OFFICIAL STATEMENT DATED SEPTEMBER 13, 2022

NEW ISSUES — Book-Entry-Only

Ratings: S&P: "AAA" (stable outlook)
Fitch: "AA+" (stable outlook)
(See "OTHER RELEVANT INFORMATION – Ratings" in this document)

In the opinion of Bond Counsel to the City, interest on the Bonds and the Contractual Obligations (each as defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS – Tax-Exempt Obligations" in this document, including the alternative minimum tax on certain corporations. The Taxable Bonds and the Taxable Certificates (each as defined below) are not obligations described in Section 103(a) of the Internal Revenue Code of 1986. Interest on the Taxable Bonds and the Taxable Certificates is not excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS – Taxable Obligations" in this document.

CITY OF AUSTIN, TEXAS

$156,275,000
PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2022

$9,300,000
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2022

$59,555,000
PUBLIC IMPROVEMENT BONDS, TAXABLE SERIES 2022

$16,380,000
CERTIFICATES OF OBLIGATIONS, TAXABLE SERIES 2022

Dated Date: October 13, 2022 **Due: As shown on the inside cover page**

Interest on the $156,275,000 City of Austin, Texas Public Improvement and Refunding Bonds, Series 2022 (the "Bonds"), the $9,300,000 City of Austin, Texas Public Property Finance Contractual Obligations, Series 2022 (the "Contractual Obligations"), the $59,555,000 City of Austin, Texas Public Improvement Bonds, Taxable Series 2022 (the "Taxable Bonds"), and the $16,380,000 City of Austin, Texas Certificates of Obligation, Taxable Series 2022 (the "Taxable Certificates") will accrue from the dated date shown above, and in the case of the Bonds, the Taxable Bonds, and Taxable Certificates will be payable March 1, 2023 and each September 1 and March 1 thereafter until maturity or redemption prior to maturity, and in the case of the Contractual Obligations, will be payable May 1, 2023, and each November 1 and May 1 thereafter until maturity, and will be calculated on the basis of a 360–day year consisting of twelve 30–day months. The Bonds and the Contractual Obligations are collectively referred to in this document as the "Tax-Exempt Obligations." The Taxable Bonds and the Taxable Certificates are collectively referred to in this document as the "Taxable Obligations." **The Tax-Exempt Obligations and the Taxable Obligations are collectively referred to in this document as the "Obligations."**

The initial Paying Agent/Registrar for the Obligations is U.S. Bank Trust Company, National Association, Dallas, Texas. See "OBLIGATION INFORMATION – Paying Agent/Registrar" in this document. Each issue of the Obligations will be offered separately by the City of Austin, Texas (the "City"), and delivery of any one issue is not contingent upon the delivery of any other issue. The City intends to utilize the book-entry-only system of The Depository Trust Company, New York, New York ("DTC"), but reserves the right on its behalf or on behalf of DTC to discontinue such system. The book-entry-only system will affect the method and timing of payment and the method of transfer of the Obligations. See "OBLIGATION INFORMATION – Book-Entry-Only System" in this document.

In each Ordinance (as defined in this document), the City Council delegated to the City Manager and the Chief Financial Officer, acting individually but not jointly, to effect the sale of each series of the Obligations authorized therein, subject to the terms of each Ordinance. The Bonds, the Taxable Bonds, and the Contractual Obligations are direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City, as provided in the respective Ordinance authorizing the issuance of the Bonds, the Taxable Bonds, and the Contractual Obligations. The Taxable Certificates are direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City and are additionally payable from and secured by a limited pledge of the surplus revenues (not to exceed $1,000) of the City's solid waste disposal system, as provided in the Ordinance authorizing the issuance of the Taxable Certificates. See "OBLIGATION INFORMATION – Security" in this document.

Proceeds from the sale of the Bonds and the Taxable Bonds will be used to finance various capital improvements (see "DEBT INFORMATION – Authorized General Obligation Bonds" in this document) and to pay costs of issuing the Bonds and the Taxable Bonds. Proceeds from the sale of the Bonds will additionally be used to refund for savings portions of the City's outstanding general obligation debt shown in APPENDIX D of this document (the "Refunded Obligations") and to pay the costs of refunding the Refunded Obligations. See "OBLIGATION INFORMATION – Refunded Obligations" in this document. Proceeds from the sale of the Taxable Certificates will be used to finance various capital improvements and to pay the costs of issuing the Taxable Certificates. Proceeds from the sale of the Contractual Obligations will be used to purchase certain equipment and other personal property for use by various City departments and to pay the costs of issuing the Contractual Obligations. See "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document.

See "MATURITY SCHEDULES" on pages ii and iii

The Bonds, the Taxable Bonds, and the Taxable Certificates are subject to redemption prior to their stated maturities as described in "OBLIGATION INFORMATION – Optional Redemption of the Bonds, the Taxable Bonds, and the Taxable Certificates" in this document. The Contractual Obligations are not subject to redemption prior to their stated maturities. (See "OBLIGATION INFORMATION – No Redemption of the Contractual Obligations Prior to Maturity" in this document.)

The Obligations are offered for delivery when, as and if issued, subject to the approving opinions of the Attorney General of the State of Texas and of McCall, Parkhurst & Horton L.L.P., Bond Counsel. See "APPENDIX C – FORMS OF BOND COUNSEL'S OPINIONS" in this document. Certain legal matters will be passed upon for the City by Norton Rose Fulbright US LLP, as disclosure counsel to the City, and for the underwriters listed below (the "Underwriters") by their counsel, Haynes and Boone, LLP.

It is expected that the Obligations will be delivered through the facilities of DTC on or about October 13, 2022.

RAYMOND JAMES **PIPER SANDLER & CO.**

MESIROW FINANCIAL, INC. **HILLTOPSECURITIES**

MATURITY SCHEDULES

CITY OF AUSTIN, TEXAS

$156,275,000
PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2022
Base CUSIP No. 052397 (1)

Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix	Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix
2023	$24,740,000	5.000%	2.350%	ZS8	2033	$5,250,000	5.000%	3.190% (2)	A48
2024	3,385,000	5.000	2.410	ZT6	2034	5,510,000	5.000	3.340 (2)	A55
2025	14,105,000	5.000	2.460	ZU3	2035	5,785,000	5.000	3.440 (2)	A63
2026	12,490,000	5.000	2.500	ZV1	2036	6,075,000	5.000	3.500 (2)	A71
2027	3,915,000	5.000	2.580	ZW9	2037	6,380,000	5.000	3.540 (2)	A89
2028	8,380,000	5.000	2.680	ZX7	2038	6,695,000	5.000	3.610 (2)	A97
2029	4,315,000	5.000	2.780	ZY5	2039	7,030,000	5.000	3.680 (2)	B21
2030	9,180,000	5.000	2.870	ZZ2	2040	7,385,000	5.000	3.740 (2)	B39
2031	4,760,000	5.000	3.000	A22	2041	7,755,000	5.000	3.790 (2)	B47
2032	5,000,000	5.000	3.060	A30	2042	8,140,000	5.000	3.830 (2)	B54

(Interest to accrue from the Dated Date)

$9,300,000
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2022
Base CUSIP No. 052397 (1)

Maturity (May 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix	Maturity (November 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix
2023	$675,000	5.000%	2.370%	D60	2023	$575,000	5.000%	2.410%	D78
2024	575,000	5.000	2.430	D86	2024	600,000	5.000	2.440	D94
2025	605,000	5.000	2.470	E28	2025	635,000	5.000	2.480	E36
2026	635,000	5.000	2.510	E44	2026	670,000	5.000	2.520	E51
2027	665,000	5.000	2.600	E69	2027	700,000	5.000	2.610	E77
2028	700,000	5.000	2.680	E85	2028	735,000	5.000	2.710	E93
2029	735,000	5.000	2.790	F27	2029	795,000	5.000	2.810	F35

(Interest to accrue from the Dated Date)

Redemption of the Bonds. The Bonds will be subject to redemption as described in "OBLIGATION INFORMATION – Optional Redemption of the Bonds, the Taxable Bonds, and the Taxable Certificates".

No Redemption of the Contractual Obligations Prior to Maturity. The Contractual Obligations are not subject to redemption prior to their stated maturities.

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(2) Initial yield shown is the yield to the first optional redemption date of September 1, 2032 for the Bonds.

MATURITY SCHEDULES

CITY OF AUSTIN, TEXAS

$59,555,000
PUBLIC IMPROVEMENT BONDS, TAXABLE SERIES 2022
Base CUSIP No. 052397 (1)

$41,820,000 Serial Taxable Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix	Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix
2023	$9,450,000	5.000%	3.908%	B62	2031	$2,335,000	5.000%	4.244%	C61
2024	1,660,000	5.000	3.928	B70	2032	2,450,000	5.000	4.314	C79
2025	1,740,000	5.000	3.928	B88	2033	2,570,000	4.444	4.444	C87
2026	1,830,000	5.000	3.969	B96	2034	2,685,000	4.564	4.564	C95
2027	1,920,000	5.000	4.019	C20	2035	2,810,000	4.664	4.664	D29
2028	2,015,000	5.000	4.078	C38	2036	2,940,000	4.714	4.714	D37
2029	2,115,000	5.000	4.178	C46	2037	3,080,000	4.764	4.764	D45
2030	2,220,000	5.000	4.164	C53					

$17,735,000 4.759% Taxable Term Bonds due September 1, 2042, Yield 4.759%, CUSIP 052397D52

(Interest to accrue from the Dated Date)

$16,380,000
CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2022
Base CUSIP No. 052397 (1)

$10,835,000 Serial Taxable Certificates

Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix	Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix
2023	$545,000	5.000%	3.908%	F43	2031	$745,000	5.000%	4.314%	G42
2024	525,000	5.000	3.928	F50	2032	775,000	5.000	4.344	G59
2025	555,000	5.000	3.958	F68	2033	820,000	4.494	4.494	G67
2026	580,000	5.000	4.019	F76	2034	850,000	4.614	4.614	G75
2027	610,000	5.000	4.059	F84	2035	895,000	4.664	4.664	G83
2028	640,000	5.000	4.128	F92	2036	935,000	4.714	4.714	G91
2029	675,000	5.000	4.228	G26	2037	980,000	4.764	4.764	H25
2030	705,000	5.000	4.214	G34					

$5,545,000 4.759% Taxable Term Certificates due September 1, 2042, Yield 4.759% CUSIP 052397H33

(Interest to accrue from the Dated Date)

Redemption of the Taxable Bonds and the Taxable Certificates. The Taxable Bonds and the Taxable Certificates will be subject to redemption as described in "OBLIGATION INFORMATION – Optional Redemption of the Bonds, the Taxable Bonds and the Taxable Certificates" and "OBLIGATION INFORMATION – Mandatory Sinking Fund Redemption the Taxable Bonds and the Taxable Certificates").

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The Obligations are offered by the City under a common Official Statement. The Obligations are separate and distinct securities offerings being issued and sold independently, except for the common Official Statement. While the Obligations share certain common attributes, each issue is separate from the others and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the respective Obligations and other features.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than as contained in this document, and if given or made such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Obligations, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is submitted in connection with the sale of securities referred to in this document and may not be reproduced or used for any other purpose. In no instance may this Official Statement be reproduced or used in part.

THE OBLIGATIONS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE ORDINANCES BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE ON EXEMPTIONS CONTAINED IN SUCH ACTS.

The information set forth in this document has been furnished by the City and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the City, the Financial Advisor or the Underwriters. The information and expressions of the opinions in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under the Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the other matters described since the date of this Official Statement. CUSIP numbers have been assigned to each series of Obligations for the convenience of the owners of the Obligations.

This Official Statement includes descriptions and summaries of certain events, matters, and documents. The descriptions and summaries do not purport to be complete and all such descriptions, summaries and references are qualified in their entirety by reference to this Official Statement in its entirety and to each document referred to in this Official Statement, copies of which may be obtained from the City or from PFM Financial Advisors LLC, the Financial Advisor to the City. Any statements made in this Official Statement, which includes the Appendices to this document, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

This Official Statement contains “forward–looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements. See “OTHER RELEVANT INFORMATION – Forward-Looking Statements” in this document.

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

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE OBLIGATIONS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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CITY OF AUSTIN

Elected Officials

		Term Expires Jan. 5
Steve Adler	Mayor	2023
Natasha Harper-Madison	Councilmember District 1	2023
Vanessa Fuentes	Councilmember District 2	2025
Sabino "Pio" Renteria	Councilmember District 3	2023
José "Chito" Vela	Councilmember District 4	2025
Ann Kitchen	Councilmember District 5	2023
Mackenzie Kelly	Councilmember District 6	2025
Leslie Pool	Councilmember District 7	2025
Paige Ellis	Councilmember District 8	2023
Kathryne B. Tovo	Councilmember District 9	2023
Alison Alter	Councilmember District 10	2025

Appointed Officials

Spencer Cronk	City Manager
Veronica Briseño	Assistant City Manager
Ed Van Eenoo	Chief Financial Officer
Diana Thomas	Deputy Chief Financial Officer
Kimberly Olivares	Deputy Chief Financial Officer
Anne Morgan	City Attorney
Myrna Rios	City Clerk

BOND COUNSEL
McCall, Parkhurst & Horton L.L.P.
Austin and Dallas, Texas

DISCLOSURE COUNSEL FOR THE CITY
Norton Rose Fulbright US LLP
Austin, Texas

FINANCIAL ADVISOR
PFM Financial Advisors LLC
Austin, Texas

INDEPENDENT AUDITORS
Deloitte & Touche LLP
Austin, Texas

For additional information regarding the City, please contact:

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Dennis P. Waley
Managing Director
PFM Financial Advisors LLC
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SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data on this page is subject in all respects to the more complete information and definitions contained or incorporated in this document. The offering of the Obligations to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

The Issuer .... The City of Austin, Texas (the "City"), is a political subdivision located in Travis, Williamson, and Hays Counties, operating as a home-rule city under the laws of the State of Texas (the "State") and a charter approved by the voters in 1953, as amended. The City operates under the Council/Manager form of government in which the mayor (elected at-large) and ten councilmembers (elected from ten single-member districts) are elected for staggered four-year terms. The City Council formulates operating policy for the City and the City Manager is the chief administrative officer.

For further information about the City, see "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY" in this document.

The Bonds .... The Bonds are issued in the principal amount of $156,275,000 pursuant to the general laws of the State, particularly Chapter 1207, as amended, Texas Government Code ("Chapter 1207"), Chapter 1331, as amended, Texas Government Code ("Chapter 1331"), Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), elections held within the City (see "DEBT INFORMATION – Authorized General Obligation Bonds" in this document), and an ordinance passed by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

The Contractual Obligations .... The Contractual Obligations are issued in the principal amount of $9,300,000 pursuant to the general laws of the State, particularly Subchapter A, Chapter 271, as amended, Texas Local Government Code (the "Public Property Finance Act"), Chapter 1371, and an ordinance passed by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

The Taxable Bonds........... The Taxable Bonds are issued in the principal amount of $59,555,000 pursuant to the general laws of the State, particularly Chapter 1331, Chapter 1371, an election held within the City (see "DEBT INFORMATION – Authorized General Obligation Bonds" in this document) and an ordinance passed by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

The Taxable Certificates.. The Taxable Certificates are issued in the principal amount of $16,380,000 pursuant to the general laws of the State, particularly subchapter C, Chapter 271, as amended, Texas Local Government Code (the "Certificate of Obligation Act"), Chapter 1371, and an ordinance passed by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

Paying Agent/Registrar… The initial Paying Agent/Registrar for each series of the Obligations is U.S. Bank Trust Company, National Association, Dallas, Texas.

Security .... Each series of the Obligations constitutes a direct obligation of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City in an amount sufficient to provide for payment of principal of and interest on all ad valorem tax debt. The Taxable Certificates are additionally secured by and payable from a limited pledge of the surplus revenues (not to exceed $1,000) of the City's solid waste disposal system (see "OBLIGATION INFORMATION - Security" in this document).

Redemption of Obligations .... The City reserves the right, at its option, to redeem the Bonds, the Taxable Bonds, and the Taxable Certificates having stated maturities on and after September 1, 2033, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2032, or any date thereafter, at the par value thereof, without premium, plus accrued interest to the date fixed for redemption (see "OBLIGATION INFORMATION – Optional Redemption of the Bonds, the Taxable Bonds, and the Taxable Certificates" in this document). The Taxable Bonds and the Taxable Certificates also will be subject to mandatory sinking fund redemption as set forth herein (see "OBLIGATION INFORMATION – Mandatory Sinking Fund Redemption of the Taxable Bonds and the Taxable Certificates").

The Contractual Obligations are not subject to redemption prior to their stated maturities (see "OBLIGATION INFORMATION – No Redemption of the Contractual Obligations Prior to Maturity" in this document).

Tax Matters – The Tax-Exempt Obligations.......... In the opinion of Bond Counsel, interest on the Bonds and the Contractual Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS" in this document, including the alternative minimum tax on certain corporations.

Tax Matters – The Taxable Obligations .... Interest on the Taxable Bonds and the Taxable Certificates will be included in the gross income of the holders of the Taxable Obligations.

Payment Record .... The City has not defaulted in payment since 1900 when all bonds were refunded at par with a voluntary reduction in interest rates.

Selected Financial Information

Fiscal Year Ended 9-30	Estimated City Population (1)	Taxable Assessed Valuation (2)	Per Capita Taxable Assessed Valuation	(000's) Net Funded Tax Debt (3)	Per Capita Net Funded Tax Debt	Ratio of Net Funded Tax Debt to Taxable Valuation	% of Total Tax Collections
2014	878,002	$88,766,098,160	$101,100	$1,313,334	$1,495.82	1.48%	99.55%
2015	899,119	98,652,179,430	109,721	1,409,384	1,567.52	1.43%	99.42%
2016	925,491	110,526,026,399	119,424	1,490,221	1,610.20	1.35%	99.32%
2017	946,080	125,371,654,656	132,517	1,526,997	1,614.03	1.22%	99.31%
2018	963,797	138,418,647,260	143,618	1,529,599	1,587.06	1.11%	99.37%
2019	980,886	152,147,505,769	155,112	1,468,755	1,497.38	0.97%	99.21%
2020	961,855	165,194,107,887	171,745	1,534,825	1,595.69	0.93%	99.17%
2021	975,321	176,671,783,309	181,142	1,564,779	1,604.37	0.89%	99.28%
2022	988,975	183,506,319,190	185,552	1,459,124 (6)	1,475.39 (6)	0.80% (6)	99.20% (4)
2023	1,006,122	218,259,123,387 (5)	216,931	1,797,741 (6)(7)	1,786.80 (6)(7)	0.82% (6)(7)	N/A

(1) Source: 2021 City of Austin Annual Comprehensive Financial Report – Table 18, through fiscal year ending 2021; City of Austin, Housing and Planning Department based on full purpose area, for fiscal years ending 2022-2023.
(2) Source: 2021 City of Austin Annual Comprehensive Financial Report – Table 7, through fiscal year ending 2022.
(3) Excludes general obligation debt issued for certain enterprise funds and general fund departments of the City, the debt service on which is currently paid from the revenue of the respective enterprises and each department's operating budget, respectively. The City plans to continue to pay these obligations based on this practice; however, there is no guarantee that this practice will continue in future years. See "DEBT INFORMATION" and "TAX INFORMATION – Statement of Debt" and "TAX INFORMATION – Valuation and Funded Debt History – TABLE TWO" in this document.
(4) Estimated collections as of April 30, 2022 based on the July 2021 Certified Tax Roll tax levy.
(5) Certified taxable value for the fiscal year ending 2023 (tax year 2022) provided by the Travis Central Appraisal District, Williamson Central Appraisal District, and Hays Central Appraisal District.
(6) Projected. Includes the Obligations (aggregate issuance of $241,510,000 par amount) and excludes the Refunded Obligations.
(7) Projected. Includes tax-supported debt amounts the City expects to issue within the next 12 months.

OFFICIAL STATEMENT

Relating to

CITY OF AUSTIN, TEXAS

$156,275,000
PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2022

$9,300,000
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2022

$59,555,000
PUBLIC IMPROVEMENT BONDS, TAXABLE SERIES 2022

$16,380,000
CERTIFICATES OF OBLIGATIONS, TAXABLE SERIES 2022

INTRODUCTION

This Official Statement, which includes the cover page, the summary statement and the appendices to this document, provides certain information regarding the issuance by the City of Austin, Texas (the "City") of its $156,275,000 Public Improvement and Refunding Bonds, Series 2022 (the "Bonds"), its $9,300,000 Public Property Finance Contractual Obligations, Series 2022 (the "Contractual Obligations"), its $59,555,000 Public Improvement Bonds, Taxable Series 2022 (the "Taxable Bonds"), and its $16,380,000 Certificates of Obligation, Taxable Series 2022 (the "Taxable Certificates"). The Bonds and the Contractual Obligations are collectively referred to in this document as the "Tax-Exempt Obligations." The Taxable Bonds and the Taxable Certificates are collectively referred to in this document as the "Taxable Obligations." The Tax-Exempt Obligations and the Taxable Obligations are collectively referred to in this document as the "Obligations." The Bonds, the Contractual Obligations, the Taxable Bonds, and the Taxable Certificates will be offered separately by the City, and delivery of any one issue is not contingent upon the delivery of any other issue. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the issuance of the Bonds (the "Bond Ordinance"), the ordinance authorizing the issuance of the Contractual Obligations (the "Contractual Obligation Ordinance"), the ordinance authorizing the issuance of the Taxable Bonds (the "Taxable Bond Ordinance"), and the ordinance authorizing the issuance of the Taxable Certificates (the "Taxable Certificate Ordinance"), except as otherwise indicated. The Bond Ordinance, the Contractual Obligation Ordinance, the Taxable Bond Ordinance, and the Taxable Certificate Ordinance are collectively referred to in this document as the "Ordinances." The Ordinances were adopted on September 1, 2022, and the City Council delegated to the City Manager and the Chief Financial Officer, acting individually but not jointly, to effect the sale of the Obligations in accordance with the terms and conditions set forth in the Ordinances.

References to website addresses presented in this document are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless otherwise specified, references to websites and the information or links contained therein are not incorporated into, and are not part of, this document.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained in this Official Statement are only summaries and are qualified in their entirety by reference to each such document.

COVID-19 Pandemic

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State. The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19. The City has not experienced any decrease in property values or unusual tax delinquencies as a result of COVID-19; however the City cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

For a discussion of the impact of COVID-19 on the City's financial condition and budget, see "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY - Estimated Fiscal Year 2022 Results and Fiscal Year 2023 General Fund Budget".

OBLIGATION INFORMATION

Authority and Purpose for Issuance

The capital improvements to be financed with the proceeds of the Bonds and the Taxable Bonds were authorized at elections held on various dates and passed by a majority of the participating voters in the City (the "Elections"); see "DEBT INFORMATION- Authorized General Obligation Bonds" in this document. The City is authorized to issue the Bonds and the Taxable Bonds pursuant to Chapter 1331, as amended, Texas Government Code ("Chapter 1331"), Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), the Elections, the Bond Ordinance, and the Taxable Bond Ordinance, respectively. The Bonds and the Taxable Bonds are also issued pursuant to Chapter 1207, as amended, Texas Government Code ("Chapter 1207"). Proceeds from the sale of the Bonds and the Taxable Bonds will be used to finance various capital improvements and to pay costs of issuing the Bonds and the Taxable Bonds. Proceeds from the sale of the Bonds will also be used to refund for savings portions of the City's outstanding general obligation debt as shown in APPENDIX D of this document (the "Refunded Tax-Exempt Obligations" and the "Refunded Taxable Obligations," respectively, and together, the "Refunded Obligations") and pay costs of refunding the Refunded Obligations. See "DEBT INFORMATION – Authorized General Obligation Bonds" in this document.

The Taxable Certificates are being issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, as amended, Texas Local Government Code (the "Certificate of Obligation Act"), Chapter 1371, and the Taxable Certificate Ordinance. Proceeds from the sale of the Taxable Certificates will be used to finance various capital improvements and to pay costs of issuing the Taxable Certificates.

The Contractual Obligations are being issued pursuant to the general laws of the State, particularly Subchapter A of Chapter 271, as amended, Texas Local Government Code (the "Public Property Finance Act"), Chapter 1371, and the Contractual Obligation Ordinance. Proceeds from the sale of the Contractual Obligations will be used to purchase certain equipment and other personal property for use by various City departments and to pay costs of issuing the Contractual Obligations.

Refunded Obligations

The Refunded Obligations, and interest due thereon, refunded with proceeds of the Bonds, will be paid on the scheduled redemption date of the Refunded Obligations from funds to be deposited pursuant to an escrow agreement (the "Escrow Agreement"), between the City and U.S. Bank Trust Company, National Association, Dallas, Texas (the "Escrow Agent"). The Bond Ordinance provides that a portion of the proceeds of the sale of the Bonds, together with other lawfully available funds of the City, if any, will be deposited with the Escrow Agent in an amount necessary to accomplish the discharge and final payment of the Refunded Obligations. These amounts may be used to purchase direct obligations of the United States of America (the "Escrowed Securities") to be held by the Escrow Agent in a special escrow account, or retained as cash, or a combination of the two (together, the "Escrow Fund"). Escrowed Securities acquired and held by the Escrow Agent shall not mature after the scheduled date of redemption of the Refunded Obligations. Pursuant to the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations from amounts held in the Escrow Fund. Robert Thomas, CPA, LLC, will verify at the time of delivery of the Bonds the mathematical accuracy of the schedules that demonstrate that the Escrowed Securities will mature and pay interest in such amounts and at such times which, together with any uninvested funds, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations. The amounts held in the Escrow Fund will not be available to pay the debt service on the Bonds.

By deposit of cash and Escrowed Securities with the Escrow Agent pursuant to the terms of each Escrow Agreement, the City will have entered into firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations in accordance with applicable law. As a result of such firm banking and financial arrangements, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the principal of and interest on the Escrowed Securities and the cash held for such purpose by the Escrow Agent, and the Refunded Obligations will not be included in or considered to be an obligation of the City for the purpose of any limitation on the issuance of ad valorem tax debt obligations by the City.

Sources and Uses of Funds

The proceeds of the Obligations will be applied substantially as follows:

	The Bonds	The Contractual Obligations	The Taxable Bonds	The Taxable Certificates
Sources of Funds:				
Principal Amount	$ 156,275,000.00	$ 9,300,000.00	$ 59,555,000.00	$ 16,380,000.00
Original Issue Premium	15,556,023.50	809,589.30	906,403.45	250,463.30
City Contribution	166,404.50			
Total	$ 171,997,428.00	$ 10,109,589.30	$ 60,461,403.45	$ 16,630,463.30
Uses of Funds:				
Deposit to Project Fund	$ 140,000,000.00	$ 10,050,000.00	$ 60,000,000.00	$ 16,500,000.00
Deposit to Escrow Fund	31,000,181.04			
Costs of Issuance (1)	467,183.34	31,601.92	250,642.96	67,561.38
Underwriters' Discount	530,063.62	27,987.38	210,760.49	62,901.92
Total	$ 171,997,428.00	$ 10,109,589.30	$ 60,461,403.45	$ 16,630,463.30

(1) Costs of Issuance include the fees of bond counsel, disclosure counsel, financial advisor, rating agencies, Paying Agent/Registrar, Escrow Agent, Verification Agent and certain other bond issuance costs.

General

Each series of Obligations shall be dated as of the date of delivery of the Obligations (currently scheduled to occur on October 13, 2022) (the "Dated Date") and shall bear interest on the unpaid principal amounts from such date, at the per annum rates shown on pages ii and iii of this document for each series of Obligations. Interest on the Obligations will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds, Taxable Bonds and the Taxable Certificates will be payable on March 1, 2023, and on each September 1 and March 1 thereafter until maturity or prior redemption. Interest on the Contractual Obligations will be payable on May 1, 2023, and on each November 1 and May 1 thereafter until maturity. Principal is payable, upon presentation, at the Designated Payment/Transfer Office of the Paying Agent/Registrar (see "OBLIGATION INFORMATION – Paying Agent/Registrar" in this document). Interest is payable by the Paying Agent/Registrar to the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below) and shall be paid by the Paying Agent/Registrar by check mailed by United States mail, first class postage prepaid, to the address of such person as it appears on the registration books of the Paying Agent/Registrar on or before each interest payment date or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The Obligations are issued only as fully registered obligations in denominations of $5,000 or any integral multiple thereof within a maturity of a series.

Notwithstanding the foregoing, so long as records of ownership of the Obligations are maintained through the book-entry-only system described under "OBLIGATION INFORMATION – Book-Entry-Only System" in this document, all payments of principal of, redemption premium, if any, and interest on the Obligations will be made in accordance with the procedures described in "OBLIGATION INFORMATION – Book-Entry-Only System" in this document.

The record date for the interest payable on any interest payment date is the 15th day of the month next preceding each interest payment date, as specified in the Ordinances (the "Record Date"). In the event of a nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (the "Special Record Date") will be established by the Paying Agent/Registrar, in accordance with the provisions of the Ordinances, if and when funds for the payment of interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest, which shall be at least 15 days after the Special Record Date, shall be sent at least 5 business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of Obligations appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of the notice.

Security

The Obligations constitute direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City in an amount sufficient to pay the principal of and interest on all ad valorem tax debt. The Taxable Certificates are additionally secured by and payable from a limited pledge of the surplus revenue (not to exceed $1,000) of the City's solid waste disposal system.

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the City's maximum ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes. The City operates under a Home Rule Charter, referred to as the "Charter," which also limits the City's ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes. See "TAX INFORMATION – Tax Rate Limitation" in this document.

Remedies

Each Ordinance establishes specific events of default with respect to the related series of Obligations. If the City defaults in the payment of the principal of or interest on the Obligations when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City set forth in an Ordinance, the failure to perform, which materially, adversely affects the rights of the registered owners, including but not limited to, their prospect or ability to be repaid in accordance with such Ordinance, and such default continues for a period of 60 days after notice of such default is given by any registered owner to the City, each Ordinance provides that any registered owner of an Obligation affected thereby is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or each Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinances do not provide for the appointment of a trustee to represent the interests of the registered owners upon any failure of the City to perform in accordance with the terms of each Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the State legislature has effectively waived the City's sovereign immunity from a suit for money damages outside of Chapter 1371, holders of the Obligations may not be able to bring such a suit against the City for breach of the Obligations or covenants contained in the Ordinances. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson I"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I, Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) ("Wasson II" and, together with Wasson I, "Wasson"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson,* the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the State's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

Chapter 1371, which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its debt, but the City has not waived sovereign immunity pursuant to Chapter 1371 in connection with the issuance of the Obligations.

As noted above, each Ordinance provides that registered owners may exercise the remedy of mandamus to enforce the obligations of the City under such Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

The registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or registered owners of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce creditor's rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state courts); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Obligations are qualified with respect to the customary rights of debtors relative to their creditors.

Defeasance of Obligations

Each of the Ordinances provides for the defeasance of each of the respective Obligations when the payment of the principal of the Obligations of a series, plus interest to the due date (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agency, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, to mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations; and thereafter the City will have no further responsibility with respect to amounts available to the paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Obligations, including any insufficiency caused by the failure of the paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. Each of the Ordinances provides that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of approval of the proceedings authorizing the issuance of the refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

Book-Entry-Only System

The City has elected to utilize the book-entry-only system of The Depository Trust Company, New York, New York ("DTC"), as described under this heading. The City is obligated to timely pay the Paying Agent/Registrar the amount due under each Ordinance. See "OBLIGATION INFORMATION - Paying Agent/Registrar" in

this document. The responsibilities of DTC, the Direct Participants and the Indirect Participants to the Beneficial Owner of the Obligations are described in this document.

The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes this information to be reliable but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payment of debt service on the Obligations, or redemption or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Obligations), or redemption or other notices, to the beneficial owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this document. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered Obligations registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Obligations, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are referred to in this document as "Participants". DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to

Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Obligations held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

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

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

Paying Agent/Registrar

The initial Paying Agent/Registrar for each series of the Obligations is U.S. Bank Trust Company, National Association, Dallas, Texas. Interest on, and principal of, the Obligations will be payable, and transfer functions will be performed at, the corporate trust office designated to the City by the Paying Agent/Registrar (the "Designated Payment/Transfer Office"). In the Ordinances, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Obligations are outstanding. Any successor Paying Agent/Registrar shall be a commercial bank, trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for any series of the Obligations, the City agrees to promptly cause a written notice to be sent to each registered owner of Obligations of such series by United States mail, first class postage prepaid. This notice shall also give the address of the new Paying Agent/Registrar. The initial Designated Payment/Transfer Office of the Paying Agent/Registrar is its Dallas, Texas office.

Transfer, Exchange and Registration

In the event the book-entry-only system should be discontinued, the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at the Designated Payment/Transfer Office and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. An Obligation may be assigned by the execution of an assignment form thereon or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Obligation will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class postage prepaid, to the new registered owner or his designee. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount and series as the Obligations surrendered for exchange or transfer. See "OBLIGATION INFORMATION - Book-Entry-Only System" in this document for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations.

Limitation on Transfer of Obligations Called for Redemption

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled principal of an Obligation. The Contractual Obligations are not subject to redemption prior to their scheduled maturities.

Optional Redemption of the Bonds, the Taxable Bonds, and the Taxable Certificates

The City reserves the right, at its option, to redeem the Bonds, the Taxable Bonds, and the Taxable Certificates having stated maturities on and after September 1, 2033, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2032, or any date thereafter, at the price of par, without premium, plus accrued interest to the date fixed for redemption. If less than all of a series of Obligations is to be redeemed, the City shall determine the respective maturities and amounts to be redeemed and, if less than all of a maturity is to be redeemed, the Paying Agent/Registrar (or DTC while such Obligations are in book-entry-only form) shall determine by lot or other customary random selection method the Obligations, or portions thereof, within such maturity to be redeemed.

Mandatory Sinking Fund Redemption of the Taxable Bonds and the Taxable Certificates

The Taxable Bonds maturing on September 1, 2042 (the "Taxable Term Bonds") are subject to mandatory sinking fund redemption in part prior to maturity at the redemption price of par plus accrued interest to the date of redemption on September 1 in each of the years and in the principal amounts as follows:

Taxable Term Bonds due September 1, 2042	
Year	Principal Amount
2038	$ 3,225,000
2039	3,380,000
2040	3,540,000
2041	3,705,000
2042*	3,885,000

*Stated maturity.

The Taxable Certificates maturing on September 1, 2042 (the "Taxable Term Certificates") are subject to mandatory sinking fund redemption in part prior to maturity at the redemption price of par plus accrued interest to the date of redemption on September 1 in each of the years and in the principal amounts as follows:

Taxable Term Certificates due September 1, 2042	
Year	Principal Amount
2038	$ 1,025,000
2039	1,070,000
2040	1,125,000
2041	1,180,000
2042*	1,145,000

*Stated maturity.

Reduction of Principal Amount Subject to Mandatory Sinking Fund Redemption

The principal amount of the Term Obligations, as the case may be, of a stated maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Obligation of the same series and maturity which, at least 45 days prior to a mandatory sinking fund redemption date shall have been (1) acquired by the City at a price not exceeding the principal amount of such Term Obligation plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) purchased and canceled by the Paying Agent/Registrar at the request of the City at a price not exceeding the principal amount of such Term Obligation plus accrued interest to the date of purchase, or (3) redeemed pursuant to the related optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement. Mandatory sinking fund redemptions will occur on a pro-rata basis in accordance with DTC procedures.

No Redemption of the Contractual Obligations Prior to Maturity

The Contractual Obligations are **not** subject to redemption prior to their scheduled maturities.

Notice of Redemption

At least 30 days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States mail, first class postage prepaid, to the registered owners of each Bond, Taxable Bond, or Taxable Certificate to be redeemed at the address shown on the registration books maintained by the Paying Agent/Registrar and subject to the terms, conditions and provisions relating thereto contained in the respective Ordinances governing their issuance. Such notice shall state that the redemption is conditioned upon receipt of sufficient funds for the payment of the redemption price for the applicable Obligation which is to be redeemed. If a Bond, Taxable Bond, or Taxable Certificate (or a portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date such Bond, Taxable Bond, or Taxable Certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date; provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

Optional redemption of Bonds, Taxable Bonds, or Taxable Certificates may be made conditional upon the occurrence of certain events. If a conditional notice of redemption is given and sufficient funds are not received for the payment of the required redemption price therefor, the notice shall be of no force and effect, the City shall not redeem Bonds, Taxable Bonds, or Taxable Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the conditional notice of redemption was given, that Bonds, Taxable Bonds, or Taxable Certificates, as applicable, shall not be redeemed.

TAX INFORMATION

Ad Valorem Tax Law

The appraisal of property within the City is the responsibility of the Travis Central Appraisal District, Williamson Central Appraisal District and Hays Central Appraisal District (collectively, the "Appraisal Districts"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal Districts are required under Title 1, Texas Tax Code (commonly known as the "Property Tax Code") to appraise all property within the Appraisal Districts on the basis of 100% of the property's market value and are prohibited from applying any assessment ratios. State law further limits the appraised value of a residence homestead for a tax year (the "Homestead 10% Increase Cap") to an amount not to exceed the lesser of (1) the property's market value in the most recent tax year in which the market value was determined by an Appraisal District or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. The value placed upon property within the Appraisal Districts is subject to review by an Appraisal Review Board, consisting of three members appointed by the board of directors of each Appraisal District. The Appraisal Districts are required to review the value of property within the Appraisal Districts at least every three (3) years.

Reference is made to the Property Tax Code for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the Constitution of the State ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open–space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1–b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant:

(1) An exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision;
(2) An exemption of up to 20% of the market value of residence homesteads; minimum exemption $5,000.

The surviving spouse of an individual who qualifies for the exemption described under (2) above for the residence homestead of a person 65 years of age or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

Once authorized, the exemption described under (1) above may be repealed, or decreased or increased in amount, (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than $3,000 of the market value.

Section 1-b, Article VIII, and State law also authorize a county, city, town, or junior college district to establish an ad valorem tax freeze on residence homesteads of persons who are disabled or 65 years of age or older. If the City Council does not take action to establish the tax freeze, voters within the City may submit a petition signed by five percent (5%) of the registered voters of the City requiring the City Council to call an election to determine by majority vote whether to establish the tax limitation.

If this tax freeze is established, the total amount of ad valorem taxes imposed by the City on a homestead that receives the residence homestead exemption for persons who are disabled or 65 years of age or older may not be increased, except to the extent the value of the homestead is increased by improvements other than repairs. If a disabled or elderly person dies in a year in which the person received a residence homestead exemption, the total amount of ad valorem taxes imposed on the homestead by the taxing unit may not be increased while it remains the residence homestead of that person's surviving spouse if the spouse is 55 years of age or older at the time of the person's death. In addition, the tax limitation applicable to a person's homestead may be transferred to the new homestead of such person if the person moves to a different residence within the taxing unit. Once established, the governing body of the taxing unit may not repeal or rescind the tax limitation.

State law and Article VIII, section 2 of the Texas Constitution, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000 depending upon the degree of disability or whether the exemption is applicable to a surviving spouse or children. Notwithstanding the foregoing, a disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100% disability compensation due to a service-connected disability and a rating of 100% disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Effective January 1, 2018, a disabled veteran who has a disability rating of less than 100% is entitled to an exemption equal to the percentage of the veteran's disability rating for a residence homestead that was donated by a charitable organization to such veteran (i) at no cost to such veteran or (ii) at some cost to such veteran in the form of a cash payment, a mortgage, or both in an aggregate amount that is not more than 50 percent of the good faith estimate of the market value of the residence homestead made by the charitable organization as of the date the donation is made.

Following approval by the voters at a November 5, 2013 statewide election, the surviving spouse of a member of the armed forces who is killed in action is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residences homestead, if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption is transferable to a different residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. Effective January 1, 2018, the surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of $5,000.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Section 1-j, Article VIII, provides for “freeport property” to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication.

Section 1-n, Article VIII, provides for an exemption from taxation for “goods-in-transit.” “Goods-in-transit” are defined as (i) personal property acquired or imported into Texas and transported to another location in the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods, and (iii) transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft, and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment, and manufactured housing inventory. Pursuant to changes enacted during the 2011 Texas Legislative Special Session, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 1, 2011, to provide for the taxation of the goods-in-transit. After holding the public hearing, a taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt of the taxing unit, the tax officials of the taxing unit may continue to impose the taxes on the goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.

Freeport property is exempt from taxation by the City, and, on October 20, 2011, the City took action to tax goods-in-transit.

Personal property not used in the business of a taxpayer, such as automobiles or light trucks, has a limited exemption from ad valorem taxation unless the governing body of a political subdivision elects to tax this property.

The City grants various exemptions to the appraised value of the residence homesteads within the City, as described in footnote 2 to "Tax Valuation – TABLE ONE" in this document.

The City may create one or more tax increment financing districts ("TIF") within the City and freeze the taxable values of real property in the TIF at the value at the time of its creation. Other overlapping taxing units levying taxes in the TIF may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIF in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIF. Taxes levied by the City against the values of real property in the TIF in excess of the "frozen" value are not available for general city use but are restricted to paying or financing "project costs" within the TIF. The City may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement may last for a period of up to ten (10) years. The City has adopted policies for granting tax abatements, which establish guidelines regarding the number of jobs to be created and the amount of new property value to be added by the taxpayer in return for the abatement. The City has entered into several such abatement agreements in recent years.

Cities are also authorized, pursuant to Chapter 380 of the Texas Local Government Code ("Chapter 380"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grant public funds for economic development purposes; however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by the voters of the City. The City has entered into several such Chapter 380 agreements in recent years.

Tax Rate Limitation

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution, limits the City's maximum ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes. The City operates under a Home Rule Charter, which also limits the City's ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes.

Administratively, pursuant to Title 1, Section 53.5 of the Texas Administrative Code, the Texas Attorney General prohibits the issuance of debt by a municipality such as the City if its issuance produces debt service requirements exceeding that which can be paid from $1.50 of such $2.50 maximum tax rate, as calculated at the time of issuance at a 90% collection rate. The issuance of the Obligations will not exceed the above-described limits or violate the Texas Attorney General's administrative rule.

Tax Procedures

The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate".

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its "voter-approval tax rate" and "no-new-revenue tax rate" (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its "de minimis rate," an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its "voter-approval tax rate" using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

The City calculated its "voter-approval tax rate" using a 1.035 multiplier for the fiscal year 2023 budget.

The City adopted its fiscal year 2022-23 budget at meetings held August 17-18, 2022, ratified that the budget would need more taxes than the current fiscal year and adopted an ad valorem tax rate of $0.4627, which consists of $0.3669 for maintenance and operations purposes and $0.0958 for debt service purposes. In November 2020, City voters authorized an increase to the City's maintenance and operations portion of the tax rate, with such increase to be dedicated to fund City-wide transit initiatives ("Project Connect"). The tax rate election increased the fiscal year 2021 tax rate by $0.0875 above the fiscal year 2021 voter-approval tax rate. For fiscal year 2023, the Project Connect portion of the City's tax rate is $0.0763; the portion of the rate allocated for Project Connect is levied on an apportionment basis and will continue to be levied and allocated as such on a go forward basis.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Obligations.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

Tax Valuation – Table One

January 1, 2022 Certified Appraised Value (1)	$310,289,837,208
Less Local Exemptions to Assessed Values: (2)	
Residential Homestead	$16,016,600,155
Residential Homestead over 65	4,705,509,723
Homestead 10% Increase Cap	35,167,932,573
Disabled Veterans	577,363,428
Agricultural and Historical Exemptions	1,216,744,548
Disability Exemption	238,344,982
Other Exemptions	32,294,981,414
Freeport Exemption	1,813,236,998
January 1, 2022 Net Taxable Assessed Valuation (1)	$218,259,123,387

(1) Appraised value and taxable value are subject to change pending additional exemption and appeals. Net Taxable Assessed Valuation as of January 1, 2022 corresponds to the City's fiscal year 2023.

