>	<u>728,428</u>	<u>(440,423)</u>	<u>1,948,410</u>
Total capital assets	<u>\$ 9,457,642</u>	<u>796,861</u>	<u>(447,115)</u>	<u>9,807,388</u>

(1) With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the right-to-use IT subscriptions. This restatement amounted to \$15.8 million. Additionally, right-to-use leased assets have been incorporated into the footnote for consistency.

(2) Increases and decreases do not include transfers (at net book value) between Business-type Activities.

(3) Components of accumulated depreciation/amortization increases:

Business-type Activities:

Electric	\$ 227,507
Water	68,310
Wastewater	75,476
Airport	49,165
Convention	9,523
Environmental and health services	11,400
Public recreation	1,397
Urban growth management	13,200
Total increases in accumulated depreciation/amortization	<u>455,978</u>
Current year amortization included in operating expense	19,824
Total increases in accumulated depreciation/amortization	<u>\$ 475,802</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued
a -- Capital Assets, continued

Business-type Activities: Austin Energy

Capital asset activity for the year ended September 30, 2023, was as follows (in thousands):

	<u>Beginning Balance</u>	(1)	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Depreciable capital assets					
Vehicles	\$ 41,477		4,393	(1,660)	44,210
Electric plant	6,040,991		251,039	(69,226)	6,222,804
Non-electric plant	353,084		9,612	--	362,696
Nuclear fuel	481,762		19,433	--	501,195
Intangible assets:					
Right-to-use leased assets	34,080		1,971	(5,277)	30,774
Right-to-use IT subscriptions	12,512		11,109	--	23,621
Total depreciable capital assets	<u>6,963,906</u>		<u>297,557</u>	<u>(76,163)</u>	<u>7,185,300</u>
Less accumulated depreciation/amortization for					
Vehicles	(24,542)		(3,392)	5,797	(22,137)
Electric plant	(3,706,769)		(194,192)	61,717	(3,839,244)
Non-electric plant	(111,987)		(15,208)	--	(127,195)
Nuclear fuel	(428,386)		(19,824)	--	(448,210)
Intangible assets:					
Right-to-use leased assets	(11,930)		(10,644)	5,612	(16,962)
Right-to-use IT subscriptions	--		(4,071)	--	(4,071)
Total accumulated depreciation/amortization	<u>(4,283,614)</u>		<u>(247,331)</u> (2)	<u>73,126</u>	<u>(4,457,819)</u>
Depreciable capital assets, net	<u>2,680,292</u>		<u>50,226</u>	<u>(3,037)</u>	<u>2,727,481</u>
Nondepreciable capital assets					
Land and improvements	77,867		14,036	(6,051)	85,852
Construction in progress	280,351		214,105	(263,496)	230,960
Plant held for future use	22,595		--	--	22,595
Total nondepreciable assets	<u>380,813</u>		<u>228,141</u>	<u>(269,547)</u>	<u>339,407</u>
Total capital assets	<u>\$ 3,061,105</u>		<u>278,367</u>	<u>(272,584)</u>	<u>3,066,888</u>

(1) With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the right-to-use IT subscriptions. This restatement amounted to \$12.5 million. Additionally, right-to-use leased assets have been incorporated into the footnote for consistency.

(2) Components of accumulated depreciation/amortization increases:

Current year depreciation/amortization	\$ 227,507
Current year amortization included in operating expense	19,824
Total increases in accumulated depreciation/amortization	<u>\$ 247,331</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued
a -- Capital Assets, continued

Business-type Activities: Austin Water

Capital asset activity for the year ended September 30, 2023, was as follows (in thousands):

	Beginning	(1)	Increases	Decreases	Ending
	Balance				Balance
Depreciable capital assets					
Building and improvements	\$ 1,299,501		11,314	--	1,310,815
Plant and equipment	4,373,691		187,045	(15,390)	4,545,346
Vehicles	49,023		3,988	(1,028)	51,983
Water rights	100,000		--	--	100,000
Intangible assets:					
Right-to-use leased assets	1,297		--	--	1,297
Right-to-use IT subscriptions	350		296	--	646
Total depreciable capital assets	<u>5,823,862</u>		<u>202,643</u>	<u>(16,418)</u>	<u>6,010,087</u>
Less accumulated depreciation/amortization for					
Building and improvements	(431,355)		(27,300)	--	(458,655)
Plant and equipment	(1,958,573)		(112,010)	14,863	(2,055,720)
Vehicles	(31,284)		(3,166)	1,014	(33,436)
Water rights	(22,716)		(988)	--	(23,704)
Intangible assets:					
Right-to-use leased assets	(161)		(176)	--	(337)
Right-to-use IT subscriptions	--		(146)	--	(146)
Total accumulated depreciation/amortization	<u>(2,444,089)</u>		<u>(143,786)</u> (2)	<u>15,877</u>	<u>(2,571,998)</u>
Depreciable capital assets, net	<u>3,379,773</u>		<u>58,857</u>	<u>(541)</u>	<u>3,438,089</u>
Nondepreciable capital assets					
Land and improvements	231,725		7,703	--	239,428
Arts and treasures	111		--	--	111
Construction in progress	447,087		240,455	(145,440)	542,102
Total nondepreciable assets	<u>678,923</u>		<u>248,158</u>	<u>(145,440)</u>	<u>781,641</u>
Total capital assets	<u>\$ 4,058,696</u>		<u>307,015</u>	<u>(145,981)</u>	<u>4,219,730</u>

(1) With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the right-to-use IT subscriptions. This restatement amounted to \$350 thousand. Additionally, right-to-use leased assets have been incorporated into the footnote for consistency.

(2) Components of accumulated depreciation/amortization increases:

Current year depreciation/amortization	
Water	\$ 68,310
Wastewater	75,476
Total increases in accumulated depreciation/amortization	<u>\$ 143,786</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued
a -- Capital Assets, continued

Business-type Activities: Airport

Capital asset activity for the year ended September 30, 2023, was as follows (in thousands):

	Beginning Balance	(1)	Increases	Decreases	Ending Balance
Depreciable capital assets					
Building and improvements	\$ 1,772,609		1,976	--	1,774,585
Plant and equipment	51,160		1,996	(4,636)	48,520
Vehicles	20,104		1,984	(1,759)	20,329
Intangible assets:					
Right-to-use leased assets	90		--	--	90
Right-to-use IT subscriptions	1,067		455	--	1,522
Total depreciable capital assets	<u>1,845,030</u>		<u>6,411</u>	<u>(6,395)</u>	<u>1,845,046</u>
Less accumulated depreciation/amortization for					
Building and improvements	(498,517)		(43,910)	--	(542,427)
Plant and equipment	(24,441)		(3,195)	4,272	(23,364)
Vehicles	(13,359)		(1,562)	1,499	(13,422)
Intangible assets:					
Right-to-use leased assets	(36)		(35)	--	(71)
Right-to-use IT subscriptions	--		(463)	--	(463)
Total accumulated depreciation/amortization	<u>(536,353)</u>		<u>(49,165)</u> (2)	<u>5,771</u>	<u>(579,747)</u>
Depreciable capital assets, net	<u>1,308,677</u>		<u>(42,754)</u>	<u>(624)</u>	<u>1,265,299</u>
Nondepreciable capital assets					
Land and improvements	96,381		--	--	96,381
Arts and treasures	5,611		1,277	--	6,888
Construction in progress	45,322		204,759	(4,960)	245,121
Total nondepreciable assets	<u>147,314</u>		<u>206,036</u>	<u>(4,960)</u>	<u>348,390</u>
Total capital assets	<u>\$ 1,455,991</u>		<u>163,282</u>	<u>(5,584)</u>	<u>1,613,689</u>

(1) With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the right-to-use IT subscriptions. This restatement amounted to \$1.1 million. Additionally, right-to-use leased assets have been incorporated into the footnote for consistency.

(2) Components of accumulated depreciation/amortization increases:

Current year depreciation/amortization	<u>\$ 49,165</u>
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5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued
a -- Capital Assets, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2023, was as follows (in thousands):

	<u>Beginning</u> <u>Balance</u>	(1) <u>Increases</u>	(2) <u>Decreases</u>	(2) <u>Ending</u> <u>Balance</u>
Depreciable capital assets				
Building and improvements	\$ 388,134	3,234	(422)	390,946
Plant and equipment	275,973	11,839	(16,973)	270,839
Vehicles	159,636	19,255	(14,299)	164,592
Intangible assets:				
Right-to-use leased assets	36,870	1,712	--	38,582
Right-to-use IT subscriptions	1,829	1,584	--	3,413
Total depreciable capital assets	<u>862,442</u>	<u>37,624</u>	<u>(31,694)</u>	<u>868,372</u>
Less accumulated depreciation/amortization for				
Building and improvements	(206,260)	(9,175)	102	(215,333)
Plant and equipment	(122,944)	(9,989)	15,245	(117,688)
Vehicles	(101,622)	(11,607)	13,857	(99,372)
Intangible assets:				
Right-to-use leased assets	(3,121)	(3,782)	--	(6,903)
Right-to-use IT subscriptions	--	(967)	--	(967)
Total accumulated depreciation/amortization	<u>(433,947)</u>	<u>(35,520)</u>	<u>29,204</u>	<u>(440,263)</u>
Depreciable capital assets, net	<u>428,495</u>	<u>2,104</u>	<u>(2,490)</u>	<u>428,109</u>
Nondepreciable capital assets				
Land and improvements	409,290	1,240	(948)	409,582
Arts and treasures	612	127	--	739
Construction in progress	43,453	44,726	(19,528)	68,651
Total nondepreciable assets	<u>453,355</u>	<u>46,093</u>	<u>(20,476)</u>	<u>478,972</u>
Total capital assets	<u>\$ 881,850</u>	<u>48,197</u>	<u>(22,966)</u>	<u>907,081</u>

(1) With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the right-to-use IT subscriptions. This restatement amounted to \$1.8 million. Additionally, right-to-use leased assets have been incorporated into the footnote for consistency.

(2) Increases and decreases do not include transfers (at net book value) between nonmajor enterprise funds.

(3) Components of accumulated depreciation/amortization increases:

Current year depreciation/amortization	
Convention	\$ 9,523
Environmental and health services	11,400
Public recreation	1,397
Urban growth management	13,200
Total increases in accumulated depreciation/amortization	<u>\$ 35,520</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued
b -- Right-to-Use Assets

Governmental Activities

Intangible right-to-use asset activity for the year ended September 30, 2023, was as follows (in thousands):

	<u>Beginning Balance</u>	(1)	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Intangible right-to-use assets					
Buildings	\$ 108,041		645	(996)	107,690
Infrastructure	1,727		--	--	1,727
Land	13,497		--	--	13,497
Equipment	--		564	--	564
Computer Equipment	2,873		2,064	(1,382)	3,555
Software	59,263		26,246	--	85,509
Total intangible right-to-use assets	<u>185,401</u>		<u>29,519</u>	<u>(2,378)</u>	<u>212,542</u>
Less accumulated amortization for:					
Buildings	(13,488)		(13,618)	996	(26,110)
Infrastructure	(171)		(171)	--	(342)
Land	(144)		(211)	--	(355)
Equipment	--		(25)	--	(25)
Computer Equipment	(1,228)		(1,650)	1,382	(1,496)
Software	--		(21,786)	--	(21,786)
Total accumulated amortization	<u>(15,031)</u>		<u>(37,461)</u>	(2) <u>2,378</u>	<u>(50,114)</u>
Governmental activities, net	<u>\$ 170,370</u>		<u>(7,942)</u>	<u>--</u>	<u>162,428</u>

(1) With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the right-to-use IT subscriptions. This restatement amounted to \$59.3 million.

(2) Components of accumulated amortization increases:

Governmental Activities:

Public safety	\$ 4,937
Transportation, planning and sustainability	841
Public health	3,239
Public recreation and culture	302
Urban growth management	1,352
Internal service funds	26,790
Total increases in accumulated amortization	<u>\$ 37,461</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued
b -- Right-to-Use Assets, continued

Business-type Activities: Total

Intangible right-to-use asset activity for the year ended September 30, 2023, was as follows (in thousands):

	<u>Beginning Balance</u>	(1)	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Intangible right-to-use assets					
Buildings	\$ 48,126		--	(3,548)	44,578
Land	541		--	--	541
Equipment	3,921		138	--	4,059
Vehicles	15,528		3,545	--	19,073
Computer Equipment	4,221		--	(1,729)	2,492
Software	15,758		13,444	--	29,202
Total intangible right-to-use assets	<u>88,095</u>		<u>17,127</u>	<u>(5,277)</u>	<u>99,945</u>
Less accumulated amortization for:					
Buildings	(6,966)		(6,296)	3,883	(9,379)
Land	(47)		(46)	--	(93)
Equipment	(688)		(976)	--	(1,664)
Vehicles	(5,625)		(6,002)	--	(11,627)
Computer Equipment	(1,922)		(1,317)	1,729	(1,510)
Software	--		(5,647)	--	(5,647)
Total accumulated amortization	<u>(15,248)</u>		<u>(20,284)</u>	(2) <u>5,612</u>	<u>(29,920)</u>
Business-type activities, net	<u>\$ 72,847</u>		<u>(3,157)</u>	<u>335</u>	<u>70,025</u>

(1) With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the right-to-use IT subscriptions. This restatement amounted to \$15.8 million.

(2) Components of accumulated amortization increases:

Business-type Activities:

Electric	\$ 14,715
Water	187
Wastewater	135
Airport	498
Convention	79
Environmental and health services	906
Public recreation	758
Urban growth management	3,006
Total business-type activities accumulated amortization	<u>\$ 20,284</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued
b -- Right-to-Use Assets, continued

Business-type Activities: Austin Energy

Intangible right-to-use asset activity for the year ended September 30, 2023, was as follows (in thousands):

	<u>Beginning Balance</u>	(1)	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Intangible right-to-use assets					
Buildings	\$ 12,616		--	(3,548)	9,068
Land	541		--	--	541
Equipment	1,539		73	--	1,612
Vehicles	15,163		1,898	--	17,061
Computer Equipment	4,221		--	(1,729)	2,492
Software	12,512		11,109	--	23,621
Total intangible right-to-use assets	<u>46,592</u>		<u>13,080</u>	<u>(5,277)</u>	<u>54,395</u>
Less accumulated amortization for:					
Buildings	(3,907)		(3,237)	3,883	(3,261)
Land	(47)		(46)	--	(93)
Equipment	(430)		(432)	--	(862)
Vehicles	(5,624)		(5,612)	--	(11,236)
Computer Equipment	(1,922)		(1,317)	1,729	(1,510)
Software	--		(4,071)	--	(4,071)
Total accumulated amortization	<u>(11,930)</u>		<u>(14,715)</u>	<u>(2) 5,612</u>	<u>(21,033)</u>
Intangible right-to-use assets, net	<u>\$ 34,662</u>		<u>(1,635)</u>	<u>335</u>	<u>33,362</u>

(1) With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the right-to-use IT subscriptions. This restatement amounted to \$12.5 million.

(2) Components of accumulated amortization increases:

Current year accumulated amortization	<u>\$ 14,715</u>
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Business-type Activities: Austin Water

Intangible right-to-use asset activity for the year ended September 30, 2023, was as follows (in thousands):

	<u>Beginning Balance</u>	(1)	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Intangible right-to-use assets					
Buildings	\$ 985		--	--	985
Equipment	312		--	--	312
Software	350		296	--	646
Total intangible right-to-use assets	<u>1,647</u>		<u>296</u>	<u>--</u>	<u>1,943</u>
Less accumulated amortization for:					
Buildings	(114)		(114)	--	(228)
Equipment	(47)		(62)	--	(109)
Software	--		(146)	--	(146)
Total accumulated amortization	<u>(161)</u>		<u>(322)</u>	<u>(2) --</u>	<u>(483)</u>
Intangible right-to-use assets, net	<u>\$ 1,486</u>		<u>(26)</u>	<u>--</u>	<u>1,460</u>

(1) With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the right-to-use IT subscriptions. This restatement amounted to \$350 thousand.

(2) Components of accumulated amortization increases:

Current year accumulated amortization	
Water	\$ 187
Wastewater	135
Total increases in accumulated amortization	<u>\$ 322</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued
b -- Right-to-Use Assets, continued

Business-type Activities: Airport

Intangible right-to-use asset activity for the year ended September 30, 2023, was as follows (in thousands):

	<u>Beginning Balance</u>	(1)	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Intangible right-to-use assets					
Equipment	\$ 90		--	--	90
Software	1,067		455	--	1,522
Total intangible right-to-use assets	<u>1,157</u>		<u>455</u>	<u>--</u>	<u>1,612</u>
Less accumulated amortization for:					
Equipment	(36)		(35)	--	(71)
Software	--		(463)	--	(463)
Total accumulated amortization	<u>(36)</u>		<u>(498)</u>	(2) <u>--</u>	<u>(534)</u>
Intangible right-to-use assets, net	<u>\$ 1,121</u>		<u>(43)</u>	<u>--</u>	<u>1,078</u>

(1) With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the right-to-use IT subscriptions. This restatement amounted to \$1.1 million.

(2) Components of accumulated amortization increases:

Current year accumulated amortization	<u>\$ 498</u>
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Business-type Activities: Nonmajor Enterprise Funds

Intangible right-to-use asset activity for the year ended September 30, 2023, was as follows (in thousands):

	<u>Beginning Balance</u>	(1)	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Intangible right-to-use assets					
Buildings	\$ 34,525		--	--	34,525
Equipment	1,980		65	--	2,045
Vehicles	365		1,647	--	2,012
Software	1,829		1,584	--	3,413
Total intangible right-to-use assets	<u>38,699</u>		<u>3,296</u>	<u>--</u>	<u>41,995</u>
Less accumulated amortization for:					
Buildings	(2,945)		(2,945)	--	(5,890)
Equipment	(175)		(447)	--	(622)
Vehicles	(1)		(390)	--	(391)
Software	--		(967)	--	(967)
Total accumulated amortization	<u>(3,121)</u>		<u>(4,749)</u>	(2) <u>--</u>	<u>(7,870)</u>
Intangible right-to-use assets, net	<u>\$ 35,578</u>		<u>(1,453)</u>	<u>--</u>	<u>34,125</u>

(1) With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the right-to-use IT subscriptions. This restatement amounted to \$1.8 million.

(2) Components of accumulated amortization increases:

Convention	\$ 79
Environmental and health services	906
Public recreation	758
Urban growth management	3,006
Total nonmajor enterprise activities accumulated amortization	<u>\$ 4,749</u>

6 – PUBLIC-PRIVATE PARTNERSHIPS

A public-private partnership (PPP) is an arrangement in which the City (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets. The City is the transferor in the following PPP arrangements.

a -- Governmental Activities

The City has granted a private operator operating rights for the Umlauf Sculpture Garden and Museum. This arrangement meets the definition of an SCA. The operator made improvements to the City-owned garden and museum as part of this agreement. As of September 30, 2023, the net book value of the operator-constructed capital assets transferred to the City is \$472 thousand and reported within the building and improvements category of Note 5a. The original agreement had a term that ended in November 2021. However, the operator will continue to operate the facility under a separately negotiated management and operating agreement.

The City has entered a development and construction agreement with the Young Men's Christian Association (YMCA) to develop and operate a new joint-use recreational facility for public use. The facility is owned by the City and operated by the YMCA under a 20-year agreement extending through 2032. This arrangement meets the definition of an SCA. As of September 30, 2023, the net book value of the operator-constructed capital assets transferred to the City is \$972 thousand and reported within the building and improvements category of the capital asset table in Note 5a. The related deferred inflow balance is \$455 thousand and is being amortized through 2030. For the fiscal year ending September 30, 2023, a total of \$67 thousand was recorded as inflows of resources related to this arrangement.

The City has entered a joint design, development, management, and operation agreement with Waller Creek Local Government Corporation and the Waterloo Greenway Conservancy (WGC). The agreement established the roles and responsibilities of each entity regarding the development and operation of the Waller Creek District. The WGC contributed funding to Waller Creek District facilities that will be owned by the City. This arrangement meets the definition of an SCA. The WGC will operate the facilities for an initial term of 20 years, with options to extend through 2113. As of September 30, 2023, the net book value of capital assets the operator has provided to the City is \$26.7 million and reported within the building and improvements category of the capital asset table in Note 5a. The related deferred inflow balance was \$28.1 million and is being amortized through 2113. For the fiscal year ending September 30, 2023, a total of \$312 thousand was recorded as inflows of resources related to this arrangement.

The City has engaged in several PPP arrangements focused on affordable housing. These partnerships, formed to develop and manage affordable housing projects, operate under ground lease agreements with terms expiring between 2031 and 2117. At the inception of the arrangement, each project developer transfers land to the City. Upon the expiration of these leases, the City will gain residual ownership of the buildings and improvements. As of September 30, 2023, the net book value of capital assets the operators have transferred to the City is \$43.9 million and reported within the land and building and improvement category of the capital asset table in Note 5a. The receivable balance for future installment payments associated with these PPP arrangements is \$3.3 million. The installment payments were discounted using rates between 2.02% and 4.32%. Interest receivable related to these arrangements is \$30 thousand as of September 30, 2023. The related deferred inflow balance was \$46.5 million and is being amortized over the term of the respective ground lease. For the fiscal year ending September 30, 2023, a total of \$733 thousand was recorded as inflows of resources related to these arrangements.

The City has granted a private operator operating rights for boating concession on Lady Bird Lake. The operator developed infrastructure on City-owned land as part of this agreement. The receivable balance for future installment payments associated with this PPP was \$3.9 million. The installment payments were discounted using a rate of 4.03%. The related deferred inflow balance was \$3.8 million and is being amortized through 2040. For the fiscal year ending September 30, 2023, a total of \$226 thousand was recorded as inflows of resources related to this arrangement.

The City has granted a private operator development right for the Q2 stadium on City-owned land. The operator will operate the stadium for a minimum of 20 years with options to extend through 2071. The receivable balance for future installment payments associated with this PPP was \$4.2 million, and the City has recorded a receivable for the underlying asset which will be transferred to the City at the end of the agreement in the amount of \$104 million. The underlying asset receivable is presented as other long-term assets. The installment payments were discounted using a rate of 5.00% and the interest receivable related to the arrangement is \$503 thousand as of September 30, 2023. The related deferred inflow balance was \$95.6 million as of September 30, 2023. The deferred inflows are being amortized through 2041, and for the fiscal year ending September 30, 2023, \$5.4 million was recorded in inflows of resources related to this arrangement.

6 – PUBLIC-PRIVATE PARTNERSHIPS, continued
b -- Business-Type Activities

The City has granted a private operator operating rights for a Consolidated Rental Car Facility (CONRAC) at the Airport. As part of this agreement, the operator developed a joint-use parking facility on City-owned land. This arrangement meets the definition of an SCA. As of September 30, 2023, the net book value of capital assets the operator has transferred to the City is \$122.1 million and reported within the building and improvement category of the capital asset table in Note 5a. The receivable balance for future installment payments associated with this PPP was \$7.3 million. The installment payments were discounted using a rate of 5.53%. The related deferred inflow balance was \$121.4 million and is being amortized through 2046. For the fiscal year ending September 30, 2023, \$5.5 million was recorded as inflows of resources related to this arrangement.

The City has granted a private operator operating rights for onsite parking and services at the Airport. As part of this agreement, the operator developed parking infrastructure and buildings on City-owned land. This arrangement meets the definition of an SCA. As of September 30, 2023, the net book value of capital assets the operator has transferred to the City is \$22.4 million and reported within the building and improvement category of the capital asset table in Note 5a. The receivable balance for future installment payments associated with this PPP was \$6.7 million. The installment payments were discounted using a rate of 4.52%. The related deferred inflow balance was \$30.0 million and is being amortized through 2056. For the fiscal year ending September 30, 2023, a total of \$910 thousand was recorded as inflows of resources related to this arrangement.

The City has granted a private operator operating rights for the Butler Pitch and Putt Golf Course. The operator constructed improvements on City-owned parkland as part of this agreement. This arrangement meets the definition of an SCA. As of September 30, 2023, the net book value of capital assets the operator has transferred to the City is \$1.1 million and reported within the building and improvement category of the capital asset table in Note 5a. The receivable balance for future installment payments associated with this PPP was \$657 thousand. The installment payments were discounted using a rate of 1.08%. The related deferred inflow balance was \$1.4 million and is being amortized through 2029. For the fiscal year ending September 30, 2023, a total of \$243 thousand was recorded as inflows of resources related to this arrangement.

The City has granted operating rights for a freight and ground service facility at the Airport to a private operator. The operator will develop infrastructure on City-owned land as part of this agreement. These improvements, to be completed within 720 days of receiving the City's notice to proceed, will revert to City ownership at the end of the contract in 2039. As of September 30, 2023, development of these improvements is still ongoing. The receivable balance for future installment payments associated with this PPP was \$2.0 million. The installment payments were discounted using a rate of 3.49%. The related deferred inflow balance was \$2.0 million and is being amortized through 2039. For the fiscal year ending September 30, 2023, a total of \$69 thousand was recorded as inflows of resources related to this arrangement.

7 – LEASES

A lease is a contractual agreement that conveys control of the right to use another entity's nonfinancial asset for a minimum of one year in an exchange or exchange-like transaction. The City has entered into various leasing arrangements as both lessee and lessor.

a -- City as Lessor

As lessor, the City has entered into numerous leases of City-owned land, buildings, and infrastructure. These leases have annual interest rates ranging from 0.213% to 4.229%. The terms end between October 2023 and August 2101 with varying extension options. Lease receivables are reported for governmental activities, and Austin Energy, Austin Water, Airport, and nonmajor enterprise funds.

In October 1981, the City entered into a 99-year ground lease for land located in downtown Austin. As of September 30, 2023, the lease receivable associated with this lease was \$40.9 million, or 80.5% of the governmental activities leases receivable balance.

The City has entered into certain lease agreements as the lessor of land, terminal space, cargo facilities, and other structures to concessionaires serving the Airport. The concession agreements provide for both fixed and variable payments and do not meet the criteria of regulated leases. About half of the City's leases and two-thirds of the City's leases receivable balance arise from Airport operations.

7 – LEASES, continued
a -- City as Lessor, continued

The present value of lease payments expected to be received during the lease term is recorded as a lease receivable and is deferred until received. Lease receivable activity for the year ended September 30, 2023, is as follows (in thousands):

Leases Receivable	October 1, 2022	Additions	Reductions	September 30, 2023
Governmental activities	\$ 54,895	--	(4,118)	50,777
Business-type activities				
Austin Water	2,205	--	(204)	2,001
Airport	136,953	37,042	(29,463)	144,532
Nonmajor enterprise	4,654	786	(1,151)	4,289
Business-type activities total	<u>143,812</u>	<u>37,828</u>	<u>(30,818)</u>	<u>150,822</u>
Total leases receivable	<u>\$ 198,707</u>	<u>37,828</u>	<u>(34,936)</u>	<u>201,599</u>

For the year ended September 30, 2023, lease inflows are as follows (in thousands):

Description	Lease Revenue	Lease Interest Income	Total
Governmental activities			
General Fund	\$ 156	134	290
Nonmajor governmental	29	8	37
Governmental activities total	<u>185</u>	<u>142</u>	<u>327</u>
Business-type activities			
Austin Water	235	55	290
Airport	23,393	2,019	25,412
Nonmajor enterprise	496	76	572
Business-type activities total	<u>24,124</u>	<u>2,150</u>	<u>26,274</u>
Total all activities	<u>\$ 24,309</u>	<u>2,292</u>	<u>26,601</u>

The City also received variable lease revenues during the year that are not included in lease inflows or in the measurement of the lease receivable. Variable lease revenues for the year ended September 30, 2023, are as follows (in thousands):

Description	Governmental Activities	Business-Type Activities	Total
Sales-based	\$ 215	19,588	19,803
Utilities	8	--	8
Total variable payments	<u>\$ 223</u>	<u>19,588</u>	<u>19,811</u>

Principal and interest to maturity for the lease receivable as of September 30, 2023, are as follows (in thousands):

Fiscal Year Ended September 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2024	\$ 528	981	24,055	2,413	27,977
2025	572	962	23,064	1,808	26,406
2026	584	951	23,554	1,512	26,601
2027	597	939	23,450	1,208	26,194
2028	613	927	11,532	961	14,033
2029 - 2033	3,306	4,442	29,730	2,724	40,202
2034 - 2038	3,553	4,093	8,533	1,026	17,205
2039 - 2043	3,808	3,712	3,807	443	11,770
2044 - 2048	3,737	3,338	1,614	194	8,883
2049 - 2053	4,161	2,968	400	121	7,650
2054 - 2058	4,633	2,556	439	82	7,710
2059 - 2063	5,158	2,097	482	39	7,776
2064 - 2068	5,741	1,587	162	3	7,493
2069 - 2073	5,823	1,040	--	--	6,863
2074 - 2078	5,492	499	--	--	5,991
2079 - 2083	2,353	58	--	--	2,411
2084 - 2088	31	10	--	--	41
2089 - 2093	34	7	--	--	41
2094 - 2098	37	4	--	--	41
2099 - 2101	16	--	--	--	16
Total	<u>\$ 50,777</u>	<u>31,171</u>	<u>150,822</u>	<u>12,534</u>	<u>245,304</u>

7 – LEASES, continued
b -- City as Lessee

As lessee, the City leases buildings, equipment, land, infrastructure, vehicles, and computer equipment to support its operations. These leases have annual interest rates ranging from 0.213% to 6.95%. For the fiscal year ended September 30, 2023, the City's governmental and business-type activities reported interest expenses of \$1.6 million and \$840 thousand, respectively. The terms end between October 2023 and February 2103, with varying extension options. The majority of the leases are for buildings and computer equipment. The present value of lease payments expected to be made during the lease term is recorded as a lease liability and the associated asset is recognized as an intangible right-to-use lease asset. Information on lease assets by major class and related accumulated amortization information can be found in Note 5. Lease payable activity for the year ended September 30, 2023, is as follows (in thousands):

Leases Payable	October 1, 2022	Additions	Reductions	September 30, 2023
Governmental activities	\$ 111,814	3,273	(14,945)	100,142
Business-type activities				
Austin Energy	19,039	2,302	(10,214)	11,127
Austin Water	1,193	--	(212)	981
Airport	54	--	(36)	18
Nonmajor enterprise	34,129	1,711	(3,400)	32,440
Business-type activities total	<u>54,415</u>	<u>4,013</u>	<u>(13,862)</u>	<u>44,566</u>
Total leases payable	<u>\$ 166,229</u>	<u>7,286</u>	<u>(28,807)</u>	<u>144,708</u>

The City also made variable lease payments during the year that are not included in the measurement of the lease liability. Variable lease payments for the year ended September 30, 2023, were as follows (in thousands):

Description	Governmental Activities	Business-Type Activities	Total
Operating expenses	\$ 6,843	1,368	8,211
Property taxes	8	--	8
Rental credits	(3)	--	(3)
Utilities	206	--	206
Late fees	8	--	8
Maintenance and repairs	7	--	7
Other	4	--	4
Total variable payments	<u>\$ 7,073</u>	<u>1,368</u>	<u>8,441</u>

As of September 30, 2023, future annual lease commitments include the following (in thousands):

Fiscal Year Ended September 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2024	\$ 12,727	1,549	7,575	840	22,691
2025	8,147	1,411	6,270	657	16,485
2026	4,366	1,303	4,085	555	10,309
2027	4,064	1,229	3,288	483	9,064
2028	3,938	1,165	2,784	430	8,317
2029 - 2033	18,827	4,903	10,745	1,382	35,857
2034 - 2038	17,220	3,454	7,375	538	28,587
2039 - 2043	7,538	2,252	2,444	38	12,272
2044 - 2048	838	2,063	--	--	2,901
2049 - 2053	1,048	1,976	--	--	3,024
2054 - 2058	1,292	1,868	--	--	3,160
2059 - 2063	1,573	1,737	--	--	3,310
2064 - 2068	1,896	1,579	--	--	3,475
2069 - 2073	2,268	1,391	--	--	3,659
2074 - 2078	2,694	1,167	--	--	3,861
2079 - 2083	2,122	931	--	--	3,053
2084 - 2088	1,835	778	--	--	2,613
2089 - 2093	2,283	602	--	--	2,885
2094 - 2098	2,800	384	--	--	3,184
2099 - 2103	2,666	119	--	--	2,785
Total	<u>\$ 100,142</u>	<u>31,861</u>	<u>44,566</u>	<u>4,923</u>	<u>181,492</u>

7 – LEASES, continued
c -- Regulated Leases

The City has various aeronautical leasing agreements which are not included in the measurement of lease receivables, or within deferred inflows of resources, as they meet the definition of a regulated lease. These airline agreements are generally aeronautical in nature and are subject to certain regulations set forth by the Federal Aviation Administration. The Airport's Airline Use and Lease Agreement governs airline use of the main terminal building on a preferential use basis. Separate leases with cargo terminal operators, general aviation operators, and hangar leases are maintained on an exclusive use basis. The current Airline Use and Lease Agreement is set to expire on September 30, 2024. In fiscal year 2023, Airport recognized user fees and rental revenue of \$119.1 million related to regulated leases. Future minimum payments through the September 30, 2024 expiration of the current Airline Use and Lease Agreement is expected to be \$139.1 million.

