OFFICIAL STATEMENT DATED SEPTEMBER 14, 2021

Ratings: Moody's: "Aa1" (stable outlook)
S&P: "AAA" (stable outlook
Fitch: "AA+" (stable outlook)
(See "OTHER RELEVANT INFORMATION – Ratings" in this document)

NEW ISSUES – Book-Entry-Only

In the opinion of Bond Counsel to the City, interest on the Bonds, the Certificates, 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. 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" in this document.

CITY OF AUSTIN, TEXAS

$153,685,000
Public Improvement and Refunding Bonds, Series 2021

$35,670,000
Certificates of Obligation, Series 2021

$27,110,000
Public Property Finance Contractual Obligations, Series 2021

$81,880,000
Public Improvement and Refunding Bonds, Taxable Series 2021

$20,300,000
Certificates of Obligation, Taxable Series 2021

Dated Date: October 7, 2021 **Due: As shown on the inside cover page**

Interest on the $153,685,000 City of Austin, Texas Public Improvement and Refunding Bonds, Series 2021 (the "Bonds"), the $35,670,000 City of Austin, Texas Certificates of Obligation, Series 2021 (the "Certificates"), the $27,110,000 City of Austin, Texas Public Property Finance Contractual Obligations, Series 2021 (the "Contractual Obligations"), the $81,880,000 City of Austin, Texas Public Improvement and Refunding Bonds, Taxable Series 2021 (the "Taxable Bonds"), and the $20,300,000 City of Austin, Texas Certificates of Obligation, Taxable Series 2021 (the "Taxable Certificates") will accrue from the dated date shown above, and in the case of the Bonds, the Certificates, the Taxable Bonds, and Taxable Certificates will be payable March 1, 2022 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, 2022, 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, the Certificates 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 Wilmington Trust, National Association, Dallas, Texas. See "OBLIGATION INFORMATION – Paying Agent/Registrar" in this document. The Bonds, the Certificates, the Contractual Obligations, the Taxable Bonds and the Taxable Certificates 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.

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 ordinances authorizing the issuance of the Bonds, the Taxable Bonds and the Contractual Obligations. The Certificates and 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 Certificates and 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 and the Taxable 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 Tax-Exempt Obligations" and the "Refunded Taxable Obligations", respectively, and together, 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 Certificates and the Taxable Certificates will be used to finance various capital improvements and to pay the costs of issuing the Certificates and 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 Certificates, 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 Certificates, 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.

It is expected that the Obligations will be delivered through the facilities of DTC on or about October 7, 2021.

MATURITY SCHEDULES

CITY OF AUSTIN, TEXAS

$153,685,000
Public Improvement and Refunding Bonds, Series 2021
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
2022	$33,020,000	5.000%	0.070%	VA1	2032	$4,345,000	5.000%	1.120%	(2)	VL7
2023	4,255,000	5.000%	0.130%	VB9	2033	4,585,000	4.000%	1.250%	(2)	VM5
2024	6,695,000	5.000%	0.210%	VC7	2034	4,780,000	4.000%	1.290%	(2)	VN3
2025	12,485,000	5.000%	0.340%	VD5	2035	4,985,000	4.000%	1.330%	(2)	VP8
2026	10,605,000	5.000%	0.480%	VE3	2036	5,205,000	4.000%	1.360%	(2)	VQ6
2027	4,340,000	5.000%	0.620%	VF0	2037	5,420,000	4.000%	1.410%	(2)	VR4
2028	13,635,000	5.000%	0.760%	VG8	2038	5,655,000	4.000%	1.500%	(2)	VS2
2029	4,810,000	5.000%	0.890%	VH6	2039	5,895,000	4.000%	1.530%	(2)	VT0
2030	5,075,000	5.000%	0.980%	VJ2	2040	6,145,000	4.000%	1.580%	(2)	VU7
2031	5,350,000	5.000%	1.060%	VK9	2041	6,400,000	4.000%	1.590%	(2)	VV5

(Interest to accrue from the Dated Date)

$35,670,000
Certificates of Obligation, Series 2021
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
2022	$1,235,000	5.000%	0.110%	VW3	2032	1,800,000	4.000%	1.190%	(2)	WG7
2023	1,155,000	5.000%	0.160%	VX1	2033	1,875,000	4.000%	1.240%	(2)	WH5
2024	1,220,000	5.000%	0.210%	VY9	2034	1,950,000	4.000%	1.290%	(2)	WJ1
2025	1,280,000	5.000%	0.320%	VZ6	2035	2,025,000	4.000%	1.330%	(2)	WK8
2026	1,345,000	5.000%	0.470%	WA0	2036	2,110,000	4.000%	1.360%	(2)	WL6
2027	1,410,000	5.000%	0.670%	WB8	2037	2,195,000	4.000%	1.390%	(2)	WM4
2028	1,485,000	5.000%	0.800%	WC6	2038	2,280,000	4.000%	1.430%	(2)	WN2
2029	1,555,000	5.000%	0.930%	WD4	2039	2,370,000	4.000%	1.470%	(2)	WP7
2030	1,635,000	5.000%	1.040%	WE2	2040	2,465,000	4.000%	1.530%	(2)	WQ5
2031	1,715,000	5.000%	1.140%	WF9	2041	2,565,000	4.000%	1.560%	(2)	WR3

(Interest to accrue from the Dated Date)

$27,110,000
Public Property Finance Contractual Obligations, Series 2021
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
2022	$2,230,000	5.000%	0.090%	WS1	2022	$1,520,000	5.000%	0.100%	WZ5
2023	1,520,000	5.000%	0.140%	WT9	2023	1,600,000	5.000%	0.140%	XA9
2024	1,600,000	5.000%	0.180%	WU6	2024	1,680,000	5.000%	0.220%	XB7
2025	1,680,000	5.000%	0.290%	WV4	2025	1,765,000	5.000%	0.340%	XC5
2026	1,765,000	5.000%	0.430%	WW2	2026	1,855,000	5.000%	0.480%	XD3
2027	1,855,000	5.000%	0.570%	WX0	2027	1,945,000	5.000%	0.620%	XE1
2028	1,950,000	5.000%	0.690%	WY8	2028	4,145,000	5.000%	0.740%	XF8

(Interest to accrue from the Dated Date)

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

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Service, managed by S&P Global Market Intelligence 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.
(2) Initial yield shown is the yield to the first optional redemption date of September 1, 2031 for the Bonds and the Certificates.

MATURITY SCHEDULES

CITY OF AUSTIN, TEXAS

$81,880,000
Public Improvement and Refunding Bonds, Taxable Series 2021
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
2022	$11,860,000	3.000%	0.130%	XG6	2032	$3,570,000	1.650%	1.650%	XS0
2023	3,365,000	3.000%	0.280%	XH4	2033	3,630,000	1.750%	1.750%	XT8
2024	3,465,000	3.000%	0.500%	XJ0	2034	3,690,000	1.850%	1.850%	XU5
2025	3,560,000	3.000%	0.720%	XK7	2035	3,760,000	1.950%	1.950%	XV3
2026	3,675,000	3.000%	0.900%	XL5	2036	3,835,000	2.050%	2.050%	XW1
2027	3,080,000	3.000%	1.050%	XM3	2037	3,910,000	2.150%	2.150%	XX9
2028	3,845,000	3.000%	1.200%	XN1	2038	3,995,000	2.250%	2.250%	XY7
2029	3,265,000	3.000%	1.350%	XP6	2039	4,085,000	2.300%	2.300%	XZ4
2030	3,365,000	3.000%	1.450%	XQ4	2040	4,180,000	2.350%	2.350%	YA8
2031	3,465,000	3.000%	1.550%	XR2	2041	4,280,000	2.400%	2.400%	YB6

(Interest to accrue from the Dated Date)

$20,300,000
Certificates of Obligation, Taxable Series 2021
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
2022	$840,000	4.000%	0.110%	YC4	2032	$1,020,000	1.650%	1.650%	YN0
2023	815,000	4.000%	0.260%	YD2	2033	1,035,000	1.750%	1.750%	YP5
2024	850,000	4.000%	0.490%	YE0	2034	1,055,000	1.850%	1.850%	YQ3
2025	880,000	4.000%	0.690%	YF7	2035	1,075,000	2.000%	2.000%	YR1
2026	920,000	4.000%	0.850%	YG5	2036	1,095,000	2.050%	2.070%	YS9
2027	955,000	1.000%	1.000%	YH3	2037	1,115,000	2.100%	2.130%	YT7
2028	965,000	1.200%	1.200%	YJ9	2038	1,140,000	2.150%	2.200%	YU4
2029	975,000	1.350%	1.350%	YK6	2039	1,165,000	2.200%	2.230%	YV2
2030	990,000	1.450%	1.450%	YL4	2040	1,190,000	2.250%	2.260%	YW0
2031	1,005,000	1.550%	1.550%	YM2	2041	1,215,000	2.250%	2.320%	YX8

(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 optional redemption as described in "OBLIGATION INFORMATION – Optional Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates."

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Service, managed by S&P Global Market Intelligence 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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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 by the City or by the purchasers in the initial offering of all or any of the Obligations (collectively the "Purchasers") 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 or the Purchasers. 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 Purchasers. 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 PURCHASERS 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

Name	Office	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
Gregorio "Greg" Casar	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
Anne Morgan	Interim Deputy City Manager
Ed Van Eenoo	Chief Financial Officer
Diana Thomas	Deputy Chief Financial Officer
Kimberly Olivares	Deputy Chief Financial Officer
Deborah Thomas	Acting City Attorney
Jannette S. Goodall	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 and Dallas, 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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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 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 $153,685,000 pursuant to the general laws of the State of Texas, particularly Chapter 1207, Texas Government Code ("Chapter 1207"), Chapter 1331, Texas Government Code ("Chapter 1331"), Chapter 1371, 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 Certificates......................... The Certificates are issued in the principal amount of $35,670,000 pursuant to the general laws of the State of Texas, particularly Subchapter C, Chapter 271, 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).

The Contractual Obligations....................... The Contractual Obligations are issued in the principal amount of $27,110,000 pursuant to the general laws of the State of Texas, particularly Subchapter A, Chapter 271, 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 $81,880,000 pursuant to the general laws of the State of Texas, particularly Chapter 1207, 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 $20,300,000 pursuant to the general laws of the State of Texas, particularly 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 Wilmington Trust, 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 Certificates and 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 Certificates, the Taxable Bonds, and the Taxable Certificates having stated maturities on and after September 1, 2032, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2031, 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 Certificates, 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).

Tax Matters – The Tax-Exempt Obligations .... In the opinion of Bond Counsel, interest on the Bonds, the Certificates, 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.

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

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
2013	841,649	$83,294,536,493	$98,966	$1,198,730	$1,424.26	1.44%	99.65%
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	132,516	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	1,006,727	165,194,107,887	164,090	1,534,825	1,524.57	0.93%	99.17%
2021	1,026,833	178,326,128,129	173,666	1,404,466(6)	1,367.76(6)	0.79%(6)	98.93%(4)
2022	1,041,722	182,116,598,263(5)	174,822	1,728,510(6)(7)	1,659.28(6)(7)	0.95%(6)(7)	N/A

(1) Source: 2020 City of Austin Comprehensive Annual Financial Report – Table 18, through fiscal year ending 2020; City of Austin Department of Planning and Development based on full purpose area as of November 2019, for fiscal years ending 2021 and 2022.
(2) Source: 2020 City of Austin Comprehensive Annual Financial Report – Table 7, through fiscal year ending 2021.
(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 "Valuation and Funded Debt History – TABLE TWO" in this document.
(4) Estimated collections as of June 30, 2021 based on the July 2020 Certified Tax Roll tax levy.
(5) Certified estimate of taxable value for the fiscal year ending 2022 (tax year 2021) provided by the Travis Central Appraisal District, Williamson Central Appraisal District, and Hays Central Appraisal District on July 25, 2020, July 20, 2020, and July 24, 2020, respectively.
(6) Projected. Includes the Obligations (aggregate issuance of $318,645,000 par amount).
(7) Projected. Includes tax-supported debt amounts the City expects to issue in the next 12-months.

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OFFICIAL STATEMENT

Relating to

CITY OF AUSTIN, TEXAS

$153,685,000
Public Improvement and Refunding Bonds, Series 2021

$35,670,000
Certificates of Obligation, Series 2021

$27,110,000
Public Property Finance Contractual Obligations, Series 2021

$81,880,000
Public Improvement and Refunding Bonds, Taxable Series 2021

$20,300,000
Certificates of Obligation, Taxable Series 2021

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 $153,685,000 Public Improvement and Refunding Bonds, Series 2021 (the "Bonds"), its $35,670,000 Certificates of Obligation, Series 2021 (the "Certificates"), its $27,110,000 Public Property Finance Contractual Obligations, Series 2021 (the "Contractual Obligations"), its $81,880,000 Public Improvement and Refunding Bonds, Taxable Series 2021 (the "Taxable Bonds"), and its $20,300,000 Certificates of Obligation, Taxable Series 2021 (the "Taxable Certificates"). The Bonds, the Certificates, 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 Certificates, 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 Certificates (the "Certificate 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 Certificate Ordinance, the Contractual Obligation Ordinance, the Taxable Bond Ordinance, and the Taxable Certificate Ordinance are collectively referred to in this document as 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 and the City's Response

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. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State of Texas (the "State") because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the U.S., the State and the City. Following the widespread release and distribution of various COVID-19 vaccines beginning in December 2020 and a decrease in active COVID- 19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment except possibly in counties with an "area with high hospitalizations," where a county judge may impose COVID-19 related mitigation strategies. None of Travis, Williamson and Hays Counties is currently an "area with high hospitalizations." The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this document.

With the decrease in the number of active COVID-19 cases and the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that economic activity will continue or increase at the same rate, especially if there are future outbreaks of COVID-19. The COVID-19 pandemic may result in lasting changes in some businesses and social practices, which could affect business activity and City revenues and expenses, including revenues collected and paid from ad valorem taxes. The City cannot predict the long-term economic effect of COVID-19 or the effect of any future outbreak of COVID-19 or a similar virus on the City's operations or financial condition.

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 2021 Results and Fiscal Year 2022 General Fund Budget".

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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, Texas Government Code ("Chapter 1331"), Chapter 1371, 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, 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 and the Taxable 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 Certificates and the Taxable Certificates are being issued pursuant to the general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code (the "Certificate of Obligation Act"), Chapter 1371, and the Certificate Ordinance and the Taxable Certificate Ordinance. Proceeds from the sale of the Certificates and the Taxable Certificates will be used to finance various capital improvements and to pay costs of issuing the Certificates and the Taxable Certificates.

The Contractual Obligations are being issued pursuant to the general laws of the State of Texas, particularly Subchapter A of Chapter 271, 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 and the Taxable Bonds, respectively, will be paid on the scheduled redemption date of the Refunded Obligations from funds to be deposited pursuant to separate escrow agreements (together, the "Escrow Agreement"), between the City and Wilmington Trust, National Association (the "Escrow Agent"). The Bond Ordinance and the Taxable Bond Ordinance each provide that a portion of the proceeds of the sale of the Bonds and the Taxable Bonds, as the case may be, 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 separate special escrow accounts, 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 and the Taxable Bonds to the Purchaser 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 or the Taxable 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 a firm banking and financial arrangement for the discharge and final payment of the Refunded Tax-Exempt Obligations and the Refunded Taxable Obligations, respectively, 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 Certificates	The Contractual Obligations	The Taxable Bonds	The Taxable Certificates
Sources of Funds:					
Principal Amount	$153,685,000.00	$35,670,000.00	$27,110,000.00	$81,880,000.00	$20,300,000.00
Original Issue Premium	30,681,168.75	8,476,999.65	4,964,215.65	3,504,376.10	387,724.90
City Contribution	405,173.75	--	--	26,918.00	--
Total	$184,771,342.50	$44,146,999.65	$32,074,215.65	$85,411,294.10	$20,687,724.90
Uses of Funds:					
Deposit to Project Fund	$81,895,000.00	$43,930,000.00	$31,930,000.00	$77,655,000.00	$20,525,000.00
Deposit to Escrow Fund	102,156,583.02			6,601,592.83	
Costs of Issuance (1)	517,859.03	120,203.04	90,863.88	336,351.61	85,120.82
Underwriters' Discount	201,900.45	96,796.61	53,351.77	818,349.66	77,604.08
Total	$184,771,342.50	$44,146,999.65	$32,074,215.65	$85,411,294.10	$20,687,724.90

(1) Costs of Issuance includes the fees of bond counsel, disclosure counsel, financial advisor, rating agencies, Paying Agent/Registrar, 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 7, 2021) (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, the Certificates, Taxable Bonds and the Taxable Certificates will be payable on March 1, 2022, 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, 2022, 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 Certificates and 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 effect 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 Wilmington Trust, 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 Certificates, the Taxable Bonds and the Taxable Certificates

The City reserves the right, at its option, to redeem the Bonds, the Certificates, the Taxable Bonds, and the Taxable Certificates having stated maturities on and after September 1, 2032, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2031, 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 Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates

If principal amounts for the Bonds, the Certificates, the Taxable Bonds or the Taxable Certificates designated in the serial maturity schedules on pages ii and iii of this document, respectively, are combined to create "Term Bonds" or "Term Certificates" with such Term Bonds and Term Certificates being referred to collectively as "Term Obligations," each such Term Obligation shall be subject to mandatory sinking fund redemption commencing on September 1 of the first year which has been combined to form such Term Obligation and continuing on September 1 in each year thereafter until the stated maturity date of that Term Obligation, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the applicable serial maturity schedule on pages ii and iii of this document, respectively. Term Obligations to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot or other customary random selection method from and among the Term Obligations then subject to redemption.

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, Certificate, 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, Certificate, 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, Certificate, 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, Certificates, Taxable Bonds, or Taxable Certificates may be made conditional upon the occurrence of certain events. If a 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, Certificates, Taxable Bonds, or Taxable Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that Bonds, Certificates, 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 of Texas ("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.

Beginning with the 2020 tax year, the procedures in this paragraph and the following paragraphs apply. 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 1.047 multiplier for the fiscal year 2022 budget.

The City adopted its fiscal year 2021-22 budget at meetings held August 11 and 12, 2021, ratified that the budget would need more taxes than the current fiscal year and adopted an ad valorem tax rate of $0.5410, which consists of $0.4280 for maintenance and operations purposes and $0.1130 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 2022, the Project Connect portion of the City's tax rate is $0.089; 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, 2021 Certified Estimate of Appraised Value (1)	$238,265,213,755
Less Local Exemptions to Assessed Values: (2)	
Residential Homestead	$14,048,066,801
Residential Homestead over 65	$4,629,077,598
Homestead 10% Increase Cap	6,683,192,414
Disabled Veterans	1,886,888,348
Agricultural and Historical Exemptions	915,337,136
Disability Exemption	244,733,264
Other Exemptions	27,712,763,211
Freeport Exemption	28,556,720
January 1, 2021 Net Taxable Assessed Valuation (1)	$182,116,598,263

(1) Appraised value and taxable value is subject to change pending additional exemption and appeals. Net Taxable Assessed Valuation as of January 1, 2021 corresponds to the City's fiscal year 2022.

(2) Exemptions or adjustments to assessed valuation granted in tax year 2021 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 Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication of exported finished goods from Texas.

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Statement of Debt (Anticipated as of September 30, 2021)

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)	$959,620,000	
Certificates of Obligation (1)(2)	279,740,000	
Contractual Obligations (1)	72,600,000	
Mueller Contract Revenue Obligations	36,840,000	
The Obligations	318,645,000	
Assumed MUD Bonds (3)	4,520,000	
Total		$1,671,965,000
Less Self-Supporting Debt:		
Assumed MUDs (3)	$4,520,000	
Mueller Contract Revenue Obligations	36,840,000	
Airport (4)	498	
Austin Energy (4)	-	
Austin Resource Recovery (4)	19,577,817	
Austin Water (2) (4)	2,409,948	
City Hall (4)	1,187,574	
Code Compliance (4)	-	
Convention Center (4)	7,200,430	
Financial Services (2) (4)	15,169,466	
Fleet Management (2) (4)	1,348,869	
Golf (4)	-	
Transportation (2) (4)	5,792,683	
Waller Creek Tax Increment Reinvestment Zone (2) (4)	114,438,389	
Watershed Protection (2) (4)	26,877,656	
Less: Total Self-Supporting Debt		$235,363,330
Less: Interest and Sinking Fund Balance (5)		$32,135,395
Less: Self-Supporting General Fund Payments (6)		$300
Net Debt		$1,404,465,975
Ratio of Total Debt to Fiscal Year 2020 Net Taxable Assessed Valuation		0.94%
Ratio of Net Debt to Fiscal Year 2020 Net Taxable Assessed Valuation		0.79%

2021 Population (Estimate) – 1,026,833 (7)
Per Capita Net Taxable Assessed Valuation – $173,666
Per Capita Net Debt Outstanding – $1,367

(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, 2020.
(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 Department of Planning and Development.

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
2013	841,649	$83,294,536,493	$98,966	$1,198,730	$1,424.26	1.44%	99.65%
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	132,516	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	1,006,727	165,194,107,887	164,090	1,534,825	1,524.57	0.93%	99.17%
2021	1,026,833	178,326,128,129	173,666	1,404,466(6)	1,367.76(6)	0.79%(6)	98.93%4)
2022	1,041,722	182,116,598,263(5)	174,822	1,728,510(6)(7)	1,659.28(6)(7)	0.95%(6)(7)	N/A

(1) Source: 2020 City of Austin Comprehensive Annual Financial Report – Table 18, through fiscal year ending 2020; City of Austin Department of Planning and Development based on full purpose area as of November 2018 for fiscal years ending 2021 and 2022.
(2) Source: 2020 City of Austin Comprehensive Annual Financial Report – Table 7, through fiscal year ending 2021.
(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 June 30, 2021 based on the July 2020 Certified Tax Roll tax levy.
(5) Certified estimate of taxable value for the fiscal year ending 2022 (tax year 2021) provided by the Travis Central Appraisal District, Williamson Central Appraisal District, and Hays Central Appraisal District.
(6) Includes the Obligations (aggregate issuance of $318,645,000) and excludes the Refunded Obligations (refunded par amount of $107,930,000).
(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	951,369,894(1)	98.93%(2)	98.93%(1)
2022	0.5410(3)	0.4280(1)(3)	0.1130(3)	985,250,797(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 June 30, 2021 based on the July 2020 Certified Tax Roll tax levy.
(3) The City Council adopted the City's fiscal year 2021-22 budget and tax rate at meetings held August 11 and 12, 2021.

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Ten Largest Taxpayers – TABLE FOUR

Name of Taxpayer	Nature of Property	January 1, 2021 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Samsung Austin Semiconductor	Technology Manufacturing	$1,032,548,764	0.57%
Columbia/St. David's Healthcare	Healthcare	532,845,725	0.29%
Oracle America Inc.	Technology	518,389,475	0.28%
Apple Inc.	Technology	486,423,945	0.27%
CSHV-401 Congress LLC	Commercial	409,788,700	0.23%
Finley Co.	Hotel	393,832,807	0.22%
GW Block 23 Office LLC	Commercial	381,722,000	0.21%
BPP Alphabet MF Riata LP	Commercial	358,876,136	0.20%
CSHV-300 West 6th Street LLC	Commercial	353,026,500	0.19%
Domain Retail Prop. Owner LP	Commercial	339,664,851	0.19%
TOTAL		$4,807,118,903	2.64%

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

Property Tax Rate Distribution – TABLE FIVE

	Fiscal Year Ended September 30				
	2018	2019	2020	2021	2022(1)
General Fund	$0.3393	$0.3308	$0.3337	$0.4209	$0.4280
Interest and Sinking Fund	0.1055	0.1095	0.1094	0.1126	0.1130
Total Tax Rate	$0.4448	$0.4403	$0.4431	$0.5335	$0.5410

(1) The City Council adopted the City's fiscal year 2021-22 budget and tax rates at meetings held August 11 and 12, 2021. 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).

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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
2013	1-1-12	$73,663,555,699	88.74%	$9,376,860,075	11.26%	$83,294,536,493	$418,888,224	99.36%	99.65%
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	167,657,057,380	94.02%	10,669,070,749	5.98%	178,326,128,129	951,369,894	98.93%(1)	98.93%(1)
2022	1-1-21	170,494,295,742(2)	93.62%	11,622,302,521(2)	6.38%	182,116,598,263(2)	985,250,797(3)	N/A	N/A

(1) Estimated collections through June 30, 2021 based on the July 2020 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 2021-22 budget at meetings held August 11 and 12, 2021. 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 is a comprehensive transit plan that will include a new rail system, a downtown transit tunnel, expanded bus system, new park and ride facilities, and transition to an all-electric fleet. Subsequent to the City's tax rate election and resultant dedication of 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 includes 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 will come 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 this 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 2022, the budgeted amount of property taxes to be transferred to ATP is $155,647,659. City property taxes represent the largest source of funding for ATP.

ATP anticipates the issuance of debt to finance a significant portion of the estimated $7.1 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, 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, 2021)

In addition to the above, the City has outstanding $67,700,000 combined utility systems revenue bonds payable from combined net revenue of the Electric System and the Water and Wastewater System; $1,850,355,000 electric utility system revenue obligations payable from a separate lien on the net revenues of the Electric Utility System; $2,178,175,000 Water and Wastewater Obligations payable from a separate lien on the net revenue of the water and wastewater system. In the fall of 2021, the City plans to issue additional water and wastewater system revenue obligations and electric utility 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.

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. As of August 31, 2021, the City currently has outstanding $133,061,000 in tax-exempt Program Notes and $9,700,000 in taxable Program Notes. The city 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 2021.

The City additionally has outstanding $982,245,000 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; $77,520,000 Hotel Occupancy Tax Subordinate Lien Revenue Bonds payable from the City's 2% and 4.5% Hotel Occupancy Tax; and $20,820,000 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, 2021)

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 ($19,880,000 of special assessment revenue bonds outstanding), Indian Hills PID ($1,950,000 of special assessment revenue bonds outstanding), and Whisper Valley PID master improvement area and improvement area one ($14,165,000 of special assessment revenue bonds outstanding). 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 revenue or taxes.

Obligations Subject to Annual Appropriation (As of September 30, 2021)

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, $4,355,000 in principal amount of these Contract Revenue Bonds is outstanding.

The City has also created a tax increment reinvestment zone for the Mueller project to include 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, $32,485,000 in principal amount of these Tax Increment Contact Revenue Bonds is outstanding.

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DEBT INFORMATION (a)

Debt Service Requirements

Fiscal Year Ending 09/30	Public Improvement Bonds	Certificates of Obligation	Contractual Obligations	Northwest Austin MUD #1 (b)	Mueller Contract Rev Bonds	Less: The Refunded Obligations (a)	Plus: The Obligations (a)	Grand Total Requirements	Less Self-Supporting Requirements (c)	Net Total Requirements (a)	Percent Principal Payout
2022	$134,915,752	$29,239,094	$20,469,550	$1,036,678	$4,700,709	$9,535,918	$60,143,853	$240,969,718	$31,562,958	$209,406,759	
2023	127,739,847	29,279,792	17,265,975	1,041,188	4,837,296	8,669,111	23,056,890	194,551,876	28,480,888	166,070,988	
2024	124,906,239	29,302,623	14,395,350	1,038,575	4,973,965	10,884,944	25,298,840	189,030,648	28,191,268	160,839,380	
2025	117,791,506	29,329,091	12,362,325	1,044,475	5,109,565	16,337,244	30,738,140	180,037,858	26,142,362	153,895,496	
2026	112,901,333	29,358,342	10,087,775	943,463	5,255,965	13,833,444	28,247,765	172,961,199	25,181,867	147,779,332	40.68%
2027	107,974,494	25,203,842	5,978,500	-	4,415,465	4,939,194	20,744,465	159,377,573	20,947,163	138,430,410	
2028	102,465,202	25,213,598	1,880,875	-	4,572,934	16,086,944	30,497,265	148,542,930	20,268,869	128,274,061	
2029	94,617,078	25,243,791	-	-	4,735,059	20,012,194	20,289,585	124,873,319	20,080,340	104,792,979	
2030	72,179,828	25,286,525	-	-	2,155,401	4,913,594	16,071,598	110,779,758	17,184,514	93,595,244	
2031	75,064,357	30,361,502	-	-	2,151,864	14,395,194	16,090,793	109,273,321	16,690,659	92,582,662	71.13%
2032	68,390,023	29,101,721	-	-	2,155,369	2,197,294	14,818,015	112,267,833	15,946,608	96,321,226	
2033	60,117,611	27,859,747	-	-	-	2,214,694	14,843,030	100,605,694	13,239,588	87,366,106	
2034	48,145,076	27,862,742	-	-	-	2,229,094	14,852,993	88,631,717	13,246,541	75,385,176	
2035	32,020,918	24,166,463	-	-	-	2,243,506	14,866,010	68,809,884	10,308,300	58,501,585	
2036	18,333,495	20,683,664	-	-	-	2,259,619	14,890,790	51,648,331	8,130,364	43,517,967	91.53%
2037	14,867,676	16,628,894	-	-	-	2,272,225	14,892,125	44,116,470	7,542,839	36,573,631	
2038	10,385,150	13,980,363	-	-	-	2,289,025	14,910,045	36,986,532	7,211,562	29,774,970	
2039	8,733,499	11,897,085	-	-	-	2,301,788	14,923,248	33,252,044	5,642,255	27,609,789	
2040	2,064,404	10,300,763	-	-	-	2,315,513	14,938,063	24,987,717	4,359,320	20,628,397	
2041	-	2,329,988	-	-	-	2,329,988	14,948,658	14,948,658	4,369,540	10,579,118	100.00%
	$1,333,613,488	$462,629,628	$82,440,350	$5,104,378	$45,063,591	$142,260,523	$420,062,168	$2,206,653,081	$324,727,806	$1,881,925,275	

(a) Existing debt service shown as of September 30, 2021. 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)	$1,419,910,975	100.00	$1,419,910,975
Austin CCD	386,255,000	71.14	274,781,807
Austin ISD	1,296,870,900	95.78	1,242,142,948
Avery Ranch Road District #1	4,555,000	100.00	4,555,000
Del Valle ISD	253,624,999	70.99	180,048,387
Eanes ISD	145,530,000	40.18	58,473,954
Hays County	474,159,579	0.60	2,844,957
Leander ISD	1,115,580,085	13.35	148,929,941
Manor ISD	458,449,999	62.73	287,585,685
Northtown MUD	25,935,000	21.53	5,583,806
Northwoods Road District #1	9,905,000	100.00	9,905,000
Pearson Place Road District	4,920,000	100.00	4,920,000
Pflugerville ISD	575,155,000	35.01	201,361,766
Round Rock ISD	927,815,000	34.48	319,910,612
Travis County	1,054,720,000	74.43	785,028,096
Travis County ESD # 3	1,130,000	0.21	2,373
Travis County ESD # 6	2,075,000	0.23	4,773
Travis County ESD # 9	650,000	1.51	9,815
Travis County Healthcare District dba Central Health	6,105,000	74.43	4,543,952
Travis Co MUD # 8	10,111,827	0.76	76,850
Travis Co WC&ID # 10	41,730,000	3.82	1,594,086
Travis Co WC&ID # 17	49,304,998	0.11	54,235
Williamson Co	963,095,000	11.57	111,430,092
Total Net Direct and Overlapping Debt			$5,063,699,110
Ratio of Net Direct and Overlapping Debt to Fiscal Year 2021 Taxable Assessed Value (3)			2.78%
Per Capita Overlapping Funded Debt (4)			$4,931

(1) Source: Overlapping debt amounts as of June 30, 2021 obtained from the Municipal Advisory Council of Texas.
(2) Outstanding net tax-supported debt of the City shown as of September 30, 2021. Includes the Obligations (aggregate issuance of $328,070,000 par amount) and excludes $107,930,000 of Refunded Obligations.
(3) Based on the City's tax year 2022 (fiscal year 2022) net taxable assessed valuation of $182,116,598,263.
(4) Based on the City's 2021 estimated population of 1,026,833.