(2) Exemptions or adjustments to assessed valuation granted in tax year 2022 include exemption of (a) 20% of the assessed valuation of a residence homestead; (b) exemptions of $113,000 for homestead property of property owners who are over 65 years of age or disabled; (c) exemptions for residence homestead property exceeding a 10% increase in valuation from the previous year; (d) exemptions for property of disabled veterans or certain surviving dependents of disabled veterans; (e) certain adjustments to productive agricultural lands; (f) exemptions to the land designated as historically significant sites by certain public bodies; and (g) exemption of freeport property detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication of exported finished goods from the State.

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Statement of Debt (Anticipated as of September 30, 2022)

The following table sets forth on a pro forma basis the amount of outstanding Public Improvement Bonds, Assumed Municipal Utility District ("MUD") Bonds, Contract Revenue Obligations, Certificates of Obligation and Contractual Obligations, as well as certain debt ratios related to the City's net debt supported by ad valorem taxes.

Public Improvement Bonds (1)(2)	$1,032,295,000	
Certificates of Obligation (1)(2)	320,465,000	
Contractual Obligations (1)	80,300,000	
Mueller Contract Revenue Obligations	33,650,000	
The Obligations	241,510,000	
Assumed MUD Bonds (3)	3,675,000	
Total		$1,711,895,000
Less Self-Supporting Debt:		
Assumed MUDs (3)	$3,675,000	
Mueller Contract Revenue Obligations	33,650,000	
Airport (4)	-	
Austin Energy (4)	-	
Austin Resource Recovery (4)	16,422,774	
Austin Water (2) (4)	1,543,506	
City Hall (4)	-	
Code Compliance (4)	-	
Convention Center (4)	5,678,167	
Financial Services (2) (4)	13,250,453	
Fleet Management (2) (4)	965,491	
Golf (4)	-	
Transportation (2) (4)	3,596,485	
Waller Creek Tax Increment Reinvestment Zone (2) (4)	113,543,813	
Watershed Protection (2) (4)	24,510,210	
Less: Total Self-Supporting Debt		$216,835,899
Less: Interest and Sinking Fund Balance (5)		$29,084,123
Less: Self-Supporting General Fund Payments (6)		$6,850,714
Net Debt		$1,459,124,264
Ratio of Total Debt to Fiscal Year 2022 Net Taxable Assessed Valuation		0.93%
Ratio of Net Debt to Fiscal Year 2022 Net Taxable Assessed Valuation		0.80%

2022 Population (Estimate) – 988,975 (7)
Per Capita Net Taxable Assessed Valuation – $185,552
Per Capita Net Debt Outstanding – $1,475

(1) Excludes the Obligations.
(2) Excludes the Refunded Obligations.
(3) Represents bonds of the Northwest Austin MUD#1 annexed by the City.
(4) Certain enterprises of the City, including Austin-Bergstrom International Airport, Austin Energy, Austin Resource Recovery, Austin Water, Building Services, City Hall, Code Compliance, Convention Center, Financial Services, Fleet Management, Golf, One Texas Center, Transportation, Waller Creek, and Watershed Protection currently repay a portion of the debt service on outstanding Public Improvement Bonds, Certificates of Obligation and/or Contractual Obligations from the revenue of the respective enterprises. The City intends to continue to pay these obligations from each respective enterprise; however, there is no guarantee that this practice will continue in future years. Fleet Management and One Texas Center are internal service funds that generate revenue through charges to user departments.
(5) Represents the estimated value of cash and investments as of September 30, 2022.
(6) Various general fund departments have issued debt supported by a transfer into the debt service fund from the issuing department. Each department currently budgets the required debt service, which reduces the debt service tax requirement.
(7) Source: City of Austin, Housing and Planning Department.

Valuation and Funded Debt History – Table Two

Fiscal Year Ended 9-30	Estimated City Population (1)	Taxable Assessed Valuation (2)	Per Capita Taxable Assessed Valuation	(000's) Net Funded Tax Debt (3)	Per Capita Net Funded Tax Debt	Ratio of Net Funded Tax Debt to Taxable Valuation	% of Total Tax Collections
2014	878,002	$88,766,098,160	$101,100	$1,313,334	$1,495.82	1.48%	99.55%
2015	899,119	98,652,179,430	109,721	1,409,384	1,567.52	1.43%	99.42%
2016	925,491	110,526,026,399	119,424	1,490,221	1,610.20	1.35%	99.32%
2017	946,080	125,371,654,656	132,517	1,526,997	1,614.03	1.22%	99.31%
2018	963,797	138,418,647,260	143,618	1,529,599	1,587.06	1.11%	99.37%
2019	980,886	152,147,505,769	155,112	1,468,755	1,497.38	0.97%	99.21%
2020	961,855	165,194,107,887	171,745	1,534,825	1,595.69	0.93%	99.17%
2021	975,321	176,671,783,309	181,142	1,564,779	1,604.37	0.89%	99.28%
2022	988,975	183,506,319,190	185,552	1,459,124 (6)	1,475.39 (6)	0.80% (6)	99.20% (4)
2023	1,006,122	218,259,123,387 (5)	216,931	1,797,741 (6)(7)	1,786.80 (6)(7)	0.82% (6)(7)	N/A

(1) Source: 2021 City of Austin Annual Comprehensive Financial Report – Table 18, through fiscal year ending 2021; City of Austin, Housing and Planning Department based on full purpose area for fiscal years ending 2022-2023.
(2) Source: 2021 City of Austin Annual Comprehensive Financial Report – Table 7, through fiscal year ending 2022.
(3) Excludes general obligation debt issued for enterprise funds and general fund departments, the debt service on which currently is paid from revenue of the respective enterprises and each department's operating budget, respectively. The City plans to continue to pay these obligations based on this practice; however, such enterprise revenues are not pledged as security for the Obligations and there is no guarantee that this practice will continue in future years. See "DEBT INFORMATION" in this document.
(4) Estimated collections as of April 30, 2022 based on the July 2021 Certified Tax Roll tax levy.
(5) Certified taxable value for the fiscal year ending 2023 (tax year 2022) provided by the Travis Central Appraisal District, Williamson Central Appraisal District, and Hays Central Appraisal District.
(6) Includes the Obligations (aggregate issuance of $241,510,000) and excludes the Refunded Obligations (refunded bonds par amount of $30,795,000).
(7) Projected. Includes tax-supported debt amounts the City expects to issue in the next 12-months.

Tax Rate, Levy and Collection History – Table Three

Fiscal Year Ended 9-30	Total Tax Rate	Distribution: General Fund	Distribution: Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2013	$0.5029	$0.3821	$0.1208	$418,888,224	99.36%	99.65%
2014	0.5027	0.3856	0.1171	446,227,175	99.25%	99.55%
2015	0.4809	0.3691	0.1118	474,418,331	99.27%	99.42%
2016	0.4589	0.3527	0.1062	507,203,935	99.54%	99.32%
2017	0.4418	0.3399	0.1019	553,891,970	99.50%	99.31%
2018	0.4448	0.3393	0.1055	615,686,143	99.47%	99.37%
2019	0.4403	0.3308	0.1095	669,905,468	99.46%	99.21%
2020	0.4431	0.3337	0.1094	731,975,092	99.17%	99.17%
2021	0.5335	0.4209 (1)	0.1126	942,543,964 (1)	99.28%	99.28%
2022	0.5410	0.4280 (1)	0.1130	992,769,187 (1)	99.20% (2)	99.20% (2)
2023	0.4627 (3)	0.3669 (1)(3)	0.0958 (3)	1,009,884,964 (1)(3)	N/A	N/A

(1) Beginning fiscal year 2021, a portion of the City's tax levy is restricted and dedicated for city-wide transit initiatives (see "TAX INFORMATION - Austin Transit Partnership" in this document).
(2) Estimated collections as of April 30, 2022 based on the July 2021 Certified Tax Roll tax levy.
(3) The City Council adopted the City's fiscal year 2022-23 budget and tax rate at meetings held August 17-18, 2022.

Ten Largest Taxpayers – Table Four

Name of Taxpayer	Nature of Property	Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Samsung Austin Semiconductor	Technology Manufacturing	$1,398,470,460	0.64%
Apple Inc.	Technology	796,195,984	0.36%
Columbia/St. David's Healthcare	Healthcare	604,976,399	0.28%
University of Texas	Public Education	512,657,750	0.23%
Oracle America Inc.	Technology	490,997,487	0.22%
CS Kinross Lake Parkway LLC	Commercial	447,052,204	0.20%
BPP Alphabet MF Riata LP	Commercial	445,076,136	0.20%
GW Block 23 Office LLC	Commercial	411,523,450	0.19%
CSHV-401 Congress LLC	Commercial	410,710,200	0.19%
Waller Creek Eleven LLC	Commercial	365,000,000	0.17%
TOTAL		$5,882,660,070	2.70%

Source: Travis Central Appraisal District and Williamson Central Appraisal District.

Property Tax Rate Distribution – Table Five

	Fiscal Year Ended September 30				
	2019	2020	2021(1)	2022(1)	2023(1)(2)
General Fund	$0.3308	$0.3337	$0.4209	$0.4280	$0.3669
Interest and Sinking Fund	0.1095	0.1094	0.1126	0.1130	0.0958
Total Tax Rate	$0.4403	$0.4431	$0.5335	$0.5410	$0.4627

(1) A portion of the City's General Fund tax levy is restricted and dedicated for city-wide transit initiatives (see "TAX INFORMATION - Austin Transit Partnership" in this document).

(2) The City Council adopted the City's fiscal year 2022-23 budget and tax rates at meetings held August 17-18, 2022.

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Net Taxable Assessed Valuations, Tax Levies and Collections – Table Six

Fiscal Year Ended 9-30	Valuation Date	Real Property Amount	Real Property % of Total	Personal Property Amount	Personal Property % of Total	Net Taxable Assessed Valuation	Total Tax Levy	% Current Collections	% Total Collections
2014	1-1-13	$79,399,650,702	89.45%	$9,366,447,458	10.55%	$88,766,098,160	$446,227,175	99.25%	99.55%
2015	1-1-14	88,868,446,944	90.08%	9,783,732,486	9.92%	98,652,179,430	474,418,331	99.27%	99.42%
2016	1-1-15	100,293,482,266	90.74%	10,232,544,133	9.26%	110,526,026,399	507,203,935	99.54%	99.32%
2017	1-1-16	115,076,345,719	91.79%	10,295,308,937	8.21%	125,371,654,656	553,891,970	99.50%	99.31%
2018	1-1-17	128,039,072,443	92.50%	10,379,564,817	7.50%	138,418,637,260	615,686,099	99.47%	99.37%
2019	1-1-18	141,714,826,355	93.14%	10,432,679,414	6.86%	152,147,505,769	669,905,468	99.46%	99.21%
2020	1-1-19	154,814,554,309	93.72%	10,379,553,578	6.28%	165,194,107,887	731,975,092	99.17%	99.17%
2021	1-1-20	165,980,394,734	93.95%	10,691,388,575	6.05%	176,671,783,309	942,543,964	99.28%	98.93%
2022	1-1-21	173,231,668,230	94.40%	10,274,650,960	5.60%	183,506,319,190	992,769,187	99.20% (1)	99.20% (1)
2023	1-1-22	207,793,078,693 (2)	95.20%	10,466,044,694 (2)	4.80%	218,259,123,387 (2)	1,009,884,964 (3)	N/A	N/A

(1) Estimated collections through April 30, 2022 based on the July 2021 Certified Tax Roll tax levy.
(2) Taxable Value is subject to change pending additional exemption and appeals.
(3) The City Council adopted the City's fiscal year 2022-23 budget at meetings held August 17-18, 2022. Beginning fiscal year 2021, a portion of the City's tax levy is restricted and dedicated for city-wide transit initiatives (see "TAX INFORMATION - Austin Transit Partnership" in this document).

Austin Transit Partnership

On November 3, 2020, City voters approved a tax rate increase to fund investment in a comprehensive City-wide transit plan known as Project Connect ("Project Connect"). Project Connect will include a new rail system, a downtown transit tunnel, expanded bus system, new park and ride facilities, and will transition the City to an all-electric fleet. Subsequent to the City's tax rate election and resultant dedication of the increase in City property tax revenue to Project Connect, the City and Capital Metro, through an interlocal agreement, established the Austin Transit Partnership ("ATP"), an independent local government corporation charged with overseeing the financing, design, construction and implementation of Project Connect. ATP operates with oversight from the City Council of the City and the Capital Metro board. The ATP board is appointed by members of the Capital Metro board and City Council and consists of one representative from the City Council of the City, one Capital Metro board member, and three community representatives.

Funding for ATP's operations and capital investment in Project Connect comes from dedicated property tax revenue to be annually transferred to ATP from the City, sales taxes transferred from Capital Metro, and federal funding. The November 3, 2020 election approved the dedication of $0.0875 of the City's fiscal year 2021 $0.4209 maintenance and operations portion of the property tax rate, which represents approximately 20.789% of the maintenance and operations portion of the tax rate, to Project Connect. In future years, the City is committed to continuing to apportion 20.789% of its maintenance and operations property tax levy to ATP, net of certain adjustments related to tax increment reinvestment zones and to Chapter 380 economic incentive agreements, and subject to change pursuant to the adoption of future tax rate elections. For fiscal year 2023, the budgeted amount of property taxes to be transferred to ATP is $158,393,182. City property taxes represent the largest source of funding for ATP.

ATP anticipates the issuance of debt to finance a significant portion of the multi-billion capital investment required for Project Connect, in addition to pay-as-you-go funding and federal grant revenues. It is anticipated that debt issued by ATP will be secured, in part, by the City property tax revenue dedicated for Project Connect and annually transferred to ATP. Any such debt incurred by ATP, if and when issued, would not represent a general obligation of the City and would not be repaid from the debt service portion of the City's tax rate.

Revenue Debt (As of September 30, 2022)

In addition to the above, the City has outstanding $50,290,000 combined utility systems revenue bonds payable from combined net revenue of the Electric System and the Water and Wastewater System; $1,776,850,000 electric utility system revenue obligations payable from a separate lien on the net revenues of the Electric Utility System; $2,163,965,000 Water and Wastewater Obligations payable from a separate lien on the net revenue of the water and wastewater system. In the fall of 2022, the City plans to issue additional water and wastewater system revenue obligations for the purposes of refunding outstanding commercial paper and short-term notes, as described below, and for capital improvements for the benefit of the respective utility systems. From the proceeds of the fall 2022 issuance of revenue obligations, the City is contemplating funding a payment to terminate an interest rate swap agreement executed in connection with the City's Water and Wastewater System Variable Rate Revenue Bonds, Series 2008. The decision whether to fund the termination payment will be made by the City at the time of pricing of the fall 2022 revenue obligations.

The City has established two short-term, interim financing commercial paper program structures, a $400,000,000 tax-exempt note program, consisting of (i) commercial paper notes, and (ii) direct purchase notes subject to acquisition by JPMorgan Chase Bank, National Association and a $100,000,000 taxable commercial paper program, consisting of commercial paper notes. Each of the commercial paper programs is payable from a subordinate lien on the combined net revenue of the Electric System and the Water and Wastewater System. The City currently has outstanding $202,800,000 in tax-exempt Program Notes and $18,700,000 in taxable Program Notes. The City is in the process of amending and extending this commercial paper program and revolving credit agreements, which provide liquidity support for the tax-exempt and taxable programs through September 30, 2024, and additionally intends to refund a portion of the tax-exempt Program Notes into long-term debt with the issuance of water and wastewater system revenue bonds in the fall of 2022 and electric utility system revenue bonds in winter of 2023.

The City additionally has outstanding $1,372,080,000 Airport System Revenue Bonds payable from net revenues of the City's Airport System; $147,330,000 Rental Car Special Facility Revenue Bonds payable from revenues derived from rental car facilities currently operating at the airport; $70,070,000 Hotel Occupancy Tax Subordinate Lien Revenue Bonds payable from the City's 2% and 4.5% Hotel Occupancy Tax; and $18,660,000 Town Lake Park Community Events Center Venue Bonds payable from revenues received from the Special Motor Vehicle Rental Tax and Venue generated revenue.

Public Improvement District Debt (As of September 30, 2022)

The City previously authorized and issued special assessment revenue debt for public improvement districts ("PIDs") located within the City's boundaries: Estancia Hill Country PID improvement areas one and two ($16,155,000 of special assessment revenue bonds outstanding), Indian Hills PID ($1,675,000 of special assessment revenue bonds outstanding), and Whisper Valley PID master improvement area and improvement area one ($12,715,000 of special assessment revenue bonds outstanding and approximately $6,950,000 of special assessment revenue bonds for improvement area two proposed to be issued in calendar year 2022). The City may issue additional special assessment revenue debt for the purposes of additional development within the existing PIDs described above. Existing special assessment debt and any additional special assessment revenue debt is secured by and payable from only the special assessments levied on properties within the respective PID boundaries and does not represent an obligation of the City's general revenue or taxes.

Obligations Subject to Annual Appropriation (As of September 30, 2022)

With respect to the redevelopment of the property formerly known as Robert Mueller Municipal Airport ("Mueller"), the City entered into a Master Development Agreement with Catellus Austin, LLC, effective as of December 2, 2004 (the "Development Agreement"), and in the Development Agreement, the City agreed to issue debt to finance certain "Public Finance Reimbursable Project Costs" either directly or through the auspices of a local government corporation created by the City. The City has entered into an economic development grant agreement (the "Grant Agreement") with Mueller Local Government Corporation ("MLGC"), a non-profit local government corporation created by the City to act on its behalf with respect to the redevelopment of Mueller. MLGC was created in response to the provisions of the Development Agreement. Under the terms of the Grant Agreement, the City will make grant payments to MLGC from the General Fund, subject to annual appropriation by the City, in amounts sufficient to pay debt service on bonds issued by MLGC to fund Public Finance Reimbursable Project Costs and pay administrative costs associated with such bonds. It is anticipated that sales tax revenues generated by properties developed at Mueller will be sufficient to fund the grants throughout the term of the Grant Agreement. $12,000,000 in Contract Revenue Bonds were issued in 2006 by MLGC to finance Public Finance Reimbursable Project Costs, and as of the date of this Official Statement, $3,565,000 in principal amount of these Contract Revenue Bonds is outstanding.

The City has also created a tax increment reinvestment zone for the Mueller project that includes Reinvestment Zone Number Sixteen (the "Zone") and neighboring areas for the promotion, development, encouragement and maintenance of employment, commerce, economic development and public facility development in the Zone, which consists of approximately 700 acres. Currently, only the City participates in the Zone by contributing its tax increment revenues to the Zone, and it is not expected that any other taxing unit will participate in the Zone. The tax increment revenues of the City will be contributed by the City to the MLGC pursuant to the terms of a Tri-Party Agreement among the City, the MLGC and the Zone (the "Tri-Party Agreement"). In addition, the City has agreed to consider making payments to the MLGC under a grant agreement between the City and the MLGC, pursuant to which the City may make available to the MLGC grant funds in amounts sufficient to pay debt service on the Tax Increment Contract Revenue Bonds, should Pledged Revenues be insufficient to allow the MLGC to meet its debt service payment obligations. The grant payments are to be funded from available moneys in the City's general fund, subject to annual appropriation. The City is under no obligation to make grant payments. The MLGC has issued three series of Tax Increment Contract Revenue Bonds, aggregating $47,580,000 in principal amount, backed by tax increment revenues generated from taxation of real property within the boundaries of the Zone from taxing units participating in the Zone, and as of the date of this Official Statement, $30,085,000 in principal amount of these Tax Increment Contact Revenue Bonds is outstanding.

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DEBT INFORMATION

Pro Forma Debt Service Requirements[a]

Fiscal Year Ending 09/30	Public Improvement Bonds	Certificates of Obligation	Contractual Obligations	Northwest Austin MUD #1	Mueller Contract Rev Bonds	Less Refunded Obligations[a]	The Obligations[a]	Grand Total Requirements[a][b]	Less: Self-Supporting Requirements[a][b]	Net Total Requirements[a]	Percent Principal Payout
2023	$137,232,882	$29,851,785	$21,511,975	$1,041,188	$4,837,296	$1,343,850	$45,813,356	$238,944,632	$28,337,896	$210,606,737	
2024	134,437,179	29,859,580	18,647,350	1,038,575	4,973,965	1,343,850	16,887,981	204,500,780	28,095,867	176,404,912	
2025	127,335,196	29,860,047	16,612,325	1,044,475	5,109,565	12,548,850	27,436,356	194,849,115	26,045,961	168,803,154	
2026	122,472,973	29,872,899	14,337,650	943,463	5,255,965	10,228,600	25,120,231	187,774,580	25,081,016	162,693,564	
2027	118,935,884	25,716,599	10,229,625	-	4,415,465	405,800	15,920,856	174,812,629	20,843,762	153,968,867	41.05%
2028	112,025,692	25,733,554	6,129,250	-	4,572,934	5,300,800	20,186,106	163,346,737	20,167,165	143,179,571	
2029	90,098,968	25,732,918	4,248,625	-	4,735,059	210,000	15,703,481	140,309,050	20,004,620	120,304,430	
2030	82,870,018	25,754,338	-	-	2,155,401	5,460,000	19,598,231	124,917,989	17,159,635	107,758,354	
2031	76,318,847	30,802,611	-	-	2,151,864	-	13,913,106	123,186,428	16,673,286	106,513,142	
2032	79,296,563	30,815,902	-	-	2,155,369	-	13,906,106	126,173,940	15,926,007	110,247,933	70.63%
2033	71,047,996	29,557,698	-	-	-	-	13,909,856	114,515,550	13,220,556	101,294,994	
2034	59,083,536	29,548,181	-	-	-	-	13,901,295	102,533,012	13,222,497	89,310,515	
2035	42,974,913	25,834,971	-	-	-	-	13,909,032	82,718,917	10,293,352	72,425,564	
2036	29,309,770	22,338,561	-	-	-	-	13,906,981	65,555,312	8,107,969	57,447,343	
2037	25,847,134	18,269,336	-	-	-	-	13,910,564	58,027,034	7,517,980	50,509,053	90.70%
2038	21,383,742	15,602,790	-	-	-	-	13,903,145	50,889,677	7,185,101	43,704,576	
2039	19,746,004	13,506,040	-	-	-	-	13,901,138	47,153,182	5,612,564	41,540,617	
2040	13,092,154	11,895,563	-	-	-	-	13,907,862	38,895,579	4,334,698	34,560,881	
2041	11,038,720	3,909,938	-	-	-	-	13,906,605	28,855,262	4,347,784	24,507,478	
2042	-	-	-	-	-	-	13,816,378	13,816,378	1,199,491	12,616,887	100.00%
	$1,374,548,171	$454,463,309	$91,716,800	$4,067,700	$40,362,883	$36,841,750	$353,458,669	$2,281,775,781	$293,377,208	$1,988,398,573	

(a) Existing debt service shown as of September 30, 2022. Net Total Requirements includes the Obligations and excludes the Refunded Obligations.
(b) Debt service for Northwest Austin MUD #1.
(c) Includes principal and interest on self-supporting debt repaid from certain enterprise revenue of the City (see "Statement of Debt" in this document).

Estimated Direct and Overlapping Funded Debt Payable from Ad Valorem Taxes

Expenditures of various taxing bodies with taxing jurisdictions that overlap all or a portion of the City's taxing boundaries are paid from ad valorem taxes levied by these taxing bodies on properties within the City. These political taxing bodies are independent of the City and may incur tax-supported debt obligations to finance their expenditures. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional tax-supported debt obligations since the date of this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds the amount of which cannot be determined. The following table reflects the estimated share of overlapping tax-supported debt obligations of the major taxing bodies in the area.

Taxing Jurisdiction	Total Debt Funded from Ad Valorem Taxes (1)	Estimated % Applicable	Overlapping Funded Debt
City of Austin (2)	$1,459,009,264	100.00	$1,459,009,264
Austin CCD	436,260,000	69.23	302,022,798
Austin ISD	1,578,373,266	95.18	1,502,295,675
Avery Ranch Rd Dist # 1	3,465,000	100.00	3,465,000
Del Valle ISD	405,680,000	63.70	258,418,160
Eanes ISD	129,650,000	38.78	50,278,270
Hays CISD	510,810,000	1.79	9,143,499
Hays Co	499,675,764	0.71	3,547,698
Lake Travis ISD	316,805,000	0.04	126,722
Leander ISD	1,064,637,918	12.57	133,824,986
Manor ISD	525,979,999	63.89	336,048,622
North Austin MUD # 1	5,075,000	**	-
Northtown MUD	24,315,000	20.71	5,035,637
Northwoods Road District # 1	9,620,000	100.00	9,620,000
Pearson Place Road District	4,755,000	100.00	4,755,000
Pflugerville ISD	509,315,000	34.83	177,394,415
Pilot Knob MUD #3	38,030,000	0.09	34,227
Round Rock ISD	859,550,000	35.73	307,117,215
Travis County	978,465,000	71.75	702,048,638
Travis Co ESD # 3	820,000	0.26	2,132
Travis Co ESD # 6	1,615,000	0.19	3,069
Travis Co ESD # 9	475,000	1.48	7,030
Travis Co Healthcare District (dba Central Health)	78,140,000	71.75	56,065,450
Travis Co MUD # 5	22,427,334	**	-
Travis Co MUD # 8	9,369,121	0.98	91,817
Travis Co WC&ID # 10	40,260,000	3.48	1,401,048
Travis Co WC&ID # 17 (Steiner Ranch)	44,920,000	0.10	44,920
Travis Co WC&ID # 20	475,000	1.37	6,508
Upper Brushy Creek WCID	51,965,000	16.64	8,646,976
Williamson County	1,133,590,000	11.42	129,455,978
Total Net Direct and Overlapping Debt			$5,459,910,754
Ratio of Net Direct and Overlapping Debt to Fiscal Year 2022 Taxable Assessed Value (3)			2.98%
Per Capita Overlapping Funded Debt (4)			$5,521

(1) Source: Overlapping debt amounts as of July 31, 2022 obtained from the Municipal Advisory Council of Texas.
(2) Outstanding net tax-supported debt of the City shown as of September 30, 2022. Includes the Obligations (aggregate issuance of $241,510,000 par amount) and excludes $30,795,000 of Refunded Obligations.
(3) Based on the City's tax year 2021 (fiscal year 2022) net taxable assessed valuation of $183,506,319,190.
(4) Based on the City's 2022 estimated population 988,975.
** Less than 0.01%.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimated the portion of the outstanding debt of those overlapping governments that is borne by the City's residents and businesses. This process recognized that, when considering the City's ability to issue and repay long-term debt, the entire debt borne by its residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Authorized General Obligation Bonds – Table Seven

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued (1)	Currently Being Issued(1)		Unissued Balance
Brackenridge 2000	10/22/1983	$50,000,000	$40,785,000	-		9,215,000
Park Improvements	9/8/1984	9,975,000	9,648,000	-		327,000
Cultural Arts	1/19/1985	20,285,000	14,890,000	-		5,395,000
Cultural Arts	11/7/2006	31,500,000	27,500,000	-		4,000,000
Mobility Transportation	11/6/2012	143,299,000	130,315,000	-		12,984,000
Park Improvements	11/6/2012	77,680,000	76,180,000	-		1,500,000
Public Safety Facility	11/6/2012	31,079,000	31,075,000	-		4,000
HHS Facility	11/6/2012	11,148,000	11,145,000	-		3,000
Cultural Arts	11/6/2012	13,442,000	13,440,000	-		2,000
Mobility Transportation	11/8/2016	720,000,000	172,095,000	110,000,000		437,905,000
Affordable Housing	11/6/2018	250,000,000	140,295,000	60,000,000	(2)	49,705,000
Cultural Arts	11/6/2018	128,000,000	6,700,000	3,000,000		118,300,000
Park Improvements	11/6/2018	149,000,000	28,275,000	15,000,000		105,725,000
Flood Mitigation	11/6/2018	184,000,000	72,685,000	3,000,000		108,315,000
Health and Human Services	11/6/2018	16,000,000	4,190,000	-		11,810,000
Public Safety	11/6/2018	38,000,000	9,450,000	-		28,550,000
Mobility Transportation	11/6/2018	160,000,000	34,895,000	-		125,105,000
Mobility Transportation	11/3/2020	460,000,000	-	9,000,000		451,000,000
		$2,493,408,000	$823,563,000	$200,000,000		$1,469,845,000

(1) Includes premium applied against voted authorization.
(2) Financed with proceeds of the Taxable Bonds.

The City may also incur non-voted debt payable from or secured by its collection of ad valorem taxes and other sources of revenue, including certificates of obligation, tax notes, public property finance contractual obligations and leases for various purposes. The Taxable Certificates and the Contractual Obligations represent non-voted debt of the City.

The City has called a bond election to be held on November 8, 2022. At this election, voters in the City will consider the approval of a proposition authorizing the issuance of $350,000,000 in ad valorem tax bonds, the proceeds of which will be used for affordable housing within the City.

Funded Debt Limitation

There is no direct debt limit on bonded indebtedness in the City Charter. State law authorizes the City to incur total bond indebtedness through the issuance of bonds payable from taxes in an amount not to exceed 10% of the total assessed valuation of property in the City. Revenue bonds, tax and revenue anticipation notes, and other obligations and contracts are not included in the bonded debt total to which the statutory limitation of 10% applies. See "TAX INFORMATION - Tax Rate Limitation" and "TAX INFORMATION - Statement of Debt."

Short–Term Borrowing

Pursuant to Section 1431, Texas Government Code, the City has the authority to incur short-term borrowings to provide for the payment of current expenses through the issuance of anticipation notes. Anticipation notes issued for this purpose must mature before the first anniversary of the date the Attorney General approves the anticipation notes.

FISCAL MANAGEMENT

The City engages in a formal, structured process for preparing both the annual operating budget of the City and a five-year capital improvements budget for the City. For additional information relating to the financial planning and budget policies and controls of the City, see "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY – Financial Information" in this document.

INVESTMENTS

The City invests its available funds in investments authorized by State law, particularly the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

Legal Investments

Under State law, the City is authorized to invest in:

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities;

(2) direct obligations of the State or its agencies and instrumentalities including the Federal Home Loan Banks;

(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(4) other obligations, the principal and interest of which are guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by explicit full faith and credit of the United States;

(5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent;

(6) bonds issued, assumed or guaranteed by the State of Israel;

(7) interest-bearing banking deposits that are guaranteed insured by the FDIC or the National Credit Union Share Insurance Fund ("NCUSIF") or their respective successors;

(8) interest-bearing banking deposits other than those described by subdivision (7) if the funds invested in the banking deposits are invested through (a) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (b) a depository institution with a main office or branch office in this state that the investing entity selects; (ii) the broker or depository institution selected as described above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account (a) the depository institution selected as described above; (b) an entity described by Section 2257.041(d); or (c) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3);

(9) certificates of deposit meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by a combination of cash and the FDIC or the NCUSIF, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits;

(10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) and (12) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State;

(11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency;

(12) commercial paper with a stated maturity of 365 days or less that is rated not less than "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally

recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank;

(13) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that comply with the United States Securities and Exchange Commission Rule 2a-7;

(14) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and,

(15) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than "AAA," "AAA-m" or at an equivalent rating by at least one nationally recognized rating service.

The City may also invest bond proceeds in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the City may enter into securities lending programs if:

(i) the value of securities loaned under the program are not collateralized at less than 100%, including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool;

(ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City;

(iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and

(iv) the agreement to lend securities has a term of one year or less.

The City may also contract with an investment management firm registered under the Investment Advisor Act of 1940 (15 U.S.C. Section 80b.1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term of up to two years, but the City retains ultimate responsibility as fiduciary of its assets.

The City, as the owner of a municipal electric utility that is engaged in the sale of electric energy to the public, may invest funds held in a "decommissioning trust" (a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation) in any investment authorized by Subtitle B, Title 9, Texas Property Code ("Texas Trust Code"). The Texas Trust Code provides that a trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution. The City has established an external irrevocable trust for decommissioning with Wilmington Trust, National Association. The decommissioning trust market value, as of June 30, 2022, was $242,069,323.14.

The City is specifically prohibited from investing in:

(1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

(2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest;

(3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and

(4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield and maturity; and also that address the quality and capability of investment personnel. The policy includes a list of the type of authorized investments for City funds, the maximum allowable stated maturity of any individual investment owned by the City, the maximum average dollar–weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement must describe the investment objectives for the particular fund using the following priorities:

(1) understanding of the suitability of the investment to the financial requirements of the City;
(2) preservation and safety of principal;
(3) liquidity;
(4) marketability of each investment;
(5) diversification of the portfolio; and
(6) yield.

The City's investment policy authorizes the City to invest its funds and funds under its control in all of the eligible investments described above under "Legal Investments," except those investments described in clauses (3) and (6).

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly, the investment officers of the City shall submit an investment report detailing:

(1) the investment position of the City;
(2) that all investment officers jointly prepared and signed the report;
(3) the beginning market value and the ending value of each pooled fund group;
(4) the book value and market value of each separately listed asset at the end of the reporting period;
(5) the maturity date of each separately invested asset;
(6) the account or fund or pooled fund group for which each individual investment was acquired; and
(7) the compliance of the investment portfolio as it relates to (a) adopted investment strategy statements and (b) State law.

No person may invest City funds without express written authority of the City Council or the Chief Financial Officer of the City.

Additional Provisions

Under State law, the City is additionally required to:

(1) annually review its adopted policies and strategies,
(2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council,
(3) require a registered representative of business organizations offering to engage in an investment transaction with the City to (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements;
(4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; and
(5) provide specific investment training for the Chief Financial Officer of the City, Treasurer, and Investment Officers.

An investment officer of a local government is required to invest bond proceeds or pledged revenue only to the extent permitted by the PFIA and in accordance with (i) statutory provisions governing the debt issuance (or lease, installment sale, or other agreement) and (ii) the local government's investment policy regarding the debt issuance or the agreement.

Current Investments – Table Eight

As of June 30, 2022, the City's investable funds were invested in the following categories.

Type of Investment	Percentage
U.S. Treasuries	46%
U.S. Agencies	16%
Local Government Investment Pools	37%
Money Market Funds	1%

The dollar weighted average maturity for the combined City investment portfolios is 207 days. The City prices the portfolios weekly utilizing a market pricing service.

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GENERAL FUND REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE – Table Nine

(in 000's)

	2017	2018	2019	2020	2021
Revenues:					
Taxes (1)	$646,918	$702,761	$752,340	$778,947	$860,698
Franchise Fees	36,057	35,738	35,294	37,813	26,189
Fines, Forfeitures and Penalties	13,117	10,330	8,694	4,447	4,607
Licenses, Permits and Inspections	61,076	54,103	16,572	15,069	16,612
Charges for Services	59,362	61,705	63,284	52,491	57,278
Interest and Other	15,754	21,389	23,507	22,523	17,246
Total Revenues	$832,284	$886,026	$899,691	$911,290	$982,630
Expenditures:					
Administration	$22,386	$22,021	$24,310	$30,175	$31,343
Urban Growth Management	70,491	82,293	42,259	45,942	40,851
Public Safety	585,250	584,760	610,833	540,442	619,373
Public Health	80,487	84,410	86,812	96,314	100,234
Public Recreation and Culture	112,278	120,120	129,904	126,810	127,716
Transportation, Planning and Sustainability	421	-	-	-	-
Nondepartmental Expenditures	104,259	113,140	119,740	182,589	219,727
Total Expenditures	$976,022	$1,006,744	$1,013,858	$1,022,272	$1,139,244
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	($143,738)	($120,718)	($114,167)	($110,982)	($156,614)
Other Financing Sources (Uses):					
Transfers from Other Funds	166,688	173,614	172,798	172,425	186,441
Transfers to Other Funds	(12,125)	(11,776)	(46,130)	(25,564)	(28,863)
Net Other Financing Sources	$154,563	$161,838	$126,668	$146,861	$157,578
Excess (Deficiency) of Total Revenues and Other Services Over Expenditures and Other Uses	$10,825	$41,120	$12,501	$35,879	$964
Special Item – Land Sale	-	-	10,201	-	-
Fund Balances at Beginning of Year	160,989	171,814	212,934	235,636	272,138(3)
Fund Balances at End of Year (2)	$171,814	$212,934	$235,636	$271,515	$273,102

(1) Consists of property, sales, and mixed drinks tax.

(2) As of September 30, 2021, the budget stabilization reserve reports a balance of $68.8 million, the emergency reserve maintains a balance of eight percent of total General Fund requirements, or $84 million.

(3) Restated.

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CERTAIN GENERAL FUND RECEIPTS OTHER THAN AD VALOREM TAXES

Municipal Sales Tax – Table Ten

At an election held on September 30, 1967, the citizens of Austin voted a 1% retail sales and use tax to become effective on January 1, 1968. This tax provides an additional revenue source to the General Fund of the City. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts of the State, who currently remits the proceeds of the tax to the City monthly. Revenue from this source has been:

Fiscal Year Ended 9-30	Per Capita Sales and Use Tax	(in 000's) Sales and Use Tax	% of Ad Valorem Tax Levy
2014	$215.79	$189,464	42.46%
2015	222.86	204,029	42.24%
2016	230.58	212,634	42.07%
2017	231.26	218,790	39.50%
2018	235.94	232,319	36.46%
2019	253.66	248,813	37.14%
2020	256.44	246,658	33.70%
2021	288.91	281,784	29.90%
2022(1)	332.33	328,668	33.11%
2023(1)	333.15	347,047	27.43%

(1) 2022 figures are estimated; 2023 figures from the City's approved budget.

Transfers from Utility Funds – Table Eleven

The City owns and operates a Water and Wastewater System and an Electric Light and Power System, the financial operations of which are accounted for in the Utility Funds (together, the "Utility Funds"). Transfers from the Utility Funds to the General Fund have historically provided a significant percentage of the receipts for operation of the General Fund. The transfers are voluntary transfers made from the Utility Funds by the City Council although the City is under no legal requirement to continue to make the transfers. The following sets forth the amount of such transfers:

Fiscal Year Ended 9-30	(in 000's) Transfers	% of General Fund Requirements
2014	$142,909	18.0%
2015	143,755	16.9%
2016	146,993	15.9%
2017	150,877	15.6%
2018	154,914	15.1%
2019	157,586	15.2%
2020	158,486	15.1%
2021	160,544	14.7%
2022	160,431	13.7%
2023 (1)	162,037	12.8%

(1) 2023 figures from the City's approved budget.

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THE CITY

Administration

Incorporated in 1839, the City operates under a Council-Manager form of government under its Home Rule Charter. The City Council is comprised of an eleven-member council, with the Mayor elected at-large, and the remaining members elected from ten single-member districts. Councilmembers, including the Mayor, serve a four-year term, with the terms of the councilmembers staggered so that every two years five of the councilmembers stand for election, and five councilmembers stand for election two years later. See "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY – General Information" in this document.

By charter, the City Council appoints a City Manager for an indefinite term who acts as the chief administrative and executive officer of the City. The duties include, among others, the supervision of all City departments, the preparation and administration of an annual budget and the preparation of a report on the finances and administrative activities of the City.

City Manager – Spencer Cronk

Mr. Spencer Cronk joined the City as City Manager on February 12, 2018. Before joining the City, Mr. Cronk was Minneapolis City Coordinator (City Administrator). He directed the management of Minneapolis city government by assisting the Mayor and City Council in defining city policy and establishing priorities, mobilizing department heads and staff to implement the Mayor and Council's priorities, and working to strengthen the management and administrative systems of the city. Mr. Cronk previously served as Commissioner of the Minnesota Department of Administration, a role he was appointed to by Minnesota Governor Mark Dayton in 2011. As Commissioner, Mr. Cronk led the state's real property, purchasing, fleet, demographic analysis and risk management divisions responsible for more than $2 billion in state purchasing and the historic renovation of the Minnesota State Capitol. Additionally, Mr. Cronk served as chair of the Minnesota Public Data Governance Advisory Committee, and as a member of the Environmental Quality Board and the Minnesota Indian Affairs Council. Before joining the State of Minnesota, Mr. Cronk served as executive director of organizational development and senior advisor for the Department of Small Business Services for the City of New York, under former Mayor Michael Bloomberg. His accomplishments there included the design and implementation of a comprehensive performance-management system and the development of a program for integrating new employees, which was used citywide as a best practice template for the City of New York's 300,000 employees. Mr. Cronk has served on a number of community organizations and agencies, including as an Advisory Council member for Northern Spark, a member of the Minnesota Advisory Board of the Trust for Public Land, and a member of the Itasca Project Task Force on Socioeconomic Disparities in the Twin Cities. He was a recipient of the Minneapolis/St. Paul Business Journal's "40 Under 40" Award in 2013. Mr. Cronk received his bachelor's degree with honors from the University of Wisconsin–Madison. He is a graduate of Harvard University's Senior Executives in State and Local Government Program and was a Public Affairs Fellow with the Coro New York Leadership Center.

Assistant City Manager – Veronica Briseño

Ms. Veronica Briseño was appointed as Assistant City Manager over the City's Strategic Outcome "Government that Works for All" on January 18, 2022. Ms. Briseño began her career with the City over 20 years ago. During that time, she has held multiple positions with progressive responsibilities, beginning as an intern in the City Manager's Office, working in a Council Office, serving as an Assistant Director and Director in the Small and Minority Business Resources Department, and Director of the Economic Development Department. Most recently, in her role as the Chief Economic Recovery Officer, Veronica has been instrumental in leading the City's COVID-19 economic recovery efforts. This includes overseeing the establishment of twelve (12) new financial assistance programs for the creative and business communities and coordinating City-wide economic response efforts. Veronica has Bachelor of Arts degrees in Government and Journalism and a Master of Public Affairs degree from the University of Texas at Austin.

Chief Financial Officer – Ed Van Eenoo

Mr. Ed Van Eenoo was appointed Chief Financial Officer on December 6, 2020 and oversees the City's Financial Services Department, consisting of Accounting & Financial Reporting, Budget & Performance, Central Procurement, Financial Systems & Information Technology, Police Financial Services, Real Estate, Telecommunications &

Regulatory Affairs, and Treasury. Prior to his appointment as Chief Financial Officer, Mr. Van Eenoo served as Deputy Chief Financial Officer for eight years and as the Budget Officer at the City for four years. Before joining the City, he spent nine years with the City of Chula Vista, including time as a Fiscal and Management Analyst, Assistant Director of Budget and Analysis, and four years as the Director of Budget and Analysis. Mr. Van Eenoo received a Bachelor of Science degree in Economics from The University of Eastern Michigan and a Master of Science degree in Applied Economics from Virginia Tech University.

Deputy Chief Financial Officer – Diana Thomas

Ms. Diana Thomas currently serves as Deputy Chief Financial Officer, where she oversees the Financial Systems & Information Technology, Police Financial Services, Support Services, and Telecommunications & Regulatory Affairs programs within the Financial Services Department. She was appointed to the Deputy Chief Financial Officer position in June 2021 after serving as the City's Controller from 2008 to 2021. Ms. Thomas started her career with the City in 1992 and has held various financial positions during her tenure. In 2006, she led the implementation of the City's new financial system. Ms. Thomas received her Bachelor of Business Administration degree in Finance from the University of Texas at Austin and is a licensed CPA in the State.

Deputy Chief Financial Officer – Kimberly Olivares

Ms. Kimberly Olivares currently serves as Deputy Chief Financial Officer and oversees Real Estate, Treasury, strategic facility delivery (P3s), tax increment reinvestment zone (TIRZ), and public improvement district (PID) financing. Ms. Olivares joined the City in 2003 and has held positions in the City Manager's Office, Public Works Department, and Financial Services Department. Previously, she was the Chief Performance Officer leading the City's commitment to instilling a culture of continuous learning and improvement throughout the organization through strategic plan organizational alignment and culture change, performance measurement and data analytics, and process improvement consulting. Ms. Olivares was also the Deputy Budget Officer for the City, managing the capital improvement program financial services, Budget Office information technology support team, and performance measurement program. She received a B.A. from the University of Notre Dame, a Master of Public Affairs degree from the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, and a Master of Business Administration degree from St. Edward's University. Ms. Olivares has also worked for the City of Southlake, Texas, and the City of Tampa, Florida. As a representative of the City, she is very active with the Government Finance Officers Association and serves as the Chair of its Committee on Economic Development and Capital Planning.

