

City of Austin, Texas

# SINGLE AUDIT REPORT

For the fiscal year ended September 30, 2022

2022



FINANCIAL SERVICES  
DEPARTMENT



Front cover photograph by Jay Ybarra. Top left photograph provided by ATXN video footage. Top right and middle row, bottom left, and bottom right photograph by Philip Rogers.

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# *City of Austin, Texas*

*Financial Statements as of and for the  
Year Ended September 30, 2022, Single  
Audit Report for the Year Ended  
September 30, 2022, and Independent  
Auditors' Reports*

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**CITY OF AUSTIN, TEXAS  
SINGLE AUDIT  
Year Ended September 30, 2022**

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**CITY OF AUSTIN, TEXAS  
SINGLE AUDIT  
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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, 2022, 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, 2022, 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 Economic Development Corporation (AEDC), and Austin Transit Partnership Local Government Corporation (ATP), which represent 99.9%, 99.9%, and 98.7%, respectively, of the assets, net position, and revenues of the discretely presented component units as of September 30, 2022. Those statements were audited by other auditors whose reports, one of which (ACE) has an emphasis of matter paragraph related to debt service coverage requirements, has been furnished to us, and our opinion, insofar as it relates to the amounts included for ABLE, ACE, AEDC, and ATP, is based solely on the report 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 Statement No. 87, *Leases*, on October 1, 2021. Our opinion is not modified with respect to this matter.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining 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 auditing standards generally accepted in the United States of America. 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 8, 2023 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 8, 2023

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, 2022.

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. 90, No. 92 and No. 93, No. 95, and No. 97 through No. 99.

## **FINANCIAL HIGHLIGHTS**

### **Government-wide financial statements**

The City's assets and deferred outflows exceeded its liabilities and deferred inflows in fiscal year 2022, resulting in \$3.5 billion of net position. Net position associated with governmental activities is a deficit of approximately \$744.1 million, while the net position associated with business-type activities is approximately \$4.2 billion, or 121.5% of the total net position of the City. The largest portion of net position consists of net investment in capital assets, which is \$4.8 billion, or 138% of total net position.

The City's unrestricted net position is a deficit of \$2.9 billion. Unrestricted net position for governmental activities is a deficit of \$3.4 billion, while unrestricted net position for business-type activities is approximately \$525.6 million, or 12.5% of total business-type net position. The deficit in governmental unrestricted net position is largely due to the net pension liability of \$1.2 billion and other postemployment benefits (OPEB) liability of \$2.5 billion.

During fiscal year 2022, total net position for the City of Austin increased \$226.3 million or 7%. Of this amount, governmental activities increased \$48.3 million, or 6.1% from the previous year and business-type activities increased \$178.0 million, or 4.4%.

Total revenues for the City increased \$767.8 million; revenues for governmental activities increased \$134.5 million; revenues for business-type activities increased \$633.3 million. Total expenses for the City increased \$350.1 million; expenses for governmental activities decreased \$180.5 million; expenses for business-type activities increased \$530.6 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), 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, 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 six 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), 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, 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 2022.

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

**OVERVIEW OF THE FINANCIAL STATEMENTS, continued**

**b -- Fund financial statements, continued**

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:

<u>Fund Types/Other</u>	<u>Government-wide</u>	<u>Fund Financials</u>
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 twelve 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:

	<b>Condensed Statement of Net Position</b>					
	<b>as of September 30</b>					
	<b>(in thousands)</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current assets	\$ 908,983	799,736	1,902,732	1,859,181	2,811,715	2,658,917
Capital assets	3,798,397	3,645,813	9,441,884	9,301,701	13,240,281	12,947,514
Other noncurrent assets	538,329	446,687	3,918,091	3,239,322	4,456,420	3,686,009
Total assets	<u>5,245,709</u>	<u>4,892,236</u>	<u>15,262,707</u>	<u>14,400,204</u>	<u>20,508,416</u>	<u>19,292,440</u>
Deferred outflows of resources	<u>1,478,761</u>	<u>1,682,325</u>	<u>1,078,108</u>	<u>1,126,855</u>	<u>2,556,869</u>	<u>2,809,180</u>
Current liabilities	700,975	646,081	783,178	645,355	1,484,153	1,291,436
Noncurrent liabilities	5,346,008	5,522,562	9,188,102	8,883,001	14,534,110	14,405,563
Total liabilities	<u>6,046,983</u>	<u>6,168,643</u>	<u>9,971,280</u>	<u>9,528,356</u>	<u>16,018,263</u>	<u>15,696,999</u>
Deferred inflows of resources	<u>1,421,611</u>	<u>1,198,398</u>	<u>2,165,987</u>	<u>1,973,117</u>	<u>3,587,598</u>	<u>3,171,515</u>
Net position:						
Net investment in capital assets	2,332,283	2,208,451	2,441,596	2,408,833	4,773,879	4,617,284
Restricted	341,114	265,681	1,236,318	1,107,411	1,577,432	1,373,092
Unrestricted (deficit)	<u>(3,417,521)</u>	<u>(3,266,612)</u>	<u>525,634</u>	<u>509,342</u>	<u>(2,891,887)</u>	<u>(2,757,270)</u>
Total net position	<u>\$ (744,124)</u>	<u>(792,480)</u>	<u>4,203,548</u>	<u>4,025,586</u>	<u>3,459,424</u>	<u>3,233,106</u>

In the current fiscal year, total assets increased \$1.2 billion and deferred outflows of the City decreased by \$252.3 million. Total liabilities increased \$321.2 million and deferred inflows increased by \$416.1 million. Governmental-type total assets increased by \$353.5 million and business-type increased by \$862.5 million, while governmental-type liabilities decreased by \$121.7 million and business-type increased by \$442.9 million.

The most significant increase in governmental total assets resulted from an increase in capital assets of \$152.6 million as the City continues to build out projects from the 2012, 2016, and 2018 bond programs. Factors in the decrease of governmental-type liabilities of \$121.7 million include a decrease in net pension liability of \$142.2 million, a decrease in OPEB liability of \$84.8 million, offset by an increase in bonds payable of \$68.0 million, and other liabilities of \$80.5 million. The decrease in the pension liability is driven mainly by favorable investment returns, whereas the decrease in the OPEB liability is primarily due to a reduction in per capita health costs based on claim experience through the end of the valuation period.

The most significant factor in the increase of business-type total assets of \$862.5 million is related to the increase in Airport restricted cash of \$490.3 million which is due to the proceeds of a bond issuance. Another factor is the \$141.7 million increase in capital assets, of which approximately \$33 million and \$34 million is related to the construction of the Airport's new information technology building and Convention Center's marshalling yard and warehouse building, respectively. In addition, approximately \$75 million of the increase in capital assets is related to various water and wastewater pump station improvements. The primary factors for the increase in business-type total liabilities of \$442.9 million include an increase in bonds payable of \$294.9 million, commercial paper of \$81.9 million, and customer deposits of \$81.2 million. Deferred inflows increased \$192.9 million which was driven by an increase of \$177.8 million in net pension and OPEB liability related deferrals.

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 \$3.5 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 \$4.8 billion, or 138% 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, \$1.6 billion of the City's net position, represents resources that are subject to external restrictions on how they may be used in the future. The remaining balance is a deficit of \$2.9 billion of unrestricted net position. Unrestricted net position decreased \$134.6 million 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 \$3.4 billion and \$2.9 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	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 146,739	126,643	3,084,992	2,461,429	3,231,731	2,588,072
Operating grants and contributions	105,901	182,566	50,859	32,377	156,760	214,943
Capital grants and contributions	77,827	99,864	165,649	150,385	243,476	250,249
General revenues:						
Property tax	978,108	937,352	--	--	978,108	937,352
Sales tax	341,620	281,784	--	--	341,620	281,784
Franchise fees and gross receipts tax	205,978	120,085	--	--	205,978	120,085
Intergovernmental	19,833	--	--	--	19,833	--
Interest and other	47,175	40,374	(20,844)	3,187	26,331	43,561
Special item - land sale	--	--	--	--	--	--
Total revenues	<u>1,923,181</u>	<u>1,788,668</u>	<u>3,280,656</u>	<u>2,647,378</u>	<u>5,203,837</u>	<u>4,436,046</u>
Program expenses:						
General government	279,333	327,126	--	--	279,333	327,126
Public safety	766,390	853,434	--	--	766,390	853,434
Transportation, planning, and sustainability	247,850	232,056	--	--	247,850	232,056
Public health	200,004	204,819	--	--	200,004	204,819
Public recreation and culture	206,004	185,110	--	--	206,004	185,110
Urban growth management	162,493	242,225	--	--	162,493	242,225
Interest on debt	70,858	68,724	--	--	70,858	68,724
Electric	--	--	1,605,171	1,256,788	1,605,171	1,256,788
Water	--	--	323,833	245,336	323,833	245,336
Wastewater	--	--	290,506	232,053	290,506	232,053
Airport	--	--	239,651	213,129	239,651	213,129
Convention	--	--	74,831	65,938	74,831	65,938
Environmental and health services	--	--	146,379	155,957	146,379	155,957
Public recreation	--	--	10,663	10,293	10,663	10,293
Urban growth management	--	--	353,553	334,450	353,553	334,450
Total expenses	<u>1,932,932</u>	<u>2,113,494</u>	<u>3,044,587</u>	<u>2,513,944</u>	<u>4,977,519</u>	<u>4,627,438</u>
Excess (deficiency) before transfers	(9,751)	(324,826)	236,069	133,434	226,318	(191,392)
Transfers	58,107	125,945	(58,107)	(125,945)	--	--
Increase (decrease) in net position	<u>48,356</u>	<u>(198,881)</u>	<u>177,962</u>	<u>7,489</u>	<u>226,318</u>	<u>(191,392)</u>
Beginning net position, as previously reported	(792,480)	(600,610)	4,025,586	4,018,097	3,233,106	3,417,487
Restatement adjustment	--	7,011	--	--	--	7,011
Beginning net position, as restated	<u>(792,480)</u>	<u>(593,599)</u>	<u>4,025,586</u>	<u>4,018,097</u>	<u>3,233,106</u>	<u>3,424,498</u>
Ending net position	<u>\$ (744,124)</u>	<u>(792,480)</u>	<u>4,203,548</u>	<u>4,025,586</u>	<u>3,459,424</u>	<u>3,233,106</u>

Total net position of the City increased by \$226.3 million in the current fiscal year. Governmental net position increased by \$48.3 million. The increase is attributable to transfers from other funds of \$58.1 million exceeding a deficiency of \$9.8 million caused by expenses exceeding revenues. Business-type net position increased by \$178.0 million due to revenues exceeding expenses by \$236.1 million before transfers of \$58.1 million to other funds.

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

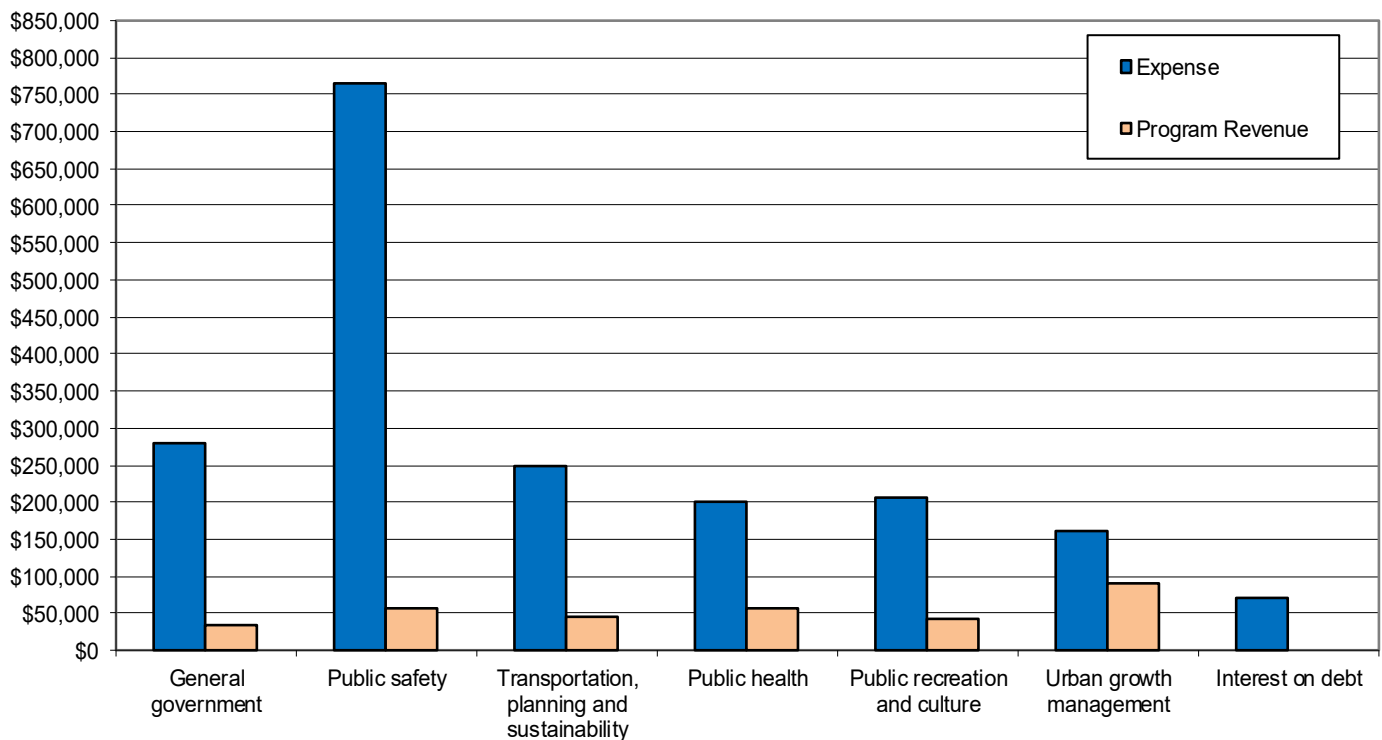
**c -- Program revenues and expenses -- governmental activities**

Governmental activities increased the City’s net position by \$48.3 million in fiscal year 2022, a 6.1% increase of governmental net position from the previous year. The primary reason for the change in net position is due to increased revenue as a result of improved economic activity as local businesses return to normal operations. Additional factors that contributed to the change from fiscal year 2021 to 2022 are as follows:

- Property tax revenues increased \$40.8 million primarily due to an increase in assessed property values.
- Sales tax increased \$59.8 million due to Austin’s population and economic growth, coupled with the continued recovery from COVID-19 restrictions.
- Franchise fees and gross receipts tax increased \$85.9 million due to the rebound of tourist activity following the pandemic.
- Public safety expenses decreased by \$87.0 million mainly due to a \$54.5 million decrease in the police pension expense.
- Urban growth management expenses decreased by \$79.7 million, which corresponded with a reduction in operating grants and contributions of \$76.7 million, due to a decrease in the Emergency Rental Assistance (ERA) federal assistance of \$46.6 million and Coronavirus Aid, Relief, and Economic Security (CARES) Act assistance of \$19.1 million.

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.

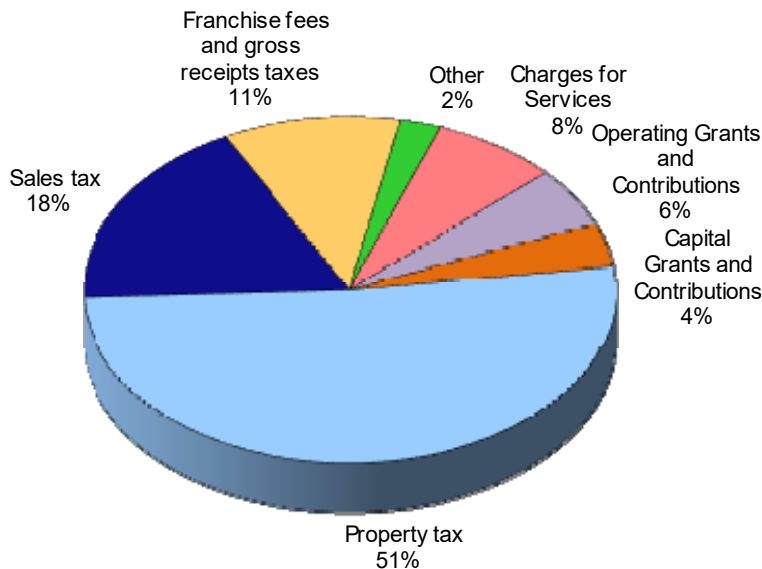
**Government-wide Program Expenses and Revenues – Governmental Activities  
(in thousands)**



**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 operating grants and contributions.

**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 \$178.0 million, accounting for a 5.5% increase in the City’s total net position. Key factors include:

- Austin Energy net position decreased \$20.8 million. This decrease can be attributed to lower base revenue due to the timing of base rate increases.
- Austin Water net position increased approximately \$69.9 million. Revenues increased 13.4% due to the record heat in the summer of 2022 which resulted in higher than anticipated water demand. Expenses increased 28.7% mainly due to a regulatory accounting adjustment for costs recovered in future years.
- Airport net position increased approximately \$81.0 million. Revenue increased 48.7% due to a 95% increase in passenger traffic, resulting in an increase in most revenue streams. Expenses increased 12.4%, due to an increase in operating and maintenance expenses as a result of increased passenger traffic.
- Convention Center net position increased approximately \$62.6 million. Revenues increased 395% due to an increase in the number of events that occurred in fiscal year 2022 compared to fiscal year 2021. As a result of the increase in events, revenues from food and beverage concessions, parking fees, and utility service increased. Expenses increased 13.5% 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, as well as a one-time service incentive enhancement.
- Environmental and health services is comprised of the Austin Resource Recovery nonmajor enterprise fund. Net position decreased approximately \$6.1 million. Revenues increased 7.3% due mainly to an increase in the base fee for residential accounts and customer growth. Expenses decreased 6.1% primarily due to a decrease in landfill closure expenses of \$8.4 million from prior year related to an increase in the landfill post closure liability.

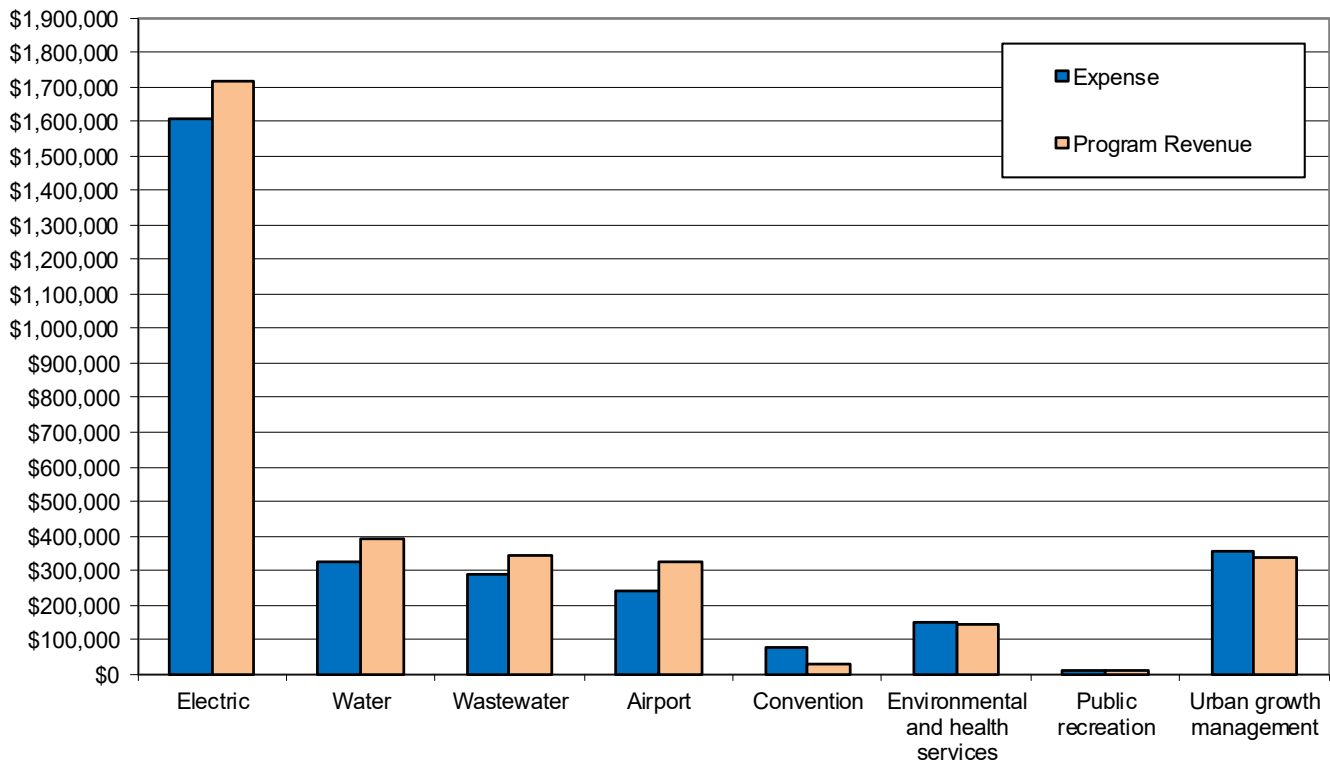


**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**  
**d -- Program revenues and expenses -- business-type activities, continued**

- 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 \$9.3 million.
  - Development Services revenues increased by 11.1%, primarily as a result of increased revenues generated from review, permitting, and inspections associated with residential and commercial development. Expenditures increased 11.1% overall, due to the addition of 21 positions, wage adjustments, and a one-time service incentive enhancement.
  - Drainage revenues decreased 4.9% primarily due to a decrease in contributions of \$12.0 million from prior year related to an decrease in land acquisition. Expenses decreased 0.8% due to the completion of Phase I of the Waterloo Greenway project.
  - Transportation revenues increased 18.2% due to increases in existing fees and adoption of new fees established in fiscal year 2022 for commercial vehicle and right-of-way permits. Expenditures increased 6.7% overall with the primary drivers being an addition of 70 positions, and an increase in wages and commodities.

As shown in the following chart, Austin Energy (electric), with expenses of \$1.6 billion is the City’s largest business-type activity, followed by urban growth management with \$353.6 million, water with \$323.8 million, wastewater with \$290.5 million, airport with \$239.7 million, environmental and health services with \$146.4 million, convention with \$74.8 million, and public recreation with \$10.7 million. For the fiscal year, expenses exceeded revenues for convention, environmental and health services, and urban growth management activities.

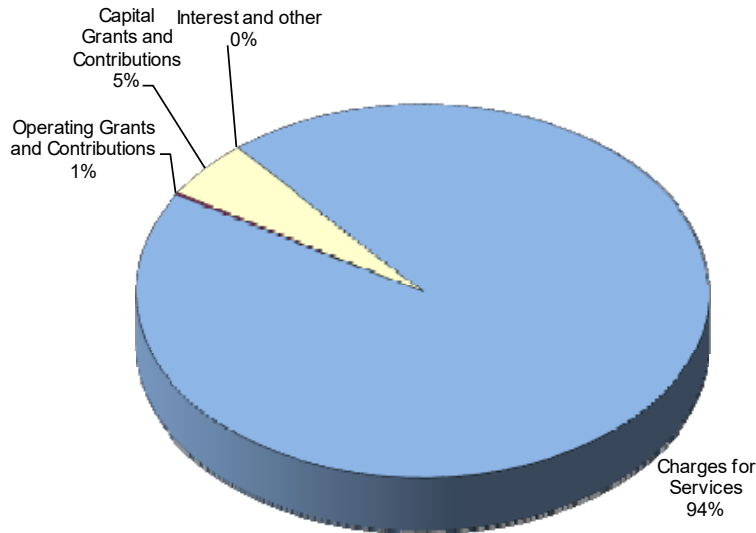
**Government-wide Expenses and Program Revenues -- Business-type Activities**  
**(Excludes General Revenues and Transfers)**  
**(in thousands)**



**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, operating grants and contributions, and interest and other revenues.

**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 \$710.3 million, an increase of \$151.0 million from the previous year. Approximately \$4.1 million is nonspendable, \$355.1 million is restricted, \$79.5 million is committed, \$273.6 million is assigned, and a deficit of \$1.9 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 \$3.0 million, assigned fund balance of \$150.1 million, and unassigned fund balance of \$188.7 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 15.9% of total General Fund expenditures of \$1.2 billion, and total fund balance represents 28.8% 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 \$113.4 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 \$68.7 million during the fiscal year. Significant differences from the previous year include:

- Property tax revenues increased \$23.3 million due primarily to an increase in assessed property values.
- Sales tax revenue increased \$59.8 million due to Austin's population and economic growth and revival of activity from the pandemic.
- General government expenditures decreased by \$23.6 million primarily due to a decrease in COVID-19 response expense transfers of \$44.1 million, offset by an increase in expenses of \$18.8 million related to information technology, wireless communications, and other support services.
- Public safety expenditures increased \$45.0 million primarily due to an increase in salaries and fringe benefits of \$25.6 million, which was mostly driven by higher overtime pay due to staffing shortages and one-time service enhancement payouts intended to help with employee retention and reduce turnover rates.
- Public recreation and culture expenditures increased by \$18.5 million primarily due to the increase in salaries of \$8.2 million as activities and programs resumed after being suspended due to COVID-19 restrictions. Additionally, the reopening of facilities increased overall operational expenditures by \$5.9 million.

**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 \$178.0 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 2022, an amendment to the Neighborhood Housing – Housing Trust fund increased transfers out by \$7,032,952 to support the Capital – Housing Trust fund.

During the year, actual-budget basis revenues were \$92.7 million more than budgeted. Property taxes were \$1.7 million more than budgeted due to an increase in overall assessed property values. Sales taxes were \$62.7 million more than budgeted due to Austin's population and economic growth, coupled with the COVID-19 recovery. Franchise fees were \$3.2 million more than budgeted due to an increase in the price of natural gas. Interest revenues were \$2.1 million more than budgeted due to rising interest rates, whereas other revenues were \$19.7 million more than budgeted due to higher than anticipated collections related to the Plaza Saltillo and North Burnet Gateway Housing Density Bonus Programs, coupled with FEMA reimbursements for COVID-19 vaccination, testing, and other related expenses.

Actual-budget basis expenditures were \$3.1 million more than budgeted. Most departments were under budget except for EMS, which was over budget by \$2.3 million, Fire, which was over budget by \$1.8 million, and General City Responsibilities, which was over budget by \$30.5 million. General City Responsibilities exceeded budget due to the ongoing COVID-19 response, whereas EMS and Fire exceeded budget due to increased overtime and call back pay as a result of staffing shortages. Police was under budget \$7.2 million due to higher-than-expected reimbursed overtime from outside entities coupled with lower wages as the department continues to struggle with high police officer turnover. Austin Public Health was under budget \$4.0 million as resources were shifted from on-going programs to the COVID-19 response. Housing and Planning was under budget \$3.8 million due to projects that were budgeted in fiscal year 2022 but will be completed at a later date. Other Urban Growth Management was under budget by \$8.7 million due to the postponement of various programs as a result of staff vacancies. The total budget-basis fund balance at year-end was \$256.5 million.

**OTHER INFORMATION, continued**

**b -- Capital assets**

The City's capital assets for governmental and business-type activities as of September 30, 2022, total \$13.2 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, plant held for future use, and intangible right-to-use lease assets. The total increase in the City's capital assets for the current fiscal year was \$292.8 million, with an increase of 4.2% for governmental activities and an increase of 1.5% 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:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
	Building and improvements	\$ 928	917	2,324	2,261	3,252
Plant and equipment	82	88	2,595	2,557	2,677	2,645
Vehicles	75	77	100	103	175	180
Electric plant	--	--	2,334	2,429	2,334	2,429
Non-electric plant	--	--	241	167	241	167
Nuclear fuel	--	--	54	51	54	51
Water rights	--	--	77	78	77	78
Infrastructure	1,741	1,717	--	--	1,741	1,717
Land and improvements	540	483	815	811	1,355	1,294
Construction in progress	291	222	816	747	1,107	969
Plant held for future use	--	--	23	23	23	23
Intangible right-to-use lease assets	111	112	57	69	168	181
Other assets not depreciated	30	30	6	6	36	36
<b>Total net capital assets</b>	<b>\$ 3,798</b>	<b>3,646</b>	<b>9,442</b>	<b>9,302</b>	<b>13,240</b>	<b>12,948</b>

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

- Governmental capital assets increased \$152.6 million primarily due to additions of new facilities and improvements to existing facilities. Significant additions and improvements include acquisitions of parkland, pedestrian and cycling facility improvements, and street reconstructions funded by 2012, 2016, and 2018 bond programs. During the fiscal year, the City acquired land and improvements for the Austin Police Department mounted patrol unit. Additionally, the City closed on the purchase of a hotel to use as a shelter for family violence victims.
- Business-type activities purchased, constructed, or received capital asset contributions of \$140.2 million. Asset additions included ongoing installation of advanced water metering infrastructure, improvements to the Walnut Creek Wastewater Treatment Plant, completion of an updated data center for IT services, and airfield electrical and pavement improvements at the Airport. Additionally, Austin Convention Center is constructing a new 70,000 square foot warehouse and marshalling yard.

**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.

<b>Outstanding Debt</b>						
<b>General Obligation and Revenue Debt</b>						
<b>(in millions)</b>						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
General obligation bonds and other tax supported debt, net	\$ 1,595	1,527	60	71	1,655	1,598
Commercial paper notes, net	--	--	260	179	260	179
Revenue bonds, net	--	--	5,709	5,461	5,709	5,461
Revenue notes from direct placements, net	--	--	256	198	256	198
Financed purchase obligations	16	21	--	--	16	21
<b>Total</b>	<b>\$ 1,611</b>	<b>1,548</b>	<b>6,285</b>	<b>5,909</b>	<b>7,896</b>	<b>7,457</b>

During fiscal year 2022, the City's total outstanding debt increased by \$438.7 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 \$62.7 million. The resulting net increase is a combination of the issuance of \$318.6 million in new debt to be used primarily for facility improvements, water quality protection, streets and mobility, new fire stations, park improvements, capital equipment, Waller Creek Tunnel and Waller Creek District, and affordable housing, offset by the refunding portion of the issuance of \$107.9 million debt payments during the year, and the cash defeasance of \$570,000 of Public Improvement Refunding bonds.
- Outstanding debt for business-type activities increased by \$376.0 million. The City issued \$216.4 million in Water and Wastewater System revenue refunding bonds to refund commercial paper and revenue bond debt, and \$71.1 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 the cash defeasance of \$73.7 million in Water and Wastewater separate lien revenue bonds. Additionally, the City issued \$416.1 million of Airport System Revenue bonds for design and constructing improvements to Austin-Bergstrom International Airport.

During the year, the rating for the City's Austin Energy separate lien revenue bonds was downgraded by Fitch Ratings, Inc. and S&P Global Ratings from AA to AA-, and the rating for the City's Airport system revenue bonds received a favorable rating upgrade from S&P Global Ratings from A to A+. All other bond ratings were unchanged. Ratings of the City's obligations for various debt instruments at September 30, 2022 and 2021 were as follows:

<b>Debt</b>	<b>Moody's Investors</b>					
	<b>Service, Inc.</b>		<b>S&amp;P Global Ratings</b>		<b>Fitch Ratings, Inc.</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
General obligation bonds and other tax supported debt	Aa1	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**

Compared to the challenges faced in the prior two fiscal years, 2022 was a notably calmer year and gave the City a chance not only to rebuild- socially, economically, and financially – but to use lessons learned to respond to the weather and health events that occurred during the year. Many of the activities and events that were curtailed or cancelled during the pandemic returned and brought a significant economic boost.

Despite economic concerns, the Austin economy is expected to fare better than the nation and the state if a recession does occur. The Austin area gained 50,900 jobs from December 2021 through December 2022 with the greatest number in the leisure and hospitality and professional and business services sectors. As of December 2022, the unemployment rate for the Austin-Round Rock MSA was 2.7%, while the state unemployment rate was 3.6% and the national unemployment rate was 3.3%.

After two years of record-breaking sales, the residential market has begun to stabilize, offering buyers greater opportunity as inventory increases. Compared to 2021, the Austin metro residential market experienced an 18.3% decrease in sales and a deceleration in the growth of home prices which is the result of an increase in interest rates. Sales tax revenue increased 21.2% from the previous year, indicating the strength of the local economy. Overall, Austin is seen as well-positioned for the future and is anticipated to keep growing. The City's diverse ecosystem and "hub magnet quality" have drawn both tech companies and talent which will attract both established companies and start-ups alike.

Development of the City's fiscal year 2023 budget remained a process true to City management's unwavering commitment to openness, transparency, and public engagement. The overriding goal of the 2023 budget process was to maintain the "meat and potatoes" of City operations. This was made possible with a strong local economy and long-time fiscal prudence which enabled the City not only to avoid employee furloughs, but to use federal funding awards to improve investments in public health and safety, economic recovery and transformational community projects. 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 GO bond rating had no changes in 2022, although there were changes in the ratings for two of the enterprise departments. S&P Global Ratings raised the Austin Bergstrom International Airport's long-term rating to 'A+' from 'A', as a result of the continued robust air travel demand supported by an expanding and vibrant service area economy. Austin Energy saw a downgrade in ratings. Both S&P Global Ratings and Fitch, Inc. lowered AE's utility system revenue debt from 'AA' to 'AA-' with a stable ratings outlook, reflecting AE's elevated leverage which has been increasing during the past three years.

Growth of taxable property values within the City increased by 21.6% in 2022 for fiscal year 2023. The property tax rate for fiscal year 2023 is 46.27 cents per \$100 valuation, down from 54.10 cents per \$100 valuation in 2022. The tax rate consists of 36.69 cents for the General Fund and Project Connect, and 9.58 cents for debt service. The change in rates, fees, and property tax for the typical City ratepayer is \$169.68 based on the increases to rates and fees for Austin Energy, Austin Resource Recovery and the Transportation User Fee. There are no changes to the Drainage Utility Fee, or Austin Water rates.