Note: 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		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
Public Safety Facility	11/7/2006	58,100,000	58,100,000	-		-
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
Affordable Housing	11/5/2013	65,000,000	65,000,000	-		-
Mobility Transportation	11/8/2016	720,000,000	152,095,000	20,000,000		547,905,000
Affordable Housing	11/6/2018	250,000,000	62,640,000	77,655,000	(2)	109,705,000
Cultural Arts	11/6/2018	128,000,000	6,700,000	-		121,300,000
Park Improvements	11/6/2018	149,000,000	11,280,000	16,995,000		120,725,000
Flood Mitigation	11/6/2018	184,000,000	49,805,000	22,880,000		111,315,000
Health and Human Services	11/6/2018	16,000,000	1,150,000	3,040,000		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	15,915,000	18,980,000		125,105,000
Mobility Transportation	11/3/2020	460,000,000	-	-		460,000,000
		$2,616,508,000	$787,113,000	$159,550,000		$1,669,845,000

(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 Certificates, the Taxable Certificates and the Contractual Obligations represent non-voted debt of 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.

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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 of Texas 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 of Texas 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 of Texas 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 of Texas;
(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 of Texas; 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, 2021, was $239,457,605.

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). The City's investment policy currently limits the commercial paper that may be purchased to a term of 270 days or less.

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 Texas 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, 2021, the City's investable funds were invested in the following categories.

Type of Investment	Percentage
U. S. Treasuries	43%
U. S. Agencies	24%
Local Government Investment Pools	33%

The dollar weighted average maturity for the combined City investment portfolios is 224 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)

	2016	2017	2018	2019	2020
Revenues:					
Taxes (1)	$607,361	$646,918	$702,761	$752,340	$778,947
Franchise Fees	36,678	36,057	35,738	35,294	37,813
Fines, Forfeitures and Penalties	15,027	13,117	10,330	8,694	4,447
Licenses, Permits and Inspections	47,470	61,076	54,103	16,572	15,069
Charges for Services	59,062	59,362	61,705	63,284	52,491
Interest and Other	15,205	15,754	21,389	23,507	22,523
Total Revenues	$780,803	$832,284	$886,026	$899,691	$911,290
Expenditures:					
Administration	$20,844	$22,386	$22,021	$24,310	$30,175
Urban Growth Management	66,817	70,491	82,293	42,259	45,942
Public Safety	559,038	585,250	584,760	610,833	540,442
Public Health	72,333	80,487	84,410	86,812	96,314
Public Recreation and Culture	105,410	112,278	120,120	129,904	126,810
Transportation, Planning and Sustainability	814	421	-	-	-
Nondepartmental Expenditures	106,985	104,259	113,140	119,740	182,589
Total Expenditures	$932,241	$976,022	$1,006,744	$1,013,858	$1,022,272
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	($151,438)	($143,738)	($120,718)	($114,167)	($110,982)
Other Financing Sources (Uses):					
Transfers from Other Funds	157,201	166,688	173,614	172,798	172,425
Transfers to Other Funds	(26,246)	(12,125)	(11,776)	(46,130)	(25,564)
Net Other Financing Sources	$130,955	$154,563	$161,838	$126,668	$146,861
Excess (Deficiency) of Total Revenues and Other Services Over Expenditures and Other Uses	($20,483)	$10,825	$41,120	$12,501	$35,879
Special Item – Land Sale	4,309	-	-	10,201	-
Fund Balances at Beginning of Year	177,163	160,989	171,814	212,934	235,636
Fund Balances at End of Year (2)	$160,989	$171,814	$212,934	$235,636	$271,515

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

(2) As of September 30, 2020, the budget stabilization reserve reports a balance of $93.5 million, the emergency reserve maintains a balance of six percent of total General Fund requirements, or $65.3 million, and the property tax reserve has a balance of $4.5 million.

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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 of Texas, 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
2013	$209.35	$176,198	42.06%
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	245.01	246,658	33.70%
2021	238.83	245,241	25.78%
2022 (1)	267.72	278,889	28.31%

(1) 2022 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. 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
2013	$139,548	18.5%
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 (1)	160,431	13.8%

(1) 2022 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 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.

Interim Deputy City Manager – Anne Morgan

Ms. Anne Morgan was appointed Interim Deputy City Manager on May 10, 2021. She oversees the City's strategic outcome "Government that Works for All." See "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY – General Information" in this document. Ms. Morgan is a lawyer and joined the City of Austin in 2004 as the Chief of Litigation. She was promoted to Deputy City Attorney in 2011 and the City Manager appointed her to be the City Attorney in 2015. Before joining the City, Ms. Morgan worked in the Texas Attorney General's office as an Assistant Attorney General and then the Deputy Division Chief of Tort Litigation. While there she represented numerous state entities including all of the state university teaching hospitals and their physicians. Ms. Morgan has had her own law firm that specialized in medical malpractice and mediation, and she began her career in Washington D.C. representing federal employees. Ms. Morgan is a graduate of Phillips Exeter Academy, the University of Texas, and the Washing College of Law at the American University in Washington, D.C. She has received both the Pathfinder Award and the Government Service Award from the Travis County Women Lawyers Association, served as a volunteer mediator for the Travis County Bar Association, and served on the boards for Goodwill Industries of Central Texas, Reading is Fundamental, and Austin Groups for the Elderly.

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 Austin Police Financial Services, Budget Office, Capital Contracting Office, Controllers Office, Office of Performance Management, Office of Real Estate, Office of Telecommunication & Regulatory Affairs, Purchasing Office, and Treasury Office. 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 Controller's Office, the Office of Telecommunications and Regulatory Affairs, Austin Police Financial Services, and the Financial Services Department's IT division. 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 of Texas.

Deputy Chief Financial Officer – Kimberly Olivares

Ms. Kimberly Olivares currently serves as Deputy Chief Financial Officer, where she oversees Treasury, strategic facility delivery (P3s), tax increment reinvestment zone (TIRZ) and public improvement district (PID) financing, and Financial Services Department administrative staff. Ms. Olivares joined the City of Austin 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 her B.A. from the University of Notre Dame, Master of Public Affairs from the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, and Master of Business Administration 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 of Austin, she is very active with the Government Finance Officers Association and serves as the Chair of its Committee on Economic Development and Capital Planning.

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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, 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 Texas 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 2011.

Calendar Year	Full Purpose Acres [1]	Limited Purpose Acres
2011	726	0
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[2]	0

(1) Includes acres converted from limited purpose to full purpose status.
(2) Includes annexations anticipated to be completed by 12/31/2021.

Recent Annexation

In 2020 and 2021, the City conducted full purpose annexations of greenfield land at the request of property 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 which 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 will become 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 Aviation Department ("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, respectively.

As of October 1, 2020, municipal employees contribute 8.0% and the City contributes 18.0% of payroll to the COAERS, however, effective January 1, 2021, the City's contribution to the COAERS increased to 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. Police officers contribute 13.0% and the City contributes 21.737% of payroll to the Police Retirement System. 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, 2020, the amortization period of the unfunded actuarial accrued liability was 32 years for the COAERS, 30 years for the Police Retirement System, and 23.3 years for the Fire Fighters Retirement Fund.

The City's net pension liability was measured as of December 31, 2020 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 in order to address long-term structural imbalances in the plan.

As of December 31, 2020, the COAERS reported a total net pension liability of $1.5 billion, of which $307.5 million is allocable to Austin Energy, $160.8 is allocable to Austin Water, and $61.1 is allocable to Aviation. The COAERS' fiduciary net position as a percentage of the total pension liability was 68.1%. The actuarial accrued liability for the COAERS as of December 31, 2020 was $4.7 billion and the funded ratio was 65.3%. As of December 31, 2019, the COAERS reported a net pension liability of $1.6 billion with a plan fiduciary net position as a percentage of the total pension liability of 65.2%. The actuarial accrued liability for the COAERS was $4.5 billion and the funded ratio was 63.5%. The COAERS had no changes of assumptions or benefit terms that affected the total pension liability for the 2020 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 32 years, a decrease from the 40-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 and a reduction in the pension multiplier. The City intends to explore 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 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 Governor signed, legislation that includes the following reforms which are 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 proposed 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 highest months of salary is increased to 60 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, 2020, the Police Retirement System reported a net pension liability of $605.9 million for the 2020 plan year, which is a decrease from the $1.3 billion net pension liability reported for the prior 2019 plan year. The fiduciary net position as a percentage of the total pension liability increased to 60.8% for the 2020 plan year from 39.4% 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, 2020 was $1.54 billion and the funded ratio was 58.6%. The actuarial accrued liability for the Police Retirement System as of December 31, 2019 was $1.46 billion and the funded ratio was 58.4%.

Fire Fighters Retirement Fund…The members of the Fire Fighters Retirement Fund include commissioned firefighters and Texas 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 system is 3.3%. The Fire Fighters Retirement Fund also provides early retirement options.

The Fire Fighters Retirement Fund, as of December 31, 2020, reported a net pension liability of $70.4 million, with a 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 was $1.23 billion and the funded ratio was 87.5%. As of December 31, 2019, the Fire Fighters Retirement Fund reported a net pension liability of $126.1 million and plan fiduciary net position as a percentage of the total pension liability of 89.1%. The actuarial accrued liability for the Fire Fighters Retirement Fund as of December 31, 2019 was $1.15 billion and the funded ratio was 86.8%.

The Fire Fighters Retirement Fund adopted changes to certain actuarial assumptions used in the 2020 actuarial valuation. The assumption changes adopted had minimal impact on the amortization period and funded ratio. Actuarial assumption changes included a decreased investment return assumption (from 7.5% to 7.3%) and increased payroll growth (from 2.0% to 2.5%). In addition, effective January 1, 2021, a cost-of-living adjustment increase of 1.4% went into effect.

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 Comprehensive Annual 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 begun working with COAERS to resolve the funding shortfalls. The City and COAERS remain in communication and are working collaboratively toward implementing changes during the 2023 legislative session. These changes may include a more adaptable, actuarially determined funding model, phased increases to both City and employee contributions, and changes to the governance structure.

The City earmarked $11.3 million of funds in the FY 2020-21 budget to provide an initial first phase of increased City contributions to its pension plans. As of January 1, 2021, the City's contribution to COAERS increased by 1% to 19%.

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 $47.8 million in fiscal year 2020 and $44.1 million in fiscal year 2019.

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, 2020 actuarial valuation date (roll-forward), the City's total OPEB liability increased to $4.3 billion from $3.5 billion as of the actuarial valuation measured as of December 31, 2019. The increase in the total OPEB liability was attributable to several assumption changes. The primary factor was a reduction in the assumed discount rate (to 2.12% from 2.74%, based on the Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date) as required by GASB guidance. In addition, changes to COAERS and the Fire Fighters' Retirement Fund assumptions such as new mortality tables and changes to certain demographics assumptions (trend rates, retirement rates, enrollment for retirees and spouses, etc.) contributed to the increase.

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 $2.16 million for claims and damages at the end of fiscal year 2020. 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, 2020.

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 and a biomass generation facilities 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, 2020, the Electric Utility System had approximately 1,813 full-time regular employees and the Water and Wastewater Utility had approximately 1,236 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 2021, the total transfers from the utility systems represented 14.7% of total General Fund revenue, with 10.2% from Austin Energy and 4.4% from Austin Water. Revenue transfers from Austin Energy and Austin Water to the City's General Fund are annually recurring, formula-based appropriations. Revenue transfers from Austin Energy and Austin Water to the City's General Fund are annually recurring 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 2021 and audited financial statements within 12 months of each fiscal year beginning with the fiscal year ending in 2021. 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 Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, 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.

Compliance with Prior Undertakings

With respect to the City's continuing disclosure agreement regarding the Rental Car Special Facility Revenue Bonds, the City failed to file rating upgrades from Moody's and Fitch within the ten business day window which started on July 10, 2015 and August 17, 2016, respectively. The City filed the event notices with respect to the ratings upgrade on December 14, 2016. Notice of the failure to file the ratings upgrade in a timely manner was also filed on the same date. With respect to the continuing disclosure agreement entered into by Austin-Bergstrom Landhost Enterprise ("ABLE"), with respect to its Series 1999A and 1999B Bonds, ABLE did not file its financial statements by the June 30 deadline for Fiscal Year December 31, 2015. The financial statements were filed on July 19, 2016 and the notice of the failure to file was filed on September 1, 2017. The referenced ABLE bonds are no longer outstanding. With respect to the City's continuing disclosure agreements regarding its outstanding Combined Utility Revenue Bonds, Water and Wastewater System Revenue Bonds, and Electric Utility System Revenue Bonds, on February 3, 2017, the City filed a ratings upgrade notice for the Prior First-Lien Combined Electric, Water and Wastewater Revenue Bonds, which took place on July 1, 2015. The notice of failure to file the ratings upgrade in a timely manner was also filed on the same date. On June 30, 2017, the City filed updated financial information and operating data to reflect Fiscal Year 2016 information on the first page of the "Water Service Rates" table. The City has implemented procedures to ensure timely filing of all future financial information and event notices.

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 RECENTLY ENACTED LEGISLATION OR 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

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 Bonds and the Taxable Certificates are not obligations described in section 103(a) of the Code. Accordingly, the stated interest paid on the Taxable Bonds or original issue discount, if any, accruing on the Taxable Bonds and the Taxable Certificates 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 Bond or a Taxable Certificate 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 Bond or the Taxable Certificate. Generally, a U.S. Holder's tax basis in the Taxable Bonds and the Taxable Certificates 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 Bond or the Taxable Certificate has been held for more than one year.

Defeasance of the Taxable Bonds and the Taxable Certificates. Defeasance of any Taxable Bond or Taxable Certificate 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 Bonds and the Taxable Certificates 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 BONDS AND THE TAXABLE CERTIFICATES 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 Bond or a Taxable Certificate, will not be subject to U.S. federal income or withholding tax in respect of such Taxable Bond or such Taxable Certificate, 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 Bond.

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 and the Taxable 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. The report of the Verification Agent will be relied upon by Bond Counsel in rendering its opinions with respect to the exclusion of interest on the Bonds for federal income tax purposes and with respect to the defeasance of the Refunded Obligations.

OTHER RELEVANT INFORMATION

Ratings

Each series of Obligations has received ratings of "Aa1" (stable outlook) from Moody's Investors Service, Inc. ("Moody's"), "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. Both parties are currently seeking review of the appellate decision by the Texas Supreme Court in Cause No. 19-0475.

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 of Texas. 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 to like effect and that interest on the Bonds, the Certificates, and the Contractual Obligations is excludable from the owners thereof for federal income tax purposes under existing statutes, regulations, published rulings and court decisions existing on the date of delivery of such Obligations, subject to the qualifications set forth in this document under "TAX MATTERS – Tax-Exempt Obligations." 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 for the City by Norton Rose Fulbright US LLP, disclosure counsel for the City. The legal fees of such firms are contingent upon the sale and delivery of the Obligations.

Bond Counsel was not requested to participate, and did not take part, in the preparation of this document, and such firm has not assumed any responsibility for this document or undertaken independently to verify any of the information contained in it, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Obligations in this document to verify that such description conforms to the provisions of each respective Ordinance.

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 2021 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.

Initial Purchaser of the Bonds

After requesting competitive bids for the Bonds, the City accepted the bid of Morgan Stanley & Co. LLC (the "Initial Purchaser of the Bonds") to purchase the Bonds at the interest rates shown on the (inside) cover page of the Official Statement at a price of 119.832299(%) of par plus a cash premium of $30,479,268.30. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser of the Bonds. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Bonds.

Initial Purchaser of the Certificates

After requesting competitive bids for the Certificates, the City accepted the bid of BOK Financial Securities Inc. (the "Initial Purchaser of the Certificates") to purchase the Certificates at the interest rates shown on the (inside) cover page of the Official Statement at a price of 123.493701 (%) of par plus a cash premium of $8,380,203.04. The Initial Purchaser of the Certificates can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser of the Certificates. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Certificates.

Initial Purchaser of the Contractual Obligations

After requesting competitive bids for the Contractual Obligations, the City accepted the bid of RBC Capital Markets, LLC (the "Initial Purchaser of the Contractual Obligations ") to purchase the Contractual Obligations at the interest rates shown on the (inside) cover page of the Official Statement at a price of 118.114585(%) of par plus a cash premium of $4,910,863.88. The Initial Purchaser of the Contractual Obligations can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser of the Contractual Obligations. The City has no control over the price at which the Contractual Obligations are subsequently sold and the initial yield at which the Contractual Obligations will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Contractual Obligations.

Initial Purchaser of the Taxable Bonds

After requesting competitive bids for the Taxable Bonds, the City accepted the bid of Robert W. Baird & Co., Inc. (the "Initial Purchaser of the Taxable Bonds") to purchase the Taxable Bonds at the interest rates shown on the (inside) cover page of the Official Statement at a price of 103.280443(%) of par plus a cash premium of $2,686,026.44. The Initial Purchaser of the Taxable Bonds can give no assurance that any trading market will be developed for the Taxable Bonds after their sale by the City to the Initial Purchaser of the Taxable Bonds. The City has no control over the price at which the Taxable Bonds are subsequently sold and the initial yield at which the Taxable Bonds will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Taxable Bonds.

Initial Purchaser of the Taxable Certificates

After requesting competitive bids for the Taxable Certificates, the City accepted the bid of SAMCO Capital (the "Initial Purchaser of the Taxable Certificates") to purchase the Taxable Certificates at the interest rates shown on the (inside) cover page of the Official Statement at a price of 101.527689(%) of par plus a cash premium of $310,120.82. The Initial Purchaser of the Taxable Certificates can give no assurance that any trading market will be developed for the Taxable Certificates after their sale by the City to the Initial Purchaser of the Taxable Certificates. The City has no control over the price at which the Taxable Certificates are subsequently sold and the initial yield at which the Taxable Certificates will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Taxable Certificates.

Certification of Official Statement and No Litigation

At the time of payment for and initial delivery of the Obligations, the respective Purchaser of each series of the Obligations will be furnished a certificate, executed by proper officials of the City, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Obligations and the acceptance of the best bids therefor, and on the date of initial delivery of the Obligations, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; (d) except as may be otherwise described in the Official Statement, there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the of the City appearing in the Official Statement; and (e) no litigation of any nature has been filed or is pending, as of the date hereof, to restrain or enjoin the issuance or delivery of the respective Obligations or which would affect the provisions made for their payment or security or in any manner question the validity of the Obligations.

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 August 26, 2021.

/s/ Steve Adler
Mayor
City of Austin, Texas

ATTEST:

/s/ Jannette S. Goodall
City Clerk
City of Austin, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

GENERAL INFORMATION

The City of Austin, chartered in 1839, has a Council-Manager form of government with a Mayor who is elected at-large and ten Councilmembers who are elected by geographic district. The 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.

The City, which is 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 2020 population of 1,006,727 according to the City's estimates. Over the past ten years, Austin's population increased by 25% or 201,065 residents. The City's demographer predicts that Austin will surpass the one million mark by mid-year 2020. Recent data released by the U.S. Census Bureau identified the Austin-Round Rock MSA as the fastest growing in the country. Geographically, Austin consists of approximately 327 square miles. The current estimated median household income for Austin residents is $65,950 according to Nielsen Site Reports and Austin's per capita personal income is estimated to be $63,400, a 7.9% increase over 2018.

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 2020 population of 1,006,727 according to the City's estimates. Over the past ten years, Austin's population increased by an astonishing 25% or 201,065 residents. Austin remains one of the fastest-growing cities in the U.S. Geographically, Austin consists of approximately 327 square miles. The current estimated median household income for Austin residents is $69,001 according to Nielsen Site Reports and Austin's per capita personal income is estimated to be $67,400, a 6.3% increase over 2019.

Austin's residents know that despite tremendous growth, Austin remains a very special place to live. Austin's special character in part derives from its diverse population, its unique position at the foothills of the hill country as well as its history as a welcoming and collaborative community. Austin consistently ranks high in the U.S. News & World Report list of best places to live and for 2020 ranked third. The quality of life that Austin offers has become its biggest economic development engine, and the City's increasingly diverse demographics serves to support and enrich it further. Austin residents continue to be highly educated, with 52% of adults twenty-five years or older holding a bachelor's or advanced degree, compared to 30% for Texas and 32% for the U.S. 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 2021 U.S. News & World Report Best Colleges survey, the university ranks thirteenth (tied) among public universities and its business programs were ranked fifth (tied) among national universities, both public and private.

The City offers several broad-ranged educational opportunities for those individuals with a desire to learn. Austin is a highly educated city, with 50% of adults 25 years or older holding a bachelor's or advanced degree, compared to 29% for Texas and 32% for the U.S. as a whole. 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), the seventh largest public university in the nation, is known as a world-class center of education and research and was ranked 14th among public universities in the 2019 U.S. News and World Report Best Colleges survey of undergraduate programs.

The City is nationally recognized as a great place to live due in part to its diverse, educated and eclectic population, as well as its promotion of a year-round outdoor active lifestyle. The City draws its special character from its physical setting along the Balcones Escarpment, wedged between coastal plains and dramatic cliffs, canyons, and juniper-carpeted rolling hills. Austin's quality of life has become a critical economic development engine, and the City's diverse demographic structure serves to support and enrich its quality of life.

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 30 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 is 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 – In November 2020, Austinites approved two propositions dedicated to improving mobility. The first, Proposition A, dedicates approximately 20.789% of ongoing City maintenance and operations property tax revenue to fund Project Connect, a new multi-modal transit system that the City is developing in partnership with the local transit authority, Capital Metro. Included in the plan are a new rail system, a downtown transit tunnel, an expanded bus system and a transition to an all-electric fleet. Initial funding of $145 million collected in 2021 will be dedicated to Austin Transit Partnership, a regional transportation entity formed to oversee design, construction, and implementation of the Project Connect program. The second, Proposition B, provides $460 million to significantly address sidewalk gaps, complete 80% of the City's bike lane network, boost the Vision Zero program, and other projects consistent with the Austin Strategic Mobility Plan. The capital spending plan for 2021 includes continued corridor improvements, installation of bikeway infrastructure and safety improvements to intersections with high-crash occurrences. An operational highlight of the year was implementation of the Healthy Streets Initiative, which opened up street space on approximately 10 miles of local roadway that enabled socially distanced walking, running, biking and other activities.

Economic Opportunity and Affordability – Ensuring that every Austinite has access to economic opportunities and resources that enable them to thrive is vital to this outcome, which was severely affected by the pandemic. In order to help residents and businesses recover from the hardships caused by the pandemic, the Economic Development Department established seven programs to distribute $128.3 million in support to musicians, live music venues, childcare providers, small businesses, and non-profit organizations. A variety of funding sources, including CARES funds, City operating funds, FEMA Public Assistance, and General Fund reserves were put toward this effort. Ending homelessness continues to be a high priority item for City Council. During 2020, nearly 1,400 people were moved into housing and out of homelessness and 69 continuum of care units were constructed, surpassing the target of 50 units for the year. In addition, the City purchased two hotels which will be used for transitional and permanent supportive housing. For fiscal year 2021, the budget includes $68.7 million to address this issue. Funding is provided for a full range of services including housing displacement prevention, crisis mitigation while experiencing homelessness, re-empowerment by providing safe and sustainable housing solutions, and related support. In addition, $107.6 million in capital spending on affordable housing is planned for fiscal year 2021, with major project expenditures related to mixed-income, multi-family rental units and construction of new units for permanent supportive housing. This increase of over $60 million from fiscal year 2020 is due to the passage of Proposition A in 2018 and includes funding for land acquisitions for affordable housing. Preventing homelessness is an important part of the overall effort to provide opportunity and affordability. The economic interruption of the pandemic has made it impossible for those that live from paycheck to paycheck to pay their rent. Toward this effort, $25 million in direct rental assistance is being distributed to landlords through fiscal years 2020 and 2021. Recently the City received an additional $29 million for Emergency Rental Assistance as the pandemic continues. Additionally, the City and Travis County have continued to extend eviction bans to keep people housed and reduce the spread of the virus. For residents paying utilities, there was a net decrease in charges assessed by the City's six enterprise departments on monthly utility bills for 2021. The decrease was driven by a reduction in the regulatory charge assessed by Austin Energy. As approved by Council in April 2020 in response to COVID-19 impacts on utility customers and again in March 2021, Austin Energy and Austin Water each provided $5 million across both fiscal years for a total of $20 million to the Plus 1 assistance program.

Safety – Community expectations to address historical institutional inequality played a significant role in analyzing this outcome to reimagine public safety. As part of this effort, for the 2021 budget Council directed the City Manager to identify resources that could be reallocated to alternative public health and safety strategies. These strategies include increased funding for mental health first response, the creation of the Office of Violence Prevention within the Office of Police Oversight, funding a service provider to operate a family shelter and a new Civil Rights Office among many other initiatives. While resources were shifted with this effort, the operating budget for the safety outcome remained constant at $1 billion The joint Fire/EMS station in Del Valle/Moore's Crossing opened in 2020, the first of five stations to be built in six years as part of a council resolution adopted in 2018. In support of anticipated risk due to wildfire, the City adopted the International Wildland Urban-Interface Code. Austin is the first major city in Texas to adopt such a code, which will apply to new construction and remodels in Wildland Urban Interface areas.

Health and Environment – Austin Public Health (APH) activated the Department Operations Center on February 5, 2020, well before the first cases of COVID-19 were confirmed on March 13, 2020. In conjunction with multiple departments, including Homeland Security and Emergency Management, APH established an online platform for COVID-19 public assessment and drive-through testing, a hotline for the restaurant community and lodging facilities for vulnerable communities. Additionally, APH was selected by the state as one of 18 regional vaccination providers, or hubs, for its ability to efficiently vaccinate large groups of qualified individuals. As a testament to these many efforts, in addition to the efforts of residents, businesses and community leaders, the Austin area has experienced the lowest total COVID-19 positive cases per capita compared to other metro areas in the state since the pandemic began. Capital expenditures for this strategy lie predominantly with Austin Water Utility for upgrades and improvements through the Williamson Creek Interceptor and the Advanced Metering Infrastructure projects. Also slated for fiscal year 2021 is the design phase for a pilot of an Aquifer Storage Recovery (ASR) Facility. This water supply strategy was recommended by Water Forward in order to store available drinking water underground for increased operational resiliency in the event of emergency or possible climate-related events.

Culture and Lifelong Learning - A majority of the fiscal year 2021 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. In support of residents during the shutdown, 11 branches of the library opened for curbside service providing access to all collections. In addition, $3 million is included in the budget of the Live Music Fund for local music initiatives. With respect to capital spending, the 2018 voter approved public improvement bonds included funding for improvements to the Emma S. Barrientos Mexican American Cultural Center, which will begin the project's design phase in fiscal year 2021. Funding is also included to begin upgrading mechanical, electrical and plumbing components of the Faulk Central Library, previously the City's main library, for the Austin History Center, which will begin using the space upon completion.

Government that Works for All – As part of new initiatives in this strategy, the Civil Rights Office was created and will expand on previous City initiatives as well as provide education and outreach to the community. The office will have 13 staff and will reside under the City Manager's Office. The Information Security Office (ISO), previously housed under CTM, will become a stand-alone office in 2021 to bolster the City-wide information security program and architecture. This restructuring is the result of a recommendation from a cybersecurity audit conducted by the Office of the City Auditor. Finally, several departments are collaborating to launch and procure a contract for a human capital management system which will bring together over 20 stand-alone systems and create a single system for employee records. Among other things, this project will improve business processes to increase efficiencies. Funding is provided in both the operating and capital budgets for this multi-year endeavor. As to capital spending for fiscal year 2021 in this strategy, Austin Energy accounts for the majority of the expenditures, ensuring the maintenance of and upgrades to the electric infrastructure in order to provide safe and uninterrupted electric service. Funding to address deferred maintenance on City facilities and critical technology replacements over multiple departments accounts for 11% and nearly $50 million of the Government that Works for All outcome.

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 towards 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 2020 Annual Report, the City continues to meet its responsibility for sound financial management.

Budgetary Information

Despite the constraint of the pandemic, the fiscal year 2021 Budget avoided furloughs and layoffs and maintained General Fund reserves at 12%. This was in part due to prudent financial management and the City's ability to leverage CARES Act 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 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 largely remote, input was gathered and evaluated to address the many issues, concerns, and priorities identified by Austin's citizens, employees, boards and commissions, and Councilmembers. 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 structurally balanced fiscal year 2021 Approved Budget totals $4.2 billion and includes $1.1 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 2021 budget was approved with a $0.0904 increase to the property tax rate, from 44.31 to 53.35 cents per $100 of taxable value. Most of this increase, 8.75 cents, was the result of voter-approval in November 2020 of Proposition A, a transformational transit initiative called Project Connect. The 3.5% tax cap established during the 2019 Texas legislative session was suspended for 2020 with the Governor of Texas's statewide disaster declaration associated with the pandemic. The City was able to balance the 2021 budget within the 3.5% cap, although passage of Proposition A for Project Connect resulted in the property tax rate increasing beyond 3.5%.

The City's largest enterprise department, Austin Energy, now 125 years old, serves just under half a million customers within a service territory of approximately 437 square miles in the Greater Austin area. Its approved fiscal year 2021 budget is $1.4 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 activity 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 2021 budget projects revenues and transfers in of $616 million. There are no planned changes to water and wastewater rates for fiscal year 2021.

Estimated Fiscal Year 2021 Results and Fiscal Year 2022 General Fund Budget

Estimated fiscal year 2021 General Fund revenue is expected to surpass budgeted projections by $13.3 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 $25.3 million to its Reserve Fund at the end of fiscal year 2020-21. General Fund revenue collections are projected to continue to strengthen in fiscal year 2022, and the approved fiscal year 2021-22 budget maintains reserve balances in excess of the 14% policy target.

The approved fiscal year 2022 General Fund budget was prepared in accordance with guidelines provided by the City Council. The City adopted its fiscal year 2021-22 budget at meetings held August 11 and 12, 2021. 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 $0.5410, which consists of $0.4280 for maintenance and operations and $0.1130 for debt service. As part of the budget adoption process, the City Council also authorized the levy and transfer of $155,647,659 of maintenance and operations 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 INFORMATON – 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 $0.4280.

Beginning Balance, October 1, 2021 (Budget Basis)

Summary of Budgeted General Fund Resources		
Revenue:		
General Property Taxes(1)	588,685	
City Sales Tax	278,889	
Other Taxes	14,441	
Gross Receipts/Franchise Fees	27,706	
Miscellaneous	93,172	
Total Revenue		1,002,893
Transfers In:		
Electric Revenue	114,000	
Water Revenue	46,431	
Other Transfers In	7,094	
Total Transfers In		167,525
Total General Fund Resources		1,170,418
Summary of Budgeted General Fund Requirements		
Departmental Appropriations:		
Administrative Services	35,457	
Urban Growth Management	17,029	
Public Safety	662,432	
Public Health and Human Services	215,901	
Public Recreation and Culture	183,538	
Total Departmental Appropriations		1,114,357
Transfers Out & Other Requirements		56,061
Total General Fund Requirements		1,170,418
Use of Beginning Balance		--
Ending Balance		--
Budgeted Reserve Requirements		
Emergency Reserve		92,697
Budget Stabilization Reserve Fund		73,059
Total Budgeted Reserve Requirements		165,756

(1) Reflects estimated property tax revenue to be generated from the $0.4280 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 provide 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 forbids 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 will distribute 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 includes $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 allocates $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 2022 Capital Budget

The five-year Capital Improvement Program ("CIP") plan estimates city-wide capital spending of $1.3 billion in fiscal year 2022. The first year of the five-year plan was used to determine the new appropriations required for inclusion in the fiscal year 2022 Capital Budget. The approved city-wide total appropriation is $1.1 billion. Appropriation by department is listed below.