8 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), for a minimum of one year in an exchange or exchange-like transaction.

The City has entered into various SBITAs for noncancellable software subscriptions to support its operations. These SBITAs have annual interest rates ranging from 2.31% to 3.53%. For the fiscal year ended September 30, 2023, the City's governmental and business-type activities reported interest expenses of \$1.7 million and \$609 thousand, respectively. The terms end between December 2023 and December 2029, with varying extension options. The majority of the subscription arrangements are contracted through cloud computing arrangements, such as software as a services and platform as a service. The present value of subscription payments expected to be made during the SBITA term is recorded as a SBITA liability and the associated assets is recognized as an intangible right-to-use SBITA asset. Information on SBITA assets by major class and related accumulated amortization information can be found in Note 5.

Variable payments, other than those that depend on an index or a rate or are fixed in substance, and other payments that are not known or certain to be exercised are excluded from the measurement of the subscription liabilities. Rather, these variable and other payments are recognized as outflows of resources in the period in which the obligation for those payments is incurred. The amount of outflows of resources recognized in the fiscal year ended September 30, 2023, for variable and other payments not previously included in the measurement of the subscription liability are \$6.3 million and \$1.6 million for governmental and business activities, respectively.

As of September 30, 2023, the City is contractually committed for SBITAs that have not yet commenced in the amounts of \$9.4 million and \$3.4 million in governmental and business-type activities, respectively.

IT subscriptions payable activity for the year ended September 30, 2023, is as follows (in thousands):

IT subscriptions payable	October 1, 2022	Additions	Reductions	September 30, 2023
Governmental activities	\$ 59,263	26,246	(24,510)	60,999
Business-type activities				
Austin Energy	12,512	11,104	(2,788)	20,828
Austin Water	350	297	(179)	468
Airport	1,067	454	(425)	1,096
Nonmajor enterprise	1,829	1,584	(1,060)	2,353
Business-type activities total	<u>15,758</u>	<u>13,439</u>	<u>(4,452)</u>	<u>24,745</u>
Total IT subscriptions payable	<u>\$ 75,021</u>	<u>39,685</u>	<u>(28,962)</u>	<u>85,744</u>

As of September 30, 2023, future annual SBITA commitments include the following (in thousands):

Fiscal Year Ended September 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2024	\$ 23,653	1,633	9,691	770	35,747
2025	14,880	1,129	6,881	427	23,317
2026	10,547	671	4,040	217	15,475
2027	7,601	354	3,887	105	11,947
2028	3,160	132	246	5	3,543
2029 - 2030	1,158	39	--	--	1,197
Total	<u>\$ 60,999</u>	<u>3,958</u>	<u>24,745</u>	<u>1,524</u>	<u>91,226</u>

9 – DEBT AND NON-DEBT LIABILITIES
a -- Long-Term Liabilities

Payments on bonds for governmental activities will be made from the general obligation debt service funds. Accrued compensated absences that pertain to governmental activities will be liquidated by the General Fund, special revenue funds, and internal service funds. Claims payable will be liquidated by Austin Energy, Austin Water, Airport, and internal service funds. Other liabilities that pertain to governmental activities will be liquidated by the General Fund, special revenue funds, general governmental capital improvement projects funds, and internal service funds.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all limitations and restrictions.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included in governmental activities.

The following is a summary of changes in long-term obligations. Certain long-term obligations provide financing to both governmental and business-type activities. Balances at September 30, 2023, were as follows (in thousands):

Description	October 1, 2022	Increases	Decreases	September 30, 2023	Amounts Due Within One Year
Governmental activities					
General obligation bonds, net	\$ 1,145,175	232,292	(175,949)	1,201,518	95,741
Certificates of obligation, net	339,309	8,131	(19,701)	327,739	15,226
Contractual obligations, net	110,618	10,110	(21,663)	99,065	17,870
General obligation bonds and other tax supported debt total	1,595,102	250,533	(217,313)	1,628,322	128,837
Financed purchase obligations	15,823	--	(5,417)	10,406	3,384
Net debt	1,610,925	250,533	(222,730)	1,638,728	132,221
Other long-term obligations					
Accrued compensated absences	141,166	22,088	(1,855)	161,399	81,050
Claims payable	72,698	211,475	(208,179)	75,994	41,440
Net pension liability	1,204,363	1,670,179	(551,128)	2,323,414	--
Other postemployment benefits	2,485,159	435,651	(977,086)	1,943,724	40,569
Asset retirement obligations	518	--	--	518	--
Other liabilities	417,077	52,363	(73,357)	396,083	258,011
Governmental activities total	5,931,906	2,642,289	(2,034,335)	6,539,860	553,291
Total business-type activities					
General obligation bonds, net	18,058	--	(3,117)	14,941	2,753
Certificates of obligation, net	25,590	8,500	(2,010)	32,080	1,766
Contractual obligations, net	12,531	--	(3,452)	9,079	2,809
Other tax supported debt, net	3,675	--	(884)	2,791	920
General obligation bonds and other tax supported debt total	59,854	8,500	(9,463)	58,891	8,248
Commercial paper notes, net	260,500	195,400	(279,600)	176,300	--
Revenue bonds, net	5,708,672	950,197	(924,835)	5,734,034	182,249
Revenue notes from direct placements, net	256,281	50,930	(15,930)	291,281	17,635
Net debt	6,285,307	1,205,027	(1,229,828)	6,260,506	208,132
Other long-term obligations					
Accrued compensated absences	39,965	6,055	(3,113)	42,907	39,500
Claims payable	3,618	2,221	(3,112)	2,727	2,187
Net pension liability	818,825	1,162,648	(345,297)	1,636,176	--
Other postemployment benefits	1,768,796	377,292	(735,094)	1,410,994	29,449
Accrued landfill closure and postclosure costs	19,429	659	(1,579)	18,509	874
Asset retirement obligations	473,612	11,645	(46,558)	438,699	--
Other liabilities	242,904	19,482	(26,000)	236,386	169,804
Business-type activities total	9,652,456	2,785,029	(2,390,581)	10,046,904	449,946
Total liabilities (1)	15,584,362	5,427,318	(4,424,916)	16,586,764	1,003,237

(1) This schedule excludes select short-term liabilities of \$149,448 for governmental activities. For business-type activities, it excludes select short-term liabilities of \$387,784, and derivative instruments of \$301.

9 – DEBT AND NON-DEBT LIABILITIES, continued
a -- Long-Term Liabilities, continued

Description	October 1, 2022	Increases	Decreases	September 30, 2023	Amounts Due Within One Year
Business-type activities:					
Electric activities					
Commercial paper notes, net	\$ 170,500	96,000	(189,600)	76,900	--
Revenue bonds, net	1,957,750	474,474	(322,262)	2,109,962	88,717
Net debt	<u>2,128,250</u>	<u>570,474</u>	<u>(511,862)</u>	<u>2,186,862</u>	<u>88,717</u>
Other long-term obligations					
Accrued compensated absences	14,708	807	--	15,515	15,515
Claims payable	1,318	2,000	(1,056)	2,262	2,102
Net pension liability	299,688	409,260	(123,785)	585,163	--
Other postemployment benefits	523,237	85,904	(211,272)	397,869	8,304
Asset retirement obligations	472,330	11,595	(46,558)	437,367	--
Other liabilities	168,843	12,972	(23,528)	158,287	129,757
Electric activities total	<u>3,608,374</u>	<u>1,093,012</u>	<u>(918,061)</u>	<u>3,783,325</u>	<u>244,395</u>
Water and Wastewater activities					
General obligation bonds, net	1,222	--	(251)	971	252
Certificates of obligation bonds, net	312	--	(30)	282	31
Contractual obligations, net	176	--	(176)	--	--
Other tax supported debt, net	2,353	--	(566)	1,787	589
General obligation bonds and other tax supported debt total	<u>4,063</u>	<u>--</u>	<u>(1,023)</u>	<u>3,040</u>	<u>872</u>
Commercial paper notes, net	90,000	99,400	(90,000)	99,400	--
Revenue bonds, net	2,206,450	475,723	(555,513)	2,126,660	57,252
Revenue notes from direct placements, net	202,881	50,930	(9,105)	244,706	10,670
Net debt	<u>2,503,394</u>	<u>626,053</u>	<u>(655,641)</u>	<u>2,473,806</u>	<u>68,794</u>
Other long-term obligations					
Accrued compensated absences	7,384	725	--	8,109	8,097
Claims payable	400	221	(156)	465	85
Net pension liability	159,306	227,948	(65,283)	321,971	--
Other postemployment benefits	357,758	69,947	(142,553)	285,152	5,952
Asset retirement obligations	1,282	50	--	1,332	--
Other liabilities	17,840	3,446	(1,512)	19,774	18,105
Water and Wastewater activities total	<u>3,047,364</u>	<u>928,390</u>	<u>(865,145)</u>	<u>3,110,609</u>	<u>101,033</u>
Airport activities					
Revenue bonds, net	1,474,140	--	(39,306)	1,434,834	28,320
Revenue notes from direct placements, net	34,740	--	(4,630)	30,110	4,730
Net debt	<u>1,508,880</u>	<u>--</u>	<u>(43,936)</u>	<u>1,464,944</u>	<u>33,050</u>
Other long-term obligations					
Accrued compensated absences	3,112	372	--	3,484	3,280
Claims payable	1,900	--	(1,900)	--	--
Net pension liability	56,329	76,855	(23,813)	109,371	--
Other postemployment benefits	151,441	70,751	(78,610)	143,582	2,997
Other liabilities	7,323	1,558	160	9,041	7,742
Airport activities total	<u>1,728,985</u>	<u>149,536</u>	<u>(148,099)</u>	<u>1,730,422</u>	<u>47,069</u>
Nonmajor enterprise activities					
General obligation bonds, net	16,836	--	(2,866)	13,970	2,501
Certificates of obligation, net	25,278	8,500	(1,980)	31,798	1,735
Contractual obligations	12,355	--	(3,276)	9,079	2,809
Other tax supported debt, net	1,322	--	(318)	1,004	331
General obligation bonds and other tax supported debt total	<u>55,791</u>	<u>8,500</u>	<u>(8,440)</u>	<u>55,851</u>	<u>7,376</u>
Revenue bonds, net	70,332	--	(7,754)	62,578	7,960
Revenue notes from direct placements, net	18,660	--	(2,195)	16,465	2,235
Net debt	<u>144,783</u>	<u>8,500</u>	<u>(18,389)</u>	<u>134,894</u>	<u>17,571</u>
Other long-term obligations					
Accrued compensated absences	14,761	4,151	(3,113)	15,799	12,608
Net pension liability	303,502	448,585	(132,416)	619,671	--
Other postemployment benefits	736,360	150,690	(302,659)	584,391	12,196
Accrued landfill closure and postclosure costs	19,429	659	(1,579)	18,509	874
Other liabilities	48,898	1,506	(1,120)	49,284	14,200
Nonmajor enterprise activities total	<u>\$ 1,267,733</u>	<u>614,091</u>	<u>(459,276)</u>	<u>1,422,548</u>	<u>57,449</u>

9 – DEBT AND NON-DEBT LIABILITIES, continued
b -- Governmental Activities Long-Term Liabilities

General Obligation Bonds -- General obligation debt is collateralized by the full faith and credit of the City. The City intends to retire its general obligation debt, plus interest, from future ad valorem tax levies and is required by ordinance to create from such tax revenues a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. General obligation debt issued to finance capital assets of enterprise funds is reported as an obligation of these enterprise funds, although the funds are not obligated by the applicable bond indentures to repay any portion of principal and interest on outstanding general obligation debt. However, the City intends for the enterprise funds to meet the debt service requirements from program revenues.

The following table summarizes significant facts about general obligation bonds, certificates of obligation, contractual obligations, and assumed municipal utility district (MUD) bonds outstanding at September 30, 2023, including those reported in certain proprietary funds (in thousands):

Series	Fiscal Year	Original Amount Issue	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
NW Austin MUD - 2006	2006	\$ 7,995	2,790	237 (1)(3)	4.25%	9/1/2024-2026
Mueller Contractual Obligation - 2006	2006	12,000	2,735	249 (1)(4)	4.00 - 5.00%	9/1/2024-2026
Public Improvement - 2009B	2009	78,460	40,320	7,232 (1)	4.75 - 5.31%	9/1/2024-2029
Mueller Contractual Obligation - 2009	2010	15,000	5,905	903 (1)(4)	4.00 - 4.25%	9/1/2024-2029
Public Improvement - 2012A	2013	74,280	30,975	5,035 (1)	3.00 - 5.00%	9/1/2024-2032
Public Improvement - 2012B	2013	6,640	3,285	593 (1)	2.70 - 3.50%	9/1/2024-2032
Certificates of Obligation - 2012	2013	24,645	14,015	2,591 (1)	3.00 - 4.00%	9/1/2024-2037
Mueller Contractual Obligation - 2012	2013	16,735	10,465	2,101 (1)(4)	3.00 - 3.38%	9/1/2024-2032
Public Improvement - 2013	2014	104,665	62,375	19,029 (1)	4.00 - 5.00%	9/1/2024-2033
Certificates of Obligation - 2013	2014	25,355	18,430	6,824 (1)	3.25 - 4.50%	9/1/2024-2038
Public Improvement Refunding - 2013A	2014	43,250	6,945	347 (1)	5.00%	9/1/2024
Public Improvement - 2014	2015	89,915	83,070	31,687 (1)	3.00 - 5.00%	9/1/2024-2034
Public Improvement - 2014	2015	10,000	8,775	2,601 (1)	3.10 - 4.02%	9/1/2024-2034
Certificates of Obligation - 2014	2015	35,490	23,540	7,730 (1)	4.00 - 5.00%	9/1/2024-2034
Certificates of Obligation - 2014	2015	9,600	6,150	1,525 (1)	3.10 - 3.92%	9/1/2024-2034
Mueller Contractual Obligation - 2014	2015	15,845	11,085	2,082 (1)(4)	3.00 - 5.00%	9/1/2024-2029
Public Improvement and Refunding - 2015	2016	236,905	149,180	27,823 (1)	2.95 - 5.00%	9/1/2024-2035
Public Improvement - 2015	2016	10,000	7,050	1,960 (1)	3.04 - 4.27%	9/1/2024-2035
Certificates of Obligation - 2015	2016	43,710	30,760	10,796 (1)	3.25 - 5.00%	9/1/2024-2035
Public Improvement and Refunding - 2016	2017	98,365	61,105	15,022 (1)	3.00 - 5.00%	9/1/2024-2036
Certificates of Obligation - 2016	2017	44,015	32,960	12,036 (1)	3.00 - 5.00%	9/1/2024-2036
Contractual Obligation - 2016	2017	22,555	1,540	31 (2)	4.00%	11/1/2023
Public Improvement - 2016	2017	12,000	8,505	1,850 (1)	2.10 - 3.16%	9/1/2024-2036
Certificates of Obligation - 2016	2017	8,700	6,165	1,339 (1)	2.10 - 3.16%	9/1/2024-2036
Public Improvement - 2017	2018	63,580	39,195	14,596 (1)	5.00%	9/1/2024-2037
Certificates of Obligation - 2017	2018	29,635	23,315	9,618 (1)	5.00%	9/1/2024-2037
Contractual Obligation - 2017	2018	5,075	1,170	51 (2)	3.00 - 5.00%	11/1/2023-2024
Public Improvement - 2017	2018	25,000	20,370	5,406 (1)	2.50 - 3.48%	9/1/2024-2037
Public Improvement - 2018	2019	65,595	20,455	5,022 (1)	3.00 - 5.00%	9/1/2024-2038
Certificates of Obligation - 2018	2019	7,140	5,885	1,818 (1)	3.00 - 5.00%	9/1/2024-2038
Contractual Obligation - 2018	2019	21,215	8,465	574 (2)	4.00 - 5.00%	11/1/2023-2025
Public Improvement - 2018	2019	6,980	5,750	1,881 (1)	3.38 - 5.00%	9/1/2024-2038
Public Improvement and Refunding - 2019	2020	146,090	75,920	30,650 (1)	4.00 - 5.00%	9/1/2024-2039
Certificates of Obligation - 2019	2020	5,055	4,375	2,046 (1)	4.00 - 5.00%	9/1/2024-2039
Contractual Obligation - 2019	2020	25,780	14,095	1,442 (2)	5.00%	11/1/2023-2026
Public Improvement - 2019	2020	40,535	34,055	8,463 (1)	1.97 - 5.00%	9/1/2024-2039
Certificates of Obligation - 2019	2020	14,935	12,545	3,118 (1)	1.97 - 5.00%	9/1/2024-2039
Public Improvement and Refunding - 2020	2021	86,440	64,210	19,183 (1)	5.00%	9/1/2024-2040
Certificates of Obligation - 2020	2021	109,080	74,655	41,954 (1)	5.00%	9/1/2024-2040
Contractual Obligation - 2020	2021	23,205	15,375	1,962 (2)	5.00%	11/1/2023-2027
Public Improvement and Refunding - 2020	2021	49,410	35,490	5,466 (1)	0.89 - 4.00%	9/1/2024-2040
Public Improvement and Refunding - 2021	2022	153,685	116,410	42,789 (1)	4.00 - 5.00%	9/1/2024-2041
Certificates of Obligation - 2021	2022	35,670	33,280	14,731 (1)	4.00 - 5.00%	9/1/2024-2041
Contractual Obligation - 2021	2022	27,110	21,840	3,660 (2)	5.00%	11/1/2023-2028
Public Improvement and Refunding - 2021	2022	81,880	66,655	15,086 (1)	1.65 - 3.00%	9/1/2024-2041
Certificates of Obligation - 2021	2022	20,300	18,645	3,765 (1)	1.00 - 4.00%	9/1/2024-2041
Public Improvement and Refunding - 2022	2023	156,275	131,535	64,169 (1)	5.00%	9/1/2024-2042
Contractual Obligation - 2022	2023	9,300	8,625	1,587 (2)	5.00%	11/1/2023-2029
Public Improvement - 2022	2023	59,555	50,105	27,212 (1)	4.44 - 5.00%	9/1/2024-2042
Certificates of Obligation - 2022	2023	16,380	15,835	8,577 (1)	4.49 - 5.00%	9/1/2024-2042
			<u>\$ 1,546,380</u>			

(1) Interest is paid semiannually on March 1 and September 1.

(2) Interest is paid semiannually on May 1 and November 1.

(3) Includes Austin Water principal of \$1,786 and interest of \$152 and Drainage fund principal of \$1,004 and interest of \$85.

(4) Included with contractual obligations are Mueller Local Government Corporation contract revenue bonds.

9 – DEBT AND NON-DEBT LIABILITIES, continued

b -- Governmental Activities Long-Term Liabilities, continued

In October 2022, the City issued \$156,275,000 of Public Improvement and Refunding Bonds, Series 2022. The net proceeds of \$140,000,000 (after issue costs, discounts, and premiums) from this issuance will be used as follows: streets and mobility (\$119,000,000), water quality protection (\$3,000,000), park improvements (\$15,000,000), and cultural arts facility improvements (\$3,000,000). The net proceeds of the refunding portion of \$31,000,181 were used to refund \$30,795,000 Public Improvement Bonds, Series 2012A. Principal payments are due on September 1 of each year from 2023 to 2042. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2023. Total interest requirements for these bonds, at a rate of 5.0%, are \$71,071,146. An accounting gain of \$1,343,339, which will be deferred and amortized, was recorded on this refunding.

In October 2022, the City issued \$9,300,000 of Public Property Finance Contractual Obligations, Series 2022. The net proceeds of \$10,050,000 (after issue costs, discounts, and premiums) from this issuance will be used for capital equipment. Principal payments are due on May 1 and November 1 of each year from 2023 to 2029. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2023. Total interest requirements for these obligations, at a rate of 5.0%, are \$1,842,750.

In October 2022, the City issued \$59,555,000 of Public Improvement Bonds, Taxable Series 2022. The new money net proceeds of \$60,000,000 (after issue costs, discounts, and premiums) from this issuance will be used for affordable housing. Interest is payable March 1 and September 1 of each year from 2023 to 2042, commencing on March 1, 2023. Principal payments are due September 1 of each year from 2023 to 2042. Total interest requirements for this obligation, at rates ranging from 4.44% to 5.00%, are \$29,759,836.

In October 2022, the City issued \$16,380,000 of Certificates of Obligation, Taxable Series 2022. The new money net proceeds of \$16,500,000 (after issue costs, discounts, and premiums) from this issuance will be used for Waller Creek District and erosion control (\$9,600,000), and engineering services and acquisition of a hotel property for a family violence shelter (\$6,900,000). Interest is payable March 1 and September 1 of each year from 2023 to 2042, commencing on March 1, 2023. Principal payments are due September 1 of each year from 2023 to 2042. Total interest requirements for this obligation, at rates ranging from 4.49% to 5.00%, are \$9,274,937.

General obligation bonds authorized and unissued amounted to \$1,819,845 at September 30, 2023. Bond ratings at September 30, 2023, were AAA (S&P Global Ratings), and AA+ (Fitch Ratings, Inc.). The City has elected to forego ratings by Moody's for GO issuances after 2022 due to a change in their methodology, but will continue to use Fitch and S&P Global Ratings.

c -- Business-Type Activities Long-Term Liabilities

Utility Debt -- The City has previously issued combined debt for Austin Energy and Austin Water. The City began issuing separate debt for electric and water and wastewater activities in 2000. The following paragraphs describe both combined and separate debt.

Combined Utility Systems Debt -- General - Austin Energy and Austin Water comprise the combined utility systems, which issue combined utility systems revenue bonds to finance capital projects. Principal and interest on these bonds are payable solely from the combined net revenues of Austin Energy and Austin Water. Revenue bonds authorized and unissued amount to \$1,492,642,660. Bond ratings at September 30, 2023, were Aa2 (Moody's Investors Service, Inc.), AA (S&P Global Ratings), and AA- (Fitch Ratings, Inc.).

Combined Utility Systems Debt -- Revenue Bond Refunding Issues - The combined utility systems have refunded various issues of revenue bonds, notes, and certificates of obligation through refunding revenue bonds. Principal and interest on these refunding bonds are payable solely from the combined net revenues of Austin Energy and Austin Water. The subordinate lien bonds are subordinate to prior lien revenue bonds, which have been paid in full, and to subordinate lien revenue bonds outstanding at the time of issuance. Some of these bonds are callable prior to maturity at the option of the City. The term bonds are subject to a mandatory redemption prior to the maturity dates as defined in the respective official statements.

The net proceeds of each of the refunding bond issuances were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service. As a result, the refunded bonds are considered to be legally defeased and the liability for the refunded bonds has been removed from the financial statements. The accounting gains and losses due to the advance refunding of debt have been deferred and are being

9 – DEBT AND NON-DEBT LIABILITIES, continued
c -- Business-Type Activities Long-Term Liabilities, continued

amortized over the life of the refunding bonds by the straight-line method. However, a gain or loss on refunded bonds is recognized when funds from current operations are used.

Combined Utility Systems Debt -- Bonds Issued and Outstanding - The following table shows the refunding revenue bonds outstanding at September 30, 2023 (in thousands):

<u>Series</u>	<u>Fiscal Year</u>	<u>Original Amount Issued</u>	<u>Principal Outstanding</u>	<u>Aggregate Interest Requirements Outstanding</u>	<u>Interest Rates of Debt Outstanding</u>	<u>Maturity Dates of Serial Debt</u>
1998 Refunding	1999	\$ 139,965	\$ 32,980	2,521 (1)	5.25%	5/15/2024-2025

(1) Interest is paid semiannually on May 15 and November 15.

Combined Utility Systems Debt -- Tax Exempt Commercial Paper Notes - The City is authorized by ordinance to issue commercial paper notes in an aggregate principal amount not to exceed \$400,000,000 outstanding at any one time. Proceeds from the notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2023, were P-1 (Moody's Investors Service, Inc.), A-1+ (S&P Global Ratings), and F1+ (Fitch Ratings, Inc.). The notes are in denominations of \$100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the notes are payable from the combined net revenues of Austin Energy and Austin Water.

At September 30, 2023, Austin Energy had tax exempt commercial paper notes of \$54,400,000 outstanding and Austin Water had \$99,400,000 of commercial paper notes outstanding with interest ranging from 3.42% to 4.20%, which are adjusted daily. Subsequent issues cannot exceed the maximum rate of 12%. The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt. The associated letter of credit agreements have the following terms (in thousands):

Commercial Paper Tax-Exempt Variable Rate Demand Notes

<u>Note Series</u>	<u>Liquidity Provider</u>	<u>Commitment Fee Rate</u>	<u>Remarketing</u>	<u>Remarketing Fee Rate</u>	<u>Outstanding</u>	<u>Expiration</u>
Various	J.P. Morgan Chase Bank NA	0.33%	Goldman Sachs	0.05%	\$ 153,800	9/30/2024 (1)

(1) Outstanding commercial paper notes scheduled to mature during the ensuing fiscal year will be refinanced by issuing additional commercial paper notes or by issuing long-term debt and will not require the use of working capital during that period, therefore these liabilities are classified as long-term obligations

These notes are payable at maturity to the holder at a price equal to principal plus accrued interest. If the remarketing agent is unable to successfully remarket the notes, the notes will be purchased by the respective liquidity providers and become bank notes with principal to be paid in 12 equal, quarterly installments. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate. In the event of a default, at the discretion of the bank and with written notice to the City, the outstanding amount of both principal and interest may become immediately due and payable.

Combined Utility Systems Debt – Taxable Commercial Paper Notes - The City is authorized by ordinance to issue taxable commercial paper notes (the "taxable notes") in an aggregate principal amount not to exceed \$100,000,000 outstanding at any time. Proceeds from the taxable notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2023, were P-1 (Moody's Investors Service, Inc.), A-1+ (S&P Global Ratings), and F1 (Fitch Ratings, Inc.).

The taxable notes are issued in denominations of \$100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the taxable notes are payable from the combined net revenues of Austin Energy and Austin Water.

9 – DEBT AND NON-DEBT LIABILITIES, continued
c -- Business-Type Activities Long-Term Liabilities, continued

At September 30, 2023, Austin Energy had outstanding taxable commercial paper notes of \$22,500,000 with interest rates ranging from 5.37% to 5.41%. The City intends to refinance maturing commercial paper notes by issuing long-term debt. The associated letter of credit agreement has the following terms (in thousands):

<u>Note Series</u>	<u>Liquidity Provider</u>	<u>Commitment Fee Rate</u>	<u>Remarketing</u>	<u>Remarketing Fee Rate</u>	<u>Outstanding</u>	<u>Expiration</u>
Various	Barclays Bank PLC	0.35%	Goldman Sachs	0.05%	\$ 22,500	9/30/2024 (1)

(1) Outstanding taxable commercial paper notes scheduled to mature during the ensuing fiscal year will be refinanced by issuing long-term debt and will not require the use of working capital during that period, therefore these liabilities are classified as long-term obligations.

These taxable notes are payable at maturity to the holder at a price equal to the par value of the note. If the remarketing agent is unable to successfully remarket the notes, the notes will be purchased by the respective liquidity provider and become bank notes with principal due immediately. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess note interest or the maximum rate. In the event of a default, at the discretion of the bank and with written notice to the City, the outstanding amount of both principal and interest may become immediately due and payable.

The taxable notes are secured by a direct-pay Letter of Credit issued by Barclays Bank PLC, which permits draws for the payment of the Notes. Draws made under the Letter of Credit are immediately due and payable by the City from the resources more fully described in the ordinance. A 24-month term loan feature is provided by this agreement.

Electric Utility System Revenue Debt -- General - The City is authorized by ordinance to issue electric utility system revenue obligations. Proceeds from these obligations are used only to fund electric capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of Austin Energy. Bond ratings at September 30, 2023, were Aa3 (Moody’s Investors Service, Inc.), AA- (S&P Global Ratings), and AA- (Fitch Ratings, Inc.).

Electric Utility System Revenue Debt – Revenue Bond Refunding Issues – In May 2023, the City issued \$417,615,000 of Electric Utility System Revenue Refunding and Improvement Bonds, Series 2023. The net proceeds of \$472,097,137 (after issue costs, premium and discounts) from the issuance were used to refund \$189,600,000 in tax-exempt commercial paper, \$212,340,000 in Electric Utility System Revenue Refunding Bonds, Series 2012A, and \$70,000,000 will be used to finance the acquisition of a new Austin Energy field service center and warehouse facility. Principal payments are due November 15 of each year from 2024 to 2053. Interest payments are due May 15 and November 15 of each year from 2023 to 2053. Total interest requirements for the bonds, at rates ranging from 5.00% to 5.25%, are \$345,422,218. An economic gain of \$22,781,759 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$25,671,301. An accounting gain of \$14,704,618, which will be deferred and amortized, was recorded on this refunding.

Electric Utility System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all electric system refunding revenue bonds outstanding at September 30, 2023 (in thousands):

<u>Series</u>	<u>Fiscal Year</u>	<u>Original Amount Issued</u>	<u>Principal Outstanding</u>	<u>Aggregate Interest Requirements Outstanding</u>	<u>Interest Rates of Debt Outstanding</u>	<u>Maturity Dates of Serial Debt</u>
2008 Refunding	2008	\$ 50,000	29,370	10,141 (1)	6.26%	11/15/2023-2032
2010B Refunding	2010	100,990	87,805	49,734 (1)	5.09 - 5.72%	11/15/2023-2040
2012A Refunding	2013	267,770	17,200	3,117 (1)	2.50 - 5.00%	11/15/2023-2040
2012B Refunding	2013	107,715	63,775	6,255 (1)	2.61 - 3.16%	11/15/2023-2027
2015A Refunding	2015	327,845	285,885	187,319 (1)	5.00%	11/15/2023-2045
2015B Refunding	2015	81,045	30,770	14,820 (1)	3.26 - 4.66%	11/15/2023-2037
2017 Refunding	2017	101,570	96,340	50,733 (1)	4.00 - 5.00%	11/15/2023-2038
2019A Refunding	2019	464,540	337,490	46,597 (1)	2.52 - 3.09%	11/15/2023-2031
2019B Refunding	2019	169,850	169,100	147,568 (1)	5.00%	11/15/2023-2049
2019C Refunding	2019	104,775	102,025	56,066 (1)	2.12 - 3.57%	11/15/2023-2049
2020A Refunding	2021	227,495	227,495	172,093 (1)	5.00%	11/15/2023-2050
2020B Refunding	2021	49,870	49,870	23,938 (1)	0.73 - 2.93%	11/15/2024-2050
2023 Refunding	2023	417,615	417,615	345,422 (1)	5.00 - 5.25%	11/15/2024-2053
			<u>\$ 1,914,740</u>			

(1) Interest is paid semiannually on May 15 and November 15.