**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, 2022**  
(In thousands)

City of Austin, Texas  
Exhibit A-1

	Governmental Activities	Business-type Activities	Total (†)	Component Units
<b>ASSETS</b>				
Current assets:				
Cash	\$ 46	51	97	--
Pooled investments and cash	711,866	808,795	1,520,661	6,860
Pooled investments and cash - restricted	--	238,298	238,298	--
Total pooled investments and cash	711,866	1,047,093	1,758,959	6,860
Investments - restricted	29,658	223,191	252,849	--
Cash held by trustee	--	6,243	6,243	--
Cash held by trustee - restricted	6,510	4,988	11,498	--
Working capital advances	--	4,258	4,258	--
Property taxes receivable, net of allowance \$5,774	10,649	--	10,649	--
Accounts receivable, net of allowance \$438,417	133,463	275,582	409,045	3,329
Interest receivable	3,850	2,056	5,906	--
Receivables from other governments	38,963	59	39,022	--
Receivables from other governments - restricted	--	16,423	16,423	2,364
Leases receivable	721	21,783	22,504	--
Notes receivable, net of allowance \$30,700	46,236	--	46,236	--
Inventories, at cost	3,347	98,882	102,229	239
Internal balances	(100,031)	100,031	--	--
Real property held for resale	4,177	--	4,177	--
Regulatory assets, net of accumulated amortization	--	55,557	55,557	--
Prepaid expenses	15,309	33,683	48,992	829
Other receivables - restricted	--	5,690	5,690	--
Other assets	4,219	7,162	11,381	--
Total current assets	908,983	1,902,732	2,811,715	13,621
Noncurrent assets:				
Cash - restricted	--	4,770	4,770	--
Pooled investments and cash - restricted	348,518	1,291,070	1,639,588	--
Due from component units - restricted	--	825	825	--
Investments	--	--	--	291,338
Investments - restricted	--	419,236	419,236	35,422
Investments held by trustee - restricted	8,234	288,261	296,495	--
Cash held by trustee - restricted	970	4,446	5,416	6,539
Interest receivable - restricted	--	1,328	1,328	--
Leases receivable	54,174	122,029	176,203	--
Depreciable capital assets, net	2,826,029	7,724,390	10,550,419	191,831
Nondepreciable capital assets	861,261	1,660,405	2,521,666	91,099
Intangible right-to-use lease assets, net	111,107	57,089	168,196	--
Regulatory assets, net of accumulated amortization	--	1,734,022	1,734,022	--
Other receivables - restricted	--	10,461	10,461	--
Other long-term assets	126,433	24,757	151,190	32
Other long-term assets - restricted	--	16,886	16,886	--
Total noncurrent assets	4,336,726	13,359,975	17,696,701	616,261
<b>Total assets</b>	<b>5,245,709</b>	<b>15,262,707</b>	<b>20,508,416</b>	<b>629,882</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,478,761</b>	<b>1,078,108</b>	<b>2,556,869</b>	<b>11,605</b>

(†) 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, 2022**  
(In thousands)

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

	Governmental Activities	Business-type Activities	Total (†)	Component Units
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 80,844	146,336	227,180	8,233
Accounts and retainage payable from restricted assets	14,263	60,536	74,799	--
Accrued payroll	16,989	12,002	28,991	288
Accrued compensated absences	81,553	39,899	121,452	--
Claims payable	34,290	1,400	35,690	--
Due to other governments	--	4,344	4,344	--
Accrued interest payable from restricted assets	2	91,138	91,140	4,706
Interest payable on other debt	2,979	776	3,755	--
Bonds payable	90,419	7,061	97,480	10,670
Bonds payable from restricted assets	31,638	210,180	241,818	--
Leases payable	14,205	11,650	25,855	--
Other postemployment benefits liability	37,249	26,512	63,761	--
Financed purchase obligations	5,417	--	5,417	--
Customer and escrow deposits payable from restricted assets	88,077	157,249	245,326	--
Accrued landfill closure and postclosure costs	--	1,060	1,060	--
Other liabilities	203,050	12,484	215,534	31,998
Other liabilities payable from restricted assets	--	551	551	--
<b>Total current liabilities</b>	<b>700,975</b>	<b>783,178</b>	<b>1,484,153</b>	<b>55,895</b>
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	59,613	66	59,679	--
Claims payable	38,408	2,218	40,626	--
Commercial paper notes payable, net of discount	--	260,500	260,500	--
Bonds payable, net of discount and inclusive of premium	1,473,045	5,807,566	7,280,611	217,278
Leases payable	97,609	42,765	140,374	--
Net pension liability	1,204,363	818,825	2,023,188	--
Other postemployment benefits liability	2,447,910	1,742,284	4,190,194	--
Financed purchase obligations	10,406	--	10,406	--
Accrued landfill closure and postclosure costs	--	18,369	18,369	--
Asset retirement obligations	518	473,612	474,130	--
Derivative instruments - interest rate swaps	--	3,692	3,692	--
Other liabilities	14,136	13,049	27,185	6,287
Other liabilities payable from restricted assets	--	5,156	5,156	--
<b>Total noncurrent liabilities</b>	<b>5,346,008</b>	<b>9,188,102</b>	<b>14,534,110</b>	<b>223,565</b>
<b>Total liabilities</b>	<b>6,046,983</b>	<b>9,971,280</b>	<b>16,018,263</b>	<b>279,460</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	1,421,611	2,165,987	3,587,598	842
<b>NET POSITION</b>				
Net investment in capital assets	2,332,283	2,441,596	4,773,879	70,753
Restricted for:				
Bond reserve	--	54,065	54,065	--
Capital projects	143,182	595,443	738,625	--
Debt service	31,130	132,091	163,221	22,219
Housing activities	38,981	--	38,981	65,000
Operating reserve	--	79,842	79,842	--
Passenger facility charges	--	84,772	84,772	--
Perpetual care:				
Nonexpendable	1,070	--	1,070	--
Public safety activities	14,043	--	14,043	--
Capital reserve	--	79,318	79,318	--
Contingency reserve	--	104,160	104,160	--
Power supply stabilization reserve	--	106,627	106,627	--
Tourism	76,329	--	76,329	--
Urban growth programs	29,560	--	29,560	--
Other purposes	6,819	--	6,819	--
Unrestricted (deficit)	(3,417,521)	525,634	(2,891,887)	203,213
<b>Total net position</b>	<b>\$ (744,124)</b>	<b>4,203,548</b>	<b>3,459,424</b>	<b>361,185</b>

(†) 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, 2022**  
(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	\$ 279,333	30,247	90	5,379	(243,617)	--	(243,617)	--
Public safety	766,390	47,671	7,958	92	(710,669)	--	(710,669)	--
Transportation, planning, and sustainability	247,850	1,440	2,150	43,181	(201,079)	--	(201,079)	--
Public health	200,004	12,649	45,695	10	(141,650)	--	(141,650)	--
Public recreation and culture	206,004	16,789	754	26,721	(161,740)	--	(161,740)	--
Urban growth management	162,493	37,943	49,254	2,444	(72,852)	--	(72,852)	--
Interest on debt	70,858	--	--	--	(70,858)	--	(70,858)	--
Total governmental activities	1,932,932	146,739	105,901	77,827	(1,602,465)	--	(1,602,465)	--
Business-type activities								
Electric	1,605,171	1,676,308	81	40,887	--	112,105	112,105	--
Water	323,833	337,719	263	54,649	--	68,798	68,798	--
Wastewater	290,506	288,210	5,908	51,129	--	54,741	54,741	--
Airport	239,651	272,478	44,427	8,110	--	85,364	85,364	--
Convention	74,831	29,693	99	--	--	(45,039)	(45,039)	--
Environmental and health services	146,379	140,348	76	760	--	(5,195)	(5,195)	--
Public recreation	10,663	10,655	--	258	--	250	250	--
Urban growth management	353,553	329,581	5	9,856	--	(14,111)	(14,111)	--
Total business-type activities	3,044,587	3,084,992	50,859	165,649	--	256,913	256,913	--
Total primary government	\$ 4,977,519	3,231,731	156,760	243,476	(1,602,465)	256,913	(1,345,552)	--
Component Units	93,558	40,503	51,299	139,604	--	--	--	137,848
General revenues:								
Property tax					978,108	--	978,108	--
Sales tax					341,620	--	341,620	--
Franchise fees and gross receipts tax					205,978	--	205,978	--
Intergovernmental					19,833	--	19,833	--
Interest and other income (loss)					47,175	(20,844)	26,331	4
Transfers-internal activities					58,107	(58,107)	--	--
Total general revenues and transfers					1,650,821	(78,951)	1,571,870	4
Net change in net position, before special and extraordinary items					48,356	177,962	226,318	137,852
Beginning net position					(792,480)	4,025,586	3,233,106	223,333
Ending net position					\$ (744,124)	4,203,548	3,459,424	361,185

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



**Governmental Funds  
Balance Sheet  
September 30, 2022  
(In thousands)**

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

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash	\$ 37	--	37
Pooled investments and cash	295,474	519,063	814,537
Investments - restricted	--	29,658	29,658
Cash held by trustee - restricted	--	6,670	6,670
Investments held by trustee - restricted	--	8,234	8,234
Property taxes receivable, net of allowance	8,253	2,396	10,649
Accounts receivable, net of allowance	87,007	43,795	130,802
Interest receivable	1,983	1,678	3,661
Receivables from other governments	2	38,526	38,528
Leases receivable	7,163	5,577	12,740
Notes receivable, net of allowance	157	46,079	46,236
Due from other funds	--	176,605	176,605
Advances to other funds	--	14,760	14,760
Real property held for resale	--	4,177	4,177
Prepaid items	3,000	--	3,000
Other assets	--	4,219	4,219
<b>Total assets</b>	<b>403,076</b>	<b>901,437</b>	<b>1,304,513</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	24,846	44,441	69,287
Accrued payroll	13,033	201	13,234
Accrued compensated absences	1,265	--	1,265
Due to other funds	6	176,599	176,605
Unearned revenue	--	165,945	165,945
Advances from other funds	--	14,673	14,673
Deposits and other liabilities	2,894	120,482	123,376
<b>Total liabilities</b>	<b>42,044</b>	<b>522,341</b>	<b>564,385</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>19,197</b>	<b>10,603</b>	<b>29,800</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	3,000	--	3,000
Permanent funds	--	1,070	1,070
Restricted	--	355,070	355,070
Committed	--	79,492	79,492
Assigned	150,130	123,449	273,579
Unassigned	188,705	(190,588)	(1,883)
<b>Total fund balances</b>	<b>341,835</b>	<b>368,493</b>	<b>710,328</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 403,076</b>	<b>901,437</b>	<b>1,304,513</b>

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, 2022**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit B-1.1**

Total fund balances - Governmental funds \$ 710,328

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	5,979,968	
Less: accumulated depreciation	(2,356,742)	
Intangible right-to-use lease assets, net	<u>66,996</u>	
		3,690,222

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

Other assets		126,433
--------------	--	---------

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

Pensions	732,494	
Other postemployment benefits	736,903	
Loss on debt refundings	<u>9,235</u>	
		1,478,632

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

Compensated absences	(127,118)	
Interest payable	(2,904)	
Bonds and other tax supported debt payable, net	(1,594,002)	
Leases payable	(67,715)	
Net pension liability	(1,204,363)	
Other postemployment benefits	(2,485,159)	
Financed purchase obligations	(13,708)	
Other liabilities	<u>(14,409)</u>	
		(5,509,378)

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

Unavailable revenue		
Property taxes and interest	10,789	
Accounts and other taxes receivable	6,385	
Pensions	(943,411)	
Other postemployment benefits	(293,670)	
Deferred gain on service concession agreement	(28,900)	
Deferred gain on public-private partnership arrangement	<u>(101,106)</u>	
		(1,349,913)

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.

109,552

Total net position - Governmental activities		<u><u>\$ (744,124)</u></u>
--	--	----------------------------

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, 2022**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit B-2**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Property taxes	\$ 590,297	387,181	977,478
Sales taxes	341,620	--	341,620
Franchise fees and other taxes	46,455	159,523	205,978
Fines, forfeitures and penalties	5,039	2,759	7,798
Licenses, permits and inspections	19,044	5,676	24,720
Charges for services/goods	68,268	25,399	93,667
Intergovernmental	--	125,196	125,196
Property owners' participation and contributions	--	30,076	30,076
Lease revenue	156	283	439
Interest and other income (loss)	34,449	13,943	48,392
<b>Total revenues</b>	<b>1,105,328</b>	<b>750,036</b>	<b>1,855,364</b>
<b>EXPENDITURES</b>			
Current:			
General government	227,422	702	228,124
Public safety	664,389	7,881	672,270
Transportation, planning, and sustainability	--	160,371	160,371
Public health	104,700	65,309	170,009
Public recreation and culture	146,175	1,544	147,719
Urban growth management	38,570	121,745	160,315
Debt service:			
Principal	--	161,151	161,151
Interest	--	69,163	69,163
Fees and commissions	--	32	32
Lease financing principal	5,978	--	5,978
Capital outlay-capital project funds	--	274,406	274,406
<b>Total expenditures</b>	<b>1,187,234</b>	<b>862,304</b>	<b>2,049,538</b>
Deficiency of revenues under expenditures	(81,906)	(112,268)	(194,174)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of tax supported debt	--	225,154	225,154
Issuance of refunding bonds	--	89,625	89,625
Bond premiums	--	47,082	47,082
Payment to refunding bond escrow agent	--	(104,026)	(104,026)
Lease proceeds	13,010	--	13,010
Transfers in	179,878	121,254	301,132
Transfers out	(42,249)	(184,598)	(226,847)
<b>Total other financing sources (uses)</b>	<b>150,639</b>	<b>194,491</b>	<b>345,130</b>
Net change in fund balances	68,733	82,223	150,956
Fund balances at beginning of year	273,102	286,270	559,372
<b>Fund balances at end of year</b>	<b>\$ 341,835</b>	<b>368,493</b>	<b>710,328</b>

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, 2022**  
**(In thousands)**

City of Austin, Texas  
Exhibit B-2.1

Net change in fund balances - Governmental funds \$ 150,956

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	274,406	
Capital outlay-other funds	49,492	
Depreciation expense	(149,509)	
Amortization expense	(6,698)	
Loss on disposal of capital assets	(676)	
Capital asset transfers to business-type activities, net	(5,169)	
Other asset adjustments	<u>(28,368)</u>	133,478

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	630	
Charges for services	1,187	
Capital asset contributions	<u>47,707</u>	49,524

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	(225,154)	
Principal repayment on long-term debt	161,151	
Issuance of refunding bonds	(89,625)	
Bond premiums	(47,082)	
Payment to refunding bond escrow agent	104,026	
Lease proceeds	(13,010)	
Lease principal payments	<u>5,978</u>	(103,716)

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	(388)	
Pensions	9,580	
Other postemployment benefits	(210,763)	
Interest and other	<u>30,019</u>	(171,552)

A portion of the net revenue (expense) of the internal service funds is reported with the governmental activities. (10,334)

Change in net position - Governmental activities \$ 48,356

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

**Proprietary Funds**  
**Statement of Net Position**  
**September 30, 2022**  
(In thousands)

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water</b>	<b>Airport</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 16	5	3
Pooled investments and cash	165,713	250,063	21,346
Pooled investments and cash - restricted	135,258	66,879	20,389
Total pooled investments and cash	300,971	316,942	41,735
Investments - restricted	79,679	81,706	53,001
Cash held by trustee	--	6,243	--
Cash held by trustee - restricted	--	4,988	--
Working capital advances	4,258	--	--
Accounts receivable, net of allowance	169,090	72,648	1,593
Interest receivable	872	391	280
Receivables from other governments	--	59	--
Receivables from other governments - restricted	3,549	--	12,234
Leases receivable	--	204	21,162
Due from other funds	--	301	--
Inventories, at cost	89,065	2,180	2,567
Regulatory assets, net of accumulated amortization	55,557	--	--
Prepaid expenses	30,076	810	851
Other receivables - restricted	--	--	5,690
Other assets	6,000	102	942
Total current assets	739,133	486,579	140,058
Noncurrent assets:			
Cash - restricted	4,770	--	--
Pooled investments and cash - restricted	74,087	73,598	928,994
Advances to other funds	5,952	601	--
Advances to other funds - restricted	--	--	--
Due from component units - restricted	--	--	825
Investments - restricted	296,671	32,433	79,869
Investments held by trustee - restricted	242,998	45,263	--
Cash held by trustee - restricted	--	--	--
Interest receivable - restricted	184	62	928
Leases receivable	--	2,001	115,791
Depreciable capital assets, net	2,645,630	3,378,287	1,307,556
Nondepreciable capital assets	380,813	678,923	147,314
Intangible right-to-use lease assets, net	22,150	1,136	54
Regulatory assets, net of accumulated amortization	1,271,485	462,537	--
Other receivables - restricted	10,461	--	--
Other long-term assets	9,546	468	14,086
Other long-term assets - restricted	15	16,871	--
Total noncurrent assets	4,964,762	4,692,180	2,595,417
<b>Total assets</b>	<b>5,703,895</b>	<b>5,178,759</b>	<b>2,735,475</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	\$ 455,793	192,190	72,529

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

	<u>Business-Type Activities</u>		<u>Governmental Activities- Internal Service Funds</u>
	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
<b>ASSETS</b>			
Current assets:			
Cash	27	51	9
Pooled investments and cash	371,673	808,795	239,218
Pooled investments and cash - restricted	15,772	238,298	--
Total pooled investments and cash	<u>387,445</u>	<u>1,047,093</u>	<u>239,218</u>
Investments - restricted	8,805	223,191	--
Cash held by trustee	--	6,243	--
Cash held by trustee - restricted	--	4,988	810
Working capital advances	--	4,258	--
Accounts receivable, net of allowance	32,251	275,582	2,661
Interest receivable	513	2,056	189
Receivables from other governments	--	59	435
Receivables from other governments - restricted	640	16,423	--
Leases receivable	417	21,783	403
Due from other funds	--	301	3,741
Inventories, at cost	5,070	98,882	3,347
Regulatory assets, net of accumulated amortization	--	55,557	--
Prepaid expenses	1,946	33,683	12,309
Other receivables - restricted	--	5,690	--
Other assets	118	7,162	--
Total current assets	<u>437,232</u>	<u>1,803,002</u>	<u>263,122</u>
Noncurrent assets:			
Cash - restricted	--	4,770	--
Pooled investments and cash - restricted	214,391	1,291,070	6,629
Advances to other funds	79	6,632	--
Advances to other funds - restricted	26	26	--
Due from component units - restricted	--	825	--
Investments - restricted	10,263	419,236	--
Investments held by trustee - restricted	--	288,261	--
Cash held by trustee - restricted	4,446	4,446	--
Interest receivable - restricted	154	1,328	--
Leases receivable	4,237	122,029	41,752
Depreciable capital assets, net	392,917	7,724,390	60,705
Nondepreciable capital assets	453,355	1,660,405	3,359
Intangible right-to-use lease assets, net	33,749	57,089	44,111
Regulatory assets, net of accumulated amortization	--	1,734,022	--
Other receivables - restricted	--	10,461	--
Other long-term assets	657	24,757	--
Other long-term assets - restricted	--	16,886	--
Total noncurrent assets	<u>1,114,274</u>	<u>13,366,633</u>	<u>156,556</u>
<b>Total assets</b>	<u>1,551,506</u>	<u>15,169,635</u>	<u>419,678</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>357,596</u>	<u>1,078,108</u>	<u>129</u>

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

(Continued)

**Proprietary Funds  
Statement of Net Position  
September 30, 2022  
(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water</b>	<b>Airport</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 124,717	6,250	5,225
Accounts and retainage payable from restricted assets	14,719	31,533	11,565
Accrued payroll	4,263	2,383	835
Accrued compensated absences	14,708	7,384	3,112
Claims payable	1,308	92	--
Due to other funds	--	--	--
Due to other governments	4,337	--	7
Accrued interest payable from restricted assets	29,128	35,404	26,140
Accrued interest payable	255	76	--
Bonds payable	--	--	--
Bonds payable from restricted assets	80,233	88,352	31,725
Leases payable	8,294	211	36
Other postemployment benefits liability	7,843	5,362	2,270
Financed purchase obligations	--	--	--
Customer and escrow deposits payable from restricted assets	134,588	11,654	1,428
Accrued landfill closure and postclosure costs	--	--	--
Other liabilities	1,301	4,993	5,446
Other liabilities payable from restricted assets	551	--	--
Total current liabilities	<u>426,245</u>	<u>193,694</u>	<u>87,789</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	--	--	--
Claims payable	10	308	1,900
Advances from other funds	--	--	--
Advances from other funds payable from restricted assets	--	5,952	--
Commercial paper notes payable, net of discount	170,500	90,000	--
Bonds payable, net of discount and inclusive of premium	1,877,517	2,325,042	1,477,155
Leases payable	10,745	982	18
Net pension liability	299,688	159,306	56,329
Other postemployment benefits liability	515,394	352,396	149,171
Accrued landfill closure and postclosure costs	--	--	--
Asset retirement obligations	472,330	1,282	--
Derivative instruments - interest rate swaps	--	2,449	--
Other liabilities	12,654	--	395
Other liabilities payable from restricted assets	710	--	--
Total noncurrent liabilities	<u>3,359,548</u>	<u>2,937,717</u>	<u>1,684,968</u>
<b>Total liabilities</b>	<u>3,785,793</u>	<u>3,131,411</u>	<u>1,772,757</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 579,117</u>	<u>1,110,930</u>	<u>326,274</u>

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>	
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	10,144	146,336	25,820
Accounts and retainage payable from restricted assets	2,719	60,536	--
Accrued payroll	4,521	12,002	3,755
Accrued compensated absences	14,695	39,899	12,036
Claims payable	--	1,400	34,290
Due to other funds	301	301	3,741
Due to other governments	--	4,344	--
Accrued interest payable from restricted assets	466	91,138	2
Accrued interest payable	445	776	75
Bonds payable	7,061	7,061	123
Bonds payable from restricted assets	9,870	210,180	--
Leases payable	3,109	11,650	8,047
Other postemployment benefits liability	11,037	26,512	--
Financed purchase obligations	--	--	2,115
Customer and escrow deposits payable from restricted assets	9,579	157,249	721
Accrued landfill closure and postclosure costs	1,060	1,060	--
Other liabilities	744	12,484	812
Other liabilities payable from restricted assets	--	551	--
<b>Total current liabilities</b>	<b>75,751</b>	<b>783,479</b>	<b>91,537</b>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	66	66	747
Claims payable	--	2,218	38,408
Advances from other funds	793	793	--
Advances from other funds payable from restricted assets	--	5,952	--
Commercial paper notes payable, net of discount	--	260,500	--
Bonds payable, net of discount and inclusive of premium	127,852	5,807,566	977
Leases payable	31,020	42,765	36,052
Net pension liability	303,502	818,825	--
Other postemployment benefits liability	725,323	1,742,284	--
Accrued landfill closure and postclosure costs	18,369	18,369	--
Asset retirement obligations	--	473,612	518
Derivative instruments - interest rate swaps	1,243	3,692	--
Other liabilities	--	13,049	--
Other liabilities payable from restricted assets	4,446	5,156	--
<b>Total noncurrent liabilities</b>	<b>1,212,614</b>	<b>9,194,847</b>	<b>76,702</b>
<b>Total liabilities</b>	<b>1,288,365</b>	<b>9,978,326</b>	<b>168,239</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>149,666</b>	<b>2,165,987</b>	<b>41,898</b>

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

(Continued)

**Proprietary Funds  
Statement of Net Position  
September 30, 2022  
(In thousands)**

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	<u>Business-Type Activities</u>		
	<u>Austin Energy</u>	<u>Austin Water</u>	<u>Airport</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 565,769	774,011	396,046
Restricted for:			
Bond reserve	30,145	11,147	5,504
Capital projects	9,837	47,753	323,610
Debt service	50,551	46,302	26,861
Operating reserve	--	55,231	18,961
Passenger facility charges	--	--	84,772
Capital reserve	68,425	--	10,000
Contingency reserve	104,160	--	--
Power supply stabilization reserve	106,627	--	--
Unrestricted	859,264	194,164	(156,781)
<b>Total net position</b>	<u>\$ 1,794,778</u>	<u>1,128,608</u>	<u>708,973</u>
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	39,512	20,494	7,813
Total net position - Business-type activities	<u>\$ 1,834,290</u>	<u>1,149,102</u>	<u>716,786</u>

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>	
<b>NET POSITION</b>			
Net investment in capital assets	705,770	2,441,596	60,861
Restricted for:			
Bond reserve	7,269	54,065	--
Capital projects	214,243	595,443	6,629
Debt service	8,377	132,091	--
Operating reserve	5,650	79,842	--
Passenger facility charges	--	84,772	--
Capital reserve	893	79,318	--
Contingency reserve	--	104,160	--
Power supply stabilization reserve	--	106,627	--
Unrestricted	(471,131)	425,516	142,180
<b>Total net position</b>	<u>471,071</u>	<u>4,103,430</u>	<u>209,670</u>
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	32,299	100,118	
Total net position - Business-type activities	<u>503,370</u>	<u>4,203,548</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, 2022**  
**(In thousands)**

	<u>Business-Type Activities</u>		
	<u>Austin Energy</u>	<u>Austin Water</u>	<u>Airport</u>
<b>OPERATING REVENUES</b>			
Utility services	\$ 1,676,308	625,718	--
User fees and rentals	--	--	211,186
Billings to departments	--	--	--
Employee contributions	--	--	--
Lease revenue	--	211	20,567
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
<b>Total operating revenues</b>	<u>1,676,308</u>	<u>625,929</u>	<u>231,753</u>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	1,393,074	327,519	142,496
Depreciation and amortization	277,445	138,844	47,757
<b>Total operating expenses</b>	<u>1,670,519</u>	<u>466,363</u>	<u>190,253</u>
<b>Operating income (loss)</b>	<u>5,789</u>	<u>159,566</u>	<u>41,500</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other income (loss)	(11,195)	(1,808)	(4,264)
Interest on revenue bonds and other debt	(68,440)	(77,550)	(46,607)
Interest expense on leases	(240)	(13)	--
Passenger facility charges	--	--	40,725
Gain (loss) on in-substance defeasance	--	(1,327)	--
Cost (recovered) to be recovered in future years	120,973	(68,022)	--
Other nonoperating revenues (expenses)	12,064	5,646	41,730
<b>Total nonoperating revenues (expenses)</b>	<u>53,162</u>	<u>(143,074)</u>	<u>31,584</u>
<b>Income (loss) before contributions and transfers</b>	58,951	16,492	73,084
Capital contributions	40,918	105,778	8,110
Transfers in	1,606	75	--
Transfers out	(123,359)	(51,890)	(33)
<b>Change in net position</b>	<u>(21,884)</u>	<u>70,455</u>	<u>81,161</u>
<b>Beginning net position</b>	1,816,662	1,058,153	627,812
<b>Ending net position</b>	<u>\$ 1,794,778</u>	<u>1,128,608</u>	<u>708,973</u>
Reconciliation to government-wide Statement of Activities			
Change in net position	(21,884)	70,455	81,161
Adjustment to consolidate internal service activities	1,072	(539)	(130)
<b>Change in net position - Business-type activities</b>	<u>\$ (20,812)</u>	<u>69,916</u>	<u>81,031</u>

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



	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
<b>OPERATING REVENUES</b>			
Utility services	--	2,302,026	--
User fees and rentals	509,830	721,016	--
Billings to departments	--	--	538,257
Employee contributions	--	--	44,881
Lease revenue	447	21,225	721
Operating revenues from other governments	--	--	6,545
Other operating revenues	--	--	12,383
<b>Total operating revenues</b>	<b>510,277</b>	<b>3,044,267</b>	<b>602,787</b>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	545,221	2,408,310	578,198
Depreciation and amortization	33,301	497,347	21,633
<b>Total operating expenses</b>	<b>578,522</b>	<b>2,905,657</b>	<b>599,831</b>
<b>Operating income (loss)</b>	<b>(68,245)</b>	<b>138,610</b>	<b>2,956</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other income (loss)	(3,577)	(20,844)	(1,512)
Interest on revenue bonds and other debt	(4,854)	(197,451)	(31)
Interest expense on leases	(506)	(759)	(675)
Passenger facility charges	--	40,725	--
Gain (loss) on in-substance defeasance	41	(1,286)	--
Cost (recovered) to be recovered in future years	--	52,951	--
Other nonoperating revenues (expenses)	(1,702)	57,738	(248)
<b>Total nonoperating revenues (expenses)</b>	<b>(10,598)</b>	<b>(68,926)</b>	<b>(2,466)</b>
<b>Income (loss) before contributions and transfers</b>	<b>(78,843)</b>	<b>69,684</b>	<b>490</b>
Capital contributions	10,874	165,680	6,059
Transfers in	136,099	137,780	1,388
Transfers out	(20,453)	(195,735)	(17,718)
<b>Change in net position</b>	<b>47,677</b>	<b>177,409</b>	<b>(9,781)</b>
<b>Beginning net position</b>	<b>423,394</b>	<b>3,926,021</b>	<b>219,451</b>
<b>Ending net position</b>	<b>471,071</b>	<b>4,103,430</b>	<b>209,670</b>
Reconciliation to government-wide Statement of Activities			
Change in net position	47,677	177,409	
Adjustment to consolidate internal service activities	150	553	
<b>Change in net position - Business-type activities</b>	<b>47,827</b>	<b>177,962</b>	

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

**Proprietary Funds**  
**Statement of Cash Flows**  
**For the year ended September 30, 2022**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water</b>	<b>Airport</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 1,591,071	619,565	236,375
Cash received from other funds	29,726	9,155	--
Cash payments to suppliers for goods and services	(962,133)	(79,537)	(37,684)
Cash payments to other funds	(57,862)	(78,736)	(34,810)
Cash payments to employees for services	(251,086)	(139,673)	(52,209)
Cash payments to claimants/beneficiaries	(211)	(173)	--
Taxes collected and remitted to other governments	(42,236)	--	3
<b>Net cash provided by operating activities</b>	<b>307,269</b>	<b>330,601</b>	<b>111,675</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	1,588	75	--
Transfers out	(123,354)	(51,873)	(33)
Collections from other sources	--	9,903	--
Loan repayments to other funds	--	(75)	--
Loan repayments from other funds	--	301	1
Payments to component units	--	--	(2,189)
Payments from component units	--	--	525
Collections from other governments	2,995	1,987	35,913
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(118,771)</b>	<b>(39,682)</b>	<b>34,217</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from the sale of commercial paper notes	93,900	90,000	--
Proceeds from the sale of revenue bonds	--	71,100	416,060
Principal paid on long-term debt	(86,958)	(61,081)	(26,225)
Principal paid on leases	(14,848)	(104)	(36)
Proceeds from the sale of capital assets	1,080	--	--
Interest paid on revenue bonds and other debt	(81,581)	(100,339)	(47,439)
Interest paid on leases	(99)	(11)	--
Interest income from leases	--	8	1,418
Passenger facility charges	--	--	39,115
Acquisition and construction of capital assets	(238,267)	(217,915)	(42,770)
Contributions from state and federal governments	--	--	8,110
Contributions in aid of construction	52,246	38,881	--
Bond issuance costs	--	(1,696)	(2,661)
Bond premiums	--	52,071	38,459
Cash paid for bond defeasance	--	(76,832)	--
Bonds issued for advanced refundings of debt	--	217,150	--
Cash paid for bond refunding escrow	--	(174,466)	--
Cash paid to payoff commercial paper	--	(102,000)	--
Cash paid for nuclear fuel inventory	(22,497)	--	--
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(297,024)</b>	<b>(265,234)</b>	<b>384,031</b>

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

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	503,697	2,950,708	65,784
Cash received from other funds	4,136	43,017	541,998
Cash payments to suppliers for goods and services	(103,598)	(1,182,952)	(128,150)
Cash payments to other funds	(127,853)	(299,261)	(30,593)
Cash payments to employees for services	(241,721)	(684,689)	(226,213)
Cash payments to claimants/beneficiaries	--	(384)	(218,229)
Taxes collected and remitted to other governments	--	(42,233)	--
<b>Net cash provided by operating activities</b>	<b>34,661</b>	<b>784,206</b>	<b>4,597</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	136,099	137,762	1,200
Transfers out	(20,361)	(195,621)	(17,718)
Collections from other sources	983	10,886	--
Loan repayments to other funds	(301)	(376)	--
Loan repayments from other funds	5	307	--
Payments to component units	--	(2,189)	--
Payments from component units	--	525	--
Collections from other governments	261	41,156	--
<b>Net cash provided (used) by noncapital financing activities</b>	<b>116,686</b>	<b>(7,550)</b>	<b>(16,518)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from the sale of commercial paper notes	--	183,900	--
Proceeds from the sale of revenue bonds	--	487,160	--
Principal paid on long-term debt	(17,915)	(192,179)	(2,368)
Principal paid on leases	(2,741)	(17,729)	(4,786)
Proceeds from the sale of capital assets	--	1,080	--
Interest paid on revenue bonds and other debt	(5,673)	(235,032)	(34)
Interest paid on leases	(455)	(565)	(601)
Interest income from leases	59	1,485	730
Passenger facility charges	--	39,115	--
Acquisition and construction of capital assets	(56,900)	(555,852)	(6,729)
Contributions from state and federal governments	5,207	13,317	--
Contributions in aid of construction	9,436	100,563	--
Bond issuance costs	(3)	(4,360)	--
Bond premiums	747	91,277	--
Cash paid for bond defeasance	(581)	(77,413)	--
Bonds issued for advanced refundings of debt	3,068	220,218	--
Cash paid for bond refunding escrow	(3,811)	(178,277)	--
Cash paid to payoff commercial paper	--	(102,000)	--
Cash paid for nuclear fuel inventory	--	(22,497)	--
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(69,562)</b>	<b>(247,789)</b>	<b>(13,788)</b>

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

(Continued)