Summary of Fiscal Year 2022 Capital Budget (millions):

Summary of Fiscal Year 2022 Capital Budget (millions):

Austin Convention Center	-
Austin Energy	237.0
Austin Public Health	5.8
Austin Public Library	0
Austin Resource Recovery	14.4
Austin Transportation	173.4
Austin Water	248.0
Aviation	-
Building Services	5.2
Communications and Technology Management	16.4
Economic Development	1.9
Financial Services	13.4
Emergency Medical Services	-
Fire	28.2
Fleet	27.2
Neighborhood Housing and Community Development	101.6
Parks and Recreation	32.5
Police	0.2
Public Works	85.6
Watershed Protection	96.4
TOTAL PROPOSED NEW APPROPRIATIONS	1,087.2

ADDITIONAL INFORMATION

Ten Largest Employers (As of September 30, 2020)

Employer	Industry	Employees	Percent of MSA Total
State Government	Government	39,086	3.58
The University of Texas at Austin	Education	27,426	2.51
HEB Grocery Stores	Grocery/Retail	18,035	1.65
Federal Government	Government	17,100	1.57
City of Austin	Government	14,722	1.35
Dell Computer Corporation	Computers	14,030	1.28
Ascension Seton	Healthcare	11,227	1.03
Austin Independent School District	Education	11,005	1.01
St. David's Healthcare Partnership	Healthcare	10,836	0.99
Walmart Stores Inc.	Retail	7,500	0.69

Source: 2020 Comprehensive Annual 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)
2011	805,662	308	1,780,605	77,881,693	46,689	43,739	6.6%
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	1,006,727	327	2,235,584(6)	150,639,599(5)	69,001(6)	67,400(5)	6.3%
2011-2020 Change	24.96%	6.07%	25.55%	93.42%	47.79%	54.10%	

Note: Prior year statistics are subject to change as more precise numbers become available.

(1) Source: City Demographer, City of Austin, Neighborhood Planning and Zoning Department based on full purpose area as of September 30.

(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, 2020.

(5) Data not available for 2020. Figures are estimated.

(6) Source: Nielsen SiteReports.

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City Sales Tax Collections (In Millions) (1)

Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount
1-1-16	$16.138	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
2-1-16	21.884	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
3-1-16	15.667	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
4-1-16	15.528	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
5-1-16	19.258	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
6-1-16	17.070	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
7-1-16	16.836	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
8-1-16	21.467	8-1-17	19.930	8-1-18	20.338	8-1-19	21.556	8-1-20	21.667		
9-1-16	16.352	9-1-17	17.401	9-1-18	19.701	9-1-19	21.797	9-1-20	19.750		
10-1-16	17.106	10-1-17	17.828	10-1-18	19.502	10-1-19	20.080	10-1-20	19.178		
11-1-16	19.059	11-1-17	19.382	11-1-18	20.661	11-1-19	22.017	11-1-20	22.036		
12-1-16	17.033	12-1-17	17.567	12-1-18	20.482	12-1-19	21.463	12-1-20	20.670		
	$213.40		$219.33		$235.23		$249.79		$246.658		$155.189

(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)
2011	417,865	212,752	213,365
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

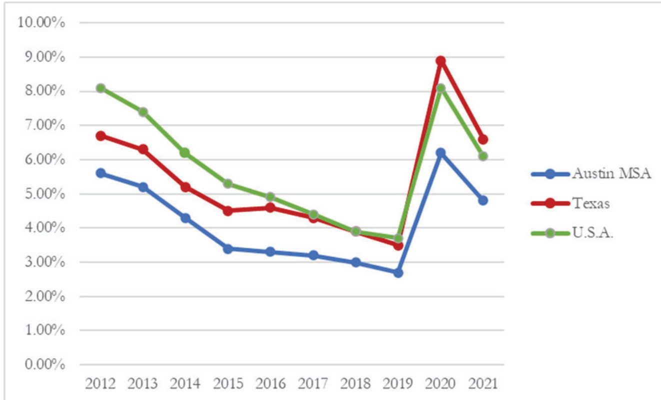
(1) Based on the City's fiscal year, which runs October 1 through September 30.
Source: Various, including the City of Austin, Texas Gas Services, Atmos Energy and Centerpoint Energy.

Employment by Industry in the Austin Metropolitan Area (1)

	2016		2017		2018		2019		2020	
		% of total		% of total		% of total		% of total		% of total
Mining, Logging, and Construction	58,800	5.87%	62,100	6.00%	64,500	6.00%	69,000	6.18%	71,200	6.41%
Manufacturing	55,800	5.57%	57,400	5.55%	60,700	5.64%	62,500	5.60%	65,000	5.85%
Trade, Transportation, and Utilities	170,100	16.99%	174,800	16.89%	179,700	16.71%	184,800	16.56%	195,300	17.58%
Information	29,000	2.90%	30,800	2.98%	34,700	3.23%	38,400	3.44%	40,500	3.65%
Financial Activities	57,000	5.69%	60,200	5.82%	63,100	5.87%	66,200	5.93%	69,700	6.27%
Professional and Business Services	171,000	17.08%	177,600	17.16%	187,700	17.45%	198,700	17.80%	207,400	18.67%
Education and Health Services	115,600	11.55%	120,600	11.65%	125,300	11.65%	128,900	11.55%	124,900	11.24%
Leisure and Hospitality	122,000	12.19%	125,700	12.15%	130,700	12.15%	135,600	12.15%	106,400	9.58%
Other Services	43,800	4.37%	45,000	4.35%	46,300	4.30%	47,500	4.26%	42,300	3.81%
Government	178,100	17.79%	180,700	17.46%	183,000	17.01%	184,600	16.54%	188,300	16.95%
Total nonfarm employment	1,001,200	100%	1,034,900	100%	1,075,700	100%	1,116,200	100%	1,111,000	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.
2012	5.6%	6.7%	8.1%
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(1)	4.8%	6.6%	6.1%

Source: U. S. Bureau of Labor Statistics, accessed July 28, 2021. 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 of Texas on March 4, 2020.
(1) Reflects the June 2021 monthly unemployment rate.

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Housing Units

Rental rates in the City averaged $1.50 per square foot, with an occupancy rate of 91.5% as of June 30, 2020, per Capitol Market Research.

Residential Sales Data (Austin-Round Rock MSA)

Year	Number of Sales	Total Volume ($)	Average Price ($)
2012	25,148	6,677,787,522	265,540
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(1)	4,369	2,621,271,158	599,971

Source: Real Estate Center at Texas A&M University; data as of July 2021.

City-Wide Austin Office Occupancy Rate

Year	Occupancy Rate
2012	86.8%
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(1)	79.8%

(1) As of June 2021.
Source: Cushman & Wakefield.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS

CITY OF AUSTIN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2020

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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, 2020, 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 the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the 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, 2020, 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.

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 19, 2021

The Management's Discussion and Analysis (MD&A) section of the City of Austin's (the City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020.

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. 83, No. 85 and No. 86, No. 88 and No. 89, and No. 95.

FINANCIAL HIGHLIGHTS

Government-wide financial statements
The City's assets and deferred outflows exceeded its liabilities and deferred inflows in fiscal year 2020, resulting in $3.4 billion of net position. Net position associated with governmental activities is a deficit of approximately $600.6 million, while the net position associated with business-type activities is approximately $4.0 billion, or 117.6% of the total net position of the City. The largest portion of net position consists of net investment in capital assets, which is $4.3 billion, or 125.9% of total net position.

The City's unrestricted net position is a deficit of $2.2 billion. Unrestricted net position for governmental activities is a deficit of $2.8 billion, while unrestricted net position for business-type activities is approximately $628.6 million, or 15.6% of total business-type net position. The deficit in governmental unrestricted net position is largely due to the net pension liability of $2.1 billion and other postemployment benefits (OPEB) liability of $2.1 billion.

During fiscal year 2020, total net position for the City of Austin decreased $333.7 million or 8.9%. Of this amount, governmental activities decreased $323.8 million, or 116.9% from the previous year and business-type activities decreased $9.9 million, or 0.2%.

Total revenues for the City decreased $95.0 million; revenues for governmental activities increased $72.7 million; revenues for business-type activities decreased $167.7 million. Total expenses for the City increased $283.9 million; expenses for governmental activities increased $310.0 million; expenses for business-type activities decreased $26.1 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: the Austin Housing Finance Corporation (AHFC), the Urban Renewal Agency (URA), the 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 four discretely presented component units: Austin-Bergstrom Landhost Enterprises, Inc. (ABLE), Austin Convention Enterprises, Inc. (ACE), 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, 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 2020.

b -- Fund financial statements

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

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

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

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

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

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

- 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 Systems; 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	Discrete 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 thirteen separately budgeted activities, all of which comprise the General Fund for GAAP reporting. RSI provides a comparison of revenues, expenditures and other financing sources and uses to budget and demonstrates budgetary compliance. In addition, trend information related to the City's retirement and other postemployment benefits plans is presented in RSI. Following the RSI are other statements and schedules, including the combining statements for nonmajor governmental and enterprise funds, internal service funds, and fiduciary funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

a -- Net position

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

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current assets	$ 772,670	821,260	1,867,245	1,824,305	2,639,915	2,645,565
Capital assets	3,305,902	3,095,777	8,974,945	8,820,371	12,280,847	11,916,148
Other noncurrent assets	246,952	161,930	2,854,365	2,695,494	3,101,317	2,857,424
Total assets	4,325,524	4,078,967	13,696,555	13,340,170	18,022,079	17,419,137
Deferred outflows of resources	1,576,856	1,145,454	1,021,150	721,356	2,598,006	1,866,810
Current liabilities	503,696	433,069	582,656	557,460	1,086,352	990,529
Noncurrent liabilities	5,712,633	4,883,819	8,403,024	7,952,238	14,115,657	12,836,057
Total liabilities	6,216,329	5,316,888	8,985,680	8,509,698	15,202,009	13,826,586
Deferred inflows of resources	286,661	184,387	1,713,928	1,523,806	2,000,589	1,708,193
Net position:						
Net investment in capital assets	1,999,355	1,844,751	2,303,795	2,366,162	4,303,150	4,210,913
Restricted	235,505	215,091	1,085,723	1,015,860	1,321,228	1,230,951
Unrestricted (deficit)	(2,835,470)	(2,336,696)	628,579	646,000	(2,206,891)	(1,690,696)
Total net position	$ (600,610)	(276,854)	4,018,097	4,028,022	3,417,487	3,751,168

In the current fiscal year, total assets increased $602.9 million and deferred outflows of the City increased by $731.2 million. Total liabilities increased $1.4 billion and deferred inflows increased by $292.4 million. Governmental-type total assets increased by $246.6 million and business-type increased by $356.4 million, while governmental-type liabilities increased by $899.4 million and business-type increased by $476.0 million.

The most significant increase in governmental total assets resulted from an increase in capital assets of $210.1 million as the City continues to build out projects from the 2012, 2016, and 2018 bond programs. Factors in the increase of governmental-type liabilities of $899.4 million include increases in OPEB liability of $664.5 million, net pension liability of $83.5 million, and bonds payable of $75.1 million. Decreases in the municipal bond index rates of approximately 1.35% since the prior measurement date significantly impacted the OPEB liability as well as the Police Officers' fund net pension liability. These indexes determine the discount rate used in calculating the liabilities. Almost $800 million of the $1.1 billion City-wide increase in the OPEB liability is attributable to this factor.

The most significant factor in the increase of business-type total assets is related to the $206.2 million increase in regulatory assets, which consists of a $111.8 million increase in Austin Energy deferred depreciation and a combined increase of $102.9 million in deferred pension and OPEB expenses for Austin Energy and Austin Water. In addition, growth in capital assets contributed to an additional increase of $154.6 million, of which approximately $60.5 million is related to various water and wastewater treatment plant improvements, and $38.4 million is for the Airport's new consolidated maintenance facility. The primary factors in the increase in business-type total liabilities of $476.0 million include an increase in the OPEB liability of $444.6 million and an increase in commercial paper of $237.2 million offset by a decrease in bonds payable of $236.1 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 $3.4 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 $4.3 billion, or 125.9% 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, $1.3 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 $2.2 billion of unrestricted net position. Unrestricted net position decreased $516.2 million in the current fiscal year. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for business-type activities. However, governmental activities as well as the government as a whole report a deficit of $2.8 billion and $2.2 billion for unrestricted net position, respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

b -- Changes in net position

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	$ 119,052	131,879	2,527,607	2,667,766	2,646,659	2,799,645
Operating grants and contributions	190,534	66,439	24,383	785	214,917	67,224
Capital grants and contributions	60,724	78,826	147,545	164,700	208,269	243,526
General revenues:						
Property tax	732,336	671,614	--	--	732,336	671,614
Sales tax	246,658	248,813	--	--	246,658	248,813
Franchise fees and gross receipts tax	117,810	175,182	--	--	117,810	175,182
Interest and other	41,862	53,330	37,553	71,569	79,415	124,899
Special item - land sale	--	10,201	--	--	--	10,201
Total revenues	1,508,976	1,436,284	2,737,088	2,904,820	4,246,064	4,341,104
Program expenses:						
General government	283,532	201,747	--	--	283,532	201,747
Public safety	842,450	810,140	--	--	842,450	810,140
Transportation, planning, and sustainability	88,948	83,967	--	--	88,948	83,967
Public health	278,340	123,304	--	--	278,340	123,304
Public recreation and culture	178,481	175,567	--	--	178,481	175,567
Urban growth management	162,677	133,763	--	--	162,677	133,763
Interest on debt	69,002	64,986	--	--	69,002	64,986
Electric	--	--	1,345,003	1,397,591	1,345,003	1,397,591
Water	--	--	318,889	314,899	318,889	314,899
Wastewater	--	--	263,230	263,362	263,230	263,362
Airport	--	--	216,183	202,366	216,183	202,366
Convention	--	--	76,382	84,673	76,382	84,673
Environmental and health services	--	--	134,680	121,987	134,680	121,987
Public recreation	--	--	9,681	9,195	9,681	9,195
Urban growth management	--	--	312,267	308,303	312,267	308,303
Total expenses	1,903,430	1,593,474	2,676,315	2,702,376	4,579,745	4,295,850
Excess (deficiency) before transfers	(394,454)	(157,190)	60,773	202,444	(333,681)	45,254
Transfers	70,698	133,907	(70,698)	(133,907)	--	--
Increase (decrease) in net position	(323,756)	(23,283)	(9,925)	68,537	(333,681)	45,254
Beginning net position, as previously reported	(276,854)	(253,209)	4,028,022	3,959,485	3,751,168	3,706,276
Restatement adjustment	--	(362)	--	--	--	(362)
Beginning net position, as restated (see Note 18)	(276,854)	(253,571)	4,028,022	3,959,485	3,751,168	3,705,914
Ending net position	$ (600,610)	(276,854)	4,018,097	4,028,022	3,417,487	3,751,168

Total net position of the City decreased by $333.7 million in the current fiscal year. Governmental net position decreased by $323.8 million. The decrease is attributable to expenses exceeding revenues by $394.5 million before transfers from other funds of $70.7 million. Business-type net position decreased by $9.9 million due to transfers to other funds of $70.7 million exceeding the surplus revenues over expenses of $60.8 million.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

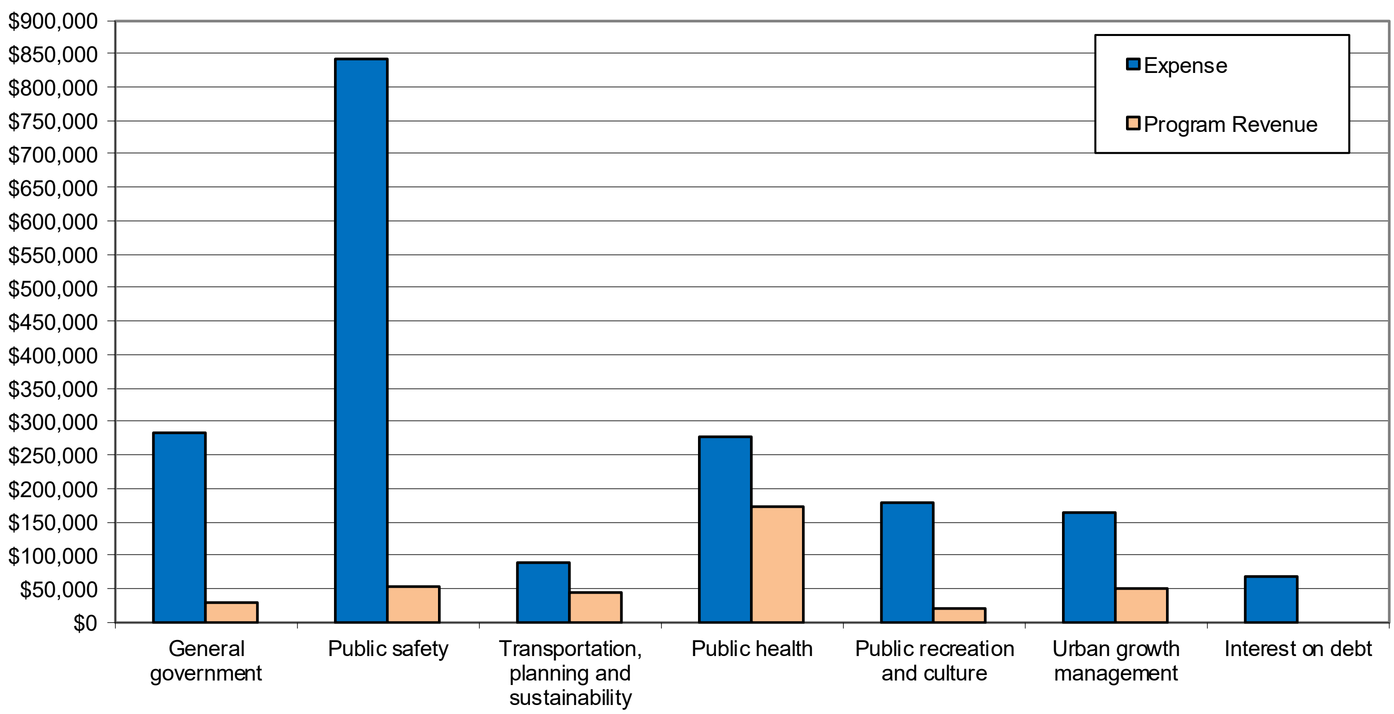
c -- Program revenues and expenses -- governmental activities

Governmental activities decreased the City's net position by $323.8 million in fiscal year 2020, a 116.9% decrease of governmental net position from the previous year. Key factors for the change from fiscal year 2019 to 2020 are as follows:

- General government expenses increased $81.8 million. The largest increase is related to the Coronavirus Disease 2019 (COVID-19) pandemic response for various emergency relief programs in the amount of $55.9 million and an increase in OPEB expense of $13.9 million.
- Public safety expenses increased by $32.3 million due primarily to increases in pension expense of $81.7 million, compensated absences of $13.6 million, police payroll expenses of $19.9 million primarily for overtime and terminal pay and police contractual expenses of $10.1 million, offset by a $99.9 million reimbursement for public safety wages from the CARES – Coronavirus Relief fund.
- Public health expenses increased by $155.0 million due to COVID-19 pandemic response activities. $137.0 million of COVID-19 expenses were federally funded by the Federal Coronavirus Aid, Relief, and Economic Security Act (CARES) Coronavirus Relief Fund (CRF), which supported emergency management, public safety costs, quarantine facilities, rental assistance and various economic support programs. In addition, the Austin Public Health department had an increase of $11.6 million in contractual social services in response to COVID-19.
- Urban growth management expenses increased $28.9 million due to an increase in housing assistance and affordable housing projects in the Austin Housing Finance Corporation.

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)

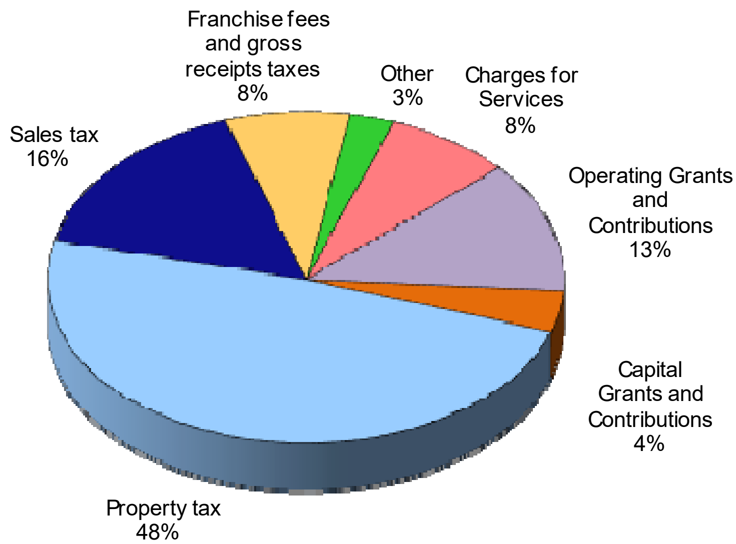


FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

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



The City's property tax revenue increased by $60.7 million from the previous year due to an increase in assessed property values of $13.0 billion, in addition to a property tax rate increase from 0.4403 to 0.4431 per $100 of valuation. Sales tax collections and franchise fees for the year were $2.2 million and $57.4 million less than the prior year, respectively, as result of the negative impact of COVID-19 on the Austin economy. The City's operating grants and contributions increased by $124.1 million from the previous year due to CARES-CRF federal assistance of $137 million for the COVID-19 pandemic response.

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

Business-type activities decreased the City's net position by approximately $9.9 million, accounting for a 0.3% decrease in the City's total net position. Key factors include:

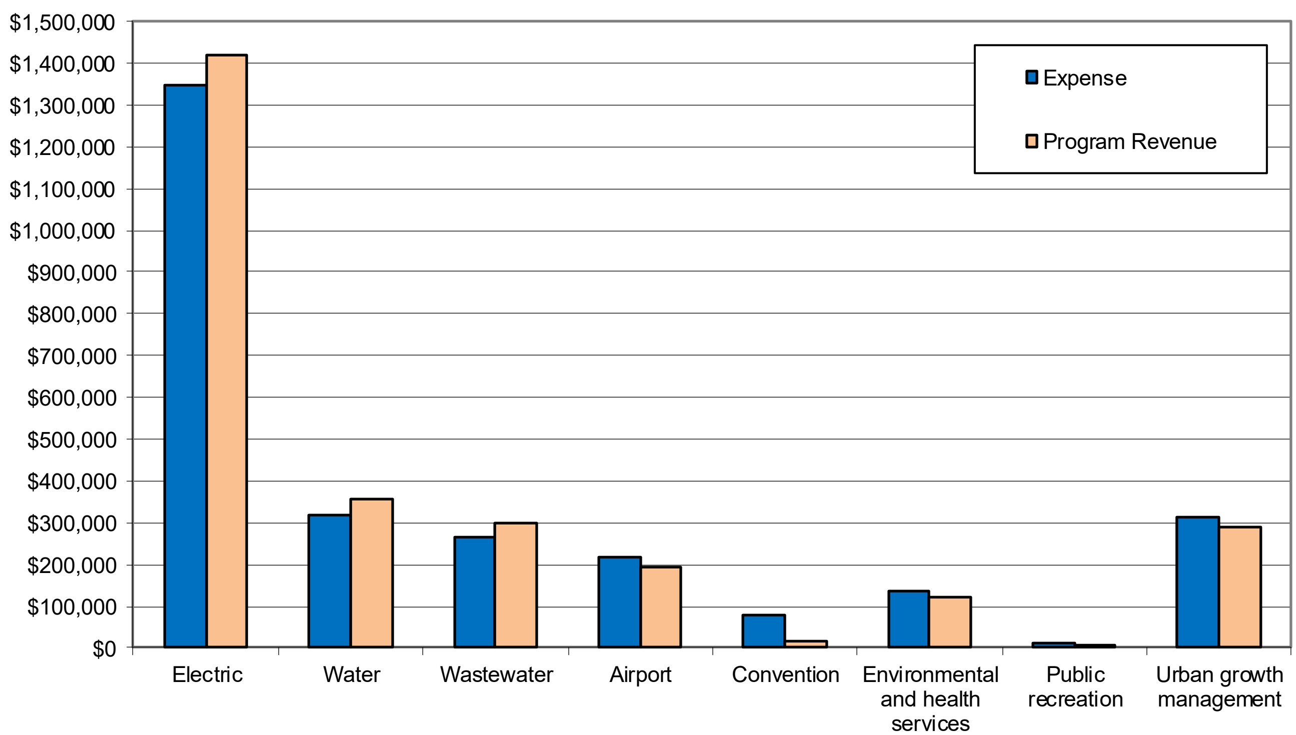
- Austin Energy net position decreased $29.5 million. Revenues decreased primarily due to decreased base revenue and interest income. As part of Austin Energy's COVID-19 response, City Council approved a decrease to base rates in April 2020.
- Austin Water net position increased approximately $29.7 million. Revenues increased 4.7% largely due to an increase in developer related contributed facilities. In addition, water consumption in residential and multifamily properties increased due to the Stay Home – Work Safe order. Expenses increased by 0.7% due to increases in OPEB, salaries and COVID-19 customer assistance program expenses.
- Airport net position decreased approximately $16.0 million. Revenue decreased 15.2% due to a decrease in passenger traffic and lower rental, landing fees and parking revenue as a result of COVID-19. In addition, Airport received $21.5 million in grant funds from the CARES-CRF, which helped offset the decrease in revenues. Expenses increased 6.8%, primarily due to an increase in debt service payments.
- Convention Center net position increased approximately $8.0 million, however, this was an overall incremental decrease of $44.4 million compared to the 2019 fiscal year increase in net position. Revenues decreased 61.8% due to the cancellation of events as a result of COVID-19 gathering restrictions. Due to the decrease in events, revenue from food concessions decreased by $19.5 million. Expenses decreased 9.8% primarily due to a decrease in catering expenses as a result of gathering restrictions related to COVID-19.
- Environmental and health services is comprised of the Austin Resource Recovery nonmajor enterprise fund. Net position decreased approximately $15.0 million. Revenues increased 1.4% due mainly to an increase in the Clean Community Fee and base fee for residential and commercial accounts. Expenses increased by 10.4% primarily due to an increase in staffing for recycling initiatives and an increase in fleet fuel and maintenance expenses.

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 increased by approximately $15.4 million.
  - Development Services revenues decreased by 8.8%, primarily resulting from the "Stay Home – Work Safe" order put in place in March and April to reduce the COVID-19 infection rate. The Land Use Review, Building Plan Review and Site and Sub Inspection business units were significantly affected by the order. The Land Use Review saw a decrease in revenue of $3.0 million. The Site and Sub Inspection business unit had a decrease of revenue of $1.9 million. Expenditures increased 15.0% from the previous year. The main driver of this increase was increased IT consultant costs related to software upgrades and new implementations.
  - Drainage revenues increased 9.8% primarily due to a $26.0 million contribution for phase two of home buyouts in flood prone areas, which was offset by the decrease in two subprojects that were completed and capitalized in fiscal year 2019. Expenses increased 2.8% due to an increase in construction services for facilities rehabilitation, an increase in seminar and training fees associated with leadership and digital empowerment training for employees, and an increase in operating expenses.
  - Transportation revenues decreased 0.6%, primarily as a result of a decrease in the number of utility cut repairs required and reduced parking fees. Expenditures increased 5.6% overall with the primary drivers being an increase in staff levels and service contracts, with offsetting reductions in commodities.

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 water with $318.9 million, urban growth management with $312.3 million, wastewater with $263.2 million, airport with $216.2 million, environmental and health services with $134.7 million, convention with $76.4 million, and public recreation with $9.7 million. For the fiscal year, expenses exceeded revenues for all business-type activities except electric, water, and wastewater.

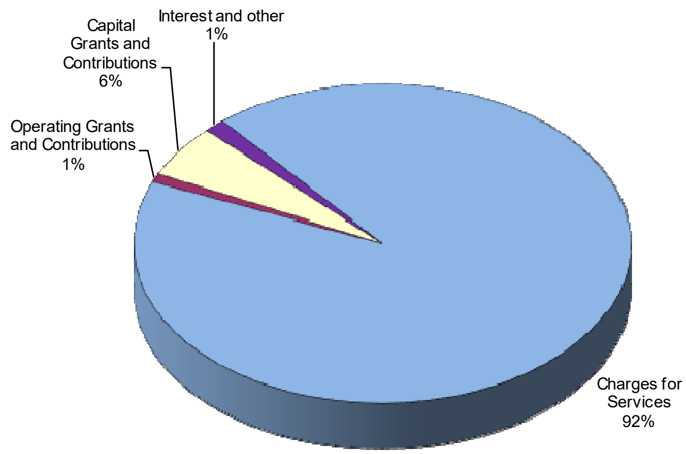
Government-wide Expenses and Program Revenues -- Business-type Activities
(Excludes General Revenues and Transfers)
(in thousands)



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

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

Government-wide Revenue by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

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

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

At the end of the fiscal year, the City of Austin's governmental funds reported combined ending fund balances of $578.3 million, a decrease of $34.9 million from the previous year. Approximately $3.9 million is nonspendable, $299.1 million is restricted, $47.2 million is committed, $216.1 million is assigned, and $12.0 million is unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund reported nonspendable fund balance of $2.9 million, assigned fund balance of $95.5 million, and unassigned fund balance of $173.1 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 16.9% of total General Fund expenditures of $1.0 billion, and total fund balance represents 26.6% 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 $93.5 million. The balance identified for budget stabilization may be appropriated to fund capital or other one-time expenditures in the subsequent fiscal year, but such appropriation will not normally exceed one-third of the total identified amount, with the other two-thirds identified for budget stabilization in future years.

The fund balance of the General Fund increased $35.9 million during the fiscal year. Significant differences from the previous year include:

- Property tax revenues increased $42.5 million due primarily to an increase in assessed property values.
- Transfers out decreased by $20.6 million.
- Franchise fees and other tax revenues decreased by $11.3 million. COVID-19 restrictions on dining at restaurants and travel caused decreases in mixed drink tax of $4.5 million and gasoline tax of $1.4 million. New telecom and cable legislation at the state level caused decreases in telecom tax of $3.0 million and cable tax of $2.7 million.
- Charges for services and goods decreased by $10.8 million due to reductions in services provided by the City as a result of the Stay Home – Work Safe order restrictions to reduce the COVID-19 infection rate.

<u>FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS</u>

a -- Governmental funds, continued

General Fund expenditures increased $8.4 million, due primarily to increases in general government by $68.7 million and public health by $9.5 million due to the City's COVID-19 response with various emergency relief programs. In addition, public safety decreased by $70.4 million due to a $99.9 million reimbursement for public safety wages from the CARES – Coronavirus Relief fund.

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 decreased by $27.1 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.

<u>OTHER INFORMATION</u>

a -- General Fund budgetary highlights

There were several budget amendments during fiscal year 2020, primarily due to increased spending as a result of COVID-19:

- Austin Public Health revenue and expense budgets increased by $167,619 due to a budget amendment as a result of a new interlocal agreement with the City of Pflugerville to provide public health services. In addition, $250,000 of the public health expense budget in the Budget Stabilization Reserve fund was reallocated to transfers out.
- Austin Fire Department's expenditure budget was increased $5,000,000 to cover additional sworn personnel costs. In conjunction with this, Budget Stabilization fund transfers in and General Fund transfers out were each reduced by a $5,000,000.
- General City Responsibilities expense budget increased by $41,606,271 for the following COVID-19 response programs:
    - $2,804,760 for emergency housing and support services
    - $15,000,000 for emergency support in Relief in a State of Emergency (RISE) fund
    - $1,500,000 for the Austin Music Disaster Relief Fund
    - $2,101,511 for COVID-19 emergency relief
    - $2,200,000 for emergency food access for caregivers and students
    - $18,000,000 for the revolving loan programs and grants

During the year, actual budget basis revenues were $31.8 million less than budgeted. Property taxes were $1.1 million more than budgeted due to new properties, an increase in overall property values and an increase in the tax rate. Sales taxes were $5.2 million less than budgeted and other taxes were $5.3 million less than budgeted due to COVID-19's negative impact on travel and the economy. Recreation and culture revenues were $7.4 million less than budgeted due to reduced services as part of the COVID-19 response. Emergency medical services were $6.3 million less than budgeted due to a reduction in uncompensated care reimbursements from the federal government. Interest was $2.6 million lower than budgeted due to a worse than expected market and COVID-19's negative impact on the economy.