9 – DEBT AND NON-DEBT LIABILITIES, continued
c -- Business-Type Activities Long-Term Liabilities, continued

Electric Utility System Revenue Debt -- Pledged Revenues - The net revenue of Austin Energy was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2023 (in thousands):

	Gross Revenue (1)	Operating Expense (2) (3)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$	1,819,476	1,446,114	373,362	156,722	2.38

- (1) Gross revenue includes revenues from operations and interest income.
- (2) Excludes depreciation, amortization of excess consideration, other postemployment benefits and net pension liability accruals.
- (3) Includes lease and IT subscriptions expenses

Austin Energy obtained a credit facility with Wells Fargo Bank, NA for a Note Purchase Agreement and associated Letter of Credit for a maximum amount of \$100 million. The agreement has an initial expiration of September 28, 2024 with a one-year automatic extension option. Austin Energy is providing financial security in the form of an irrevocable letter of credit delivered to Electric Reliability Council of Texas, Inc (ERCOT) as the beneficiary in compliance with ERCOT Nodal Protocols. Draws made under the Note Purchase agreement are payable by the City from the resources more fully described in the ordinance.

Water and Wastewater System Revenue Debt -- General - The City is authorized by ordinance to issue Austin Water revenue obligations. Proceeds from these obligations are used only to fund water and wastewater capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of Austin Water. Bond ratings at September 30, 2023, were Aa2 (Moody's Investors Service, Inc.), AA (S&P Global Ratings), and AA- (Fitch Ratings, Inc.).

Water and Wastewater System Revenue Debt -- Revenue Bond Refunding Issue - In October 2022, the City issued \$295,840,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2022. The net proceeds of \$334,858,726 (after issue costs, premium and discounts) from the issuance were used to refund \$90,000,000 in tax-exempt commercial paper, \$146,895,000 in separate lien revenue bonds, Series 2012, and \$93,500,000 in variable rate bonds, Series 2008. The first principal payment was paid on May 15, 2023, with all subsequent principal payments due November 15 of each year from 2023 to 2052. Interest is payable May 15 and November 15 of each year from 2023 to 2052. There was a swap termination fee of \$3,165,000 associated with the refunding of the 2008 variable rate bonds. Total interest requirements for this obligation, at a rate of 5.0%, are \$185,905,350. An economic gain of \$27,182,247 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$37,846,353. An accounting loss of \$77,970, which will be deferred and amortized, was recorded on this refunding.

The same issuance includes \$143,770,000 in forward delivery bonds, Series 2023, dated February 15, 2023, which will be used to refund \$152,590,000 in separate lien revenue bonds, Series 2013A. Principal payments are due on November 15 of each year from 2028 to 2043. Interest is payable May 15 and November 15 of each year from 2023 to 2043. Total interest requirements for this obligation, at a rate of 5.0%, are \$93,656,875. An economic gain of \$9,753,870 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$15,056,250. An accounting gain of \$1,631,161 which will be deferred and amortized, was recorded on this refunding.

Water and Wastewater System Revenue Debt -- Revenue Bond Issues - In November 2022, the City issued \$18,000,000 of Water and Wastewater System Revenue Bonds, Series 2022A. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of \$16,702,989 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2023 to 2042. Interest payments are due May 15 and November 15 of each year from 2023 to 2042. Total interest requirements for the bonds are \$6,553,403, with interest rates ranging from 2.36% to 3.60%.

In November 2022, the City issued \$24,630,000 of Water and Wastewater System Revenue Bonds, Series 2022B. This is a private placement structured through a memorandum with TWDB. Project funds of \$22,989,581 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2023 to 2052. Interest payments are due May 15 and November 15 of each year from 2023 to 2052. Total interest requirements for the bonds are \$10,087,902, with interest rates ranging from 1.47% to 2.61%.

9 – DEBT AND NON-DEBT LIABILITIES, continued
c -- Business-Type Activities Long-Term Liabilities, continued

In November 2022, the City issued \$8,300,000 of Water and Wastewater System Revenue Bonds, Series 2022C. This is a private placement structured through a memorandum with TWDB. Project funds of \$7,772,512 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2023 to 2052. Interest payments are due May 15 and November 15 of each year from 2023 to 2052. Total interest requirements for the bonds are \$3,239,949, with interest rates ranging from 1.37% to 2.51%.

Water and Wastewater System Revenue Debt -- Revenue Bond In-Substance Defeasance - In December 2022, the City defeased \$18,675,000 of separate lien revenue refunding bonds, Series 2012, \$17,725,000 of separate lien revenue refunding bonds, Series 2013A, \$9,800,000 of separate lien revenue refunding bonds, Series 2014, and \$1,950,000 of separate lien revenue refunding bonds, Series 2020C, with a \$18,770,670 cash payment for the 2012 Series and a \$29,976,598 cash payment for the remaining series. The funds were deposited in an irrevocable escrow account, that holds risk-free U.S. Treasury Notes, to provide for the future debt service payments on the defeased bonds. The City is legally released from the obligation for the defeased debt. Revenue bond debt service savings from the fiscal year 2023 defeasance was \$41,359,000 over a seven-year period. The savings, coupled with future planned debt defeasance transactions, will help achieve rate stability over the next few years. An accounting gain of \$657,453 was recorded and recognized in the current period on the defeasance.

Water and Wastewater System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all water and wastewater system original and refunding revenue bonds outstanding at September 30, 2023 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2010	2010	\$ 31,815	20,145	-- (2)	0.00%	11/15/2023-2041
2010B Refunding	2011	100,970	78,765	47,113 (1)	4.85 - 6.02%	11/15/2023-2040
2012 Refunding	2012	336,820	7,595	916 (1)	5.00%	11/15/2023-2029
2013A Refunding	2013	282,460	46,220	5,740 (1)	3.70 - 5.00%	11/15/2023-2027
2014 Refunding	2014	282,205	237,210	126,341 (1)	5.00%	11/15/2023-2043
2015A Refunding	2015	249,145	167,260	45,754 (1)	2.85 - 5.00%	11/15/2023-2036
2016 Refunding	2016	247,770	241,450	149,049 (1)	5.00%	11/15/2023-2045
2016A	2017	20,430	14,850	2,006 (1)	0.92 - 2.12%	11/15/2023-2036
2017 Refunding	2017	311,100	263,480	134,299 (1)	4.22 - 5.00%	11/15/2023-2046
2017A	2018	45,175	34,945	5,508 (1)	1.01 - 2.29%	11/15/2023-2037
2018	2019	3,000	2,485	486 (1)	1.51 - 2.61%	11/15/2023-2038
2019	2020	6,200	5,355	764 (1)	0.87 - 1.94%	11/15/2023-2039
2020A	2020	11,200	10,090	430 (1)	0.00 - 0.50%	11/15/2023-2049
2020B	2020	3,800	3,425	278 (1)	0.00 - 0.80%	11/15/2023-2049
2020C Refunding	2021	203,505	201,230	169,066 (1)	5.00%	11/15/2023-2050
2020D	2021	16,995	15,385	1,731 (1)	0.14 - 1.55%	11/15/2023-2040
2021A	2021	10,400	9,770	-- (2)	0.00%	11/15/2023-2050
2021B	2021	9,400	8,835	17 (1)	0.00 - 0.06%	11/15/2023-2050
2021 Refunding	2022	216,380	216,380	125,624 (1)	4.00 - 5.00%	11/15/2024-2051
2021C	2022	18,000	17,160	2,561 (1)	0.21 - 1.85%	11/15/2023-2041
2021D	2022	23,100	22,330	237 (1)	0.00 - 0.19%	11/15/2023-2051
2021E	2022	30,000	29,000	578 (1)	0.00 - 0.29%	11/15/2023-2051
2022 Refunding	2023	295,840	289,840	177,768 (1)	5.00%	11/15/2023-2052
2022A	2023	18,000	18,000	6,286 (1)	2.36 - 3.60%	11/15/2023-2042
2022B	2023	24,630	24,630	9,819 (1)	1.47 - 2.61%	11/15/2023-2052
2022C	2023	8,300	8,300	3,154 (1)	1.37 - 2.51%	11/15/2023-2052
2023 Refunding	2023	143,770	143,770	91,860 (1)	5.00%	11/15/2028-2043
			<u>\$ 2,137,905</u>			

(1) Interest is paid semiannually on May 15 and November 15.

(2) Zero interest bond placed with Texas Water Development Board.

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds, the bonds will be purchased by the respective liquidity providers and become bank bonds with principal to be paid in equal semiannual installments over a 5-year amortization period. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate. The remarketing agent takes the variable debt to auction on a weekly basis; the winning bid determines the weekly rate paid. The City currently has an irrevocable Letter of Credit Reimbursement Agreement, which has provisions within the agreement that, in the event of a default, the bank has the ability to declare the principal and accrued interest immediately due and payable.

9 – DEBT AND NON-DEBT LIABILITIES, continued
c -- Business-Type Activities Long-Term Liabilities, continued

Water and Wastewater System Revenue Debt -- Pledged Revenues - The net revenue of Austin Water was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2023 (in thousands):

	Gross Revenue (1)	Operating Expense (2) (4)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage (3)
\$	657,637	330,549	327,088	176,595	1.85

- (1) Gross revenue includes revenues from operations and interest income.
- (2) Excludes depreciation, other postemployment benefits and net pension liability accruals.
- (3) The coverage calculation presented considers all Water and Wastewater debt service obligations, regardless of type or designation. This methodology closely approximates but does not follow exactly the coverage calculation required by the master ordinance.
- (4) Includes lease and IT subscriptions expenses

Airport System Revenue Debt -- General - The City's Airport issues airport system revenue bonds to fund Airport capital projects. Principal and interest on these bonds are payable solely from the net revenues of the Airport fund. Revenue bonds authorized and unissued amount to \$735,795,000. Bond ratings at September 30, 2023, for the revenue bonds were A1 (Moody's Investors Service, Inc.) and A+ (S&P Global Ratings).

Airport System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all airport system original and refunding revenue bonds outstanding at September 30, 2023 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2013 Revenue	2013	\$ 60,000	30,110	2,019 (1)	2.25%	11/15/2023-2028 (2)
2014 Revenue	2015	244,495	244,495	170,450 (1)	5.00%	11/15/2026-2044
2017A Revenue	2017	185,300	185,300	141,370 (1)	5.00%	11/15/2026-2046
2017B Revenue	2017	129,665	129,665	98,923 (1)	5.00%	11/15/2026-2046
2019 Revenue	2019	151,720	74,035	5,658 (1)	5.00%	11/15/2023-2025
2019A Revenue	2019	16,975	16,975	22,492 (1)	5.00%	11/15/2049
2019B Revenue	2019	248,170	243,715	191,756 (1)	5.00%	11/15/2023-2048
2022 Revenue	2022	416,060	416,060	398,314 (1)	5.00 - 5.25%	11/15/2025-2052
			<u>\$ 1,340,355</u>			

- (1) Interest is paid semiannually on May 15 and November 15.
- (2) Series matures on May 15 of the final year.

Airport System Revenue Debt -- Pledged Revenues - The net revenue of the Airport fund was pledged to service the outstanding principal and interest payments for revenue debt outstanding (including revenue bonds and revenue notes). The table below represents the pledged amounts at September 30, 2023 (in thousands):

Gross Revenue (1)	Other Available Funds (2)	Operating Expense (3) (5)	Net Revenue and Other Available Funds	Debt Service Requirement (4)	Revenue Bond Coverage
\$ 317,909	13,548	151,267	180,190	54,190	3.33

- (1) Gross revenue includes revenues from operations and interest income.
- (2) Pursuant to the bond ordinance, in addition to gross revenue, the Airport is authorized to use "other available funds" in the calculation of revenue bond coverage not to exceed 25% of the debt service requirements.
- (3) Excludes depreciation, other postemployment benefits and net pension liability accruals.
- (4) Excludes debt service amounts paid with passenger facility charge revenues and restricted bond proceeds applied to current interest payments.
- (5) Includes lease and IT subscriptions expenses

9 – DEBT AND NON-DEBT LIABILITIES, continued
c -- Business-Type Activities Long-Term Liabilities, continued

Nonmajor Enterprise Fund Debt:

Convention Center Revenue Debt -- General - The City's Convention Center fund issues convention center revenue bonds and hotel occupancy tax revenue bonds to fund Convention Center fund capital projects. Principal and interest on these bonds are payable solely from pledged hotel occupancy tax revenues and the special motor vehicle rental tax revenues. Revenue bonds authorized and unissued amount to \$760,000. Bond ratings at September 30, 2023, for the revenue bonds were Aa3 (Moody's Investors Service, Inc.), and AA (S&P Global Ratings).

Convention Center Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all Convention Center refunding revenue bonds outstanding at September 30, 2023 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2008AB Refunding	2008	\$ 125,280	51,965	5,583 (2)	1.44 - 4.64%	11/15/2023-2029
2012 Refunding	2012	20,185	10,430	1,771 (1)	3.63 - 5.00%	11/15/2023-2029
2016 Refunding	2017	29,080	16,465	1,101 (1)	1.88%	11/15/2023-2029
			<u>\$ 78,860</u>			

(1) Interest is paid semiannually on May 15 and November 15.

(2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement is calculated utilizing the rate of 3.25% in effect at the end of the fiscal year.

The Series 2008 A and B refunding bonds are variable rate demand bonds. The associated letter of credit agreements have the following terms (in thousands):

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2008-A	UBS AG	0.28%	Raymond James	0.06%	\$ 25,980	10/2/2024
2008-B	Sumitomo Mitsui Banking Corporation	0.33%	BofA Securities, Inc.	0.05%	25,985	10/4/2024
					<u>\$ 51,965</u>	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds or if the agreement expires with no new agreement in place, the bonds will be purchased by the respective liquidity provider and become bank bonds with principal to be paid in equal semiannual installments over a 5-year amortization period beginning six months from the triggering repayment event. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate. The remarketing agent takes the variable debt to auction on a weekly basis; the winning bid determines the weekly rate paid. The City currently has an irrevocable Letter of Credit Reimbursement Agreement, which has provisions within the agreement that, in the event of a default, the bank has the ability to declare the principal and accrued interest immediately due and payable.

9 – DEBT AND NON-DEBT LIABILITIES, continued
d -- Debt Service Requirements

Fiscal Year Ended September 30	Governmental Activities (in thousands)					
	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 95,741	47,986	15,226	12,685	17,870	4,130
2025	94,011	43,745	15,897	12,013	17,220	3,306
2026	93,531	39,336	16,631	11,295	16,695	2,504
2027	94,886	35,055	13,218	10,549	13,350	1,736
2028	91,141	31,251	13,779	9,999	10,795	1,130
2029-2033	352,926	104,724	92,898	39,988	16,805	1,020
2034-2038	200,680	39,454	92,936	17,868	--	--
2039-2043	85,867	8,167	29,528	2,198	--	--
Total debt service requirements	1,108,783	349,718	290,113	116,595	92,735	13,826
Less: Unamortized bond discounts	(222)	--	(246)	--	(104)	--
Add: Unamortized bond premiums	92,957	--	37,872	--	6,434	--
Net debt	1,201,518	349,718	327,739	116,595	99,065	13,826

Fiscal Year Ended September 30	Financed Purchase Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2024	3,384	259	132,221	65,060
2025	3,468	175	130,596	59,239	189,835
2026	3,554	89	130,411	53,224	183,635
2027	--	--	121,454	47,340	168,794
2028	--	--	115,715	42,380	158,095
2029-2033	--	--	462,629	145,732	608,361
2034-2038	--	--	293,616	57,322	350,938
2039-2043	--	--	115,395	10,365	125,760
Total debt service requirements	10,406	523	1,502,037	480,662	1,982,699
Less: Unamortized bond discounts	--	--	(572)	--	(572)
Add: Unamortized bond premiums	--	--	137,263	--	137,263
Net debt	\$ 10,406	523	1,638,728	480,662	2,119,390

9 – DEBT AND NON-DEBT LIABILITIES, continued
d -- Debt Service Requirements, continued

Fiscal Year Ended September 30	Business-type Activities (in thousands)					
	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,753	645	1,766	1,470	2,809	378
2025	1,104	509	1,853	1,389	2,516	246
2026	1,189	451	1,925	1,313	1,830	132
2027	1,259	393	2,022	1,218	1,075	52
2028	1,334	330	2,125	1,118	335	8
2029-2033	3,739	772	12,318	3,913	--	--
2034-2038	1,280	270	6,070	1,164	--	--
2039-2043	294	15	2,363	288	--	--
2044-2048	--	--	--	--	--	--
2049-2053	--	--	--	--	--	--
2054	--	--	--	--	--	--
Total debt service requirements	12,952	3,385	30,442	11,873	8,565	816
Less: Unamortized bond discounts	--	--	(3)	--	--	--
Add: Unamortized bond premiums	1,989	--	1,641	--	514	--
Net debt	14,941	3,385	32,080	11,873	9,079	816

Fiscal Year Ended September 30	Other Tax Supported Debt		Commercial Paper Notes (1)		Revenue Bonds (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2024	920	119	176,300	236	182,249
2025	965	79	--	--	202,670	235,303
2026	906	39	--	--	220,230	225,592
2027	--	--	--	--	238,705	215,725
2028	--	--	--	--	246,670	205,705
2029-2033	--	--	--	--	1,095,871	866,093
2034-2038	--	--	--	--	965,294	629,125
2039-2043	--	--	--	--	945,450	388,037
2044-2048	--	--	--	--	722,370	173,945
2049-2053	--	--	--	--	378,150	42,530
2054	--	--	--	--	15,900	417
Total debt service requirements	2,791	237	176,300	236	5,213,559	3,226,168
Less: Unamortized bond discounts	--	--	--	--	(1,565)	--
Add: Unamortized bond premiums	--	--	--	--	522,040	--
Net debt	\$ 2,791	237	176,300	236	5,734,034	3,226,168

(1) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt.

(Continued)

(2) A portion of these bonds are variable rate bonds with rates ranging from 1.44% - 4.64%.

9 – DEBT AND NON-DEBT LIABILITIES, continued
d -- Debt Service Requirements, continued

Business-type Activities, continued
(in thousands)

Fiscal Year Ended September 30	Revenue Notes from Direct Placements		Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2024	\$ 17,635	3,548	384,432	250,092
2025	17,845	3,329	226,953	240,855	467,808
2026	18,045	3,099	244,125	230,626	474,751
2027	18,300	2,863	261,361	220,251	481,612
2028	23,870	2,615	274,334	209,776	484,110
2029-2033	61,155	10,078	1,173,083	880,856	2,053,939
2034-2038	58,436	6,365	1,031,080	636,924	1,668,004
2039-2043	37,550	3,050	985,657	391,390	1,377,047
2044-2048	21,055	1,516	743,425	175,461	918,886
2049-2053	17,390	512	395,540	43,042	438,582
2054	--	--	15,900	417	16,317
Total debt service requirements	291,281	36,975	5,735,890	3,279,690	9,015,580
Less: Unamortized bond discounts	--	--	(1,568)	--	(1,568)
Add: Unamortized bond premiums	--	--	526,184	--	526,184
Net debt	\$ 291,281	36,975	6,260,506	3,279,690	9,540,196

9 – DEBT AND NON-DEBT LIABILITIES, continued
d -- Debt Service Requirements, continued

Business-type Activities: Austin Energy
(in thousands)

Fiscal Year Ended September 30	Commercial Paper		Revenue Bonds	
	Notes (1)		Principal	Interest
	Principal	Interest		
2024	\$ 76,900	177	88,717	84,323
2025	--	--	88,022	80,972
2026	--	--	82,065	77,487
2027	--	--	99,480	74,162
2028	--	--	97,075	70,525
2029-2033	--	--	447,930	293,460
2034-2038	--	--	318,925	211,430
2039-2043	--	--	288,010	136,583
2044-2048	--	--	267,750	68,277
2049-2053	--	--	145,345	18,038
2054	--	--	15,900	417
Total debt service requirements	76,900	177	1,939,219	1,115,674
Less: Unamortized bond discounts	--	--	(104)	--
Add: Unamortized bond premiums	--	--	170,847	--
Net debt	76,900	177	2,109,962	1,115,674

Fiscal Year Ended September 30	Total Austin Energy Debt Service Requirements		
	Principal	Interest	Total
2024	165,617	84,500	250,117
2025	88,022	80,972	168,994
2026	82,065	77,487	159,552
2027	99,480	74,162	173,642
2028	97,075	70,525	167,600
2029-2033	447,930	293,460	741,390
2034-2038	318,925	211,430	530,355
2039-2043	288,010	136,583	424,593
2044-2048	267,750	68,277	336,027
2049-2053	145,345	18,038	163,383
2054	15,900	417	16,317
Total debt service requirements	2,016,119	1,115,851	3,131,970
Less: Unamortized bond discounts	(104)	--	(104)
Add: Unamortized bond premiums	170,847	--	170,847
Net debt	\$ 2,186,862	1,115,851	3,302,713

(1) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes by issuing long-term debt.

9 – DEBT AND NON-DEBT LIABILITIES, continued
d -- Debt Service Requirements, continued

Business-type Activities: Austin Water
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Other Tax Supported Debt		Commercial Paper Notes (1)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 252	42	31	9	589	76	99,400	59
2025	70	30	32	8	618	51	--	--
2026	75	26	30	7	580	25	--	--
2027	80	22	30	6	--	--	--	--
2028	80	18	30	5	--	--	--	--
2029-2033	285	29	129	10	--	--	--	--
2034-2038	--	--	--	--	--	--	--	--
2039-2043	--	--	--	--	--	--	--	--
2044-2048	--	--	--	--	--	--	--	--
2049-2053	--	--	--	--	--	--	--	--
Total debt service requirements	842	167	282	45	1,787	152	99,400	59
Less: Unamortized bond discounts	--	--	(1)	--	--	--	--	--
Add: Unamortized bond premiums	129	--	1	--	--	--	--	--
Net debt	971	167	282	45	1,787	152	99,400	59

Fiscal Year Ended September 30	Revenue Bonds (2)		Revenue Notes from Direct Placements		Total Austin Water Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2024	57,252	92,586	10,670	2,636	168,194	95,408	263,602
2025	76,803	89,281	10,725	2,566	88,248	91,936	180,184
2026	91,710	85,042	10,780	2,491	103,175	87,591	190,766
2027	100,760	80,500	10,885	2,410	111,755	82,938	194,693
2028	109,295	75,957	10,955	2,322	120,360	78,302	198,662
2029-2033	447,851	305,340	56,260	9,986	504,525	315,365	819,890
2034-2038	415,259	202,106	58,436	6,365	473,695	208,471	682,166
2039-2043	361,725	101,397	37,550	3,050	399,275	104,447	503,722
2044-2048	164,110	34,586	21,055	1,516	185,165	36,102	221,267
2049-2053	76,935	7,385	17,390	512	94,325	7,897	102,222
Total debt service requirements	\$ 1,901,700	1,074,180	244,706	33,854	2,248,717	1,108,457	3,357,174
Less: Unamortized bond discounts	(1,356)	--	--	--	(1,357)	--	--
Add: Unamortized bond premiums	226,316	--	--	--	226,446	--	--
Net debt	2,126,660	1,074,180	244,706	33,854	2,473,806	1,108,457	3,582,263

(1) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt.

(2) Portions of these bonds are variable rate bonds with rates of 0.03% - 1.87%.

9 – DEBT AND NON-DEBT LIABILITIES, continued
d -- Debt Service Requirements, continued

Business-type Activities: Airport
(in thousands)

Fiscal Year Ended September 30	Revenue Bonds		Revenue Notes from Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 28,320	64,812	4,730	624
2025	29,585	63,365	4,845	517
2026	37,875	61,678	4,950	406
2027	29,585	59,991	5,060	294
2028	31,080	58,474	10,525	179
2029-2033	180,595	266,805	--	--
2034-2038	231,110	215,589	--	--
2039-2043	295,715	150,057	--	--
2044-2048	290,510	71,082	--	--
2049-2053	155,870	17,107	--	--
Total debt service requirements	1,310,245	1,028,960	30,110	2,020
Less: Unamortized bond discounts	(81)	--	--	--
Add: Unamortized bond premiums	124,670	--	--	--
Net debt	1,434,834	1,028,960	30,110	2,020

Fiscal Year Ended September 30	Total Airport Debt Service Requirements		
	Principal	Interest	Total
2024	33,050	65,436	98,486
2025	34,430	63,882	98,312
2026	42,825	62,084	104,909
2027	34,645	60,285	94,930
2028	41,605	58,653	100,258
2029-2033	180,595	266,805	447,400
2034-2038	231,110	215,589	446,699
2039-2043	295,715	150,057	445,772
2044-2048	290,510	71,082	361,592
2049-2053	155,870	17,107	172,977
Total debt service requirements	1,340,355	1,030,980	2,371,335
Less: Unamortized bond discounts	(81)	--	(81)
Add: Unamortized bond premiums	124,670	--	124,670
Net debt	\$ 1,464,944	1,030,980	2,495,924

9 – DEBT AND NON-DEBT LIABILITIES, continued
d -- Debt Service Requirements, continued

Business-type Activities: Nonmajor Enterprise
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations		Other Tax Supported Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,501	603	1,735	1,461	2,809	378	331	43
2025	1,034	479	1,821	1,381	2,516	246	347	28
2026	1,114	425	1,895	1,306	1,830	132	326	14
2027	1,179	371	1,992	1,212	1,075	52	--	--
2028	1,254	312	2,095	1,113	335	8	--	--
2029-2033	3,454	743	12,189	3,903	--	--	--	--
2034-2038	1,280	270	6,070	1,164	--	--	--	--
2039-2043	294	15	2,363	288	--	--	--	--
Total debt service requirements	12,110	3,218	30,160	11,828	8,565	816	1,004	85
Less: Unamortized bond discounts	--	--	(2)	--	--	--	--	--
Add: Unamortized bond premiums	1,860	--	1,640	--	514	--	--	--
Net debt	13,970	3,218	31,798	11,828	9,079	816	1,004	85

Fiscal Year Ended September 30	Revenue Bonds (1)		Revenue Notes from Direct Placements		Total Nonmajor Enterprise Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2024	7,960	1,975	2,235	288	17,571	4,748	22,319
2025	8,260	1,685	2,275	246	16,253	4,065	20,318
2026	8,580	1,385	2,315	202	16,060	3,464	19,524
2027	8,880	1,072	2,355	159	15,481	2,866	18,347
2028	9,220	749	2,390	114	15,294	2,296	17,590
2029-2033	19,495	488	4,895	92	40,033	5,226	45,259
2034-2038	--	--	--	--	7,350	1,434	8,784
2039-2043	--	--	--	--	2,657	303	2,960
Total debt service requirements	62,395	7,354	16,465	1,101	130,699	24,402	155,101
Less: Unamortized bond discounts	(24)	--	--	--	(26)	--	(26)
Add: Unamortized bond premiums	207	--	--	--	4,221	--	4,221
Net debt	\$ 62,578	7,354	16,465	1,101	134,894	24,402	159,296

(1) A portion of these bonds are variable rate bonds with rates ranging from 1.44% - 4.64%.

Over time, the City has issued refunding bonds to advance refund certain public improvement bonds, certificates of obligation, and enterprise revenue bonds. The proceeds of the sale of the refunding bonds were deposited with an escrow agent in an amount necessary to accomplish the discharge and final payment of the refunded obligations. These funds are held by the escrow agent in an escrow fund and used to purchase direct obligations of the United States of America to be held in the escrow fund. The escrow fund is irrevocably pledged to the payment of the principal and interest on the refunded obligations.

On September 30, 2023, defeased bonds remaining unredeemed or unmatured are provided below (in thousands):

Refunded Bonds	Escrow	
	Maturity Dates	Balance (1)
General Obligation		
Public Improvement Bonds, Series 2020	9/1/2024 - 9/1/2029	\$ 380
Austin Water		
Series 2014	11/15/2023 - 05/15/2024	7,300
Series 2017	11/15/2023	7,000
Series 2020C	11/15/2024 - 11/15/2025	1,950
		<u>\$ 16,630</u>

(1) The balances shown have been escrowed to their respective call dates.

10 – RETIREMENT PLANS
a -- General Information

Plan Description -- The City participates in funding three contributory, defined benefit retirement plans: the City of Austin Employees' Retirement and Pension Plan (City Employees), the City of Austin Police Officers' Retirement and Pension Plan (Police Officers), and the Fire Fighters' Relief and Retirement Plan of Austin, Texas (Fire Fighters). An Independent Board of Trustees administers each plan. These plans are City-wide single employer funded plans each with a fiscal year end of December 31.

All three plans were created by state law and can be found in Vernon's Texas Civil Statutes as follows:

City Employees' Plan	Article 6243n
Police Officers' Plan	Article 6243n-1
Fire Fighters' Plan	Article 6243e.1

State law governs the three pension systems including benefit and contribution provisions. Amendments may be made by the Legislature of the State of Texas. During fiscal year 2023, the Legislature passed, and the Governor signed Senate Bill 1444 (SB 1444) that enacted substantial reforms to the City Employees' plan. These changes will become effective January 1, 2024, and are intended to place the fund on an actuarially sound path and to reduce the project funding period to 30 years. The most significant legislative changes include: implementing a more flexible actuarially determined employer contribution rate which will be updated on an annual basis; establishing an additional City contribution to the system to cover the unfunded legacy liability over a 30-year period; increasing the employee contribution rate from 8% to 10% over a two-year period; converting one of the four elected active member retirement board positions to a City of Austin appointed position; and removing the authority of the retirement system board to unilaterally approve cost-of living adjustments or to change member benefits. No other changes were made to employee benefits and any future benefit changes require changes to the law.

Plan Financial Statements -- The most recently available financial statements of the pension funds are for the year ended December 31, 2022. Stand-alone financial reports that include financial statements and supplementary information for each plan are publicly available at the locations and internet addresses shown below.

Plan	Address	Telephone
City of Austin Employees' Retirement and Pension Fund	6836 Austin Center Blvd, Suite 190 Austin, TX 78731 www.coaers.org	(512)458-2551
City of Austin Police Officers' Retirement and Pension Fund	2520 S. IH 35, Ste. 100 Austin, Texas 78704 www.ausprs.org	(512)416-7672
Fire Fighters' Relief and Retirement Fund of Austin, Texas	4101 Parkstone Heights Dr., Ste. 270 Austin, Texas 78746 www.afrs.org	(512)454-9567

Classes of Employees Covered -- The three pension plans cover substantially all full-time employees. The City Employees' Plan covers all regular, full-time employees working 30 hours or more except for civil service police officers and fire fighters. Membership in this fund is comprised of two tiers. Group A includes all employees hired before January 1, 2012. Group B includes all employees hired on or after this date. The Police Officers' Plan covers all commissioned law enforcement officers and cadets upon enrollment in the Austin Police Academy. Effective January 1, 2022, membership in this fund is comprised of two tiers. Group A includes all Police Officers hired before the effective date, and Group B includes those hired on or after that date. The Fire Fighters' Plan covers all commissioned civil service and Texas state-certified fire fighters with at least six months of service employed by the Austin Fire Department.