**Proprietary Funds**  
**Statement of Cash Flows**  
**For the year ended September 30, 2022**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Austin Energy</b>	<b>Austin Water</b>	<b>Airport</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investment securities	(404,868)	(285,001)	(103,364)
Proceeds from sale and maturities of investment securities	397,392	307,344	73,664
Interest income (loss) on investments	(2,474)	(2,746)	(7,040)
<b>Net cash provided (used) by investing activities</b>	<b>(9,950)</b>	<b>19,597</b>	<b>(36,740)</b>
Net increase (decrease) in cash and cash equivalents	(118,476)	45,282	493,183
Cash and cash equivalents, beginning	498,320	356,494	477,549
<b>Cash and cash equivalents, ending</b>	<b>\$ 379,844</b>	<b>401,776</b>	<b>970,732</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 5,789	159,566	41,500
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	277,445	138,844	47,757
Change in assets and liabilities:			
Increase in working capital advances	(1,571)	--	--
(Increase) decrease in accounts receivable	(17,403)	1,466	11,336
Increase in allowance for doubtful accounts	2,548	243	4
Decrease in receivables from other governments	--	--	--
Increase in leases receivable	--	(2,205)	(136,953)
Increase in due from other funds	--	--	--
Increase in inventory	(125)	(430)	(659)
(Increase) decrease in prepaid expenses and other assets	(70,598)	263	(157)
Decrease in other long-term assets	51,859	--	990
(Increase) decrease in deferred outflows	15,212	5,408	9,504
Increase in accounts payable	26,681	1,332	2,541
Decrease in accrued payroll and compensated absences	(7,238)	(3,677)	(1,077)
Increase (decrease) in claims payable	89	121	1,900
Increase in due to other funds	--	--	--
Increase (decrease) in customer deposits	80,035	1,286	13
Increase (decrease) in net pension liability	(7,855)	(1,673)	(4,789)
Increase (decrease) in other postemployment benefits liability	(7,020)	(3,426)	(8,940)
Increase (decrease) in other liabilities	14,707	--	451
Increase (decrease) in deferred inflows	(55,286)	33,483	148,254
<b>Total adjustments</b>	<b>301,480</b>	<b>171,035</b>	<b>70,175</b>
<b>Net cash provided by operating activities</b>	<b>\$ 307,269</b>	<b>330,601</b>	<b>111,675</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>			
Capital assets contributed from other funds	\$ --	--	--
Capital assets contributed to other funds	--	--	--
Contributed facilities	--	66,897	--
Increase in the fair value of investments	(13,677)	--	--
Amortization of bond premiums	14,048	25,275	11,300
Amortization of deferred loss on refundings	(2,028)	(4,025)	(2,902)
Gain (loss) on disposal of assets	(389)	(391)	--
Costs (recovered) to be recovered	120,973	(68,021)	--
Transfers from other funds	18	--	--
Transfers to other funds	(5)	(17)	--

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

(Continued)

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investment securities	(13,674)	(806,907)	--
Proceeds from sale and maturities of investment securities	13,111	791,511	--
Interest income (loss) on investments	(3,872)	(16,132)	(2,643)
<b>Net cash provided (used) by investing activities</b>	<b>(4,435)</b>	<b>(31,528)</b>	<b>(2,643)</b>
Net increase (decrease) in cash and cash equivalents	77,350	497,339	(28,352)
Cash and cash equivalents, beginning	528,959	1,861,322	275,018
<b>Cash and cash equivalents, ending</b>	<b>606,309</b>	<b>2,358,661</b>	<b>246,666</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	(68,245)	138,610	2,956
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	33,301	497,347	21,633
Change in assets and liabilities:			
Increase in working capital advances	--	(1,571)	--
(Increase) decrease in accounts receivable	(2,392)	(6,993)	1,496
Increase in allowance for doubtful accounts	1,052	3,847	--
Decrease in receivables from other governments	--	--	15
Increase in leases receivable	(4,655)	(143,813)	(41,826)
Increase in due from other funds	--	--	(3,741)
Increase in inventory	(422)	(1,636)	(380)
(Increase) decrease in prepaid expenses and other assets	(881)	(71,373)	(3,961)
Decrease in other long-term assets	215	53,064	41,569
(Increase) decrease in deferred outflows	(10,321)	19,803	--
Increase in accounts payable	2,070	32,624	6,688
Decrease in accrued payroll and compensated absences	(7,058)	(19,050)	(6,053)
Increase (decrease) in claims payable	--	2,110	(13,688)
Increase in due to other funds	--	--	3,741
Increase (decrease) in customer deposits	(108)	81,226	23
Increase (decrease) in net pension liability	1,667	(12,650)	--
Increase (decrease) in other postemployment benefits liability	11,820	(7,566)	--
Increase (decrease) in other liabilities	(1,000)	14,158	(3,875)
Increase (decrease) in deferred inflows	79,618	206,069	--
<b>Total adjustments</b>	<b>102,906</b>	<b>645,596</b>	<b>1,641</b>
<b>Net cash provided by operating activities</b>	<b>34,661</b>	<b>784,206</b>	<b>4,597</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>			
Capital assets contributed from other funds	38	38	6,059
Capital assets contributed to other funds	(677)	(677)	--
Contributed facilities	--	66,897	--
Increase in the fair value of investments	--	(13,677)	--
Amortization of bond premiums	1,397	52,020	32
Amortization of deferred loss on refundings	(664)	(9,619)	(10)
Gain (loss) on disposal of assets	(2,273)	(3,053)	272
Costs (recovered) to be recovered	--	52,952	--
Transfers from other funds	--	18	188
Transfers to other funds	(92)	(114)	--

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

**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**September 30, 2022**  
(In thousands)

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

	<u>Custodial</u>
<b>ASSETS</b>	
Pooled investments and cash	\$ 2,665
Other assets	<u>2</u>
<b>Total assets</b>	<u>2,667</u>
<b>LIABILITIES</b>	
Accounts payable	17
Due to other governments	<u>492</u>
<b>Total liabilities</b>	<u>509</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations and other governments	<u>2,158</u>
<b>Total net position</b>	<u>\$ 2,158</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, 2022**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit D-2**

	<u>Custodial</u>
<b>ADDITIONS</b>	
Contributions	\$ 20
Interest and other	14
Fees collected for other governments	1,936
Miscellaneous	<u>21</u>
<b>Total additions</b>	<u>1,991</u>
<b>DEDUCTIONS</b>	
Beneficiary payments	17
Payment of fees to other governments	1,936
Administrative expenses	<u>1</u>
<b>Total deductions</b>	<u>1,954</u>
<b>Change in net position</b>	37
<b>Beginning net position</b>	<u>2,121</u>
<b>Ending net position</b>	<u><u>\$ 2,158</u></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. 90, No. 92 and No. 93, No. 95, and No. 97 through No. 99. In fiscal year 2022, the City implemented the following GASB Statements:

GASB Statement	Impact
87 – "Leases"	This statement will better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The statement introduces a single lease model that defines a lease as a contract 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. A lessor recognizes a lease receivable and a deferred inflow of resources, and a lessee recognizes a lease payable and an intangible right-to-use lease asset. The adoption of GASB 87 resulted in a restatement to beginning balances of the right-to-use assets, leases payable, leases receivable, and deferred inflows of resources. For governmental activities, right-to-use assets and leases payable were restated by \$111.7 million, whereas leases receivable and deferred inflows of resources were restated by \$53.6 million. For business-type activities, right-to-use assets and leases payable were restated by \$68.6 million, whereas leases receivable and deferred inflows of resources were restated by \$156.6 million. The adaptation of GASB 87 had no impact on the beginning net position.
99 – "Omnibus 2022"	This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. Certain provisions in GASB 99 are effective upon issuance, while other provisions are effective for fiscal years beginning after June 15, 2022, or 2023. The City has implemented the provisions of Statement 99 that are effective upon issuance or determined that the provision had no impact on the financial statements. The City will evaluate the impact of the other provisions in the period in which they become effective.

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)	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 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.  Reporting Fund: Austin Housing Finance Corporation fund, a nonmajor special revenue fund
Austin Housing Public Facility Corporation (AHPFC)	AHPFC was created in March 2022 as a 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.  Reporting Fund: Austin Housing Public Facility Corporation fund, a nonmajor special revenue fund
Urban Renewal Agency (URA)	URA was created by the City under Chapter 374 of the Texas Local Government Code. The Mayor, with consent of the City Council, appoints the board of commissioners for this agency, whose primary responsibility is to oversee the implementation and compliance of urban renewal plans adopted by the City Council. An urban renewal plan's primary purpose is to eliminate slum and blighting influence within a designated area of 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.  Reporting Fund: Urban Renewal Agency fund, a nonmajor special revenue fund
Austin Industrial Development Corporation (AIDC)	AIDC was created under the Texas Development Corporation Act of 1979 to provide a means of extending tax-exempt financing to projects that are deemed to have substantial social benefit through the creation of commercial, industrial, and manufacturing enterprises, in order to promote and encourage employment in the City. City Council acts as the board of directors of the corporation. In addition, City management has operational responsibilities for this component unit.  Reporting Fund: Austin Industrial Development Corporation fund, a nonmajor special revenue fund

**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. 2<sup>nd</sup> 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**

Discretely Presented Component Units

Austin Transit Partnership Local  
Government Corporation (ATP)  
203 Colorado Street  
Austin, TX 78701

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

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.

Austin Travis County Sobriety Center  
Local Government Corporation (SCLGC)  
700 Lavaca Street  
Austin, TX 78701

SCLGC is a non-profit local government corporation created by the City and Travis County under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of SCLGC is to operate a sobriety center located within the City of Austin and Travis County. The City Council and the County each appoint five members of the SCLGC board. The operations of the Sobriety Center are primarily funded by the City. The SCLGC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City.

Waller Creek Local Government  
Corporation (WCLGC)  
124 W. 8<sup>th</sup> Street  
Austin, TX 78701

WCLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of WCLGC is implementing the financing, design, construction, maintenance and operation of certain public improvements located within or around the Waller Creek Redevelopment Project district. The WCLGC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City.

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

**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.

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**  
**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 1<sup>st</sup>, 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 27<sup>th</sup> 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. In order to assist the reader, the following information has been provided regarding significant components of receivable balances as of September 30, 2022 (in thousands):

	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
<b>Governmental activities</b>				
Charges for services	\$ 409,488	11	2,937	412,436
Fines	11,164	--	--	11,164
Taxes	67,162	38,860	--	106,022
Other governments	--	1,142	--	1,142
Other	--	6,024	--	6,024
Allowance for doubtful accounts	(400,807)	(2,242)	(276)	(403,325)
Total	<u>\$ 87,007</u>	<u>43,795</u>	<u>2,661</u>	<u>133,463</u>

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

	Austin Energy	Austin Water	Airport	Nonmajor Enterprise	Total
<b>Business-type activities</b>					
Accounts receivable	\$ 193,702	76,397	3,590	36,985	310,674
Allowance for doubtful accounts	(24,612)	(3,749)	(1,997)	(4,734)	(35,092)
Total	<u>\$ 169,090</u>	<u>72,648</u>	<u>1,593</u>	<u>32,251</u>	<u>275,582</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, which is determined as follows:

<u>Fund</u>	<u>Inventory Valuation Method</u>
Austin Energy	
Fuel oil – Distillate #2	Last-in, first-out
Other inventories	Average cost
All others	Average cost

Inventories for all funds are accounted for using the consumption method and expenditures are recorded when issued.

**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**

**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 and Austin Water report 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>					<b>Total Restricted Assets</b>
	<b>Governmental Activities</b>	<b>Austin Energy</b>	<b>Austin Water</b>	<b>Airport</b>	<b>Nonmajor Enterprise</b>	
Capital projects	\$ 27,733	25,196	131,113	814,967	218,991	1,218,000
Customer and escrow deposits	88,077	134,588	11,648	1,428	9,277	245,018
Debt service	31,638	79,679	81,706	79,699	8,806	281,528
Federal receivables	--	4,231	--	12,234	640	17,105
Housing activities	20,210	--	--	--	--	20,210
Operating reserve account	--	--	55,231	18,961	5,602	79,794
Passenger facility charge account	--	--	--	84,772	--	84,772
Perpetual care	1,070	--	--	--	--	1,070
Plant decommissioning	--	289,748	--	--	--	289,748
Public health activities	155,069	--	--	--	--	155,069
Public safety activities	3,990	--	--	--	--	3,990
Capital reserve	--	68,425	--	10,000	893	79,318
Revenue bond reserve	--	30,145	42,102	79,869	10,262	162,378
Revolving loan reserve	--	4,770	--	--	--	4,770
Contingency reserve	--	104,160	--	--	--	104,160
Power supply stabilization reserve	--	106,627	--	--	--	106,627
Tourism	42,005	--	--	--	--	42,005
Urban growth programs	10,820	--	--	--	--	10,820
Other purposes	13,278	103	--	--	--	13,381
<b>Total</b>	<b>\$ 393,890</b>	<b>847,672</b>	<b>321,800</b>	<b>1,101,930</b>	<b>254,471</b>	<b>2,919,763</b>

**Capital Assets** -- Capital assets, which primarily include land and improvements, buildings and improvements, plant and equipment, vehicles, water rights, lease right-to-use, 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.

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.



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

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	3-15	3-20	3-20	3-30
Electric plant	--	3-50	--	--	--
Non-electric plant	--	3-30	--	--	--
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 \$22.7 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 that do not currently require funding 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, interest, decommissioning, and pass-through rates, such as the Power Supply Adjustment charge, Community Benefit charge, and Regulatory charge. Regulatory Assets will be recovered in these 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 Austin Water and governmental activities construction projects. In addition, the receivable related to service concession arrangements for the Airport, a major enterprise fund, is recorded 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
<b>Asset Retirement Obligations (ARO)</b> -- When an ARO is recognized, a corresponding deferred outflow of resources is recognized and amortized over the remaining life of the corresponding tangible asset.				
Governmental Activities	\$ 107	--	--	--
Austin Energy	--	207,598	--	--
Austin Water	--	481	--	--
<b>Derivative Instruments</b> -- 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.				
Austin Water	--	2,449	--	--
Nonmajor Enterprise	--	1,243	--	--
<b>Excess consideration</b> -- 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	--	7,399	--	--
<b>Gain/loss on debt refundings</b> -- 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.				
Governmental Activities	9,257	--	--	--
Austin Energy	--	7,556	--	--
Austin Water	--	35,887	--	4,859
Airport	--	9,188	--	--
Nonmajor Enterprise	--	4,845	--	54
<b>Leases</b> -- 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	--	--	54,524	--
Austin Water	--	--	--	2,197
Airport	--	--	--	135,662
Nonmajor Enterprise	--	--	--	4,575
<b>Other postemployment benefits</b> -- 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.				
Governmental Activities	736,903	--	293,670	--
Austin Energy	--	159,409	--	58,366
Austin Water	--	109,677	--	39,259
Airport	--	48,432	--	19,051
Nonmajor Enterprise	--	259,079	--	82,267
<b>Pensions</b> -- 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.				
Governmental Activities	732,494	--	943,411	--
Austin Energy	--	73,831	--	61,464
Austin Water	--	43,696	--	34,147
Airport	--	14,909	--	13,671
Nonmajor Enterprise	--	92,429	--	61,093

(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
<b>Public-Private Partnership Arrangements</b> -- 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	--	--	101,106	--
<b>Regulated operations.</b> 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	--	--	--	459,287
Austin Water	--	--	--	1,030,468
<b>Service concession arrangements</b> -- The resources related to the service concession 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	--	--	28,900	--
Airport	--	--	--	157,890
Nonmajor Enterprise	--	--	--	1,677
<b>Total</b>	<b>\$ 1,478,761</b>	<b>1,078,108</b>	<b>1,421,611</b>	<b>2,165,987</b>
<b>Totals by Fund</b>				
Governmental Activities	\$ 1,478,761	--	1,421,611	--
Austin Energy	--	455,793	--	579,117
Austin Water	--	192,190	--	1,110,930
Airport	--	72,529	--	326,274
Nonmajor Enterprise	--	357,596	--	149,666
<b>Grand Total</b>	<b>\$ 1,478,761</b>	<b>1,078,108</b>	<b>1,421,611</b>	<b>2,165,987</b>

The governmental funds' statements include amounts recognized as deferred inflows of resources as a result of property taxes, other taxes, and certain revenues (\$17.2 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:

	<b>Work-week</b>	<b>Non-Sworn Employees (1)</b>	<b>Sworn Police (2)</b>	<b>Sworn Fire (3)</b>	<b>Sworn EMS (4)</b>
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 November 15, 2018, 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, 2022, the City’s total OPEB liability for these retiree benefits was approximately \$4.3 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 and Austin Water recognize 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):

	<b>Bad Debt Expense</b>
Austin Energy	\$ 7,770
Austin Water	2,222
Airport	4
Nonmajor Enterprise	3,508

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 fuel cost adjustment clause 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 in Austin Energy by estimating the daily power generation and allocating by each billing district meter read dates as of September 30, 2022. The amount of unbilled revenue reported in accounts receivable as of September 30, 2022 was \$39.3 million. Austin Water records unbilled revenue as earned based upon the percentage of October's billing that represented water usage through September 30, 2022. The amount of unbilled revenue reported in accounts receivable as of September 30, 2022 was \$21.8 million for water and \$16.7 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):

	<b>Discounts</b>
Airport	\$ 5,075
Nonmajor Enterprise	3,603

**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 \$66,000 in fiscal year 2022 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):

	Nonmajor Governmental					Total
	General Fund	Special Revenue	Debt Service	Capital Projects	Permanent	
<b>Nonspendable</b>						
Prepaid items	\$ 3,000	--	--	--	--	3,000
Permanent funds	--	--	--	--	1,070	1,070
<b>Total Nonspendable</b>	<u>3,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,070</u>	<u>4,070</u>
<b>Restricted</b>						
Municipal court services	--	588	--	--	--	588
General government services	--	63	--	--	--	63
Fire special purpose	--	59	--	--	--	59
Police special purpose	--	13,984	--	--	--	13,984
Transportation, planning, and sustainability	--	239	--	--	--	239
Public health services	--	706	--	--	--	706
Library services	--	5,232	--	--	--	5,232
Parks services	--	230	--	--	--	230
Tourism programs	--	79,604	--	--	--	79,604
Affordable housing programs	--	38,981	--	--	--	38,981
Urban growth programs	--	26,046	--	--	--	26,046
Capital construction	--	--	--	157,657	--	157,657
Debt service	--	--	31,681	--	--	31,681
<b>Total Restricted</b>	<u>--</u>	<u>165,732</u>	<u>31,681</u>	<u>157,657</u>	<u>--</u>	<u>355,070</u>
<b>Committed</b>						
Tourism programs	--	116	--	--	--	116
Affordable housing programs	--	678	--	--	--	678
Urban growth programs	--	78,698	--	--	--	78,698
<b>Total Committed</b>	<u>--</u>	<u>79,492</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>79,492</u>
<b>Assigned</b>						
Municipal court services	4,601	--	--	--	--	4,601
EMS activities	1,404	--	--	--	--	1,404
Fire activities	712	--	--	--	--	712
Police activities	9,230	--	--	--	--	9,230
Public health services	30,588	--	--	--	--	30,588
Library services	3,621	--	--	--	--	3,621
Parks services	3,496	--	--	--	--	3,496
Tourism programs	--	3	--	--	--	3
Affordable housing programs	273	614	--	--	--	887
Urban growth programs	96,205	343	--	--	--	96,548
Capital construction	--	--	--	122,489	--	122,489
<b>Total Assigned</b>	<u>150,130</u>	<u>960</u>	<u>--</u>	<u>122,489</u>	<u>--</u>	<u>273,579</u>
<b>Unassigned</b>	<u>188,705</u>	<u>(5,121)</u>	<u>--</u>	<u>(185,467)</u>	<u>--</u>	<u>(1,883)</u>
<b>Total Fund Balance</b>	<u>\$ 341,835</u>	<u>241,063</u>	<u>31,681</u>	<u>94,679</u>	<u>1,070</u>	<u>710,328</u>

**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, 2022, the budget stabilization reserve reports a balance of \$113.4 million, the emergency reserve maintains a balance of eight percent of total General Fund requirements, or \$93.6 million. The funds in the budget stabilization reserve may be appropriated to fund capital or other one-time costs, 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 outflows of resources and deferred inflows 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 \$1 million in fiscal year 2022 for a total of \$65.9 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 \$65.2 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 \$27.2 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, 2022 (in thousands):

	<b>Pooled Investments and Cash</b>	
	<b>Unrestricted</b>	<b>Restricted</b>
General Fund	\$ 295,474	--
Nonmajor governmental funds	519,063	--
Austin Energy	165,713	209,345
Austin Water	250,063	140,477
Airport	21,346	949,383
Nonmajor enterprise funds	371,673	230,163
Internal service funds	239,218	6,629
Fiduciary funds	2,665	--
Subtotal pooled investments and cash	<u>1,865,215</u>	<u>1,535,997</u>
Total pooled investments and cash	<u>\$ 3,401,212</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 and Financial Reporting, a public sector investment expert, a Financial Advisor's representative, a representative from Austin Energy, a representative from the 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 2022.

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, 2022, TexPool, TexPool Prime, TexasDAILY, TexStar, and Texas CLASS had a weighted average maturity of 25 days, 14 days, 21 days, 16 days, and 31 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, 2022:

- U.S. Treasury securities of \$2.0 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 \$878.5 million are valued using other observable inputs, including but not limited to, model processes, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing (Level 2 inputs).

As of September 30, 2022, the City presented Money Market Funds of \$102.9 million, LGIPs of \$1.33 billion valued using amortized cost, and LGIPs of \$26.6 million valued using NAV.

The following table includes the portfolio balances of all non-pooled and pooled investments of the City at September 30, 2022 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
<b>Non-pooled investments:</b>				
Local Government Investment Pools	\$ 29,658	398,494	--	428,152
Money Market Funds	8,234	94,709	--	102,943
US Treasury Notes	--	305,474	--	305,474
US Treasury Bills	--	--	--	--
US Agency Bonds	--	117,272	--	117,272
US Agency Discounts Notes	--	14,739	--	14,739
Total non-pooled investments	<u>37,892</u>	<u>930,688</u>	<u>--</u>	<u>968,580</u>
<b>Pooled investments:</b>				
Local Government Investment Pools	289,604	638,584	726	928,914
US Treasury Notes	517,481	1,141,054	1,301	1,659,836
US Treasury Bills	21,590	47,605	54	69,249
US Agency Bonds	103,303	227,784	259	331,346
US Agency Discount Notes	129,438	285,414	325	415,177
Total pooled investments	<u>1,061,416</u>	<u>2,340,441</u>	<u>2,665</u>	<u>3,404,522</u>
Total investments	<u>\$ 1,099,308</u>	<u>3,271,129</u>	<u>2,665</u>	<u>4,373,102</u>

**Concentration of Credit Risk**

At September 30, 2022, 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 (\$437.9 million or 10%) and Federal Home Loan Bank (\$309.1 million or 7.1%) both have discount notes of \$242.4 million and \$187.5 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, 2022, 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)
<b>Operating funds</b>					
Local Government Investment Pools	\$ 289,604	638,584	726	928,914	1
US Treasury Notes	517,481	1,141,054	1,301	1,659,836	335
US Treasury Bills	21,590	47,605	54	69,249	116
US Agency Bonds	103,303	227,784	259	331,346	425
US Agency Discount Notes	129,438	285,414	325	415,177	114
<b>Total Operating funds</b>	1,061,416	2,340,441	2,665	3,404,522	
<b>Debt service funds</b>					
General Obligation Debt Service					
Local Government Investment Pools	29,658	--	--	29,658	1
Utility (1)					
Local Government Investment Pools	--	161,384	--	161,384	1
Airport					
Local Government Investment Pools	--	53,001	--	53,001	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	8,805	--	8,805	1
<b>Total Debt service funds</b>	29,658	223,190	--	252,848	
<b>Debt service reserve funds</b>					
Utility (1)					
Local Government Investment Pools	--	26,481	--	26,481	1
Money Market Funds	--	4,682	--	4,682	1
Airport					
Local Government Investment Pools	--	79,869	--	79,869	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	10,263	--	10,263	1
<b>Total Debt service reserve funds</b>	--	121,295	--	121,295	
<b>Special projects/purpose funds</b>					
Austin Energy Contingency, Power Supply, and Capital Reserve					
Local Government Investment Pools	--	35,281	--	35,281	1
US Treasury Notes	--	121,661	--	121,661	307
US Agency Bonds	--	117,272	--	117,272	714
US Agency Discount Notes	--	4,999	--	4,999	5
Total Austin Energy Contingency, Power Supply, and Capital Reserve	--	279,213	--	279,213	
Austin Energy Nuclear Decommissioning					
Trust Funds (NDF)					
Money Market Funds	--	49,445	--	49,445	1
US Treasury Notes	--	183,813	--	183,813	275
US Agency Discount Notes	--	9,740	--	9,740	248
Total Austin Energy NDF	--	242,998	--	242,998	
Special Projects - Utility Reserve (1)					
Local Government Investment Pools	--	23,410	--	23,410	1
Special Projects - Other					
Money Market Funds	8,234	40,582	--	48,816	1
<b>Total Special projects/purpose funds</b>	8,234	586,203	--	594,437	
<b>Total funds</b>	\$ 1,099,308	3,271,129	2,665	4,373,102	

(1) Includes combined pledge debt service

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

**Credit Risk**

At September 30, 2022, 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, 2022, 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 (\$363.3 or 10.7%)

**Special Projects or Special Purpose Funds**

At September 30, 2022, 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 (\$64.9 or 23.2%), Federal Home Loan Bank (\$23.6 or 8.5%) and Federal Home Loan Mortgage Corporation (\$24.4 or 8.7%).

**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, 2022, less than half 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 223 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, 2022, 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 440 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, 2022, the dollar weighted average maturity was 219 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, 2022, are as follows (in thousands):

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Non-pooled investments and cash	\$ 45,418	951,186	--	996,604
Pooled investments and cash	1,063,210	2,344,398	2,665	3,410,273
Total investments and cash	<u>1,108,628</u>	<u>3,295,584</u>	<u>2,665</u>	<u>4,406,877</u>
Unrestricted cash	46	6,294	--	6,340
Restricted cash	7,480	14,204	--	21,684
Pooled investments and cash	1,063,210	2,344,398	2,665	3,410,273
Investments	37,892	930,688	--	968,580
Total	<u>\$ 1,108,628</u>	<u>3,295,584</u>	<u>2,665</u>	<u>4,406,877</u>

The bank balance of the portfolio exceeds the book balance by approximately \$9.1 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, 2022 carrying amount of deposits at the bank and cash on hand are as follows (in thousands):

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Cash			
Unrestricted	\$ 46	51	97
Restricted	--	4,770	4,770
Cash held by trustee			
Unrestricted	--	6,243	6,243
Restricted	7,480	9,434	16,914
Non-pooled cash	<u>7,526</u>	<u>20,498</u>	<u>28,024</u>
Pooled cash	1,794	3,957	5,751
Total deposits	<u>\$ 9,320</u>	<u>24,455</u>	<u>33,775</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, 2022.

#### 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, 2021, upon which the 2022 levy was based, was \$181,435,268,760.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2022, 99.39% of the current tax levy (October 1, 2021) 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, 2022, was \$0.428 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, 2022, was \$0.113 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$0.572 per \$100 assessed valuation and could levy approximately \$1,037,809,737 in additional taxes from the assessed valuation of \$181,435,268,760 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, 2022, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u> (1)	<u>Decreases</u> (1)	<u>Ending Balance</u>
<b>Depreciable capital assets</b>				
Building and improvements	\$ 1,414,008	53,918	(4)	1,467,922
Plant and equipment	295,395	10,948	(13,038)	293,305
Vehicles	183,857	13,952	(7,890)	189,919
Infrastructure	3,233,848	111,395	(1)	3,345,242
Total depreciable capital assets	<u>5,127,108</u>	<u>190,213</u>	<u>(20,933)</u>	<u>5,296,388</u>
Less accumulated depreciation for				
Building and improvements	(497,444)	(42,078)	--	(539,522)
Plant and equipment	(207,005)	(17,389)	12,891	(211,503)
Vehicles	(106,697)	(15,854)	7,363	(115,188)
Infrastructure	(1,517,069)	(87,077)	--	(1,604,146)
Total accumulated depreciation	<u>(2,328,215)</u>	<u>(162,398)</u> (2)	<u>20,254</u>	<u>(2,470,359)</u>
Depreciable capital assets, net	<u>2,798,893</u>	<u>27,815</u>	<u>(679)</u>	<u>2,826,029</u>
<b>Nondepreciable capital assets</b>				
Land and improvements	482,616	57,333	(324)	539,625
Arts and treasures	11,958	310	--	12,268
Library collections	18,167	--	--	18,167
Construction in progress	222,469	210,162	(141,430)	291,201
Total nondepreciable assets	<u>735,210</u>	<u>267,805</u>	<u>(141,754)</u>	<u>861,261</u>
<b>Total capital assets</b>	<u>\$ 3,534,103</u>	<u>295,620</u>	<u>(142,433)</u>	<u>3,687,290</u>

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

(2) Components of accumulated depreciation/amortization increases:

Governmental Activities:

General government	\$ 8,477
Public safety	18,775
Transportation, planning and sustainability	67,529
Public health	2,091
Public recreation and culture	27,339
Urban growth management	25,298
Internal service funds	12,889
Total increases in accumulated depreciation/amortization	<u>\$ 162,398</u>



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

Business-type Activities: Total

Capital asset activity for the year ended September 30, 2022, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u> (1)	<u>Decreases</u> (1)	<u>Ending Balance</u>
<b>Depreciable capital assets</b>				
Building and improvements	\$ 3,318,498	141,768	(22)	3,460,244
Plant and equipment	4,542,875	160,758	(2,809)	4,700,824
Vehicles	276,368	18,631	(24,759)	270,240
Electric plant	6,005,753	155,475	(120,237)	6,040,991
Non-electric plant	268,061	86,944	(1,921)	353,084
Nuclear fuel	459,265	22,497	--	481,762
Water rights	100,000	--	--	100,000
Total depreciable capital assets	<u>14,970,820</u>	<u>586,073</u>	<u>(149,748)</u>	<u>15,407,145</u>
Less accumulated depreciation/amortization for				
Building and improvements	(1,057,704)	(78,428)	--	(1,136,132)
Plant and equipment	(1,986,173)	(120,710)	925	(2,105,958)
Vehicles	(173,447)	(19,717)	22,357	(170,807)
Electric plant	(3,576,590)	(250,380)	120,201	(3,706,769)
Non-electric plant	(101,081)	(12,426)	1,520	(111,987)
Nuclear fuel	(408,602)	(19,784)	--	(428,386)
Water rights	(21,728)	(988)	--	(22,716)
Total accumulated depreciation/amortization	<u>(7,325,325)</u>	<u>(502,433)</u> (2)	<u>145,003</u>	<u>(7,682,755)</u>
Depreciable capital assets, net	<u>7,645,495</u>	<u>83,640</u>	<u>(4,745)</u>	<u>7,724,390</u>
<b>Nondepreciable capital assets</b>				
Land and improvements	811,009	4,748	(494)	815,263
Arts and treasures	6,175	159	--	6,334
Construction in progress	747,283	545,065	(476,135)	816,213
Plant held for future use	23,115	--	(520)	22,595
Total nondepreciable assets	<u>1,587,582</u>	<u>549,972</u>	<u>(477,149)</u>	<u>1,660,405</u>
<b>Total capital assets</b>	<u>\$ 9,233,077</u>	<u>633,612</u>	<u>(481,894)</u>	<u>9,384,795</u>

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

(2) Components of accumulated depreciation/amortization increases:

Business-type Activities:

Electric	\$ 266,065
Water	66,175
Wastewater	72,508
Airport	47,721
Convention	9,008
Environmental and health services	9,867
Public recreation	642
Urban growth management	10,663
Total business-type activities depreciation expense	<u>482,649</u>

Current year amortization included in operating expense	19,784
Total increases in accumulated depreciation/amortization	<u>\$ 502,433</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, 2022, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Depreciable capital assets</b>				
Vehicles	\$ 42,088	1,957	(2,568)	41,477
Electric plant	6,005,753	155,475	(120,237)	6,040,991
Non-electric plant	268,061	86,944	(1,921)	353,084
Nuclear fuel	459,265	22,497	--	481,762
Total depreciable capital assets	<u>6,775,167</u>	<u>266,873</u>	<u>(124,726)</u>	<u>6,917,314</u>
Less accumulated depreciation/amortization for				
Vehicles	(23,850)	(3,259)	2,567	(24,542)
Electric plant	(3,576,590)	(250,380)	120,201	(3,706,769)
Non-electric plant	(101,081)	(12,426)	1,520	(111,987)
Nuclear fuel	(408,602)	(19,784)	--	(428,386)
Total accumulated depreciation/amortization	<u>(4,110,123)</u>	<u>(285,849) (1)</u>	<u>124,288</u>	<u>(4,271,684)</u>
Depreciable capital assets, net	<u>2,665,044</u>	<u>(18,976)</u>	<u>(438)</u>	<u>2,645,630</u>
<b>Nondepreciable capital assets</b>				
Land and improvements	76,454	1,413	--	77,867
Construction in progress	282,652	242,153	(244,454)	280,351
Plant held for future use	23,115	--	(520)	22,595
Total nondepreciable assets	<u>382,221</u>	<u>243,566</u>	<u>(244,974)</u>	<u>380,813</u>
<b>Total capital assets</b>	<u>\$ 3,047,265</u>	<u>224,590</u>	<u>(245,412)</u>	<u>3,026,443</u>

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	\$ 266,065
Current year amortization included in operating expense	19,784
Total increases in accumulated depreciation/amortization	<u>\$ 285,849</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, 2022, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Depreciable capital assets</b>				
Building and improvements	\$ 1,249,249	50,252	--	1,299,501
Plant and equipment	4,244,529	131,452	(2,290)	4,373,691
Vehicles	47,511	4,571	(3,059)	49,023
Water rights	100,000	--	--	100,000
Total depreciable capital assets	<u>5,641,289</u>	<u>186,275</u>	<u>(5,349)</u>	<u>5,822,215</u>
Less accumulated depreciation/amortization for				
Building and improvements	(405,081)	(26,274)	--	(431,355)
Plant and equipment	(1,850,627)	(108,479)	533	(1,958,573)
Vehicles	(31,362)	(2,942)	3,020	(31,284)
Water rights	(21,728)	(988)	--	(22,716)
Total accumulated depreciation/amortization	<u>(2,308,798)</u>	<u>(138,683) (1)</u>	<u>3,553</u>	<u>(2,443,928)</u>
Depreciable capital assets, net	<u>3,332,491</u>	<u>47,592</u>	<u>(1,796)</u>	<u>3,378,287</u>
<b>Nondepreciable capital assets</b>				
Land and improvements	231,506	219	--	231,725
Arts and treasures	111	--	--	111
Construction in progress	338,847	221,803	(113,563)	447,087
Total nondepreciable assets	<u>570,464</u>	<u>222,022</u>	<u>(113,563)</u>	<u>678,923</u>
<b>Total capital assets</b>	<u>\$ 3,902,955</u>	<u>269,614</u>	<u>(115,359)</u>	<u>4,057,210</u>