Actual budget-basis expenditures were $106.1 million less than budgeted. At the onset of the pandemic, it was difficult to determine the revenue impacts of the Stay Home – Work Safe order and economic slow-down. The City took action to cut costs to mitigate the anticipated revenue shortfalls by implementing a stringent hiring freeze and limiting discretionary expenditures. As City facilities remained closed, utility costs were reduced. Numerous programs in libraries and parks were cancelled saving contract labor, temporary employee, and various other costs. In addition, the City reallocated numerous staff from their originally budgeted focus to the COVID-19 response, which was ultimately funded by sources other than the General Fund. As a result of these actions, all departments remained under budget. Emergency Medical Services was under budget $3.2 million and Fire was under budget $7.8 million due to COVID-19 reimbursement programs. Parks and Recreation was under budget $8.5 million due to reduced services as part of the COVID-19 response. Neighborhood Housing and Community Development was under budget $14.0 million due to multiyear housing projects that were budgeted in fiscal year 2020 but will be completed at a later date. General city responsibilities was under budget $61.4 million due to a $99.9 million reimbursement for public safety wages from the CARES – Coronavirus Relief fund. The total budget-basis fund balance at year-end was $220.7 million.

OTHER INFORMATION, continued

b -- Capital assets

The City's capital assets for governmental and business-type activities as of September 30, 2020, total $12.3 billion (net of accumulated depreciation and amortization). Capital assets include buildings and improvements, equipment, vehicles, electric plant, non-electric plant, nuclear fuel, water rights, infrastructure, land, construction in progress, and plant held for future use. The total increase in the City's capital assets for the current fiscal year was $364.7 million, with an increase of 6.8% for governmental activities and an increase of 1.8% for business-type activities. Additional information on 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	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Building and improvements	$ 828	658	2,250	2,140	3,078	2,798
Plant and equipment	98	79	2,446	2,424	2,544	2,503
Vehicles	62	56	86	82	148	138
Electric plant	--	--	2,434	2,507	2,434	2,507
Non-electric plant	--	--	175	167	175	167
Nuclear fuel	--	--	47	49	47	49
Water rights	--	--	79	80	79	80
Infrastructure	1,711	1,735	--	--	1,711	1,735
Land and improvements	409	401	787	744	1,196	1,145
Construction in progress	168	138	644	600	812	738
Plant held for future use	--	--	23	23	23	23
Other assets not depreciated	30	29	4	4	34	33
Total net capital assets	$ 3,306	3,096	8,975	8,820	12,281	11,916

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

- Governmental capital assets increased $210.1 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 the 2012, 2016 and 2018 bond programs. Construction continues at the Waterloo Park and within the related Waller Creek District. The new Montopolis Recreation and Community Center, the Del Valle Fire & EMS Station, and the Planning and Development Center reached substantial completion during the fiscal year. Additionally, the City closed on the purchases of two hotels to meet the future needs of people experiencing homelessness in the community. These hotels are currently being used as protective lodges in support of the City's COVID-19 response.

- Business-type activities purchased, constructed, or received capital asset contributions of $154.6 million. Asset additions included completion of phases II and III of terminal apron expansion and ongoing construction of a consolidated maintenance facility at Airport, enhancement of the Davis Water Treatment Plant, and acquisition of properties along Onion Creek that are at risk for flooding. Contributed facilities included acceptance of the Cottonmouth Creek and Pilot Knob wastewater interceptors, which combined represent $10.6 million in developer constructed infrastructure.

OTHER INFORMATION, continued

c -- Debt administration
At the end of the current fiscal year, the City reported $7.4 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	
	2020	2019	2020	2019	2020	2019
General obligation bonds and other tax supported debt, net	$ 1,487	1,411	80	90	1,567	1,501
Commercial paper notes, net	--	--	366	129	366	129
Revenue bonds, net	--	--	5,228	5,465	5,228	5,465
Revenue notes from direct placements, net	--	--	173	162	173	162
Capital lease obligations	26	10	1	1	27	11
Total	$ 1,513	1,421	5,848	5,847	7,361	7,268

During fiscal year 2020, the City's total outstanding debt increased by $92.5 million. The City issued new debt, used cash to defease debt, and refinanced portions of existing debt to achieve lower borrowing costs. Debt issues include the following:

- Bond debt for governmental activities increased by $91.5 million. The resulting net increase is a combination of the issuance of $232.4 million in new debt to be used primarily for facility improvements, streets and mobility, watershed projects and acquisition of land, parks and recreation, capital equipment, Waller Creek District improvements, and affordable housing, offset by the refunding portion of the issuance of $21.6 million and debt payments during the year.

- Outstanding debt for business-type activities increased by $1.0 million. The City issued $21.2 million in Water and Wastewater System revenue bonds. These issuances were offset by debt payments during the year and the cash defeasance of $37.0 million in Water and Wastewater separate lien revenue bonds.

During the year, the rating for the City's General Obligation bonds was revised by Moody's Investors Service, Inc. from Aaa to Aa1. 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, 2020 and 2019 were as follows:

Debt	Moody's Investors Service, Inc.		Standard & Poor's		Fitch Ratings, Inc.	
	2020	2019	2020	2019	2020	2019
General obligation bonds and other tax supported debt	Aa1	Aaa	AAA	AAA	AAA	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

The most significant economic factor of this past year for Austin and the nation, has been the COVID-19 virus. On March 6, 2020, City of Austin and Travis County officials declared a "local state of disaster" to proactively increase preventative measures and put in place mitigation plans for events in the region. This action effectively cancelled South by Southwest, with other events soon following suit, significantly curtailing travel and tourist activity. Economic activity was further curtailed by stay-at-home orders issued later the same month. Although those orders were lifted on May 1st, businesses continue to operate with capacity restrictions.

Austin's diverse economic base and national reputation continues to attract new employers and talented individuals to the area. Over the past 10 years, Austin's population has increased by approximately 25% or 201,065 residents, reaching the long-anticipated milestone of one million residents in 2020. Both the Austin and the Texas economies continue to expand at rates above the national economy. The Austin-Round Rock MSA was ranked third when comparing 2020 employment activity in the top 51 metro areas per the US Bureau of Labor Statistics. The Austin area lost 11,500 jobs from December 2019 through December 2020 driven primarily by losses in the hospitality sector. As of December 2020, the unemployment rate for the Austin-Round Rock MSA was 5.1%, while the state unemployment rate was 7.2% and the national unemployment rate was 6.7%.

While the City continues to consolidate its position as a tech hub, a record 39 companies announced plans to relocate or expand operations in the Austin Metro area, which are anticipated to create over 9,900 jobs. Tesla's Gigafactory alone expects to hire 5,000. This development is expected to attract new talent to the Austin metro area and enable overall growth of the Austin area economy. Real estate continues to perform well, particularly in the residential and industrial sectors. In 2020 the Austin metro residential market experienced a 1.7% increase in sales compared with the same period in 2019. Sales tax revenue decreased 0.9% from the previous year mainly as a result of impacts from the pandemic. In 2021, the rate of growth in sales tax collections is expected to normalize by third quarter. Overall, Austin is deemed to be less exposed to the industries most affected by COVID-19 and economic recovery is expected to strengthen over the course of the year.

While development of the City's fiscal year 2021 budget was primarily remote and on-line, it remained a process true to City Management's unwavering commitment to openness, transparency, and public engagement. The overriding goal of the 2021 budget process was to maintain city operations with no furloughs or layoffs and support the community through the uncertainty of the pandemic. Despite anticipating a 5% drop across all city funds, the budget is projected to restore General Fund reserves to 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 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. Moody's Investors Service lowered their ratings on the City's general obligation bonds to Aa1 with a stable outlook related to fixed costs of the city's pension and other postemployment benefit plans. A number of pension reforms are being developed for the State legislature's consideration in 2023 to address significant underfunding in the City Employees' and Police Officers' retirement plans.

The taxable property values within the City increased by 8.0% in 2020 for fiscal year 2021. The property tax rate for fiscal year 2021 is 53.35 cents per $100 valuation, up from 44.31 cents per $100 valuation in 2020. The primary reason for the tax increase was the November voter approval of Project Connect bond proposition with dedicates 8.75 cents of the City's tax rate to this mobility project. The tax rate consists of 42.09 cents for the General Fund and 11.26 cents for debt service. The increase in property tax for the median valued home is $332 for 2021. Austin Energy's fiscal year 2021 regulatory charge was reduced which offset increases to fees for Austin Resource Recovery and the Transportation User Fee. Austin Water's rates have no changes.

Beginning on February 14, 2021, a series of winter storms brought record-breaking low temperatures and snowfall to all of Texas. The frigid weather caused increased energy and heating demands and simultaneously caused the failure of a number of power generation facilities across the state. To protect the Texas power grid and prevent permanent damage, the Electric Reliability Council of Texas ordered a reduction in power usage by all members, including Austin Energy. Due to the severity of the weather event, Texas residents experienced widespread and prolonged power outages. Austin Energy's generation assets largely stayed online during the event and no material impacts are expected to Austin Energy's operations. The extreme conditions and outages also caused disruptions to Austin Water's water distribution systems, requiring the City of Austin to enact a citywide boil-water notice. The City is assessing storm-related impairments to City assets and submitting insurance claims. The City also anticipates receiving grant funding from the Federal Emergency Management Agency in 2021 to assist with restoration and cleanup of public property.

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

(In thousands)

	Governmental Activities	Business-type Activities	Total (†)	Component Units
ASSETS				
Current assets:				
Cash	$ 48	65	113	8,143
Pooled investments and cash	636,261	1,023,968	1,660,229	--
Pooled investments and cash - restricted	--	137,521	137,521	--
Total pooled investments and cash	636,261	1,161,489	1,797,750	--
Investments - restricted	29,568	205,210	234,778	--
Cash held by trustee	--	2,661	2,661	--
Cash held by trustee - restricted	7,142	1,901	9,043	--
Working capital advances	--	2,724	2,724	--
Property taxes receivable, net of allowance $7,193	15,210	--	15,210	--
Accounts receivable, net of allowance $383,631	82,831	247,394	330,225	2,830
Interest receivable	1,737	2,375	4,112	--
Receivables from other governments	20,943	59	21,002	--
Receivables from other governments - restricted	--	5,045	5,045	--
Notes receivable, net of allowance $26,421	39,789	--	39,789	--
Internal balances	(102,309)	102,309	--	--
Inventories, at cost	2,304	105,262	107,566	210
Real property held for resale	26,071	--	26,071	--
Prepaid expenses	10,299	24,762	35,061	1,028
Other receivables - restricted	--	1,509	1,509	--
Other assets	2,776	4,480	7,256	--
Total current assets	772,670	1,867,245	2,639,915	12,211
Noncurrent assets:				
Cash - restricted	--	4,839	4,839	14
Pooled investments and cash - restricted	241,317	744,789	986,106	--
Investments - restricted	--	417,219	417,219	63,364
Investments held by trustee - restricted	3,481	261,025	264,506	--
Cash held by trustee - restricted	964	--	964	18,902
Interest receivable - restricted	--	1,481	1,481	--
Depreciable capital assets, net	2,699,166	7,516,816	10,215,982	190,906
Nondepreciable capital assets	606,736	1,458,129	2,064,865	12,634
Derivative instruments - energy risk management	--	96	96	--
Regulatory assets, net of accumulated amortization	--	1,326,053	1,326,053	--
Other receivables - restricted	--	5,369	5,369	--
Other long-term assets	1,190	16,758	17,948	563
Other long-term assets - restricted	--	76,736	76,736	--
Total noncurrent assets	3,552,854	11,829,310	15,382,164	286,383
Total assets	4,325,524	13,696,555	18,022,079	298,594
DEFERRED OUTFLOWS OF RESOURCES	$ 1,576,856	1,021,150	2,598,006	13,605

(†) 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	$ 66,087	100,502	166,589	6,907
Accounts and retainage payable from restricted assets	17,202	46,543	63,745	--
Accrued payroll	42,185	27,297	69,482	262
Accrued compensated absences	66,140	31,623	97,763	--
Claims payable	25,651	293	25,944	--
Due to other governments	--	4,354	4,354	--
Accrued interest payable from restricted assets	7	83,038	83,045	5,148
Interest payable on other debt	5,836	606	6,442	--
Bonds payable	79,703	10,235	89,938	9,430
Bonds payable from restricted assets	30,598	189,684	220,282	--
Other postemployment benefits liability	33,567	22,781	56,348	--
Capital lease obligations payable	5,117	63	5,180	--
Customer and escrow deposits payable from restricted assets	85,063	56,425	141,488	--
Accrued landfill closure and postclosure costs	--	658	658	--
Decommissioning liability payable from restricted assets	--	1,194	1,194	--
Other liabilities	46,540	6,842	53,382	5,321
Other liabilities payable from restricted assets	--	518	518	--
Total current liabilities	503,696	582,656	1,086,352	27,068
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	77,854	4,633	82,487	--
Claims payable	23,471	269	23,740	--
Commercial paper notes payable, net of discount	--	366,480	366,480	--
Bonds payable, net of discount and inclusive of premium	1,376,213	5,280,818	6,657,031	243,367
Net pension liability	2,143,680	859,634	3,003,314	--
Other postemployment benefits liability	2,054,060	1,394,086	3,448,146	--
Capital lease obligations payable	21,086	756	21,842	--
Accrued landfill closure and postclosure costs	--	10,257	10,257	--
Asset retirement obligations	518	417,962	418,480	--
Derivative instruments - energy risk management	--	76	76	--
Derivative instruments - interest rate swaps	--	30,413	30,413	--
Other liabilities	15,751	35,848	51,599	--
Other liabilities payable from restricted assets	--	1,792	1,792	--
Total noncurrent liabilities	5,712,633	8,403,024	14,115,657	243,367
Total liabilities	6,216,329	8,985,680	15,202,009	270,435
DEFERRED INFLOWS OF RESOURCES	286,661	1,713,928	2,000,589	981
NET POSITION				
Net investment in capital assets	1,999,355	2,303,795	4,303,150	8,016
Restricted for:				
Bond reserve	--	55,980	55,980	--
Capital projects	79,333	464,292	543,625	--
Debt service	24,762	123,781	148,543	32,545
Housing activities	72,288	--	72,288	--
Operating reserve	--	74,728	74,728	--
Passenger facility charges	--	68,203	68,203	--
Perpetual care:				
Nonexpendable	1,070	--	1,070	--
Public safety activities	12,318	--	12,318	--
Renewal and replacement	--	81,320	81,320	--
Strategic reserve	--	217,419	217,419	--
Tourism	18,566	--	18,566	--
Urban growth programs	20,498	--	20,498	--
Other purposes	6,670	--	6,670	--
Unrestricted (deficit)	(2,835,470)	628,579	(2,206,891)	222
Total net position	$ (600,610)	4,018,097	3,417,487	40,783

(†) 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, 2020
(In thousands)

City of Austin, Texas
Exhibit A-2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Units**
Governmental activities								
General government	$ 283,532	28,727	275	1,565	(252,965)	--	(252,965)	--
Public safety	842,450	46,482	7,538	--	(788,430)	--	(788,430)	--
Transportation, planning, and sustainability	88,948	1,277	50	43,718	(43,903)	--	(43,903)	--
Public health	278,340	11,265	160,127	--	(106,948)	--	(106,948)	--
Public recreation and culture	178,481	3,799	992	15,441	(158,249)	--	(158,249)	--
Urban growth management	162,677	27,502	21,552	--	(113,623)	--	(113,623)	--
Interest on debt	69,002	--	--	--	(69,002)	--	(69,002)	--
Total governmental activities	1,903,430	119,052	190,534	60,724	(1,533,120)	--	(1,533,120)	--
Business-type activities								
Electric	1,345,003	1,373,556	1,606	43,908	--	74,067	74,067	--
Water	318,889	305,072	--	51,562	--	37,745	37,745	--
Wastewater	263,230	261,053	--	39,841	--	37,664	37,664	--
Airport	216,183	162,010	22,105	8,778	--	(23,290)	(23,290)	--
Convention	76,382	16,655	--	--	--	(59,727)	(59,727)	--
Environmental and health services	134,680	119,692	261	--	--	(14,727)	(14,727)	--
Public recreation	9,681	6,134	--	192	--	(3,355)	(3,355)	--
Urban growth management	312,267	283,435	411	3,264	--	(25,157)	(25,157)	--
Total business-type activities	2,676,315	2,527,607	24,383	147,545	--	23,220	23,220	--
Total primary government	$ 4,579,745	2,646,659	214,917	208,269	(1,533,120)	23,220	(1,509,900)	--
Component Units	84,405	94,500	143	1,778	--	--	--	12,016
General revenues:								
Property tax					732,336	--	732,336	--
Sales tax					246,658	--	246,658	--
Franchise fees and gross receipts tax					117,810	--	117,810	--
Interest and other					41,862	37,553	79,415	1,486
Transfers-internal activities					70,698	(70,698)	--	--
Total general revenues and transfers					1,209,364	(33,145)	1,176,219	1,486
Net change in net position					(323,756)	(9,925)	(333,681)	13,502
Beginning net position					(276,854)	4,028,022	3,751,168	27,281
Ending net position					$ (600,610)	4,018,097	3,417,487	40,783

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

(In thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	$ 37	--	37
Pooled investments and cash	274,440	327,553	601,993
Investments - restricted	--	29,568	29,568
Cash held by trustee - restricted	--	6,411	6,411
Investments held by trustee - restricted	--	3,481	3,481
Property taxes receivable, net of allowance	10,509	4,701	15,210
Accounts receivable, net of allowance	63,738	16,325	80,063
Interest receivable	743	895	1,638
Receivables from other governments	5,333	15,353	20,686
Notes receivable, net of allowance	157	39,632	39,789
Due from other funds	--	107,280	107,280
Advances to other funds	--	49,250	49,250
Inventories, at cost	49	--	49
Real property held for resale	--	26,071	26,071
Prepaid items	2,830	--	2,830
Other assets	--	2,776	2,776
Total assets	357,836	629,296	987,132
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	31,889	34,044	65,933
Accrued payroll	32,521	881	33,402
Accrued compensated absences	657	--	657
Due to other funds	273	107,391	107,664
Unearned revenue	--	36,262	36,262
Advances from other funds	--	48,922	48,922
Deposits and other liabilities	3,568	87,768	91,336
Total liabilities	68,908	315,268	384,176
DEFERRED INFLOWS OF RESOURCES	17,413	7,233	24,646
FUND BALANCES			
Nonspendable:			
Inventories and prepaid items	2,879	--	2,879
Permanent funds	--	1,070	1,070
Restricted	--	299,091	299,091
Committed	--	47,182	47,182
Assigned	95,545	120,579	216,124
Unassigned	173,091	(161,127)	11,964
Total fund balances	271,515	306,795	578,310
Total liabilities, deferred inflows of resources, and fund balances	$ 357,836	629,296	987,132

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2020
(In thousands)

Total fund balances - Governmental funds		$ 578,310
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	5,333,854	
Less: accumulated depreciation	(2,103,100)	
		3,230,754
Other long-term assets and certain revenues are not available as current-period resources and are not reported in the funds.		
Other assets		1,190
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.		
Pensions	917,162	
Other postemployment benefits	646,126	
Loss on debt refundings	13,382	
		1,576,670
Long-term liabilities are not payable in the current period and are not reported in the funds.		
Compensated absences	(131,670)	
Interest payable	(5,836)	
Bonds and other tax supported debt payable, net	(1,484,669)	
Net pension liability	(2,143,680)	
Other postemployment benefits	(2,087,627)	
Capital lease obligations payable	(20,072)	
Other liabilities	(16,319)	
		(5,889,873)
Deferred inflows represent an acquisition of net position that is applicable to a future reporting period.		
Unavailable revenue		
Property taxes and interest	15,177	
Accounts and other taxes receivable	9,469	
Pensions	(151,090)	
Other postemployment benefits	(134,832)	
Deferred gain on service concession agreement	(739)	
		(262,015)
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.		164,354
Total net position - Governmental activities		$ (600,610)

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

For the year ended September 30, 2020
(In thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	$ 532,289	197,344	729,633
Sales taxes	246,658	--	246,658
Franchise fees and other taxes	37,813	79,997	117,810
Fines, forfeitures and penalties	4,447	4,058	8,505
Licenses, permits and inspections	15,069	550	15,619
Charges for services/goods	52,491	22,417	74,908
Intergovernmental	--	192,743	192,743
Property owners' participation and contributions	--	22,911	22,911
Interest and other	22,523	18,166	40,689
Total revenues	911,290	538,186	1,449,476
EXPENDITURES			
Current:			
General government	212,764	982	213,746
Public safety	540,442	7,768	548,210
Transportation, planning, and sustainability	--	3,617	3,617
Public health	96,314	160,002	256,316
Public recreation and culture	126,810	1,943	128,753
Urban growth management	45,942	96,874	142,816
Debt service:			
Principal	--	137,841	137,841
Interest	--	68,070	68,070
Fees and commissions	--	29	29
Capital outlay-capital project funds	--	359,503	359,503
Total expenditures	1,022,272	836,629	1,858,901
Deficiency of revenues under expenditures	(110,982)	(298,443)	(409,425)
OTHER FINANCING SOURCES (USES)			
Issuance of tax supported debt	--	207,750	207,750
Issuance of refunding bonds	--	12,620	12,620
Bond premiums	--	27,875	27,875
Payment to refunding bond escrow agent	--	(13,238)	(13,238)
Capital leases	--	23,702	23,702
Transfers in	172,425	133,907	306,332
Transfers out	(25,564)	(164,904)	(190,468)
Total other financing sources (uses)	146,861	227,712	374,573
Net change in fund balances	35,879	(70,731)	(34,852)
Fund balances at beginning of year	235,636	377,526	613,162
Fund balances at end of year	$ 271,515	306,795	578,310

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

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the year ended September 30, 2020
(In thousands)

Net change in fund balances - Governmental funds		$ (34,852)
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	359,503	
Capital outlay-other funds	19,442	
Depreciation expense	(136,182)	
Loss on disposal of capital assets	(526)	
Capital asset transfers to business-type activities, net	(35,814)	
Other asset adjustments	(34,874)	
		171,549
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	2,703	
Charges for services	1,879	
Capital asset contributions	42,947	
		47,529
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	(207,750)	
Principal repayment on long-term debt	137,841	
Issuance of refunding bonds	(12,620)	
Bond premiums	(27,875)	
Payment to refunding bond escrow agent	13,238	
		(97,166)
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	(5,580)	
Pensions	(248,845)	
Other postemployment benefits	(167,391)	
Interest and other	(5,343)	
		(427,159)
A portion of the net revenue (expense) of the internal service funds is reported with the governmental activities.		16,343
Change in net position - Governmental activities		$ (323,756)

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

Proprietary Funds
Statement of Net Position
September 30, 2020
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water**	**Airport**
ASSETS			
Current assets:			
Cash	$ 26	5	3
Pooled investments and cash	402,292	215,952	11,968
Pooled investments and cash - restricted	38,185	60,388	20,045
Total pooled investments and cash	440,477	276,340	32,013
Investments - restricted	81,383	73,523	41,986
Cash held by trustee	--	2,661	--
Cash held by trustee - restricted	--	1,901	--
Working capital advances	2,724	--	--
Accounts receivable, net of allowance	141,686	68,029	11,855
Interest receivable	1,176	438	67
Receivables from other governments	--	59	--
Receivables from other governments - restricted	1,596	--	3,368
Due from other funds	392	301	--
Inventories, at cost	98,220	2,080	1,969
Prepaid items	21,566	906	790
Other receivables - restricted	--	--	1,509
Other assets	3,500	--	980
Total current assets	792,746	426,243	94,540
Noncurrent assets:			
Cash - restricted	4,839	--	--
Pooled investments and cash - restricted	65,646	56,438	488,634
Advances to other funds	6,105	1,202	--
Advances to other funds - restricted	--	--	2
Investments - restricted	297,288	48,032	61,636
Investments held by trustee - restricted	235,554	25,471	--
Interest receivable - restricted	464	49	780
Depreciable capital assets, net	2,669,442	3,238,652	1,263,357
Nondepreciable capital assets	298,395	557,733	166,109
Derivative instruments - energy risk management	96	--	--
Regulatory assets, net of accumulated amortization	941,174	384,879	--
Other receivables - restricted	5,369	--	--
Other long-term assets	740	--	16,018
Other long-term assets - restricted	52,945	23,791	--
Total noncurrent assets	4,578,057	4,336,247	1,996,536
Total assets	5,370,803	4,762,490	2,091,076
DEFERRED OUTFLOWS OF RESOURCES	$ 454,456	192,499	78,746

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
ASSETS			
Current assets:			
Cash	31	65	11
Pooled investments and cash	393,756	1,023,968	269,660
Pooled investments and cash - restricted	18,903	137,521	--
Total pooled investments and cash	412,659	1,161,489	269,660
Investments - restricted	8,318	205,210	--
Cash held by trustee	--	2,661	--
Cash held by trustee - restricted	--	1,901	1,695
Working capital advances	--	2,724	--
Accounts receivable, net of allowance	25,824	247,394	2,768
Interest receivable	694	2,375	99
Receivables from other governments	--	59	257
Receivables from other governments - restricted	81	5,045	--
Due from other funds	1,669	2,362	--
Inventories, at cost	2,993	105,262	2,255
Prepaid expenses	1,500	24,762	7,469
Other receivables - restricted	--	1,509	--
Other assets	--	4,480	--
Total current assets	453,769	1,767,298	284,214
Noncurrent assets:			
Cash - restricted	--	4,839	--
Pooled investments and cash - restricted	134,071	744,789	5,925
Advances to other funds	79	7,386	3
Advances to other funds - restricted	47	49	--
Investments - restricted	10,263	417,219	--
Investments held by trustee - restricted	--	261,025	--
Interest receivable - restricted	188	1,481	--
Depreciable capital assets, net	345,365	7,516,816	74,204
Nondepreciable capital assets	435,892	1,458,129	944
Derivative instruments - energy risk management	--	96	--
Regulatory assets, net of accumulated amortization	--	1,326,053	--
Other receivables - restricted	--	5,369	--
Other long-term assets	--	16,758	--
Other long-term assets - restricted	--	76,736	--
Total noncurrent assets	925,905	11,836,745	81,076
Total assets	1,379,674	13,604,043	365,290
DEFERRED OUTFLOWS OF RESOURCES	295,449	1,021,150	186

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

Proprietary Funds
Statement of Net Position
September 30, 2020
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water**	**Airport**
LIABILITIES			
Current liabilities:			
Accounts payable	$ 86,180	3,156	2,570
Accounts and retainage payable from restricted assets	16,815	17,414	7,718
Accrued payroll	10,144	5,363	1,865
Accrued compensated absences	11,867	5,839	2,734
Claims payable	242	51	--
Due to other funds	--	--	171
Due to other governments	4,349	--	5
Accrued interest payable from restricted assets	28,253	35,238	19,033
Interest payable on other debt	60	63	--
Bonds payable	--	--	2
Bonds payable from restricted assets	78,890	74,609	26,875
Other postemployment benefits liability	6,818	4,655	2,096
Capital lease obligations payable	63	--	--
Customer and escrow deposits payable from restricted assets	36,991	10,329	1,084
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning liability payable from restricted assets	1,194	--	--
Other liabilities	1,133	1,905	3,643
Other liabilities payable from restricted assets	517	--	--
Total current liabilities	283,516	158,622	67,796
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	1,633	973	64
Claims payable	10	259	--
Advances from other funds	--	271	--
Advances from other funds payable from restricted assets	--	6,105	--
Commercial paper notes payable, net of discount	162,480	204,000	--
Bonds payable, net of discount and inclusive of premium	1,821,102	2,195,394	1,103,004
Net pension liability	325,229	162,848	62,862
Other postemployment benefits liability	417,226	284,817	128,271
Capital lease obligations payable	756	--	--
Accrued landfill closure and postclosure costs	--	--	--
Asset retirement obligations	416,680	1,282	--
Derivative instruments - energy risk management	76	--	--
Derivative instruments - interest rate swaps	--	20,033	--
Other liabilities	34,108	--	1,740
Other liabilities payable from restricted assets	1,792	--	--
Total noncurrent liabilities	3,181,092	2,875,982	1,295,941
Total liabilities	3,464,608	3,034,604	1,363,737
DEFERRED INFLOWS OF RESOURCES	$ 486,654	979,578	183,838

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities-Internal Service Funds
LIABILITIES			
Current liabilities:			
Accounts payable	8,596	100,502	17,356
Accounts and retainage payable from restricted assets	4,596	46,543	--
Accrued payroll	9,925	27,297	8,783
Accrued compensated absences	11,183	31,623	9,054
Claims payable	--	293	25,651
Due to other funds	1,807	1,978	--
Due to other governments	--	4,354	--
Accrued interest payable from restricted assets	514	83,038	7
Interest payable on other debt	483	606	--
Bonds payable	10,233	10,235	436
Bonds payable from restricted assets	9,310	189,684	--
Other postemployment benefits liability	9,212	22,781	--
Capital lease obligations payable	--	63	1,974
Customer and escrow deposits payable from restricted assets	8,021	56,425	687
Accrued landfill closure and postclosure costs	658	658	--
Decommissioning liability payable from restricted assets	--	1,194	--
Other liabilities	161	6,842	2,750
Other liabilities payable from restricted assets	1	518	--
Total current liabilities	74,700	584,634	66,698
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	1,963	4,633	2,613
Claims payable	--	269	23,471
Advances from other funds	1,390	1,661	--
Advances from other funds payable from restricted assets	--	6,105	--
Commercial paper notes payable, net of discount	--	366,480	--
Bonds payable, net of discount and inclusive of premium	161,318	5,280,818	1,409
Net pension liability	308,695	859,634	--
Other postemployment benefits liability	563,772	1,394,086	--
Capital lease obligations payable	--	756	4,157
Accrued landfill closure and postclosure costs	10,257	10,257	--
Asset retirement obligations	--	417,962	518
Derivative instruments - energy risk management	--	76	--
Derivative instruments - interest rate swaps	10,380	30,413	--
Other liabilities	--	35,848	--
Other liabilities payable from restricted assets	--	1,792	--
Total noncurrent liabilities	1,057,775	8,410,790	32,168
Total liabilities	1,132,475	8,995,424	98,866
DEFERRED INFLOWS OF RESOURCES	63,858	1,713,928	--

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

Proprietary Funds
Statement of Net Position
September 30, 2020
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water**	**Airport**
NET POSITION			
Net investment in capital assets	$ 626,987	674,126	391,803
Restricted for:			
Bond reserve	32,034	11,747	4,930
Capital projects	51,244	46,171	232,919
Debt service	53,130	38,286	22,956
Operating reserve	--	50,509	18,961
Passenger facility charges	--	--	68,203
Renewal and replacement	70,293	--	10,000
Strategic reserve	217,419	--	--
Unrestricted	822,890	119,968	(127,525)
Total net position	$ 1,873,997	940,807	622,247
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	37,305	21,977	8,136
Total net position - Business-type activities	$ 1,911,302	962,784	630,383

