

**NEW ISSUE - Book-Entry-Only**

(See "OTHER RELEVANT INFORMATION – Ratings" in this document.)

*Delivery of the Bonds (as defined below) is subject to the receipt of the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City (defined below), to the effect that, assuming continuing compliance by the City with certain covenants contained in the Forty-Seventh Supplement (defined below) described in this document, interest on the Bonds will be excludable from gross income for purposes of federal income taxation, subject to the matters described under "TAX MATTERS" in this document, including the alternative minimum tax on certain corporations.*



**CITY OF AUSTIN, TEXAS**  
**\$454,190,000**  
**WATER AND WASTEWATER SYSTEM REVENUE**  
**REFUNDING AND IMPROVEMENT BONDS,**  
**SERIES 2024**

**Interest to accrue from Date of Initial Delivery****Due: As shown on page ii**

The bonds offered in this document are the \$454,190,000 City of Austin, Texas Water and Wastewater System Revenue Refunding and Improvement Bonds, Series 2024 (the "Bonds"). The Bonds are to be issued as "Parity Water/Wastewater Obligations" pursuant to an ordinance (the "Master Ordinance") adopted by the City Council of the City of Austin, Texas (the "City"), on June 8, 2000, and a supplemental ordinance adopted by the City Council of the City on May 2, 2024 (the "Forty-Seventh Supplement"). The Master Ordinance and Forty-Seventh Supplement together are referred to in this document as the "Bond Ordinance." The Forty-Seventh Supplement delegates to a designated "Pricing Officer" the authority to effect the sale of the Bonds, subject to the terms of the Forty-Seventh Supplement. See "INTRODUCTION" in this document. The Master Ordinance contains the terms for the issuance of Parity Water/Wastewater Obligations and the related covenants and security provisions. The City also has outstanding one series of Prior Subordinate Lien Obligations, which are secured by joint and several pledges of the net revenues of both the Water and Wastewater System and the Electric Utility System. See "INTRODUCTION" in this document. The City must comply with the covenants and security provisions related to the Prior Subordinate Lien Obligations while such obligations remain outstanding. The Master Ordinance prohibits the issuance of additional revenue obligations secured by joint and several pledges of the net revenues of both the Water and Wastewater System and the Electric Utility System such as Prior Subordinate Lien Obligations. Commercial Paper Obligations having a combined pledge of Electric Utility System and Water and Wastewater System net revenues may continue to be issued on a subordinate lien basis to the Parity Water/Wastewater Obligations.

The Bonds are special obligations of the City, payable as to both principal and interest solely from and, together with the Previously Issued Parity Water/Wastewater Obligations and Outstanding Prior Subordinate Lien Obligations, equally and ratably secured by a lien on and pledge of the Net Revenues of the Water and Wastewater System, as provided in the Master Ordinance and the Forty-Seventh Supplement. Additionally, the Bonds and Previously Issued Parity Water/Wastewater Obligations referenced above are equally and ratably secured by a parity lien on the funds, if any, deposited to the credit of the Debt Service Fund (excluding any funds on deposit in the BAB Subsidy Subaccount, which was established for the exclusive benefit of the owners of the City's Water and Wastewater System Revenue Refunding Bonds, Taxable Series 2010B (Direct Subsidy – Build America Bonds)). The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the Water and Wastewater System, except with respect to the Net Revenues.

**The holders of the Bonds do not have any right to moneys or other Reserve Fund Obligations held in the Reserve Fund.** See "SECURITY FOR THE BONDS – Bonds Not Secured by any Debt Service Reserve Fund" in this document.

**Neither the taxing power of the City nor the taxing power of the State of Texas (the "State") is pledged as security for the Bonds.** See "Security for the Bonds" in this document.

**MATURITY SCHEDULE**


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See "Maturity Schedule" on page ii

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The Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof within a maturity. Interest on the Bonds shall accrue from the Date of Initial Delivery (defined below) of the Bonds and shall be payable on November 15, 2024 and each May 15 and November 15 thereafter until maturity or prior redemption. Interest to be paid on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act initially as securities depository for the Bonds, and individual purchases of the Bonds will be made in book-entry form only. See "DESCRIPTION OF THE BONDS" in this document.

The Bonds are offered for delivery when, as, and if issued and subject, among other things, to the opinions of the Attorney General of Texas and McCall, Parkhurst & Horton L.L.P., Bond Counsel for the City, as to the validity of the issuance of the Bonds under the Constitution and laws of the State. See "APPENDIX E - Form of Bond Counsel's Opinion" in this document. Certain legal matters will be passed upon for the City by Bracewell LLP, Austin, Texas as Disclosure Counsel for the City, and for the Underwriters by their counsel, Haynes and Boone, LLP, Houston, Texas. The Bonds are expected to be available for delivery through the facilities of DTC on or about June 18, 2024 (the "Date of Initial Delivery").

**RAMIREZ & CO., INC.****HILLTOPSECURITIES****LOOP CAPITAL MARKETS****JEFFERIES****STIFEL**

**CITY OF AUSTIN, TEXAS**  
**\$454,190,000**  
**WATER AND WASTEWATER SYSTEM REVENUE REFUNDING AND IMPROVEMENT BONDS,**  
**SERIES 2024**

**Base CUSIP No. 052477 <sup>(1)</sup>**

**MATURITY SCHEDULE**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix</u> <sup>(1)</sup>
11/15/2025	\$4,530,000	5.000%	3.320%	XW1
11/15/2026	15,000,000	5.000%	3.260%	XX9
11/15/2027	26,565,000	5.000%	3.190%	XY7
11/15/2028	11,500,000	5.000%	3.120%	XZ4
11/15/2029	12,715,000	5.000%	3.080%	YA8
11/15/2030	14,305,000	5.000%	3.130%	YB6
11/15/2031	18,655,000	5.000%	3.150%	YC4
11/15/2032	19,615,000	5.000%	3.190%	YD2
11/15/2033	20,625,000	5.000%	3.200%	YE0
11/15/2034	21,645,000	5.000%	3.210%	YF7
11/15/2035	14,435,000	5.000%	3.240% <sup>(2)</sup>	YG5
11/15/2036	15,265,000	5.000%	3.290% <sup>(2)</sup>	YH3
11/15/2037	16,040,000	5.000%	3.380% <sup>(2)</sup>	YJ9
11/15/2038	16,865,000	5.000%	3.420% <sup>(2)</sup>	YK6
11/15/2039	17,735,000	5.000%	3.470% <sup>(2)</sup>	YL4
11/15/2040	18,640,000	5.000%	3.550% <sup>(2)</sup>	YM2
11/15/2041	19,595,000	5.000%	3.660% <sup>(2)</sup>	YN0
11/15/2042	20,605,000	5.000%	3.740% <sup>(2)</sup>	YP5
11/15/2043	21,655,000	5.000%	3.790% <sup>(2)</sup>	YQ3
11/15/2044	10,135,000	5.000%	3.800% <sup>(2)</sup>	YR1

**\$59,005,000 Term Bond due November 15, 2049; Interest Rate 5.000%; Initial Yield 4.030%, CUSIP 052477 YS9 <sup>(1)</sup>**

**\$59,060,000 Term Bond due November 15, 2053; Interest Rate 5.000%; Initial Yield 4.110%, CUSIP 052477 YT7<sup>(1)</sup>**

**(Interest to accrue from Date of Initial Delivery)**

**Redemption of the Bonds**

The Bonds will be subject to optional redemption and mandatory sinking fund redemption as described in “DESCRIPTION OF THE BONDS – Optional Redemption of the Bonds” and “– Mandatory Sinking Fund Redemption of the Bonds” in this document.

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- (1) CUSIP numbers have been assigned to the Bonds by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds. None of the City, the Financial Advisor or the Underwriters are responsible for the selection or the correctness of the CUSIP numbers set forth herein. CUSIP is a registered trademark 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 CUSIP services.
- (2) Initial yield shown is the yield to the first optional redemption date of November 15, 2034 for the Bonds.

## CITY OF AUSTIN

### Elected Officials

	<u>Term Expires Jan.</u>
Kirk Watson..... Mayor	2025
Natasha Harper-Madison..... Councilmember District 1	2027
Vanessa Fuentes..... Councilmember District 2	2025
José Velásquez..... Councilmember District 3	2027
José “Chito” Vela..... Councilmember District 4	2025
Ryan Alter..... Councilmember District 5	2027
Mackenzie Kelly ..... Councilmember District 6	2025
Leslie Pool, Mayor Pro-Tem ..... Councilmember District 7	2025
Paige Ellis ..... Councilmember District 8	2027
Zohaib Qadri..... Councilmember District 9	2027
Alison Alter ..... Councilmember District 10	2025

### Appointed Officials

T.C. Broadnax <sup>(1)</sup> .....	City Manager
Bruce Mills <sup>(2)</sup> .....	Interim Assistant City Manager
Veronica Briseño.....	Assistant City Manager
Robert Goode.....	Assistant City Manager
Stephanie Hayden-Howard.....	Assistant City Manager
Ed Van Eenoo.....	Chief Financial Officer
Diana Thomas.....	Deputy Chief Financial Officer
Kimberly Olivares.....	Deputy Chief Financial Officer
Anne Morgan.....	City Attorney
Myrna Rios.....	City Clerk

- <sup>(1)</sup> On April 3, 2024, the City Council voted unanimously to appoint T.C. Broadnax as City Manager. He began his tenure with the City on May 6, 2024. Mr. Broadnax comes to the City from the City of Dallas, where he served as City Manager for seven years.
- <sup>(2)</sup> Mr. Bruce Mills was appointed Interim Assistant City Manager in March 2023.

#### BOND COUNSEL

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

#### DISCLOSURE COUNSEL FOR THE CITY

Bracewell LLP  
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#### FINANCIAL ADVISOR

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Austin, Texas

#### INDEPENDENT AUDITORS

Deloitte & Touche LLP  
Austin, Texas

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## SELECTED FINANCIAL INFORMATION

### Combined Utility Systems (Electric Utility System and Water and Wastewater System)

The selected financial information below presents selected historical information related to the Combined Utility Systems of the City, which is comprised of the Electric Utility System and the Water and Wastewater System of the City, presented on a combined basis. The financial information for the fiscal years ended September 30, 2020 through September 30, 2023 is derived from the City's audited financial statements for the respective fiscal years. This information should be read in conjunction with the audited financial statements included in "APPENDIX B – AUDITED FINANCIAL STATEMENTS" in this document.

The historical financial information includes debt service on obligations issued under a lien of the Combined Utility Systems that is now closed: the Prior Subordinate Lien Obligations (which consist of only one series of outstanding obligations, the Subordinate Lien Revenue Refunding Bonds, Series 1998, or the "1998 Prior Lien Bonds," with a final maturity of May 15, 2025). This closed prior lien is secured by joint and several pledges of the net revenues of both the Water and Wastewater System and Electric Utility System. While the one remaining series of Prior Subordinate Lien Obligations remains outstanding, the City must comply with the covenants and security provisions relating to such Prior Subordinate Lien Obligations. **The Master Ordinance provides that no additional revenue obligations payable from the same sources and secured in the same manner as the Prior First Lien Obligations and Prior Subordinate Lien Obligations shall be issued.** Commercial Paper Obligations (defined in this document) currently authorized, having a combined pledge of Net Revenues of the Combined Utility Systems, may continue to be issued on a subordinate lien basis to the Parity Water/Wastewater Obligations.

### Operating Summary of the Combined Utility Systems

	<u>12 Months Ended 12-31-2023 <sup>(2)</sup></u>	Fiscal Year Ended September 30 (\$000's)			
		<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Combined Gross Revenues	\$2,477,101	\$2,477,113	\$2,312,797	\$1,844,585	\$1,959,941
Combined Maintenance and Operating Expenses	<u>1,759,060</u>	<u>1,776,663</u>	<u>1,628,986</u>	<u>1,253,026</u>	<u>1,332,726</u>
Combined Net Revenues	<u>718,041</u>	<u>700,450</u>	<u>683,811</u>	<u>591,559</u>	<u>627,215</u>
Principal and Interest on Revenue Bonds of the Combined Utility Systems (Prior First Lien Obligations and Prior Subordinate Lien Obligations) <sup>(1)</sup>	\$19,496	\$19,949	\$20,964	\$ 14,962	\$ 21,090
Debt Service Coverage on Revenue Bonds of the Combined Utility Systems Prior Subordinate Lien Obligations) <sup>(1)</sup>	36.83x	35.11x	32.62x	39.54x	29.74x

(1) Includes only the Prior Subordinate Lien Obligations, which consist of only one series (the 1998 Prior Lien Bonds with a final maturity of May 15, 2025) and which are the obligations secured by a pledge of the Net Revenues of the Combined Utility Systems.

(2) Preliminary. See "OTHER RELEVANT INFORMATION – Independent Auditors" in this document.

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## Water and Wastewater System Only

The selected financial information below presents selected historical information related to the Water and Wastewater System of the City. The financial information for the fiscal years ended September 30, 2020 through September 30, 2023 is derived from the City's audited financial statements for the respective fiscal years. This information should be read in conjunction with the audited financial statements included in "APPENDIX B – AUDITED FINANCIAL STATEMENTS" in this document.

The historical financial information includes debt service on obligations issued under a lien of the Combined Utility Systems that is now closed: the Prior Subordinate Lien Obligations (which consist of only one series of outstanding obligations, the 1998 Prior Lien Bonds with a final maturity of May 15, 2025). This closed prior lien is secured by joint and several pledges of the net revenues of both the Water and Wastewater System and Electric Utility System. While the one remaining series of Prior Subordinate Lien Obligations remains outstanding, the City must comply with the covenants and security provisions relating to such Prior Subordinate Lien Obligations. **The Master Ordinance provides that no additional revenue obligations payable from the same sources and secured in the same manner as the Prior First Lien Obligations and Prior Subordinate Lien Obligations shall be issued.** Commercial Paper Obligations currently authorized, having a combined pledge of Net Revenues of the Combined Utility Systems, may continue to be issued on a subordinate lien basis to the Parity Water/Wastewater Obligations.

## Operating Summary of the Water and Wastewater System

	Fiscal Year Ended September 30 (\$000's)				
	<u>12-Months</u> <u>Ended</u> <u>12-31-2023 (3)</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Gross Revenues	\$661,337	\$657,637	\$628,877	\$568,031	\$571,100
Maintenance and Operating Expenses	<u>343,253</u>	<u>330,549</u>	<u>295,748</u>	<u>272,750</u>	<u>266,060</u>
Net Revenues	<u>318,084</u>	<u>327,088</u>	<u>333,129</u>	<u>295,281</u>	<u>305,040</u>
Principal and Interest paid by the Water and Wastewater System on Prior Lien Obligations of the Combined Utility Systems (1)	\$5,025	\$5,142	\$5,404	\$3,856	\$10,038
Net Revenues Available for Parity Water/Wastewater Obligations (2)	<u>\$313,059</u>	<u>\$321,946</u>	<u>\$327,725</u>	<u>\$291,425</u>	<u>\$295,002</u>
Principal and Interest on Parity Water/Wastewater Obligations	\$162,110	\$171,453	\$154,228	\$169,144	\$150,477
Debt Service Coverage Parity Water/Wastewater Obligations (2)	1.93x	1.88x	2.12x	1.72x	1.96x

- (1) Represents the Prior Subordinate Lien Obligations, which consist of only one series (the 1998 Prior Lien Bonds with a final maturity of May 15, 2025) and which are obligations secured by a pledge of the Net Revenues of the Combined Utility Systems.
- (2) The Bonds, the Previously Issued Parity Water/Wastewater Obligations, and any additional Parity Water/Wastewater Obligations issued in the future under the Master Ordinance are (a) "Separate Lien Obligations" under the Prior Subordinate Lien Ordinance (as defined in this document) and (b) equally and ratably secured, together with the Prior Subordinate Lien Obligations, by the Net Revenues of the City's Water and Wastewater System.
- (3) Preliminary. See "DEBT SERVICE REQUIREMENTS OF THE COMBINED UTILITY SYSTEMS" and "OTHER RELEVANT INFORMATION – Independent Auditors" in this document.

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THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND IS NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED TO THIS OFFICIAL STATEMENT, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

No dealer, broker, salesman or any other person has been authorized by the City or by the underwriters of the Bonds identified on the cover page of this document (the “Underwriters”) to give any information or to make any representations, other than the information and representations contained in this document, in connection with the offering of the Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of, any of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion contained in this document are subject to change without notice and neither the delivery of this Official Statement nor any sale made that references this document shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this document. The delivery of this Official Statement at any time does not imply that the information in this document is correct as to any time subsequent to its date. See “CONTINUING DISCLOSURE OF INFORMATION” in this document for a description of the City’s undertaking to provide certain information on a continuing basis.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (“SEC”) AND CONSEQUENTLY HAVE NOT BEEN REGISTERED WITH THE SEC. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED FROM REGISTRATION SHOULD NOT BE REGARDED AS A RECOMMENDATION FOR THE PURCHASE OF THE BONDS.

CUSIP numbers have been assigned to this issue by FactSet Research Systems Inc. and none of the City, PFM Financial Advisors LLC, or the Underwriters are responsible for the selection or correctness of CUSIP numbers.

The City, PFM Financial Advisors LLC., and the Underwriters do not make any representation regarding the information contained in this Official Statement regarding DTC or its book-entry-only system, as such information has been furnished by DTC. Neither the City nor PFM Financial Advisors LLC make any representations regarding the information concerning the Underwriters contained in this document in “OTHER RELEVANT INFORMATION – Underwriting.”

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.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS 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 SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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## OFFICIAL STATEMENT

Relating to

**CITY OF AUSTIN, TEXAS**  
**\$454,190,000**  
**WATER AND WASTEWATER SYSTEM REVENUE**  
**REFUNDING AND IMPROVEMENT BONDS,**  
**SERIES 2024**

### INTRODUCTION

This Official Statement, which includes the cover page, Schedule I and the appendices, is being furnished in connection with the proposed issuance by the City of Austin, Texas (the “City”), of its \$454,190,000 City of Austin, Texas Water and Wastewater System Revenue Refunding and Improvement Bonds, Series 2024 (the “Bonds”). The Bonds are authorized to be issued pursuant to the authority conferred by the laws of the State of Texas (the “State”), an ordinance adopted by the City Council of the City on June 8, 2000 (the “Master Ordinance”) providing the terms upon which Parity Water/Wastewater Obligations (as defined in the Master Ordinance) are to be issued and the covenants and security provisions related thereto, and a supplemental ordinance adopted by the City Council of the City on May 2, 2024 (the “Forty-Seventh Supplement”). The Master Ordinance and the Forty-Seventh Supplement are collectively referred to in this document as the “Bond Ordinance.” The Forty-Seventh Supplement delegates to a designated “Pricing Officer” the authority to effect the sale of the Bonds, subject to the terms of the Forty-Seventh Supplement. **Capitalized terms not otherwise defined in this document have the meanings assigned in the Bond Ordinance or the Prior Subordinate Lien Ordinance (defined in this document), as applicable. See APPENDICES C and D in this document.**

The City is not permitted to issue any additional Prior Subordinate Lien Obligations but must comply with the covenants contained in the bond ordinances authorizing the issuance of such obligations (the “Prior Subordinate Lien Ordinance”) while such obligations are outstanding. The outstanding Prior Subordinate Lien Obligations have a final stated maturity date of May 15, 2025. A copy of the Master Ordinance is attached to this document as APPENDIX C, and a summary of certain provisions of the Prior Subordinate Lien Ordinance is attached to this document as APPENDIX D. All descriptions of documents contained in this document are only summaries and are qualified in their entirety by reference to each such document.

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 in this document, references to websites and the information or links contained in this document are not incorporated into, and are not part of, this document.

The City has issued, and there currently remain outstanding, one series of Prior Subordinate Lien Obligations and Commercial Paper Obligations secured by a joint and several pledge of the net revenues of the City’s Water and Wastewater System and the Electric Utility System. Pursuant to the Master Ordinance, no additional Prior Subordinate Lien Obligations may be issued. There are no Prior First Lien Obligations outstanding and no additional Prior First Lien Obligations may be issued. Commercial Paper Obligations having a combined pledge of Water and Wastewater System and Electric Utility System net revenues may continue to be issued on a subordinate lien basis to the Parity Water/Wastewater Obligations. As noted under “DEBT PAYABLE FROM COMBINED UTILITY SYSTEMS REVENUES” in this document, the City has \$32,980,000 of Prior Subordinate Lien Obligations outstanding, consisting solely of the Subordinate Lien Revenue Refunding Bonds, Series 1998, with a final maturity of May 15, 2025. No assurances can be given as to when or if such obligations will be defeased or paid prior to their stated maturity. See “DEBT PAYABLE FROM COMBINED UTILITY SYSTEMS REVENUES” in this document.

The Bonds, the Previously Issued Parity Water/Wastewater Obligations and any additional Parity Water/Wastewater Obligations issued in the future under the Master Ordinance are equally and ratably secured, together with the Prior Subordinate Lien Obligations, by the Net Revenues of the City’s Water and Wastewater System. See “SECURITY FOR THE BONDS – Pledges of Net Revenues” in this document.

At such time as the Prior Subordinate Lien Obligations have been fully paid or discharged in a manner that such obligations are no longer deemed to be outstanding under the terms of the ordinance authorizing their issuance and by law, all revenue obligations secured by a pledge of Net Revenues of the Water and Wastewater System either shall be Parity

Water/Wastewater Obligations or obligations subordinate to the Parity Water/Wastewater Obligations (such as the Commercial Paper Obligations) and shall be payable only from and secured only by a lien on a pledge of the Net Revenues of the Water and Wastewater System and the revenues deposited to the credit of the accounts and funds maintained in the ordinances providing for their issuance. The Master Ordinance governs the issuance of Parity Water/Wastewater Obligations and contains covenants and security provisions related thereto. The City must comply with the Prior Subordinate Lien Ordinance while the Prior Subordinate Lien Obligations remain outstanding. No assurances can be given as to when or if such obligations will be defeased or paid prior to their stated maturity so as to allow the Parity Water/Wastewater Obligations (including the Bonds) to be secured by and payable from an effective first lien on the Net Revenues of the Water and Wastewater System.

The City has also issued revenue obligations secured solely by the net revenues of the Electric Utility System pursuant to a master ordinance, the terms and provisions of which differ substantially from those of the Master Ordinance.

## **TEXAS 2023 DROUGHT**

The City was in an extraordinary drought during the summer of 2023. The City registered a total of 80 days with 100-degree heat, 40 days with temperatures of 105 degrees or higher, and received less than 1.5 inches of rain from June through August 2023. Drought Stage 2 water restrictions went into effect August 15, 2023. For many years, the City has emphasized water conservation in normal weather as well as during a drought. To meet the community's water needs for the next 100 years, the City is implementing demand management and water supply strategies from the City's integrated water resource plan called "Water Forward." The City is also in the process of replacing water meter infrastructure with digital meters capable of providing customers with near real-time water consumption data. This upgrade is expected to provide customers the ability to better manage water consumption and bills by setting up alerts and notifications about water use and possible leaks. By 2025, all water meters in the City's service area are anticipated be replaced. The City has a continued investment in a comprehensive program to reduce water loss in the pipeline distribution system. As of March 2024, the combined lake level of Lake Travis and Buchanan is 42% or 846,440 acre-feet.

## **PLAN OF FINANCING**

### **General**

The proceeds of the Bonds, together with any other lawfully available funds of the City, will be used for the purpose of (i) refunding outstanding tax-exempt commercial paper notes issued for the Water and Wastewater System (the "Refunded Notes"), (ii) refunding certain outstanding Parity Water/Wastewater Obligations (the "Refunded Bonds," as more specifically described in "SCHEDULE I – SUMMARY OF REFUNDED BONDS"), (iii) funding capital improvements of the Water and Wastewater System, and (iv) paying costs of issuance incurred in connection with the issuance of the Bonds. The refunding of the Refunded Notes and the Refunded Bonds is contingent upon the delivery of the Bonds.

### **Refunding of Outstanding Commercial Paper Notes**

The Bonds are being issued in part to refund \$200,000,000 in aggregate principal amount of the Refunded Notes. The issuance of the Bonds will restore a portion of the City's available capacity under its \$400,000,000 tax-exempt commercial paper note program that has been established for the Combined Utility Systems (as described further in "COMMERCIAL PAPER NOTE PROGRAMS" in this document). Any interest on the Refunded Notes is expected to be paid from available revenues of the Water and Wastewater System.

Proceeds from the sale of the Bonds, together with other available funds of the City, will be deposited with the issuing and paying agent for the Refunded Notes (the "CP Issuing and Paying Agent") in the amount necessary to accomplish the discharge, defeasance and final payment of the Refunded Notes in accordance with the terms of the ordinance authorizing the issuance thereof. The principal of and interest on all of the Refunded Notes will be paid on the date of delivery of the Bonds, which is the scheduled maturity date of the Refunded Notes, from amounts deposited with the CP Issuing and Paying Agent.

### **Refunded Bonds**

The Refunded Bonds, and interest due on the Refunded Bonds, are to be paid on their scheduled interest payment dates and the maturity or redemption dates of such Refunded Bonds from funds to be deposited pursuant to an Escrow Agreement (the

“Escrow Agreement”) between the City and U.S. Bank Trust Company, National Association, Dallas, Texas (the “Escrow Agent”). The Forty-Seventh Supplement provides that a portion of the proceeds of the sale of the Bonds, together with other lawfully available funds of the City, will be deposited with the Escrow Agent in an amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a special escrow account (the “Escrow Fund”) and used to purchase a portfolio of securities authorized by Section 1207.062, Texas Government Code, including direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States, and noncallable obligations of an agency or instrumentality of the United States rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent (the “Escrowed Securities”) to be held in the Escrow Fund. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds.

Robert Thomas, CPA, LLC (the “Verification Agent”), a nationally recognized accounting firm, will verify at the time of delivery of the Bonds the mathematical accuracy of the schedules that demonstrate that the Escrowed Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. Such maturing principal of and interest on the Escrowed Securities, and other uninvested funds in the Escrow Fund will not be available to pay the debt service on the Bonds. See “OTHER RELEVANT INFORMATION – Verification of Arithmetical and Mathematical Calculations” in this document.

By the deposit of the Escrowed Securities and cash with the Escrow Agent pursuant to the Escrow Agreement, the City will have entered into firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds, in accordance with applicable law. As a result of such firm banking and financial arrangements, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Escrowed Securities and cash held for such purpose by the Escrow Agent, and the Refunded Bonds will not be deemed outstanding for the purpose of any limitation on debt or the pledge of Net Revenues.

## SOURCES AND USES OF FUNDS

The sources and uses of funds for the Bonds, together with funds contributed by the City, are as follows.

### Sources of Funds:

Par Amount of the Bonds	\$454,190,000.00
Original Issue Premium	47,904,024.45
Contribution from Refunded Bonds’ Debt Service Account	1,602,797.81
Contribution from Refunded Bonds’ Debt Service Reserve Fund	<u>441,052.00</u>
<b>Total</b>	<b>\$504,137,874.26</b>

### Uses of Funds:

Refunding of Commercial Paper Notes	\$200,000,000.00
Deposit to Escrow Fund for Refunded Bonds	251,614,064.05
Deposit to Project Fund	50,000,000.00
Costs of Issuance <sup>(1)</sup>	988,951.63
Underwriters’ Discount	<u>1,534,858.58</u>
<b>Total</b>	<b>\$504,137,874.26</b>

- (1) Costs of Issuance includes the fees of bond counsel, disclosure counsel, financial advisor, rating agencies, the Paying Agent/Registrar, escrow and verification agents and certain other bond issuance costs.

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**DEBT PAYABLE FROM COMBINED UTILITY SYSTEMS REVENUES**  
**(As of May 16, 2024)**

<u>Combined Utility Systems Obligations (a)</u>	
Prior Subordinate Lien Obligations	\$15,045,000
<u>Parity Electric Utility Obligations (b)</u>	\$1,839,335,000
<u>Parity Water/Wastewater Obligations (c)</u>	\$2,246,355,000
<u>Commercial Paper and Direct Purchase Notes (d)</u>	\$198,020,000
<u>General Obligation Bonds (e)</u>	\$1,121,240
<u>Assumed Municipal Utility District Obligations (f)</u>	<u>\$1,786,158</u>
TOTAL	\$4,301,662,398

See "SECURITY FOR THE BONDS" in this document.

- (a) Prior First Lien Obligations issued by the City were fully paid and discharged on May 15, 2019. The Prior Subordinate Lien Obligations are described in "INTRODUCTION" above in this document and mature on May 15, 2025.
- (b) The Parity Electric Utility Obligations are payable from the net revenues of the Electric Utility System only.
- (c) Includes the Bonds and excludes the Refunded Bonds. See "PLAN OF FINANCING" in this document.
- (d) Excludes \$200,000,000 of outstanding Commercial Paper Notes being refunded by the Bonds. See "PLAN OF FINANCING," "COMMERCIAL PAPER NOTE PROGRAMS" and "SECURITY FOR THE BONDS" in this document.
- (e) General Obligation Bonds include certain Contractual Obligations and Public Improvement Bonds of the City that are secured by City ad valorem taxes but are currently being paid from surplus Net Revenues of the Electric Utility System and Water and Wastewater System. See "THE CITY – Recent Annexations."
- (f) Such bonds are secured by City ad valorem taxes but are currently being paid from surplus Net Revenues of the Water and Wastewater System. See "COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Services Financed by Utility Districts."

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## DEBT SERVICE REQUIREMENTS OF THE COMBINED UTILITY SYSTEMS

Separate Lien Water & Wastewater Obligations (a)								
Fiscal Year Ending 9/30	Prior Subordinate Lien Obligations (b)	Existing Separate	The Series 2024 Bonds (a)		Total Separate Lien Water & Wastewater Obligations (c)	Electric Utility System Parity Obligations (d)	GO Bonds & Assumed MUD Obligations (e)	Total Debt Service Payable from Revenues of the Combined Utility Systems
		Lien Water & Wastewater Obligations (c)	Principal	Interest				
2024	\$ 19,666,450	\$ 147,737,915	\$ -	\$ -	\$ 147,737,915	\$ 158,443,286	\$ 999,709	\$ 326,847,359
2025	15,834,863	130,372,610	-	20,627,796	151,000,406	157,240,711	808,165	324,884,145
2026	-	150,821,975	4,530,000	22,596,250	177,948,225	159,550,714	741,370	338,240,309
2027	-	163,652,421	15,000,000	22,108,000	200,760,421	173,642,241	138,385	374,541,047
2028	-	151,041,585	26,565,000	21,068,875	198,675,460	167,600,070	133,285	366,408,814
2029	-	176,610,092	11,500,000	20,117,250	208,227,342	167,165,717	139,878	375,532,936
2030	-	170,762,742	12,715,000	19,511,875	202,989,617	157,773,339	139,743	360,902,699
2031	-	136,595,326	14,305,000	18,836,375	169,736,701	157,597,947	137,753	327,472,401
2032	-	120,899,314	18,655,000	18,012,375	157,566,689	149,088,793	32,976	306,688,458
2033	-	120,927,417	19,615,000	17,055,625	157,598,042	109,764,458	3,131	267,365,631
2034	-	120,865,832	20,625,000	16,049,625	157,540,457	106,328,939	-	263,869,396
2035	-	120,699,968	21,645,000	14,992,875	157,337,843	106,175,902	-	263,513,745
2036	-	128,111,071	14,435,000	14,090,875	156,636,946	106,152,458	-	262,789,403
2037	-	126,019,429	15,265,000	13,348,375	154,632,804	105,915,825	-	260,548,629
2038	-	113,985,845	16,040,000	12,565,750	142,591,595	105,781,550	-	248,373,145
2039	-	103,908,007	16,865,000	11,743,125	132,516,132	104,545,607	-	237,061,738
2040	-	103,459,588	17,735,000	10,878,125	132,072,713	80,765,652	-	212,838,366
2041	-	91,004,859	18,640,000	9,968,750	119,613,609	80,625,042	-	200,238,651
2042	-	79,867,640	19,595,000	9,012,875	108,475,515	80,639,742	-	189,115,257
2043	-	69,173,366	20,605,000	8,007,875	97,786,241	78,017,456	-	175,803,697
2044	-	57,789,472	21,655,000	6,951,375	86,395,847	79,110,471	-	165,506,318
2045	-	45,595,965	10,135,000	6,156,625	61,887,590	78,731,483	-	140,619,072
2046	-	45,578,554	10,650,000	5,637,000	61,865,554	78,803,776	-	140,669,330
2047	-	34,068,614	11,195,000	5,090,875	50,354,489	49,687,225	-	100,041,714
2048	-	26,966,546	11,775,000	4,516,625	43,258,171	49,693,952	-	92,952,123
2049	-	26,965,176	12,375,000	3,912,875	43,253,051	49,699,403	-	92,952,453
2050	-	26,978,341	13,010,000	3,278,250	43,266,591	49,692,881	-	92,959,472
2051	-	26,440,564	13,675,000	2,611,125	42,726,689	31,357,617	-	74,084,306
2052	-	14,450,066	14,380,000	1,909,750	30,739,816	16,317,481	-	47,057,298
2053	-	7,387,393	15,115,000	1,172,375	23,674,768	16,315,731	-	39,990,499
2054	-	-	15,890,000	397,250	16,287,250	16,317,375	-	32,604,625
Total	\$ 35,501,313	\$ 2,838,737,694	\$ 454,190,000	\$ 342,226,796	\$ 3,635,154,490	\$ 3,028,542,840	\$ 3,274,395	\$ 6,702,473,037

- (a) Existing debt service shown in the table excludes debt service on Commercial Paper Obligations and the Refunded Bonds. See "PLAN OF FINANCING" in this document.
- (b) Prior Subordinate Lien Obligations are payable from Net Revenues of the Combined Utility Systems. Approximately 25.8% of debt service for the Prior Subordinate Lien Obligations is paid from revenues of Austin Water and 74.2% is paid from revenues of Austin Energy.
- (c) Separate Lien Water and Wastewater Obligations are secured by and payable solely from Net Revenues of the Water and Wastewater System.
- (d) Parity Electric Utility Obligations are secured by and payable from Net Revenues of the Electric Utility System.
- (e) Assumed municipal utility district ("MUD") obligations and General Obligation bonds are secured by City ad valorem taxes but are currently being paid from surplus Net Revenues of the Water and Wastewater System.

## SECURITY FOR THE BONDS

### Pledges of Net Revenues

*Prior Subordinate Lien Obligations* . . . The Net Revenues of the Combined Utility Systems have been pledged, jointly and severally, on a first lien basis to the payment and security of the Prior Subordinate Lien Obligations. In the ordinances authorizing the issuance of the Prior Subordinate Lien Obligations, the City retained the right to issue “Separate Lien Obligations,” which are defined as obligations payable solely from the Net Revenues of either the Electric Utility System or the Water and Wastewater System, but not both, and such payments for their retirement by the terms of the ordinance authorizing their issuance are secured solely by a lien on and pledge of the Net Revenues of the Electric Utility System or the Net Revenues of the Water and Wastewater System, but not both. The pledge of the Net Revenues of the Electric Utility System and the pledge of the Net Revenues of the Water and Wastewater System to the related Separate Lien Obligations are of equal dignity with the lien on and pledge of these Net Revenues of the Combined Utility Systems securing the payment of the Prior Subordinate Lien Obligations.

As described in “INTRODUCTION” above in this document, as of the date of this document, there is \$32,980,000 in aggregate principal amount of one series of Prior Subordinate Lien Obligations outstanding, with the final maturity of the outstanding Prior Subordinate Lien Obligations occurring on May 15, 2025. No additional Prior Subordinate Lien Obligations can be issued by the City. See “SECURITY FOR THE BONDS – Issuance of Additional Prior Subordinate Lien Bonds Precluded” below. There are no Prior First Lien Obligations outstanding and no additional Prior First Lien Obligations can be issued by the City.

*Parity Water/Wastewater Obligations* . . . The Bonds are to be issued as Parity Water/Wastewater Obligations for the benefit of the City’s Water and Wastewater System. The Master Ordinance and the Forty-Seventh Supplement pledge the Net Revenues of the Water and Wastewater System to the payment of the “Parity Water/Wastewater Obligations” (which consist of the Previously Issued Parity Water/Wastewater Obligations, the Bonds, and additional parity obligations issued and to be issued under the Master Ordinance). The Parity Water/Wastewater Obligations, together with the Prior Subordinate Lien Obligations, are equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water and Wastewater System.

Additionally, the Bonds and Previously Issued Parity Water/Wastewater Obligations are, and future Parity Water/Wastewater Obligations may be, equally and ratably secured by a parity lien on the funds, if any, deposited to the credit of the Debt Service Fund and, if applicable, any special fund or funds created and maintained for the payment and security of the Parity Water/Wastewater Obligations pursuant to any Supplemental Ordinance (excluding any funds on deposit in the BAB Subsidy Subaccount, which was established for the exclusive benefit of the owners of the City’s Water and Wastewater System Revenue Refunding Bonds, Taxable Series 2010B (Direct Subsidy – Build America Bonds) (the “Taxable Series 2010B Bonds”) issued as Parity Water/Wastewater Obligations), and funds on deposit in any construction fund maintained and established with the proceeds of the sale of Parity Water/Wastewater Obligations pending expenditure in accordance with the terms of the Master Ordinance and any Supplemental Ordinance.

Pursuant to the terms of the Master Ordinance, any additional obligations payable from and secured by a lien on the Net Revenues of the Water and Wastewater System must satisfy the covenants with respect thereto in the Master Ordinance.

*Federal Subsidy on Build America Bonds* . . . Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act, 2 U.S.C. 901a, as amended, certain automatic reductions took place as of March 1, 2013. The required reductions included a reduction to refundable credits under section 6341 of the Internal Revenue Code applicable to certain qualified bonds, including Build America Bonds. The sequester reduction applied to any section 6431 amounts claimed by an issuer on any Form 8038-CP filed with the U.S. Treasury that results in a payment to such issuer on or after March 1, 2013. Since October 1, 2013, direct pay bond subsidy payments processed from and after October 1, 2013 have been reduced by a sequestration rate that is determined at the beginning of each federal fiscal year, which is the 12-month period from October 1 to September 30. **The sequestration rate for federal fiscal year 2024 is 5.7%. Under the current federal budget process the sequestration rate will remain 5.7% through federal fiscal year 2031** unless Congress takes additional action to change or eliminate the sequestration percentage. The Taxable Series 2010B Bonds are the only obligations of the City secured by the Net Revenues of the Water and Wastewater System that are payable in part from the federal subsidy payments to be received pursuant to the “Build America Bond” program. The City is not aware of any funding impacts from sequestration on the City’s Water and Wastewater System other than the change in the federal subsidy payment received by the City for the interest due on the Taxable Series 2010B Bonds. The City makes no representation as to whether the federal subsidy payments will be restored to the levels prior to the reduction of the subsidy described in this

section, or whether future reductions in the subsidy may occur at any time while the Taxable Series 2010B Bonds are outstanding.

#### **Rate Covenant Required By Prior Subordinate Lien Ordinance**

The City has agreed to establish rates and charges for the facilities and services of the Electric Utility System and the Water and Wastewater System to provide Gross Revenues in each Fiscal Year sufficient (i) to pay the Maintenance and Operating Expenses, (ii) to fund the reserves required for Prior Subordinate Lien Obligations and other obligations or evidences of indebtedness payable solely from and secured solely by a lien on and pledge of the combined Net Revenues of the Electric Utility System and the Water and Wastewater System, and (iii) to produce Net Revenues (after satisfaction of the amount required in (ii) above) equal to at least 1.10 times the total annual principal and interest requirements (or other similar payments) for the then outstanding Prior Subordinate Lien Obligations and all other indebtedness payable solely from and secured solely by a lien on and pledge of the Net Revenues of either the Electric Utility System or the Water and Wastewater System, or both.

#### **Rate Covenant Required by Master Ordinance**

In the Master Ordinance, the City has agreed to fix, establish, maintain and collect such rates, charges and fees for water and wastewater services furnished by the Water and Wastewater System and to the extent legally permissible, revise such rates, charges and fees to produce Gross Revenues in each Fiscal Year sufficient: (i) to pay all current Operating Expenses, (ii) to produce Net Revenues, after deducting amounts expended during the current Fiscal Year from the Water and Wastewater System's Net Revenues for the payment of debt service requirements of the Prior Subordinate Lien Obligations, equal to the greater of either (x) an amount to pay the actual annual debt service due and payable in such Fiscal Year of the then Outstanding Parity Water/Wastewater Obligations or (y) an amount, when added to Other Available Water and Wastewater System Revenues, that would pay 125% of Annual Debt Service Requirements due and payable in such Fiscal Year of the then Outstanding Parity Water/Wastewater Obligations, and (iii) to pay after deducting the amounts determined in (i) and (ii) above, all other financial obligations of the Water and Wastewater System reasonably anticipated to be paid from Gross Revenues.

If the Net Revenues in any Fiscal Year are less than the aggregate amount specified above, the City shall promptly upon receipt of the annual audit for such Fiscal Year cause such rates and charges to be revised and adjusted to comply with this covenant or obtain a written report from a Utility System Consultant after a review and study of the operations of the Water and Wastewater System has been made concluding that, in their opinion, the rates and charges then in effect for the current Fiscal Year are sufficient or adjustments and revisions need to be made to such rates and charges to comply with such rate covenant and such adjustments and revisions to water and wastewater rates and charges are promptly implemented and enacted in accordance with such Utility System Consultant's report. Notwithstanding anything in the Master Ordinance to the contrary, the City shall be deemed to be in compliance with such rate covenant in the Master Ordinance if either of the actions mentioned in the preceding sentence are undertaken and completed prior to the end of the Fiscal Year next following the Fiscal Year the deficiency in Net Revenues occurred.

#### **Bonds Not Secured by any Debt Service Reserve Fund**

The Master Ordinance creates and establishes the "Water/Wastewater System Revenue Obligation Reserve Fund" (the "Reserve Fund"). The City may fund the Reserve Fund with respect to a series of Parity Water/Wastewater Obligations in accordance with the terms of the Master Ordinance and the provisions of any Supplemental Ordinance. The City, in accordance with the provisions of any Supplemental Ordinance, may choose **not** to fund the Reserve Fund in connection with the issuance of Parity Water/Wastewater Obligations issued under the terms of such Supplemental Ordinance.

**Pursuant to the terms of the Forty-Seventh Supplement, the City has determined not to fund the Reserve Fund in connection with the issuance of the Bonds, and therefore, the holders of the Bonds do not have any right to any moneys or any other Reserve Fund Obligations held in the Reserve Fund.**

The City has determined to fund the Reserve Fund in connection with the prior issuance of certain Parity Water/Wastewater Obligations. After giving effect to the refunding of the Refunded Bonds, the Reserve Fund will secure the Parity Water/Wastewater Obligations with the following series designations: Series 2010 and Series 2010B (Direct Subsidy – Build America Bonds).

Additionally, since 2016, certain Parity Water/Wastewater Obligations have been issued as direct placement bonds purchased by the Texas Water Development Board (the "TWDB") and have been secured by separate and distinct reserve

funds, pursuant to the lending requirements of the TWDB. Such reserve funds have been funded in amounts equal to average annual debt service on each series of bonds purchased by the TWDB and are not available for payment of, and do not in any manner secure the Bonds or obligations secured by the Reserve Fund established under the Master Ordinance. See “DEBT PAYABLE FROM COMBINED UTILITY SYSTEMS REVENUES” and “COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Future Capital Improvements for Water and Wastewater System” in this document.

The Reserve Fund shall be maintained for the benefit of the owners of only the Parity Water/Wastewater Obligations secured by the Reserve Fund. There shall be deposited into the Reserve Fund any Reserve Fund Obligations so designated by the City. Reserve Fund Obligations in the Reserve Fund shall be used for the purpose of retiring the last of the related Parity Water/Wastewater Obligations secured by the Reserve Fund as they become due or paying principal of and interest on the applicable Parity Water/Wastewater Obligations when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose.

The amount to be accumulated and maintained in the Reserve Fund is required to be an amount equal to 50% of the average Annual Debt Service Requirements of the Parity Water/Wastewater Obligations secured by the Reserve Fund (the “Required Reserve Amount”). After giving effect to the refunding of the Series 2012 Bonds (which constitute a portion of the Refunded Bonds), approximately \$441,052 from the Reserve Fund will be transferred by the City to defease and refund the Series 2012 Bonds. The Required Reserve Amount after giving effect to the refunding of the Series 2012 Bonds is approximately \$3,842,698 and will be funded entirely with cash.

The City may, at its option, withdraw and transfer to the debt Service fund all surplus in the Reserve Fund over the Required Reserve Amount. The City may replace or substitute a Credit Facility for cash or Eligible Investments on deposit in the Reserve Fund or in substitution for or replacement of any existing Credit Facility. Upon such replacement or substitution, the cash or Eligible Investments on deposit in the Reserve Fund, taken together with the face amount of any existing Credit Facilities, in excess of the Required Reserve Amount may be withdrawn by the City, at its option, and transferred to the System Fund unless such excess was funded with the proceeds of sale of Parity Water/Wastewater Obligations in which case such excess shall be deposited to the credit of the Debt Service Fund; provided that the face amount of any Credit Facility may be reduced at the option of the City in lieu of such transfer.

If the City is required to make a withdrawal from the Reserve Fund, the City shall promptly notify the issuer of a Credit Facility of the necessity for a withdrawal from the Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys and cash resulting from the sale or liquidation of Eligible Investments then on deposit in the Reserve Fund, and NEXT from a drawing under any Credit Facility to the extent of such deficiency. In the event of a draw on a Credit Facility, the City shall reimburse the issuer of such Credit Facility for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Net Revenues; however, such reimbursement from Net Revenues shall be subject to the following paragraph and, dependent on the terms of the Credit Facility, may be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the Parity Water/Wastewater Obligations.

In the event of a deficiency in the Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the Reserve Fund sufficient Reserve Fund Obligations, all in an aggregate amount at least equal to the Required Reserve Amount, then the City shall, subject to satisfying or making provision for the uses having a priority on the Gross Revenues before any deposits for the payment and security of the Parity Water/Wastewater Obligations and after making required deposits to the Debt Service Fund in accordance with the terms of the Master Ordinance and any Supplemental Ordinance, cause the aggregate Required Reserve Amount then required to be on deposit in the Reserve Fund to be fully restored within 12 months from the date such deficiency, termination or expiration occurred by (i) making substantially equal cash deposits to the Reserve Fund on or before the last day of each month from the available Net Revenues, (ii) depositing Eligible Investments or a Credit Facility to the credit of the Reserve Fund or (iii) a combination of (i) and (ii).

As Parity Water/Wastewater Obligations secured by the Reserve Fund are paid, redeemed or defeased and cease to be Outstanding under the terms of the Master Ordinance or a Supplemental Ordinance, the Required Reserve Amount may be recalculated and redetermined, and any Reserve Fund Obligations on deposit in the Reserve Fund in excess of the Required Reserve Amount may be withdrawn and transferred, at the option of the City, to (i) the System Fund, if an amount equal to such excess was funded with Net Revenues, or (ii) the Debt Service Fund.