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	
Water	\$ 65,187
Wastewater	72,508
Current year amortization	
Water	988
Total increases in accumulated depreciation/amortization	<u>\$ 138,683</u>

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

Business-type Activities: Airport

Capital asset activity for the year ended September 30, 2022, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Depreciable capital assets</b>				
Building and improvements	\$ 1,718,795	53,814	--	1,772,609
Plant and equipment	48,351	3,121	(312)	51,160
Vehicles	18,690	1,414	--	20,104
Total depreciable capital assets	<u>1,785,836</u>	<u>58,349</u>	<u>(312)</u>	<u>1,843,873</u>
Less accumulated depreciation for				
Building and improvements	(455,294)	(43,223)	--	(498,517)
Plant and equipment	(21,669)	(3,047)	275	(24,441)
Vehicles	(11,908)	(1,451)	--	(13,359)
Total accumulated depreciation	<u>(488,871)</u>	<u>(47,721) (1)</u>	<u>275</u>	<u>(536,317)</u>
Depreciable capital assets, net	<u>1,296,965</u>	<u>10,628</u>	<u>(37)</u>	<u>1,307,556</u>
<b>Nondepreciable capital assets</b>				
Land and improvements	96,381	--	--	96,381
Arts and treasures	5,452	159	--	5,611
Construction in progress	53,462	47,272	(55,412)	45,322
Total nondepreciable assets	<u>155,295</u>	<u>47,431</u>	<u>(55,412)</u>	<u>147,314</u>
<b>Total capital assets</b>	<u>\$ 1,452,260</u>	<u>58,059</u>	<u>(55,449)</u>	<u>1,454,870</u>

(1) Components of accumulated depreciation/amortization increases:  
Current year depreciation

\$ 47,721

**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, 2022, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u> (1)	<u>Decreases</u> (1)	<u>Ending Balance</u>
<b>Depreciable capital assets</b>				
Building and improvements	\$ 350,454	37,702	(22)	388,134
Plant and equipment	249,995	26,185	(207)	275,973
Vehicles	168,079	10,689	(19,132)	159,636
Total depreciable capital assets	<u>768,528</u>	<u>74,576</u>	<u>(19,361)</u>	<u>823,743</u>
Less accumulated depreciation for				
Building and improvements	(197,329)	(8,931)	--	(206,260)
Plant and equipment	(113,877)	(9,184)	117	(122,944)
Vehicles	(106,327)	(12,065)	16,770	(101,622)
Total accumulated depreciation	<u>(417,533)</u>	<u>(30,180)</u> (2)	<u>16,887</u>	<u>(430,826)</u>
Depreciable capital assets, net	<u>350,995</u>	<u>44,396</u>	<u>(2,474)</u>	<u>392,917</u>
<b>Nondepreciable capital assets</b>				
Land and improvements	406,668	3,116	(494)	409,290
Arts and treasures	612	--	--	612
Construction in progress	72,322	33,837	(62,706)	43,453
Total nondepreciable assets	<u>479,602</u>	<u>36,953</u>	<u>(63,200)</u>	<u>453,355</u>
<b>Total capital assets</b>	<u>\$ 830,597</u>	<u>81,349</u>	<u>(65,674)</u>	<u>846,272</u>

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

(2) Components of accumulated depreciation/amortization increases:

Current year depreciation	
Convention	\$ 9,008
Environmental and health services	9,867
Public recreation	642
Urban growth management	10,663
Total increases in accumulated depreciation/amortization	<u>\$ 30,180</u>

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

Governmental Activities

Lease right-to-use asset activity for the year ended September 30, 2022, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Intangible right-to-use lease assets</b>				
Buildings	\$ 108,041	--	--	108,041
Infrastructure	1,727	--	--	1,727
Land	487	13,010	--	13,497
Computer Equipment	1,455	1,418	--	2,873
Total leased assets	<u>111,710</u>	<u>14,428</u>	<u>--</u>	<u>126,138</u>
<b>Less accumulated amortization for:</b>				
Buildings	--	(13,488)	--	(13,488)
Infrastructure	--	(171)	--	(171)
Land	--	(144)	--	(144)
Computer Equipment	--	(1,228)	--	(1,228)
Total accumulated amortization	<u>--</u>	<u>(15,031) (1)</u>	<u>--</u>	<u>(15,031)</u>
<b>Governmental activities, net</b>	<u>\$ 111,710</u>	<u>(603)</u>	<u>--</u>	<u>111,107</u>

(1) Components of accumulated amortization increases:

Governmental Activities:

General government	\$ 8,014
Public safety	737
Transportation, planning and sustainability	2,046
Public health	2,745
Public recreation and culture	137
Urban growth management	1,352
Total increases in accumulated amortization	<u>\$ 15,031</u>

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

Business-type Activities: Total

Lease right-to-use asset activity for the year ended September 30, 2022, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Intangible right-to-use lease assets</b>				
Buildings	\$ 48,126	--	--	48,126
Land	541	--	--	541
Equipment	2,164	1,757	--	3,921
Vehicles	13,572	1,955	--	15,528
Computer Equipment	4,221	--	--	4,221
Total leased assets	<u>68,624</u>	<u>3,712</u>	<u>--</u>	<u>72,337</u>
<b>Less accumulated amortization for:</b>				
Buildings	--	(6,966)	--	(6,966)
Land	--	(47)	--	(47)
Equipment	--	(688)	--	(688)
Vehicles	--	(5,625)	--	(5,625)
Computer Equipment	--	(1,922)	--	(1,922)
Total accumulated amortization	<u>--</u>	<u>(15,248)</u> (1)	<u>--</u>	<u>(15,248)</u>
<b>Business-type activities, net</b>	<u>\$ 68,624</u>	<u>(11,536)</u>	<u>--</u>	<u>57,089</u>

(1) Components of accumulated amortization increases:

Business-type Activities:

Electric	\$ 11,930
Water	114
Wastewater	47
Airport	36
Convention	79
Environmental and health services	906
Public recreation	97
Urban growth management	2,039
Total business-type activities accumulated amortization	<u>\$ 15,248</u>

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

Business-type Activities: Austin Energy

Lease right-to-use asset activity for the year ended September 30, 2022, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Intangible right-to-use lease assets</b>				
Buildings	\$ 12,616	--	--	12,616
Land	541	--	--	541
Equipment	1,539	--	--	1,539
Vehicles	13,572	1,590	--	15,163
Computer Equipment	4,221	--	--	4,221
Total leased assets	<u>32,489</u>	<u>1,590</u>	<u>--</u>	<u>34,080</u>
<b>Less accumulated amortization for:</b>				
Buildings	--	(3,907)	--	(3,907)
Land	--	(47)	--	(47)
Equipment	--	(430)	--	(430)
Vehicles	--	(5,624)	--	(5,624)
Computer Equipment	--	(1,922)	--	(1,922)
Total accumulated amortization	<u>--</u>	<u>(11,930) (1)</u>	<u>--</u>	<u>(11,930)</u>
<b>Intangible right-to-use lease assets, net</b>	<u>\$ 32,489</u>	<u>(10,340)</u>	<u>--</u>	<u>22,150</u>

(1) Components of accumulated amortization increases:

Current year accumulated amortization	<u>\$ 11,930</u>
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Business-type Activities: Austin Water

Lease right-to-use asset activity for the year ended September 30, 2022, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Intangible right-to-use lease assets</b>				
Buildings	\$ 985	--	--	985
Equipment	--	312	--	312
Total leased assets	<u>985</u>	<u>312</u>	<u>--</u>	<u>1,297</u>
<b>Less accumulated amortization for:</b>				
Buildings	--	(114)	--	(114)
Equipment	--	(47)	--	(47)
Total accumulated amortization	<u>--</u>	<u>(161) (1)</u>	<u>--</u>	<u>(161)</u>
<b>Intangible right-to-use lease assets, net</b>	<u>\$ 985</u>	<u>151</u>	<u>--</u>	<u>1,136</u>

(1) Components of accumulated amortization increases:

Current year accumulated amortization	
Water	\$ 114
Wastewater	47
Total increases in accumulated amortization	<u>\$ 161</u>



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

Business-type Activities: Airport

Lease right-to-use asset activity for the year ended September 30, 2022, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Intangible right-to-use lease assets</b>				
Equipment	\$ 90	--	--	90
Total leased assets	<u>90</u>	<u>--</u>	<u>--</u>	<u>90</u>
<b>Less accumulated amortization for:</b>				
Equipment	--	(36)	--	(36)
Total accumulated amortization	<u>--</u>	<u>(36) (1)</u>	<u>--</u>	<u>(36)</u>
<b>Intangible right-to-use lease assets, net</b>	<u>\$ 90</u>	<u>(36)</u>	<u>--</u>	<u>54</u>
(1) Components of accumulated amortization increases:				
Current year accumulated amortization		<u>\$ 36</u>		

Business-type Activities: Nonmajor Enterprise Funds

Lease right-to-use asset activity for the year ended September 30, 2022, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Intangible right-to-use lease assets</b>				
Buildings	\$ 34,525	--	--	34,525
Equipment	535	1,445	--	1,980
Vehicles	--	365	--	365
Total leased assets	<u>35,060</u>	<u>1,810</u>	<u>--</u>	<u>36,870</u>
<b>Less accumulated amortization for:</b>				
Buildings	--	(2,945)	--	(2,945)
Equipment	--	(175)	--	(175)
Vehicles	--	(1)	--	(1)
Total accumulated amortization	<u>--</u>	<u>(3,121) (1)</u>	<u>--</u>	<u>(3,121)</u>
<b>Intangible right-to-use lease assets, net</b>	<u>\$ 35,060</u>	<u>(1,311)</u>	<u>--</u>	<u>33,749</u>
(1) Components of accumulated amortization increases:				
Convention		\$ 79		
Environmental and health services		906		
Public recreation		97		
Urban growth management		2,039		
Total nonmajor enterprise activities accumulated amortization		<u>\$ 3,121</u>		

## 6 – SERVICE CONCESSION ARRANGEMENTS

The City has recorded net capital assets of \$179.2 million, other assets of \$15.8 million and deferred inflows of \$188.5 million derived from six service concession arrangements (SCA) described below. An SCA is an arrangement in which the City conveys use of a capital asset to an operator in exchange for significant consideration; where the operator is compensated from third parties; where the City may determine what services are provided, to whom and for what price; where the City retains a significant residual interest in the asset after the SCA terminates.

In 1991, the City entered into an agreement with the Friends of Umlauf Garden, Inc. to manage and operate the Umlauf Sculpture Garden and Museum. The agreement was for the purpose of displaying the artistic works of Charles Umlauf for the public enjoyment and education. Structures, which are dedicated to the City, have been built on City-owned land and display City-owned artwork. The original agreement had a term which ended in November 2021, however, the Umlauf Sculpture Garden and Museum will continue to operate the facility under a separately negotiated management and operating agreement.

In 2010, the City entered into an 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.

In 2014, the City 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. The WGC will operate the facilities for an initial term of 20 years, with options to extend through 2113.

In 2016, the City entered into a Master Lease Agreement with Austin CONRAC LLC, a corporation established to operate Austin's consolidated rent-a-car facility ("CONRAC"). The master lease, with a 20-year initial term and a 10-year extension option, provides for construction, financing, and management of a joint use facility. CONRAC began operations October 1, 2015. The operator pays annual rent of \$900,000 to the Airport. The present value of the future rent payments was \$13 million at lease inception. As of September 30, 2022, the unamortized balance was \$7.9 million and is presented in other assets. The related deferred inflow balance is \$10 million. The CONRAC was financed with \$143 million in City issued Rental Car Special Facility Bonds, conduit debt secured by customer facilities charges (CFC). CFC funds are remitted by rental car concessionaires directly to the bond trustee. See Note 19 for conduit debt information. Construction costs totaled \$152.5 million and the City has recorded the asset with a corresponding deferred inflow of resources to be amortized over the 30-year term of the master lease agreement.

In 2017, the City entered into a Lease and Development Agreement with Scott Airport Parking, LLC (Scott) to develop and operate a 2,000-space covered parking facility and full-service pet boarding facility (Bark and Zoom). The lease has a 40-year term which began on October 2016. Scott pays a monthly square footage rate, a monthly percentage rate, and a fixed monthly rate in exchange for the right to operate the facilities, as defined in the lease and development agreement. The fixed monthly rate for the next five years beginning October 1, 2021, is \$10,000. The present value of the future payments was \$9.2 million at lease inception. As of September 30, 2022, the unamortized balance was \$7.1 million and is presented in other assets. The related deferred inflow balance is \$7.9 million. Construction costs totaled \$27.1 million and the City has recorded the asset with a corresponding deferred inflow of resources to be amortized over the 40-year term of the master lease agreement.

In 2019, the City entered into a Management and Operation Agreement with Pecan Grove Golf Partners (Pecan) to develop and manage the Butler Pitch and Putt Golf Course. The lease has a 10-year term which began in July 2019. Pecan pays a minimum monthly flat fee and an annual percentage rate in exchange for the right to operate the facilities, as defined in the management and operation agreement. In the beginning, the monthly flat fee was \$2,700 until renovations were completed and thereafter the fee was increased to \$10,417. The present value of the future rent payments was \$991 thousand at lease inception. As of September 30, 2022, the unamortized balance was \$775 thousand and is presented in other assets. The related deferred inflow balance is \$669 thousand. The operator completed the renovations in fiscal year 2021 and construction costs totaled \$1.2 million. The City has recorded the asset with a corresponding deferred inflow of resources to be amortized over the remaining 8-year term of the master lease agreement.

**6 – SERVICE CONCESSION ARRANGEMENTS, continued**

As of September 30, 2022, the City reported the following SCA activities (in thousands):

Service Concession Arrangement	Beginning		Beginning		Ending		Net Book Value
	Asset Construction Cost	Current Year Additions	Accumulated Depreciation	Current Year Depreciation	Accumulated Depreciation	Net Book Value	
<b>Governmental Activities:</b>							
Umlauf Sculpture Garden	\$ 2,337	--	1,748	58	1,806	531	
YMCA Northeast Recreation Center	1,333	--	294	34	328	1,005	
Waterloo Park and Amphitheater	27,515	1,219	151	945	1,096	27,638	
Total Governmental Activities	31,185	1,219	2,193	1,037	3,230	29,174	
<b>Business-type Activities:</b>							
CONRAC facility	152,496	--	22,811	3,814	26,625	125,871	
Bark and Zoom facility	27,098	--	3,345	679	4,024	23,074	
Butler Putt and Pitch facility	--	1,152	--	29	29	1,123	
Total Business-type Activities	179,594	1,152	26,156	4,522	30,678	150,068	
	<b>Beginning Deferred Inflows</b>	<b>Current Year Additions</b>	<b>Beginning Accumulated Amortization</b>	<b>Current Year Amortization</b>	<b>Ending Accumulated Amortization</b>	<b>Ending Deferred Inflows</b>	
<b>Governmental Activities:</b>							
Umlauf Sculpture Garden	6	--	2,331	6	2,337	--	
YMCA Northeast Recreation Center	589	--	744	67	811	522	
Waterloo Park and Amphitheater	27,465	1,219	50	306	356	28,378	
Total Governmental Activities	28,060	1,219	3,125	379	3,504	28,900	
<b>Business-type Activities:</b>							
CONRAC facility	122,028	--	30,468	5,083	35,551	116,945	
CONRAC base rent agreement	10,432	--	2,609	435	3,044	9,997	
Bark and Zoom facility	23,753	--	3,345	679	4,024	23,074	
Bark and Zoom base rent agreement	8,106	--	1,158	232	1,390	7,874	
Butler Putt and Pitch facility	--	1,152	--	144	144	1,008	
Butler Putt and Pitch base rent agreement	--	991	--	322	322	669	
Total Business-type Activities	\$ 164,319	2,143	37,580	6,895	44,475	159,567	

**7 – PUBLIC-PRIVATE PARTNERSHIP ARRANGEMENTS**

In 2018, the City entered into a Lease and Development agreement with Austin Stadco LLC, doing business as Austin FC, for the construction of the Q2 Stadium. As a result of this agreement, the City recognized other long-term asset balances in the governmental activities' column of the statement of net position. A balance in the amount of \$104 million is recorded for the estimated carrying value of stadium capital assets at the end of the contract term. An additional balance related to the discounted value of future installment payments is recorded in the amount \$4.5 million. The related deferred inflow is amortized on a straight-line basis over the term of the agreement and resulted in the recognition of \$5.4 million of governmental activities revenue in fiscal year 2022. As of September 30, 2022, the deferred inflow balance was \$101.1 million.

The City uses an imputed interest rate of 5% to discount the future payments. As the transferor in this arrangement, the City retains ownership rights to assets associated with the Q2 stadium, which will be operated by Austin FC, for a minimum term of 20 years with options to extend through 2071.

**8 – LEASES**

A lease is defined as 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 4.116%. The terms end between October 2022 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, 2022, the lease receivable associated with this lease was \$41.8 million, or 76.2% of the governmental activities leases receivable balance.

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

The present value of lease payments expected to be received during the lease term is recorded as a lease receivable and is deferred until received. Lease receivable activity for the year ended September 30, 2022, is as follows (in thousands):

Leases Receivable	October 1, 2021	Additions	Reductions	September 30, 2022
<b>Governmental activities</b>	\$ 53,575	2,107	(787)	54,895
<b>Business-type activities</b>				
Austin Water	2,167	239	(201)	2,205
Airport	149,926	6,302	(19,275)	136,953
Nonmajor enterprise	4,519	503	(368)	4,654
<b>Business-type activities total</b>	156,612	7,044	(19,844)	143,812
<b>Total leases receivable</b>	\$ 210,187	9,151	(20,631)	198,707

For the year ended September 30, 2022, lease inflows are as follows (in thousands):

Description	Lease Revenue	Lease Interest Income	Total
<b>Governmental activities</b>			
General Fund	\$ 156	80	236
Nonmajor governmental	283	56	339
<b>Governmental activities total</b>	439	136	575
<b>Business-type activities</b>			
Austin Water	211	32	243
Airport	20,567	1,541	22,108
Nonmajor enterprise	447	64	511
<b>Business-type activities total</b>	21,225	1,637	22,862
<b>Total all activities</b>	\$ 21,664	1,773	23,437

**8 – LEASES, continued**  
**a -- City as Lessor, continued**

The City also received variable lease revenues during the year that are not included in lease inflows or in the measurement of the lease receivable. Variable lease revenues for the year ended September 30, 2022, are as follows (in thousands):

Description	Governmental Activities	Business-Type Activities	Total
Sales-based	\$ 200	12,351	12,551
Utilities	4	--	4
Total variable payments	<u>\$ 204</u>	<u>12,351</u>	<u>12,555</u>

Principal and interest to maturity for the lease receivable as of September 30, 2022, are as follows (in thousands):

Fiscal Year Ended September 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 721	1,039	21,783	1,502	25,045
2024	764	1,012	20,778	1,319	23,873
2025	783	998	19,363	1,132	22,276
2026	804	983	19,568	948	22,303
2027	828	968	19,376	762	21,934
2028 - 2032	4,444	4,604	21,932	2,411	33,391
2033 - 2037	4,804	4,178	9,924	1,416	20,322
2038 - 2042	3,832	3,761	6,301	677	14,571
2043 - 2047	3,657	3,407	3,229	268	10,561
2048 - 2052	4,073	3,045	392	129	7,639
2053 - 2057	4,535	2,642	431	90	7,698
2058 - 2062	5,048	2,193	473	48	7,762
2063 - 2067	5,619	1,694	262	7	7,582
2068 - 2072	5,806	1,150	--	--	6,956
2073 - 2077	5,572	605	--	--	6,177
2078 - 2082	3,483	114	--	--	3,597
2083 - 2087	30	10	--	--	40
2088 - 2092	33	8	--	--	41
2093 - 2097	36	4	--	--	40
2098 - 2101	23	1	--	--	24
Total	<u>\$ 54,895</u>	<u>32,416</u>	<u>143,812</u>	<u>10,709</u>	<u>241,832</u>

**8 – 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 5.23%. For the fiscal year ended September 30, 2022, the City's governmental and business-type activities reported interest expenses of \$1.6 million and \$759 thousand, respectively. The terms end between October 2022 and February 2103, with varying extension options. The majority of the leases are for buildings and heavy 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, 2022, is as follows (in thousands):

<u>Leases Payable</u>	<u>October 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2022</u>
<b>Governmental activities</b>	\$ 111,710	14,426	(14,322)	111,814
<b>Business-type activities</b>				
Austin Energy	32,489	1,595	(15,045)	19,039
Austin Water	985	312	(104)	1,193
Airport	90	--	(36)	54
Nonmajor enterprise	35,060	1,810	(2,741)	34,129
<b>Business-type activities total</b>	<u>68,624</u>	<u>3,717</u>	<u>(17,926)</u>	<u>54,415</u>
<b>Total leases payable</b>	<u>\$ 180,334</u>	<u>18,143</u>	<u>(32,248)</u>	<u>166,229</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, 2022, were as follows (in thousands):

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Operating expenses	\$ 5,715	3,006	8,721
Property taxes	--	30	30
Rental credits	(4)	(2)	(6)
Utilities	108	1	109
Total variable payments	<u>\$ 5,819</u>	<u>3,035</u>	<u>8,854</u>

As of September 30, 2022, future annual lease commitments include the following (in thousands):

<u>Fiscal Year Ended September 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 14,205	1,348	11,650	797	28,000
2024	11,778	1,673	7,030	695	21,176
2025	7,297	1,347	5,894	602	15,140
2026	3,961	1,282	3,690	514	9,447
2027	3,831	1,223	2,885	456	8,395
2028 - 2032	19,054	5,206	11,821	1,555	37,636
2033 - 2037	17,306	3,737	7,535	654	29,232
2038 - 2042	10,922	2,408	3,910	93	17,333
2043 - 2047	799	2,078	--	--	2,877
2048 - 2052	1,004	1,995	--	--	2,999
2053 - 2057	1,240	1,891	--	--	3,131
2058 - 2062	1,513	1,765	--	--	3,278
2063 - 2067	1,828	1,613	--	--	3,441
2068 - 2072	2,190	1,431	--	--	3,621
2073 - 2077	2,604	1,215	--	--	3,819
2078 - 2082	2,379	971	--	--	3,350
2083 - 2087	1,753	808	--	--	2,561
2088 - 2092	2,188	640	--	--	2,828
2093 - 2097	2,691	432	--	--	3,123
2098 - 2102	3,271	176	--	--	3,447
Total	<u>\$ 111,814</u>	<u>33,239</u>	<u>54,415</u>	<u>5,366</u>	<u>204,834</u>

**8 – 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, 2023. In fiscal year 2022, Airport recognized user fees and rental revenue of \$100.4 million related to regulated leases. Future minimum payments through the September 30, 2023 expiration of the current Airline Use and Lease Agreement is expected to be \$111.6 million.

**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, 2022, were as follows (in thousands):

Description	October 1, 2021	Increases	Decreases	September 30, 2022	Amounts Due Within One Year
<b>Governmental activities</b>					
General obligation bonds, net	\$ 1,098,303	264,953	(218,081)	1,145,175	89,576
Certificates of obligation, net	328,343	64,834	(53,868)	339,309	14,323
Contractual obligations, net	100,471	32,074	(21,927)	110,618	18,158
<b>General obligation bonds and other tax supported debt total</b>	<b>1,527,117</b>	<b>361,861</b>	<b>(293,876)</b>	<b>1,595,102</b>	<b>122,057</b>
Financed purchase obligations	21,087	2,115	(7,379)	15,823	5,417
<b>Net debt</b>	<b>1,548,204</b>	<b>363,976</b>	<b>(301,255)</b>	<b>1,610,925</b>	<b>127,474</b>
<b>Other long-term obligations</b>					
Accrued compensated absences	141,033	7,985	(7,852)	141,166	81,553
Claims payable	86,386	204,541	(218,229)	72,698	34,290
Net pension liability	1,346,529	8,996	(151,162)	1,204,363	--
Other postemployment benefits	2,570,005	361,189	(446,035)	2,485,159	37,249
Asset retirement obligations	518	--	--	518	--
Other liabilities	219,841	198,701	(1,465)	417,077	305,332
<b>Governmental activities total</b>	<b>5,912,516</b>	<b>1,145,388</b>	<b>(1,125,998)</b>	<b>5,931,906</b>	<b>585,898</b>
<b>Total business-type activities</b>					
General obligation bonds, net	17,868	4,799	(4,609)	18,058	2,624
Certificates of obligation, net	32,049	--	(6,459)	25,590	1,421
Contractual obligations, net	16,842	--	(4,311)	12,531	3,117
Other tax supported debt, net	4,520	--	(845)	3,675	885
<b>General obligation bonds and other tax supported debt total</b>	<b>71,279</b>	<b>4,799</b>	<b>(16,224)</b>	<b>59,854</b>	<b>8,047</b>
Commercial paper notes, net	178,600	183,900	(102,000)	260,500	--
Revenue bonds, net	5,460,516	722,783	(474,627)	5,708,672	193,264
Revenue notes from direct placements, net	198,150	71,101	(12,970)	256,281	15,930
<b>Net debt</b>	<b>5,908,545</b>	<b>982,583</b>	<b>(605,821)</b>	<b>6,285,307</b>	<b>217,241</b>
<b>Other long-term obligations</b>					
Accrued compensated absences	39,467	6,166	(5,668)	39,965	39,899
Claims payable	1,509	2,492	(383)	3,618	1,400
Net pension liability	831,474	297,165	(309,814)	818,825	--
Other postemployment benefits	1,776,362	315,408	(322,974)	1,768,796	26,512
Accrued landfill closure and postclosure costs	19,799	1,103	(1,473)	19,429	1,060
Asset retirement obligations	437,881	35,731	--	473,612	--
Other liabilities	133,025	145,525	(35,646)	242,904	181,934
<b>Business-type activities total</b>	<b>9,148,062</b>	<b>1,786,173</b>	<b>(1,281,779)</b>	<b>9,652,456</b>	<b>468,046</b>
<b>Total liabilities (1)</b>	<b>\$ 15,060,578</b>	<b>2,931,561</b>	<b>(2,407,777)</b>	<b>15,584,362</b>	<b>1,053,944</b>

(1) This schedule excludes select short-term liabilities of \$115,077 for governmental activities. For business-type activities, it excludes select short-term liabilities of \$315,132, and derivative instruments of \$3,692.



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

Description	October 1, 2021	Increases	Decreases	September 30, 2022	Amounts Due Within One Year
<b>Business-type activities:</b>					
<b>Electric activities</b>					
Commercial paper notes, net	\$ 76,600	93,900	--	170,500	--
Revenue bonds, net	2,058,226	--	(100,476)	1,957,750	80,233
<b>Net debt</b>	<b>2,134,826</b>	<b>93,900</b>	<b>(100,476)</b>	<b>2,128,250</b>	<b>80,233</b>
<b>Other long-term obligations</b>					
Accrued compensated absences	14,727	2,342	(2,361)	14,708	14,708
Claims payable	1,229	300	(211)	1,318	1,308
Net pension liability	307,542	102,847	(110,701)	299,688	--
Other postemployment benefits	530,257	83,220	(90,240)	523,237	7,843
Asset retirement obligations	436,599	35,731	--	472,330	--
Other liabilities	103,936	99,092	(34,185)	168,843	144,734
<b>Electric activities total</b>	<b>3,529,116</b>	<b>417,432</b>	<b>(338,174)</b>	<b>3,608,374</b>	<b>248,826</b>
<b>Water and Wastewater activities</b>					
General obligation bonds, net	547	957	(282)	1,222	215
Certificates of obligation bonds, net	1,297	--	(985)	312	29
Contractual obligations, net	604	--	(428)	176	175
Other tax supported debt, net	2,894	--	(541)	2,353	567
<b>General obligation bonds</b>					
<b>and other tax supported debt total</b>	<b>5,342</b>	<b>957</b>	<b>(2,236)</b>	<b>4,063</b>	<b>986</b>
Commercial paper notes, net	102,000	90,000	(102,000)	90,000	--
Revenue bonds, net	2,271,792	268,264	(333,606)	2,206,450	78,261
Revenue notes from direct placements, net	138,060	71,101	(6,280)	202,881	9,105
<b>Net debt</b>	<b>2,517,194</b>	<b>430,322</b>	<b>(444,122)</b>	<b>2,503,394</b>	<b>88,352</b>
<b>Other long-term obligations</b>					
Accrued compensated absences	7,361	869	(846)	7,384	7,384
Claims payable	280	292	(172)	400	92
Net pension liability	160,979	54,429	(56,102)	159,306	--
Other postemployment benefits	361,183	58,423	(61,848)	357,758	5,362
Asset retirement obligations	1,282	--	--	1,282	--
Other liabilities	11,219	6,621	--	17,840	16,858
<b>Water and Wastewater activities total</b>	<b>3,059,498</b>	<b>550,956</b>	<b>(563,090)</b>	<b>3,047,364</b>	<b>118,048</b>
<b>Airport activities</b>					
General obligation bonds, net	1	--	(1)	--	--
<b>General obligation bonds</b>					
<b>and other tax supported debt total</b>	<b>1</b>	<b>--</b>	<b>(1)</b>	<b>--</b>	<b>--</b>
Revenue bonds, net	1,052,616	454,519	(32,995)	1,474,140	27,095
Revenue notes from direct placements, net	39,270	--	(4,530)	34,740	4,630
<b>Net debt</b>	<b>1,091,887</b>	<b>454,519</b>	<b>(37,526)</b>	<b>1,508,880</b>	<b>31,725</b>
<b>Other long-term obligations</b>					
Accrued compensated absences	2,971	285	(144)	3,112	3,112
Claims payable	--	1,900	--	1,900	--
Net pension liability	61,118	19,040	(23,829)	56,329	--
Other postemployment benefits	160,381	21,932	(30,872)	151,441	2,270
Other liabilities	6,808	1,237	(722)	7,323	6,910
<b>Airport activities total</b>	<b>1,323,165</b>	<b>498,913</b>	<b>(93,093)</b>	<b>1,728,985</b>	<b>44,017</b>
<b>Nonmajor enterprise activities</b>					
General obligation bonds, net	17,320	3,842	(4,326)	16,836	2,409
Certificates of obligation, net	30,752	--	(5,474)	25,278	1,392
Contractual obligations	16,238	--	(3,883)	12,355	2,942
Other tax supported debt, net	1,626	--	(304)	1,322	318
<b>General obligation bonds</b>					
<b>and other tax supported debt total</b>	<b>65,936</b>	<b>3,842</b>	<b>(13,987)</b>	<b>55,791</b>	<b>7,061</b>
Revenue bonds, net	77,882	--	(7,550)	70,332	7,675
Revenue notes from direct placements, net	20,820	--	(2,160)	18,660	2,195
<b>Net debt</b>	<b>164,638</b>	<b>3,842</b>	<b>(23,697)</b>	<b>144,783</b>	<b>16,931</b>
<b>Other long-term obligations</b>					
Accrued compensated absences	14,408	2,670	(2,317)	14,761	14,695
Net pension liability	301,835	120,849	(119,182)	303,502	--
Other postemployment benefits	724,541	151,833	(140,014)	736,360	11,037
Accrued landfill closure and postclosure costs	19,799	1,103	(1,473)	19,429	1,060
Other liabilities	11,062	38,575	(739)	48,898	13,432
<b>Nonmajor enterprise activities total</b>	<b>\$ 1,236,283</b>	<b>318,872</b>	<b>(287,422)</b>	<b>1,267,733</b>	<b>57,155</b>

**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, 2022, 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	3,675	393 (1)(3)	4.25%	9/1/2023-2026
Mueller Contractual Obligation - 2006	2006	12,000	3,565	412 (1)(4)	4.00 - 5.00%	9/1/2023-2026
Public Improvement - 2009B	2009	78,460	46,680	9,637 (1)	4.75 - 5.31%	9/1/2023-2029
Mueller Contractual Obligation - 2009	2010	15,000	6,750	1,184 (1)(4)	4.00 - 4.25%	9/1/2023-2029
Public Improvement Refunding - 2010	2011	91,560	4,000	174 (1)	4.34%	9/1/2023
Public Improvement Refunding - 2011A	2012	68,285	1,750	88 (1)	5.00%	9/1/2023
Public Improvement - 2012A	2013	74,280	70,945	12,293 (1)	3.00 - 5.00%	9/1/2023-2032
Public Improvement - 2012B	2013	6,640	3,635	708 (1)	2.55 - 3.50%	9/1/2023-2032
Certificates of Obligation - 2012	2013	24,645	15,195	3,088 (1)	3.00 - 4.00%	9/1/2023-2037
Mueller Contractual Obligation - 2012	2013	16,735	11,140	2,455 (1)(4)	2.63 - 3.38%	9/1/2023-2032
Public Improvement - 2013	2014	104,665	71,620	22,442 (1)	4.00 - 5.00%	9/1/2023-2033
Certificates of Obligation - 2013	2014	25,355	19,395	7,640 (1)	3.25 - 5.00%	9/1/2023-2038
Public Improvement Refunding - 2013A	2014	43,250	11,725	934 (1)	5.00%	9/1/2023-2024
Public Improvement - 2014	2015	89,915	86,125	35,799 (1)	3.00 - 5.00%	9/1/2023-2034
Public Improvement - 2014	2015	10,000	9,140	2,945 (1)	2.95 - 4.02%	9/1/2023-2034
Certificates of Obligation - 2014	2015	35,490	25,040	8,951 (1)	4.00 - 5.00%	9/1/2023-2034
Certificates of Obligation - 2014	2015	9,600	6,580	1,766 (1)	2.95 - 3.92%	9/1/2023-2034
Mueller Contractual Obligation - 2014	2015	15,845	12,195	2,662 (1)(4)	3.00 - 5.00%	9/1/2023-2029
Public Improvement and Refunding - 2015	2016	236,905	166,235	34,723 (1)	2.95 - 5.00%	9/1/2023-2035
Public Improvement - 2015	2016	10,000	7,520	2,244 (1)	2.89 - 4.27%	9/1/2023-2035
Certificates of Obligation - 2015	2016	43,710	32,630	12,392 (1)	3.25 - 5.00%	9/1/2023-2035
Contractual Obligation - 2015	2016	14,450	1,195	30 (2)	5.00%	11/1/2022
Public Improvement and Refunding - 2016	2017	98,365	67,560	18,366 (1)	3.00 - 5.00%	9/1/2023-2036
Certificates of Obligation - 2016	2017	44,015	34,745	13,715 (1)	3.00 - 5.00%	9/1/2023-2036
Contractual Obligation - 2016	2017	22,555	4,525	190 (2)	3.00 - 5.00%	11/1/2022-2023
Public Improvement - 2016	2017	12,000	9,050	2,096 (1)	2.01 - 3.16%	9/1/2023-2036
Certificates of Obligation - 2016	2017	8,700	6,560	1,518 (1)	2.01 - 3.16%	9/1/2023-2036
Public Improvement - 2017	2018	63,580	41,515	16,672 (1)	5.00%	9/1/2023-2037
Certificates of Obligation - 2017	2018	29,635	24,470	10,841 (1)	5.00%	9/1/2023-2037
Contractual Obligation - 2017	2018	5,075	1,915	122 (2)	3.00 - 5.00%	11/1/2022-2024
Public Improvement - 2017	2018	25,000	21,540	6,077 (1)	2.35 - 3.48%	9/1/2023-2037
Public Improvement - 2018	2019	65,595	22,600	6,001 (1)	3.00 - 5.00%	9/1/2023-2038
Certificates of Obligation - 2018	2019	7,140	6,155	2,059 (1)	3.00 - 5.00%	9/1/2023-2038
Contractual Obligation - 2018	2019	21,215	11,580	1,080 (2)	4.00 - 5.00%	11/1/2022-2025
Public Improvement - 2018	2019	6,980	6,015	2,123 (1)	3.38 - 5.00%	9/1/2023-2038
Public Improvement and Refunding - 2019	2020	146,090	80,100	34,587 (1)	4.00 - 5.00%	9/1/2023-2039
Certificates of Obligation - 2019	2020	5,055	4,550	2,271 (1)	4.00 - 5.00%	9/1/2023-2039
Contractual Obligation - 2019	2020	25,780	17,690	2,282 (2)	5.00%	11/1/2022-2026
Public Improvement - 2019	2020	40,535	35,760	9,417 (1)	1.92 - 5.00%	9/1/2023-2039
Certificates of Obligation - 2019	2020	14,935	13,175	3,469 (1)	1.92 - 5.00%	9/1/2023-2039
Public Improvement and Refunding - 2020	2021	86,440	70,270	22,697 (1)	5.00%	9/1/2023-2040
Certificates of Obligation - 2020	2021	109,080	78,075	45,857 (1)	5.00%	9/1/2023-2040
Contractual Obligation - 2020	2021	23,205	18,515	2,848 (2)	5.00%	11/1/2022-2027
Public Improvement and Refunding - 2020	2021	49,410	38,620	6,276 (1)	0.36 - 4.00%	9/1/2023-2040
Public Improvement and Refunding - 2021	2022	153,685	120,665	48,332 (1)	4.00 - 5.00%	9/1/2023-2041
Certificates of Obligation - 2021	2022	35,670	34,435	16,236 (1)	4.00 - 5.00%	9/1/2023-2041
Contractual Obligation - 2021	2022	27,110	24,880	4,866 (2)	5.00%	11/1/2022-2028
Public Improvement and Refunding - 2021	2022	81,880	70,020	16,830 (1)	1.65 - 3.00%	9/1/2023-2041
Certificates of Obligation - 2021	2022	20,300	19,460	4,194 (1)	1.00 - 4.00%	9/1/2023-2041
			<u>\$ 1,501,180</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 \$2,353 and interest of \$252 and Drainage fund principal of \$1,322 and interest of \$141.