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	610,879	2,303,795	67,172
Restricted for:			
Bond reserve	7,269	55,980	--
Capital projects	133,958	464,292	5,925
Debt service	9,409	123,781	--
Operating reserve	5,258	74,728	--
Passenger facility charges	--	68,203	--
Renewal and replacement	1,027	81,320	--
Strategic reserve	--	217,419	--
Unrestricted	(289,010)	526,323	193,513
Total net position	478,790	3,915,841	266,610
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	34,838	102,256	
Total net position - Business-type activities	513,628	4,018,097	

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, 2020
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water**	**Airport**
OPERATING REVENUES			
Utility services	$ 1,373,556	566,125	--
User fees and rentals	--	--	144,637
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
Total operating revenues	1,373,556	566,125	144,637
OPERATING EXPENSES			
Operating expenses before depreciation	1,132,315	303,261	136,824
Depreciation and amortization	286,142	127,570	42,470
Total operating expenses	1,418,457	430,831	179,294
Operating income (loss)	(44,901)	135,294	(34,657)
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	16,334	5,315	8,435
Interest on revenue bonds and other debt	(70,641)	(83,811)	(40,209)
Passenger facility charges	--	--	17,373
Loss on in-substance defeasance	--	(2,267)	--
Cost (recovered) to be recovered in future years	138,250	(69,835)	--
Other nonoperating revenue (expense)	2,397	1,211	23,111
Total nonoperating revenues (expenses)	86,340	(149,387)	8,710
Income (loss) before contributions and transfers	41,439	(14,093)	(25,947)
Capital contributions	43,908	91,888	8,778
Transfers in	168	53	--
Transfers out	(120,070)	(51,598)	(24)
Change in net position	(34,555)	26,250	(17,193)
Beginning net position	1,908,552	914,557	639,440
Ending net position	$ 1,873,997	940,807	622,247
Reconciliation to government-wide Statement of Activities			
Change in net position	(34,555)	26,250	(17,193)
Adjustment to consolidate internal service activities	5,054	3,414	1,150
Change in net position - Business-type activities	$ (29,501)	29,664	(16,043)

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
OPERATING REVENUES			
Utility services	--	1,939,681	--
User fees and rentals	425,916	570,553	--
Billings to departments	--	--	502,169
Employee contributions	--	--	45,471
Operating revenues from other governments	--	--	5,434
Other operating revenues	--	--	12,707
Total operating revenues	425,916	2,510,234	565,781
OPERATING EXPENSES			
Operating expenses before depreciation	502,701	2,075,101	510,176
Depreciation and amortization	30,398	486,580	13,805
Total operating expenses	533,099	2,561,681	523,981
Operating income (loss)	(107,183)	(51,447)	41,800
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	7,469	37,553	1,173
Interest on revenue bonds and other debt	(6,305)	(200,966)	(86)
Passenger facility charges	--	17,373	--
Loss on in-substance defeasance	--	(2,267)	--
Cost (recovered) to be recovered in future years	--	68,415	--
Other nonoperating revenue (expense)	(7,411)	19,308	(487)
Total nonoperating revenues (expenses)	(6,247)	(60,584)	600
Income (loss) before contributions and transfers	(113,430)	(112,031)	42,400
Capital contributions	37,587	182,161	9,752
Transfers in	86,697	86,918	677
Transfers out	(12,445)	(184,137)	(19,322)
Change in net position	(1,591)	(27,089)	33,507
Beginning net position	480,381	3,942,930	233,103
Ending net position	478,790	3,915,841	266,610
Reconciliation to government-wide Statement of Activities			
Change in net position	(1,591)	(27,089)	
Adjustment to consolidate internal service activities	7,546	17,164	
Change in net position - Business-type activities	5,955	(9,925)	

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2020
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water**	**Airport**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 1,405,141	561,505	130,420
Cash received from other funds	29,865	8,292	--
Cash payments to suppliers for goods and services	(725,664)	(68,802)	(31,521)
Cash payments to other funds	(60,783)	(75,943)	(34,366)
Cash payments to employees for services	(227,216)	(121,472)	(49,704)
Cash payments to claimants/beneficiaries	(46)	(108)	--
Taxes collected and remitted to other governments	(42,554)	--	(1)
Net cash provided by operating activities	378,743	303,472	14,828
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	168	53	--
Transfers out	(120,070)	(51,598)	(24)
Collections from other sources	--	214	--
Loans to other funds	--	--	--
Loans from other funds	--	--	--
Loan repayments to other funds	--	(161)	(8)
Loan repayments from other funds	445	301	11
Collections from other governments	5,163	1,664	29,284
Net cash provided (used) by noncapital financing activities	(114,294)	(49,527)	29,263
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	135,850	101,330	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	--	--
Proceeds from the sale of revenue bonds	--	21,200	--
Principal paid on long-term debt	(79,140)	(58,907)	(15,245)
Proceeds from the sale of capital assets	834	--	--
Interest paid on revenue bonds and other debt	(73,716)	(104,927)	(46,483)
Passenger facility charges	--	--	20,823
Acquisition and construction of capital assets	(265,971)	(179,683)	(111,657)
Contributions from state and federal governments	--	10	8,778
Contributions in aid of construction	43,908	37,676	--
Bond issuance costs	--	(490)	--
Bond premiums	--	--	--
Cash paid for bond defeasance	--	(40,756)	--
Bonds issued for advanced refundings of debt	9	--	1
Cash paid for bond refunding escrow	(9)	--	(2)
Cash paid to payoff commercial paper	--	--	--
Cash paid for nuclear fuel inventory	(16,321)	--	--
Net cash provided (used) by capital and related financing activities	(254,556)	(224,547)	(143,785)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(533,077)	(230,983)	(73,982)
Proceeds from sale and maturities of investment securities	530,785	202,671	61,718
Interest on investments	7,830	4,616	8,666
Net cash provided (used) by investing activities	5,538	(23,696)	(3,598)
Net increase (decrease) in cash and cash equivalents	15,431	5,702	(103,292)
Cash and cash equivalents, beginning	495,557	331,643	623,942
Cash and cash equivalents, ending	$ 510,988	337,345	520,650

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities-Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	416,833	2,513,899	64,116
Cash received from other funds	5,238	43,395	502,169
Cash payments to suppliers for goods and services	(100,555)	(926,542)	(130,029)
Cash payments to other funds	(82,347)	(253,439)	(25,884)
Cash payments to employees for services	(237,163)	(635,555)	(196,198)
Cash payments to claimants/beneficiaries	--	(154)	(168,051)
Taxes collected and remitted to other governments	--	(42,555)	--
Net cash provided by operating activities	2,006	699,049	46,123
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	86,567	86,788	--
Transfers out	(11,714)	(183,406)	(19,264)
Collections from other sources	--	214	--
Loans to other funds	(729)	(729)	--
Loans from other funds	737	737	--
Loan repayments to other funds	(301)	(470)	--
Loan repayments from other funds	116	873	--
Collections from other governments	1,046	37,157	--
Net cash provided (used) by noncapital financing activities	75,722	(58,836)	(19,264)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	--	237,180	--
Proceeds from the sale of general obligation bonds and other tax supported debt	5,035	5,035	--
Proceeds from the sale of revenue bonds	--	21,200	--
Principal paid on long-term debt	(26,629)	(179,921)	(4,132)
Proceeds from the sale of capital assets	--	834	--
Interest paid on revenue bonds and other debt	(7,101)	(232,227)	(118)
Passenger facility charges	--	20,823	--
Acquisition and construction of capital assets	(51,035)	(608,346)	(3,231)
Contributions from state and federal governments	--	8,788	--
Contributions in aid of construction	2,599	84,183	--
Bond issuance costs	(54)	(544)	--
Bond premiums	743	743	--
Cash paid for bond defeasance	--	(40,756)	--
Bonds issued for advanced refundings of debt	8,442	8,452	--
Cash paid for bond refunding escrow	(8,406)	(8,417)	--
Cash paid to payoff commercial paper	--	--	--
Cash paid for nuclear fuel inventory	--	(16,321)	--
Net cash provided (used) by capital and related financing activities	(76,406)	(699,294)	(7,481)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(14,442)	(852,484)	--
Proceeds from sale and maturities of investment securities	17,972	813,146	--
Interest on investments	7,896	29,008	1,321
Net cash provided (used) by investing activities	11,426	(10,330)	1,321
Net increase (decrease) in cash and cash equivalents	12,748	(69,411)	20,699
Cash and cash equivalents, beginning	534,013	1,985,155	256,592
Cash and cash equivalents, ending	546,761	1,915,744	277,291

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2020
(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)	$ (44,901)	135,294	(34,657)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	286,142	127,570	42,470
Change in assets and liabilities:			
Decrease in working capital advances	(326)	--	--
(Increase) decrease in accounts receivable	5,619	4,796	(8,837)
Increase in allowance for doubtful accounts	1,520	206	72
Increase in receivables from other governments	--	--	--
(Increase) decrease in inventory	(18,486)	(219)	2,056
(Increase) decrease in prepaid expenses and other assets	31,738	(154)	(43)
Increase in advances to other funds	--	--	--
Decrease in other long-term assets	20,893	--	1,030
(Increase) decrease in deferred outflows	(76,573)	(65,653)	(29,488)
Decrease in accounts payable	(1,249)	(2,590)	(1,843)
Increase in accrued payroll and compensated absences	3,828	2,525	533
Increase in claims payable	20	--	--
Increase (decrease) in customer deposits	13,292	(124)	(96)
Increase (decrease) in net pension liability	6,450	(3,723)	2,805
Increase in other postemployment benefits liability	129,883	90,409	41,257
Increase (decrease) in other liabilities	95	153	1,755
Increase (decrease) in deferred inflows	20,798	14,982	(2,186)
Total adjustments	423,644	168,178	49,485
Net cash provided by operating activities	$ 378,743	303,472	14,828
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital assets contributed from other funds	$ --	485	--
Capital assets contributed to other funds	--	--	--
Contributed facilities	--	53,717	--
Increase in the fair value of investments	428	--	--
Amortization of bond (discounts) premiums	10,353	21,986	11,779
Amortization of deferred loss on refundings	(4,274)	(5,072)	(2,902)
Gain (loss) on disposal of assets	(2,802)	(151)	--
Costs (recovered) to be recovered	138,250	(69,835)	--
Transfers from other funds	--	--	--
Transfers to other funds	--	--	--

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)	(107,183)	(51,447)	41,800
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	30,398	486,580	13,805
Change in assets and liabilities:			
Decrease in working capital advances	--	(326)	--
(Increase) decrease in accounts receivable	(3,212)	(1,634)	(537)
Increase in allowance for doubtful accounts	797	2,595	83
Increase in receivables from other governments	--	--	943
(Increase) decrease in inventory	140	(16,509)	136
(Increase) decrease in prepaid expenses and other assets	(209)	31,332	(3,180)
Increase in advances to other funds	--	--	15
Decrease in other long-term assets	--	21,923	--
(Increase) decrease in deferred outflows	(140,656)	(312,370)	23
Decrease in accounts payable	(853)	(6,535)	(12,267)
Increase in accrued payroll and compensated absences	4,017	10,903	3,623
Increase in claims payable	--	20	1,882
Increase (decrease) in customer deposits	(1,432)	11,640	54
Increase (decrease) in net pension liability	15,590	21,122	--
Increase in other postemployment benefits liability	183,004	444,553	--
Increase (decrease) in other liabilities	(1,188)	815	(257)
Increase (decrease) in deferred inflows	22,793	56,387	--
Total adjustments	109,189	750,496	4,323
Net cash provided by operating activities	2,006	699,049	46,123
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital assets contributed from other funds	34,988	35,473	9,752
Capital assets contributed to other funds	(7,664)	(7,664)	--
Contributed facilities	--	53,717	--
Increase in the fair value of investments	--	428	--
Amortization of bond (discounts) premiums	1,331	45,449	31
Amortization of deferred loss on refundings	(698)	(12,946)	--
Gain (loss) on disposal of assets	(492)	(3,445)	37
Costs (recovered) to be recovered	--	68,415	--
Transfers from other funds	130	130	677
Transfers to other funds	(731)	(731)	(58)

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

(In thousands)

	Private-purpose Trust	Agency
ASSETS		
Pooled investments and cash	$ 6,409	616
Interest Receivable	10	--
Investments held by trustee	--	6,356
Other assets	121	--
Total assets	6,540	6,972
LIABILITIES		
Accounts payable	25	--
Due to other governments	--	199
Deposits and other liabilities	1,734	6,773
Total liabilities	1,759	6,972
NET POSITION		
Held in trust	4,781	
Total net position	$ 4,781	

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

	Private-Purpose Trust
ADDITIONS	
Contributions	$ 11,478
Interest and other	38
Total additions	11,516
DEDUCTIONS	
Benefit payments	7,527
Total deductions	7,527
Change in net position	3,989
Beginning net position	792
Ending net position	$ 4,781

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 Councilmembers 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. 83, No. 85 and No. 86, No. 88 and No. 89, and No. 95. In fiscal year 2020, the City implemented the following GASB Statements:

GASB Statement	Impact
95 – "Postponement of the Effective Dates of Certain Authoritative Guidance"	This statement provides temporary relief to governments and other stakeholders due to the COVID-19 pandemic by postponing the effective dates of several statements. GASB Statements No. 84 and No. 90-93, Implementation Guides 2017-3, 2018-1, 2019-1, and 2019-2 are delayed by one year. GASB Statement No. 87 and Implementation Guide 2019-3 are delayed by 18 months. These delays do not have any impact on the current financial report.

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. 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 as such is reported as a blended component unit in the Austin Energy enterprise fund. Austin Energy staff serve as officers of the corporation. In addition, Austin Energy is fiscally responsible for the obligations of NP. 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 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.

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.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
b -- Government-wide and Fund Financial Statements, continued

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 (private-purpose trust and agency). By definition, fiduciary fund assets are held for the benefit of a third party and cannot be used to address activities or obligations of the primary government; therefore, they are not included in the government-wide statements.

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

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

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

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

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.

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

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 events 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.

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

Private-purpose Trust Funds: Account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. Private-purpose trust funds account for various purposes: general government; transportation, planning, and sustainability; public recreation and culture; and urban growth management.

Agency Funds: Account for resources held by the City in a custodial capacity for campaign financing donations and fees; Municipal Court service fees; debt service payments for special assessment debt; and escrow deposits and payments to loan recipients.

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 the October 1 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, 2020 (in thousands):

Governmental activities	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Charges for Services	$ 365,234	32	3,044	368,310
Fines	13,374	120	--	13,494
Taxes	47,152	9,905	--	57,057
Other Governments	--	3,584	--	3,584
Other	60	4,658	--	4,718
Allowance for doubtful accounts	(362,082)	(1,974)	(276)	(364,332)
Total	$ 63,738	16,325	2,768	82,831

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	$ 153,559	70,712	13,786	28,636	266,693
Allowance for doubtful accounts	(11,873)	(2,683)	(1,931)	(2,812)	(19,299)
Total	$ 141,686	68,029	11,855	25,824	247,394

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
General Fund	First-in, first-out
Austin Energy	
Fuel oil – Distillate #2	Last-in, first-out
Wire Reels	Cost
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. Inventories reported in the General Fund are offset by an equal amount in nonspendable fund balance, which indicates that they do not represent "available spendable resources."

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	$ 63,975	70,603	101,090	406,950	134,258	776,876
Customer and escrow deposits	85,063	36,991	9,879	1,084	7,719	140,736
Debt service	30,598	81,383	73,523	47,756	10,012	243,272
Federal receivables	--	2,678	--	3,368	81	6,127
Housing activities	20,895	--	--	--	--	20,895
Operating reserve account	--	--	50,509	18,961	8,464	77,934
Passenger facility charge account	--	--	--	68,203	--	68,203
Perpetual care	1,070	--	--	--	--	1,070
Plant decommissioning	--	267,051	--	--	--	267,051
Public health activities	34,651	--	--	--	--	34,651
Public safety activities	12,300	--	--	--	--	12,300
Renewal and replacement account	--	70,293	--	10,000	1,027	81,320
Revenue bond reserve	--	32,012	54,592	61,636	10,263	158,503
Revolving loan reserve	--	4,839	--	--	--	4,839
Strategic reserve	--	217,419	--	--	--	217,419
Tourism	10,534	--	--	--	--	10,534
Other purposes	23,386	--	--	--	--	23,386
Total	$ 282,472	783,269	289,593	617,958	171,824	2,145,116

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 $20.7 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.

Austin Energy acquired Nacogdoches Power, LLC in 2019, which included the purchase of a 115 MW biomass power plant. Through the acquisition, Austin Energy receives several key economic benefits, including exchanging an escalating capacity payment for a lower, fixed debt service payment and capturing operating efficiencies and cost reductions as the facility owner.

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 in connection with certain real estate transactions and deposits used as collateral. 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.

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

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	$ 129	--	--	--
Austin Energy	--	198,478	--	--
Austin Water	--	522	--	--
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	--	76	--	96
Austin Water	--	20,033	--	--
Nonmajor enterprise	--	10,380	--	--
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	--	36,995	--	--
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	13,439	--	--	--
Austin Energy	--	13,219	--	--
Austin Water	--	44,752	--	--
Airport	--	14,994	--	--
Nonmajor enterprise	--	6,213	--	123
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	646,126	--	134,832	--
Austin Energy	--	130,742	--	31,251
Austin Water	--	89,250	--	20,413
Airport	--	46,139	--	7,513
Nonmajor enterprise	--	196,747	--	36,464
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	917,162	--	151,090	--
Austin Energy	--	74,946	--	28,731
Austin Water	--	37,942	--	21,487
Airport	--	17,613	--	5,553
Nonmajor enterprise	--	82,109	--	27,271
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	--	--	--	426,576
Austin Water	--	--	--	937,678
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	--	--	739	--
Airport	--	--	--	170,772
Total	$ 1,576,856	1,021,150	286,661	1,713,928

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**
Totals by Fund				
Governmental Activities	$ 1,576,856	--	286,661	--
Austin Energy	--	454,456	--	486,654
Austin Water	--	192,499	--	979,578
Airport	--	78,746	--	183,838
Nonmajor Enterprise	--	295,449	--	63,858
Grand Total	$ 1,576,856	1,021,150	286,661	1,713,928

The governmental funds' statements include amounts recognized as deferred inflows of resources as a result of property taxes, other taxes, and certain revenues ($24.6 million) that are not available to liquidate current liabilities in the funds. These amounts will be recognized in the period these amounts become available.

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, 2020, the City's total OPEB liability for these retiree benefits was approximately $3.5 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 Waster 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	$ 4,894
Austin Water	1,564
Airport	72
Nonmajor Enterprise	1,798

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, 2020. The amount of unbilled revenue recorded, as of September 30, 2020, was $30.7 million. Austin Water records unbilled revenue as earned based upon the percentage of October's billing that represented water usage through September 30, 2020. The amount of unbilled revenue reported in accounts receivable as of September 30, 2020 was $17.6 million for water and $14.2 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	$ 12,235
Nonmajor Enterprise	1,763

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:

> <u>Nonspendable:</u> 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.
>
> <u>Restricted:</u> 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.
>
> <u>Committed:</u> 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.
>
> <u>Assigned:</u> 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 $61,000 in fiscal year 2020 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.
>
> <u>Unassigned:</u> 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						
Inventory	$ 49	--	--	--	--	49
Prepaid items	2,830	--	--	--	--	2,830
Permanent funds	--	--	--	--	1,070	1,070
Total Nonspendable	2,879	--	--	--	1,070	3,949
Restricted						
Municipal court services	--	1,172	--	--	--	1,172
Fire special purpose	--	57	--	--	--	57
Police special purpose	--	12,261	--	--	--	12,261
Public health services	--	880	--	--	--	880
Library services	--	4,618	--	--	--	4,618
Tourism programs	--	19,813	--	--	--	19,813
Affordable housing programs	--	72,288	--	--	--	72,288
Urban growth programs	--	19,251	--	--	--	19,251
Capital construction	--	--	--	137,466	--	137,466
Debt service	--	--	31,285	--	--	31,285
Total Restricted	--	130,340	31,285	137,466	--	299,091
Committed						
Tourism programs	--	101	--	--	--	101
Affordable housing programs	--	678	--	--	--	678
Urban growth programs	--	46,403	--	--	--	46,403
Total Committed	--	47,182	--	--	--	47,182
Assigned						
Municipal court services	3,326	--	--	--	--	3,326
EMS activities	1,171	--	--	--	--	1,171
Fire activities	654	--	--	--	--	654
Police activities	8,613	--	--	--	--	8,613
Public health services	26,944	--	--	--	--	26,944
Library services	2,186	--	--	--	--	2,186
Parks services	1,996	--	--	--	--	1,996
Affordable housing programs	10,038	99	--	--	--	10,137
Urban growth programs	40,617	364	--	--	--	40,981
Capital construction	--	--	--	120,116	--	120,116
Total Assigned	95,545	463	--	120,116	--	216,124
Unassigned	173,091	(13,795)	--	(147,332)	--	11,964
Total Fund Balance	$ 271,515	164,190	31,285	110,250	1,070	578,310

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 three reserve funds; a budget stabilization reserve, an emergency reserve, and a property tax reserve. These reserves are part of unassigned fund balance for the General Fund. As of September 30, 2020, the budget stabilization reserve reports a balance of $93.5 million, the emergency reserve maintains a balance of six percent of total General Fund requirements, or $65.3 million, and the property tax reserve has a balance of $4.5 million. The funds in the budget stabilization reserve may be appropriated to fund capital or other one-time costs, but such appropriation should not exceed one-third of the total amount in the reserve.

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

Pensions -- For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's three pension plans and additions to/deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability, pension expenses, and long-term deferrals are allocated to funds based on actual contributions by fund during the corresponding measurement period with the exception of the internal service funds, which are presented in governmental activities in the government-wide statements (see Note 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. Through the end of the fiscal year, the City expended $137 million of the CARES CRF funding and classified the remainder as unearned revenue. 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.

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, 2020 (in thousands):

	Pooled Investments and Cash	
	Unrestricted	**Restricted**
General Fund	$ 274,440	--
Nonmajor governmental funds	327,553	--
Austin Energy	402,292	103,831
Austin Water	215,952	116,826
Airport	11,968	508,679
Nonmajor enterprise funds	393,756	152,974
Internal service funds	269,660	5,925
Fiduciary funds	7,025	--
Subtotal pooled investments and cash	1,902,646	888,235
Total pooled investments and cash	$ 2,790,881	

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 2020.

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). The State Comptroller oversees TexPool/Texpool Prime, with Federated Hermes managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over TexasDAILY, an advisory board consisting of participants or their designees 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, 2020, TexPool, Texpool Prime, TexasDAILY, TexStar, and Texas CLASS had a weighted average maturity of 38 days, 49 days, 57 days, 44 days, and 56 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 measures 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, 2020:

- U.S. Treasury securities of $871.9 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).
- U.S. Agency securities of $802.4 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, 2020, the City presented Money Market Funds of $119.2 million, LGIPs of $1.65 billion valued using amortized cost, and LGIPs of $277.6 million valued using NAV.

The following table includes the portfolio balances of all non-pooled and pooled investments of the City at September 30, 2020 (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments:				
Local Government Investment Pools	$ 29,568	466,543	--	496,111
Money Market Funds	3,481	109,367	6,356	119,204
US Treasury Notes	--	137,064	--	137,064
US Agency Bonds	--	170,480	--	170,480
Total non-pooled investments	33,049	883,454	6,356	922,859
Pooled investments:				
Local Government Investment Pools	451,511	980,804	3,584	1,435,899
US Treasury Notes	231,075	501,941	1,850	734,866
US Agency Bonds	198,708	431,634	1,591	631,933
Total pooled investments	881,294	1,914,379	7,025	2,802,698
Total investments	$ 914,343	2,797,833	13,381	3,725,557

Concentration of Credit Risk

At September 30, 2020, 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 ($241.8 or 6%), and Federal Home Loan Mortgage Corporation ($415.3 or 11%).

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, 2020, 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	$ 451,511	980,804	3,584	1,435,899	1
US Treasury Notes	231,075	501,941	1,850	734,866	295
US Agency Bonds	198,708	431,634	1,591	631,933	580
Total Operating funds	881,294	1,914,379	7,025	2,802,698	
Debt service funds					
General Obligation Debt Service					
Local Government Investment Pools	29,568	--	--	29,568	1
Utility (1)					
Local Government Investment Pools	--	154,906	--	154,906	1
Airport					
Local Government Investment Pools	--	41,986	--	41,986	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	8,318	--	8,318	1
Total Debt service funds	29,568	205,210	--	234,778	
Debt service reserve funds					
Utility (1)					
Local Government Investment Pools	--	41,926	--	41,926	1
Money Market Funds	--	4,659	--	4,659	1
Airport					
Local Government Investment Pools	--	61,636	--	61,636	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	10,263	--	10,263	1
Total Debt service reserve funds	--	118,484	--	118,484	
Special projects/purpose funds					
Austin Energy Strategic Reserve					
Local Government Investment Pools	--	122,601	--	122,601	1
US Treasury Notes	--	35,597	--	35,597	486
US Agency Bonds	--	120,288	--	120,288	645
Total Austin Energy Strategic Reserve	--	278,486	--	278,486	
Austin Energy Nuclear Decommissioning Trust Funds (NDTF)					
Money Market Funds	--	83,895	--	83,895	1
US Treasury Notes	--	101,467	--	101,467	277
US Agency Bonds	--	50,192	--	50,192	269
Total Austin Energy NDTF	--	235,554	--	235,554	
Special Projects - Utility Reserve (1)					
Local Government Investment Pools	--	24,907	--	24,907	1
Special Projects - Other					
Money Market Funds	3,481	20,813	6,356	30,650	1
Total Special projects/purpose funds	3,481	559,760	6,356	569,597	
Total funds	$ 914,343	2,797,833	13,381	3,725,557	

(1) Includes combined pledge debt service

Credit Risk

At September 30, 2020, City funds held investments in LGIPs and Money Market Funds rated AAAm by Standard & Poor’s, 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.

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

Concentration of Credit Risk

Operating Funds
At September 30, 2020, 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 ($216.7 or 8%) and Federal Home Loan Mortgage Corporation ($330.2 or 12%).

Special Projects or Special Purpose Funds
At September 30, 2020, 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 ($25.1 or 9%), and Federal Home Loan Mortgage Corporation ($85.2 or 31%).

At September 30, 2020, the NDTF held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Home Loan Bank ($30 or 13%) and Federal National Mortgage Association ($20.2 or 9%).

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, 2020, 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 208 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 securities.

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, 2020, 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 341 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, 2020, the dollar weighted average maturity was 177 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, 2020, are as follows (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments and cash	$ 41,203	892,920	6,356	940,479
Pooled investments and cash	882,777	1,917,600	7,025	2,807,402
Total investments and cash	923,980	2,810,520	13,381	3,747,881
Unrestricted cash	48	2,726	--	2,774
Restricted cash	8,106	6,740	--	14,846
Pooled investments and cash	882,777	1,917,600	7,025	2,807,402
Investments	33,049	883,454	6,356	922,859
Total	$ 923,980	2,810,520	13,381	3,747,881

The bank balance of the portfolio exceeds the book balance by approximately $17 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, 2020 carrying amount of deposits at the bank and cash on hand are as follows (in thousands):

	Governmental Activities	Business-type Activities	Total
Cash			
Unrestricted	$ 48	65	113
Restricted	--	4,839	4,839
Cash held by trustee			
Unrestricted	--	2,661	2,661
Restricted	8,106	1,901	10,007
Non-pooled cash	8,154	9,466	17,620
Pooled cash	1,483	3,220	4,703
Total deposits	$ 9,637	12,686	22,323

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, 2020.

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, 2019, upon which the 2020 levy was based, was $165,194,107,887.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2020, 99.17% of the current tax levy (October 1, 2019) 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. However, if the effective tax rate, excluding tax rates for bonds, certificates of obligation, and other contractual obligations, as adjusted for new improvements and revaluation, exceeds the rate for the previous year by more than 8%, State statute allows qualified voters of the City to petition for an election to determine whether to limit the tax rate increase to no more than 8%. 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, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 2020, was $0.3337 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, 2020 was $0.1094 per $100 assessed valuation. The City has a tax margin for general governmental purposes of $0.6663 per $100 assessed valuation and could levy approximately $1,100,688,341 in additional taxes from the assessed valuation of $165,194,107,887 before the legislative limit is reached.