Services Provided by the City

The City's major activities include police and fire protection, emergency medical services, parks and libraries, public health and social services, planning and zoning, general administrative services, solid waste disposal and maintenance of bridges, streets and storm drains. The City owns and operates several major enterprises including electricity (Austin Energy), water and wastewater (Austin Water), airport (Austin-Bergstrom International Airport) and two public event facilities.

Employees

Municipal employees are prohibited from engaging in strikes and collective bargaining under State law. An exception allows fire and police employees to engage in collective bargaining (but not the right to strike) after a favorable vote of the electorate. The voters have approved collective bargaining for fire fighters but not for police officers. Approximately 15% of the City's employees are members of the American Federation of State, County, and Municipal Employees, 8% are members of the American Police Association and 7% are members of the International Association of Fire Fighters.

The City does not have automatic escalators in payroll or in its retirement systems. The retirement systems may grant cost-of-living increases up to 6% for municipal employees and a percentage based on the amount of increase in the Consumer Price Index for the firefighters, but only if recommended by an independent actuary and approved by the retirement boards.

Annexation Program

Chapter 43 of the Texas Local Government Code regulates annexation of property by State municipalities. Under current state law, landowner and/or voter approval is required as part of the process for the annexation of territory into a city. The process varies depending on the characteristics of the area being considered for annexation, generally involving a petition from each landowner, a petition signed by registered voters and owners of land in the area, or an election at which qualified voters approve the proposed annexation. Additionally, the process involves staff review, development of a written service agreement (or regulatory plan for a limited purpose annexation), notification, publication of a newspaper notice, public hearings, and ordinance approval.

Upon approval, the City provides a wide range of services to the annexed area – police and fire protection, emergency medical services, solid waste collection, and maintenance of public facilities such as water and wastewater, roads, streets, and parks. Failure to provide municipal services in accordance with the service plan may provide grounds for a petition and court action to compel compliance with the service plan or to disannex the area, and may also result in a refund of taxes and fees collected for services not provided. The City has never been forced to disannex due to such failure.

Some of the areas which may be considered for annexation include developed areas for which water, sewer, and drainage services are being provided by utility districts created for such purposes. Existing utility districts, as well as new districts that may be created from time to time, may issue bonds for their own improvements. Such bonds are generally payable from the receipts of ad valorem taxes imposed by the district and, in some cases, are further payable from any net revenues derived from the operation of its water and sanitary sewer systems. State law generally requires that if a city annexes a district, then the district must be annexed in its entirety. Upon annexation by a city, a district is dissolved and the city assumes the district's outstanding bonds and other obligations. The City then levies and collects ad valorem taxes on taxable property within the corporate limits of the City, including the districts, sufficient to pay the principal of and interest on such assumed bonds.

The City also assumes liabilities when it annexes land in an Emergency Services District ("ESD") and that land is disannexed from the ESD. This liability, however, is limited to assumption of a pro-rata share of debt and assumption of those facilities directly used to provide service to the area.

The City Charter and the State's annexation laws provide the City with the ability to undertake two types of annexation. "Full purpose" annexation discussed above, annexes territory into the City for all purposes, including the assessment and collection of ad valorem taxes on taxable property. The second type of annexation is known as "limited purpose" annexation by which territory may be annexed for the limited purposes of "Planning and Zoning" and "Health and Safety." Territory so annexed is subject to ordinances relating to these purposes: chiefly, the City's zoning ordinance, building code, and related ordinances regulating land development. Taxes may not be imposed on property annexed for a limited purpose because municipal services are not provided and residents of the area are restricted to voting only in City elections for City Council and Charter amendments.

Annexations – Table Twelve

The following table sets forth (in acres) the City's annual annexations since 2012.

Calendar Year	Full Purpose Acres (1)	Limited Purpose Acres
2012	3,387	3,818
2013	3,484	594
2014	897	136
2015	1,911	3
2016	311	0
2017	1,283	0
2018	136	0
2019	185	166
2020	65	0
2021	92	243
2022	253	51

(1) Includes acres converted from limited purpose to full purpose status.

Recent Annexation

In 2022, as of August, Austin planned to annex 253 acres of privately-owned land at the owners' request and 51 acres of limited purpose jurisdiction to be included in the Pilot Knob Municipal Utility District No. 4. All annexations were greenfield areas and development plans ranged from civil services uses to commercial and high-density residential.

In 2020 and 2021, the City conducted full purpose annexations of greenfield land at the request of the land owners. The 157 acres annexed during this time were proposed for development as residential and light industrial uses. In 2019, the City annexed for limited purposes several recently acquired and vacant outparcels located in the Pilot Knob MUD development project. Additionally, at the landowner's request, the City annexed for full purposes a 126-acre undeveloped parcel that the landowner plans to develop into a corporate campus.

In 2018, the City annexed and dissolved the Cascades MUD No. 1 at the request of the property owner. At the time of annexation, the area was undeveloped and the MUD had not issued any debt. The property owner determined that the proposed Cascades at Onion Creek subdivision could be developed as originally planned without the need for a MUD and the City agreed to annex and dissolve the MUD. The taxable assessed value ("TAV") at the time of annexation was $584,827.

The largest of the 2017 annexations was the River Place MUD area, which converted approximately 1,040 acres from the City's limited purpose jurisdiction to full purpose. This area included an estimated population of approximately 3,125 persons. In addition, the City annexed several commercial properties in south Austin. The total TAV for these areas at the time of annexation was $697.2 million.

The City's 2016 annexation program included the full purpose annexation of five areas containing approximately 311 acres. With the exception of a small amount of office/warehouse/commercial uses, these areas were largely undeveloped at the time of annexation. Approved development plans include an additional 651 single-family homes and 97 multi-family units. The TAV for these areas at the time of annexation was approximately $19.3 million.

In 2015 the City annexed eleven areas for full purposes and one area for limited purposes. These areas included an estimated total population of approximately 3,912 persons, mainly within the Lost Creek subdivision. Approved development plans for the remaining areas include an additional 1,944 single-family homes. The TAV for these areas at the time of annexation was approximately $25.4 million.

Future Annexation

Annexations continue to be considered at the request of property owners. No large-scale annexations are currently scheduled in the near future.

Pension Plans

The City has three contributory defined benefit retirement plans for its general municipal, fire, and police employees. These three plans include the City of Austin Employees' Retirement System ("COAERS"), the City of Austin Police Retirement System (the "Police Retirement System") and the City of Austin Fire Fighters Relief and Retirement Fund (the "Fire Fighters Retirement Fund"). These plans are single employer funded plans each, with a fiscal year end of December 31. The three retirement plans cover substantially all full-time employees. State law requires the City to make contributions to the plans in an amount at least equal to the contribution of the employee group and for the Police Retirement System an actuarially determined contribution model became effective in 2022. The contributions made by the City to the COAERS include amounts allocable to the City employees within Austin Energy, Austin Water, and the City's Department of Aviation ("Aviation"); the contributions allocable to such employees are paid from gross revenues of the respective systems and constitute operating expenses of Austin Energy, Austin Water, and Aviation.

As of October 1, 2021, municipal employees contribute 8.0% and the City contributes 19.0% of payroll. Fire fighters (who are not members of the Social Security System) contribute 18.7% of payroll, and the City contributes 22.05% to the Fire Fighters Retirement Fund. As of October 1, 2021, police officers contribute 13.0% and the City contributes 21.737% of payroll to the Police Retirement System. The City will also contribute according to a fixed payment plan established to eliminate the legacy unfunded liability existing as of December 31, 2020 over a 30-year period. Effective January 1, 2022, police officers' contribution to the Police Retirement System increased to 15.0% of payroll and the City's contribution to the Police Retirement System decreased to the actuarially determined amount of 10.1%. The contributions to the pension plans are designed to fund current service costs and to amortize the unfunded actuarial accrued liability. As of December 31, 2021, the amortization period of the unfunded actuarial accrued liability was 33 years for the COAERS, 30 years for the Police Retirement System, and 17.5 years for the Fire Fighters Retirement Fund.

The City's net pension liability was measured as of December 31, 2021 for each of the City's three pension plans. Information on the liabilities and funding measurements of each plan is discussed below.

City of Austin Employees' Retirement System (COAERS). The members of the COAERS include City civilian and EMS employees as well as pension system employees. The COAERS provides plan members with a monthly pension payment derived from a predetermined formula based on length of service, salary history, and payout options. There are two groups in this plan with a vesting period of five years for both plans. Employees hired prior to January 1, 2012 are eligible to retire at any age after 23 years of service, at age 55 with 20 years of service, or at 62 with 5 years of service. The annual retirement benefit is calculated by multiplying the number of years of service by the average of the three highest earning years out of the last 10 years worked; this amount is then multiplied by 3%. Employees hired on or after January 1, 2012, follow a similar structure with modified factors: retirement eligibility occurs at age 62 with 30 years of service, or at 65 with 5 years, and the multiplier is 2.5%. The plan changes creating the second group were implemented to address long-term structural imbalances in the plan.

As of December 31, 2021, the COAERS reported a total net pension liability of $1.47 billion, of which $299.7 million is allocable to Austin Energy, $159.3 million is allocable to Austin Water, and $56.3 million is allocable to Aviation. The COAERS' fiduciary net position as a percentage of the total pension liability was 70.9%. The actuarial accrued liability for the COAERS as of December 31, 2021, was $5.0 billion and the funded ratio was 66.0%. As of December 31, 2020, the COAERS reported a net pension liability of $1.5 billion with a plan fiduciary net position as a percentage of the total pension liability of 68.1%. The actuarial accrued liability for the COAERS was $4.7 billion and the funded ratio was 65.3%. The COAERS had a change of the actuarial investment return assumption from 7.00% to 6.75%. There were no changes to benefit terms that affected the total pension liability for the 2021 measurement period.

The COAERS funding policy is to maintain contribution rates sufficient to cover the normal cost of the plan and to amortize any unfunded actuarial accrued liabilities over a period not to exceed 25 years. Currently, the total contribution rate is sufficient to amortize the System's unfunded liabilities in approximately 33 years, an increase from the 32-year amortization period in the previous year. Since 2005, the City has taken certain actions intended to improve the long-term financial health of the COAERS, including increased City contributions, the establishment of a second, lesser benefit tier for new employees hired on or after January 1, 2012, which includes a reduction in the pension multiplier. The City and COAERS are working together towards additional plan changes as discussed in more detail below.

Police Retirement System. The members of the Police Retirement System include all cadets, upon enrollment in the Austin Police Academy, commissioned law enforcement officers employed by the City's Police Department, and full-time employees of the Police Retirement System. The Police Retirement System provides retirement, death, and disability benefits to plan members and their beneficiaries.

In 2021, the City and the Police Retirement System collaborated to get legislation passed which addresses that system's liabilities and places it on an actuarially sound path. The 87th Texas Legislature enacted, and the Governor signed, legislation that includes the following reforms which became effective on January 1, 2022:

- Establishing a new benefit tier for new sworn police officers with the following benefit parameters:
    - a 2.5% multiplier;
    - retirement eligibility at age 50 and 25 years of service; and,
    - average salary calculated on the highest 60 months;
- Increasing employee contributions from 13% to 15%;
- Increasing City contributions to cover the legacy unfunded liability as of December 31, 2020;
- Establishing an actuarially determined contribution model to replace the current fixed contribution mode;
- Removal of authority of the Police Retirement System Board to provide cost of living adjustments, change member benefits or member contribution rates; and
- Reform of the governance structure by replacing one active member seat to a citizen seat appointed by City Council.

Initially City contributions will increase 4% with additional City contribution increases relating to initial risk sharing valuation and legacy liability to be phased in over 3 years. The approved FY 2021-22 budget includes an additional $6 million to begin funding the additional City contributions.

The Police Retirement System provides plan members with a monthly pension payment derived from a predetermined formula based on length of service, salary history, and payout options. Benefits are vested after 10 years. For employees hired prior to January 1, 2022, benefits are based on the years of service times the highest 36 months of salary in the last 10 contributing years of service. A multiplier of 3.2% is applied to the years of service. Eligibility occurs with 23 years of creditable service, at age 55 with 20 years of service, or at age 62. For employees hired on or after January 1, 2022, the years of service times is increased to the 60 highest months, the multiplier is decreased to 2.5%, and eligibility is at age 50 with 25 years of service or at age 62.

As of December 31, 2021, the Police Retirement System reported a net pension liability of $544.5 million for the 2021 plan year, which is a decrease from the $605.9 million net pension liability reported for the prior 2020 plan year. The fiduciary net position as a percentage of the total pension liability increased to 66.5% for the 2021 plan year from 60.8% in the prior year. There were no changes to the actuarial assumptions and methodology during the most recent plan year. For plan year 2019, the Police Retirement System adopted changes to certain plan assumptions in May 2019, based on an experience study conducted in 2019, including a reduction to the investment return assumption (from 7.75% to 7.25%), a reduction of payroll growth assumption and adoption of a new mortality table. The assumption changes, among other contributing factors, resulted in a decrease in the funded ratio and an increase in the amortization period from 35 years in 2017 to infinite in 2018. Additionally, the use of a lower, blended discount rate – as required by GASB guidelines – contributed to the increase in the net pension liability. A full description of the assumptions for the Police Retirement System is available in the actuarial reports available on its website.

The actuarial accrued liability for the Police Retirement System as of December 31, 2021 was $1.62 billion and the funded ratio was 60.2%. The actuarial accrued liability for the Police Retirement System as of December 31, 2020 was $1.54 billion and the funded ratio was 58.6%.

Fire Fighters Retirement Fund. The members of the Fire Fighters Retirement Fund include commissioned firefighters and State-certified employees of the Fire Department. Members are eligible to retire at 50 years of age with at least 10 years of service credit or with at least 25 years of service credit at any age. Retirement benefits are paid in the form of a monthly life annuity based on years of service times the highest 36 months of salary during the member's contributing years of service. The multiplier for the Fire Fighter Retirement is 3.3%. The Fire Fighters Retirement Fund also provides early retirement options.

As of December 31, 2021, the Fire Fighters Retirement Fund reported a net pension liability of $11.8 million, with a plan fiduciary net position as a percentage of the total pension liability of 99.1%. The actuarial accrued liability for the Fire Fighters Retirement Fund was $1.31 billion and the funded ratio was 89.6%. As of December 31, 2020, the Fire Fighters Retirement Fund reported a net pension liability of $70.4 million and plan fiduciary net position as a percentage of the total pension liability of 94.3%. The actuarial accrued liability for the Fire Fighters Retirement Fund as of December 31, 2020 was $1.23 billion and the funded ratio was 87.5%.

The Fire Fighters Retirement Fund adopted a change used in the 2021 actuarial valuation. The valuation reflects the use of the most recently published mortality improvement scale by the Society of Actuaries. In addition, effective January 1, 2022, retirees received a one-time cost-of-living adjustment of 5.4%.

The financial statements for each plan are accessible on their respective websites. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS – Note 7" in this document for additional information on the City's Pension Plans. Also, see Note 7 of the City's Annual Comprehensive Financial Report for their web addresses.

Future City Pension System Reforms…In response to the reported actuarial funding data for COAERS, which indicates that the pension system is currently significantly underfunded, the City has been working with COAERS to resolve the funding shortfalls. The City and COAERS are working collaboratively toward implementing changes during the 2023 legislative session. The changes will include a more adaptable, actuarially determined funding model, phased increases to both City and employee contributions, and changes to the governance structure.

Other Postemployment Benefits ("OPEB")

In addition to the contributions made to the three pension systems, the City provides certain other postemployment benefits ("OPEB") to its retirees. The City's OPEB plan is a defined-benefit single-employer plan. Allocation of City funds to pay OPEB 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 OPEB for retirees or their dependents.

OPEB 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 are eligible for OPEB. Retirees may also enroll eligible dependents under the medical, dental, and vision plan(s) in which they participate.

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

The City subsidizes between 16% and 80% of the projected medical premium for retirees and a lesser portion for dependents and surviving spouses depending on years of service at retirement. The retiree must pay the unsubsidized portion of the premium. Both the City and retirees' estimated premiums are deposited in the Employee Benefits Fund, which pays actual claims for medical and prescription drugs and 100% of the retiree's basic life insurance premium. The cost of coverage above the $1,000 level for life insurance premium 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 the dental and vision premium.

The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The City funds its OPEB liabilities on a pay-as-you-go basis. The pay-as-you-go cost of providing medical and life benefits was $57.6 million in fiscal year 2021 and $47.8 million in fiscal year 2020.

The City commissions a biennial actuarial valuation of its OPEB liability with a roll-forward prepared in the year in which there is no formal valuation. As of the most recent December 31, 2021 biennial actuarial valuation date, the City's total OPEB liability decreased to $4.25 billion from $4.35 billion as of the actuarial valuation (roll forward) measured as of December 31, 2020. The decrease in the total OPEB liability was the net effect of several factors. The primary factor was an updated assumption of the valuation-year per capita health costs based on claim experience through December 31, 2021, which decreased the total liability. This decrease was partially offset by liability increases caused by an actuarial experience loss which resulted from demographic changes and actual contributions/benefit payments being different than expected as well as the lowering of the discount rate from 2.12% to 2.06%.

See "APPENDIX B – AUDITED FINANCIAL STATEMENTS – Note 8 and Note 18" in this document for additional information on the City's OPEB.

Insurance

The Liability Reserve Fund is the insurance fund of the City for settled claims, expenses, and reserves relating to third party liability claims for injury and property damage, including professional liability. The Liability Reserve Fund is used to pay for actual claims incurred and related expenses for settling these claims, for budgeted administrative costs for the fund's operations, and to estimate incurred, but not reported claims. The Liability Reserve Fund had accrued liabilities of approximately $26.6 million for claims and damages at the end of fiscal year 2021. Employee injuries are covered by the City's Workers' Compensation Fund and health claims are covered by the City's Employee Benefits Fund. The accrued liabilities for certain claims and expenses for enterprise funds of the City are funded separately, from funds of the respective enterprise systems.

ENTERPRISE FUNDS

Statement of Revenues, Expenses and Changes in Fund Net Position

The Enterprise Funds account for the activities of the City that render services on a user charge basis to the general public. Set forth on pages B-32 and B-33 of APPENDIX B in this document is a summary of the revenues, expenses, transfers and net position of the City's enterprise funds for the year ended September 30, 2021.

Electric Utility and Water and Wastewater System Transfers to the General Fund

The City owns and operates an electric utility system (also referred to in this document as the "Electric Utility System" or "Austin Energy") and a water and wastewater system (also referred to in this document as the "Water and Wastewater Utility" or "Austin Water") which provide the City, as well as adjoining areas of Travis County and certain adjacent areas of Williamson County, with electric, water and wastewater services. The City jointly participates with other electric utilities in the ownership of coal-fired electric generation facilities and a nuclear powered electric generation facility. Additionally, City individually-owned gas/oil-fired electric facilities and a biomass generation facility are available to meet Electric Utility System demand. The City owns all the facilities of the Water and Wastewater System. For the fiscal year commencing October 1, 2021, the Electric Utility System had approximately 1,897 full-time regular employees and the Water and Wastewater Utility had approximately 1,298 full-time regular employees.

Austin Energy and Austin Water each annually transfer revenue to the General Fund; the utility fund transfers have historically provided a significant percentage of the receipts for operation of the General Fund. In fiscal year 2022, the total transfers from the utility systems represented 12.8% of total General Fund revenue, with 9.1% from Austin Energy and 3.7% from Austin Water. Revenue transfers from Austin Energy and Austin Water to the City's General Fund are annually recurring, formula-based appropriations, although the amount of future utility system appropriations could be modified by City Council action. From the impact that severe winter storms during the period from February 14, 2021 through February 19, 2021 had on Austin Energy, see the Voluntary Event Notice filed by the City on EMMA (defined below) on March 8, 2021.

CONTINUING DISCLOSURE OF INFORMATION

In each Ordinance, the City has made the following agreement for the benefit of the Holders and beneficial owners of the Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") information system.

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in the main text of this Official Statement within the tables numbered one through twelve and in APPENDIX B. The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The City will update and provide this financial information and operating data as of the end of each fiscal year within six months after the end of each fiscal year, beginning with the fiscal year ending in 2022 and audited financial statements within 12 months of each fiscal year beginning with the fiscal year ending in 2022. If audited financial statements are not available within 12 months after any such fiscal year end, the City will provide unaudited financial statements within such 12-month period and audited financial statements for such fiscal year when and if the audit report on such statements becomes available. The City will provide the updated information to the MSRB through EMMA.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12 (the "Rule"), promulgated by the United States Securities and Exchange Commission (the "SEC").

The City's current fiscal year is October 1 to September 30. Accordingly, it must provide updated financial information and operating data by March 31 of each year (six months after the current fiscal year end of September 30) and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available as described above) by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

Disclosure Event Notices

The City will notify the MSRB, in a timely manner not in excess of 10 Business Days after the occurrence of the event, of any of the following events with respect to the Obligations: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City or obligated person; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor trustee or change in the name of the trustee, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect Obligation holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. The City will notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data by the time required by each Ordinance, as applicable. Neither the Obligations nor the Ordinances make any provision for debt service reserves or liquidity enhancement.

As used in clause (12) above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the City Council and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. As used in clause (15) and clause (16) above, the term "Financial Obligation" means a: (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that "Financial Obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term "Business Day" means a day other than a Saturday, Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the City or the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located.

Availability of Information

In connection with its continuing disclosure agreement entered into with respect to the Obligations, the City will file all required information and documentation with the MSRB in electronic format and accompanied by such identifying information as prescribed by and in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

Limitations and Amendments

The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Obligations may seek a writ of mandamus to compel the City to comply with its agreement. No default by the City in observing or performing its obligations under its continuing disclosure undertaking for the Obligations shall constitute a breach of or default under the applicable Ordinance for purposes of any other provision of the applicable Ordinance.

The City may amend its continuing disclosure agreement for any series of Obligations from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell such Obligations in the offering described in this document in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the respective series of outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of such series of Obligations. The City may also amend or repeal the provisions of its continuing disclosure agreement for any series of Obligations if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling such Obligations in the primary offering of such series of Obligations. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “CONTINUING DISCLOSURE OF INFORMATION - Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

TAX MATTERS

Certain Federal Income Tax Considerations

The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Obligations and is based on the Internal Revenue Code of 1986 (the “Code”), the regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service (“IRS”) and court decisions currently in effect. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS, has been, or is expected to be, sought on the issues discussed herein. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and summary of federal income tax consequences discussed herein.

The following discussion is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular holders of the Obligations and does not address U.S. federal gift or estate tax or (as otherwise stated herein) the alternative minimum tax, state, local or other tax consequences. This summary does not address special classes of taxpayers (such as partnerships, or other pass-thru entities treated as a partnerships for U.S. federal income tax purposes, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the U.S., broker-dealers, traders in securities and tax-exempt organizations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be subject to branch profits tax or personal holding company provisions of the Code or taxpayers qualifying for the health insurance premium assistance credit) that are subject to special treatment under U.S. federal income tax laws, or persons that hold Obligations as a hedge against, or that are hedged against, currency risk or that are part of hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the “U.S. dollar”. This summary is further limited to investors who will hold the Obligations as “capital assets” (generally, property held for investment) within the meaning of section 1221 of the Code. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

As used herein, the term “U.S. Holder” means a beneficial owner of an Obligation who or which is: (i) an individual citizen or resident of the United States, (ii) a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof or therein, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes. As used herein, the term “Non-U.S. Holder” means a beneficial owner of an Obligation that is not a U.S. Holder.

THIS SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF OBLIGATIONS IN LIGHT OF THE HOLDER’S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF THE OBLIGATIONS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE OBLIGATIONS. THE FOLLOWING DISCUSSION IS NOT INTENDED OR WRITTEN TO BE USED TO AVOID PENALTIES THAT MIGHT BE IMPOSED ON THE TAXPAYER IN CONNECTION WITH THE MATTERS DISCUSSED THEREIN. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE OBLIGATIONS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE.

FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO NON-U.S. HOLDERS.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Obligations will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 or backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the withholding or backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient’s federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Tax-Exempt Obligations

Opinion

On the date of initial delivery of the Tax-Exempt Obligations, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) for federal income tax purposes, interest on the Tax-Exempt Obligations of each series will be excludable from the “gross income” of the holders thereof and (2) the Tax-Exempt Obligations of each series will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code. Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Tax-Exempt Obligations. See “APPENDIX C -- FORMS OF BOND COUNSEL’S OPINIONS” in this document

In rendering its opinions, Bond Counsel to the City will rely upon (a) certain information and representations of the City, including information and representations contained in the City’s federal tax certificate related to the Tax-Exempt Obligations, and (b) covenants of the City contained in the Tax-Exempt Obligation documents relating to certain matters, including arbitrage and the use of the proceeds of the Tax-Exempt Obligations and the property financed or refinanced therewith. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Tax-Exempt Obligations to become taxable retroactively to the date of issuance. In addition, with respect to the Bonds, Bond Counsel to the City will rely upon the report of Robert Thomas, CPA, LLC, certified public accountants, reporting calculation of yield on the Bonds and the Refunded Obligations; see "VERIFICATION OF MATHEMATICAL CALCULATIONS" in this document.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Tax-Exempt Obligations in order for interest on the Tax-Exempt Obligations to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Tax-Exempt Obligations to be included in gross income retroactively to the date of issuance of the Tax-Exempt Obligations. The opinion of Bond Counsel to the City is conditioned on compliance by the City with such requirements, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Tax-Exempt Obligations.

Bond Counsel's opinion regarding each series of the Tax-Exempt Obligations represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion related to the Tax-Exempt Obligations is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Tax-Exempt Obligations.

A ruling was not sought from the IRS by the City with respect to the Tax-Exempt Obligations or property financed or refinanced with the proceeds of any series of the Tax-Exempt Obligations. No assurances can be given as to whether the IRS will commence an audit of the Tax-Exempt Obligations, or as to whether the IRS would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the IRS is likely to treat the City as the taxpayer and the holders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Tax-Exempt Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the Obligations may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Obligations"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Obligation, and (ii) the initial offering price to the public of such Original Issue Discount Obligation would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any U.S. Holder who has purchased a Tax-Exempt Obligation as an Original Issue Discount Obligation in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Obligation equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below. In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Obligation prior to stated maturity, however, the amount realized by such U.S. Holder in excess of the basis of such Original Issue Discount Obligation in the hands of such U.S. Holder (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Obligation was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Obligation is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Obligation for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Obligation.

All U.S. Holders of Original Issue Discount Obligations should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Obligations and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Obligations.

Collateral Federal Income Tax Consequences

Interest on the Tax-Exempt Obligations may be includable in certain corporations' "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, U.S. Holders of tax-exempt obligations, such as the Tax-Exempt Obligations, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Tax-Exempt Obligations, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Tax-Exempt Obligations under Federal or state law and could affect the market price or marketability of the Tax-Exempt Obligations. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Tax-Exempt Obligations should consult their own tax advisors regarding the foregoing matters.

Taxable Obligations

Certain U.S. Federal Income Tax Consequences to U.S. Holders

Periodic Interest Payments and Original Issue Discount. The Taxable Obligations are not obligations described in section 103(a) of the Code. Accordingly, the stated interest paid on the Taxable Obligations or original issue discount, if any, accruing on the Taxable Obligations will be includable in "gross income" within the meaning of section 61 of the Code of each owner thereof and be subject to federal income taxation when received or accrued, depending upon the tax accounting method applicable to such owner.

Disposition of Taxable Bonds and the Taxable Certificates. An owner will recognize gain or loss on the redemption, sale, exchange or other disposition of a Taxable Obligation equal to the difference between the redemption or sale price (exclusive of any amount paid for accrued interest) and the owner's tax basis in the Taxable Obligations. Generally, a U.S. Holder's tax basis in the Taxable Obligations will be the owner's initial cost, increased by income reported by such U.S. Holder, including original issue discount and market discount income, and reduced, but not below zero, by any amortized premium. Any gain or loss generally will be a capital gain or loss and either will be long-term or short-term depending on whether the Taxable Obligation has been held for more than one year.

Defeasance of the Taxable Bonds and the Taxable Certificates. Defeasance of any Taxable Obligations may result in a reissuance thereof, for U.S. federal income tax purposes, in which event a U.S. Holder will recognize taxable gain or loss as described above.

State, Local and Other Tax Consequences. Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Taxable Obligations under applicable state or local laws, or any other tax consequence, including the application of gift and estate taxes. Certain individuals, estates or trusts may be subject to a 3.8% surtax on all or a portion of the taxable interest that is paid on the Taxable Bonds and the Taxable Certificates. PROSPECTIVE PURCHASERS OF THE TAXABLE OBLIGATIONS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FOREGOING MATTERS.

Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders

A Non-U.S. Holder that is not subject to U.S. federal income tax as a result of any direct or indirect connection to the U.S. in addition to its ownership of a Taxable Obligation, will not be subject to U.S. federal income or withholding tax in respect of such Taxable Obligation, provided that such Non-U.S. Holder complies, to the extent necessary, with identification requirements including delivery of a signed statement under penalties of perjury, certifying that such Non-U.S. Holder is not a U.S. person and providing the name and address of such Non-U.S. Holder. Absent such exemption, payments of interest, including any amounts paid or accrued in respect of accrued original issue discount, may be subject to withholding taxes, subject to reduction under any applicable tax treaty. Non-U.S. Holders are urged to consult their own tax advisors regarding the ownership, sale or other disposition of a Taxable Obligation.

The foregoing rules will not apply to exempt a U.S. shareholder of a controlled foreign corporation from taxation on the U.S. shareholder's allocable portion of the interest income received by the controlled foreign corporation.

VERIFICATION OF MATHEMATICAL CALCULATIONS

Robert Thomas, CPA, LLC (the "Verification Agent"), a firm of independent certified public accountants, upon delivery of the Bonds, will deliver to the City its report indicating that it has examined the mathematical accuracy of computations prepared by PFM relating to the sufficiency of the payments on the Escrowed Securities and cash to be deposited in the Escrow Fund.

The report of the Verification Agent will include the statement that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it and that it has no obligation to update its report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

OTHER RELEVANT INFORMATION

Ratings

Each series of Obligations has received ratings of "AAA" (stable outlook) from S&P Global Ratings, a division of S&P Global Inc. ("S&P"), and "AA+" (stable outlook) from Fitch Ratings, Inc. ("Fitch"). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of one or all such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or by any one of them, may have an adverse effect on the market price and marketability of the Obligations. Except as provided under "CONTINUING DISCLOSURE OF INFORMATION – Disclosure Event Notices" in this document, the City will undertake no responsibility to notify the owners of the Obligations of any such revisions or withdrawal of ratings.

Litigation

A number of claims against the City, as well as certain other matters of litigation, are pending with respect to various matters arising in the normal course of the City's operations. The City Attorney and City Management are of the opinion that resolution of the claims pending (including the matter described below) will not have a material effect on the City's financial condition.

Electric Utility System Litigation

On May 3, 2017, Data Foundry, Inc., filed a lawsuit against the City (Cause No. D-1-GN-17-000937 in the 419th Judicial District Court of Travis County, Texas), alleging that the ERCOT nodal market design disqualifies the City's electric generation assets from being considered as used and useful for the purpose of establishing rates for electric service to the City's retail customers, and otherwise challenging the reasonableness of the City's rate of return and debt service coverage levels. The lawsuit seeks declaratory relief that the City's current retail electric rates are unlawful due to the inclusion of costs and return related to generation assets, and seeks a permanent injunction against the City's establishing electric rates that include costs and return related to generation assets and operations. The case was dismissed by the trial court on November 27, 2017 on the basis that the plaintiff lacked standing to bring a lawsuit challenging the City's rates. Data Foundry appealed the trial court's decision to the 14th Court of Appeals in Houston (Cause No. 14-18-00071-CV). On April 23, 2019, the appellate court partially upheld the trial court's dismissal of the case, holding that the City's inclusion of generation costs in retail rates was proper and dismissing other claims, but remanded the remainder of the case on the grounds that municipal utility ratepayers have general standing to bring suit alleging the excessiveness of utility rates on certain grounds. On April 9, 2021, the Texas Supreme Court in Cause No. 19-0475 reversed the Court of Appeals and remanded the case in its entirety back to the trial court where the case is now pending. The case is currently abated through the end of the calendar year to allow for settlement discussions to occur.

Additionally, the Electric Utility System has been served in numerous property damage lawsuits and one wrongful death lawsuit relating to outages caused by the severe winter storm in February 2021 that affected the ERCOT system. These cases are pending in the multi-district litigation proceeding in Cause No. 2021-18513 in the 215th District Court of Harris County, Texas.

Registration and Qualification

The sale of the Obligations has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained in the Securities Act of Texas; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Legal Investments and Eligibility to Secure Public Funds in Texas

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Obligations are (i) negotiable instruments, (ii) investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (iii) legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State. The Obligations are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the PFIA, the Obligations may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with at least $1 million of capital and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes. The City has made no review of laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

Legal Matters

The delivery of each series of the Obligations is subject to the approval of the Attorney General of Texas to the effect that such Obligations are valid and legally binding obligations of the City payable from the sources and in the manner described in this document and in the respective Ordinances and the approving legal opinions of Bond Counsel. The forms of Bond Counsel's opinions are attached to this document in APPENDIX C. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent upon the sale and delivery of the Obligations. The legal opinions of Bond Counsel will accompany the Obligations deposited with DTC or will be printed on the definitive Obligations in the event of the discontinuance of the Book-Entry-Only System. In addition, certain legal matters will be passed upon (i) for the City by Norton Rose Fulbright US LLP, disclosure counsel for the City, and (ii) for the Underwriters by Haynes and Boone, LLP, counsel to the Underwriters.

Bond Counsel was not requested to participate, and did not take part, in the preparation of this Official Statement, and such firm has not assumed any responsibility for this Official Statement or undertaken independently to verify any of the information contained in it, except that, in their capacity as Bond Counsel, such firm has reviewed the information in this Official Statement under the captions, "OBLIGATION INFORMATION" (except for the information under the subheadings "Sources and Uses of Funds," "Remedies" and "Book-Entry-Only System"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION," "OTHER RELEVANT INFORMATION – Registration and Qualification," "OTHER RELEVANT INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas" and "OTHER RELEVANT INFORMATION – Legal Matters," and in APPENDIX C to verify that the information relating to the Obligations and the Ordinances in all respects accurately and fairly reflects the provisions thereof and, insofar as such information relates to matters of law, is true and accurate.

The legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues expressly addressed in those opinions. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

Financial Advisor

PFM Financial Advisors LLC ("PFM"), Austin, Texas, is employed as Financial Advisor to the City in connection with the issuance, sale and delivery of the Obligations. The payment of the fee for services rendered by PFM with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. PFM, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the bond documentation with respect to the federal income tax status of the Obligations.

Independent Auditors

The financial data listed as fiscal year 2022 has been derived from the unaudited internal records of the City. The City's independent auditors have not reviewed, examined, or performed any procedures with respect to the unaudited financial information, nor the forward-looking financial information, nor have they expressed any opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with the unaudited financial information. The unaudited information is preliminary and is subject to change as a result of the audit and may differ from the audited financial statements when they are released.

The financial statements of the City included in APPENDIX B to this Official Statement have been audited by Deloitte & Touche LLP, independent auditors, to the extent and for the period indicated in their report.

Underwriting

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Bonds from the City at a price equal to the initial offering prices/yields shown on page ii of this Official Statement, less an underwriting discount of $530,063.62. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower (or yields higher) than such public offering prices/yields, and such public prices/yields may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Contractual Obligations from the City at a price equal to the initial offering prices/yields shown on page ii of this Official Statement, less an underwriting discount of $27,987.38. The Underwriters will be obligated to purchase all of the Contractual Obligations if any Contractual Obligations are purchased. The Contractual Obligations may be offered and sold to certain dealers and others at prices lower (or yields higher) than such public offering prices/yields, and such public prices/yields may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Taxable Bonds from the City at a price equal to the initial offering prices/yields shown on page iii of this Official Statement, less an underwriting discount of $210,760.49. The Underwriters will be obligated to purchase all of the Taxable Bonds if any Taxable Bonds are purchased. The Taxable Bonds may be offered and sold to certain dealers and others at prices lower (or yields higher) than such public offering prices/yields, and such public prices/yields may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Taxable Certificates from the City at a price equal to the initial offering prices/yields shown on page iii of this Official Statement, less an underwriting discount of $62,901.92. The Underwriters will be obligated to purchase all of the Taxable Certificates if any Taxable Certificates are purchased. The Taxable Certificates may be offered and sold to certain dealers and others at prices lower (or yields higher) than such public offering prices/yields, and such public prices/yields may be changed, from time to time, by the Underwriters.

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

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Piper Sandler & Co., one of the underwriters of the Obligations, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings including the Obligations, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Obligations from Piper at the original issue price less a negotiated portion of the selling concession applicable to any Obligations that CS&Co. sells.

Forward - Looking Statements

The statements contained in this Official Statement and in any other information provided by the City that are not purely historical are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included in this document are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, and competitors, and legislative, judicial, and other governmental authorities and officials.

Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Authenticity of Financial Data and Other Information

The financial data and other information contained in this document have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates will be realized. All of the summaries of the statutes, documents and resolutions contained in this document are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Approval of the Official Statement

This Official Statement, and the execution and delivery of this Official Statement, was approved and authorized by each of the Ordinances adopted by the City Council on September 1, 2022.

/s/ Steve Adler
Mayor
City of Austin, Texas

ATTEST:

/s/ Myrna Rios
City Clerk
City of Austin, Texas

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

GENERAL INFORMATION

The City of Austin (the "City"), chartered in 1839, has a Council-Manager form of government with a Mayor who is elected at large and ten Council members who are elected by geographic district. The districts, drawn by an independent citizen's commission, are to be adjusted after each U.S. census. Following results of the 2020 Census, the Independent Citizens Redistricting Commission presented a certified map to City Council in October 2021, which will be in effect for the 2022 elections. The City's elected officials serve four-year staggered terms subject to a maximum of two consecutive terms. The City Manager, appointed by the City Council, is responsible to the City Council for the management of all City employees, except City Council appointees, and for the administration of all City affairs.

Austin, the capital of Texas, is the fourth most populous city in the state (behind Houston, San Antonio, and Dallas) and the eleventh largest in the nation with a September 2021 population of 975,321 according to the City's estimates (2020 figures were revised following release of the U.S. Census). Geographically, Austin consists of approximately 327 square miles. The current estimated median household income for Austin residents is $71,186 according to Nielsen Site Reports and Austin's per capita personal income is estimated to be $71,300 a 9.8% increase over 2020.

Austinites know that despite tremendous growth, Austin remains a very special place to live. Austin's special character in part derives from its diverse population, the unique beauty afforded being at the foothills of the hill country, as well as its reputation as a welcoming and collaborative community. Austin consistently ranks high in the U.S. News & World Report list of best places to live and ranked fifth for the 2021-2022 list. For quality of life, Austin ranked 4th in the US and 8th worldwide in a quality-of-life index based in part on purchasing power, safety, health care, and pollution and climate.

Higher education is a significant aspect of life in the Austin area which is host to six universities, a robust community college system, and numerous other institutions of higher learning. The University of Texas at Austin (UT), a world-class center of education and research, consistently ranks in the top 10 largest public universities in the U.S. in terms of undergraduate enrollment. In the 2022 U.S. News & World Report Best Colleges survey, the university ranks tenth (tied) among public universities and its business programs were ranked fifth (tied) among national universities, both public and private. Also in a new global ranking, UT placed 43rd and was the top school in Texas.

Major Initiatives

Efforts led by multiple city departments this year focused on curtailing the spread of COVID-19 and supporting the community, including small businesses, individuals and families, to weather the unprecedented challenge of a global pandemic. The City's long-term vision of being the most livable community in the country has in no way been altered because of it. The City has a highly dedicated and exceptional workforce to support the achievement of this vision in addition to City Council's policies and initiatives. City staff are committed to creating a work environment that fosters sustainable and equitable solutions, creative thinking and innovation throughout the organization, thereby better positioning the workforce to more effectively respond to new challenges as well as new opportunities. City employees take enormous pride in their public service to our community.

Imagine Austin – Imagine Austin, a comprehensive plan for the City's future approved by City Council in June 2012, sets a context to guide decision-makers for the next 20 years. The plan adheres to six core principles established in collaboration with Austin citizens:

- Grow as a compact, connected city
- Integrate nature into the City
- Provide paths to prosperity for all
- Develop as an affordable and healthy community
- Sustainably manage water, energy, and other environmental resources

- Think creatively and work together

Strategic Plan – In the spring of 2018, the City Council adopted a strategic plan, Strategic Direction 2023, to provide a shared vision for the City for the next three to five years. Strategic Direction 2023 was inspired by Imagine Austin, which laid out a 30-year vision for the City. Six priority strategic outcomes were identified to help develop and guide City policies, initiatives, and budget development. The six outcomes are:

- Mobility;
- Economic Opportunity and Affordability;
- Safety;
- Health and Environment;
- Culture and Lifelong Learning; and
- Government that Works for All.

As a result of the Strategic Direction 2023 effort, the annual budget underwent significant modification to present departmental expenditure plans and measures affecting these six outcomes.

Mobility – The Austin Transit Partnership Local Government Corporation, created to oversee the Project Connect program, including a new rail system, a downtown transit tunnel, and expanded bus system established its board, brought on staff and approved its first full-year budget in September. The bulk of the funds will go toward the development of two new rail lines. In addition, approximately $300 million will be transferred to the City over 13 years, to be used for transit-supportive, anti-displacement investments along the Project Connect System Plan.

Of the $371.5 million total capital spending plan for Mobility initiatives in 2022, $101.3 million, over 27%, is earmarked for capacity building of streets. These projects stem from multiple prior year bond packages and include the Corridor Construction Program, Regional Mobility projects with the Texas Department of Transportation, and various bikeway and intersection safety improvement projects. Improvements to the Violet Crown Trail, expected to be Austin’s longest urban trail once completed, are also scheduled for completion in 2022. A new trail entrance at Zilker park will provide an overlook, gathering area and rain garden highlighting the importance of this mobility asset.

Economic Opportunity and Affordability – Strategies for this outcome focus on reducing economic disparities by understanding and addressing their root causes. Funding was included in the Parks and Recreation Department operating budget for the Austin Civilian Conservation Corps (ACCC), a program designed to help Austinites economically impacted by COVID-19. ACCC partners with nonprofit organizations to hire and train crews to restore landscapes at City parks and conduct tree maintenance. These activities help to create more resilient landscapes while providing quality jobs and a living wage. Funding for this project comes from ARPA and the Budget Stabilization Fund.

Capital expenditures in the Housing and Planning department comprise nearly 70%, or $81.3 million, of the total capital budget for this strategic outcome. The majority of the $81.3 million comes from the 2018 Affordable Housing bonds which aim to continue the City’s commitment to reach key affordable housing goal targets. The strategic vision is to create 60,000 affordable housing units for those making less than 80% of the median family income and ensure that there is affordable housing throughout the city. Ending homelessness continues to be a high priority item for City Council and because this issue cuts across all of the City’s strategic outcomes, it is highlighted separately at the end of this section.

Safety – The Reimagining Public Safety (RPS) framework established in 2020 endeavors to prioritize a holistic approach to providing public safety services and community-centered crime prevention strategies to ensure that everyone in the community feels safe in their home and neighborhood. The fiscal year 2022 budget funds several public safety reform recommendations proposed by the City-Community RPS Task force, including enhanced funding for the Office of Violence Prevention and Victim Services within the Austin Police Department (APD). APD adopted a new training academy curriculum which was used with the 144th Police cadet class which began in June. The new program involves expanded community engagement and includes an independent monitor to evaluate the class and ensure the implementation of recommendations made as a result an assessment of the APD training academy last year.