(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 2021, the City issued \$153,685,000 of Public Improvement and Refunding Bonds, Series 2021. The net proceeds of \$81,895,000 (after issue costs, discounts, and premiums) from the issue will be used as follows: streets and mobility (\$38,980,000), water quality protection (\$22,880,000), park improvements (\$16,995,000), and facility improvements (\$3,040,000). The net proceeds of the refunding portion of \$102,566,092 were used to refund \$62,090,000 Public Improvement Bonds, Series 2011A and \$39,290,000 Certificates of Obligation, Series 2011. Principal payments are due on September 1 of each year from 2022 to 2041. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2022. Total interest requirements for these bonds, at rates ranging from 4.0% to 5.0%, are \$54,806,195. An economic gain of \$20,465,485 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$24,136,134. An accounting loss of \$443,815, which will be deferred and amortized, was recorded on this refunding.

In October 2021, the City issued \$35,670,000 of Certificates of Obligation, Series 2021. The net proceeds of \$43,930,000 (after issue costs, discounts, and premiums) from this issuance will be used for constructing and remodeling multiple Austin Fire Department facilities. Principal payments are due on September 1 of each year from 2022 to 2041. Interest is payable on March 1 and September 1 of each year, commencing on March 1, 2022. Total interest requirements for these obligations, at rates ranging from 4.0% to 5.0%, are \$17,646,785.

In October 2021, the City issued \$27,110,000 of Public Property Finance Contractual Obligations, Series 2021. The net proceeds of \$31,930,000 (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 2022 to 2028. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2022. Total interest requirements for these obligations, at a rate of 5.0%, are \$5,634,117.

In October 2021, the City issued \$81,880,000 of Public Improvement and Refunding Taxable Bonds, Series 2021. The new money net proceeds of \$77,655,000 (after issue costs, discounts, and premiums) from the issuance were used for affordable housing. The net proceeds of the refunding portion of \$6,690,260 were used to refund \$6,550,000 Public Improvement Bonds, Taxable Series 2011B. Interest is payable March 1 and September 1 of each year from 2022 to 2041, commencing on March 1, 2022. Principal payments are due September 1 of each year from 2022 to 2041. Total interest requirements for this obligation, at rates ranging from 1.65% to 3.00%, are \$18,720,046. An economic gain of \$893,671 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$1,309,842. An accounting loss of \$56,250, which will be deferred and amortized, was recorded on this refunding.

In October 2021, the City issued \$20,300,000 of Certificates of Obligation, Taxable Series 2021. The net proceeds of \$20,525,000 (after issue costs, discounts, and premiums) from the issuance were used for Waller Creek Tunnel and Waller Creek District. Interest is payable March 1 and September 1 of each year from 2022 to 2041, commencing on March 1, 2022. Principal payments are due September 1 of each year from 2022 to 2041. Total interest requirements for this obligation, at rates ranging from 1.0% to 4.0%, are \$4,610,025.

**General Obligation System Debt -- In-Substance Defeasance** – In March 2022, the City defeased \$85,000 of Public Improvement Refunding Bonds, Series 2010, with a \$87,125 cash payment. The funds were deposited in an irrevocable escrow account to provide for the future debt service payments on the defeased bonds. The City is legally released from the obligation for the defeased debt. Debt service savings from the 2022 defeasance was \$87,125 over a one-year period. An accounting loss of \$6,767 was recorded and recognized in the current period on the defeasance.

In May 2022, the City defeased \$485,000 of Public Improvement Refunding Bonds, Series 2020, with a cash payment of \$586,626. The funds were deposited in an irrevocable escrow account to provide for the future debt service payments on the defeased bonds. The City is legally released from the obligation for the defeased debt. Debt service savings from the 2022 defeasance was \$586,625 over a seven-year period. An accounting gain of \$41,150 was recorded and recognized in the current period on the defeasance.

General obligation bonds authorized and unissued amounted to \$1,669,845 at September 30, 2022. Bond ratings at September 30, 2022, were Aa1 (Moody's Investors Service, Inc.), AAA (S&P Global Ratings), and AA+ (Fitch Ratings, Inc.).

**9 – DEBT AND NON-DEBT LIABILITIES, continued**  
**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, 2022, 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 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, 2022 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
1998 Refunding	1999	\$ 139,965	\$ 50,290	5,162 (1)	5.25%	5/15/2023-2025

(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, 2022, 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, 2022, Austin Energy had tax exempt commercial paper notes of \$151,300,000 outstanding and Austin Water had \$90,000,000 of commercial paper notes outstanding with interest ranging from 1.68% to 2.8%, 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):

Note Series	Liquidity Provider	Commitment Fee Rate	Remarketing	Remarketing Fee Rate	Outstanding	Expiration
Various	J.P. Morgan Chase Bank NA	0.70%	Goldman Sachs	0.05%	\$ 241,300	9/30/2024

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

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, 2022, 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.

At September 30, 2022, Austin Energy had outstanding taxable commercial paper notes of \$19,200,000 with interest rates ranging from 3.25% to 3.43%. 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	0.68%	Goldman Sachs	0.05%	<u>\$ 19,200</u>	9/30/2024

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 JP Morgan Chase Bank 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 JP Morgan Chase Bank, 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 36-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, 2022, were Aa3 (Moody’s Investors Service, Inc.), AA- (S&P Global Ratings), and AA- (Fitch Ratings, Inc.).

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

**Electric Utility System Revenue Debt -- Bonds Issued and Outstanding** - The following table summarizes all electric system refunding revenue bonds outstanding at September 30, 2022 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2008 Refunding	2008	\$ 50,000	31,420	12,044 (1)	6.26%	11/15/2022-2032
2010B Refunding	2010	100,990	91,255	54,743 (1)	5.09 - 5.72%	11/15/2022-2040
2012A Refunding	2013	267,770	229,635	110,181 (1)	2.50 - 5.00%	11/15/2022-2040
2012B Refunding	2013	107,715	68,855	8,221 (1)	2.46 - 3.16%	11/15/2022-2027
2015A Refunding	2015	327,845	306,305	202,124 (1)	5.00%	11/15/2022-2045
2015B Refunding	2015	81,045	31,940	16,179 (1)	2.99 - 4.66%	11/15/2022-2037
2017 Refunding	2017	101,570	96,600	55,185 (1)	4.00 - 5.00%	11/15/2022-2038
2019A	2019	464,540	370,170	56,583 (1)	2.46 - 3.09%	11/15/2022-2031
2019B Refunding	2019	169,850	169,850	156,042 (1)	5.00%	11/15/2022-2049
2019C Refunding	2019	104,775	103,455	59,383 (1)	2.07 - 3.57%	11/15/2022-2049
2020A Refunding	2021	227,495	227,495	183,468 (1)	5.00%	11/15/2023-2050
2020B Refunding	2021	49,870	49,870	25,222 (1)	0.73 - 2.93%	11/15/2024-2050
			<u>\$ 1,776,850</u>			

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

**Electric Utility System Revenue Debt -- Pledged Revenues** - The net revenue of Austin Energy was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2022 (in thousands):

Gross Revenue (1)	Operating Expense (2)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$ 1,683,920	1,333,238	350,682	166,036	2.11

(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.

**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, 2022, 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 November 2021, the City issued \$216,380,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2021. The net proceeds of \$275,507,030 (after issue costs, premium and discounts) from the issuance were used to refund \$102,000,000 in tax-exempt commercial paper, and \$173,507,030 in separate lien revenue bonds, Series 2011. Principal payments are due November 15 of each year from 2024 to 2051. Interest is payable May 15 and November 15 of each year from 2022 to 2051. Total interest requirements for this obligation, at rates of 4.0% to 5.0%, are \$140,771,574. An economic gain of \$57,674,336 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$68,000,024. An accounting gain of \$3,885,919, which will be deferred and amortized, was recorded on this refunding.

**Water and Wastewater System Revenue Debt -- Revenue Bond Issues** - In November 2021, the City issued \$18,000,000 of Water and Wastewater System Revenue Bonds, Series 2021C. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of \$16,893,269 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2022 to 2041. Interest payments are due May 15 and November 15 of each year from 2022 to 2041. Total interest requirements for the bonds are \$2,870,199, with interest rates ranging from 0.15% to 1.85%.

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

In November 2021, the City issued \$23,100,000 of Water and Wastewater System Revenue Bonds, Series 2021D. This is a private placement structured through a memorandum with TWDB. Project funds of \$21,924,193 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2022 to 2051. Interest payments are due May 15 and November 15 of each year from 2022 to 2051. Total interest requirements for the bonds are \$250,982, with interest rates ranging from 0.00% to 0.19%.

In November 2021, the City issued \$30,000,000 of Water and Wastewater System Revenue Bonds, Series 2021E. This is a private placement structured through a memorandum with TWDB. Project funds of \$28,391,138 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2022 to 2051. Interest payments are due May 15 and November 15 of each year from 2022 to 2051. Total interest requirements for the bonds are \$613,152, with interest rates ranging from 0.00% to 0.29%.

**Water and Wastewater System Revenue Debt -- Revenue Bond In-Substance Defeasance** - In December 2021, the City defeased \$17,310,000 of separate lien revenue refunding bonds, Series 2011, \$35,815,000 of separate lien revenue refunding bonds, Series 2012, \$9,190,000 of separate lien revenue refunding bonds, Series 2013A, and \$11,350,000 of separate lien revenue refunding bonds, Series 2017, with a \$76,832,078 cash payment. 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 2022 defeasance was \$83,528,870 over a six-and-a-half-year period. The savings, coupled with future planned debt defeasance transactions, will help achieve rate stability over the next few years. An accounting loss of \$1,326,685 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, 2022 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2008 Refunding	2008	\$ 170,605	93,500	16,753 (2)	0.03 - 1.87%	11/15/2022-2031 (3)
2010	2010	31,815	21,205	-- (4)	0.00%	11/15/2022-2041
2010B Refunding	2011	100,970	81,805	51,783 (1)	4.65 - 6.02%	11/15/2022-2040
2012 Refunding	2012	336,820	182,585	99,865 (1)	5.00%	11/15/2022-2042
2013A Refunding	2013	282,460	229,275	115,985 (1)	3.70 - 5.00%	11/15/2022-2043
2014 Refunding	2014	282,205	253,240	140,279 (1)	5.00%	11/15/2022-2043
2015A Refunding	2015	249,145	188,915	53,945 (1)	2.85 - 5.00%	11/15/2022-2036
2016 Refunding	2016	247,770	241,450	161,121 (1)	5.00%	11/15/2022-2045
2016A	2017	20,430	15,830	2,253 (1)	0.83 - 2.12%	11/15/2022-2036
2017 Refunding	2017	311,100	270,430	147,497 (1)	4.22 - 5.00%	11/15/2022-2046
2017A	2018	45,175	37,020	6,137 (1)	0.9 - 2.29%	11/15/2022-2037
2018	2019	3,000	2,615	539 (1)	1.44 - 2.61%	11/15/2022-2038
2019	2020	6,200	5,640	840 (1)	0.85 - 1.94%	11/15/2022-2039
2020A	2020	11,200	10,460	451 (1)	0.00 - 0.50%	11/15/2022-2049
2020B	2020	3,800	3,550	293 (1)	0.00 - 0.80%	11/15/2022-2049
2020C Refunding	2021	203,505	203,505	179,432 (1)	5.00%	11/15/2022-2050
2020D	2021	16,995	16,190	1,876 (1)	0.12 - 1.55%	11/15/2022-2040
2021A	2021	10,400	10,120	-- (4)	0.00%	11/15/2022-2050
2021B	2021	9,400	9,150	18 (1)	0.00 - 0.06%	11/15/2022-2050
2021 Refunding	2022	216,380	216,380	135,779 (1)	4.00 - 5.00%	11/15/2024-2051
2021C	2022	18,000	18,000	2,768 (1)	0.15 - 1.85%	11/15/2022-2041
2021D	2022	23,100	23,100	246 (1)	0.00 - 1.90%	11/15/2022-2051
2021E	2022	30,000	30,000	601 (1)	0.00 - 0.29%	11/15/2022-2051
			<u>\$ 2,163,965</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 3.60% in effect at the end of the fiscal year.
- (3) Series matures on May 15 of the final year.
- (4) Zero interest bond placed with Texas Water Development Board.

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

Series 2008 refunding bonds are variable rate demand bonds. The associated letter of credit agreement has the following terms (in thousands):

<u>Bond Sub-Series</u>	<u>Liquidity Provider</u>	<u>Commitment Fee Rate</u>	<u>Remarketing Agent</u>	<u>Remarketing Fee Rate</u>	<u>Outstanding</u>	<u>Expiration</u>
2008	Barclays Bank PLC	0.25%	Goldman Sachs	0.05%	\$ 93,500	10/28/2022 (1)

(1) In October 2022, the variable rate bonds were refunded through the issuance of Water and Wastewater Revenue Refunding Bonds, Series 2022, thus the City has classified this debt as long-term at the end of the fiscal year.

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.

**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, 2022 (in thousands):

	<u>Gross Revenue (1)</u>	<u>Operating Expense (2)</u>	<u>Net Revenue</u>	<u>Debt Service Requirement</u>	<u>Revenue Bond Coverage (3)</u>
\$	628,877	295,748	333,129	159,632	2.09

(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.

**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, 2022, for the revenue bonds were A1 (Moody's Investors Service, Inc.) and A+ (S&P Global Ratings).

**Airport System Revenue Debt -- Revenue Bond Issue** - In May 2022, the City issued \$416,060,000 of Airport System Revenue Bonds, Series 2022 (AMT). The bonds are subject to the alternative minimum tax (AMT). The net proceeds of \$453,057,957 (after issue costs, discounts, and premiums) from the issuance are being used for the purposes of designing and constructing improvements to Austin-Bergstrom International Airport. Interest is payable May 15 and November 15 of each year from 2022 to 2052, commencing on November 15, 2022. Principal payments are due November 15 of each year from 2025 to 2052. Total interest requirements for this obligation, at a rate of 5.0% - 5.25%, are \$418,951,638.



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

**Airport System Revenue Debt -- Bonds Issued and Outstanding** - The following table summarizes all airport system original and refunding revenue bonds outstanding at September 30, 2022 (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	34,740	2,749 (1)	2.25%	11/15/2022-2028 (2)
2014 Revenue	2015	244,495	244,495	182,674 (1)	5.00%	11/15/2026-2044
2017A Revenue	2017	185,300	185,300	150,635 (1)	5.00%	11/15/2026-2046
2017B Revenue	2017	129,665	129,665	105,406 (1)	5.00%	11/15/2026-2046
2019 Revenue	2019	151,720	96,675	9,926 (1)	5.00%	11/15/2022-2025
2019A Revenue	2019	16,975	16,975	23,341 (1)	5.00%	11/15/2049
2019B Revenue	2019	248,170	248,170	204,053 (1)	5.00%	11/15/2022-2048
2022 Revenue	2022	416,060	416,060	418,952 (1)	5.00 - 5.25%	11/15/2025-2052
			<u>\$ 1,372,080</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, 2022 (in thousands):

Gross Revenue (1) (5)	Other Available Funds (2)	Operating Expense (3)	Net Revenue and Other Available Funds	Debt Service Requirement (4)	Revenue Bond Coverage
\$ 246,263	12,422	127,700	130,985	49,687	2.64

(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) Gross revenue includes funds from the CARES Act of \$7.3 million.

**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, 2022, 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, 2022 (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	58,410	7,307 (2)	0.05 - 1.88%	11/15/2022-2029
2012 Refunding	2012	20,185	11,660	2,300 (1)	3.63 - 5.00%	11/15/2022-2029
2016 Refunding	2017	29,080	18,660	1,430 (1)	1.88%	11/15/2022-2029
			<u>\$ 88,730</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.

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

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):

<u>Bond Sub-Series</u>	<u>Liquidity Provider</u>	<u>Commitment Fee Rate</u>	<u>Remarketing Agent</u>	<u>Remarketing Fee Rate</u>	<u>Outstanding</u>	<u>Expiration</u>
2008-A	Citibank	0.28%	Raymond James	0.06%	\$ 29,205	10/2/2024
2008-B	Sumitomo Mitsui Banking Corporation	0.33%	BofA Securities, Inc.	0.05%	29,205	10/7/2022 (1)
					<u>\$ 58,410</u>	

(1) In September 2022, the City extended the letter of credit agreement. The new agreement expires October 4, 2024, thus the City has classified this debt as long-term at the end of the fiscal year.

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, continued

Fiscal Year Ended September 30	Governmental Activities (in thousands)					
	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 89,576	44,256	14,323	12,963	18,158	4,557
2024	90,696	40,342	14,971	12,318	16,720	3,714
2025	89,371	36,352	15,626	11,656	16,015	2,947
2026	88,656	32,175	16,349	10,951	15,425	2,206
2027	89,051	28,233	12,920	10,220	12,015	1,504
2028-2032	342,908	91,828	83,598	42,263	23,935	1,870
2033-2037	197,215	29,511	97,782	21,329	--	--
2038-2042	60,040	4,597	41,195	3,720	--	--
Total debt service requirements	1,047,513	307,294	296,764	125,420	102,268	16,798
Less: Unamortized bond discounts	(247)	--	(272)	--	(123)	--
Add: Unamortized bond premiums	97,909	--	42,817	--	8,473	--
Net debt	1,145,175	307,294	339,309	125,420	110,618	16,798

Fiscal Year Ended September 30	Financed Purchase Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2023	5,417	416	127,474	62,192
2024	3,384	259	125,771	56,633	182,404
2025	3,468	175	124,480	51,130	175,610
2026	3,554	89	123,984	45,421	169,405
2027	--	--	113,986	39,957	153,943
2028-2032	--	--	450,441	135,961	586,402
2033-2037	--	--	294,997	50,840	345,837
2038-2042	--	--	101,235	8,317	109,552
Total debt service requirements	15,823	939	1,462,368	450,451	1,912,819
Less: Unamortized bond discounts	--	--	(642)	--	(642)
Add: Unamortized bond premiums	--	--	149,199	--	149,199
Net debt	\$ 15,823	939	1,610,925	450,451	2,061,376

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
2023	\$ 2,624	776	1,421	1,140	3,117	517
2024	2,753	646	1,494	1,078	2,810	378
2025	1,104	509	1,569	1,009	2,515	246
2026	1,189	453	1,627	947	1,830	132
2027	1,259	392	1,710	868	1,075	52
2028-2032	4,858	1,016	9,987	2,990	335	8
2033-2037	1,210	329	5,893	545	--	--
2038-2042	580	44	--	--	--	--
2043-2047	--	--	--	--	--	--
2048-2052	--	--	--	--	--	--
2053-2057	--	--	--	--	--	--
Total debt service requirements	15,577	4,165	23,701	8,577	11,682	1,333
Less: Unamortized bond discounts	--	--	(4)	--	--	--
Add: Unamortized bond premiums	2,481	--	1,893	--	849	--
Net debt	18,058	4,165	25,590	8,577	12,531	1,333

Fiscal Year Ended September 30	Other Tax Supported Debt		Commercial Paper Notes (1)		Revenue Bonds (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2023	885	156	260,500	163	193,264
2024	920	119	--	--	191,590	230,995
2025	965	79	--	--	227,475	221,779
2026	905	39	--	--	228,835	211,358
2027	--	--	--	--	245,910	201,148
2028-2032	--	--	--	--	1,178,585	844,072
2033-2037	--	--	--	--	902,509	611,328
2038-2042	--	--	--	--	920,995	380,212
2043-2047	--	--	--	--	742,605	170,442
2048-2052	--	--	--	--	336,920	40,450
2053-2057	--	--	--	--	26,945	653
Total debt service requirements	3,675	393	260,500	163	5,195,633	3,151,564
Less: Unamortized bond discounts	--	--	--	--	(1,231)	--
Add: Unamortized bond premiums	--	--	--	--	514,270	--
Net debt	\$ 3,675	393	260,500	163	5,708,672	3,151,564

(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 0.03% - 1.88%.

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
	2023	\$ 15,930	2,486	477,741	244,365
2024	16,090	2,303	215,657	235,519	451,176
2025	16,275	2,115	249,903	225,737	475,640
2026	16,445	1,916	250,831	214,845	465,676
2027	16,675	1,712	266,629	204,172	470,801
2028-2032	64,940	5,711	1,258,705	853,797	2,112,502
2033-2037	49,421	2,966	959,033	615,168	1,574,201
2038-2042	32,625	711	954,200	380,967	1,335,167
2043-2047	14,705	217	757,310	170,659	927,969
2048-2052	13,175	67	350,095	40,517	390,612
2053-2057	--	--	26,945	653	27,598
Total debt service requirements	<u>256,281</u>	<u>20,204</u>	<u>5,767,049</u>	<u>3,186,399</u>	<u>8,953,448</u>
Less: Unamortized bond discounts	--	--	(1,235)	--	(1,235)
Add: Unamortized bond premiums	--	--	519,493	--	519,493
Net debt	<u>\$ 256,281</u>	<u>20,204</u>	<u>6,285,307</u>	<u>3,186,399</u>	<u>9,471,706</u>

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

**Business-type Activities: Austin Energy**  
**(in thousands)**

Fiscal Year Ended September 30	Commercial Paper Notes (1)		Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 170,500	104	80,233	76,489
2024	--	--	88,717	73,255
2025	--	--	93,327	69,654
2026	--	--	87,875	65,890
2027	--	--	103,395	62,324
2028-2032	--	--	479,535	253,540
2033-2037	--	--	278,705	174,983
2038-2042	--	--	263,275	108,238
2043-2047	--	--	232,690	50,083
2048-2052	--	--	106,425	8,750
Total debt service requirements	170,500	104	1,814,177	943,206
Less: Unamortized bond discounts	--	--	(113)	--
Add: Unamortized bond premiums	--	--	143,686	--
Net debt	170,500	104	1,957,750	943,206

Fiscal Year Ended September 30	Total Austin Energy Debt Service Requirements		
	Principal	Interest	Total
2023	250,733	76,593	327,326
2024	88,717	73,255	161,972
2025	93,327	69,654	162,981
2026	87,875	65,890	153,765
2027	103,395	62,324	165,719
2028-2032	479,535	253,540	733,075
2033-2037	278,705	174,983	453,688
2038-2042	263,275	108,238	371,513
2043-2047	232,690	50,083	282,773
2048-2052	106,425	8,750	115,175
Total debt service requirements	1,984,677	943,310	2,927,987
Less: Unamortized bond discounts	(113)	--	(113)
Add: Unamortized bond premiums	143,686	--	143,686
Net debt	\$ 2,128,250	943,310	3,071,560

(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	General Obligation Bonds		Certificates of Obligation		Contractual Obligations		Other Tax Supported Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
September 30								
2023	\$ 215	53	29	10	175	4	567	100
2024	252	42	31	9	--	--	589	76
2025	70	30	32	8	--	--	618	51
2026	75	26	30	7	--	--	579	25
2027	80	22	30	6	--	--	--	--
2028-2032	365	47	156	15	--	--	--	--
2033-2037	--	--	3	--	--	--	--	--
2038-2042	--	--	--	--	--	--	--	--
2043-2047	--	--	--	--	--	--	--	--
2048-2052	--	--	--	--	--	--	--	--
Total debt service requirements	1,057	220	311	55	175	4	2,353	252
Less: Unamortized bond discounts	--	--	(1)	--	--	--	--	--
Add: Unamortized bond premiums	165	--	2	--	1	--	--	--
Net debt	1,222	220	312	55	176	4	2,353	252

Fiscal Year Ended	Commercial Paper Notes (1)		Revenue Bonds (2)		Revenue Notes from Direct Placements		Total Austin Water Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
September 30									
2023	90,000	59	78,261	94,359	9,105	1,427	178,352	96,012	274,364
2024	--	--	66,593	90,954	9,125	1,391	76,590	92,472	169,062
2025	--	--	96,303	87,076	9,155	1,352	106,178	88,517	194,695
2026	--	--	94,505	82,405	9,180	1,308	104,369	83,771	188,140
2027	--	--	104,050	77,761	9,260	1,259	113,420	79,048	192,468
2028-2032	--	--	498,430	313,680	47,130	5,326	546,081	319,068	865,149
2033-2037	--	--	403,809	209,478	49,421	2,966	453,233	212,444	665,677
2038-2042	--	--	376,240	107,487	32,625	711	408,865	108,198	517,063
2043-2047	--	--	190,935	33,870	14,705	217	205,640	34,087	239,727
2048-2052	--	--	64,920	6,697	13,175	67	78,095	6,764	84,859
Total debt service requirements	90,000	59	1,974,046	1,103,767	202,881	16,024	2,270,823	1,120,381	3,391,204
Less: Unamortized bond discounts	--	--	(1,001)	--	--	--	(1,002)	--	(1,002)
Add: Unamortized bond premiums	--	--	233,405	--	--	--	233,573	--	233,573
Net debt	\$ 90,000	59	2,206,450	1,103,767	202,881	16,024	2,503,394	1,120,381	3,623,775

(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
2023	\$ 27,095	66,024	4,630	730
2024	28,320	64,812	4,730	624
2025	29,585	63,364	4,845	517
2026	37,875	61,678	4,950	406
2027	29,585	59,991	5,060	294
2028-2032	171,905	275,616	10,525	179
2033-2037	219,995	226,867	--	--
2038-2042	281,480	164,487	--	--
2043-2047	318,980	86,489	--	--
2048-2052	165,575	25,003	--	--
2053-2057	26,945	653	--	--
Total debt service requirements	1,337,340	1,094,984	34,740	2,750
Less: Unamortized bond discounts	(84)	--	--	--
Add: Unamortized bond premiums	136,884	--	--	--
Net debt	1,474,140	1,094,984	34,740	2,750

Fiscal Year Ended September 30	Total Airport Debt Service Requirements		
	Principal	Interest	Total
2023	31,725	66,754	98,479
2024	33,050	65,436	98,486
2025	34,430	63,881	98,311
2026	42,825	62,084	104,909
2027	34,645	60,285	94,930
2028-2032	182,430	275,795	458,225
2033-2037	219,995	226,867	446,862
2038-2042	281,480	164,487	445,967
2043-2047	318,980	86,489	405,469
2048-2052	165,575	25,003	190,578
2053-2057	26,945	653	27,598
Total debt service requirements	1,372,080	1,097,734	2,469,814
Less: Unamortized bond discounts	(84)	--	(84)
Add: Unamortized bond premiums	136,884	--	136,884
Net debt	\$ 1,508,880	1,097,734	2,606,614



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
2023	\$ 2,409	723	1,392	1,130	2,942	513	318	56
2024	2,501	604	1,463	1,069	2,810	378	331	43
2025	1,034	479	1,537	1,001	2,515	246	347	28
2026	1,114	427	1,597	940	1,830	132	326	14
2027	1,179	370	1,680	862	1,075	52	--	--
2028-2032	4,493	969	9,831	2,975	335	8	--	--
2033-2037	1,210	329	5,890	545	--	--	--	--
2038-2042	580	44	--	--	--	--	--	--
Total debt service requirements	14,520	3,945	23,390	8,522	11,507	1,329	1,322	141
Less: Unamortized bond discounts	--	--	(3)	--	--	--	--	--
Add: Unamortized bond premiums	2,316	--	1,891	--	848	--	--	--
Net debt	16,836	3,945	25,278	8,522	12,355	1,329	1,322	141

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
2023	7,675	2,255	2,195	329	16,931	5,006	21,937
2024	7,960	1,974	2,235	288	17,300	4,356	21,656
2025	8,260	1,685	2,275	246	15,968	3,685	19,653
2026	8,580	1,385	2,315	202	15,762	3,100	18,862
2027	8,880	1,072	2,355	159	15,169	2,515	17,684
2028-2032	28,715	1,236	7,285	206	50,659	5,394	56,053
2033-2037	--	--	--	--	7,100	874	7,974
2038-2042	--	--	--	--	580	44	624
Total debt service requirements	70,070	9,607	18,660	1,430	139,469	24,974	164,443
Less: Unamortized bond discounts	(33)	--	--	--	(36)	--	(36)
Add: Unamortized bond premiums	295	--	--	--	5,350	--	5,350
Net debt	\$ 70,332	9,607	18,660	1,430	144,783	24,974	169,757

(1) A portion of these bonds are variable rate bonds with rates ranging from 0.05% - 1.88%.

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, 2022, defeased bonds remaining unredeemed or unmatured are provided below (in thousands):

Refunded Bonds	Escrow	
	Maturity Dates	Balance (1)
<b>General Obligation</b>		
Public Improvement Bonds, Series 2020	9/1/2023 - 9/1/2029	\$ 435
<b>Austin Water</b>		
Series 2012	11/15/2022	38,265
Series 2013A	5/15/2023	9,190
Series 2017	11/15/2022 - 11/15/2023	11,350
		<u>\$ 59,240</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. In 2021, the Legislature passed, and Governor signed, House Bill 4368 (HB 4368) that enacted substantial reforms to the Police Officers' pension system. These changes which became effective January 1, 2022, are intended to place the fund on an actuarially sound path and reduce the projected funding period to 30 years. A new tier was established for officers hired after December 31, 2021, contribution levels and methodologies were changed, the governance structure was revised, and certain roles previously delegated to the board were revoked or revised. Further information regarding these changes is disclosed in the relevant sections of this footnote.

**Plan Financial Statements** -- The most recently available financial statements of the pension funds are for the year ended December 31, 2021. 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 <a href="http://www.coaers.org">www.coaers.org</a>	(512)458-2551
City of Austin Police Officers' Retirement and Pension Fund	2520 S. IH 35, Ste. 100 Austin, Texas 78704 <a href="http://www.ausprs.org">www.ausprs.org</a>	(512)416-7672
Fire Fighters' Relief and Retirement Fund of Austin, Texas	4101 Parkstone Heights Dr., Ste. 270 Austin, Texas 78746 <a href="http://www.afrs.org">www.afrs.org</a>	(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; 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 was put into effect for 2022.

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

**Employees Covered by Benefit Terms** -- Membership in the plans as of December 31, 2021, is as follows:

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Inactive employees or beneficiaries:			
Currently receiving benefits	7,221	1,164	924
Entitled to but not yet receiving benefits	1,369	59	29
Nonvested terminated due refunds	2,090	79	0
Active employees	<u>10,228</u>	<u>1,673</u>	<u>1,175</u>
Total	<u><u>20,908</u></u>	<u><u>2,975</u></u>	<u><u>2,128</u></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%	10.1% (2)	22.05%
City contributions year ended			
September 30, 2022 (in thousands)	\$148,844	43,030	23,496

- (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 10.1% was effective January 1, 2022. Prior to that change the rate was 21.737%. 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 2022 this amount is \$1,038,268 per pay period.