Benefits Provided -- Each plan provides service retirement, death, and disability benefits as shown in the following chart. For the City Employees' Plan, vesting occurs after 5 years of creditable service. For the other two systems, vesting occurs after 10 years of creditable service. For all three systems, creditable service includes employment at the City plus purchases of certain types of service where applicable. Withdrawals from the systems include actual contributions plus interest at varying rates depending on the system. This applies to both non-vested employees who leave the City as well as vested employees who leave the City and wish to withdraw their contributions. In addition, each plan offers various Deferred Retirement Option Programs (DROP). These are not included in the discussion of benefits provided.

10 – RETIREMENT PLANS, continued
a -- General Information, continued

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Eligibility	Group A members qualify for retirement benefits at age 62 with 5 years of creditable service; age 55 with 20 years creditable service; or any age with 23 years creditable service. No reduced benefits are available. Group B members qualify for normal retirement benefits at age 65 with 5 years creditable service or at age 62 with 30 years creditable service. Reduced benefits are available at age 55 with 10 years of creditable service.	Group A members are eligible for retirement benefits at any age with 23 years creditable service or at age 55 with 20 years creditable service (both excluding pre-membership military service). Group B members are eligible for retirement benefits at age 50 with 25 years creditable service (excluding pre-membership military service.) Any member is eligible for retirement at age 62 and any number of years of creditable service.	Members are eligible for normal retirement benefits upon the earlier of age 50 with 10 years of service or 25 years of service regardless of age. Members are eligible for early retirement at 45 with 10 years of service or with 20 years of service regardless of age.
Calculation	Average of 36 highest months of base pay multiplied by years and months of creditable service multiplied by 3% for Group A and 2.5% for Group B.	For Group A, the average of 36 highest months of base salary plus longevity pay multiplied by years and months of service multiplied by 3.2%. For Group B, 60 months and 2.5% are substituted for 36 months and 3.2%, respectively.	Average of 36 highest months of base salary plus longevity pay multiplied by years of service multiplied by 3.3% with a \$2,000 monthly minimum.
Death Benefits	Retiree or active member eligible for retirement, \$10,000 lump sum and continuation of benefits to beneficiary if this option was selected. If not eligible for retirement, refund of accumulated deposits plus death benefit from COAERS equal to those deposits excluding purchases of time.	For retirees and members eligible for retirement, \$10,000 lump sum and the member's accrued benefit as of the date of death based on annuity selected. Non-vested members receive the greater of \$10,000 or twice the amount of the member's accumulated contributions.	Surviving spouse receives 75% of retiree benefits based on the greater of 20 years or years of service at time of death. If surviving spouse exists, each dependent receives 15% of the payment paid to the surviving spouse. If no surviving spouse exists, dependents split equally the amount that would have been paid to surviving spouse.
Disability Benefits	After approved for disability benefits, active members may choose from several different disability retirement options. Must have 5 years of service if disability is not job related.	After approved for disability benefits, if disability is the result of employment duties, benefit is based on the greater of 20 years for Group A and 25 years for Group B or normal retirement calculation. Must have 10 years of service if disability is not job related and calculation is based on actual years of service.	For the first 30 months, eligible for retiree benefits based on the greater of service at time of disability or 20 years. After 30 months, continuance of annuity may be reevaluated.
Cost of Living Adjustments (COLA)	The plan does not require automatic COLAs. Such increases must be deemed sustainable by the actuary and approved by the City Council and Board of Trustees of the fund. The most recent COLA went into effect in 2002.	The most recent COLA went into effect in 2007. Effective September 1, 2021, State law no longer allows the board to approve COLAs. Any such future adjustments require legislative approval.	The plan does not require automatic COLAs. Such increases must be approved by the Board of Trustees and the actuary of the fund. The most recent COLA went into effect for 2023.

10 – RETIREMENT PLANS, continued
a -- General Information, continued

Employees Covered by Benefit Terms -- Membership in the plans as of December 31, 2022, is as follows:

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Inactive employees or beneficiaries:			
Currently receiving benefits	7,530	1,258	979
Entitled to but not yet receiving benefits	1,529	61	35
Nonvested terminated due refunds	2,405	96	0
Active employees	10,438	1,633	1,199
Total	<u>21,902</u>	<u>3,048</u>	<u>2,213</u>

Contributions -- For all three systems, minimum contributions are determined by the enabling legislation cited above. In certain cases, the City may contribute at a level greater than that stated in the law. While the contribution requirements for Fire Fighters are not actuarially determined, state law requires that a qualified actuary approve each plan of benefits adopted.

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Employee contribution (percent of earnings)	8%	15% (1)	18.7%
City contribution (percent of earnings)	19%	9.85% (2)	22.05%
City contributions year ended			
September 30, 2023 (in thousands)	\$157,846	48,311	23,292

- (1) A rate of 15% was effective January 1, 2022 subject to a possible increase of up to 2% of pay (17% of pay total) if the Actuarially Determined Contributions (ADC) exceeds the corridor maximum. Prior to that change, the rate was 13%.
- (2) An ADC of 9.85% was effective January 1, 2023. Prior to that change the rate was 10.1%. The City also contributes according to a fixed payment plan established to eliminate the legacy unfunded liability existing as of December 31, 2020 over a 30-year period. For calendar year 2023 this amount is \$1,355,856 per pay period.

b -- Net Pension Liability

The City's net pension liability was measured as of December 31, 2022, for all three systems. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, for the City Employees' and Police Officers' Plans. The Fire Fighters plan net pension liability was determined using the total pension liability from an actuarial valuation ending December 31, 2021. The valuation was updated using 2022 assumptions and rolled forward to the year ending December 31, 2022.

Actuarial Assumptions -- Actuarial assumptions used in the most recent calculation of the net pension liability include:

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Inflation rate	2.5%	2.5%	2.5%
Projected annual salary increases	3.5% to 5.75%	3% to 15.2% Service based (1)	3% to 10% Service based
Investment rate of return	6.75%	7.25%	7.3%
Ad hoc postemployment benefit changes including COLAs	None	None	None
Experience study period	Data collected through December 31, 2018	January 1, 2013 – December 31, 2017	January 1, 2010 – December 31, 2019
Source for mortality assumptions	PubG-2010 Mortality Tables with full generational projection assuming immediate convergence of rates in the mortality projection scale MP-2018, 2D for male and female. Mortality improvement is projected from the mortality table's base year of 2010.	PubS-2010 Mortality Table for males and females. Generational mortality improvements projected from the year 2010 using the ultimate mortality improvement rates in the MP 2018 tables.	PubS-2010 mortality table with mortality improvements projected from the base year of 2010 generationally using MP-2021

(1) This includes the classification status change upon graduation from the academy.

10 – RETIREMENT PLANS, continued
b -- Net Pension Liability, continued

Development of Long-Term Rate of Return on Investments -- Each pension plan utilizes different asset allocations and assumed rates of return in developing the long-term rate of return on investments. However, all three use the same methodology as follows:

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following provides asset allocations and long-term expected real rate of return for each asset class for the three funds.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
City Employees:		
US equity	34%	5.8% to 6.3%
Developed markets equities	16%	7.5% to 8%
Emerging markets equities	6%	10.3%
Fixed income	21%	2.5%
Alternative investments	13%	1.5% to 5%
Real estate	10%	6%
Total	<u>100%</u>	
Police Officers:		
Domestic equity	42.5%	7.5%
International equity	15%	8.5%
Other equity	12.5%	7.5%
US and non-US fixed income	10%	3%
Other fixed income	0%	3.5%
Real estate	15%	4.5%
Multi asset class	5%	5%
Total	<u>100%</u>	
Fire Fighters:		
Domestic Equity	20%	4.2%
Developed Market Equity (non-US)	10%	4.9%
Emerging Market Equity	12%	5.8%
Private Equity	15%	6.0%
Investment Grade Bonds	13%	(0.2%)
Treasury inflation protected securities	5%	(0.2%)
High yield	2.5%	1.8%
Bank Loans	2.5%	1.4%
Emerging Market Bonds	7%	1.8%
Private Real Estate	10%	4.8%
Natural resources	3%	5.9%
Total	<u>100%</u>	

10 – RETIREMENT PLANS, continued
b -- Net Pension Liability, continued

Discount Rate -- The following provides information on the discount rate used to measure the City's total pension liability. Based on the assumptions presented below, the fiduciary net positions of Police Officers and Fire Fighters funds was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of project benefit payments to determine the total pension liability. The City Employees' fund was projected to make all projected benefit payments of current and inactive employees through the year 2057. Therefore, the long term expected rate of return on pension plan investments was applied to projected benefit payments through 2057 fiscal year, and the municipal bond rate of 4.05% was applied to all benefit payments after that date, with the resulting blended discount rate being 5.87%.

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Discount rate	5.87%	7.25%	7.3%
Change since last measurement date	(0.88%)	0%	0%
Long-term expected rate of return on pension plan investments	6.75%	7.25%	7.3%
Cash flow assumptions	Plan member contributions will be made at the current rate. City contributions will be made at the current rate for 34 years and then will decrease to 8%.	Plan member and employer contributions will be made in accordance with the provisions of HB 4368, 87th Texas Legislature.	Plan member contributions will be made at current contribution rates. City contributions will be continued at the currently negotiated rate of 22.05%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -- The following presents the net pension liability of each of the pension funds of the City calculated using the long-term expected rate of return on pension plan investments, as well as what the net pension liability (in thousands) would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate.

	<u>1% Decrease</u>		<u>Current Discount Rate</u>		<u>1% Increase</u>	
	<u>Rate</u>	<u>Net Pension Liability</u>	<u>Rate</u>	<u>Net Pension Liability</u>	<u>Rate</u>	<u>Net Pension Liability</u>
City Employees	4.87%	\$ 3,731,198	5.87%	\$ 2,924,353	6.87%	\$ 2,263,530
Police Officers	6.25%	959,458	7.25%	756,918	8.25%	584,162
Fire Fighters	6.3%	405,943	7.3%	278,319	8.3%	170,702

Pension Plan Fiduciary Net Position -- Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report of each of the pension systems.

10 – RETIREMENT PLANS, continued
b -- Net Pension Liability, continued

Schedule of Changes in Net Pension Liability -- Changes in net pension liability for all three funds and the City for the measurement period ended December 31, 2022, are as follows (in thousands):

	City			
	Employees	Police Officers	Fire Fighters	Total
Total pension liability at December 31, 2021	\$ 5,032,043	1,625,187	1,315,377	7,972,607
Changes for the year:				
Service cost	132,574	38,394	31,101	202,069
Interest	335,216	116,130	94,234	545,580
Differences between expected and actual experience	60,429	(4,529)	13,461	69,361
Assumption changes	588,187	--	20,949	609,136
Contribution buy back	--	2,554	--	2,554
Benefit payments including refunds	(264,321)	(87,734)	(80,970)	(433,025)
Net change in total pension liability	852,085	64,815	78,775	995,675
Total pension liability at December 31, 2022	5,884,128	1,690,002	1,394,152	8,968,282
Total plan fiduciary net position at December 31, 2021	3,565,140	1,080,734	1,303,545	5,949,419
Changes for the year:				
Employer contributions	146,618	44,419	22,765	213,802
Employee contributions	69,189	23,811	19,306	112,306
Contribution buy back	--	2,554	--	2,554
Pension plan net investment income (loss)	(550,087)	(127,690)	(147,530)	(825,307)
Benefits payments and refunds	(264,321)	(87,734)	(80,970)	(433,025)
Pension plan administrative and other expense	(6,764)	(3,010)	(1,283)	(11,057)
Net change in total plan fiduciary net position	(605,365)	(147,650)	(187,712)	(940,727)
Total plan fiduciary net position at December 31, 2022	2,959,775	933,084	1,115,833	5,008,692
Net pension liability at December 31, 2021	1,466,903	544,453	11,832	2,023,188
Net pension liability at December 31, 2022	\$ 2,924,353	756,918	278,319	3,959,590

10 – RETIREMENT PLANS, continued
b -- Net Pension Liability, continued

The City Employees' Plan had no significant changes to benefit terms. The only assumption change is the single discount rate of 6.75% changed to a single blended discount rate of 5.87%.

The Police Officers' Plan had no significant changes to benefit terms or assumptions that affected the total pension liability for the measurement period, however, effective January 1, 2022, HB 4368 created a new tier of benefits for employees in the Police Officers' pension system. Participants hired on or after January 1, 2022, will have different age and service requirements for normal retirement eligibility.

The Fire Fighters' Plan had changes to benefit terms. Effective January 1, 2022, eligible retirees received a 5.4% cost-of-living adjustment.

Changes of assumptions for the Fire Fighters' fund included:

- The plan's mortality assumption was changed from the PubS-2010 above median income table with mortality improvements projected 5 years past the valuation date using MP-2021 to the PubS-2010 table with mortality improvements projected from the base year 2010 generationally using MP-2021.
- The DROP period assumption was changed from a rate table to the DROP period that maximizes the value of the retirement benefits, including any previously granted COLAs the active member is eligible for during the period.

c -- Pension Expense

Total pension expense recognized by the City for the fiscal year ended September 30, 2023, was comprised of the following (in thousands):

	Pension Expense
City Employees	\$ 489,072
Police Officers	79,396
Fire Fighters	45,172
Total	\$ 613,640

10 – RETIREMENT PLANS, continued

d -- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources (in thousands):

<u>Source</u>	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
Deferred Outflows of Resources				
Contributions to the plans subsequent to the measurement date	\$ 122,589	38,445	17,964	178,998
Differences between expected and actual experience	59,086	18,720	15,962	93,768
Changes in assumptions	620,101	361,085	38,066	1,019,252
Net difference between projected and actual earnings on pension plan investments	409,788	71,791	97,310	578,889
Changes in proportionate share (between funds)	24,860	--	--	24,860
Total	<u>1,236,424</u>	<u>490,041</u>	<u>169,302</u>	<u>1,895,767</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	7,212	12,656	6,237	26,105
Changes in assumptions	--	447,225	1,792	449,017
Changes in proportionate share (between funds)	24,860	--	--	24,860
Total	<u>\$ 32,072</u>	<u>459,881</u>	<u>8,029</u>	<u>499,982</u>

The portion of deferred outflows and inflows of resources that will be recognized as an increase (decrease) in pension expense is as follows (in thousands):

<u>Fiscal Year Ended September 30</u>	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
2024	\$ 250,599	3,351	10,576	264,526
2025	270,712	21,215	23,308	315,235
2026	277,444	28,572	37,453	343,469
2027	283,008	(5,477)	55,786	333,317
2028	--	(55,608)	7,176	(48,432)
Thereafter	--	(338)	9,010	8,672
Total	<u>\$ 1,081,763</u>	<u>(8,285)</u>	<u>143,309</u>	<u>1,216,787</u>

11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)
a -- General Information

Plan Description -- In addition to the contributions made to the three pension systems, the City provides certain other postemployment benefits to its retirees. The City of Austin OPEB Plan is a defined-benefit single-employer plan. Allocation of City funds to pay postemployment benefits other than pensions is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis. The City is under no obligation to pay any portion of the cost of other postemployment benefits for retirees or their dependents. The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Unlike pensions, State law does not provide specific requirements or authority for OPEB. Instead, the City relies on its status as a municipal corporation under Article XI, Section 5 of the Constitution of the State of Texas, the Home Rule Amendment, as the authority under which OPEB is provided to retirees. Any amendments to the OPEB Plan are approved by City Council through the annual budget approval process.

Benefits Provided -- Other postemployment benefits include access to medical, dental, and vision insurance for the retiree and the retiree’s family and \$1,000 of life insurance on the retiree only. All retirees who are eligible to receive pension benefits under any of the City’s three pension systems as described in Note 10 are eligible for other postemployment benefits. Retirees may also enroll eligible dependents under the medical, dental, and vision plan(s) in which they participate.

Plan members do not pay into the OPEB Plan while in active employment nor does the City pay on behalf of active employees. The City pays actual claims for medical and prescription drug coverage as a primary provider for non-Medicare eligible, and as a secondary provider for Medicare eligible retirees through either a PPO, HMO, or CDHP, (Consumer Driven Health Plan), medical plan as selected by the retiree. The City subsidizes a maximum of 80% of the projected medical premium for retirees, 50% for dependents, and 70% (75% if pre-Medicare) for surviving spouses. Subsidies are based on years of service at retirement as displayed in the table below and are applied to the corresponding maximum reflected above. For example, a retiree with less than five years of service would be eligible for a subsidy of 16% (20% of 80%). Retirees must pay the unsubsidized portion of the premium.

For the 2023 plan year, (January 1 to December 31), the percentage of the maximum subsidy paid by the City was as follows:

<u>Years of Service at Retirement</u>	<u>Percent of Maximum Subsidy Paid by the City</u>
<5	20%
5-9	30%
10-14	50%
15-19	70%
20 and over	100%

The City pays 100% of the retiree’s basic life insurance premium. The cost of coverage above the \$1,000 level is paid by the retiree. Group dental and vision coverage is available to retirees and their eligible dependents. The retiree pays the full cost of vision premiums and certain dental premiums. If excise tax is payable in the future, it is assumed that these costs will also be paid by the retirees.

Employees Covered by Benefit Terms -- The City has elected to do biennial actuarial valuations of its other postemployment benefits liability with a roll forward in the off years. The current year is a roll forward year and as a result membership in the plan is presented as of December 31, 2021:

Inactive employees or beneficiaries currently receiving benefits	8,510
Inactive employees entitled to but not yet receiving benefits	3,626
Active employees	<u>13,108</u>
Total	<u>25,244</u>

11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued
b -- Total OPEB Liability

The City's total OPEB liability of \$3.4 billion was determined by an actuarial valuation as of December 31, 2021 that was rolled forward to December 31, 2022, the measurement date. Of the total liability, \$70.0 million is considered to be due within one year.

Actuarial Assumptions and Other Inputs -- Actuarial assumptions used in the most recent actuarial valuations are shown below. The majority of the demographic assumptions used in the OPEB valuation are identical to those used in the pension valuations from the previous reporting period. As a result, experience studies performed by the pension systems as described in Note 10a and Required Supplementary Information were also relied upon.

General Assumptions	
Inflation rate	• NA
Salary increases	• Vary by retirement group, age, and years of service
Discount rate	• 3.72%
Experience studies (Medical and Prescription)	• Experience for medical and prescription healthcare costs was based on activity from January 1, 2019 to December 31, 2021.
Experience studies (Dental)	• Experience for dental healthcare costs was based on activity from April 1, 2021 through March 31, 2022.
Healthcare cost trend rates	
Medical (pre-65)	• 6.5% graded to 4.5% over 8 years
Medical (post-65)	• 5.5% graded to 4.5% over 4 years
Prescription drug	• 7.5% graded to 4.5% over 12 years
Dental	• 3%
Administrative costs	• 2.5%
Sources for mortality rate assumptions	
General (Actives)	• PubG-2010 Employee Mortality Table projected generationally using the ultimate mortality improvement rate in the MP tables
General (Healthy retirees)	• PubG-2010 Healthy Retiree Mortality Table projected generationally using the ultimate mortality improvement rate in the MP tables
General (Disabled retirees)	• PubG-2010 Healthy Retiree Mortality Table, set forward three years, projected generationally using the ultimate mortality improvement rate in the MP tables
Police (Actives)	• PubS-2010 Employee Mortality Table projected generationally using the ultimate mortality improvement rates in the MP tables
Police (Healthy Retirees)	• PubS-2010 Healthy Retiree Mortality Table projected generationally using the ultimate mortality improvement rates in the MP tables
Police (Disabled Retirees)	• PubS-2010 Disabled Mortality Table projected generationally using the ultimate mortality improvement rates in the MP tables
Fire (Actives)	• PubS-2010(A) Employee Mortality Table projected from 2010 to 5 years beyond the valuation date using scale MP-2020
Fire (Healthy Retirees)	• PubS-2010(A) Healthy Retiree Mortality Table projected from 2010 to 5 years beyond the valuation date using scale MP-2020
Fire (Disabled retirees)	• PubS-2010(A) Disabled Mortality Table projected from 2010 to 5 years beyond the valuation date using scale MP-2020
Fire (Contingent Survivors)	• PubS-2010(A) Contingent Survivors Mortality Table projected from 2010 to 5 years beyond the valuation date using scale MP-2020

Discount Rate -- The discount rate for OPEB, which is funded entirely on a pay-as-you-go basis, is the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). For the OPEB measurement at December 31, 2022, the City's actuaries used the Bond Buyer US Weekly Yields 20 General Obligation Bond Index of 3.72%.

11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued
b -- Total OPEB Liability, continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate -- The following presents the City's total OPEB liability calculated using the discount rate discussed above, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate (in thousands).

1% Decrease		Current Discount Rate		1% Increase	
Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
2.72%	\$ 4,166,560	3.72%	\$ 3,354,718	4.72%	\$ 2,744,495

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates -- The following presents the City's total OPEB liability calculated using the healthcare cost trend rates displayed above, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower and 1-percentage point higher than the current rates (in thousands).

1% Decrease	Current Rate	1% Increase
Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
\$ 2,693,503	\$ 3,354,718	\$ 4,253,447

Schedule of Changes in Total OPEB Liability -- Changes in the total OPEB liability for the measurement period ended December 31, 2022 are as follows (in thousands):

Total OPEB liability at December 31, 2021	<u>\$ 4,253,955</u>
Changes for the year:	
Service cost	220,001
Interest	92,840
Differences between expected and actual experience	107,084
Assumption changes	(1,253,523)
Benefit payments	(65,639)
Net change in total OPEB liability	<u>(899,237)</u>
Total OPEB liability at December 31, 2022	<u>\$ 3,354,718</u>

The OPEB plan changes included:

- Effective January 1, 2022, BlueCross BlueShield medical copays and deductibles increased for both PPO and HMO plans.
- Effective January 1, 2022, HB 4368 created a new tier of benefits for employees in the Police Officers' pension system. Participants hired on or after January 1, 2022, will have different age and service requirements for normal retirement eligibility.

The OPEB plan assumption changes included:

- Increasing the discount rate from 2.06% to 3.72% based on the Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date,

11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued
c -- Other Postemployment Benefits Expense

Total OPEB expenses recognized by the City for the fiscal year ended September 30, 2023 were \$328.1 million.

d -- Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources (in thousands):

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Benefit payments subsequent to the measurement date	\$ 57,230	--
Differences between expected and actual experience	157,068	3,646
Changes in assumptions	876,657	1,421,797
Changes in proportionate share (between funds)	<u>73,963</u>	<u>73,963</u>
Total	<u>\$ 1,164,918</u>	<u>1,499,406</u>

The portion of deferred outflows and inflows of resources that will be recognized in OPEB expense is as follows (in thousands):

<u>Fiscal Year Ended September 30</u>	
2024	\$ 18,927
2025	(1,775)
2026	(10,701)
2027	(61,966)
2028	(166,447)
Thereafter	<u>(169,756)</u>
Total	<u>\$ (391,718)</u>

12 -- DERIVATIVE INSTRUMENTS

The City has derivative instruments in two hedging programs: Energy Risk Management Program and Variable Rate Debt Management Program.

In accordance with GAAP, the City is required to report the fair value of all derivative instruments on the statement of net position. All derivative instruments must be categorized into two basis types – (1) hedging derivative instruments and (2) investment derivative instruments. Hedging derivative instruments significantly reduce an identified financial risk by substantially offsetting changes in cash flows or fair values of an associated hedgeable item. Investment derivative instruments are entered into primarily for income or profit purposes or they are derivative instruments that do not meet the criteria of an effective hedging derivative instrument. Changes in fair value of hedging derivative instruments are deferred on the statement of net position, and changes in fair value of investment derivative instruments are recognized as gains or losses on the statement of activities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, which is the City's fiscal year end date of September 30. This requires consideration of nonperformance risk when measuring the fair value of a liability and considers the effect of the government's own credit quality and any other factors that might affect the likelihood that the obligation will or will not be fulfilled.

a -- Energy Risk Management Program

In an effort to mitigate the financial and market risk associated with the purchase and sale of natural gas, energy, capacity, and congestion price volatility, Austin Energy has established a Risk Management Program. This program was authorized by the Austin City Council and is led by the Risk Oversight Committee. Under this program, Austin Energy enters into futures contracts, forwards, options, swaps and congestion revenue rights for the purpose of reducing exposure to natural gas, energy, capacity, and congestion price risk. Use of these types of instruments for the purpose of reducing exposure to price risk is performed as a hedging activity. These contracts may be settled in cash or delivery of certain commodities. Austin Energy typically settles these contracts in cash.

12 – DERIVATIVE INSTRUMENTS, continued
a -- Energy Risk Management Program, continued

Hedging Derivative Instruments

Natural Gas Derivative Instruments

Austin Energy purchases financial contracts on the New York Mercantile Exchange (NYMEX) to provide a hedge against the physical delivery price of natural gas from its various hubs. Austin Energy enters into basis swaps to protect delivery price differences between Henry Hub and its natural gas delivery points, Katy and the Houston Ship Channel (HSC).

The fair value of futures, swaps, and basis swap contracts is determined using the NYMEX closing settlement prices as of the last day of the reporting period, using a hierarchy level 2 market approach. The fair value is calculated by deriving the difference between the closing futures price on the last day of the reporting period and purchase price at the time the positions were established. The fair value of the options is categorized as hierarchy level 2, calculated using the Black/Scholes valuation method utilizing implied volatility based on the NYMEX closing settlement prices of the options as of the last day of the reporting period, including any necessary price analysis adjustments, risk free interest rate, time to maturity, and the NYMEX forward price of the underlier as of the last day of the reporting period.

Premiums paid for options are deferred until the contract is settled. As of September 30, 2023, no premiums were deferred. As of September 30, 2023, the fair value of Austin Energy's futures, options, and swaps was an unrealized gain of \$1.2 million, all of which is reported as derivative instruments in assets. The fair values of these derivative instruments are deferred until future periods on the statement of net position using deferred outflows and deferred inflows.

Congestion Revenue Rights Derivatives

Preassigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow Austin Energy to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, annually and monthly at fair value. Municipally owned utilities are granted the right to purchase PCRRs annually at 10-20% of the cost of CRRs. While the instruments exhibit all three characteristics - settlement, leverage, and net settlement - to classify them as derivative instruments, they are generally used by Austin Energy as factors in the cost of transmission, and therefore meet the Normal Purchases and Normal Sales scope exception allowing them to be reported at cost.

In fiscal year 2023, Austin Energy sold PCRRs and recorded a gain of \$0.8 million; however, this gain was deferred under the accounting requirements for regulated operations. At September 30, 2023, the \$0.8 million gain remained deferred under the accounting requirements for regulated operations.

On September 30, 2023, Austin Energy had the following outstanding hedging derivative instruments (in thousands):

Type of Transaction	Reference Index	Maturity Dates	Fair Value at September 30, 2023		Change in Fair Value	Premiums Deferred
			Notional Volumes	Fair Value		
Long OTC Call Options	Henry Hub	Dec 2023 - Mar 2025	3,655,000 (1)	\$ 1,226	1,226	--
		Derivative instruments (assets)		1,226	1,226	--
Short OTC Put Options	Henry Hub	Dec 2023 - Mar 2025	(3,655,000) (1)	--	--	--
		Derivative instruments (liabilities)		--	--	--
		Total		\$ 1,226	1,226	--

(1) Volume in MMBTUs

Austin Energy routinely purchases derivative instruments. The outstanding hedging derivative instruments were purchased at various dates. Any realized gains and losses related to the hedging activity derivative instruments are netted to Power Supply Adjustment expense in the period realized.

12 – DERIVATIVE INSTRUMENTS, continued
a -- Energy Risk Management Program, continued

Risks

Credit Risk. Credit risk is the risk of loss due to a counterparty defaulting on its obligations. Austin Energy's fuel derivative instrument contracts expose Austin Energy to custodial credit risk on exchange-traded derivative instrument positions. In the event of default or nonperformance by brokers or the exchange, Austin Energy's operations will not be materially affected.

The over-the-counter agreements expose Austin Energy to credit risk. However, Austin Energy does not expect the counterparties to fail to meet their obligations given their high credit ratings and strict oversight by federal regulators. The contractual provisions applied to these contracts under the International Swaps and Derivatives Association (ISDA) agreement include collateral provisions at specified thresholds. At September 30, 2023, Austin Energy had no collateral posted under these provisions.

The congestion revenue rights expose Austin Energy to custodial credit risk in the event of default or nonperformance by ERCOT, a regulatory entity of the State of Texas. In the event of default of nonperformance, Austin Energy's operations will not be materially affected.

Termination Risk. Termination risk is the risk that a derivative instrument will terminate prior to its scheduled maturity due to a contractual event. Contractual events include illegality, tax and credit events upon merger and other events. Termination risk for exchange-traded instruments is greatly reduced by the strict rules and guidelines set up by the exchange, which is governed by the Commodity Futures Trade Commission. Austin Energy's exposure to termination risk for over-the-counter agreements is mitigated due to the high credit rating of the counterparties and the contractual provisions under the ISDA agreement applied to these contracts. Termination risk is associated with all of Austin Energy's derivative instruments up to the fair value of the instruments.

Netting Arrangements. Austin Energy enters into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by or owed to the non-defaulting party.

Basis Risk. Austin Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will price based on a delivery point (Katy/HSC) different than that at which the financial hedging contracts are expected to settle, i.e. NYMEX (Henry Hub). As of September 30, 2023, the NYMEX price was \$2.68 per MMBTU (one million British thermal unit, a measurement of heating value), Katy was \$2.36 per MMBTU, and the HSC Hub price was \$2.30 per MMBTU.

b -- Variable Rate Debt Management Program

Hedging Derivative Instruments

The intention of each of the City's swaps is to provide a cash flow hedge for its variable interest rate bonds by providing synthetic fixed rate bonds. As a means to lower its borrowing costs when compared against fixed rate bonds at the time of issuance, the City executed pay-fixed, receive-variable swaps in connection with its issuance of variable rate bonds.

As of September 30, 2023, the City has one outstanding swap transaction with initial and outstanding notional amounts totaling \$125.3 million and \$52 million, respectively. The fair value of the interest rate derivative instrument transaction was estimated based on an independent pricing service. The valuation provided was derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The expected transaction cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing benchmark interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the transaction, where future amounts (the expected transaction cash flows) are converted to a single current amount, discounted using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows. Where applicable under the income approach an option pricing model is applied such as the Black-Scholes-Merton model, the Black-Derman-Toy model, one of the short-rate models, or other market standard models consistent with accepted practices in the market for interest rate option products. The option models consider probabilities, volatilities, time, settlement prices, and other variables pertinent to the transactions. This valuation technique is applied consistently across all the transactions. Given the observability of inputs significant to the measurements, the fair value of the transactions is categorized as Level 2.