### **Reserve Fund for Prior Subordinate Lien Bonds**

A separate reserve fund, which does not secure the Bonds, was established for the benefit of the Prior Subordinate Lien Obligations. In 2002, the City obtained the consent of the Holders of at least 51% of the principal amount and Maturity Amount of the outstanding Prior Subordinate Lien Obligations to amend the provisions of the Bond Ordinance relating to the Reserve Fund to allow for the funding of all or a part of the amount required to be maintained in the Reserve Fund (the “Required Reserve”) with Financial Commitments (defined below) and change the Required Reserve to an amount equal to the average annual requirement (calculated on a calendar year basis) for the payment of principal of and interest (or other similar payments) on all outstanding Prior Subordinate Lien Obligations, as determined on (i) the date of the initial deposit of a Financial Commitment to the Reserve Fund or (ii) the date one or more rating agencies announces the rating of the insurance company or association providing the Financial Commitment for the Reserve Fund falls below the minimum requirement, whichever date is the last to occur. The term “Financial Commitments” means an irrevocable and unconditional policy of bond insurance or surety bond in full force and effect issued by an insurance company or association duly authorized to do business in the State of New York and the State of Texas and with financial strength rated in the highest rating category by Moody’s Investors Service, Inc. (“Moody’s”), S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”) and Fitch Ratings, Inc. (“Fitch”) and, if rated, by A.M. Best on the date the Financial Commitment is deposited to the credit of the Reserve Fund.

As of April 30, 2024, the amount on deposit to the credit of the common Reserve Fund securing the Prior Subordinate Lien Obligations under the Master Ordinance is approximately \$23,832,339 and is funded with cash. The City may at any time substitute one or more Financial Commitments for the cash and securities deposited to the credit of the Reserve Fund, and following such substitution, the cash and securities released from the Reserve Fund shall be deposited to the credit of one or more special accounts maintained on the books and records of the City and expended only to pay, discharge and defease Prior Subordinate Lien Obligations in a manner that reduces the principal amount and “Maturity Amount” (in the case of Prior Subordinate Lien Obligations issued as capital appreciation bonds, the principal and interest on which is payable upon maturity) of outstanding Prior Subordinate Lien Obligations.

### **Issuance of Additional Prior Subordinate Lien Bonds Precluded**

The Master Ordinance provides that no additional revenue obligations will be issued with a lien on the Net Revenues of both the Electric Utility System and the Water and Wastewater System on a parity with the Prior Subordinate Lien Obligations.

### **Issuance of Parity Water/Wastewater Obligations**

Under the Master Ordinance, the City reserves the right and power to issue or incur Parity Water/Wastewater Obligations for any purpose authorized by law. The City may issue, incur, or otherwise become liable in respect of any Parity Water/Wastewater Obligations if: (i) a Designated Financial Officer shall execute a certificate stating that, to his or her knowledge, the City is in compliance with all covenants contained in the Master Ordinance and any Supplemental Ordinance, is not in default in the performance and observance of any of the terms, provisions and conditions contained in the Master Ordinance and any Supplemental Ordinance, and the Funds and Accounts securing the Parity Water/Wastewater Obligations then Outstanding as established in accordance with the terms of the Master Ordinance and any Supplemental Ordinance contain the amount then required to be deposited in this document or the proceeds of the sale of the Parity Water/Wastewater Obligations then to be issued are to be used to cure any deficiency in the amounts on deposit to the credit of such Funds and Accounts; and (ii) an Accountant shall certify or render an opinion to the effect that, for the last completed Fiscal Year preceding the date of the then proposed Parity Water/Wastewater Obligations, or for any twelve consecutive calendar month period ending not more than ninety days prior to the date of the then proposed Parity Water/Wastewater Obligations, the Net Revenues of the Water and Wastewater System, after deducting amounts expended from the Water and Wastewater System’s Net Revenues during the last completed Fiscal Year for the payment of debt service requirements of the Prior Subordinate Lien Obligations, together with Other Available Water and Wastewater Revenues (see “SECURITY FOR THE BONDS – Surplus Revenue Account” in this document), are equal to 1.25 times the average Annual Debt Service Requirements of the Parity Water/Wastewater Obligations to be Outstanding, after giving effect to the issuance of the then proposed Parity Water/Wastewater Obligations. The Bonds are being issued in satisfaction of the requirements described in this paragraph.

For purposes of the Accountant’s certification or opinion noted in clause (ii) above, if Parity Water/Wastewater Obligations are issued to refund less than all of the Parity Water/Wastewater Obligations then Outstanding, the aforesaid certificate, report or opinion of the Accountant shall give effect to the issuance of the proposed refunding of Parity Water/Wastewater Obligations (and shall not give effect to the Parity Water/Wastewater Obligations being refunded).

In making a determination of Net Revenues, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the Water and Wastewater System that became effective at least 30 days prior to the last day of the period for which Net Revenues are determined and, for purposes of satisfying the Net Revenues coverage test described above, make a pro forma determination of the Net Revenues of the Water and Wastewater System for the period of time covered by the Accountant's certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion.

### **Short-Term Parity Water/Wastewater Obligations**

Pursuant to the Master Ordinance, the City may issue or incur Parity Water/Wastewater Obligations issued in the form of commercial paper and for purposes of satisfying the Net Revenues coverage test for additional Parity Water/Wastewater Obligations, the term "Outstanding Funded Debt" (as defined in APPENDIX C) shall include Subordinated Debt (as defined in APPENDIX C) that matures by its terms, or that is renewable at the option of the City, to a date more than one year after the date of its issuance by the City. The terms and conditions pertaining to the issuance of Parity Water/Wastewater Obligations in the form of commercial paper, including, without limitation, the security, liquidity and reserves necessary to support such commercial paper obligations, are to be contained in a Supplemental Ordinance relating to their issuance.

### **Special Facilities Debt and Subordinated Debt**

Special Facilities Debt and Subordinated Debt may be incurred by the City without limitation.

### **Credit Agreements**

Under the Master Ordinance, payments made under a Credit Agreement may be treated as Parity Water/Wastewater Obligations payable solely from and equally and ratably secured by a lien on the Net Revenues of the Water and Wastewater System of equal rank and dignity with the lien and pledge securing the payment of Parity Water/Wastewater Obligations if the governing body of the City makes a finding in the Supplemental Ordinance authorizing and approving the Credit Agreement that Gross Revenues will be sufficient to meet the obligations of the Water and Wastewater System, including sufficient Net Revenues to satisfy the Annual Debt Service Requirements of Parity Water/Wastewater Obligations then outstanding and the financial obligations of the City under the Credit Agreement, and such finding is supported by a certificate executed by a Designated Financial Officer of the City. As of the date of this Official Statement, there are no outstanding Credit Agreements.

### **System Fund**

Under the Master Ordinance and in accordance with the provisions of the ordinances authorizing the issuance of the Prior Subordinate Lien Obligations and the Commercial Paper Obligations, the City has created and there shall be maintained on the books of the City while the Parity Water/Wastewater Obligations are Outstanding a separate fund or account known and designated as the "Water and Wastewater System Fund" (the "Water and Wastewater System Fund" or the "System Fund"). All funds deposited to the credit of the System Fund and disbursements from the System Fund shall be recorded in the books and records of the City and moneys deposited to the credit of the System Fund shall be in an account or fund maintained at an official depository of the City. The Gross Revenues of the Water and Wastewater System shall be deposited, as collected, to the credit of the System Fund and such Gross Revenues deposited to the credit of the System Fund shall be allocated, budgeted and appropriated to the extent required for the following uses and in the order of priority shown:

FIRST: To the payment of Operating Expenses, as defined in this document or in the Master Ordinance or required by statute to be a first charge on and claim against the Gross Revenues thereof.

SECOND: To the payment of the amounts required to be deposited to the credit of the reserve fund established for the Prior Subordinate Lien Obligations.

THIRD: Equally and ratably to the payment of the amounts required to be deposited to the credit of (i) the special fund created and established for the payment of principal of and interest on the Prior Subordinate Lien Obligations as the same becomes due and payable, (ii) the funds maintained for the payment of Previously Issued Separate Lien Obligations currently Outstanding, and (iii) the special Funds and Accounts for the payment of the Parity Water/Wastewater Obligations.

FOURTH: To pay Subordinated Debt, including amounts for the payment of the Commercial Paper Obligations, and the amounts, if any, due and payable under any credit agreement executed in connection therewith.

FIFTH: To the payment of the amount, if any, approved and authorized by action of the governing body of the City, to be deposited to the credit of the Water and Wastewater System Surplus Revenue Account.

Any Net Revenues remaining in the Water and Wastewater System Fund after satisfying the foregoing payments or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

The City has established the "Revenue Stability Reserve Fund" as an account within the System Fund, and, therefore, the Revenue Stability Reserve Fund is separate and distinct from the Reserve Fund established by the Master Ordinance and described in "SECURITY FOR THE BONDS – Bonds Not Secured by any Debt Service Reserve Fund" in this document. The Revenue Stability Reserve Fund is funded by the "Water Revenue Stability Reserve Fund Surcharge" described in "COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Water Service Rates" in this document. Moneys in the Revenue Stability Reserve Fund are Gross Revenues under the Master Ordinance. The City Council of the City has established certain policy restrictions with respect to the use of moneys in the Revenue Stability Reserve Fund, which are described in "COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Water and Wastewater Rates." Notwithstanding these policy restrictions, the provisions of the Master Ordinance regarding the use of moneys on deposit in the System Fund (including the Revenue Stability Reserve Fund) that are described above in this "SECURITY FOR THE BONDS – System Fund" caption, govern and control. For additional information regarding the Revenue Stability Reserve Fund, see "COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Water and Wastewater Rates" in this document.

#### **Surplus Revenue Account**

At the end of each Fiscal Year and after satisfying all payments and transfers having a priority on the revenues deposited to the credit of the System Fund, an amount approved and authorized by action of the governing body of the City may be transferred from the System Fund and deposited to the credit of a "Water and Wastewater System Surplus Revenue Account" to be established and maintained on the books and records of the City. The amounts deposited to the credit of the Water and Wastewater System Surplus Revenue Account may be used to make capital improvements to the Water and Wastewater System, to pay Operating Expenses or for any other lawful purpose. Prior to the beginning of each Fiscal Year, an amount deposited to the credit of the Water and Wastewater System Surplus Revenue Account may by action of the governing body of the City in the approval of the annual budget, or by a separate action, be designated as "Other Available Water and Wastewater Funds." The amount so designated as "Other Available Water and Wastewater Funds" shall be transferred on the books of the City to the credit of the System Fund as of the beginning of such Fiscal Year.

#### **COMMERCIAL PAPER NOTE PROGRAMS**

The City has established, and currently has in effect, two short-term interim financing commercial paper program structures, a \$400,000,000 tax-exempt commercial paper program (the "Tax-Exempt Commercial Paper Note Program") and a \$100,000,000 taxable commercial paper program (the "Taxable Commercial Paper Note Program," and together with the Tax-Exempt Commercial Paper Note Program, the "Commercial Paper Note Programs"). The purpose of the Commercial Paper Note Programs is to provide funds for the interim financing of a portion of the costs of capital improvements of the Combined Utility Systems. Notes issued under the Commercial Paper Note Programs (referred to as "Commercial Paper Obligations" in this document) are payable from the Net Revenues of the Combined Utility Systems after providing for the payment of the Prior Subordinate Lien Obligations, the Parity Electric Utility Obligations and the Water and Wastewater System Separate Lien Obligations.

The City's current financial policy provides that the proceeds of Commercial Paper Obligations issued for the Water and Wastewater System can only be utilized to finance (i) new water and wastewater plans, (ii) capital expansions, (iii) growth-related projects, (iv) routine capital improvements required for normal business operation, and/or (v) improvements to comply with local, state and federal mandates or regulations. The City's current financial policy provides that the proceeds of Commercial Paper Obligations issued for the Electric Utility System can only be utilized (i) to finance capital improvements required for normal business operation for Electric Utility System additions, extensions, and improvements or improvements to comply with local, state and federal mandates or regulations without prior voter authorization; however, this shall not apply to new nuclear or conventional coal generation, or (ii) for voter-authorized projects (although such voter authorization is not required by State law). See "SECURITY FOR THE BONDS" in this document.

Liquidity support for the \$400,000,000 Tax-Exempt Commercial Paper Note Program is provided by a revolving credit agreement issued by JPMorgan Chase Bank, National Association (“JPMorgan”). The revolving credit agreement with JPMorgan, which was amended and restated on October 1, 2020, was set to expire in accordance with its terms on September 30, 2022. On July 28, 2022, the City and JPMorgan agreed to extend the revolving credit agreement through September 30, 2024. The revolving credit agreement with JPMorgan also allows for the direct placement of tax-exempt commercial paper notes with JPMorgan.

On May 2, 2024, the City Council took action to amend and restate the current \$400,000,000 Tax-Exempt Commercial Paper Note Program to increase the amount of tax-exempt commercial paper notes outstanding from time to time to \$600,000,000 from the previous authorization of \$400,000,000. In connection with such increase the revolving credit agreement with JPMorgan will also be amended and restated to increase liquidity support from \$400 million to \$600 million. The amended and restated \$600,000,000 Tax-Exempt Commercial Paper Note Program and the amended and restated revolving credit agreement with JPMorgan will be effective on or about June 18, 2024.

Liquidity support for the \$100,000,000 Taxable Commercial Paper Note Program is provided by a revolving credit agreement issued by Barclays Bank PLC (“Barclays”) that will terminate and transition to JPMorgan on or about June 18, 2024. The revolving credit agreement with Barclays, which became effective on October 1, 2020, was set to expire in accordance with its terms on September 30, 2022. The City and Barclays agreed to extend the revolving credit agreement through September 30, 2024. The revolving credit agreement with Barclays amended and restated the Taxable Commercial Paper Note Program to increase the amount of taxable commercial paper notes outstanding from time to time to \$100,000,000 from the previous authorization of \$75,000,000. On May 2, 2024, the City Council took action to amend and restate the current \$100,000,000 Taxable Commercial Paper Note Program, to replace Barclays and enter into a new revolving credit agreement with JPMorgan and add a direct purchase note option to the program, also with JPMorgan. The amended and restated \$100,000,000 Taxable Commercial Paper Note Program and new revolving credit agreement and direct purchase program with JPMorgan will be effective on or about June 18, 2024.

See “PLAN OF FINANCING – Refunding of Outstanding Commercial Paper Notes” in this document.

## **DESCRIPTION OF THE BONDS**

### **General**

The Bonds will be dated June 18, 2024. Interest on the Bonds will accrue from the date of their initial delivery to the Underwriters (the “Date of Initial Delivery”). Interest on the Bonds will be payable on November 15, 2024 and each May 15 and November 15 until maturity or prior redemption. The Bonds will mature on the dates and in the principal amounts and bear interest at per annum rates set forth on page ii of this document. Interest to be paid on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of the Bonds is payable at maturity, subject only to prior redemption of the Bonds as described in this document.

### **Optional Redemption of the Bonds**

The City reserves the right, at its option, to redeem Bonds maturing on or after November 15, 2035, in whole or in part, in the principal amounts of \$5,000 or any integral multiple thereof on November 15, 2034, or any date thereafter, at the par value plus accrued interest to the date fixed for redemption.

Upon any optional redemption of the Bonds, if less than all of the Bonds are to be redeemed, the City shall determine the respective maturities and amounts to be redeemed and, if less than all of a maturity are to be redeemed, the Bonds, or portion of the Bonds, within such maturity will be selected at random, by lot or other customary method selected by the Paying Agent/Registrar.

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## **Mandatory Sinking Fund Redemption of the Bonds**

The Bonds having stated maturities of November 15, 2049 and November 15, 2053, respectively (the “Term Bonds”), shall be subject to mandatory sinking fund redemption in part prior to maturity at the par value plus accrued interest to the date of redemption on November 15 in each of the years and in the principal amounts as follows:

5.000% Term Bond due November 15, 2049*		5.000% Term Bond due November 15, 2053*	
<u>Year (11/15)</u>	<u>Principal Amount</u>	<u>Year (11/15)</u>	<u>Principal Amount</u>
2045	\$10,650,000	2050	\$13,675,000
2046	11,195,000	2051	14,380,000
2047	11,775,000	2052	15,115,000
2048	12,375,000	2053	15,890,000
2049	13,010,000		

\*Stated maturity.

Approximately 45 days prior to each mandatory sinking fund redemption date for the Term Bonds, the Paying Agent/Registrar shall select by lot the numbers of the Term Bonds within the applicable stated maturity to be redeemed on the next following November 15 from moneys set aside for that purpose in the Debt Service Fund. Any Term Bonds not selected for prior redemption shall be paid on the date of their stated maturity.

The principal amount of the Term Bonds of a stated maturity required to be redeemed pursuant to the operation of such mandatory sinking fund redemption provisions may be reduced, at the option of the City, by the principal amount of Term Bonds of like maturity which, at least 50 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been redeemed pursuant to the optional redemption provisions and not previously credited against a mandatory sinking fund redemption requirement.

## **Notice of Redemption**

Not less than 30 days before a redemption date for the Bonds, a notice of redemption shall be sent by United States mail, first-class postage prepaid, in the name of the City and at the City's expense, to the registered owner of a Bond to be redeemed in whole or in part at the address of the bondholder appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the registered owner.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar before the notice of redemption is mailed, such notice may state that redemption may, at the option of the City, be conditional upon the receipt of such moneys by the Paying Agent/Registrar on or before the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

## **Defeasance**

The City may defease and discharge its obligation to the holders of any or all of the Bonds to pay the principal of, redemption premium, and interest thereon by depositing with the Paying Agent/Registrar, or other authorized escrow agent, in trust: (a) cash in an amount equal to the principal amount of, redemption premium, and interest to become due on the Bonds to the date of maturity or prior redemption, or (b) Government Obligations, consisting of (i) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (ii) non-callable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and are rated as to investment quality by a nationally recognized investment rating firm no less than “AAA” or its equivalent; or (iii) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of acquisition by the City are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its

equivalent. Government Obligations deposited in trust to defease the Bonds are required to be affirmed by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to pay the principal of, redemption premium, and interest on the defeased Bonds.

In connection with the sale of the Bonds, the City has warranted that it will not defease the Bonds with obligations described in clause (iii) of the term Government Obligations.

### **Paying Agent/Registrar**

The initial Paying Agent/Registrar for the Bonds is U.S. Bank Trust Company, National Association, Dallas, Texas. The City retains the right to replace the Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City will promptly cause written notice thereof to be given to each registered owner of the Bonds then outstanding, which notice will also give the address of the new Paying Agent/Registrar. Any Paying Agent/Registrar selected by the City shall be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve in the capacity and perform the duties of Paying Agent/Registrar for the Bonds.

Interest on the Bonds will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below), and such interest shall be paid (i) by check sent by United States mail, first-class postage prepaid, to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at their stated maturity or redemption prior to maturity upon their presentation to the designated payment/transfer office of the Paying Agent/Registrar. If a date for making a payment on the Bonds, the taking of any action or the mailing of any notice by the Paying Agent/Registrar shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment, taking action or mailing of a notice will be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and a payment, action or mailing on such date shall have the same force and effect as if made on the original date the payment was due, or the action was required to be taken or the mailing was required to be made.

### **Record Date for Interest Payment**

The record date ("Record Date") for the interest payable on any interest payment date with respect to the Bonds means the close of business on the last business day of the month preceding such interest payment date. In the event of a non-payment of interest on one or more maturities of the Bonds on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment for such maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if any, when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner of such maturity or maturities of the Bonds appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

### **Transfer, Exchange and Registration**

In the event the Book-Entry-Only System should be discontinued (see "BOOK-ENTRY-ONLY SYSTEM" in this document), the Bonds 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 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. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated payment/transfer office of the Paying Agent/Registrar, or sent by United States mail, first-class postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

## Bondholders' Remedies

If the City defaults in the payment of principal, interest or redemption price on the Bonds when due, or the City defaults in the observation or performance of any other covenants, conditions, or obligations set forth in either the Master Ordinance or the Forty-Seventh Supplement, or the City declares bankruptcy, the registered owners may seek a writ of mandamus to compel the City or City officials to carry out the legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds, the Master Ordinance or the Forty-Seventh Supplement and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the courts, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Neither the Master Ordinance nor the Forty-Seventh Supplement provide for the appointment of a trustee to represent the interest of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Forty-Seventh Supplement, 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. The City may exercise authority to issue obligations and enter into credit agreements pursuant to Chapter 1371, Texas Government Code ("Chapter 1371"), secured by the revenues of the Water and Wastewater System. In the proceedings authorizing the issuance of obligations or the execution and delivery of credit agreements, the City may agree to waive sovereign immunity from suit or liability for the purposes of adjudicating a claim to enforce the credit agreement or obligation or for damages for breach of the credit agreement or obligation. The City has not waived the defense of sovereign immunity with respect to the Bonds under Chapter 1371. 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, holders of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or covenants contained in the Master Ordinance or the Forty-Seventh Supplement. 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"), ruled 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 and common law 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.

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 revenue, such provision is subject to judicial construction. 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 holders of the Bonds 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 creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

For a more detailed explanation of the various covenants and agreements with the Holders of the Bonds, including provisions for amendments to the Master Ordinance and any supplemental ordinances thereto (including the Forty-Seventh Supplement), and defeasance of the Bonds, see APPENDIX C attached to this document.

## **BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, each 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 collectively as “Participants.” DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.



Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Securities 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 the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, 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 and principal and interest 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 Securities 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, Security certificates are required to be printed and delivered. Subject to DTC's policies and guidelines, 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, Security certificates will be printed and delivered.

**The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City, PFM Financial Advisors LLC, and the Underwriters each believes to be reliable, but the City, PFM Financial Advisors LLC, and the Underwriters take no responsibility for the accuracy thereof.**

## THE SYSTEMS

### General

The City owns and operates an electric utility system (also referred to in this document as the "Electric Utility System," the "Electric Light and Power System" or "Austin Energy") and a water and wastewater system (also referred to in this document as the "Water and Wastewater System," "Water and Wastewater Utility" or "Austin Water") which provide the City, as well as adjoining areas of Travis County and certain adjacent areas of Williamson County, with electric, water and wastewater services. The City jointly participates with other electric utilities in the ownership of coal-fired electric generation facilities and a nuclear powered electric generation facility. Additionally, City individually-owned gas/oil-fired electric facilities and a biomass generation facility are available to meet Electric Utility System demand. The City owns all the facilities of the Water and Wastewater System. For the fiscal year commencing October 1, 2024, the Electric Utility System had approximately 1,924 full-time regular employees and Austin Water had approximately 1,381 full-time regular employees.

### Winter Storm Mara 2023

*Background and Impact of Winter Storm on Austin Energy.* From January 31, 2023 through February 2, 2023, Winter Storm Mara ("Winter Storm Mara") delivered freezing temperatures and freezing rain, which resulted in up to three-quarters of an inch of ice on vegetation throughout Austin Energy's 437 square miles of service territory. The weight of the ice on the tree canopy brought down limbs and trees on the distribution system throughout the service territory. At the height of the storm, 32% of Austin Energy's customers (173,879 customers) were without power. Unlike the Texas Winter Weather Event 2021 (defined below), which was an Electric Reliability Council of Texas ("ERCOT") grid emergency and State-directed event that resulted in outages to prevent a complete blackout, Winter Storm Mara was a natural disaster. Restoration of the distribution system began immediately with the deployment of more than 400 Austin Energy line workers working to clear debris and restore power. In addition, Austin Energy called upon mutual aid from three utilities and seven electrical contractors. Approximately 1,000 additional personnel and support equipment responded in restoration efforts. High winds and rain complicated initial restoration efforts, resulting in additional outages as already weakened vegetation fell on the distribution system. The restoration was completed on February 11, 2023, and all remaining mutual aid crews departed the City.

On February 4, 2023, Governor Greg Abbott issued a disaster declaration for seven Texas counties, which included the Austin Energy service territory. The Governor expanded that declaration to include sixteen additional counties on February 21, 2023. On April 22, 2023, the President of the United States issued a disaster declaration, allowing jurisdictions in the designated counties to qualify for the Federal Emergency Management Agency's ("FEMA") Public Assistance program, including grant funding for debris removal, emergency protective measures, roads and bridges, water control facilities, public buildings and contents, public utilities, parks and recreational and other facilities. The President also authorized additional FEMA Hazard Mitigation Grant Program resources statewide.

*Impact of Winter Storm Mara on Austin Water.* Winter Storm Mara had no material impact on Austin Water operating revenue or operations.

### **Texas Winter Weather Event 2021**

*General.* From February 14, 2021 through February 19, 2021, much of the continental United States, including Texas, experienced a severe winter storm resulting from the southern migration of a polar vortex that meteorologists have characterized as the most significant winter weather event in terms of scope and duration since monitoring of these weather phenomena began in the 1950s (such winter storm, the "2021 Weather Event"). As a result of the 2021 Weather Event, the State experienced Statewide, record-breaking cold weather. Temperatures in the City remained below freezing for 162 consecutive hours, with a low temperature of 7 degrees recorded on February 16, 2021. As the 2021 Weather Event impacted the State, ERCOT implemented what were initially expected to be rolling blackouts to conserve electricity and address energy needs across the entirety of the State; however, due to the severity of 2021 Weather Event and the corresponding increase in demand on the State electric grid, combined with limited availability of generation, widespread and prolonged power outages began at 1:00 a.m., Central time, on Monday, February 15, 2021, and continued throughout the week. Ultimately, approximately 4,000,000 residents of the State were without power for significant stretches of the week.

*Impact of 2021 Weather Event on Austin Energy.* Austin Energy's generation assets largely stayed online during the 2021 Weather Event. Combined with ERCOT-mandated load sheds, this resulted in Austin Energy generation output exceeding its customers' usage. Austin Energy was able to more than fully offset the unprecedented high gas prices and costs to serve its customers with corresponding revenues from the generation fleet. Austin Energy is in a net positive financial position from the effects of the 2021 Weather Event. Austin Energy estimates that over the course of the 2021 Weather Event, it accumulated positive net revenue of \$101 million. Brazos Electric Cooperative Inc. reached a court-approved settlement with ERCOT in November 2022. As part of the settlement, Austin Energy opted for accelerated cash recovery of \$27 million of the \$42 million short pay claim.

*Impact of 2021 Weather Event on Austin Water.* The extreme weather conditions experienced during the 2021 Weather Event, coupled with widespread power outages in the State, caused significant disruption to water service, resulting in widespread water outages and a City-wide Boil Water Notice.

On February 15 and 16, 2021, dropping temperatures continued to affect public infrastructure and private buildings, and Austin Water began to receive reports of pipe breaks. Water demand across the Austin Water service area increased from approximately 150 million gallons per day (MGD) on February 15 to a peak hourly demand of 260 MGD in the evening of February 16. Storage levels began to deplete in Southwest Austin, and conditions rapidly changed during the overnight hours of February 16. A Boil Water Notice was issued for Southwest Austin on the morning of February 17 because pressure in that portion of the distribution system dropped below the regulatory requirement. There was no indication of system-wide loss of service at that time. On February 17, 2021, water demand continued to rise to a peak hourly demand of 330 MGD, more than double levels observed in February 2020. In the early afternoon, the Ullrich Water Treatment Plant experienced a disruption to both of the electric feeds to the plant. The electrical outage was restored and plant systems were systemically restarted, restoring treatment capacity within approximately 11 hours. With the temporary reduction of water production, coupled with the extremely high water demands, system storage was depleted resulting in widespread water outages. Due to pressure dropping below the regulatory requirement, a Boil Water Notice was issued for all Austin Water customers during the evening of February 17, 2021.

System recovery efforts were focused on reducing water consumption and repairing leaks to replenish storage capacity and re-pressurize the distribution system. Initial efforts focused on restoring water to hospitals and other critical customers by isolating key transmission mains. Pressure was gradually restored to the distribution system, and the Boil Water Notice was lifted in phases throughout February 22 and 23, 2021.

Despite the significant operational impacts from the 2021 Weather Event, Austin Water experienced minimal financial impacts with \$5 million of emergency response costs and \$1.2 million in property damage.

*Legislative Response.* On June 8, 2021, the Governor signed Senate Bill 3 (“SB 3”) to address the issues that arose during the 2021 Weather Event. SB 3 requires weather emergency preparedness and the identification of critical facilities in the natural gas supply chain and electric utilities. The bill makes several changes to the ERCOT market and how municipally owned utilities (“MOUs”) will operate. Moreover, the bill expands the Public Utility Commission of Texas’ (“PUC”) oversight over MOUs, particularly regarding customer communications during emergencies, weatherization requirements, and the allocation of load shed responsibilities. The bill does not affect a MOU’s ability to set rates nor its obligation to serve its certificated service territory. Additionally, SB 3 includes provisions that could affect wholesale energy costs and operations. The bill requires the PUC to instruct ERCOT to establish requirements to meet the reliability needs of the power region and determine the quantity and characteristics of ancillary or reliability services needed to maintain reliability during periods of low non-dispatchable generation. It also instructs ERCOT to procure ancillary or reliability services on a competitive basis during those periods of low non-dispatchable generation with appropriate qualification and performance requirements. The bill requires the PUC to implement an emergency wholesale pricing mechanism regarding the system-wide offer cap, to take effect if the high cap is in place for 12 hours in a 24-hour period, as well as an associated ancillary services cap. The bill requires the PUC to allow generators to be reimbursed for reasonable and verifiable operating costs, even if those costs exceed the relevant cap. The PUC is required to review each cap at least once every five years, with the first review by December 31, 2021. Austin Energy is engaged in all associated rulemakings to implement the legislation. The 2021 Weather Event created significant financial impacts for many ERCOT market participants. In response, the Texas Legislature passed House Bill 4492, which creates two securitization processes to be repaid through a ratepayer surcharge over a period of up to 30 years. In both processes, the PUC issued and approved a debt obligation on October 14, 2021. The first securitization mechanism is addressed in Public Utility Regulatory Act (“PURA”) Chapter 39, Subchapter M and considered in PUC Docket No. 52321, and covers amounts owed to ERCOT by wholesale market participants that would have been otherwise uplifted due to short pays and replenished financial auction receipts used by ERCOT to reduce amounts that were short paid to market participants and reasonable costs incurred to implement a debt obligation order. The legislation set a cap at \$800 million dollars. As a short-paid market participant, Austin Energy is included in this process. The second securitization mechanism is addressed in PURA Chapter 39, Subchapter N and considered in PUC Docket No. 52322. This provision covers Reliability Deployment Price Adder charges and Ancillary Services costs above the system-wide offer cap during the 32-hour period between February 15 and February 19, 2021. This excludes any amounts securitized under PURA Chapter 41 for cooperative securitization and any amounts from defaulted entities that are no longer ERCOT market participants. This amount totals \$2.1 billion plus reasonable costs. There was a one-time opt out available for this docket and Austin Energy successfully opted out because it has paid in full all invoices owed to ERCOT. Therefore, Austin Energy customers will not be subject to the payment of any securitized amounts in this docket.

SB 3 also created Section 13.1394 of the Texas Water Code (“Section 13.1394”) which requires a water utility to ensure the emergency operation of its water system during a power outage that lasts longer than 24 hours at a minimum pressure of 20 pounds per square inch, or at a water pressure level approved by the Texas Commission on Environmental Quality (the “TCEQ”), as soon as safe and practicable following the occurrence of a natural disaster. Section 13.1394 also requires that a water utility adopt and submit an emergency preparedness plan (“EPP”) to the TCEQ for its approval that includes a timeline for implementing the plan. The submitted plan must provide for one, or a combination, of fourteen options and approaches to provide services as required by Section 13.1394. The options provided include but are not limited to auxiliary generators; on-site power generation; designation of the water system as a critical load facility or redundant, isolated or dedicated electrical feeds; water storage capabilities; the ability to provide water through artesian flows; redundant interconnectivity between pressure zones; emergency water demand rules to maintain emergency operations and any other alternative determined by the TCEQ to be acceptable.

Water utilities were required to submit their EPP to the TCEQ by March 1, 2022. Implementation of emergency plans are required to begin by the later of July 1, 2022, or upon final approval by the TCEQ. A utility may submit a written request for an extension not to exceed 90 days. Austin Water met all compliance deadlines for submissions required by SB 3. Required information was submitted to the PUC, Austin Water’s electrical providers, and other government entities on October 20, 2021, ahead of the November 1, 2021 deadline. The EPP and implementation timeline for the City’s water system were completed and submitted to TCEQ on March 1, 2022, meeting the SB 3 deadline.

SB 3 also created Section 13.151 of the Texas Water Code (“Section 13.151”) which addresses billing for services provided during an extreme weather emergency. Section 13.151 defines an “extreme weather emergency” as a period when the previous day’s highest temperature did not exceed 28 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Service reports. In these circumstances a retail public utility that operates under a certificate of public convenience and necessity is prohibited from imposing late

fees or disconnecting service for nonpayment of bills that are due during an extreme weather emergency until after the emergency is over. The utility is also required to work with customers that request to establish a payment schedule for unpaid bills that are due during the extreme weather emergency. Section 13.414 of the Texas Water Code was amended by SB 3 to provide that a violation of Section 13.151 is subject to a civil penalty of not less than \$100 nor more than \$50,000 for each violation.

*Ongoing Litigation.* On February 15 and February 16, 2021, during the 2021 Weather Event, the PUCT issued two emergency orders. These orders recognized that scarcity pricing and load shedding were in effect in ERCOT, but that market prices remained well below the maximum allowed by PUCT rules. These orders set the market price of electricity in ERCOT to the \$9,000/MWh maximum allowed in PUCT rules for approximately four days. Luminant Energy subsequently sued the PUCT, claiming that the orders were procedurally invalid and exceeded the PUCT's authority.

On March 17, 2023, the Texas 3rd Court of Appeals issued an opinion reversing and remanding the two emergency orders. The court rejected the PUCT's procedural defenses and concluded that the orders violated Sec 39.001(d) of PURA directing the PUCT to use competitive methods to "the maximum extent feasible" and to "issue orders that are both practical and limited so as to impose the least impact on competition."

Litigation on this matter is expected to continue for some time. The PUCT filed a petition for review with the Texas Supreme Court, and on January 30, 2024, the Texas Supreme Court heard oral arguments in this case. Litigation on this matter is expected to continue for some time, and it is not clear what action, if any, the court might take. If the Texas Supreme Court upholds the opinion of the Texas 3<sup>rd</sup> Court of Appeals, the case will be remanded to the PUCT to take actions consistent with the order. The PUCT would likely open proceedings on what steps to take, and all affected parties would be likely to have opportunities for input. This entire process of appeals, PUCT action, if any, and any litigation that might result from such PUCT action, can be expected to continue for some time. The City continues to monitor developments in this matter closely.

While it is impossible to predict at this point what action the Supreme Court or the PUC may take regarding this matter, the City does not currently believe there is a substantial risk that the ERCOT market would be repriced for the 2021 Weather Event.

### **Financial Impact of the COVID-19 Pandemic on Austin Water**

Austin Water maintained a strong financial condition during the COVID-19 pandemic and its operations and capital spending plans were not materially impacted due to the COVID-19 pandemic. In August 2023, the City Council approved the City's budget for the fiscal year ending September 30, 2024 ("FY 2024") budget which includes an increase in service revenues of \$32 million over the fiscal year ending September 30, 2023 ("FY 2023") approved amended budget, with such revenue increase attributable to customer growth and a minimal rate increase for retail customers. The Water and Wastewater service revenue budget was estimated to be at \$617 million for FY 2024. As described further below, Austin Water instituted temporary rate reductions and provided other forms of financial assistance in fiscal years 2020, 2021, 2022, 2023 and for fiscal year 2024 to assist ratepayers affected by the COVID-19 pandemic. Even with these temporary rate reductions, Austin Water currently projects that it will continue to maintain reserves and a debt service coverage ratio that is consistent with its financial policies, which, as recently amended, requires 180 days cash on hand and 1.75x debt service coverage, respectively. The COVID-19 pandemic has not had a significant effect on Austin Water's construction activities and capital improvement plans. Austin Water is working with the City's Homeland Emergency Security Management department on potential FEMA reimbursements for COVID-19 response-related expenses estimated to be \$4.3 million. Austin Water has no dependence on receipt of FEMA funding for meeting any of its financial obligations.

In response to the economic impact of COVID-19, the City Council of the City approved rate reductions for certain customer classes, which took effect April 9, 2020: a 10% rate reduction of tiers 1, 2 and 3 for water volume rates and tiers 1 and 2 for wastewater volume rates. The rate reductions applied to customer rates in the residential Customer Assistance Program ("CAP") – a program that provides for lower rates for residents on low or fixed incomes – and customer rates for residential Non-CAP rates. These temporary rates were effective through October 31, 2020, after which the non-CAP rates returned to the normal rate schedule (as adopted by the City on November 1, 2019) while the 10% rate reduction for CAP Customers was extended through fiscal year 2024 (September 30, 2024).

Austin Water provided an additional \$5 million contribution to the Emergency Financial Assistance Plus 1 program in FY 2020 and FY 2021 for a combined \$10 million. Other methods for assistance included additional measures to halt disconnections for non-payment, waived late fees, and payment arrangements for customers in need. Disconnections were halted in April 2020 due to COVID-19 but resumed on July 16, 2021 with a phased-in approach. Overall, Austin Water experienced an

increase of approximately \$2 million in delinquent accounts receivable balances due to COVID-19. In advance of and since disconnects resumed, City of Austin Utilities has been working with customers to bring account balances current. As a result, Austin Water has seen an increase in payment arrangement balances and a decrease in delinquent balances as compared to September 2020 balances.

In April 2021, Austin Water implemented a Multifamily CAP program for low-income customers who do not have a dedicated water meter, but nevertheless, receive water and wastewater service from Austin Water. This program provides a \$17 monthly credit on their Austin Energy (defined in this document under the caption “THE SYSTEMS”) utility bill, shown as Austin Water Multi-Family CAP Program Discount. The Multifamily CAP program offers a safety net to thousands of vulnerable customers who have traditionally been ineligible for Austin Water financial assistance through the residential Customer Assistance Program because they are not directly billed for water and wastewater service.

## THE WATER AND WASTEWATER SYSTEM

### Management

Name	Years at City*	Additional Years of Experience	Total
Director			
Shay Ralls Roalson, P.E.	4	27	31
Assistant Directors			
Anna Bryan-Borja, CIA, <i>Business Services</i>	26	3	29
Ayman Benyamin, P.E., <i>Operations</i>	19	12	31
Charles Celauro, P.E., <i>Engineering Services</i>	11	25	36
Israel Custodio, MS, SMS, CIT, Acting AD, <i>Employee Leadership &amp; Development</i>	7	21	28
Joseph Gonzales, CPA, <i>Financial Services (**)</i>	19	11	30
Kevin Critendon, P.E., <i>Environmental Planning and Development Service</i>	13	27	40
Randi Jenkins, <i>Customer Experience</i>	17	4	21
David Johnson, CIO, <i>Information Technology Services</i>	2	35	37

\*As of February 29, 2024.

\*\* Length of service is not continuous.

## WATER SYSTEM

### Service Area

The City supplies treated water to residential, industrial, and commercial customers within the corporate limits of the City and to a portion of Travis and Williamson Counties. The presently defined service area totals approximately 538 square miles. The City also has contracted to supply treated water on a wholesale basis to four municipal utility districts (individually, a “MUD”; collectively “MUDs”); two water control and improvement districts (individually, a “WCID”; collectively “WCIDs”); several water supply corporations and private utilities; the cities of Manor, Rollingwood, Sunset Valley, West Lake Hills; and the Village of San Leanna. In addition, the City has had a water reclamation initiative for more than thirty years to develop facilities and processes to make treated wastewater effluent available for non-potable uses including irrigation and cooling processes. The City established operating and capital funds for a Reclaimed Water Utility in addition to the Water and Wastewater System operating and capital funds during fiscal year 2013. See “COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Water Reuse Facilities” in this document. The City has previously acquired the systems and assets of eleven WCIDs. The City has paid off and extinguished the bonded indebtedness of these WCIDs.

The PUCT is empowered to grant utilities a Certificate of Convenience and Necessity (“CCN”) to provide water and wastewater service to retail customers. Since Austin Water is not defined by state statute as a “utility,” and instead is considered a “municipality,” it is not required to obtain such a certificate. Although not required, the City has obtained water and wastewater CCNs for several specific geographic areas. The TCEQ is empowered to approve and regulate public water systems and has approved the City’s water system, including its sources and treatment and distribution facilities.

References to the TCEQ in this document are intended to include agencies whose duties and responsibilities have been assumed by the TCEQ.

## Water Supply

In 1888, City leaders campaigned successfully for the first Austin dam across the Colorado River, which was completed early in 1893 and was reported to be the largest dam in the world when originally constructed. In 1934, a \$4,500,000 loan and grant was obtained from the Public Works Administration to complete the Buchanan Dam. The Lower Colorado River Authority (“LCRA”) finished the Buchanan Dam—which is 150 feet high and 11,000 feet long—in 1938; the lake it forms (Lake Buchanan) is thirty-two miles long and two miles wide, covering 22,137 surface acres at the full conservation pool elevation of 1,020.5 feet mean sea level (“MSL”).

Since that time, a stairway of lakes was created by building five additional dams, giving the area 150 miles of lakes. Tom Miller Dam is within the City limits, and forms Lake Austin, which covers 1,590 surface acres; Mansfield Dam, impounds Lake Travis, encompassing up to approximately 19,300 acres of surface area at the full conservation pool elevation of 681 feet MSL; Starcke Dam creates Lake Marble Falls, which spreads over 900 acres; Lake Lyndon B. Johnson, held by Alvin Wirtz Dam, has an area of 6,300 acres; and Roy Inks Dam forms Inks Lake, with a surface of 900 acres. The City owns Tom Miller Dam and has leased it to LCRA through December 31, 2050. The other Highland Lakes system dams are owned by LCRA.

The combined storage capacity of the six lakes is around 3,300,000 acre-feet of water, or more than a trillion gallons. Approximately 800,000 acre-feet of this capacity is reserved for flood control. Of the six dams on the Colorado River, two form major impounding reservoirs for the control of flood water; however, Mansfield Dam is the only designated flood control structure. The combined storage capacity of Lakes Travis and Buchanan, the two major water supply storage reservoirs upstream of the City and managed by LCRA, is approximately 2 million acre-feet.

The City also constructed Longhorn Dam on the Colorado River, just downstream of Lady Bird Lake and Decker Dam on Decker Creek, a tributary of the Colorado River that joins the river downstream of Longhorn Dam. Lady Bird Lake, which has a permitted capacity of approximately 3,500 acre-feet, is created by Longhorn Dam. Decker Dam creates Lake Walter E. Long, which has a permitted capacity of approximately 34,000 acre-feet.

United States Geological Survey (“USGS”) records at Austin gauging station No. 08158000 show the following flows for the water year (October 1 through September 30)\*:

1989 – 677,900 Acre-Feet	2001 – 1,164,400 Acre-Feet	2013 – 210,500 Acre-Feet
1990 – 692,300 Acre-Feet	2002 – 1,675,400 Acre-Feet	2014 – 219,200 Acre-Feet
1991 – 829,700 Acre-Feet	2003 – 1,013,800 Acre-Feet	2015 – 201,700 Acre-Feet
1992 – 5,418,600 Acre-Feet	2004 – 927,900 Acre-Feet	2016 – 1,482,200 Acre-Feet
1993 – 978,000 Acre-Feet	2005 – 2,136,300 Acre-Feet	2017 – 739,200 Acre-Feet
1994 – 708,200 Acre-Feet	2006 – 553,200 Acre-Feet	2018 – 277,600 Acre-Feet
1995 – 896,700 Acre-Feet	2007 – 2,155,900 Acre-Feet	2019 – 2,518,000 Acre-Feet
1996 – 758,300 Acre-Feet	2008 – 623,200 Acre-Feet	2020 – 389,000 Acre-Feet
1997 – 3,013,500 Acre-Feet	2009 – 584,800 Acre-Feet	2021 – 286,900 Acre-Feet
1998 – 1,313,800 Acre-Feet	2010 – 798,500 Acre-Feet	2022 – 408,200 Acre-Feet
1999 – 765,300 Acre-Feet	2011 – 670,100 Acre-Feet	2023 – 131,300 Acre-Feet
2000 – 627,400 Acre-Feet	2012 – 212,800 Acre-Feet	

\* Data from 1989 to 2023 is referenced from USGS Water-Year Summary Statistics. All flows in acre-feet. Numbers may vary from prior year posting due to actual vs estimate. Restated to report the correct actual numbers.

From 1989-2023, the water year average flow was 1,030,277 acre-feet per year. As a result of drought conditions, the flows in water years 2012 through 2015 were lower, in accordance with TCEQ approval, due to LCRA cutting off most Highland Lakes interruptible stored water releases for agricultural irrigation operations. In August of 2022, LCRA cut off interruptible stored water releases for agricultural irrigation operations in accordance with their water management plan due to drought conditions. The gauging station referenced above is located on the Colorado River downstream of Longhorn Dam and downstream of the City’s intakes.

## Water Rights

The City holds independent rights to impound, divert and use the waters of the Colorado River and its tributaries, and additional rights to such water pursuant to agreements with LCRA.

The City's independent water rights have been adjudicated before the TCEQ in accordance with the Water Rights Adjudication Act, Texas Water Code, Section 11.301, et seq. The City's rights, as determined by the TCEQ, are set forth in the Final Determination of all claims of Water Rights in the Lower Colorado River Segment of the Colorado River Basin issued by the TCEQ on July 29, 1985. Both the City and LCRA appealed the Final Determination, seeking additional rights and contesting the rights awarded to each other, in a proceeding styled *In Re: The Exceptions of the Lower Colorado River Authority and the City of Austin to the Adjudication of Water Rights in the Lower Colorado River Segment of the Colorado River Basin*, Cause No. 115,414-A-1 in the District Court of Bell County, Texas, 264th Judicial District ("Cause No. 115,414-A-1"). The City and LCRA entered into a Comprehensive Water Settlement Agreement (the "Settlement Agreement") in settlement of Cause No. 115,414-A-1 on December 10, 1987. The Settlement Agreement generally improves the independent water rights of both the City and LCRA. Such rights for the City include: the rights to maintain Tom Miller Dam and Lake Austin, Longhorn Dam and Lady Bird Lake, and Decker Dam and Lake Walter E. Long; the right to divert and use 272,403 run of the river acre-feet of water per year from Lake Austin and Lady Bird Lake for municipal purposes; the right to divert and circulate an unlimited amount of water per year from Lady Bird Lake for industrial purposes so long as consumptive use does not exceed 24,000 acre-feet per year; the right to divert and circulate water from Lake Walter E. Long for industrial (cooling) and recreational purposes so long as consumptive use does not exceed 16,156 acre-feet per year; and the right to divert and use water through Tom Miller Dam for the generation of hydroelectric power. LCRA's independent water rights, as determined by the TCEQ, include the rights to maintain Lakes Travis and Buchanan and to divert and use water therefrom. Pursuant to the Settlement Agreement and the final judgment in Cause No. 115,414-A-1, certain other pending water-related disputes between the City and LCRA were settled. LCRA was granted an option to acquire up to a 50% undivided interest in the City's then proposed Berl L. Handcox, Sr. Water Treatment Plant known as "Handcox WTP" (formerly Water Treatment Plant No. 4 or WTP No. 4) discussed under "Water Treatment Plants" in this document. The District Court issued a final judgment consistent with the Settlement Agreement. Certificates of Adjudication were issued by the TCEQ.