As a result of the Winter storm Uri task force recommendations, the budget also contains funds for a one-time emergency preparedness campaign to encourage residents to prepare for potential emergencies. The operating budget for the safety outcome increased to $1.1 billion for the fiscal year 2022 budget.

The capital budget for this strategic outcome is predominantly in support of the Austin Fire Department, which is in the process of constructing five new stations in six years as part of a City Council resolution adopted in 2018. Station 51, serving the Travis Country and Sunset Valley neighborhoods, opened over the summer and renovations on two other stations were completed.

Health and Environment – In 2021, Austin Public Health (APH) implemented a vaccine strategy that mobilized vaccine providers to fully vaccinate more than 68% of eligible Travis County residents. APH administered over 355,000 vaccine doses through mass clinics, mobile clinics, and traditional immunization clinics, while also improving outreach efforts. APH focused on improving equity in public information on COVID-19 by making outreach and education information available in multiple languages. Two townhall meetings captured public input in seven different languages to inform and improve vaccination processes.

Capital expenditures for this strategic outcome lie predominantly with Austin Water, which in fiscal year 2022 is scheduling upgrades to electrical systems, replacing aging infrastructure, and making advanced metering infrastructure improvements. The utility also has $6.9 million budgeted in capital spending to expand its reclaimed water system infrastructure, allowing more customers to connect for irrigation, cooling towers and industrial uses. By improving efficiencies in the system, Austin Water can reduce operating costs in addition to conserving water resources.

Culture and Lifelong Learning - The majority of the fiscal year 2022 budget for this strategic outcome lies with the Austin Public Library for continued support of the Central Library as well as library branches across the City. The newly established Austin Economic Development Corporation (AEDC) will assist with the acquisition of creative spaces, which the Economic Development Department will oversee by contract with operators for the facilities. Also of note is funding of the Iconic Venue Fund to save and preserve Austin's iconic cultural venues and protect the city's unique creative cultural brand via a $2.5 million transfer from the Budget Stabilization Fund. The Iconic Venue Fund is managed by the AEDC. With respect to capital spending, the 2018 voter approved public improvement bonds included funding for construction of a new facility for the Dougherty Arts Center which has been operating out of a naval reserve facility built in 1947. The project, destined for Butler Shores, will begin its design phase in fiscal year 2022.

Government that Works for All – In an effort to bring internet access to all members of the community, the Telecommunications and Regulatory Affairs Division of the Financial Services Department will conduct and begin implementation of the Community Technology Study in 2022. More in house, the Office of Real Estate Services, previously a stand-alone division, will be incorporated into the Financial Services Department. This consolidation is intended to improve synergies and streamline implementation of the City's strategic facilities governance process.

As to capital spending for fiscal year 2022, Austin Energy accounts for the majority of the expenditures in this strategic outcome, ensuring the maintenance of and upgrades to the electric infrastructure in order to provide safe and uninterrupted electric service. Major projects include a new warehouse facility, a new downtown substation, as well as generation and transmission projects.

FINANCIAL INFORMATION

Internal Controls

City management is responsible for establishing, implementing, and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Financial Policies

The City adopted a comprehensive set of Financial Policies to ensure that the City's financial resources are managed in a prudent manner and to provide a foundation for financial sustainability. Compliance with these policies is reviewed annually as part of the budget process. The policies and results of the review are published in the Approved Budget document. An important element of the policies dictates that current revenue will be sufficient to support current expenditures (defined as "structural balance"). Assigned and unassigned fund balances in excess of what is required shall normally be used to fund capital items. The City maintains the goal of a structurally balanced budget to achieve long-term financial stability for the City. In 2020, City Council revised General Fund financial policies and established a goal to increase the Emergency Reserve from 6% to 8% and to limit expenditure of the Budget Stabilization reserve to emergency situations unless it exceeds 6%. This will ultimately result in an increase of total General Fund reserves from 12% to 14% of operating expenses.

Long-term Financial Planning

Austin leaders are continually looking toward and planning for the future. A key City financial policy requires annual preparation of a five-year financial forecast projecting revenues and expenditures for all operating funds. This forecast is used as a tool to develop the following year's operating budget. In addition, the City annually prepares a five-year Capital Improvement Project (CIP) Plan that outlines all capital projects in progress, those that will be implemented in the five-year horizon, and related funding sources. A second plan covering a 10-year planning horizon, the Long-Range CIP Strategic Plan, is updated biennially. This plan provides a data-driven approach to planning for how the City's future capital improvements support the way Austin functions and grows. Such an approach assists in aligning the City's CIP investments with the Imagine Austin Comprehensive Plan and the Council's strategic priorities as the City strives to strike a balance between ongoing capital needs necessary to maintain services for a rapidly growing community and strategic investments that support community priorities. City departments prepare a number of other long- and mid-range service plans that provide input into decisions made in the planning and budgeting process. These plans range from clean energy and climate protection to strategic mobility planning. Maintaining sound financial and economic development policies within the City organization allows for a high level of services to the community. It also results in positive bond ratings, which measures the City's ability to repay its debt.

Budgetary Control

The annual operating budget is proposed by the City Manager and approved by the City Council after public discussion. Annual budgets are legally required for the General Fund, debt service funds, and certain special revenue funds. While not legally required, annual budgets are also adopted for the enterprise and internal service funds. Annual updates to the Capital Improvements Program budgets follow a similar process. Multi-year budgets are adopted for capital projects and grant funds.

Throughout the year, primary responsibility for fiscal analysis of budget to actual expense or revenue and overall program fiscal standing rests with the department operating the program. The City Manager is authorized to transfer appropriation balances within a department of the City. The City Council must approve amendments to the budget and transfers of appropriations from one department to another. As demonstrated by the statements and schedules included in the 2021 Annual Report, the City continues to meet its responsibility for sound financial management.

Budgetary Information

Despite the constraint of the pandemic, the fiscal year 2022 Budget avoided furloughs and layoffs and maintained General Fund reserves at the newly established level of 14% (previously 12%) in compliance with financial policy thresholds. This was in part due to prudent financial management and the City's ability to leverage federal relief funds. The budget development process integrates a collaborative approach to the City's finances with business planning, performance measurement, and resident input. By organizing around City Council identified strategic outcomes, the document focuses more on the bigger picture and less on the details of departmental expenditures. Although this years' budget development process was also largely remote, input was gathered and evaluated to address the issues, concerns, and priorities identified by Austin's citizens, employees, boards and commissions, and Council members. The result is a budget built around the ideals of resiliency, affordability, equity, and inclusivity that dictate the operations of Austin's city government.

The balanced fiscal year 2022 Approved Budget totals $4.7 billion and includes $1.2 billion for the General Fund, providing for the continuation of high-quality public safety, health, library, parks, water, energy, infrastructure, development, and other services for the citizens of Austin and visitors. Budgeted revenue comes from utility charges (46%), various taxes, including property tax (30%), charges for services and goods (13%), and other revenue such as interest, fees, and transfers (11%). The fiscal year 2022 budget was approved with a $0.0075 increase to the property tax rate, from 53.35 to 54.10 cents per $100 of taxable value. To lessen the impact of the tax increase, City Council approved an increase to the general homestead exemption raising it to 20%, the highest amount permitted by state law. The 3.5% tax cap established during the 2019 Texas legislative session went into effect in 2021. The City was able to balance the fiscal year 2022 budget within the 3.5% cap.

The City's largest enterprise department, Austin Energy, serves just over half a million customers within a service territory of approximately 437 square miles in the Greater Austin area. Austin Energy's approved fiscal year 2022 budget is $1.5 billion in annual revenues, including transfers. The utility has a diverse generation mix that includes nuclear, coal, natural gas, and an increasing portfolio of renewable energy sources such as solar and wind.

The City's second largest enterprise department is Austin Water, which provides water and wastewater services to more than one million retail and wholesale customers spanning more than 540 square miles within Austin and surrounding areas. The fiscal year 2022 budget projects revenues and transfers in of $658.2 million. There are no planned changes to water and wastewater rates for fiscal year 2022.

Estimated Fiscal Year 2022 Results and Fiscal Year 2023 General Fund Budget

Estimated fiscal year 2022 General Fund revenue is expected to surpass budgeted projections by $55.1 million, as the City and its local economy improved during the COVID-19 crisis. Due to this strength in revenue collections, along with expected expenditure savings, the General Fund is currently anticipated to transfer $66.7 million to its Reserve Fund at the end of fiscal year 2021-22. General Fund revenue collections are projected to continue to strengthen in fiscal year 2023, and the approved fiscal year 2022-23 budget maintains reserve balances at the 14% policy target.

The approved fiscal year 2022-23 General Fund budget was prepared in accordance with guidelines provided by the City Council. The City adopted its fiscal year 2022-23 budget at meetings held August 17-18, 2022. At such meetings, the City Council determined that the budget would need more taxes than the current fiscal year provided and adopted an ad valorem tax rate of $0.4627, which consists of $0.3669 for maintenance and operations and $0.0958 for debt service. As part of the budget adoption process, the City Council also authorized the levy and transfer of $158,393,182 of operations and maintenance taxes to the Austin Transit Partnership to fund Project Connect (see "TAX MATTERS – Austin Transit Partnership" in this document). The revenues transferred to ATP are dedicated exclusively for City-wide transit initiatives and are not available for general operating needs of the City. Also see "TAX INFORMATION – Tax Procedures" in this document. The following is a summary of the adopted fiscal year 2022 General Fund Budget reflecting property tax revenues to be generated from the operations and maintenance tax rate of $0.3669.

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Beginning Balance, October 1, 2022 (Budget Basis)

Summary of Budgeted General Fund Resources		
Revenue:		
General Property Taxes (1)	$605,723	
City Sales Tax	347,047	
Other Taxes	16,491	
Gross Receipts/Franchise Fees	29,906	
Miscellaneous	99,832	
Total Revenue		1,098,999
Transfers In:		
Electric Revenue	115,000	
Water Revenue	47,037	
Other Transfers In	3,800	
Total Transfers In		165,837
Total General Fund Resources		1,264,836
Summary of Budgeted General Fund Requirements		
Departmental Appropriations:		
Administrative Services	37,324	
Urban Growth Management	18,875	
Public Safety	686,224	
Public Health and Human Services	229,074	
Public Recreation and Culture	196,041	
Total Departmental Appropriations		1,167,538
Transfers Out & Other Requirements		97,298
Total General Fund Requirements		1,264,836
Use of Beginning Balance		--
Ending Balance		--
Budgeted Reserve Requirements		
Emergency Reserve		98,886
Budget Stabilization Reserve Fund		74,193
Total Budgeted Reserve Requirements		173,079

(1) Reflects estimated property tax revenue to be generated from the $0.3669 tax rate approved by City Council for the General Fund. Does not reflect tax revenue for debt service.

The City's financial policies regarding General Fund reserves were revised, effective fiscal year 2021, to establish a minimum balance for the General Fund Reserve Fund at 14% of total fund expenditures, an increase from the 12% goal established in 2016. The General Fund Reserve Fund is internally comprised of the (i) Emergency Reserve Fund and (ii) Budget Stabilization Reserve Fund. The new General Fund reserve policy sets a goal of 8% of General Fund requirements for the Emergency Reserve. For the Budget Stabilization Reserve, the new policy sets a goal of 6% of General Fund requirements and limits use of this reserve to no more than one-third of the balance annually and permits use for capital expenditures and other one-time costs.

American Rescue Plan Act Funding and Spending Framework

President Joe Biden signed the federal American Rescue Plan Act of 2021 ("ARPA") into law on March 11, 2021, apportioning $1.9 trillion to address devastating health and economic impacts caused by ongoing COVID-19 crisis. Through ARPA, Congress established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund. These funds provided a combined $350.0 billion to eligible state, local, territorial, and tribal governments to meet pandemic response needs and rebuild stronger and more equitable economies.

Recipients cannot use this funding to offset a reduction directly or indirectly in net tax revenue due to a change in law from March 3, 2021 through the last day of the fiscal year in which the funds provided have been spent. The Treasury Department also forbid recipients from using these federal funds to make deposits into pension funds. Visit the Treasury Department's website for additional information.

The Treasury Department's allocation methodology for the Coronavirus State and Local Fiscal Recovery Funds resulted in the City of Austin receiving $188.5 million. The Treasury Department distributed the funds in two tranches, with 50% arriving in May 2021 and the balance arriving approximately twelve months later.

On June 10, 2021, Council approved an ARPA spending framework totaling $245.0 million, which included $188.5 million from ARPA – State and Local Fiscal Recovery Funds, $35.3 million from ARPA – Emergency Rental Assistance, $11.4 million from ARPA - HOME, and $9.8 million from General Fund Reserves. This framework allocated $106.7 million for homelessness response and remediation, $46.3 million for public health initiatives, $42 million for emergency relief including rental assistance, $32 million for economic and workforce development, $12 million for relief to the creative sector, and $6 million to resilience-focused initiatives including food security and food access.

The Capital Improvement Plan and Capital Budget

The Capital Improvement Plan is a five-year list of capital improvements and a corresponding spending plan for financing these improvements. It is developed through public input and department prioritization of needs. The process includes neighborhood meetings, department requests, assessment of requested projects by the City's Budget Office, input from the Planning Commission's CIP Subcommittee and other Boards and Commissions, and citizen input from public hearings. Each fiscal year, the Planning Commission reviews the Capital Improvement Plan and submits a recommendation to the City Manager detailing specific projects to be included in the Capital Budget for the next fiscal year.

The City Manager considers the Planning Commission's recommended plan to propose a Capital Budget to the City Council. The Capital Budget contains requested appropriations for new projects, additional appropriations for previously approved projects and any requests to revise prior year appropriations. Unlike the Operating Budget, which authorizes expenditures for only one fiscal year, Capital Budget appropriations are multi-year, lasting until the project is complete or until changed by the City Council.

The City Council reviews the Capital Budget, holds public hearings to gather final citizen input and establishes the amount of revenue and general obligation debt to sell to fund capital improvements.

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Fiscal Year 2023 Capital Budget

The five-year Capital Improvement Program ("CIP") plan estimates city-wide capital spending of $1.5 billion in fiscal year 2023. The first year of the five-year plan was used to determine the new appropriations required for inclusion in the fiscal year 2023 Capital Budget. The approved city-wide total appropriation is $1.1 billion. Appropriation by department is listed below.

Summary of Fiscal Year 2023 Capital Budget ($; millions):

Summary of Fiscal Year 2023 Capital Budget (millions):	
Austin Convention Center	1.6
Austin Energy	256.3
Austin Public Health	4.0
Austin Public Library	0
Austin Resource Recovery	14.2
Austin Transportation	29.2
Austin Water	390.0
Aviation	186.5
Building Services	8.1
Communications and Technology Management	16.3
Economic Development	1.4
Financial Services	5.6
Emergency Medical Services	-
Fire	0.1
Fleet	36.8
Housing and Planning	17.7
Parks and Recreation	56.6
Police	1.5
Public Works	11.6
Watershed Protection	40.2
TOTAL PROPOSED NEW APPROPRIATIONS	1,077.7

ADDITIONAL INFORMATION

Ten Largest Employers (As of September 30, 2021)

Employer	Industry	Employees	Percent of MSA Total
State Government	Government	39,685	3.42
The University of Texas at Austin	Education	28,061	2.42
HEB Grocery Stores	Grocery/Retail	19,008	1.64
Ascension Seton	Healthcare	15,218	1.31
Federal Government	Government	15,000	1.29
Walmart Stores Inc.	Retail	15,000	1.29
City of Austin	Government	14,964	1.29
Dell Computer Corporation	Computers	13,000	1.12
Amazon LLC	Retail	11,000	0.95
Austin Independent School District	Education	10,940	0.94

Source: 2021 Annual Comprehensive Financial Report.

Demographic and Economic Statistics - Last Ten Years

Year	City of Austin Population (1)	Area of Incorporation (Square Miles) (1)	Population MSA (2)	Income (MSA) (thousands of dollars) (2)	Median Household Income MSA (3)	Per Capita Personal Income MSA (3)	Unemployment Rate (MSA) (4)
2012	821,012	319	1,834,926	85,635,903	46,818	46,670	5.7%
2013	841,649	321	1,883,901	88,950,627	46,436	47,216	5.2%
2014	878,002	321	1,943,409	97,181,958	49,227	50,006	4.2%
2015	899,919	323	2,002,591	103,244,100	52,519	51,555	3.4%
2016	925,491	326	2,062,211	107,664,294	56,163	52,208	3.3%
2017	946,080	325	2,115,230	117,458,116	56,849	55,530	3.1%
2018	963,797	326	2,168,316	127,439,164	63,191	58,773	2.9%
2019	980,886	327	2,187,161	138,650,094	65,950	63,393	2.6%
2020	961,855	327	2,235,584	150,639,599	69,001	67,400	6.3%
2021	975,321	327	2,298,224 (6)	163,778,682(5)	71,186 (6)	71,300 (5)	3.5%
2012-2021 Change	18.79%	2.55%	25.25%	91.25%	52.05%	52.77%	

Note: Prior year statistics are subject to change as more precise numbers become available.
(1) Source: City Demographer, City of Austin, Housing and Planning Department based on full purpose area as of April 1, 2021.
(2) Source: Bureau of Economic Analysis for all years except 2020 which was not available at the time this table was published.
(3) Source: Claritas, a Nielson Company.
(4) Source: Bureau of Labor Statistics; United States Department of Labor as of September 30, 2021.
(5) Data not available for 2021. Figures are estimated.
(6) Source: Nielsen Site Reports.

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City Sales Tax Collections (In Millions) (1)

Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount
1-1-17	$17.697	1-1-18	$18.369	1-1-19	$18.697	1-1-20	$20.198	1-1-21	$19.781	1-1-22	$26.385
2-1-17	21.866	2-1-18	22.174	2-1-19	23.474	2-1-20	26.824	2-1-21	25.532	2-1-22	30.963
3-1-17	16.597	3-1-18	17.895	3-1-19	19.197	3-1-20	20.704	3-1-21	18.927	3-1-22	24.307
4-1-17	17.370	4-1-18	16.939	4-1-19	18.499	4-1-20	19.065	4-1-21	17.768	4-1-22	24.174
5-1-17	18.790	5-1-18	21.249	5-1-19	21.771	5-1-20	20.801	5-1-21	26.089	5-1-22	31.042
6-1-17	16.838	6-1-18	18.371	6-1-19	20.966	6-1-20	16.875	6-1-21	23.139	6-1-22	27.873
7-1-17	18.059	7-1-18	19.552	7-1-19	20.275	7-1-20	18.096	7-1-21	23.952	7-1-22	28.586
8-1-17	19.930	8-1-18	20.338	8-1-19	21.556	8-1-20	21.667	8-1-21	26.558		
9-1-17	17.401	9-1-18	19.701	9-1-19	21.797	9-1-20	19.750	9-1-21	25.021		
10-1-17	17.828	10-1-18	19.502	10-1-19	20.080	10-1-20	19.178	10-1-21	25.356		
11-1-17	19.382	11-1-18	20.661	11-1-19	22.017	11-1-20	22.036	11-1-21	28.990		
12-1-17	17.567	12-1-18	20.482	12-1-19	21.463	12-1-20	20.670	12-1-21	25.930		
	$219.325		$235.233		$249.792		$245.864		$287.043		$193.330

(1) Sales taxes are not pledged to the payment of the Obligations.
Source: City of Austin, Budget Office.

Utility Connections

	Utility Connections		
Year	Electric (1)	Water (1)	Gas (1)
2012	422,375	214,928	217,170
2013	430,582	217,070	216,688
2014	439,403	217,036	223,500
2015	450,479	223,164	228,700
2016	461,345	227,432	223,158
2017	472,701	231,014	226,749
2018	485,204	235,174	221,314
2019	496,258	239,291	238,753
2020	507,660	243,820	239,063
2021	520,757	247,037	240,263

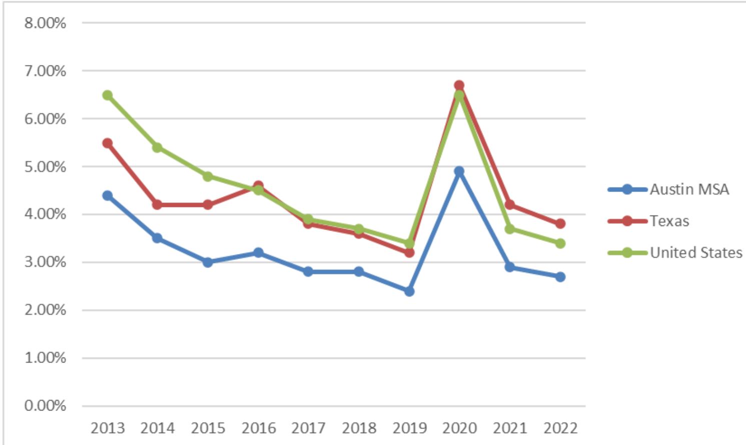
(1) Based on the City's fiscal year, which runs October 1 through September 30.
Source: Various, including the City of Austin, Texas Gas Services, Atmos Energy and Centerpoint Energy.

Employment by Industry in the Austin Metropolitan Area (1)

	2017		2018		2019		2020		2021	
		% of total		% of total		% of total		% of total		% of total
Mining, Logging, and Construction	62,100	6.00%	64,500	6.00%	69,000	6.18%	71,200	6.41%	73,300	6.29%
Manufacturing	57,400	5.55%	60,700	5.64%	62,500	5.60%	65,000	5.85%	64,800	5.56%
Trade, Transportation, and Utilities	174,800	16.89%	179,700	16.71%	184,800	16.56%	195,300	17.58%	190,300	16.32%
Information	30,800	2.98%	34,700	3.23%	38,400	3.44%	40,500	3.65%	45,100	3.87%
Financial Activities	60,200	5.82%	63,100	5.87%	66,200	5.93%	69,700	6.27%	73,000	6.26%
Professional and Business Services	177,600	17.16%	187,700	17.45%	198,700	17.80%	207,400	18.67%	235,200	20.18%
Education and Health Services	120,600	11.65%	125,300	11.65%	128,900	11.55%	124,900	11.24%	133,900	11.49%
Leisure and Hospitality	125,700	12.15%	130,700	12.15%	135,600	12.15%	106,400	9.58%	119,700	10.27%
Other Services	45,000	4.35%	46,300	4.30%	47,500	4.26%	42,300	3.81%	44,800	3.84%
Government	180,700	17.46%	183,000	17.01%	184,600	16.54%	188,300	16.95%	185,600	15.92%
Total nonfarm employment	1,034,900	100%	1,075,700	100%	1,116,200	100%	1,111,000	100%	1,165,700	100%

(1) Austin-Round Rock MSA includes the counties of Travis, Bastrop, Caldwell, Hays and Williamson. Information is updated periodically; data contained in this document is the latest provided. Based on calendar year.
Source: U.S. Bureau of Labor Statistics. Non-seasonally adjusted.

Average Annual Unemployment Rate



Year	Austin MSA	Texas	U.S.A.
2013	5.2%	6.3%	7.4%
2014	4.3%	5.2%	6.2%
2015	3.4%	4.5%	5.3%
2016	3.3%	4.6%	4.9%
2017	3.2%	4.3%	4.4%
2018	3.0%	3.9%	3.9%
2019	2.7%	3.5%	3.7%
2020	6.2%	8.9%	8.1%
2021	4.8%	6.6%	6.1%
2022 (1)	2.7%	3.8%	3.4%

Source: U.S. Bureau of Labor Statistics, accessed July 20, 2022. Unemployment rates are non-seasonally adjusted. Information is updated periodically; the BLS revised certain prior year unemployment data for the Austin MSA on April 17, 2020 and for the State on March 4, 2020.
(1) Reflects the May 2022 monthly unemployment rate.

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Housing Units

Rental rates in the City averaged $1.91 per square foot, with an occupancy rate of 91.9% as of July 2022, per ApartmentData.Com.

Residential Sales Data (Austin-Round Rock MSA)

Year	Number of Sales	Total Volume ($)	Average Price ($)
2013	29,914	8,563,906,606	286,284
2014	30,073	9,213,870,475	306,383
2015	31,326	10,342,187,130	330,147
2016	32,580	11,292,237,627	346,600
2017	33,842	12,376,009,278	365,700
2018	34,656	13,156,532,792	379,632
2019	37,057	14,570,169,172	393,183
2020	40,311	17,629,901,730	437,347
2021	41,413	23,397,281,957	564,974
2022	18,430	11,911,777,953	640,274

Source: Real Estate Center at Texas A&M University; data as of June 2022.

City-Wide Austin Office Occupancy Rate

Year	Occupancy Rate
2013	89.2%
2014	90.9%
2015	90.9%
2016	91.8%
2017	89.5%
2018	89.4%
2019	89.4%
2020	90.0%
2021	80.7%
2022 (1)	78.9%

(1) As of June 2022.
Source: Cushman & Wakefield.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS

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CITY OF AUSTIN, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended September 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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%, 99.8%, and 99.2%, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports, one of which (ABLE) contains an emphasis of matter paragraph related to a going concern issue, have 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 reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the 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, 2021, 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.

Emphasis of Matter

As discussed in Note 19 to the basic financial statements, the City adjusted its beginning net position and fund balance as of October 1, 2020, to reflect the impact of the implementation of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this change.

Other Matters

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, 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, 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.

Deloitte & Touche LLP

March 14, 2022

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, 2021.

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. 86, No. 88 through No. 90, No. 92 and No. 93, No. 95, No. 97 and No. 98.

FINANCIAL HIGHLIGHTS

Government-wide financial statements
The City's assets and deferred outflows exceeded its liabilities and deferred inflows in fiscal year 2021, resulting in $3.2 billion of net position. Net position associated with governmental activities is a deficit of approximately $792.5 million, while the net position associated with business-type activities is approximately $4.0 billion, or 124.5% of the total net position of the City. The largest portion of net position consists of net investment in capital assets, which is $4.6 billion, or 142.8% of total net position.

The City's unrestricted net position is a deficit of $2.8 billion. Unrestricted net position for governmental activities is a deficit of $3.3 billion, while unrestricted net position for business-type activities is approximately $509.3 million, or 12.7% of total business-type net position. The deficit in governmental unrestricted net position is largely due to the net pension liability of $1.3 billion and other postemployment benefits (OPEB) liability of $2.6 billion.

During fiscal year 2021, total net position for the City of Austin decreased $191.4 million or 5.6%. Of this amount, governmental activities decreased $198.9 million, or 33.5% from the previous year and business-type activities increased $7.5 million, or 0.2%.

Total revenues for the City increased $190.0 million; revenues for governmental activities increased $279.7 million; revenues for business-type activities decreased $89.7 million. Total expenses for the City increased $47.7 million; expenses for governmental activities increased $210.1 million; expenses for business-type activities decreased $162.4 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), 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, 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 2021.

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^{TM}, 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:

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

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

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

d -- Other information
The Required Supplementary Information (RSI) section immediately follows the basic financial statements and related notes section of this report. The City adopts an annual appropriated budget for the General Fund plus sixteen 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 City restated the beginning net position for governmental activities as a result of the implementation of GASB Statement No. 84, "*Fiduciary Activities.*" For more information, see Note 19.

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

Condensed Statement of Net Position
as of September 30
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Current assets	$ 798,949	779,982	1,839,337	1,867,245	2,638,286	2,647,227
Capital assets	3,534,103	3,305,902	9,233,077	8,974,945	12,767,180	12,280,847
Other noncurrent assets	393,899	246,952	3,102,554	2,854,365	3,496,453	3,101,317
Total assets	4,726,951	4,332,836	14,174,968	13,696,555	18,901,919	18,029,391
Deferred outflows of resources	1,682,325	1,576,856	1,126,855	1,021,150	2,809,180	2,598,006
Current liabilities	631,759	503,997	627,429	582,656	1,259,188	1,086,653
Noncurrent liabilities	5,425,174	5,712,633	8,832,303	8,403,024	14,257,477	14,115,657
Total liabilities	6,056,933	6,216,630	9,459,732	8,985,680	15,516,665	15,202,310
Deferred inflows of resources	1,144,823	286,661	1,816,505	1,713,928	2,961,328	2,000,589
Net position:						
Net investment in capital assets	2,208,451	1,999,355	2,408,833	2,303,795	4,617,284	4,303,150
Restricted	265,681	242,516	1,107,411	1,085,723	1,373,092	1,328,239
Unrestricted (deficit)	(3,266,612)	(2,835,470)	509,342	628,579	(2,757,270)	(2,206,891)
Total net position	$ (792,480)	(593,599)	4,025,586	4,018,097	3,233,106	3,424,498

In the current fiscal year, total assets increased $872.5 million and deferred outflows of the City increased by $211.2 million. Total liabilities increased $314.4 million and deferred inflows increased by $960.7 million. Governmental-type total assets increased by $394.1 million and business-type increased by $478.4 million, while governmental-type liabilities decreased by $159.7 million and business-type increased by $474.1 million.

The most significant increase in governmental total assets resulted from an increase in capital assets of $228.2 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 $159.7 million include a decrease in net pension liability of $797.2 million offset by an increase in OPEB liability of $482.4 million, bonds payable of $40.6 million, and other liabilities of $74.4 million. A 3.15% increase in the discount rate used in calculating the Police Officers' fund net pension liability resulted in a decrease of $711.4 million. The discount rate changed as the result of legislative changes to both the City and Police Officer contributions to the system. The increase in OPEB liability is primarily due to the change in discount rate assumption from 2.74% to 2.12%.

The most significant factor in the increase of business-type total assets is related to the $258.1 million in capital assets, of which approximately $106.6 million is related to various water and wastewater treatment plant improvements including installation of advanced metering infrastructure, construction of the North Austin Reservoir, and pump station improvements. Another factor is an increase in regulatory assets, which consists of a $111.6 million increase in Austin Energy deferred depreciation and a combined increase of $97.6 million in deferred pension and OPEB expenses for Austin Energy and Austin Water. The primary factors in the increase in business-type total liabilities of $474.1 million include an increase in both the OPEB liability of $359.5 million and bonds payable of $249.2 million offset by a decrease in commercial paper of $187.9 million.

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 $3.2 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 $4.6 billion, or 142.8% of the total amount of the City's net position. The City uses these capital assets to provide services to citizens. Capital assets are generally not highly liquid; consequently, they are not considered future available resources. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion, $1.4 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 $2.8 billion of unrestricted net position. Unrestricted net position decreased $550.4 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 $3.3 billion and $2.8 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	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	$ 126,643	119,052	2,461,429	2,527,607	2,588,072	2,646,659
Operating grants and contributions	182,566	190,534	32,377	24,383	214,943	214,917
Capital grants and contributions	99,864	60,724	150,385	147,545	250,249	208,269
General revenues:						
Property tax	937,352	732,336	--	--	937,352	732,336
Sales tax	281,784	246,658	--	--	281,784	246,658
Franchise fees and gross receipts tax	120,085	117,810	--	--	120,085	117,810
Interest and other	40,374	41,862	3,187	37,553	43,561	79,415
Special item - land sale	--	--	--	--	--	--
Total revenues	1,788,668	1,508,976	2,647,378	2,737,088	4,436,046	4,246,064
Program expenses:						
General government	327,126	283,532	--	--	327,126	283,532
Public safety	853,434	842,450	--	--	853,434	842,450
Transportation, planning, and sustainability	232,056	88,948	--	--	232,056	88,948
Public health	204,819	278,340	--	--	204,819	278,340
Public recreation and culture	185,110	178,481	--	--	185,110	178,481
Urban growth management	242,225	162,677	--	--	242,225	162,677
Interest on debt	68,724	69,002	--	--	68,724	69,002
Electric	--	--	1,256,788	1,345,003	1,256,788	1,345,003
Water	--	--	245,336	318,889	245,336	318,889
Wastewater	--	--	232,053	263,230	232,053	263,230
Airport	--	--	213,129	216,183	213,129	216,183
Convention	--	--	65,938	76,382	65,938	76,382
Environmental and health services	--	--	155,957	134,680	155,957	134,680
Public recreation	--	--	10,293	9,681	10,293	9,681
Urban growth management	--	--	334,450	312,267	334,450	312,267
Total expenses	2,113,494	1,903,430	2,513,944	2,676,315	4,627,438	4,579,745
Excess (deficiency) before transfers	(324,826)	(394,454)	133,434	60,773	(191,392)	(333,681)
Transfers	125,945	70,698	(125,945)	(70,698)	--	--
Increase (decrease) in net position	(198,881)	(323,756)	7,489	(9,925)	(191,392)	(333,681)
Beginning net position, as previously reported	(600,610)	(276,854)	4,018,097	4,028,022	3,417,487	3,751,168
Restatement adjustment	7,011	--	--	--	7,011	--
Beginning net position, as restated (see Note 19)	(593,599)	(276,854)	4,018,097	4,028,022	3,424,498	3,751,168
Ending net position	$ (792,480)	$(600,610)	4,025,586	4,018,097	3,233,106	3,417,487

Total net position of the City decreased by $191.4 million in the current fiscal year. Governmental net position decreased by $198.9 million. The decrease is attributable to expenses exceeding revenues by $324.8 million before transfers from other funds of $125.9 million. Business-type net position increased by $7.5 million due to revenues exceeding expenses of $133.4 million before transfers of $125.9 to other funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

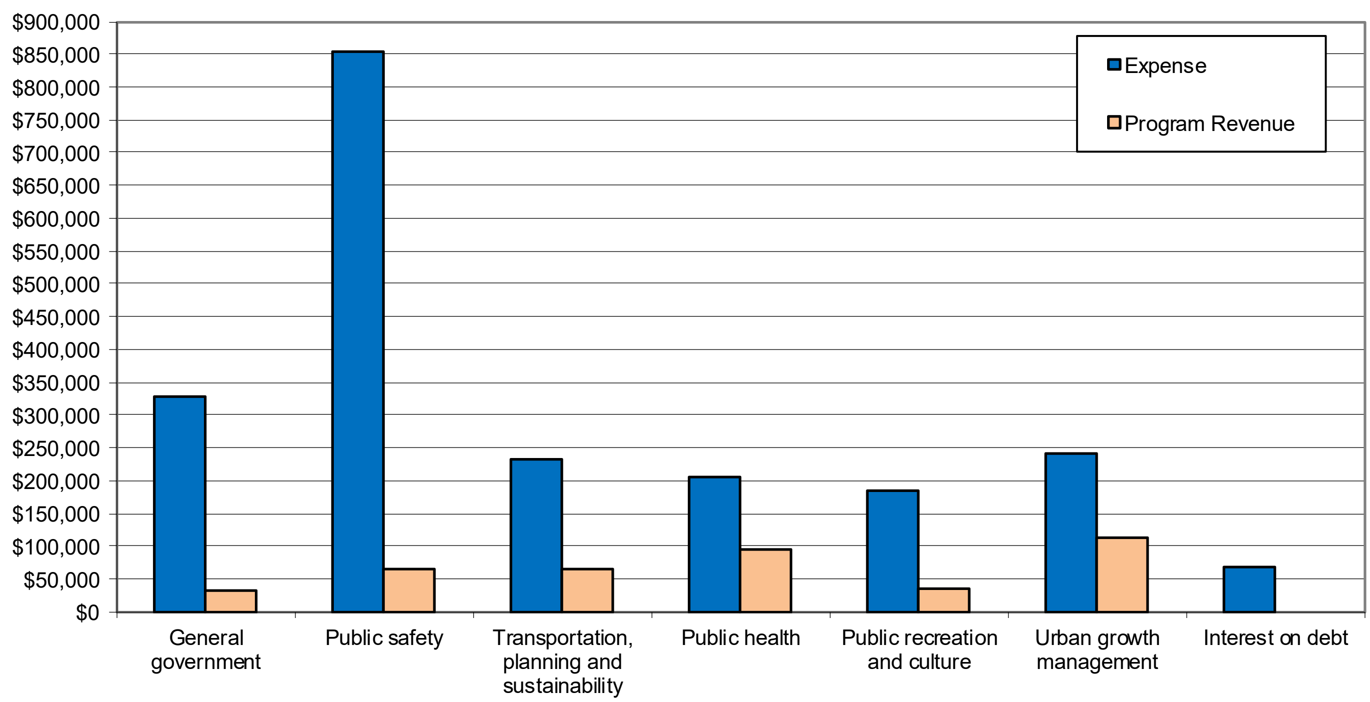
c -- Program revenues and expenses -- governmental activities

Governmental activities decreased the City's net position by $198.9 million in fiscal year 2021, a 33.5% decrease of governmental net position from the previous year. The primary reason for the decrease in net position is due to expenses related to the ongoing COVID-19 response effort, which the City anticipates to recover through the Federal Emergency Management Agency (FEMA) Public Assistance program in subsequent fiscal years. Additional factors that contributed to the change from fiscal year 2020 to 2021 are as follows:

- Property taxes increased $205.0 million due to an increase in assessed property values of $8.1 billion as well as a property tax rate increase from $0.4431 to $0.5335 per $100 of valuation. Approximately $150 million of this amount, or $0.0875 of the $0.0904 total tax rate increase, was approved by voters in November 2020 to fund the Project Connect System Plan (Project Connect). On the expense side, transportation, planning, and sustainability expenses increased by $143.1 million as a result of the payment of these tax collections to ATP for the implementation of Project Connect.
- General government expenses increased by $43.6 million due to a $21.2 million transfer of support service functions from the Police Department to the Support Service fund and an increase of $17.3 million related to pandemic response for various emergency relief programs.
- Public health expenses decreased by $73.5 million due to the decrease in expenses funded by the Federal Coronavirus Aid, Relief, and Economic Security Act (CARES) Coronavirus Relief Fund (CRF). Additionally, the City's grants and contributions also decreased by $95.2 million due to the decrease in CARES–CRF federal assistance, which supported emergency management, public safety costs, quarantine facilities, rental assistance, and various economic support programs.
- Urban growth management expenses increased by $79.5 million primarily due to expenses funded by the Emergency Rental Assistance program in the amount of $55.9 million. In addition, AHFC purchased $20.6 million of land for use towards housing assistance and housing projects.

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)

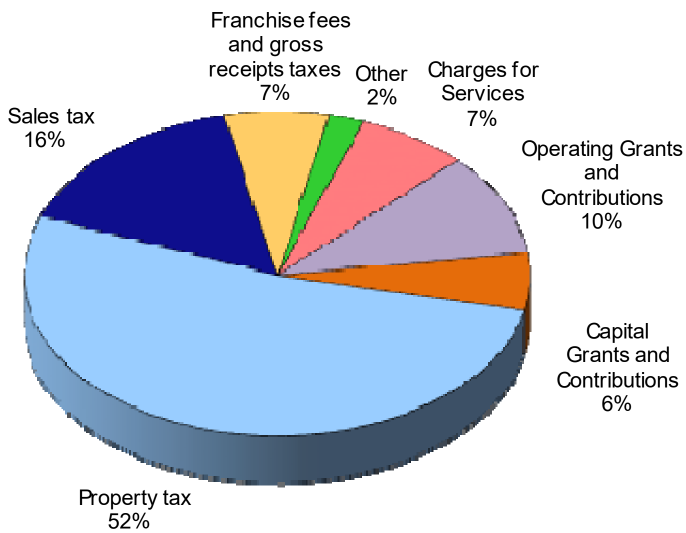


FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

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 $7.5 million, accounting for a 0.2% increase in the City's total net position. Key factors include:

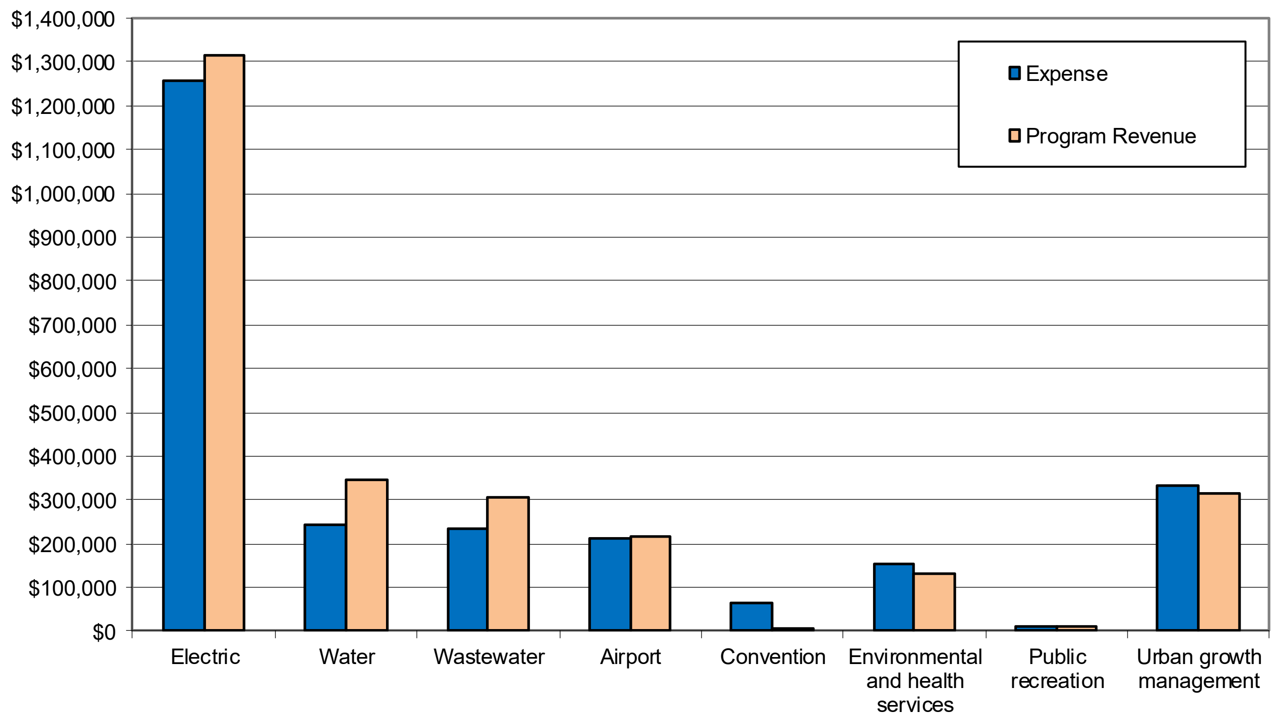
- Austin Energy net position decreased $56.2 million. This decrease can be attributed to lower base revenue and interest income due to lower utility usage and lower interest rates on investments.
- Austin Water net position increased approximately $116.4 million. Revenues remained constant from the previous year. Expenses decreased by 18% mainly due to a regulatory accounting adjustment to deferred depreciation.
- Airport net position increased approximately $5.4 million. Revenue increased 13.3% due to a steady increase in passenger traffic, resulting in an increase of rental revenue, landing fees, and parking revenue. In addition, Airport received $8.4 million more in CARES-CRF grant funds than the prior year. Expenses decreased 1.4%, due to a decrease in operating and maintenance expenses.
- Convention Center net position decreased approximately $16.4 million. Revenues decreased 63.9% due to the cancellation of events because of COVID-19. As a result of the decrease in events, revenues from facility, food and beverage concessions decreased. Parking revenues also saw a decrease due to the loss of contract, daily, and event parking. Cost containment measures, such as a hiring freeze, were put in place to help mitigate the decrease in revenues. These measures allowed for operating expenses in personnel, contractual, and commodities to decrease, which aided in overall expenses decreasing by 13.7%.
- Environmental and health services is comprised of the Austin Resource Recovery nonmajor enterprise fund. Net position decreased approximately $24.9 million. Revenues increased 9.7% due mainly to an increase in the base fee for residential accounts and an increase in revenue from the Clean Community Fee. Expenses increased by 15.8% primarily due to an increase in the OPEB liability and an increase in the landfill post closure liability estimate.