12 – DERIVATIVE INSTRUMENTS, continued
b -- Variable Rate Debt Management Program, continued

On September 30, 2023, the City had the following outstanding interest rate swap hedging derivative instrument (in thousands):

Item	Related Variable Rate Bonds	Terms	Effective Date	Maturity Date	Notional Amount	Fair Value
Business-Type Activities:						
Hedging derivatives:						
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Pay 3.251%, receive 67% of SOFR	8/14/2008	11/15/2029	\$ 51,965	(301)

The City's swap is a pay-fixed interest rate swap. It was entered into with the objective of hedging changes in the cash flows on the related variable rate debt.

The fair value of the City's interest rate swap hedging derivative instrument is reported as derivative instruments in liabilities with an offsetting adjustment to deferred outflow of resources. The table below provides for the fair value and changes in fair value of the City's interest rate swap agreement as of September 30, 2023 (in thousands):

Item	Outstanding Notional Amount	Fair Value and Classification		Change in fair value	
				Deferred Outflows	Deferred Inflows
Business-Type Activities:					
Hedging derivative instrument (cash flow hedges):					
HOT1	\$ 51,965	(301)	Non-current liability	(942)	--

The City's interest rate swap hedging derivative instrument had a negative fair value as of September 30, 2023. The fair value takes into consideration nonperformance risk, the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received.

Risks

Credit risk. As of September 30, 2023, the City was not exposed to credit risk on its outstanding swap agreements because each swap had a negative fair value. However, should interest rates change and the fair value of a swap become positive, the City would be exposed to credit risk in the amount of the swap's fair value.

The counterparty credit ratings for the City's interest rate swap hedging derivative instrument at September 30, 2023, are included in the table below:

Item	Related Variable Rate Bonds	Counterparty	Counterparty Ratings		
			Moody's Investors Service, Inc	S&P Global Ratings	Fitch Ratings, Inc
Business-Type Activities:					
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Deutsche Bank AG	A1	A-	A

The swap agreement contains collateral agreements with the counterparty. This swap agreement requires collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds in the agreement. For Swap HOT1, the credit support provider is Deutsche Bank AG, New York Branch (DBAG). This swap requires collateralization of the fair value of the swap should DBAG's credit rating fall below the applicable thresholds in the agreement.

12 – DERIVATIVE INSTRUMENTS, continued
b -- Variable Rate Debt Management Program, continued

Swap payments and associated debt. The net cash flows for the City's interest rate swap hedging derivative instrument for the year ended September 30, 2023, is included in the table below (in thousands):

Item	Related Variable Rate Bonds	Counterparty Swap Interest			Interest to Bondholders	Net Interest Payments
		Pay	Receive	Net		
Business-Type Activities:						
	Hotel Occupancy Tax					
	Subordinate Lien Variable					
	Rate Revenue Refunding					
HOT1	Bonds, Series 2008	\$ (1,724)	1,628	(96)	(1,573)	(1,669)

Basis and interest rate risk. Basis risk is the risk that the interest rate paid by the City on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. At September 30, 2023, the City bears basis risk on the Swap HOT1. This swap has basis risk since the City receives a percentage of SOFR to offset the actual variable rate the City pays on the related bond. The City is exposed to basis risk should the floating rate that it receives on a swap drop below the actual variable rate the City pays on the bond. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

Tax risk. Tax risk is a specific type of basis risk. Tax risk is the risk of a permanent mismatch occurring between the interest rate paid on the City's underlying variable rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds. For example, a grandfathering of the elimination of federal tax-exemption on existing tax-exempt bonds, or a tax cut, would result in the yields required by investors on the City's bonds coming close to or being equal to taxable yields. This would result in an increase in the ratio of tax-exempt to taxable yields. The City is receiving 67% of SOFR on Swap HOT1 and would experience a shortfall relative to the rate paid on its bond if marginal income tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic fixed rate debt.

Nonperformance/Termination risk. The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the respective contract. If the swap is terminated, the associated variable rate bond would no longer be hedged to a fixed rate. If at the time of termination, the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value. The additional termination events in the agreement are limited to credit related events only and the ratings triggers are substantially below the current credit rating of the City.

Rollover risk. The City is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, the City will be re-exposed to the risks being hedged by the hedging derivative instruments. The City is currently not exposed to rollover risk on its hedging derivative instrument.

Investment Derivative Instruments

At September 30, 2023, the City did not have any investment derivative instruments related to interest rate swaps.

12 – DERIVATIVE INSTRUMENTS, continued
c -- Swap Payments and Associated Debt

As of September 30, 2023, debt service requirement of the City's variable rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (as rates vary, variable rate bond interest payments and net swap payments will vary):

Fiscal Year Ended September 30	Variable Rate Bonds (in thousands)		Interest Rate Swaps, Net	Total Interest
	Principal	Interest (1)		
2024	\$ 6,675	345	1,163	1,508
2025	6,910	294	991	1,285
2026	7,160	241	813	1,054
2027	7,395	186	628	814
2028	7,660	129	438	567
2029	16,165	81	274	355
Total	\$ 51,965	1,276	4,307	5,583

- (1) The net effect of the reference rate projected to be paid to the City versus the variable rate projected to be paid to bondholders utilizing rates in effect at the end of the fiscal year.

13 – DEFICITS IN FUND BALANCES AND NET POSITION

At September 30, 2023, the following funds reported deficits in fund balances/net position (in thousands). Management intends to recover these deficits through future operating revenues, transfers, or debt issuances.

<u>Nonmajor Governmental</u>	<u>Deficit</u>
Special Revenue Funds:	
Project Connect	\$ 103
Project Connect - Office	36
Fiscal Surety - Land Development	2,495
Capital Projects Funds:	
2006 fund	
Drainage & Open Spaces	12
2012 fund	
Transportation	6,105
2016 fund	
Mobility	84,109
2018 fund	
Library & Cultural	12,975
Parks	23,755
Open Space	8,248
Public Safety	3,383
Transportation	38,374
2020 fund	
Transportation	46,071
2022 fund	
Affordable Housing	532
Other funds	
Police and Courts	2,198
Fire - General	35,276
Public Works	110
Waller Creek District	4,719
Nonmajor Enterprise	
Austin Resource Recovery	161,181
Development Services	151,919
Transportation	202,789
Internal Service	
Workers' Compensation	12,175

14 – INTERFUND BALANCES AND TRANSFERS
a -- Interfund Receivables, Payables, and Advances

Interfund receivables, payables, and advances at September 30, 2023, are as follows (in thousands):

<u>Due To</u>	<u>Due From</u>			
	<u>Nonmajor Governmental</u>	<u>Austin Energy</u>	<u>Austin Water</u>	<u>Total</u>
General Fund	\$ 5	--	--	5
Nonmajor governmental	228,250	43	--	228,293
Nonmajor enterprise	--	--	301	301
Internal Service	--	4,444	--	4,444
Total	\$ 228,255	4,487	301	233,043

Interfund receivables (due from) and payables (due to) reflect short-term loans between funds, mainly the result of short-term deficits in pooled investments and cash (\$185.9 million), the majority of which is related to capital projects (\$181.7 million). Deficits in grant funds awaiting reimbursement from grantors (\$41.1 million) were borrowed from Fiscal Surety - Land Development Fund.

<u>Advances From</u>	<u>Advances To</u>				
	<u>Nonmajor Governmental</u>	<u>Austin Energy</u>	<u>Austin Water</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
Nonmajor governmental	\$ 45,643	--	--	26	45,669
Austin Water	--	5,952	--	--	5,952
Nonmajor enterprise	113	--	301	--	414
Internal Service	--	13,656	--	--	13,656
Total	\$ 45,756	19,608	301	26	65,691

Advances to and advances from reflect borrowings that will not be liquidated within one year. Advances to nonmajor governmental projects are primarily for transportation, mobility, and expansion of park projects that will be funded by bonds and new development fees. Advances to Austin Water from Austin Energy funded the Combined Utility System Revenue Bond Retirement Reserve Account. Austin Energy funded the entire reserve, which replaced an insurance policy previously held for combined lien reserve, on behalf of both enterprise funds. Austin Energy also transferred the Town Lake Center property to Support Services, which will be paid out by Support Services over a 5-year period. The long-term portion of the payable is reflected as an advance.

b -- Transfers

Transfers at September 30, 2023, are as follows (in thousands):

<u>Transfers Out</u>	<u>Transfers In</u>							
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Austin Energy</u>	<u>Austin Water</u>	<u>Airport</u>	<u>Nonmajor Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
General Fund	\$ --	28,064	--	--	--	25,087	1,000	54,151
Nonmajor governmental	1,225	101,170	670	--	--	141,023	--	244,088
Austin Energy	114,765	10,001	--	--	--	--	7,193	131,959
Austin Water	51,350	75	500	--	--	--	--	51,925
Airport	--	--	--	--	--	53	--	53
Nonmajor enterprise	4,527	23,773	--	75	31	470	769	29,645
Internal service	--	14,911	30,540	--	112	1,309	89	46,961
Total	\$ 171,867	177,994	31,710	75	143	167,942	9,051	558,782

Interfund transfers are authorized through City council approval. Significant transfers include:

- Austin Energy and Austin Water transfer funds to the General Fund (\$166.1 million), which are comparable to a return on investment to owners.
- The Hotel-Motel Occupancy Tax (\$126.6 million) and the Vehicle Rental Tax (\$14.2 million), both special revenue funds, transfer funds to Convention Center in support of convention operations and debt services.
- Affordable Housing (\$49.4 million), a capital projects fund, transferred funds to Austin Housing Finance Corporation, a special revenue fund, in support of affordable housing.

15 – SELECTED REVENUES

Austin Energy and Austin Water

The Public Utility Commission of Texas (PUCT) has jurisdiction over electric utility wholesale transmission rates. The PUCT approved the City's most recent wholesale transmission rate of \$1.24822/KW effective August 24, 2022. Transmission revenues totaled approximately \$94.4 million in fiscal year 2023. The City Council has jurisdiction over all other electric utility rates and over all water and wastewater utility rates and other services. The Council determines electric utility and water and wastewater utility rates based on the cost of operations.

Under a bill passed by the Texas Legislature in 1999, municipally-owned electric utilities such as the City's utility system have the option of offering retail competition after January 1, 2002. As of September 30, 2023, the City has elected not to enter the retail market, as allowed by state law.

Electric rates include a fixed-rate component and cost-adjustment factors that allow for recovery of power supply, regulatory, and community benefit costs. If actual costs differ from amounts billed to customers, then regulatory assets or deferred inflows are recorded by Austin Energy. Any over- or under-collections of the power supply, regulatory, or community benefit costs are applied to the respective cost-adjustment factor.

16 – TAX ABATEMENTS

The City grants tax abatements under one of two programs, the Chapter 380 Performance Based Economic Development Incentive Program under which sales and property taxes may be rebated if the entity meets performance criteria, and the Media Production and Development Zone program under which sales and use taxes may be abated.

a -- Performance Based Rebate Program

To promote local economic development and stimulate business and commercial activity in the municipality, the City has granted tax rebate agreements under the authority of Chapter 380 of the Texas Local Government Code through the City's Chapter 380 Performance Based Economic Development Incentive Program. All or a portion of property tax, sales tax, or a combination of the two are abated as a part of these agreements. To be eligible to participate in the program an entity must make a commitment to move or expand its business in the City through investments in real and/or personal property or leasehold improvements as well as commitments about the number of new jobs it will create. Some agreements also require the participants in this program to meet other City requirements such as average compensation and local business participation. Each agreement is negotiated individually, and the terms vary depending on the type of development and the economic benefits to the City.

Sales taxes abated may either be all or a portion of those generated by the entity or its actions. The amount of property taxes abated may be all or a portion of property taxes on the entity's real and personal property or leasehold investment. Agreements generally run for a certain number of years. All taxes are collected and then a portion is refunded if the entity meets commitments made under the agreement. If criteria are not met, no taxes are refunded.

During fiscal year 2023, the City had four active agreements under this program. Two agreements demonstrated compliance with their performance requirements in fiscal year 2022 (monitored in 2023) which resulted in abatement of taxes paid of approximately \$6.8 million. The City had no commitments related to these agreements other than the timeframe during which a compliance review will occur.

b -- Exemption Program

The Media Production Development and Zone Program offers exemption to the limited sales, excise, and use taxes to qualified persons who build, construct, renovate, improve, or expand a media production facility within the state. The city had one agreement in fiscal year 2023 that resulted in an exemption of approximately \$15 thousand. In addition, approximately \$4.0 million of rebates was paid in fiscal year 2023 for compliance requirements satisfied for fiscal year 2021 compliance periods.

The City is not subject to any tax abatement agreements entered into by other governmental entities.

17 – COMMITMENTS AND CONTINGENCIES

a -- Fayette Power Project

Austin Energy’s coal-fired electric generating units are located at the Fayette Power Project (FPP) and operate pursuant to a participation agreement with LCRA. Austin Energy has an undivided 50 percent interest in Units 1 and 2, and LCRA wholly owns Unit 3. A management committee of four members governs the FPP; each participant administratively appoints two members. As managing partner, LCRA is responsible for the operation of the project and appoints project management.

Austin Energy’s investment is financed through operations, revenue bonds, or commercial paper, which are repaid by Austin Energy (see Note 9), and its pro-rata share of operations is recorded as if wholly owned. Austin Energy’s pro-rata interest in the FPP was \$30 million as of September 30, 2023. The pro-rata interest in the FPP is calculated pursuant to the participation agreement and is reported in various asset and liability accounts within the City’s financial statements. The original cost of Austin Energy’s share of the FPP’s generation and transmission facilities is recorded in the utility plant accounts of the City in accordance with its accounting policies.

b -- South Texas Project

Austin Energy is one of three participants in the South Texas Project (STP), which consists of two 1,250-megawatt nuclear generating units in Matagorda County, Texas. The other participants in the STP are NRG South Texas LP and City Public Service of San Antonio. In-service dates for the STP were August 1988 for Unit 1 and June 1989 for Unit 2. Austin Energy’s 16 percent ownership in the STP represents 400 megawatts of plant capacity. At September 30, 2023, Austin Energy’s investment in the STP was approximately \$357 million, net of accumulated depreciation. As of November 1, 2023, Constellation South Texas, LLC, acquired NRG’s 44% ownership percentage. This change in ownership did not result in any adjustment to STP’s financial statements.

Effective November 17, 1997, the participation agreement among the owners of the STP was amended and restated, and the STP Nuclear Operating Company (STPNOC), a Texas non-profit non-member corporation created by the participants, assumed responsibility as the licensed operator of the STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of the STPNOC.

Each participant is responsible for its STP funding. The City’s portion is financed through operations, revenue bonds, or commercial paper, which are repaid by Austin Energy (see Note 9). In addition, each participant has the obligation to finance any deficits that may occur. Each participant appoints one member to the board of directors of the STPNOC, as well as one other member to the management committee. A member of the management committee may serve on the board of directors in the absence of a board member. The City’s portion of the STP is classified as plant in service, construction in progress, and nuclear fuel inventory. Nuclear fuel includes fuel in the reactor as well as nuclear fuel in process.

The STP was issued a 20-year license renewal by the Nuclear Regulatory Commission (NRC) in September 2017. Unit 1 and 2 are currently licensed through 2047 and 2048, respectively.

c -- South Texas Project Decommissioning

Austin Energy began collecting in rates and accumulating funds for decommissioning the STP in 1989 in an external trust. The Decommissioning Trust assets are reported as restricted investments held by trustee. The related liability is reported as an asset retirement obligation. Excess or unfunded liabilities related to decommissioning the STP will be adjusted in future rates so that there are sufficient funds in place to pay for decommissioning. At September 30, 2023, the trust’s assets exceeded total expenses amortized over the pro-rata useful life by \$13.9 million, which is reported as part of deferred inflows of resources (in thousands):

Decommissioning Trust Assets	\$ 259,260
Pro Rata Decommissioning Expense	<u>(245,366)</u>
	<u>\$ 13,894</u>

The STP is subject to regulation by the Nuclear Regulatory Commission (NRC). The NRC requires that each holder of a nuclear plant-operating license submit a certificate of financial assurance to the NRC for plant decommissioning every two years or upon transfer of ownership. The certificate provides reasonable assurance that sufficient funds are being accumulated to provide the minimum requirement for decommissioning mandated by the NRC. The most recent calculation of financial assurance filed for December 31, 2022 showed that the trust assets exceeded the minimum required assurance by \$83.2 million.

d -- Purchase Power

Austin Energy has commitments totaling \$4.0 billion to purchase energy and capacity through purchase power agreements. This amount includes provisions for wind power through 2041 and solar through 2046.

17 – COMMITMENTS AND CONTINGENCIES, continued

e -- Decommissioning and Environmental/Pollution Remediation Contingencies

Austin Energy may incur costs for environmental/pollution remediation of certain sites including the Holly and Fayette Power Plants. At September 30, 2023, the financial statements include a \$0.8 million environmental liability. The amount is based on 2023 cost estimates to perform remediation and decommissioning. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

f -- Airport Grant Agreement

In October 2017, the Airport entered into a grant agreement with ABLE to provide support for ABLE’s \$45,600,000 Series 2017 Airport Hotel Senior Revenue Refunding and Improvement Bonds issuance. The bonds are special limited obligations of ABLE and are payable by ABLE from revenues generated from the hotel located adjacent to the airport. Pursuant to the agreement, the Airport agreed to provide financial assistance to restore deficiencies in ABLE’s Senior Debt Service Reserve Fund, to the extent that Surplus Airport System Revenues, as defined in the grant agreement, are available. The Airport has no obligation under this agreement to fund a deficiency if the hotel ceases operations nor does the agreement constitute a commitment, conditional or otherwise, to pay the debt service on the bonds. The terms of the agreement end on the date when the bonds are no longer outstanding. As of September 30, 2023, the Airport has provided \$4.8 million in financial assistance to restore deficiencies in ABLE’s Senior Debt Service Reserve Fund.

g -- Arbitrage Rebate Payable

The City’s arbitrage consultant has determined that the City has earned interest revenue on unused bond proceeds in excess of amounts allowed by applicable Federal regulations. The City will be required to rebate the excess amounts to the federal government. The estimated amounts payable at September 30, 2023, was \$2.0 million for governmental activities, \$158.8 thousand for Austin Energy, \$248.6 thousand for Austin Water, and \$630.9 thousand for Airport.

h -- Federal and State Financial Assistance Programs

The City participates in a number of federally assisted and state grant programs, financed primarily by the U.S. Department of Transportation, U.S. Environmental Protection Agency and U.S. Department of Housing and Urban Development. The City’s programs are subject to program compliance audits by the grantor agencies. Management believes that no material liability will arise from any such audits.

i -- Capital Improvement Plan

As required by charter, the City has a *Capital Improvements Program* plan (capital budget) covering a five-year period which details anticipated spending for projects in the upcoming and future years. The City’s 2023 Capital Budget has substantial contractual commitments relating to its capital improvement plan.

The key projects in progress include improvements to and development of the electric system, water and wastewater systems, airport, transportation infrastructure, public recreation and culture activities, and urban growth management activities. Remaining commitments represent current unspent budget and future costs required to complete projects.

Project	Remaining Commitment (in thousands)
Governmental activities:	
General government	\$ 72,835
Public safety	119,675
Transportation, planning, and sustainability	517,716
Public health	25,092
Public recreation and culture	185,118
Urban growth management	94,618
Business-type activities:	
Electric	223,323
Water	154,292
Wastewater	386,222
Airport	306,188
Convention	171,464
Environmental and health services	27,839
Public recreation and culture	535
Urban growth management	195,253
Total	\$ 2,480,170

17 – COMMITMENTS AND CONTINGENCIES, continued
j -- Encumbrances

The City utilizes encumbrances to track commitments against budget in governmental funds. The amount of outstanding encumbrances at September 30, 2023 is as follows (in thousands):

	<u>Encumbrances</u>
General Fund	\$ 70,689
Nonmajor governmental	
Special Revenue	79,445
Capital Projects	387,859
	<u>\$ 537,993</u>

Significant encumbrances include reservations for 2016 bond programs (\$57,776), General government projects (\$54,615), Coronavirus State & Local Fiscal Recovery projects (\$53,328), 2020 Transportation Programs (\$36,855), 2018 Prop D bond programs (\$30,078), and 1992 Erosion control bond programs (\$28,396).

k -- Landfill Closure and Postclosure Liability

State and federal regulations require the City to place a final cover on the City of Austin landfill site (located on FM 812) when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, a portion of these future closure and postclosure care costs are reported as an operating expense in each period as incurred in the Austin Resource Recovery fund, a nonmajor enterprise fund. Closure with TCEQ occurred in May 2021. While the landfill only reached 99.04% capacity, the City is no longer accepting waste. The amount of costs reported, based on landfill capacity of 100% as of September 30, 2023, is as follows (in thousands):

	<u>Closure</u>	<u>Postclosure</u>	<u>Total</u>
Total estimated costs	\$ 25,381	20,726	46,107
% capacity used	100%	100%	100%
Cumulative liability accrued	25,381	20,726	46,107
Costs incurred	(25,381)	(2,217)	(27,598)
Closure and postclosure liability	<u>\$ --</u>	<u>18,509</u>	<u>18,509</u>

These amounts are based on the 2023 cost estimates to perform closure and postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. State and federal laws require owners to demonstrate financial assurance for closure, postclosure, and/or corrective action. The City complies with the financial and public notice components of the local government financial test and government-guarantee of the test.

l -- Asset Retirement Obligations (ARO)

South Texas Project (STP) -- Federal regulations require Austin Energy to perform certain asset retirement obligations related to decommissioning the STP, a nuclear power station located in Bay City, Texas. These regulations are provided by the Nuclear Regulatory Commission (NRC) and require licensed nuclear facilities to follow both technical and financial criteria for decommissioning activities. An external decommissioning cost study is performed every five years. The most recent cost study was completed in May 2023 by TLG Services, Inc. and included a total decommissioning cost estimate of \$2.6 billion. The study assumes that the U.S. Department of Energy will commence pickup of spent fuel from the STP site no later than 2067. Austin Energy, holding a 16% ownership interest in the STP, has included a total ARO estimate of \$414.8 million (2023 dollars) and an associated deferred outflow of resources of \$169.4 million. Austin Energy has restricted assets held in an irrevocable trust to cover the eventual decommissioning costs and as of September 30, 2023, trust assets totaled \$259.3 million.

Fayette Power Project (FPP) -- Federal and state regulations as well as contractual obligations require Austin Energy to perform certain asset retirement activities associated with our ownership of FPP, two coal-fired electric generating units. A cost study performed by the LCRA assessed the activities required for capital asset retirement and includes a best estimate of the current value of costs to be incurred related to legal or contractual obligations. Austin Energy, holding a 50% ownership in Units 1 and 2 with the LCRA, has included a total ARO estimate of \$22.6 million and an associated deferred outflow of resources of \$17.5 million. Austin Energy, as joint owner of the facility, will amortize the deferred outflow related to regulatory obligations over 18 years, the estimated remaining useful life of the plant. Austin Energy will amortize the deferred outflow related to the contractual obligation over the remaining leased period of 1 year.

17 – COMMITMENTS AND CONTINGENCIES, continued
l -- Asset Retirement Obligations (ARO), continued

Wastewater treatment plants -- Federal regulations require the City to perform certain asset retirement obligations related to its wastewater treatment plants. The City must close the wastewater treatment facilities in a manner that minimizes the need for further maintenance and minimizes or controls postclosure escape of hazardous waste, hazardous constituents, leachate, contaminated run-off, or hazardous waste decomposition products to the ground or surface waters. Based on historical vendor invoices to remove solids from wastewater treatment plants, the ARO for wastewater treatment plants was approximately \$1.3 million as of September 30, 2023 and is reported as asset retirement obligations in the Austin Water fund, a major enterprise fund. The associated deferred outflow of \$499 thousand will be amortized over the remaining useful lives of the City’s wastewater treatment plants, which range from 3 to 38 years.

Petroleum underground storage tanks -- State regulations require the City to perform certain asset retirement obligations pertaining to its petroleum underground storage tanks. Upon retirement of the tanks, the City is required to either remove the tank from the ground, permanently fill the tank in place, or conduct a permanent change in service. The City is opting to remove the tanks from the ground upon retirement. Based on an estimate from a certified vendor, the ARO for petroleum underground storage tanks was approximately \$518 thousand as of September 30, 2023 and is reported as asset retirement obligations in the Fleet Maintenance fund, an internal service fund. The associated deferred outflow of \$96.6 thousand will be amortized over the remaining useful lives of the City’s petroleum underground storage tanks, which range from 1 to 20 years.

m -- Risk-Related Contingencies

The City uses internal service funds to account for risks related to health benefits, third-party liability, and workers’ compensation. The funds are as follows:

Fund Name	Description
Employee Benefits	City employees and retirees may choose a self-insured PPO, HMO, or CDHP with HSA for health coverage. Approximately 74% of City employees and 83% of retirees use the PPO option; approximately 8% of City employees and 15% of retirees use the HMO option; and approximately 18% of City employees and 2% of retirees use the CDHP with HSA option. Costs are charged to City funds through a charge per employee per pay period.
Liability Reserve	This self-insured program includes losses and claims related to liability for bodily injury, property damage, professional liability, and certain employment liability. Premiums are charged to other City funds each year based on historical costs. Third-party claims activities are also reported directly in the Austin Energy, Austin Water, and Airport enterprise funds.
Workers’ Compensation	Premium charges for this self-insured program are assessed to other funds each year based on the number of full-time equivalent (FTE) employees per fund.

The City purchases stop-loss insurance for the City’s PPO, HMO, and CDHP plans. Stop-loss insurance covers individual claims that exceed a stated threshold amount per calendar year. Beginning in 2019 the stated threshold amount is \$750,000 with an unlimited maximum. In fiscal year 2023, six claims exceeded the stop loss limit of \$750,000. In fiscal year 2021, two claims exceeded the stop loss limit of \$750,000. In fiscal year 2020, four claims exceeded the stop loss limit of \$750,000. City coverage is unlimited for lifetime of benefits. The City does not purchase stop-loss insurance for workers’ compensation claims.

The City is self-insured for much of its risk exposure; however, the City purchases commercial insurance coverage for loss or damage to real property, theft and other criminal acts committed by employees, and third-party liability associated with the airport, owned aircraft, and electric utility operations. There have been no claims settlements in excess of the purchased insurance coverage to date. The City also purchases insurance coverage through a program that provides workers’ compensation, employer’s liability, and third-party liability coverage to contractors working on designated capital improvement project sites.

Liabilities are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The City utilizes actuarial information, which is based on historical claim settlement trends, to determine the claim liabilities for the Employee Benefits fund and Workers’ Compensation fund. Claims liabilities for the Austin Energy, Austin Water, Airport, and Liability Reserve funds are calculated based on an estimate of outstanding claims, which may differ from the actual amounts paid. Possible losses are estimated to range from \$78.7 to \$92.3 million. In accordance with GAAP, \$78.7 million is recognized as claims payable in the financial statements with \$43.6 million recognized as a current liability and \$35.1 million recognized as long-term liability.

17 – COMMITMENTS AND CONTINGENCIES, continued
m -- Risk-Related Contingencies, continued

Changes in the balances of claims liability are as follows (in thousands):

	<u>Austin Energy</u>		<u>Austin Water</u>		<u>Airport</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Liability balances, beginning of year	\$ 1,318	1,229	400	280	1,900	--
Claims and changes in estimates	2,000	300	221	293	(1,897)	1,900
Claim payments	(1,056)	(211)	(156)	(173)	(3)	--
Liability balances, end of year	<u>2,262</u>	<u>1,318</u>	<u>465</u>	<u>400</u>	<u>--</u>	<u>1,900</u>

	<u>Employee Benefits</u>		<u>Liability Reserve</u>		<u>Workers' Compensation</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Liability balances, beginning of year	15,857	16,286	11,800	26,606	45,041	43,494
Claims and changes in estimates	198,900	188,234	4,045	7,075	8,530	9,232
Claim payments	(194,206)	(188,663)	(7,105)	(21,881)	(6,868)	(7,685)
Liability balances, end of year	<u>\$ 20,551</u>	<u>15,857</u>	<u>8,740</u>	<u>11,800</u>	<u>46,703</u>	<u>45,041</u>

The Austin Water fund claims liability balance at fiscal year-end included liabilities of \$279 thousand discounted at 4.23% in 2023 and \$269 thousand discounted at 4.16% in 2022. The claims liability balance for all other funds had no discounted liability in fiscal years 2023 and 2022.

n -- No-Commitment Special Assessment Debt

In November 2011, the City issued \$15,500,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Whisper Valley Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$2,441,202 in total assessments were levied in the year ended September 30, 2023. The aggregate principal outstanding at September 30, 2023 is \$6,735,000.

In November 2011, the City issued \$2,860,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Indian Hills Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$490,919 in total assessments were levied in the year ended September 30, 2023. The aggregate principal outstanding at September 30, 2023 is \$1,345,000.

In July 2013, the City issued \$12,590,000 of Special Assessment Revenue Bonds, Series 2013 related to the Estancia Hill Country Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$1,918,468 in total assessments were levied during the fiscal year ended September 30, 2023. The aggregate principal outstanding at September 30, 2023 is \$6,455,000.

17 – COMMITMENTS AND CONTINGENCIES, continued
n -- No-Commitment Special Assessment Debt, continued

In December 2018, the City issued \$4,265,000 and \$8,305,000 of Special Assessment Revenue Bonds, Series 2018 #1 and #2, respectively, related to the Estancia Hill Country Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$749,346 in total assessments were levied during the fiscal year ended September 30, 2023. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2023 are \$8,205,000 and \$871 respectively.

In April 2019, the City issued \$4,500,000 of Special Assessment Revenue Bonds, Series 2019 related to the Whisper Valley Public Improvement District, Phase 1. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$280,073 in total assessments were levied during the fiscal year ended September 30, 2023. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2023 are \$4,260,000 and \$5,200, respectively.

In December 2022, the City issued \$6,820,000 of Special Assessment Revenue Bonds, Series 2022 related to the Whisper Valley Public Improvement District, Phase 2. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$456,269 in total assessments were levied during the fiscal year ended September 30, 2023. The aggregate principal outstanding at September 30, 2023 is \$6,820,000.

18 – LITIGATION

A number of claims and lawsuits against the City are pending with respect to various matters arising in the normal course of the City's operations. Legal counsel and City management are of the opinion that settlement of these claims and lawsuits will not have a material effect on the City's financial statements. The City has accrued liabilities in the Austin Energy, Austin Water, Airport, and Liability Reserve funds for claims payable at September 30, 2023. These liabilities, reported in the government-wide statement of net position, include amounts for claims and lawsuits settled subsequent to year end.

19 – CONDUIT DEBT

The City has issued several series of housing revenue bonds to provide for low-cost housing. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. As of September 30, 2023, \$390.9 million in housing revenue bonds were outstanding with an original issue value of \$405.7 million.

Revenue bonds have been issued by various related entities to provide for facilities located at the international airport. These bonds are special limited obligations payable solely from and secured by a pledge of revenue to be received from agreements between the entities and various third parties. As of September 30, 2023, \$147.3 million in revenue and revenue refunding bonds were outstanding with an original issue value of \$147.3 million.

The above bonds do not constitute a debt or pledge of the faith and credit of the City and accordingly have not been reported in the accompanying financial statements.