Pursuant to previous agreements between the City and LCRA, LCRA has agreed to supply the City additional water from storage in Lakes Travis and Buchanan, and other sources. The City also has leased Tom Miller Dam, and the City's right to divert and use water for the generation of hydroelectric power through Tom Miller Dam, to LCRA. The Settlement Agreement provided for the City to receive water from Lake Travis for Handcox WTP, and for additional water for municipal and other purposes of use downstream of Lake Travis.

The City and LCRA executed the First Amendment to the Settlement Agreement (the "First Amendment") on October 7, 1999. This First Amendment extends the existing Settlement Agreement through the year 2050, and gives the City an assured water supply throughout its term by providing additional water from the Highland Lakes system, a chain of lakes formed on the Colorado River that includes Lake Travis, Lake Austin, Lady Bird Lake, and other sources. Additionally, the First Amendment includes an option for the City to renew the Settlement Agreement through the year 2100. The City paid a discounted amount of \$100.0 million to LCRA as part of the First Amendment contract provisions. The \$100.0 million payment to LCRA included compensation for the following terms: (a) pre-paid reservation fee for an additional 75,000 firm acre-feet of water supply, which increased the City's total water supply from 250,000 firm acre-feet to 325,000 firm acre-feet per year for the additional 50-year period, with an option to renew for another additional 50-year period; and (b) pre-paid water use charges that would be paid by the City for water use above 150,000 firm acre-feet up to 201,000 firm acre-feet.

Under the terms of the First Amendment, the Water and Wastewater System will begin annual payments to LCRA for raw water diverted in excess of 150,000 acre-feet once the Water and Wastewater System's average annual diversions for two consecutive years exceed 201,000 acre-feet. The First Amendment also has numerous other provisions that benefit the City. Also, a legal issue regarding the building of Handcox WTP (formerly WTP No. 4) was settled. LCRA's option to acquire up to 50% of the Handcox WTP lapsed on January 1, 2000. All sections of the 1987 Settlement Agreement related to Handcox WTP were deleted as part of the First Amendment. The First Amendment provides for mutual release of the City and LCRA from any claims or causes of action relating to the delayed construction of Handcox WTP.

## **Water Treatment Plants**

Austin Water has three water treatment plants (Davis, Ullrich, and Handcox WTP), which have a combined rated capacity of 335 million gallons per day (“mgd”). These water treatment plants have a combined clear well storage capacity of 45 million gallons on site.

Austin Water’s water distribution system includes approximately 3,964 miles of water mains of varying diameters, 31 major storage facilities with a storage capacity of approximately 170 million gallons, 29,721 City maintained fire hydrants, and 21 major pump stations.

The City receives its water supply from the Colorado River through the three water treatment plants. The Davis Water Treatment Plant and the Ullrich Water Treatment Plant both draw water from Lake Austin. Handcox WTP draws water from Lake Travis.

The Davis Water Treatment Plant, located at Mount Bonnell Road and West 35th Street, has a rated capacity of 118 mgd. The plant is of conventional design, with rapid mix basins, flocculation basins, sedimentation basins, gravity filters, clearwell storage, raw water, system chlorine disinfection, and finished water pumping stations. The plant was constructed in 1954 and expanded in 1963, 1975 and 1986. The Ullrich Water Treatment Plant, located on a site south of Red Bud Trail and Forest View Drive, has a rated capacity of 167 mgd. The existing plant facilities consist of an intake and raw water pumping station, raw water transmission main, seven upflow-solids contact clarifiers, eighteen filters, chlorine disinfection, clearwell reservoirs, high service and medium service pumping stations, and sludge handling facilities. A 67 mgd upgrade to the Ullrich Plant was completed in 2006. This expansion increased the rated capacity of the plant from 100 mgd to 167 mgd.

Handcox WTP began delivering potable water in November 2014. Located in northwest Austin, Handcox WTP draws its water from Lake Travis. The construction of Handcox WTP added an initial capacity of 50 mgd with expansion capability up to 300 mgd with future phases to meet projected needs. Funding for the construction of Handcox WTP came from a combination of cash transferred from the operating fund and revenue bonds.

## **Water Use Management Plans, Austin’s Integrated Water Resource Plan, and LCRA Water Management Plans**

Austin Water has both a water conservation plan and a drought contingency plan, as required in Texas for large municipal water suppliers. The City’s Water Conservation Plan details incentive programs, educational efforts and regulations designed to reduce both peak and average day water use. The City’s Drought Contingency Plan (“DCP”) outlines the City’s response to emergency demand or supply conditions. In addition to year-round prohibitions against water waste and a mandatory watering schedule that allows for outdoor irrigation with automatic sprinkler systems of no more than once per week, the plan calls for more restrictive stages if combined storage levels in the Highland Lakes fall below certain levels, or if daily pumpage exceeds limits established by Austin Water’s Director. Watering times and days are further limited, and restrictions are placed on discretionary water uses such as ornamental fountains and vehicle washing. Water use restrictions are codified in the City Code, Chapter 6-4. Through these strategies, Austin Water is striving to continue strengthening conservation efforts while also protecting the City’s urban landscape and tree canopy.

For the majority of time from September 2011 through May 2016 the City was in Stage 2 watering restrictions, which resulted in lower than forecasted Gross Revenues in fiscal years 2012 through 2014. Among other measures, Stage 2 watering restrictions limit lawn watering to no more than one day per week. In accordance with the DCP, Stage 2 implementation was triggered in response to the combined storage of water supply in Lakes Travis and Buchanan dropping to 900,000 acre-feet in late summer 2011. Water use restrictions achieved their intended effect, as water use declined significantly during their imposition; however, water use declined more than forecasted by Austin Water for fiscal years 2012 through 2014. Significant rainfall in 2015 increased the combined storage of Lakes Travis and Buchanan to 2.04 million acre feet as of May 2016. After extensive outreach and community input, the City implemented a modified Conservation Stage on May 18, 2016. Under the new Conservation Stage restrictions, customers are permitted to water their landscapes twice-per-week with hose end sprinklers and once-per-week with automatic irrigation systems. See “COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Water and Wastewater Rates” in this document.

Austin’s Drought Contingency Plan (DCP) sets a trigger at certain storage levels at which the City Manager may order the implementation of different stages of conservation measures. Since August 2023, Austin Water has been in Stage 2. Prior to Stage 2, Austin Water had been in Stage 1 of its DCP since June 2022. The key change between Stage 1 and Stage 2 is the reduction of automatic irrigation water hours. Watering is permitted only in the early morning or late night hours when temperatures are coolest and evaporation is typically the lowest. See “TEXAS 2023 DROUGHT.”



Inclining block rates, implemented April 1, 1994, are designed to promote water conservation by single family residential customers. Seasonal rates implemented in 2000 for commercial and multifamily customers are also designed to promote water conservation. Also see “COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Water Reuse Facilities” in this document.

Additionally, in November 2018, the City Council adopted the Water Forward Plan (the “Water Forward Plan”), the City’s 100-year integrated water resource plan, intended to ensure a diversified, sustainable, and resilient water future. The Water Forward Plan’s strategies include increased water conservation, use of alternative water sources (for example, use of rainwater harvesting, greywater reuse, and air conditioner condensate reuse, among other strategies), increased reclaimed water reuse, aquifer storage and recovery and others.

The City has senior water rights and also firm water supply agreements with the LCRA that provide the City with firm water supplies of up to 325,000 acre-feet per year. LCRA’s operations and management of the water stored in Lakes Travis and Buchanan, the region’s major water supply reservoirs, is guided by the LCRA Water Management Plan (“WMP”), a document approved by the TCEQ. In November 2015, TCEQ approved an updated WMP that governed LCRA’s operation and management of the lakes during the 2016 crop irrigation season, which began in March 2016. LCRA supplies water to firm customers like the City, industries, power plants and other cities. Also, when interruptible water is available, in accordance with LCRA’s WMP, LCRA also supplies interruptible water to downstream agricultural irrigation operations in the lower three counties in the lower Colorado River Basin. The updated LCRA WMP better protects the water supply for firm customers, including the City, and allows LCRA to more quickly adapt its operations as drought conditions change. Revisions include incorporating procedures for curtailing interruptible water such that combined storage in Lakes Travis and Buchanan is maintained above 600,000 acre-feet through a repeat of historic drought conditions through 2013. The revised plan also incorporates a three-tier regime that considers inflows, current storage, and modeled future storage conditions in determining water availability given to interruptible agricultural customers. Additionally, availability of interruptible stored water will be determined separately for each of the two crop seasons, rather than having the determination made once for both crop seasons, as was the case in the previous WMP. The revised WMP also places volumetric limits on the amount of interruptible stored water to be made available for use. City representatives worked diligently through the critical LCRA WMP revision process to proactively ensure reservoir management of Lakes Travis and Buchanan is consistent with the City’s firm water interests and with LCRA’s lake permit duties and firm customer agreements. In early 2019 LCRA submitted to TCEQ for review and approval a 2018 update to the LCRA WMP. TCEQ approved the “2020 LCRA WMP” in early 2020.

On March 8, 2024, the City Council approved “Go-Purple,” a program designed to increase the amount of reclaimed water and onsite water use and is projected to save a combined 16 mgd of drinking water by 2040. Key elements of Go-Purple include water sustainability code changes, program incentives, and funding mechanisms to support foundational aspects of the Water Forward Plan.

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## Water Storage and Pumping Facilities

In addition to the water treatment plants, the City owns and operates the following storage facilities and major water pump stations as part of the Water and Wastewater System.

	Total Storage Capacity (Millions of Gallons)	Firm Pumping Capacity (Gallons per Minute)
<u>North System</u>		
Anderson Mill (1)	3	7,600
Anderson Mill NWC	1.5	n/a
Avery Ranch (1)	3	n/a
Capital of Texas (1)	0.5	n/a
East Austin	12	37,800
Forest Ridge	3	8,000
Four Points (1) (Elevated)	1	n/a
Four Points (Ground)	7	7,800
Guildford Cove	0.275	1,000
Howard Lane 1	10	50,000
Howard Lane 2	10	See above
Jollyville	11	49,800
Lookout Lane	0.3	800
Martin Hill (1)	34	n/a
North Austin	10	39,800
Pond Springs (1)	3	n/a
Spicewood Springs	10	58,000
Suntree (1) (Elevated)	0.5	n/a
<u>South System</u>		
Allen Road	n/a	Lost Creek – 2,000 Barclay – 3,000
Barclay Road	0.5	3,000
Center Street	8	31,400
Davis Lane 1	10	39,500
Davis Lane 2	10	See above
LaCrosse (1)	3	n/a
Leuthan Lane	3	SWB – 6,950 SWC - 2,700
Lost Creek 1	0.500	890
Lost Creek 2	0.750	See above
Mt. Larson	0.1	100
Never Bend Cove	0.06	1,599
Pilot Knob	10	15,800
Slaughter Lane	6	SWB - 15,000 SWC - 5,400
Thomas Springs (1) (Elevated)	1.25	n/a
Westlake Drive	0.01	500

(1) Storage only, no pumps.  
Source: Austin Water.

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### Historical Water Pumpage

The following table summarizes historical demand and maximum day water pumpage from fiscal years 2014 through 2023.

<u>Fiscal Year</u>	<u>Total Pumpage (Millions of Gallons)</u>	<u>Percent Change</u>	<u>Maximum Day Pumpage (Millions of Gallons)</u>
2014	43,239	(5.8)%	184
2015	43,481	0.6%	207
2016	44,661	2.7%	198
2017	47,371	6.1%	204
2018	48,522	2.3%	203
2019	47,294	(2.5)%	209
2020	51,121	8.1%	215
2021	51,420	0.6%	204
2022	54,366	5.7%	228
2023	54,850	0.9%	232

Source: Austin Water.

### Projected Water Pumpage

The following table, based on actual operating experience, summarizes the annual treated water pumpage and maximum day pumpage projected by Austin Water. The figures in the following table include projected savings from the water conservation plan implementation; maximum day pumpage estimates include a 10% dry condition variation factor. Figures are subject to change pending adjustments by Austin Water.

<u>Fiscal Year</u>	<u>Total Pumpage (Millions of Gallons)</u>	<u>Maximum Day Pumpage (Millions of Gallons)</u>
2024	55,289	228
2025	55,746	230
2026	56,287	232
2027	56,838	235
2028	57,397	236
2029	57,960	239

Source: Austin Water.

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## Information Concerning Water Sales

Fiscal Year Ended September 30

	<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>	
	Average # of <u>Customers</u>	Thousand <u>Gallons</u>	Average # of <u>Customers</u>	Thousand <u>Gallons</u>	Average # of <u>Customers</u>	Thousand <u>Gallons</u>	Average # of <u>Customers</u>	Thousand <u>Gallons</u>	Average # of <u>Customers</u>	Thousand <u>Gallons</u>
Thousand Gallons Pumped		47,294,234		51,153,795		51,613,623		54,327,705		54,817,885
Less: Sales to Other Water Utilities (1)		<u>2,333,519</u>		<u>2,533,085</u>		<u>2,415,106</u>		2,891,780		2,679,954
Thousand Gallons to System		<u>44,960,715</u>		<u>48,620,710</u>		<u>49,198,517</u>		<u>51,435,925</u>		<u>52,137,931</u>
Water Sales:										
Retail (2)	236,249	37,015,036	240,859	39,246,347	244,707	39,265,057	248,192	43,092,238	251,090	43,446,913
City Departments	<u>609</u>	<u>665,816</u>	<u>601</u>	<u>659,012</u>	<u>614</u>	<u>758,155</u>	<u>634</u>	<u>812,618</u>	<u>632</u>	<u>819,341</u>
Total Sales to Ultimate Consumer	<u>236,858</u>	<u>37,680,852</u>	<u>241,460</u>	<u>39,905,359</u>	<u>245,321</u>	<u>40,023,212</u>	<u>248,826</u>	<u>43,904,856</u>	<u>251,722</u>	<u>44,266,254</u>
Used by Water Utility		62,370		60,010		74,339		64,680		59,480
Other Unmetered Usage		1,390,450		1,503,922		1,517,441		1,597,235		1,611,646
Loss and Unaccounted For		<u>5,827,043</u>		<u>7,151,419</u>		<u>7,583,525</u>		5,869,154		6,200,551
Thousand Gallons to System		<u>44,960,715</u>		<u>48,620,710</u>		<u>49,198,517</u>		<u>51,435,925</u>		<u>52,137,931</u>
Maximum Daily Consumption		207,824		207,051		205,963		227,564		227,868
Average Daily Consumption		109,628		116,270		116,269		128,210		128,620

(1) Includes sales to all wholesale customers.

(2) Includes residential, multifamily, commercial, and industrial customers.

Source: Austin Water.

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## Large Water Customers

### Water and Wastewater Utility Large Water Customers Five Year Comparative Data (2019-2023)

Fiscal Year Ended September 30  
(Gallons and Dollars in Thousands)

	<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>	
	<u>Gallons</u>	<u>Revenue</u>	<u>Gallons</u>	<u>Revenue</u>	<u>Gallons</u>	<u>Revenue</u>	<u>Gallons</u>	<u>Revenue</u>	<u>Gallons</u>	<u>Revenue</u>
Samsung Austin Semiconductor	2,263,875	\$11,016	2,381,854	\$13,071	2,209,533	\$12,249	2,383,134	\$13,086	2,475,074	\$13,533
Travis County WCID #10	732,154	4,391	857,011	2,823	753,560	2,539	908,379	2,498	897,142	2,467
University of Texas <sup>(1)</sup>	728,455	2,003	600,813	3,954	520,519	3,505	650,782	3,540	846,738	4,376
NXP USA INC (Formerly Freescale, Inc.) <sup>(2)</sup>	647,122	3,152	638,932	3,739	648,249	3,779	745,931	4,249	740,867	4,229
Cypress Semiconductor (Formerly Spansion)	299,131	2,227	348,349	2,088	332,495	2,007	348,005	1,807	391,386	2,033
Wells Branch MUD	414,951	1,082	464,917	1,467	456,577	1,445	488,547	1,270	383,265	1,000
North Austin MUD #1	373,305	1,027	404,437	1,314	400,097	1,302	461,390	1,269	379,901	1,045
Tesla Motors, Inc. <sup>(3)</sup>	-	-	-	-	1,258	7	128,143	700	318,332	1731
Northtown MUD	270,556	701	307,718	945	317,037	969	318,331	824	314,571	815
Austin Independent School District <sup>(4)</sup>	<u>313,089</u>	<u>1,627</u>	<u>242,568</u>	<u>1,907</u>	<u>224,754</u>	<u>1,810</u>	<u>296,899</u>	<u>2,208</u>	<u>312,320</u>	<u>2,291</u>
Total:	6,042,638	\$27,225	6,246,599	\$31,308	5,864,078	\$29,611	6,729,540	\$31,450	7,059,595	\$33,520

(1) Totals for University of Texas include all accounts.

(2) Totals for NXP USA, Inc. include its East Austin and West Austin plant sites.

(3) 2023 was the first year that Tesla Motors, Inc. was a Top 10 customer. 2021 is the first year data was collected.

(4) Totals for Austin Independent School District include all campuses and locations.

Source: Austin Water.

## **WASTEWATER SYSTEM**

### **Service Area**

Austin Water provides wastewater service to customers within the corporate limits of the City and portions of Travis and Williamson Counties outside of the City. The City has entered into wholesale service contracts with four MUDs, one WCID, and the cities of Rollingwood, Sunset Valley, and West Lake Hills.

### **Facilities**

As of March 27, 2024, Austin Water has two main wastewater treatment plants with a total permitted capacity of 150 mgd, one biosolids treatment and beneficial reuse facility, five minor wastewater treatment plants, three land application treatment plants, one reclaim plant, and over 2,996 miles of sanitary wastewater mains and lines, and 137 City-owned, in-service lift stations. The two treatment plants are the Walnut Creek Wastewater Treatment Plant, which began operations in 1977, is currently operating in the 75 mgd phase with permitted capacity up to 100 mgd after expansion. The South Austin Regional Wastewater Treatment Plant, which started operating in 1986, is currently operating in the 75 mgd phase. The Hornsby Bend Biosolids Treatment Plant operates as a sludge treatment and beneficial reuse facility and was placed in operation in 1956. The Hornsby Bend Biosolids Management Plant permit was renewed by TCEQ on April 5, 2019 with an expiration date of April 5, 2024. The Walnut Creek Wastewater Treatment Plant permit was renewed on March 12, 2020, with an expiration date of March 12, 2025. The South Austin Regional Wastewater Treatment Plant permit was renewed on December 19, 2019 with an expiration date of December 19, 2024.

The Walnut Creek Wastewater Treatment Plant is permitted to discharge an average flow of 75 mgd. Austin Water has begun an expansion project at the Walnut Creek WWTP to expand the capacity from 75 MGD (165 MGD peak) to 100 MGD (300 MGD peak) and upgrade to Biological Nutrient Removal (BNR). The planned expansion and enhancement project is expected to be completed in 2029.

The South Austin Regional Wastewater Treatment Plant began operation in April 1986. The plant is now permitted to discharge at a rate of 75 mgd after a 25 mgd upgrade was completed in August 2006.

The Hornsby Bend Biosolids Treatment Plant serves as the City's central biosolids treatment and beneficial reuse facility. Waste biosolids from the Walnut Creek and the South Austin Regional plants are pumped to Hornsby Bend for treatment and beneficial reuse. Biosolids received at Hornsby Bend are thickened, anaerobically digested, mechanically dewatered using belt presses for beneficial reuse through off-site agricultural land composted for marketing and distribution. Excess water from thickeners, anaerobic digesters and belt presses is treated in a side-stream treatment plant and polished by treatment in large on-site ponds. Major improvements recently completed at Hornsby Bend include upgrades to sludge thickening, anaerobic digestion, dewatering, and composting facilities. Methane generated during the anaerobic digestion is used to heat the digesters and generate enough electricity to power Hornsby Bend. Excess electricity goes to the power grid. A Center for Environmental Research was established in 1989 at Hornsby Bend with the cooperation of the City, The University of Texas at Austin and Texas A&M University. The City provides laboratory, offices and research facilities at Hornsby Bend for the two universities to conduct environmental research.

In December 2009, the City purchased an operating interest in a regional wastewater collection and treatment system (the "Brushy Creek Project") from the LCRA for approximately \$12 million. The City pays its portion of capital expansions and operations and maintenance costs on an annual reserves sufficient wastewater capacity to adequately serve all of the area inside the City's jurisdiction within the watershed of the Brushy Creek Project. The cities of Austin, Round Rock, Leander, and Cedar Park all own joint interests in the Brushy Creek Project. The City of Round Rock operates and maintains the system for the cities.

Stormwater is collected in an entirely separate gravity-fed storm wastewater system and is segregated from the sanitary wastewater system. The storm water system is operated and maintained by the City's Watershed Protection Department.

## Lift Stations

In addition to the wastewater treatment plants, Austin Water owns and operates numerous lift stations. The following table shows the capacity of the four largest lift stations.

<u>Name</u>	<u>Firm Capacity (Gallons per Minute)</u>
Boggy Creek East	22,500
SAR Transfer	10,000
Tracor	5,580
Four Points #2	3,740

Source: Austin Water.

## Historical Wastewater Flows

The following table summarizes the historical influent wastewater flows to the City's wastewater treatment facilities from fiscal years 2014 through 2023.

<u>Fiscal Year</u>	<u>Total Wastewater Flow (Millions of Gallons)</u>	<u>Percent Change</u>
2014	37,298	7.1
2015	40,711	9.2
2016	41,668	2.4
2017	37,804	(9.3)
2018	35,996	(4.8)
2019	41,992	16.7
2020	36,127	(14.0)
2021	38,706 <sup>(1)</sup>	7.1
2022	37,002	(4.4)
2023	36,657	(0.9)

Source: Austin Water.

- (1) 2021 water pumpage was higher than 2020 (see "WATER SYSTEM – Historical Water Pumpage") primarily due to below average rainfall for majority of the fiscal year, including a hotter, drier summer which increased irrigation demand but did not impact wastewater flows. Generally, periods of below average rainfall results in increased water demand and pumpage without significantly impacting wastewater influent levels. Conversely, periods of above average rainfall results in decreased water demand and pumpage while wastewater flows increase due to inflow and infiltration.

## Projected Wastewater Flows

The following table, based on actual operating experience, summarizes the annual influent wastewater flows projected to be received at Austin Water's wastewater treatment plants. Figures are subject to change pending adjustments by Austin Water.

<u>Fiscal Year</u>	<u>Total Wastewater Flow (Millions of Gallons)</u>	<u>Percent Change</u>
2024	41,324	12.7
2025	41,845	1.3
2026	42,479	1.5
2027	43,109	1.5
2028	43,857	1.7
2029	44,361	1.2

Source: Austin Water.

## COMBINED WATER AND WASTEWATER SYSTEM INFORMATION

### State and Federal Regulatory Matters

The City is subject to the environmental laws and regulations of the State and the United States in the operation of the Water and Wastewater System, including the federal Safe Drinking Water Act (the “SDWA”), the federal Clean Water Act (the “CWA”), and the Texas Water Code. These laws and the regulations issued pursuant to these laws are subject to change, both in text and in administrative interpretation, and the City may be required to improve, expand, or modify the Water and Wastewater System to maintain compliance with regulatory requirements.

Safe Drinking Water Act (SDWA)...Treated drinking water provided by Austin Water is subject to the SDWA and the rules and regulations promulgated by the United States Environmental Protection Agency (“EPA”) and the TCEQ under the SDWA to regulate a wide variety of contaminants that may be present in drinking water. All of Austin Water’s water treatment facilities and the distribution system meet or surpass the requirements of the SDWA and the rules and regulations promulgated under the SDWA.

On January 15, 2021, the EPA published the final “Lead and Copper Rule Revisions” (the “LCRR”) under the SDWA. The EPA’s LCRR established a new “trigger level” for lead of 10 parts per billion (ppb) and the lead “action level” of 15 ppb was unchanged from the previous rule. On November 30, 2023, the EPA published the proposed “Lead and Copper Rule Improvements” (the “LCRI”) under SDWA. The LCRI proposes to eliminate the lead trigger level and reduce the lead action level from 15 ppb to 10 ppb. Under the new lead regulations, extensive water sampling and analysis protocol are required, including mandatory lead testing at elementary schools and childcare facilities. Public water systems in Texas with lead test results exceeding the final trigger (or action) levels that are established under the LCRI are required to work with the State to take steps that control corrosion and/or replace service lines that contain lead in its distribution system. The LCRI requires a complete service line inventory, including any lead service lines, in both the water system’s distribution system and in customer systems. The effective date for the LCRR was December 16, 2021 and the compliance date currently is October 16, 2024. The proposed LCRI is also expected to be finalized by October 16, 2024. If the EPA chooses to modify or withdraw the LCRI there may be delays in the effective and compliance dates of those regulations.

The City is in the process of completing a full inventory of Austin Water’s service lines. In the event any lead service lines are found, the City expects to remove and replace those service lines prior to the October 16, 2024 compliance date of the LCRR. It is not possible at this time to determine whether any lead service lines will need to be replaced or the potential cost of replacing those service lines.

On December 27, 2021, the EPA published the fifth Unregulated Contaminant Monitoring Rule (UCMR 5) related to polyfluoroalkyl substances, or PFAS chemicals. under the SDWA, requires drinking water providers like Austin Water to measure the level of 29 specific PFAS chemicals. In April 2024, the EPA finalized regulations for six of these compounds. Public water systems must complete initial monitoring by 2027 and, if these six PFAS are found at levels above the regulatory limits, implement solutions to reduce PFAS by 2029. Austin Water draws water from the Highland Lakes, which has had many environmental protections in place for decades, including a ban prohibiting the discharge of pollutants.

Austin Water conducted its first round of quarterly PFAS sampling in October 2023. Those test results have been verified by the EPA. October’s test results showed that treated tap water from all three Water Treatment Plants was non-detect for the six PFAS compounds included in the new regulations by the EPA. Of the 29 PFAS compounds tested, only Perfluorobutanoic Acid (PFBA) was detected in the range of 5-8 parts per trillion, or the equivalent of a few drops of water in 20 Olympic-sized swimming pools. PFBA is not currently proposed for regulation, and the EPA has not set a health advisory level for this compound. According to the TCEQ, PFBA has been commonly found in PFAS samples around the State. Austin Water awaits analysis and EPA verification on a second round of water samples taken during the first quarter of calendar year 2024. Test results and verification take approximately 90 days. Two additional rounds of PFAS testing will be conducted by the end of this calendar year. The results from each quarter of the calendar year are then averaged to determine if any treatment mitigation is required by 2029.

Clean Water Act and Texas Water Code...The CWA and the Texas Water Code regulate Austin Water’s wastewater operations, including the collection system and the wastewater treatment plants. All discharges of pollutants into the nation’s navigable waters must comply with the CWA. The CWA allows municipal wastewater treatment plants to discharge treated effluent to the extent allowed in permits issued by the EPA pursuant to the National Pollutant Discharge Elimination System (the “NPDES”) program, a national program established by the CWA for issuing, revoking, monitoring, and enforcing wastewater discharge permits. The CWA authorized the EPA to delegate the EPA’s NPDES permit responsibility to State or interstate agencies after certain prerequisites have been met by the relevant agencies. The EPA has delegated NPDES



permit authority to the TCEQ, which means that the TCEQ is the lead agency for issuing CWA permits for the Wastewater System. The Wastewater System has current TPDES permits for all of its wastewater treatment facilities, issued by the TCEQ, which are also issued under authority granted to the TCEQ by the Texas Water Code. Both the EPA and the TCEQ have authority to enforce the TPDES permits. All of Austin Water's wastewater treatment plants are in material compliance with their respective discharge permits.

### **Future Capital Improvements for Water and Wastewater System**

On August 16, 2023, City Council approved Austin Water's five-year capital spending plan for FY 2024-2028 with approximately \$1.87 billion of funding for system improvements. The future Water and Wastewater System improvements included in the five-year capital spending plan include treatment facilities, reservoir, pump station and lift station improvements, and major transmission distribution and collection improvements. Austin Water anticipates financing such improvements with: (1) the issuance of \$1.43 billion additional Parity Water/Wastewater Obligations (including refunding of commercial paper issued to provide interim financing for such improvements); and (2) the application of \$386 million of anticipated transfers from current Water and Wastewater System revenues and amounts on hand.

*TWDB SWIFT Funding...* The City submitted its State Water Implementation Fund for Texas ("SWIFT") applications to the TWDB in fiscal year 2016 for the purposes of obtaining low-interest rate loans for the following projects: (1) development and implementation of Advanced Metering Infrastructure ("AMI") also known as the smart meter system for Austin Water and (2) multiple capital improvement projects associated with reclaimed water systems. Funding to the City under the SWIFT program was approved by the TWDB in 2016, and loan closings to-date are \$65.6 million for projects associated with reclaimed water systems and \$80.2 million for AMI, as Parity Water/Wastewater Obligations issued by the City. The City submitted an additional SWIFT application to the TWDB for additional funding in the amount of \$25 million for AMI and, if approved, expects to close on such SWIFT loan in the fall of 2024.

*TWDB SRF Funding...* The City submitted its Clean Water State Revolving Fund ("CWSRF") and Drinking Water State Revolving Fund ("DWSRF") applications to the TWDB in fiscal year 2019. In February 2020, the City was awarded funding from the TWDB, in the form of low-interest CWSRF and DWSRF loans, for a combined total of \$120.83 million, of which \$67.83 million is for water and \$53 million is for wastewater infrastructure projects. The SRF loan financings are structured as Parity Water/Wastewater Obligations of the City privately placed with the TWDB. The City closed on all its SRF loans. The final loan closing was in November 2022. Accordingly, no additional funding remains under these CWSRF or DWSRF application awards.

### **Services Financed by Utility Districts**

On August 19, 1981, the City Council enacted an ordinance establishing the basic requirements for the City's consent to the creation of a district (e.g., a MUD, WCID or fresh water supply district) created under State law for the purpose of supplying water and/or wastewater service to land within the extraterritorial jurisdiction or the city limits of the City. That ordinance has been modified, over time, by the City's enactment of its Land Development Code, which contains provisions relating to the City's consent to the creation of districts. On February 2, 1984, the City Council adopted a resolution that established City policy with regard to the creation of MUDs.

Districts use ad valorem taxes, fees and charges, and water and/or wastewater revenues as a financing mechanism for development of land.

Under the current process, the City consents to the formation of a district by approval of a consent ordinance, a consent agreement, strategic partnership agreement, and if necessary, a utility construction agreement. These agreements among the City, the petitioners seeking formation of the district and the district itself establish a detailed set of requirements and policy statements governing the construction within, operation of and issuance of bonds by that district.

Under the strategic partnership with the district, the district may be annexed separately and dissolved by the City. Upon annexation and dissolution of a district, the City would assume the district's outstanding debts and other obligations, which pursuant to State law would become payable from ad valorem taxes levied and collected within the City, water and/or wastewater utility revenues and, in some cases, a surcharge fee assessed by the City to utility users within the boundaries of the annexed district. Upon annexation, the City is empowered to issue any authorized but unissued bonds of the district and to use the proceeds for improvements within the annexed district. Alternatively, some types of districts may be annexed, but not dissolved. In those instances, the City would be required only to provide services that the district does not provide and the City would not assume the district's outstanding debt.

The City has annexed multiple MUDs since December 1997. At the time of annexation, these MUDs are converted to retail customers and the City assumes their outstanding utility system debt, if any.

In February 2011, the City Council approved a resolution that superseded the existing resolution with regard to the policy and general criteria under which the City Council will consider requests to create MUDs. The policy states that the City Council shall consider the following criteria: adherence to the comprehensive plan; extension of public infrastructure with MUD or developer financing; affordable housing; environmental improvement; public transportation facilities; open space; green building; development standards; amenities; school and public safety sites; City provision of water and wastewater services; and financial viability.

The City's MUD policy provides for consideration of extraordinary public benefits, superior development, and enhancement of other City interests when negotiating a consent agreement. Ten new MUDs were subsequently created; during the 2011 and 2013 legislative sessions, conditioned upon the City entering into a consent agreement with each existing MUD at that time. Each MUD's enabling legislation also allows continuation of the district as a "limited district" (to operate and maintain certain assets such as parks or enforce deed restrictions) after full-purpose annexation by the City if the district and the City enter into a strategic partnership agreement. If the City did not consent to the creation of the district or enter into such agreements as are required by the terms of the City's consent ordinance, the MUDs would have been dissolved.

Following staff and board and commission review, in March 2012, the City Council conducted public hearings and approved ordinances consenting to the creation of the nine MUDs. Subsequently, the City Council conducted public hearings regarding a strategic partnership agreement with each of the MUDs and executed Strategic Partnership Agreements with each of the nine MUDs.

In 2015 and 2017, the City annexed two additional MUDs and assumed their outstanding utility system debt.

Since 2017, the City has not annexed any additional MUDs. For additional information on the City's annexation program, see "THE CITY – Annexation Program," "– Recent Annexation" and "– Future Annexation" in this document.

### **Water Reuse Facilities**

The City implemented the water reclamation initiative to develop facilities and processes to make purified wastewater effluent available for irrigation, manufacturing, toilet flushing, and cooling uses. The water reuse facilities operated as part of the Water and Wastewater System include three pump stations, two pressure zones with a boosted area, four water storage facilities with 7.5 MG in storage, and 72.8 miles of mains. An additional 10.2 miles of mains are in design or under construction. The water reuse facilities presently serve a total of 210 metered customers.

Customer demand is highly dependent on weather conditions. In calendar year 2023, customers used 1.55 billion gallons of reclaimed water. Efforts to promote the use of reclaimed water focus on existing large-volume commercial and industrial potable water users that can convert a portion of their use of treated potable water to reclaimed water. The water reuse facilities extend from the eastern edge of the City, where the reclaimed water originates at the wastewater treatment plants, to the center of the City, where most of the reclaimed water customers are located.

### **Austin Water's Financial Policies**

Austin Water performed a review of its financial policies in 2021 and recommended updates to its policies, effective from fiscal year 2022, for debt service coverage, capital expenditures, operating cash reserves and drinking water protection zones. After a public comment period and presentations to the City's Audit and Finance Committee and City Council, the updated financial policies were incorporated since fiscal year 2022 budget. Some of the more significant financial policies for Austin Water which were reviewed and approved by the City Council during the budget process are:

- Debt service coverage of at least 1.75x shall be maintained (this internal policy does not alter the City's obligation under the City's ordinances governing the Parity Water/Wastewater Obligations).
- Capital projects should be financed through a combination of pay-as-you-go financing and debt. An equity contribution ratio of at least 35% to 50% is desirable.
- Operating cash reserves of at least 180 days of budgeted operations and maintenance expense shall be maintained.

- Capital improvement projects for new water and wastewater treatment plants, capital expansions, and growth-related projects that are located in the Drinking Water Protection Zone (DWPZ) will be identified and submitted, as part of the annual budget process, to the Water and Wastewater Commission. The Water and Wastewater Commission will review growth-related DWPZ capital projects spending plans, obtain Commission and citizen input, review consistency with Imagine Austin Comprehensive Plan, review effect on growth within the DWPZ, and make recommendations on project approval for inclusion in Austin Water's five-year capital spending plan.

In addition to the updates of financial policies since fiscal year 2022, Austin Water continues to maintain higher internal targets for budgeting purposes of a 1.85x debt service coverage ratio and 245 days operating cash reserves. Austin Water's financial policies remain unchanged since their last update in fiscal year 2022.

### **Water and Wastewater Rates**

As a result of persistent drought conditions affecting the service area of Austin Water, significant water use restrictions were imposed on the customers served by Austin Water beginning in September 2011. These water use restrictions achieved their intended effect, as water use declined significantly since their imposition; however, water use declined more than forecasted by Austin Water for fiscal years 2012 through 2014, which resulted in lower than forecasted Gross Revenues during that period. See “WATER SYSTEM – Water Use Management Plan and LCRA Water Management Plans” in this document.

In fiscal year 2014, Austin Water implemented a fixed revenue goal of 20%, new volumetric rates and block intervals. A revenue stability reserve fund (the “Water Revenue Stability Reserve Fund”) was established to help cover costs during extreme weather or economic events. The Water Revenue Stability Reserve Fund is an account within the Water Fund that is funded by a volumetric surcharge applied both to retail and wholesale monthly bills, which became effective in February 2013. See “COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Water Service Rates” in this document. The Water Revenue Stability Reserve Fund exists separate and distinct from Austin Water Reserve Fund established by Austin Water Master Ordinance. The target funding level for the Water Revenue Stability Reserve Fund is 120 days of the budgeted water operating requirements of Austin Water, which includes operations and maintenance, and other operating transfers, but excludes debt service and other transfers. In the event that any portion of the Water Revenue Stability Reserve Fund is used, the balance will be replenished to the target level within 5 years. Upon creation of the Water Revenue Stability Reserve Fund, the goal to reach the target funding level of 120 days of budgeted water operating requirements was no later than 5 years. If the fund is drawn down prior to reaching the 120 day target during the first 5-year development period, the reserve fund surcharge shall not be lower than it was during the year in which the draw down occurred until such time as the fund reaches its 120 days of operating costs. Moneys in the Water Revenue Stability Reserve Fund are Gross Revenues of Austin Water under the Master Ordinance. The Water Revenue Stability Reserve Fund cannot be used for purposes other than for water operating purposes of Austin Water, is primarily intended to pay operating expenses or debt service on Parity Water/Wastewater Obligations related to water purposes, and may only be used to offset current year shortfalls in gross revenues of water operations that exceed 10% of budgeted levels. The City Council must approve any use of funds in the Water Revenue Stability Reserve Fund, no more than 50% of the balance would be used in any one year, and, if used, the Water Revenue Stability Reserve Fund balance will be replenished to the 120-day level within a five-year period.

As of September 30, 2023, the balance of the Water Revenue Stability Reserve Fund was \$59.23 million and was fully funded. No assurance can be given that the balance of the Water Revenue Stability Reserve Fund will remain at the 120-day goal; however, the volumetric surcharge for the Water Revenue Stability Reserve Fund has been reduced to a level to maintain the 120 days of Operating Expenses funding goal. As of the date of this document, Austin Water has not drawn any moneys from the Water Revenue Stability Reserve Fund. Notwithstanding the foregoing policy restrictions of the City currently in effect with respect to the use of moneys within the Water Revenue Stability Reserve Fund, the provisions of the Master Ordinance regarding the use of moneys on deposit in the Water Fund (including the Water Revenue Stability Reserve Fund in this document) govern and control.

Following the 2017 Cost of Service update, Austin Water implemented a 4.8% combined rate reduction for the fiscal year ending September 30, 2018. Subsequent to the 2018 rate reduction, Austin Water has focused its efforts on maintaining level debt service costs. On November 1, 2023, Austin Water increased retail rates for water and wastewater at a combined increase of 3.4% to keep up with rising costs while making investments in service reliability and water quality for the growing region. Austin Water has defeased portions of outstanding Parity Water/Wastewater Obligations; the defeasances, which were funded with Capital Recovery Fee collections and operating funds, have allowed Austin Water to realize approximately \$394 million in present value savings since 2016.

Austin Water prepares a five-year financial forecast each year as part of the City's forecast and budget development process, which includes a City Council-approved policy to forecast gross revenues and operating expenses that provide for at least 1.50 times debt service coverage through FY 2021 and, as recently updated after FY 2022, at least 1.75 times debt service coverage for the Parity Water/Wastewater Obligations by Net Revenues of the Water and Wastewater System. The audited City of Austin Annual Comprehensive Financial Report for fiscal year 2023 reports a Water and Wastewater Utility debt service coverage of 1.85 times. The approved fiscal year 2024 budget for Austin Water projects debt service coverage levels in fiscal year 2024 of 1.81 times after giving effect to an additional cash defeasance transaction. The forecasted coverage levels assume the 3.4% retail water and wastewater combined rate increase approved for fiscal year 2024.

On April 9, 2020, in response to the impact of the Pandemic, the City Council approved a 10% rate reduction of tiers 1, 2 and 3 for water volume rates and tiers 1 and 2 for wastewater volume rates, for both of the CAP customer rates and residential Non-CAP customer rates. These temporary rates were effective through October 31, 2020. The current Non-CAP rates that were effective November 1, 2019 resumed November 1, 2021. The CAP customer 10% rate reduction will remain in effect throughout FY 2024. See "COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Water Service Rates" in this document.

Any increase in the rates, charges or fees for water and wastewater services furnished by the Water and Wastewater System must be approved by the City Council. As a result of Austin Water's annual budgeting process, a 3.4-percent retail water and wastewater combined rate increase was proposed by Austin Water and approved by City Council on August 16, 2023, for FY 2024. Any rate increase approved by City Council as part of the fiscal year 2025 proposed budget will not take effect prior to November 1, 2024. On March 7, 2024, City Council approved a Go-Purple Community Benefit Charge of \$0.15 per thousand gallons on Austin Water customers' water consumption and wastewater flows to support reuse strategies in the Water Forward plan. This fee will be in effect beginning June 1, 2024. The City is committed to complying with the agreements and covenants of the City in the Prior Subordinate Lien Ordinance and the Master Ordinance with respect to establishing, maintaining and collecting rates, charges and fees for water and wastewater services furnished by the Water and Wastewater System. See "DESCRIPTION OF THE BONDS – Bondholders' Remedies," "SECURITY FOR THE BONDS – Rate Covenant Required by Prior Subordinate Lien Ordinance" and "– Rate Covenant Required by Master Ordinance" in this document. See also, Section 4 of "APPENDIX C – COPY OF MASTER ORDINANCE" and "Rates and Charges" in "APPENDIX D – SELECTED MODIFIED PROVISIONS FROM ORDINANCES RELATING TO PRIOR SUBORDINATE LIEN OBLIGATIONS" in this document.

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The following schedules present the monthly retail and wholesale customer water and wastewater rates:

## Water Service Rates

(Effective as of November 1, 2023)

### Monthly Customer Charges

<u>Customer Account Charge</u>	<u>Meter Size</u>	<u>Retail Equivalent Meter Charge per Month (1)</u>	<u>Multi-family Charge per Month (2)</u>	<u>Commercial Charge per Month (2)</u>
Retail Customer Account Charge(\$/Month)	5/8	\$7.45	\$12.50	\$8.75
	3/4	10.81	21.00	15.00
	1	13.87	33.00	23.00
	1½	15.81	42.00	29.00
	2	25.91	83.00	58.00
	3	76.60	292.00	204.00
	4	127.30	500.00	350.00
	6	258.88	1,042.00	729.00
	8	491.84	2,000.00	1,400.00
	10	775.40	3,167.00	2,217.00
	12	1,018.37	4,167.00	2,917.00
		<u>Retail per 1,000 Gals. (3)</u>	<u>Wholesale per 1,000 Gals. (3)</u>	
Water Revenue Stability Reserve Fund Surcharge		\$0.05	\$0.05	
<b>Community Benefit Charge</b>				<u>Charge per 1,000 Gals. (5)</u>
Community Benefit Charge				\$0.15
Go-Purple Community Benefit Charge				\$0.15
Purple Choice (6)				\$0.85
<b>Residential Monthly Tiered Minimum Charge</b>		<u>Minimum Charge Per Month (4)</u>		
0 – 2,000 Gallons		\$ 1.25		
2,001 – 6,000 Gallons		3.55		
6,001 – 11,000 Gallons		9.25		
11,001 – 20,000 Gallons		29.75		
20,001 – Over Gallons		29.75		
<b>Large Volume Fixed Minimum Charge</b>		<u>Min. Charge per Month (2)</u>		
NXP - Ed Bluestein (formerly Freescale)		\$29,250.00		
NXP - W. William Cannon (formerly Freescale)		21,400.00		
Samsung		121,100.00		
Cypress (formerly Spansion)		22,800.00		
University of Texas		16,350.00		

(1) Charge is applied to all customer classes.

(2) Fee is charged in addition to the Retail Equivalent Meter Charge.

(3) Surcharge is assessed to all water customers per 1,000 gallons of water billed for the billing period to fund the Water Revenue Stability Reserve Fund. See “COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Water and Wastewater Rates” in this document.

(4) Fee charge per 1,000 gallons of water and wastewater billed for the billing period to fund the CAP. Fee only applies to retail customers.

(5) Fee is charged in addition to the Retail Equivalent Meter Charge and is applied based on the total billed consumption for the billing period as it falls within the rate block, not as a volumetric charge per 1,000 gallons. Go Purple rate is effective as of June 2024.

(6) Retail customers, including CAP customers, can opt for Purple Choice program to support the Reuse strategies outlined in the Water Forward plan.

Source: Austin Water.

## Volume Unit Charge (1)

	Charge per 1,000 Gals.
<b>Single-Family Residential (Non-CAP) (2)</b>	
0 – 2,000 Gallons	\$3.00
2,001 – 6,000 Gallons	4.99
6,001 – 11,000 Gallons	8.65
11,001 – 20,000 Gallons	13.18
20,001 – Over Gallons	14.74
<b>Single-Family Residential (CAP) (2)</b>	
0 – 2,000 Gallons	1.23
2,001 – 6,000 Gallons	3.65
6,001 – 11,000 Gallons	6.00
11,001 – 20,000 Gallons	11.51
20,001 – Over Gallons	14.21
<b>Multi-family (3)</b>	
Off Peak	\$4.67
Peak	5.15
<b>Commercial (3)</b>	
Off Peak	\$5.46
Peak	5.86
<b>Large Volume (3)</b>	
NXP – Ed Bluestein (formerly Freescale)	
Off Peak	\$4.81
Peak	5.32
NXP – W. William Cannon (formerly Freescale)	
Off Peak	\$4.87
Peak	5.39
Samsung	
Off Peak	\$4.82
Peak	5.32
Cypress (formerly Spansion)	
Off Peak	\$5.10
Peak	5.62
University of Texas	
Off Peak	\$5.46
Peak	5.86

(1) Wholesale unit charges vary between \$2.60 and \$5.35 per 1,000 gallons.

(2) The City has approved an inclining block rate structure to promote water conservation for Single Family Residential customers. These rates will be administered on the basis of 1,000 gallon increments. See “COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Water and Wastewater Rates” in this document.