**b -- Net Pension Liability**

The City's net pension liability was measured as of December 31, 2021 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, 2021 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, 2020. The valuation was updated using 2021 assumptions and rolled forward to the year ending December 31, 2021.

**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 tables.	PubS-2010(A) Mortality Tables sex distinct with mortality improvement projected five years beyond the valuation date using scale MP-2020 and a base year of 2010.

(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>
<b>City Employees:</b>		
US equity	33%	6% to 6.5%
Developed markets equities	15%	7.5% to 8%
Emerging markets equities	8%	10%
Fixed income	21%	2%
Alternative investments	13%	1.5% to 5%
Real estate	10%	5.75%
Total	100%	
<b>Police Officers:</b>		
Domestic equity	42.5%	7.5%
International equity	15%	8.5%
Other equity	7.5%	7.5%
US and non-US fixed income	10%	3%
Other fixed income	5%	3.5%
Real estate	15%	4.5%
Multi asset class	5%	5%
Total	100%	
<b>Fire Fighters:</b>		
Public domestic equity	20%	4.7%
Public foreign equity	22%	5.5%
Private equity fund of funds	15%	5.9%
Investment grade bonds	13%	(0.3%)
Treasury inflation protected securities	5%	(0.3%)
High yield/bank loans	5%	2.0%
Emerging market debt	7%	1.7%
Core real estate	5%	3.4%
Non-core real estate	5%	5.6%
Natural resources	3%	6.2%
Total	100%	

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

**Discount Rate** -- The following provides information on the discount rate used to measure the City's total pension liability. Based on the assumptions presented below, the fiduciary net position for all three 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 projected benefit payments to determine the total pension liability. For the December 31, 2021 actuarial valuation, the City Employees' Plan board of directors lowered the assumed rate of return from 7.00% to 6.75%, reflecting the current outlook for future capital market returns.

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Discount rate	6.75%	7.25%	7.3%
Change since last measurement date	(0.25%)	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 33 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 (Asset)</u>
City Employees	5.75%	\$ 2,110,565	6.75%	\$ 1,466,903	7.75%	\$ 936,049
Police Officers	6.25%	735,779	7.25%	544,453	8.25%	373,549
Fire Fighters	6.3%	135,570	7.3%	11,832	8.3%	(92,722)

**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, 2021, are as follows (in thousands):

	<u>City</u>			
	<u>Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
<b>Total pension liability at December 31, 2020</b>	\$ 4,701,215	1,544,153	1,232,431	7,477,799
<b>Changes for the year:</b>				
Service cost	122,860	40,070	28,112	191,042
Interest	324,736	110,642	91,655	527,033
Benefit changes	--	--	30,096	30,096
Differences between expected and actual experience	(11,910)	6,536	3,266	(2,108)
Assumption changes	142,270	--	--	142,270
Contribution buy back	--	3,993	--	3,993
Benefit payments including refunds	(247,128)	(80,207)	(70,183)	(397,518)
<b>Net change in total pension liability</b>	<u>330,828</u>	<u>81,034</u>	<u>82,946</u>	<u>494,808</u>
<b>Total pension liability at December 31, 2021</b>	<u>5,032,043</u>	<u>1,625,187</u>	<u>1,315,377</u>	<u>7,972,607</u>
<b>Total plan fiduciary net position at December 31, 2020</b>	<u>3,199,546</u>	<u>938,226</u>	<u>1,162,024</u>	<u>5,299,796</u>
<b>Changes for the year:</b>				
Employer contributions	141,219	35,429	22,041	198,689
Employee contributions	66,820	21,186	18,697	106,703
Contribution buy back	--	3,993	--	3,993
Pension plan net investment income (loss)	411,210	164,509	171,936	747,655
Benefits payments and refunds	(247,128)	(80,207)	(70,183)	(397,518)
Pension plan administrative and other expense	(6,527)	(2,402)	(970)	(9,899)
<b>Net change in total plan fiduciary net position</b>	<u>365,594</u>	<u>142,508</u>	<u>141,521</u>	<u>649,623</u>
<b>Total plan fiduciary net position at December 31, 2021</b>	<u>3,565,140</u>	<u>1,080,734</u>	<u>1,303,545</u>	<u>5,949,419</u>
<b>Net pension liability at December 31, 2020</b>	<u>1,501,669</u>	<u>605,927</u>	<u>70,407</u>	<u>2,178,003</u>
<b>Net pension liability at December 31, 2021</b>	<u>\$ 1,466,903</u>	<u>544,453</u>	<u>11,832</u>	<u>2,023,188</u>

**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 investment return assumption decreased from 7% to 6.75%.

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.

**c -- Pension Expense**

Total pension expense recognized by the City for the fiscal year ended September 30, 2022, was comprised of the following (in thousands):

	<b>Pension Expense</b>
City Employees	\$ 161,476
Police Officers	42,730
Fire Fighters	11,707
<b>Total</b>	<b>\$ 215,913</b>



10 – RETIREMENT PLANS, continued

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

At September 30, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources (in thousands):

Source	City Employees	Police Officers	Fire Fighters	Total
<b>Deferred Outflows of Resources</b>				
Contributions to the plans subsequent to the measurement date	\$ 110,235	33,738	17,438	161,411
Differences between expected and actual experience	20,044	23,695	7,226	50,965
Changes in assumptions	232,806	465,642	24,543	722,991
Changes in proportionate share (between funds)	21,992	--	--	21,992
<b>Total</b>	<b>385,077</b>	<b>523,075</b>	<b>49,207</b>	<b>957,359</b>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	9,561	11,583	7,767	28,911
Changes in assumptions	--	544,872	2,389	547,261
Net difference between projected and actual earnings on pension plan investments	275,396	117,842	122,384	515,622
Changes in proportionate share (between funds)	21,992	--	--	21,992
<b>Total</b>	<b>\$ 306,949</b>	<b>674,297</b>	<b>132,540</b>	<b>1,113,786</b>

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

Fiscal Year Ended September 30	City Employees	Police Officers	Fire Fighters	Total
2023	\$ 34,542	(16,264)	(20,974)	(2,696)
2024	(38,473)	(37,030)	(41,975)	(117,478)
2025	(18,360)	(19,166)	(29,244)	(66,770)
2026	(11,628)	(11,809)	(15,098)	(38,535)
2027	1,812	(45,858)	3,235	(40,811)
Thereafter	--	(54,833)	3,285	(51,548)
<b>Total</b>	<b>\$ (32,107)</b>	<b>(184,960)</b>	<b>(100,771)</b>	<b>(317,838)</b>

**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 2022 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 valuation 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 \$4.3 billion was determined by an actuarial valuation as of December 31, 2021, the measurement date. Of the total liability, \$63.8 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.

<b>General Assumptions</b>	
Inflation rate	• NA
Salary increases	• Vary by retirement group, age, and years of service
Discount rate	• 2.06%
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.
<b>Healthcare cost trend rates</b>	
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%
<b>Sources for mortality rate assumptions</b>	
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, 2021, the City's actuaries used the Bond Buyer US Weekly Yields 20 General Obligation Bond Index of 2.06%.

**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).

<u>1% Decrease</u>		<u>Current Discount Rate</u>		<u>1% Increase</u>	
<u>Rate</u>	<u>Total OPEB Liability</u>	<u>Rate</u>	<u>Total OPEB Liability</u>	<u>Rate</u>	<u>Total OPEB Liability</u>
1.06%	\$ 5,283,275	2.06%	\$ 4,253,955	3.06%	\$ 3,480,184

**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).

<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
<u>Total OPEB Liability</u>	<u>Total OPEB Liability</u>	<u>Total OPEB Liability</u>
\$ 3,415,660	\$ 4,253,955	\$ 5,393,741

**Schedule of Changes in Total OPEB Liability** -- Changes in the total OPEB liability for the measurement period ended December 31, 2021 are as follows (in thousands):

<b>Total OPEB liability at December 31, 2020</b>	<u>\$ 4,346,367</u>
<b>Changes for the year:</b>	
Service cost	195,576
Interest	95,670
Benefit changes	(36,411)
Differences between expected and actual experience	64,216
Assumption changes	(352,788)
Benefit payments	(58,675)
<b>Net change in total OPEB liability</b>	<u>(92,412)</u>
<b>Total OPEB liability at December 31, 2021</b>	<u>\$ 4,253,955</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:

- Decreasing the discount rate from 2.12% to 2.06% based on the Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date,
- Firefighters' mortality projection scale for all lives changing from MP-2019 to MP-2020 and adding a separate mortality table for Contingent Survivors,
- Updating medical, prescription drug, and dental claim costs to reflect more recent experience,
- Adjusting administrative expenses to reflect most recent vendor contracts,
- Addition of a separate 70% PPO dental coverage election assumption,
- Addition of a separate PPO dental spouse coverage election assumption of 65% for males and 35% for females.

**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, 2022 were \$436.3 million.

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

At September 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources (in thousands):

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Benefit payments subsequent to the measurement date	\$ 47,240	--
Differences between expected and actual experience	84,382	4,465
Changes in assumptions	1,126,847	433,117
Changes in proportionate share (between funds)	55,031	55,031
<b>Total</b>	<b>\$ 1,313,500</b>	<b>492,613</b>

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

<b>Fiscal Year Ended September 30</b>	
2023	\$ 183,173
2024	183,173
2025	162,471
2026	153,546
2027	102,280
Thereafter	(10,996)
Total	<b>\$ 773,647</b>

**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, 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).

At September 30, 2022, Austin Energy did not hold any financial derivative instruments. In the event that Austin Energy has financial derivative instruments, 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.

Congestion Revenue Rights Derivative Instruments

Preassigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow Austin Energy to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, annually and monthly at fair value. Municipally owned utilities are granted the right to purchase PCRRs 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 2022, Austin Energy did not sell PCRRs. At September 30, 2022, no gains or losses remained deferred under the accounting requirements for regulated operations.

Austin Energy routinely purchases derivative instruments. There were no outstanding financial hedging derivative instruments as of September 30, 2022. Any realized gains and losses related to the hedging activity derivative instruments are netted to Power Supply Adjustment expense in the period realized.

Risks

*Credit Risk.* Credit risk is the risk of loss due to a counterparty defaulting on its obligations. Austin Energy's 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, 2022, no collateral was required 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).

12 – DERIVATIVE INSTRUMENTS, continued  
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, 2022, the City has two outstanding swap transactions with initial and outstanding notional amounts totaling \$295.9 million and \$151.9 million, respectively. The fair values of the interest rate derivative instrument transactions were estimated based on an independent pricing service. The valuations provided were 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 transactions, 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 values of the transactions are categorized as Level 2.

On September 30, 2022, the City had the following outstanding interest rate swap hedging derivative instruments (in thousands):

Item	Related Variable Rate Bonds	Terms	Effective Date	Maturity Date	Notional Amount	Fair Value
<b>Business-Type Activities:</b>						
<b>Hedging derivatives:</b>						
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Pay 3.600%, receive SIFMA swap index	5/15/2008	5/15/2031	\$ 93,500	(2,449)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Pay 3.251%, receive 67% of LIBOR	8/14/2008	11/15/2029	58,410	(1,243)
					<u>\$ 151,910</u>	<u>(3,692)</u>

All swaps are pay-fixed interest rate swaps. All were 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 instruments 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 agreements as of September 30, 2022 (in thousands):

Item	Outstanding Notional Amount	Fair Value and Classification		Change in fair value	
		Amount	Classification	Deferred Outflows	Deferred Inflows
<b>Business-Type Activities:</b>					
<b>Hedging derivative instruments (cash flow hedges):</b>					
WW2	\$ 93,500	(2,449)	Non-current liability	(11,934)	--
HOT1	58,410	(1,243)	Non-current liability	(5,864)	--
	<u>\$ 151,910</u>	<u>(3,692)</u>		<u>(17,798)</u>	<u>--</u>

Due to the continued low interest rate levels during fiscal year 2022, the City’s interest rate swap hedging derivative instruments had negative fair values as of September 30, 2022. 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.

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

Risks

*Credit risk.* As of September 30, 2022, the City was not exposed to credit risk on any of 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 instruments at September 30, 2022, 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
<b>Business-Type Activities:</b>					
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Goldman Sachs Bank USA	A1	A+	A+
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Morgan Keegan Financial Products (MKFP)	A2	A-	A-

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

*Swap payments and associated debt.* The net cash flows for the City's interest rate swap hedging derivative instruments for the year ended September 30, 2022, are included in the table below (in thousands):

Item	Related Variable Rate Bonds	Counterparty Swap Interest			Interest to Bondholders	Net Interest Payments
		Pay	Receive	Net		
<b>Business-Type Activities:</b>						
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	\$ (3,369)	463	(2,906)	(481)	(3,387)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	(1,933)	308	(1,625)	(296)	(1,921)
		<u>\$ (5,302)</u>	<u>771</u>	<u>(4,531)</u>	<u>(777)</u>	<u>(5,308)</u>

*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. The City does not bear basis risk on Swap WW2. At September 30, 2022, the City bears basis risk on the Swap HOT1. This swap has basis risk since the City receives a percentage of LIBOR 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 LIBOR 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.



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

*Nonperformance/Termination risk.* The City or the counterparties may terminate any of the swaps if the other party fails to perform under the terms of the respective contracts. If any of the swaps are terminated, the associated variable rate bonds 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 instruments.

**Investment Derivative Instruments**

At September 30, 2022, the City did not have any investment derivative instruments related to interest rate swaps.

**c -- Swap Payments and Associated Debt**

As of September 30, 2022, 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)		
2023	\$ 17,385	(1,834)	6,782	4,948
2024	17,350	(1,621)	5,973	4,352
2025	17,945	(1,402)	5,142	3,740
2026	14,960	(1,206)	4,357	3,151
2027	7,425	(1,128)	3,851	2,723
2028-2032	76,845	(2,668)	7,814	5,146
Total	<u>\$ 151,910</u>	<u>(9,859)</u>	<u>33,919</u>	<u>24,060</u>

- (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, 2022, 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>
<b>Special Revenue Funds:</b>	
Project Connect	\$ 3
Project Connect - Office Fund	14
Neighborhood Revitalization	19
Fiscal Surety - Land Development	5,085
<b>Capital Projects Funds:</b>	
<b>2012 fund</b>	
Transportation	3,931
<b>2016 fund</b>	
Mobility	123,807
<b>2018 fund</b>	
Library & Cultural	3,785
Parks	18,774
Open Space	5,416
Transportation	6,469
<b>2020 fund</b>	
Transportation	12,882
<b>Other funds</b>	
Health Projects	3,853
Fire - General	5,087
Public Works	311
Waller Creek District	1,152
<b>Nonmajor Enterprise</b>	
Austin Resource Recovery	139,904
Development Services	115,620
Transportation	167,204
<b>Internal Service</b>	
Liability Reserve	15,790
Workers' Compensation	8,890

**14 – INTERFUND BALANCES AND TRANSFERS**

**a -- Interfund Receivables, Payables, and Advances**

Interfund receivables, payables, and advances at September 30, 2022, are as follows (in thousands):

<u>Due To</u>	<u>Due From</u>			<u>Total</u>
	<u>Nonmajor</u>	<u>Austin</u>	<u>Internal</u>	
	<u>Governmental</u>	<u>Water</u>	<u>Service</u>	
General Fund	\$ 6	--	--	6
Nonmajor governmental	176,599	--	--	176,599
Nonmajor enterprise	--	301	--	301
Internal Service	--	--	3,741	3,741
<b>Total</b>	<b>\$ 176,605</b>	<b>301</b>	<b>3,741</b>	<b>180,647</b>

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 (\$180.6 million), the majority of which is related to capital projects (\$144.8 million). Deficits in grant funds awaiting reimbursement from grantors (\$30.7 million) were borrowed from Fiscal Surety - Land Development Fund. Another significant short-term loan (\$3.7 million) was borrowed from the Support Services Fund to cover the pooled investments and cash deficit in the Liability Reserve Fund.

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

Advances From	Advances To					Total
	Nonmajor Governmental	Austin Energy	Austin Water	Nonmajor Enterprise		
Nonmajor governmental	\$ 14,568	--	--	105		14,673
Austin Water	--	5,952	--	--		5,952
Nonmajor enterprise	192	--	601	--		793
Total	\$ 14,760	5,952	601	105		21,418

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 Utility 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.

**b -- Transfers**

Transfers at September 30, 2022, are as follows (in thousands):

Transfers Out	Transfers In						
	General Fund	Nonmajor Governmental	Austin Energy	Austin Water	Nonmajor Enterprise	Internal Service	Total
General Fund	\$ --	31,511	14	--	10,724	--	42,249
Nonmajor governmental	1,260	56,973	502	--	124,663	1,200	184,598
Austin Energy	123,353	1	--	--	--	5	123,359
Austin Water	50,779	75	1,036	--	--	--	51,890
Airport	--	--	33	--	--	--	33
Nonmajor enterprise	4,486	15,359	9	75	432	92	20,453
Internal service	--	17,335	12	--	280	91	17,718
Total	\$ 179,878	121,254	1,606	75	136,099	1,388	440,300

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

- Austin Energy and Austin Water transfer funds to the General Fund (\$174.1 million), which are comparable to a return on investment to owners.
- The Hotel-Motel Occupancy Tax (\$104.1 million) and the Vehicle Rental Tax (\$12.9 million), both special revenue funds, transfer funds to Convention Center in support of convention operations and debt services.
- Affordable Housing (\$15.1 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 \$86 million in fiscal year 2022. 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, 2022, 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. Pass-through rates are set annually. 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 were 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 and may be subject to a not-to-exceed maximum of taxes to be abated. All taxes are collected and then refunded if the entity meets commitments made under the agreement. If criteria are not met, no taxes are refunded.

During fiscal year 2022, the City had four active agreements under this program. One agreement satisfied the compliance requirements in fiscal year 2022 which resulted in a rebate of tax abatements of approximately \$2.4 million. In addition, approximately \$155 thousand of such rebates were paid for compliance requirements satisfied for prior year compliance periods. The City had no commitments related to these agreements other than the timeframe during which a compliance review will occur.

### b -- Exemption Program

There were no active agreements under the Media Production Development and Zone Program during fiscal year 2022.

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 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 FPP was \$17.2 million as of September 30, 2022. 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 FPP's generation and transmission facilities is recorded in the utility plant accounts of the City in accordance with its accounting policies.

**17 – COMMITMENTS AND CONTINGENCIES, continued**

**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 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, 2022, Austin Energy's investment in the STP was approximately \$361 million, net of accumulated depreciation.

Effective November 17, 1997, the participation agreement among the owners of 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 STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of 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 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 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.

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 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 STP will be adjusted in future rates so that there are sufficient funds in place to pay for decommissioning. At September 30, 2022, the total expenses amortized over the pro-rata useful life exceeded the trust's assets by \$14.6 million which is reported as part of long-term regulatory assets.

Decommissioning Trust Assets	\$ 246,245
Pro Rata Decommissioning Expense	<u>(260,892)</u>
	<u>\$ (14,647)</u>

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, 2020 showed that the trust assets exceeded the minimum required assurance by \$83.7 million.

**d -- Purchase Power**

Austin Energy has commitments totaling \$4.4 billion to purchase energy and capacity through purchase power agreements. This amount includes provisions for wind power through 2041 and solar through 2046. In October 2022, a solar purchase power agreement of \$200 million was terminated.

**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, 2022, the financial statements include a \$0.9 million environmental liability. The amount is based on 2022 cost estimates to perform remediation and decommissioning. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**17 – COMMITMENTS AND CONTINGENCIES, continued**  
**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, 2022, 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 not earned interest revenue on unused bond proceeds in excess of amounts allowed by applicable Federal regulations. Therefore, the City will not be required to rebate any amounts to the federal government. There are no estimated payables at September 30, 2022.

**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 2022 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.

<b>Project</b>	<b>Remaining Commitment (in thousands)</b>
Governmental activities:	
General government	\$ 55,465
Public safety	113,020
Transportation, planning, and sustainability	509,852
Public health	27,678
Public recreation and culture	187,882
Urban growth management	48,840
Business-type activities:	
Electric	217,530
Water	174,199
Wastewater	189,755
Airport	223,880
Convention	35,247
Environmental and health services	15,060
Public recreation and culture	26
Urban growth management	127,933
<b>Total</b>	<b>\$ 1,926,367</b>

**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, 2022 is as follows (in thousands):

	<u>Encumbrances</u>
General Fund	\$ 63,729
Nonmajor governmental	
Special Revenue	45,092
Capital Projects	268,579
	<u>\$ 377,400</u>

Significant encumbrances include reservations for 2016 bond programs (\$76,743), General government projects (\$37,253), 2018 transportation bond programs (\$29,847), 2020 transportation bond programs (\$24,945), Coronavirus State & Local Fiscal Recovery projects (\$20,811), and COVID-19 contracts (\$2,432).

**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, 2022, is as follows (in thousands):

	<u>Closure</u>	<u>Postclosure</u>	<u>Total</u>
Total estimated costs	\$ 25,381	20,803	46,184
% capacity used	100%	100%	100%
Cumulative liability accrued	25,381	20,803	46,184
Costs incurred	(25,381)	(1,374)	(26,755)
Closure and postclosure liability	<u>\$ --</u>	<u>19,429</u>	<u>19,429</u>

These amounts are based on the 2022 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 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 2018 by TLG Services, Inc. and included a total decommissioning cost estimate of \$2.5 billion. Austin Energy, holding a 16% ownership interest in STP, has included a total ARO estimate of \$453.7 million (adjusted to 2022 dollars) and an associated deferred outflow of resources of \$192.8 million. Austin Energy has restricted assets held in an irrevocable trust to cover the eventual decommissioning costs and as of September 30, 2022, trust assets totaled \$246.2 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 \$18.6 million and an associated deferred outflow of resources of \$14.8 million. Austin Energy, as joint owner of the facility, will amortize the deferred outflow related to regulatory obligations over 19 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 2 years.

**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, 2022 and is reported as asset retirement obligations in the Austin Water fund, a major enterprise fund. The associated deferred outflow of \$481 thousand will be amortized over the remaining useful lives of the City’s wastewater treatment plants, which range from 4 to 39 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, 2022 and is reported as asset retirement obligations in the Fleet Maintenance fund, an internal service fund. The associated deferred outflow of \$107 thousand will be amortized over the remaining useful lives of the City’s petroleum underground storage tanks, which range from 1 to 21 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 82% of retirees use the PPO option; approximately 9% of City employees and 16% of retirees use the HMO option; and approximately 17% 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 2022, four 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 \$76.3 to \$115 million. In accordance with GAAP, \$76.3 million is recognized as claims payable in the financial statements with \$35.7 million recognized as a current liability and \$40.6 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Liability balances, beginning of year	\$ 1,229	252	280	310	--	--
Claims and changes in estimates	300	1,097	293	90	1,900	--
Claim payments	(211)	(120)	(173)	(120)	--	--
Liability balances, end of year	<u>1,318</u>	<u>1,229</u>	<u>400</u>	<u>280</u>	<u>1,900</u>	<u>--</u>

	<u>Employee Benefits</u>		<u>Liability Reserve</u>		<u>Workers' Compensation</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Liability balances, beginning of year	16,286	18,622	26,606	2,158	43,494	28,342
Claims and changes in estimates	188,234	170,960	7,075	28,368	9,232	20,596
Claim payments	(188,663)	(173,296)	(21,881)	(3,920)	(7,685)	(5,444)
Liability balances, end of year	<u>\$ 15,857</u>	<u>16,286</u>	<u>11,800</u>	<u>26,606</u>	<u>45,041</u>	<u>43,494</u>

The Austin Water fund claims liability balance at fiscal year-end included liabilities of \$269 thousand discounted at 4.16% in 2022 and \$284 thousand discounted at 2.44% in 2021. The claims liability balance for all other funds had no discounted liability in fiscal years 2022 and 2021.

**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. \$2,383,268 in total assessments were levied in the year ended September 30, 2022. The aggregate principal outstanding at September 30, 2022 is \$8,425,000.

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. \$497,021 in total assessments were levied in the year ended September 30, 2022. The aggregate principal outstanding at September 30, 2022 is \$1,675,000.

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. \$1,877,811 in total assessments were levied during the fiscal year ended September 30, 2022. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2022 are \$7,350,000 and \$836, respectively.

**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. In March 2022, partial optional redemptions of \$390,000 and \$1,850,000 occurred, reducing the outstanding bonds. 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. \$739,185 in total assessments were levied during the fiscal year ended September 30, 2022. The aggregate principal outstanding at September 30, 2022 is \$8,805,000.

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. \$270,983 in total assessments were levied during the fiscal year ended September 30, 2022. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2022 are \$4,290,000 and \$4,994, respectively.

**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, 2022. 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, 2022, \$209.6 million in housing revenue bonds were outstanding with an original issue value of \$217.8 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, 2022, \$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):

<b>Condensed Statement of Net Position</b>	
<b>ASSETS</b>	
Current assets	\$ 86,249
Advances to other funds	26
Capital assets	217,104
Other noncurrent assets	205,945
<b>Total assets</b>	<b>509,324</b>
<b>Deferred outflows of resources</b>	<b>38,913</b>
<b>LIABILITIES</b>	
Other current liabilities	19,864
Other noncurrent liabilities	199,469
<b>Total liabilities</b>	<b>219,333</b>
<b>Deferred inflows of resources</b>	<b>23,575</b>
<b>NET POSITION</b>	
Net investment in capital assets	128,932
Restricted	213,634
Unrestricted	(37,237)
<b>Total net position</b>	<b>\$ 305,329</b>

<b>Condensed Statement of Revenues, Expenses, and Changes in Net Position</b>	
<b>OPERATING REVENUES</b>	
User fees and rentals	\$ 29,246
Lease revenue	447
<b>Total operating revenues</b>	<b>29,693</b>
<b>OPERATING EXPENSES</b>	
Operating expenses before depreciation	62,084
Depreciation and amortization	9,087
<b>Total operating expenses</b>	<b>71,171</b>
<b>Operating income (loss)</b>	<b>(41,478)</b>
Nonoperating revenues (expenses)	(5,054)
Transfers	109,136
<b>Change in net position</b>	<b>62,604</b>
<b>Beginning net position</b>	<b>242,725</b>
<b>Ending net position</b>	<b>\$ 305,329</b>

<b>Condensed Statement of Cash Flows</b>	
<b>Net cash provided (used) by:</b>	
Operating activities	\$ (27,035)
Noncapital financing activities	109,235
Capital and related financing activities	(33,355)
Investing activities	(2,261)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>46,584</b>
<b>Cash and cash equivalents, beginning</b>	<b>219,307</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 265,891</b>

## 21 – SUBSEQUENT EVENTS

### a -- General Obligation Bond Issue

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.

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 5.0%, are \$9,274,937.

### b -- Water and Wastewater – System Revenue Refunding Bond 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 this issuance were used to refund \$90,000,000 in tax-exempt commercial paper, \$156,382,579 in separate lien revenue bonds, Series 2012, and \$88,455,196 in variable rate bonds, Series 2008. The first principal payment is due 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. This 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.

### c -- Water and Wastewater System Revenue Debt – Revenue Bond Refunding Issue

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%.

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%.

**21 – SUBSEQUENT EVENTS, continued**

**d -- 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 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.

**e -- Winter Storm Mara**

Beginning on January 31, 2023, an ice storm impacted the Southern United States, bringing heavy ice and frigid conditions to the Austin region. Icing conditions continued through February 2, 2023, and heavy accumulation on vegetation and other infrastructure impeded operations, which resulted in widespread and prolonged power outages for some Austin residents. Austin Energy's generation assets remained online during the event and no material impacts are expected to Austin Energy's operations or financial position.

The City worked in collaboration with partner utilities and contractors spanning several states to restore power and to expedite the clean-up efforts. As a result of the significant impact to the area, the City expects to apply for grant funding from the Federal Emergency Management Agency in 2023 to assist with restoration and cleanup of public property.





**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, 2022**  
**(In thousands)**

**City of Austin, Texas**  
**RSI**

General Fund	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Taxes	\$ 947,486	100	947,586	882,015	882,015	65,571
Franchise fees	30,886	(22)	30,864	27,706	27,706	3,158
Fines, forfeitures and penalties	5,039	--	5,039	5,661	5,661	(622)
Licenses, permits and inspections	19,044	(1)	19,043	18,696	18,696	347
Charges for services/goods	68,268	(3,870)	64,398	63,931	63,931	467
Lease revenue	156	(156)	--	--	--	--
Interest and other income (loss)	34,449	(4,161)	30,288	6,476	6,476	23,812
<b>Total revenues</b>	<b>1,105,328</b>	<b>(8,110)</b>	<b>1,097,218</b>	<b>1,004,485</b>	<b>1,004,485</b>	<b>92,733</b>
<b>EXPENDITURES</b>						
General government						
Municipal Court	33,345	1,164	34,509	37,528	37,528	3,019
Public safety						
Emergency Medical Services	100,211	8,215	108,426	106,170	106,170	(2,256)
Fire	205,701	16,078	221,779	220,026	220,026	(1,753)
Police	358,477	78,935	437,412	444,623	444,623	7,211
Public health						
Animal Services	13,919	2,088	16,007	16,602	16,602	595
Public Health	45,375	12,935	58,310	62,260	62,260	3,950
Social Services	45,406	5,287	50,693	50,695	50,695	2
Public recreation and culture						
Austin Public Library	48,847	10,173	59,020	60,550	60,550	1,530
Parks and Recreation	97,328	9,873	107,201	109,825	109,825	2,624
Urban growth management						
Housing and Planning	13,236	3,139	16,375	20,153	20,153	3,778
Other urban growth management	25,334	4,535	29,869	38,573	38,573	8,704
Lease financing principal	5,978	(5,978)	--	--	--	--
General city responsibilities (4)	194,077	(151,302)	42,775	12,303	12,303	(30,472)
<b>Total expenditures</b>	<b>1,187,234</b>	<b>(4,858)</b>	<b>1,182,376</b>	<b>1,179,308</b>	<b>1,179,308</b>	<b>(3,068)</b>
Excess (deficiency) of revenues over expenditures	(81,906)	(3,252)	(85,158)	(174,823)	(174,823)	89,665
<b>OTHER FINANCING SOURCES (USES)</b>						
Lease proceeds	13,010	(13,010)	--	--	--	--
Transfers in	179,878	158,185	338,063	233,684	233,684	104,379
Transfers out	(42,249)	(168,291)	(210,540)	(98,391)	(105,424)	(105,116)
Other adjustments (1)	--	9,461	9,461	--	--	9,461
<b>Total other financing sources (uses)</b>	<b>150,639</b>	<b>(13,655)</b>	<b>136,984</b>	<b>135,293</b>	<b>128,260</b>	<b>8,724</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	68,733	(16,907)	51,826	(39,530)	(46,563)	98,389
Fund balances at beginning of year	273,102	(80,550)	192,552	221,954	228,987	(36,435)
<b>Fund balances at end of year</b>	<b>\$ 341,835</b>	<b>(97,457)</b>	<b>244,378</b>	<b>182,424</b>	<b>182,424</b>	<b>61,954</b>

- (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 (\$577,018).

**b -- Budget Amendments**

During fiscal year 2022, an amendment to Neighborhood Housing-Housing Trust fund increased transfers out by \$7,032,952 to support the Capital-Housing Trust fund.