20 – SEGMENT INFORMATION – CONVENTION CENTER

The Convention Center provides event facilities and services to its customers. Below are the condensed financial statements for this segment (in thousands):

Condensed Statement of Net Position	
ASSETS	
Current assets	\$ 92,519
Advances to other funds	26
Capital assets	212,083
Other noncurrent assets	296,109
Total assets	600,737
Deferred outflows of resources	50,018
LIABILITIES	
Other current liabilities	21,804
Other noncurrent liabilities	195,082
Total liabilities	216,886
Deferred inflows of resources	37,863
NET POSITION	
Net investment in capital assets	134,536
Restricted	304,604
Unrestricted	(43,134)
Total net position	\$ 396,006

Condensed Statement of Revenues, Expenses, and Changes in Net Position	
OPERATING REVENUES	
User fees and rentals	\$ 35,246
Lease revenue	496
Total operating revenues	35,742
OPERATING EXPENSES	
Operating expenses before depreciation	75,302
Depreciation and amortization	9,523
Total operating expenses	84,825
Operating income (loss)	(49,083)
Nonoperating revenues (expenses)	9,034
Transfers	130,726
Change in net position	90,677
Beginning net position	305,329
Ending net position	\$ 396,006

Condensed Statement of Cash Flows	
Net cash provided (used) by:	
Operating activities	\$ (27,280)
Noncapital financing activities	130,732
Capital and related financing activities	(18,851)
Investing activities	11,756
Net increase (decrease) in cash and cash equivalents	96,357
Cash and cash equivalents, beginning	265,891
Cash and cash equivalents, ending	\$ 362,248

21 – RESTATEMENTS

Changes in Accounting Principles

Elimination of Regulatory Reporting for Austin Water

Effective with fiscal year 2023, the City has elected to discontinue the use of the regulatory reporting methodology outlined in GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" for Austin Water. While most publicly owned electric utilities follow the regulatory reporting guidelines in GASB Statement No. 62, that is not the industry practice for publicly owned water utilities. This change in accounting principle will enhance comparability with the industry and will align Austin Water with prevailing reporting standards for other publicly owned water utilities.

As a result of this change in accounting principle, the City will eliminate regulatory assets, net of accumulated amortization, in the amount of \$462.5 million, eliminate deferred inflows related to regulatory operations in the amount of \$1 billion, and restate the net position by \$567.9 million for both Austin Water and business-type activities as of October 1, 2022.

Implementation of GASB Statement No. 94

During fiscal year 2023, the City implemented a new accounting standard, GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." This statement's primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs). As a result of implementing this new accounting standard, the governmental activities beginning net position for fiscal year 2023 was restated by \$2.6 million and the beginning fund balances for nonmajor governmental funds was restated by \$29.1 million.

During fiscal year 2023, these changes in accounting principles resulted in adjustments to and restatements of beginning net position, as follows (in thousands):

September 30, 2022	Government-wide		Proprietary Funds
	Governmental Activities	Business-Type Activities	Austin Water
Net position, as previously reported	\$ (744,124)	4,203,548	1,128,608
Adjustments to properly record:			
Implementation of GASB Statement No. 94	(2,653)	--	--
Elimination of Regulatory Reporting for Austin Water	--	567,928	567,928
Addition of Discretely Presented Component Units	--	--	--
Net Position, as restated	<u>\$ (746,777)</u>	<u>4,771,476</u>	<u>1,696,536</u>
	Governmental Funds		
	Nonmajor Governmental Funds		
September 30, 2022			
Fund balances, as previously reported	\$ 368,493		
Adjustments to properly record:			
Implementation of GASB Statement No. 94	29,090		
Fund balances, as restated	<u>\$ 397,583</u>		

22 – SUBSEQUENT EVENTS

a -- General Obligation Bond Issue

In October 2023, the City issued \$221,950,000 of Public Improvement and Refunding Bonds, Series 2023. The net proceeds of \$170,500,000 (after issue costs, discounts, and premiums) from this issuance will be used as follows: streets and mobility (\$140,000,000), water quality protection (\$6,500,000), park improvements (\$15,000,000), cultural arts facility improvements (\$8,000,000), and public safety (\$1,000,000). The net proceeds of the refunding portion of \$70,977,758 were used to refund \$54,270,000 Public Improvement Bonds, Series 2013 and \$16,400,000 Certificates of Obligation, Series 2013. Principal payments are due on September 1 of each year from 2024 to 2043. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2024. Total interest requirements for these bonds, at a rate of 5.0%, are \$108,189,771.

In October 2023, the City issued \$8,750,000 of Public Property Finance Contractual Obligation, Series 2023. The net proceeds of \$9,315,000 (after issue costs, discounts, and premiums) from this issuance will be used for capital equipment. Principal payments are due on May 1 and November 1 of each year from 2024 to 2030. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2024. Total interest requirements for these obligations, at a rate of 5.0%, are \$1,857,396.

In October 2023, the City issued \$25,790,000 of Certificates of Obligation, Series 2023. The new money net proceeds of \$28,000,000 (after issue costs, discounts, and premiums) from this issuance will be used for a new Fire/EMS station and station improvements (\$20,300,000) and street improvements/transportation projects (\$7,700,000). Interest is payable March 1 and September 1 of each year from 2024 to 2043, commencing on March 1, 2024. Principal payments are due September 1 of each year from 2024 to 2043. Total interest requirements for this obligation, at a rate of 5.0%, are \$15,413,554.

b -- Water and Wastewater System Revenue Debt – Revenue Bond Refunding Issue

In November 2023, the City issued \$18,000,000 of Water and Wastewater System Revenue Bonds, Series 2023A. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of \$16,662,242 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2024 to 2043. Interest payments are due May 15 and November 15 of each year from 2024 to 2043. Total interest requirements for the bonds are \$6,651,729, with interest rates ranging from 2.64% to 3.60%.

c -- Water and Wastewater System Revenue Debt – Revenue Bond In-Substance Defeasance

In December 2023 the City defeased \$2,360,000 of separate lien revenue refunding bonds, Series 2012, \$14,975,000 of separate lien revenue refunding bonds, Series 2013A, \$14,560,000 of separate lien revenue refunding bonds, Series 2014, \$21,205,000 of separate lien revenue refunding bonds, Series 2015A, \$1,680,000 of separate lien revenue refunding bonds, Series 2016, and \$4,000,000 of separate lien revenue refunding bonds, Series 2017 with a \$2,370,096 cash payment for the 2012 Series and a \$57,478,990 cash payment for the remaining series. The funds were deposited in irrevocable escrow accounts to provide for the future debt service payments on the defeased bonds. The City is legally released from the obligation for the defeased debt.



**REQUIRED
SUPPLEMENTARY
INFORMATION (RSI)**



General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2023
(In thousands)

City of Austin, Texas
RSI

General Fund	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Taxes	\$ 982,227	100	982,327	981,734	981,734	593
Franchise fees	29,718	(5)	29,713	29,907	29,907	(194)
Fines, forfeitures and penalties	4,531	--	4,531	4,229	4,229	302
Licenses, permits and inspections	22,330	(280)	22,050	19,342	19,342	2,708
Charges for services/goods	77,034	3,082	80,116	69,289	69,289	10,827
Lease revenue	156	(156)	--	--	--	--
Interest and other income (loss)	51,234	(3,374)	47,860	22,833	22,833	25,027
Total revenues	1,167,230	(633)	1,166,597	1,127,334	1,127,334	39,263
EXPENDITURES						
General government						
Municipal Court	36,798	656	37,454	37,394	37,394	(60)
Public safety						
Emergency Medical Services	99,595	16,181	115,776	112,312	115,712	(64)
Fire	207,140	21,658	228,798	230,523	230,523	1,725
Forensic Science	9,985	2,487	12,472	13,054	13,054	582
Police	382,918	69,161	452,079	445,006	449,206	(2,873)
Public health						
Animal Services	15,535	2,566	18,101	18,155	18,155	54
Public Health	52,556	18,086	70,642	70,849	70,849	207
Social Services	53,978	(462)	53,516	53,546	53,546	30
Public recreation and culture						
Austin Public Library	56,151	9,224	65,375	65,592	65,592	217
Parks and Recreation	110,515	10,243	120,758	122,099	122,099	1,341
Urban growth management						
Housing and Planning	13,462	12,492	25,954	27,582	27,582	1,628
Other urban growth management	33,884	1,982	35,866	37,934	37,934	2,068
Lease and IT subscription financing principal	8,757	(8,757)	--	--	--	--
Interest expense on leases and IT subscriptions	1,134	(1,134)	--	--	--	--
General city responsibilities (4)	189,282	(175,793)	13,489	16,633	9,033	(4,456)
Total expenditures	1,271,690	(21,410)	1,250,280	1,250,679	1,250,679	399
Excess (deficiency) of revenues over expenditures	(104,460)	20,777	(83,683)	(123,345)	(123,345)	39,662
OTHER FINANCING SOURCES (USES)						
Lease and IT subscription proceeds	3,611	(3,611)	--	--	--	--
Transfers in	171,867	97,085	268,952	246,024	246,024	22,928
Transfers out	(54,151)	(137,182)	(191,333)	(143,199)	(158,562)	(32,771)
Other adjustments (1)	--	7,579	7,579	--	--	7,579
Total other financing sources (uses)	121,327	(36,129)	85,198	102,825	87,462	(2,264)
Excess (deficiency) of revenues and other sources over expenditures and other uses	16,867	(15,352)	1,515	(20,520)	(35,883)	37,398
Fund balances at beginning of year	341,835	(97,271)	244,564	211,506	211,506	33,058
Fund balances at end of year	\$ 358,702	(112,623)	246,079	190,986	175,623	70,456

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.
- (4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.

BUDGET BASIS REPORTING

a -- General

The City of Austin prepares its annual operating budget based on the modified accrual basis. Encumbrances constitute the equivalent of expenditures for budgetary purposes. In order to provide a meaningful comparison of actual results to the budget, the Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual-Budget Basis for the General Fund presents the actual and actual-budget basis amounts in comparison with original and final budgets.

The General Fund, as reported in the financial statements, is comprised of twelve separately budgeted funds in the City's legally adopted budget: the Budgetary General Fund (represented as the General Fund in the City's budget document), plus Barton Springs Conservation, Budget Stabilization Reserve, Economic Development, Economic Incentives Reserve, Emergency Reserve, Housing and Planning Technology, Iconic Venue, Long Center Capital Improvements, Neighborhood Housing-Housing Trust, Pay for Success, and Seaholm Parking Garage Revenue. RSI reflects the budgetary comparison for the consolidated General Fund.

The General Fund budget includes other revenues and requirements, which are presented in the general city responsibilities category. The expenditure budget for these general city requirements includes interdepartmental charges (\$4,873,332).

b -- Budget Amendments

During fiscal year 2023, Emergency Reserve Fund increased transfers out by \$15,363,750 to the Austin Resource Recovery fund to help with expenditures related to Winter Storm Mara. Additional amendments include: a decrease to General Fund general city responsibilities for \$7,600,000 and an increase to Police and Emergency Medical Services expenditures for \$4,200,000 and \$3,400,000, respectively, to cover wages and benefits.

c -- Reconciliation of GAAP Basis and Budget Basis Amounts

The primary differences between GAAP-basis and budget-basis reporting for the General Fund are the reporting of encumbrances and the reporting of certain transfers. General Fund accrued payroll is recorded at the department level on a GAAP basis and as an expenditure in the general city responsibilities activity on the budget basis. Adjustments necessary to convert the excess revenues and other sources over expenditures and other uses on a GAAP basis to a budget basis for the activities comprising the General Fund are provided, as follows (in thousands):

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	\$ 16,867
Adjustments - increases (decreases) due to:	
Unbudgeted revenues	(1,733)
Net compensated absences accrual	(493)
Outstanding encumbrances established in current year	(51,006)
Payments against prior year encumbrances	39,142
Other	(1,262)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	<u>\$ 1,515</u>

Required Supplementary Information
Retirement Plans- Trend Information
September 30, 2023
(In thousands)

Schedule of Changes in the City Employees' Plan Net Pension Liability and Related Ratios
Measurement Period Ended December 31

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Beginning total pension liability	\$ 2,909,918	3,094,056	3,391,796	3,591,376	3,797,823
Changes for the year:					
Service cost	89,235	93,506	107,111	107,767	111,438
Interest	222,710	236,844	251,684	266,257	281,404
Differences between expected and actual experience	33,911	13,414	19,914	22,755	1,882
Assumption changes	--	123,493	--	--	--
Benefit payments including refunds	<u>(161,718)</u>	<u>(169,517)</u>	<u>(179,129)</u>	<u>(190,332)</u>	<u>(202,987)</u>
Net change in total pension liability	<u>184,138</u>	<u>297,740</u>	<u>199,580</u>	<u>206,447</u>	<u>191,737</u>
Ending total pension liability	<u>3,094,056</u>	<u>3,391,796</u>	<u>3,591,376</u>	<u>3,797,823</u>	<u>3,989,560</u>
Beginning total plan fiduciary net position	<u>2,130,624</u>	<u>2,209,800</u>	<u>2,144,804</u>	<u>2,299,688</u>	<u>2,650,438</u>
Changes for the year:					
Employer contributions	93,331	100,485	104,273	110,846	116,486
Employee contributions	50,490	54,066	60,801	56,194	58,713
Pension plan net investment income (loss)	99,704	(47,608)	171,640	376,820	(157,242)
Benefits payments and refunds	(161,718)	(169,517)	(179,129)	(190,332)	(202,987)
Pension plan administrative and other expense	<u>(2,631)</u>	<u>(2,422)</u>	<u>(2,701)</u>	<u>(2,778)</u>	<u>(4,025)</u>
Net change in plan fiduciary net position	<u>79,176</u>	<u>(64,996)</u>	<u>154,884</u>	<u>350,750</u>	<u>(189,055)</u>
Ending total plan fiduciary net position	<u>2,209,800</u>	<u>2,144,804</u>	<u>2,299,688</u>	<u>2,650,438</u>	<u>2,461,383</u>
Beginning net pension liability	<u>779,294</u>	<u>884,256</u>	<u>1,246,992</u>	<u>1,291,688</u>	<u>1,147,385</u>
Ending net pension liability	<u>\$ 884,256</u>	<u>1,246,992</u>	<u>1,291,688</u>	<u>1,147,385</u>	<u>1,528,177</u>
Plan fiduciary net position as a percentage of the total pension liability	71.42%	63.24%	64.03%	69.79%	61.70%
Covered Payroll	\$ 514,787	546,058	573,308	609,553	640,464
City's net pension liability as a percentage of covered payroll	171.77%	228.36%	225.30%	188.23%	238.60%

Notes to the Schedule of Changes in the City Employees' Net Pension Liability and Related Ratios

- Until a full 10-year trend is compiled, this schedule will present only those years for which information is available.
- This fund had no significant changes of benefit terms in any of the years presented.
- The inflation assumption was decreased from 3.25% to 2.75% in 2015 and to 2.5% in 2019.
- The investment rate of return was decreased from 7.75% to 7.5% in 2015, to 7% in 2019, and to 6.75% in 2021.
- The salary increase assumption was decreased from 4.5% to 4% in 2015, and to 3.5% in 2019.
- The new hire wage growth assumption was increased from 3.75% to 4% in 2015 and decreased to 3.5% in 2019.
- The tables for rates of retirement were adjusted in 2015 and again in 2019 to be more consistent with experience.
- Termination rate assumptions were revised in 2015 and again in 2019 to be more consistent with actual experience.
- Mortality rates were changed from RP-2000 to RP-2014 in 2015 and to PubG-2010 in 2019.
- The discount rate decreased from 7.75% to 7.5% in 2015, to 7% in 2019, and to 6.75% in 2021 mirroring the investment rate of return. In 2022, a single blended discount rate was required resulting in a rate of 5.87%.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Beginning total pension liability	3,989,560	4,487,884	4,701,215	5,032,043
Changes for the year:				
Service cost	117,635	121,881	122,860	132,574
Interest	295,341	310,319	324,736	335,216
Differences between expected and actual experience	23,672	12,524	(11,910)	60,429
Assumption changes	279,897	--	142,270	588,187
Benefit payments including refunds	(218,221)	(231,393)	(247,128)	(264,321)
Net change in total pension liability	<u>498,324</u>	<u>213,331</u>	<u>330,828</u>	<u>852,085</u>
Ending total pension liability	<u>4,487,884</u>	<u>4,701,215</u>	<u>5,032,043</u>	<u>5,884,128</u>
Beginning total plan fiduciary net position	2,461,383	2,928,033	3,199,546	3,565,140
Changes for the year:				
Employer contributions	123,610	130,743	141,219	146,618
Employee contributions	63,626	71,470	66,820	69,189
Pension plan net investment income (loss)	503,853	307,289	411,210	(550,087)
Benefits payments and refunds	(218,221)	(231,393)	(247,128)	(264,321)
Pension plan administrative and other expense	(6,218)	(6,596)	(6,527)	(6,764)
Net change in plan fiduciary net position	<u>466,650</u>	<u>271,513</u>	<u>365,594</u>	<u>(605,365)</u>
Ending total plan fiduciary net position	<u>2,928,033</u>	<u>3,199,546</u>	<u>3,565,140</u>	<u>2,959,775</u>
Beginning net pension liability	<u>1,528,177</u>	<u>1,559,851</u>	<u>1,501,669</u>	<u>1,466,903</u>
Ending net pension liability	<u>1,559,851</u>	<u>1,501,669</u>	<u>1,466,903</u>	<u>2,924,353</u>
Plan fiduciary net position as a percentage of the total pension liability	65.24%	68.06%	70.85%	50.30%
Covered Payroll	678,500	713,527	743,256	761,246
City's net pension liability as a percentage of covered payroll	229.90%	210.46%	197.36%	384.15%

Required Supplementary Information
Retirement Plans- Trend Information
September 30, 2023
(In thousands)

Schedule of Changes in the Police Officers' Plan Net Pension Liability and Related Ratios
Measurement Period Ended December 31

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Beginning total pension liability	\$ 909,000	971,623	1,028,909	1,106,189	1,189,591
Changes for the year:					
Service cost	30,254	32,138	32,990	35,322	33,757
Interest	72,443	76,999	80,846	84,472	90,479
Benefit changes	(11,015)	(4,080)	--	--	--
Differences between expected and actual experience	--	(6,318)	7,455	17,241	(12,905)
Assumption changes	14,137	3,904	5,148	--	666,873
Contribution buy back	2,207	4,648	1,668	2,915	1,142
Benefit payments including refunds	(45,403)	(50,005)	(50,827)	(56,548)	(63,983)
Net change in total pension liability	<u>62,623</u>	<u>57,286</u>	<u>77,280</u>	<u>83,402</u>	<u>715,363</u>
Ending total pension liability	<u>971,623</u>	<u>1,028,909</u>	<u>1,106,189</u>	<u>1,189,591</u>	<u>1,904,954</u>
Beginning total plan fiduciary net position	595,110	638,019	644,174	686,020	769,475
Changes for the year:					
Employer contributions	32,400	33,239	33,814	35,141	35,244
Employee contributions	19,458	20,061	20,623	21,437	21,461
Contribution buy back	2,207	4,648	1,668	2,915	1,142
Pension plan net investment income (loss)	35,574	(322)	37,965	82,072	(43,398)
Benefits payments and refunds	(45,403)	(50,005)	(50,827)	(56,548)	(63,983)
Pension plan administrative expense	(1,327)	(1,466)	(1,397)	(1,562)	(1,421)
Net change in plan fiduciary net position	<u>42,909</u>	<u>6,155</u>	<u>41,846</u>	<u>83,455</u>	<u>(50,955)</u>
Ending total plan fiduciary net position	<u>638,019</u>	<u>644,174</u>	<u>686,020</u>	<u>769,475</u>	<u>718,520</u>
Beginning net pension liability	313,890	333,604	384,735	420,169	420,116
Ending net pension liability	<u>\$ 333,604</u>	<u>384,735</u>	<u>420,169</u>	<u>420,116</u>	<u>1,186,434</u>
Plan fiduciary net position as a percentage of the total pension liability	65.67%	62.61%	62.02%	64.68%	37.72%
Covered Payroll	\$ 149,686	152,696	157,303	163,995	164,112
City's net pension liability as a percentage of covered payroll	222.87%	251.96%	267.11%	256.18%	722.94%

Notes to the Schedule of Changes in the Police Officers' Net Pension Liability and Related Ratios

- Until a full 10-year trend is compiled, this schedule will present only those years for which information is available.
- This fund had no significant changes of benefit terms in any of the years presented.
- The investment return assumption was decreased annually from 2015 to 2018 from a high of 8% to the current 7.25%.
- The core inflation rate assumption was decreased from 3.25% to 3% in 2016 and to 2.5% in 2018.
- The discount rate decreased annually from 2015 to 2017 from 8% to 7.7% mirroring the investment rate of return. In 2018 and 2019 a blended discount rate was required resulting in rates of 4.7% and 4.1% respectively. As the result of legislative changes which increase future contribution rates, the discount rate was increased to 7.25% for 2020, again matching the investment rate of return.
- The general wage inflation rate assumption was decreased from 3.5% to 3.25% in 2016.
- In 2016 assumed rates of salary increase were amended at most service points, and in 2018 individual salary increase rates were modified to better reflect the current expectation for inflation and the current step schedule.
- The payroll growth assumption was increased from 3.5% to 4% in 2016 and decreased from 4% to 3% in 2018.
- An explicit administrative expense load of 0.9% of payroll was added to the normal cost in 2018.
- In 2018, mortality rate assumptions were changed to PubS-2010 fully generational mortality improvement using the ultimate mortality improvement rates in the MP tables. Previously RP2000 (fully generational using Scale AA) set back two years - sex distinct were used.
- In 2018, termination and retirement rates were modified to be more consistent with experience.
- Prior to 2022, the members and employers contributions are based on statutorily fixed rates. Beginning with January 1 2022, the employer contribution rate is determined actuarially.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Beginning total pension liability	1,904,954	2,175,170	1,544,153	1,625,187
Changes for the year:				
Service cost	71,334	84,469	40,070	38,394
Interest	89,680	89,376	110,642	116,130
Benefit changes	--	--	--	--
Differences between expected and actual experience	(4,743)	10,320	6,536	(4,529)
Assumption changes	179,003	(740,167)	--	--
Contribution buy back	1,261	1,941	3,993	2,554
Benefit payments including refunds	(66,319)	(76,956)	(80,207)	(87,734)
Net change in total pension liability	<u>270,216</u>	<u>(631,017)</u>	<u>81,034</u>	<u>64,815</u>
Ending total pension liability	<u>2,175,170</u>	<u>1,544,153</u>	<u>1,625,187</u>	<u>1,690,002</u>
Beginning total plan fiduciary net position	718,520	857,839	938,226	1,080,734
Changes for the year:				
Employer contributions	35,993	36,577	35,429	44,419
Employee contributions	21,942	22,181	21,186	23,811
Contribution buy back	1,261	1,941	3,993	2,554
Pension plan net investment income (loss)	148,163	98,573	164,509	(127,690)
Benefits payments and refunds	(66,319)	(76,956)	(80,207)	(87,734)
Pension plan administrative expense	(1,721)	(1,929)	(2,402)	(3,010)
Net change in plan fiduciary net position	<u>139,319</u>	<u>80,387</u>	<u>142,508</u>	<u>(147,650)</u>
Ending total plan fiduciary net position	<u>857,839</u>	<u>938,226</u>	<u>1,080,734</u>	<u>933,084</u>
Beginning net pension liability	1,186,434	1,317,331	605,927	544,453
Ending net pension liability	<u>1,317,331</u>	<u>605,927</u>	<u>544,453</u>	<u>756,918</u>
Plan fiduciary net position as a percentage of the total pension liability	39.44%	60.76%	66.50%	55.21%
Covered Payroll	167,835	169,308	162,973	336,731
City's net pension liability as a percentage of covered payroll	784.90%	357.88%	334.08%	224.78%

Required Supplementary Information
Retirement Plans- Trend Information
September 30, 2023
(In thousands)

Schedule of Changes in the Fire Fighters' Plan Net Pension Liability and Related Ratios
Measurement Period Ended December 31

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Beginning total pension liability	\$ 806,282	861,468	913,618	977,723	1,038,801
Changes for the year:					
Service cost	25,319	23,309	24,323	23,830	25,131
Interest	62,977	66,405	70,893	75,812	80,552
Benefit changes	--	--	5,491	8,964	10,188
Differences between expected and actual experience	--	7,193	8,893	4,360	(735)
Assumption changes	4,883	--	--	--	(4,779)
Benefit payments including refunds	(37,993)	(44,757)	(45,495)	(51,888)	(55,979)
Net change in total pension liability	<u>55,186</u>	<u>52,150</u>	<u>64,105</u>	<u>61,078</u>	<u>54,378</u>
Ending total pension liability	<u>861,468</u>	<u>913,618</u>	<u>977,723</u>	<u>1,038,801</u>	<u>1,093,179</u>
Beginning total plan fiduciary net position	<u>752,622</u>	<u>789,433</u>	<u>785,211</u>	<u>829,610</u>	<u>953,798</u>
Changes for the year:					
Employer contributions	18,670	19,222	19,104	19,242	20,085
Employee contributions	14,660	15,547	15,884	16,319	17,033
Pension plan net investment income (loss)	42,005	6,328	55,569	141,915	(25,114)
Benefits payments and refunds	(37,993)	(44,757)	(45,496)	(51,888)	(55,979)
Pension plan administrative expense	(531)	(562)	(662)	(1,400)	(705)
Net change in plan fiduciary net position	<u>36,811</u>	<u>(4,222)</u>	<u>44,399</u>	<u>124,188</u>	<u>(44,680)</u>
Ending total plan fiduciary net position	<u>789,433</u>	<u>785,211</u>	<u>829,610</u>	<u>953,798</u>	<u>909,118</u>
Beginning net pension liability	<u>53,660</u>	<u>72,035</u>	<u>128,407</u>	<u>148,113</u>	<u>85,003</u>
Ending net pension liability	<u>\$ 72,035</u>	<u>128,407</u>	<u>148,113</u>	<u>85,003</u>	<u>184,061</u>
Plan fiduciary net position as a percentage of the total pension liability	91.64%	85.95%	84.85%	91.82%	83.16%
Covered Payroll	\$ 84,589	83,979	86,632	87,266	91,087
City's net pension liability as a percentage of covered payroll	85.16%	152.90%	170.97%	97.41%	202.07%

Notes to the Schedule of Changes in the Fire Fighters' Net Pension Liability and Related Ratios

- Until a full 10-year trend is compiled, this schedule will present only those years for which information is available.
- Changes of benefit terms in the form of cost-of-living adjustments were granted on January 1st of each of the following years in the following amounts: 2015 - 1.3%; 2017 - 1.5%; 2018 - 2.2%; 2019 - 2.3%; 2020 - 1.7%; 2021 - 1.4%; and 2022 - 5.4%.
- The inflation assumption was decreased from 3.5% to 2.75% in 2018 and to 2.5% in 2019.
- The investment rate of return was decreased from 7.7% to 7.5% in 2019 and from 7.5% to 7.3% in 2020.
- The payroll growth rate was increased from 2% to 2.5% in 2020.
- Since 2018 the PubS-2010 mortality tables were used with mortality improvement project using the MP-2018 tables in 2018, the MP-2019 tables in 2019, the MP-2020 tables in 2020, and MP-2021 tables in 2021 and 2022. Prior to that the RP-2000 (Fully Generational using Scale AA) tables were used.
- Assumptions related to salary increases, retirement rates, retro-drop elections, withdrawal rates and disability rates were all adjusted in 2019 to be more consistent with experience.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Beginning total pension liability	1,093,179	1,156,025	1,232,431	1,315,377
Changes for the year:				
Service cost	26,192	26,170	28,112	31,101
Interest	84,547	86,821	91,655	94,234
Benefit changes	8,059	7,159	30,096	--
Differences between expected and actual experience	(9,835)	(1,671)	3,266	13,461
Assumption changes	12,707	21,411	--	20,949
Benefit payments including refunds	(58,824)	(63,484)	(70,183)	(80,970)
Net change in total pension liability	<u>62,846</u>	<u>76,406</u>	<u>82,946</u>	<u>78,775</u>
Ending total pension liability	<u><u>1,156,025</u></u>	<u><u>1,232,431</u></u>	<u><u>1,315,377</u></u>	<u><u>1,394,152</u></u>
Beginning total plan fiduciary net position	909,118	1,029,893	1,162,024	1,303,545
Changes for the year:				
Employer contributions	21,058	21,311	22,041	22,765
Employee contributions	17,858	18,073	18,697	19,306
Pension plan net investment income (loss)	141,535	157,323	171,936	(147,530)
Benefits payments and refunds	(58,824)	(63,484)	(70,183)	(80,970)
Pension plan administrative expense	(852)	(1,092)	(970)	(1,283)
Net change in plan fiduciary net position	<u>120,775</u>	<u>132,131</u>	<u>141,521</u>	<u>(187,712)</u>
Ending total plan fiduciary net position	<u><u>1,029,893</u></u>	<u><u>1,162,024</u></u>	<u><u>1,303,545</u></u>	<u><u>1,115,833</u></u>
Beginning net pension liability	<u>184,061</u>	<u>126,132</u>	<u>70,407</u>	<u>11,832</u>
Ending net pension liability	<u><u>126,132</u></u>	<u><u>70,407</u></u>	<u><u>11,832</u></u>	<u><u>278,319</u></u>
Plan fiduciary net position as a percentage of the total pension liability	89.09%	94.29%	99.10%	80.04%
Covered Payroll	95,499	96,649	99,962	103,244
City's net pension liability as a percentage of covered payroll	132.08%	72.85%	11.84%	269.57%

RETIREMENT PLANS-TREND INFORMATION, continued

Information pertaining to City contributions to the retirement systems is shown in the following three tables (in thousands). An actuarially determined contribution was calculated for the City Employees' and Police Officers' plan, but was not calculated for the Fire Fighters' plan.

**Schedule of Actuarially Determined City Contributions to the City Employees' Plan
 (in thousands)**

Fiscal Year Ended September 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
	\$	\$	\$	\$	
2015	96,554	97,655	(1,101)	540,110	18.08%
2016	109,725	102,609	7,116	566,227	18.12%
2017	119,038	108,929	10,109	600,726	18.13%
2018	123,058	114,149	8,909	630,631	18.10%
2019	129,910	120,795	9,115	667,256	18.10%
2020	149,110	127,990	21,120	706,471	18.12%
2021	156,682	137,068	19,614	727,280	18.85%
2022	169,668	148,844	20,824	778,048	19.13%
2023	188,420	157,846	30,574	825,575	19.12%

Notes to Schedule of Actuarially Determined City Contributions to the City Employees' plan

Valuation Date	
Date	<ul style="list-style-type: none"> December 31 of each calendar year occurring during the fiscal year.
Notes	<ul style="list-style-type: none"> A funding period is solved for through open group projections.
Methods and Assumptions Used to Determine Contribution Rates	
Actuarial Cost Method	<ul style="list-style-type: none"> Entry Age Normal (all years)
Asset Valuation Method	<ul style="list-style-type: none"> 2017 forward - Expected actuarial value plus 20% recognition of prior years' differences between expected and actual investment income. 2016 and 2015 - 20% of market plus 80% of expected actuarial value.
Inflation	<ul style="list-style-type: none"> 2.5% for 2020 through 2023, 2.75% for 2016 through 2019, 3.25% for 2015
Salary Increases	<ul style="list-style-type: none"> 3.5% to 5.75% for 2020 through 2023, 4% to 6.25% for 2016 through 2019, 4.5% to 6% for 2015
Investment Rate of Return	<ul style="list-style-type: none"> 6.75% for 2022 and 2023, 7% for 2020 and 2021, 7.5% for 2016 through 2019, 7.75% for 2015
Retirement Age	<ul style="list-style-type: none"> Experience-based table of rates that are gender specific. 2020 - 2023 - Last updated for December 31, 2019 valuation pursuant to an experience study of the period ending December 31, 2018. 2016 - 2019 - Last updated for December 31, 2015 valuation pursuant to an experience study of the 5-year period ending December 31, 2015. 2015 - Last updated for December 31, 2012 valuation pursuant to an experience study of the 5-year period ending December 31, 2011.
Mortality	<ul style="list-style-type: none"> 2020 through 2022 - PubG-2010 Healthy Retiree Mortality Table (for General employees) for males and females with full generational projection assuming immediate convergence of rates in the mortality projection scale MP- 2018, 2D for male and female. 2016 through 2019 - RP-2014 Mortality Table with Blue Collar adjustment. Generational mortality improvements in accordance with Scale BB are projected from the year 2014. For 2015 RP-2000 Mortality Table with White Collar adjustment and multipliers of 110% for males and 120% for females. Generational mortality improvements in accordance with Scale AA are projected from the year 2000.
Other Information	
Notes	<ul style="list-style-type: none"> There were no benefit changes during the periods displayed. City contributions increased from 18% to 19% as of January 1, 2021.