(3) Off Peak: November 1 – June 30 bills. Peak: July 1 – October 31 bills.

Source: Austin Water.

## Wastewater Service Rates

(Effective as of November 1, 2023)

### Customer Account Charge

	<u>Retail Customers</u>	<u>Wholesale Customers</u>
Customer Account Charge (\$/month)	\$10.35	\$10.30

### Community Benefit Charge

	<u>Charge per 1,000 Gallons (3)</u>
Community Benefit Charge	\$0.15
Go-Purple Community Benefit Charge	\$0.15
Purple Choice	\$0.85

### Volume Unit Charge (1)

	<u>Unit Cost per 1,000 Gallons (2)</u>
Retail	
Single-Family	
0 - 2,000 Gallons	\$5.10
2,001 - Over Gallons	10.45
Single-Family Customer Assistance Program (3)	
0 - 2,000 Gallons	\$3.11
2,001 - Over Gallons	7.90
Multi-family	\$9.32
Commercial	\$9.36
Large Volume:	
NXP – Ed Bluestein (formerly Freescale)	\$8.95
NXP – W. William Cannon (formerly Freescale)	9.10
Samsung	8.14
Cypress (formerly Spansion)	8.24
University of Texas	9.36

(1) Wholesale unit charges vary between \$3.80 and \$5.71 per 1,000 gallons.

(2) Applied to average water consumption during December, January and February billing periods, or actual water consumption, whichever is lower.

(3) Fee is charged per 1,000 gallons of wastewater billed for all retail customers. Go Purple rate is effective as of June 2024.

Source: Austin Water.

## Wholesale and Outside City Rate Challenges

The City Council has original jurisdiction over Water and Wastewater rates. State law, however, does allow water districts and any customers outside city boundaries to appeal the City's water and wastewater rates to the Public Utilities Commission of Texas ("PUCT").

On April 12, 2013, four of Austin Water's wholesale water customers submitted a water rate petition challenging the City's wholesale water rates to the TCEQ. In their petition, the four wholesale customers (North Austin MUD, Northtown MUD, Travis County WCID #10 (Westlake), and Wells Branch MUD) alleged that the City's wholesale rates were not just or reasonable. The petition alleged the new rates disproportionately increased the monthly fixed charges; collected for costs unrelated to water service; discouraged conservation; and unfairly burdened commercial and large volume customers. The petition also asked the TCEQ to set interim rates while the appeal was pending.

The TCEQ reviewed the petition and recommended referral to the State Office of Administrative Hearings. The hearing concluded in February 2015 and the City received a final ruling from the PUCT in November 2015, which found in favor of the petitioners. The City filed a Motion for Rehearing with the PUCT, which was denied in February 2016. Subsequently,

the City filed an appeal in Travis County District Court in March 2016. A hearing in the Travis County District Court was held in May 2017. In the final letter decision, the District Court Judge affirmed the PUCT final order.

On April 15, 2019, Austin Water filed an application to the PUCT for authority to change water and wastewater rates for the four wholesale water petitioners. The City withdrew this application on December 2, 2019. The case was dismissed on January 10, 2020.

The four wholesale water customers represented \$6.3 million, or 2.1%, of the approximate \$300.5 million annual water service revenue in fiscal year 2020. These four wholesale water customers rates continue to remain unchanged in fiscal year 2024.

### **Water and Wastewater Capital Recovery Fees**

On September 3, 1982, the City Council adopted an ordinance under which all new non-industrial and non-commercial customers of the Water and Wastewater System must pay a Capital Recovery Fee at the time that the customer's new tap is purchased. The fee has been revised several times since that date and is currently applied to all connections added to the Water and Wastewater System unless expressly waived by the City Council. In 1989, the City Council appointed an Impact Fee Advisory Committee and reauthorized the Capital Recovery Fee in compliance with procedures and methodology established by State law. The total Water and Wastewater Capital Recovery Fee was implemented August 5, 1999, and was most recently revised effective October 1, 2023. The revised fees are shown below, and under the terms of the Water and Wastewater System Master Ordinance, such fees do not constitute gross revenues of the Water and Wastewater System. There are several of express exemptions from payment of these fees. The City's policy is to use Capital Recovery Fee receipts to either service debt, defease debt, or finance growth-related capital improvement projects, thus reducing the amount required to be debt financed and saving the Water and Wastewater System the related financing costs. The fees listed below are based on one service unit (5/8" meter).

Fees for lots that were platted between October 1, 2007 and December 31, 2013.

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Drinking Water Protection Zone in the City's extraterritorial jurisdiction	\$2,500	\$1,400	\$3,900
Drinking Water Protection Zone in the City limits	2,200	1,200	3,400
Desired Development Zone in the City's extraterritorial jurisdiction	1,800	1,000	2,800
Desired Development Zone in the City limits	1,000	600	1,600
Urban watersheds	800	500	1,300
Central urban redevelopment combining district area and the area bounded by Lady Bird Lake, Lamar Boulevard, 15 <sup>th</sup> Street, and IH-35	700	400	1,100
Outside of City's extraterritorial jurisdiction	2,500	1,400	3,900

Fees for lots that were platted between January 1, 2014 and September 30, 2018.

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
All Areas	\$5,400	\$2,200	\$7,600

Fees for lots that were platted between October 1, 2018 and September 30, 2023.

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
All Areas	\$4,700	\$2,500	\$7,200

Fees for lots that were platted on or after October 1, 2023.

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
All Areas	\$4,800	\$2,900	\$7,700

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## Analysis of Water Bills

	Fiscal Year Ended September 30				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Average Monthly Bill Per Customer - Water					
Residential (1)	\$43.67	\$49.92	\$45.52	\$53.30	\$52.08
Multifamily (1)	704.57	756.41	771.64	801.75	803.51
Commercial (1)	320.16	321.18	308.11	347.93	357.67
Large Volume	297,756.97	293,838.57	275,901.94	300,225.33	319,974.03
City Departments	612.03	513.13	567.15	581.43	589.40
 Average Monthly Bill – Above Customers	 \$90.88	 \$97.34	 \$92.31	 \$103.43	 \$103.01
 Sales to Other Water Utilities (2)	 \$42,926.88	 \$48,396.20	 \$46,391.50	 \$52,454.64	 \$49,407.87
 Average Monthly Bill – All Customers	 \$93.96	 \$100.74	 \$95.52	 \$107.01	 \$106.34
 Average Monthly Use in 1,000 Gallons – Water					
Residential (1)	5.24	5.98	5.77	6.20	6.01
Multifamily (1)	123.67	134.81	137.14	143.08	143.55
Commercial (1)	46.64	49.22	47.28	50.79	52.44
Large Volume	52,294.19	51,816.62	48,271.15	53,167.57	56,917.65
City Departments	89.69	94.03	104.37	106.79	107.97
 Average Monthly Use – Above Customers	 13.03	 14.14	 13.77	 14.67	 14.62
 Sales to Other Water Utilities (2)	 11,264.47	 12,768.25	 12,013.09	 14,163.39	 13,123.60
 Average Monthly Use – All Customers	 13.84	 15.04	 14.60	 15.64	 15.51
 Average Revenue Per 1,000 Gallons – Water					
Residential (1)	\$8.33	\$8.35	\$7.89	\$8.59	\$8.67
Multifamily (1)	5.70	5.61	5.63	5.60	5.60
Commercial (1)	6.86	6.52	6.52	6.85	6.82
Large Volume	5.69	5.67	5.72	5.65	5.62
City Departments	6.82	5.46	5.43	5.44	5.46
 Average Revenue – Above Customers	 \$6.97	 \$6.88	 \$6.70	 \$7.05	 \$7.05
 Sales to Other Water Utilities (2)	 \$3.81	 \$3.79	 \$3.86	 \$3.70	 \$3.76
 Average Revenue – All Customers	 \$6.79	 \$6.70	 \$6.54	 \$6.84	 \$6.86

(1) Inside and Outside City-limit customers combined.

(2) Includes all Wholesale customers.

Source: Austin Water.

## Analysis of Wastewater Bills

	Fiscal Year Ended September 30				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Average Monthly Bill Per Customer – Wastewater					
Residential (1)	\$35.34	\$35.29	\$36.74	\$37.96	\$37.08
Multifamily (1)	1,135.09	1,268.46	1,244.10	1,331.97	1,351.26
Commercial (1)	413.43	335.48	354.73	376.86	425.77
Large Volume	299,193.33	295,026.24	283,208.25	306,821.75	337,143.11
City Departments	383.47	359.36	364.89	352.60	562.06
Average Monthly Bill – Above Customers	\$ 89.63	\$ 88.01	\$88.63	\$93.02	\$95.70
Sales to Other Utilities (2)	\$54,713.65	\$53,992.98	\$55,173.11	\$49,835.14	\$48,664.17
Average Monthly Bill – All Customers	\$92.32	\$110.91	\$111.51	\$95.35	\$97.94
Average Monthly Use in 1,000 Gallons – Wastewater					
Residential (1)	3.53	3.68	3.71	3.79	3.71
Multifamily (1)	125.95	140.64	138.16	147.96	150.16
Commercial (1)	45.04	36.40	38.45	40.94	46.39
Large Volume	37,394.54	39,603.01	38,121.63	41,143.91	42,231.61
City Departments	41.70	40.15	40.77	39.40	62.80
Average Monthly Use – Above Customers	\$ 9.65	\$ 9.68	\$9.62	\$10.07	\$10.32
Sales to Other Utilities (2)	\$9,934.19	\$9,659.09	\$10,794.51	\$10,479.49	\$9,694.91
Average Monthly Use – All Customers	\$10.14	\$10.15	\$10.13	\$10.56	\$10.77
Average Revenue Per 1,000 Gallons – Wastewater					
Residential (1)	\$10.01	\$9.60	\$9.91	\$10.01	\$10.00
Multifamily (1)	9.01	9.02	9.00	9.00	9.00
Commercial (1)	9.18	9.22	9.23	9.21	9.18
Large Volume	8.00	7.45	7.43	7.46	7.98
City Departments	9.20	8.95	8.95	8.95	8.95
Average Revenue – Above Customers	\$9.29	\$9.09	\$9.21	\$9.23	\$9.27
Sales to Other Utilities (2)	\$5.51	\$5.59	\$5.11	\$4.76	\$5.02
Average Revenue – All Customers	\$9.10	\$10.93	\$11.01	\$9.03	\$9.09

(1) Inside and Outside City-limit customers combined.

(2) Includes all Wholesale customers.

Source: Austin Water.

## ELECTRIC UTILITY SYSTEM “AUSTIN ENERGY”

### Management (as of February 29, 2024)

	<u>Years at City</u>	<u>Additional Years of Experience</u>	<u>Total</u>
General Manager			
Bob Kahn, <i>General Manager</i>	17	22	39
Deputy General Managers			
Tammy Cooper, <i>Regulatory, Communications &amp; Compliance</i>	3	23	26
Lisa Martin, <i>Chief Operating Officer</i>	13	5	18
Kerry Overton, <i>Chief Customer Officer</i>	22	11	33
Stuart Reilly, <i>Business Services</i>	17	0	17
Senior Vice President			
Russell Maenius, <i>Chief Financial Officer</i>	24	16	40
Vice Presidents			
Michael Enger, <i>Market Operations and Resource Planning</i>	23	0	23
Greg Flay, <i>Technology &amp; Data</i>	7	25	32
Gerardo Galvan, <i>Customer Care Services</i>	7	15	22
Kathleen Garrett, <i>Interim Power Production</i>	16	25	41
Richard Gécécé, <i>Customer Energy Solutions</i>	2	27	29
Monica Joyner, <i>Interim Customer Account Management</i>	10	17	27
Elton Richards, <i>Electric System Field Operations</i>	4	40	44
Elaine Veselka, <i>Electric Systems Engineer and Technical Services</i>	16	12	28

### Service Area

The service area for Austin Energy was established by the PUCT pursuant to a certificate of convenience and necessity on April 3, 1978. The City’s service area encompasses 227 square miles within the City itself and approximately 210 square miles of surrounding Travis and Williamson Counties. The establishment of such a service area entitles Austin Energy to provide electric service within this area. As presently constituted, the City’s service area overlaps with approximately 11 square miles of the service area of ONCOR Electric Delivery in Travis and Williamson Counties.

The City may not extend the service area for Austin Energy to an area receiving similar utility service from another utility service provider without first obtaining a certificate of convenience and necessity from the PUCT. The City has no plans to expand its present service area.

### Real Estate Taxes

Austin Energy pays no real property taxes on facilities inside or outside the City.

### Customer Base – Average Monthly Number of Customers

<u>For the 12-Month Period ended September 30, 2023</u>	<u>Average Monthly Number of Customers</u>	<u>Percent</u>
Residential	487,097	89.98%
Commercial	51,445	9.50%
Industrial	122	0.02%
Public Street & Highway	10	0.00%
Governmental Authorities	<u>2,694</u>	<u>0.50%</u>
Total Service Area Customers	<u>541,368</u>	<u>100.00%</u>

Source: Austin Energy.

### Physical Property

The City either owns or has an ownership interest in a diverse mix of generation sources, including coal, nuclear, natural gas, and biomass facilities. In addition, Austin Energy has renewable energy installations or contracts for purchased power from wind and solar. See “DESCRIPTION OF AUSTIN ENERGY’S PHYSICAL PROPERTY” and “AUSTIN ENERGY’S STRATEGIC PLANS, GOALS AND POLICIES – Austin Energy Resource, Generation and Climate Protection Plan to 2030” in this document.

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## Generation Facilities

As of March 1, 2024, generation facilities wholly or partially owned by Austin Energy and in operation are as follows.

<u>Unit</u>	<u>Year Installed</u>	<u>Nameplate Rating (MW)</u>	<u>Fuel</u>
Fayette Power Project			
Unit No. 1	1979	285.0	Coal
Unit No. 2	1980	285.0	Coal
Decker Power Station			
Gas Turbines	1988	200.0	Gas
Sand Hill Energy Center			
Gas Turbines	2001	180.0	Gas
Gas Turbines	2010	90.0	Gas
Combined Cycle	2004	300.0	Gas
MEC CHP (Dell Children's Hospital)	2006	4.6	Gas
South Texas Project Electric Generating Station			
Unit No. 1	1988	200.0	Nuclear
Unit No. 2	1989	200.0	Nuclear
Nacogdoches Biomass Facility	2012	<u>115.0</u>	Biomass
Total Capacity owned by Austin Energy		<u>1,859.6</u>	
Purchased Power (1):			
Ecofin Whirlwind Energy LLC	2007	59.8	Wind
Skyline Renewables RES North America Hackberry Wind, LLC	2008	165.6	Wind
Exelon Whitetail Wind Energy, LLC	2012	92.3	Wind
Deriva Energy Los Vientos IB, LLC	2012	201.6	Wind
FRV Solar AE, LLC	2011	30.0	Solar
Duke Energy Los Vientos III, LLC	2015	200.0	Wind
BHE Renewables TX Jumbo Road Wind, LLC	2015	300.0	Wind
Deriva Energy Los Vientos IV, LLC	2016	200.0	Wind
Southern Power Roserock Solar, LLC	2016	157.5	Solar
Southern Power East Pecos Solar, LLC	2017	118.5	Solar
Consolidated Edison CED Upton County Solar, LLC	2017	157.5	Solar
DESRi Midway Solar, LLC	2018	178.5	Solar
Power Fin Texas Solar Project, LLC	2018	3.2	Solar
Avangrid Karankawa Wind, LLC	2019	206.6	Wind
RWE Raymond Wind Farm LLC	2020	200.0	Wind
Pattern Gulf Wind LLC	2021	170.98	Wind
Deriva Energy East Blackland Solar Project 1 LLC	2021	144.0	Solar
SE Aragorn Solar LLC	2021	180.0	Solar
ENGIE 2019 ProjectCo-Tx1 LLC	2021	1.8	Solar
Total Capacity from Purchased Power		<u>2,767.88</u>	
Total Capacity including Purchased Power		<u>4,627.48</u>	

(1) Purchased power portfolio is comprised of 100% renewable energy.

Source: Austin Energy.

See "AUSTIN ENERGY'S CUSTOMER STATISTICS - Generation and Use Data" in this document for more information on peak demand and generation capacity.

## Fuel Supply

The cost and availability of fuel are two of several factors that affect Austin Energy's finances. Fuel mix percentages (based on generation as a percent of load) by fuel type are provided below.

<u>Fuel Type</u>	Percentage Net Load (*)				
	Fiscal Year Ended September 30				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	2023
Coal	26.49%	18.71%	25.47%	17.89%	10.61%
Natural Gas	15.58	16.61	15.76	11.52	13.42
Nuclear	25.07	24.57	25.74	24.22	22.34
Renewable Energy	38.39	41.64	47.67	54.03	49.08
Net Market Purchases/(Sales)**	<u>(5.53)</u>	<u>(1.53)</u>	<u>(14.64)</u>	<u>(7.66)</u>	<u>4.54</u>
Total	100.0	100.0	100.0	100.0	100.0

\* Inputs have been updated for "Power Purchase Agreement" generation.

\*\* Includes bilateral purchases and sales.

Source: Austin Energy.

## Fuel Type

Coal . . . Coal supply and rail transportation are procured through a portfolio of contracts designed to minimize cost. Typically, several weeks of coal inventory are maintained to protect against disruptions. Coal inventories are managed within targeted ranges, and depending on the efficiency of railroad performance, train sets are either removed from or added to service to maintain desired inventory levels. Austin Energy's coal inventory is targeted to be 40-70 days. Austin Energy's coal inventory share was 75 days as of February 29, 2024.

Natural Gas . . . Austin Energy utilizes a portfolio of gas contracts and multiple pipelines to diversify risk and minimize cost.

Nuclear . . . The South Texas Project Nuclear Operating Company ("STPNOC"), on behalf of the owners of the South Texas Project, is responsible for the supply of nuclear fuel and for the disposal of spent fuel for the South Texas Project Electric Generating Station ("STP"). See "DESCRIPTION OF AUSTIN ENERGY'S PHYSICAL PROPERTY - South Texas Project" in this document. Volatility in uranium prices and a number of industry-wide challenges to security of supply in the past few years have led to decisions to enter into long-term supply contracts and to carry a full reload of natural uranium hexafluoride.

Renewable Energy . . . Renewable Energy purchases result from a recurring Request for Proposals (RFP) process under which proposals are submitted to Austin Energy from renewable energy developers with renewable projects located within the ERCOT or the Austin Energy service territory. After a rigorous project evaluation process, Austin Energy may elect to negotiate Power Purchase Agreements with selected developers and then submit finalized contracts to the Austin City Council for approval.

## DESCRIPTION OF AUSTIN ENERGY'S PHYSICAL PROPERTY

### Fayette Power Project

The Fayette Power Project ("FPP") is a power project co-owned by the Lower Colorado River Authority ("LCRA") and Austin Energy. Austin Energy is a 50% owner in Units 1 and 2 of the FPP. A third unit, also at the facility, is 100% owned by LCRA. Pursuant to the Participation Agreement between the City and LCRA, LCRA was appointed Project Manager and a Management Committee comprised of an equal number of voting representatives from each participant was established, supported by four Subcommittees (Environmental, Fiscal/Budget, Fuels, and Technical) composed of representatives from each participant to direct the operation of the project. FPP is a 7,500 acre site located 8½ miles east of LaGrange, Texas, which is approximately 65 miles southeast of the City.

FPP installed scrubbers on Units 1 and 2 in 2011 to meet sulfur dioxide (SO2) permit levels and to help meet limits of air toxics in the federal Mercury and Air Toxics Standards ("MATS") rules published in 2012. Beginning in 2012, FPP installed mercury removal technology equipment to reach compliance with the MATS rule on Units 1 and 2. See "CERTAIN

FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – Environmental Regulation Related to Air Emissions – Mercury and Air Toxics Standards (“MATS”)” in this document. For additional information regarding FPP, see “STRATEGIC PLANS, GOALS AND POLICIES” in this document.

## Gas Generation Facilities

Austin Energy owns three gas generation facilities located in Austin Energy’s service territory.

Decker Power Plant consists of four Pratt and Whitney aeroderivative gas turbines with a combined generating capacity of 200 megawatts placed into service in 1988. The Decker plant is served by two natural gas pipelines. Decker 1 steam unit was retired in 2020 and Decker 2 steam unit was retired in 2022.

In 2001, Austin Energy placed four simple cycle gas turbines (GT’s) into operation at the Sand Hill Energy Center (SHEC). Each GT has a nominal generating capacity of 45 MW. In 2004, Austin Energy began commercial operation of a 300 MW combined cycle gas-fired generating unit at SHEC. The “one-on-one” combined cycle unit consists of one “F” class combustion turbine (CT), one natural circulation, duct fired, heat recovery steam generator (HRSG), and one steam turbine and balance of plant equipment and controls. The unit was designed so that a future “F” technology CT/HRSG train may be added to achieve a nominal rating of 500 MW for this power block. In 2010, Austin Energy placed two General Electric LM6000 aeroderivative GT’s into service at SHEC. Each LM6000 unit has a nominal capacity of 45 MW. The nominal plant total generating capacity is 570 MW. The plant is served by three natural gas pipelines.

In July 2006, Austin Energy added electric generation at a central utility plant located at the redevelopment site of the former Robert Mueller Airport. The plant is a tri-generation facility producing steam, chilled water and power for adjacent buildings. Excess electric power generated at the facility is sent to the electric grid. The electric power is produced by a gas turbine rated at 4.6 MW. The gas turbine exhaust passes through a heat recovery steam generator producing steam for use by an adjoining hospital and/or in an absorption chiller. A 1.5 MW standby diesel generator provides the plant with “Black Start” capability. The plant is served by one natural gas pipeline.

## South Texas Project

STP is a two-unit pressurized water reactor nuclear power plant with Unit 1 and Unit 2 (or Units 1 and 2) having a nominal output of approximately 1,350 MW each. It is located on a 12,220 acre site in Matagorda County, Texas, near the Texas Gulf Coast, approximately 200 miles southeast of the City. Participant Ownership (“Participants”) in STP Units 1 and 2 and their percentage of ownership are as follows:

	Ownership	
	Effective November 1, 2023 (1)	
	%	MW (Approximate)
Constellation Energy Generation	44.0	1,188
CPS Energy (City of San Antonio)	40.0	1,080
City of Austin – Austin Energy	<u>16.0</u>	<u>432</u>
	<u>100.0</u>	<u>2,700</u>

(1) Effective November 2023, Constellation Energy Generation, LLC purchased NRG Energy Inc.’s 44% interest in STP.

STP is operated by STPNOC, financed and directed by the Participants pursuant to an operating agreement among the Participants and STPNOC. Currently, a four-member board of directors governs the STPNOC, with each of the three Participants appointing one member to serve. The fourth member is STPNOC’s chief executive officer and president. All costs and generation output are shared in proportion to each Participant’s interest.

STP Units 1 and 2 each originally had a 40-year Nuclear Regulatory Commission (“NRC”) license that was scheduled to expire in 2027 and 2028, respectively. Under NRC regulations, the STP owners requested a 20-year license renewal which was approved for STP Units 1 and 2 on September 18, 2017. The license renewals allow operation of STP Units 1 and 2 until August 20, 2047 and December 15, 2048, respectively.

On November 13, 2008, NRG South Texas LP, one of the STP partners at that time, provided Austin Energy with notice of an updated proposal to add STP Units 3 and 4 at the STP site. The City had the right to participate in the ownership of the proposed new units, up to its existing 16 percent share of the STP. Austin Energy evaluated the City’s ownership option and provided City Council with an analysis on which to base a decision. The City Council elected to decline participation

in this expansion as then proposed. Nuclear Innovation North America (“NINA”), operating as a subsidiary of NRG Energy, Inc., became the lead applicant for the license and assumed responsibility for design, construction, and licensing prior to operation of STP Units 3 and 4 on January 24, 2011. The NRC issued the Combined License for STP Units 3 and 4 on February 12, 2016.

Low Pressure turbine upgrades were completed in 2007 for STP Units 1 and 2. The replacement resulted in an additional 136.9 MW of capacity, of which Austin Energy’s share is 21.9 MW. STP Unit 1 was retrofitted with a High Pressure Turbine upgrade in 2020 which resulted in an additional 21.9 MW of capacity, of which Austin Energy’s share is 3.5 MW.

In 2018, STP completed construction of an on-site Dry Cask Storage (“DCS”) system and NRC licensed Independent Spent Fuel Storage Installation (“ISFSI”). The DCS and ISFSI are necessary to store spent nuclear fuel on-site as the spent fuel pool for both STP Units 1 and 2 were nearing their full design limit. The DCS and ISFSI were successfully placed into operation in early 2019 with the off-loading of spent nuclear fuel from the STP Units 1 and 2 spent fuel pool.

### **Nacogdoches Biomass Facility**

Austin Energy acquired from Southern Power Company a 115 MW biomass power plant, fueled by wood waste such as forest residue, mill residue, waste pallets and municipal wood waste located in Nacogdoches County, Texas in June of 2019. Prior to the acquisition, Austin Energy received up to 100 MW of output from the Nacogdoches Biomass Facility under a 20-year Power Purchase Agreement (“PPA”) that would have expired in 2032. The acquisition enabled Austin Energy to avoid approximately \$275 million in additional costs over the remaining term of the PPA. Austin Energy has contracted with NAES Corporation (“NAES”) to provide full-service operations and maintenance at the Nacogdoches Biomass Facility. NAES currently has operations at over 160 power plants in North America, including a similar biomass facility located in Gainesville, Florida.

No immediate changes to the operation of the Nacogdoches Biomass Facility are expected. As is the case with respect to all elements of the electric generating capacity needs of Austin Energy, the long-term status of the operations of the Nacogdoches Biomass Facility will be addressed by Austin Energy in the normal course of future resource planning efforts.

### **District Energy & Cooling Program**

Austin Energy’s District Energy & Cooling program (the “DEC Program”) is a market-based program that constructs, maintains, and operates district energy and cooling plants. These plants transform electrical energy into thermal energy to distribute, via a network of underground pipes, to external customers in the form of chilled water to cool and air condition their buildings. Aggregation of loads enables superior efficiency, reliability, and quality when compared to stand-alone systems. In this region, 40-45% of the electricity consumed by a typical commercial building powers its air conditioning system. The thermal energy storage elements enable Austin Energy to shift electrical consumption from on-peak to off-peak electrical periods.

The DEC Program serves the City’s Central Business District, Domain development (the “Domain”), the Mueller Redevelopment Zone (“Mueller”) and the newly completed Austin Community College (“ACC”) Highland Campus. The DEC Program currently has 72 customers with over 26 million square feet of space connected to its district energy and cooling systems including residential towers, office buildings, hotels, the Austin Convention Center, downtown library and City Hall. The systems serving the Central Business District, ACC and Domain provide chilled water services while the system serving Mueller provides chilled water, steam, and on-site generated electricity to the Dell Children’s Medical Center of Central Texas and chilled water to neighboring buildings.

The DEC Program is supported by revenue from its customers and offers many benefits in return, including reduced construction and capital costs, extraordinary reliability, and simple, low risk operations. Benefits to Austin Energy and the City include having a valuable tool for economic development, reduce CO2 emissions, reduce electrical consumption, and providing new revenue from long-term service agreements, and environmental stewardship. All Austin Energy customers benefit from reduced electric market and regulatory charges due to the active electric demand management provided by the thermal energy storage elements of the DEC Program. The Resource, Generation and Climate Protection Plan to 2030 includes a goal of 30 MW and 40 MW of thermal demand shift by 2027 and 2030 respectively. The DEC Program currently provides a peak of 22 MW shift and is projected to reach 40 MW by 2030.



## AUSTIN ENERGY'S CUSTOMER RATES

### Retail Service Rates

The City Council has original jurisdiction over Austin Energy's retail electric rates. Customers living outside of the City can appeal rate changes to the PUCT under section 33.101 of the Public Utility Regulatory Act (Title 2 (Chapters 11 through 66) of the Texas Utilities Code, and referred to in this document as "PURA").

State courts have held that the PUCT may apply the same ratemaking standards to the City as are applied to utilities over which the PUCT has original jurisdiction.

Austin Energy's financial policies require that its rates be reviewed at least every five years. On December 8, 2022, the City Council approved a system average 4.6% base rate increase, or \$29.5 million, effective March 1, 2023. The City Council's affordability goals provide that (a) future rate increases should not result in system average rates exceeding a 2% annual compounded growth rate that began October 2012, and (b) Austin Energy average system rates should remain in the lower 50% among Texas electric utilities. For FY2024, the City Council approved an across-the-board 2% electric base rate increase. This increase took effect on November 1, 2023.

In addition to base rates, the City Council approved pass-through rates which include the following charges that are reviewed at least annually and are passed through dollar-for-dollar on customers' bills:

- Power Supply Adjustment ("PSA"): recovers fuel and net power supply costs.
- Regulatory Charges: recovers Austin Energy's retail transmission expenses and other regulatory expenses, such as the Administrative Fees of ERCOT. Congestion Revenue Rights are netted against the system regulatory costs. The Regulatory Charges are set as a uniform rate across the system, as opposed to being set on a class basis. The Regulatory Charge is recovered through energy charges (kWh) for non-demand customers and demand charges (kW) for demand customers.
- Customer Assistance Program ("CAP"): funds utility bill discounts, weatherization, arrearage management and emergency financial assistance for low-income residential customers (approximately 40,000 customers through Fiscal Year 2023). Service Area Lighting ("SAL"): maintains and powers the streetlights and traffic signals in the City (outside-the-city customers are not assessed this fee). The SAL charge reflects a system-wide recovery approach.
- Energy Efficiency Services ("EES"): funds energy efficiency programs. The EES charge reflects a system-wide recovery approach.

*Residential rates and structure:* Residential base rates consist of a customer charge and tiered energy rates. Residential customers also pay the pass-through rates itemized above.

*Commercial rates:* Commercial rates generally include a customer charge, demand charge (based on monthly peak demand), energy charge, and the above pass-through rates.

*Industrial rates:* Generally, industrial rates are comprised of a customer charge, demand charge, and in some instances, an energy charge. Industrial customers pay pass-through rates for the PSA and the Regulatory Charge, and in some instances, all or part of the Community Benefit Charge.

*Contract rates:* In March 2017, the State of Texas agreed to a new long-term contract for large accounts, extending through August 2026. The City Council approved a new tariff in May 2015 for Austin Energy's largest transmission customers, replacing the prior long-term contract. As a result, four of Austin Energy's largest customers are served under a tariff that includes an executed long-term contract.

*2022 Base Rate Review:* As described above, the City Council approved a \$29.5 million base rate increase. The approved rates include a significant update to residential rate design, including an increase in the customer charge, a reduction in the number of tiers for inside City customers (from five tiers to four tiers) and a reduction in the total spread in the Energy charge rates from eight cents down to six cents. The residential class's customer charge increased from the rate of \$10 to \$13, effective March 1, 2023. Effective FY2024, the customer charge increased to \$14 and an additional increase will be implemented in FY2025 to \$15. The residential class's energy charge will decrease to make the subsequent customer charge updates revenue neutral.

## Power Supply Adjustment

During the annual budget process, the City Council reviews Austin Energy’s proposal for updating the PSA, which recovers ERCOT Settlements, fuel and other power supply costs, and purchased power agreement costs, plus an adjustment for the prior year over/under-recovery. In FY2023, City Council delegated administrative authority to Austin Energy to adjust the PSA plus or minus 5% per month if needed to respond to power market conditions.

## Typical Monthly Residential Electric Bills of Large Texas Cities

<u>City</u>	<u>Monthly Electric Bill*</u>
Dallas/Fort Worth	\$128.52
<b>Austin</b>	<b>121.32</b>
Houston	136.90
Corpus Christi	134.86
San Antonio	121.38

\* Average monthly residential bill for 1,000 kWh during the period October 2022 – September 2023, including fuel costs. Dallas, Houston, and Corpus Christi are served by competitive retail service providers (“REP”). Many REPs design their offerings around the 1,000 kWh standard, resulting in an atypically low rate at the 1,000 kWh level, compared to the 500 kWh or 2,000 kWh consumption levels.  
Source: Public Utility Commission of Texas and [powertochoose.org](http://powertochoose.org).

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## AUSTIN ENERGY'S CUSTOMER STATISTICS

### Five Year Electric Customer Statistics

The table below shows service area billed customer sales for fiscal years 2019 through 2023. The revenue per year varies in large degree due to the price of power which is passed through to customers in the Power Supply Adjustment as stated above as well as a base rate increase in 2023. MWH sales variances are due to a combination of customer growth, changes in weather, and changes in consumption patterns due to the COVID-19 pandemic.

	Fiscal Year Ended September 30				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Revenue (000's)</u>					
Residential	\$496,643	\$499,893	\$458,914	\$604,330	\$656,555
Commercial	484,138	453,953	416,375	522,936	542,221
Industrial	187,206	178,007	156,274	214,100	240,389
Public Street & Highway	2,788	2,450	2,148	3,189	3,105
Sales to Government Authorities	<u>73,274</u>	<u>60,301</u>	<u>64,777</u>	<u>80,773</u>	<u>81,268</u>
Total	\$1,244,049	\$1,194,603	\$1,098,489	\$1,425,327	\$1,523,538
<u>MWH</u>					
Residential	4,522,859	4,740,214	4,632,514	5,116,975	5,114,804
Commercial	4,937,091	4,702,026	4,653,262	4,980,367	5,047,483
Industrial	2,962,835	3,003,001	2,929,849	3,124,701	3,264,345
Public Street & Highway	52,087	52,817	50,389	55,941	53,100
Sales to Government Authorities	<u>854,147</u>	<u>824,112</u>	<u>836,583</u>	<u>899,031</u>	<u>684,277</u>
Total	13,329,019	13,322,171	13,102,598	14,177,016	14,164,009
<u>Average Monthly Number of Customers</u>					
Residential	443,792	454,616	467,291	476,722	487,097
Commercial	49,587	50,135	50,561	51,099	51,445
Industrial	114	115	112	113	122
Public Street & Highway	4	9	10	10	10
Sales to Government Authorities	<u>2,761</u>	<u>2,785</u>	<u>2,783</u>	<u>2,754</u>	<u>2,694</u>
Total	496,258	507,660	520,757	530,698	541,368
<u>Average Monthly kWh per Customer</u>					
Residential	849	869	826	894	875
Commercial	8,297	7,816	7,669	8,122	8,176
Industrial	2,168,986	2,168,232	2,175,092	2,312,880	2,225,184
Public Street & Highway	1,108,227	517,816	423,441	482,250	446,215
Sales to Government Authorities	25,781	24,661	25,048	27,205	21,163
<u>Average Monthly Bill per Customer</u>					
Residential	\$93.26	\$91.63	\$81.84	\$105.64	\$112.32
Commercial	813.61	754.55	686.26	852.81	878.32
Industrial	137,047.14	128,524.59	116,016.69	158,475.31	163,864.18
Public Street & Highway	59,312.68	24,024.08	18,052.82	27,493.11	26,090.80
Sales to Government Authorities	2,211.65	1,804.49	1,939.49	2,444.25	2,513.47
<u>Average Revenues per kWh</u>					
Residential	\$0.10981	\$0.10546	\$0.09906	\$0.11810	\$0.12836
Commercial	0.09806	0.09654	0.08948	0.10500	0.10742
Industrial	0.06318	0.05928	0.05334	0.06852	0.07364
Public Street & Highway	0.05352	0.04640	0.04263	0.05701	0.05847
Sales to Government Authorities	0.08579	0.07317	0.07743	0.08984	0.11876

Source: Austin Energy.

## Electric Rates

The PSA, Regulatory Charge, and Community Benefit Charges are effective as of November 1. Austin Energy’s approved rates schedules are contained in the City’s annual continuing disclosure filing for the fiscal year ended September 30, 2023 for the City’s outstanding Parity Electric Utility Obligations, which filing is available from the Municipal Securities Rulemaking Board (the “MSRB”) on its Electronic Municipal Market Access (“EMMA”) system website (see “CONTINUING DISCLOSURE OF INFORMATION – Availability of Information” in this document), and such rate schedules are incorporated into this document by reference.

## Transmission Rates

The PUCT has exclusive jurisdiction over rates and terms and conditions for the provision of transmission services by the City. On August 24, 2022, the PUCT approved the City’s most recent wholesale transmission annual access rate of \$1.24822/kW. Transmission revenues totaled \$94.4 million in fiscal year 2023. Austin Energy will continue to manage and review the need for wholesale transmission rate increases as necessitated by its investment and cost to serve.

## GreenChoice® Energy Rider

GreenChoice® is Austin Energy’s renewable energy program that allows residential and commercial customers to meet their electricity needs by purchasing 100% renewable Texas wind power. Customers who subscribe to the GreenChoice program pay, a renewable energy premium as determined by Austin Energy. Residential customers enjoy no contract, no subscriber fees, or penalties for unsubscribing. Commercial customers can choose from three subscription options: BusinessCents, Energizer, and Patron. GreenChoice renewable energy sales are certified by Green-e, a leading national independent consumer protection program for the sale of renewable energy and greenhouse gas reductions in the retail market.

### GreenChoice Sales (kWh) by Calendar Year

2014	683,986,607
2015	637,575,000
2016	719,814,465
2017	708,313,000
2018	759,088,000
2019	775,538,662
2020	709,063,075
2021	753,287,074
2022	1,020,485,039
2023	824,181,067

## Power and Energy Sales Contracts

Austin Energy has numerous enabling agreements in place with various market participants. The agreements are designed to facilitate energy transactions by providing a standard agreement and may be cancelled by either party upon thirty (30) days’ written notice. Transactions are by mutual agreement; no party is obligated to offer, sell or buy energy under the agreements. Austin Energy is an active participant in the ERCOT wholesale power market. In December 2010, ERCOT commenced operation of a nodal or Locational Market Price market. Under this structure, Austin Energy generators are economically dispatched based on their cost against total ERCOT load rather than Austin Energy load. All load is likewise served by the ERCOT centralized dispatch. Bilateral power purchase and sale contracts are unaffected by this change and remain a key feature of the market. See “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – ERCOT Wholesale Market Design” in this document.

## Generation and Use Data

	Fiscal Year Ended September 30									
	2023		2022		2021		2020		2019	
	Average Customers	kWh	Average Customers	kWh	Average Customers	kWh	Average Customers	kWh	Average Customers	kWh
Net kWh Generated		14,021,562,952		15,697,987,911		15,583,185,677		13,833,141,055		14,686,072,244
kWh Received from ERCOT		1,744,666,405		892,757,385		376,332,458		1,066,246,223		858,953,254
Less: kWh Delivered to ERCOT		<u>(990,258,495)</u>		<u>(1,974,600,450)</u>		<u>(2,371,576,205)</u>		<u>(1,270,282,001)</u>		<u>(1,590,257,054)</u>
						-				
Total kWh Delivered to Service Area		<u>14,775,970,863</u>		<u>14,616,144,846</u>		<u>13,587,941,930</u>		<u>13,629,105,277</u>		<u>13,954,768,444</u>
Service Area Energy Use:										
Residential	487,097	5,114,804,256	476,722	5,116,975,278	467,291	4,632,514,399	454,616	4,740,214,005	443,792	4,522,859,322
General Service (Less UT & ENW)	<u>53,196</u>	<u>8,559,828,217</u>	<u>52,911</u>	<u>8,590,715,748</u>	<u>52,383</u>	<u>8,039,134,230</u>	<u>52,045</u>	<u>8,135,854,225</u>	<u>51,485</u>	<u>8,387,249,208</u>
	<u>540,293</u>	<u>13,674,632,473</u>	<u>529,633</u>	<u>13,707,691,026</u>	<u>519,675</u>	<u>12,671,648,629</u>	<u>506,661</u>	<u>12,876,068,230</u>	<u>495,277</u>	<u>12,910,108,530</u>
Public Street Lighting	10	53,099,614	10	55,940,972	10	50,389,428	9	52,817,241	4	52,086,667
City Utility Departments (*)	301	306,537,384	304	286,500,966	310	269,822,873	294	281,553,057	294	252,419,089
Other City Departments (*)	<u>764</u>	<u>129,739,529</u>	<u>751</u>	<u>126,883,036</u>	<u>762</u>	<u>110,737,070</u>	<u>696</u>	<u>111,732,472</u>	<u>683</u>	<u>114,404,714</u>
	<u>1,075</u>	<u>489,376,527</u>	<u>1,065</u>	<u>469,324,974</u>	<u>1,082</u>	<u>430,949,371</u>	<u>999</u>	<u>446,102,770</u>	<u>981</u>	<u>418,910,470</u>
Total Service Area Sales	541,368	14,164,009,000	530,698	14,177,016,000	520,757	13,102,598,000	507,660	13,322,171,000	496,258	13,329,019,000
Loss and Unaccounted For		611,961,863		<u>439,128,844</u>		<u>485,343,930</u>		<u>306,934,277</u>		<u>625,749,444</u>
Total kWh Delivered to Service Area	<u>541,368</u>	<u>14,775,970,863</u>	<u>530,698</u>	<u>14,616,144,844</u>	<u>520,757</u>	<u>13,587,941,930</u>	<u>507,660</u>	<u>13,629,105,277</u>	<u>496,258</u>	<u>13,954,768,444</u>
System Peak Demand (kW)		<u>3,064,000</u>		<u>2,953,000</u>		<u>2,644,000</u>		<u>2,810,000</u>		<u>2,810,000</u>

\*Source: Austin Energy. Figures may differ from previously reported data due to the correction of generation data related to two purchase power agreements that came online in Fiscal Year 2021.

## **Energy Risk Management**

In an effort to mitigate the financial and market risk associated with the purchase of natural gas and energy price volatility, Austin Energy has established an Energy Risk Management Program. This program is authorized by the City Council with an \$800 million limit and is led by the Risk Oversight Committee. Under this program, Austin Energy enters into futures contracts, options, and swaps for the purpose of reducing exposure to natural gas and energy price risk over a ten-year time horizon. 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.

In accordance with GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, the City is required to report the fair value of all derivative instruments on the statement of net position. In addition, GASB Statement No. 53 requires that all derivatives be categorized into two 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 item that is hedged. 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.

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

Further explanation and historical information at last fiscal year end can be found in the footnotes to the financial statements for the fiscal year ended September 30, 2023. See "APPENDIX B – "AUDITED FINANCIAL STATEMENTS – Note 12 – Energy Risk Management Program" in this document.

## **Power and Energy Purchase Contracts**

The City has signed several long-term energy purchase agreements for conventional, wind, and solar electric generation. All power generated from these facilities is sold into the ERCOT market.

In September 2006, Austin Energy signed a 20-year contract with Renewable Energy Systems ("RES") America Development, Inc. to purchase the output of a 59.8 MW wind energy project located in Floyd County, Texas. On October 10, 2006, RES assigned the contract to Whirlwind Energy, L.L.C. The project began full-scale commercial operation in December 2007.

In August 2007, Austin Energy signed a 15-year contract with RES to purchase the output of a 165.6 MW wind energy project located in Shackelford County, Texas near Abilene. On September 6, 2007, RES assigned the contract to Hackberry Wind, LLC. The project began full-scale commercial operation in December 2008. In December of 2023, Austin Energy extended the contract for an additional nine years.

In August 2009, Austin Energy signed a 25-year contract with FRV Solar AE, LLC, a subsidiary of Austin Solar, LLC, a successor to Gemini Solar Development Company, LLC, predecessor to the current joint owners, Longsol LLC and Metlife, to purchase the output of a 30 MW solar power plant. The project is located on an Austin Energy site near Webberville just east of Austin and commenced commercial operation in December 2011.

In September 2011, Austin Energy signed a 25-year contract with Los Vientos Windpower IB, LLC, an affiliate of Duke Energy to purchase the output of a 201.6 MW wind energy project located in Willacy County, Texas. Energy purchases from Los Vientos IB commenced in November, 2012, and full scale commercial operation commenced in December 2012. Also in September 2011, Austin Energy signed a 25-year contract with Whitetail Wind Energy, LLC an affiliate of Exelon Corporation, to purchase the output of a 92.34 MW wind energy project located in Webb County, Texas. Energy purchases from Whitetail also began in November 2012, and full-scale commercial operation commenced on December 21, 2012.

In September 2013, Austin Energy entered into two 25-year Power Purchase Agreements with Duke Energy affiliates, Los Vientos Windpower III, LLC and Los Vientos Windpower IV, LLC, to purchase the output of 200 MW wind energy projects from each entity located in Starr County, Texas. Los Vientos III commenced commercial operation in April 2015 and Los Vientos IV commenced commercial operation in July 2016.

In February 2014, Austin Energy signed an 18-year contract with TX Jumbo Road Wind, LLC, an affiliate of BHE Renewables LLC, to purchase the output of a 300 MW wind energy facility located in Castro County, Texas. Commercial operation began in April 2015.

In May 2014, Austin Energy and RE Roserock LLC, a Canadian Solar affiliate, entered into a 20-year Power Purchase Agreement for the purchase and sale of up to 157.5 MW of solar generated renewable energy from the Roserock Solar Facility to be constructed in west Texas. In November 2015, a Southern Company subsidiary purchased a controlling interest in the project. Commercial operation was achieved in November 2016.

In May 2015, Austin Energy and a subsidiary of Power Fin Texas Solar Projects, LLC entered into a 25-year Power Purchase Agreement for the purchase up to 3.2 MW of solar generated renewable energy from a facility to be constructed in the Austin Energy service territory; this purchase will be considered a component of Austin Energy's local solar goal. Commercial operation began in the first quarter of 2018.

In October 2015, Austin Energy entered into three separate transactions for the purchase and sale of energy from three solar projects in west Texas: (1) a 15-year Power Purchase Agreement with East Pecos Solar, LLC, a subsidiary of Southern Company who purchased the project from the original developer, First Solar Development, LLC, for up to 118.5 MW of capacity from a facility constructed in east Pecos County, commercial operation of which began in April 2017; (2) a 25-year Power Purchase Agreement with Midway Solar LLC, a subsidiary of DESRI, who purchased the asset from 174 Power Global, a subsidiary of Hanwha Q Cells for up to 178.5 MW of capacity from a facility located in east Pecos County; commercial operation began in December 2018; and (3) a 25-year Power Purchase Agreement with CED Upton County Solar LLC, a subsidiary of Consolidated Edison Development, for up to 157.5 MW of capacity from a facility in Upton County; commercial operation under this project began in August of 2017.

In June 2017 Austin Energy signed a 15-year Power Purchase Agreement with Karankawa Wind LLC, a subsidiary of Avangrid Renewables, LLC, for the sale and purchase of up to 206.6 MW of wind energy from a facility under construction in San Patricio and Bee Counties Texas. Commercial operation began in December 2019.

In December 2017 Austin Energy entered into a Power Purchase Agreement with SE Aragorn, LLC, an SB Energy (formerly Intersect Power) subsidiary, for the sale and purchase of solar power generated from a planned 180 MW project in Culberson County, Texas. Commercial operations commenced on December 31, 2021.