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 $18.1 million.
  - Development Services revenues increased by 12.2%, primarily as a result of increased revenues generated from review, permitting, and inspections associated with residential and commercial development. Expenditures increased 1.3% overall, with the primary drivers being an increase in employee wages, fleet maintenance and fuel allocations, and other overhead costs. Although revenues increased by a greater amount than expenses, the fund still experienced a $6.6 million loss in net position.
  - Drainage revenues decreased 14.1% primarily due to a decrease in contributions of $26.0 million from prior year related to phase two of the home buyout program. Expenses increased 11.4% due to the addition of 34 positions, administrative support, interdepartmental charges, and services related to the homelessness encampment cleanup.
  - Transportation revenues increased 3.6%, because of a $0.25 increase in the monthly Transportation User Fee coupled with the effects of population growth. Expenditures increased 7.6% overall with the primary drivers being an increase in service contracts and an increase in the OPEB liability estimate.

As shown in the following chart, Austin Energy (electric), with expenses of $1.3 billion is the City's largest business-type activity, followed by urban growth management with $334.5 million, water with $245.3 million, wastewater with $232.1 million, airport with $213.1 million, environmental and health services with $156.0 million, convention with $65.9 million, and public recreation with $10.3 million. For the fiscal year, expenses exceeded revenues for convention, environmental and health services, and urban growth management activities.

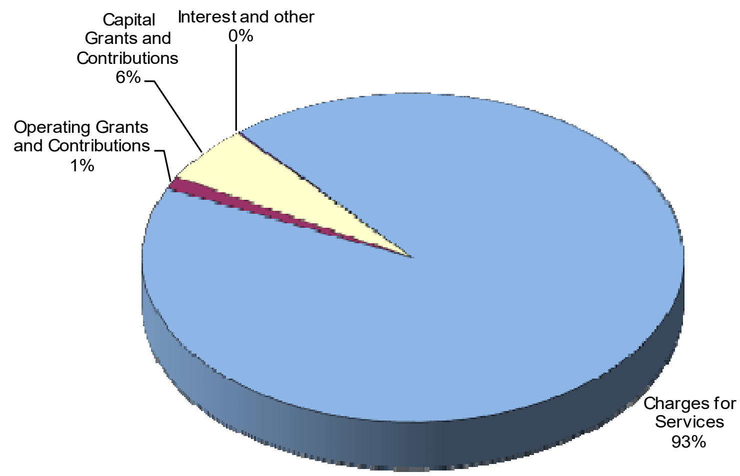
Government-wide Expenses and Program Revenues -- Business-type Activities
(Excludes General Revenues and Transfers)
(in thousands)



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 $559.4 million, a decrease of $25.9 million from the previous year. Approximately $4.4 million is nonspendable, $300.0 million is restricted, $59.1 million is committed, $244.0 million is assigned, and a deficit of $48.3 million is unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund reported nonspendable fund balance of $3.4 million, assigned fund balance of $116.4 million, and unassigned fund balance of $153.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.5% of total General Fund expenditures of $1.1 billion, and total fund balance represents 24.0% 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 $68.8 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.

The fund balance of the General Fund increased $1.0 million during the fiscal year. Significant differences from the previous year include:

- Property tax revenues increased $34.8 million due primarily to an increase in assessed property values.
- Sales tax revenue increased $35.1 million due to economic growth and revival of activity from the pandemic.
- General government expenditures increased by $38.3 million due to the City's ongoing COVID-19 response activities.
- Public Safety expenditures increased by $78.9 million as a result of the decrease in CARES-CRF funded reimbursements.
- Transfers in increased by $14 million to help fund various iconic venue, business preservation, and COVID-19 response programs.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

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 $10.2 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
There were several budget amendments during fiscal year 2021:

- The Police Department expense budget, transfers in and transfers out decreased by $27,994,537 for the creation of two new departments: Emergency Communications ($16,085,640) and Forensic Science ($11,908,897). In addition, the Police Department expense budget decreased and transfers out increased due to the Alarm Permitting Unit moving to the Development Services Fund ($551,790). There was an additional decrease to transfers in and transfers out of $17,309,632 due to the movement of support functions to the Support Services Fund.
- Other Urban Growth Management expenses and transfers in increased by $2,400,000 due to the creation of the new Iconic Venue Fund.
- Neighborhood Housing - Housing Trust Fund transfers out increased $13,250,000 and Housing and Planning expenses decreased by $900,000 to support the Capital-Housing Trust Fund.
- General City Responsibilities expense budget increased by $18,800,000 and transfers in increased by $8,800,000 due to the following ongoing COVID-19 response activities:
  - $15,000,000 for Save Austin's Vital Economic Sectors (SAVES) program to support COVID-19 emergency relief.
  - $1,500,000 to provide economic recovery support to local businesses impacted by COVID-19 and to support emergency food access
  - $2,300,000 for business preservation

During the year, actual-budget basis revenues were $37.2 million more than budgeted. Property taxes were $17.2 million more than budgeted due to an increase in overall property values. Sales taxes were $36.5 million more than budgeted due to ongoing COVID-19 economic recovery. Traffic and other fines were $2.3 million less than budgeted due to a combination of less tickets issued as well as Municipal Court closures when COVID-19 risk levels were high. Recreation and culture revenues were $5.2 million less than budgeted due to reduced services as part of the COVID-19 response. Interest was $2.2 million lower than budgeted due to significantly lower interest rates than expected.

Actual-budget basis expenditures were $5.1 million less than budgeted. Most departments were under budget except for Austin Public Health, which was over budget by $0.7 million. General City Responsibilities was over budget by $31.6 million, due to ongoing COVID-19 response. In addition, the City realized less reimbursements related to CARES-CRF in fiscal year 2021 which lead to expense refunds being under budget. EMS was under budget $1.8 million due to fewer events requiring EMS services and less travel due to COVID-19 restrictions. Fire was under budget $2.6 million due to higher than expected FEMA and Travis County reimbursements and lower than expected contractual costs due to COVID-19 restrictions. Police was under budget by $1.2 million due to the Reimagining Public Safety initiative. Library was under budget $3.9 million due to a high employment vacancy rate from higher than expected turnover and retirements. Parks and Recreation was under budget $7.3 million due to reduced services as part of the COVID-19 response. Housing and Planning was under budget $13.2 million due to lack of projects which met the criteria specified in the ordinance, projects in the early development stage for which funds were budgeted but not encumbered or spent, and the prioritization of federally funded COVID-19 relief programs related to displacement prevention. Other Urban Growth Management was under budget $6.2 million due to federal funding reimbursements from CARES-CRF and SAVES for COVID-19 response activities. The total budget-basis fund balance at year-end was $208.6 million.

OTHER INFORMATION, continued

b -- Capital assets

The City's capital assets for governmental and business-type activities as of September 30, 2021, total $12.8 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, and plant held for future use. The total increase in the City's capital assets for the current fiscal year was $486.3 million, with an increase of 6.9% for governmental activities and an increase of 2.9% for business-type activities. Additional information regarding the City's capital assets can be found in Note 5. Capital asset balances are as follows:

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

	Governmental Activities		Business-Type Activities		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Building and improvements	$ 917	828	2,261	2,250	3,178	3,078
Plant and equipment	88	98	2,557	2,446	2,645	2,544
Vehicles	77	62	103	86	180	148
Electric plant	--	--	2,429	2,434	2,429	2,434
Non-electric plant	--	--	167	175	167	175
Nuclear fuel	--	--	51	47	51	47
Water rights	--	--	78	79	78	79
Infrastructure	1,717	1,711	--	--	1,717	1,711
Land and improvements	483	409	811	787	1,294	1,196
Construction in progress	222	168	747	644	969	812
Plant held for future use	--	--	23	23	23	23
Other assets not depreciated	30	30	6	4	36	34
Total net capital assets	$ 3,534	3,306	9,233	8,975	12,767	12,281

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

- Governmental capital assets increased $228.2 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, construction was completed at Waterloo Park and the City of Austin FIRE51 and EMS40 station in Southwest Austin. Additionally, the City closed on the purchase of two additional hotels to continue to meet future needs of people experiencing homelessness in the community.

- Business-type activities purchased, constructed, or received capital asset contributions of $258.1 million. Asset additions included ongoing construction of an updated data center for IT services and completion of a consolidated maintenance facility at the Airport, installation of advanced water metering infrastructure, and construction of the North Austin Reservoir and pump station improvements. Additionally, Austin Energy closed on the purchase of their new corporate headquarters, the Mueller Office Building.

OTHER INFORMATION, continued

c -- Debt administration
At the end of the current fiscal year, the City reported $7.5 billion in outstanding debt. The table below reflects the outstanding debt at September 30. Additional information can be found in Note 6.

Outstanding Debt
General Obligation and Revenue Debt
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds and other tax supported debt, net	$ 1,527	1,487	71	80	1,598	1,567
Commercial paper notes, net	--	--	179	366	179	366
Revenue bonds, net	--	--	5,461	5,228	5,461	5,228
Revenue notes from direct placements, net	--	--	198	173	198	173
Capital lease obligations	21	26	1	1	22	27
Total	$ 1,548	1,513	5,910	5,848	7,458	7,361

During fiscal year 2021, the City's total outstanding debt increased by $96.8 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 $35.5 million. The resulting net increase is a combination of the issuance of $268.1 million in new debt to be used primarily for facility improvements, water quality protection, streets and mobility, new fire stations, a planning and development center, capital equipment, curbside composting expansion, and affordable housing, offset by the refunding portion of the issuance of $98.8 million and debt payments during the year.

- Outstanding debt for business-type activities increased by $61.3 million. The City issued $227.5 million of Electric Utility System Revenue Refunding and Improvement bonds for the construction and acquisition of Austin Energy's new headquarters complex and to refund commercial paper and revenue bond debt. Additionally, the City issued $203.5 million in Water and Wastewater System revenue refunding bonds to refund commercial paper and revenue bond debt, and $36.8 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.

During the year, the rating for the City's General Obligation bonds was revised by Fitch Ratings, Inc. from AAA to AA+, and the rating for the City's Taxable Commercial Paper Notes was revised by Fitch Ratings, Inc. from F1+ to F1. The City's commercial paper ratings are related to the ratings of the liquidity providers associated with those obligations. All other bond ratings were unchanged. Ratings of the City's obligations for various debt instruments at September 30, 2021 and 2020 were as follows:

Debt	Moody's Investors Service, Inc.		Standard & Poor's		Fitch Ratings, Inc.	
	2021	2020	2021	2020	2021	2020
General obligation bonds and other tax supported debt	Aa1	Aa1	AAA	AAA	AA+	AAA
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

Recovery from the COVID-19 pandemic continued to be the most significant economic factor of this past year for Austin and the nation, with the focus shifting from stay-at-home orders and capacity restrictions to vaccinations and variant response activities. With Austin's economy strong prior to the pandemic, and doing unexpectedly well during the pandemic, many metrics continue to show improvement, proving Austin's resilience.

Austin's growing and diverse economic base and national reputation continues to attract new employers and talented individuals to the area. In fact, Austin has not had a decade of growth under double digits since its population first started being tracked in 1840. The Austin economy is expected to continue to expand at rates above the national economy. The Austin area gained over 80,000 jobs from December 2020 through December 2021 driven primarily by gains in the professional and business services and hospitality sector, which shed the most jobs in 2020. As of December 2021, the unemployment rate for the Austin-Round Rock MSA was 2.9%, while the state unemployment rate was 5.0% and the national unemployment rate was 3.9%.

A record-breaking number of companies announced plans to relocate or expand operations in the Austin Metro area in 2021. These businesses, which range from technology to manufacturing to financial services anticipate creating nearly 27,000 new jobs. This naturally creates higher demand for real estate which continues to see an increase in both sales and prices, particularly in the residential and industrial sectors. In 2021 the Austin metro residential market experienced a 2.5% increase in sales compared with the same period in 2020. Sales tax revenue increased 14.2% from the previous year, another indicator of the economic rebound. Overall, Austin proved to be less exposed to the industries most affected by COVID-19 and economic recovery continues to strengthen.

While development of the City's fiscal year 2022 budget remained primarily remote and on-line, it also remained a process true to City Management's unwavering commitment to openness, transparency, and public engagement. The overriding goal of the 2022 budget process was to maintain City operations with no furloughs or layoffs and to support the community through the uncertainty of the pandemic. The budget is projected to increase General Fund reserves to 14% (from 12%) without any significant increases to taxes or fees. 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 City 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. Fitch Ratings, Inc. downgraded their rating on the City's general obligation bonds to AA+ around their continued concerns over pension liabilities and new provisions for binding arbitration on labor contract negotiations with the Austin Fire Association. The City has taken corrective action to improve the financial condition of both the City of Austin Employees' Retirement System (COAERS) and the Austin Police Retirement System, reducing amortization periods to 32 and 31 years, respectively. In addition, further steps to improve the financial condition of the COAERS are expected to be addressed during the next State legislative session.

Taxable property values within the City increased by 3.87% in 2021 for fiscal year 2022. The property tax rate for fiscal year 2022 is 54.10 cents per $100 valuation, up from 53.35 cents per $100 valuation in 2021. The tax rate consists of 42.80 cents for the General Fund and Project Connect, and 11.30 cents for debt service. The change in property tax for the median valued home for 2022 is ($17.12) based on the increase of the homestead exemption from 10% to 20% which was approved by City Council in June. This decrease in property tax will partially offset increases to fees for Austin Resource Recovery and the Transportation User Fee. There are no changes to the Drainage Utility Fee, Austin Energy rates or Austin Water rates.

e -- Requests for Information

This financial report is designed to provide our citizens, 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 Controller's Office 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, 2021
(In thousands)

City of Austin, Texas
Exhibit A-1

	Governmental Activities	Business-type Activities	Total (†)	Component Units
ASSETS				
Current assets:				
Cash	$ 45	65	110	219,805
Pooled investments and cash	631,084	926,660	1,557,744	--
Pooled investments and cash - restricted	--	157,000	157,000	--
Total pooled investments and cash	631,084	1,083,660	1,714,744	--
Investments - restricted	30,488	223,188	253,676	--
Cash held by trustee	--	463	463	--
Cash held by trustee - restricted	9,389	857	10,246	--
Working capital advances	--	2,687	2,687	--
Property taxes receivable, net of allowance $8,070	10,289	--	10,289	--
Accounts receivable, net of allowance $406,810	123,900	271,115	395,015	1,340
Interest receivable	2,164	1,492	3,656	--
Receivables from other governments	28,263	59	28,322	--
Receivables from other governments - restricted	--	4,883	4,883	1,561
Notes receivable, net of allowance $26,718	42,092	--	42,092	--
Inventories, at cost	2,967	97,246	100,213	173
Internal balances	(99,410)	99,410	--	--
Real property held for resale	4,177	--	4,177	--
Regulatory assets, net of accumulated amortization	--	21,133	21,133	--
Prepaid expenses	11,717	24,407	36,124	2,263
Other receivables - restricted	--	4,080	4,080	--
Other assets	1,784	4,592	6,376	--
Total current assets	798,949	1,839,337	2,638,286	225,142
Noncurrent assets:				
Cash - restricted	--	4,790	4,790	--
Pooled investments and cash - restricted	273,155	771,487	1,044,642	--
Due from component units - restricted	--	1,350	1,350	--
Investments - restricted	--	417,815	417,815	43,804
Investments held by trustee - restricted	9,038	283,538	292,576	--
Cash held by trustee - restricted	963	--	963	5,686
Interest receivable - restricted	--	546	546	--
Depreciable capital assets, net	2,798,893	7,645,495	10,444,388	194,193
Nondepreciable capital assets	735,210	1,587,582	2,322,792	46,500
Derivative instruments - energy risk management	--	2,330	2,330	--
Regulatory assets, net of accumulated amortization	--	1,531,350	1,531,350	--
Other receivables - restricted	--	7,789	7,789	--
Other long-term assets	110,743	59,946	170,689	144
Other long-term assets - restricted	--	21,613	21,613	--
Total noncurrent assets	3,928,002	12,335,631	16,263,633	290,327
Total assets	4,726,951	14,174,968	18,901,919	515,469
DEFERRED OUTFLOWS OF RESOURCES	$ 1,682,325	1,126,855	2,809,180	12,605

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

(Continued)

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

(In thousands)

	Governmental Activities	Business-type Activities	Total (†)	Component Units
LIABILITIES				
Current liabilities:				
Accounts payable	$ 72,963	119,337	192,300	6,454
Accounts and retainage payable from restricted assets	18,775	45,343	64,118	--
Accrued payroll	46,711	31,550	78,261	217
Accrued compensated absences	73,900	33,765	107,665	--
Claims payable	49,100	263	49,363	--
Due to other governments	--	4,092	4,092	--
Due to component units	--	2,189	2,189	--
Accrued interest payable from restricted assets	5	86,358	86,363	4,923
Interest payable on other debt	5,963	555	6,518	--
Bonds payable	83,441	8,434	91,875	58,042
Bonds payable from restricted assets	33,255	183,364	216,619	--
Other postemployment benefits liability	37,488	25,915	63,403	--
Capital lease obligations payable	5,264	66	5,330	--
Customer and escrow deposits payable from restricted assets	83,166	76,015	159,181	--
Accrued landfill closure and postclosure costs	--	855	855	--
Other liabilities	121,728	8,795	130,523	51,337
Other liabilities payable from restricted assets	--	533	533	--
Total current liabilities	631,759	627,429	1,259,188	120,973
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	67,133	5,702	72,835	--
Claims payable	37,286	1,246	38,532	--
Commercial paper notes payable, net of discount	--	178,600	178,600	--
Bonds payable, net of discount and inclusive of premium	1,410,421	5,538,147	6,948,568	182,592
Net pension liability	1,346,529	831,474	2,178,003	--
Other postemployment benefits liability	2,532,517	1,750,447	4,282,964	--
Capital lease obligations payable	15,823	690	16,513	--
Accrued landfill closure and postclosure costs	--	18,944	18,944	--
Asset retirement obligations	518	437,881	438,399	--
Derivative instruments - interest rate swaps	--	21,490	21,490	--
Other liabilities	14,947	46,423	61,370	265
Other liabilities payable from restricted assets	--	1,259	1,259	--
Total noncurrent liabilities	5,425,174	8,832,303	14,257,477	182,857
Total liabilities	6,056,933	9,459,732	15,516,665	303,830
DEFERRED INFLOWS OF RESOURCES	1,144,823	1,816,505	2,961,328	911
NET POSITION				
Net investment in capital assets	2,208,451	2,408,833	4,617,284	41,750
Restricted for:				
Bond reserve	--	53,022	53,022	--
Capital projects	103,448	474,268	577,716	--
Debt service	29,799	136,872	166,671	19,209
Housing activities	44,660	--	44,660	23,000
Operating reserve	--	77,082	77,082	--
Passenger facility charges	--	67,468	67,468	--
Perpetual care:				
Nonexpendable	1,070	--	1,070	--
Public safety activities	12,838	--	12,838	--
Renewal and replacement	--	80,931	80,931	--
Strategic reserve	--	217,768	217,768	--
Tourism	36,611	--	36,611	--
Urban growth programs	30,361	--	30,361	--
Other purposes	6,894	--	6,894	--
Unrestricted (deficit)	(3,266,612)	509,342	(2,757,270)	139,374
Total net position	$ (792,480)	4,025,586	3,233,106	223,333

(†) 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, 2021
(In thousands)

City of Austin, Texas
Exhibit A-2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total	Component Units
Governmental activities								
General government	$ 327,126	24,886	231	6,142	(295,867)	--	(295,867)	--
Public safety	853,434	45,504	21,240	--	(786,690)	--	(786,690)	--
Transportation, planning, and sustainability	232,056	383	--	66,255	(165,418)	--	(165,418)	--
Public health	204,819	18,229	76,047	--	(110,543)	--	(110,543)	--
Public recreation and culture	185,110	6,955	1,695	27,467	(148,993)	--	(148,993)	--
Urban growth management	242,225	30,686	83,353	--	(128,186)	--	(128,186)	--
Interest on debt	68,724	--	--	--	(68,724)	--	(68,724)	--
Total governmental activities	2,113,494	126,643	182,566	99,864	(1,704,421)	--	(1,704,421)	--
Business-type activities								
Electric	1,256,788	1,271,808	19	41,399	--	56,438	56,438	--
Water	245,336	295,295	--	51,374	--	101,333	101,333	--
Wastewater	232,053	271,927	--	32,203	--	72,077	72,077	--
Airport	213,129	178,077	32,209	8,272	--	5,429	5,429	--
Convention	65,938	6,018	--	--	--	(59,920)	(59,920)	--
Environmental and health services	155,957	131,414	149	45	--	(24,349)	(24,349)	--
Public recreation	10,293	10,281	--	268	--	256	256	--
Urban growth management	334,450	296,609	--	16,824	--	(21,017)	(21,017)	--
Total business-type activities	2,513,944	2,461,429	32,377	150,385	--	130,247	130,247	--
Total primary government	$ 4,627,438	2,588,072	214,943	250,249	(1,704,421)	130,247	(1,574,174)	--
Component Units	63,071	26,954	23,058	195,400	--	--	--	182,341
General revenues:								
Property tax					937,352	--	937,352	--
Sales tax					281,784	--	281,784	--
Franchise fees and gross receipts tax					120,085	--	120,085	--
Interest and other					40,374	3,187	43,561	209
Transfers-internal activities					125,945	(125,945)	--	--
Total general revenues and transfers					1,505,540	(122,758)	1,382,782	209
Net change in net position					(198,881)	7,489	(191,392)	182,550
Beginning net position, as restated (see Note 19)					(593,599)	4,018,097	3,424,498	40,783
Ending net position					$ (792,480)	4,025,586	3,233,106	223,333

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

(In thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	$ 37	1	38
Pooled investments and cash	266,115	367,196	633,311
Investments - restricted	--	30,488	30,488
Cash held by trustee - restricted	--	6,269	6,269
Investments held by trustee - restricted	--	9,038	9,038
Property taxes receivable, net of allowance	7,782	2,507	10,289
Accounts receivable, net of allowance	85,215	34,530	119,745
Interest receivable	1,746	359	2,105
Receivables from other governments	3	27,810	27,813
Notes receivable, net of allowance	157	41,935	42,092
Due from other funds	--	128,441	128,441
Advances to other funds	--	70,176	70,176
Real property held for resale	--	4,177	4,177
Prepaid items	3,369	--	3,369
Other assets	--	1,784	1,784
Total assets	364,424	724,711	1,089,135
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	33,086	39,520	72,606
Accrued payroll	35,871	948	36,819
Accrued compensated absences	1,597	--	1,597
Due to other funds	5	128,436	128,441
Unearned revenue	--	95,949	95,949
Advances from other funds	--	70,021	70,021
Deposits and other liabilities	4,359	98,623	102,982
Total liabilities	74,918	433,497	508,415
DEFERRED INFLOWS OF RESOURCES	16,404	4,944	21,348
FUND BALANCES			
Nonspendable:			
Prepaid items	3,369	--	3,369
Permanent funds	--	1,070	1,070
Restricted	--	300,032	300,032
Committed	--	59,131	59,131
Assigned	116,428	127,620	244,048
Unassigned	153,305	(201,583)	(48,278)
Total fund balances	273,102	286,270	559,372
Total liabilities, deferred inflows of resources, and fund balances	$ 364,424	724,711	1,089,135

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

to the Statement of Net Position
September 30, 2021
(In thousands)

Total fund balances - Governmental funds		$ 559,372
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	5,692,441	
Less: accumulated depreciation	(2,226,209)	
		3,466,232
Other long-term assets and certain revenues are not available as current-period resources and are not reported in the funds.		
Other assets		110,743
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.		
Pensions	807,297	
Other postemployment benefits	863,452	
Loss on debt refundings	11,426	
		1,682,175
Long-term liabilities are not payable in the current period and are not reported in the funds.		
Compensated absences	(126,731)	
Interest payable	(5,963)	
Bonds and other tax supported debt payable, net	(1,525,731)	
Net pension liability	(1,346,529)	
Other postemployment benefits	(2,570,005)	
Capital lease obligations payable	(16,929)	
Other liabilities	(15,525)	
		(5,607,413)
Deferred inflows represent an acquisition of net position that is applicable to a future reporting period.		
Unavailable revenue		
Property taxes and interest	10,160	
Accounts and other taxes receivable	11,188	
Pensions	(885,633)	
Other postemployment benefits	(124,609)	
Deferred gain on service concession agreement	(28,060)	
Deferred gain on public-private partnership arrangement	(106,521)	
		(1,123,475)
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.		119,886
Total net position - Governmental activities		$ (792,480)

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

(In thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	$ 567,041	375,328	942,369
Sales taxes	281,784	--	281,784
Franchise fees and other taxes	38,062	82,023	120,085
Fines, forfeitures and penalties	4,607	921	5,528
Licenses, permits and inspections	16,612	3,453	20,065
Charges for services/goods	57,278	21,692	78,970
Intergovernmental	--	186,511	186,511
Property owners' participation and contributions	--	36,992	36,992
Interest and other	17,246	22,938	40,184
Total revenues	982,630	729,858	1,712,488
EXPENDITURES			
Current:			
General government	251,070	773	251,843
Public safety	619,373	21,012	640,385
Transportation, planning, and sustainability	--	152,070	152,070
Public health	100,234	76,519	176,753
Public recreation and culture	127,716	2,389	130,105
Urban growth management	40,851	230,654	271,505
Debt service:			
Principal	--	150,825	150,825
Interest	--	67,710	67,710
Fees and commissions	--	33	33
Capital outlay-capital project funds	--	255,277	255,277
Total expenditures	1,139,244	957,262	2,096,506
Deficiency of revenues under expenditures	(156,614)	(227,404)	(384,018)
OTHER FINANCING SOURCES (USES)			
Issuance of tax supported debt	--	180,366	180,366
Issuance of refunding bonds	--	78,949	78,949
Bond premiums	--	50,545	50,545
Payment to refunding bond escrow agent	--	(93,417)	(93,417)
Transfers in	186,441	175,403	361,844
Transfers out	(28,863)	(191,355)	(220,218)
Total other financing sources (uses)	157,578	200,491	358,069
Net change in fund balances	964	(26,913)	(25,949)
Fund balances at beginning of year, as restated (see Note 19)	272,138	313,183	585,321
Fund balances at end of year	$ 273,102	286,270	559,372

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

(In thousands)

Net change in fund balances - Governmental funds		$	(25,949)
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	255,277		
Capital outlay-other funds	56,637		
Depreciation expense	(145,278)		
Loss on disposal of capital assets	(3,597)		
Capital asset transfers to business-type activities, net	(4,413)		
Other asset adjustments	(27,863)		
			130,763
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	(5,017)		
Charges for services	3,529		
Capital asset contributions	72,129		
			70,641
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	(180,366)		
Principal repayment on long-term debt	150,825		
Issuance of refunding bonds	(78,949)		
Bond premiums	(50,545)		
Payment to refunding bond escrow agent	93,417		
			(65,618)
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	4,939		
Pensions	(47,254)		
Other postemployment benefits	(254,838)		
Interest and other	32,903		
			(264,250)
A portion of the net revenue (expense) of the internal service funds is reported with the governmental activities.			(44,468)
Change in net position - Governmental activities		$	(198,881)

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

Proprietary Funds
Statement of Net Position
September 30, 2021
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water**	**Airport**
ASSETS			
Current assets:			
Cash	$ 26	5	3
Pooled investments and cash	328,847	201,225	18,455
Pooled investments and cash - restricted	57,507	63,054	20,376
Total pooled investments and cash	386,354	264,279	38,831
Investments - restricted	85,454	88,532	40,959
Cash held by trustee	--	463	--
Cash held by trustee - restricted	--	857	--
Working capital advances	2,687	--	--
Accounts receivable, net of allowance	153,016	74,255	12,933
Interest receivable	850	237	57
Receivables from other governments	--	59	--
Receivables from other governments - restricted	1,163	--	3,720
Due from other funds	--	301	--
Inventories, at cost	88,940	1,750	1,908
Regulatory assets, net of accumulated amortization	21,133	--	--
Prepaid expenses	21,575	1,073	694
Other receivables - restricted	--	--	4,080
Other assets	3,500	102	990
Total current assets	764,698	431,913	104,175
Noncurrent assets:			
Cash - restricted	4,790	--	--
Pooled investments and cash - restricted	107,150	90,890	438,715
Advances to other funds	5,952	902	--
Advances to other funds - restricted	--	--	1
Due from component units - restricted	--	--	1,350
Investments - restricted	296,388	49,497	61,667
Investments held by trustee - restricted	240,598	42,940	--
Interest receivable - restricted	64	62	337
Depreciable capital assets, net	2,665,044	3,332,491	1,296,965
Nondepreciable capital assets	382,221	570,464	155,295
Derivative instruments - energy risk management	2,330	--	--
Regulatory assets, net of accumulated amortization	1,106,632	424,718	--
Other receivables - restricted	7,789	--	--
Other long-term assets	44,348	570	15,028
Other long-term assets - restricted	515	21,098	--
Total noncurrent assets	4,863,821	4,533,632	1,969,358
Total assets	5,628,519	4,965,545	2,073,533
DEFERRED OUTFLOWS OF RESOURCES	$ 473,033	215,070	84,935

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

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
ASSETS			
Current assets:			
Cash	31	65	7
Pooled investments and cash	378,133	926,660	264,973
Pooled investments and cash - restricted	16,063	157,000	--
Total pooled investments and cash	394,196	1,083,660	264,973
Investments - restricted	8,243	223,188	--
Cash held by trustee	--	463	--
Cash held by trustee - restricted	--	857	4,083
Working capital advances	--	2,687	--
Accounts receivable, net of allowance	30,911	271,115	4,155
Interest receivable	348	1,492	59
Receivables from other governments	--	59	450
Receivables from other governments - restricted	--	4,883	--
Due from other funds	--	301	--
Inventories, at cost	4,648	97,246	2,967
Regulatory assets, net of accumulated amortization	--	21,133	--
Prepaid expenses	1,065	24,407	8,348
Other receivables - restricted	--	4,080	--
Other assets	--	4,592	--
Total current assets	439,442	1,740,228	285,042
Noncurrent assets:			
Cash - restricted	--	4,790	--
Pooled investments and cash - restricted	134,732	771,487	5,955
Advances to other funds	79	6,933	--
Advances to other funds - restricted	31	32	--
Due from component units - restricted	--	1,350	--
Investments - restricted	10,263	417,815	--
Investments held by trustee - restricted	--	283,538	--
Interest receivable - restricted	83	546	--
Depreciable capital assets, net	350,995	7,645,495	66,478
Nondepreciable capital assets	479,602	1,587,582	1,393
Derivative instruments - energy risk management	--	2,330	--
Regulatory assets, net of accumulated amortization	--	1,531,350	--
Other receivables - restricted	--	7,789	--
Other long-term assets	--	59,946	--
Other long-term assets - restricted	--	21,613	--
Total noncurrent assets	975,785	12,342,596	73,826
Total assets	1,415,227	14,082,824	358,868
DEFERRED OUTFLOWS OF RESOURCES	353,817	1,126,855	150

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

(Continued)

Proprietary Funds
Statement of Net Position
September 30, 2021
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water**	**Airport**
LIABILITIES			
Current liabilities:			
Accounts payable	$ 98,036	4,917	2,686
Accounts and retainage payable from restricted assets	7,858	27,230	3,965
Accrued payroll	11,482	6,083	2,053
Accrued compensated absences	12,365	6,516	2,826
Claims payable	242	21	--
Due to other funds	--	--	--
Due to other governments	4,088	--	4
Due to component units	--	--	2,189
Accrued interest payable from restricted assets	30,325	36,993	18,574
Interest payable on other debt	38	36	--
Bonds payable	--	--	1
Bonds payable from restricted assets	86,427	61,102	26,225
Other postemployment benefits liability	7,735	5,269	2,340
Capital lease obligations payable	66	--	--
Customer and escrow deposits payable from restricted assets	54,553	10,359	1,415
Accrued landfill closure and postclosure costs	--	--	--
Other liabilities	2,285	860	4,276
Other liabilities payable from restricted assets	533	--	--
Total current liabilities	316,033	159,386	66,554
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	2,362	845	145
Claims payable	987	259	--
Advances from other funds	--	75	--
Advances from other funds payable from restricted assets	--	5,952	--
Commercial paper notes payable, net of discount	76,600	102,000	--
Bonds payable, net of discount and inclusive of premium	1,971,799	2,354,092	1,065,661
Net pension liability	307,542	160,979	61,118
Other postemployment benefits liability	522,522	355,914	158,041
Capital lease obligations payable	690	--	--
Accrued landfill closure and postclosure costs	--	--	--
Asset retirement obligations	436,599	1,282	--
Derivative instruments - interest rate swaps	--	14,383	--
Other liabilities	45,306	--	1,117
Other liabilities payable from restricted assets	1,259	--	--
Total noncurrent liabilities	3,365,666	2,995,781	1,286,082
Total liabilities	3,681,699	3,155,167	1,352,636
DEFERRED INFLOWS OF RESOURCES	$ 603,191	967,295	178,020

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

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
LIABILITIES			
Current liabilities:			
Accounts payable	13,698	119,337	19,132
Accounts and retainage payable from restricted assets	6,290	45,343	--
Accrued payroll	11,932	31,550	9,892
Accrued compensated absences	12,058	33,765	10,100
Claims payable	--	263	49,100
Due to other funds	301	301	--
Due to other governments	--	4,092	--
Due to component units	--	2,189	--
Accrued interest payable from restricted assets	466	86,358	5
Interest payable on other debt	481	555	--
Bonds payable	8,433	8,434	269
Bonds payable from restricted assets	9,610	183,364	--
Other postemployment benefits liability	10,571	25,915	--
Capital lease obligations payable	--	66	2,043
Customer and escrow deposits payable from restricted assets	9,688	76,015	698
Accrued landfill closure and postclosure costs	855	855	--
Other liabilities	1,374	8,795	4,687
Other liabilities payable from restricted assets	--	533	--
Total current liabilities	85,757	627,730	95,926
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	2,350	5,702	2,605
Claims payable	--	1,246	37,286
Advances from other funds	1,093	1,168	--
Advances from other funds payable from restricted assets	--	5,952	--
Commercial paper notes payable, net of discount	--	178,600	--
Bonds payable, net of discount and inclusive of premium	146,595	5,538,147	1,117
Net pension liability	301,835	831,474	--
Other postemployment benefits liability	713,970	1,750,447	--
Capital lease obligations payable	--	690	2,115
Accrued landfill closure and postclosure costs	18,944	18,944	--
Asset retirement obligations	--	437,881	518
Derivative instruments - interest rate swaps	7,107	21,490	--
Other liabilities	--	46,423	--
Other liabilities payable from restricted assets	--	1,259	--
Total noncurrent liabilities	1,191,894	8,839,423	43,641
Total liabilities	1,277,651	9,467,153	139,567
DEFERRED INFLOWS OF RESOURCES	67,999	1,816,505	--

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

Proprietary Funds
Statement of Net Position
September 30, 2021
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water**	**Airport**
NET POSITION			
Net investment in capital assets	$ 612,273	724,823	402,850
Restricted for:			
Bond reserve	30,242	10,550	4,961
Capital projects	50,557	45,608	243,591
Debt service	55,129	51,539	22,385
Operating reserve	--	52,701	18,961
Passenger facility charges	--	--	67,468
Renewal and replacement	70,391	--	10,000
Strategic reserve	217,768	--	--
Unrestricted	780,302	172,932	(142,404)
Total net position	$ 1,816,662	1,058,153	627,812
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	38,440	21,033	7,943
Total net position - Business-type activities	$ 1,855,102	1,079,186	635,755

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
NET POSITION			
Net investment in capital assets	668,887	2,408,833	62,327
Restricted for:			
Bond reserve	7,269	53,022	--
Capital projects	134,512	474,268	5,955
Debt service	7,819	136,872	--
Operating reserve	5,420	77,082	--
Passenger facility charges	--	67,468	--
Renewal and replacement	540	80,931	--
Strategic reserve	--	217,768	--
Unrestricted	(401,053)	409,777	151,169
Total net position	423,394	3,926,021	219,451
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	32,149	99,565	
Total net position - Business-type activities	455,543	4,025,586	

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, 2021
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water**	**Airport**
OPERATING REVENUES			
Utility services	$ 1,271,808	567,222	--
User fees and rentals	--	--	155,711
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
Total operating revenues	1,271,808	567,222	155,711
OPERATING EXPENSES			
Operating expenses before depreciation	1,055,984	311,047	121,776
Depreciation and amortization	280,815	132,572	44,155
Total operating expenses	1,336,799	443,619	165,931
Operating income (loss)	(64,991)	123,603	(10,220)
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	2,967	119	--
Interest on revenue bonds and other debt	(69,207)	(83,545)	(39,973)
Passenger facility charges	--	--	22,366
Cost (recovered) to be recovered in future years	148,814	53,668	--
Other nonoperating revenue (expense)	(712)	(2,949)	25,161
Total nonoperating revenues (expenses)	81,862	(32,707)	7,554
Income (loss) before contributions and transfers	16,871	90,896	(2,666)
Capital contributions	41,399	83,605	8,272
Transfers in	6,762	75	--
Transfers out	(122,367)	(57,230)	(41)
Change in net position	(57,335)	117,346	5,565
Beginning net position	1,873,997	940,807	622,247
Ending net position	$ 1,816,662	1,058,153	627,812
Reconciliation to government-wide Statement of Activities			
Change in net position	(57,335)	117,346	5,565
Adjustment to consolidate internal service activities	1,135	(944)	(193)
Change in net position - Business-type activities	$ (56,200)	116,402	5,372

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

	Business-Type Activities: Nonmajor Enterprise Funds	Business-Type Activities: Total	Governmental Activities- Internal Service Funds
OPERATING REVENUES			
Utility services	--	1,839,030	--
User fees and rentals	444,322	600,033	--
Billings to departments	--	--	507,362
Employee contributions	--	--	45,323
Operating revenues from other governments	--	--	5,400
Other operating revenues	--	--	13,151
Total operating revenues	444,322	2,439,063	571,236
OPERATING EXPENSES			
Operating expenses before depreciation	522,656	2,011,463	592,055
Depreciation and amortization	29,779	487,321	13,773
Total operating expenses	552,435	2,498,784	605,828
Operating income (loss)	(108,113)	(59,721)	(34,592)
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	101	3,187	137
Interest on revenue bonds and other debt	(5,473)	(198,198)	(77)
Passenger facility charges	--	22,366	--
Cost (recovered) to be recovered in future years	--	202,482	--
Other nonoperating revenue (expense)	(6,354)	15,146	(1,360)
Total nonoperating revenues (expenses)	(11,726)	44,983	(1,300)
Income (loss) before contributions and transfers	(119,839)	(14,738)	(35,892)
Capital contributions	17,217	150,493	4,784
Transfers in	61,805	68,642	349
Transfers out	(14,579)	(194,217)	(16,400)
Change in net position	(55,396)	10,180	(47,159)
Beginning net position	478,790	3,915,841	266,610
Ending net position	423,394	3,926,021	219,451
Reconciliation to government-wide Statement of Activities			
Change in net position	(55,396)	10,180	
Adjustment to consolidate internal service activities	(2,689)	(2,691)	
Change in net position - Business-type activities	(58,085)	7,489	

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2021
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water**	**Airport**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 1,292,178	552,984	149,492
Cash received from other funds	28,359	9,181	--
Cash payments to suppliers for goods and services	(582,907)	(66,676)	(20,369)
Cash payments to other funds	(66,483)	(75,715)	(35,588)
Cash payments to employees for services	(234,256)	(128,102)	(45,360)
Cash payments to claimants/beneficiaries	(120)	(120)	--
Taxes collected and remitted to other governments	(41,021)	--	(1)
Net cash provided by operating activities	395,750	291,552	48,174
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	6,762	75	--
Transfers out	(122,367)	(57,083)	(41)
Collections from other sources	151	485	--
Loans from other funds	--	--	--
Loan repayments to other funds	--	(196)	(174)
Loan repayments from other funds	546	300	1
Payments to component units	--	--	(3,995)
Collections from other governments	2,210	2,461	30,072
Net cash provided (used) by noncapital financing activities	(112,698)	(53,958)	25,863
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	76,600	102,000	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	--	--
Proceeds from the sale of revenue bonds	186,883	36,795	--
Principal paid on long-term debt	(79,656)	(74,610)	(26,877)
Proceeds from the sale of capital assets	--	--	--
Interest paid on revenue bonds and other debt	(78,663)	(99,202)	(48,643)
Passenger facility charges	--	--	19,795
Acquisition and construction of capital assets	(315,448)	(192,065)	(71,126)
Contributions from state and federal governments	--	75	8,272
Contributions in aid of construction	43,245	44,262	--
Bond issuance costs	(1,774)	(1,990)	--
Bond premiums	65,383	60,413	--
Bonds issued for advanced refundings of debt	90,482	203,505	--
Cash paid for bond refunding escrow	(90,482)	(59,839)	--
Cash paid to payoff commercial paper	(162,480)	(204,000)	--
Cash paid for nuclear fuel inventory	(23,513)	--	--
Net cash provided (used) by capital and related financing activities	(289,423)	(184,656)	(118,579)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(483,970)	(224,327)	(74,491)
Proceeds from sale and maturities of investment securities	476,585	190,280	75,518
Interest on investments	1,088	258	414
Net cash provided (used) by investing activities	(6,297)	(33,789)	1,441
Net increase (decrease) in cash and cash equivalents	(12,668)	19,149	(43,101)
Cash and cash equivalents, beginning	510,988	337,345	520,650
Cash and cash equivalents, ending	$ 498,320	356,494	477,549

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

	Business-Type Activities: Nonmajor Enterprise Funds	Business-Type Activities: Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	438,213	2,432,867	62,298
Cash received from other funds	3,920	41,460	507,362
Cash payments to suppliers for goods and services	(94,230)	(764,182)	(118,021)
Cash payments to other funds	(87,176)	(264,962)	(48,644)
Cash payments to employees for services	(243,898)	(651,616)	(201,186)
Cash payments to claimants/beneficiaries	--	(240)	(182,660)
Taxes collected and remitted to other governments	--	(41,022)	--
Net cash provided by operating activities	16,829	752,305	19,149
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	61,805	68,642	--
Transfers out	(14,398)	(193,889)	(16,400)
Collections from other sources	7,111	7,747	--
Loans from other funds	3	3	--
Loan repayments to other funds	(1,807)	(2,177)	--
Loan repayments from other funds	1,685	2,532	--
Payments to component units	--	(3,995)	--
Collections from other governments	276	35,019	--
Net cash provided (used) by noncapital financing activities	54,675	(86,118)	(16,400)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	--	178,600	--
Proceeds from the sale of general obligation bonds and other tax supported debt	4,260	4,260	--
Proceeds from the sale of revenue bonds	--	223,678	--
Principal paid on long-term debt	(19,716)	(200,859)	(2,410)
Proceeds from the sale of capital assets	--	--	--
Interest paid on revenue bonds and other debt	(6,344)	(232,852)	(79)
Passenger facility charges	--	19,795	--
Acquisition and construction of capital assets	(73,956)	(652,595)	(2,148)
Contributions from state and federal governments	45	8,392	--
Contributions in aid of construction	5,042	92,549	--
Bond issuance costs	(8)	(3,772)	--
Bond premiums	1,886	127,682	--
Bonds issued for advanced refundings of debt	4,524	298,511	--
Cash paid for bond refunding escrow	(5,646)	(155,967)	--
Cash paid to payoff commercial paper	--	(366,480)	--
Cash paid for nuclear fuel inventory	--	(23,513)	--
Net cash provided (used) by capital and related financing activities	(89,913)	(682,571)	(4,637)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(13,322)	(796,110)	--
Proceeds from sale and maturities of investment securities	13,396	755,779	--
Interest on investments	533	2,293	(385)
Net cash provided (used) by investing activities	607	(38,038)	(385)
Net increase (decrease) in cash and cash equivalents	(17,802)	(54,422)	(2,273)
Cash and cash equivalents, beginning	546,761	1,915,744	277,291
Cash and cash equivalents, ending	528,959	1,861,322	275,018

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2021
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water**	**Airport**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	$ (64,991)	123,603	(10,220)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	280,815	132,572	44,155
Change in assets and liabilities:			
Decrease in working capital advances	37	--	--
Increase in accounts receivable	(19,784)	(7,049)	(1,140)
Increase in allowance for doubtful accounts	10,191	823	62
Increase in receivables from other governments	--	--	--
(Increase) decrease in inventory	9,280	330	61
(Increase) decrease in prepaid expenses and other assets	(21,142)	(167)	96
Decrease in advances to other funds	--	--	--
(Increase) decrease in other long-term assets	(26,679)	--	980
Increase in deferred outflows	(22,290)	(31,548)	(9,091)
Increase (decrease) in accounts payable	11,855	1,760	118
Increase in accrued payroll and compensated absences	2,565	1,269	361
Increase (decrease) in claims payable	977	(30)	--
Increase in customer deposits	17,562	248	331
Decrease in net pension liability	(17,688)	(1,869)	(1,744)
Increase in other postemployment benefits liability	106,213	71,711	30,014
Increase (decrease) in other liabilities	32,959	(1,045)	9
Increase (decrease) in deferred inflows	95,870	944	(5,818)
Total adjustments	460,741	167,949	58,394
Net cash provided by operating activities	$ 395,750	291,552	48,174
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Capital assets contributed from other funds	$ --	28	--
Capital assets contributed to other funds	--	--	--
Contributed facilities	--	39,240	--
Increase in the fair value of investments	(512)	--	--
Amortization of bond (discounts) premiums	13,856	23,240	11,117
Amortization of deferred loss on refundings	(2,351)	(4,726)	(2,902)
Gain (loss) on disposal of assets	(1,050)	(4,014)	(405)
Costs (recovered) to be recovered	148,813	53,668	--
Transfers from other funds	--	--	--
Transfers to other funds	--	(147)	--

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	(108,113)	(59,721)	(34,592)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	29,779	487,321	13,773
Change in assets and liabilities:			
Decrease in working capital advances	--	37	--
Increase in accounts receivable	(5,957)	(33,930)	(1,383)
Increase in allowance for doubtful accounts	870	11,946	--
Increase in receivables from other governments	--	--	(193)
(Increase) decrease in inventory	(1,654)	8,017	(712)
(Increase) decrease in prepaid expenses and other assets	434	(20,779)	(879)
Decrease in advances to other funds	--	--	2
(Increase) decrease in other long-term assets	--	(25,699)	--
Increase in deferred outflows	(62,335)	(125,264)	--
Increase (decrease) in accounts payable	(44)	13,689	1,773
Increase in accrued payroll and compensated absences	3,271	7,466	2,148
Increase (decrease) in claims payable	--	947	37,264
Increase in customer deposits	1,667	19,808	11
Decrease in net pension liability	(6,859)	(28,160)	--
Increase in other postemployment benefits liability	151,556	359,494	--
Increase (decrease) in other liabilities	10,096	42,019	1,937
Increase (decrease) in deferred inflows	4,118	95,114	--
Total adjustments	124,942	812,026	53,741
Net cash provided by operating activities	16,829	752,305	19,149
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Capital assets contributed from other funds	12,130	12,158	4,784
Capital assets contributed to other funds	(12,512)	(12,512)	--
Contributed facilities	--	39,240	--
Increase in the fair value of investments	--	(512)	--
Amortization of bond (discounts) premiums	1,492	49,705	23
Amortization of deferred loss on refundings	(678)	(10,657)	(22)
Gain (loss) on disposal of assets	(1,126)	(6,595)	(846)
Costs (recovered) to be recovered	--	202,481	--
Transfers from other funds	--	--	349
Transfers to other funds	(181)	(328)	--

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

	Custodial
ASSETS	
Pooled investments and cash	$ 2,662
Total assets	2,662
LIABILITIES	
Accounts payable	19
Due to other governments	522
Total liabilities	541
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	2,121
Total net position	$ 2,121

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, 2021
(In thousands)

	Custodial
ADDITIONS	
Contributions	$ 28
Interest and other	4
Fees collected for other governments	1,724
Miscellaneous	88
Total additions	1,844
DEDUCTIONS	
Beneficiary payments	29
Payment of fees to other governments	1,725
Administrative expenses	1
Total deductions	1,755
Change in net position	89
Beginning net position, as restated (see Note 19)	2,032
Ending net position	$ 2,121

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. 86, No. 88 through No. 90, No. 92 and No. 93, No. 95, No. 97 and No. 98. In fiscal year 2021, the City implemented the following GASB Statements:

GASB Statement	Impact
84 – "Fiduciary Activities"	This statement enhances guidance for identifying fiduciary activities and financial reporting of those activities, which allows for increased consistency and comparability between reporting entities. The adoption of GASB Statement No. 84 required restatement of beginning net position (see Note 19).
90 – "Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61"	This statement is an amendment of GASB statements No. 14 and No. 61. The objective of the statement is to clarify situations in which a government's purpose for holding a majority equity interest meets both the definition of an investment and the criteria to be reported as a component unit. The City has identified a single entity, Nacogdoches Power, LLC, in which the City is a holder of a major equity interest. It is currently reported as a blended component unit. The implementation of this standard had no impact on the financial statements.
92 – "Omnibus 2020"	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. The only portion applicable to the City's financial statements is the change of terminology used to refer to derivative instruments. The City made all required changes.
93 – "Replacement of Interbank Offered Rates"	This statement helps to preserve the consistency and comparability of reporting hedging derivative instruments and leases after a government amends or substitutes agreements to replace an Interbank Offered Rate. The City has identified one applicable hedging derivative instrument that utilizes a London Interbank Offered Rate (LIBOR) and is making updates to the language in the agreement which provides fallback protocol language to trigger a change to a new reference rate when the LIBOR tenor ceases to be published. No further action is needed at this time.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

GASB Statement	Impact
97 – "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"	This statement improves consistency in financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This statement also enhances the relevance, consistency, and comparability of the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans, as well as investment information for all Section 457 plans. The implementation of this standard had no impact on the financial statements.
98 – "The Annual Comprehensive Financial Report"	This statement replaces the terms comprehensive annual financial report and comprehensive annual financial reports with annual comprehensive financial report and annual comprehensive financial reports, respectively. The associated acronyms are replaced with ACFR and ACFRs. The implementation of this standard had no impact on the financial statements.