RETIREMENT PLANS-TREND INFORMATION, continued

Schedule of Actuarially Determined City Contributions to the Police Officers' Plan
 (in thousands)

Fiscal Year Ended September 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
	\$	\$	\$	\$	
2022	47,577	43,030	4,547	157,783	27.27%
2023	47,394	48,311	(917)	154,878	31.19%

Notes to Schedule of Actuarially Determined City Contributions to the Police Officers' plan

Valuation Date	
Date	<ul style="list-style-type: none"> December 31, 2022
Notes	<ul style="list-style-type: none"> Actuarially determined contribution rates are calculated as of December 31.
Methods and Assumptions Used to Determine Contribution Rates	
Actuarial Cost Method	<ul style="list-style-type: none"> Entry Age Normal
Asset Valuation Method	<ul style="list-style-type: none"> 2023 - Expected actuarial value plus 20% recognition of prior 5 years' differences between expected and actual investment income. 2022 - Smoothed market value recognition of prior 5 years' differences between expected and actual investment income.
Inflation	<ul style="list-style-type: none"> 2.50%
Salary Increases	<ul style="list-style-type: none"> 3% to 15.20%
Investment Rate of Return	<ul style="list-style-type: none"> 7.25%
Retirement Age	<ul style="list-style-type: none"> Experience-based table of rates, last updated for the December 31, 2018 valuation.
Mortality	<ul style="list-style-type: none"> 2023 - PubS-2010 gender-distinct mortality tables (employee, healthy retiree, disabled retiree) as appropriate, projected from 2010 with the ultimate mortality improvement rates from MP-2018. 2022 - PubS-2020 gender-distinct mortality tables (employee, healthy retiree, disabled retiree) as appropriate, projected from 2010 with the ultimate mortality improvement rates from MP-2018.
Other Information	
Notes	<ul style="list-style-type: none"> There were no benefit changes during the periods displayed. Prior to 2022, contributions were statutorily determined and can be found on the next table. Beginning with the January 1, 2022 contributions, the employer contribution rate is determined actuarially. The ADC actual contribution amount of \$43.0 million includes \$9.3 million of statutorily required contributions made prior to January 1, 2022. An actuarially determined contribution of 10.1% was effective January 1, 2022. Prior to that change the rate was 21.737%. In addition, the City is making payments according to a 30 year fixed payment plan that was established to eliminate the unfunded legacy liability existing as of December 31, 2020. For calendar year 2023 this amount is \$1,335,856 per pay period.

RETIREMENT PLANS-TREND INFORMATION, continued

Schedule of Statutorily Required City Contributions to the Police Officers' Plan and the Fire Fighters' Plan
 (in thousands)

Fiscal Year Ended September 30	Statutorily Required Contribution (2)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll (1)
	\$	\$	\$	\$	
Police Officers					
2015	32,942	32,942	--	152,229	21.64%
2016	33,141	33,141	--	155,476	21.32%
2017	34,717	34,717	--	162,891	21.31%
2018	34,944	34,944	--	163,956	21.31%
2019	35,603	35,617	(14)	167,048	21.32%
2020	36,261	36,268	(7)	170,135	21.32%
2021	35,617	35,619	(2)	163,856	21.74%
2022	9,287	9,287	--	42,724	21.74%
Fire Fighters					
2015	18,327	18,327	--	83,118	22.05%
2016	19,145	19,145	--	86,826	22.05%
2017	19,104	19,104	--	86,642	22.05%
2018	19,809	19,809	--	89,834	22.05%
2019	20,890	20,890	--	94,740	22.05%
2020	21,141	21,141	--	95,877	22.05%
2021	21,851	21,851	--	99,099	22.05%
2022	23,496	23,496	--	106,560	22.05%
2023	23,292	23,292	--	105,631	22.05%

(1) Statutorily required contribution for Police Officers decreased from 21.63% in 2015 to 21.313% in 2016 and increased to 21.737% in 2021.

(2) Statutorily required contribution was effective for the first 3 months of fiscal year 2022 (October - December 2021) for Police Officers. Effective January 1, 2022 Police contributions are actuarially determined.

OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION

The other postemployment benefits plan information for the City's plan provided below represents six years of trend information. Additional years will be added each year until ten years of trend data is available. Changes in other postemployment benefits liability for the other postemployment benefits plan for each of the six years ended December 31, 2017 through 2022 (measurement periods) are presented below:

Schedule of Changes in the City of Austin OPEB Liability and Related Ratios (in thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Beginning total OPEB liability	\$ 2,055,627	2,524,897	2,395,447	3,504,494	4,346,367	4,253,955
Changes for the year:						
Service cost	86,687	108,478	88,486	167,027	195,576	220,001
Interest	80,132	89,675	100,978	99,915	95,670	92,840
Benefit changes	--	231	(3,829)	--	(36,411)	--
Differences between expected and actual experience	64,227	--	12,335	(6,103)	64,216	107,084
Assumption changes	283,099	(274,758)	953,202	631,360	(352,788)	(1,253,523)
Benefit payments	(44,875)	(53,076)	(42,125)	(50,326)	(58,675)	(65,639)
Net change in total OPEB liability	<u>469,270</u>	<u>(129,450)</u>	<u>1,109,047</u>	<u>841,873</u>	<u>(92,412)</u>	<u>(899,237)</u>
Ending total OPEB liability	<u>\$ 2,524,897</u>	<u>2,395,447</u>	<u>3,504,494</u>	<u>4,346,367</u>	<u>4,253,955</u>	<u>3,354,718</u>
Covered-employee payroll	\$ 968,403	1,000,536	1,051,771	1,103,927	1,140,948	1,199,777
City's total OPEB liability as a percentage of covered-employee payroll	260.73%	239.42%	333.20%	393.72%	372.84%	279.61%

Allocation of City funds to pay postemployment benefits other than pensions is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis. The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB statement No. 75. For the years ended December 31, 2018 and 2019 there were changes to benefit terms that affected the measurement of the total OPEB liability. There were no significant changes in benefit terms for years ended December 31, 2017, 2020 and 2021. However, plan changes effective January 1, 2022 impacted the total OPEB liability. For all years presented there were assumption changes.

The OPEB plan benefit term changes included:

- Increasing the maximum value of the Health Reimbursement Account (HRA) for retirees in the Consumer Driven Health Plan (CDHP) from \$500 to \$1,000 for individuals and \$1,000 to \$1,500 for families effective January 1, 2019, and decreasing the maximum value of the HRA for retirees in the CDHP from \$1,000 to \$500 for individuals and from \$1,500 to \$1,000 for families effective January 1, 2020.
- Switching health benefit providers from United Healthcare to BlueCross BlueShield effective January 1, 2019. However, the plan of benefits was unchanged and plan costs were not projected to change materially as a result of this change.
- The fully insured Cigna dental PPO option was replaced with the self-insured BlueCross BlueShield BlueCare dental PPO, effective January 1, 2021. Retiree contribution rates for both the prior fully-insured option and the new self-insured option are expected to cover the full cost of the benefits, thus the net OPEB liability associated with dental benefits remain \$0 after the plan change only for the 2020 valuation.
- Effective January 1, 2022, the schedules of benefits for the PPO and HMO plans were changed. These changes included increasing deductibles and copays for individual and family plans.

The OPEB plan assumption changes included:

- Adjusting the discount rate based on the Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date as follows: 2017 - 3.44% (from 3.78%), 2018 - 4.1%, 2019 - 2.74%, 2020 - 2.12%, 2021 - 2.06%, 2022 - 3.72%,
- Updating medical, dental, and prescription drug claim costs each year to reflect the most recent experience,
- Modifying medical and prescriptions drug trend rates in 2017 by splitting the single category from the previous valuation into three categories, grading these categories for different periods, and lowering the ultimate trend rate from 5% to 4.5%; and in 2019 by adjusting 2020 assumed trend rates from 6.5% to 7% for pre-65 and 5.5% to 6% for post-65 and trending rates down at 0.25% rather than 0.5% annually,
- Modifying health care cost trend rates in 2020 by adding a dental category trend rate at 3%,
- Updating third-party administrator and vendor administrative expenses to reflect the most recent contracts and assumed trends on such costs, (currently \$582 per covered individual),
- Adjusting retiree enrollment and plan election assumptions in 2019 to be more consistent with actual experience,

OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION, continued

The OPEB plan assumption changes included, continued:

- Updating firefighters' mortality projection scale in 2021 for all lives to MP-2020, previously MP-2019,
- Addition of firefighters' separate mortality table for Contingent Survivors in 2021,
- Addition of projected net costs as part of the OPEB liability was made in 2021 after reviewing the actual experience of the self-insured dental PPO beginning January 1, 2021. It was determined that retiree contribution rates do not fully cover the cost of the dental benefits,
- Addition of a separate 70% PPO dental coverage election assumption and a separate PPO dental spouse coverage election assumption of 65% for males and 35% for females in 2021, and
- Adjusting demographic assumptions each year to mirror changes in the pension plan demographic assumptions for the previous plan year. See Required Supplementary Information, Retirement Plans-Trend Information for additional information on these changes.



COMPLIANCE SECTION

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	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
Pass through - Texas Health and Human Services Commission						
	10.557	2017-049850	\$ 6,381,123	(2,993)	--	(2,993)
	10.557	HHS000800700001	7,080,000	137,217	--	137,217
	10.557	HHS000800700001	7,943,449	7,502,779	--	7,502,779
Total Texas Health and Human Services Commission			<u>21,404,572</u>	<u>7,637,003</u>	<u>--</u>	<u>7,637,003</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>21,404,572</u>	<u>7,637,003</u>	<u>--</u>	<u>7,637,003</u>
U.S. DEPARTMENT OF ARMY CORP OF ENGINEERS						
Direct Programs						
Waterloo Greenway-Design and Construction Assistance						
	12.U00	N/A	9,025,000	2,742,997	--	2,742,997
Total Waterloo Greenway-Design and Construction Assistance			<u>9,025,000</u>	<u>2,742,997</u>	<u>--</u>	<u>2,742,997</u>
TOTAL U.S. DEPARTMENT OF ARMY CORP OF ENGINEERS			<u>9,025,000</u>	<u>2,742,997</u>	<u>--</u>	<u>2,742,997</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
ENTITLEMENT GRANTS CLUSTER						
Community Development Block Grant						
	14.218	B-17-MC-48-0500	7,363,234	610	--	610
	14.218	B-18-MC-48-0500	8,234,946	1,528	--	1,528
	14.218	B-19-MC-48-0500	7,880,158	5,651	--	5,651
	14.218	B-20-MW-48-0500	11,882,733	--	1,703,179	1,703,179
	14.218	B-20-MC-48-0500	9,044,555	63,401	--	63,401
	14.218	B-21-MC-48-0500	8,203,376	255,673	--	255,673
	14.218	B-22-MC-48-0500	7,488,909	2,592,497	1,422,620	4,015,117
Total Community Development Block Grant			<u>60,097,911</u>	<u>2,919,360</u>	<u>3,125,799</u>	<u>6,045,159</u>
TOTAL ENTITLEMENT GRANTS CLUSTER			<u>60,097,911</u>	<u>2,919,360</u>	<u>3,125,799</u>	<u>6,045,159</u>
Direct Programs						
Emergency Solutions Grant						
	14.231	E-18-MC-48-0500	647,777	(134)	--	(134)
	14.231	E-19-MC-48-0500	669,980	995	--	995
	14.231	E-20-MC-48-0500	682,911	2,573	--	2,573
	14.231	E-21-MC-48-0500	669,870	65,383	--	65,383
	14.231	E-22-MC-48-0500	668,074	322,103	337,433	659,536
	14.231	E-20-MW-48-0500	12,723,137	1,511,858	80,360	1,592,218
Total Emergency Solutions Grant			<u>\$ 16,061,749</u>	<u>1,902,778</u>	<u>417,793</u>	<u>2,320,571</u>

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
U.S. DEPARTMENT HOUSING AND URBAN DEVELOPMENT, continued						
Home Grant						
Home Grant 16	14.239	M-15-MC-48-0500	\$ 4,921,049	11,268	--	11,268
Home Grant 17	14.239	M-16-MC-48-0500	3,961,137	2,964	--	2,964
Home Grant 18	14.239	M-17-MC-48-0500	3,775,415	26,419	--	26,419
Home Grant 19	14.239	M-18-MC-48-0500	4,421,854	140,737	--	140,737
Home Grant 20	14.239	M-19-MC-48-0500	4,243,694	54,889	--	54,889
Home Grant 21	14.239	M-20-MC-48-0500	4,055,576	916,186	--	916,186
Home Grant 22	14.239	M-21-MC-48-0500	4,638,682	96,648	51,008	147,656
Home Grant 23	14.239	M-22-MC-48-0500	4,723,298	329,388	962,684	1,292,072
Total Home Grant			<u>34,740,705</u>	<u>1,578,499</u>	<u>1,013,692</u>	<u>2,592,191</u>
Housing Opportunity for Persons w/AIDS (HOPWA)						
Housing Opportunity Persons W/Aids II 20	14.241	TXH20F004	1,869,497	7,402	745	8,147
Housing Opportunity Persons W/Aids II 21	14.241	TXH21F004	2,099,125	38,744	130,517	169,261
Housing Opportunity Persons W/Aids II 22	14.241	TXH22F004	2,358,716	19,075	1,528,673	1,547,748
COVID-19 - Housing Opportunity Persons W/Aids II 20	14.241	TXH20-FHW004	272,065	-	30,825	30,825
Total Housing Opportunity for Persons w/AIDS (HOPWA)			<u>6,599,403</u>	<u>65,221</u>	<u>1,690,760</u>	<u>1,755,981</u>
Section 108 Loan						
Section 108 NCMP	14.248	B-01-MC-48-0500A	5,047,790	162,316	--	162,316
Total Section 108 Loan			<u>5,047,790</u>	<u>162,316</u>	<u>--</u>	<u>162,316</u>
Fair Housing Assistance						
Fair Housing Assistance - 19	14.401	FF206K196006	203,200	203,200	--	203,200
Fair Housing Assistance - 20	14.401	FF206K206006	248,800	22,000	--	22,000
Fair Housing Assistance - 21	14.401	FF206K216006	117,500	5,216	--	5,216
Fair Housing Assistance - 23	14.401	FF206K236006	146,000	126,400	--	126,400
Total Fair Housing Assistance			<u>715,500</u>	<u>356,816</u>	<u>--</u>	<u>356,816</u>
Pass through - General Land Office						
Community Development Block Grant						
Community Development Block Grant-Disaster Recovery	14.228	19-131-000-B470	4,860,509	4,375,081	--	4,375,081
Total General Land Office			<u>4,860,509</u>	<u>4,375,081</u>	<u>--</u>	<u>4,375,081</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>128,123,567</u>	<u>11,360,071</u>	<u>6,248,044</u>	<u>17,608,115</u>
U.S. DEPARTMENT OF INTERIOR, FISH AND WILDLIFE						
Direct Programs						
Under Represented Community Grants						
Under Represented Community Grants	15.904	P18AP00016	43,200	43,200	--	43,200
Total Under Represented Community Grants			<u>43,200</u>	<u>43,200</u>	<u>--</u>	<u>43,200</u>
TOTAL U.S. DEPARTMENT OF INTERIOR, FISH AND WILDLIFE			<u>\$ 43,200</u>	<u>43,200</u>	<u>--</u>	<u>43,200</u>

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	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
U.S. DEPARTMENT OF JUSTICE						
Direct Programs						
COVID-19 - City of Austin CESF Program						
	16.034	2020-VD-BX-0015	\$ 885,407	142	--	142
Total COVID-19 - City of Austin CESF Program			<u>885,407</u>	<u>142</u>	<u>--</u>	<u>142</u>
Improving Criminal Justice Responses Program (ICJR)						
	16.590	2020-WE-AX-0018	1,000,000	119,612	200,615	320,227
	16.590	15JOVW-21-GK-04703-HOMI	500,000	29,298	3,148	32,446
Total Improving Criminal Justice Responses Program (ICJR)			<u>1,500,000</u>	<u>148,910</u>	<u>203,763</u>	<u>352,673</u>
Edward Byrne Memorial Justice Assistance Grant Program						
	16.738	2018-DJ-BX-0419	322,806	1,153	--	1,153
	16.738	2019-DJ-BX-0572	322,612	35,067	20,375	55,442
	16.738	2020-DJ-BX-0646	306,603	40,724	76,529	117,253
	16.738	15PBJA-21-GG-01862-JAGX	365,647	11,713	--	11,713
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>1,317,668</u>	<u>88,657</u>	<u>96,904</u>	<u>185,561</u>
Intellectual Property Enforcement Program						
	16.752	15PBJA-22-GG-01588-INTE	375,000	143,488	--	143,488
Total Intellectual Property Enforcement Program			<u>375,000</u>	<u>143,488</u>	<u>--</u>	<u>143,488</u>
De-Escalation Training Project						
	16.710	15JCOPS-21-GG-02430-SPPS	200,000	183,724	--	183,724
Total De-Escalation Training Project			<u>200,000</u>	<u>183,724</u>	<u>--</u>	<u>183,724</u>
Byrne Criminal Justice Innovation Program						
	16.817	2017-AJ-BX-0012	1,000,000	144,374	87,934	232,308
Total Byrne Criminal Justice Innovation Program			<u>1,000,000</u>	<u>144,374</u>	<u>87,934</u>	<u>232,308</u>
City of Austin Sexual Assault Kit Initiative Program						
	16.833	2017-AK-BX-0015	2,000,000	82,401	--	82,401
	16.833	2018-AK-BX-0027	1,000,000	251,421	--	251,421
Total City of Austin Sexual Assault Kit Initiative Program			<u>3,000,000</u>	<u>333,822</u>	<u>--</u>	<u>333,822</u>
Federal Department of Justice Asset Forfeiture Fund						
	16.922	N/A	--	698,014	--	698,014
Total Federal Dept. of Justice Asset Forfeiture Fund			<u>--</u>	<u>698,014</u>	<u>--</u>	<u>698,014</u>
Pass through - Texas Governor's Office Criminal Justice Division						
Violence Against Womens Investigative Project						
	16.588	15JOVW-22-GG-00453-STOP	88,212	81,718	--	81,718
Total Violence Against Womens Investigative Project			<u>\$ 88,212</u>	<u>81,718</u>	<u>--</u>	<u>81,718</u>

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
U.S. DEPARTMENT OF JUSTICE, continued						
Coverdell Forensic Project						
Coverdell Forensic Project - Crime Lab Enhancement - 22	16.742	15PBJA-21-GG-02933-COVE	\$ 366,178	189,138	--	189,138
Coverdell Forensic Project - Crime Lab Enhancement - 23	16.742	15PBJA-22-GG-02029-COVE	211,522	54,314	--	54,314
Total Coverdell Forensic Project			<u>577,700</u>	<u>243,452</u>	<u>--</u>	<u>243,452</u>
Total Texas Governor's Office Criminal Justice Division			<u>665,912</u>	<u>325,170</u>	<u>--</u>	<u>325,170</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>8,943,987</u>	<u>2,066,301</u>	<u>388,601</u>	<u>2,454,902</u>
U.S. DEPARTMENT OF STATE						
Direct Programs						
US Embassy Pakistan Entrepreneurship Grant	19.501	SPK33015CA083	499,989	--	423	423
TOTAL U.S. DEPARTMENT OF STATE			<u>499,989</u>	<u>--</u>	<u>423</u>	<u>423</u>
U.S. DEPARTMENT OF TRANSPORTATION						
FEDERAL MOTOR CARRIER SAFETY ACT CLUSTER						
Motor Carrier Safety Assistance						
High Priority-CMV Grant Program - 22	20.237	FM-MHP-0558-20-01-00	554,418	190,468	--	190,468
Total Motor Carrier Safety Assistance			<u>554,418</u>	<u>190,468</u>	<u>--</u>	<u>190,468</u>
TOTAL FEDERAL MOTOR CARRIER SAFETY ACT CLUSTER			<u>554,418</u>	<u>190,468</u>	<u>--</u>	<u>190,468</u>
TRANSIT SERVICES PROGRAMS CLUSTER						
Pass through - Capital Metropolitan Transportation Authority						
Enhanced Mobility of Seniors and Individuals w/ Disability	20.513	TX-2022-006-PARD	155,482	109,673	--	109,673
Total Capital Metropolitan Transportation Authority			<u>155,482</u>	<u>109,673</u>	<u>--</u>	<u>109,673</u>
TOTAL TRANSIT SERVICES PROGRAMS CLUSTER			<u>155,482</u>	<u>109,673</u>	<u>--</u>	<u>109,673</u>
HIGHWAY SAFETY CLUSTER						
Pass through - Texas Department of Transportation						
Texas Traffic Safety Program						
STEP - Comprehensive Traffic	20.600	2023-AustinPD-S-1YG-00088	475,958	423,396	--	423,396
STEP - Commercial Motor Vehicle	20.600	2023-AustinPD-S-CMV-00041	28,035	28,035	--	28,035
Total Texas Traffic Safety Program			<u>503,993</u>	<u>451,431</u>	<u>--</u>	<u>451,431</u>
TOTAL HIGHWAY SAFETY CLUSTER			<u>\$ 503,993</u>	<u>451,431</u>	<u>--</u>	<u>451,431</u>

(continued)

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
U.S. DEPARTMENT OF TRANSPORTATION, continued						
Direct Programs						
ABIA FAA						
	20.106	3-48-0359-064-2020	\$ 14,873,099	8,145,721	--	8,145,721
	20.106	3-48-0359-067-2021	3,564,786	134,868	--	134,868
	20.106	3-48-0359-068-2021	54,149,180	39,611,948	--	39,611,948
	20.106	3-48-0359-071-2022	15,990,000	3,370,975	--	3,370,975
	20.106	3-48-0359-072-2023	2,128,587	1,207,211	--	1,207,211
		Total ABIA FAA	<u>90,705,652</u>	<u>52,470,723</u>	<u>--</u>	<u>52,470,723</u>
Pass through - Texas State Hwys and Public Transportation Dept.						
Highway Planning and Construction						
	20.205	CSJ 0914-05-194	2,160,000	627,299	--	627,299
	20.205	CSJ 0914-04-319	1,167,600	26,632	--	26,632
	20.205	CSJ 0914-04-318	11,750,000	1,096,947	--	1,096,947
	20.205	CSJ 0914-00-357,360	2,884,000	353,074	--	353,074
	20.205	CSJ 0914-04-320	179,712	21,033	--	21,033
	20.205	CSJ 0914-04-313	3,773,000	2,081,093	--	2,081,093
	20.205	CSJ 0914-04-311	1,177,000	781,014	--	781,014
		Total Texas State Hwys and Public Transportation Dept.	<u>23,091,312</u>	<u>4,987,092</u>	<u>--</u>	<u>4,987,092</u>
		TOTAL U.S. DEPARTMENT OF TRANSPORTATION	<u>115,010,857</u>	<u>58,209,387</u>	<u>--</u>	<u>58,209,387</u>
U.S. TREASURY DEPARTMENT						
Direct Programs						
Federal Treasury Asset Forfeiture Fund						
	21.016	N/A	--	419,931	--	419,931
		Total Federal Treasury Asset Forfeiture Fund	<u>--</u>	<u>419,931</u>	<u>--</u>	<u>419,931</u>
Emergency Rental Assistance						
	21.023	N/A	30,630,087	1,246	273,811	275,057
	21.023	N/A	35,810,263	-	(501)	(501)
		Total Emergency Rental Assistance	<u>66,440,350</u>	<u>1,246</u>	<u>273,310</u>	<u>274,556</u>
Coronavirus State and Local Fiscal Recovery Funds						
	21.027	N/A	188,482,478	48,076,021	--	48,076,021
		Total Coronavirus State and Local Fiscal Recovery Funds	<u>188,482,478</u>	<u>48,076,021</u>	<u>--</u>	<u>48,076,021</u>
Pass through - Texas Governor's Office Criminal Justice Division						
Victims of Crime Act						
	21.027	2021-CS-21027	886,992	872,618	--	872,618
		Total Texas Governor's Office Criminal Justice Division	<u>886,992</u>	<u>872,618</u>	<u>--</u>	<u>872,618</u>
		TOTAL U.S. TREASURY DEPARTMENT	<u>\$ 255,809,820</u>	<u>49,369,816</u>	<u>273,310</u>	<u>49,643,126</u>

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION						
Direct Programs						
Equal Employment Opportunity						
Equal Employment Opportunity 2023	30.001	45310022C0052	\$ 36,280	36,280	--	36,280
Total Equal Employment Opportunity			<u>36,280</u>	<u>36,280</u>	<u>--</u>	<u>36,280</u>
TOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			<u>36,280</u>	<u>36,280</u>	<u>--</u>	<u>36,280</u>
NATIONAL ENDOWMENT FOR THE ARTS						
Direct Programs						
National Endowment for the Arts						
Digital Humanities Advancement Grant - Oakwood Cemetery	45.169	HAA-281028-21	50,000	17,446	--	17,446
Total National Endowment for the Arts			<u>50,000</u>	<u>17,446</u>	<u>--</u>	<u>17,446</u>
TOTAL NATIONAL ENDOWMENT FOR THE ARTS			<u>50,000</u>	<u>17,446</u>	<u>--</u>	<u>17,446</u>
U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES						
Pass through - Texas State Library and Archives Commission						
Competitive - Texas Digital Navigators 2022	45.310	SPP-22006	237,481	12,136	--	12,136
Competitive - Texas Telehealth 2022	45.310	TDN-22002	48,976	21,700	--	21,700
Joint Conference of Librarians of Color Grant	45.310	TT-22002	12,066	12,066	--	12,066
Total Texas State Library and Archives Commission			<u>298,523</u>	<u>45,902</u>	<u>--</u>	<u>45,902</u>
TOTAL U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES			<u>298,523</u>	<u>45,902</u>	<u>--</u>	<u>45,902</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY						
CLEAN WATER STATE REVOLVING FUND CLUSTER						
Pass through - Texas Water Development Board						
Capitalization Grants for Clean Water State Revolving Funds						
2022 Capitalization Grants for Clean Water State Revolving Funds	66.458	LM221041	23,100,000	3,626,129	--	3,626,129
2023 Capitalization Grants for Clean Water State Revolving Funds	66.458	LM231041	8,300,000	7,308,083	--	7,308,083
Total Capitalization Grants for Clean Water State Revolving Funds			<u>31,400,000</u>	<u>10,934,212</u>	<u>--</u>	<u>10,934,212</u>
TOTAL CLEAN WATER STATE REVOLVING FUND CLUSTER			<u>31,400,000</u>	<u>10,934,212</u>	<u>--</u>	<u>10,934,212</u>
DRINKING WATER STATE REVOLVING FUND CLUSTER						
Pass through - Texas Water Development Board						
Capitalization Grants for Drinking Water State Revolving Funds						
2022 Capitalization Grants for Drinking Water State Revolving Funds	66.468	LM221040	30,000,000	4,572,819	--	4,572,819
2023 Capitalization Grants for Drinking Water State Revolving Funds	66.468	LM231040	24,630,000	14,506,086	--	14,506,086
Total Capitalization Grants for Drinking Water State Revolving Funds			<u>54,630,000</u>	<u>19,078,905</u>	<u>--</u>	<u>19,078,905</u>
TOTAL DRINKING WATER STATE REVOLVING FUND CLUSTER			<u>\$ 54,630,000</u>	<u>19,078,905</u>	<u>--</u>	<u>19,078,905</u>

(continued)

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY, continued						
Direct Programs						
Brownfield Assessments						
	66.818	BF-01F21301-0	\$ 1,320,000	83,830	--	83,830
	66.818	01F96301	600,000	418,136	--	418,136
			<u>1,920,000</u>	<u>501,966</u>	<u>--</u>	<u>501,966</u>
			87,950,000	30,515,083	--	30,515,083
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY						
U.S. DEPARTMENT OF ENERGY						
Direct Programs						
Energy Efficiency & Renewable Energy						
	81.086	DE-EE0009462	419,754	--	24,327	24,327
			<u>419,754</u>	<u>--</u>	<u>24,327</u>	<u>24,327</u>
Pass through - State Energy Conservation Office						
	81.041	CMEVG103-106	36,000	36,000	--	36,000
			<u>36,000</u>	<u>36,000</u>	<u>--</u>	<u>36,000</u>
			455,754	36,000	24,327	60,327
TOTAL U.S. DEPARTMENT OF ENERGY						
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES						
AGING CLUSTER						
Pass through - Capital Area Council of Governments						
	93.044	N/A	96,000	84,244	--	84,244
			<u>96,000</u>	<u>84,244</u>	<u>--</u>	<u>84,244</u>
			96,000	84,244	--	84,244
TOTAL AGING CLUSTER						
CHILD CARE AND DEVELOPMENT FUND CLUSTER						
Pass through - Greater Austin Area Workforce Development						
	93.575	07141C01	1,487,489	133	--	133
			<u>1,487,489</u>	<u>133</u>	<u>--</u>	<u>133</u>
			1,487,489	133	--	133
TOTAL CHILD CARE AND DEVELOPMENT FUND CLUSTER						
Direct Programs						
Del Valle Healthy Adolescent Project (DVHAP)						
	93.297	5 TP1AH000223-03-00	868,327	(219)	--	(219)
	93.297	5 TP1AH000223-03-00	845,479	421,714	265,231	686,945
	93.297	1 TP1AH000293-01-00	838,100	131,228	32,254	163,482
			<u>2,551,906</u>	<u>552,723</u>	<u>297,485</u>	<u>850,208</u>

(continued)