In October 2018, Austin Energy and East Blackland Solar Project, LLC, a Duke Energy (formerly Recurrent Energy) subsidiary, entered into a 15 year Power Purchase Agreement for the purchase and sale of energy produced from a 144 MW solar facility to be constructed in Travis County, Texas near the town of Pflugerville. Commercial operation commenced in July, 2021.

In March 2019, Austin Energy signed a 20-year Power Purchase Agreement with a subsidiary of Pattern Energy Group, Inc. for the purchase and sale of 170 MW of energy output from a wind project located in Kenedy County, Texas. Commercial operation started in May, 2021.

In August 2019, Austin Energy and RWE Renewables (successor to E.ON Climate and Renewables) entered into a 12 year Power Purchase Agreement providing for the purchase and sale of energy generated from the 200 MW Raymond Wind facility located in Willacy and Cameron Counties, Texas. Commercial operations commenced in December 2020.

In December 2019, Austin Energy and an ENGIE subsidiary entered into a 25-year Power Purchase Agreement for the purchase and sale of energy generated from a 1.8 MW rooftop solar project located at the City-owned and operated Austin-Bergstrom International Airport. Commercial operations began in May 2021.

With respect to the contracts described above, Austin Energy is obligated to purchase all of the energy generated by each of the facilities up to the maximum amount as described above, to the extent energy is so generated. Many of the facilities described above do not run at full capacity for 24 hours a day; therefore, Austin Energy may be purchasing energy in amounts less than the maximum amounts that are shown above.

## Electric Transmission and Distribution System Statistics

The transmission and distribution plant statistics of Austin Energy as of September 30, 2023 are as follows:

	<u>Number of Substations</u>	<u>Miles of Lines</u>	<u>Kilovolts</u>
Transmission	17	633	345/138/69
Distribution	63	12,264	35/12.5/7.2
Overhead Primary		2,413	
Overhead Secondary		2,589	
Underground Primary		3,718	
Underground Secondary		3,544	

The City and the LCRA entered into the FPP Transmission Agreement dated March 17, 1977, setting forth the duties, obligations and responsibilities with respect to the transmission of energy from FPP. See “DESCRIPTION OF AUSTIN ENERGY’S PHYSICAL PROPERTY – Fayette Power Project” in this document.

The City has also entered into the STP 345 kV Transmission Line Agreement dated as of January 1, 1976 with the participants in STP, setting forth the duties, obligations and responsibilities with respect to transmission facilities associated with STP. See “DESCRIPTION OF AUSTIN ENERGY’S PHYSICAL PROPERTY – South Texas Project” in this document.

Austin Energy is interconnected with LCRA, CenterPoint Energy (formerly Houston Lighting & Power Co.), CPS Energy and American Electric Power. Austin Energy is a member of ERCOT. As a participant in ERCOT, Austin Energy is able to provide and be provided with a reliable backup supply of generation under normal and emergency conditions. The diversification of fuel sources of the member systems increases the potential for economic interchanges among the respective systems. Sale and purchase transactions generally maximize the use of less expensive fuel sources by all members of the interconnected system.

Until recently, electric utilities operating in the State have not had any significant interstate connections, and hence investor-owned utilities have not been subject to regulation by the Federal Energy Regulatory Commission (“FERC”) and its predecessor agencies under the Federal Power Act. Over the past several years, however, successful efforts have been made to provide interstate connections. These efforts have resulted in protracted judicial and administrative proceedings involving ERCOT members. The settlement of such proceedings permits the ERCOT members to avoid federal regulation as the result of any interstate interconnection with another interstate connected utility.

## ISO 9001 Registration

Austin Energy’s two major business units have earned their International Organization for Standardization (ISO) 9001 registrations. ISO 9001 is a series of international quality standards designed to ensure that all activities related to providing and delivering a product or service are appropriately quality assured. To earn the registration, applicants must develop a Quality Management System that reflects standards of performance for every major process, in this case, related to building, operating, maintaining, and repairing the Electric Utility System.

- The Electric Systems Field Operations and Electric Systems Engineering and Technical Services business units – responsible for the construction, maintenance and operation of the City’s Electric Utility System - became the first of any utility in the nation to earn ISO-9001:2000 registration. Auditors from the National Standards Authority of Ireland (“NSAI”), the worldwide entity that certifies ISO quality management program, issued the registration on January 3, 2008. The certification followed a rigorous four-day review in December 2007 of the Electric Systems Quality Management System by NSAI auditors. In June 2012, Electric Systems Quality Management System was re-registered under the ISO- 9001:2008 standard. More recently, in June 2022, Austin Energy’s Electric Systems Quality Management System was recommended for continued certification under the ISO-9001: 2015 standard, by NSAI.
- In June 2010, Austin Energy’s Customer Care Services (“CCS”) business unit was also registered as an ISO 9001:2008 organization. CCS is responsible for receiving customer requests, responding to customer requests, billing customers, processing customer payments, and managing customer accounts. In June 2013, Austin Energy’s CCS Quality Management System was re-registered under the ISO-9001: 2008 standard. In February 2017, Austin Energy’s CCS Quality Management System was upgraded to certification under the ISO-9001:2015 standard. At the same time, Austin 311, received initial certification under the ISO–9001:2015 standard – the first distinction of this kind for a 311 Contact Center in the United States. In February 2019, both the CCS Quality Management System, and Austin 311’s Quality



Management System were recertified to ISO-9001:2015, and combined into a single registration. March of 2022 recertification was successfully granted.

These business units continue to maintain their respective certifications.

### Conventional System Improvements

Austin Energy's five-year Capital Improvements Spending Plan (the "Capital Plan"), which was approved by the City Council in August 2023, addresses approximately \$1.18 billion of capital spending needs for fiscal years 2024-2028. Funding for the Capital Plan is expected to be provided from revenues of Austin Energy and the issuance of debt, including short-term commercial paper and long-term revenue bonds. Austin Energy currently anticipates that approximately 50% of the five-year Capital Plan will be debt funded and 50% will be funded from revenues.

The Capital Plan provides continued funding for distribution and street lighting additions, including line extensions for new service, system modifications for increased load, and relocations or replacements of distribution facilities in the central business district and along major thoroughfares. It also includes funding for transmission, generation and other general additions. Major projects in the Capital Plan include the construction of a new East Village substation, Southeast substation, Kramer Lane substation as well as the purchase of Austin Energy's new warehouse.

### Five Year Capital Spending Plan

<u>\$ in Millions</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>Total</u>
Distribution	\$106.3	\$98.5	\$93.3	\$93.4	\$93.4	\$485.1
Distribution Substation	\$15.4	\$15.8	\$16.5	\$8.9	\$14.4	\$70.9
Transmission	<u>\$56.9</u>	<u>\$81.4</u>	<u>\$84.2</u>	<u>\$80.7</u>	<u>\$46.3</u>	<u>\$485.1</u>
Total Electric Service Delivery	\$178.7	\$195.7	\$194.1	\$183.0	\$154.1	\$905.6
Power Production	\$48.6	\$47.5	\$32.1	\$21.3	\$21.1	\$170.6
Customer Service Billing & Metering	\$0	\$0	\$0	\$0	\$0	\$0
Facilities, Technology & Support Services	<u>\$35.4</u>	<u>\$64.2</u>	<u>\$1.7</u>	<u>\$1.2</u>	<u>\$1.2</u>	<u>\$103.7</u>
Total	\$262.7	\$307.4	\$227.9	\$205.5	\$176.4	\$1,179.9

### Austin Energy Smart Meter Installation Program

Austin Energy maintains an Advanced Metering Infrastructure ("AMI") program. A component of the AMI program is the installation of AMI meters, which send and receive commands related to acquiring consumptive and diagnostic data, including daily meter reads via radio signals. As of 2015, Austin Energy has deployed a full 2-way AMI system. Continued improvements in AMI technology utilized at Austin Energy have provided demonstrable enhancements to customer service and reliability while reducing operating costs. Austin Energy currently has approximately 543,705 AMI meters: 490,069 2-way communicating residential meters and 53,636 2-way communicating commercial and industrial meters.

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## AUSTIN ENERGY'S STRATEGIC PLANS, GOALS AND POLICIES

### Strategic Plan

Austin Energy's mission is *"To safely deliver clean, affordable, reliable energy and excellent customer service."* To achieve its mission, Austin Energy adopted a 2020-2025 strategic plan. (the "Strategic Plan"). The Strategic Plan identifies adaptive strategies to proactively address customer expectations, deploy innovative technology, provide responsible energy services and ensure Austin Energy is well prepared for the challenges ahead.

The Strategic Plan is informed by several sources, including Austin Energy's Technology Roadmap, Facilities Masterplan, Resource, Generation Plan and Climate Protection Plan, and the City's strategic planning efforts. The primary focus of the Strategic Plan is to realize its vision of *"Powering a cleaner, brighter future with customer-driven, community-focused solutions."*

The Strategic Plan addresses six overarching goals that are designed to enable Austin Energy to realize its vision. Customer Experience, Environmental Leadership, and Grid Resilience focus on delivering value to the customer and providing customer choice in the products and services offered. Employee Experience and Financial Health provide an internal focus on maintaining and increasing the value provided to employees, customers and the communities served. Finally, Health and Safety has both an internal and external focus, speaking to Austin Energy's responsibility to always operate safely.

Each goal is overseen by a goal manager and a cross-functional team of staff who are executing the projects to achieve their goal. Each goal manager is partnered with an executive sponsor, a member of the Austin Energy executive team, who is responsible for ultimately achieving the goal.

To measure performance over time, Austin Energy has established thirteen Key Performance Indicators ("KPIs"), and a target value for each KPI. Austin Energy publicly reports on progress towards key indicator targets at boards and commissions. The Austin Energy Executive Team also meets quarterly to review progress and status of key strategic projects. Austin Energy is currently reviewing the Strategic Plan.

### Austin Energy Resource, Generation, and Climate Protection Plan to 2030

On August 12, 2019, the Electric Utility Commission of the City created the Resource Plan Working Group (the "Working Group") to provide leadership and guidance to Austin Energy and the City Council on technical and market issues to meet environmental, efficiency and goals established by the City Council.

The Austin Energy Resource, Generation and Climate Protection Plan to 2030 approved by the City Council on March 26, 2020 (the "2030 Plan") outlines the Working Group's recommendations and strategic goals and represents an extensive effort of the Austin community working through the Working Group and Austin Energy staff. The 2030 Plan is based on analysis of the risks, costs and opportunities to meet future demand for electricity. The 2030 Plan is intended to be flexible and dynamic to respond to changing circumstances, including customer electric load, economic conditions, energy prices, and technological development, while strictly committing to firm carbon reductions.

The 2030 Plan updates and replaces the Austin Energy Resource, Generation and Climate Protection Plan to 2027. To the extent the provisions of the 2030 Plan are inconsistent with prior resource plans for Austin Energy or related City Council resolutions adopting such plans, the 2030 Plan will prevail.

*Vision Statement* – The 2030 Plan commits Austin Energy to continuing to provide affordable, dependable, and safe electricity service to residents and businesses while pursuing the City's climate protection and sustainability goals and the directives set forth in the Austin Climate Emergency Resolution. As a part of its commitment, Austin Energy will maintain an energy supply portfolio sufficient to offset customer demand while eliminating carbon and other pollutant emissions from its electric generation facilities within the limitations set by the City Council. Austin Energy commits to providing access to the benefits of this 2030 Plan for limited-income communities and communities of color.

*Affordability* – Affordability of electricity service for Austin Energy customers is an overarching goal of the 2030 Plan. Developments in the wholesale energy market in recent years have demonstrated that if Austin Energy carefully manages its portfolio it can achieve its environmental goals economically, efficiently and affordably. Austin Energy will do so with a commitment to the specific affordability metrics set by the City Council.

*Generation Resource Objectives* – As of December 2023, Austin Energy generates energy on an annualized basis equal to approximately 70% of its total customer load using carbon-free resources, which includes both renewable resources and the South Texas Project nuclear facility. As explained in more detail below, under the 2030 Plan, Austin Energy will eliminate its existing emissions through retirement of its carbon-emitting generation plants and anticipates purchasing additional, cost-effective, renewable energy resources.

*No New Carbon Generating Assets* – Austin Energy will seek to avoid purchasing, contracting for or building long-term generation or storage resources that emit new carbon, or any additional nuclear power generation resources.

*Carbon Reduction Goals* – Austin Energy has established a goal to have 86% of its electricity generation carbon-free by year-end 2025, 93% carbon-free by year-end 2030, and all generation resources carbon-free by 2035. Austin Energy commits to advance these goals more rapidly, if feasible given technological developments, affordability, and risks to Austin Energy customers.

*Additional Renewable Generation Facilities* – Austin Energy will utilize its annual RFP process to seek the best available renewable energy and electricity storage opportunities to add to Austin Energy’s generation resource portfolio as necessary to meet 2030 Plan goals and to assess market trends for future planning. With the exception of the Local Solar goals, the 2030 Plan does not designate the components of Austin Energy’s renewable energy portfolio. Austin Energy will plan for least-cost and least-risk acquisition of renewable resources and electricity storage as available in the energy market and as necessary to meet 2030 Plan goals.

### **Specific Actions to Achieve Generation Resource Objectives**

*Fayette Power Project* – Austin Energy seeks to cease operation of Austin Energy’s portion of the Fayette Power Project coal plant. Austin Energy will continue to recommend to the City Council the establishment of any cash reserves necessary to accomplish this goal. As an update to the plan, Austin Energy plans to continue operating its share of the Fayette Power Project but minimize the scheduled generation utilizing the REACH plan.

*Decker Creek Power Station* – Austin Energy planned to cease operations and begin retirement of existing Decker Steam gas-fired units, assuming ERCOT approval, with Steam Unit 1 ceasing operations after summer peak of 2020 and Steam Unit 2 ceasing operations after summer peak of 2021. As planned, Unit 1 ceased operations in September 2020 and Unit 2 ceased operations in March 2022.

*REACH for Carbon Free by 2035* – Austin Energy will adopt a new market-based approach to accelerate reduction of carbon emissions by its legacy generators in the most economic manner available. This approach, known as *Reduce Emissions Affordably for Climate Health* (“REACH”), will incorporate a cost of carbon in the generation dispatch price, allowing Austin Energy to reduce generation output during low-margin periods but keep the resources available for high-margin periods. Austin Energy anticipates applying an annual amount of approximately 2% of the prior year’s PSA to implement REACH. Austin Energy will continue to adhere to the City Council affordability metrics through active portfolio management. The REACH plan is expected to reduce the utility’s carbon emissions by 30% or approximately 4 million metric tons between approval of this 2030 Plan and Austin Energy’s exit from FPP. Thereafter, the REACH plan is expected to reduce carbon emissions by 8% each year, while maintaining the flexibility to protect our customers’ rates in periods of high prices in the wholesale market, until achieving zero carbon emissions by 2035. Austin Energy will report semi-annually to the Electric Utility Commission and the City Council the realized reduction in carbon emissions from the REACH plan’s implementation.

*Local Solar Resources* – In addition to the large-scale energy resources discussed above, Austin Energy seeks to:

1. Achieve a total of 375 MW of local solar capacity by the end of 2030, of which 200 MW will be customer-sited (when including both in-front-of-meter and behind-the-meter installations).
2. Continue a shared solar pilot program for multi-family housing and upon development of an automated electronic billing system, allow for expansion of this program.
3. Provide moderate and limited-income customers preferential access to community solar programs.

*Energy Efficiency and Demand Response* – In addition to the generation resources described above, Austin Energy will sponsor energy efficiency and demand response initiatives aimed to reduce overall system load and reduce peak demand as follows:

1. Achieve energy efficiency savings equal to at least 1% per annum of retail sales, targeting a total of at least 1,200 MW of demand side management (energy efficiency and demand response) capacity by 2030, including a target of 225 MW of economic peak demand response capacity by 2030.
2. Target serving at least 25,000 residential and business customer participants per year for all CES programs (Energy Efficiency, Austin Energy Green Building, Demand Response and Solar) with at least 25% of those customers being limited-income customers.
3. Commit to achieving 30 MW of local thermal storage by 2027 and 40 MW of local thermal storage by 2030.
4. Allow near real-time access to hourly energy use data for Austin Energy customers via the automated meter infrastructure, including compatibility with Green Building products and services.
5. Continue to move forward on energy code and green building development, including assessing the 2021 International Energy Conservation Code, and specific solar-ready, EV- ready, electric building-ready and net-zero requirements for commercial and residential construction for possible adoption in future codes.

*Electric Transportation* – Austin Energy will pursue the Climate Protection Plan Goals and Austin Mobility Plan and expansion of Austin Energy revenue base by:

1. Supporting private-public partnerships that promote, market, and provide electric vehicle support to assist in the transition to electric transportation.
2. Support the City of Austin Fleet Services' electrification plan.
3. Evaluate equitable growth of public and private charging station deployments by offering rebates, operational support, outreach, and special public charging rates that includes support for limited-income populations.

## **2030 Plan Update**

Austin Energy is currently reviewing and updating the 2030 plan. The Austin Energy Resource, Generation and Climate Protection Plan to 2035 is expected to be completed and approved prior to the end of 2024. The Plan to 2035 is an iterative approach utilizing production cost portfolio modeling, stochastic portfolio modeling and historical winter event data to communicate and educate on risks and challenges to ensure a supply portfolio that meets and maintains affordability, reliability, and environmental sustainability goals.

## **Financial Policies**

The objective of Austin Energy's financial policies is to maintain financial integrity while allowing for flexibility. Some of the more significant financial policies reviewed and approved annually by the City Council during the budget process are:

- Current revenue, which does not include the beginning fund balance, will be sufficient to support current expenditures (defined as "structural balance"). However, if projected revenue in future years is not sufficient to support projected requirements, the ending balance may be budgeted to achieve structural balance.
- Net revenues generated by Austin Energy shall be used for General Fund transfers, capital investment, repair and replacement, debt management, competitive strategies, and other Austin Energy funding requirements. Once these obligations have been met, any remaining net revenues of the Electric Utility System will be deposited in the following order into Austin Energy's reserve funds until each reserve reaches its minimum funding level: Working Capital, Contingency Reserve, Power Supply Stabilization Reserve, and then Capital Reserve. The sum of the four reserves shall be the cash equivalent of no less than 150 days of operating and maintenance expense.
- Austin Energy shall maintain an operating cash equivalent (also known as working capital) of 60 days of budgeted operations and maintenance expense, less power supply costs, plus the amount of additional monies required to bring the sum of all Austin Energy's reserves to no less than 150 days of operating and maintenance expense.
- Austin Energy shall maintain a minimum quick ratio of 1.50 (current assets less inventory divided by current liabilities). The source of this information shall be the City's Annual Comprehensive Financial Report ("ACFR").

- Austin Energy shall maintain either bond insurance policies or surety bonds issued by highly rated (“AAA”) bond insurance companies, a funded debt service reserve, or a combination for its existing revenue bond issues, in accordance with the bond covenants of the Combined Utility Systems Revenue Bonds Covenant.
- Debt service coverage of a minimum of 2.0x shall be targeted for the Electric Utility System’s revenue bonds. All short-term debt, including commercial paper, and non-revenue obligations will be included at 1.0x.
- The Contingency Reserve shall be created and established for unanticipated or unforeseen events that reduce revenue or increase obligations, such as costs related to a natural disaster, extended unplanned plant outages, insurance deductibles, or unexpected costs created by Federal or State legislation. The Contingency Reserve may be used to fund unanticipated power supply expenses only after the Power Supply Stabilization Reserve has been fully depleted. The Contingency Reserve shall maintain an operating cash equivalent of 60 days of budgeted operations and maintenance expense, less power supply costs. In the event any portion of the Contingency Reserve is used, the balance will be replenished to the targeted funding level within two fiscal years.
- The Capital Reserve shall be created and established for providing extensions, additions, replacements, and improvements to the Electric Utility System. The Capital Reserve shall maintain a minimum cash equivalent of 50% of the previous year’s depreciation expense of the Electric Utility System.
- The Power Supply Stabilization Reserve shall be created and established for mitigating power supply cost volatility which causes frequent variation in the Power Supply Adjustment. The Power Supply Stabilization Reserve shall maintain a cash equivalent of 90 days of net power supply costs. Net power supply costs shall be defined as costs eligible for inclusion in the Power Supply Adjustment. The Power Supply Stabilization Reserve shall be funded using net revenues after meeting other obligations and consistent with the flow of funds schedule.
- The General Fund Transfer shall not exceed 12% of Austin Energy’s three-year average operating revenues less power supply costs and onsite energy resource revenue, calculated using the current fiscal year estimate and the previous two fiscal years’ actual revenues less power supply costs and on-site energy resource revenue from the City’s ACFR.
- Electric rates shall be designed to generate sufficient revenue, after consideration of interest income and miscellaneous revenue, to support (1) the full cost (direct and indirect) of operations including depreciation, (2) debt service, (3) the General Fund Transfer, (4) equity funding of capital investments, (5) requisite deposits of all reserve accounts, (6) sufficient annual debt service requirements of the Parity Electric Utility Obligations and other bond covenant requirements, if applicable, and (7) any other current obligations. In addition, Austin Energy may recommend to the City Council in the budget directing excess net revenues for the General Fund Transfer, capital investment, repair and replacement, debt management, competitive strategies and other Austin Energy requirements such as working capital. In addition to these requirements, electric rates shall be designed to generate sufficient revenue, after consideration of interest income and miscellaneous revenue, to ensure a minimum debt service coverage of 2.0x on revenue bonds of the Electric Utility System. A rate adequacy review shall be completed every five years, at a minimum, through performing a cost of service study.
- A decommissioning trust shall be established external to the City to hold the proceeds for monies collected for the purpose of decommissioning the STP. An external investment manager may be hired to administer the trust investments.
- A Non-Nuclear Plant Decommissioning Fund shall be established to fund plant retirement. The amount set aside will be based on a decommissioning study of the plant site. Funding will be set aside over a minimum of four years prior to the expected plant closure.

## **CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY**

### **Rate Regulation**

The City Council has original jurisdiction over Austin Energy’s retail electric rates, while the PUCT sets Austin Energy’s recoverable Transmission Cost of Service. Certain residential ratepayers can appeal retail rate changes to the PUCT under section 33.101 of the PURA by filing a petition with the PUCT containing the requisite number of valid signatures from residential ratepayers who take service outside the City limits. State courts have held that the PUCT may apply the same ratemaking standards in such an appeal as are applied to investor-owned utilities over which the PUCT has original jurisdiction.

Section 35.004 of PURA requires Austin Energy to provide transmission service at wholesale to another utility, a qualifying facility, an exempt wholesale generator, a power marketer, a power generation company, or a retail electric provider. Section 35.004 of PURA requires Austin Energy to provide wholesale services at rates, terms of access, and conditions that are not unreasonably preferential, prejudicial, discriminatory, predatory, or anti-competitive.

ERCOT serves as the Independent System Operator (“ISO”) for the ERCOT region of Texas. ERCOT was certified in 2000 to serve as the ISO by the PUCT under Senate Bill 7, adopted by the State legislature and signed into law in 1999 (“SB7”). The ISO’s responsibilities as detailed in SB7 are to (1) ensure nondiscriminatory access to the ERCOT transmission system; (2) ensure the reliability and adequacy of the ERCOT network; (3) ensure timely and accurate customer switching; and (4) ensure the accuracy of accounts among wholesale buyers and sellers. Austin Energy is a member of ERCOT, and Austin Energy staff are active in the ERCOT stakeholder process. ERCOT membership includes stakeholders from all segments of the Texas electric market. ERCOT is responsible for the management and oversight of the day-to-day operations of the transmission network and wholesale market settlement. Under PURA, the PUCT has jurisdiction over ERCOT and oversees its operations and market participant compliance with ERCOT Protocols, Operating Guides, and Other Binding Documents.

SB7 also amended PURA to provide for retail deregulation of the investor-owned electric utilities in the ERCOT region beginning January 1, 2002. SB7 allows local authorities to choose whether to bring retail competition to their Municipally Owned Utilities (“MOUs”) and leaves key municipal utility decisions (like local rate setting and utility policies) in the hands of those who have a stake in the local community. Once a resolution to “opt in” for retail competition is adopted by the MOU’s governing body, the decision is irrevocable. The City has not opted in to retail competition. As a result, Austin Energy is the sole retail electric power provider within its service territory and retail competition is not allowed.

### **ERCOT Wholesale Market Design**

Austin Energy participates in the ERCOT wholesale power market. The ERCOT wholesale market has been dispatched and settled on a nodal basis since December 1, 2010. The key components of the nodal market include: establishment of a day-ahead energy market; resource-specific bid curves for energy and ancillary services; congestion pricing incorporating direct assignment of all congestion rents to resources causing the congestion; tradable congestion revenue rights (“CRRs”) made available through auctions; nodal energy prices for resources; energy trading hubs; and zonal energy prices for load settlement. For settlement purposes, Austin Energy’s generation resources have nodal energy prices and Austin Energy’s service territory is identified as a load zone.

Austin Energy’s Energy and Market Operations staff offers Austin Energy’s generation resources into the ERCOT market. All power to serve Austin Energy’s load is procured from the ERCOT market. Participation in this market is mandatory and allows Austin Energy to procure the cheapest source of supply possible to service its customers, whether that power is produced from Austin Energy’s own generation resources or procured from the market.

The PUCT is currently considering changes to the ERCOT wholesale market to address reliability and enhance stability for generator revenue. In June 2023, a new ancillary service, the ERCOT Contingency Reserve Service (“ECRS”), which can respond within 10 minutes, was rolled out to address forecasting error and provide capacity during large load ramps. With regard to market design, the proposed Performance Credit Mechanism (“PCM”), which would create a resource adequacy mechanism for ERCOT’s energy-only market, has an uncertain future after the passage of HB 1500 in the 2023 legislative session, which mandated “guardrails” on the PCM including a \$1 billion annual net cost cap. ERCOT and the PUCT are slowly moving forward with several projects necessary for development of the PCM, including calculating a new value of lost load (“VOLL”), crafting a reliability standard, and developing a strawman version of the PCM for stakeholder input. The timeline is consistently being pushed beyond the 2027 implementation date. ERCOT is also implementing a new 4-hour ancillary service, the Dispatchable Reliability Reserve Service (“DRRS”). This ancillary service must be able to dispatch within 2 hours and provide service for 4 hours. It is expected to reduce procurement of ECRS and lower costly out of market actions.

Implementation of real-time co-optimization of energy and ancillary services (“RTC”) in the ERCOT market was delayed by Winter Storm Uri. However, the 2023 legislature made implementation of the PCM contingent on completion implementation of RTC, which is ultimately expected to improve the efficiency of the market and lower prices with expected completion in late 2026. Austin Energy staff closely monitors PUCT activities and provide comments to the PUCT regarding possible market design changes.

## **Federal Rate Regulation**

Austin Energy is not subject to the jurisdiction of the FERC under sections 205 and 206 of the Federal Power Act and is not subject to Federal statutes and regulation in the establishment of rates, the issuance of securities or the operation, maintenance or expansion of Austin Energy. Austin Energy participates in ERCOT, a stakeholder organization established under State law that is similar to the Regional Transmission Organizations envisioned in FERC Order No. 2000.

Pursuant to the Energy Policy Act of 2005, Austin Energy is subject to certain FERC authority on reliability under section 215. On July 20, 2006, FERC certified the North American Electric Reliability Corporation (“NERC”) as the nation’s Electric Reliability Organization responsible for developing and enforcing mandatory electric reliability standards under FERC’s oversight. Every five years, FERC reviews and approves the Delegation Agreement between NERC and Texas Reliability Entity, Inc. (“Texas RE”), which governs the responsibilities of Texas RE as the Regional Entity responsible for overseeing the NERC reliability standards in the ERCOT region. The PUCT retains authority over Austin Energy’s compliance with the ERCOT protocols and other reliability-related rules. Currently, ERCOT serves as the PUCT’s Electric Reliability Monitor (“ERM”). Austin Energy has established a Reliability Compliance Program to examine the requirements for compliance with reliability standards and to evaluate and implement any needed changes to systems and procedures. Austin Energy’s compliance with reliability standards is verified through external audits and other oversight processes conducted by Texas RE and the ERM.

## **Environmental Regulation - General**

Austin Energy is subject to environmental regulation by federal, State and local authorities and has processes in place for assuring compliance with applicable environmental regulations. Austin Energy’s Environmental Services section consists of a staff of educated and trained environmental compliance professionals who are responsible for establishing and maintaining compliance programs throughout the utility. The Environmental Services section interprets existing federal, State and local regulations and monitors changes to regulations that affect Austin Energy. Austin Energy maintains an Environmental Management Information System (EMIS) which delineates roles and responsibilities, and automatically schedules environmental compliance tasks throughout the organization. The Environmental Services staff and facility personnel monitor conformance with the environmental requirements, report deficiencies to facility management, and coordinate corrective actions where appropriate. The Environmental Services section is also responsible for conducting environmental training for the organization.

## **Environmental Regulation Related to Air Emissions**

### *Cross-State Air Pollution Rule and Clean Air Interstate Rule*

Austin Energy’s large facilities have been complying with the Cross-State Air Pollution Rule (“CSAPR”) since 2015. On September 7, 2016, EPA finalized an update to the CSAPR rule. The final rule lowered the State’s Phase II ozone season budgets by approximately an additional 10%. No CSAPR allowance purchases were required for FY2022 due in part to the retirement of Decker unit 2 in March 2022. A proposed update to the CSAPR rule released in early 2022 may change how allowances are allocated to utilities subject to the rule, with the final rule expected from US EPA by March 15, 2023.

In March 2023 EPA released its Good Neighbor Program for the ozone National Ambient Air Quality Standards (“NAAQS”). This program would implement an ozone emissions cap in upwind states that would decline over time. EPA later announced that it would delay implementation in several states, including Texas, pending court review. The Supreme Court heard oral arguments in February 2024 and is expected to rule sometime in summer 2024.

### *Greenhouse Gas Emissions Standards for Existing Coal-fired Power Plants (Clean Air Act Section 111(d))*

EPA released new emissions standards in April 2024. Existing gas plants are not covered by this rule, but coal-fired power plants (including FPP) are subject to the rule and have these options to comply with the new final carbon pollution standards. The options include commit to retirement by 2032; or commit to retirement by 2039 and achieve emissions reductions equivalent to 40% based on gas co-firing by 2030; or to operate beyond 2039 and achieve emissions reductions equivalent to 90% based on carbon capture.

## **Environmental Regulation Related to Hazardous Wastes and Remediation**

In January 2015, the EPA promulgated a rule that sets new requirements for the storage of Coal Combustion Residuals (“CCRs”) and potentially reclassifies those CCRs as a hazardous waste when stored in a landfill. FPP, like all coal burning plants, generates CCRs such as fly ash, bottom ash and gypsum. FPP currently recycles the majority of its CCR for beneficial use, such as for road base or as cement substitutes, with the remaining fractions stored onsite in a landfill for possible future use (recycle rates depend on market demand for the product). In 2011, Austin Energy and the LCRA completed a project to permanently close a “wet” ash pond where ash slurry had previously been sent for dewatering before recycle, and converted ash handling to a dry system. The final rule does not designate CCRs as hazardous and largely minimizes any requirements on existing CCR storage units currently at FPP. In June 2021, the EPA approved the Texas partial CCR state permit program which allows the TCEQ to issue CCR permits and enforce permit violations. The Texas program contains all the elements of the federal rule, including requirements for location restrictions, design and operating criteria, groundwater monitoring and corrective action, closure requirements and post-closure care, recordkeeping, notification and internet posting requirements. FPP is compliant with existing CCR rule requirements and Austin Energy does not anticipate any significant future costs associated with this rule at this time. In April 2024 EPA finalized new rules for CCR Management Units, which created a new category of regulated units that includes CCR management units which were closed prior to 2015 but are located at active power plants. This would apply to closed CCR units at FPP. Owners of facilities with these units must conduct a facility evaluation to determine all areas at the facility where CCR was historically managed. Areas with 1,000 tons or more of CCR may be subject to groundwater monitoring and other corrective actions. FPP already has a groundwater monitoring program in place for the closed Ash Pond. A more complete analysis of the potential impact of this rule will be assessed after the facility evaluation is conducted.

## **Nuclear Regulation**

Nuclear generation facilities are subject to regulation by the NRC and are required to obtain liability insurance and a United States Government indemnity agreement in order for the NRC to issue operating licenses. This primary insurance and the retrospective assessment discussed below are to insure against the maximum liability under the Price-Anderson Act (described below) for any public claims arising from a nuclear incident which occurs at any of the licensed nuclear reactors located in the United States.

The South Texas Nuclear Power Plant, in which the City owns a partial interest (“STP”), is protected by provisions of the Price-Anderson Act, a comprehensive statutory arrangement providing limitations on nuclear liability and governmental indemnities even though the statutory protections for many non-commercial reactors are different. The Price-Anderson Act is set to expire on December 31, 2025. As of January 1, 2024, the limit of liability under the Price-Anderson Act for licensees of nuclear power plants is \$16.26 billion per unit per incident, and the maximum amount that each licensee may be assessed following a nuclear incident at any insured facility is \$165.927 million per unit, subject to adjustment for inflation, for the number of operating nuclear units and for each licensed reactor, payable at \$24.714 million per year per reactor for each nuclear incident. The City and each of the other participants of STP are subject to such assessments, which will be borne on the basis of their respective ownership interests in STP. For purposes of the assessments, STP has two licensed reactors. The participants (including the City) have purchased the maximum limits of nuclear liability insurance, as required by law, and have executed indemnification agreements with the NRC, in accordance with the financial protection requirements of the Price-Anderson Act.

A Master Worker Nuclear Liability policy, with a maximum limit of \$500 million (as of January 1, 2024) for the nuclear industry as a whole, provides protection from nuclear-related claims of workers employed in the nuclear industry after January 1, 1988 who do not use the workers’ compensation system as sole remedy and bring suit against another party.

NRC regulations require licensees of nuclear power plants to obtain on-site nuclear property damage insurance in a minimum amount of \$1.06 billion. NRC regulations also require that the proceeds from this insurance be used first to ensure that the licensed reactor is in a safe and stable condition so as to prevent any significant risk to the public health or safety, and then to complete any decontamination operations that may be ordered by the NRC. Any funds remaining would then be available for covering direct losses to property.

The owners of STP currently maintain \$2.75 billion of nuclear property insurance, which is above the legally required amount of \$1.06 billion for such nuclear losses (\$2.75 billion is the maximum amount available for purchase from Nuclear Electric Insurance Limited (“NEIL”). Nuclear property insurance consists of \$1.5 billion in primary nuclear property damage insurance and shares \$1.25 billion of excess nuclear property damage insurance, both subject to a retrospective assessment being paid by all members of NEIL. In the event that property losses as a result of an accident at any nuclear plant insured by NEIL warrants additional funds needed by NEIL, a retrospective assessment could occur. The maximum



aggregate assessment under current policies for accidental outage insurance, primary and excess nuclear property damage insurance is \$52.8839 million during any one policy year with insurance premiums being prorated per member share. This number changes annually and is calculated as 10 times the current premium for each policy. A small portion of the primary nuclear property damage insurance is provided by European Mutual Association for Nuclear Insurance (“EMANI”) which is also subject to retrospective assessment of up to \$2.0146 million, which is six times the current calendar year premium.

The NRC regulations set forth minimum amounts required to demonstrate reasonable financial assurance of funds for decommissioning of nuclear reactors. Beginning in 1990, each holder of an operating license is required to submit to the NRC a bi-annual report indicating how reasonable assurance would be provided. The City provides the required report on its share of STP to the NRC which is based on the minimum amount for decommissioning, excluding waste disposal, as required by the NRC regulations of \$105 million per unit (January 1986 dollars). This minimum is required to be adjusted annually in accordance with the adjustment factor formula set forth in the regulations. The 2022 report provided by the City based reasonable assurance on the minimum amount (January 1986 dollars) as adjusted by the adjustment factor formula set forth in the regulations. The City established an external irrevocable trust for decommissioning with JPMorgan Chase Bank, N.A., and as of October 2016, transferred the trust to Wilmington Trust, National Association. The City has been collecting for its share of anticipated decommissioning activities, which may begin as early as 2047, through its rates since Fiscal Year 1989. The market value of assets held in the decommissioning trust as of September 30, 2023 was approximately \$259 million. For Fiscal Year 2024, Austin Energy estimates that it will continue to collect approximately \$5 million for nuclear decommissioning expense. In 2023 dollars, the minimum amount for decommissioning the City’s share of STP is \$415 million. See “INVESTMENTS – Legal Investments” in this document.

## **Events Affecting the Nuclear Industry**

### **Fukushima**

On March 11, 2011, a region of Japan sustained significant loss of life and destruction because of a major earthquake and resulting tsunami. Included in the damage areas were the Fukushima nuclear units, which lost power to components of the backup and safety control systems and began emitting radiation into the surrounding environment. Following the incident, the NRC began looking into the safety aspects of nuclear plant operations in the United States with the objective of assuring that events such as those at the Fukushima plant do not occur in this country. On August 31, 2012, the NRC issued Interim Staff Guidance (“ISG”) to U.S. nuclear power plants to ensure proper implementation of three orders the agency issued in March 2012, in response to lessons learned from the Fukushima Daiichi nuclear accident. The ISGs represent acceptable approaches to meeting the orders’ requirements before their December 31, 2016 compliance deadline.

The ISGs are not mandatory, but U.S. nuclear power plants would have to seek NRC approval to follow a different compliance approach. As detailed below, all required actions by STP related to these orders have been completed and accepted by the NRC.

The first NRC order requires all U.S. plants to better protect portable safety equipment put in place after the 9/11 terrorist attacks and to obtain sufficient equipment to support all reactors and spent fuel pools at a given site simultaneously. The ISG for this order endorses the industry’s updated guidance for dealing with a scenario that knocks out all of a plant’s alternating current electric sources. The updated approach includes the use of backup power supplies for devices that would burn off accident-generated hydrogen before it could accumulate to explosive levels. The staff concludes the updated approach will successfully implement the first NRC order. The ISG is available in the Agencywide Document Access and Management System (“ADAMS”) under accession number ML12229A174; the associated industry document is available under accession number ML12242A378. STP has completed engineering design and installation of equipment and modifications to address these requirements, and has had the final closeout inspection by the NRC. The NRC has accepted STP’s completion letter and no further action is required for this order.

The second NRC order applies only to U.S. boiling-water (“BWR”) reactors that have “Mark I” or “Mark II” containment designs. Mark I reactors must improve installed venting systems that help prevent core damage in the event of an accident; Mark II reactors must install these venting systems. The ISG for this order provides more detailed technical information on the vents, as well as how vent designs and operating procedures should avoid, where possible, relying on plant personnel taking actions under hazardous conditions. The second ISG is available in ADAMS under accession number ML12229A475. Since the STP units are Pressurized Water Reactor’s and not BWR’s, no changes are required.

The third NRC order requires all plants to install enhanced equipment for monitoring water levels in each plant’s spent fuel pool. The ISG for this order largely endorses an industry document that the staff concludes will successfully implement the order. The ISG defines in more detail the water levels the new equipment must accurately report, as well as standards for

equipment mounting, powering and testing, personnel training and other criteria. The final ISG notes several areas, including instrument qualifications and instrument protection from falling debris, where the industry revised its initial approach. An exception in the staff's endorsement sets specific seismic criteria to ensure the instruments will survive an earthquake. This ISG is available in ADAMS under accession number ML12221A399; the associated industry document is available under accession number ML12240A304. STP has completed engineering design and installation of equipment and modifications to address these requirements and has had the final closeout inspection by the NRC. The NRC has accepted STP's completion letter and no further action is required for this order.

#### **Russian Invasion of Ukraine 2022**

On February 24, 2022, Russia invaded Ukraine and subsequently the United States and its allies imposed sanctions on various goods and services provided by Russia to the world. Russia supplies approximately 14% and their ally Kazakhstan supplies approximately 35% of uranium to the United States nuclear reactor fleet. According to the Nuclear Energy Institute, Russia supplies approximately 20% of the low-enriched uranium needed to operate United States nuclear reactors. Sanctions imposed on Russian imports to the United States could raise the global cost of enriched uranium, increase generating costs, and impact reliability. However, STP does not procure any uranium or enrichment services from Russia or Kazakhstan. All STP fuel and fuel related services are supplied by North American companies.

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**COMPARATIVE ANALYSIS OF ELECTRIC UTILITY SYSTEM AND WATER AND WASTEWATER  
SYSTEM OPERATIONS  
OCTOBER 1, 2019 TO SEPTEMBER 30, 2023**  
(in thousands rounded)

	Fiscal Year Ended September 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
INCOME					
Revenue	\$2,477,113	\$2,312,797	\$1,844,585	\$1,959,941	\$2,031,435
Operating Expense	<u>1,776,663</u>	<u>(1,628,986)</u>	<u>(1,253,026)</u>	<u>(1,332,726)</u>	<u>(1,366,470)</u>
Balance Available for Debt Service	700,450	683,811	591,559	627,215	664,965
Depreciation and Amortization Expense	<u>(357,514)</u>	<u>(416,289)</u>	<u>(413,388)</u>	<u>(413,711)</u>	<u>(327,840)</u>
Earnings Before Interest Expense	342,936	267,522	178,171	213,504	337,125
Interest Incurred on Debt	(149,719)	(146,242)	(152,752)	(154,451)	(148,596)
Other	<u>12,484</u>	<u>(7,181)</u>	<u>(6,131)</u>	<u>2,728</u>	<u>(11,113)</u>
INCOME (LOSS) BEFORE TRANSFERS (1) (2) (3) (4)	<u>\$205,701</u>	<u>\$114,099</u>	<u>\$19,288</u>	<u>\$61,781</u>	<u>\$177,416</u>
PERCENTAGES					
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%
Operating Expense	<u>(71.72%)</u>	<u>(70.43%)</u>	<u>(67.93%)</u>	<u>(68.00%)</u>	<u>(67.27%)</u>
Balance Available for Debt Service	28.28%	29.57%	32.07%	32.00%	32.73%
Depreciation and Amortization Expense	<u>(14.43)%</u>	<u>(18.00)%</u>	<u>(22.41)%</u>	<u>(21.11)%</u>	<u>(16.14)%</u>
Earnings Before Interest Expense	13.84%	11.57%	9.66%	10.89%	16.60%
Interest Incurred on Debt	(6.04%)	(6.32%)	(8.28%)	(7.88%)	(7.31%)
Other	<u>0.50%</u>	<u>(0.31)%</u>	<u>(0.33)%</u>	<u>0.14%</u>	<u>(0.55)%</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>8.30%</u>	<u>4.93%</u>	<u>1.05%</u>	<u>3.15%</u>	<u>8.73%</u>

- (1) Income before transfers to the General Fund and Other Funds for the 12 months ended September 30, 2023. Transfers are as follows (in thousands rounded):  
Transfer to General Fund: \$152,037  
Transfers to Other Funds: \$31,847
- (2) Excludes Combined Utility Funds' deferred costs recovered in future years of \$35,002 for the 12 months ended September 30, 2023 (in thousands rounded).
- (3) Excludes capital contributions of \$123,498, for the 12 months ended September 30, 2023 (in thousands rounded).
- (4) Excludes other post-employment benefits ("OPEB") accrual of \$50,230, net pension liability accrual of \$101,247 and amortization of excess consideration of \$3,288 for twelve months ended September 30, 2023.
- Source: City Financial Services Department - Financial Accounting and Reporting.

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**OPERATING STATEMENT**  
**ELECTRIC UTILITY SYSTEM AND WATER AND WASTEWATER SYSTEM**  
(in thousands rounded)

	Fiscal Year Ended September 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>					
<b>ELECTRIC UTILITY</b>					
Domestic and Rural Residential	\$659,615	\$604,376	\$456,953 (1)	\$495,735 (1)	\$498,903 (1)
Commercial General	862,500	820,299	636,136 (1)	690,723 (1)	746,932 (1)
Sales to Other Utilities	46,863	55,166	15,813	30,354	47,092
Transmission	94,402	86,064	84,029	83,791	81,734
Rent from Electric Property	7,707	7,451	10,313 (1)	10,227	7,735 (1)
Customers' Forfeited Discounts and Penalties	5,971	5,824	3,749	2,611 (1)	5,540
Miscellaneous	<u>111,564</u>	<u>97,128</u>	<u>64,815</u> (1)	<u>60,115</u> (1)	<u>59,363</u> (1)
Total Electric Utility	<u>\$1,778,622</u>	<u>\$1,676,308</u>	<u>\$1,271,808</u>	<u>\$1,373,556</u>	<u>\$1,447,299</u>
<b>WATER UTILITY</b>					
Water Services	\$320,563	\$322,001	\$282,932	\$288,337	\$275,095
Miscellaneous Revenue	10,888	10,655	8,099	12,162	8,444
Revenue Stability Fee	-	-	-	-	-
Reserve Fund Surcharge	2,269	2,246	2,042	2,073	1,901
Reclaimed Revenue	<u>2,872</u>	<u>2,818</u>	<u>2,221</u>	<u>2,499</u>	<u>2,013</u>
Total Water Utility	<u>\$336,592</u>	<u>\$337,720</u>	<u>\$295,294</u>	<u>\$305,071</u>	<u>\$287,453</u>
<b>WASTEWATER UTILITY</b>					
Wastewater Services	\$292,078	\$280,740	\$264,020	\$256,298	\$258,349
Miscellaneous Revenue	9,761	7,469	7,907	4,756	5,769
Reclaimed Revenue	-	-	-	-	-
Total Wastewater Utility	<u>\$301,839</u>	<u>\$288,209</u>	<u>\$271,927</u>	<u>\$261,054</u>	<u>\$264,118</u>
Interest	<u>\$50,060</u>	<u>\$10,560</u>	<u>\$5,556</u>	<u>\$20,260</u>	<u>\$32,565</u>
<b>TOTAL REVENUE</b>	<u>\$2,447,113</u>	<u>\$2,312,797</u>	<u>\$1,844,585</u>	<u>\$1,959,941</u>	<u>\$2,031,435</u>

Source: City Financial Services Department - Financial Accounting and Reporting.

(1) Inputs in the above table related to the Electric Utility System have been updated in the following categories to reflect appropriate classification of revenue: Domestic and Rural Residential, Commercial General, Rent from Electric Property, Customers' Forfeited Discounts and Penalties and Miscellaneous.