**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	\$ 68,733
Adjustments - increases (decreases) due to:	
Unbudgeted revenues	(6,911)
Net compensated absences accrual	332
Outstanding encumbrances established in current year	(47,447)
Payments against prior year encumbrances	37,829
Other	(710)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	<u>\$ 51,826</u>

**Required Supplementary Information**  
**Retirement Plans- Trend Information**  
**September 30, 2022**  
**(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>
<b>Beginning total pension liability</b>	\$ 2,909,918	3,094,056	3,391,796	3,591,376
<b>Changes for the year:</b>				
Service cost	89,235	93,506	107,111	107,767
Interest	222,710	236,844	251,684	266,257
Differences between expected and actual experience	33,911	13,414	19,914	22,755
Assumption changes	--	123,493	--	--
Benefit payments including refunds	(161,718)	(169,517)	(179,129)	(190,332)
<b>Net change in total pension liability</b>	<u>184,138</u>	<u>297,740</u>	<u>199,580</u>	<u>206,447</u>
<b>Ending total pension liability</b>	<u>3,094,056</u>	<u>3,391,796</u>	<u>3,591,376</u>	<u>3,797,823</u>
<b>Beginning total plan fiduciary net position</b>	<u>2,130,624</u>	<u>2,209,800</u>	<u>2,144,804</u>	<u>2,299,688</u>
<b>Changes for the year:</b>				
Employer contributions	93,331	100,485	104,273	110,846
Employee contributions	50,490	54,066	60,801	56,194
Pension plan net investment income (loss)	99,704	(47,608)	171,640	376,820
Benefits payments and refunds	(161,718)	(169,517)	(179,129)	(190,332)
Pension plan administrative and other expense	(2,631)	(2,422)	(2,701)	(2,778)
<b>Net change in plan fiduciary net position</b>	<u>79,176</u>	<u>(64,996)</u>	<u>154,884</u>	<u>350,750</u>
<b>Ending total plan fiduciary net position</b>	<u>2,209,800</u>	<u>2,144,804</u>	<u>2,299,688</u>	<u>2,650,438</u>
<b>Beginning net pension liability</b>	<u>779,294</u>	<u>884,256</u>	<u>1,246,992</u>	<u>1,291,688</u>
<b>Ending net pension liability</b>	<u>\$ 884,256</u>	<u>1,246,992</u>	<u>1,291,688</u>	<u>1,147,385</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	71.42%	63.24%	64.03%	69.79%
<b>Covered Payroll</b>	\$ 514,787	546,058	573,308	609,553
<b>City's net pension liability as a percentage of covered payroll</b>	171.77%	228.36%	225.30%	188.23%

**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.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Beginning total pension liability</b>	3,797,823	3,989,560	4,487,884	4,701,215
<b>Changes for the year:</b>				
Service cost	111,438	117,635	121,881	122,860
Interest	281,404	295,341	310,319	324,736
Differences between expected and actual experience	1,882	23,672	12,524	(11,910)
Assumption changes	--	279,897	--	142,270
Benefit payments including refunds	(202,987)	(218,221)	(231,393)	(247,128)
<b>Net change in total pension liability</b>	<u>191,737</u>	<u>498,324</u>	<u>213,331</u>	<u>330,828</u>
<b>Ending total pension liability</b>	<u>3,989,560</u>	<u>4,487,884</u>	<u>4,701,215</u>	<u>5,032,043</u>
<b>Beginning total plan fiduciary net position</b>	2,650,438	2,461,383	2,928,033	3,199,546
<b>Changes for the year:</b>				
Employer contributions	116,486	123,610	130,743	141,219
Employee contributions	58,713	63,626	71,470	66,820
Pension plan net investment income (loss)	(157,242)	503,853	307,289	411,210
Benefits payments and refunds	(202,987)	(218,221)	(231,393)	(247,128)
Pension plan administrative and other expense	(4,025)	(6,218)	(6,596)	(6,527)
<b>Net change in plan fiduciary net position</b>	<u>(189,055)</u>	<u>466,650</u>	<u>271,513</u>	<u>365,594</u>
<b>Ending total plan fiduciary net position</b>	<u>2,461,383</u>	<u>2,928,033</u>	<u>3,199,546</u>	<u>3,565,140</u>
<b>Beginning net pension liability</b>	<u>1,147,385</u>	<u>1,528,177</u>	<u>1,559,851</u>	<u>1,501,669</u>
<b>Ending net pension liability</b>	<u>1,528,177</u>	<u>1,559,851</u>	<u>1,501,669</u>	<u>1,466,903</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	61.70%	65.24%	68.06%	70.85%
<b>Covered Payroll</b>	640,464	678,500	713,527	743,256
<b>City's net pension liability as a percentage of covered payroll</b>	238.60%	229.90%	210.46%	197.36%

**Required Supplementary Information**  
**Retirement Plans- Trend Information**  
**September 30, 2022**  
**(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>
<b>Beginning total pension liability</b>	\$ 909,000	971,623	1,028,909	1,106,189
<b>Changes for the year:</b>				
Service cost	30,254	32,138	32,990	35,322
Interest	72,443	76,999	80,846	84,472
Benefit changes	(11,015)	(4,080)	--	--
Differences between expected and actual experience	--	(6,318)	7,455	17,241
Assumption changes	14,137	3,904	5,148	--
Contribution buy back	2,207	4,648	1,668	2,915
Benefit payments including refunds	(45,403)	(50,005)	(50,827)	(56,548)
<b>Net change in total pension liability</b>	<u>62,623</u>	<u>57,286</u>	<u>77,280</u>	<u>83,402</u>
<b>Ending total pension liability</b>	<u>971,623</u>	<u>1,028,909</u>	<u>1,106,189</u>	<u>1,189,591</u>
<b>Beginning total plan fiduciary net position</b>	595,110	638,019	644,174	686,020
<b>Changes for the year:</b>				
Employer contributions	32,400	33,239	33,814	35,141
Employee contributions	19,458	20,061	20,623	21,437
Contribution buy back	2,207	4,648	1,668	2,915
Pension plan net investment income (loss)	35,574	(322)	37,965	82,072
Benefits payments and refunds	(45,403)	(50,005)	(50,827)	(56,548)
Pension plan administrative expense	(1,327)	(1,466)	(1,397)	(1,562)
<b>Net change in plan fiduciary net position</b>	<u>42,909</u>	<u>6,155</u>	<u>41,846</u>	<u>83,455</u>
<b>Ending total plan fiduciary net position</b>	<u>638,019</u>	<u>644,174</u>	<u>686,020</u>	<u>769,475</u>
<b>Beginning net pension liability</b>	<u>313,890</u>	<u>333,604</u>	<u>384,735</u>	<u>420,169</u>
<b>Ending net pension liability</b>	<u>\$ 333,604</u>	<u>384,735</u>	<u>420,169</u>	<u>420,116</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	65.67%	62.61%	62.02%	64.68%
<b>Covered Payroll</b>	\$ 149,686	152,696	157,303	163,995
<b>City's net pension liability as a percentage of covered payroll</b>	222.87%	251.96%	267.11%	256.18%

**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.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Beginning total pension liability</b>	1,189,591	1,904,954	2,175,170	1,544,153
<b>Changes for the year:</b>				
Service cost	33,757	71,334	84,469	40,070
Interest	90,479	89,680	89,376	110,642
Benefit changes	--	--	--	--
Differences between expected and actual experience	(12,905)	(4,743)	10,320	6,536
Assumption changes	666,873	179,003	(740,167)	--
Contribution buy back	1,142	1,261	1,941	3,993
Benefit payments including refunds	(63,983)	(66,319)	(76,956)	(80,207)
<b>Net change in total pension liability</b>	<u>715,363</u>	<u>270,216</u>	<u>(631,017)</u>	<u>81,034</u>
<b>Ending total pension liability</b>	<u>1,904,954</u>	<u>2,175,170</u>	<u>1,544,153</u>	<u>1,625,187</u>
<b>Beginning total plan fiduciary net position</b>	769,475	718,520	857,839	938,226
<b>Changes for the year:</b>				
Employer contributions	35,244	35,993	36,577	35,429
Employee contributions	21,461	21,942	22,181	21,186
Contribution buy back	1,142	1,261	1,941	3,993
Pension plan net investment income (loss)	(43,398)	148,163	98,573	164,509
Benefits payments and refunds	(63,983)	(66,319)	(76,956)	(80,207)
Pension plan administrative expense	(1,421)	(1,721)	(1,929)	(2,402)
<b>Net change in plan fiduciary net position</b>	<u>(50,955)</u>	<u>139,319</u>	<u>80,387</u>	<u>142,508</u>
<b>Ending total plan fiduciary net position</b>	<u>718,520</u>	<u>857,839</u>	<u>938,226</u>	<u>1,080,734</u>
<b>Beginning net pension liability</b>	<u>420,116</u>	<u>1,186,434</u>	<u>1,317,331</u>	<u>605,927</u>
<b>Ending net pension liability</b>	<u>1,186,434</u>	<u>1,317,331</u>	<u>605,927</u>	<u>544,453</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	37.72%	39.44%	60.76%	66.50%
<b>Covered Payroll</b>	164,112	167,835	169,308	162,973
<b>City's net pension liability as a percentage of covered payroll</b>	722.94%	784.90%	357.88%	334.08%

**Required Supplementary Information**  
**Retirement Plans- Trend Information**  
**September 30, 2022**  
**(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>
<b>Beginning total pension liability</b>	\$ 806,282	861,468	913,618	977,723
<b>Changes for the year:</b>				
Service cost	25,319	23,309	24,323	23,830
Interest	62,977	66,405	70,893	75,812
Benefit changes	--	--	5,491	8,964
Differences between expected and actual experience	--	7,193	8,893	4,360
Assumption changes	4,883	--	--	--
Benefit payments including refunds	(37,993)	(44,757)	(45,495)	(51,888)
<b>Net change in total pension liability</b>	<u>55,186</u>	<u>52,150</u>	<u>64,105</u>	<u>61,078</u>
<b>Ending total pension liability</b>	<u>861,468</u>	<u>913,618</u>	<u>977,723</u>	<u>1,038,801</u>
<b>Beginning total plan fiduciary net position</b>	752,622	789,433	785,211	829,610
<b>Changes for the year:</b>				
Employer contributions	18,670	19,222	19,104	19,242
Employee contributions	14,660	15,547	15,884	16,319
Pension plan net investment income (loss)	42,005	6,328	55,569	141,915
Benefits payments and refunds	(37,993)	(44,757)	(45,496)	(51,888)
Pension plan administrative expense	(531)	(562)	(662)	(1,400)
<b>Net change in plan fiduciary net position</b>	<u>36,811</u>	<u>(4,222)</u>	<u>44,399</u>	<u>124,188</u>
<b>Ending total plan fiduciary net position</b>	<u>789,433</u>	<u>785,211</u>	<u>829,610</u>	<u>953,798</u>
<b>Beginning net pension liability</b>	<u>53,660</u>	<u>72,035</u>	<u>128,407</u>	<u>148,113</u>
<b>Ending net pension liability</b>	<u>\$ 72,035</u>	<u>128,407</u>	<u>148,113</u>	<u>85,003</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	91.64%	85.95%	84.85%	91.82%
<b>Covered Payroll</b>	\$ 84,589	83,979	86,632	87,266
<b>City's net pension liability as a percentage of covered payroll</b>	85.16%	152.90%	170.97%	97.41%

**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. 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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Beginning total pension liability</b>	1,038,801	1,093,179	1,156,025	1,232,431
<b>Changes for the year:</b>				
Service cost	25,131	26,192	26,170	28,112
Interest	80,552	84,547	86,821	91,655
Benefit changes	10,188	8,059	7,159	30,096
Differences between expected and actual experience	(735)	(9,835)	(1,671)	3,266
Assumption changes	(4,779)	12,707	21,411	--
Benefit payments including refunds	(55,979)	(58,824)	(63,484)	(70,183)
<b>Net change in total pension liability</b>	<u>54,378</u>	<u>62,846</u>	<u>76,406</u>	<u>82,946</u>
<b>Ending total pension liability</b>	<u>1,093,179</u>	<u>1,156,025</u>	<u>1,232,431</u>	<u>1,315,377</u>
<b>Beginning total plan fiduciary net position</b>	953,798	909,118	1,029,893	1,162,024
<b>Changes for the year:</b>				
Employer contributions	20,085	21,058	21,311	22,041
Employee contributions	17,033	17,858	18,073	18,697
Pension plan net investment income (loss)	(25,114)	141,535	157,323	171,936
Benefits payments and refunds	(55,979)	(58,824)	(63,484)	(70,183)
Pension plan administrative expense	(705)	(852)	(1,092)	(970)
<b>Net change in plan fiduciary net position</b>	<u>(44,680)</u>	<u>120,775</u>	<u>132,131</u>	<u>141,521</u>
<b>Ending total plan fiduciary net position</b>	<u>909,118</u>	<u>1,029,893</u>	<u>1,162,024</u>	<u>1,303,545</u>
<b>Beginning net pension liability</b>	<u>85,003</u>	<u>184,061</u>	<u>126,132</u>	<u>70,407</u>
<b>Ending net pension liability</b>	<u>184,061</u>	<u>126,132</u>	<u>70,407</u>	<u>11,832</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	83.16%	89.09%	94.29%	99.10%
<b>Covered Payroll</b>	91,087	95,499	96,649	99,962
<b>City's net pension liability as a percentage of covered payroll</b>	202.07%	132.08%	72.85%	11.84%

**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%

Notes to Schedule of Actuarially Determined City Contributions to the City Employees' plan

Valuation Date	
Date	<ul style="list-style-type: none"> <li>December 31 of each calendar year occurring during the fiscal year.</li> </ul>
Notes	<ul style="list-style-type: none"> <li>A funding period is solved for through open group projections.</li> </ul>
Methods and Assumptions Used to Determine Contribution Rates	
Actuarial Cost Method	<ul style="list-style-type: none"> <li>Entry Age Normal (all years)</li> </ul>
Asset Valuation Method	<ul style="list-style-type: none"> <li>2017 forward - Expected actuarial value plus 20% recognition of prior years' differences between expected and actual investment income.</li> <li>2016 and 2015 - 20% of market plus 80% of expected actuarial value.</li> </ul>
Inflation	<ul style="list-style-type: none"> <li>2.5% for 2020 through 2022, 2.75% for 2016 through 2019, 3.25% for 2015</li> </ul>
Salary Increases	<ul style="list-style-type: none"> <li>3.5% to 5.75% for 2020 through 2022, 4% to 6.25% for 2016 through 2019, 4.5% to 6% for 2015</li> </ul>
Investment Rate of Return	<ul style="list-style-type: none"> <li>6.75% for 2022, 7% for 2020 and 2021, 7.5% for 2016 through 2019, 7.75% for 2015</li> </ul>
Retirement Age	<ul style="list-style-type: none"> <li>Experience-based table of rates that are gender specific.</li> <li>2020 and 2021 - Last updated for December 31, 2019 valuation pursuant to an experience study of the period ending December 31, 2018.</li> <li>2016 - 2019 - Last updated for December 31, 2015 valuation pursuant to an experience study of the 5-year period ending December 31, 2015.</li> <li>2015 - Last updated for December 31, 2012 valuation pursuant to an experience study of the 5-year period ending December 31, 2011.</li> </ul>
Mortality	<ul style="list-style-type: none"> <li>2020 and 2021 - 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.</li> <li>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.</li> <li>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.</li> </ul>
Other Information	
Notes	<ul style="list-style-type: none"> <li>There were no benefit changes during the periods displayed.</li> <li>City contributions increased from 18% to 19% as of January 1, 2021.</li> </ul>

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%

Notes to Schedule of Actuarially Determined City Contributions to the Police Officers' plan

Valuation Date	
Date	• December 31, 2021
Notes	• Actuarially determined contribution rates are calculated as of December 31.
Methods and Assumptions Used to Determine Contribution Rates	
Actuarial Cost Method	• Entry Age Normal
Asset Valuation Method	• Expected actuarial value plus 20% recognition of prior 5 years' differences between expected and actual investment income.
Inflation	• 2.50%
Salary Increases	• 3% to 15.20%
Investment Rate of Return	• 7.25%
Retirement Age	• Experience-based table of rates, last updated for the December 31, 2018 valuation.
Mortality	• 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"> <li>• There were no benefit changes during the periods displayed.</li> <li>• 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.</li> <li>• The ADC actual contribution amount of \$43,030 million includes \$9,287 million of statutorily required contributions made prior to January 1, 2022.</li> <li>• 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 2022 this amount is \$1,038,268 per pay period.</li> </ul>

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)
	\$	\$	\$	\$	
<b>Police Officers</b>					
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%
<b>Fire Fighters</b>					
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%

- (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). 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 five 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 five years ended December 31, 2017 through 2021 (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>
<b>Beginning total OPEB liability</b>	\$ 2,055,627	2,524,897	2,395,447	3,504,494	4,346,367
<b>Changes for the year:</b>					
Service cost	86,687	108,478	88,486	167,027	195,576
Interest	80,132	89,675	100,978	99,915	95,670
Benefit changes	--	231	(3,829)	--	(36,411)
Differences between expected and actual experience	64,227	--	12,335	(6,103)	64,216
Assumption changes	283,099	(274,758)	953,202	631,360	(352,788)
Benefit payments	(44,875)	(53,076)	(42,125)	(50,326)	(58,675)
<b>Net change in total OPEB liability</b>	<u>469,270</u>	<u>(129,450)</u>	<u>1,109,047</u>	<u>841,873</u>	<u>(92,412)</u>
<b>Ending total OPEB liability</b>	<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>
<b>Covered-employee payroll</b>	\$ 968,403	1,000,536	1,051,771	1,103,927	1,140,948
<b>City's total OPEB liability as a percentage of covered-employee payroll</b>	260.73%	239.42%	333.20%	393.72%	372.84%

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, 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%.
- 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**





	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<b>Pass through - Texas Health and Human Services Commission</b>						
Women/Infants/Children 19	10.557	2017-049850	\$ 6,381,123	2,994	--	2,994
Women/Infants/Children 21	10.557	HHS000800700001	7,149,941	205,445	--	205,445
Women/Infants/Children 22	10.557	HHS000800700001	7,080,000	6,661,736	--	6,661,736
<b>Total Texas Health and Human Services Commission</b>			<u>20,611,064</u>	<u>6,870,175</u>	<u>--</u>	<u>6,870,175</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u><b>20,611,064</b></u>	<u><b>6,870,175</b></u>	<u><b>--</b></u>	<u><b>6,870,175</b></u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
<b>ENTITLEMENT GRANTS CLUSTER</b>						
<b>Community Development Block Grant</b>						
Community Development Block Grant 17	14.218	B-16-MC-48-0500	7,701,770	154,503	--	154,503
Community Development Block Grant 18	14.218	B-17-MC-48-0500	7,363,234	71,344	--	71,344
Community Development Block Grant 19	14.218	B-18-MC-48-0500	8,234,946	689,190	--	689,190
Community Development Block Grant 20	14.218	B-19-MC-48-0500	7,880,158	2,169,571	(48,816)	2,120,755
COVID-19 - Community Development Block Grant 20	14.218	B-20-MW-48-0500	11,882,733	--	1,678,889	1,678,889
Community Development Block Grant 21	14.218	B-20-MC-48-0500	9,044,555	5,008,480	--	5,008,480
Community Development Block Grant 22	14.218	B-21-MC-48-0500	7,947,552	2,529,480	1,429,256	3,958,736
<b>Total Community Development Block Grant</b>			<u>60,054,948</u>	<u>10,622,568</u>	<u>3,059,329</u>	<u>13,681,897</u>
<b>TOTAL ENTITLEMENT GRANTS CLUSTER</b>			<u><b>60,054,948</b></u>	<u><b>10,622,568</b></u>	<u><b>3,059,329</b></u>	<u><b>13,681,897</b></u>
<b>Direct Programs</b>						
<b>Emergency Solutions Grant</b>						
Emergency Solutions Grant 19	14.231	E-18-MC-48-0500	647,777	3,236	--	3,236
Emergency Solutions Grant 20	14.231	E-19-MC-48-0500	669,980	(995)	--	(995)
Emergency Solutions Grant 21	14.231	E-20-MC-48-0500	682,911	40,375	--	40,375
Emergency Solutions Grant 22	14.231	E-21-MC-48-0500	669,870	237,594	366,893	604,487
COVID-19 - CARES Emergency Solutions Grant	14.231	E-20-MW-48-0500	12,723,137	4,266,046	4,831,806	9,097,852
<b>Total Emergency Solutions Grant</b>			<u>15,393,675</u>	<u>4,546,256</u>	<u>5,198,699</u>	<u>9,744,955</u>
<b>Home Grant</b>						
Home Grant 12	14.239	M-11-MC-48-0500	4,385,847	(3,913)	-	(3,913)
Home Grant 13	14.239	M-12-MC-48-0500	3,098,513	(1)	-	(1)
Home Grant 15	14.239	M-14-MC-48-0500	3,767,591	(158,600)	-	(158,600)
Home Grant 16	14.239	M-15-MC-48-0500	4,921,049	(189,333)	-	(189,333)
Home Grant 17	14.239	M-16-MC-48-0500	3,961,137	65,627	-	65,627
Home Grant 18	14.239	M-17-MC-48-0500	3,775,415	(22,155)	-	(22,155)
Home Grant 19	14.239	M-18-MC-48-0500	4,421,854	121,196	-	121,196
Home Grant 20	14.239	M-19-MC-48-0500	4,243,622	291,506	-	291,506
Home Grant 21	14.239	M-20-MC-48-0500	4,055,576	747,280	79,173	826,453
Home Grant 22	14.239	M-21-MC-48-0500	4,638,682	288,927	697,095	986,022
<b>Total Home Grant</b>			<u>41,269,286</u>	<u>1,140,534</u>	<u>776,268</u>	<u>1,916,802</u>
<b>Housing Opportunity for Persons w/AIDS (HOPWA)</b>						
Housing Opportunity Persons W/Aids II 19	14.241	TXH19F004	1,659,729	1,433	--	1,433
Housing Opportunity Persons W/Aids II 20	14.241	TXH20F004	1,869,497	37,437	49,095	86,532
Housing Opportunity Persons W/Aids II 21	14.241	TXH21F004	2,099,125	18,328	1,911,536	1,929,864
COVID-19 - Housing Opportunity Persons W/Aids II 20	14.241	TXH20-FHW004	272,065	47	--	47
<b>Total Housing Opportunity for Persons w/AIDS (HOPWA)</b>			<u>5,900,416</u>	<u>57,245</u>	<u>1,960,631</u>	<u>2,017,876</u>
<b>Section 108 Loan</b>						
Section 108 NCMP	14.248	B-01-MC-48-0500A	4,732,575	164,341	--	164,341
Section 108 Family Business Loan B-10	14.248	B-10-MC-48-0500A	8,000,000	232,000	--	232,000
<b>Total Section 108 Loan</b>			<u>\$ 12,732,575</u>	<u>396,341</u>	<u>--</u>	<u>396,341</u>

(continued)

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
<b>U.S. DEPARTMENT HOUSING AND URBAN DEVELOPMENT, continued</b>						
<b>Fair Housing Assistance</b>						
Fair Housing Assistance - 21	14.401	FF206K216006	\$ 117,500	(26,400)	--	(26,400)
Fair Housing Assistance - 22	14.401	FF206K226006	198,840	176,400	--	176,400
<b>Total Fair Housing Assistance</b>			<u>316,340</u>	<u>150,000</u>	<u>--</u>	<u>150,000</u>
<b>Pass through - Texas Department of Housing and Community Affairs</b>						
<b>Community Development Block Grant</b>						
CARES - Community Development Block Grant 21	14.228	B-20-DW-48-0001	1,515,678	2,145	755,073	757,218
<b>Total Texas Department of Housing and Community Affairs</b>			<u>1,515,678</u>	<u>2,145</u>	<u>755,073</u>	<u>757,218</u>
<b>Texas Emergency Mortgage Assistance Program (TEMAP)</b>						
Texas Emergency Mortgage Assistance Program (TEMAP)	14.228	B-20-DW-48-0001	500,000	500,000	--	500,000
<b>Total Texas Emergency Mortgage Assistance Program (TEMAP)</b>			<u>500,000</u>	<u>500,000</u>	<u>--</u>	<u>500,000</u>
<b>Total Texas Department of Housing &amp; Community Affairs</b>			<u>2,015,678</u>	<u>502,145</u>	<u>755,073</u>	<u>1,257,218</u>
<b>Pass through - General Land Office</b>						
<b>Community Development Block Grant</b>						
Community Development Block Grant-Disaster Recovery	14.228	19-131-000-B470	4,860,509	227,233	--	227,233
<b>Total General Land Office</b>			<u>4,860,509</u>	<u>227,233</u>	<u>--</u>	<u>227,233</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>142,543,427</u>	<u>17,642,322</u>	<u>11,750,000</u>	<u>29,392,322</u>
<b>U.S. DEPARTMENT OF INTERIOR, FISH AND WILDLIFE</b>						
<b>Direct Programs</b>						
<b>Habitat Improvement for Indiangrass Wildlife Sanctuary</b>						
Habitat Improvement for Indiangrass Wildlife Sanctuary	15.631	F17AC00492	30,000	13,050	--	13,050
<b>Total Habitat Improvement for Indiangrass Wildlife Sanctuary</b>			<u>30,000</u>	<u>13,050</u>	<u>--</u>	<u>13,050</u>
<b>Pass through - Texas Parks and Wildlife Department</b>						
Edward Rendon Sr. Metro Park	15.916	P18AP00185	750,000	623,698	--	623,698
<b>Total Texas Parks and Wildlife Department</b>			<u>750,000</u>	<u>623,698</u>	<u>--</u>	<u>623,698</u>
<b>Pass through - Texas Historical Commission</b>						
Historic Preservation Planning Program	15.904	TX-21-006	30,000	27,600	--	27,600
<b>Total Texas Historical Commission</b>			<u>30,000</u>	<u>27,600</u>	<u>--</u>	<u>27,600</u>
<b>TOTAL U.S. DEPARTMENT OF INTERIOR, FISH AND WILDLIFE</b>			<u>810,000</u>	<u>664,348</u>	<u>--</u>	<u>664,348</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>						
<b>Direct Programs</b>						
<b>COVID-19 - City of Austin CESF Program</b>						
COVID-19 - City of Austin CESF Program	16.034	2020-VD-BX-0015	885,407	107,158	--	107,158
<b>Total COVID-19 - City of Austin CESF Program</b>			<u>885,407</u>	<u>107,158</u>	<u>--</u>	<u>107,158</u>
<b>Improving Criminal Justice Responses Program (ICJR)</b>						
Improving Criminal Justice Responses Program (ICJR)	16.590	2020-WE-AX-0018	1,000,000	124,433	182,745	307,178
<b>Total Improving Criminal Justice Responses Program (ICJR)</b>			<u>\$ 1,000,000</u>	<u>124,433</u>	<u>182,745</u>	<u>307,178</u>

(continued)

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
<b>U.S. DEPARTMENT OF JUSTICE, continued</b>						
<b>Edward Byrne Memorial Justice Assistance Grant Program</b>						
	16.738	2017-DJ-BX-0569	\$ 303,904	7,154	--	7,154
	16.738	2018-DJ-BX-0419	322,806	240,832	--	240,832
	16.738	2019-DJ-BX-0572	322,612	164,815	53,836	218,651
	16.738	2020-DJ-BX-0646	306,603	81,728	--	81,728
<b>Total Edward Byrne Memorial Justice Assistance Grant Program</b>			<u>1,255,925</u>	<u>494,529</u>	<u>53,836</u>	<u>548,365</u>
<b>Intellectual Property Enforcement Program</b>						
	16.752	2020-IP-BX-0008	400,000	216,420	--	216,420
<b>Total Intellectual Property Enforcement Program</b>			<u>400,000</u>	<u>216,420</u>	<u>--</u>	<u>216,420</u>
<b>Byrne Criminal Justice Innovation Program</b>						
	16.817	2017-AJ-BX-0012	1,000,000	276,505	121,534	398,039
<b>Total Byrne Criminal Justice Innovation Program</b>			<u>1,000,000</u>	<u>276,505</u>	<u>121,534</u>	<u>398,039</u>
<b>City of Austin Sexual Assault Kit Initiative Program</b>						
	16.833	2017-AK-BX-0015	2,000,000	396,980	--	396,980
	16.833	2018-AK-BX-0027	1,000,000	291,366	--	291,366
<b>Total City of Austin Sexual Assault Kit Initiative Program</b>			<u>3,000,000</u>	<u>688,346</u>	<u>--</u>	<u>688,346</u>
<b>Federal Department of Justice Asset Forfeiture Fund</b>						
	16.922	N/A	--	64,276	--	64,276
<b>Total Federal Dept. of Justice Asset Forfeiture Fund</b>			<u>--</u>	<u>64,276</u>	<u>--</u>	<u>64,276</u>
<b>Pass through - Texas Governor's Office Criminal Justice Division</b>						
<b>Victims of Crime Act</b>						
	16.575	2019-V2-GX-0011	662,339	(1,267)	--	(1,267)
	16.575	2020-V2-GX-0004	796,206	571,653	--	571,653
	16.575	2018-V2-GX-0040	575,063	(140)	--	(140)
	16.575	2019-V2-GX-0011	233,824	140	--	140
	16.575	2020-V2-GX-0004	150,000	143,598	--	143,598
<b>Total Victims of Crime Act</b>			<u>2,417,432</u>	<u>713,984</u>	<u>--</u>	<u>713,984</u>
<b>Violence Against Womens Investigative Project</b>						
	16.588	15JOVW-21-GG-00566-STOP	37,704	37,704	--	37,704
<b>Total Violence Against Womens Investigate Project</b>			<u>37,704</u>	<u>37,704</u>	<u>--</u>	<u>37,704</u>
<b>Juvenile Delinquency Prevention Project</b>						
	16.738	2019-DJ-BX-0016	109,369	108,886	--	108,886
<b>Total Juvenile Delinquency Prevention Project</b>			<u>109,369</u>	<u>108,886</u>	<u>--</u>	<u>108,886</u>
<b>Coverdell Forensic Project</b>						
	16.742	2020-CD-BX-0017	148,284	12,581	--	12,581
	16.742	15PBJA21GG02933COVE	366,178	171,029	--	171,029
<b>Total Coverdell Forensic Project</b>			<u>514,462</u>	<u>183,610</u>	<u>--</u>	<u>183,610</u>
<b>Total Texas Governor's Office Criminal Justice Division</b>			<u>3,078,967</u>	<u>1,044,184</u>	<u>--</u>	<u>1,044,184</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>\$ 10,620,299</u>	<u>3,015,851</u>	<u>358,115</u>	<u>3,373,966</u>

(continued)

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
<b>U.S. DEPARTMENT OF STATE</b>						
<b>Direct Programs</b>						
US Embassy Pakistan Entrepreneurship Grant	19.501	SPK33015CA083	\$ 499,989	--	(423)	(423)
US Embassy Egypt Entrepreneurship Grant	19.021	SEG30018GR0044	120,000	25,184	(827)	24,357
US Embassy Pakistan Entrepreneurship Grant	19.501	SPK33018CA0047	500,000	14,927	5,950	20,877
US Embassy Egypt Entrepreneurship Grant round II	19.040	SEG30020GR0029	231,003	42,505	115,326	157,831
<b>TOTAL U.S. DEPARTMENT OF STATE</b>			<b>1,350,992</b>	<b>82,616</b>	<b>120,026</b>	<b>202,642</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
<b>HIGHWAY SAFETY CLUSTER</b>						
<b>Pass through - Texas Department of Transportation</b>						
<b>Texas Traffic Safety Program</b>						
STEP - Comprehensive Traffic	20.600	2022-AustinPD-S-1YG-00117	729,000	434,129	--	434,129
STEP - Commercial Motor Vehicle	20.600	2022-AustinPD-S-CMV-00032	61,000	37,741	--	37,741
Child Safety Seat Program	20.616	2022-AustinEM-G-1YG-0165	122,200	61,390	--	61,390
<b>Total Texas Traffic Safety Program</b>			<b>912,200</b>	<b>533,260</b>	<b>--</b>	<b>533,260</b>
<b>Impaired Driving Mobilization</b>						
STEP - Impaired Driving Mobilization	20.616	2022-AustinPD-IDM-00035	29,932	2,735	--	2,735
<b>Total Impaired Driving Mobilization</b>			<b>29,932</b>	<b>2,735</b>	<b>--</b>	<b>2,735</b>
<b>Total Texas Department of Transportation</b>			<b>942,132</b>	<b>535,995</b>	<b>--</b>	<b>535,995</b>
<b>TOTAL HIGHWAY SAFETY CLUSTER</b>			<b>942,132</b>	<b>535,995</b>	<b>--</b>	<b>535,995</b>
<b>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>						
<b>Pass through - Texas State Hwys and Public Transportation Dept.</b>						
<b>Highway Planning and Construction</b>						
Pedestrian Safety and Transit Connections	20.205	CSJ 0914-04-319	1,167,600	5,339	--	5,339
STP Metropolitan Mobility Project	20.205	CSJ 0914-00-357,360	2,884,000	622,240	--	622,240
Smart Trips Austin	20.205	CSJ 0914-04-320	179,712	74,977	--	74,977
Violet Crown Trail North	20.205	CSJ 0914-04-311	1,177,000	278,495	--	278,495
<b>Total Texas State Hwys and Public Transportation Dept.</b>			<b>5,408,312</b>	<b>981,051</b>	<b>--</b>	<b>981,051</b>
<b>TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>			<b>5,408,312</b>	<b>981,051</b>	<b>--</b>	<b>981,051</b>
<b>Direct Programs</b>						
<b>ABIA FAA</b>						
ABIA FAA 60-19-AIP	20.106	3-48-0359-062-2019	8,060,808	987,370	--	987,370
ABIA FAA 60-20-AIP	20.106	3-48-0359-064-2020	11,273,099	4,023,530	--	4,023,530
ABIA FAA 67-21-AIP	20.106	3-48-0359-067-2021	3,564,786	3,099,530	--	3,099,530
ABIA FAA 65-22 CRRSAA	20.106	3-48-0359-065-2021	14,623,517	14,623,517	--	14,623,517
ABIA FAA 68-21 ARPA	20.106	3-48-0359-068-2021	54,149,180	14,537,232	--	14,537,232
ABIA FAA 69-22 ARPA	20.106	3-48-0359-069-2022	7,288,263	7,288,263	--	7,288,263
COVID-19 - ABIA FAA 63-20-AIP	20.106	3-48-0359-063-2020	58,735,130	7,316,177	--	7,316,177
<b>Total ABIA FAA</b>			<b>157,694,783</b>	<b>51,875,619</b>	<b>--</b>	<b>51,875,619</b>
<b>Texas Parks &amp; Wildlife Department</b>						
Slaughter Creek Greenbelt Equestrian Trail	20.219	48RT16001	200,000	149,511	--	149,511
<b>Total Texas Parks &amp; Wildlife Department</b>			<b>200,000</b>	<b>149,511</b>	<b>--</b>	<b>149,511</b>
<b>Motor Carrier Safety Assistance</b>						
FY2020 HP-CMV Grant Program	20.237	FM-MHP-0558-20-01-00	554,418	143,615	--	143,615
<b>Total Motor Carrier Safety Assistance</b>			<b>\$ 554,418</b>	<b>143,615</b>	<b>--</b>	<b>143,615</b>

(continued)