5 – CAPITAL ASSETS AND INFRASTRUCTURE

Governmental Activities

Capital asset activity for the year ended September 30, 2020, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,081,970	203,268	(816)	1,284,422
Plant and equipment	272,507	37,624	(347)	309,784
Vehicles	154,836	20,568	(8,413)	166,991
Infrastructure	3,084,822	59,397	--	3,144,219
Total depreciable capital assets	4,594,135	320,857	(9,576)	4,905,416
Less accumulated depreciation for				
Building and improvements	(423,710)	(33,595)	594	(456,711)
Plant and equipment	(193,254)	(18,573)	341	(211,486)
Vehicles	(99,293)	(13,801)	8,102	(104,992)
Infrastructure	(1,349,540)	(83,521)	--	(1,433,061)
Total accumulated depreciation	(2,065,797)	(149,490) (2)	9,037	(2,206,250)
Depreciable capital assets, net	2,528,338	171,367	(539)	2,699,166
Nondepreciable capital assets				
Land and improvements	400,731	42,043	(33,428)	409,346
Arts and treasures	11,018	646	--	11,664
Library collections	18,167	--	--	18,167
Construction in progress	137,523	326,346	(296,310)	167,559
Total nondepreciable assets	567,439	369,035	(329,738)	606,736
Total capital assets	$ 3,095,777	540,402	(330,277)	3,305,902

(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	$ 6,870
Public safety	16,615
Transportation, planning and sustainability	64,398
Public health	1,964
Public recreation and culture	22,449
Urban growth management	23,887
Internal service funds	13,307
Total increases in accumulated depreciation/amortization	$ 149,490

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Total

Capital asset activity for the year ended September 30, 2020, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 3,055,207	190,179	(7,282)	3,238,104
Plant and equipment	4,200,757	131,347	(1,340)	4,330,764
Vehicles	247,019	24,476	(11,098)	260,397
Electric plant	5,555,550	201,667	(7,489)	5,749,728
Non-electric plant	267,727	18,566	(793)	285,500
Nuclear fuel	419,431	16,321	--	435,752
Water rights	100,000	--	--	100,000
Total depreciable capital assets	13,845,691	582,556	(28,002)	14,400,245
Less accumulated depreciation/amortization for				
Building and improvements	(915,338)	(72,564)	24	(987,878)
Plant and equipment	(1,776,483)	(109,663)	1,210	(1,884,936)
Vehicles	(164,545)	(19,316)	9,254	(174,607)
Electric plant	(3,049,522)	(273,213)	7,489	(3,315,246)
Non-electric plant	(100,686)	(10,928)	793	(110,821)
Nuclear fuel	(370,638)	(18,561)	--	(389,199)
Water rights	(19,754)	(988)	--	(20,742)
Total accumulated depreciation/amortization	(6,396,966)	(505,233) (2)	18,770	(6,883,429)
Depreciable capital assets, net	7,448,725	77,323	(9,232)	7,516,816
Nondepreciable capital assets				
Land and improvements	744,329	43,065	--	787,394
Arts and treasures	4,098	15	--	4,113
Construction in progress	600,104	562,006	(518,603)	643,507
Plant held for future use	23,115	--	--	23,115
Total nondepreciable assets	1,371,646	605,086	(518,603)	1,458,129
Total capital assets	$ 8,820,371	682,409	(527,835)	8,974,945

(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	$ 286,142
Water	61,436
Wastewater	66,134
Airport	42,470
Convention	8,588
Environmental and health services	10,686
Public recreation	660
Urban growth management	10,464
Total business-type activities depreciation expense	486,580
Transferred accumulated depreciation	92
Current year amortization included in operating expense	18,561
Total increases in accumulated depreciation/amortization	$ 505,233

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Energy

Capital asset activity for the year ended September 30, 2020, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets				
Vehicles	$ 35,103	5,782	(2,128)	38,757
Electric plant	5,555,550	201,667	(7,489)	5,749,728
Non-electric plant	267,727	18,566	(793)	285,500
Nuclear fuel	419,431	16,321	--	435,752
Total depreciable capital assets	6,277,811	242,336	(10,410)	6,509,737
Less accumulated depreciation/amortization for				
Vehicles	(25,141)	(2,001)	2,113	(25,029)
Electric plant	(3,049,522)	(273,213)	7,489	(3,315,246)
Non-electric plant	(100,686)	(10,928)	793	(110,821)
Nuclear fuel	(370,638)	(18,561)	--	(389,199)
Total accumulated depreciation/amortization	(3,545,987)	(304,703) (1)	10,395	(3,840,295)
Depreciable capital assets, net	2,731,824	(62,367)	(15)	2,669,442
Nondepreciable capital assets				
Land and improvements	68,464	2,573	--	71,037
Plant held for future use	23,115	--	--	23,115
Construction in progress (2)	180,662	255,259	(231,678)	204,243
Total nondepreciable assets	272,241	257,832	(231,678)	298,395
Total capital assets	$ 3,004,065	195,465	(231,693)	2,967,837

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	$ 286,142
Current year amortization included in operating expense	18,561
Total increases in accumulated depreciation/amortization	$ 304,703

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Water

Capital asset activity for the year ended September 30, 2020, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,234,665	12,340	--	1,247,005
Plant and equipment	3,924,920	115,943	(1,305)	4,039,558
Vehicles	43,376	4,466	(2,038)	45,804
Water rights	100,000	--	--	100,000
Total depreciable capital assets	5,302,961	132,749	(3,343)	5,432,367
Less accumulated depreciation/amortization for				
Building and improvements	(356,540)	(26,484)	--	(383,024)
Plant and equipment	(1,660,653)	(96,865)	1,175	(1,756,343)
Vehicles	(32,390)	(3,233)	2,017	(33,606)
Water rights	(19,754)	(988)	--	(20,742)
Total accumulated depreciation/amortization	(2,069,337)	(127,570) (1)	3,192	(2,193,715)
Depreciable capital assets, net	3,233,624	5,179	(151)	3,238,652
Nondepreciable capital assets				
Land and improvements	230,371	915	--	231,286
Arts and treasures	111	--	--	111
Construction in progress	248,087	157,111	(78,862)	326,336
Total nondepreciable assets	478,569	158,026	(78,862)	557,733
Total capital assets	$ 3,712,193	163,205	(79,013)	3,796,385

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	
Water	$ 60,448
Wastewater	66,134
Current year amortization	
Water	988
Total increases in accumulated depreciation/amortization	$ 127,570

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport

Capital asset activity for the year ended September 30, 2020, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,474,031	168,157	--	1,642,188
Plant and equipment	42,380	8,811	--	51,191
Vehicles	18,491	2,790	(1,998)	19,283
Total depreciable capital assets	1,534,902	179,758	(1,998)	1,712,662
Less accumulated depreciation for				
Building and improvements	(377,918)	(37,666)	--	(415,584)
Plant and equipment	(19,448)	(3,159)	--	(22,607)
Vehicles	(10,303)	(1,645)	834	(11,114)
Total accumulated depreciation	(407,669)	(42,470) (1)	834	(449,305)
Depreciable capital assets, net	1,127,233	137,288	(1,164)	1,263,357
Nondepreciable capital assets				
Land and improvements	96,381	--	--	96,381
Arts and treasures	3,375	15	--	3,390
Construction in progress	140,759	102,748	(177,169)	66,338
Total nondepreciable assets	240,515	102,763	(177,169)	166,109
Total capital assets	$ 1,367,748	240,051	(178,333)	1,429,466

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	$ 42,470

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2020, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 346,511	9,682	(7,282)	348,911
Plant and equipment	233,457	6,593	(35)	240,015
Vehicles	150,049	11,438	(4,934)	156,553
Total depreciable capital assets	730,017	27,713	(12,251)	745,479
Less accumulated depreciation for				
Building and improvements	(180,880)	(8,414)	24	(189,270)
Plant and equipment	(96,382)	(9,639)	35	(105,986)
Vehicles	(96,711)	(12,437)	4,290	(104,858)
Total accumulated depreciation	(373,973)	(30,490) (2)	4,349	(400,114)
Depreciable capital assets, net	356,044	(2,777)	(7,902)	345,365
Nondepreciable capital assets				
Land and improvements	349,113	39,577	--	388,690
Arts and treasures	612	--	--	612
Construction in progress	30,596	46,888	(30,894)	46,590
Total nondepreciable assets	380,321	86,465	(30,894)	435,892
Total capital assets	$ 736,365	83,688	(38,796)	781,257

(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	$ 8,588
Environmental and health services	10,686
Public recreation	660
Urban growth management	10,464
Total nonmajor enterprise activities depreciation expense	30,398
Transferred accumulated depreciation	92
Total increases in accumulated depreciation/amortization	$ 30,490

Service Concession Arrangements
The City has recorded net capital assets of $159.7 million, other assets of $17 million and deferred inflows of $171.5 million derived from four 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 extends through 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 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, 2020, the unamortized balance was $9.2 million and is presented in other assets. The related deferred inflow balance is $10.9 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, 2020, the unamortized balance was $7.8 million and is presented in other assets. The related deferred inflow balance is $8.3 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, 2020, 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	--	1,631	58	1,689	648
YMCA Northeast Recreation Center	1,333	--	227	33	260	1,073
Total Governmental Activities	3,670	--	1,858	91	1,949	1,721
Business-type Activities:						
CONRAC facility	152,496	--	15,183	3,817	19,000	133,496
Bark and Zoom facility	27,098	--	2,008	635	2,643	24,455
Total Business-type Activities	179,594	--	17,191	4,452	21,643	157,951

	Beginning Deferred Inflows	Current year Additions	Beginning Accumulated Amortization	Current Year Amortization	Ending Accumulated Amortization	Ending Deferred Inflows
Governmental Activities:						
Umlauf Sculpture Garden	163	--	2,174	79	2,253	84
YMCA Northeast Recreation Center	723	--	610	68	678	655
Total Governmental Activities	886	--	2,784	147	2,931	739
Business-type Activities:						
CONRAC facility	132,195	--	20,301	5,083	25,384	127,112
CONRAC base rent agreement	11,302	--	1,739	435	2,174	10,867
Bark and Zoom facility	25,090	--	2,008	635	2,643	24,455
Bark and Zoom base rent agreement	8,570	--	694	232	926	8,338
Total Business-type Activities	$ 177,157	--	24,742	6,385	31,127	170,772

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, 2020, were as follows (in thousands):

Description	October 1, 2019	Increases	Decreases	September 30, 2020	Amounts Due Within One Year
Governmental activities					
General obligation bonds, net	$ 1,081,774	203,016	(141,449)	1,143,341	83,904
Certificates of obligation, net	235,667	21,423	(12,365)	244,725	10,082
Contractual obligations, net	93,938	23,806	(19,296)	98,448	16,315
General obligation bonds and other tax supported debt total	1,411,379	248,245	(173,110)	1,486,514	110,301
Capital lease obligations	9,880	23,702	(7,379)	26,203	5,117
Net debt	1,421,259	271,947	(180,489)	1,512,717	115,418
Other long-term obligations					
Accrued compensated absences	136,397	8,177	(580)	143,994	66,140
Claims payable	47,240	169,933	(168,051)	49,122	25,651
Net pension liability	2,060,161	781,978	(698,459)	2,143,680	--
Other postemployment benefits	1,423,132	819,872	(155,377)	2,087,627	33,567
Asset retirement obligations	518	--	--	518	--
Other liabilities	118,603	33,815	(5,064)	147,354	131,603
Governmental activities total	5,207,310	2,085,722	(1,208,020)	6,085,012	372,379
Total business-type activities					
General obligation bonds, net	12,820	8,443	(4,718)	16,545	3,516
Certificates of obligation, net	49,585	--	(9,799)	39,786	2,133
Contractual obligations, net	21,010	5,778	(8,863)	17,925	5,250
Other tax supported debt, net	6,115	--	(775)	5,340	820
General obligation bonds and other tax supported debt total	89,530	14,221	(24,155)	79,596	11,719
Commercial paper notes, net	129,300	237,180	--	366,480	--
Revenue bonds, net	5,465,167	--	(236,856)	5,228,311	176,725
Revenue notes from direct placements, net	162,185	21,200	(10,555)	172,830	11,475
Capital lease obligations	878	--	(59)	819	63
Net debt	5,847,060	272,601	(271,625)	5,848,036	199,982
Other long-term obligations					
Accrued compensated absences	30,172	8,453	(2,369)	36,256	31,623
Claims payable	542	182	(162)	562	293
Net pension liability	838,511	387,187	(366,064)	859,634	--
Other postemployment benefits	972,315	561,959	(117,407)	1,416,867	22,781
Accrued landfill closure and postclosure costs	12,262	358	(1,705)	10,915	658
Decommissioning liability payable	1,460	--	(266)	1,194	1,194
Asset retirement obligations	414,390	12,044	(8,472)	417,962	--
Other liabilities	92,280	17,861	(8,716)	101,425	63,785
Business-type activities total	8,208,992	1,260,645	(776,786)	8,692,851	320,316
Total liabilities (1)	$ 13,416,302	3,346,367	(1,984,806)	14,777,863	692,695

(1) This schedule excludes select short-term liabilities of $131,317 for governmental activities. For business-type activities, it excludes select short-term liablities of $262,340, and derivative instruments of $30,489.

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

Description	October 1, 2019	Increases	Decreases	September 30, 2020	Amounts Due Within One Year
Business-type activities:					
Electric activities					
General obligation bonds, net	$ 54	9	(59)	4	4
General obligation bonds and other tax supported debt total	54	9	(59)	4	4
Commercial paper notes, net	26,630	135,850	--	162,480	--
Revenue bonds, net	1,988,686	--	(88,698)	1,899,988	78,886
Capital lease obligations	878	--	(59)	819	63
Net debt	2,016,248	135,859	(88,816)	2,063,291	78,953
Other long-term obligations					
Accrued compensated absences	11,437	4,375	(2,312)	13,500	11,867
Claims payable	232	66	(46)	252	242
Net pension liability	318,779	141,105	(134,655)	325,229	--
Other postemployment benefits	294,161	165,218	(35,335)	424,044	6,818
Decommissioning liability payable	1,460	--	(266)	1,194	1,194
Asset retirement obligations	413,108	12,044	(8,472)	416,680	--
Other liabilities	67,424	13,768	(6,651)	74,541	38,641
Electric activities total	3,122,849	472,435	(276,553)	3,318,731	137,715
Water and Wastewater activities					
General obligation bonds, net	965	6	(227)	744	185
Certificates of obligation bonds, net	1,497	--	(97)	1,400	99
Contractual obligations, net	2,388	--	(1,090)	1,298	671
Other tax supported debt, net	3,915	--	(496)	3,419	525
General obligation bonds and other tax supported debt total	8,765	6	(1,910)	6,861	1,480
Commercial paper notes, net	102,670	101,330	--	204,000	--
Revenue bonds, net	2,270,380	--	(113,433)	2,156,947	68,199
Revenue notes from direct placements, net	89,130	21,200	(4,135)	106,195	4,930
Net debt	2,470,945	122,536	(119,478)	2,474,003	74,609
Other long-term obligations					
Accrued compensated absences	5,476	1,336	--	6,812	5,839
Claims payable	310	108	(108)	310	51
Net pension liability	166,571	70,891	(74,614)	162,848	--
Other postemployment benefits	199,063	113,420	(23,011)	289,472	4,655
Asset retirement obligations	1,282	--	--	1,282	--
Other liabilities	12,205	153	(124)	12,234	12,234
Water and Wastewater activities total	2,855,852	308,444	(217,335)	2,946,961	97,388
Airport activities					
General obligation bonds, net	13	2	(12)	3	2
General obligation bonds and other tax supported debt total	13	2	(12)	3	2
Revenue bonds, net	1,108,862	--	(22,679)	1,086,183	22,450
Revenue notes from direct placements, net	48,030	--	(4,335)	43,695	4,425
Net debt	1,156,905	2	(27,026)	1,129,881	26,877
Other long-term obligations					
Accrued compensated absences	2,418	380	--	2,798	2,734
Claims payable	--	8	(8)	--	--
Net pension liability	60,057	29,727	(26,922)	62,862	--
Other postemployment benefits	89,110	52,073	(10,816)	130,367	2,096
Other liabilities	2,784	3,779	(96)	6,467	4,727
Airport activities total	1,311,274	85,969	(64,868)	1,332,375	36,434
Nonmajor activities					
General obligation bonds, net	11,788	8,426	(4,420)	15,794	3,325
Certificates of obligation, net	48,088	--	(9,702)	38,386	2,034
Contractual obligations	18,622	5,778	(7,773)	16,627	4,579
Other tax supported debt, net	2,200	--	(279)	1,921	295
General obligation bonds and other tax supported debt total	80,698	14,204	(22,174)	72,728	10,233
Revenue bonds, net	97,239	--	(12,046)	85,193	7,190
Revenue notes from direct placements, net	25,025	--	(2,085)	22,940	2,120
Net debt	202,962	14,204	(36,305)	180,861	19,543
Other long-term obligations					
Accrued compensated absences	10,841	2,362	(57)	13,146	11,183
Net pension liability	293,104	145,464	(129,873)	308,695	--
Other postemployment benefits	389,981	231,248	(48,245)	572,984	9,212
Accrued landfill closure and postclosure costs	12,262	358	(1,705)	10,915	658
Other liabilities	9,867	161	(1,845)	8,183	8,183
Nonmajor activities total	$ 919,017	393,797	(218,030)	1,094,784	48,779

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, 2020, 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	5,340	811	(1)(3)	4.20 - 4.25%	9/1/2021-2026
Mueller Contractual Obligation - 2006	2006	12,000	5,110	842	(1)(4)	4.00 - 5.00%	9/1/2021-2026
Public Improvement - 2009B	2009	78,460	58,425	15,290	(1)	4.75 - 5.31%	9/1/2021-2029
Mueller Contractual Obligation - 2009	2010	15,000	8,350	1,841	(1)(4)	4.00 - 4.25%	9/1/2021-2029
Public Improvement - 2010A	2011	79,528	62,380	14,334	(1)	3.00 - 4.00%	9/1/2021-2030
Public Improvement - 2010B	2011	26,400	22,620	5,769	(1)	3.45 - 4.65%	9/1/2021-2030
Certificates of Obligation - 2010	2011	22,300	13,815	2,687	(1)	3.00 - 3.50%	9/1/2021-2030
Public Improvement Refunding - 2010	2011	91,560	35,625	2,831	(1)	4.34 - 5.00%	9/1/2021-2023
Public Improvement - 2011A	2012	78,090	65,940	18,081	(1)	3.00 - 4.00%	9/1/2021-2031
Public Improvement - 2011B	2012	8,450	7,200	1,873	(1)	3.50 - 4.50%	9/1/2021-2031
Certificates of Obligation - 2011	2012	51,150	40,895	18,925	(1)	3.00 - 5.00%	9/1/2021-2041
Public Improvement Refunding - 2011A	2012	68,285	11,315	1,073	(1)	4.00 - 5.00%	9/1/2021-2023
Public Improvement - 2012A	2013	74,280	70,945	17,403	(1)	3.00 - 5.00%	9/1/2023-2032
Public Improvement - 2012B	2013	6,640	4,255	961	(1)	2.50 - 3.50%	9/1/2021-2032
Certificates of Obligation - 2012	2013	24,645	17,425	4,216	(1)	3.00 - 4.00%	9/1/2021-2037
Mueller Contractual Obligation - 2012	2013	16,735	12,420	3,220	(1)(4)	2.63 - 3.38%	9/1/2021-2032
Public Improvement - 2013	2014	104,665	92,155	31,012	(1)	4.00 - 5.00%	9/1/2021-2033
Certificates of Obligation - 2013	2014	25,355	21,220	9,401	(1)	3.25 - 5.00%	9/1/2021-2038
Contractual Obligation - 2013	2014	50,150	3,215	36	(2)	2.25%	11/1/2020
Public Improvement Refunding - 2013A	2014	43,250	15,990	2,319	(1)	5.00%	9/1/2021-2024
Public Improvement - 2014	2015	89,915	87,615	44,132	(1)	3.00 - 5.00%	9/1/2021-2034
Public Improvement - 2014	2015	10,000	9,425	3,646	(1)	2.68 - 4.02%	9/1/2021-2034
Certificates of Obligation - 2014	2015	35,490	27,885	11,508	(1)	2.00 - 5.00%	9/1/2021-2034
Certificates of Obligation - 2014	2015	9,600	7,395	2,282	(1)	2.68 - 3.92%	9/1/2021-2034
Contractual Obligation - 2014	2015	14,100	4,280	208	(2)	4.00 - 5.00%	11/1/2020-2021
Mueller Contractual Obligation - 2014	2015	15,845	13,905	3,953	(1)(4)	3.00 - 5.00%	9/1/2021-2029
Public Improvement and Refunding - 2015	2016	236,905	193,895	50,566	(1)	2.95 - 5.00%	9/1/2021-2035
Public Improvement - 2015	2016	10,000	8,405	2,863	(1)	2.89 - 4.27%	9/1/2021-2035
Certificates of Obligation - 2015	2016	43,710	36,105	15,845	(1)	3.25 - 5.00%	9/1/2021-2035
Contractual Obligation - 2015	2016	14,450	5,695	434	(2)	5.00%	11/1/2020-2022
Public Improvement and Refunding - 2016	2017	98,365	79,690	25,971	(1)	3.00 - 5.00%	9/1/2021-2036
Certificates of Obligation - 2016	2017	44,015	38,060	17,324	(1)	3.00 - 5.00%	9/1/2021-2036
Contractual Obligation - 2016	2017	22,555	11,345	944	(2)	2.00 - 5.00%	11/1/2020-2023
Public Improvement - 2016	2017	12,000	10,100	2,630	(1)	1.81 - 4.00%	9/1/2021-2036
Certificates of Obligation - 2016	2017	8,700	7,325	1,905	(1)	1.81 - 4.00%	9/1/2021-2036
Public Improvement - 2017	2018	63,580	45,960	21,157	(1)	5.00%	9/1/2021-2037
Certificates of Obligation - 2017	2018	29,635	26,625	13,451	(1)	5.00%	9/1/2021-2037
Contractual Obligation - 2017	2018	5,075	3,360	330	(2)	2.00 - 5.00%	11/1/2020-2024
Public Improvement - 2017	2018	25,000	23,040	7,532	(1)	2.35 - 5.00%	9/1/2021-2037
Public Improvement - 2018	2019	65,595	26,560	8,258	(1)	3.00 - 5.00%	9/1/2021-2038
Certificates of Obligation - 2018	2019	7,140	6,655	2,579	(1)	3.00 - 5.00%	9/1/2021-2038
Contractual Obligation - 2018	2019	21,215	17,370	2,533	(2)	4.00 - 5.00%	11/1/2020-2025
Public Improvement - 2018	2019	6,980	6,510	2,643	(1)	3.38 - 5.00%	9/1/2021-2038
Public Improvement and Refunding - 2019	2020	146,090	99,965	43,797	(1)	4.00 - 5.00%	9/1/2021-2039
Certificates of Obligation - 2019	2020	5,055	4,880	2,745	(1)	4.00 - 5.00%	9/1/2021-2039
Contractual Obligation - 2019	2020	25,780	24,400	4,474	(2)	5.00%	11/1/2020-2026
Public Improvement - 2019	2020	40,535	38,935	11,564	(1)	1.92 - 5.00%	9/1/2021-2039
Certificates of Obligation - 2019	2020	14,935	14,345	4,260	(1)	1.92 - 5.00%	9/1/2021-2039
			$ 1,454,370				

(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 $3,419 and interest of $519 and Drainage fund principal of $1,921 and interest of $292.
(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 2019, the City issued $146,090,000 of Public Improvement and Refunding Bonds, Series 2019. The net proceeds of $147,670,000 (after issue costs, discounts, and premiums) from this issue will be used as follows: streets and mobility ($59,150,000), watershed projects and acquisition of land ($36,850,000), facility improvements ($26,990,000), and parks and recreation ($24,680,000). The net proceeds of the refunding portion of $21,768,150 were used to refund $14,220,000 Public Improvement Refunding Bonds, Series 2008 and $7,405,000 Certificates of Obligation, Series 2009. Principal payments are due on September 1 of each year from 2020 to 2039. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2020. Total interest requirements for these bonds, at rates ranging from 4.0% to 5.0%, are $50,409,857. An economic gain of $2,064,601 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of $2,332,382. An accounting loss of $834,531, which will be deferred and amortized, was recorded on this refunding.

In October 2019, the City issued $5,055,000 of Certificates of Obligation, Series 2019. The net proceeds of $6,260,000 (after issue costs, discounts, and premiums) from this issue will be used to repair and refurbish city pools. Principal payments are due on September 1 of each year from 2020 to 2039. Interest is payable on March 1 and September 1 of each year, commencing on March 1, 2020. Total interest requirements for these obligations, at rates ranging from 4.0% to 5.0%, are $2,972,998.

In October 2019, the City issued $25,780,000 of Public Property Finance Contractual Obligations, Series 2019. The net proceeds of $29,400,000 (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 2020 to 2026. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2020. Total interest requirements for these obligations, at a rate of 5.0%, are $5,221,961.

In October 2019, the City issued $40,535,000 of Public Improvement Taxable Bonds, Series 2019. The net proceeds of $40,700,000 (after issue costs, discounts, and premiums) from this issuance will be used for affordable housing ($37,905,000) and Austin Film studios ($2,795,000). Principal payments are due September 1 of each year from 2020 to 2039. Interest is payable March 1 and September 1 of each year from 2020 to 2039, commencing on March 1, 2020. Total interest requirements for this obligation, at rates ranging from 1.9% to 5.0% are $12,607,349.

In October 2019, the City issued $14,935,000 of Certificates of Obligation, Taxable Series 2019. The net proceeds of $15,000,000 (after issue costs, discounts, and premiums) from this issuance will be used for Waller Creek District improvements. Principal payments are due September 1 of each year from 2020 to 2039. Interest is payable March 1 and September 1 of each year from 2020 to 2039, commencing on March 1, 2020. Total interest requirements for this obligation, at rates ranging from 1.9% to 5.0% are $4,644,909.

General obligation bonds authorized and unissued amounted to $1,427,995,000 at September 30, 2020. Bond ratings at September 30, 2020 were Aa1 (Moody's Investors Service, Inc.), AAA (Standard & Poor's), and AAA (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, 2020, 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, 2020 (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	$ 78,540	12,839 (1)	5.25%	5/15/2021-2025

(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, 2020, 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, 2020, Austin Energy had tax exempt commercial paper notes of $113,000,000 outstanding and Austin Water had $204,000,000 of commercial paper notes outstanding with interest ranging from 0.10% to 0.18%, 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	0.25%	Goldman Sachs	0.05%	$ 317,000	10/9/2020 (1)

(1) In October 2020, the City extended the letter of credit agreement with the current parties. The new agreement expires September 30, 2022, thus the City has classified this debt as long-term at the end of the fiscal year.

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 $75,000,000 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, 2020, 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, 2020, Austin Energy had outstanding taxable commercial paper notes of $49,480,000 with interest rates ranging from 0.10% to 0.17%. 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	JP Morgan Chase Bank NA	0.25%	Goldman Sachs	0.05%	$ 49,480	10/9/2020 (1)

(1) In October 2020, the City extended the letter of credit agreement with the current parties. The new agreement expires September 30, 2022, thus the City has classified this debt as long-term at the end of the fiscal year.

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, 2020, were Aa3 (Moody's Investors Service, Inc.), AA (Standard & Poor's), and AA (Fitch Ratings, Inc.).

Electric Utility System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all electric system refunding revenue bonds outstanding at September 30, 2020 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2007 Refunding	2007	$ 146,635	5,800	145 (1)	5.00%	11/15/2020
2008 Refunding	2008	50,000	35,150	16,216 (1)	6.26%	11/15/2020-2032
2010A Refunding	2010	119,255	90,785	37,476 (1)	4.00 - 5.00%	11/15/2020-2040
2010B Refunding	2010	100,990	97,840	65,263 (1)	4.54 - 5.72%	11/15/2020-2040
2012A Refunding	2013	267,770	238,635	131,612 (1)	2.50 - 5.00%	11/15/2020-2040
2012B Refunding	2013	107,715	80,490	12,623 (1)	2.21 - 3.16%	11/15/2020-2027
2015A Refunding	2015	327,845	327,845	234,371 (1)	5.00%	11/15/2021-2045
2015B Refunding	2015	81,045	52,475	19,330 (1)	2.48 - 4.66%	11/15/2020-2037
2017 Refunding	2017	101,570	97,090	64,118 (1)	4.00 - 5.00%	11/15/2020-2038
2019A	2019	464,540	433,185	78,897 (1)	2.43 - 3.09%	11/15/2020-2031
2019B Refunding	2019	169,850	169,850	173,027 (1)	5.00%	11/15/2022-2049
2019C Refunding	2019	104,775	104,775	66,074 (1)	2.00 - 3.57%	11/15/2020-2049
			$ 1,733,920			

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

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

Electric Utility System Revenue Debt -- Pledged Revenues - The net revenue of Austin Energy was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2020 (in thousands):

Gross Revenue (1)	Operating Expense (2)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
$ 1,388,841	1,066,666	322,175	151,073	2.13

(1) Gross revenue includes revenues from operations and interest income.
(2) Excludes depreciation, 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, 2020, were Aa2 (Moody's Investors Service, Inc.), AA (Standard & Poor's), and AA- (Fitch Ratings, Inc.).

Water and Wastewater System Revenue Debt -- Revenue Bond Issue - In November 2019, the City issued $6,200,000 of Water and Wastewater System Revenue Bonds, Series 2019. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of $5,778,093 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2020 to 2039. Interest payments are due May 15 and November 15 of each year from 2020 to 2039. Total interest requirements for the bonds are $1,040,148, with interest rates ranging from 0.84% to 1.94%.

In February 2020, the City issued $11,200,000 of Water and Wastewater System Revenue Bonds, Series 2020A. This is a private placement structured through a memorandum with the TWDB. Project funds of $10,533,750 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2020 to 2049. Interest payments are due May 15 and November 15 of each year from 2020 to 2049. Total interest requirements for the bonds are $497,111, with interest rates ranging from 0.05% to 0.50%.

In February 2020, the City issued $3,800,000 of Water and Wastewater System Revenue Bonds, Series 2020B. This is a private placement structured through a memorandum with the TWDB. Project funds of $3,541,198 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2020 to 2049. Interest payments are due May 15 and November 15 of each year from 2020 to 2049. The total interest requirements on the bonds are $325,304, with interest rates ranging from 0.03% to 0.80%.

Water and Wastewater System Revenue Debt -- Revenue Bond In-Substance Defeasance - In April 2020, the City defeased $2,935,000 of separate lien revenue refunding bonds, series 2011, $10,835,000 of separate lien revenue refunding bonds, series 2012, $9,575,000 of separate lien revenue refunding bonds, series 2013A, $5,980,000 of separate lien revenue refunding bonds, series 2014, and $7,675,000 of separate lien revenue refunding bonds, series 2015A, with a $40,755,787 cash payment. The funds were deposited in an irrevocable escrow account, that holds essentially risk-free U.S. Treasury Notes, to provide for the future debt service payments on the defeased bonds. The City is legally released from the obligation for the defeased debt. Revenue bond debt service savings from the 2020 defeasance were $40,205,583 over a two and a half-year period. These savings, coupled with future planned debt defeasance transactions, will help achieve rate stability over the next few years. An accounting loss of $2,267,003 was recorded and recognized in the current period on the defeasance.

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

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, 2020 (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	97,240	23,526	(2)	0.08 - 7.15%	11/15/2020-2031	(3)
2010	2010	31,815	23,325	--	(4)	0.00%	11/15/2020-2041	
2010A Refunding	2011	76,855	58,170	40,341	(1)	5.00 - 5.13%	11/15/2022-2040	
2010B Refunding	2011	100,970	87,630	61,522	(1)	4.25 - 6.02%	11/15/2020-2040	
2011 Refunding	2012	237,530	189,970	113,547	(1)	3.13 - 5.00%	11/15/2022-2041	
2012 Refunding	2012	336,820	225,650	126,474	(1)	2.50 - 5.00%	11/15/2020-2042	
2013A Refunding	2013	282,460	246,040	139,904	(1)	3.70 - 5.00%	11/15/2020-2043	
2014 Refunding	2014	282,205	261,260	166,044	(1)	5.00%	11/15/2020-2043	
2015A Refunding	2015	249,145	231,315	73,589	(1)	2.85 - 5.00%	11/15/2020-2036	
2015B Refunding	2015	40,000	6,000	153	(1)	2.54%	5/15/2021	
2016 Refunding	2016	247,770	245,810	185,463	(1)	5.00%	11/15/2020-2045	
2016A	2017	20,430	17,670	2,769	(1)	0.71 - 2.12%	11/15/2020-2036	
2017 Refunding	2017	311,100	311,100	177,493	(1)	2.50 - 5.00%	11/15/2020-2046	
2017A	2018	45,175	41,125	7,446	(1)	0.70 - 2.29%	11/15/2020-2037	
2018	2019	3,000	2,875	652	(1)	1.30 - 2.61%	11/15/2020-2038	
2019	2020	6,200	6,200	999	(1)	0.84 - 1.94%	11/15/2020-2039	
2020A	2020	11,200	11,200	493	(1)	0.00 - 0.50%	11/15/2020-2049	
2020B	2020	3,800	3,800	322	(1)	0.00 - 0.80%	11/15/2020-2049	
			$ 2,066,380					

(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%	$ 97,240	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, 2020 (in thousands):

Gross Revenue (1)	Operating Expense (2)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage (3)
$ 571,100	266,060	305,040	160,515	1.90

(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 fund issues airport system revenue bonds to fund Airport fund 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, 2020, 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, 2020 (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	43,695	4,515 (1)	2.25%	11/15/2020-2028 (2)
2014 Revenue	2015	244,495	244,495	207,124 (1)	5.00%	11/15/2026-2044
2017A Revenue	2017	185,300	185,300	169,164 (1)	5.00%	11/15/2026-2046
2017B Revenue	2017	129,665	129,665	118,373 (1)	5.00%	11/15/2026-2046
2019 Revenue	2019	151,720	140,820	21,781 (1)	5.00%	11/15/2020-2025
2019A Revenue	2019	16,975	16,975	25,038 (1)	5.00%	11/15/2049
2019B Revenue	2019	248,170	248,170	228,870 (1)	5.00%	11/15/2022-2048
			$ 1,009,120			

(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, 2020 (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
$ 174,257	7,446	118,053	63,650	29,783	2.14

(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 $21.5 million.