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**OPERATING STATEMENT**  
**ELECTRIC UTILITY SYSTEM AND WATER AND WASTEWATER SYSTEM**  
(in thousands rounded)

	Fiscal Year Ended September 30				
EXPENSE	2023	2022	2021	2020	2019
<b>ELECTRIC UTILITY (1)</b>					
Production	\$646,820	\$580,544	\$255,969 (3)	\$195,132 (3)	\$206,631 (3)
Joint Facility Production	131,496	187,340	183,173	167,851 (3)	190,741 (3)
System Control	17,826	16,894	15,155	19,007	21,490
Transmission and Distribution	294,799	256,097	234,774	216,225	198,816
Jobbing and Contract Work	5,289	3,409	1,907	2,098	2,222
Customer Accounting and Collection	38,948	25,528	23,456	24,224	25,457
Customer Services	30,043	28,425	26,249	23,817	24,944 (3)
Administrative and General	<u>280,893</u>	<u>235,001</u>	<u>239,593 (3)</u>	<u>418,312 (3)</u>	<u>435,165 (3)</u>
Total Electric Utility	<u>\$1,446,114</u>	<u>\$1,333,238</u>	<u>\$980,276</u>	<u>\$1,066,666</u>	<u>\$1,105,466</u>
<b>WATER UTILITY</b>					
Operations	\$95,542	\$83,272	\$76,906	\$73,672	\$71,373
Engineering Services	4,559	4,715	5,037	4,853	5,572
Water Resources Management	5,768	4,914	4,508	4,126	3,901
Environmental Affairs & Conservation	11,172	10,181	9,840	9,411	7,496
Support Services - Utility	22,512	20,503	18,098	15,794	21,899
One Stop Shop	-	-	-	-	-
Reclaimed Water Services	821	615	545	1,652	1,312
Other Operating Expenses	<u>38,558</u>	<u>36,690</u>	<u>33,903</u>	<u>33,980</u>	<u>27,580</u>
Total Water Utility	<u>\$178,932</u>	<u>\$160,890</u>	<u>\$148,837</u>	<u>\$143,488</u>	<u>\$139,133</u>
<b>WASTEWATER UTILITY</b>					
Operations	\$81,193	\$70,282	\$65,910	\$66,473	\$65,585
Engineering Services	7,829	8,219	7,546	8,030	6,936
Water Resources Management	5,732	5,151	5,062	4,786	4,673
Environmental Affairs & Conservation	4,383	3,715	3,349	3,098	3,013
Support Services - Utility	21,034	18,478	16,833	15,789	21,791
One Stop Shop	-	-	-	-	-
Other Operating Expenses	<u>31,446</u>	<u>29,013</u>	<u>25,213</u>	<u>24,396</u>	<u>19,873</u>
Total Wastewater Utility	<u>\$151,617</u>	<u>\$134,858</u>	<u>\$123,913</u>	<u>\$122,572</u>	<u>\$121,871</u>
<b>TOTAL EXPENSE (2)</b>	<u>\$1,776,663</u>	<u>\$1,628,986</u>	<u>\$1,253,026</u>	<u>\$1,332,736</u>	<u>\$1,366,470</u>
<b>NET REVENUE AVAILABLE FOR DEBT SERVICE</b>	<u>\$700,450</u>	<u>\$683,811</u>	<u>\$591,559</u>	<u>\$627,215</u>	<u>\$664,965</u>
Electric Customers	541,368	530,698	520,757	507,660	496,258
Water Customers	252,918	250,705	247,037	243,820	239,291
Wastewater Customers	238,748	236,768	233,637	230,127	225,940

- (1) Inputs in the above table related to the Electric Utility System have been updated in the following categories to reflect appropriate classification of revenue: Domestic and Rural Residential, Commercial General, Rent from Electric Property, Customers' Forfeited Discounts and Penalties and Miscellaneous.
- (2) Interest expense, depreciation, amortization, other non-operating items, NPO and OPEB accruals are not included in total expense. Lease and SBITA expenses are included in total expense.
- (3) Inputs in the above table related to the Electric Utility System have been updated in the following categories to reflect appropriate classification of expenses: Production, Joint Facility Production, Customer Services, and Administrative and General. Total Electric Utility expenses remain unchanged.

Source: City Financial Services Department - Financial Accounting and Reporting.

## **DISCUSSION OF OPERATING STATEMENT**

### **Austin Energy Revenues**

Variations in total Austin Energy revenues for the fiscal years (“FY”) ended September 30, 2019 through September 30, 2023 were attributable to changes in cost of fuel for power generation and weather variations as well as increased base rates. Total power supply costs are passed through to the consumer.

### **Water and Wastewater System Revenues**

Variations in Water and Wastewater System revenues for the period FY 2019 through FY 2023 were largely attributable to weather and system rate changes, including imposition of Stage 2 watering restrictions beginning in September 2011. See “WATER SYSTEM – Water Use Management Plans, Austin’s Integrated Water Resource Plan and LCRA Water Management Plans” and “COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Water and Wastewater Rates” in this document.

### **Austin Energy Expenses**

Changes in Austin Energy expenses for the period FY 2019 through FY 2023 were largely attributable to changes in the cost of power supply for power generation and general inflationary increases in other expense categories.

### **Water and Wastewater System Expenses**

Changes in Water and Wastewater System expenses for the period FY 2019 through FY 2023 were primarily attributable to inflationary increases in the cost of power and chemicals, along with system growth.

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**The Electric Utility System and Water and Wastewater System**  
(in thousands rounded)

	Fiscal Year Ended September 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Plant Cost</b>					
Utility Systems					
Electric	\$7,022,101	\$6,869,742	\$6,748,786	\$6,418,934	\$6,179,413
Water	3,465,472	3,318,519	3,177,882	3,077,482	2,983,187
Wastewater	<u>3,224,313</u>	<u>3,082,618</u>	<u>2,933,872</u>	<u>2,812,618</u>	<u>2,698,343</u>
Total Cost	<u>\$13,711,886</u>	<u>\$13,270,879</u>	<u>\$12,860,540</u>	<u>\$12,309,034</u>	<u>\$11,860,943</u>
Allowance for Depreciation:					
Electric	\$3,988,576	\$3,843,299	\$3,701,521	\$3,451,096	\$3,175,348
Water	1,162,294	1,103,161	1,039,088	985,972	926,457
Wastewater	<u>1,385,517</u>	<u>1,318,051</u>	<u>1,247,983</u>	<u>1,187,002</u>	<u>1,123,127</u>
Total Depreciation	<u>\$6,536,387</u>	<u>\$6,264,511</u>	<u>\$5,988,592</u>	<u>\$5,624,070</u>	<u>\$5,224,932</u>
Cost after Depreciation	<u>\$7,175,499</u>	<u>\$7,006,368</u>	<u>\$6,871,948</u>	<u>\$6,684,964</u>	<u>\$6,636,011</u>
<b>Equity in Utility Systems</b>					
Utility Systems	\$13,711,886	\$13,270,879	\$12,860,540	\$12,309,034	\$11,860,943
Plus: Inventories, Materials and Supplies (1)	90,968	73,186	69,912	69,575	66,269
Net Construction Assets and Unamortized Bond Issue Cost	<u>96,099</u>	<u>110,842</u>	<u>176,999</u>	<u>141,133</u>	<u>148,739</u>
	<u>\$13,898,953</u>	<u>\$13,454,907</u>	<u>\$13,107,451</u>	<u>\$12,519,742</u>	<u>\$12,075,951</u>
Less:					
Allowance for Depreciation	<u>\$6,536,387</u>	<u>\$6,264,511</u>	<u>\$5,988,592</u>	<u>\$5,624,070</u>	<u>\$5,224,932</u>
Utility Systems, Net	<u>\$7,362,566</u>	<u>\$7,190,396</u>	<u>\$7,118,859</u>	<u>\$6,895,672</u>	<u>\$6,851,019</u>
Revenue Bonds and Other Debt Outstanding (2)	\$4,660,668	\$4,631,645	\$4,652,775	\$4,537,293	\$4,487,193
Net Debt	\$4,660,668	\$4,631,645	\$4,652,775	\$4,537,293	\$4,487,193
Equity in Utility Systems	<u>\$2,701,898</u>	<u>\$2,558,751</u>	<u>\$2,466,084</u>	<u>\$2,358,379</u>	<u>\$2,363,826</u>
Percentage of Equity in Utility Systems	36.70%	35.59%	34.64%	34.20%	34.50%

(1) Does not include fuel, oil or coal inventories of approximately \$27,075,000 as of September 30, 2023; consists primarily of spare parts inventory at Fayette Plant and South Texas Project.

(2) Includes Revenue Bonds and Tax and Revenue Bonds of \$4,483,114 (net of discounts and inclusive of premiums); Commercial Paper of \$176,300; General Obligation Bonds of \$1,254; and Contractual Obligation Bonds of \$0 at September 30, 2023.

Source: City Financial Services Department - Financial Accounting and Reporting.

## **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 the City management are of the opinion that resolution of the claims pending (including the matters described below) will not have a material adverse effect on the City's financial condition or the financial condition of the Electric Utility System or of the Water and Wastewater System.

### **Electric Utility System Litigation**

The Electric Utility System continues to defend multiple property damage and personal injury lawsuits and one wrongful death lawsuit, relating to outages caused by the 2021 Weather Event that affected the ERCOT system. A number of these lawsuits were filed in early 2023, prior to the expiration of the statute of limitations for such claims (two years after the 2021 Weather Event). See "THE SYSTEMS – Texas Winter Weather Event 2021" in this document. These cases are pending in the multi-district litigation proceeding that is identified as Master Cause No. 2021-41903 in the 281st District Court of Harris County, Texas.

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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 staggered so that every two years five of the councilmembers and the Mayor 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 - T.C. Broadnax

Mr. T.C. Broadnax began serving as Austin City Manager on May 6, 2024. Prior to being appointed to the City Manager of the City of Austin, he previously served as the City Manager of the City of Dallas from 2017 to 2024. Prior to joining the City of Dallas, he served as City Manager of Tacoma, Washington and has more than 25 years of local government management experience. Mr. Broadnax is an International City/County Manager's Association Credentialed Manager and is recognized throughout the country for his significant contributions working in the public sector tackling issues relating to community and economic development, neighborhood revitalization, code enforcement, financial management and organizational leadership. His approach to public sector management and community engagement has been instrumental in enhancing quality of life for the residents of the cities he has served. Mr. Broadnax received a Bachelor of Arts degree in Political Science and Communications from Washburn University and a Master of Public Administration degree from the University of North Texas.

### Chief Financial Officer – Ed Van Eenoo

Mr. Ed Van Eenoo was appointed Chief Financial Officer on December 6, 2020 and oversees the City's Building Services Department, Financial Services Department and Fleet Mobility Services Department. Prior to his appointment as Chief Financial Officer, Mr. Van Eenoo served as Deputy Chief Financial Officer for eight years and as the Budget Officer at the City for four years. Before joining the City, he spent nine years with the City of Chula Vista including time as a Fiscal and Management Analyst, Assistant Director of Budget and Analysis, and four years as the Director of Budget and Analysis. Mr. Van Eenoo received a Bachelor of Science degree in Economics from The University of Eastern Michigan and a Master of Science degree in Applied Economics from Virginia Tech University.

### Deputy Chief Financial Officer – Diana Thomas

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

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## **Deputy Chief Financial Officer – Kimberly Olivares**

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

## **Services Provided by the City**

The City's major activities include police and fire protection, emergency medical services, parks and libraries, public health and social services, planning and zoning, general administrative services, solid waste disposal, 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 6% for police officers 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**

The following table sets forth (in acres) the City's annual annexations since 2013.

<u>Calendar Year</u>	<u>Full Purpose Acres</u> <sup>(1)</sup>	<u>Limited Purpose Acres</u>
2013	3,484	594
2014	897	136
2015	1,911	3
2016	311	0
2017	1,283	0
2018	136	0
2019	185	166
2020	65	0
2021	92	243
2022	5,475	51
2023	12	0

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

### **Recent Annexation**

In August 2023, the City annexed 12 acres at the request of property owners for full-purpose jurisdiction. The single annexation case was greenfield development proposed for high-density multifamily housing.

In 2022, the City annexed 5,526 acres at the request of property owners, of which 5,475 acres were full-purpose annexations and 51 acres were limited purpose annexations. The largest full purpose annexations were for City owned water quality protection lands, which totaled approximately 5,100 acres.

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.

In 2023, the 88<sup>th</sup> Texas Legislature passed House Bill 3053, which requires cities of more than 500,000 people to hold disannexation elections for inhabited areas that they had annexed between March 3, 2015, and Dec. 1, 2017.

On May 4, 2024, six separate special municipal elections were held in different areas in the City of Austin, on the question of disannexing each of those six areas. Voters in the parcels of Lost Creek, Blue Goose Road, and River Place each voted to approve disannexation from the City. The disannexed areas will no longer be a part of the City of Austin but will still receive utility services from Austin Water and Austin Energy.

### **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 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. 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.

As of October 1, 2022, municipal employees contribute 8.0% and the City contributes 19.0% of payroll. Effective January 1, 2024, municipal employees' contributions to COAERS will increase to 9.0% and the City's contribution to COAERS will decrease to the actuarially determined amount of 8.68%. In addition, the City will also contribute according to a fixed payment plan established to eliminate the unfunded legacy liability existing as of December 31, 2022 over a 30 year period. The fiscal year 2024 budgeted amount related to the unfunded legacy liability payment is \$76.1 million.

As of October 1, 2022, Fire fighters (who are not members of the Social Security System) contribute 18.7% of payroll, and the City contributes 22.05% to the Fire Fighters Retirement Fund.

As of October 1, 2022, police officers contributed 15.0% and the City contributed 10.10% of payroll to the Police Retirement System. The City's contribution rate was updated to 9.85% on January 1, 2023, and effective January 1, 2024, the City's contribution will decrease to 9.59%. The City also contributes according to a fixed payment plan established to eliminate the legacy liability existing as of December 31, 2020 over a 30-year period. The fiscal year 2024 budgeted amount related to the unfunded legacy liability payment is \$40.7 million.

As of December 31, 2022, the amortization period of the unfunded actuarial accrued liability was 34 years for the COAERS, 30 years for the Police Retirement System, and 35.7 years for the Fire Fighters Retirement Fund.

The City's net pension liability was measured as of December 31, 2022 for each of the City's three pension plans. Information on the liabilities and funding measurements of each plan is discussed below.

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

As of December 31, 2022, the COAERS reported a total net pension liability of \$2.9 billion, of which \$585.2 million is allocable to Austin Energy, \$322 million is allocable to Austin Water, and \$109.4 million is allocable to Aviation. The COAERS' fiduciary net position as a percentage of the total pension liability was 50.3%. The actuarial accrued liability for the COAERS as of December 31, 2022 was \$5.3 billion and the funded ratio was 64.1%. As of December 31, 2021, the COAERS reported a net pension liability of \$1.5 billion with a plan fiduciary net position as a percentage of the total pension liability of 70.9%. The actuarial accrued liability for the COAERS was \$5.0 billion and the funded ratio was 66.0%. In plan year 2021, COAERS changed the actuarial investment return assumption from 7.00% to 6.75%. The assumptions and methods used are the same used in prior year valuation.

In 2023, legislation was passed in the 88th Texas Legislature ("SB 1444") to address COAERS' liabilities and place it on an actuarially sound path. SB 1444, as passed by the Texas Legislature and signed by the Governor, includes the following reforms which took effect on January 1, 2024:

- Increased employee contributions from 8% to 10% over a two-year phase-in-period;
- Increased City contributions pursuant to an actuarially determined funding model, which included a carve out of the legacy liability (as of December 31, 2022) into a separate payment over 30 years;
- Established an actuarially determined contribution model to replace the fixed contribution model;
- Modified benefit policies such as service purchase and sick-leave conversions that will mitigate the risk of future costs;
- Eliminated the authority of the COAERS Board to unilaterally provide cost of living adjustments or to change member benefits; and
- Modified the COAERS Board of Trustees governance structure, replacing one active member seat with one City appointed seat.

After passage of SB 1444 in the 88th legislative session, the system's actuary performed a Risk Sharing Valuation Study (RSVS) as of December 31, 2022 to establish the Legacy Liability and City actuarially determined contribution rates. After the legislative changes, the unfunded actuarial accrued liability for COAERS as of RSVS December 31, 2022 is \$1.9 billion with a 30 year amortization schedule for payment of the Legacy Liability.

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, legislation was passed in the 87th Texas Legislature to address the Police Retirement System's liabilities and place it on an actuarially sound path. The legislative reforms to the Police Retirement System, which took effect on January 1, 2022, included:

- Established 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;
- Increased employee contributions from 13% to 15%;
- Increased City contributions, which included a carve out of the legacy liability (as of December 31, 2020) into a separate payment over 30 years;
- Established an actuarially determined contribution model to replace the fixed contribution model;
- Eliminated the authority of the Police Retirement System Board to provide cost of living adjustments, change member benefits or member contribution rates; and

- Reformed the governance structure by replacing one active member seat to a citizen seat appointed by City Council.

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

As of December 31, 2022, the Police Retirement System reported a net pension liability of \$756.9 million for the 2022 plan year, which is an increase from the \$544.5 million net pension liability reported for the prior 2021 plan year. The fiduciary net position as a percentage of the total pension liability decreased to 55.2% for the 2022 plan year from 66.5% 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 infinite in 2018 to 30 years in 2021. 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, 2022 was \$1.7 billion and the funded ratio was 60.1%. The actuarial accrued liability for the Police Retirement System as of December 31, 2021 was \$1.6 billion and the funded ratio was 60.2%.

*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.

As of December 31, 2022, the Fire Fighters Retirement Fund reported a net pension liability of \$278.3 million, with a plan fiduciary net position as a percentage of the total pension liability of 80.0%. The actuarial accrued liability for the Fire Fighters Retirement Fund was \$1.4 billion and the funded ratio was 86.9%. As of December 31, 2021, the Fire Fighters Retirement Fund reported a net pension liability of \$11.8 million and plan fiduciary net position as a percentage of the total pension liability of 99.1%. The actuarial accrued liability for the Fire Fighters Retirement Fund as of December 31, 2021 was \$1.3 billion and the funded ratio was 89.6%.

The Fire Fighters Retirement Fund assumption changes used in the 2022 actuarial valuation, included use of the base PubS-2010 mortality table with fully generational improvement, and a change to a more conservative Deferred Retirement Option Plan ("DROP") period assumption that assumes members will elect the DROP period that maximizes the value of their benefit and reflects any applicable previously granted COLAs. There was no cost of living adjustments granted for 2023.

The financial statements for each plan are accessible on their respective websites. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS – Note 10" in this document for additional information on the City's Pension Plans. Also, see Note 10 of the City's Annual Comprehensive Financial Report for their web addresses.

### **Other Postemployment Benefits**

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 \$74.8 million in fiscal year 2023 and \$63.7 million in fiscal year 2022.

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, 2022 roll-forward actuarial valuation date, the City's total OPEB liability decreased to \$3.35 billion from \$4.2 billion as of the biennial actuarial valuation measured as of December 31, 2021. The decrease in the total OPEB liability was primarily driven by the increase in the discount rate from 2.06% to 3.72%.

See "APPENDIX B – AUDITED FINANCIAL STATEMENTS" 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 \$8.7 million for claims and damages at the end of fiscal year 2023. 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.

## **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 of the United States or its agencies and instrumentalities, including letters of credit;
- (2) direct obligations of the State or its agencies and instrumentalities;
- (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- (4) other obligations, the principal and interest of which are guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by explicit full faith and credit of the United States;
- (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent;
- (6) bonds issued, assumed or guaranteed by the State of Israel;

- (7) interest-bearing banking deposits that are guaranteed insured by the FDIC or the National Credit Union Share Insurance Fund ("NCUSIF") or their respective successors;
- (8) interest-bearing banking deposits other than those described by subdivision (7) if the funds invested in the banking deposits are invested through (a) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (b) a depository institution with a main office or branch office in this state that the investing entity selects; (ii) the broker or depository institution selected as described above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account (a) the depository institution selected as described above; (b) an entity described by Section 2257.041(d); or (c) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3);
- (9) certificates of deposit meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by a combination of cash and the FDIC or the NCUSIF, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits;
- (10) (A) fully collateralized repurchase agreements that have a defined termination date, are fully 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 and (B) joint account repurchase agreements satisfying the requirements of subsections (f) and (g) of Section 2256.011 of the PFIA;
- (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;
- (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; and
- (16) a brokered certificate of deposit security invested through a Texas broker approved by the City Council in which the broker or depository institution arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity in an amount insured by the United States or an instrumentality of the United States. Texas law also permits the City to invest bond proceeds in a guaranteed investment contract, subject to limitations as set forth in the PFIA.

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

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

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



- (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City;
- (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and
- (iv) the agreement to lend securities has a term of one year or less.

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

The City, as the owner of a municipal electric utility that is engaged in the sale of electric energy to the public, may invest funds held in a "decommissioning trust" (a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation) in any investment authorized by Subtitle B, Title 9, Texas Property Code ("Texas Trust Code"). The Texas Trust Code provides that a trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution. The City established an external irrevocable trust for decommissioning with JPMorgan Chase Bank, N.A., and, as of October 2016, transferred the trust to Wilmington Trust, National Association. The decommissioning trust market value, as of March 31, 2024, was approximately \$266,253,156.

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 fund's investment. Each Investment Strategy Statement must describe the investment objectives for the particular fund using the following priorities:

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

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

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

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

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

### **Additional Provisions**

Under 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**

As of March 31, 2024, the City's investable funds were invested in the following categories.

<u>Type of Investment</u>	<u>Percentage</u>
U. S. Treasuries	51%
U. S. Agencies	23%
Local Government Investment Pools	26%

The dollar weighted average maturity for the combined City investment portfolios is 266 days. The City prices the portfolios weekly utilizing a market pricing service.

## **TAX MATTERS**

### **Opinion**

On the date of initial delivery of the Bonds, 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) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds 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 Internal Revenue Code of 1986 (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 Bonds. See "APPENDIX E - FORM OF BOND COUNSEL'S OPINION."

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City's federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds 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 Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the City is conditioned on compliance by the City with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion 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 is not a guarantee of a result. The Existing Law is subject to change by the United States Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such 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 Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bondholders 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 Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

### **Collateral Federal Income Tax Consequences**

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

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

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, 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 Bonds, 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.

### **State, Local and Foreign Taxes**

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

## **Information Reporting and Backup Withholding**

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to 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 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 foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

## **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 Bonds under Federal or state law and could affect the market price or marketability of the Bonds. 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 Bonds should consult their own tax advisors regarding the foregoing matters.

## **CONTINUING DISCLOSURE OF INFORMATION**

In the Forty-Seventh Supplement, the City has made the following agreement for the benefit of the Holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

## **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 document within the following tables:

- 1) "WATER SYSTEM – Historical Water Pumpage,"
- 2) "WATER SYSTEM – Projected Water Pumpage,"
- 3) "WATER SYSTEM – Information Concerning Water Sales,"
- 4) "WATER SYSTEM – Large Water Customers,"
- 5) "WASTEWATER SYSTEM – Historical Wastewater Flows,"
- 6) "WASTEWATER SYSTEM – Projected Wastewater Flows,"
- 7) "COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Water Service Rates,"
- 8) "COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Wastewater Service Rates,"
- 9) "COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Analysis of Water Bills,"
- 10) "COMBINED WATER AND WASTEWATER SYSTEM INFORMATION – Analysis of Wastewater Bills,"
- 11) "ELECTRIC UTILITY SYSTEM – Generation Facilities,"
- 12) "AUSTIN ENERGY'S CUSTOMER STATISTICS – Five Year Electric Customer Statistics,"
- 13) "AUSTIN ENERGY'S CUSTOMER STATISTICS – Generation and Use Data,"
- 14) "DISCUSSION OF OPERATING STATEMENT – The Electric Utility System and Water and Wastewater System,"
- 15) "ELECTRIC UTILITY SYSTEM – Customer Base – Average Monthly Number of Customers,"
- 16) "ELECTRIC UTILITY SYSTEM – Fuel Supply,"
- 17) "AUSTIN ENERGY'S CUSTOMER RATES – Typical Monthly Residential Electric Bills of Large Texas Cities,"
- 18) Austin Energy's approved rate schedules incorporated into this document by reference as described in the applicable Pricing Certificate and "AUSTIN ENERGY'S CUSTOMER STATISTICS – Electric Rates,"
- 19) "AUSTIN ENERGY'S CUSTOMER STATISTICS – GreenChoice® Energy Rider,"
- 20) "COMPARATIVE ANALYSIS OF ELECTRIC UTILITY SYSTEM AND WATER AND WASTEWATER SYSTEM OPERATIONS,"
- 21) "OPERATING STATEMENT ELECTRIC UTILITY SYSTEM AND WATER AND WASTEWATER SYSTEM,"
- 22) The table of annual results of the City's annexations in "THE CITY – Annexations,"

- 23) "INVESTMENTS – Current Investments," and
- 24) Audited financial statements of the City, if not provided as part of such financial information and operating data, when and if available.

The City will (1) update and provide this financial information and operating data within six months after the end of each fiscal year, beginning with the fiscal year ending in 2024 and (2) if not provided as part of the financial information and operating data, audited financial statements, when and if available. If audited financial statements are not available within 12 months after any such fiscal year end, the City will provide notice that the audited financial statements are not available and will file 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. 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 financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

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 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 of 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 shall 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 Bonds: (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 Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, 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 Bond 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 shall 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 the Forty-Seventh Supplement. Neither the Bonds nor the Forty-Seventh Supplement make any provision for debt service reserves or liquidity enhancement. See "SECURITY FOR THE BONDS - Bonds Not Secured by any Debt Service Reserve Fund" in this document. The City shall 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 the Forty-Seventh Supplement.

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 Bonds, 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](http://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 Bonds 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 Bonds 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 Bonds shall constitute a breach of or default under the Forty-Seventh Supplement for purposes of any other provision of the Forty-Seventh Supplement.

The City may amend its continuing disclosure agreement for the Bonds 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 Bonds 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 outstanding Bonds 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 the Bonds. The City may also amend or repeal the provisions of its continuing disclosure agreement for any series of Bonds 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 Bonds in the primary offering of the Bonds. 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.

## **OTHER RELEVANT INFORMATION**

### **Ratings**

The Bonds have received ratings of “Aa2” (stable outlook) from Moody’s Investors Service, Inc. (“Moody’s”), “AA” (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 Bonds. 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 Bonds of any such revisions or withdrawal of ratings.

### **Registration and Qualification of Bonds**

The sale of the Bonds 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 Bonds have not been qualified under the Securities Act of Texas

in reliance upon various exemptions contained in this document; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds 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**

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Bonds be assigned a rating of not less than “A” or its equivalent as to investment quality by a national rating agency. See “OTHER RELEVANT INFORMATION – Ratings” in this document. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

### **Legal Opinions**

The delivery of the Bonds is subject to the approval of the Attorney General of Texas to the effect that the Bonds are valid and legally binding special obligations of the City in accordance with their terms payable solely from and, together with the outstanding Parity Water/Wastewater Obligations and Prior Subordinate Lien Obligations, equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water and Wastewater System in the manner provided in the Forty-Seventh Supplement and the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes, subject to the matters described under “TAX MATTERS” in this document, including the alternative minimum tax on certain corporations. The form of Bond Counsel’s opinion is attached to this document as “APPENDIX E.”

Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility for this Official Statement or undertaken independently to verify any of the information contained in it, except that, in their capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions “PLAN OF FINANCING,” “SECURITY FOR THE BONDS,” “DESCRIPTION OF THE BONDS,” “TAX MATTERS,” “CONTINUING DISCLOSURE OF INFORMATION,” “OTHER RELEVANT INFORMATION – Registration and Qualification of Bonds,” “OTHER RELEVANT INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas” and “OTHER RELEVANT INFORMATION – Legal Opinions,” and in “APPENDIX C” and “APPENDIX D” to verify that the information relating to the Bonds, the Master Ordinance and the Forty-Seventh Supplement contained under such captions and in APPENDICES C and D in all respects accurately and fairly reflects the provisions thereof and, insofar as such information relates to matters of law, is true and accurate. The opinion of Bond Counsel will accompany the global certificate deposited with DTC in connection with the use of the Book-Entry-Only System. In addition, certain legal matters will be passed upon (i) for the Underwriters by Haynes and Boone, LLP, Underwriters’ Counsel, and (ii) for the City by Bracewell LLP, Disclosure Counsel. The payment of legal fees to Bond Counsel, Underwriters’ Counsel, and Disclosure Counsel in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds 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 of the Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent



upon the issuance and delivery of the Bonds. 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 Bonds.

### **Independent Auditors**

The financial data listed as fiscal year 2023 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 as of September 30, 2023 and for the year then ended included in APPENDIX B to this Official Statement have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing in APPENDIX B.

### **Underwriting**

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Bonds from the City at the interest rates shown on page ii of this Official Statement, at a price of \$500,559,165.87 (representing the par amount of \$454,190,000 plus reoffering premium of \$47,904,024.45, less an underwriting discount of \$1,534,858.58). The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

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

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

### **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.

#### **Verification of Arithmetical and Mathematical Calculations**

Prior to delivery of the Bonds, the Verification Agent, Robert Thomas, CPA, LLC, 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 Bonds.

#### **Miscellaneous 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 contained in this document will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and ordinances.

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. The Forty-Seventh Supplement approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the offering of the Bonds by the Underwriters.

/s/ Kirk Watson  
Mayor  
City of Austin, Texas

ATTEST:

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

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**SCHEDULE I**  
**SUMMARY OF REFUNDED BONDS <sup>(1)</sup>**

**Water and Wastewater System Revenue Refunding Bonds, Series 2012**

<b>Maturity</b>	<b>Interest Rate</b>	<b>Par Amount Refunded</b>	<b>Call Date</b>	<b>Call Price</b>	<b>CUSIP<sup>(2)</sup></b>
11/15/2024	5.000%	\$50,000	09/13/2024	100%	052477WV4
11/15/2027	4.000%	750,000	09/13/2024	100%	052477UP9
11/15/2027	5.000%	2,400,000	09/13/2024	100%	052477UW4
11/15/2028	5.000%	25,000	09/13/2024	100%	052477UY0
11/15/2029	5.000%	<u>10,000</u>	09/13/2024	100%	052477UZ7
	Total:	\$3,235,000			

**Water and Wastewater System Revenue Refunding Bonds, Series 2013A**

<b>Maturity</b>	<b>Interest Rate</b>	<b>Par Amount Refunded</b>	<b>Call Date</b>	<b>Call Price</b>	<b>CUSIP<sup>(2)</sup></b>
11/15/2024	5.000%	\$145,000	09/13/2024	100%	052477VC7
11/15/2025	3.700%	1,365,000	09/13/2024	100%	052477VH6
11/15/2026	3.850%	10,215,000	09/13/2024	100%	052477VD5
11/15/2027	4.000%	<u>15,815,000</u>	09/13/2024	100%	052476C48
	Total:	\$27,540,000			

**Water and Wastewater System Revenue Refunding Bonds, Series 2014**

<b>Maturity</b>	<b>Interest Rate</b>	<b>Par Amount Refunded</b>	<b>Call Date</b>	<b>Call Price</b>	<b>CUSIP<sup>(2)</sup></b>
11/15/2024	5.000%	\$95,000	09/13/2024	100%	052477XF8
05/15/2025	5.000%	90,000	09/13/2024	100%	052477XG6
11/15/2025	5.000%	3,585,000	09/13/2024	100%	052477XH4
05/15/2026	5.000%	5,100,000	09/13/2024	100%	052476F52
11/15/2026	5.000%	5,195,000	09/13/2024	100%	052476F60
05/15/2027	5.000%	5,320,000	09/13/2024	100%	052476F78
11/15/2027	5.000%	5,460,000	09/13/2024	100%	052476F86
11/15/2028 <sup>(3)</sup>	5.000%	18,470,000	09/13/2024	100%	052477VS2
11/15/2029 <sup>(3)</sup>	5.000%	9,905,000	09/13/2024	100%	052477VT0
11/15/2030 <sup>(3)</sup>	5.000%	12,480,000	09/13/2024	100%	052476G36
11/15/2031 <sup>(3)</sup>	5.000%	13,075,000	09/13/2024	100%	052476G44
11/15/2032 <sup>(3)</sup>	5.000%	13,715,000	09/13/2024	100%	052476G51
11/15/2033 <sup>(3)</sup>	5.000%	14,410,000	09/13/2024	100%	052476G69
11/15/2034 <sup>(3)</sup>	5.000%	15,140,000	09/13/2024	100%	052476G77
11/15/2039 <sup>(3)</sup>	5.000%	52,865,000	09/13/2024	100%	052476G85
11/15/2043 <sup>(3)</sup>	5.000%	<u>45,185,000</u>	09/13/2024	100%	052476G93
	Total:	\$220,090,000			

(1) The refunding of any of the Refunded Bonds is contingent upon the delivery of the Bonds. The maturities and principal amounts of the Refunded Bonds, if any, to be refunded will depend on market conditions when the Bonds are sold and could differ materially from the information shown above. See "PLAN OF FINANCING" in this document.

(2) CUSIP numbers have been assigned by FactSet Research Systems Inc. on behalf of the American Bankers Association. None of the City, the Financial Advisor or the Underwriters are responsible for the selection or the correctness of the CUSIP numbers set forth herein. CUSIP is a registered trademark 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 CUSIP Services.

(3) Represents a term maturity.

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## APPENDIX A

### GENERAL INFORMATION REGARDING THE CITY

#### General Information

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

Austin, the capital of Texas, is the fourth most populous city in the state (behind Houston, San Antonio, and Dallas) and in 2023 became the tenth largest city in the nation with a population of just under 1 million according to City and U.S. Census Bureau estimates. Geographically, Austin consists of approximately 333 square miles. The current estimated median household income for Austin residents is \$80,284 according to data reported by Claritas, LLC. and Austin’s per capita personal income is estimated to be \$82,100.

Higher education remains a significant aspect of life in the Austin area. More than 56.5% of Austin residents over 25 years of age hold a bachelor’s degree, which remains significantly higher than the state or national rates. Austin 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 2023 U.S. News & World Report Best Colleges survey, the university ranks ninth among public universities and its business programs were ranked fifth (tied) among national universities.

#### Major Initiatives

*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, prior annual budgets underwent significant modification to present departmental expenditure plans and measures affecting these six outcomes, as well as to structure the City’s organizational reporting hierarchy.

On September 30, 2023, the City’s prior strategic planning process, known as Strategic Direction 2023 (SD23), will reach its scheduled conclusion. As SD23 nears its conclusion, development of a new City-wide strategic plan is underway. The

new strategic plan will update the former outcome-based model and realign the organization around new categories designed to be applied in future budget development processes.

The new strategic plan goals are organized around seven new categories rather than the six outcome areas utilized in SD23 and presented in prior budgets.

1. Community Health & Resilience
2. Economic & Workforce Development
3. Equitable Service Delivery
4. Homelessness & Housing
5. Mobility & Critical Infrastructure
6. Organizational Excellence
7. Public Safety

## **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 2023, City Council revised the General Fund financial policies and established a goal to increase the Emergency Reserve from 8% to 10% and to limit expenditure of the Budget Stabilization Reserve to emergency situations unless it exceeds 7%. This will result in an increase of total General Fund reserves from 14% to 17% of operating expenses beginning with fiscal year 2024.

### **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. Such an approach assists in aligning the City's CIP investments with the Imagine Austin Comprehensive Plan and the City 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 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. A strong bond rating allows for lower interest expense. In further indications of return to economic stability, there were no changes to any of the City's bond ratings in 2023. The City's bond ratings for general obligation bonds remained AAA, the highest rating available, for S&P Global Ratings and AA+ for Fitch Ratings, Inc. The airport maintained its A1 and A+ ratings from Moody's and S&P, respectively.

## 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 2023 ACFR, the City continues to meet its responsibility for sound financial management.

## ADDITIONAL INFORMATION

### Ten Largest Employers (As of Fiscal Year Ended September 30, 2023)

<u>Employer</u>	<u>Industry</u>	<u>Employees</u>	<u>Percent of MSA Total</u>
State Government	Government	38,681	2.91%
The University of Texas at Austin	Education	31,106	2.34%
HEB Grocery Stores	Grocery/Retail	22,955	1.73%
City of Austin	Government	16,029	1.21%
Ascension Seton	Healthcare	14,842	1.12%
Federal Government	Government	14,600	1.10%
Dell Computer Corporation	Computers	13,000	0.98%
Telsa, Inc.	Manufacturing	12,277	0.92%
St. David's Healthcare Partnership	Healthcare	11,484	0.86%
Amazon LLC	Retail	11,000	0.83%

Source: 2023 Annual Comprehensive Financial Report

### Demographic and Economic Statistics - Last Ten Years

<u>Year</u>	<u>City of Austin Population (1)</u>	<u>Area of Incorporation (Square Miles) (1)</u>	<u>Population MSA (2)</u>	<u>Income (MSA) (thousands of dollars) (2)</u>	<u>Median Household Income MSA (3)</u>	<u>Per Capita Personal Income MSA (2)</u>	<u>Unemployment Rate (MSA) (4)</u>
2014	878,002	321	1,943,409	97,181,958	49,227	50,006	4.2%
2015	899,119	323	2,002,491	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	64,913	2.6%
2020	961,855	327	2,235,584	150,639,599	69,001	67,400	6.3%
2021	975,321	327	2,298,224	163,778,682	71,186	71,300	3.5%
2022	981,610	328	2,421,115	181,870,848	80,412	75,119	2.8%
2023	995,722	333	2,433,199 (3)	199,847,793 (5)	80,284	82,100 (5)	3.6%
2014-2023 Change	13.41%	3.64%	25.20%	105.64%	63.09%	64.18%	

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

- (1) Source: City Demographer, City of Austin, Housing and Planning Department based on full purpose area as of September 30, 2023.
- (2) Source: Bureau of Economic Analysis.
- (3) Source: Claritas, LLC. Figures are estimated.
- (4) Source: Bureau of Labor Statistics; United States Department of Labor as of September 30, 2023.
- (5) Data not available for 2023. Figures are estimated.

### City Sales Tax Collections (In Millions) (1)

Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount
1-1-18	\$18,369	1-1-19	\$18,697	1-1-20	\$20,198	1-1-21	\$19,781	1-1-22	\$26,385	1-1-23	\$29,410
2-1-18	22,174	2-1-19	23,474	2-1-20	26,824	2-1-21	25,532	2-1-22	30,963	2-1-23	33,666
3-1-18	17,895	3-1-19	19,197	3-1-20	20,704	3-1-21	18,927	3-1-22	24,307	3-1-23	27,506
4-1-18	16,939	4-1-19	18,499	4-1-20	19,065	4-1-21	17,768	4-1-22	24,174	4-1-23	26,758
5-1-18	21,249	5-1-19	21,771	5-1-20	20,801	5-1-21	26,089	5-1-22	31,042	5-1-23	32,064
6-1-18	18,371	6-1-19	20,966	6-1-20	16,875	6-1-21	23,139	6-1-22	27,873	6-1-23	25,599
7-1-18	19,552	7-1-19	20,275	7-1-20	18,096	7-1-21	23,952	7-1-22	28,586	7-1-23	29,860
8-1-18	20,338	8-1-19	21,556	8-1-20	21,667	8-1-21	26,558	8-1-22	31,773	8-1-23	32,428
9-1-18	19,701	9-1-19	21,797	9-1-20	19,750	9-1-21	25,021	9-1-22	29,397	9-1-23	28,401
10-1-18	19,502	10-1-19	20,080	10-1-20	19,178	10-1-21	25,356	10-1-22	29,675	10-1-23	29,965
11-1-18	20,661	11-1-19	22,017	11-1-20	22,036	11-1-21	28,990	11-1-22	31,441	11-1-23	30,475
12-1-18	20,482	12-1-19	21,463	12-1-20	20,670	12-1-21	25,930	12-1-22	29,425	12-1-23	29,037
	<u>\$235.23</u>		<u>\$249.79</u>		<u>\$245.86</u>		<u>\$287.04</u>		<u>\$345.04</u>		<u>\$355,169</u>

(1) Sales taxes are not pledged to the payment of the Obligations.

Source: City of Austin, Budget Office

### Utility Connections

Year	Utility Connections		
	Electric (1)	Water (1)	Gas (1)
2013	430,582	217,070	216,688
2014	439,403	217,036	223,500
2015	450,479	223,164	228,700
2016	461,345	227,432	223,158
2017	472,701	231,014	226,749
2018	485,204	235,174	221,314
2019	496,258	239,291	238,753
2020	507,660	243,820	239,063
2021	520,757	247,037	240,263
2022	530,698	250,705	240,048
2023	541,368	252,918	241,114

(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)

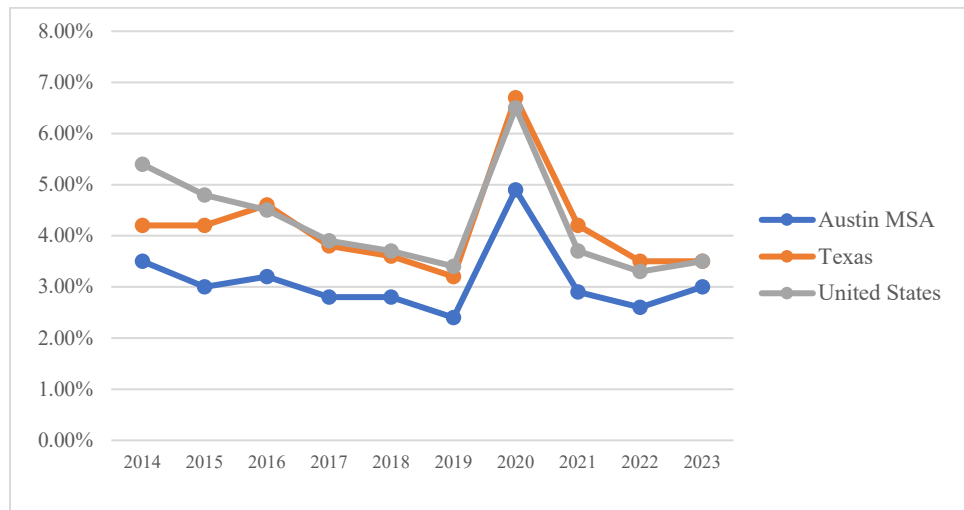
	2019		2020		2021		2022		2023	
		% of total		% of total		% of total		% of total		% of total
Mining, Logging, and Construction	69,000	6.18%	71,200	6.41%	73,300	6.29%	77,500	5.91%	85,600	6.37%
Manufacturing	62,500	5.60%	65,000	5.85%	64,800	5.56%	72,100	5.50%	72,200	5.37%
Trade, Transportation, and Utilities	184,800	16.56%	195,300	17.58%	190,300	16.32%	215,800	16.46%	216,300	16.09%
Information	38,400	3.44%	40,500	3.65%	45,100	3.87%	53,400	4.07%	51,800	3.85%
Financial Activities	66,200	5.93%	69,700	6.27%	73,000	6.26%	78,500	5.99%	78,800	5.86%
Professional and Business Services	198,700	17.80%	207,400	18.67%	235,200	20.18%	283,100	21.59%	288,400	21.46%
Education and Health Services	128,900	11.55%	124,900	11.24%	133,900	11.49%	146,200	11.15%	154,800	11.52%
Leisure and Hospitality	135,600	12.15%	106,400	9.58%	119,700	10.27%	146,800	11.20%	150,200	11.18%
Other Services	47,500	4.26%	42,300	3.81%	44,800	3.84%	49,600	3.78%	52,100	3.88%
Government	<u>184,600</u>	<u>16.54%</u>	<u>188,300</u>	<u>16.95%</u>	<u>185,600</u>	<u>15.92%</u>	<u>188,100</u>	<u>14.35%</u>	<u>193,700</u>	<u>14.41%</u>
Total nonfarm employment	<u>1,116,200</u>	<u>100%</u>	<u>1,111,000</u>	<u>100%</u>	<u>1,165,700</u>	<u>100%</u>	<u>1,311,100</u>	<u>100%</u>	<u>1,343,900</u>	<u>100%</u>

(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.
2014	4.3%	5.2%	6.2%
2015	3.4%	4.5%	5.3%
2016	3.3%	4.6%	4.9%
2017	3.2%	4.3%	4.4%
2018	3.0%	3.9%	3.9%
2019	2.7%	3.5%	3.7%
2020	6.2%	8.9%	8.1%
2021	4.8%	6.6%	6.1%
2022	2.6%	3.5%	3.3%
2023	3.0%	3.5%	3.5%

Source: U.S. Bureau of Labor Statistics as of December 2023. Unemployment rates are non-seasonally adjusted. Information is updated periodically.

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## Housing Units

### Residential Sales Data (Austin-Round Rock MSA)

<u>Year</u>	<u>Number of Sales</u>	<u>Total Volume (\$)</u>	<u>Average Price (\$)</u>
2014	30,073	9,213,870,475	306,383
2015	31,326	10,342,187,130	330,147
2016	32,580	11,292,237,627	346,600
2017	33,842	12,376,009,278	365,700
2018	34,656	13,156,532,792	379,632
2019	37,057	14,570,169,172	393,183
2020	40,311	17,629,901,730	437,347
2021	41,413	23,397,281,957	564,974
2022	33,676	21,073,466,786	625,771
2023	30,459	17,503,065,986	574,643

Source: Real Estate Center at Texas A&M University; data as of December 2023.

### City-Wide Austin Office Occupancy Rate

<u>Year</u>	<u>Occupancy Rate</u>
2013	89.2%
2014	90.9%
2015	90.9%
2016	91.8%
2017	89.5%
2018	89.4%
2019	89.4%
2020	90.0%
2021	80.7%
2022	78.9%
2023(1)	72.9%

(1) Fourth Quarter 2023.  
Source: Cushman & Wakefield.

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**APPENDIX B**  
**AUDITED FINANCIAL STATEMENTS**

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May 24, 2024

City of Austin  
P.O. Box 2920  
Austin, Texas 78768

We agree to the inclusion in the Official Statements to be dated and issued on or about May 28, 2024, for the issuance of the \$454,190,000 Water and Wastewater System Revenue Refunding and Improvement Bonds, Series 2024 of the City of Austin, of our report dated March 12, 2024 (which expresses an unmodified opinion and includes an emphasis of matter paragraph for the adoption of a new accounting standard and the discontinued use of regulatory accounting for Austin Water and a reference to other auditors who audited the financial statements of certain discretely presented component units), on the basic financial statements as of September 30, 2023, and for the year then ended.

*Deloitte & Touche LLP*

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City of Austin, Texas

2023

# Annual Comprehensive Financial Report

For the fiscal year ended September 30, 2023



FINANCIAL SERVICES  
DEPARTMENT







# *Annual Comprehensive Financial Report*



*City of Austin,  
Texas*

*For the fiscal year ended  
September 30, 2023*

*Prepared by:  
Financial Services Department*

Ed Van Eenoo  
*Chief Financial Officer*

Diana Thomas, CPA  
*Deputy Chief Financial Officer*

Marija Jukic, CPA  
*Controller*

Members of the Government Finance Officers Association  
of the United States and Canada



## City Council

**Kirk Watson**

*Mayor*

Term expires January 2025

**Paige Ellis** *Mayor Pro Tem (District 8)*

Term expires January 2027

<b>Council Members</b>	<b>District</b>	<b>Term expiration</b>
Natasha Harper-Madison	1	January 2027
Vanessa Fuentes	2	January 2025
José Velásquez	3	January 2027
José “Chito” Vela	4	January 2025
Ryan Alter	5	January 2027
Mackenzie Kelly	6	January 2025
Leslie Pool	7	January 2025
Zohaib “Zo” Qadri	9	January 2027
Alison Alter	10	January 2025

**Jesús Garza**

*Interim City Manager*

**CITY OF AUSTIN, TEXAS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**Year Ended September 30, 2023**

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**Year Ended September 30, 2023**

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**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
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## INTRODUCTION







# City of Austin

City Hall 301 West 2<sup>nd</sup> St., P.O. Box 1088, Austin, Texas 78767

March 12, 2024

City of Austin, Texas

Honorable Mayor, Mayor Pro Tem, Council members, and Residents of Austin

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Austin, Texas (the City) for the fiscal year ended September 30, 2023. The ACFR is provided to give detailed information about the financial position and activities of the City to residents, City Council, City staff, and other readers.