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES, continued						
Health Disparities: Reach In, Reach Out						
COVID-19 Health Disparities: Reach In, Reach Out	93.391	1 NH75OT000033-01-00	\$ 4,087,502	555,088	1,095,719	1,650,807
Total Health Disparities: Reach In, Reach Out			<u>4,087,502</u>	<u>555,088</u>	<u>1,095,719</u>	<u>1,650,807</u>
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS						
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS 21	93.686	5 UT8HA33918-02-00	1,066,041	(581)	--	(581)
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS 22	93.686	5 UT8HA33918-03-00	1,850,000	661,206	191,199	852,405
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS 23	93.686	5 UT8HA33918-04-00	2,000,000	113,767	327,862	441,629
Total Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS			<u>4,916,041</u>	<u>774,392</u>	<u>519,061</u>	<u>1,293,453</u>
Ryan White I Emergency Care						
Ryan White I Emergency Care 22	93.914	2 H89HA00036-28-00	5,566,860	388,837	1,632,316	2,021,153
Ryan White I Emergency Care 23	93.914	5 H89HA00036-29-00	6,005,040	545,014	3,174,149	3,719,163
Total Ryan White I Emergency Care			<u>11,571,900</u>	<u>933,851</u>	<u>4,806,465</u>	<u>5,740,316</u>
Ryan White - Part C						
Ryan White - Part C 22	93.918	2 H76HA00127-31-00	901,217	61,996	141,455	203,451
Ryan White - Part C 23	93.918	5 H76HA00127-32-00	901,217	106,609	548,343	654,952
Total Ryan White - Part C			<u>1,802,434</u>	<u>168,605</u>	<u>689,798</u>	<u>858,403</u>
Public Health Infrastructure						
Public Health Infrastructure	93.967	1 NE11OE000045-01-00	11,941,809	2,108,026	--	2,108,026
Total Public Health Infrastructure			<u>11,941,809</u>	<u>2,108,026</u>	<u>--</u>	<u>2,108,026</u>
Pass through - Texas Dept. of State Health Services						
Public Health Emergency Response						
Public Health Emergency Preparedness 22	93.069	537-18-0151-00001	704,018	15,733	--	15,733
Public Health Emergency Preparedness 23	93.069	537-18-0151-00001	704,018	481,946	--	481,946
Public Health Emergency Preparedness 24	93.069	HHS001311200014	704,018	120,523	--	120,523
COVID-19 - Public Health Emergency Preparedness 20	93.074	HHS000770500001	1,697,986	68,929	--	68,929
Total Public Health Emergency Response			<u>3,810,040</u>	<u>687,131</u>	<u>--</u>	<u>687,131</u>
TB Outreach						
TB Outreach 22	93.116	HHS001096400004	274,674	55,383	--	55,383
TB Outreach 23	93.116	HHS001096400004	253,343	223,198	--	223,198
TB Outreach 24	93.116	HHS001096400004	333,930	23,108	--	23,108
Total TB Outreach			<u>\$ 861,947</u>	<u>301,689</u>	<u>--</u>	<u>301,689</u>

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES, continued						
Immunization Outreach						
Immunization Outreach 22	93.268	HHS000108500001	\$ 726,983	4,589	--	4,589
Immunization Outreach 23	93.268	HHS000108500001	520,124	487,809	--	487,809
Immunization Outreach 24	93.268	HHS001331300006	694,344	37,823	--	37,823
COVID-19 - Vaccination Capacity	93.268	HHS001019500002	5,102,084	3,149,832	--	3,149,832
Total Immunization Outreach			<u>7,043,535</u>	<u>3,680,053</u>	<u>--</u>	<u>3,680,053</u>
COVID-19 Infectious Disease Control Unit/ Surv and Epidemiology						
COVID-19 - Infectious Disease Control Unit/ Surveillance and Epidemiology 21	93.323	HHS000812700009	1,166,888	161,197	--	161,197
Total COVID-19 Infectious Disease Control Unit/ Surv and Epidemiology			<u>1,166,888</u>	<u>161,197</u>	<u>--</u>	<u>161,197</u>
COVID-19 - CDC PH Workforce PH Crisis Response						
COVID-19 - CDC PH Workforce PH Crisis Response 22	93.354	HHS001078100001	1,250,000	522,307	--	522,307
MPOX - PH Preparedness & Response PH Crisis Response	93.354	6 NU90TP922205-01-01	555,426	33,019	--	33,019
Total COVID-19 - CDC PH Workforce PH Crisis Response			<u>1,805,426</u>	<u>555,326</u>	<u>--</u>	<u>555,326</u>
Tobacco Prevention & Control Program						
Tobacco Prevention & Control Program 22	93.387	HHS000930400001	217,000	105,677	16,590	122,267
Tobacco Prevention & Control Program 23	93.387	HHS000930400001	255,000	80,353	19,872	100,225
Total Tobacco Prevention & Control Program			<u>472,000</u>	<u>186,030</u>	<u>36,462</u>	<u>222,492</u>
COVID-19 Chronic Disease Community Health Workers: Train, Deploy, and Engage						
COVID-19 Chronic Disease Community Health Workers: Train, Deploy, and Engage 22	93.495	1 NU58DP006991-01-00	864,905	500	--	500
COVID-19 Chronic Disease Community Health Workers: Train, Deploy, and Engage 23	93.495	5 NU58DP006991-02-00	2,000,225	873,236	641,525	1,514,761
COVID-19 Chronic Disease Community Health Workers: Train, Deploy, and Engage 24	93.495	5 NU58DP006991-03-00	1,432,565	60,158	65,119	125,277
Total COVID-19 Chronic Disease Community Health Workers: Train, Deploy, and Engage			<u>4,297,695</u>	<u>933,894</u>	<u>706,644</u>	<u>1,640,538</u>
Texas Healthy Communities						
Texas Healthy Communities 23	93.758	HHS000438400003	84,897	80,366	--	80,366
Texas Healthy Communities 24	93.758	HHS000438400003	85,185	5,575	--	5,575
Total Texas Healthy Communities			<u>170,082</u>	<u>85,941</u>	<u>--</u>	<u>85,941</u>
OPHP- Regional & Local Services						
OPHP-Regional & Local Services Section 23	93.991	HHS001016400001	91,477	77,628	--	77,628
OPHP-Regional & Local Services Section 24	93.991	HHS001324900005	160,276	16,125	--	16,125
Total OPHP - Regional & Local Services			<u>251,753</u>	<u>93,753</u>	<u>--</u>	<u>93,753</u>
HIV Prevention Services Grant						
HIV Prevention Services Grant 23	93.940	HHS000077800020	594,006	561,324	--	561,324
HIV Prevention Services Grant 24	93.940	HHS000077800020	762,691	35,974	--	35,974
Total HIV Prevention Services Grant			<u>1,356,697</u>	<u>597,298</u>	<u>--</u>	<u>597,298</u>
HIV Surveillance						
HIV Surveillance 22	93.940	HHS000284500002	116,903	33,014	--	33,014
HIV Surveillance 23	93.940	HHS000284500002	149,917	123,185	--	123,185
Ending the HIV Epidemic - PS20-2010 22	93.940	HHS000897700001	725,179	(22,918)	(48,988)	(71,906)
Ending the HIV Epidemic - PS20-2010 23	93.940	HHS000897700001	725,179	437,832	181,295	619,127
Ending the HIV Epidemic - PS20-2010 24	93.940	HHS000897700001	725,179	58,124	11,700	69,824
Total HIV Surveillance			<u>\$ 2,442,357</u>	<u>629,237</u>	<u>144,007</u>	<u>773,244</u>

(continued)

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES, continued						
Sexually Transmitted Disease/Human Immunodeficiency Virus (STD/HIV)						
	93.977	HHS001120300002	\$ 362,879	149,488	--	149,488
	93.977	HHS001120300002	300,000	163,411	--	163,411
	93.977	HHS000288900001	392,145	345,964	--	345,964
	93.977	HHS001315900001	677,049	43,146	--	43,146
Total Sexually Transmitted Disease/Human Immunodeficiency Virus (STD/HIV)			<u>1,732,073</u>	<u>702,009</u>	<u>--</u>	<u>702,009</u>
Total Texas Dept. of State Health Services			<u>25,410,493</u>	<u>8,613,558</u>	<u>887,113</u>	<u>9,500,671</u>
Pass through - National Environmental Health Association						
	93.103	G-BDEV1-202208-02324	26,000	24,037	--	24,037
Total National Environmental Health Association			<u>26,000</u>	<u>24,037</u>	<u>--</u>	<u>24,037</u>
Pass through - National Association of County and City Health Officials						
	93.421	2022-113001	260,000	21,397	127,279	148,676
Total National Association of County and City Health Officials			<u>260,000</u>	<u>21,397</u>	<u>127,279</u>	<u>148,676</u>
Pass through - Texas Dept. of Family & Protective Services						
Promoting Safe and Stable Families						
	93.556	HHS000841700001	508,676	1,859	--	1,859
	93.556	HHS000841700001	293,013	84,959	186,020	270,979
	93.556	HHS000841700001	475,000	13,576	16,701	30,277
Total Texas Dept. of Family & Protective Services			<u>1,276,689</u>	<u>100,394</u>	<u>202,721</u>	<u>303,115</u>
Pass through US Committee for Refugees and Immigrants						
Refugee Medical Screening						
	93.566	2022-AUSTX-06	1,570,789	25,608	--	25,608
	93.566	2023-AUSTX-07	2,905,446	1,872,840	--	1,872,840
Total US Committee for Refugees and Immigrants			<u>4,476,235</u>	<u>1,898,448</u>	<u>--</u>	<u>1,898,448</u>
Pass through - Texas Dept. of Housing and Community Affairs						
Community Services Block Grant						
	93.569	61220003628	1,127,090	526,393	--	526,393
	93.569	61230003782	1,135,118	509,299	--	509,299
Total Texas Dept. of Housing and Community Affairs			<u>2,262,208</u>	<u>1,035,692</u>	<u>--</u>	<u>1,035,692</u>
Pass through - United Way For Greater Austin						
	93.870	24532533	763,463	354	--	354
	93.870	24532533	769,077	601	--	601
	93.870	HHS0011054	204,555	204,555	--	204,555
	93.870	N/A	204,555	45,054	--	45,054
Total United Way For Greater Austin			<u>1,941,650</u>	<u>250,564</u>	<u>--</u>	<u>250,564</u>
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			<u>\$ 74,108,356</u>	<u>17,121,152</u>	<u>8,625,641</u>	<u>25,746,793</u>

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	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
Direct Programs						
Corporation for National and Community Service						
	94.006	22NDGTX002	\$ 80,640	11,942	--	11,942
	94.013	14VSWTX010	30,000	27,601	--	27,601
	94.013	14VSWTX010	40,000	7,655	--	7,655
			<u>150,640</u>	<u>47,198</u>	<u>--</u>	<u>47,198</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>150,640</u>	<u>47,198</u>	<u>--</u>	<u>47,198</u>
U.S. DEPARTMENT OF HOMELAND SECURITY						
Pass through - Texas Department of Public Safety						
Public Assistance						
	97.036	PA-06-TX-4159	4,282,340	(8,298)	--	(8,298)
	97.036	PA-06-TX-4223	1,741,055	40,333	--	40,333
	97.036	PA-06-TX-4245	12,836,712	2,406,952	--	2,406,952
	97.036	PA-06-TX-4332	499,540	(28)	--	(28)
	97.036	PA-06-TX-4485	36,849,791	9,293,120	--	9,293,120
			<u>56,209,438</u>	<u>11,732,079</u>	<u>--</u>	<u>11,732,079</u>
Total Public Assistance						
Onion Creek						
	97.045	EMT-2019-CA-00053-S0	1,249,981	422,084	--	422,084
	97.045	EMT-2020-CA-00032-S0	1,200,000	466,484	--	466,484
			<u>2,449,981</u>	<u>888,568</u>	<u>--</u>	<u>888,568</u>
Total Onion Creek						
Assistance to Firefighters Grant						
	97.044	EMW-2020-FG-10739	92,591	77,771	--	77,771
	97.044	EMW-2021-FP-00258	101,124	6,714	--	6,714
			<u>193,715</u>	<u>84,485</u>	<u>--</u>	<u>84,485</u>
Total Assistance to Firefighters Grant						
State Homeland Security Program						
	97.067	EMW-2021-SS-00062-S01	131,474	3,032	--	3,032
	97.067	EMW-2022-SS-00021-S01	57,895	57,895	--	57,895
	97.067	EMW-2021-SS-00062-S01	334,268	334,268	--	334,268
	97.067	EMW-2022-SS-00021-S01	559,568	13,024	--	13,024
	97.067	EMW-2021-SS-00062-S01	450,000	188,842	--	188,842
	97.067	EMW-2022-SS-00021-S01	450,000	151,634	--	151,634
			<u>1,983,205</u>	<u>748,695</u>	<u>--</u>	<u>748,695</u>
Total State Homeland Security Program						
Total Texas Department of Public Safety			<u>60,836,339</u>	<u>13,453,827</u>	<u>--</u>	<u>13,453,827</u>
Pass through - Texas Commission on Environmental Quality						
	97.091	582-21-22372	448,693	354,413	--	354,413
	97.091	582-21-22372	448,692	24,518	--	24,518
			<u>897,385</u>	<u>378,931</u>	<u>--</u>	<u>378,931</u>
Total Texas Commission on Environmental Quality						
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>61,733,724</u>	<u>13,832,758</u>	<u>--</u>	<u>13,832,758</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 763,644,269</u>	<u>193,080,594</u>	<u>15,560,346</u>	<u>208,640,940</u>

See accompanying notes to schedule of expenditures of federal awards
See accompanying independent auditor's report

	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures	
TEXAS GOVERNOR'S OFFICE						
Direct Programs						
Office of Criminal Justice Department						
	Austin Juvenile Justice Truancy Prevention Project	2023-TP-ST-0002	\$ 187,412	115,856	--	115,856
	BG-Rifle-Resistant Body Armor Grant Programs	2022-BG-ST-0025	446,540	186,000	--	186,000
	Sexual Assault Evidence Testing Project	2021-ET-ST-0003	704,355	551,573	--	551,573
TOTAL TEXAS GOVERNOR'S OFFICE			1,338,307	853,429	--	853,429
TEXAS DEPARTMENT OF STATE HEALTH SERVICES						
Direct Programs						
TB Elimination						
	TB Elimination 23	HHS001182200008	645,309	608,981	--	608,981
	TB Elimination 24	HHS001182200008	643,912	23,336	--	23,336
Total TB Elimination			1,289,221	632,317	--	632,317
Infectious Disease Control Unit/ Surveillance and Epidemiology						
	Infectious Disease Control Unit/ Surveillance and Epidemiology 22	HHS000436300004	207,795	(8,842)	--	(8,842)
	Infectious Disease Control Unit/ Surveillance and Epidemiology 23	HHS000436300004	207,795	142,367	--	142,367
	Infectious Disease Control Unit/ Surveillance and Epidemiology 24	HHS001315700008	207,795	11,346	--	11,346
Total Infectious Disease Control Unit/ Surveillance and Epidemiology			623,385	144,871	--	144,871
OTV FH - Lactation Support Center Services - Strategic Expansion Program						
	OTV FH - Lactation Support Center Services - Strategic Expansion Program 23	HHS000455800001	145,000	125,475	--	125,475
	OTV FH - Lactation Support Center Services - Strategic Expansion Program 24	HHS000455800001	135,000	6,355	--	6,355
Total OTV FH - Lactation Support Center Services - Strategic Expansion Program			280,000	131,830	--	131,830
TB Outreach						
	TB Outreach 22	HHS001096400004	84,031	84,031	--	84,031
Total TB Outreach			84,031	84,031	--	84,031
Immunization Outreach						
	Immunization Outreach 22	HHS00010850001	262,401	262,401	--	262,401
Total Immunization Outreach			262,401	262,401	--	262,401
OPHP-Regional & Local Services						
	OPHP-Regional & Local Services 23	HHS001016400001	68,799	68,799	--	68,799
Total OPHP-Regional & Local Services			68,799	68,799	--	68,799
HIV Prevention Services Grant						
	HIV Prevention Services Grant 23	HHS000897700001	168,656	168,656	--	168,656
Total HIV Prevention Services Grant			\$ 168,656	168,656	--	168,656

(continued)

	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
TEXAS DEPARTMENT OF STATE HEALTH SERVICES, continued					
HIV Surveillance					
Ending the HIV Epidemic - PS20-2010 22	HHS000897700001	\$ 8,255	8,255	--	8,255
Total HIV Surveillance		<u>8,255</u>	<u>8,255</u>	<u>--</u>	<u>8,255</u>
Sexually Transmitted Disease/Human Immunodeficiency Virus (STD/HIV)					
STD/HIV 22	HHS000288900001	342,583	342,583	--	342,583
Total Sexually Transmitted Disease/Human Immunodeficiency Virus (STD/HIV)		<u>342,583</u>	<u>342,583</u>	<u>--</u>	<u>342,583</u>
Pass through - Capital Area Trauma Regional					
Trauma System 22	HHS000124600001	49,088	49,088	--	49,088
Total Capital Area Trauma Regional		<u>49,088</u>	<u>49,088</u>	<u>--</u>	<u>49,088</u>
TOTAL DEPARTMENT OF STATE HEALTH SERVICES		<u>3,176,419</u>	<u>1,892,831</u>	<u>--</u>	<u>1,892,831</u>
TEXAS DEPARTMENT OF FAMILY & PROTECTIVE SERVICES					
Direct Program					
Community Youth Development 23	HHS000841700001	181,987	181,987	--	181,987
TOTAL TEXAS DEPARTMENT OF FAMILY & PROTECTIVE SERVICES		<u>181,987</u>	<u>181,987</u>	<u>--</u>	<u>181,987</u>
TEXAS DEPARTMENT OF MOTOR VEHICLES					
Direct Programs					
Auto Theft Prevention					
APD Auto Burglary and Theft Interdiction Project 23	608-23-2270100	412,510	377,446	--	377,446
APD Auto Burglary and Theft Interdiction Project 24	608-24-2270100	496,043	41,726	--	41,726
TOTAL TEXAS DEPARTMENT OF MOTOR VEHICLES		<u>908,553</u>	<u>419,172</u>	<u>--</u>	<u>419,172</u>
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (6542)					
Direct Programs					
Texas Volkswagen Environmental Mitigation Program	582-20-146299-VW	398,342	229,109	--	229,109
Texas Volkswagen Environmental Mitigation Program	582-21-14913-VW	430,451	430,451	--	430,451
Texas Volkswagen Environmental Mitigation Program	582-21-24043-VW	252,658	252,658	--	252,658
Texas Volkswagen Environmental Mitigation Program	582-21-24042-VW	438,484	438,484	--	438,484
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY		<u>\$ 1,519,935</u>	<u>1,350,702</u>	<u>--</u>	<u>1,350,702</u>

Schedule of Expenditures of State Awards
For the Period ended September 30, 2023

City of Austin, Texas
(Continued)

	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
TEXAS PARKS AND WILDLIFE DEPARTMENT					
Direct Programs					
Pharr Tennis Center	56-000011	\$ 1,000,000	416,169	--	416,169
TOTAL TEXAS PARKS AND WILDLIFE DEPARTMENT		1,000,000	416,169	--	416,169
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS					
Direct Programs					
Homeless Housing and Services Program					
Homeless Housing and Services Program 23	63225030002	540,935	--	275,566	275,566
Homeless Housing and Services Program - Youth Set-Aside 23	18235030002	165,044	--	83,720	128,180
Homeless Housing and Services Program 23	18215030012	83,720	--	128,180	83,720
TOTAL DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS		789,699	--	487,466	487,466
TEXAS WATER DEVELOPMENT BOARD					
Direct Programs					
Central Texas Regional Floodplain Studies	G1001297	4,445,825	1,510,725	--	1,510,725
TOTAL TEXAS WATER DEVELOPMENT BOARD		4,445,825	1,510,725	--	1,510,725
TOTAL STATE FINANCIAL ASSISTANCE		\$ 13,360,725	6,625,015	487,466	7,112,481

See accompanying notes to schedule of expenditures of state awards.
See accompanying independent auditor's report.

1 – BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (SEFA) was presented on the accrual basis of accounting, and presents the activity of all federal awards to the City of Austin, Texas (the City). The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The amounts reported as expenditures in the SEFA may not agree with the amounts reported in the financial reports filed with grantor agencies due to accruals, which would be included in the next report filed with the agency. Negative amounts shown in the SEFA represent corrections, adjustments or credits made to amounts reported as expenditures in prior years.

The SEFA included certain program expenditures that relate to prior years. The programs affected are as follows:

Program Name	Assistance Listing Number	Prior Year Expenditures Included in Current Year SEFA Amount
FEMA Public Assistance - Texas Covid-19 Pandemic	97.036	9,293,120
FEMA Public Assistance - Memorial Day 2015 Flood	97.036	40,333

2 – DE MINIMIS INDIRECT COST RATE

The City elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3 – DISASTER GRANTS-PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS PROGRAM)

Reconciliation of Federal Expenditures related to Disaster Grants-Public Assistance Listing Number (ALN) 97.036; reported in the Schedule of Expenditures of Federal Awards to the City's Consolidated Financial Statements - There are six declared disasters in Austin, Texas that are still active: Halloween 2013, Memorial Day 2015, Halloween 2015, Hurricane Harvey, Texas Severe Storms, and Texas Covid-19 Pandemic. The City expects to recoup some of the cost associated with the repair and rebuilding of damaged assets over the next several years from insurance, federal government assistance and operating funds. The declared disaster of Texas Severe Storms did not receive any reimbursements during fiscal year 2023.

**3 – DISASTER GRANTS-PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS PROGRAM),
continued**

Below is the reconciliation of Federal Expenditures related to the disaster grant-Public Assistance (Presidentially Declared Disasters) ALN 97.036, reported in the Schedule of Expenditures of Federal Awards to the City financial statements.

Total cumulative project worksheets obligated as of September 30, 2023	\$ 58,381,290
Total federal expenditures incurred as of September 30, 2014, and reported in the 2014 Schedule of Expenditures of Federal Awards	(2,363,063)
Total federal expenditures incurred as of September 30, 2015, and reported in the 2015 Schedule of Expenditures of Federal Awards	(1,310,683)
Total federal expenditures incurred as of September 30, 2016, and reported in the 2016 Schedule of Expenditures of Federal Awards	(1,100,937)
Total federal expenditures incurred as of September 30, 2017, and reported in the 2017 Schedule of Expenditures of Federal Awards	(1,303,002)
Total federal expenditures incurred as of September 30, 2018, and reported in the 2018 Schedule of Expenditures of Federal Awards	(1,575,707)
Total federal expenditures incurred as of September 30, 2019, and reported in the 2019 Schedule of Expenditures of Federal Awards	(676,900)
Total federal expenditures incurred as of September 30, 2020, and reported in the 2020 Schedule of Expenditures of Federal Awards	(449,255)
Total federal expenditures incurred as of September 30, 2021, and reported in the 2021 Schedule of Expenditures of Federal Awards	(15,250,257)
Total federal expenditures incurred as of September 30, 2022, and reported in the 2022 Schedule of Expenditures of Federal Awards	(12,772,572)
Total cumulative project worksheet obligated, but not expensed and are not included in the Schedule of Expenditures of Federal Awards	<u>(9,846,835)</u>
Total project worksheets obligated and expensed for the year ended September 30, 2023, and included in the 2023 Schedule of Expenditures of Federal Awards	<u><u>\$ 11,732,079</u></u>

4 – LOANS

In addition to federal awards involving expenditures in 2023, the City has federally guaranteed loans outstanding as of September 30, 2023 with the Department of Housing and Urban Development. These loans are related to the Section 108 Loan Program (ALN 14.248).

Four of the Section 108 loans have remaining balances to be disbursed (i.e., awarded) by the City at September 30, 2023. The remaining loan balances at September 30, 2023, are as follows:

	Loan Balance
NCMP Section 108	\$ 668,180
Section 108 Family Business Loan	5,255,586
Total	\$ 5,923,766

5 – LOANS TO THIRD PARTIES

The City uses CDBG and HOME funds to grant loans to low and moderate-income individuals. As of September 30, 2023, the balance of the loans receivable was approximately \$31,789,448.

1 – BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of State Awards (SESA) was presented on the accrual basis of accounting, and presents the activity of all state awards to the City. The information in the SESA is presented in accordance with the requirements of the *Texas Grant Management Standards (TxGMS)*. Some amounts presented in the SESA may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The amounts reported as expenditures in the SESA may not agree with the amounts reported in the financial reports filed with the grantor agencies due to accruals, which would be included in the next report filed with the agency. Negative amounts shown in the SESA represent corrections, adjustments or credits made to amounts reported as expenditures in prior years.

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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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Austin, Texas (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 12, 2024. Our report includes a reference to other auditors who audited the financial statements of certain discretely presented component units, as described in our report on the City's financial statements. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of nonreportable compliance and other matters associated with the discretely presented component units or that are reported on separately by those auditors who audited the financial statements of the discretely presented component units.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

March 12, 2024

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Austin's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City as of and for the year ended September 30, 2023, and have issued our report thereon dated March 12, 2024 which contained an unmodified opinion on those financial statements includes a reference to other auditors who audited the financial statements of certain discretely presented component units and an emphasis-of-matter paragraph related to the City's adoption of Governmental Accounting Standards Board Statement No. 94, *Private-Public and Public-Public Partnerships and Availability Payment Arrangements*, and No. 96, *Subscription-Based Information Technology Arrangements* and the City's election to discontinue the use of regulatory accounting for Austin Water. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

April 11, 2024

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE AWARDS REQUIRED BY TEXAS GRANT MANAGEMENT STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited City of Austin's (the "City") compliance with the types of compliance requirements identified as subject to audit in the Texas Grant Management Standards (TxGMS) that could have a direct and material effect on each of the City's major state programs for the year ended September 30, 2023. The City's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of TxGMS. Our responsibilities under those standards and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and TxGMS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the TxGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards Required by the TxGMS

We have audited the financial statements of the City as of and for the year ended September 30, 2023, and have issued our report thereon dated March 12, 2024, which contained an unmodified opinion on those financial statements and includes a reference to other auditors who audited the financial statements of certain discretely presented component units and an emphasis-of-matter paragraph related to the City's adoption of Governmental Accounting Standards Board Statement No. 94, *Private-Public and Public-Public Partnerships and Availability Payment Arrangements*, and No. 96, *Subscription-Based Information Technology Arrangements* and the City's election to discontinue the use of regulatory accounting for Austin Water. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by TxGMS and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

April 11, 2024

CITY OF AUSTIN, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditor's reports issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards?	No

Identification of Major Programs:

Federal

12.U00	Waterloo Greenway – Design and Construction
14.218	Community Development Block Grant (CDBG)
14.228	Community Development Block Grant – Disaster Recovery (CDBG-DR)
20.205	Highway Planning and Construction
21.027	Coronavirus State and Local Fiscal Recovery Funds
66.458	Clean Water State Revolving Funds (CWSRF)
66.468	Drinking Water State Revolving Funds (DWSRF)
93.914	Ryan White I Emergency Care

State

582-20-146299-VW	Texas Volkswagen Environmental Mitigation Program
582-21-14913-VW	Texas Volkswagen Environmental Mitigation Program
582-21-24043-VW	Texas Volkswagen Environmental Mitigation Program
582-21-24042-VW	Texas Volkswagen Environmental Mitigation Program
2021-ET-ST-0003	Sexual Assault Evidence Testing Project
608-22-2270100	Auto Theft Prevention
608-23-2270100	Auto Theft Prevention
608-24-2270100	Auto Theft Prevention
G1001297	Central Texas Regional Floodplain Studies

Dollar threshold used to distinguish between Type A and Type B programs:

Federal:	\$3,000,000
State:	\$750,000

Auditee qualified as low-risk auditee? Federal — Yes

II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None noted in FY23.

III. FINDINGS RELATED TO FEDERAL AND STATE AWARDS

None noted in FY23.



CITY OF AUSTIN, TEXAS

CORRECTIVE ACTION PLAN YEAR ENDED SEPTEMBER 30, 2023

N/A – no findings noted in FY23.



CITY OF AUSTIN, TEXAS

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES FOR THE YEAR ENDED SEPTEMBER 30, 2023

Finding 2022-001: Significant Deficiency in Internal Controls – Data Input Review for Lease Accounting

Criteria – To ensure the financial statements properly reflect lease balances, all components of the lease receivable and lease liability balances, including lease terms, payments, and amendments, should be reviewed to validate they are appropriate.

Condition – The proper accounting for leases is dependent on accurate data inputs. The departments are responsible for data input and review prior to the information being accumulated by the Controller's Office. During our audit of the financial statements, we noted some inputs used for lease calculations were inaccurate based on the facts and circumstances within the lease agreements. Such findings resulted in corrected and uncorrected audit adjustments accumulated for fiscal year 2022. Of the 26 total lease agreements tested, D&T noted input errors in 13 of the lease calculations.

Cause – Lack of a precise review over lease data inputs, specifically lease terms, payments, and amendments.

Effect – Appropriate recording of financial statement balances is dependent upon accurate lease calculations, which cannot be achieved if the data inputs are not accurate. The lack of review of these data inputs can potentially lead to misstatements within the financial statements.

Recommendation – Efforts should be made to ensure proper reviews of lease inputs are performed. Further, the City Controller's Office could consider additional training on governmental accounting and reporting to help departments appropriately input and review relevant lease data.

Status – Financial Services Department: Implemented. The accounting and financial reporting team from the City's Financial Services Department conducted citywide training on leases during the City of Austin Financial Managers forums in May and August 2023. These trainings aimed to emphasize to City finance staff the importance of ensuring that lease input data accurately reflects the facts and circumstances outlined in the lease agreements. Throughout fiscal year 2023, all new leases were scrutinized to guarantee that the data inputs aligned with the terms and amortization schedules in the lease contracts. Additionally, an additional full-time position was requested and approved as part of the fiscal year 2024 budget to assist with the ongoing monitoring, review, and financial reporting requirements for leases.



Finding 2022-002: Control Finding – Significant Deficiency – Immunization Outreach – Reporting

Criteria – Quarterly Financial Status Reports (FSR) are required by the compliance supplement and the grant agreements to be submitted by the last business day of the month following the end of each quarter for review and financial assessment.

Condition – There are two grant awards associated with the Immunization Outreach program for FY22: HHS000108500001 – IMM/Locals and HHS001019500002 – COVID-19.

During the testing of the reporting compliance requirement for award HHS000108500001, we selected all four FSRs and noted that one was submitted after the due date, and one was not submitted to the grantor. Furthermore, for award HHS001019500002, we also selected all four FSRs and noted that two FSRs were not submitted to the grantor.

Cause – Grant administrators did not sufficiently track the due dates to ensure timely submission of FSRs.

Effect – Failure to meet report submission deadlines and the non- submission of reports could potentially constitute an event of noncompliance with the award contract, which may result in the early termination of the grant award, non-reimbursement of grant funding, or cessation of future funding.

Recommendation – Management should ensure that they have a mechanism for tracking the reporting requirements and due date so that the quarterly financial status reports are submitted in a timely manner to the grantor.

Status – Austin Public Health Department – Austin Public Health (APH) has updated its process to include the following: The Monthly Grant billing cover sheet has been modified to include the FSR due date and period of FSR, - quarterly, semiannual, or annual reporting requirements. The monthly grant billing packet (which includes the required documents for grantor) is submitted to the accounting manager/supervisor for review and approval. If it does not contain the required information on the check list, the monthly grant billing is sent back to the accountant to correct and resubmit. Once all required documentation is completed and correctly stated, the monthly billing is approved and the FSR is submitted by the accounting manager/ supervisor to the grantor. Monthly grant billings are now due for submission by the 20th of each month to ensure timely review and submission to the grantor.

Additionally, a separate email box has been created for the accountants to submit the monthly billing. This minimizes the risk of the billing email getting lost in the mix of general email box. The new mailbox allows for the accounting manager/ supervisor to track submission and review of the monthly grant billings. This also tracks the emails sent to the grantor with date and time stamp.

APH has had a turnover in staffing and ensures all new staff are trained in this process.





FINANCIAL SERVICES DEPARTMENT

Financial Services Department – Accounting & Reporting Division
P.O. Box 2920, Austin, Texas 78768 | 512-974-2600 | austintexas.gov

The City of Austin is in compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request.