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.

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.

Blended Component Units	*Brief Description of Activities, Relationship to City, and Key Inclusion Criteria*
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

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

Blended Component Units	*Brief Description of Activities, Relationship to City, and Key Inclusion Criteria*
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
Mueller Local Government Corporation (MLGC)	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.

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

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	*Description of Activities, Relationship to City, and Key Inclusion Criteria*
Austin-Bergstrom Landhost Enterprises, Inc. (ABLE) 3600 Presidential Blvd, Suite 411 Austin, TX 78719	ABLE is a legally separate entity that issues revenue bonds for the purpose of financing the cost of acquiring, improving, and equipping a full-service hotel on airport property. City Council appoints this entity's Board and maintains a contractual ability to remove board members at will. Debt issued by ABLE does not constitute a debt or pledge of the faith and credit of the City.
Austin Convention Enterprises, Inc. (ACE) 500 East 4th Street Austin, TX 78701	ACE is a legally separate entity that owns, operates, and finances the Austin Convention Center Hotel. City Council appoints this entity's Board and maintains a contractual ability to remove board members at will. Debt issued by ACE does not constitute a debt or pledge of the faith and credit of the City.
Austin Economic Development Corporation (AEDC) 301 W. 2nd Street, Ste 2030 Austin, TX 78701	AEDC is a legally separate entity created in October 2020 by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of AEDC is to engage in socially beneficial real estate and economic development within the City. City Council has appointed the entity's initial Board and maintains the ability to remove members of the Board. AEDC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City.
Austin Transit Partnership Local Government Corporation (ATP) 203 Colorado Street Austin, TX 78701	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. 8th 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.

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

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

The City of Austin retirement plans (described in Note 7) 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.

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.

b -- Government-wide and Fund Financial Statements

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.

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

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.

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, committed, or assigned to expenditure 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, 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 services, liability reserve (City-wide self-insurance) services, support services, wireless communication services, and workers' compensation coverage.

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

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.

d -- Budget

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

Annual budgets are legally adopted for the General Fund, certain special revenue funds, and debt service funds. 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.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
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, 2021 (in thousands):

Governmental activities	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Charges for Services	$ 387,396	--	4,431	391,827
Fines	10,539	--	--	10,539
Taxes	60,333	28,582	--	88,915
Other Governments	--	3,295	--	3,295
Other	131	4,758	--	4,889
Allowance for doubtful accounts	(373,184)	(2,105)	(276)	(375,565)
Total	$ 85,215	34,530	4,155	123,900

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

Business-type activities	Austin Energy	Austin Water	Airport	Nonmajor Enterprise	Total
Accounts Receivable	$ 175,080	77,761	14,926	34,593	302,360
Allowance for doubtful accounts	(22,064)	(3,506)	(1,993)	(3,682)	(31,245)
Total	$ 153,016	74,255	12,933	30,911	271,115

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".

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

Inventories -- Inventories are valued at cost, which is determined as follows:

Fund	Inventory Valuation Method
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.

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):

		Business-Type Activities				
	Governmental Activities	Austin Energy	Austin Water	Airport	Nonmajor Enterprise	Total Restricted Assets
Capital projects	$ 43,513	55,098	150,330	366,022	134,815	749,778
Customer and escrow deposits	83,166	54,553	10,353	1,415	9,386	158,873
Debt service	33,255	85,454	88,532	41,951	8,243	257,435
Federal receivables	--	1,510	--	3,720	--	5,230
Housing activities	15,614	--	--	--	--	15,614
Operating reserve account	--	--	52,701	18,961	6,137	77,799
Passenger facility charge account	--	--	--	67,468	--	67,468
Perpetual care	1,070	--	--	--	--	1,070
Plant decommissioning	--	279,736	--	--	--	279,736
Public health activities	86,538	--	--	--	--	86,538
Public safety activities	12,838	--	--	--	--	12,838
Renewal and replacement account	--	70,391	--	10,000	540	80,931
Revenue bond reserve	--	30,242	55,014	61,667	10,263	157,186
Revolving loan reserve	--	4,790	--	--	--	4,790
Strategic reserve	--	217,768	--	--	--	217,768
Tourism	12,484	--	--	--	--	12,484
Urban growth programs	16,857	--	--	--	--	16,857
Other purposes	17,698	1,876	--	--	--	19,574
Total	$ 323,033	801,418	356,930	571,204	169,384	2,221,969

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

Capital Assets -- Capital assets, which primarily include land and improvements, buildings and improvements, plant and equipment, vehicles, water rights, 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.

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

		Business-type Activities			
Assets	**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.

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

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 $21.7 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.

Deferred Outflows (Inflows) of Resources -- Deferred outflows of resources represent the consumption of net position that are applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets. Deferred inflows of resources represent the acquisition of net position that have a negative effect on net position, similar to liabilities.

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

	Deferred Outflows		Deferred Inflows	
Funds	**Governmental Activities**	**Business-type Activities**	**Governmental Activities**	**Business-type Activities**
Asset Retirement Obligations (ARO) -- When an ARO is recognized, a corresponding deferred outflow of resources is recognized and amortized over the remaining life of the corresponding tangible asset.				
Governmental Activities	$ 116	--	--	--
Austin Energy	--	199,924	--	--
Austin Water	--	501	--	--
Derivative Instruments -- Derivative instruments are reported in the statement of net position at fair value. Changes in fair value of hedging derivative instruments are recognized through the application of hedge accounting as either deferred outflows or inflows in the statement of net position, as an offset to the related hedging derivative instrument.				
Austin Energy	--	-	--	2,330
Austin Water	--	14,383	--	--
Nonmajor enterprise	--	7,107	--	--
Excess consideration -- When a government acquires another entity in exchange for significant consideration, the amount of consideration that exceeds the net position acquired should be reported as a deferred outflow of resources and amortized over future periods.				
Austin Energy	--	20,553	--	--
Gain/loss on debt refundings -- When debt is refunded, the associated gains (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.				
Governmental Activities	11,460	--	--	--
Austin Energy	--	9,584	--	--
Austin Water	--	41,426	--	578
Airport	--	12,092	--	--
Nonmajor enterprise	--	5,520	--	146

(Continued)

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

	Deferred Outflows		Deferred Inflows	
Funds	**Governmental Activities**	**Business-type Activities**	**Governmental Activities**	**Business-type Activities**
Other postemployment benefits -- Changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds) may be treated as either deferred outflows or inflows. City benefit payments made between the measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.				
Governmental Activities	863,452	--	124,609	--
Austin Energy	--	180,024	--	26,524
Austin Water	--	122,436	--	17,293
Airport	--	58,541	--	6,305
Nonmajor enterprise	--	267,468	--	31,329
Pensions -- Differences between estimated and actual investment earnings, changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds), may be treated as either deferred outflows or inflows. Contributions made to the pension systems between the Plans' measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.				
Governmental Activities	807,297	--	885,633	--
Austin Energy	--	62,948	--	41,484
Austin Water	--	36,324	--	24,629
Airport	--	14,302	--	7,396
Nonmajor enterprise	--	73,722	--	36,524
Public-Private Partnership Arrangements -- The resources related to the public-private partnership arrangements that will be recognized as revenue in future years over the terms of arrangements between the City and the operators are reported as deferred inflows of resources.				
Governmental Activities	--	--	106,521	--
Regulated operations. In accordance with accounting for regulated operations, certain credits to income are held as deferred inflows of resources until the anticipated matched charge is incurred. These credits include unrealized gain/loss on investments, contributions, interest, decommissioning, and pass-through rates. Deferred outflows or inflows.				
Austin Energy	--	--	--	532,853
Austin Water	--	--	--	924,795
Service concession arrangements -- 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	--	--	28,060	--
Airport	--	--	--	164,319
Total	$ 1,682,325	1,126,855	1,144,823	1,816,505
Totals by Fund				
Governmental Activities	$ 1,682,325	--	1,144,823	--
Austin Energy	--	473,033	--	603,191
Austin Water	--	215,070	--	967,295
Airport	--	84,935	--	178,020
Nonmajor Enterprise	--	353,817	--	67,999
Grand Total	$ 1,682,325	1,126,855	1,144,823	1,816,505

The governmental funds' statements include amounts recognized as deferred inflows of resources as a result of property taxes, other taxes, and certain revenues ($21.3 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 financials statements. The liabilities and expenditures are reported on the modified accrual basis in the governmental fund financial statements; the estimated liability in governmental funds is the amount of unused vacation, exception vacation, and sick leave eligible for payout upon termination for employees that terminated by the fiscal year end.

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

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

(1) Non-sworn employees are eligible for accumulated sick leave payout if hired before October 1, 1986.
(2) Sworn police employees with 16 years of actual service are eligible for accumulated sick leave payout. As of 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 8. At September 30, 2021, 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 generally accepted accounting principles 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 6 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, as follows (in thousands):

	Bad Debt Expense
Austin Energy	$ 13,831
Austin Water	1,662
Airport	62
Nonmajor Enterprise	2,530

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, 2021. The amount of unbilled revenue reported in accounts receivable as of September 30, 2021 was $31.4 million. Austin Water records unbilled revenue as earned based upon the percentage of October's billing that represented water usage through September 30, 2021. The amount of unbilled revenue reported in accounts receivable as of September 30, 2021 was $19.3 million for water and $15.2 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, as follows (in thousands):

	Discounts
Airport	$ 5,736
Nonmajor Enterprise	2,108

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 $62,000 in fiscal year 2021 to a specific purpose. This amount is updated annually based on the most recently published federal government, Bureau of Labor Statistics Indicator, Consumer Price Index (CPI-W U.S. City Average) U.S. City Average.

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

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

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

	General Fund	Nonmajor Governmental Special Revenue	Debt Service	Capital Projects	Permanent	Total
Nonspendable						
Prepaid items	$ 3,369	--	--	--	--	3,369
Permanent funds	--	--	--	--	1,070	1,070
Total Nonspendable	3,369	--	--	--	1,070	4,439
Restricted						
Municipal court services	--	959	--	--	--	959
General government services	--	21	--	--	--	21
Fire special purpose	--	58	--	--	--	58
Police special purpose	--	12,780	--	--	--	12,780
Transportation, planning, and sustainability	--	217	--	--	--	217
Public health services	--	483	--	--	--	483
Library services	--	4,736	--	--	--	4,736
Parks services	--	478	--	--	--	478
Tourism programs	--	39,444	--	--	--	39,444
Affordable housing programs	--	44,660	--	--	--	44,660
Urban growth programs	--	27,528	--	--	--	27,528
Capital construction	--	--	--	135,051	--	135,051
Debt service	--	--	33,617	--	--	33,617
Total Restricted	--	131,364	33,617	135,051	--	300,032
Committed						
Tourism programs	--	102	--	--	--	102
Affordable housing programs	--	678	--	--	--	678
Urban growth programs	--	58,351	--	--	--	58,351
Total Committed	--	59,131	--	--	--	59,131
Assigned						
Municipal court services	4,788	--	--	--	--	4,788
EMS activities	892	--	--	--	--	892
Fire activities	436	--	--	--	--	436
Police activities	8,815	--	--	--	--	8,815
Public health services	31,952	--	--	--	--	31,952
Library services	3,235	--	--	--	--	3,235
Parks services	3,909	--	--	--	--	3,909
Affordable housing programs	499	602	--	--	--	1,101
Urban growth programs	61,902	379	--	--	--	62,281
Capital construction	--	--	--	126,639	--	126,639
Total Assigned	116,428	981	--	126,639	--	244,048
Unassigned	153,305	(1,220)	--	(200,363)	--	(48,278)
Total Fund Balance	$ 273,102	190,256	33,617	61,327	1,070	559,372

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. These reserves are part of unassigned fund balance for the General Fund. As of September 30, 2021, the budget stabilization reserve reports a balance of $68.8 million and the emergency reserve maintains a balance of eight percent of total General Fund requirements, or $84 million. The funds in the budget stabilization reserve may be appropriated to fund capital or other one-time costs 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.

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 7).

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.

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 14).

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 9.

f -- COVID-19 Response Funding

CARES Act -- The City received $170.8 million in federal funding from the Federal Coronavirus Aid, Relief, and Economic Security Act (CARES) Coronavirus Relief Fund (CRF) in April 2020 administered by the US Department of the Treasury. By the end of fiscal year 2021, the City expended the remaining $33.8 million of the CARES CRF funding. The funds were used in direct response to the COVID-19 pandemic in relation to emergency management, public safety costs, quarantine facilities, rental assistance, and various economic support programs to assist the citizens of the City.

Emergency Rental Assistance Funding -- The City was awarded $64.9 million from the US Department of the Treasury for the COVID-19 relief Emergency Rental Assistance Program grant. By the end of fiscal year 2021, the City expended $55.9 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 $188.5 million in federal funding from the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) administered by the US Department of the Treasury. The City received the first tranche of funding in May 2021 totaling $94.2 million and is expected to receive the remaining funding in May 2022. By the end of fiscal year 2021, the City expended $7.4 million of the SLFRF funding. 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.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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, 2021 (in thousands):

	Pooled Investments and Cash	
	Unrestricted	Restricted
General Fund	$ 266,115	--
Nonmajor governmental funds	367,196	--
Austin Energy	328,847	164,657
Austin Water	201,225	153,944
Airport	18,455	459,091
Nonmajor enterprise funds	378,133	150,795
Internal service funds	264,973	5,955
Fiduciary funds	2,662	--
Subtotal pooled investments and cash	1,827,606	934,442
Total pooled investments and cash	$ 2,762,048	

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, Deputy Treasurer over Debt Management, representation from the Controller's office, 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 2021.

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, 2021, TexPool, TexPool Prime, TexasDAILY, TexStar, and Texas CLASS had a weighted average maturity of 37 days, 48 days, 48 days, 39 days, and 53 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.

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

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

The City has the following recurring fair value measurements as of September 30, 2021:

- U.S. Treasury securities of $1.8 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 $774.9 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, 2021, the City presented Money Market Funds of $64.6 million, LGIPs of $1.05 billion valued using amortized cost, and LGIPs of $26.8 million valued using NAV.

The following table includes the portfolio balances of all non-pooled and pooled investments of the City at September 30, 2021 (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments:				
Local Government Investment Pools	$ 30,488	380,542	--	411,030
Money Market Funds	9,038	55,542	--	64,580
US Treasury Notes	--	247,044	--	247,044
US Treasury Bills	--	41,494	--	41,494
US Agency Bonds	--	159,929	--	159,929
US Agency Discounts Notes	--	39,990	--	39,990
Total non-pooled investments	39,526	924,541	--	964,067
Pooled investments:				
Local Government Investment Pools	217,553	446,357	618	664,528
US Treasury Notes	315,801	647,901	930	964,632
US Treasury Bills	189,865	389,530	559	579,954
US Agency Bonds	114,580	235,074	338	349,992
US Agency Discount Notes	73,649	151,098	217	224,964
Total pooled investments	911,448	1,869,960	2,662	2,784,070
Total investments	$ 950,974	2,794,501	2,662	3,748,137

Concentration of Credit Risk

At September 30, 2021, 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 (in millions): Federal Farm Credit Bank ($519.9 or 14%), of which $205.4 were discount notes maturing 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, 2021, 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
Operating funds					
Local Government Investment Pools	$ 217,553	446,357	618	664,528	1
US Treasury Notes	315,801	647,901	930	964,632	298
US Treasury Bills	189,865	389,530	559	579,954	69
US Agency Bonds	114,580	235,074	338	349,992	450
US Agency Discount Notes	73,649	151,098	217	224,964	141
Total Operating funds	911,448	1,869,960	2,662	2,784,070	
Debt service funds					
General Obligation Debt Service					
Local Government Investment Pools	30,488	--	--	30,488	1
Utility (1)					
Local Government Investment Pools	--	173,984	--	173,984	1
Airport					
Local Government Investment Pools	--	40,959	--	40,959	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	8,243	--	8,243	1
Total Debt service funds	30,488	223,186	--	253,674	
Debt service reserve funds					
Utility (1)					
Local Government Investment Pools	--	43,546	--	43,546	1
Money Market Funds	--	4,660	--	4,660	1
Airport					
Local Government Investment Pools	--	61,667	--	61,667	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	10,263	--	10,263	1
Total Debt service reserve funds	--	120,136	--	120,136	
Special projects/purpose funds					
Austin Energy Strategic Reserve					
Local Government Investment Pools	--	18,633	--	18,633	1
US Treasury Notes	--	85,533	--	85,533	395
US Treasury Bills	--	9,999	--	9,999	90
US Agency Bonds	--	139,931	--	139,931	812
US Agency Discount Notes	--	24,998	--	24,998	75
Total Austin Energy Strategic Reserve	--	279,094	--	279,094	
Austin Energy Nuclear Decommissioning Trust Funds (NDTF)					
Money Market Funds	--	12,602	--	12,602	1
US Treasury Notes	--	161,511	--	161,511	424
US Treasury Bills	--	31,495	--	31,495	124
US Agency Bonds	--	19,998	--	19,998	74
US Agency Discount Notes	--	14,992	--	14,992	265
Total Austin Energy NDTF	--	240,598	--	240,598	
Special Projects - Utility Reserve (1)					
Local Government Investment Pools	--	23,247	--	23,247	1
Special Projects - Other					
Money Market Funds	9,038	38,280	--	47,318	1
Total Special projects/purpose funds	9,038	581,219	--	590,257	
Total funds	$ 950,974	2,794,501	2,662	3,748,137	

(1) Includes combined pledge debt service

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

Credit Risk

At September 30, 2021, City funds held investments in LGIPs and Money Market Funds rated AAAm by Standard & Poor's or AAAmmf by Fitch Ratings, Inc., short-to-medium term U.S. Agency bonds rated AA+ by Standard & Poor's, 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, 2021, 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 ($400 or 14%)

Special Projects or Special Purpose Funds
At September 30, 2021, the Austin Energy Strategic Reserve Fund held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Farm Credit Bank ($104.9 or 37.6%), and Federal Home Loan Mortgage Corporation ($40 or 14%).

At September 30, 2021, the NDTF held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Farm Credit Bank ($15 or 6%) and Federal Home Loan Bank ($20 or 8%).

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 365 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. Three years is the maximum period before maturity.

At September 30, 2021, 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 three years from the purchase date. The dollar weighted average maturity of all securities was 186 days, which was less than the threshold of 365 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 Strategic Reserve Fund
At September 30, 2021, 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 538 days.

Special Purpose Funds - Austin Energy Nuclear Decommissioning Trust Funds (NDTF)
As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy for the NDTF 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, 2021, the dollar weighted average maturity was 324 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, 2021, are as follows (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments and cash	$ 49,923	930,716	--	980,639
Pooled investments and cash	912,345	1,871,854	2,662	2,786,861
Total investments and cash	962,268	2,802,570	2,662	3,767,500
Unrestricted cash	45	528	--	573
Restricted cash	10,352	5,647	--	15,999
Pooled investments and cash	912,345	1,871,854	2,662	2,786,861
Investments	39,526	924,541	--	964,067
Total	$ 962,268	2,802,570	2,662	3,767,500

The bank balance of the portfolio exceeds the book balance by approximately $25 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, 2021 carrying amount of deposits at the bank and cash on hand are as follows (in thousands):

	Governmental Activities	Business-type Activities	Total
Cash			
Unrestricted	$ 45	65	110
Restricted	--	4,790	4,790
Cash held by trustee			
Unrestricted	--	463	463
Restricted	10,352	857	11,209
Non-pooled cash	10,397	6,175	16,572
Pooled cash	915	1,876	2,791
Total deposits	$ 11,312	8,051	19,363

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, 2021.

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, 2020, upon which the 2021 levy was based, was $176,671,783,309.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2021, 99.28% of the current tax levy (October 1, 2020) 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 for fiscal year 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 will require 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 will continue to have 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, 2021, was $0.4209 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, 2021, was $0.1126 per $100 assessed valuation. The City has a tax margin for general governmental purposes of $0.5791 per $100 assessed valuation and could levy approximately $1,023,106,297 in additional taxes from the assessed valuation of $176,671,783,309 before the legislative limit is reached.

5 – CAPITAL ASSETS AND INFRASTRUCTURE

Governmental Activities

Capital asset activity for the year ended September 30, 2021, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,284,422	129,843	(257)	1,414,008
Plant and equipment	309,784	10,604	(24,993)	295,395
Vehicles	166,991	30,577	(13,711)	183,857
Infrastructure	3,144,219	89,629	--	3,233,848
Total depreciable capital assets	4,905,416	260,653	(38,961)	5,127,108
Less accumulated depreciation for				
Building and improvements	(456,711)	(40,947)	214	(497,444)
Plant and equipment	(211,486)	(19,264)	23,745	(207,005)
Vehicles	(104,992)	(14,993)	13,288	(106,697)
Infrastructure	(1,433,061)	(84,008)	--	(1,517,069)
Total accumulated depreciation	(2,206,250)	(159,212) (2)	37,247	(2,328,215)
Depreciable capital assets, net	2,699,166	101,441	(1,714)	2,798,893
Nondepreciable capital assets				
Land and improvements	409,346	76,047	(2,777)	482,616
Arts and treasures	11,664	294	--	11,958
Library collections	18,167	--	--	18,167
Construction in progress	167,559	165,895	(110,985)	222,469
Total nondepreciable assets	606,736	242,236	(113,762)	735,210
Total capital assets	$ 3,305,902	343,677	(115,476)	3,534,103

(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	$ 9,656
Public safety	17,991
Transportation, planning and sustainability	65,068
Public health	2,974
Public recreation and culture	25,273
Urban growth management	24,317
Internal service funds	13,751
Total increases in accumulated depreciation/amortization	159,030
Transferred accumulated depreciation	182
Total increases in accumulated depreciation/amortization	$ 159,212

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Total

Capital asset activity for the year ended September 30, 2021, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 3,238,104	87,452	(7,058)	3,318,498
Plant and equipment	4,330,764	229,112	(17,001)	4,542,875
Vehicles	260,397	36,729	(20,758)	276,368
Electric plant	5,749,728	278,425	(22,400)	6,005,753
Non-electric plant	285,500	4,110	(21,549)	268,061
Nuclear fuel	435,752	23,513	--	459,265
Water rights	100,000	--	--	100,000
Total depreciable capital assets	14,400,245	659,341	(88,766)	14,970,820
Less accumulated depreciation/amortization for				
Building and improvements	(987,878)	(74,636)	4,810	(1,057,704)
Plant and equipment	(1,884,936)	(114,433)	13,196	(1,986,173)
Vehicles	(174,607)	(19,049)	20,209	(173,447)
Electric plant	(3,315,246)	(268,243)	6,899	(3,576,590)
Non-electric plant	(110,821)	(9,792)	19,532	(101,081)
Nuclear fuel	(389,199)	(19,403)	--	(408,602)
Water rights	(20,742)	(986)	--	(21,728)
Total accumulated depreciation/amortization	(6,883,429)	(506,542) (2)	64,646	(7,325,325)
Depreciable capital assets, net	7,516,816	152,799	(24,120)	7,645,495
Nondepreciable capital assets				
Land and improvements	787,394	23,615	--	811,009
Arts and treasures	4,113	2,062	--	6,175
Construction in progress	643,507	523,827	(420,051)	747,283
Plant held for future use	23,115	--	--	23,115
Total nondepreciable assets	1,458,129	549,504	(420,051)	1,587,582
Total capital assets	$ 8,974,945	702,303	(444,171)	9,233,077

(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	$ 280,815
Water	63,714
Wastewater	68,858
Airport	44,155
Convention	8,566
Environmental and health services	10,055
Public recreation	615
Urban growth management	10,543
Total business-type activities depreciation expense	487,321
Transferred accumulated depreciation	(182)
Current year amortization included in operating expense	19,403
Total increases in accumulated depreciation/amortization	$ 506,542

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Energy

Capital asset activity for the year ended September 30, 2021, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets				
Vehicles	$ 38,757	7,294	(3,963)	42,088
Electric plant	5,749,728	278,425	(22,400)	6,005,753
Non-electric plant	285,500	4,110	(21,549)	268,061
Nuclear fuel	435,752	23,513	--	459,265
Total depreciable capital assets	6,509,737	313,342	(47,912)	6,775,167
Less accumulated depreciation/amortization for				
Vehicles	(25,029)	(2,780)	3,959	(23,850)
Electric plant	(3,315,246)	(268,243)	6,899	(3,576,590)
Non-electric plant	(110,821)	(9,792)	19,532	(101,081)
Nuclear fuel	(389,199)	(19,403)	--	(408,602)
Total accumulated depreciation/amortization	(3,840,295)	(300,218) (1)	30,390	(4,110,123)
Depreciable capital assets, net	2,669,442	13,124	(17,522)	2,665,044
Nondepreciable capital assets				
Land and improvements	71,037	5,417	--	76,454
Construction in progress (2)	204,243	209,098	(130,689)	282,652
Plant held for future use	23,115	--	--	23,115
Total nondepreciable assets	298,395	214,515	(130,689)	382,221
Total capital assets	$ 2,967,837	227,639	(148,211)	3,047,265

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	$ 280,815
Current year amortization included in operating expense	19,403
Total increases in accumulated depreciation/amortization	$ 300,218

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Water

Capital asset activity for the year ended September 30, 2021, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,247,005	8,604	(6,360)	1,249,249
Plant and equipment	4,039,558	215,952	(10,981)	4,244,529
Vehicles	45,804	6,555	(4,848)	47,511
Water rights	100,000	--	--	100,000
Total depreciable capital assets	5,432,367	231,111	(22,189)	5,641,289
Less accumulated depreciation/amortization for				
Building and improvements	(383,024)	(26,675)	4,618	(405,081)
Plant and equipment	(1,756,343)	(102,328)	8,044	(1,850,627)
Vehicles	(33,606)	(2,583)	4,827	(31,362)
Water rights	(20,742)	(986)	--	(21,728)
Total accumulated depreciation/amortization	(2,193,715)	(132,572) (1)	17,489	(2,308,798)
Depreciable capital assets, net	3,238,652	98,539	(4,700)	3,332,491
Nondepreciable capital assets				
Land and improvements	231,286	220	--	231,506
Arts and treasures	111	--	--	111
Construction in progress	326,336	196,558	(184,047)	338,847
Total nondepreciable assets	557,733	196,778	(184,047)	570,464
Total capital assets	$ 3,796,385	295,317	(188,747)	3,902,955

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	
Water	$ 62,728
Wastewater	68,858
Current year amortization	
Water	986
Total increases in accumulated depreciation/amortization	$ 132,572

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport

Capital asset activity for the year ended September 30, 2021, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,642,188	76,623	(16)	1,718,795
Plant and equipment	51,191	1,175	(4,015)	48,351
Vehicles	19,283	385	(978)	18,690
Total depreciable capital assets	1,712,662	78,183	(5,009)	1,785,836
Less accumulated depreciation for				
Building and improvements	(415,584)	(39,710)	--	(455,294)
Plant and equipment	(22,607)	(2,814)	3,752	(21,669)
Vehicles	(11,114)	(1,631)	837	(11,908)
Total accumulated depreciation	(449,305)	(44,155) (1)	4,589	(488,871)
Depreciable capital assets, net	1,263,357	34,028	(420)	1,296,965
Nondepreciable capital assets				
Land and improvements	96,381	--	--	96,381
Arts and treasures	3,390	2,062	--	5,452
Construction in progress	66,338	66,889	(79,765)	53,462
Total nondepreciable assets	166,109	68,951	(79,765)	155,295
Total capital assets	$ 1,429,466	102,979	(80,185)	1,452,260

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	$ 44,155

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2021, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 348,911	2,225	(682)	350,454
Plant and equipment	240,015	11,985	(2,005)	249,995
Vehicles	156,553	22,495	(10,969)	168,079
Total depreciable capital assets	745,479	36,705	(13,656)	768,528
Less accumulated depreciation for				
Building and improvements	(189,270)	(8,251)	192	(197,329)
Plant and equipment	(105,986)	(9,291)	1,400	(113,877)
Vehicles	(104,858)	(12,055)	10,586	(106,327)
Total accumulated depreciation	(400,114)	(29,597) (2)	12,178	(417,533)
Depreciable capital assets, net	345,365	7,108	(1,478)	350,995
Nondepreciable capital assets				
Land and improvements	388,690	17,978	--	406,668
Arts and treasures	612	--	--	612
Construction in progress	46,590	51,282	(25,550)	72,322
Total nondepreciable assets	435,892	69,260	(25,550)	479,602
Total capital assets	$ 781,257	76,368	(27,028)	830,597

(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	$ 8,566
Environmental and health services	10,055
Public recreation	615
Urban growth management	10,543
Total nonmajor enterprise activities depreciation expense	29,779
Transferred accumulated depreciation	(182)
Total increases in accumulated depreciation/amortization	$ 29,597

Service Concession Arrangements -- The City has recorded net capital assets of $182.4 million, other assets of $16 million and deferred inflows of $192.4 million derived from five 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.

The City has had an agreement with the Friends of Umlauf Garden, Inc. since 1991 to manage and operate the Umlauf Sculpture Garden and Museum. The agreement extended through November 2021 and is 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.

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

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, 2021, the unamortized balance was $8.5 million and is presented in other assets. The related deferred inflow balance is $10.4 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 16 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 first five years is $5,000. The present value of the future payments was $9.2 million at lease inception. As of September 30, 2021, the unamortized balance was $7.5 million and is presented in other assets. The related deferred inflow balance is $8.1 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.

As of September 30, 2021, the City reported the following SCA activities (in thousands):

Service Concession Arrangement		Beginning Asset Construction Cost	Current Year Additions	Beginning Accumulated Depreciation	Current Year Depreciation	Ending Accumulated Depreciation	Net Book Value
Governmental Activities:							
Umlauf Sculpture Garden	$	2,337	--	1,689	59	1,748	589
YMCA Northeast Recreation Center		1,333	--	260	34	294	1,039
Waterloo Park and Amphitheater		--	27,515	--	151	151	27,364
Total Governmental Activities		3,670	27,515	1,949	244	2,193	28,992
Business-type Activities:							
CONRAC facility		152,496	--	19,000	3,811	22,811	129,685
Bark and Zoom facility		27,098	--	2,643	702	3,345	23,753
Total Business-type Activities		179,594	--	21,643	4,513	26,156	153,438

		Beginning Deferred Inflows	Current Year Additions	Beginning Accumulated Amortization	Current Year Amortization	Ending Accumulated Amortization	Ending Deferred Inflows
Governmental Activities:							
Umlauf Sculpture Garden		84	--	2,253	78	2,331	6
YMCA Northeast Recreation Center		655	--	678	66	744	589
Waterloo Park and Amphitheater		--	27,515	--	50	50	27,465
Total Governmental Activities		739	27,515	2,931	194	3,125	28,060
Business-type Activities:							
CONRAC facility		127,112	--	25,384	5,084	30,468	122,028
CONRAC base rent agreement		10,867	--	2,174	435	2,609	10,432
Bark and Zoom facility		24,455	--	2,643	702	3,345	23,753
Bark and Zoom base rent agreement		8,338	--	926	232	1,158	8,106
Total Business-type Activities	$	170,772	--	31,127	6,453	37,580	164,319

6 – 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, 2021, were as follows (in thousands):

Description	October 1, 2020	Increases	Decreases	September 30, 2021	Amounts Due Within One Year
Governmental activities					
General obligation bonds, net	$ 1,143,341	152,991	(198,029)	1,098,303	87,072
Certificates of obligation, net	244,725	134,558	(50,940)	328,343	13,121
Contractual obligations, net	98,448	22,311	(20,288)	100,471	16,503
General obligation bonds and other tax supported debt total	1,486,514	309,860	(269,257)	1,527,117	116,696
Capital lease obligations	26,203	--	(5,116)	21,087	5,264
Net debt	1,512,717	309,860	(274,373)	1,548,204	121,960
Other long-term obligations					
Accrued compensated absences	143,994	7,760	(10,721)	141,033	73,900
Claims payable	49,122	219,924	(182,660)	86,386	49,100
Net pension liability	2,143,680	421,587	(1,218,738)	1,346,529	--
Other postemployment benefits	2,087,627	703,556	(221,178)	2,570,005	37,488
Asset retirement obligations	518	--	--	518	--
Other liabilities	147,354	73,291	(804)	219,841	204,894
Governmental activities total	6,085,012	1,735,978	(1,908,474)	5,912,516	487,342
Total business-type activities					
General obligation bonds, net	16,545	5,672	(4,349)	17,868	3,239
Certificates of obligation, net	39,786	--	(7,737)	32,049	1,733
Contractual obligations, net	17,925	5,025	(6,108)	16,842	3,866
Other tax supported debt, net	5,340	--	(820)	4,520	845
General obligation bonds and other tax supported debt total	79,596	10,697	(19,014)	71,279	9,683
Commercial paper notes, net	366,480	178,600	(366,480)	178,600	--
Revenue bonds, net	5,228,311	606,666	(374,461)	5,460,516	169,145
Revenue notes from direct placements, net	172,830	36,795	(11,475)	198,150	12,970
Capital lease obligations	819	--	(63)	756	66
Net debt	5,848,036	832,758	(771,493)	5,909,301	191,864
Other long-term obligations					
Accrued compensated absences	36,256	3,823	(612)	39,467	33,765
Claims payable	562	1,187	(240)	1,509	263
Net pension liability	859,634	213,235	(241,395)	831,474	--
Other postemployment benefits	1,416,867	511,473	(151,978)	1,776,362	25,915
Accrued landfill closure and postclosure costs	10,915	8,957	(73)	19,799	855
Decommissioning liability payable	1,194	--	(1,194)	--	--
Asset retirement obligations	417,962	20,421	(502)	437,881	--
Other liabilities	101,425	33,802	(2,202)	133,025	85,343
Business-type activities total	8,692,851	1,625,656	(1,169,689)	9,148,818	338,005
Total liabilities (1)	$ 14,777,863	3,361,634	(3,078,163)	15,061,334	825,347

(1) This schedule excludes select short-term liabilities of $144,417 for governmental activities. For business-type activities, it excludes select short-term liablities of $289,424, and derivative instruments of $21,490.