City management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures. We believe the data, as presented, is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations of the City. These financial statements have been prepared by the Financial Services Department in accordance with generally accepted accounting principles (GAAP) for local governments.

The basic financial statements and related notes have been audited by the independent firm of Certified Public Accountants, Deloitte & Touche LLP. This audit satisfies Article VII, Section 16 of the City Charter, which requires an annual audit of all accounts of the City by an independent Certified Public Accountant. Grant awards are being audited under the provisions of Title 2 U.S. Code of Federal Regulations Part 200, and the Texas Grant Management Standards. The Single Audit report will be issued separately.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report. It provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

## AUSTIN'S GOVERNMENT AND THE REPORTING ENTITY

### 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 Council members who are elected by geographic district. The districts, drawn by an independent commission, are to be adjusted after each U.S. census. Following results of the 2020 Census, the commission presented a certified map to City Council in October 2021. The City Manager, appointed by the City Council, is responsible to the City Council for the management of all City employees, except for City Council appointees, and for the administration of all City affairs.

Austin, the capital of Texas, is the fourth most populous city in the state (behind Houston, San Antonio, and Dallas) and in 2023 became the tenth largest city in the nation with a population of just under 1 million according to City and U.S. Census Bureau estimates. Geographically, Austin consists of approximately 333 square miles that lies on the Colorado River in the Central Texas hill country region. The current estimated median household income for Austin residents is \$80,284 according to data reported by Claritas, LLC. and Austin's per capita personal income is estimated to be \$82,100. These represent a decrease



of 0.2% and an increase of 9.3%, respectively over 2022. Regionally, the Austin-Round Rock MSA is projected to be the fastest growing large metro area in the next 5 years. With growth also burgeoning between Austin and San Antonio to the south, discussion of the region as a metroplex has begun to evolve. The entire area's continued attraction for businesses and workers has pressured transportation systems, as well as housing and natural resources – calling for greater collaboration between city governments in the region.

Higher education remains a significant aspect of life in the Austin area. More than 56.5% of Austin residents over 25 years of age hold a bachelor's degree, which remains significantly higher than the state or national rates. Austin 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 2023 *U.S. News & World Report* Best Colleges survey, the university ranks ninth among public universities and its business programs were ranked fifth (tied) among national universities.

## **Reporting Entity**

This ACFR includes all funds of the City, including those organizations required to be included because the City is financially accountable for them. The City provides a full range of services, including general government; public safety; transportation, planning, and sustainability; public health; public recreation and culture; urban growth management; electric; water; wastewater; airport; convention; and other enterprise services. In addition, the financial statements include these separate legal entities: the Austin Housing Finance Corporation, the Austin Housing Public Facility Corporation, the Austin Industrial Development Corporation, the Austin-Bergstrom International Airport Development Corporation, the Mueller Local Government Corporation, and the Urban Renewal Agency. These entities are reported as governmental activities. Nacogdoches Power, LLC, a business-type activities component unit, is blended with Austin Energy. The Austin Public Facilities Corporation is also a blended component unit but had no financial activity during the year. Additionally, the financial statements include Austin-Bergstrom Landhost Enterprises, Inc., Austin Convention Enterprises, Inc., Austin Economic Development Corporation, Austin Transit Partnership Local Government Corporation, Austin Travis County Sobriety Center Local Government Corporation, Creekside Senior Housing Limited Partnership, and Retreat at North Bluff, LP as discrete component units on the government-wide statements. The Waller Creek Local Government Corporation is also a discrete component unit but had no financial activity during the year. Additionally, Central Housing, LP and Hyde Park Housing, LP were formed in 2023 and due to their December 31 fiscal year end, final financial reports are not available for inclusion in the City's 2023 financial statements.

## **THE ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

### **Local Economy**

Following the record-breaking economic surge of the pandemic, activity was projected to level off at the beginning of 2023 as interest rates rose and the boost of federal stimulus dollars waned. The Austin area is expected to continue growing, according to industry experts with the overall economy slated to expand up to 5% in 2024. As one senior economist noted, there are no red flags that might prevent the area from continuing to grow at a steady pace.

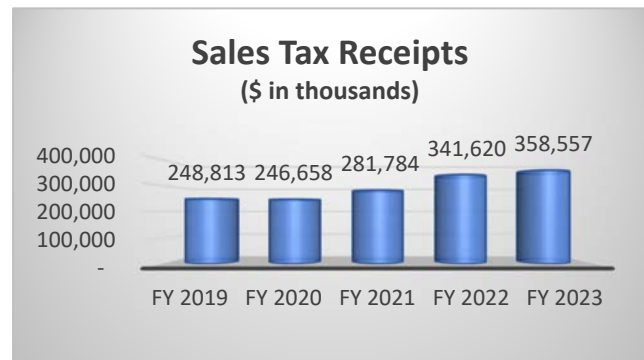
In the *Business Facilities 2023* report, the Austin metro maintained its top ranking for tech talent leaders in mid-tier labor pool cities and ranked second for best business climate. The Austin-Round Rock MSA maintained its second-place ranking in Milken Institute's *Best Performing Cities 2023* report for Tier 1 large cities due largely to high-tech job and wage growth, citing Austin "continues to be a national leader in attracting high-tech investment". Availability of affordable housing was noted as the one area of focus in the report.

According to *Emerging Trends in Real Estate 2024*, published by PricewaterhouseCoopers U.S. and the Urban Land Institute, Austin landed fifth on the list for overall real estate markets to watch. This report is a compilation of interviews and surveys of over 2,000 real estate professionals across all segments of the industry. The Sun Belt markets, which includes Austin, are seen as trending for interest in development and urban growth.

**Texas Economy** – With a gross state product exceeding \$2.0 trillion, Texas remains the second largest economy in the nation behind California. The long-term outlook for the State remains positive with job growth in the state outpacing job growth nationally. According to the Federal Reserve Bank of Dallas, the Texas Business-Cycle Index increased 6.43% year-over-year in December. The Texas Consumer Confidence Index was up a significant 23.5% year-over-year compared to a decrease of 6.0% in 2022, and an increase of just 1.6% nationally. With the expiration of the Chapter 313 tax incentives program in 2022, there was concern about the state’s ability to continue to attract large businesses in today’s competitive environment. To address these concerns, the state enacted new legislation known as the Texas Jobs, Energy, Technology and Innovation Act, effective January 2024. This new program, Chapter 403, will limit the tax abatement to 50% of a property’s value instead of 100% as it was under Chapter 313.

**Employment** –Unemployment rates in Austin remained low in 2023, in keeping with conditions at the state and national levels although all saw a slight increase from 2022. An analysis by the Dallas Fed showed that the Austin area saw a higher than usual level of mass layoffs in 2023 compared to Dallas and Houston. The Dallas Fed attributed this to substantial downsizing within the tech sector, but others note that the elimination of about 3,500 jobs was likely due to the high pace of hiring during the pandemic and was more than offset by the number of jobs added to the region. Local hiring in recent years resulted in 1.34 million people working in Austin, the greatest number ever reported. At 3.0%, Austin area unemployment in December continued to fall below the state and national unemployment rates of 4.0% and of 3.5%, respectively.

**Sales Taxes** – Consumer spending growth (as measured by sales tax collections) reflects Austin’s population and economic growth. Sales tax collections in fiscal year 2023 experienced a 5.0% increase from fiscal year 2022. This increase aligns with the expectation that sales tax growth will level out post pandemic. Future years are anticipated to continue this trend. For the second year in a row, on-premise alcohol sales exceeded \$1 billion in Austin, raising the mixed drink tax revenue by 16.8% in 2023. However, not all tax revenues increased in 2023 - vehicle rental tax revenues and franchise fees both came in lower than 2022.



**Tourism** – Passenger traffic at Austin Bergstrom International Airport (ABIA) remained high in 2023 with a single-day record of 43,243 passengers in October following the Formula One race. In a national ranking, ABIA was ranked second for number of flights added from 2019 to 2023, bucking a national downward trend for flight operations at the nation’s 150 largest airports. The Austin Convention Center Department announced the selection of a contractor for its upcoming \$1.3 billion expansion. In addition to doubling the current rentable space, the plan will add new outdoor and community spaces and integrate with the Project Connect light rail line. The convention center is expected to close for construction in the spring of 2025 and is set to reopen before the 2029 South by Southwest festival.

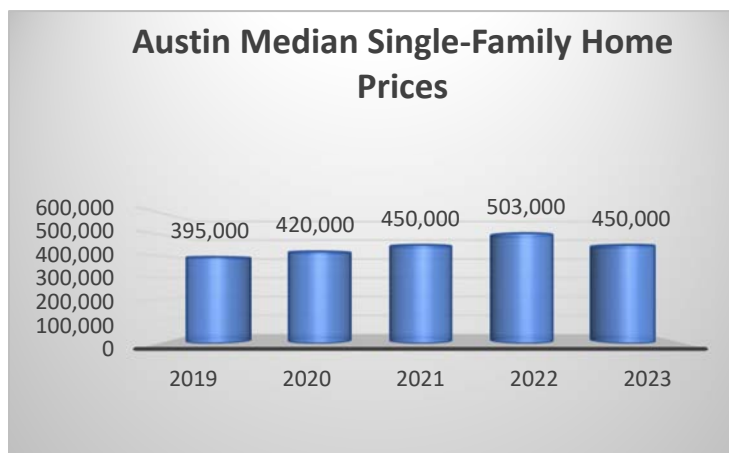
Local festivals continued strong in 2023 with five events drawing 400,000 or more attendees. Reinforcing the Live Music Capital of the World moniker, the Austin City Limits festival drew the most festival-goers at 450,000 over two weekends in Zilker Park. The South by Southwest Conference and Festivals had over 345,000 attendees and created an economic impact of \$380 million indicating a return to pre-pandemic levels.

As a result of the increased tourism activity, hotel occupancy tax (HOT) revenues increased 12.4% compared to fiscal year 2022.

**Notable Developments** – Plans for UT to build a cancer treatment and research hub in partnership with MD Anderson was announced in August. At an estimated cost of \$2.5 billion, the hospital is expected to create 4,000 to 5,000 jobs and will be located at a site just north of Austin’s Innovation District. This is expected to add significantly to Austin’s life sciences footprint for which employment has grown 74% in the past few years. This strong growth has resulted in the area ranking first for life sciences growth by Business Facilities, bringing greater diversity to the economic base. Regionally, the \$17 billion Samsung plant being constructed in Taylor and the Tesla Gigafactory continue to drive growth. Samsung estimated its economic impact doubled to \$13.6 billion in 2022 from \$6.3 billion

in 2021. The Tesla Gigafactory has also made a significant contribution to the area reportedly supporting as many as 15,000 jobs in Travis County while continuing to expand into other central Texas counties.

**Real Estate** – Multiple increases in mortgage interest rates over the course of 2023 continued to temper the real estate market in Austin and surrounding areas. For the first time in many years, the annual median price of an Austin area home decreased in 2023, dropping to \$450,000, a 10.5% decrease from the previous year of \$503,000. In the Austin-Round Rock MSA, the total number of home sales in 2023 fell to 30,353, 9.5% lower than 2022. Homes remained on the market for 70 days, a significant 38-day increase over 2022, as the market continues to find its footing giving buyers increased leverage. With signs of interest rates stabilizing, the mortgage industry expects a rebound in home purchases.



Conditions in the multi-family sector were again more conducive for renters in 2023, due to the addition of thousands of new apartment units and slower demand. The metro area ranked second in the nation for percentage declines in rental rates with a year over-year decrease of about 6%. Due to the increased number of units, vacancy rates for the multifamily sector are expected to increase, which is anticipated to hold true for most major markets nationally.

The Austin office market was impacted by the uncertainty surrounding interest rates, slowing new capital investment while developers assess whether market conditions will improve in 2024. The Austin metro area saw an increase in the commercial vacancy rate in 2023 to 23.1%, in comparison to 2022 at 18.9%. The market experienced a negative net absorption rate of 1.2 million square feet, the first since 2020, though this did not result in decreasing rates. Citywide, Class A office space averaged \$56.13 per square foot in 2023, up from \$54.07 per square foot in 2022, according to CBRE Research. There were just over 5.0 million square feet of office space under development throughout the city at the end of 2023 concentrated in the central business district and east Austin. With just under 100 tenants seeking 2.8 million square feet of office space at the end of 2023, absorption rates could continue to remain negative.

By comparison, the industrial and warehouse sector continued to perform well with a third consecutive year of positive net absorption. A record 4.5 million square feet of net absorption was recorded over the year and asking rents were up. Vacancy rates increased to 8.1% but remain well below pre-pandemic levels. There were 14.1 million square feet under construction in the Austin metro area at the end of 2023, with approximately a third of that being pre-leased. Not immune from market forces, construction starts did drop in the last part of the year as liquidity remained tight in the construction sector. While the area has not traditionally been a strong warehouse market, it has benefitted from being situated along I-35 which has become the spine of an 'auto manufacturing megaregion', increasing demand from companies seeking to optimize their logistics networks.

**Performance-Based Incentive Agreements** – The City has performance-based incentive agreements where taxes are reimbursed to the entities after the entities have paid their taxes and have documented compliance with the performance-based requirements such as job creation and retention. Originally approved in 2003, the City's Economic Development Program was developed to identify and recruit diverse industries for job creation. The program has evolved and in 2018 the Chapter 380 policy and Economic Development Guiding Principles were adopted by City Council, creating the Business Expansion Program. The purpose of the policy is to balance the exchange of incentives with community values including equitable prosperity, opportunity, and affordability as envisioned in the Austin Strategic Direction 2023.

Funding for economic development incentive agreements is accounted for in the Economic Incentives Reserve Fund, which is reported as part of the General Fund. The fiscal year 2023 budget included approved requirements of \$11.3 million. Revenues are collected and held in reserve before being rebated to the entity the following year. Rebates are contingent upon compliance reviews confirming that expected benefits have been demonstrated.

Staff in the Economic Development Department are responsible for conducting annual compliance reviews, which are verified by an independent party using agreed upon procedures. Currently there are four active Chapter 380 agreements, which rebate a percentage of paid property and/or sales tax. The City anticipates \$4.5 billion in terms of total investment committed from these four agreements. There are other active economic development agreements under which payments are made to businesses based on a flat rate per job created, but they are not considered tax abatement agreements. A listing of the agreements along with payment and compliance reports and can be found at the City's open data portal by searching for economic development.

## **Major Initiatives**

The City has a highly dedicated and exceptional workforce that is 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 respond more effectively to new challenges and new opportunities. City employees take great 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 residents: (1) Grow as a compact, connected city, (2) Integrate nature into the city, (3) Provide paths to prosperity for all, (4) Develop as an affordable and healthy community, (5) Sustainably manage water, energy, and other environmental resources, and (6) Think creatively and work together.

### ***Strategic Initiatives***

***Mobility*** – Completion of the 2016 Bond sidewalk program a year ahead of schedule. As a result of the \$720 million Mobility Bonds approved in 2016, the city has constructed or repaired more than 56 miles of sidewalk.

Later bond programs approved in 2018 and 2020 have contributed additional funding for sidewalks as the need throughout the City remains high. In July, a one-mile segment of the Violet Crown Trail was completed, providing 11 uninterrupted miles of trail from Barton Spring to MoPac and William Cannon Dr. When complete, the Violet Crown Trail will cover more than 30 miles.

***Economic Opportunity and Affordability*** – Working to prevent the displacement of renters and homeowners in proximity to the new transit lines planned with Project Connect, the Housing Department and the Austin Housing Finance Corporation awarded \$16.5 million to 12 organizations in September. This is a portion of the \$300 million approved by voters in 2020 to address displacement. In November, the Economic Development Department awarded \$3.5 million in grants to 368 local professional musicians, bands and independent promoters through the 2023 Live Music Fund Event Program. Funding for the program comes through a percentage of the Hotel Occupancy Tax and is intended to encourage, improve and showcase Austin's diverse live music industry.

***Safety*** – In September, City Council appropriated \$22.9 million in federal grant funding for the US Department of Transportation's Safe Streets and Roads for All program. The grant is anticipated to provide major intersection safety at 5-7 locations, up to 10 pedestrian hybrid beacons, and other safety priorities including education and low-cost safety treatments. In an effort to mitigate wildfire risk, City Council approved the negotiation of a contract with a firm that utilizes artificial intelligence to aid first responders in the detection and response to wildfires. The system can triangulate the exact location of a fire and then alert the 911 call center to activate the closest fire department. The system will be able to survey nearly all of Travis County.

*Health and Environment* – At the beginning of the year, winter storm Mara tested the City’s power grid and response in new ways as three days of arctic air caused continual rain to accumulate as ice on tree limbs across the city. As the limbs shattered and crashed, many limbs caused power outages and created ‘hurricane level of debris’. The General Fund Emergency Reserve Fund was tapped by City Council, providing \$15.4 million to Austin Resource Recovery (ARR) and their contractors to help cover the costs related to clearing over 1 million cubic yards of debris. Over \$50 million was expended in response to the event by ARR, Austin Energy and other departments. The Office of Homeland Security and Emergency Management is leading the effort to submit requests to FEMA for cost reimbursement. The Texas A&M Forest Service estimated that 10.5 million trees were damaged during the three-day storm. An after-action report highlighted strengths and weaknesses in the City’s response, which included more than 30 departments. Suggested improvements in the report are intended to help build preparedness and resiliency for future severe weather events.



*Culture and Lifelong Learning* – In September 2023, the City announced the signing of a Protocol of Cooperation Agreement between Austin, Texas and Florence, Italy. Through joint initiatives, the cities will share knowledge, exchange best practices, and explore avenues of collaboration to develop partnerships benefitting residents, businesses, and institutions in both cities.

*Government that Works for All* – A well-functioning city depends on its workforce to conduct the vital activities that its residents rely on. The City made progress toward decreasing departmental staff vacancies during 2023. The overall vacancy rate dropped to 13.3% from 18.6% the prior year and the number of departments with vacancy rates above 20% has been reduced to four as of August 2023.

*Ending Homelessness* – With many initiatives addressing homelessness spanning multiple departments, the Homeless Strategy Office (HSO) was established as a stand-alone office reporting directly to the City Manager’s Office at the end of 2023. Previously operating as a division of Austin Public Health, the creation of the HSO is intended to provide a consolidated organizational approach to this complex issue. Among its many responsibilities are overseeing City-run and City-owned homeless shelters, and procuring, managing, and monitoring all homelessness-related contracts between the City and third-party vendors.

The City preserved over 100 centrally-located shelter beds by acquiring the downtown Salvation Army shelter in November. One of the few shelter spaces in the downtown area, the City had been working to keep the shelter open after the Salvation Army announced it would be permanently closing the facility in March 2023.

## **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 2023, City Council revised the General Fund financial policies and established a goal to increase the Emergency Reserve from 8% to 10% and to limit expenditure of the Budget Stabilization Reserve to emergency situations unless it exceeds 7%. This will result in an increase of total General Fund reserves from 14% to 17% of operating expenses beginning with fiscal year 2024.

### **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. Such an approach assists in aligning the City's CIP investments with the Imagine Austin Comprehensive Plan and the City 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 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. A strong bond rating allows for lower interest expense. In further indications of return to economic stability, there were no changes to any of the City's bond ratings in 2023. The City's bond ratings for general obligation bonds remained AAA, the highest rating available, for S&P Global Ratings and AA+ for Fitch Ratings, Inc. The airport maintained its A1 and A+ ratings from Moody's and S&P, respectively.

### **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 this 2023 ACFR, the City continues to meet its responsibility for sound financial management.

### **Budgetary Information**

With stronger economic growth following the pandemic, the fiscal year 2023 Budget allowed for a greater focus on employee retention. Council approved a 4% across the board civilian wage increase, the highest in more than two decades. Council also approved an increase to the Living Wage from \$15 per hour to \$20 per hour, the largest increase in entry pay in more than two decades. The budget development process integrates a collaborative approach to the City's finances with business planning, performance measurement, and resident input. By organizing around City Council identified strategic outcomes, the document focuses more on the bigger picture and less on the details of departmental expenditures. The 2023 budget development process maintained some remote activity but brought more in-person involvement. Input was gathered and evaluated to address the issues, concerns, and priorities identified by Austin's residents, employees, boards and commissions, and Council members.

The fiscal year 2023 Budget totaled \$5.0 billion and included \$1.3 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 growing number of Austin residents and visitors. Budgeted revenue comes from utility charges

(44%), various taxes, including property and sales tax (31%), charges for services and goods (14%), and other revenue such as interest, fees, and transfers (11%). The fiscal year 2023 budget was approved with a 7.83 cent decrease to the property tax rate, from 54.10 to 46.27 cents per \$100 of taxable value. Increases in assessed values and new construction enabled the reduction. Increases in utility fees for Austin Energy, Austin Resource Recovery and the Transportation User Fee resulted in an overall 3.8% increase for the typical Austin homeowner in 2023.

The City's largest enterprise department, Austin Energy, served over 540,000 customers within a service territory of approximately 437 square miles in the Greater Austin area. Austin Energy's fiscal year 2023 budget was \$1.7 billion in annual revenues, including transfers. An increase in base rates began in March of 2023, the first increase in the base rate in more than 10 years. The utility has a diverse generation mix that includes nuclear, coal, natural gas, and an increasing portfolio of renewable energy sources such as solar and wind.

The City's second largest enterprise department is Austin Water, which provided water and wastewater services to more than one million retail and wholesale customers spanning more than 548 square miles within Austin and surrounding areas. The Austin Water fiscal year 2023 budget resulted in revenues and transfers in of \$673.3 million. Despite increased infrastructure investments, there were no planned changes to water and wastewater rates for fiscal year 2023, largely due to savings the utility was able to achieve through low-interest loan programs and refunding higher interest rate debt.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes an Annual Comprehensive Financial Report that meets the GFOA program standards. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its 2022 ACFR. The City has received this award for 16 consecutive years. The certificate is valid for a period of one year only. City management believes that this 2023 ACFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for review.

The City also received the GFOA Distinguished Budget Presentation award for the 2022 budget, the 2022 Certificate of Excellence in Performance Measurement from the ICMA, and the Achievement of Excellence in Procurement from the National Procurement Institute in 2023.

## **ACKNOWLEDGMENTS**

The preparation of this report could not have been accomplished without the dedicated services of the Accounting and Financial Reporting staff within the Financial Services Department. Other departments and offices of the City have also contributed directly or indirectly to the preparation of this report: Budget and Treasury staff within the Financial Services Department, the Office of the City Auditor, the financial staff at Austin Energy and other financial staff throughout the City. We would like to express our sincere appreciation to all who assisted in this effort.

We acknowledge the thorough, professional, and timely manner in which our independent auditor, Deloitte & Touche LLP, conducted the audit.

Finally, we acknowledge the Mayor and Council members as well as the City Manager, who consistently aid in furthering the City's goal of excellence in all aspects of financial management. Your support is greatly appreciated.

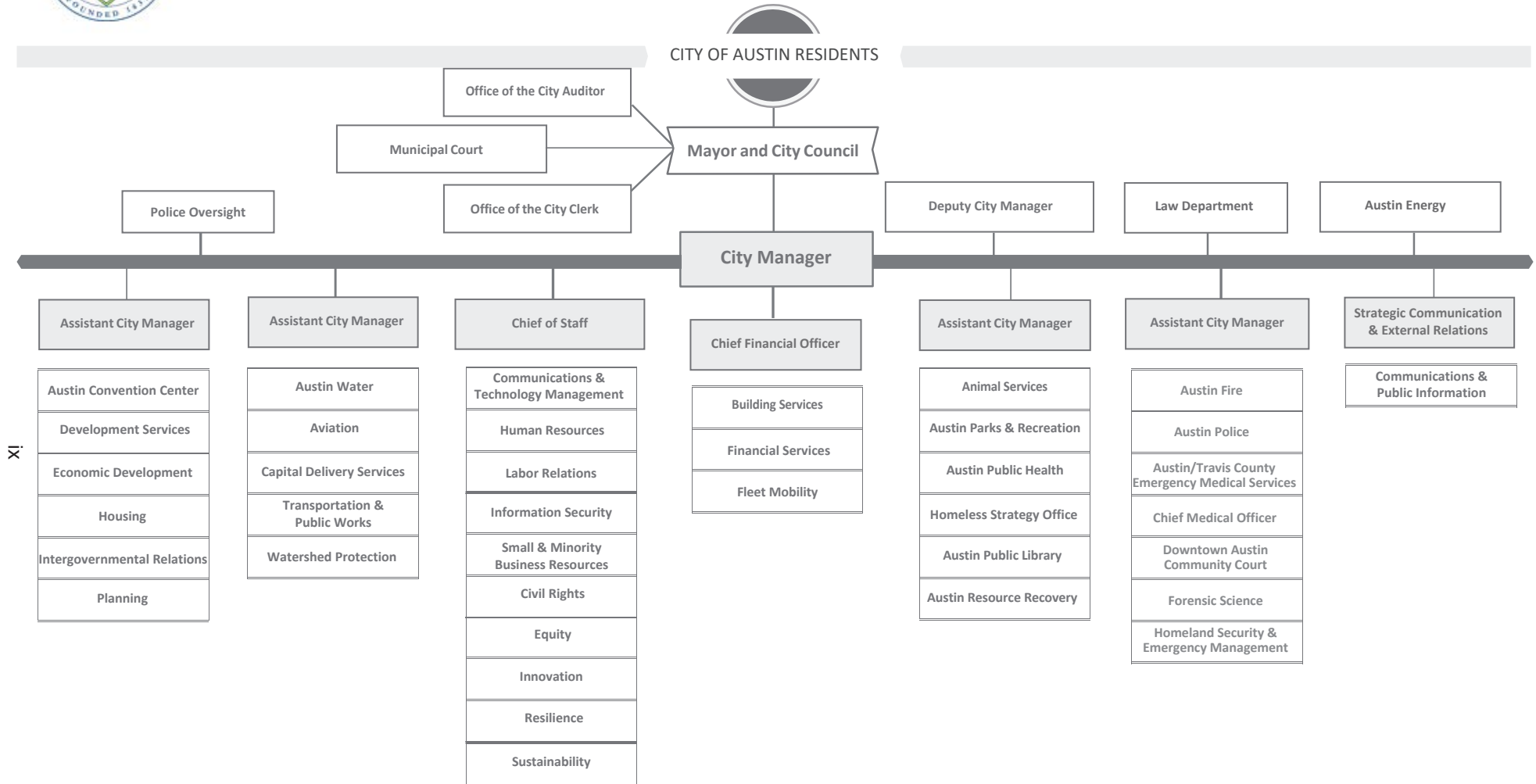


Ed Van Eenoo  
Chief Financial Officer



Marija Jukic, CPA  
Controller





The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Austin, Texas for its Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2022.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2023 Annual Report conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Austin  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2022

*Christopher P. Morrell*

Executive Director/CEO



## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

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

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

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

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 1, the City presented its financial statements to reflect the effects of the adoption of Governmental Accounting Standards Board Statements No. 94, *Private-Public and Public-Public Partnerships and Availability Payment Arrangements*, and No. 96, *Subscription-Based Information Technology Arrangements*, on October 1, 2022. Additionally, as discussed in Note 21, the City has

elected to discontinue the use of regulatory accounting for Austin Water. Our opinion is not modified with respect to these matters.

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the General Fund—Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Budget Basis and related notes, the Retirement Plans—Trend Information, and the Other Postemployment Benefits—Trend Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Deloitte & Touche LLP*

March 12, 2024

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

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

## **FINANCIAL HIGHLIGHTS**

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

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

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

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

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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



**OVERVIEW OF THE FINANCIAL STATEMENTS, continued**  
**a -- Government-wide financial statements, continued**

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

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

**b -- Fund financial statements**

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

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

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

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

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS, continued**

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

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

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

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

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

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

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

**c -- Notes to the financial statements**

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

**d -- Other information**

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

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

**a -- Net position**

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

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

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

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

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

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

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

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

**a—Net position, continued**

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

**b -- Changes in net position**

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

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

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

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

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

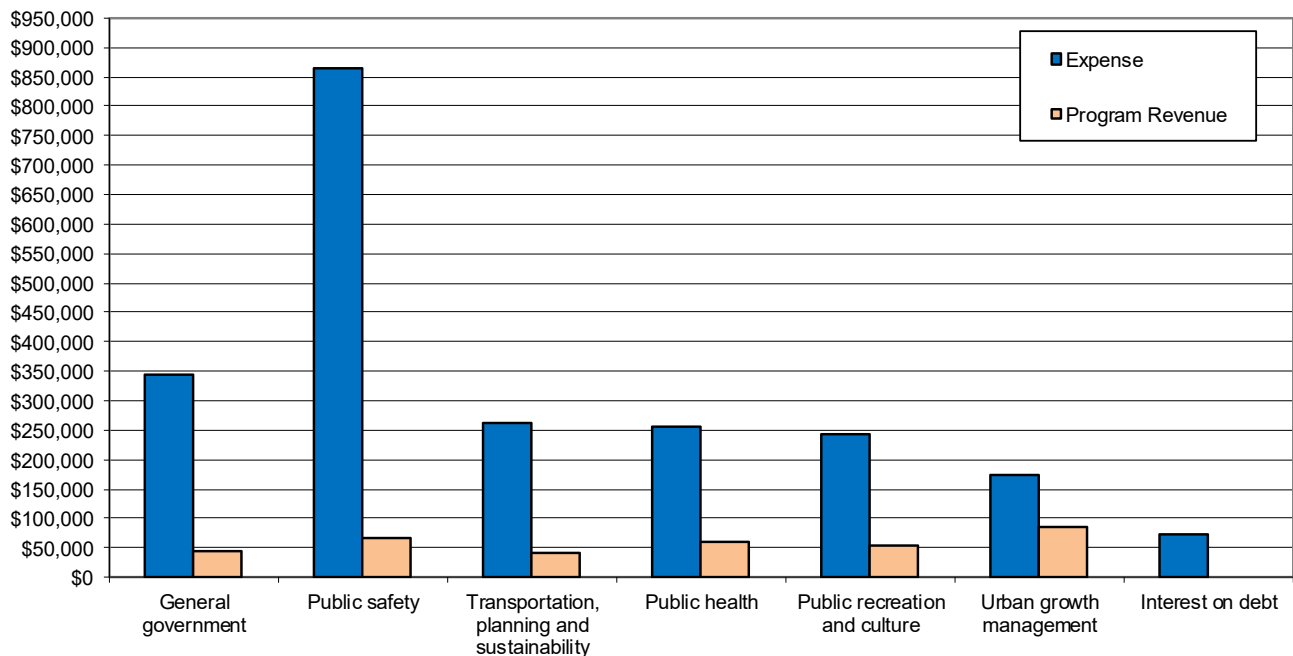
**c -- Program revenues and expenses -- governmental activities**

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

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

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

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

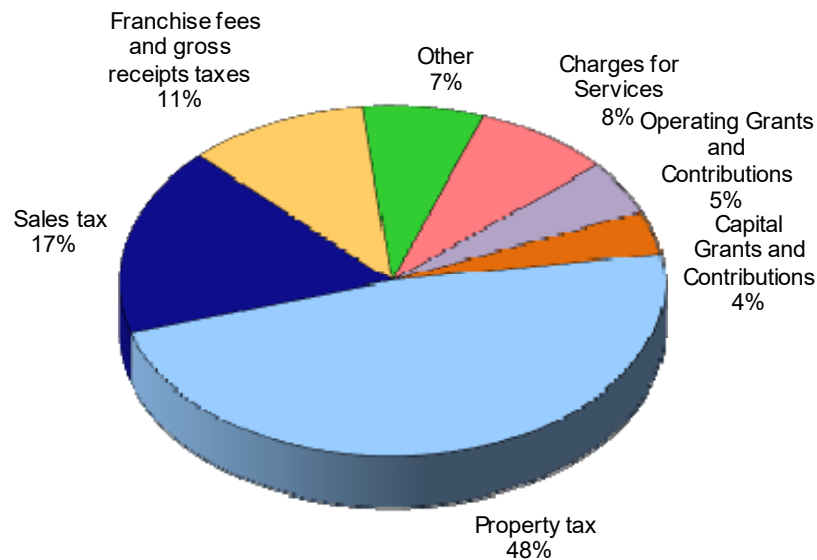


**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**

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

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

**Government-wide Revenues by Source -- Governmental Activities**



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

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

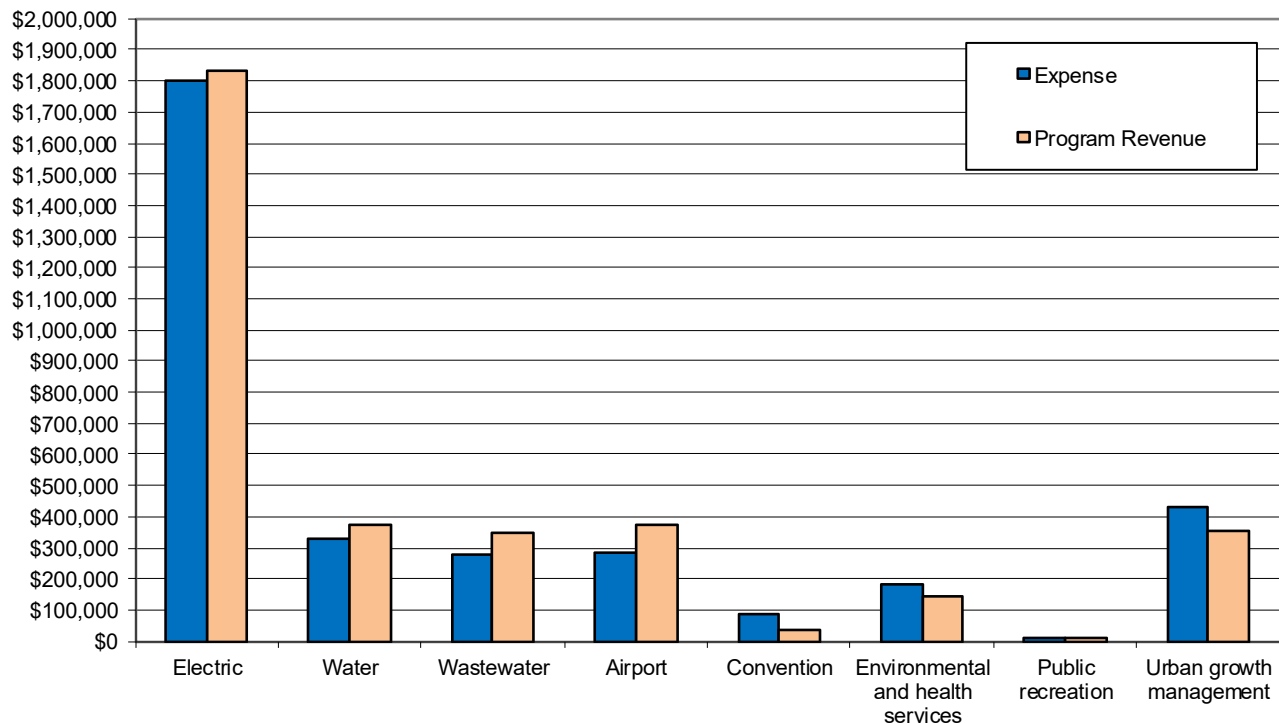
- Austin Energy net position decreased \$30.5 million. This decrease can be attributed to increased operating costs related to Winter Storm Mara.
- Austin Water net position increased approximately \$84.9 million. Both revenues and expenses decreased slightly, by 2.0% and 1.0% respectively. The increase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

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

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

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

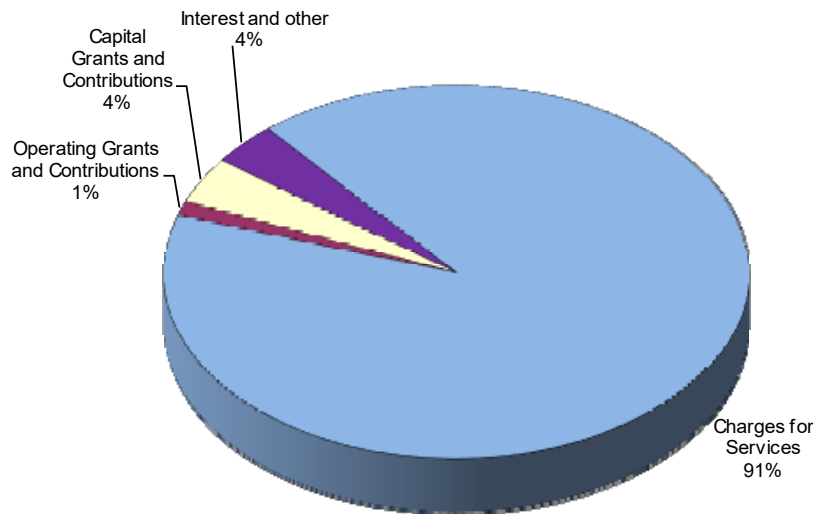
**Government-wide Expenses and Program Revenues -- Business-type Activities**  
**(Excludes General Revenues and Transfers)**  
**(in thousands)**



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

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

**Government-wide Revenue by Source – Business-type Activities**



**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS**

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

**a -- Governmental funds**

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

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

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



**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS, continued**  
**a -- Governmental funds, continued**

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

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

**b -- Proprietary funds**

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

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

**OTHER INFORMATION**

**a -- General Fund budgetary highlights**

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

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

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

**OTHER INFORMATION, continued**

**b -- Capital assets**

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

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

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

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

**OTHER INFORMATION, continued**

**c -- Debt administration**

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

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

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

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

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

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

(1) No underlying rating

**OTHER INFORMATION, continued**

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

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

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

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

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

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

**e -- Requests for Information**

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



## **BASIC FINANCIAL STATEMENTS**





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

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

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

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

(Continued)

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

Total fund balances - Governmental funds \$ 783,862

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

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

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

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

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

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

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

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

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

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

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

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

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

99,125

Total net position - Governmental activities

\$ (860,710)

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

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

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

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

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

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

**City of Austin, Texas**  
**Exhibit B-2.1**

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

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

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

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

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

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

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

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

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

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

(10,427)

Change in net position - Governmental activities

\$ (113,933)

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

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

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

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



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

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

(Continued)

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

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

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

(Continued)

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

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

(Continued)

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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



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

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

(Continued)

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

## 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

Blended Component Units

Mueller Local Government Corporation  
(MLGC)

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

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

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

Austin-Bergstrom International Airport  
(ABIA) Development Corporation

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

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

Nacogdoches Power, LLC (NP)

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

Reporting Fund: Austin Energy, a major proprietary fund

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

Discretely Presented Component Units

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

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

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

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

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

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

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



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

Discretely Presented Component Units

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

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

ATP is a legally separate entity created in December 2020 by the City and the Capital Metropolitan Transportation Authority (Capital Metro) under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of ATP is to serve as the independent entity responsible for the implementation of the Project Connect System Plan (Project Connect). The implementation of Project Connect is comprised of the financing, design, engineering, and construction of a fixed rail and bus transit system, including customer technology, park & ride hubs, on-demand neighborhood circulators, and associated improvements to roadways, bikeways, sidewalks, and street lighting. Project Connect also includes transit-supportive anti-displacement strategies for the purpose of preventing displacement and encouraging transit-oriented affordable housing along Project Connect transit corridors. ATP's Board is jointly appointed by the City and Capital Metro. ATP is fiscally dependent on the City and in a relationship of financial benefit/burden with the City. Additionally, the nature of ATP's relationship with the City is of significance, and exclusion from the City's financial statements would be misleading.

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

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

Central Housing, LP (CHLP)  
1000 E. 11th St., Suite 200  
Austin, TX 78702

CHLP is a Texas limited partnership for which AHFC Arbors Non-Profit Corporation, a blended component unit of AHFC, can impose a financial benefit or burden as a 50% general partner. CHLP was formed in 2023 and due to their December 31 fiscal year end, final financial reports are not available for inclusion in the City's 2023 financial statements.

Creskside Senior Housing Limited  
Partnership (CSHLP)  
1000 E. 11th St., Suite 200  
Austin, TX 78702

CSHLP is a Texas limited partnership for which AHFC Arbors Non-Profit Corporation, a blended component unit of AHFC, can impose a financial benefit or burden as a 50% general partner. CSHLP follows applicable FASB standards. For presentation purposes, certain transactions are reflected differently in these financial statements to conform to the GASB presentation of the City.

Hyde Park Housing, LP (HPLP)  
1000 E. 11th St., Suite 200  
Austin, TX 78702

HPLP is a Texas limited partnership for which AHFC Arbors Non-Profit Corporation, a blended component unit of AHFC, can impose a financial benefit or burden as a 50% general partner. HPLP was formed in 2023 and due to their December 31 fiscal year end, final financial reports are not available for inclusion in the City's 2023 financial statements.

Retreat at North Bluff, LP (RNBLP)  
1000 E. 11th St., Suite 200  
Austin, TX 78702

RNBLP is a Texas limited partnership for which AHFC Arbors Non-Profit Corporation, a blended component unit of AHFC, can impose a financial benefit or burden as a 50% general partner. RNBLP follows applicable FASB standards. For presentation purposes, certain transactions are reflected differently in these financial statements to conform to the GASB presentation of the City.

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

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

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

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

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

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

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

**b -- Government-wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

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

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

The City reports the following major governmental fund:

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

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

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

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

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

Convention: Accounts for convention center and public event activities.

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

Public recreation: Accounts for golf activities.

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

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

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

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

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

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

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

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

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

**e -- Financial Statement Elements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Nuclear fuel is amortized over units of production

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

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

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

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

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

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

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

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

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

(Continued)



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

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

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

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

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

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

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

(1) Non-sworn employees are eligible for accumulated sick leave payout if hired before October 1, 1986.

(2) Sworn police employees with 16 years of actual service are eligible for accumulated sick leave payout. As of March 8, 2023, officers may be eligible to receive up to 1,700 hours of sick leave if certain criteria are met.

(3) Sworn fire employees are eligible for accumulated sick leave payout regardless of hire date.

(4) Sworn EMS employees with 12 years of actual service are eligible for accumulated sick leave payout if certain criteria are met.

(5) Exception vacation hours are hours accumulated by an employee when the employee works on a City holiday.

(6) Employees may earn compensatory time in lieu of paid overtime; maximum payout is 120 hours for all employees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	<b>Discounts</b>
Airport	\$ 3,423
Nonmajor Enterprise	4,287

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**f -- COVID-19 Response Funding**

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

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

**g -- Comparative Data**

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

**h -- Use of Estimates**

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

## 2 – POOLED INVESTMENTS AND CASH

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

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

## 3 – INVESTMENTS AND DEPOSITS

### a -- Investments

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

**Concentration of Credit Risk**

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

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

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

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

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

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

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

(1) Includes combined pledge debt service

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

**Credit Risk**

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

**Concentration of Credit Risk**

**Operating Funds**

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

**Special Projects or Special Purpose Funds**

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

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

**Interest Rate Risk**

**Operating Funds**

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

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

**Debt Service Funds**

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

**Debt Service Reserve Funds**

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

**Special Projects or Special Purpose Funds**

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

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

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

**Special Purpose Funds - Austin Energy Nuclear Decommissioning Trust Funds (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, 2023, the dollar weighted average maturity was 181 days.

**Special Purpose Funds - Investments Held by Trustee**

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

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

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

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

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

**Deposits**

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

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

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

#### 4 – PROPERTY TAXES

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

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

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

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

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

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

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

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

Governmental Activities

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

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

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

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

(3) Components of accumulated depreciation/amortization increases:

Governmental Activities:

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

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

Business-type Activities: Total

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

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

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

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

(3) Components of accumulated depreciation/amortization increases:

Business-type Activities:

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

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

Business-type Activities: Austin Energy

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

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

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

(2) Components of accumulated depreciation/amortization increases:

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



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

Business-type Activities: Austin Water

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

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

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

(2) Components of accumulated depreciation/amortization increases:

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

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

Business-type Activities: Airport

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

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

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

(2) Components of accumulated depreciation/amortization increases:

Current year depreciation/amortization \$ 49,165

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

Business-type Activities: Nonmajor Enterprise Funds

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

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

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

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

(3) Components of accumulated depreciation/amortization increases:

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

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

Governmental Activities

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

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

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

(2) Components of accumulated amortization increases:

Governmental Activities:

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

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

Business-type Activities: Total

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

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

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

(2) Components of accumulated amortization increases:

Business-type Activities:

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

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

Business-type Activities: Austin Energy

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

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

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

(2) Components of accumulated amortization increases:

Current year accumulated amortization \$ 14,715

Business-type Activities: Austin Water

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

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

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

(2) Components of accumulated amortization increases:

Current year accumulated amortization

Water \$ 187  
Wastewater 135

Total increases in accumulated amortization \$ 322

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

Business-type Activities: Airport

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

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

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

(2) Components of accumulated amortization increases:

Current year accumulated amortization \$ 498

Business-type Activities: Nonmajor Enterprise Funds

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

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

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

(2) Components of accumulated amortization increases:

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

## 6 – PUBLIC-PRIVATE PARTNERSHIPS

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

### a -- Governmental Activities

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

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

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

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

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

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



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

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

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

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

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

**7 – LEASES**

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

**a -- City as Lessor**

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

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

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

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

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

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

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

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

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

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

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

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

**7 – LEASES, continued**  
**b -- City as Lessee**

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

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

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

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

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

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

**7 – LEASES, continued**  
**c -- Regulated Leases**

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

**8 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

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

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

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

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

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

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

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

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

**9 – DEBT AND NON-DEBT LIABILITIES**

**a -- Long-Term Liabilities**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**9 – DEBT AND NON-DEBT LIABILITIES, continued**

**b -- Governmental Activities Long-Term Liabilities, continued**

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

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

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

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

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

**c -- Business-Type Activities Long-Term Liabilities**

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

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

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

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



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

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

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

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	\$ 32,980	2,521 (1)	5.25%	5/15/2024-2025

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

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

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

**Commercial Paper Tax-Exempt Variable Rate Demand Notes**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Gross revenue includes revenues from operations and interest income.

(2) Excludes depreciation, amortization of excess consideration,  
other postemployment benefits and net pension liability accruals.

(3) Includes lease and IT subscriptions expenses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Gross revenue includes revenues from operations and interest income.