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

Nonmajor 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, 2020, 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, 2020 (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	70,765	11,376 (2)	0.08 - 6.50%	11/15/2020-2029
2012 Refunding	2012	20,185	13,945	3,534 (1)	3.63 - 5.00%	11/15/2020-2029
2016 Refunding	2017	29,080	22,940	2,210 (1)	1.88%	11/15/2020-2029
			$ 107,650			

(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%	$ 35,380	10/7/2021
2008-B	Sumitomo Mitsui Banking Corporation	0.33%	BofA Securities, Inc.	0.05%	35,385	10/7/2022
					$ 70,765	

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
2021	$ 83,904	46,257	10,082	9,576	16,315	3,960
2022	84,321	42,215	10,532	9,168	14,023	3,264
2023	82,346	38,191	11,004	8,730	12,558	2,627
2024	83,101	34,578	11,478	8,280	10,880	2,067
2025	83,606	31,027	11,978	7,813	9,930	1,595
2026-2030	378,279	103,167	68,530	30,968	24,800	3,108
2031-2035	231,685	33,728	70,210	15,780	4,100	207
2036-2040	34,745	2,880	29,390	3,241	--	--
2041-2045	--	--	2,235	95	--	--
Total debt service requirements	1,061,987	332,043	225,439	93,651	92,606	16,828
Less: Unamortized bond discounts	(924)	--	(551)	--	(163)	--
Add: Unamortized bond premiums	82,278	--	19,837	--	6,005	--
Net debt	1,143,341	332,043	244,725	93,651	98,448	16,828

Fiscal Year Ended September 30	Capital Lease Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2021	5,117	715	115,418	60,508	175,926
2022	5,264	567	114,140	55,214	169,354
2023	5,416	416	111,324	49,964	161,288
2024	3,384	259	108,843	45,184	154,027
2025	3,468	175	108,982	40,610	149,592
2026-2030	3,554	88	475,163	137,331	612,494
2031-2035	--	--	305,995	49,715	355,710
2036-2040	--	--	64,135	6,121	70,256
2041-2045	--	--	2,235	95	2,330
Total debt service requirements	26,203	2,220	1,406,235	444,742	1,850,977
Less: Unamortized bond discounts	--	--	(1,638)	--	(1,638)
Add: Unamortized bond premiums	--	--	108,120	--	108,120
Net debt	$ 26,203	2,220	1,512,717	444,742	1,957,459

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		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 3,516	729	2,133	1,631	5,250	679
2022	2,884	570	2,222	1,558	3,306	497
2023	1,984	426	2,330	1,476	2,538	354
2024	2,069	326	2,448	1,384	2,220	244
2025	374	224	2,567	1,283	1,905	143
2026-2030	1,946	809	14,716	4,668	1,625	70
2031-2035	1,085	436	10,775	1,477	--	--
2036-2040	1,105	142	--	--	--	--
2041-2045	--	--	--	--	--	--
2046-2050	--	--	--	--	--	--
Total debt service requirements	14,963	3,662	37,191	13,477	16,844	1,987
Less: Unamortized bond discounts	--	--	(46)	--	--	--
Add: Unamortized bond premiums	1,582	--	2,641	--	1,081	--
Net debt	16,545	3,662	39,786	13,477	17,925	1,987

Fiscal Year Ended September 30	Other Tax Supported Debt		Commercial Paper Notes (1)		Revenue Bonds (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	820	226	366,480	34	176,725	219,765
2022	845	191	--	--	169,865	212,698
2023	885	156	--	--	205,600	204,516
2024	920	119	--	--	231,605	194,990
2025	965	80	--	--	237,635	184,593
2026-2030	905	39	--	--	1,214,865	764,981
2031-2035	--	--	--	--	835,310	530,011
2036-2040	--	--	--	--	824,975	328,915
2041-2045	--	--	--	--	667,605	141,168
2046-2050	--	--	--	--	258,595	23,670
Total debt service requirements	5,340	811	366,480	34	4,822,780	2,805,307
Less: Unamortized bond discounts	--	--	--	--	(1,237)	--
Add: Unamortized bond premiums	--	--	--	--	406,768	--
Net debt	$ 5,340	811	366,480	34	5,228,311	2,805,307

(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 0.08% - 7.15%.

(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		Capital Lease Obligations		Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2021	$ 11,475	2,440	63	75	566,462	225,579	792,041
2022	11,635	2,273	67	72	190,824	217,859	408,683
2023	11,850	2,100	70	69	225,257	209,097	434,354
2024	12,010	1,920	74	65	251,346	199,048	450,394
2025	12,190	1,734	77	61	255,713	188,118	443,831
2026-2030	58,465	5,637	451	242	1,292,973	776,446	2,069,419
2031-2035	27,670	2,578	17	6	874,857	534,508	1,409,365
2036-2040	20,290	585	--	--	846,370	329,642	1,176,012
2041-2045	4,655	102	--	--	672,260	141,270	813,530
2046-2050	2,590	37	--	--	261,185	23,707	284,892
Total debt service requirements	172,830	19,406	819	590	5,437,247	2,845,274	8,282,521
Less: Unamortized bond discounts	--	--	--	--	(1,283)	--	(1,283)
Add: Unamortized bond premiums	--	--	--	--	412,072	--	412,072
Net debt	$ 172,830	19,406	819	590	5,848,036	2,845,274	8,693,310

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

Business-type Activities: Austin Energy
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Commercial Paper Notes (1)		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 4	--	162,480	14	78,886	74,218
2022	--	--	--	--	87,148	71,400
2023	--	--	--	--	86,843	68,100
2024	--	--	--	--	91,652	64,628
2025	--	--	--	--	92,237	60,959
2026-2030	--	--	--	--	481,765	248,436
2031-2035	--	--	--	--	323,290	161,487
2036-2040	--	--	--	--	248,550	99,838
2041-2045	--	--	--	--	191,395	49,305
2046-2050	--	--	--	--	110,450	10,311
Total debt service requirements	4	--	162,480	14	1,792,216	908,682
Less: Unamortized bond discounts	--	--	--	--	(159)	--
Add: Unamortized bond premiums	--	--	--	--	107,931	--
Net debt	4	--	162,480	14	1,899,988	908,682

Fiscal Year Ended September 30	Capital Lease Obligations		Total Austin Energy Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2021	63	75	241,433	74,307	315,740
2022	67	72	87,215	71,472	158,687
2023	70	69	86,913	68,169	155,082
2024	74	65	91,726	64,693	156,419
2025	77	61	92,314	61,020	153,334
2026-2030	451	242	482,216	248,678	730,894
2031-2035	17	6	323,307	161,493	484,800
2036-2040	--	--	248,550	99,838	348,388
2041-2045	--	--	191,395	49,305	240,700
2046-2050	--	--	110,450	10,311	120,761
Total debt service requirements	819	590	1,955,519	909,286	2,864,805
Less: Unamortized bond discounts	--	--	(159)	--	(159)
Add: Unamortized bond premiums	--	--	107,931	--	107,931
Net debt	$ 819	590	2,063,291	909,286	2,972,577

(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
2021	$ 185	34	99	53	671	50	525	145
2022	187	27	102	50	419	24	541	122
2023	155	17	109	47	175	4	567	100
2024	188	9	114	43	--	--	589	76
2025	--	--	119	38	--	--	618	51
2026-2030	--	--	661	114	--	--	579	25
2031-2035	--	--	182	8	--	--	--	--
2036-2040	--	--	--	--	--	--	--	--
2041-2045	--	--	--	--	--	--	--	--
2046-2050	--	--	--	--	--	--	--	--
Total debt service requirements	715	87	1,386	353	1,265	78	3,419	519
Less: Unamortized bond discounts	--	--	(4)	--	--	--	--	--
Add: Unamortized bond premiums	29	--	18	--	33	--	--	--
Net debt	744	87	1,400	353	1,298	78	3,419	519

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
2021	204,000	20	68,199	95,055	4,930	1,097	278,609	96,454	375,063
2022	--	--	53,572	92,170	4,945	1,070	59,766	93,463	153,229
2023	--	--	83,987	88,777	5,025	1,041	90,018	89,986	180,004
2024	--	--	103,673	84,386	5,045	1,008	109,609	85,522	195,131
2025	--	--	107,553	79,395	5,070	972	113,360	80,456	193,816
2026-2030	--	--	560,015	320,042	25,975	4,191	587,230	324,372	911,602
2031-2035	--	--	362,220	209,171	27,670	2,578	390,072	211,757	601,829
2036-2040	--	--	384,970	112,178	20,290	585	405,260	112,763	518,023
2041-2045	--	--	231,480	29,225	4,655	102	236,135	29,327	265,462
2046-2050	--	--	24,760	966	2,590	37	27,350	1,003	28,353
Total debt service requirements	204,000	20	1,980,429	1,111,365	106,195	12,681	2,297,409	1,125,103	3,422,512
Less: Unamortized bond discounts	--	--	(1,028)	--	--	--	(1,032)	--	(1,032)
Add: Unamortized bond premiums	--	--	177,546	--	--	--	177,626	--	177,626
Net debt	$ 204,000	20	2,156,947	1,111,365	106,195	12,681	2,474,003	1,125,103	3,599,106

(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 0.08% - 7.15%.

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
2021	$ 2	--	22,450	47,710	4,425	933
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	42,554	4,845	516
2026-2030	--	--	126,910	192,809	20,535	879
2031-2035	--	--	149,800	159,353	--	--
2036-2040	--	--	191,455	116,899	--	--
2041-2045	--	--	244,730	62,638	--	--
2046-2050	--	--	123,385	12,393	--	--
Total debt service requirements	3	--	965,425	770,350	43,695	4,515
Add: Unamortized bond premiums	--	--	120,758	--	--	--
Net debt	3	--	1,086,183	770,350	43,695	4,515

Fiscal Year Ended September 30	Total Airport Debt Service Requirements		
	Principal	Interest	Total
2021	26,877	48,643	75,520
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
2026-2030	147,445	193,688	341,133
2031-2035	149,800	159,353	309,153
2036-2040	191,455	116,899	308,354
2041-2045	244,730	62,638	307,368
2046-2050	123,385	12,393	135,778
Total debt service requirements	1,009,123	774,865	1,783,988
Add: Unamortized bond premiums	120,758	--	120,758
Net debt	$ 1,129,881	774,865	1,904,746

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
2021	$ 3,325	695	2,034	1,578	4,579	629	295	81
2022	2,696	543	2,120	1,508	2,887	473	304	69
2023	1,829	409	2,221	1,429	2,363	350	318	56
2024	1,881	317	2,334	1,341	2,220	244	331	43
2025	374	224	2,448	1,245	1,905	143	347	29
2026-2030	1,946	809	14,055	4,554	1,625	70	326	14
2031-2035	1,085	436	10,593	1,469	--	--	--	--
2036-2040	1,105	142	--	--	--	--	--	--
Total debt service requirements	14,241	3,575	35,805	13,124	15,579	1,909	1,921	292
Less: Unamortized bond discounts	--	--	(42)	--	--	--	--	--
Add: Unamortized bond premiums	1,553	--	2,623	--	1,048	--	--	--
Net debt	15,794	3,575	38,386	13,124	16,627	1,909	1,921	292

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
2021	7,190	2,782	2,120	410	19,543	6,175	25,718
2022	7,450	2,522	2,160	370	17,617	5,485	23,102
2023	7,675	2,253	2,195	329	16,601	4,826	21,427
2024	7,960	1,974	2,235	288	16,961	4,207	21,168
2025	8,260	1,685	2,275	246	15,609	3,572	19,181
2026-2030	46,175	3,694	11,955	567	76,082	9,708	85,790
2031-2035	--	--	--	--	11,678	1,905	13,583
2036-2040	--	--	--	--	1,105	142	1,247
Total debt service requirements	84,710	14,910	22,940	2,210	175,196	36,020	211,216
Less: Unamortized bond discounts	(50)	--	--	--	(92)	--	(92)
Add: Unamortized bond premiums	533	--	--	--	5,757	--	5,757
Net debt	$ 85,193	14,910	22,940	2,210	180,861	36,020	216,881

(1) A portion of these bonds are variable rate bonds with rates ranging from 0.08% - 6.50%.

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, 2020, defeased bonds remaining unredeemed or unmatured are provided below (in thousands):

Refunded Bonds	Escrow Maturity Dates	Balance (1)
Austin Water		
Series 2010A	11/15/2020	$ 8,100
Series 2011	11/15/2020 - 11/15/2021	39,950
Series 2012	11/15/2020 - 11/15/2022	29,055
Series 2013A	11/15/2020 - 11/15/2021	16,095
Series 2014	11/15/2020 - 5/15/2022	8,235
Series 2015A	11/15/2021 - 5/15/2022	7,675
		$ 109,110

(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 benefit and contribution provisions. Amendments may be made by the Legislature of the State of Texas.

Plan Financial Statements -- The most recently available financial statements of the pension funds are for the year ended December 31, 2019. 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. 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.	Members are eligible for retirement benefits at any age with 23 years creditable service (excluding pre-membership military service), age 55 and 20 years creditable service (excluding pre-membership military service), or age 62 and any number of creditable service years.	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.	Average of 36 highest months of base salary plus longevity pay multiplied by years and months of service multiplied by 3.2%.	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 or normal retirement calculation. Must have 10 years of service if disability is not job related.	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 was put into effect in 2002.	The plan does not require automatic COLAs. Such increases must be approved by the Board of Trustees and the actuary of the fund. The most recent COLA was put into effect in 2007.	The plan does not require automatic COLAs. Such increases must be approved by the Board of Trustees and the actuary of the fund. The most recent COLA was put into effect for 2020.

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

Employees Covered by Benefit Terms -- Membership in the plans as of December 31, 2019, is as follows:

	City Employees	Police Officers	Fire Fighters
Inactive employees or beneficiaries currently receiving benefits	6,703	950	854
Inactive employees entitled to but not yet receiving benefits	3,057 (1)	112 (2)	10
Active employees	10,149	1,872	1,130
Total	19,909	2,934	1,994

(1) Includes 1,271 terminated vested members and 1,786 nonvested terminated members due refunds.
(2) Includes 43 terminated vested members and 69 nonvested terminated members due refunds.

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%	18.7%
City contribution (percent of earnings)	18% (1)	21.313% (2)	22.05%
City contributions year ended September 30, 2020 (in thousands)	$127,990	36,268	21,141

(1) A rate of 19% was effective January 1, 2021.
(2) A rate of 21.737% was effective October 1, 2020.

The City's net pension liability was measured as of December 31, 2019 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, 2018 using the final 2019 assumptions and then was rolled forward to the plan's year ending December 31, 2019.

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%	3.00% to 15.2% Service based (1)	3.25% to 10% Service based
Investment rate of return	7%	7.25%	7.5%
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 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. 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-2019 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

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	32.0%	5.07%
Developed markets equities	15.0%	6.43%
Emerging markets equities	8.0%	7.26%
Fixed income	20.0%	2.88%
Alternative investments	15.0%	2.23% to 7.29%
Real estate	10.0%	5.27%
Total	100.0%	
Police Officers:		
Domestic equity	42.5%	7.5%
International equity	15.0%	8.5%
Other equity	7.5%	7.5%
US and non-US fixed income	10.0%	3%
Other fixed income	5.0%	3.5%
Real estate	15.0%	4.5%
Multi asset class	5.0%	5%
Total	100.0%	
Fire Fighters:		
Public domestic equity	20.0%	5.5%
Public foreign equity	22.0%	6.9%
Private equity fund of funds	15.0%	6.3%
Investment grade bonds	13.0%	1.3%
Treasury inflation protected securities	5.0%	1%
High yield/bank loans	5.0%	3.7%
Emerging market debt	7.0%	2.7%
Core real estate	5.0%	3.2%
Non-core real estate	5.0%	4.9%
Natural resources	3.0%	6.9%
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 City Employees' and Fire Fighters' funds was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Police Officers' fund was projected to be available to make projected future payments of current active and inactive employees through the year 2045. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2045 fiscal year, and the municipal bond rate of 2.75% was applied to all benefit payments after that date, with the resulting blended discount rate being 4.1%.

	City Employees	Police Officers	Fire Fighters
Discount rate	7.0%	4.1%	7.5%
Change since last measurement date	(0.5%)	(0.6%)	(0.2%)
Long-term expected rate of return on pension plan investments	7.0%	7.25%	7.5%
Cash flow assumptions	Plan member contributions will be made at the current rate. City contributions will be made at the current rate for 36 years and then will decrease to 8%.	Plan member contributions and City contributions will be made at current contribution rates and will remain a level percentage of payroll.	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
City Employees	6.0%	$ 2,127,420	7.0%	$ 1,559,851	8.0%	$ 1,090,316
Police Officers	3.1%	1,663,204	4.1%	1,317,331	5.1%	1,039,707
Fire Fighters	6.5%	236,671	7.5%	126,132	8.5%	32,630

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, 2019 are as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
Total pension liability at December 31, 2018	$ 3,989,560	1,904,954	1,093,179	6,987,693
Changes for the year:				
Service cost	117,635	71,334	26,192	215,161
Interest	295,341	89,680	84,547	469,568
Benefit changes	--	--	8,059	8,059
Differences between expected and actual experience	23,672	(4,743)	(9,835)	9,094
Assumption changes	279,897	179,003	12,707	471,607
Contribution buy back	--	1,261	--	1,261
Benefit payments including refunds	(218,221)	(66,319)	(58,824)	(343,364)
Net change in total pension liability	498,324	270,216	62,846	831,386
Total pension liability at December 31, 2019	4,487,884	2,175,170	1,156,025	7,819,079
Total plan fiduciary net position at December 31, 2018	2,461,383	718,520	909,118	4,089,021
Changes for the year:				
Employer contributions	123,610	35,993	21,058	180,661
Employee contributions	63,626	21,942	17,858	103,426
Contribution buy back	--	1,261	--	1,261
Pension plan net investment income (loss)	503,853	148,163	141,535	793,551
Benefits payments and refunds	(218,221)	(66,319)	(58,824)	(343,364)
Pension plan administrative expense	(6,218)	(1,721)	(852)	(8,791)
Net change in total plan fiduciary net position	466,650	139,319	120,775	726,744
Total plan fiduciary net position at December 31, 2019	2,928,033	857,839	1,029,893	4,815,765
Net pension liability at December 31, 2018	1,528,177	1,186,434	184,061	2,898,672
Net pension liability at December 31, 2019	$ 1,559,851	1,317,331	126,132	3,003,314

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

The City Employees' fund had no significant changes to benefit terms that affected the total pension liability for the measurement period. However, a number of assumptions were revised as the result of an updated experience study:

- The investment rate of return was decreased from 7.5% to 7%.
- The inflation assumption was lowered from 2.75% to 2.5% per year.
- The salary increase assumption was decreased from 4% to 3.5%.
- The new hire wage growth assumption was decreased from 4% to 3.5%.
- The tables for rates of retirement as well as termination rate assumptions were revised to be more consistent with actual experience.
- Mortality tables were changed from RP-2014 to PubG-2010.

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 related to the blended discount rate which changed from 4.7% to 4.1% as a result of changes to the municipal bond rate from 3.71% to 2.75%.

The Fire Fighters' fund had changes of assumptions and benefit terms that affected the pension liability. Effective January 1, 2020 a cost-of-living adjustment increase of 1.7% went into effect.

Changes of assumptions as the result of an updated experience study for the Fire Fighters' fund included:

- The investment rate of return was decreased from 7.7% to 7.5%.
- The inflation assumption was lowered from 2.75% to 2.5% per year.
- Assumptions related to salary increases, retirement rates, retro-drop elections, withdrawal rates and disability rates were all adjusted to be more consistent with experience.
- Although the mortality tables used, PubS-2010(A), remained the same, scale MP-2019 was used to project mortality improvement five years beyond the valuation date replacing scale MP-2018 which was used in the previous year.

c -- Pension Expense

Total pension expense recognized by the City for the fiscal year ended September 30, 2020, was comprised of the following (in thousands):

	Pension Expense
City Employees	$ 281,806
Police Officers	201,941
Fire Fighters	36,488
Total	$ 520,235

7 – RETIREMENT PLANS, continued

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

At September 30, 2020, 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	$ 94,010	26,594	15,448	136,052
Differences between expected and actual experience	36,300	15,869	9,635	61,804
Changes in assumptions	231,082	674,755	12,747	918,584
Changes in proportionate share (between funds)	13,332	--	--	13,332
Total	374,724	717,218	37,830	1,129,772
Deferred Inflows of Resources				
Differences between expected and actual experience	--	17,127	9,157	26,284
Changes in assumptions	--	--	3,584	3,584
Net difference between projected and actual earnings on pension plan investments	137,798	23,355	29,779	190,932
Changes in proportionate share (between funds)	13,332	--	--	13,332
Total	$ 151,130	40,482	42,520	234,132

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
2021	$ 33,052	102,938	(6,911)	129,079
2022	27,757	100,452	(7,803)	120,406
2023	64,897	105,967	7,940	178,804
2024	(8,118)	85,200	(13,062)	64,020
2025	11,996	103,064	(330)	114,730
Thereafter	--	152,521	28	152,549
Total	$ 129,584	650,142	(20,138)	759,588

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 2020 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 rollforward in the off years. The current year is a valuation year and as a result membership in the plan is presented as of December 31, 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

b -- Total OPEB Liability

The City's total OPEB liability of $3.5 billion was determined by an actuarial valuation as of December 31, 2019, the measurement date. Of the total liability, $56.3 million is considered to be due within one year and the remaining $3.4 billion is considered to be a long-term liability.

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

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	• 2.74%
Healthcare cost trend rates	
Medical (pre-65)	• 7.00% graded to 4.50% over 10 years
Medical (post-65)	• 6.00% graded to 4.50% over 6 years
Prescription drug	• 8.00% graded to 4.50% over 14 years
Administrative costs	• 2.50%
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)	• RP-2014 Blue Collar Employee Mortality Tables projected generationally using scale BB from 2014
General (Healthy retirees)	• RP-2014 Blue Collar Healthy Annuitant Mortality Tables projected generationally using scale BB from 2014
General (Disabled retirees)	• RP-2014 Blue Collar Healthy Annuitant Mortality Tables, set forward 3 years, projected generationally using Scale BB from 2014, with a minimum 3% rate of mortality applicable at all ages
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-2018
Fire (Healthy Retirees)	• PubS-2010(A) Healthy Retiree Mortality Table projected from 2010 to 5 years beyond the valuation date using scale MP-2018
Fire (Disabled retirees)	• PubS-2010(A) Disabled Mortality Table projected from 2010 to 5 years beyond the valuation date using scale MP-2018

Discount Rate -- The discount rate for OPEB 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, 2019, the City's actuaries used the Bond Buyer US Weekly Yields 20 General Obligation Bond Index of 2.74%. The decrease in the discount rate from 4.10% in the prior year to 2.74% in the current year resulted in a significant increase in the total OPEB liability. Over 70% of the increase from the prior year, or $796 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
1.74%	$ 4,310,667	2.74%	$ 3,504,494	3.74%	$ 2,892,968

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

1% Decrease	Current Rate	1% Increase
Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
$ 2,837,526	$ 3,504,494	$ 4,403,942

Schedule of Changes in Total OPEB Liability -- Changes in the total OPEB liability for the measurement period ended December 31, 2019 is as follows (in thousands):

Total OPEB liability at December 31, 2018	$ 2,395,447
Changes for the year:	
Service cost	88,486
Interest	100,978
Benefit changes	(3,829)
Differences between expected and actual experience	12,335
Assumption changes	953,202
Benefit payments	(42,125)
Net change in total OPEB liability	1,109,047
Total OPEB liability at December 31, 2019	$ 3,504,494

The OPEB plan changes included:

- Decreasing the maximum value of the Health Reimbursement Account for retirees in the Consumer Driven Health Plan from $1,000 to $500 for individuals and $1,500 to $1,000 for families effective January 1, 2020.

The OPEB plan assumption changes included:

- Decreasing the discount rate from 4.10% to 2.74% based on the Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date,
- Updating medical and prescription drug claim costs each year to reflect the most recent experience,
- Modifying medical and prescription drug trend rates in 2019 by adjusting 2020 assumed trend rates from 6.5% to 7.0% for pre-65 and 5.5% to 6.0% for post-65, and trending all rates down at 0.25% rather than 0.5% annually.
- Updating administrative expenses to reflect the most recent vendor contracts (currently $426 load annually per covered individual),
- Adjusting retiree enrollment and plan election assumptions in 2019 to be more consistent with actual experience, and
- 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.

c -- Other Postemployment Benefits Expense

Total OPEB expenses recognized by the City for the fiscal year ended September 30, 2020 were $331.5 million.

8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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

At September 30, 2020, 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	$ 35,256	--
Differences between expected and actual experience	49,385	--
Changes in assumptions	995,865	201,975
Changes in proportionate share (between funds)	28,498	28,498
Total	$ 1,109,004	230,473

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	
2021	$ 139,214
2022	139,214
2023	139,214
2024	139,214
2025	118,512
Thereafter	167,907
Total	$ 843,275

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 Derivatives
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, 2020, $66 thousand in premiums was deferred. As of September 30, 2020, the fair value of Austin Energy's futures, options, and swaps was an unrealized gain of $20 thousand, of which $76 thousand is reported as derivative instruments in liabilities and $96 thousand is reported as derivative instruments in assets. The fair values of these derivative instruments are deferred until future periods on the statement of net position using deferred outflows and deferred inflows.

Congestion Revenue Rights Derivatives
Preassigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow Austin Energy to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, annually and monthly at 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 2020, Austin Energy sold PCRRs and recorded a gain of $167 thousand; however, this gain was deferred under the accounting requirements for regulated operations. At September 30, 2020, $328 thousand remained deferred.

On September 30, 2020, Austin Energy had the following outstanding hedging derivative instruments (in thousands):

Type of Transaction	Reference Index	Fair Value at September 30, 2020: Maturity Dates	Notional Volumes	Fair Value	Change in Fair Value	Premiums Deferred
Long OTC Call Options	Henry Hub	Jun 2021 - Sep 2021	1,220,000 (1)	$ 96	80	145
		Derivative instruments (assets)		96	80	145
Short OTC Put Options	Henry Hub	Jun 2021 - Sep 2021	(1,220,000) (1)	(76)	68	(79)
		Derivative instruments (liabilities)		(76)	68	(79)
			Total	$ 20	148	66

(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 contracts expose Austin Energy to custodial credit risk on exchange-traded derivative 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, 2020, 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 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 derivatives 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, 2020, the NYMEX price was $2.10 per MMBTU (one million British thermal unit, a measurement of heating value), Katy was $2.18 per MMBTU, and the HSC Hub price was $2.12 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, 2020, the City has two outstanding swap transactions with initial and outstanding notional amounts totaling $295.9 million and $168 million, respectively. The fair values of the interest rate derivative 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, 2020, 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	$ 97,240	(20,033)
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	70,765	(10,380)
					$ 168,005	(30,413)

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, 2020 (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	$ 97,240	(20,033)	Non-current liability	3,172	--
HOT1	70,765	(10,380)	Non-current liability	1,571	--
	$ 168,005	(30,413)		4,743	--

Due to the continued low interest rate levels during fiscal year 2020, the City's interest rate swap hedging derivative instruments had negative fair values as of September 30, 2020. 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, 2020, 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, 2020, 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)	A3	BBB+	BBB

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, 2020, 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	$	(3,526)	889	(2,637)	(921)	(3,558)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008		(2,325)	500	(1,825)	(683)	(2,508)
		$	(5,851)	1,389	(4,462)	(1,604)	(6,066)

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, 2020, 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, 2020, 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, 2020, 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
2021	$ 9,285	29	5,511	5,540
2022	6,810	27	5,275	5,302
2023	17,385	25	4,923	4,948
2024	17,350	22	4,330	4,352
2025	17,945	19	3,721	3,740
2026-2030	85,250	49	10,635	10,684
2031-2035	13,980	1	335	336
Total	$ 168,005	172	34,730	34,902

(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, 2020, 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:	
Child Safety	$ 29
PARD Parking	57
Housing Assistance 2018	13,685
One Texas Center	24
Capital Projects Funds:	
2018 fund	
Open Space	21,308
Other funds	
General government projects	92,340
Fire - general	19,949
Public Works	604
City Hall, plaza, parking garage	4,962
Waller Creek District	8,169
Nonmajor Enterprise	
Austin Resource Recovery	112,273
Development Services	98,008
Transportation	115,253
Internal Service	
Capital Projects Management	961

11 – INTERFUND BALANCES AND TRANSFERS

a -- Interfund receivables, payables, and advances

Interfund receivables, payables, and advances at September 30, 2020, are as follows (in thousands):

	Due From				
Due To	Nonmajor Governmental	Austin Energy	Austin Water	Nonmajor Enterprise	Total
General Fund	$ 52	221	--	--	273
Nonmajor governmental	107,228	--	--	163	107,391
Airport	--	171	--	--	171
Nonmajor enterprise	--	--	301	1,506	1,807
Total	$ 107,280	392	301	1,669	109,642

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 ($108.7 million), the majority of which is related to capital project funds ($91.6 million). Deficits in grant funds awaiting reimbursement from grantors ($10.1 million) was borrowed from the Fiscal Surety - Land Development Fund.

	Advances To						
Advances From	Nonmajor Governmental	Austin Energy	Austin Water	Airport	Nonmajor Enterprise	Internal Service	Total
Nonmajor governmental	$ 48,791	--	--	2	126	3	48,922
Austin Water	271	6,105	--	--	--	--	6,376
Nonmajor enterprise	188	--	1,202	--	--	--	1,390
Total	$ 49,250	6,105	1,202	2	126	3	56,688

Advances to and advances from reflect borrowings that will not be liquidated within one year. The advances to Nonmajor Governmental will be funded by certificates of obligation for the Upper Onion Creek buyout project and CTECC IT computer hardware replacement. The advance to Austin Water from Austin Energy funded the Combined Utility System Revenue Bond Retirement Reserve Account. Austin Energy funded the entire reserve, which replaced an insurance policy previously held for combined lien reserve, on behalf of both enterprise funds.

b -- Transfers

Transfers at September 30, 2020, are as follows (in thousands):

	Transfers In						
Transfers Out	General Fund	Nonmajor Governmental	Austin Energy	Austin Water	Nonmajor Enterprise	Internal Service	Total
General Fund	$ --	16,178	--	--	9,386	--	25,564
Nonmajor governmental	179	87,621	118	--	76,986	--	164,904
Austin Energy	120,070	--	--	--	--	--	120,070
Austin Water	51,486	112	--	--	--	--	51,598
Airport	--	--	24	--	--	--	24
Nonmajor enterprise	612	11,031	19	53	129	601	12,445
Internal service	78	18,965	7	--	196	76	19,322
Total	$ 172,425	133,907	168	53	86,697	677	393,927

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

- Austin Energy and Austin Water transfer funds to the General Fund ($171.6 million), which are comparable to a return on investment to owners.
- The Hotel-Motel Occupancy Tax ($67.4 million) and the Vehicle Rental Tax ($8.8 million), both special revenue funds, transfer funds to the Convention Center in support of convention operations and debt services.
- Housing Assistance 2018 ($42.7 million), Neighborhood Housing & Conservation ($5.3 million) and UNO Housing Trust ($0.5 million), all special revenue funds, transfer funds to Austin Housing Finance Corporation in support of affordable housing.

12 – SELECTED REVENUES

a -- Major Enterprise Funds

Austin Energy and Austin Water
The Texas Public Utility Commission (PUC) has jurisdiction over electric utility wholesale transmission rates. On July 2, 2018, the PUC approved the City's most recent wholesale transmission rate of $1.187214/KW. Transmission revenues totaled approximately $83.8 million in fiscal year 2020. 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, 2020, 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 factor 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 2020, the Airport fund revenues included minimum concession guarantees of $22,372,008.

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, 2020 (in thousands):

Fiscal Year Ended September 30	Airport Lease Receipts
2021	$ 35,956
2022	33,206
2023	31,079
2024	30,709
2025	30,587
2026-2030	67,700
2031-2035	9,811
2036-2040	7,748
2041-2045	2,597
Thereafter	973
Totals	$ 250,366

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
2021	$ 2,931
2022	2,584
2023	2,546
2024	2,452
2025	2,334
2026-2030	13,522
2031-2035	12,675
2036-2040	12,032
2041-2045	10,549
Thereafter	53,047
Totals	$ 114,672

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 2020, the City had four active agreements under this program. Two agreements satisfied the compliance requirements in fiscal year 2020 which resulted in rebates of tax abatements of approximately $5.9 million. The City had no commitments related to these agreements other than the timeframe during which a compliance review will occur and a deadline for the refund of the taxes.

b -- Exemption Program

There were no active agreements under the Media Production Development and Zone Program during fiscal year 2020.