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

Description	October 1, 2020	Increases	Decreases	September 30, 2021	Amounts Due Within One Year
Business-type activities:					
Electric activities					
General obligation bonds, net	$ 4	--	(4)	--	--
General obligation bonds and other tax supported debt total	4	--	(4)	--	--
Commercial paper notes, net	162,480	76,600	(162,480)	76,600	--
Revenue bonds, net	1,899,988	342,748	(184,510)	2,058,226	86,427
Capital lease obligations	819	--	(63)	756	66
Net debt	2,063,291	419,348	(347,057)	2,135,582	86,493
Other long-term obligations					
Accrued compensated absences	13,500	1,227	--	14,727	12,365
Claims payable	252	1,097	(120)	1,229	242
Net pension liability	325,229	66,461	(84,148)	307,542	--
Other postemployment benefits	424,044	149,439	(43,226)	530,257	7,735
Decommissioning liability payable	1,194	--	(1,194)	--	--
Asset retirement obligations	416,680	20,421	(502)	436,599	--
Other liabilities	74,541	29,928	(533)	103,936	57,371
Electric activities total	3,318,731	687,921	(476,780)	3,529,872	164,206
Water and Wastewater activities					
General obligation bonds, net	744	--	(197)	547	187
Certificates of obligation bonds, net	1,400	--	(103)	1,297	102
Contractual obligations, net	1,298	--	(694)	604	419
Other tax supported debt, net	3,419	--	(525)	2,894	541
General obligation bonds and other tax supported debt total	6,861	--	(1,519)	5,342	1,249
Commercial paper notes, net	204,000	102,000	(204,000)	102,000	--
Revenue bonds, net	2,156,947	263,918	(149,073)	2,271,792	53,573
Revenue notes from direct placements, net	106,195	36,795	(4,930)	138,060	6,280
Net debt	2,474,003	402,713	(359,522)	2,517,194	61,102
Other long-term obligations					
Accrued compensated absences	6,812	697	(148)	7,361	6,516
Claims payable	310	90	(120)	280	21
Net pension liability	162,848	46,524	(48,393)	160,979	--
Other postemployment benefits	289,472	101,233	(29,522)	361,183	5,269
Asset retirement obligations	1,282	--	--	1,282	--
Other liabilities	12,234	30	(1,045)	11,219	11,219
Water and Wastewater activities total	2,946,961	551,287	(438,750)	3,059,498	84,127
Airport activities					
General obligation bonds, net	3	--	(2)	1	1
General obligation bonds and other tax supported debt total	3	--	(2)	1	1
Revenue bonds, net	1,086,183	--	(33,567)	1,052,616	21,695
Revenue notes from direct placements, net	43,695	--	(4,425)	39,270	4,530
Net debt	1,129,881	--	(37,994)	1,091,887	26,226
Other long-term obligations					
Accrued compensated absences	2,798	173	--	2,971	2,826
Claims payable	--	--	--	--	--
Net pension liability	62,862	15,667	(17,411)	61,118	--
Other postemployment benefits	130,367	44,381	(14,367)	160,381	2,340
Other liabilities	6,467	964	(623)	6,808	5,691
Airport activities total	1,332,375	61,185	(70,395)	1,323,165	37,083
Nonmajor enterprise activities					
General obligation bonds, net	15,794	5,672	(4,146)	17,320	3,051
Certificates of obligation, net	38,386	--	(7,634)	30,752	1,631
Contractual obligations	16,627	5,025	(5,414)	16,238	3,447
Other tax supported debt, net	1,921	--	(295)	1,626	304
General obligation bonds and other tax supported debt total	72,728	10,697	(17,489)	65,936	8,433
Revenue bonds, net	85,193	--	(7,311)	77,882	7,450
Revenue notes from direct placements, net	22,940	--	(2,120)	20,820	2,160
Net debt	180,861	10,697	(26,920)	164,638	18,043
Other long-term obligations					
Accrued compensated absences	13,146	1,726	(464)	14,408	12,058
Net pension liability	308,695	84,583	(91,443)	301,835	--
Other postemployment benefits	572,984	216,420	(64,863)	724,541	10,571
Accrued landfill closure and postclosure costs	10,915	8,957	(73)	19,799	855
Other liabilities	8,183	2,880	(1)	11,062	11,062
Nonmajor enterprise activities total	$ 1,094,784	325,263	(183,764)	1,236,283	52,589

6 – 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, 2021, 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	4,520	584	(1)(3)	4.20 - 4.25%	9/1/2022-2026
Mueller Contractual Obligation - 2006	2006	12,000	4,355	611	(1)(4)	4.00 - 5.00%	9/1/2022-2026
Public Improvement - 2009B	2009	78,460	52,710	12,328	(1)	4.75 - 5.31%	9/1/2022-2029
Mueller Contractual Obligation - 2009	2010	15,000	7,565	1,497	(1)(4)	4.00 - 4.25%	9/1/2022-2029
Public Improvement Refunding - 2010	2011	91,560	19,070	1,089	(1)	4.34 - 4.92%	9/1/2022-2023
Public Improvement - 2011A	2012	78,090	62,090	15,490	(1)	3.00 - 4.00%	9/1/2022-2031
Public Improvement - 2011B	2012	8,450	6,550	1,578	(1)	3.50 - 4.50%	9/1/2022-2031
Certificates of Obligation - 2011	2012	51,150	39,290	17,262	(1)	3.13 - 5.00%	9/1/2022-2041
Public Improvement Refunding - 2011A	2012	68,285	8,890	532	(1)	5.00%	9/1/2022-2023
Public Improvement - 2012A	2013	74,280	70,945	14,848	(1)	3.00 - 5.00%	9/1/2023-2032
Public Improvement - 2012B	2013	6,640	3,940	830	(1)	2.50 - 3.50%	9/1/2022-2032
Certificates of Obligation - 2012	2013	24,645	16,330	3,630	(1)	3.00 - 4.00%	9/1/2022-2037
Mueller Contractual Obligation - 2012	2013	16,735	11,790	2,828	(1)(4)	2.63 - 3.38%	9/1/2022-2032
Public Improvement - 2013	2014	104,665	85,965	26,572	(1)	4.00 - 5.00%	9/1/2022-2033
Certificates of Obligation - 2013	2014	25,355	20,320	8,503	(1)	3.25 - 5.00%	9/1/2022-2038
Public Improvement Refunding - 2013A	2014	43,250	11,725	1,520	(1)	5.00%	9/1/2022-2024
Public Improvement - 2014	2015	89,915	86,810	39,945	(1)	3.00 - 5.00%	9/1/2022-2034
Public Improvement - 2014	2015	10,000	9,280	3,294	(1)	2.80 - 4.02%	9/1/2022-2034
Certificates of Obligation - 2014	2015	35,490	26,485	10,215	(1)	3.00 - 5.00%	9/1/2022-2034
Certificates of Obligation - 2014	2015	9,600	6,995	2,018	(1)	2.80 - 3.92%	9/1/2022-2034
Contractual Obligation - 2014	2015	14,100	1,445	36	(2)	5.00%	11/1/2021
Mueller Contractual Obligation - 2014	2015	15,845	13,130	3,288	(1)(4)	3.00 - 5.00%	9/1/2022-2029
Public Improvement and Refunding - 2015	2016	236,905	179,455	42,283	(1)	2.95 - 5.00%	9/1/2022-2035
Public Improvement - 2015	2016	10,000	7,970	2,545	(1)	2.89 - 4.27%	9/1/2022-2035
Certificates of Obligation - 2015	2016	43,710	34,410	14,076	(1)	3.25 - 5.00%	9/1/2022-2035
Contractual Obligation - 2015	2016	14,450	3,500	176	(2)	5.00%	11/1/2021-2022
Public Improvement and Refunding - 2016	2017	98,365	73,760	22,021	(1)	3.00 - 5.00%	9/1/2022-2036
Certificates of Obligation - 2016	2017	44,015	36,440	15,479	(1)	3.00 - 5.00%	9/1/2022-2036
Contractual Obligation - 2016	2017	22,555	7,795	493	(2)	3.00 - 5.00%	11/1/2021-2023
Public Improvement - 2016	2017	12,000	9,585	2,353	(1)	1.81 - 3.16%	9/1/2022-2036
Certificates of Obligation - 2016	2017	8,700	6,950	1,704	(1)	1.81 - 3.16%	9/1/2022-2036
Public Improvement - 2017	2018	63,580	43,740	18,859	(1)	5.00%	9/1/2022-2037
Certificates of Obligation - 2017	2018	29,635	25,575	12,120	(1)	5.00%	9/1/2022-2037
Contractual Obligation - 2017	2018	5,075	2,645	217	(2)	2.00 - 5.00%	11/1/2021-2024
Public Improvement - 2017	2018	25,000	22,315	6,786	(1)	2.35 - 5.00%	9/1/2022-2037
Public Improvement - 2018	2019	65,595	24,625	7,081	(1)	3.00 - 5.00%	9/1/2022-2038
Certificates of Obligation - 2018	2019	7,140	6,410	2,313	(1)	3.00 - 5.00%	9/1/2022-2038
Contractual Obligation - 2018	2019	21,215	14,540	1,735	(2)	4.00 - 5.00%	11/1/2021-2025
Public Improvement - 2018	2019	6,980	6,270	2,377	(1)	3.38 - 5.00%	9/1/2022-2038
Public Improvement and Refunding - 2019	2020	146,090	86,950	38,866	(1)	4.00 - 5.00%	9/1/2022-2039
Certificates of Obligation - 2019	2020	5,055	4,720	2,504	(1)	4.00 - 5.00%	9/1/2022-2039
Contractual Obligation - 2019	2020	25,780	21,120	3,295	(2)	5.00%	11/1/2021-2026
Public Improvement - 2019	2020	40,535	37,385	10,451	(1)	1.92 - 5.00%	9/1/2022-2039
Certificates of Obligation - 2019	2020	14,935	13,775	3,851	(1)	1.92 - 5.00%	9/1/2022-2039
Public Improvement and Refunding - 2020	2021	86,440	76,500	26,611	(1)	5.00%	9/1/2022-2040
Certificates of Obligation - 2020	2021	109,080	81,330	49,925	(1)	5.00%	9/1/2022-2040
Contractual Obligation - 2020	2021	23,205	21,555	3,888	(2)	5.00%	11/1/2021-2027
Public Improvement and Refunding - 2020	2021	49,410	41,730	7,094	(1)	0.27 - 4.00%	9/1/2022-2040
			$ 1,461,250				

(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 $2,894 and interest of $374 and Drainage fund principal of $1,626 and interest of $210.
(4) Included with contractual obligations are Mueller Local Government Corporation contract revenue bonds.

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

In October 2020, the City issued $86,440,000 of Public Improvement and Refunding Bonds, Series 2020. The net proceeds of $30,865,000 (after issue costs, discounts, and premiums) from the issue will be used as follows: streets and mobility ($17,360,000), water quality protection ($12,955,000), and facility improvements ($550,000). The net proceeds of the refunding portion of $76,639,463 were used to refund $62,380,000 Public Improvement Bonds, Series 2010A and $13,815,000 Certificates of Obligation, Series 2010. Principal payments are due on September 1 of each year from 2021 to 2040. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2021. Total interest requirements for these bonds, at a rate of 5.0%, are $30,513,056. An economic gain of $11,871,153 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of $13,326,230. An accounting loss of $584,358, which will be deferred and amortized, was recorded on this refunding.

In October 2020, the City issued $109,080,000 of Certificates of Obligation, Series 2020. The net proceeds of $133,800,000 (after issue costs, discounts, and premiums) from this issue will be used for new fire stations and a planning and development center. Principal payments are due on September 1 of each year from 2021 to 2040. Interest is payable on March 1 and September 1 of each year, commencing on March 1, 2021. Total interest requirements for these obligations, at a rate of 5.0%, are $54,848,250.

In October 2020, the City issued $23,205,000 of Public Property Finance Contractual Obligations, Series 2020. The net proceeds of $27,175,000 (after issue costs, discounts, and premiums) from this issue will be used for capital equipment and curbside composting expansion. Principal payments are due on May 1 and November 1 of each year from 2021 to 2027. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2021. Total interest requirements for these obligations, at a rate of 5.0%, are $4,548,698.

In October 2020, the City issued $49,410,000 of Public Improvement and Refunding Taxable Bonds, Series 2020. The new money net proceeds of $27,735,000 (after issue costs, discounts, and premiums) from the issuance will be used for affordable housing. The net proceeds of the refunding portion of $22,787,646 were used to refund $22,620,000 Public Improvement Bonds, Taxable Series 2010B. Principal payments are due September 1 of each year from 2021 to 2040. Interest is payable March 1 and September 1 of each year from 2021 to 2040, commencing on March 1, 2021. Total interest requirements for this obligation, at rates ranging from 0.17% to 4.0%, are $7,844,582. An economic gain of $3,755,606 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of $4,077,182. An accounting gain of $184, which will be deferred and amortized, was recorded on this refunding.

General obligation bonds authorized and unissued amounted to $1,829,395,000 at September 30, 2021. Bond ratings at September 30, 2021 were Aa1 (Moody's Investors Service, Inc.), AAA (Standard & Poor's), and AA+ (Fitch Ratings, Inc.).

c -- Business-Type Activities Long-Term Liabilities

Utility Debt -- The City has previously issued combined debt for the 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, 2021, were Aa2 (Moody's Investors Service, Inc.), AA (Standard & Poor's), 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.

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

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, 2021 (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	$ 67,700	8,716 (1)	5.25%	5/15/2022-2025

(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, 2021, were P-1 (Moody's Investors Service, Inc.), A-1+ (Standard & Poor's), 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, 2021, Austin Energy had tax exempt commercial paper notes of $66,200,000 outstanding and Austin Water had $102,000,000 of commercial paper notes outstanding with interest ranging from 0.05% to 0.08%, 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	JP Morgan Chase Bank NA	0.70%	Goldman Sachs	0.05%	$ 168,200	9/30/2022

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, 2021, were P-1 (Moody's Investors Service, Inc.), A-1+ (Standard & Poor's), and F1 (Fitch Ratings, Inc.).

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

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, 2021, Austin Energy had outstanding taxable commercial paper notes of $10,400,000 with interest rates ranging from 0.10% to 0.11%. 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):

Note Series	Liquidity Provider	Commitment Fee Rate	Remarketing	Remarketing Fee Rate	Outstanding	Expiration
Various	Barclays Bank PLC	0.68%	Goldman Sachs	0.05%	$ 10,400	9/30/2022

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, 2021, were Aa3 (Moody’s Investors Service, Inc.), AA (Standard & Poor’s), and AA (Fitch Ratings, Inc.).

Electric Utility System Revenue Debt -- Revenue Bond Refunding Issues - In November 2020, the City issued $227,495,000 of Electric Utility System Revenue Refunding and Improvement Bonds, Series 2020A. The net proceeds of $291,482,361 (after issue costs, premium and discounts) from the issuance were used to refund $113,000,000 in tax-exempt commercial paper, $90,090,000 in Electric Utility System Revenue Refunding Bonds, Series 2010A, and $88,000,000 will be used to fund the construction and acquisition of Austin Energy’s new headquarters complex. Principal payments are due November 15 of each year from 2023 to 2050. Interest payments are due May 15 and November 15 of each year from 2021 to 2050. Total interest requirements for the bonds, at a rate of 5.0%, are $200,466,807. An economic gain of $22,199,538 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of $24,424,053. An accounting loss of $526,962 was recorded on this refunding. This loss will be deferred and amortized.

In November 2020, the City issued $49,870,000 of Electric Utility System Revenue Refunding Bonds, Taxable Series 2020B. The net proceeds of $49,480,000 (after issue costs, discounts and premiums) from the issuance were used to refund $49,480,000 of taxable commercial paper notes. Principal payments are due November 15 of each year from 2024 to 2050. Interest payments are due May 15 and November 15 of each year from 2021 to 2050. Total interest requirements for the bonds, at rates ranging from 0.73% to 2.93%, are $27,142,046. This issuance only encompassed a commercial paper refunding; therefore, there was no real economic gain achieved with this transaction, nor was an accounting loss or gain recorded. The refunding issuances enabled the City to restore the available capacity under its tax-exempt and taxable commercial paper notes.

6 – 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, 2021 (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	33,345	14,072 (1)	6.26%	11/15/2021-2032
2010B Refunding	2010	100,990	94,595	59,924 (1)	5.09 - 5.72%	11/15/2021-2040
2012A Refunding	2013	267,770	229,725	120,784 (1)	2.50 - 5.00%	11/15/2021-2040
2012B Refunding	2013	107,715	77,780	10,355 (1)	2.36 - 3.16%	11/15/2021-2027
2015A Refunding	2015	327,845	327,845	217,978 (1)	5.00%	11/15/2021-2045
2015B Refunding	2015	81,045	36,820	17,624 (1)	2.79 - 4.66%	11/15/2021-2037
2017 Refunding	2017	101,570	96,850	59,646 (1)	4.00 - 5.00%	11/15/2021-2038
2019A	2019	464,540	402,060	67,358 (1)	2.43 - 3.09%	11/15/2021-2031
2019B Refunding	2019	169,850	169,850	164,534 (1)	5.00%	11/15/2022-2049
2019C Refunding	2019	104,775	104,120	62,721 (1)	2.05 - 3.57%	11/15/2021-2049
2020A Refunding	2021	227,495	227,495	194,843 (1)	5.00%	11/15/2023-2050
2020B Refunding	2021	49,870	49,870	26,507 (1)	0.73 - 2.93%	11/15/2024-2050
			$ 1,850,355			

(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, 2021 (in thousands):

Gross Revenue (1)	Operating Expense (2)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
$ 1,276,554	980,277	296,277	157,131	1.89

(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, 2021, were Aa2 (Moody's Investors Service, Inc.), AA (Standard & Poor's), and AA- (Fitch Ratings, Inc.).

Water and Wastewater System Revenue Debt -- Revenue Bond Refunding Issue - In November 2020, the City issued $203,505,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2020C. The net proceeds of $262,492,469 (after issue costs, premium and discounts) from the issuance were used to refund $204,000,000 in tax-exempt commercial paper, and $58,170,000 in separate lien revenue refunding bonds, Series 2010A. Principal payments are due November 15 of each year from 2022 to 2050. Interest is payable May 15 and November 15 of each year from 2021 to 2050. Total interest requirements for this obligation, at a rate of 5.0%, are $194,835,823. An economic gain of $18,769,390 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of $22,271,726. An accounting loss of $821,493, which will be deferred and amortized, was recorded on this refunding.

Water and Wastewater System Revenue Debt -- Revenue Bond Issues - In November 2020, the City issued $16,995,000 of Water and Wastewater System Revenue Bonds, Series 2020D. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of $15,942,362 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2021 to 2040. Interest payments are due May 15 and November 15 of each year from 2021 to 2040. Total interest requirements for the bonds, at rates ranging from 0.10% to 1.55%, are $2,093,534.

In January 2021, the City issued $10,400,000 of Water and Wastewater System Revenue Bonds, Series 2021A. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of $9,859,049 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2021 to 2050. These bonds are interest-free.

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

In January 2021, the City issued $9,400,000 of Water and Wastewater System Revenue Bonds, Series 2021B. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of $8,886,854 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2021 to 2050. Interest payments are due May 15 and November 15 of each year from 2021 to 2050. Total interest requirements for the bonds, at rates ranging from 0.00% to 0.06%, are $18,877.

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, 2021 (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	94,030	20,122	(2)	0.03 - 0.14%	11/15/2021-2031	(3)
2010	2010	31,815	22,265	--	(4)	0.00%	11/15/2021-2041	
2010B Refunding	2011	100,970	84,760	56,589	(1)	4.45 - 6.02%	11/15/2021-2040	
2011 Refunding	2012	237,530	189,970	104,281	(1)	3.13 - 5.00%	11/15/2022-2041	
2012 Refunding	2012	336,820	222,220	115,445	(1)	2.50 - 5.00%	11/15/2021-2042	
2013A Refunding	2013	282,460	241,165	128,247	(1)	3.70 - 5.00%	11/15/2021-2043	
2014 Refunding	2014	282,205	255,680	153,033	(1)	5.00%	11/15/2021-2043	
2015A Refunding	2015	249,145	208,770	63,260	(1)	2.85 - 5.00%	11/15/2021-2036	
2016 Refunding	2016	247,770	243,210	173,238	(1)	5.00%	11/15/2021-2045	
2016A	2017	20,430	16,750	2,507	(1)	0.76 - 2.12%	11/15/2021-2036	
2017 Refunding	2017	311,100	296,805	162,445	(1)	2.50 - 5.00%	11/15/2021-2046	
2017A	2018	45,175	39,080	6,784	(1)	0.78 - 2.29%	11/15/2021-2037	
2018	2019	3,000	2,745	595	(1)	1.37 - 2.61%	11/15/2021-2038	
2019	2020	6,200	5,920	918	(1)	0.84 - 1.94%	11/15/2021-2039	
2020A	2020	11,200	10,830	472	(1)	0.00 - 0.50%	11/15/2021-2049	
2020B	2020	3,800	3,675	307	(1)	0.00 - 0.80%	11/15/2021-2049	
2020C Refunding	2021	203,505	203,505	189,607	(1)	5.00%	11/15/2022-2050	
2020D	2021	16,995	16,995	2,021	(1)	0.10 - 1.55%	11/15/2021-2040	
2021A	2021	10,400	10,400	--	(4)	0.00%	11/15/2021-2050	
2021B	2021	9,400	9,400	19	(1)	0.00 - 0.06%	11/15/2021-2050	
			$ 2,178,175					

(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.

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

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2008	Barclays Bank PLC	0.25%	Goldman Sachs	0.05%	$ 94,030	10/28/2022

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 semi-annual 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.

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

Water and Wastewater System Revenue Debt -- Pledged Revenues - The net revenue of Austin Water was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2021 (in thousands):

Gross Revenue (1)	Operating Expense (2)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage (3)
$ 568,031	272,750	295,281	173,000	1.71

(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, 2021, for the revenue bonds were A1 (Moody's Investors Service, Inc.) and A (Standard & Poor's).

Airport System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all airport system original and refunding revenue bonds outstanding at September 30, 2021 (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	39,270	3,582 (1)	2.25%	11/15/2021-2028 (2)
2014 Revenue	2015	244,495	244,495	194,899 (1)	5.00%	11/15/2026-2044
2017A Revenue	2017	185,300	185,300	159,900 (1)	5.00%	11/15/2026-2046
2017B Revenue	2017	129,665	129,665	111,889 (1)	5.00%	11/15/2026-2046
2019 Revenue	2019	151,720	118,370	15,302 (1)	5.00%	11/15/2021-2025
2019A Revenue	2019	16,975	16,975	24,189 (1)	5.00%	11/15/2049
2019B Revenue	2019	248,170	248,170	216,461 (1)	5.00%	11/15/2022-2048
			$ 982,245			

(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, 2021 (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
$ 186,715	11,178	101,963	95,930	44,710	2.15

(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 $29.9 million.

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

Nonmajor Enterprise Fund Debt:

Convention Center Revenue Debt -- General - The City's Convention Center fund issues convention center revenue bonds and hotel occupancy tax revenue bonds to fund Convention Center fund capital projects. Principal and interest on these bonds are payable solely from pledged hotel occupancy tax revenues and the special motor vehicle rental tax revenues. Revenue bonds authorized and unissued amount to $760,000. Bond ratings at September 30, 2021, for the revenue bonds were Aa3 (Moody's Investors Service, Inc.), and AA (Standard & Poor's).

Convention Center Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all Convention Center refunding revenue bonds outstanding at September 30, 2021 (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	64,690	9,240 (2)	0.02 - 0.16%	11/15/2021-2029
2012 Refunding	2012	20,185	12,830	2,888 (1)	3.63 - 5.00%	11/15/2021-2029
2016 Refunding	2017	29,080	20,820	1,800 (1)	1.88%	11/15/2021-2029
			$ 98,340			

(1) Interest is paid semiannually on May 15 and November 15.
(2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement is calculated utilizing the rate of 3.25% in effect at the end of the fiscal year.

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

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration	
2008-A	Citibank	0.28%	Raymond James	0.06%	$ 32,345	10/7/2021	(1)
2008-B	Sumitomo Mitsui Banking Corporation	0.33%	BofA Securities, Inc.	0.05%	32,345	10/7/2022	
					$ 64,690		

(1) In October 2021, the City extended the letter of credit agreement. The new agreement expires October 2, 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 semi-annual 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.

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

Governmental Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 87,072	43,825	13,121	12,995	16,503	4,113
2023	85,005	39,746	13,727	12,414	15,118	3,351
2024	85,886	36,041	14,336	11,813	13,520	2,662
2025	84,326	32,275	14,979	11,189	12,655	2,057
2026	83,301	28,386	15,670	10,523	11,895	1,486
2027-2031	355,937	91,493	71,836	43,540	22,115	2,305
2032-2036	198,365	27,113	96,112	24,516	2,085	70
2037-2041	32,705	2,409	49,460	5,677	--	--
2042-2046	--	--	--	--	--	--
Total debt service requirements	1,012,597	301,288	289,241	132,667	93,891	16,044
Less: Unamortized bond discounts	(352)	--	(467)	--	(143)	--
Add: Unamortized bond premiums	86,058	--	39,569	--	6,723	--
Net debt	1,098,303	301,288	328,343	132,667	100,471	16,044

Fiscal Year Ended September 30	Capital Lease Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2022	5,264	567	121,960	61,500	183,460
2023	5,416	416	119,266	55,927	175,193
2024	3,384	259	117,126	50,775	167,901
2025	3,468	175	115,428	45,696	161,124
2026	3,555	89	114,421	40,484	154,905
2027-2031	--	--	449,888	137,338	587,226
2032-2036	--	--	296,562	51,699	348,261
2037-2041	--	--	82,165	8,086	90,251
2042-2046	--	--	--	--	--
Total debt service requirements	21,087	1,506	1,416,816	451,505	1,868,321
Less: Unamortized bond discounts	--	--	(962)	--	(962)
Add: Unamortized bond premiums	--	--	132,350	--	132,350
Net debt	$ 21,087	1,506	1,548,204	451,505	1,999,709

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

Business-type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Certificates of Obligation Principal	Certificates of Obligation Interest	Contractual Obligations Principal	Contractual Obligations Interest
2022	$ 3,239	780	1,733	1,389	3,866	687
2023	2,369	620	1,818	1,322	3,118	516
2024	2,479	500	1,909	1,245	2,810	378
2025	814	377	2,002	1,160	2,515	246
2026	879	336	2,085	1,081	1,830	132
2027-2031	3,888	983	12,144	3,788	1,410	61
2032-2036	1,145	383	8,098	948	--	--
2037-2041	850	86	--	--	--	--
2042-2046	--	--	--	--	--	--
2047-2051	--	--	--	--	--	--
Total debt service requirements	15,663	4,065	29,789	10,933	15,549	2,020
Less: Unamortized bond discounts	--	--	(15)	--	--	--
Add: Unamortized bond premiums	2,205	--	2,275	--	1,293	--
Net debt	17,868	4,065	32,049	10,933	16,842	2,020

Fiscal Year Ended September 30	Other Tax Supported Debt Principal	Other Tax Supported Debt Interest	Commercial Paper Notes (1) Principal	Commercial Paper Notes (1) Interest	Revenue Bonds (2) Principal	Revenue Bonds (2) Interest
2022	845	191	178,600	11	169,145	228,145
2023	885	156	--	--	198,559	220,154
2024	920	119	--	--	228,220	210,889
2025	965	79	--	--	239,250	200,557
2026	905	39	--	--	234,330	189,753
2027-2031	--	--	--	--	1,194,840	791,440
2032-2036	--	--	--	--	851,120	562,010
2037-2041	--	--	--	--	874,285	346,441
2042-2046	--	--	--	--	710,510	148,657
2047-2051	--	--	--	--	278,406	28,049
Total debt service requirements	4,520	584	178,600	11	4,978,665	2,926,095
Less: Unamortized bond discounts	--	--	--	--	(424)	--
Add: Unamortized bond premiums	--	--	--	--	482,275	--
Net debt	$ 4,520	584	178,600	11	5,460,516	2,926,095

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

(2) A portion of these bonds are variable rate bonds with rates ranging from 0.02% - 0.16%.

(Continued)

6 – 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 Principal	Revenue Notes from Direct Placements Interest	Capital Lease Obligations Principal	Capital Lease Obligations Interest	Total Business-Type Activities Debt Service Requirements Principal	Interest	Total
2022	$ 12,970	2,420	66	72	370,464	233,695	604,159
2023	13,320	2,246	70	69	220,139	225,083	445,222
2024	13,480	2,065	74	65	249,892	215,261	465,153
2025	13,665	1,878	77	61	259,288	204,358	463,646
2026	13,835	1,682	81	57	253,945	193,080	447,025
2027-2031	58,910	5,420	388	191	1,271,580	801,883	2,073,463
2032-2036	35,645	2,649	--	--	896,008	565,990	1,461,998
2037-2041	24,005	527	--	--	899,140	347,054	1,246,194
2042-2046	6,905	94	--	--	717,415	148,751	866,166
2047-2051	5,415	26	--	--	283,821	28,075	311,896
Total debt service requirements	198,150	19,007	756	515	5,421,692	2,963,230	8,384,922
Less: Unamortized bond discounts	--	--	--	--	(439)	--	(439)
Add: Unamortized bond premiums	--	--	--	--	488,048	--	488,048
Net debt	$ 198,150	19,007	756	515	5,909,301	2,963,230	8,872,531

6 – 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		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 76,600	3	86,427	79,609	66	72
2023	--	--	80,233	76,490	70	69
2024	--	--	88,717	73,255	74	65
2025	--	--	93,327	69,654	77	61
2026	--	--	87,875	65,890	81	57
2027-2031	--	--	493,200	272,640	388	191
2032-2036	--	--	308,290	188,564	--	--
2037-2041	--	--	276,100	120,880	--	--
2042-2046	--	--	252,115	61,605	--	--
2047-2051	--	--	134,321	14,228	--	--
Total debt service requirements	76,600	3	1,900,605	1,022,815	756	515
Less: Unamortized bond discounts	--	--	(121)	--	--	--
Add: Unamortized bond premiums	--	--	157,742	--	--	--
Net debt	76,600	3	2,058,226	1,022,815	756	515

Fiscal Year Ended September 30	Total Austin Energy Debt Service Requirements		
	Principal	Interest	Total
2022	163,093	79,684	242,777
2023	80,303	76,559	156,862
2024	88,791	73,320	162,111
2025	93,404	69,715	163,119
2026	87,956	65,947	153,903
2027-2031	493,588	272,831	766,419
2032-2036	308,290	188,564	496,854
2037-2041	276,100	120,880	396,980
2042-2046	252,115	61,605	313,720
2047-2051	134,321	14,228	148,549
2052-2056	--	--	--
Total debt service requirements	1,977,961	1,023,333	3,001,294
Less: Unamortized bond discounts	(121)	--	(121)
Add: Unamortized bond premiums	157,742	--	157,742
Net debt	$ 2,135,582	1,023,333	3,158,915

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

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

Business-type Activities: Austin Water
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations		Other Tax Supported Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 187	27	102	50	419	23	541	122
2023	155	17	109	47	175	4	567	100
2024	188	9	114	43	--	--	589	76
2025	--	--	119	38	--	--	618	51
2026	--	--	121	34	--	--	579	25
2027-2031	--	--	686	87	--	--	--	--
2032-2036	--	--	35	1	--	--	--	--
2037-2041	--	--	--	--	--	--	--	--
2042-2046	--	--	--	--	--	--	--	--
2047-2051	--	--	--	--	--	--	--	--
Total debt service requirements	530	53	1,286	300	594	27	2,894	374
Less: Unamortized bond discounts	--	--	(3)	--	--	--	--	--
Add: Unamortized bond premiums	17	--	14	--	10	--	--	--
Net debt	547	53	1,297	300	604	27	2,894	374

Fiscal Year Ended September 30	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
2022	102,000	8	53,573	99,408	6,280	1,217	163,102	100,855	263,957
2023	--	--	83,556	96,025	6,495	1,187	91,057	97,380	188,437
2024	--	--	103,223	91,658	6,515	1,153	110,629	92,939	203,568
2025	--	--	108,078	86,665	6,545	1,115	115,360	87,869	203,229
2026	--	--	106,965	81,436	6,570	1,074	114,235	82,569	196,804
2027-2031	--	--	540,960	329,932	33,685	4,583	575,331	334,602	909,933
2032-2036	--	--	385,485	221,771	35,645	2,649	421,165	224,421	645,586
2037-2041	--	--	397,100	118,476	24,005	527	421,105	119,003	540,108
2042-2046	--	--	221,575	36,453	6,905	94	228,480	36,547	265,027
2047-2051	--	--	57,050	6,688	5,415	26	62,465	6,714	69,179
Total debt service requirements	102,000	8	2,057,565	1,168,512	138,060	13,625	2,302,929	1,182,899	3,485,828
Less: Unamortized bond discounts	--	--	(262)	--	--	--	(265)	--	(265)
Add: Unamortized bond premiums	--	--	214,489	--	--	--	214,530	--	214,530
Net debt	$ 102,000	8	2,271,792	1,168,512	138,060	13,625	2,517,194	1,182,899	3,700,093

(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% - 0.14%.

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

Business-type Activities: Airport
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Revenue Bonds		Revenue Notes from Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 1	--	21,695	46,606	4,530	833
2023	--	--	27,095	45,386	4,630	730
2024	--	--	28,320	44,002	4,730	624
2025	--	--	29,585	42,553	4,845	517
2026	--	--	30,910	41,042	4,950	406
2027-2031	--	--	123,085	186,559	15,585	472
2032-2036	--	--	157,345	151,675	--	--
2037-2041	--	--	201,085	107,085	--	--
2042-2046	--	--	236,820	50,599	--	--
2047-2051	--	--	87,035	7,133	--	--
2052-2056	--	--	--	--	--	--
Total debt service requirements	1	--	942,975	722,640	39,270	3,582
Add: Unamortized bond premiums	--	--	109,641	--	--	--
Net debt	1	--	1,052,616	722,640	39,270	3,582

Fiscal Year Ended September 30	Total Airport Debt Service Requirements		
	Principal	Interest	Total
2022	26,226	47,439	73,665
2023	31,725	46,116	77,841
2024	33,050	44,626	77,676
2025	34,430	43,070	77,500
2026	35,860	41,448	77,308
2027-2031	138,670	187,031	325,701
2032-2036	157,345	151,675	309,020
2037-2041	201,085	107,085	308,170
2042-2046	236,820	50,599	287,419
2047-2051	87,035	7,133	94,168
Total debt service requirements	982,246	726,222	1,708,468
Add: Unamortized bond premiums	109,641	--	109,641
Net debt	$ 1,091,887	726,222	1,818,109

6 – 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
2022	$ 3,051	753	1,631	1,339	3,447	664	304	69
2023	2,214	603	1,709	1,275	2,943	512	318	56
2024	2,291	491	1,795	1,202	2,810	378	331	43
2025	814	377	1,883	1,122	2,515	246	347	28
2026	879	336	1,964	1,047	1,830	132	326	14
2027-2031	3,888	983	11,458	3,701	1,410	61	--	--
2032-2036	1,145	383	8,063	947	--	--	--	--
2037-2041	850	86	--	--	--	--	--	--
Total debt service requirements	15,132	4,012	28,503	10,633	14,955	1,993	1,626	210
Less: Unamortized bond discounts	--	--	(12)	--	--	--	--	--
Add: Unamortized bond premiums	2,188	--	2,261	--	1,283	--	--	--
Net debt	17,320	4,012	30,752	10,633	16,238	1,993	1,626	210

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
2022	7,450	2,522	2,160	370	18,043	5,717	23,760
2023	7,675	2,253	2,195	329	17,054	5,028	22,082
2024	7,960	1,974	2,235	288	17,422	4,376	21,798
2025	8,260	1,685	2,275	246	16,094	3,704	19,798
2026	8,580	1,385	2,315	202	15,894	3,116	19,010
2027-2031	37,595	2,309	9,640	365	63,991	7,419	71,410
2032-2036	--	--	--	--	9,208	1,330	10,538
2037-2041	--	--	--	--	850	86	936
Total debt service requirements	77,520	12,128	20,820	1,800	158,556	30,776	189,332
Less: Unamortized bond discounts	(41)	--	--	--	(53)	--	(53)
Add: Unamortized bond premiums	403	--	--	--	6,135	--	6,135
Net debt	$ 77,882	12,128	20,820	1,800	164,638	30,776	195,414

(1) A portion of these bonds are variable rate bonds with rates ranging from 0.02% - 0.16%.

6 – DEBT AND NON-DEBT LIABILITIES, continued
e -- Defeased Bonds

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, 2021, defeased bonds remaining unredeemed or unmatured are provided below (in thousands):

Refunded Bonds	Escrow Maturity Dates	Balance (1)
Austin Water		
Series 2011	11/15/2021	$ 29,440
Series 2012	11/15/2021 - 11/15/2022	16,595
Series 2013A	11/15/2021	9,425
Series 2014	11/15/2021 - 5/15/2022	5,880
Series 2015A	11/15/2021 - 5/15/2022	7,675
		$ 69,015

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

7 – 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 Fund (City Employees), the City of Austin Police Officers' Retirement and Pension Fund (Police Officers), and the Fire Fighters' Relief and Retirement Fund 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' Fund	Article 6243n
Police Officers' Fund	Article 6243n-1
Fire Fighters' Fund	Article 6243e.1

State law governs the three pension systems including benefit and contribution provisions. Amendments may be made by the Legislature of the State of Texas. During fiscal year 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 become 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, 2020. Stand-alone financial reports that include financial statements and supplementary information for each plan are publicly available at the locations and internet addresses shown below.

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

Classes of Employees Covered -- The three pension plans cover substantially all full-time employees. The City Employees' fund 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' fund covers all commissioned law enforcement officers and cadets upon enrollment in the Austin Police Academy. Effective January 1, 2022, membership in this fund will be 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' fund 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' fund, 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.

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

	City Employees	Police Officers	Fire Fighters
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 went into effect for 2021.

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

Employees Covered by Benefit Terms -- Membership in the plans as of December 31, 2020, is as follows:

	City Employees	Police Officers	Fire Fighters
Inactive employees or beneficiaries:			
Currently receiving benefits	6,963	1,045	888
Entitled to but not yet receving benefits	1,264	49	24
Nonvested terminated due refunds	1,854	66	0
Active employees	10,138	1,775	1,154
Total	20,219	2,935	2,066

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 are not actuarially determined, state law requires that a qualified actuary approve each plan of benefits adopted.

	City Employees	Police Officers	Fire Fighters
Employee contribution (percent of earnings)	8%	13% (2)	18.7%
City contribution (percent of earnings)	19% (1)	21.737% (3)	22.05%
City contributions year ended September 30, 2021 (in thousands)	$137,068	35,431	21,851

(1) A rate of 19% was effective January 1, 2021. Prior to that change, the rate was 18%.
(2) A rate of 15% will be effective January 1, 2022.
(3) The new rate of 21.737% was effective October 1, 2020. An actuarially determined contribution of 10.1% will be effective January 1, 2022. The City will also contribute according to a fixed payment plan established to eliminate the legacy unfunded liability existing as of December 31, 2020 over a 30-year period.

b -- Net Pension Liability

The City's net pension liability was measured as of December 31, 2020 for all three systems. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date for the City Employees' and Police Officers' funds. For the Fire Fighters fund, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 using the final 2020 assumptions and then was rolled forward to the plan's year ending December 31, 2020.

Actuarial Assumptions -- Actuarial assumptions used in the most recent actuarial valuations include:

	City Employees	Police Officers	Fire Fighters
Inflation rate	2.5%	2.5%	2.5%
Projected annual salary increases	3.5% to 5.75%	3% to 15.2% Service based (1)	3.25% to 10% Service based
Investment rate of return	7%	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 Tables 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.

7 – 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
City Employees:		
US equity	32%	6.25 to 6.75%
Developed markets equities	15%	7.75% to 8.25%
Emerging markets equities	8%	10%
Fixed income	20%	3%
Alternative investments	15%	2.25% to 5.5%
Real estate	10%	6%
Total	100.0%	
Police Officers:		
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	100.0%	
Fire Fighters:		
Public domestic equity	20%	4.8%
Public foreign equity	22%	6%
Private equity fund of funds	15%	5.6%
Investment grade bonds	13%	0.4%
Treasury inflation protected securities	5%	0.3%
High yield/bank loans	5%	2.5%
Emerging market debt	7%	2.1%
Core real estate	5%	3.7%
Non-core real estate	5%	5.8%
Natural resources	3%	6.2%
Total	100.0%	

7 – 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. The increase in the Police Officers' Fund discount rate is attributable to the assumption that City and employee contributions will increase in accordance with HB 4368 beginning January 1, 2022. The result is that a blended discount rate that incorporates the municipal bond rate is no longer required.

	City Employees	Police Officers	Fire Fighters
Discount rate	7.0%	7.25%	7.3%
Change since last measurement date	0%	3.15%	(0.2%)
Long-term expected rate of return on pension plan investments	7.0%	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 28 years and then will decrease to 8%.	Plan member contributions and City contributions will be made in accordance with HB 4368.	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.

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Net Pension Liability	Rate	Net Pension Liability	Rate	Net Pension Liability (Asset)
City Employees	6.0%	$ 2,094,328	7.0%	$ 1,501,669	8.0%	$ 1,011,716
Police Officers	6.25%	788,429	7.25%	605,927	8.25%	441,307
Fire Fighters	6.3%	188,243	7.3%	70,407	8.3%	(29,135)

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.

7 – 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, 2020 are as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
Total pension liability at December 31, 2019	$ 4,487,884	2,175,170	1,156,025	7,819,079
Changes for the year:				
Service cost	121,881	84,469	26,170	232,520
Interest	310,319	89,376	86,821	486,516
Benefit changes	--	--	7,159	7,159
Differences between expected and actual experience	12,524	10,320	(1,671)	21,173
Assumption changes	--	(740,167)	21,411	(718,756)
Contribution buy back	--	1,941	--	1,941
Benefit payments including refunds	(231,393)	(76,956)	(63,484)	(371,833)
Net change in total pension liability	213,331	(631,017)	76,406	(341,280)
Total pension liability at December 31, 2020	4,701,215	1,544,153	1,232,431	7,477,799
Total plan fiduciary net position at December 31, 2019	2,928,033	857,839	1,029,893	4,815,765
Changes for the year:				
Employer contributions	130,743	36,577	21,311	188,631
Employee contributions	71,470	22,181	18,073	111,724
Contribution buy back	--	1,941	--	1,941
Pension plan net investment income (loss)	307,289	98,573	157,323	563,185
Benefits payments and refunds	(231,393)	(76,956)	(63,484)	(371,833)
Pension plan administrative expense	(6,596)	(1,929)	(1,092)	(9,617)
Net change in total plan fiduciary net position	271,513	80,387	132,131	484,031
Total plan fiduciary net position at December 31, 2020	3,199,546	938,226	1,162,024	5,299,796
Net pension liability at December 31, 2019	1,559,851	1,317,331	126,132	3,003,314
Net pension liability at December 31, 2020	$ 1,501,669	605,927	70,407	2,178,003

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

The City Employees' fund had no significant changes to benefit terms or assumptions that affected the total pension liability for the measurement period.

The Police Officers' fund had no significant changes to benefit terms that affected the total pension liability for the measurement period. The only assumption change is an increase in the investment rate of return from 4.1% to 7.25% resulting from a revised cash flow assumption that future contributions will be increased in accordance with HB 4368.

The Fire Fighters' fund had changes of assumptions and benefit terms that affected the pension liability. Effective January 1, 2021 a cost-of-living adjustment increase of 1.4% went into effect.

Changes of assumptions for the Fire Fighters' fund included:

- The investment rate of return was decreased from 7.5% to 7.3%.
- The payroll growth rate increased from 2.0% to 2.5%.
- Although the mortality tables used, PubS-2010(A), remained the same, scale MP-2020 was used to project mortality improvement five years beyond the valuation date replacing scale MP-2019 which was used in the previous year.

c -- Pension Expense

Total pension expense recognized by the City for the fiscal year ended September 30, 2021, was comprised of the following (in thousands):

	Pension Expense
City Employees	$ 176,955
Police Officers	90,811
Fire Fighters	(2,015)
Total	$ 265,751

7 – RETIREMENT PLANS, continued

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

At September 30, 2021, 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
Deferred Outflows of Resources				
Contributions to the plans subsequent to the measurement date	$ 101,751	25,941	15,988	143,680
Differences between expected and actual experience	33,122	22,135	7,002	62,259
Changes in assumptions	172,362	570,198	29,350	771,910
Changes in proportionate share (between funds)	16,744	--	--	16,744
Total	323,979	618,274	52,340	994,593
Deferred Inflows of Resources				
Differences between expected and actual experience	--	14,355	9,298	23,653
Changes in assumptions	--	642,520	2,987	645,507
Net difference between projected and actual earnings on pension plan investments	181,710	51,447	76,605	309,762
Changes in proportionate share (between funds)	16,744	--	--	16,744
Total	$ 198,454	708,322	88,890	995,666

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
2022	$ 9,460	(3,242)	(19,482)	(13,264)
2023	46,600	2,273	(3,738)	45,135
2024	(26,415)	(18,494)	(24,741)	(69,650)
2025	(6,302)	(629)	(12,008)	(18,939)
2026	431	6,727	2,138	9,296
Thereafter	--	(102,624)	5,293	(97,331)
Total	$ 23,774	(115,989)	(52,538)	(144,753)

8 – 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 7 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 2021 plan year, (January 1 to December 31), the percentage of the maximum subsidy paid by the City was as follows:

Years of Service at Retirement	Percent of Maximum Subsidy Paid by the City
<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 the dental and vision premium. If excise tax is payable in the future, it is assumed that these costs will also be paid by the retirees.

Employees Covered by Benefit Terms -- The City has elected to do biennial actuarial valuations of its other postemployment benefits liability with a roll forward in the off years. The current year is a roll forward year and as a result membership in the plan is presented as of December 31, 2019:

Inactive employees or beneficiaries currently receiving benefits	7,756
Inactive employees entitled to but not yet receiving benefits	3,179
Active employees	13,187
Total	24,122

8 – 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, 2019 that was rolled forward to December 31, 2020, the measurement date. Of the total liability, $63.4 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 7a and Required Supplementary Information were also relied upon.

General Assumptions	
Inflation rate	• NA
Salary increases	• Vary by retirement group, age, and years of service
Discount rate	• 2.12%
Healthcare cost trend rates	
Medical (pre-65)	• 6.75% graded to 4.5% over 9 years
Medical (post-65)	• 5.75% graded to 4.5% over 5 years
Prescription drug	• 7.75% graded to 4.5% over 13 years
Dental	• 3%
Administrative costs	• 2.5%
Experience studies	• Experience for healthcare cost trend rates was based on activity from January 1, 2017 to December 31, 2019 for medical costs and prescriptions.
Sources for mortality rate assumptions	
General (Actives)	• PubG-2010 Employee Mortality Table projected generationally using the ultimate mortality improvement rate in the MP tables
General (Healthy retirees)	• PubG-2010 Healthy Retiree Mortality Table projected generationally using the ultimate mortality improvement rate in the MP tables
General (Disabled retirees)	• PubG-2010 Healthy Retiree Mortality Table, set forward three years, projected generationally using the ultimate mortality improvement rate in the MP tables
Police (Actives)	• PubS-2010 Employee Mortality Table projected generationally using the ultimate mortality improvement rates in the MP tables
Police (Healthly 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-2019
Fire (Healthy Retirees)	• PubS-2010(A) Healthy Retiree Mortality Table projected from 2010 to 5 years beyond the valuation date using scale MP-2019
Fire (Disabled retirees)	• PubS-2010(A) Disabled Mortality Table projected from 2010 to 5 years beyond the valuation date using scale MP-2019

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, 2020, the City's actuaries used the Bond Buyer US Weekly Yields 20 General Obligation Bond Index of 2.12%. The decrease in the discount rate from 2.74% in the prior year to 2.12% in the current year resulted in a significant increase in the total OPEB liability. Approximately 60% of the increase from the prior year, or $504 million, is attributable to the change in the discount rate assumption.