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION, continued</b>						
Pass through - Capital Metropolitan Transportation Authority						
Enhanced Mobility of Seniors and Individuals w/ Disability	20.513	TX-2022-006-PARD	\$ 155,482	45,809	--	45,809
<b>Total Capital Metropolitan Transportation Authority</b>			<u>155,482</u>	<u>45,809</u>	<u>--</u>	<u>45,809</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u><b>164,955,127</b></u>	<u><b>53,731,600</b></u>	<u><b>--</b></u>	<u><b>53,731,600</b></u>
<b>U.S. TREASURY DEPARTMENT</b>						
<b>Direct Programs</b>						
<b>Emergency Rental Assistance</b>						
Emergency Rental Assistance (ERA)	21.023	N/A	30,630,087	811,085	64,911	875,996
Emergency Rental Assistance (ERA2)	21.023	N/A	35,312,852	56,724	8,356,593	8,413,317
<b>Total Emergency Rental Assistance</b>			<u>65,942,939</u>	<u>867,809</u>	<u>8,421,504</u>	<u>9,289,313</u>
<b>Coronavirus State and Local Fiscal Recovery Funds</b>						
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	188,482,478	19,832,703	--	19,832,703
<b>Total Coronavirus State and Local Fiscal Recovery Funds</b>			<u>188,482,478</u>	<u>19,832,703</u>	<u>--</u>	<u>19,832,703</u>
<b>TOTAL U.S. TREASURY DEPARTMENT</b>			<u><b>254,425,417</b></u>	<u><b>20,700,512</b></u>	<u><b>8,421,504</b></u>	<u><b>29,122,016</b></u>
<b>EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</b>						
<b>Direct Programs</b>						
<b>Equal Employment Opportunity</b>						
Equal Employment Opportunity 2021	30.001	45310019C0050	29,800	(1,200)	--	(1,200)
Equal Employment Opportunity 2022	30.001	45310022C0052	24,900	24,900	--	24,900
<b>Total Equal Employment Opportunity</b>			<u>54,700</u>	<u>23,700</u>	<u>--</u>	<u>23,700</u>
<b>TOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</b>			<u><b>54,700</b></u>	<u><b>23,700</b></u>	<u><b>--</b></u>	<u><b>23,700</b></u>
<b>FEDERAL COMMUNICATIONS COMMISSION</b>						
<b>Direct Programs</b>						
<b>Emergency Connectivity Fund Program - ARPA</b>						
Emergency Connectivity Fund Program - ARPA	32.009	ECF222118054	80,000	80,000	--	80,000
<b>Total Emergency Connectivity Fund Program - ARPA</b>			<u>80,000</u>	<u>80,000</u>	<u>--</u>	<u>80,000</u>
<b>TOTAL FEDERAL COMMUNICATIONS COMMISSION</b>			<u><b>80,000</b></u>	<u><b>80,000</b></u>	<u><b>--</b></u>	<u><b>80,000</b></u>
<b>NATIONAL ENDOWMENT FOR THE ARTS</b>						
<b>Direct Programs</b>						
<b>National Endowment for the Arts</b>						
Digital Humanities Advancement Grant - Oakwood Cemetery	45.169	HAA-281028-21	50,000	32,554	--	32,554
<b>Total National Endowment for the Arts</b>			<u>50,000</u>	<u>32,554</u>	<u>--</u>	<u>32,554</u>
<b>TOTAL NATIONAL ENDOWMENT FOR THE ARTS</b>			<u><b>50,000</b></u>	<u><b>32,554</b></u>	<u><b>--</b></u>	<u><b>32,554</b></u>
<b>U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>						
<b>Pass through - Texas State Library and Archives Commission</b>						
Competitive - Special Projects 25 2022 - Story Walk	45.310	SPP-22006	25,000	24,986	--	24,986
Competitive - Texas Supports Libraries 2022	45.310	TSL-22003	150,072	500	--	500
Competitive - Texas Digital Navigators 2022	45.310	TDN-22002	237,481	57,512	--	57,512
Competitive - Texas Telehealth 2022	45.310	TT-22002	48,976	22,757	--	22,757
<b>Total Texas State Library and Archives Commission</b>			<u>461,529</u>	<u>105,755</u>	<u>--</u>	<u>105,755</u>
<b>TOTAL U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>			<u><b>\$ 461,529</b></u>	<u><b>105,755</b></u>	<u><b>--</b></u>	<u><b>105,755</b></u>

(continued)

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>						
<b>Direct Programs</b>						
<b>Brownfield Assessments</b>						
	66.818	BF-01F21301-0	\$ 1,320,000	1,207	--	1,207
	66.818	01F96301	600,000	75,215	--	75,215
<b>Total Brownfield Assessments</b>			<u>1,920,000</u>	<u>76,422</u>	<u>--</u>	<u>76,422</u>
<b>Pass through - Texas Water Development Board</b>						
<b>Capitalization Grants for Clean Water State Revolving Funds</b>						
	66.458	LM201041	11,200,000	36,900	--	36,900
	66.458	LM211041	10,400,000	2,980,604	--	2,980,604
	66.458	LM221041	23,100,000	19,216,665	--	19,216,665
<b>Total Capitalization Grants for Clean Water State Revolving Funds</b>			<u>44,700,000</u>	<u>22,234,169</u>	<u>--</u>	<u>22,234,169</u>
<b>Capitalization Grants for Drinking Water State Revolving Funds</b>						
	66.468	LM221040	30,000,000	18,985,216	--	18,985,216
<b>Total Capitalization Grants for Drinking Water State Revolving Funds</b>			<u>30,000,000</u>	<u>18,985,216</u>	<u>--</u>	<u>18,985,216</u>
<b>Total Texas Water Development Board</b>			<u>74,700,000</u>	<u>41,219,385</u>	<u>--</u>	<u>41,219,385</u>
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			<u><b>76,620,000</b></u>	<u><b>41,295,807</b></u>	<u><b>--</b></u>	<u><b>41,295,807</b></u>
<b>U.S. DEPARTMENT OF ENERGY</b>						
<b>Direct Programs</b>						
<b>Energy Efficiency &amp; Renewable Energy</b>						
	81.086	DE-EE0009462	419,754	--	81,090	81,090
			<u>419,754</u>	<u>--</u>	<u>81,090</u>	<u>81,090</u>
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>			<u><b>419,754</b></u>	<u><b>--</b></u>	<u><b>81,090</b></u>	<u><b>81,090</b></u>
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>						
<b>AGING CLUSTER</b>						
<b>Pass through - Capital Area Council of Governments</b>						
	93.044	N/A	96,000	39,963	--	39,963
			<u>96,000</u>	<u>39,963</u>	<u>--</u>	<u>39,963</u>
<b>TOTAL AGING CLUSTER</b>			<u>96,000</u>	<u>39,963</u>	<u>--</u>	<u>39,963</u>
<b>Direct Programs</b>						
<b>Del Valle Healthy Adolescent Project (DVHAP)</b>						
	93.297	1 TP1AH000223-01-00	722,102	(549)	(19,103)	(19,652)
	93.297	5 TP1AH000223-02-00	868,327	341,755	232,568	574,323
	93.297	5 TP1AH000223-03-00	845,479	86,048	72,485	158,533
<b>Total Del Valle Healthy Adolescent Project (DVHAP)</b>			<u>2,435,908</u>	<u>427,254</u>	<u>285,950</u>	<u>713,204</u>
<b>Health Disparities: Reach In, Reach Out</b>						
	93.391	1 NH75OT000033-01-00	4,087,502	389,070	1,160,297	1,549,367
<b>Total Health Disparities: Reach In, Reach Out</b>			<u>4,087,502</u>	<u>389,070</u>	<u>1,160,297</u>	<u>1,549,367</u>
<b>Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS</b>						
	93.686	5 UT8HA33918-02-00	1,716,041	103,938	330,906	434,844
	93.686	5 UT8HA33918-03-00	1,200,000	145,460	282,712	428,172
<b>Total Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS</b>			<u>\$ 2,916,041</u>	<u>249,398</u>	<u>613,618</u>	<u>863,016</u>

(continued)

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES, continued</b>						
<b>Ryan White I Emergency Care</b>						
Ryan White I Emergency Care 21	93.914	2 H89HA00036-27-00	\$ 5,247,278	183,639	2,119,928	2,303,567
Ryan White I Emergency Care 22	93.914	2 H89HA00036-28-00	5,566,859	274,942	2,745,748	3,020,690
COVID19-Ryan White I Emergency Care 20	93.914	H9AHA36938-01-00	267,364	8,421	14,053	22,474
<b>Total Ryan White I Emergency Care</b>			<u>11,081,501</u>	<u>467,002</u>	<u>4,879,729</u>	<u>5,346,731</u>
<b>Ryan White - Part C</b>						
Ryan White - Part C 21	93.918	5 H76HA00127-30-00	885,955	7,661	275,200	282,861
Ryan White - Part C 22	93.918	2 H76HA00127-31-00	901,217	31,416	626,756	658,172
<b>Total Ryan White - Part C</b>			<u>1,787,172</u>	<u>39,077</u>	<u>901,956</u>	<u>941,033</u>
<b>Pass through - Texas Dept. of State Health Services</b>						
<b>Public Health Emergency Response</b>						
Public Health Emergency Preparedness 22	93.069	537-18-0151-00001	704,018	565,266	--	565,266
Public Health Emergency Preparedness 23	93.069	537-18-0151-00001	704,018	129,348	--	129,348
COVID-19 - Public Health Emergency Preparedness 20	93.074	HHS000770500001	1,697,986	299,162	--	299,162
<b>Total Public Health Emergency Response</b>			<u>3,106,022</u>	<u>993,776</u>	<u>--</u>	<u>993,776</u>
<b>TB Outreach</b>						
TB Outreach 21	93.116	HHS000686100008	358,198	192,915	--	192,915
TB Outreach 22	93.116	HHS001096400004	358,219	219,291	--	219,291
<b>Total TB Outreach</b>			<u>716,417</u>	<u>412,206</u>	<u>--</u>	<u>412,206</u>
<b>Immunization Outreach</b>						
Immunization Outreach 21	93.268	HHS000108500001	981,117	263,770	--	263,770
Immunization Outreach 22	93.268	HHS000108500001	312,603	296,338	--	296,338
Immunization Outreach 23	93.268	HHS000108500001	694,344	32,315	--	32,315
COVID-19 - Vaccination Capacity	93.268	HHS001019500002	5,102,084	1,591,172	--	1,591,172
<b>Total Immunization Outreach</b>			<u>7,090,148</u>	<u>2,183,595</u>	<u>--</u>	<u>2,183,595</u>
<b>COVID-19 Infectious Disease Control Unit/ Surv and Epidemiology</b>						
COVID-19 - Infectious Disease Control Unit/ Surveillance and Epidemiology 21	93.323	HHS000812700009	1,166,888	328,637	--	328,637
<b>Total COVID-19 Infectious Disease Control Unit/ Surv and Epidemiology</b>			<u>1,166,888</u>	<u>328,637</u>	<u>--</u>	<u>328,637</u>
<b>COVID-19 - CDC PH Workforce PH Crisis Response</b>						
COVID-19 - CDC PH Workforce PH Crisis Response 22	93.354	HHS001078100001	1,250,000	206,435	--	206,435
<b>Total COVID-19 - CDC PH Workforce PH Crisis Response</b>			<u>1,250,000</u>	<u>206,435</u>	<u>--</u>	<u>206,435</u>
<b>Tobacco Prevention &amp; Control Program</b>						
Tobacco Prevention & Control Program 21	93.387	HHS000930400001	362,000	115,894	97,599	213,493
Tobacco Prevention & Control Program 22	93.387	HHS000930400001	217,000	68,408	26,325	94,733
<b>Total Tobacco Prevention &amp; Control Program</b>			<u>579,000</u>	<u>184,302</u>	<u>123,924</u>	<u>308,226</u>
<b>COVID-19 Chronic Disease Community Health Workers: Train, Deploy, and Engage</b>						
COVID-19 Chronic Disease Community Health Workers: Train, Deploy, and Engage 22	93.495	1 NU58DP006991-01-00	1,432,565	450,729	413,676	864,405
COVID-19 Chronic Disease Community Health Workers: Train, Deploy, and Engage 23	93.495	5 NU58DP006991-02-00	1,432,565	46,158	6,939	53,097
<b>Total COVID-19 Chronic Disease Community Health Workers: Train, Deploy, and Engage</b>			<u>2,865,130</u>	<u>496,887</u>	<u>420,615</u>	<u>917,502</u>
<b>COVID19-Cares Act Provide Relief Program</b>						
COVID19-Cares Act Provide Relief Program	93.498	N/A	330,132	330,132	--	330,132
<b>Total COVID19-Cares Act Provide Relief Program</b>			<u>330,132</u>	<u>330,132</u>	<u>--</u>	<u>330,132</u>
<b>Texas Healthy Communities</b>						
Texas Healthy Communities 21	93.758	HHS000438400003	100,000	1,305	--	1,305
Texas Healthy Communities 22	93.758	HHS000438400003	84,897	78,340	--	78,340
Texas Healthy Communities 23	93.758	HHS000438400003	84,897	4,532	--	4,532
<b>Total Texas Healthy Communities</b>			<u>\$ 269,794</u>	<u>84,177</u>	<u>--</u>	<u>84,177</u>

(continued)

	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES, continued</b>						
<b>OPHP- Regional &amp; Local Services</b>						
OPHP-Regional & Local Services Section 22	93.991	HHS001016400001	\$ 112,193	95,820	--	95,820
OPHP-Regional & Local Services Section 23	93.991	HHS001016400001	112,193	9,379	--	9,379
<b>Total OPHP - Regional &amp; Local Services</b>			<b>224,386</b>	<b>105,199</b>	<b>--</b>	<b>105,199</b>
<b>HIV Prevention Services Grant</b>						
HIV Prevention Services Grant 22	93.940	HHS000077800020	762,692	727,655	--	727,655
HIV Prevention Services Grant 23	93.940	HHS000077800020	762,692	32,712	--	32,712
<b>Total HIV Prevention Services Grant</b>			<b>1,525,384</b>	<b>760,367</b>	<b>--</b>	<b>760,367</b>
<b>HIV Surveillance</b>						
HIV Surveillance 21	93.940	HHS000284500002	149,917	32,176	--	32,176
HIV Surveillance 22	93.940	HHS000284500002	149,917	108,084	--	108,084
Ending the HIV Epidemic - PS20-2010 21	93.940	HHS000897700001	637,328	(2,498)	(16,033)	(18,531)
Ending the HIV Epidemic - PS20-2010 22	93.940	HHS000897700001	681,668	365,725	100,730	466,455
Ending the HIV Epidemic - PS20-2010 23	93.940	HHS000897700001	725,179	40,255	--	40,255
<b>Total HIV Surveillance</b>			<b>2,344,009</b>	<b>543,742</b>	<b>84,697</b>	<b>628,439</b>
<b>Sexually Transmitted Disease/Human Immunodeficiency Virus (STD/HIV)</b>						
STD/HIV Disease Intervention Specialists Contract	93.977	HHS001120300002	362,879	51,042	--	51,042
STD/HIV 22	93.977	HHS000288900001	362,626	342,486	--	342,486
STD/HIV 23	93.977	HHS000288900001	677,049	27,963	--	27,963
<b>Total Sexually Transmitted Disease/Human Immunodeficiency Virus (STD/HIV)</b>			<b>1,402,554</b>	<b>421,491</b>	<b>--</b>	<b>421,491</b>
<b>Total Texas Dept. of State Health Services</b>						
			<b>22,869,864</b>	<b>7,050,946</b>	<b>629,236</b>	<b>7,680,182</b>
<b>Pass through - Texas Dept. of Family &amp; Protective Services</b>						
<b>Promoting Safe and Stable Families</b>						
Community Youth Development 21	93.556	24427073	449,956	1,105	--	1,105
Community Youth Development 22	93.556	HHS000841700001	122,082	--	113,841	113,841
Community Youth Development 23	93.556	HHS000841700001	118,750	282	6,784	7,066
<b>Total Texas Dept. of Family &amp; Protective Services</b>			<b>690,788</b>	<b>1,387</b>	<b>120,625</b>	<b>122,012</b>
<b>Pass through US Committee for Refugees and Immigrants</b>						
<b>Refugee Medical Screening</b>						
Refugee Medical Screening - USCRI 21	93.566	2021-AUSTX-05	958,821	12,841	--	12,841
Refugee Medical Screening - USCRI 22	93.566	2022-AUSTX-06	1,570,789	1,179,073	--	1,179,073
<b>Total US Committee for Refugees and Immigrants</b>			<b>2,529,610</b>	<b>1,191,914</b>	<b>--</b>	<b>1,191,914</b>
<b>Pass through - Texas Dept. of Housing and Community Affairs</b>						
<b>Community Services Block Grant</b>						
Community Services Block Grant 21	93.569	61210003436	1,103,277	402,471	--	402,471
Community Services Block Grant 22	93.569	61220003628	1,115,518	596,516	1,316	597,832
COVID-19 - Community Services Block Grant Program and CARES	93.569	61200003326	1,497,736	64,722	--	64,722
<b>Total Texas Dept. of Housing and Community Affairs</b>			<b>3,716,531</b>	<b>1,063,709</b>	<b>1,316</b>	<b>1,065,025</b>
<b>Pass through - United Way For Greater Austin</b>						
Family Connects 21	93.870	24532533	763,463	(26)	--	(26)
Family Connects 22	93.870	24532533	769,077	233,348	--	233,348
<b>Total United Way For Greater Austin</b>			<b>1,532,540</b>	<b>233,322</b>	<b>--</b>	<b>233,322</b>
<b>TOTAL U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			<b>\$ 53,743,457</b>	<b>11,153,042</b>	<b>8,592,727</b>	<b>19,745,769</b>

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	Assistance Listing Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>						
<b>Corporation for National and Community Service</b>						
	94.013	14VSWTX010	\$ 20,000	14,665	--	14,665
	94.013	14VSWTX010	30,000	2,399	--	2,399
	<b>Total Corporation for National and Community Service</b>		<u>50,000</u>	<u>17,064</u>	<u>--</u>	<u>17,064</u>
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>						
			<u><b>50,000</b></u>	<u><b>17,064</b></u>	<u><b>--</b></u>	<u><b>17,064</b></u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
<b>Pass through - Texas Department of Public Safety</b>						
<b>Public Assistance</b>						
	97.036	PA-06-TX-4159	4,282,340	(36,316)	--	(36,316)
	97.036	PA-06-TX-4223	1,741,055	4,066	--	4,066
	97.036	PA-06-TX-4245	12,788,202	755,832	--	755,832
	97.036	PA-06-TX-4416	2,171,853	(59,602)	--	(59,602)
	97.036	PA-06-TX-4485	29,519,019	12,108,592	--	12,108,592
	<b>Total Public Assistance</b>		<u>50,502,469</u>	<u>12,772,572</u>	<u>--</u>	<u>12,772,572</u>
<b>Onion Creek</b>						
	97.045	EMT-2019-CA-00053-S0	1,249,981	641,458	--	641,458
	<b>Total Onion Creek</b>		<u>1,249,981</u>	<u>641,458</u>	<u>--</u>	<u>641,458</u>
<b>Assistance to Firefighters Grant</b>						
	97.044	EMW-2018-FO-04904	249,418	79,506	--	79,506
	97.044	EMW-2020-FG-00084	220,244	41,817	--	41,817
	97.044	EMW-2020-FG-02272	126,182	126,182	--	126,182
	97.044	EMW-2020-FG-10739	92,591	2,430	--	2,430
	<b>Total Assistance to Firefighters Grant</b>		<u>688,435</u>	<u>249,935</u>	<u>--</u>	<u>249,935</u>
<b>State Homeland Security Program</b>						
	97.067	N/A	280,000	4,611	--	4,611
	97.067	EMW-2019-SS-00034-S01	450,000	130,687	--	130,687
	97.067	EMW-2021-SS-00062-S01	131,474	126,630	--	126,630
	97.067	EMW-2020-SS-00054-S01	450,000	114,484	--	114,484
	97.067	EMW-2021-SS-00062-S01	450,000	196,079	--	196,079
	<b>Total State Homeland Security Program</b>		<u>1,761,474</u>	<u>572,491</u>	<u>--</u>	<u>572,491</u>
<b>Total Texas Department of Public Safety</b>						
			<u>54,202,359</u>	<u>14,236,456</u>	<u>--</u>	<u>14,236,456</u>
<b>Pass through - Texas Commission on Environmental Quality</b>						
	97.091	582-19-90032	303,515	(674)	--	(674)
	97.091	582-21-22372	589,941	334,546	--	334,546
	97.091	582-21-22372	448,693	33,399	--	33,399
	<b>Total Texas Commission on Environmental Quality</b>		<u>1,342,149</u>	<u>367,271</u>	<u>--</u>	<u>367,271</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
			<u><b>55,544,508</b></u>	<u><b>14,603,727</b></u>	<u><b>--</b></u>	<u><b>14,603,727</b></u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>						
			<u><b>\$ 782,340,274</b></u>	<u><b>170,019,073</b></u>	<u><b>29,323,462</b></u>	<u><b>199,342,535</b></u>

See accompanying notes to schedule of expenditures of federal awards

See accompanying independent auditors' report

	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
<b>TEXAS GOVERNOR'S OFFICE</b>					
<b>Direct Programs</b>					
BG-Rifle-Resistant Body Armor Grant Programs 21	2021-BG-ST-0025	\$ 310,000	309,746	--	309,746
BG-Rifle-Resistant Body Armor Grant Programs 22	2022-BG-ST-0025	446,540	260,400	--	260,400
Sexual Assault Evidence Testing Project	2021-ET-ST-0003	241,800	241,800	--	241,800
<b>TOTAL TEXAS GOVERNOR'S OFFICE</b>		<b>998,340</b>	<b>811,946</b>	<b>--</b>	<b>811,946</b>
<b>TEXAS DEPARTMENT OF STATE HEALTH SERVICES</b>					
<b>Direct Programs</b>					
<b>TB Elimination</b>					
TB Elimination 22	HHS000467100001	621,642	584,163	--	584,163
TB Elimination 23	HHS000467100001	643,593	36,328	--	36,328
<b>Total TB Elimination</b>		<b>1,265,235</b>	<b>620,491</b>	<b>--</b>	<b>620,491</b>
<b>Infectious Disease Control Unit/ Surveillance and Epidemiology</b>					
Infectious Disease Control Unit/ Surveillance and Epidemiology 21	HHS000436300004	207,795	6,839	--	6,839
Infectious Disease Control Unit/ Surveillance and Epidemiology 22	HHS000436300004	207,795	190,583	--	190,583
Infectious Disease Control Unit/ Surveillance and Epidemiology 23	HHS000436300004	207,795	3,404	--	3,404
<b>Total Infectious Disease Control Unit/ Surveillance and Epidemiology</b>		<b>623,385</b>	<b>200,826</b>	<b>--</b>	<b>200,826</b>
<b>OTVFH - Lactation Support Center Services - Strategic Expansion Program</b>					
OTVFH - Lactation Support Center Services - Strategic Expansion Program 22	HHS000455800001	145,000	137,849	--	137,849
OTVFH - Lactation Support Center Services - Strategic Expansion Program 23	HHS000455800001	145,000	6,453	--	6,453
<b>Total OTVFH - Lactation Support Center Services - Strategic Expansion Program</b>		<b>290,000</b>	<b>144,302</b>	<b>--</b>	<b>144,302</b>
<b>Immunization Outreach</b>					
Immunization Outreach 22	HHS00010850001	414,380	390,153	--	390,153
<b>Total Immunization Outreach</b>		<b>414,380</b>	<b>390,153</b>	<b>--</b>	<b>390,153</b>
<b>OPHP-Regional &amp; Local Services</b>					
OPHP-Regional & Local Services 22	HHS001016400001	48,083	41,066	--	41,066
OPHP-Regional & Local Services 23	HHS001016400001	48,083	4,019	--	4,019
<b>Total OPHP-Regional &amp; Local Services</b>		<b>96,166</b>	<b>45,085</b>	<b>--</b>	<b>45,085</b>
<b>HIV Surveillance</b>					
Ending the HIV Epidemic - PS20-2010 22	HHS000897700001	43,511	29,250	--	29,250
<b>Total HIV Surveillance</b>		<b>43,511</b>	<b>29,250</b>	<b>--</b>	<b>29,250</b>
<b>Sexually Transmitted Disease/Human Immunodeficiency Virus (STD/HIV)</b>					
STD/HIV 22	HHS000288900001	348,406	332,399	--	332,399
<b>Total Sexually Transmitted Disease/Human Immunodeficiency Virus (STD/HIV)</b>		<b>348,406</b>	<b>332,399</b>	<b>--</b>	<b>332,399</b>
<b>Pass through - Capital Area Trauma Regional</b>					
Trauma System 22	HHS000124600001	55,000	55,000	--	55,000
<b>Total Capital Area Trauma Regional</b>		<b>55,000</b>	<b>55,000</b>	<b>--</b>	<b>55,000</b>
<b>TOTAL DEPARTMENT OF STATE HEALTH SERVICES</b>		<b>\$ 3,136,083</b>	<b>1,817,506</b>	<b>--</b>	<b>1,817,506</b>

(continued)

Schedule of Expenditures of State Awards  
For the Period ended September 30, 2022

City of Austin, Texas  
(Continued)

	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
<b>TEXAS DEPARTMENT OF FAMILY &amp; PROTECTIVE SERVICES</b>					
<b>Direct Program</b>					
Community Youth Development 22	HHS000841700001	\$ 386,594	363,531	--	363,531
Community Youth Development 23	HHS000841700001	356,250	14,968	--	14,968
<b>TOTAL TEXAS DEPARTMENT OF FAMILY &amp; PROTECTIVE SERVICES</b>		<b>742,844</b>	<b>378,499</b>	<b>--</b>	<b>378,499</b>
<b>TEXAS DEPARTMENT OF MOTOR VEHICLES</b>					
<b>Direct Programs</b>					
<b>Auto Theft Prevention</b>					
APD Auto Burglary and Theft Interdiction Project 22	608-22-2270100	411,300	345,929	--	345,929
APD Auto Burglary and Theft Interdiction Project 23	608-23-2270100	411,300	28,167	--	28,167
<b>TOTAL TEXAS DEPARTMENT OF MOTOR VEHICLES</b>		<b>822,600</b>	<b>374,096</b>	<b>--</b>	<b>374,096</b>
<b>TEXAS PARKS AND WILDLIFE DEPARTMENT</b>					
<b>Direct Programs</b>					
Pharr Tennis Center	56-000011	1,000,000	475,831	--	475,831
<b>TOTAL TEXAS PARKS AND WILDLIFE DEPARTMENT</b>		<b>1,000,000</b>	<b>475,831</b>	<b>--</b>	<b>475,831</b>
<b>TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS</b>					
<b>Direct Programs</b>					
<b>Homeless Housing and Services Program</b>					
Homeless Housing and Services Program 21	63215030002	477,031	--	40,280	40,280
Homeless Housing and Services Program 22	63225030002	533,722	--	486,418	486,418
Homeless Housing and Services Program - Youth Set-Aside 22	18225030002	162,880	--	142,146	142,146
Texas Ending Homelessness 22	30215030002	51,804	--	46,061	46,061
<b>TOTAL DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS</b>		<b>1,225,437</b>	<b>--</b>	<b>714,905</b>	<b>714,905</b>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<b>\$ 7,925,304</b>	<b>3,857,878</b>	<b>714,905</b>	<b>4,572,783</b>

See accompanying notes to schedule of expenditures of state awards.  
See accompanying independent auditors' 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	\$ 1,966,584
FEMA Public Assistance - Halloween 2015	97.036	760,257
FEMA Public Assistance - Texas Severe Storms	97.036	18,869

**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 Hurricane Harvey did not receive any reimbursements during fiscal year 2022.

**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, 2022	\$ 51,002,008
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 cumulative project worksheet obligated, but not expensed and are not included in the Schedule of Expenditures of Federal Awards	<u>(14,199,632)</u>
Total project worksheets obligated and expensed for the year ended September 30, 2022, and included in the 2022 Schedule of Expenditures of Federal Awards	<u>\$ 12,772,572</u>

**4 – LOANS**

In addition to federal awards involving expenditures in 2022, the City has federally guaranteed loans outstanding as of September 30, 2022 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, 2022. The remaining loan balances at September 30, 2022, are as follows:

	<u>Loan Balance</u>
NCMP Section 108	\$ 647,635
Section 108 Family Business Loan	5,051,681
<b>Total</b>	<b>\$ 5,699,316</b>

**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, 2022, the balance of the loans receivable was approximately \$29,207,388.

**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 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.

## **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, 2022, 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 8, 2022. 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 basic 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 reportable noncompliance associated with 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 City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any



deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2022-001 that we consider to be a significant deficiency.

### **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*.

### **City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City 's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Deloitte & Touche LLP*

March 8, 2023

## **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, 2022. 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, 2022.

##### ***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 as 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.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2022, and have issued our report thereon dated March 8, 2023 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. 87, *Leases*.

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 24, 2023

## **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 TxGMS**

### **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, 2022. 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, 2022.

##### ***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 as 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.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with TxGMS and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major state program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 state 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 state 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 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, 2022, and have issued our report thereon dated March 8, 2023 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. 87, *Leases*.

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 24, 2023

CITY OF AUSTIN, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2022

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I. SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued: Internal control over financial reporting:	Unmodified
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
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)?	Yes
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)?	Yes
Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards?	Yes

*Identification of Major Programs:*

*Federal*

10.557	Special Supplemental Nutrition Program for Women, Infants and Children
14.239	Home Investment Partnerships Program
20.106	Airport Improvement Program
21.023	Emergency Rental Assistance
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.268	Immunization Outreach Grant

*State*

2021-BG-ST-0025/2022-BG-ST-0025	BG-Rifle-Resistant Body Armor Grant Programs
56-000011	Pharr Tennis Center
HHS000108500001	Immunization Outreach 2021/2022

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**

### **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.

**Views of Responsible Officials** – See Corrective Action Plan

### III. FINDINGS RELATED TO FEDERAL AND STATE AWARDS

#### Finding 2022-002 – Control Finding – Significant Deficiency – Immunization Outreach – Reporting

**ALN #93.268 and Contracts #HHS000108500001/ HHS001019500002 - Immunization Outreach –Passed through the Texas Department of State Health Services (DSHS)**

**Criteria** - Quarterly Financial Status Reports (FSR) are required by the federal OMB compliance supplement and the state 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/Context** - 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.

**Recommendations** - Management should ensure that they have a mechanism for tracking the reporting requirements and due date so that the FSRs are submitted timely to the grantor.

**Views of Responsible Officials** – See Corrective Action Plan



## CITY OF AUSTIN, TEXAS

### CORRECTIVE ACTION PLAN YEAR ENDED SEPTEMBER 30, 2022

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#### **Finding 2022-001: Significant Deficiency in Internal Controls – Data Input Review for Lease Accounting**

**Contact Person**— Marija Jukic, Controller

**Management Response**— Concur.

Implementation of the new lease accounting standard required City staff to review more than 4,475 potential lease contracts. As part of its implementation procedures, the City enlisted the assistance of a third-party consultant, as well as staff from the Financial Services Department and departments across the City, to review these contracts. Given the high volume of potential lease agreements, the City developed procedures to efficiently record lease balances that were materially accurate.

Management acknowledges that despite the City's best efforts, errors were found in some of the lease calculations. While the impact of these errors on the City's financial statements was determined to be immaterial, the City takes them seriously and will continue to review and strengthen its procedures to ensure accurate data inputs are used in the future to improve the overall accuracy of our financial statements.

Estimated Completion – September 2023.



## CITY OF AUSTIN, TEXAS

### CORRECTIVE ACTION PLAN YEAR ENDED SEPTEMBER 30, 2022

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#### **Finding 2022-002: Control Finding—Significant Deficiency—Immunization Outreach—Reporting**

**Contact Person**— Adrienne Sturup, Austin Public Health Director

**Management Response**— Austin Public Health (APH) identified the reporting discrepancy in August 2022 and quickly implemented tighter controls to track the timely submission of the Financial Status Reports (FSRs). The new process was fully implemented on 10/1/2022.

APH experienced a large increase in grants from multiple sources related to COVID-19. APH also experienced a complete staff turnover and the addition of two accountant positions for grant billing.

The new controls are as follows:

APH has implemented a monthly checklist for all Accountants to utilize during monthly grant billings. This checklist contains all monthly responsibilities, including each grant requiring FSR, B-13, supplemental forms, invoices/voucher, and any other items required to be submitted to the grantor. This checklist is submitted to the Accounting Manager to review with each grant monthly billing.

1. Each FSR due date is now recorded on the cover sheet check list of each monthly billing.
2. The FSR is submitted to the Accounting Manager with the monthly billing.
3. The grant does not get approved unless requirements 1 and 2 are met.
4. The Accounting Manager then sends the FSR to the Grantor and the accountant to record.



## CITY OF AUSTIN, TEXAS

### SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES YEAR ENDED SEPTEMBER 30, 2022

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#### **Finding 2021-001: Significant Deficiency in Internal Controls – Financial Reporting Implications of Changes in Policy**

**Criteria** – To ensure the financial statements align with operations, any financial reporting impacts due to changes in policy should be reflected in a timely manner.

**Condition** – The financial accounting and reporting process requires the financial statements to align with operational policies. The departments are responsible for contemplating and recording the financial accounting impacts that result from their changes in policy. During our audit of the financial statements, we noted changes in policy related to land held for sale for which the associated financial statement impacts were not accounted for in the general ledger. Such findings required audit adjustments to be recorded to present the financial statements in accordance with generally accepted accounting principles. This entry resulted in a decrease in assets and increase in expenses for \$21.9 million within the Housing Fund and a reclassification of assets for \$21.9 million within the governmental activities.

**Cause** – Lack of timely updates to the financial statements in response to changes in policy.

**Effect** – Appropriate recording of financial statement impacts related to policy changes is key to ensure financial statements align with the most current operations. The lack of such analysis can potentially lead to misstatements within the financial statements.

**Recommendation** – Efforts should be made to ensure financial impacts associated with policy changes are reflected timely in the financial statements. Further, the City Controller’s office could consider training on governmental accounting and reporting to help departments appropriately contemplate the financial accounting impacts of such changes in policy to ensure they are appropriately analyzed in a timely manner. In addition, consider adding a detective control at year-end that requires departments to compare policies between prior year and current year and identify the associated financial reporting impacts that were made as a result of the policy change to help ensure such changes are captured in the financial statements.

**Status** – Financial Services Department – Implemented. Financial Services Department (FSD) staff met with financial staff from the Housing and Planning Department (HPD) and provided guidance on how future land purchase transactions should be recorded based on their current operating environment. In addition, FSD staff included a question in the questionnaire that is used during the semiannual meetings between FSD and key departments to help identify operational environment or policy changes that may have financial reporting impacts. Finally, FSD included a similar question in the annual Significant Items Questionnaire, which was distributed to all City of Austin departments in the fall of 2022.







Top left photography provided by ATXN video footage. Top right photography Jay Ybarra. Center photography Philip Rogers. Bottom left and bottom right photograph Jay Ybarra. Back cover photograph Philip Rogers. |  
**ART CREDIT** Top left: "Parallel Shift" by Agustina Rodriguez. Top right: "Rest is Necessary" by Samara Barks. Center: "Flow" by Victoria Marquez. Bottom left and right: "Be Well" by Kimie Flores and Uloang. Back Cover: "Abundance" by Ryah Christensen and Sun McColgin



## FINANCIAL SERVICES DEPARTMENT

Financial Services Department – Accounting & Reporting Division  
P.O. Box 2920, Austin, Texas 78768 | 512-974-2600 | [austintexas.gov](http://austintexas.gov)

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