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 $37.2 million as of September 30, 2020. 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, 2020, Austin Energy's investment in the STP was approximately $369.4 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 requested a 20-year license extension for units 1 & 2 with the Nuclear Regulatory Commission (NRC). The 20-year license renewal was issued by the 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, 2020, the trust's assets exceeded the total expenses amortized over the pro-rata useful life of the asset by $19.5 million which is reported as part of deferred inflows of resources (in thousands).

Decommissioning Trust Assets	$ 235,775
Pro Rata Decommissioning Expense	(216,266)
	$ 19,509

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, 2018 showed that the trust assets exceeded the minimum required assurance by $77.5 million.

d -- Purchased Power

Austin Energy has commitments totaling $5.0 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. At September 30, 2020, the financial statements include a $1.2 million short-term decommissioning liability related to Holly and a $301 thousand short-term environmental liability related to Fayette, classified as other liabilities. The amount is based on 2020 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 (DSRF), 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. See Note 18 for additional information.

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, 2020.

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. Housing and Urban Development Department, and U.S. Department of Transportation. 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 2020 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	$ 66,596
Public safety	90,771
Transportation, planning, and sustainability	242,773
Public health	17,449
Public recreation and culture	83,611
Urban growth management	59,826
Business-type activities:	
Electric	220,064
Water	142,180
Wastewater	183,289
Airport	140,978
Convention	63,463
Environmental and health services	14,566
Public recreation and culture	66
Urban growth management	118,550
Total	$ 1,444,182

j -- Encumbrances

The City utilizes encumbrances to track commitments against budget in governmental funds. The amount of outstanding encumbrances at September 30, 2020 is as follows (in thousands):

	Encumbrances
General Fund	$ 59,542
Nonmajor governmental	
Special Revenue	20,288
Capital Projects	153,277
	$ 233,107

Significant encumbrances include reservations for COVID-19 contracts ($21,594), the 2016 bond program ($50,063), General government projects ($23,801), and Fire general ($14,345).

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 is estimated to occur by March 31, 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, 2020, is as follows (in thousands):

	Closure	Postclosure	Total
Total estimated costs	$ 25,396	10,257	35,653
% capacity used	100%	100%	100%
Cumulative liability accrued	25,396	10,257	35,653
Costs incurred	(24,738)	--	(24,738)
Closure and postclosure liability	$ 658	10,257	10,915

These amounts are based on the 2020 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 $399.3 million (adjusted to 2020 dollars) and an associated deferred outflows of resources of $183 million. Austin Energy has restricted assets held in an irrevocable trust to cover the eventual decommissioning costs and as of September 30, 2020, trust assets totaled $235.8 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 $17.4 million and an associated deferred outflows of resources of $15.5 million. Austin Energy, as joint owner of the facility, will amortize the deferred outflow related to regulatory obligations over 22 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 5 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, 2020 and is reported as asset retirement obligations in the Austin Water fund, a major enterprise fund. The associated deferred outflow of $522 thousand will be amortized over the remaining useful lives of the City's wastewater treatment plants, which range from 6 to 41 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, 2020 and is reported as asset retirement obligations in the Fleet Maintenance fund, an internal service fund. The associated deferred outflow of $129 thousand will be amortized over the remaining useful lives of the City's petroleum underground storage tanks, which range from 1 to 23 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 79% of retirees use the PPO option; approximately 12% of City employees and 19% of retirees use the HMO option; and approximately 15% 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. The stated threshold amount was $500,000 up to maximum of $5 million in 2018. Beginning in 2019 the limit was changed to $750,000 with an unlimited maximum. 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. In fiscal year 2018, eleven claims exceeded the stop loss limit of $500,000. City coverage is unlimited for lifetime of benefits. The City does not purchase stop-loss insurance for workers' compensation claims.

The City is self-insured for much of its risk exposure; however, the City purchases commercial insurance coverage for loss or damage to real property, theft and other criminal acts committed by employees, and third-party liability associated with the airport, owned aircraft, and electric utility operations. There have been no claims settlements in excess of the purchased insurance coverage for the last four years. 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 $49.7 to $54.8 million. In accordance with GAAP, $49.7 million is recognized as claims payable in the financial statements with $26 million recognized as a current liability and $23.7 million recognized as long term. 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	
	2020	2019	2020	2019	2020	2019
Liability balances, beginning of year	$ 232	69	310	353	--	--
Claims and changes in estimates	66	275	108	156	8	2
Claim payments	(46)	(112)	(108)	(199)	(8)	(2)
Liability balances, end of year	252	232	310	310	--	--

	Employee Benefits		Liability Reserve		Workers' Compensation	
	2020	2019	2020	2019	2020	2019
Liability balances, beginning of year	16,187	16,525	2,172	4,440	28,881	27,009
Claims and changes in estimates	165,241	162,292	999	(1,186)	3,693	6,100
Claim payments	(162,806)	(162,630)	(1,013)	(1,082)	(4,232)	(4,228)
Liability balances, end of year	$ 18,622	16,187	2,158	2,172	28,342	28,881

The Austin Water fund claims liability balance at fiscal year-end included liabilities of $250 thousand discounted at 2.46% in 2020 and $264 thousand discounted at 2.90% in 2019. The Liability Reserve fund claims liability balance had no discounted liability in 2020 and $455 thousand discounted at 2.90% in 2019.

n -- Redevelopment of Robert Mueller Municipal Airport

In December 2004, City Council approved a master development agreement with Catellus Development Group (Catellus) to develop approximately 700 acres at the former site of the City's municipal airport into a mixed-use urban village near downtown Austin. Catellus is currently developing and marketing the property. The Mueller Local Government Corporation (MLGC), created by the City for this development, issues debt to fund infrastructure such as streets, drainage facilities, public parks, and greenways, which are supported by taxes generated from this development.

In September 2006, the MLGC issued debt in the amount of $12 million. Proceeds of the debt have been used to reimburse the developer for eligible infrastructure such as streets, drainage, and parks. Debt service payments are funded through an economic development grant from the City of Austin and supported by sales tax proceeds from the development.

The MLGC has three additional debt issuances: October 2009 ($15,000,000), October 2012 ($16,735,000), and October 2014 ($15,845,000). Proceeds from the debt have been used to reimburse the developer for additional eligible infrastructure. Debt service payments are funded by property tax proceeds from the Mueller Tax Increment Reinvestment Zone.

The development contains over 2.9 million square feet of civic, institutional, hotel and Class A office space, including over 650,000 square feet of retail space that is either complete or under construction. From the start of home sales in 2007, the community has been well received. As of September 30, 2020, approximately 2,241 single-family homes and 2,519 multi-family units were either complete or under construction. Construction continues on two office buildings in the Town Center, where two additional multi-family apartment buildings and a boutique hotel also broke ground. In addition, Dell Children's Hospital started construction on a hospital expansion. Catellus has also recently completed construction on another park, to bring the current total of parks to over 95 acres.

o -- 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. $1,989,594 in total assessments were levied in the year ended September 30, 2020. The aggregate principal outstanding at September 30, 2020 is $11,225,000.

14 – COMMITMENTS AND CONTINGENCIES, continued
o -- No-Commitment Special Assessment Debt, continued

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. $409,404 in total assessments were levied in the year ended September 30, 2020. The aggregate principal outstanding at September 30, 2020 is $2,180,000.

In July 2013, the City issued $12,590,000 of Special Assessment Revenue Bonds, Series 2013 related to the Estancia Hill Country Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. $1,752,019 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, 2020 are $9,145,000 and $833, respectively.

In December 2018, the City issued $4,265,000 and $8,305,000 of Special Assessment Revenue Bonds, Series 2018 #1 and #2, respectively, related to the Estancia Hill Country Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. $931,158 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, 2020 are $12,345,000 and $141,498, respectively.

In April 2019, the City issued $4,500,000 of Special Assessment Revenue Bonds, Series 2019 related to the Whisper Valley Public Improvement District, Phase 1. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. $339,447 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, 2020 are $4,500,000 and $4,973, respectively.

p -- 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, respectively. See Note 6 for the debt service requirements on these leases.

The following summarizes capital assets recorded at September 30, 2020, 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	(4,186)	(632)
Net capital assets	$ 33,773	773

14 – COMMITMENTS AND CONTINGENCIES, continued
q -- 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, 2020, was $35.6 million. Future minimum payments on these non-cancelable operating leases is as follows (in thousands):

Fiscal Year Ended September 30	Future Lease Payments
2021	$ 28,161
2022	28,376
2023	27,727
2024	21,420
2025	10,546
2026-2030	15,075
2031-2035	2,191
2036-2040	1,634
2041-2045	1,634
Thereafter	11,435
Totals	$ 148,199

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, 2020. 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, 2020, $194.7 million in housing revenue bonds were outstanding with an original issue value of $200.8 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, 2020, $114.4 million in revenue and revenue refunding bonds were outstanding with an original issue value of $148.6 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 – 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	$ 135,682
Advances to other funds	26
Capital assets	199,640
Other noncurrent assets	128,113
Total assets	463,461
Deferred outflows of resources	48,343
LIABILITIES	
Other current liabilities	19,973
Other noncurrent liabilities	225,292
Total liabilities	245,265
Deferred inflows of resources	7,530
NET POSITION	
Net investment in capital assets	90,485
Restricted	140,793
Unrestricted	27,731
Total net position	$ 259,009

Condensed Statement of Revenues, Expenses, and Changes in Net Position

OPERATING REVENUES	
User fees and rentals	$ 16,655
Total operating revenues	16,655
OPERATING EXPENSES	
Operating expenses before depreciation	64,085
Depreciation and amortization	8,588
Total operating expenses	72,673
Operating income (loss)	(56,018)
Nonoperating revenues (expenses)	(7,654)
Transfers	70,987
Change in net position	7,315
Beginning net position	251,694
Ending net position	$ 259,009

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	$ (37,799)
Noncapital financing activities	70,970
Capital and related financing activities	(28,941)
Investing activities	7,091
Net increase (decrease) in cash and cash equivalents	11,321
Cash and cash equivalents, beginning	233,184
Cash and cash equivalents, ending	$ 244,505

18 – SUBSEQUENT EVENTS

a -- General Obligation Bond Issue

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.

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.

b -- 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 are being 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.

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.

c -- 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.

18 – SUBSEQUENT EVENTS, continued

d -- 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 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.

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 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.

e -- ABLE grant payment

ABLE, a discretely presented component unit, issues bonds for the purpose of financing the cost of acquiring, improving, and equipping a full-service hotel on airport property. Due to the significant reduction in hotel revenues as a result of COVID-19, ABLE did not have the full funding required for its October 1, 2020 debt service payment and had to draw $1.6 million from ABLE's Senior Debt Service Reserve Fund (DSRF). On October 15, 2020, the Airport received notice of the deficiency in ABLE's DSRF and subsequently determined that sufficient Surplus Airport System Revenues were available to fund the deficiency. The Airport paid $1.6 million to ABLE's DSRF trustee in February 2021.

f -- Emergency Rental Assistance Funding

In January 2021 the City received $29.6 million from the US Department of the Treasury for the COVID-19 relief Emergency Rental Assistance Program grant. The Housing and Planning Department will oversee this grant which will be used to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic.

g -- Winter Storms Uri and Viola

Beginning on February 14, 2021, a series of winter storms brought record-breaking low temperatures and snowfall to the Austin region and all of Texas. In the face of the frigid conditions, increased energy and heating demands by utility customers coupled with the failure of a number of power generation facilities across the state caused the Electric Reliability Council of Texas (ERCOT) to take action to protect the straining Texas power grid. ERCOT ordered a reduction in power usage by all utilities in Texas in the form of rolling blackouts to manage the strain and prevent more permanent damage to the electric grid in the state; however, due to the severity of the weather event, Texas residents experienced widespread and prolonged power outages. The power outages and unusually cold temperatures also caused disruptions to Austin Water's water distribution systems, requiring the City of Austin to enact a citywide boil-water notice.

Austin Energy's generation assets largely stayed online during the event and no material impacts are expected to Austin Energy's operations or financial position. Although there is potential financial exposure of market defaults being passed through to Austin Energy by ERCOT, Austin Energy does not anticipate liquidity issues. Additionally, Fitch Ratings, Inc. and S&P Global Ratings placed Austin Energy and other retail and wholesale public utilities within the geographic footprint of ERCOT on negative watch. Austin Energy is and will be monitoring developments, both from a legislative and a financial standpoint.

In addition to private property losses, the City of Austin experienced damage to public property. The City is assessing impairments to City assets and submitting insurance claims. As a result of the significant impact to the area, the City anticipates receiving grant funding from the Federal Emergency Management Agency in 2021 to assist with restoration and cleanup of public property.

h -- American Rescue Plan Act

On March 11, 2021, the President signed the American Rescue Plan Act, which provides various levels of support for communities impacted by the pandemic. Under a population based formula, the City expects to receive approximately $196 million in added support over the next two years.

REQUIRED SUPPLEMENTARY INFORMATION

(In thousands)

General Fund	Actual	Adjustments (1) (2)	Actual-Budget Basis	Budget Original	Budget Final	Variance (3) Positive (Negative)
REVENUES						
Taxes	$ 788,255	100	788,355	797,733	797,733	(9,378)
Franchise fees	28,505	(6)	28,499	29,028	29,028	(529)
Fines, forfeitures and penalties	4,447	--	4,447	8,453	8,453	(4,006)
Licenses, permits and inspections	15,069	--	15,069	16,738	16,738	(1,669)
Charges for services/goods	52,491	(625)	51,866	66,657	66,657	(14,791)
Interest and other	22,523	(10,995)	11,528	12,771	12,939	(1,411)
Total revenues	911,290	(11,526)	899,764	931,380	931,548	(31,784)
EXPENDITURES						
General government						
Municipal Court	30,175	1,665	31,840	33,336	33,336	1,496
Public safety						
Emergency Medical Services	63,793	26,336	90,129	93,318	93,318	3,189
Fire	140,005	58,134	198,139	200,933	205,933	7,794
Police	336,644	95,608	432,252	434,551	434,551	2,299
Public health						
Animal Services	12,493	2,052	14,545	15,983	15,983	1,438
Public Health	45,069	2,929	47,998	50,119	50,037	2,039
Social Services	38,752	961	39,713	39,855	39,855	142
Public recreation and culture						
Austin Public Library	45,027	7,495	52,522	55,086	55,086	2,564
Parks and Recreation	81,783	10,158	91,941	100,394	100,394	8,453
Urban growth management						
Neighborhood Housing and Community Development	14,427	(2,046)	12,381	26,427	26,427	14,046
Planning and Zoning	6,912	2,167	9,079	9,808	9,808	729
Other urban growth management	24,603	7,085	31,688	32,152	32,152	464
General city responsibilities (4)	182,589	(195,220)	(12,631)	7,209	48,815	61,446
Total expenditures	1,022,272	17,324	1,039,596	1,099,171	1,145,695	106,099
Excess (deficiency) of revenues over expenditures	(110,982)	(28,850)	(139,832)	(167,791)	(214,147)	74,315
OTHER FINANCING SOURCES (USES)						
Transfers in	172,425	140,939	313,364	229,031	224,031	89,333
Transfers out	(25,564)	(141,071)	(166,635)	(82,787)	(78,037)	(88,598)
Total other financing sources (uses)	146,861	(132)	146,729	146,244	145,994	735
Excess (deficiency) of revenues and other sources over expenditures and other uses	35,879	(28,982)	6,897	(21,547)	(68,153)	75,050
Fund balance at beginning of year	235,636	(21,883)	213,753	170,669	170,669	43,084
Fund balance at end of year	$ 271,515	(50,865)	220,650	149,122	102,516	118,134

(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.

See Required Supplementary Information - Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances -Budget and Actual-Budget Basis

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 fourteen separately budgeted funds in the City's legally adopted budget: the Budgetary General Fund (represented as the General Fund in the City's budget document) plus Barton Springs Conservation, Budget Stabilization Reserve, Community Development Incentives, Economic Development, Economic Incentives Reserve, Emergency Reserve, Housing and Planning Technology, 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 ($2,644,493).

b -- Budget Amendments

There were several budget amendments during fiscal year 2020, primarily due to increased spending as a result of COVID-19:

- Austin Public Health revenue and expense budgets increased by $167,619 due to a budget amendment as a result of a new interlocal agreement with the City of Pflugerville to provide public health services. In addition, $250,000 of the public health expense budget in the Budget Stabilization Reserve fund was reallocated to transfers out.
- Austin Fire Department’s expenditure budget was increased $5,000,000 to cover additional sworn personnel costs. In conjunction with this, Budget Stabilization fund transfers in and General Fund transfers out were each reduced by $5,000,000.
- General City Responsibilities expense budget increased by $41,606,271 for the following COVID-19 response programs:
    - $2,804,760 for emergency housing and support services
    - $15,000,000 for emergency support in Relief in a State of Emergency (RISE) fund
    - $1,500,000 for the Austin Music Disaster Relief Fund
    - $2,101,511 for COVID-19 emergency relief
    - $2,200,000 for emergency food access for caregivers and students
    - $18,000,000 for the revolving loan programs and grants

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	$ 35,879
Adjustments - increases (decreases) due to:	
Unbudgeted revenues	1,332
Net compensated absences accrual	(107)
Outstanding encumbrances established in current year	(53,333)
Payments against prior year encumbrances	27,621
Other	(4,495)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	$ 6,897

Required Supplementary Information
Retirement Plans- Trend Information
September 30, 2020
(In thousands)

Schedule of Changes in the City Employees' Fund Net Pension Liability and Related Ratios
Measurement Period Ended December 31

	2014	2015	2016
Beginning total pension liability	$ 2,909,918	3,094,056	3,391,796
Changes for the year:			
Service cost	89,235	93,506	107,111
Interest	222,710	236,844	251,684
Differences between expected and actual experience	33,911	13,414	19,914
Assumption changes	--	123,493	--
Benefit payments including refunds	(161,718)	(169,517)	(179,129)
Net change in total pension liability	184,138	297,740	199,580
Ending total pension liability	3,094,056	3,391,796	3,591,376
Beginning total plan fiduciary net position	2,130,624	2,209,800	2,144,804
Changes for the year:			
Employer contributions	93,331	100,485	104,273
Employee contributions	50,490	54,066	60,801
Pension plan net investment income (loss)	99,704	(47,608)	171,640
Benefits payments and refunds	(161,718)	(169,517)	(179,129)
Pension plan administrative expense	(2,631)	(2,422)	(2,701)
Net change in plan fiduciary net position	79,176	(64,996)	154,884
Ending total plan fiduciary net position	2,209,800	2,144,804	2,299,688
Beginning net pension liability	779,294	884,256	1,246,992
Ending net pension liability	$ 884,256	1,246,992	1,291,688
Plan fiduciary net position as a percentage of the total pension liability	71.42%	63.24%	64.03%
Covered Payroll	$ 514,787	546,058	573,308
City's net pension liability as a percentage of of covered payroll	171.77%	228.36%	225.30%

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.

	2017	2018	2019
Beginning total pension liability	3,591,376	3,797,823	3,989,560
Changes for the year:			
Service cost	107,767	111,438	117,635
Interest	266,257	281,404	295,341
Differences between expected and actual experience	22,755	1,882	23,672
Assumption changes	--	--	279,897
Benefit payments including refunds	(190,332)	(202,987)	(218,221)
Net change in total pension liability	206,447	191,737	498,324
Ending total pension liability	3,797,823	3,989,560	4,487,884
Beginning total plan fiduciary net position	2,299,688	2,650,438	2,461,383
Changes for the year:			
Employer contributions	110,846	116,486	123,610
Employee contributions	56,194	58,713	63,626
Pension plan net investment income (loss)	376,820	(157,242)	503,853
Benefits payments and refunds	(190,332)	(202,987)	(218,221)
Pension plan administrative expense	(2,778)	(4,025)	(6,218)
Net change in plan fiduciary net position	350,750	(189,055)	466,650
Ending total plan fiduciary net position	2,650,438	2,461,383	2,928,033
Beginning net pension liability	1,291,688	1,147,385	1,528,177
Ending net pension liability	1,147,385	1,528,177	1,559,851
Plan fiduciary net position as a percentage of the total pension liability	69.79%	61.70%	65.24%
Covered Payroll	609,553	640,464	678,500
City's net pension liability as a percentage of of covered payroll	188.23%	238.60%	229.90%

Required Supplementary Information
Retirement Plans- Trend Information
September 30, 2020
(In thousands)

Schedule of Changes in the Police Officers' Fund Net Pension Liability and Related Ratios
Measurement Period Ended December 31

	2014	2015	2016
Beginning total pension liability	$ 909,000	971,623	1,028,909
Changes for the year:			
Service cost	30,254	32,138	32,990
Interest	72,443	76,999	80,846
Benefit changes	(11,015)	(4,080)	--
Differences between expected and actual experience	--	(6,318)	7,455
Assumption changes	14,137	3,904	5,148
Contribution buy back	2,207	4,648	1,668
Benefit payments including refunds	(45,403)	(50,005)	(50,827)
Net change in total pension liability	62,623	57,286	77,280
Ending total pension liability	971,623	1,028,909	1,106,189
Beginning total plan fiduciary net position	595,110	638,019	644,174
Changes for the year:			
Employer contributions	32,400	33,239	33,814
Employee contributions	19,458	20,061	20,623
Contribution buy back	2,207	4,648	1,668
Pension plan net investment income (loss)	35,574	(322)	37,965
Benefits payments and refunds	(45,403)	(50,005)	(50,827)
Pension plan administrative expense	(1,327)	(1,466)	(1,397)
Net change in plan fiduciary net position	42,909	6,155	41,846
Ending total plan fiduciary net position	638,019	644,174	686,020
Beginning net pension liability	313,890	333,604	384,735
Ending net pension liability	$ 333,604	384,735	420,169
Plan fiduciary net position as a percentage of the total pension liability	65.67%	62.61%	62.02%
Covered Payroll	$ 149,686	152,696	157,303
City's net pension liability as a percentage of of covered payroll	222.87%	251.96%	267.11%

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 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 0.90% 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.

	2017	2018	2019
Beginning total pension liability	1,106,189	1,189,591	1,904,954
Changes for the year:			
Service cost	35,322	33,757	71,334
Interest	84,472	90,479	89,680
Benefit changes	--	--	--
Differences between expected and actual experience	17,241	(12,905)	(4,743)
Assumption changes	--	666,873	179,003
Contribution buy back	2,915	1,142	1,261
Benefit payments including refunds	(56,548)	(63,983)	(66,319)
Net change in total pension liability	83,402	715,363	270,216
Ending total pension liability	1,189,591	1,904,954	2,175,170
Beginning total plan fiduciary net position	686,020	769,475	718,520
Changes for the year:			
Employer contributions	35,141	35,244	35,993
Employee contributions	21,437	21,461	21,942
Contribution buy back	2,915	1,142	1,261
Pension plan net investment income (loss)	82,072	(43,398)	148,163
Benefits payments and refunds	(56,548)	(63,983)	(66,319)
Pension plan administrative expense	(1,562)	(1,421)	(1,721)
Net change in plan fiduciary net position	83,455	(50,955)	139,319
Ending total plan fiduciary net position	769,475	718,520	857,839
Beginning net pension liability	420,169	420,116	1,186,434
Ending net pension liability	420,116	1,186,434	1,317,331
Plan fiduciary net position as a percentage of the total pension liability	64.68%	37.72%	39.44%
Covered Payroll	163,995	164,112	167,835
City's net pension liability as a percentage of of covered payroll	256.18%	722.94%	784.90%

Required Supplementary Information
Retirement Plans- Trend Information
September 30, 2020
(In thousands)

Schedule of Changes in the Fire Fighters' Fund Net Pension Liability and Related Ratios
Measurement Period Ended December 31

	2014	2015	2016
Beginning total pension liability	$ 806,282	861,468	913,618
Changes for the year:			
Service cost	25,319	23,309	24,323
Interest	62,977	66,405	70,893
Benefit changes	--	--	5,491
Differences between expected and actual experience	--	7,193	8,893
Assumption changes	4,883	--	--
Benefit payments including refunds	(37,993)	(44,757)	(45,495)
Net change in total pension liability	55,186	52,150	64,105
Ending total pension liability	861,468	913,618	977,723
Beginning total plan fiduciary net position	752,622	789,433	785,211
Changes for the year:			
Employer contributions	18,670	19,222	19,104
Employee contributions	14,660	15,547	15,884
Pension plan net investment income (loss)	42,005	6,328	55,569
Benefits payments and refunds	(37,993)	(44,757)	(45,496)
Pension plan administrative expense	(531)	(562)	(662)
Net change in plan fiduciary net position	36,811	(4,222)	44,399
Ending total plan fiduciary net position	789,433	785,211	829,610
Beginning net pension liability	53,660	72,035	128,407
Ending net pension liability	$ 72,035	128,407	148,113
Plan fiduciary net position as a percentage of the total pension liability	91.64%	85.95%	84.85%
Covered Payroll	$ 84,589	83,979	86,632
City's net pension liability as a percentage of of covered payroll	85.16%	152.90%	170.97%

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%; and 2020 - 1.7%.
- 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 7.70% to 7.50% in 2019.
- Since 2018 the PubS-2010 mortality tables were used with mortality improvement project using the MP-2018 tables in 2018 and the MP-2019 tables in 2019. 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.

	2017	2018	2019
Beginning total pension liability	977,723	1,038,801	1,093,179
Changes for the year:			
Service cost	23,830	25,131	26,192
Interest	75,812	80,552	84,547
Benefit changes	8,964	10,188	8,059
Differences between expected and actual experience	4,360	(735)	(9,835)
Assumption changes	--	(4,779)	12,707
Benefit payments including refunds	(51,888)	(55,979)	(58,824)
Net change in total pension liability	61,078	54,378	62,846
Ending total pension liability	1,038,801	1,093,179	1,156,025
Beginning total plan fiduciary net position	829,610	953,798	909,118
Changes for the year:			
Employer contributions	19,242	20,085	21,058
Employee contributions	16,319	17,033	17,858
Pension plan net investment income (loss)	141,915	(25,114)	141,535
Benefits payments and refunds	(51,888)	(55,979)	(58,824)
Pension plan administrative expense	(1,400)	(705)	(852)
Net change in plan fiduciary net position	124,188	(44,680)	120,775
Ending total plan fiduciary net position	953,798	909,118	1,029,893
Beginning net pension liability	148,113	85,003	184,061
Ending net pension liability	85,003	184,061	126,132
Plan fiduciary net position as a percentage of the total pension liability	91.82%	83.16%	89.09%
Covered Payroll	87,266	91,087	95,499
City's net pension liability as a percentage of of covered payroll	97.41%	202.07%	132.08%

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%

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	• 2.50% for 2020, 2.75% for 2016 through 2019, 3.25% for 2015
Salary Increases	• 3.50% to 5.75% for 2020, 4.00% to 6.25% for 2016 through 2019, 4.50% to 6.00% for 2015
Investment Rate of Return	• 7.00% for 2020, 7.50% for 2016 through 2019, 7.75% for 2015
Retirement Age	• Experience-based table of rates that are gender specific. • 2020 - 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 - Pub-2010 Public Retirement Plans Mortality Tables Report, for general employees (PubG-2010) with future mortality improvements modeled using the ultimate mortality improvement rates in the MP tables. • 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.

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%
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%

(1) Statutorily required contribution for Police Officers decreased from 21.63% in 2015 to 21.313% in 2016.

OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION

The other postemployment benefits plan information for the City's plan provided below represents three 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 three years ended December 31, 2017 through 2019 (measurement periods) are presented below:

Schedule of Changes in the City of Austin OPEB Liability and Related Ratios (in thousands)

	2017	2018	2019
Beginning total OPEB liability	$ 2,055,627	2,524,897	2,395,447
Changes for the year:			
Service cost	86,687	108,478	88,486
Interest	80,132	89,675	100,978
Benefit changes	--	231	(3,829)
Differences between expected and actual experience	64,227	--	12,335
Assumption changes	283,099	(274,758)	953,202
Benefit payments	(44,875)	(53,076)	(42,125)
Net change in total OPEB liability	469,270	(129,450)	1,109,047
Ending total OPEB liability	$ 2,524,897	2,395,447	3,504,494
Covered-employee payroll	$ 968,403	1,000,536	1,051,771
City's total OPEB liability as a percentage of covered-employee payroll	260.73%	239.42%	333.20%

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. 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 the change in vendors.

The OPEB plan assumption changes included:

- Decreasing the discount rate for 2017 from 3.78% to 3.44%, increasing the rate for 2018 to 4.10%, and decreasing the rate for 2019 to 2.74% based on the Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date,
- 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 5.0% to 4.5%; and in 2019 by adjusting 2020 assumed trend rates from 6.5% to 7.0% for pre-65 and 5.5% to 6.0% 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 $426 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 any 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

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 2021

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 $153,685,000. 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 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 Bonds, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
CERTIFICATES OF OBLIGATION,
SERIES 2021

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 $35,670,000. 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.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates.

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,

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 2021

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 $27,110,000. 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 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 AND REFUNDING BONDS,
TAXABLE SERIES 2021

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 $81,880,000. 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 2021

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 $20,300,000. 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

Obligations Refunded with Tax-Exempt Bonds

Public Improvement Bonds, Series 2011A

Maturity	Interest Rate	Par Amount Refunded	Call Date	Call Price	CUSIP(1)
9/1/2022	3.000%	2,880,000	11/10/2021	100% of par	052396J25
9/1/2023	3.125%	2,060,000	11/10/2021	100% of par	052396J33
9/1/2024	4.000%	4,320,000	11/10/2021	100% of par	052396J41
9/1/2025	4.000%	9,930,000	11/10/2021	100% of par	052396J58
9/1/2026	4.000%	7,800,000	11/10/2021	100% of par	052396J66
9/1/2028	4.000%	10,400,000	11/10/2021	100% of par	052396J74
9/1/2029	4.000%	14,700,000	11/10/2021	100% of par	052396J82
9/1/2031(2)	4.000%	10,000,000	11/10/2021	100% of par	052396J90

Certificates of Obligation, Series 2011

Maturity	Interest Rate	Par Amount Refunded	Call Date	Call Price	CUSIP(1)
9/1/2023(1)	3.125%	3,455,000	11/10/2021	100% of par	052396D47
9/1/2024	4.000%	1,850,000	11/10/2021	100% of par	052396C22
9/1/2025	4.000%	1,945,000	11/10/2021	100% of par	052396C30
9/1/2026	5.000%	2,045,000	11/10/2021	100% of par	052396C48
9/1/2027	5.000%	2,145,000	11/10/2021	100% of par	052396C55
9/1/2028	4.000%	2,250,000	11/10/2021	100% of par	052396C63
9/1/2030(2)	4.000%	4,850,000	11/10/2021	100% of par	052396C71
9/1/2033(2)	4.000%	5,565,000	11/10/2021	100% of par	052396C89
9/1/2036(2)	4.125%	5,015,000	11/10/2021	100% of par	052396C97
9/1/2039(2)	4.250%	5,805,000	11/10/2021	100% of par	052396D39
9/1/2041(2)	4.250%	4,365,000	11/10/2021	100% of par	052396D21

Obligations Refunded with Taxable Bonds

Public Improvement Bonds, Taxable Series 2011

Maturity	Interest Rate	Par Amount Refunded	Call Date	Call Price	CUSIP(1)
9/1/2022	3.500%	650,000	11/10/2021	100% of par	052396G36
9/1/2023	3.600%	680,000	11/10/2021	100% of par	052396G44
9/1/2024	3.700%	700,000	11/10/2021	100% of par	052396G51
9/1/2025	4.000%	720,000	11/10/2021	100% of par	052396G69
9/1/2026	4.000%	750,000	11/10/2021	100% of par	052396G77
9/1/2031(2)	4.500%	3,050,000	11/10/2021	100% of par	052396G85

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Service, managed by S&P Global Market Intelligence 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.

(2) Represents a term maturity.