8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

b -- Total OPEB Liability, continued

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

1% Decrease		Current Discount Rate		1% Increase	
Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
1.12%	$ 5,391,838	2.12%	$ 4,346,367	3.12%	$ 3,559,000

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

1% Decrease	Current Rate	1% Increase
Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
$ 3,491,620	$ 4,346,367	$ 5,506,954

Schedule of Changes in Total OPEB Liability -- Changes in the total OPEB liability for the measurement period ended December 31, 2020 are as follows (in thousands):

Total OPEB liability at December 31, 2019	$ 3,504,494
Changes for the year:	
Service cost	167,027
Interest	99,915
Benefit changes	--
Differences between expected and actual experience	(6,103)
Assumption changes	631,360
Benefit payments	(50,326)
Net change in total OPEB liability	841,873
Total OPEB liability at December 31, 2020	$ 4,346,367

The OPEB plan changes included:

- Effective January 1, 2021, the fully insured Cigna dental PPO option was replaced with the self-insured BlueCross BlueShield BlueCare dental PPO. 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.

The OPEB plan assumption changes included:

- Decreasing the discount rate from 2.74% to 2.12% based on the Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date,
- Assuming level rather than increasing premium rates from the prior year,
- Adjusting demographic assumptions to mirror any changes in the pension plan demographic assumptions for the previous plan year. See pension plan Note 7a and Required Supplementary Information for additional information on these changes.

8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

c -- Other Postemployment Benefits Expense

Total OPEB expenses recognized by the City for the fiscal year ended September 30, 2021 were $492.2 million.

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

At September 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows	Deferred Inflows
Benefit payments subsequent to the measurement date	$ 40,468	--
Differences between expected and actual experience	39,223	5,284
Changes in assumptions	1,377,037	165,583
Changes in proportionate share (between funds)	35,193	35,193
Total	$ 1,491,921	206,060

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

Fiscal Year Ended September 30	
2022	$ 223,141
2023	223,141
2024	223,141
2025	202,440
2026	193,514
Thereafter	180,016
Total	$ 1,245,393

9 -- DERIVATIVE INSTRUMENTS

The City has derivatives 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 derivatives 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 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.

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

Hedging Derivative Instruments

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

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

Premiums paid for options are deferred until the contract is settled. As of September 30, 2021, no premiums were deferred. As of September 30, 2021, the fair value of Austin Energy's futures, options, and swaps was an unrealized gain of $2.3 million, all of which is reported as derivative instruments in assets. The fair values of these derivative instruments are deferred until future periods on the statement of net position using deferred outflows and deferred inflows.

Congestion Revenue Rights 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 market 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 2021, Austin Energy did not sell PCRRs. At September 30, 2021, $222 thousand remained deferred under the accounting requirements for regulated operations.

On September 30, 2021, Austin Energy had the following outstanding hedging derivative instruments (in thousands):

Type of Transaction		Reference Index	Fair Value at September 30, 2021: Maturity Dates	Notional Volumes	Fair Value	Change in Fair Value	Premiums Deferred
Long	OTC Call Options	Henry Hub	Dec 2021 - Sept 2022	2,130,000 (1)	$ 2,330	2,233	--
			Derivative instruments (assets)		2,330	2,233	--
Short	OTC Put Options	Henry Hub	Dec 2021 - Sept 2022	(2,130,000) (1)	--	76	--
			Derivative instruments (liabilities)		--	76	--
				Total	$ 2,330	2,309	--

(1) Volume in MMBTUs

Austin Energy routinely purchases derivative instruments. The outstanding hedging derivative instruments were purchased at various dates.

The 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.

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

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, 2021, 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 instrument.

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

Basis Risk. Austin Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will price based on a delivery point (Katy/HSC) different than that at which the financial hedging contracts are expected to settle i.e. NYMEX (Henry Hub). As of September 30, 2021, the NYMEX price was $5.84 per MMBTU (one million British thermal unit, a measurement of heating value), Katy was $5.85 per MMBTU, and the HSC Hub price was $5.87 per MMBTU.

b -- Variable Rate Debt Management Program

Hedging Derivative Instruments

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

As of September 30, 2021, the City has two outstanding swap transactions with initial and outstanding notional amounts totaling $295.9 million and $159 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.

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

On September 30, 2021, 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
Business-Type Activities:						
Hedging derivatives:						
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Pay 3.600%, receive SIFMA swap index	5/15/2008	5/15/2031	$ 94,030	(14,383)
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	64,690	(7,107)
					$ 158,720	(21,490)

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, 2021 (in thousands):

Item	Outstanding Notional Amount	Fair Value and Classification: Amount	Fair Value and Classification: Classification	Change in fair value: Deferred Outflows	Change in fair value: Deferred Inflows
Business-Type Activities:					
Hedging derivative instruments (cash flow hedges):					
WW2	$ 94,030	(14,383)	Non-current liability	(5,650)	--
HOT1	64,690	(7,107)	Non-current liability	(3,274)	--
	$ 158,720	(21,490)		(8,924)	--

Due to the continued low interest rate levels during fiscal year 2021, the City's interest rate swap hedging derivative instruments had negative fair values as of September 30, 2021. The fair value takes into consideration nonperformance risk, the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received.

Risks

Credit risk. As of September 30, 2021, 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, 2021, are included in the table below:

Item	Related Variable Rate Bonds	Counterparty	Counterparty Ratings: Moody's Investors Service, Inc	Counterparty Ratings: Standard & Poor's	Counterparty Ratings: Fitch Ratings, Inc
Business-Type Activities:					
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	BBB+	A-

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

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, 2021, are included in the table below (in thousands):

Item	Related Variable Rate Bonds		Counterparty Swap Interest Pay	Receive	Net	Interest to Bondholders	Net Interest Payments
Business-Type Activities:							
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	$	(3,404)	57	(3,347)	(66)	(3,413)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008		(2,136)	51	(2,085)	(47)	(2,132)
		$	(5,540)	108	(5,432)	(113)	(5,545)

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, 2021, 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.

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 instrument. The City is currently not exposed to rollover risk on its hedging derivative instruments.

Investment Derivative Instruments

At September 30, 2021, the City did not have any investment derivative instruments related to interest rate swaps.

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

As of September 30, 2021, 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) Principal	Interest (1)	Interest Rate Swaps, Net	Total Interest
2022	$ 6,810	1,678	3,624	5,302
2023	17,385	1,502	3,446	4,948
2024	17,350	1,314	3,038	4,352
2025	17,945	1,121	2,619	3,740
2026	14,960	921	2,230	3,151
2027-2031	84,270	1,575	6,294	7,869
Total	$ 158,720	8,111	21,251	29,362

(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.

10 – DEFICITS IN FUND BALANCES AND NET POSITION

At September 30, 2021, 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.

Nonmajor Governmental	Deficit
Special Revenue Funds:	
Project Connect	$ 2
Neighborhood Revitalization	19
Cultural Arts	1,199
Capital Projects Funds:	
2016 fund	
Mobility	49,036
2018 fund	
Affordable Housing	60,377
Parks	17,692
Open Space	22,420
Transportation	4,282
2020 fund	
Transportation	686
Other funds	
Build Austin	108
Fire - General	30,397
Public Works	82
Waller Creek District	15,283
Nonmajor Enterprise	
Austin Resource Recovery	135,107
Development Services	103,677
Transportation	148,487
Internal Service	
Liability Reserve	14,677
Workers' Compensation	5,047

11 – INTERFUND BALANCES AND TRANSFERS

a -- Interfund receivables, payables, and advances

Interfund receivables, payables, and advances at September 30, 2021, are as follows (in thousands):

	Due From		
Due To	Nonmajor Governmental	Austin Water	Total
General Fund	$ 5	--	5
Nonmajor governmental	128,436	--	128,436
Nonmajor enterprise	--	301	301
Total	$ 128,441	301	128,742

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 ($124.8 million), the majority of which is related to capital project funds ($113.1 million). Deficits in grant funds awaiting reimbursement from grantors ($14.4 million) was borrowed from the Fiscal Surety - Land Development Fund.

	Advances To					
Advances From	Nonmajor Governmental	Austin Energy	Austin Water	Airport	Nonmajor Enterprise	Total
Nonmajor governmental	$ 69,910	--	--	1	110	70,021
Austin Water	75	5,952	--	--	--	6,027
Nonmajor enterprise	191	--	902	--	--	1,093
Total	$ 70,176	5,952	902	1	110	77,141

Advances to and advances from reflect borrowings that will not be liquidated within one year. The advances to Nonmajor Governmental was for the purchase of two hotels that will be converted to house the homeless, and the purchase of land for affordable housing projects. The advance 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, 2021, are as follows (in thousands):

	Transfers In						
Transfers Out	General Fund	Nonmajor Governmental	Austin Energy	Austin Water	Nonmajor Enterprise	Internal Service	Total
General Fund	$ --	17,945	--	--	10,918	--	28,863
Nonmajor governmental	8,548	131,140	1,060	--	50,607	--	191,355
Austin Energy	122,367	--	--	--	--	--	122,367
Austin Water	50,271	1,152	5,661	--	--	146	57,230
Airport	--	--	41	--	--	--	41
Nonmajor enterprise	5,255	9,068	--	75	--	181	14,579
Internal service	--	16,098	--	--	280	22	16,400
Total	$ 186,441	175,403	6,762	75	61,805	349	430,835

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

- Austin Energy and Austin Water transfer funds to the General Fund ($172.6 million), which are comparable to a return on investment to owners.
- The Hotel-Motel Occupancy Tax ($42 million) and the Vehicle Rental Tax ($7.2 million), both special revenue funds, transfer funds to the Convention Center in support of convention operations and debt services.
- Affordable Housing ($78.5 million), a capital projects fund, transferred funds to Austin Housing Finance Corporation, a special revenue fund, in support of affordable housing.

12 – SELECTED REVENUES

a -- Major Enterprise Funds

Austin Energy and Austin Water

The Public Utility Commission (PUCT) has jurisdiction over electric utility wholesale transmission rates. On July 2, 2018, the PUCT approved the City's most recent wholesale transmission rate of $1.187214/KW. Transmission revenues totaled approximately $84 million in fiscal year 2021. 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, 2021, 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, and the power supply adjustment charge can be adjusted when over- or under-recovery is more than 10% of expected power supply costs. Any over- or under-collections of the power supply, regulatory, or community benefit costs are applied to the respective cost-adjustment factor.

Airport

The City has entered into certain lease agreements as the lessor for concessions at the Airport. These lease agreements qualify as operating leases for accounting purposes. In the fiscal year 2021, the Airport fund revenues included minimum concession guarantees of $25,579,317.

The following is a schedule by year of minimum future rentals on non-cancelable operating leases with remaining terms of up to 80 years for the Airport fund as of September 30, 2021 (in thousands):

Fiscal Year Ended September 30	Airport Lease Receipts
2022	$ 34,813
2023	31,821
2024	31,451
2025	31,329
2026	31,325
2027-2031	38,062
2032-2036	9,636
2037-2041	6,719
2042-2046	2,085
Thereafter	695
Totals	$ 217,936

b -- Operating Lease Revenue

The City has entered into various lease agreements as the lessor of office space, antenna space and ground leases. Minimum guaranteed income on these non-cancelable operating leases is as follows (in thousands):

Fiscal Year Ended September 30	Future Lease Receivables
2022	$ 2,434
2023	2,405
2024	2,346
2025	2,271
2026	2,208
2027-2031	10,287
2032-2036	9,810
2037-2041	9,118
2042-2046	7,602
Thereafter	53,418
Totals	$ 101,899

13 – 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 2021, the City had four active agreements under this program. Two agreements satisfied the compliance requirements in fiscal year 2021 which resulted in rebates of tax abatements of approximately $6.9 million. 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 2021.

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

14 – 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 6), and its pro-rata share of operations is recorded as if wholly owned. Austin Energy's pro-rata interest in FPP was $24.2 million as of September 30, 2021. 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.

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, 2021, Austin Energy's investment in the STP was approximately $362.7 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 6). In addition, each participant has the obligation to finance any deficits that may occur.

14 – COMMITMENTS AND CONTINGENCIES, continued
b -- South Texas Project, continued

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, 2021, the trust's assets exceeded the total expenses amortized over the pro-rata useful life of the asset by $6.9 million which is reported as part of deferred inflows of resources (in thousands).

Decommissioning Trust Assets	$ 240,709
Pro Rata Decommissioning Expense	(233,808)
	$ 6,901

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 annual calculation of financial assurance filed on December 31, 2020 showed that the trust assets exceeded the minimum required assurance by $83.7 million.

d -- Purchased Power

Austin Energy has commitments totaling $4.7 billion to purchase energy and capacity through purchase power agreements. This amount includes provisions for wind power through 2041 and solar through 2046.

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 and Austin Energy's system control center. At September 30, 2021, the financial statements include a $1.7 million short term environmental liability classified as other liabilities. The amount is based on 2021 cost estimates to perform remediation and decommissioning. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

f -- Airport grant agreement

In October 2017, the Airport entered into a grant agreement with ABLE to provide support for ABLE's $45,600,000 Series 2017 Airport Hotel Senior Revenue Refunding and Improvement Bonds issuance. The bonds are special limited obligations of ABLE and are payable by ABLE from revenues generated from the hotel located adjacent to the airport. Pursuant to the agreement, the Airport agreed to provide financial assistance to restore deficiencies in ABLE's Senior Debt Service Reserve Fund, to the extent that Surplus Airport System Revenues, as defined in the grant agreement, are available. The Airport has no obligation under this agreement to fund a deficiency if the hotel ceases operations nor does the agreement constitute a commitment, conditional or otherwise, to pay the debt service on the bonds. The terms of the agreement end on the date when the bonds are no longer outstanding. As of September 30, 2021, the Airport has provided $2.6 million in financial assistance to restore deficiencies in ABLE's Senior Debt Service Reserve Fund.

14 – COMMITMENTS AND CONTINGENCIES, continued

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, 2021.

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 Treasury, U.S. Department of Transportation, and U.S. Environmental Protection Agency. 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 2021 Capital Budget has substantial contractual commitments relating to its capital improvement plan.

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

Project	Remaining Commitment (in thousands)
Governmental activities:	
General government	$ 61,286
Public safety	93,300
Transportation, planning, and sustainability	291,141
Public health	29,236
Public recreation and culture	157,288
Urban growth management	49,552
Business-type activities:	
Electric	103,337
Water	180,200
Wastewater	177,386
Airport	103,147
Convention	49,111
Environmental and health services	9,469
Public recreation and culture	62
Urban growth management	120,890
Total	$ 1,425,405

j -- Encumbrances

The City utilizes encumbrances to track commitments against budget in governmental funds. The amount of outstanding encumbrances at September 30, 2021 is as follows (in thousands):

	Encumbrances
General Fund	$ 58,976
Nonmajor governmental	
Special Revenue	41,790
Capital Projects	190,152
	$ 290,918

Significant encumbrances include reservations for COVID-19 contracts ($11,146), 2012 General government projects ($13,488), Communications and Technology Management ($14,738), 2018 transportation bond programs ($14,748), General government projects ($17,443), and the 2016 mobility transportation bond program ($68,827).

14 – COMMITMENTS AND CONTINGENCIES, continued
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. Substantial closure occurred in fiscal year 2011. Flooding in fiscal year 2015 delayed repairs and final landfill closure. Substantial repairs for damage sustained from flooding have since been completed, and 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, 2021, is as follows (in thousands):

	Closure	Postclosure	Total
Total estimated costs	$ 25,381	20,240	45,621
% capacity used	100%	100%	100%
Cumulative liability accrued	25,381	20,240	45,621
Costs incurred	(25,381)	(441)	(25,822)
Closure and postclosure liability	$ --	19,799	19,799

These amounts are based on the 2021 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 $418.7 million (adjusted to 2021 dollars) and an associated deferred outflow of resources of $184.9 million. Austin Energy has restricted assets held in an irrevocable trust to cover the eventual decommissioning costs and as of September 30, 2021, trust assets totaled $240.7 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 $17.9 million and an associated deferred outflow of resources of $15 million. Austin Energy, as joint owner of the facility, will amortize the deferred outflow related to regulatory obligations over 20 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 3 years.

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, 2021 and is reported as asset retirement obligations in the Austin Water fund, a major enterprise fund. The associated deferred outflow of $501 thousand will be amortized over the remaining useful lives of the City's wastewater treatment plants, which range from 5 to 40 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, 2021 and is reported as asset retirement obligations in the Fleet Maintenance fund, an internal service fund. The associated deferred outflow of $116 thousand will be amortized over the remaining useful lives of the City's petroleum underground storage tanks, which range from 1 to 22 years.

14 – COMMITMENTS AND CONTINGENCIES, continued
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 73% of City employees and 81% of retirees use the PPO option; approximately 10% of City employees and 17% 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 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. In fiscal year 2019, four claims exceeded the stop loss limit of $500,000 related to calendar year 2018 claims and no claims exceeded the stop loss limit of $750,000 related to 2019 claims. 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 $87.9 to $102.7 million. In accordance with GAAP, $87.9 million is recognized as claims payable in the financial statements with $49.4 million recognized as a current liability and $38.5 million recognized as long term liability. For Employee Benefits and Workers Compensation, city funds contribute amounts to these internal service funds based on an estimate of anticipated costs for claims each year. Austin Energy, Austin Water, and Airport report their respective claims activities for third-party claims. All other funds contribute amounts to the Liability Reserve fund based on an estimate of anticipated costs for claims each year.

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

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

	Austin Energy		Austin Water		Airport	
	2021	2020	2021	2020	2021	2020
Liability balances, beginning of year	$ 252	232	310	310	--	--
Claims and changes in estimates	1,097	66	90	108	--	8
Claim payments	(120)	(46)	(120)	(108)	--	(8)
Liability balances, end of year	1,229	252	280	310	--	--

	Employee Benefits		Liability Reserve		Workers' Compensation	
	2021	2020	2021	2020	2021	2020
Liability balances, beginning of year	18,622	16,187	2,158	2,172	28,342	28,881
Claims and changes in estimates	170,960	165,241	28,368	999	20,596	3,693
Claim payments	(173,296)	(162,806)	(3,920)	(1,013)	(5,444)	(4,232)
Liability balances, end of year	$ 16,286	18,622	26,606	2,158	43,494	28,342

The Austin Water claims liability balance at fiscal year-end included liabilities of $284 thousand discounted at 2.44% in 2021 and $250 thousand discounted at 2.46% in 2020. The claims liability balance for all other funds had no discounted liability in fiscal years 2021 and 2020.

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. In October 2020 a partial early redemption of $185,000 occurred, reducing the outstanding bonds. $2,246,619 in total assessments were levied in the year ended September 30, 2021. The aggregate principal outstanding at September 30, 2021 is $9,850,000.

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. $467,627 in total assessments were levied in the year ended September 30, 2021. The aggregate principal outstanding at September 30, 2021 is $1,950,000.

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. In May 2021 a partial early redemption of $155,000 occurred, reducing the outstanding bonds. $1,837,991 in total assessments were levied during the fiscal year ended September 30, 2021. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2021 are $8,195,000 and $833, respectively.

14 – 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 May 2021 a partial optional redemption of $100,000 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. $945,913 in total assessments were levied during the fiscal year ended September 30, 2021. The aggregate principal outstanding at September 30, 2021 is $11,685,000.

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. $267,108 in total assessments were levied during the fiscal year ended September 30, 2020. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2021 are $4,315,000 and $4,973, respectively.

o -- Capital Leases

The City has entered into lease agreements to finance equipment for both governmental and business-type activities. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments at their inception date. The lease agreements end in 2023, 2025 and 2031. See Note 6 for the debt service requirements on these leases.

The following summarizes capital assets recorded at September 30, 2021, under capital lease obligations (in thousands):

Capital Assets	Governmental Activities	Austin Energy
Building and improvements	$ --	1,405
Communication equipment	23,702	--
Equipment	14,257	--
Accumulated depreciation	(6,222)	(668)
Net capital assets	$ 31,737	737

14 – COMMITMENTS AND CONTINGENCIES, continued
p -- Operating Leases

The City is committed under various leases for building and office space, tracts of land and rights-of-way, and certain equipment. These leases are considered operating leases for accounting purposes. Lease expense for the year ended September 30, 2021, was $29.6 million. Future minimum payments on these non-cancelable operating leases is as follows (in thousands):

Fiscal Year Ended September 30	Future Lease Payments
2022	$ 29,819
2023	28,399
2024	20,697
2025	13,478
2026	7,392
2027-2031	11,929
2032-2036	1,989
2037-2041	1,718
2042-2046	1,718
Thereafter	11,680
Totals	$ 128,819

15 – 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, 2021. These liabilities, reported in the government-wide statement of net position, include amounts for claims and lawsuits settled subsequent to year end.

16 – 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, 2021, $210.8 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, 2021, $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.

17 – 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 recognizes, in other long-term assets in the governmental activities' column of the statement of net position, a receivable for the estimated carrying value of stadium capital assets at the end of the contract term and the discounted value of future installment payments due to the City in the amounts of $104 million and $4.3 million, respectively. In 2021, a related deferred inflow of $108.3 million was recorded and the City recognized $1.8 million as revenue.

The City will use 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 Stadco LLC, as Austin FC, for a minimum term of 20 years with options to extend through 2071.

18 – SEGMENT INFORMATION – CONVENTION CENTER

The Convention Center provides event facilities and services to its customers. Below are the condensed financial statements for this segment (in thousands):

Condensed Statement of Net Position

ASSETS	
Current assets	$ 112,139
Advances to other funds	26
Capital assets	212,310
Other noncurrent assets	126,475
Total assets	450,950
Deferred outflows of resources	50,075
LIABILITIES	
Other current liabilities	25,373
Other noncurrent liabilities	225,129
Total liabilities	250,502
Deferred inflows of resources	7,798
NET POSITION	
Net investment in capital assets	113,846
Restricted	137,254
Unrestricted	(8,375)
Total net position	$ 242,725

Condensed Statement of Revenues, Expenses, and Changes in Net Position

OPERATING REVENUES	
User fees and rentals	$ 6,018
Total operating revenues	6,018
OPERATING EXPENSES	
Operating expenses before depreciation	53,022
Depreciation and amortization	8,566
Total operating expenses	61,588
Operating income (loss)	(55,570)
Nonoperating revenues (expenses)	(4,301)
Transfers	43,587
Change in net position	(16,284)
Beginning net position	259,009
Ending net position	$ 242,725

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	$ (37,783)
Noncapital financing activities	43,587
Capital and related financing activities	(31,293)
Investing activities	291
Net increase (decrease) in cash and cash equivalents	(25,198)
Cash and cash equivalents, beginning	244,505
Cash and cash equivalents, ending	$ 219,307

19 – RESTATEMENT

During fiscal year 2021, the City implemented a new accounting standard, GASB Statement No. 84, "Fiduciary Activities." This Statement establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this statement, certain funds previously classified as Private Purpose Trust funds have been reclassified and combined within the City's General Fund, Austin Energy, or Custodial funds. Additionally, several funds previously classified as Agency funds have been reclassified within the City's Special Revenue funds or Custodial funds. Amounts previously reported as liabilities within the remaining custodial funds have been reclassified as beginning net position. Any references to the term "Agency Fund" have been updated to "Custodial Fund". The format of the fiduciary fund financial statements has also been updated to comply with the new requirements of this statement. Net position and fund balances were restated at October 1, 2020.

The impact of these changes on the beginning balances reported in the financial statements is shown below (in thousands):

	Government-wide
September 30, 2020	**Governmental Activities**
Net position, as previously reported	$ (600,610)
Adjustments to properly record:	
Implementation of GASB Statement No. 84	7,011
Net Position, as restated	$ (593,599)

	Governmental Funds	
September 30, 2020	**General Fund**	**Nonmajor Governmental Funds**
Fund balances, as previously reported	$ 271,515	306,795
Adjustments to properly record:		
Implementation of GASB Statement No. 84	623	6,388
Fund balances, as restated	$ 272,138	313,183

	Fiduciary Funds	
September 30, 2020	**Private Purpose Trust**	**Custodial**
Net position, as previously reported	$ 4,781	--
Adjustments to properly record:		
Implementation of GASB Statement No. 84	(4,781)	2,032
Net Position, as restated	$ --	2,032

The adjustments associated with the implementation of this standard were deferred in accordance with accounting for regulated operations for Austin Energy. The amount deferred is $3.9 million; therefore, there was no restatement to net position in this fund.

20 – SUBSEQUENT EVENTS
a -- General Obligation Bond Issue

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

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 issue 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 issue 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.

In October 2021, the City issued $20,300,000 of Certificates of Obligation, Taxable Series 2021. The new money 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 1.00% to 4.0% are $4,610,025.

b -- Water and Wastewater – System Revenue Refunding Bond 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.

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

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%.

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 the Texas Water Development Board (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 the Texas Water Development Board (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%.

20 – SUBSEQUENT EVENTS, continued
d -- 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 to provide for the future debt service payments on the defeased bonds. The City is legally released from the obligation for the defeased debt.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2021
(In thousands)

General Fund	**Actual**	**Adjustments (1) (2)**	**Actual-Budget Basis**	**Budget Original**	**Budget Final**	**Variance (3) Positive (Negative)**
REVENUES						
Taxes	$ 860,698	100	860,798	809,105	809,105	51,693
Franchise fees	26,189	14	26,203	27,488	27,488	(1,285)
Fines, forfeitures and penalties	4,607	--	4,607	7,482	7,482	(2,875)
Licenses, permits and inspections	16,612	(26)	16,586	16,591	16,591	(5)
Charges for services/goods	57,278	(3,160)	54,118	63,594	63,594	(9,476)
Interest and other	17,246	(9,807)	7,439	8,313	8,313	(874)
Total revenues	982,630	(12,879)	969,751	932,573	932,573	37,178
EXPENDITURES						
General government						
Municipal Court	31,343	1,494	32,837	33,253	33,253	416
Public safety						
Emergency Communications	16,084	--	16,084	--	16,087	3
Emergency Medical Services	87,794	12,419	100,213	102,002	102,002	1,789
Fire	189,247	23,333	212,580	215,186	215,186	2,606
Forensic Science	11,908	--	11,908	--	11,908	--
Police	314,340	70,495	384,835	414,583	386,037	1,202
Public health						
Animal Services	12,725	2,568	15,293	16,047	16,047	754
Public Health	47,010	5,368	52,378	51,636	51,636	(742)
Social Services	40,499	10,859	51,358	51,379	51,379	21
Public recreation and culture						
Austin Public Library	44,680	10,248	54,928	58,868	58,868	3,940
Parks and Recreation	83,036	11,303	94,339	101,626	101,626	7,287
Urban growth management						
Housing and Planning	14,352	2,451	16,803	30,939	30,039	13,236
Other urban growth management	26,499	1,404	27,903	31,675	34,075	6,172
General city responsibilities (4)	219,727	(158,458)	61,269	10,912	29,712	(31,557)
Total expenditures	1,139,244	(6,516)	1,132,728	1,118,106	1,137,855	5,127
Excess (deficiency) of revenues over expenditures	(156,614)	(6,363)	(162,977)	(185,533)	(205,282)	42,305
OTHER FINANCING SOURCES (USES)						
Transfers in	186,441	201,983	388,424	387,143	353,039	35,385
Transfers out	(28,863)	(208,664)	(237,527)	(206,707)	(175,204)	(62,323)
Total other financing sources (uses)	157,578	(6,681)	150,897	180,436	177,835	(26,938)
Excess (deficiency) of revenues and other sources over expenditures and other uses	964	(13,044)	(12,080)	(5,097)	(27,447)	15,367
Fund balance at beginning of year, as restated	272,138	(51,488)	220,650	153,938	166,295	54,355
Fund balance at end of year	$ 273,102	(64,532)	208,570	148,841	138,848	69,722

(1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers. Additionally, this column includes adjustments between public safety and general city responsibilities related to public safety salaries reimbursed by the CARES - Coronavirus Relief special revenue fund.
(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 seventeen 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 APD Decouple, APD Re-imagine Safety, Barton Springs Conservation, Budget Stabilization Reserve, Community Development Incentives, Economic Development, Economic Incentives Reserve, Emergency Reserve, Housing and Planning Technology, Iconic Venue, Long Center Capital Improvements, Music Venue Assistance Program, Neighborhood Housing-Housing Trust, Pay for Success, Property Tax Reserve, 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 ($650,118).

b -- Budget Amendments

There were several budget amendments during fiscal year 2021:

- The Police Department expense budget, transfers in and transfers out decreased by $27,994,537 for the creation of two new departments: Emergency Communications ($16,085,640) and Forensic Science ($11,908,897). In addition, the Police Department expense budget decreased and transfers out increased due to the Alarm Permitting Unit moving to the Development Services Fund ($551,790). There was an additional decrease to transfers in and transfers out of $17,309,632 due to the movement of support functions to the Support Services Fund.
- Other Urban Growth Management expenses and transfers in increased by $2,400,000 due to the creation of the new Iconic Venue Fund.
- Neighborhood Housing-Housing Trust Fund transfers out increased $13,250,000 and Housing and Planning expenses decreased by $900,000 to support the Capital-Housing Trust Fund.
- General City Responsibilities expense budget increased by $18,800,000 and transfers in increased by $8,800,000 due to the following ongoing COVID-19 response activities:
    - $15,000,000 for Save Austin's Vital Economic Sectors program to support COVID-19 emergency relief
    - $1,500,000 to provide economic recovery support to local businesses impacted by COVID-19 and to support emergency food access
    - $2,300,000 for business preservation

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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. Additionally, this year there are adjustments between public safety and general city responsibilities related to public safety salaries reimbursed by the CARES – Coronavirus Relief special revenue fund. 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):

	General Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	$ 964
Adjustments - increases (decreases) due to:	
Unbudgeted revenues	(7,159)
Net compensated absences accrual	(940)
Outstanding encumbrances established in current year	(48,810)
Payments against prior year encumbrances	44,895
Other	(1,030)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	$ (12,080)

Required Supplementary Information
Retirement Plans- Trend Information
September 30, 2021
(In thousands)

Schedule of Changes in the City Employees' Fund Net Pension Liability and Related Ratios
Measurement Period Ended December 31

	2014	2015	2016	2017
Beginning total pension liability	$ 2,909,918	3,094,056	3,391,796	3,591,376
Changes for the year:				
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)
Net change in total pension liability	184,138	297,740	199,580	206,447
Ending total pension liability	3,094,056	3,391,796	3,591,376	3,797,823
Beginning total plan fiduciary net position	2,130,624	2,209,800	2,144,804	2,299,688
Changes for the year:				
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 expense	(2,631)	(2,422)	(2,701)	(2,778)
Net change in plan fiduciary net position	79,176	(64,996)	154,884	350,750
Ending total plan fiduciary net position	2,209,800	2,144,804	2,299,688	2,650,438
Beginning net pension liability	779,294	884,256	1,246,992	1,291,688
Ending net pension liability	$ 884,256	1,246,992	1,291,688	1,147,385
Plan fiduciary net position as a percentage of the total pension liability	71.42%	63.24%	64.03%	69.79%
Covered Payroll	$ 514,787	546,058	573,308	609,553
City's net pension liability as a percentage of of covered payroll	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 and to 7% in 2019.
- 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.

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

Required Supplementary Information
Retirement Plans- Trend Information
September 30, 2021
(In thousands)

Schedule of Changes in the Police Officers' Fund Net Pension Liability and Related Ratios
Measurement Period Ended December 31

	2014	2015	2016	2017
Beginning total pension liability	$ 909,000	971,623	1,028,909	1,106,189
Changes for the year:				
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)
Net change in total pension liability	62,623	57,286	77,280	83,402
Ending total pension liability	971,623	1,028,909	1,106,189	1,189,591
Beginning total plan fiduciary net position	595,110	638,019	644,174	686,020
Changes for the year:				
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)
Net change in plan fiduciary net position	42,909	6,155	41,846	83,455
Ending total plan fiduciary net position	638,019	644,174	686,020	769,475
Beginning net pension liability	313,890	333,604	384,735	420,169
Ending net pension liability	$ 333,604	384,735	420,169	420,116
Plan fiduciary net position as a percentage of the total pension liability	65.67%	62.61%	62.02%	64.68%
Covered Payroll	$ 149,686	152,696	157,303	163,995
City's net pension liability as a percentage of of covered payroll	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.

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

Required Supplementary Information
Retirement Plans- Trend Information
September 30, 2021
(In thousands)

Schedule of Changes in the Fire Fighters' Fund Net Pension Liability and Related Ratios
Measurement Period Ended December 31

	2014	2015	2016	2017
Beginning total pension liability	$ 806,282	861,468	913,618	977,723
Changes for the year:				
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)
Net change in total pension liability	55,186	52,150	64,105	61,078
Ending total pension liability	861,468	913,618	977,723	1,038,801
Beginning total plan fiduciary net position	752,622	789,433	785,211	829,610
Changes for the year:				
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)
Net change in plan fiduciary net position	36,811	(4,222)	44,399	124,188
Ending total plan fiduciary net position	789,433	785,211	829,610	953,798
Beginning net pension liability	53,660	72,035	128,407	148,113
Ending net pension liability	$ 72,035	128,407	148,113	85,003
Plan fiduciary net position as a percentage of the total pension liability	91.64%	85.95%	84.85%	91.82%
Covered Payroll	$ 84,589	83,979	86,632	87,266
City's net pension liability as a percentage of of covered payroll	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%.
- 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, and the MP-2020 tables in 2020. 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.

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

RETIREMENT PLANS-TREND INFORMATION, continued

Information pertaining to City contributions to the retirement systems is shown in the following two tables (in thousands). An actuarially determined contribution was calculated for the City Employees' fund but was not calculated for the other two funds.

Schedule of Actuarially Determined City Contributions to the City Employees' Fund (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%

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

Valuation Date	
Date	• December 31 of each calendar year occurring during the fiscal year.
Notes	• Members and employers contribute based on statutorily fixed or negotiated rates. A funding period is solved for through open group projections.
Methods and Assumptions Used to Determine Contribution Rates	
Actuarial Cost Method	• Entry Age Normal (all years)
Asset Valuation Method	• 2017 forward - Expected actuarial value plus 20% recognition of prior years' differences between expected and actual investment income • 2016 and 2015 - 20% of market plus 80% of expected actuarial value
Inflation	• 2.5% for 2020 and 2021, 2.75% for 2016 through 2019, 3.25% for 2015
Salary Increases	• 3.5% to 5.75% for 2020 and 2021, 4% to 6.25% for 2016 through 2019, 4.5% to 6% for 2015
Investment Rate of Return	• 7% for 2020 and 2021, 7.5% for 2016 through 2019, 7.75% for 2015
Retirement Age	• Experience-based table of rates that are gender specific. • 2020 and 2021 - Last updated for December 31, 2019 valuation pursuant to an experience study of the period ending December 31, 2018 • 2016 - 2019 - Last updated for December 31, 2015 valuation pursuant to an experience study of the 5-year period ending December 31, 2015. • 2015 - Last updated for December 31, 2012 valuation pursuant to an experience study of the 5-year period ending December 31, 2011.
Mortality	• 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. • 2016 through 2019 - RP-2014 Mortality Table with Blue Collar adjustment. Generational mortality improvements in accordance with Scale BB are projected from the year 2014. • For 2015 RP-2000 Mortality Table with White Collar adjustment and multipliers of 110% for males and 120% for females. Generational mortality improvements in accordance with Scale AA are projected from the year 2000.
Other Information	
Notes	• There were no benefit changes during the periods displayed. • City contributions increased from 18% to 19% as of January 1, 2021.

RETIREMENT PLANS-TREND INFORMATION, continued

Schedule of Statutorily Required City Contributions to the Police Officers' Fund and the Fire Fighters' Fund
(in thousands)

Fiscal Year Ended September 30	Statutorily Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll (1)
	$	$	$	$	
Police Officers					
2015	32,942	32,942	--	152,229	21.64%
2016	33,141	33,141	--	155,476	21.32%
2017	34,717	34,717	--	162,891	21.31%
2018	34,944	34,944	--	163,956	21.31%
2019	35,603	35,617	(14)	167,048	21.32%
2020	36,261	36,268	(7)	170,135	21.32%
2021	35,617	35,619	(2)	163,856	21.74%
Fire Fighters					
2015	18,327	18,327	--	83,118	22.05%
2016	19,145	19,145	--	86,826	22.05%
2017	19,104	19,104	--	86,642	22.05%
2018	19,809	19,809	--	89,834	22.05%
2019	20,890	20,890	--	94,740	22.05%
2020	21,141	21,141	--	95,877	22.05%
2021	21,851	21,851	--	99,099	22.05%

(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.

OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION

The other postemployment benefits plan information for the City's plan provided below represents four 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 four years ended December 31, 2017 through 2020 (measurement periods) are presented below:

Schedule of Changes in the City of Austin OPEB Liability and Related Ratios (in thousands)

	2017	2018	2019	2020
Beginning total OPEB liability	$ 2,055,627	2,524,897	2,395,447	3,504,494
Changes for the year:				
Service cost	86,687	108,478	88,486	167,027
Interest	80,132	89,675	100,978	99,915
Benefit changes	--	231	(3,829)	--
Differences between expected and actual experience	64,227	--	12,335	(6,103)
Assumption changes	283,099	(274,758)	953,202	631,360
Benefit payments	(44,875)	(53,076)	(42,125)	(50,326)
Net change in total OPEB liability	469,270	(129,450)	1,109,047	841,873
Ending total OPEB liability	$ 2,524,897	2,395,447	3,504,494	4,346,367
Covered-employee payroll	$ 968,403	1,000,536	1,051,771	1,103,927
City's total OPEB liability as a percentage of covered-employee payroll	260.73%	239.42%	333.20%	393.72%

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 year ended December 31, 2020. 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.

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% (decreased from 3.78%), 2018 - 4.1%, 2019 - 2.74%, and 2020 - 2.12%,
- Updating medical 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,
- Updating third-party administrator and vendor administrative expenses to reflect the most recent contracts and assumed trends on such costs, (currently $437 per covered individual),
- Adjusting retiree enrollment and plan election assumptions in 2019 to be more consistent with actual experience, 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.

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
PUBLIC IMPROVEMENT REFUNDING AND IMPROVEMENT BONDS,
SERIES 2022

AS BOND COUNSEL for the City of Austin, Texas (the "City"), the issuer of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which Bonds are issued in the aggregate principal amount of $156,275,000. The Bonds bear interest from the date and mature on the dates specified on the face of the Bonds, and are subject to redemption prior to maturity on the dates and in the manner specified in the Bonds, all in accordance with the ordinance of the City authorizing the issuance of the Bonds (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings of the City, and other proofs authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond No. T-1); however, we express no opinion with respect to any statement of insurance printed on the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Bonds constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Bonds, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. In addition, we have relied upon the report of Robert Thomas CPA, LLC, independent certified public accountants, with respect to certain arithmetical and mathematical computations relating to the Bonds and the obligations refunded with the proceeds of the Bonds. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Contractual Obligations, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
PUBLIC PROPERTY FINANCE
CONTRACTUAL OBLIGATIONS,
SERIES 2022

AS BOND COUNSEL for the City of Austin, Texas (the "City"), the issuer of the public property finance contractual obligations described above (the "Contractual Obligations"), we have examined into the legality and validity of the Contractual Obligations, which Contractual Obligations are issued in the aggregate principal amount of $9,300,000. The Contractual Obligations bear interest from the date and mature on the dates specified on the face of the Contractual Obligations, all in accordance with the ordinance of the City authorizing the issuance of the Contractual Obligations (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings of the City, and other proofs authorizing and relating to the issuance of the Contractual Obligations, including one of the executed Contractual Obligations (Contractual Obligation No. T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Contractual Obligations have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Contractual Obligations constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Contractual Obligations, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Contractual Obligations is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Contractual Obligations are not "specified private activity bonds" and that, accordingly, interest on the Contractual Obligations will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Contractual Obligations and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Contractual Obligations may become includable in gross income retroactively to the date of issuance of the Contractual Obligations.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Contractual Obligations.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Contractual Obligations, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Contractual Obligations, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Contractual Obligations is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Contractual Obligations under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Contractual Obligations for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Contractual Obligations, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Contractual Obligations and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Contractual Obligations has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether the Service will commence an audit of the Contractual Obligations. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Contractual Obligations as includable in gross income for federal income tax purposes.

Respectfully,

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
PUBLIC IMPROVEMENT BONDS,
TAXABLE SERIES 2022

AS BOND COUNSEL for the City of Austin, Texas (the "City"), the issuer of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which Bonds are issued in the aggregate principal amount of $59,555,000. The Bonds bear interest from the date and mature on the dates specified on the face of the Bonds, and are subject to redemption prior to maturity on the dates and in the manner specified in the Bonds, all in accordance with the ordinance of the City authorizing the issuance of the Bonds (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings of the City, and other proofs authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond No. T-1); however, we express no opinion with respect to any statement of insurance printed on the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Bonds constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Bonds, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

THE BONDS ARE NOT OBLIGATIONS DESCRIBED IN SECTION 103(a) OF THE INTERNAL REVENUE CODE OF 1986.

WE EXPRESS no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective.

Respectfully,

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
CERTIFICATES OF OBLIGATION,
TAXABLE SERIES 2022

AS BOND COUNSEL for the City of Austin, Texas (the "City"), the issuer of the obligations described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which Certificates are issued in the aggregate principal amount of $16,380,000. The Certificates bear interest from the date and mature on the dates specified on the face of the Certificates, and are subject to redemption prior to maturity on the dates and in the manner specified on the face of the Certificates, all in accordance with the ordinance of the City authorizing the issuance of the Certificates (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings of the City, and other proofs authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate No. T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Certificates constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Certificates, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City and that the principal of and interest on the Certificates are additionally secured by and payable from the surplus revenues received by the City from the operation of the City's solid waste disposal system; provided, that the amount of such pledge of surplus revenues shall not exceed $1,000.00. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

THE CERTIFICATES ARE NOT OBLIGATIONS DESCRIBED IN SECTION 103(a) OF THE INTERNAL REVENUE CODE OF 1986.

WE EXPRESS no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Certificates.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Respectfully,

APPENDIX D

SUMMARY OF REFUNDED OBLIGATIONS[1]

Obligations Refunded with Tax-Exempt Bonds

Public Improvement Bonds, Series 2012A

Maturity	Interest Rate	Par Amount Refunded	Call Date	Call Price	CUSIP[2]
09/01/2025	5.000%	$11,205,000	11/16/2022	100.00%	052396M62
09/01/2026	4.000%	9,445,000	11/16/2022	100.00%	052396M70
09/01/2028	4.000%	4,895,000	11/16/2022	100.00%	052396M88
09/01/2030	4.000%	5,250,000	11/16/2022	100.00%	052396N20

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(1) The refunding of any of the Refunded Obligations is contingent upon the delivery of the Bonds. See "OBLIGATION INFORMATION – Authority and Purpose for Issuance" and "– Refunded Obligations."

(2) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Service, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. CUSIP numbers are provided for convenience of reference only. The City and the Financial Advisor take no responsibility for the accuracy of the CUSIP numbers.

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City of Austin, Texas • Public Improvement and Refunding Bonds, Series 2022, Public Property Finance Contractual Obligations, Series 2022, Public Improvement Bonds, Taxable Series 2022 and Certificates of Obligations, Taxable Series 2022

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