(2) Excludes depreciation, other postemployment benefits and net pension liability accruals.

(3) The coverage calculation presented considers all Water and Wastewater debt service obligations, regardless of type or designation. This methodology closely approximates but does not follow exactly the coverage calculation required by the master ordinance.

(4) Includes lease and IT subscriptions expenses

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

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

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

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

(2) Series matures on May 15 of the final year.

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

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

(1) Gross revenue includes revenues from operations and interest income.

(2) Pursuant to the bond ordinance, in addition to gross revenue, the Airport is authorized to use "other available funds" in the calculation of revenue bond coverage not to exceed 25% of the debt service requirements.

(3) Excludes depreciation, other postemployment benefits and net pension liability accruals.

(4) Excludes debt service amounts paid with passenger facility charge revenues and restricted bond proceeds applied to current interest payments.

(5) Includes lease and IT subscriptions expenses

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

**Nonmajor Enterprise Fund Debt:**

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

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

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

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

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

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

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

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

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

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

Fiscal Year Ended September 30	Financed Purchase Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	Principal	Interest	Principal	Interest	Total
2024	3,384	259	132,221	65,060	197,281
2025	3,468	175	130,596	59,239	189,835
2026	3,554	89	130,411	53,224	183,635
2027	--	--	121,454	47,340	168,794
2028	--	--	115,715	42,380	158,095
2029-2033	--	--	462,629	145,732	608,361
2034-2038	--	--	293,616	57,322	350,938
2039-2043	--	--	115,395	10,365	125,760
Total debt service requirements	10,406	523	1,502,037	480,662	1,982,699
Less: Unamortized bond discounts	--	--	(572)	--	(572)
Add: Unamortized bond premiums	--	--	137,263	--	137,263
Net debt	\$ 10,406	523	1,638,728	480,662	2,119,390

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

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

Fiscal Year Ended September 30	Other Tax Supported Debt		Commercial Paper Notes (1)		Revenue Bonds (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	920	119	176,300	236	182,249	243,696
2025	965	79	--	--	202,670	235,303
2026	906	39	--	--	220,230	225,592
2027	--	--	--	--	238,705	215,725
2028	--	--	--	--	246,670	205,705
2029-2033	--	--	--	--	1,095,871	866,093
2034-2038	--	--	--	--	965,294	629,125
2039-2043	--	--	--	--	945,450	388,037
2044-2048	--	--	--	--	722,370	173,945
2049-2053	--	--	--	--	378,150	42,530
2054	--	--	--	--	15,900	417
Total debt service requirements	2,791	237	176,300	236	5,213,559	3,226,168
Less: Unamortized bond discounts	--	--	--	--	(1,565)	--
Add: Unamortized bond premiums	--	--	--	--	522,040	--
Net debt	\$ 2,791	237	176,300	236	5,734,034	3,226,168

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

(Continued)

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



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

Business-type Activities, continued  
(in thousands)

Fiscal Year Ended September 30	Revenue Notes from Direct Placements		Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2024	\$ 17,635	3,548	384,432	250,092	634,524
2025	17,845	3,329	226,953	240,855	467,808
2026	18,045	3,099	244,125	230,626	474,751
2027	18,300	2,863	261,361	220,251	481,612
2028	23,870	2,615	274,334	209,776	484,110
2029-2033	61,155	10,078	1,173,083	880,856	2,053,939
2034-2038	58,436	6,365	1,031,080	636,924	1,668,004
2039-2043	37,550	3,050	985,657	391,390	1,377,047
2044-2048	21,055	1,516	743,425	175,461	918,886
2049-2053	17,390	512	395,540	43,042	438,582
2054	--	--	15,900	417	16,317
Total debt service requirements	291,281	36,975	5,735,890	3,279,690	9,015,580
Less: Unamortized bond discounts	--	--	(1,568)	--	(1,568)
Add: Unamortized bond premiums	--	--	526,184	--	526,184
Net debt	\$ 291,281	36,975	6,260,506	3,279,690	9,540,196

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

Business-type Activities: Austin Energy  
(in thousands)

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

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

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

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

Business-type Activities: Austin Water  
(in thousands)

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

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

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

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

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

Business-type Activities: Airport  
(in thousands)

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

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

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

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

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

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

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

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

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

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

## 10 – RETIREMENT PLANS

### a -- General Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**b -- Net Pension Liability**

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes of assumptions for the Fire Fighters' fund included:

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

**c -- Pension Expense**

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

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

**10 – RETIREMENT PLANS, continued**

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

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

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

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

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

## 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

### a -- General Information

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

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

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

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

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

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

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

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

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

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

**11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

**b -- Total OPEB Liability**

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

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

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

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

**11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

**b -- Total OPEB Liability, continued**

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

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

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

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

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

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

The OPEB plan changes included:

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

The OPEB plan assumption changes included:

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



## 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

### c -- Other Postemployment Benefits Expense

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

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

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

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

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

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

## 12 -- DERIVATIVE INSTRUMENTS

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

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

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

### a -- Energy Risk Management Program

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

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

**Hedging Derivative Instruments**

Natural Gas Derivative Instruments

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

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

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

Congestion Revenue Rights Derivatives

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

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

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

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

(1) Volume in MMBTUs

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

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

Risks

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

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

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

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

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

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

**b -- Variable Rate Debt Management Program**

**Hedging Derivative Instruments**

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

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

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

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

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

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

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

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

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

**Risks**

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

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

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

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

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

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

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

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

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

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

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

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

**Investment Derivative Instruments**

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

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

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

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

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

### 13 – DEFICITS IN FUND BALANCES AND NET POSITION

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

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

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

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

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

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

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

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

**b -- Transfers**

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

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

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

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



## 15 – SELECTED REVENUES

### Austin Energy and Austin Water

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

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

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

## 16 – TAX ABATEMENTS

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

### a -- Performance Based Rebate Program

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

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

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

### b -- Exemption Program

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

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

**17 – COMMITMENTS AND CONTINGENCIES**

**a -- Fayette Power Project**

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

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

**b -- South Texas Project**

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

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

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

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

**c -- South Texas Project Decommissioning**

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

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

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

**d -- Purchase Power**

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

## 17 – COMMITMENTS AND CONTINGENCIES, continued

### e -- Decommissioning and Environmental/Pollution Remediation Contingencies

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

### f -- Airport Grant Agreement

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

### g -- Arbitrage Rebate Payable

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

### h -- Federal and State Financial Assistance Programs

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

### i -- Capital Improvement Plan

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

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

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

**17 – COMMITMENTS AND CONTINGENCIES, continued**

**j -- Encumbrances**

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

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

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

**k -- Landfill Closure and Postclosure Liability**

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

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

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

**l -- Asset Retirement Obligations (ARO)**

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

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

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

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

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

**m -- Risk-Related Contingencies**

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

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

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

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

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

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

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

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

	<b>Employee Benefits</b>		<b>Liability Reserve</b>		<b>Workers' Compensation</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Liability balances, beginning of year	15,857	16,286	11,800	26,606	45,041	43,494
Claims and changes in estimates	198,900	188,234	4,045	7,075	8,530	9,232
Claim payments	(194,206)	(188,663)	(7,105)	(21,881)	(6,868)	(7,685)
Liability balances, end of year	<u>\$ 20,551</u>	<u>15,857</u>	<u>8,740</u>	<u>11,800</u>	<u>46,703</u>	<u>45,041</u>

The Austin Water fund claims liability balance at fiscal year-end included liabilities of \$279 thousand discounted at 4.23% in 2023 and \$269 thousand discounted at 4.16% in 2022. The claims liability balance for all other funds had no discounted liability in fiscal years 2023 and 2022.

**n -- No-Commitment Special Assessment Debt**

In November 2011, the City issued \$15,500,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Whisper Valley Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$2,441,202 in total assessments were levied in the year ended September 30, 2023. The aggregate principal outstanding at September 30, 2023 is \$6,735,000.

In November 2011, the City issued \$2,860,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Indian Hills Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$490,919 in total assessments were levied in the year ended September 30, 2023. The aggregate principal outstanding at September 30, 2023 is \$1,345,000.

In July 2013, the City issued \$12,590,000 of Special Assessment Revenue Bonds, Series 2013 related to the Estancia Hill Country Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$1,918,468 in total assessments were levied during the fiscal year ended September 30, 2023. The aggregate principal outstanding at September 30, 2023 is \$6,455,000.

**17 – COMMITMENTS AND CONTINGENCIES, continued**  
**n -- No-Commitment Special Assessment Debt, continued**

In December 2018, the City issued \$4,265,000 and \$8,305,000 of Special Assessment Revenue Bonds, Series 2018 #1 and #2, respectively, related to the Estancia Hill Country Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$749,346 in total assessments were levied during the fiscal year ended September 30, 2023. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2023 are \$8,205,000 and \$871 respectively.

In April 2019, the City issued \$4,500,000 of Special Assessment Revenue Bonds, Series 2019 related to the Whisper Valley Public Improvement District, Phase 1. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$280,073 in total assessments were levied during the fiscal year ended September 30, 2023. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2023 are \$4,260,000 and \$5,200, respectively.

In December 2022, the City issued \$6,820,000 of Special Assessment Revenue Bonds, Series 2022 related to the Whisper Valley Public Improvement District, Phase 2. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$456,269 in total assessments were levied during the fiscal year ended September 30, 2023. The aggregate principal outstanding at September 30, 2023 is \$6,820,000.

**18 – LITIGATION**

A number of claims and lawsuits against the City are pending with respect to various matters arising in the normal course of the City's operations. Legal counsel and City management are of the opinion that settlement of these claims and lawsuits will not have a material effect on the City's financial statements. The City has accrued liabilities in the Austin Energy, Austin Water, Airport, and Liability Reserve funds for claims payable at September 30, 2023. These liabilities, reported in the government-wide statement of net position, include amounts for claims and lawsuits settled subsequent to year end.

**19 – CONDUIT DEBT**

The City has issued several series of housing revenue bonds to provide for low-cost housing. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. As of September 30, 2023, \$390.9 million in housing revenue bonds were outstanding with an original issue value of \$405.7 million.

Revenue bonds have been issued by various related entities to provide for facilities located at the international airport. These bonds are special limited obligations payable solely from and secured by a pledge of revenue to be received from agreements between the entities and various third parties. As of September 30, 2023, \$147.3 million in revenue and revenue refunding bonds were outstanding with an original issue value of \$147.3 million.

The above bonds do not constitute a debt or pledge of the faith and credit of the City and accordingly have not been reported in the accompanying financial statements.

## 20 – SEGMENT INFORMATION – CONVENTION CENTER

The Convention Center provides event facilities and services to its customers. Below are the condensed financial statements for this segment (in thousands):

### Condensed Statement of Net Position

<b>ASSETS</b>	
Current assets	\$ 92,519
Advances to other funds	26
Capital assets	212,083
Other noncurrent assets	296,109
<b>Total assets</b>	<b>600,737</b>
<b>Deferred outflows of resources</b>	
	50,018
<b>LIABILITIES</b>	
Other current liabilities	21,804
Other noncurrent liabilities	195,082
<b>Total liabilities</b>	<b>216,886</b>
<b>Deferred inflows of resources</b>	
	37,863
<b>NET POSITION</b>	
Net investment in capital assets	134,536
Restricted	304,604
Unrestricted	(43,134)
<b>Total net position</b>	<b>\$ 396,006</b>

### Condensed Statement of Revenues, Expenses, and Changes in Net Position

<b>OPERATING REVENUES</b>	
User fees and rentals	\$ 35,246
Lease revenue	496
<b>Total operating revenues</b>	<b>35,742</b>
<b>OPERATING EXPENSES</b>	
Operating expenses before depreciation	75,302
Depreciation and amortization	9,523
<b>Total operating expenses</b>	<b>84,825</b>
<b>Operating income (loss)</b>	<b>(49,083)</b>
Nonoperating revenues (expenses)	9,034
Transfers	130,726
<b>Change in net position</b>	<b>90,677</b>
<b>Beginning net position</b>	<b>305,329</b>
<b>Ending net position</b>	<b>\$ 396,006</b>

### Condensed Statement of Cash Flows

<b>Net cash provided (used) by:</b>	
Operating activities	\$ (27,280)
Noncapital financing activities	130,732
Capital and related financing activities	(18,851)
Investing activities	11,756
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>96,357</b>
<b>Cash and cash equivalents, beginning</b>	<b>265,891</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 362,248</b>



## 21 – RESTATEMENTS

### Changes in Accounting Principles

#### Elimination of Regulatory Reporting for Austin Water

Effective with fiscal year 2023, the City has elected to discontinue the use of the regulatory reporting methodology outlined in GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" for Austin Water. While most publicly owned electric utilities follow the regulatory reporting guidelines in GASB Statement No. 62, that is not the industry practice for publicly owned water utilities. This change in accounting principle will enhance comparability with the industry and will align Austin Water with prevailing reporting standards for other publicly owned water utilities.

As a result of this change in accounting principle, the City will eliminate regulatory assets, net of accumulated amortization, in the amount of \$462.5 million, eliminate deferred inflows related to regulatory operations in the amount of \$1 billion, and restate the net position by \$567.9 million for both Austin Water and business-type activities as of October 1, 2022.

#### Implementation of GASB Statement No. 94

During fiscal year 2023, the City implemented a new accounting standard, GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." This statement's primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs). As a result of implementing this new accounting standard, the governmental activities beginning net position for fiscal year 2023 was restated by \$2.6 million and the beginning fund balances for nonmajor governmental funds was restated by \$29.1 million.

During fiscal year 2023, these changes in accounting principles resulted in adjustments to and restatements of beginning net position, as follows (in thousands):

	Government-wide		Proprietary Funds
	Governmental Activities	Business-Type Activities	Austin Water
<b>September 30, 2022</b>			
Net position, as previously reported	\$ (744,124)	4,203,548	1,128,608
Adjustments to properly record:			
Implementation of GASB Statement No. 94	(2,653)	--	--
Elimination of Regulatory Reporting for Austin Water	--	567,928	567,928
Addition of Discretely Presented Component Units	--	--	--
Net Position, as restated	<u>\$ (746,777)</u>	<u>4,771,476</u>	<u>1,696,536</u>
	<b>Governmental Funds</b>		
	<b>Nonmajor Governmental Funds</b>		
<b>September 30, 2022</b>			
Fund balances, as previously reported	\$ 368,493		
Adjustments to properly record:			
Implementation of GASB Statement No. 94	29,090		
Fund balances, as restated	<u>\$ 397,583</u>		

## **22 – SUBSEQUENT EVENTS**

### **a -- General Obligation Bond Issue**

In October 2023, the City issued \$221,950,000 of Public Improvement and Refunding Bonds, Series 2023. The net proceeds of \$170,500,000 (after issue costs, discounts, and premiums) from this issuance will be used as follows: streets and mobility (\$140,000,000), water quality protection (\$6,500,000), park improvements (\$15,000,000), cultural arts facility improvements (\$8,000,000), and public safety (\$1,000,000). The net proceeds of the refunding portion of \$70,977,758 were used to refund \$54,270,000 Public Improvement Bonds, Series 2013 and \$16,400,000 Certificates of Obligation, Series 2013. Principal payments are due on September 1 of each year from 2024 to 2043. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2024. Total interest requirements for these bonds, at a rate of 5.0%, are \$108,189,771.

In October 2023, the City issued \$8,750,000 of Public Property Finance Contractual Obligation, Series 2023. The net proceeds of \$9,315,000 (after issue costs, discounts, and premiums) from this issuance will be used for capital equipment. Principal payments are due on May 1 and November 1 of each year from 2024 to 2030. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2024. Total interest requirements for these obligations, at a rate of 5.0%, are \$1,857,396.

In October 2023, the City issued \$25,790,000 of Certificates of Obligation, Series 2023. The new money net proceeds of \$28,000,000 (after issue costs, discounts, and premiums) from this issuance will be used for a new Fire/EMS station and station improvements (\$20,300,000) and street improvements/transportation projects (\$7,700,000). Interest is payable March 1 and September 1 of each year from 2024 to 2043, commencing on March 1, 2024. Principal payments are due September 1 of each year from 2024 to 2043. Total interest requirements for this obligation, at a rate of 5.0%, are \$15,413,554.

### **b -- Water and Wastewater System Revenue Debt – Revenue Bond Refunding Issue**

In November 2023, the City issued \$18,000,000 of Water and Wastewater System Revenue Bonds, Series 2023A. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of \$16,662,242 will be used to improve and extend the water and wastewater system. Principal payments are due November 15 of each year from 2024 to 2043. Interest payments are due May 15 and November 15 of each year from 2024 to 2043. Total interest requirements for the bonds are \$6,651,729, with interest rates ranging from 2.64% to 3.60%.

### **c -- Water and Wastewater System Revenue Debt – Revenue Bond In-Substance Defeasance**

In December 2023 the City defeased \$2,360,000 of separate lien revenue refunding bonds, Series 2012, \$14,975,000 of separate lien revenue refunding bonds, Series 2013A, \$14,560,000 of separate lien revenue refunding bonds, Series 2014, \$21,205,000 of separate lien revenue refunding bonds, Series 2015A, \$1,680,000 of separate lien revenue refunding bonds, Series 2016, and \$4,000,000 of separate lien revenue refunding bonds, Series 2017 with a \$2,370,096 cash payment for the 2012 Series and a \$57,478,990 cash payment for the remaining series. The funds were deposited in irrevocable escrow accounts to provide for the future debt service payments on the defeased bonds. The City is legally released from the obligation for the defeased debt.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION (RSI)**





**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances--Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**RSI**

General Fund	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Taxes	\$ 982,227	100	982,327	981,734	981,734	593
Franchise fees	29,718	(5)	29,713	29,907	29,907	(194)
Fines, forfeitures and penalties	4,531	--	4,531	4,229	4,229	302
Licenses, permits and inspections	22,330	(280)	22,050	19,342	19,342	2,708
Charges for services/goods	77,034	3,082	80,116	69,289	69,289	10,827
Lease revenue	156	(156)	--	--	--	--
Interest and other income (loss)	51,234	(3,374)	47,860	22,833	22,833	25,027
<b>Total revenues</b>	<b>1,167,230</b>	<b>(633)</b>	<b>1,166,597</b>	<b>1,127,334</b>	<b>1,127,334</b>	<b>39,263</b>
<b>EXPENDITURES</b>						
General government						
Municipal Court	36,798	656	37,454	37,394	37,394	(60)
Public safety						
Emergency Medical Services	99,595	16,181	115,776	112,312	115,712	(64)
Fire	207,140	21,658	228,798	230,523	230,523	1,725
Forensic Science	9,985	2,487	12,472	13,054	13,054	582
Police	382,918	69,161	452,079	445,006	449,206	(2,873)
Public health						
Animal Services	15,535	2,566	18,101	18,155	18,155	54
Public Health	52,556	18,086	70,642	70,849	70,849	207
Social Services	53,978	(462)	53,516	53,546	53,546	30
Public recreation and culture						
Austin Public Library	56,151	9,224	65,375	65,592	65,592	217
Parks and Recreation	110,515	10,243	120,758	122,099	122,099	1,341
Urban growth management						
Housing and Planning	13,462	12,492	25,954	27,582	27,582	1,628
Other urban growth management	33,884	1,982	35,866	37,934	37,934	2,068
Lease and IT subscription financing principal	8,757	(8,757)	--	--	--	--
Interest expense on leases and IT subscriptions	1,134	(1,134)	--	--	--	--
General city responsibilities (4)	189,282	(175,793)	13,489	16,633	9,033	(4,456)
<b>Total expenditures</b>	<b>1,271,690</b>	<b>(21,410)</b>	<b>1,250,280</b>	<b>1,250,679</b>	<b>1,250,679</b>	<b>399</b>
Excess (deficiency) of revenues over expenditures	(104,460)	20,777	(83,683)	(123,345)	(123,345)	39,662
<b>OTHER FINANCING SOURCES (USES)</b>						
Lease and IT subscription proceeds	3,611	(3,611)	--	--	--	--
Transfers in	171,867	97,085	268,952	246,024	246,024	22,928
Transfers out	(54,151)	(137,182)	(191,333)	(143,199)	(158,562)	(32,771)
Other adjustments (1)	--	7,579	7,579	--	--	7,579
<b>Total other financing sources (uses)</b>	<b>121,327</b>	<b>(36,129)</b>	<b>85,198</b>	<b>102,825</b>	<b>87,462</b>	<b>(2,264)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	16,867	(15,352)	1,515	(20,520)	(35,883)	37,398
Fund balances at beginning of year	341,835	(97,271)	244,564	211,506	211,506	33,058
<b>Fund balances at end of year</b>	<b>\$ 358,702</b>	<b>(112,623)</b>	<b>246,079</b>	<b>190,986</b>	<b>175,623</b>	<b>70,456</b>

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.
- (4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.

## BUDGET BASIS REPORTING

### a -- General

The City of Austin prepares its annual operating budget based on the modified accrual basis. Encumbrances constitute the equivalent of expenditures for budgetary purposes. In order to provide a meaningful comparison of actual results to the budget, the Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual-Budget Basis for the General Fund presents the actual and actual-budget basis amounts in comparison with original and final budgets.

The General Fund, as reported in the financial statements, is comprised of twelve separately budgeted funds in the City's legally adopted budget: the Budgetary General Fund (represented as the General Fund in the City's budget document), plus Barton Springs Conservation, Budget Stabilization Reserve, Economic Development, Economic Incentives Reserve, Emergency Reserve, Housing and Planning Technology, Iconic Venue, Long Center Capital Improvements, Neighborhood Housing-Housing Trust, Pay for Success, and Seaholm Parking Garage Revenue. RSI reflects the budgetary comparison for the consolidated General Fund.

The General Fund budget includes other revenues and requirements, which are presented in the general city responsibilities category. The expenditure budget for these general city requirements includes interdepartmental charges (\$4,873,332).

### b -- Budget Amendments

During fiscal year 2023, Emergency Reserve Fund increased transfers out by \$15,363,750 to the Austin Resource Recovery fund to help with expenditures related to Winter Storm Mara. Additional amendments include: a decrease to General Fund general city responsibilities for \$7,600,000 and an increase to Police and Emergency Medical Services expenditures for \$4,200,000 and \$3,400,000, respectively, to cover wages and benefits.

### c -- Reconciliation of GAAP Basis and Budget Basis Amounts

The primary differences between GAAP-basis and budget-basis reporting for the General Fund are the reporting of encumbrances and the reporting of certain transfers. General Fund accrued payroll is recorded at the department level on a GAAP basis and as an expenditure in the general city responsibilities activity on the budget basis. Adjustments necessary to convert the excess revenues and other sources over expenditures and other uses on a GAAP basis to a budget basis for the activities comprising the General Fund are provided, as follows (in thousands):

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources	
over expenditures and other uses - GAAP basis	\$ 16,867
Adjustments - increases (decreases) due to:	
Unbudgeted revenues	(1,733)
Net compensated absences accrual	(493)
Outstanding encumbrances established in current year	(51,006)
Payments against prior year encumbrances	39,142
Other	(1,262)
Excess (deficiency) of revenues and other sources over	
expenditures and other uses - budget basis	<u>\$ 1,515</u>

**Required Supplementary Information**  
**Retirement Plans- Trend Information**  
**September 30, 2023**  
(In thousands)

**Schedule of Changes in the City Employees' Plan Net Pension Liability and Related Ratios**  
**Measurement Period Ended December 31**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Beginning total pension liability</b>	<u>\$ 2,909,918</u>	<u>3,094,056</u>	<u>3,391,796</u>	<u>3,591,376</u>	<u>3,797,823</u>
<b>Changes for the year:</b>					
Service cost	89,235	93,506	107,111	107,767	111,438
Interest	222,710	236,844	251,684	266,257	281,404
Differences between expected and actual experience	33,911	13,414	19,914	22,755	1,882
Assumption changes	--	123,493	--	--	--
Benefit payments including refunds	<u>(161,718)</u>	<u>(169,517)</u>	<u>(179,129)</u>	<u>(190,332)</u>	<u>(202,987)</u>
<b>Net change in total pension liability</b>	<u>184,138</u>	<u>297,740</u>	<u>199,580</u>	<u>206,447</u>	<u>191,737</u>
<b>Ending total pension liability</b>	<u><u>3,094,056</u></u>	<u><u>3,391,796</u></u>	<u><u>3,591,376</u></u>	<u><u>3,797,823</u></u>	<u><u>3,989,560</u></u>
<b>Beginning total plan fiduciary net position</b>	<u>2,130,624</u>	<u>2,209,800</u>	<u>2,144,804</u>	<u>2,299,688</u>	<u>2,650,438</u>
<b>Changes for the year:</b>					
Employer contributions	93,331	100,485	104,273	110,846	116,486
Employee contributions	50,490	54,066	60,801	56,194	58,713
Pension plan net investment income (loss)	99,704	(47,608)	171,640	376,820	(157,242)
Benefits payments and refunds	(161,718)	(169,517)	(179,129)	(190,332)	(202,987)
Pension plan administrative and other expense	<u>(2,631)</u>	<u>(2,422)</u>	<u>(2,701)</u>	<u>(2,778)</u>	<u>(4,025)</u>
<b>Net change in plan fiduciary net position</b>	<u>79,176</u>	<u>(64,996)</u>	<u>154,884</u>	<u>350,750</u>	<u>(189,055)</u>
<b>Ending total plan fiduciary net position</b>	<u><u>2,209,800</u></u>	<u><u>2,144,804</u></u>	<u><u>2,299,688</u></u>	<u><u>2,650,438</u></u>	<u><u>2,461,383</u></u>
<b>Beginning net pension liability</b>	<u>779,294</u>	<u>884,256</u>	<u>1,246,992</u>	<u>1,291,688</u>	<u>1,147,385</u>
<b>Ending net pension liability</b>	<u><u>\$ 884,256</u></u>	<u><u>1,246,992</u></u>	<u><u>1,291,688</u></u>	<u><u>1,147,385</u></u>	<u><u>1,528,177</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	71.42%	63.24%	64.03%	69.79%	61.70%
<b>Covered Payroll</b>	<u>\$ 514,787</u>	<u>546,058</u>	<u>573,308</u>	<u>609,553</u>	<u>640,464</u>
<b>City's net pension liability as a percentage of covered payroll</b>	171.77%	228.36%	225.30%	188.23%	238.60%

**Notes to the Schedule of Changes in the City Employees' Net Pension Liability and Related Ratios**

- Until a full 10-year trend is compiled, this schedule will present only those years for which information is available.
- This fund had no significant changes of benefit terms in any of the years presented.
- The inflation assumption was decreased from 3.25% to 2.75% in 2015 and to 2.5% in 2019.
- The investment rate of return was decreased from 7.75% to 7.5% in 2015, to 7% in 2019, and to 6.75% in 2021.
- The salary increase assumption was decreased from 4.5% to 4% in 2015, and to 3.5% in 2019.
- The new hire wage growth assumption was increased from 3.75% to 4% in 2015 and decreased to 3.5% in 2019.
- The tables for rates of retirement were adjusted in 2015 and again in 2019 to be more consistent with experience.
- Termination rate assumptions were revised in 2015 and again in 2019 to be more consistent with actual experience.
- Mortality rates were changed from RP-2000 to RP-2014 in 2015 and to PubG-2010 in 2019.
- The discount rate decreased from 7.75% to 7.5% in 2015, to 7% in 2019, and to 6.75% in 2021 mirroring the investment rate of return. In 2022, a single blended discount rate was required resulting in a rate of 5.87%.



	2019	2020	2021	2022
<b>Beginning total pension liability</b>	3,989,560	4,487,884	4,701,215	5,032,043
<b>Changes for the year:</b>				
Service cost	117,635	121,881	122,860	132,574
Interest	295,341	310,319	324,736	335,216
Differences between expected and actual experience	23,672	12,524	(11,910)	60,429
Assumption changes	279,897	--	142,270	588,187
Benefit payments including refunds	(218,221)	(231,393)	(247,128)	(264,321)
<b>Net change in total pension liability</b>	498,324	213,331	330,828	852,085
<b>Ending total pension liability</b>	4,487,884	4,701,215	5,032,043	5,884,128
<b>Beginning total plan fiduciary net position</b>	2,461,383	2,928,033	3,199,546	3,565,140
<b>Changes for the year:</b>				
Employer contributions	123,610	130,743	141,219	146,618
Employee contributions	63,626	71,470	66,820	69,189
Pension plan net investment income (loss)	503,853	307,289	411,210	(550,087)
Benefits payments and refunds	(218,221)	(231,393)	(247,128)	(264,321)
Pension plan administrative and other expense	(6,218)	(6,596)	(6,527)	(6,764)
<b>Net change in plan fiduciary net position</b>	466,650	271,513	365,594	(605,365)
<b>Ending total plan fiduciary net position</b>	2,928,033	3,199,546	3,565,140	2,959,775
<b>Beginning net pension liability</b>	1,528,177	1,559,851	1,501,669	1,466,903
<b>Ending net pension liability</b>	1,559,851	1,501,669	1,466,903	2,924,353
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	65.24%	68.06%	70.85%	50.30%
<b>Covered Payroll</b>	678,500	713,527	743,256	761,246
<b>City's net pension liability as a percentage of covered payroll</b>	229.90%	210.46%	197.36%	384.15%

**Required Supplementary Information**  
**Retirement Plans- Trend Information**  
**September 30, 2023**  
(In thousands)

**Schedule of Changes in the Police Officers' Plan Net Pension Liability and Related Ratios**  
**Measurement Period Ended December 31**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Beginning total pension liability</b>	<u>\$ 909,000</u>	<u>971,623</u>	<u>1,028,909</u>	<u>1,106,189</u>	<u>1,189,591</u>
<b>Changes for the year:</b>					
Service cost	30,254	32,138	32,990	35,322	33,757
Interest	72,443	76,999	80,846	84,472	90,479
Benefit changes	(11,015)	(4,080)	--	--	--
Differences between expected and actual experience	--	(6,318)	7,455	17,241	(12,905)
Assumption changes	14,137	3,904	5,148	--	666,873
Contribution buy back	2,207	4,648	1,668	2,915	1,142
Benefit payments including refunds	(45,403)	(50,005)	(50,827)	(56,548)	(63,983)
<b>Net change in total pension liability</b>	<u>62,623</u>	<u>57,286</u>	<u>77,280</u>	<u>83,402</u>	<u>715,363</u>
<b>Ending total pension liability</b>	<u>971,623</u>	<u>1,028,909</u>	<u>1,106,189</u>	<u>1,189,591</u>	<u>1,904,954</u>
<b>Beginning total plan fiduciary net position</b>	<u>595,110</u>	<u>638,019</u>	<u>644,174</u>	<u>686,020</u>	<u>769,475</u>
<b>Changes for the year:</b>					
Employer contributions	32,400	33,239	33,814	35,141	35,244
Employee contributions	19,458	20,061	20,623	21,437	21,461
Contribution buy back	2,207	4,648	1,668	2,915	1,142
Pension plan net investment income (loss)	35,574	(322)	37,965	82,072	(43,398)
Benefits payments and refunds	(45,403)	(50,005)	(50,827)	(56,548)	(63,983)
Pension plan administrative expense	(1,327)	(1,466)	(1,397)	(1,562)	(1,421)
<b>Net change in plan fiduciary net position</b>	<u>42,909</u>	<u>6,155</u>	<u>41,846</u>	<u>83,455</u>	<u>(50,955)</u>
<b>Ending total plan fiduciary net position</b>	<u>638,019</u>	<u>644,174</u>	<u>686,020</u>	<u>769,475</u>	<u>718,520</u>
<b>Beginning net pension liability</b>	<u>313,890</u>	<u>333,604</u>	<u>384,735</u>	<u>420,169</u>	<u>420,116</u>
<b>Ending net pension liability</b>	<u>\$ 333,604</u>	<u>384,735</u>	<u>420,169</u>	<u>420,116</u>	<u>1,186,434</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	65.67%	62.61%	62.02%	64.68%	37.72%
<b>Covered Payroll</b>	<u>\$ 149,686</u>	<u>152,696</u>	<u>157,303</u>	<u>163,995</u>	<u>164,112</u>
<b>City's net pension liability as a percentage of of covered payroll</b>	222.87%	251.96%	267.11%	256.18%	722.94%

**Notes to the Schedule of Changes in the Police Officers' Net Pension Liability and Related Ratios**

- Until a full 10-year trend is compiled, this schedule will present only those years for which information is available.
- This fund had no significant changes of benefit terms in any of the years presented.
- The investment return assumption was decreased annually from 2015 to 2018 from a high of 8% to the current 7.25%.
- The core inflation rate assumption was decreased from 3.25% to 3% in 2016 and to 2.5% in 2018.
- The discount rate decreased annually from 2015 to 2017 from 8% to 7.7% mirroring the investment rate of return. In 2018 and 2019 a blended discount rate was required resulting in rates of 4.7% and 4.1% respectively. As the result of legislative changes which increase future contribution rates, the discount rate was increased to 7.25% for 2020, again matching the investment rate of return.
- The general wage inflation rate assumption was decreased from 3.5% to 3.25% in 2016.
- In 2016 assumed rates of salary increase were amended at most service points, and in 2018 individual salary increase rates were modified to better reflect the current expectation for inflation and the current step schedule.
- The payroll growth assumption was increased from 3.5% to 4% in 2016 and decreased from 4% to 3% in 2018.
- An explicit administrative expense load of 0.9% of payroll was added to the normal cost in 2018.
- In 2018, mortality rate assumptions were changed to PubS-2010 fully generational mortality improvement using the ultimate mortality improvement rates in the MP tables. Previously RP2000 (fully generational using Scale AA) set back two years - sex distinct were used.
- In 2018, termination and retirement rates were modified to be more consistent with experience.
- Prior to 2022, the members and employers contributions are based on statutorily fixed rates. Beginning with January 1 2022, the employer contribution rate is determined actuarially.

	2019	2020	2021	2022
<b>Beginning total pension liability</b>	1,904,954	2,175,170	1,544,153	1,625,187
<b>Changes for the year:</b>				
Service cost	71,334	84,469	40,070	38,394
Interest	89,680	89,376	110,642	116,130
Benefit changes	--	--	--	--
Differences between expected and actual experience	(4,743)	10,320	6,536	(4,529)
Assumption changes	179,003	(740,167)	--	--
Contribution buy back	1,261	1,941	3,993	2,554
Benefit payments including refunds	(66,319)	(76,956)	(80,207)	(87,734)
<b>Net change in total pension liability</b>	270,216	(631,017)	81,034	64,815
<b>Ending total pension liability</b>	2,175,170	1,544,153	1,625,187	1,690,002
<b>Beginning total plan fiduciary net position</b>	718,520	857,839	938,226	1,080,734
<b>Changes for the year:</b>				
Employer contributions	35,993	36,577	35,429	44,419
Employee contributions	21,942	22,181	21,186	23,811
Contribution buy back	1,261	1,941	3,993	2,554
Pension plan net investment income (loss)	148,163	98,573	164,509	(127,690)
Benefits payments and refunds	(66,319)	(76,956)	(80,207)	(87,734)
Pension plan administrative expense	(1,721)	(1,929)	(2,402)	(3,010)
<b>Net change in plan fiduciary net position</b>	139,319	80,387	142,508	(147,650)
<b>Ending total plan fiduciary net position</b>	857,839	938,226	1,080,734	933,084
<b>Beginning net pension liability</b>	1,186,434	1,317,331	605,927	544,453
<b>Ending net pension liability</b>	1,317,331	605,927	544,453	756,918
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	39.44%	60.76%	66.50%	55.21%
<b>Covered Payroll</b>	167,835	169,308	162,973	336,731
<b>City's net pension liability as a percentage of covered payroll</b>	784.90%	357.88%	334.08%	224.78%

**Required Supplementary Information**  
**Retirement Plans- Trend Information**  
**September 30, 2023**  
(In thousands)

**Schedule of Changes in the Fire Fighters' Plan Net Pension Liability and Related Ratios**  
**Measurement Period Ended December 31**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Beginning total pension liability</b>	<u>\$ 806,282</u>	<u>861,468</u>	<u>913,618</u>	<u>977,723</u>	<u>1,038,801</u>
<b>Changes for the year:</b>					
Service cost	25,319	23,309	24,323	23,830	25,131
Interest	62,977	66,405	70,893	75,812	80,552
Benefit changes	--	--	5,491	8,964	10,188
Differences between expected and actual experience	--	7,193	8,893	4,360	(735)
Assumption changes	4,883	--	--	--	(4,779)
Benefit payments including refunds	(37,993)	(44,757)	(45,495)	(51,888)	(55,979)
<b>Net change in total pension liability</b>	<u>55,186</u>	<u>52,150</u>	<u>64,105</u>	<u>61,078</u>	<u>54,378</u>
<b>Ending total pension liability</b>	<u>861,468</u>	<u>913,618</u>	<u>977,723</u>	<u>1,038,801</u>	<u>1,093,179</u>
<b>Beginning total plan fiduciary net position</b>	<u>752,622</u>	<u>789,433</u>	<u>785,211</u>	<u>829,610</u>	<u>953,798</u>
<b>Changes for the year:</b>					
Employer contributions	18,670	19,222	19,104	19,242	20,085
Employee contributions	14,660	15,547	15,884	16,319	17,033
Pension plan net investment income (loss)	42,005	6,328	55,569	141,915	(25,114)
Benefits payments and refunds	(37,993)	(44,757)	(45,496)	(51,888)	(55,979)
Pension plan administrative expense	(531)	(562)	(662)	(1,400)	(705)
<b>Net change in plan fiduciary net position</b>	<u>36,811</u>	<u>(4,222)</u>	<u>44,399</u>	<u>124,188</u>	<u>(44,680)</u>
<b>Ending total plan fiduciary net position</b>	<u>789,433</u>	<u>785,211</u>	<u>829,610</u>	<u>953,798</u>	<u>909,118</u>
<b>Beginning net pension liability</b>	<u>53,660</u>	<u>72,035</u>	<u>128,407</u>	<u>148,113</u>	<u>85,003</u>
<b>Ending net pension liability</b>	<u>\$ 72,035</u>	<u>128,407</u>	<u>148,113</u>	<u>85,003</u>	<u>184,061</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	91.64%	85.95%	84.85%	91.82%	83.16%
<b>Covered Payroll</b>	<u>\$ 84,589</u>	<u>83,979</u>	<u>86,632</u>	<u>87,266</u>	<u>91,087</u>
<b>City's net pension liability as a percentage of covered payroll</b>	85.16%	152.90%	170.97%	97.41%	202.07%

**Notes to the Schedule of Changes in the Fire Fighters' Net Pension Liability and Related Ratios**

- Until a full 10-year trend is compiled, this schedule will present only those years for which information is available.
- Changes of benefit terms in the form of cost-of-living adjustments were granted on January 1st of each of the following years in the following amounts: 2015 - 1.3%; 2017 - 1.5%; 2018 - 2.2%; 2019 - 2.3%; 2020 - 1.7%; 2021 - 1.4%; and 2022 - 5.4%.
- The inflation assumption was decreased from 3.5% to 2.75% in 2018 and to 2.5% in 2019.
- The investment rate of return was decreased from 7.7% to 7.5% in 2019 and from 7.5% to 7.3% in 2020.
- The payroll growth rate was increased from 2% to 2.5% in 2020.
- Since 2018 the PubS-2010 mortality tables were used with mortality improvement project using the MP-2018 tables in 2018, the MP-2019 tables in 2019, the MP-2020 tables in 2020, and MP-2021 tables in 2021 and 2022. Prior to that the RP-2000 (Fully Generational using Scale AA) tables were used.
- Assumptions related to salary increases, retirement rates, retro-drop elections, withdrawal rates and disability rates were all adjusted in 2019 to be more consistent with experience.

	2019	2020	2021	2022
<b>Beginning total pension liability</b>	1,093,179	1,156,025	1,232,431	1,315,377
<b>Changes for the year:</b>				
Service cost	26,192	26,170	28,112	31,101
Interest	84,547	86,821	91,655	94,234
Benefit changes	8,059	7,159	30,096	--
Differences between expected and actual experience	(9,835)	(1,671)	3,266	13,461
Assumption changes	12,707	21,411	--	20,949
Benefit payments including refunds	(58,824)	(63,484)	(70,183)	(80,970)
<b>Net change in total pension liability</b>	62,846	76,406	82,946	78,775
<b>Ending total pension liability</b>	1,156,025	1,232,431	1,315,377	1,394,152
<b>Beginning total plan fiduciary net position</b>	909,118	1,029,893	1,162,024	1,303,545
<b>Changes for the year:</b>				
Employer contributions	21,058	21,311	22,041	22,765
Employee contributions	17,858	18,073	18,697	19,306
Pension plan net investment income (loss)	141,535	157,323	171,936	(147,530)
Benefits payments and refunds	(58,824)	(63,484)	(70,183)	(80,970)
Pension plan administrative expense	(852)	(1,092)	(970)	(1,283)
<b>Net change in plan fiduciary net position</b>	120,775	132,131	141,521	(187,712)
<b>Ending total plan fiduciary net position</b>	1,029,893	1,162,024	1,303,545	1,115,833
<b>Beginning net pension liability</b>	184,061	126,132	70,407	11,832
<b>Ending net pension liability</b>	126,132	70,407	11,832	278,319
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	89.09%	94.29%	99.10%	80.04%
<b>Covered Payroll</b>	95,499	96,649	99,962	103,244
<b>City's net pension liability as a percentage of covered payroll</b>	132.08%	72.85%	11.84%	269.57%

**RETIREMENT PLANS-TREND INFORMATION, continued**

Information pertaining to City contributions to the retirement systems is shown in the following three tables (in thousands). An actuarially determined contribution was calculated for the City Employees' and Police Officers' plan, but was not calculated for the Fire Fighters' plan.

**Schedule of Actuarially Determined City Contributions to the City Employees' Plan  
(in thousands)**

<b>Fiscal Year Ended September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
	\$	\$	\$	\$	
2015	96,554	97,655	(1,101)	540,110	18.08%
2016	109,725	102,609	7,116	566,227	18.12%
2017	119,038	108,929	10,109	600,726	18.13%
2018	123,058	114,149	8,909	630,631	18.10%
2019	129,910	120,795	9,115	667,256	18.10%
2020	149,110	127,990	21,120	706,471	18.12%
2021	156,682	137,068	19,614	727,280	18.85%
2022	169,668	148,844	20,824	778,048	19.13%
2023	188,420	157,846	30,574	825,575	19.12%

*Notes to Schedule of Actuarially Determined City Contributions to the City Employees' plan*

<b>Valuation Date</b>	
Date	• December 31 of each calendar year occurring during the fiscal year.
Notes	• A funding period is solved for through open group projections.
<b>Methods and Assumptions Used to Determine Contribution Rates</b>	
Actuarial Cost Method	• Entry Age Normal (all years)
Asset Valuation Method	• 2017 forward - Expected actuarial value plus 20% recognition of prior years' differences between expected and actual investment income. • 2016 and 2015 - 20% of market plus 80% of expected actuarial value.
Inflation	• 2.5% for 2020 through 2023, 2.75% for 2016 through 2019, 3.25% for 2015
Salary Increases	• 3.5% to 5.75% for 2020 through 2023, 4% to 6.25% for 2016 through 2019, 4.5% to 6% for 2015
Investment Rate of Return	• 6.75% for 2022 and 2023, 7% for 2020 and 2021, 7.5% for 2016 through 2019, 7.75% for 2015
Retirement Age	• Experience-based table of rates that are gender specific. • 2020 - 2023 - Last updated for December 31, 2019 valuation pursuant to an experience study of the period ending December 31, 2018. • 2016 - 2019 - Last updated for December 31, 2015 valuation pursuant to an experience study of the 5-year period ending December 31, 2015. • 2015 - Last updated for December 31, 2012 valuation pursuant to an experience study of the 5-year period ending December 31, 2011.
Mortality	• 2020 through 2022 - PubG-2010 Healthy Retiree Mortality Table (for General employees) for males and females with full generational projection assuming immediate convergence of rates in the mortality projection scale MP- 2018, 2D for male and female. • 2016 through 2019 - RP-2014 Mortality Table with Blue Collar adjustment. Generational mortality improvements in accordance with Scale BB are projected from the year 2014. • For 2015 RP-2000 Mortality Table with White Collar adjustment and multipliers of 110% for males and 120% for females. Generational mortality improvements in accordance with Scale AA are projected from the year 2000.
<b>Other Information</b>	
Notes	• There were no benefit changes during the periods displayed. • City contributions increased from 18% to 19% as of January 1, 2021.

RETIREMENT PLANS-TREND INFORMATION, continued

Schedule of Actuarially Determined City Contributions to the Police Officers' Plan  
(in thousands)

Fiscal Year Ended September 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
	\$	\$	\$	\$	
2022	47,577	43,030	4,547	157,783	27.27%
2023	47,394	48,311	(917)	154,878	31.19%

Notes to Schedule of Actuarially Determined City Contributions to the Police Officers' plan

Valuation Date	
Date	• December 31, 2022
Notes	• Actuarially determined contribution rates are calculated as of December 31.
Methods and Assumptions Used to Determine Contribution Rates	
Actuarial Cost Method	• Entry Age Normal
Asset Valuation Method	<ul style="list-style-type: none"> <li>• 2023 - Expected actuarial value plus 20% recognition of prior 5 years' differences between expected and actual investment income.</li> <li>• 2022 - Smoothed market value recognition of prior 5 years' differences between expected and actual investment income.</li> </ul>
Inflation	• 2.50%
Salary Increases	• 3% to 15.20%
Investment Rate of Return	• 7.25%
Retirement Age	• Experience-based table of rates, last updated for the December 31, 2018 valuation.
Mortality	<ul style="list-style-type: none"> <li>• 2023 - PubS-2010 gender-distinct mortality tables (employee, healthy retiree, disabled retiree) as appropriate, projected from 2010 with the ultimate mortality improvement rates from MP-2018.</li> <li>• 2022 - PubS-2020 gender-distinct mortality tables (employee, healthy retiree, disabled retiree) as appropriate, projected from 2010 with the ultimate mortality improvement rates from MP-2018.</li> </ul>
Other Information	
Notes	<ul style="list-style-type: none"> <li>• There were no benefit changes during the periods displayed.</li> <li>• Prior to 2022, contributions were statutorily determined and can be found on the next table. Beginning with the January 1, 2022 contributions, the employer contribution rate is determined actuarially.</li> <li>• The ADC actual contribution amount of \$43.0 million includes \$9.3 million of statutorily required contributions made prior to January 1, 2022.</li> <li>• An actuarially determined contribution of 10.1% was effective January 1, 2022. Prior to that change the rate was 21.737%. In addition, the City is making payments according to a 30 year fixed payment plan that was established to eliminate the unfunded legacy liability existing as of December 31, 2020. For calendar year 2023 this amount is \$1,335,856 per pay period.</li> </ul>

RETIREMENT PLANS-TREND INFORMATION, continued

Schedule of Statutorily Required City Contributions to the Police Officers' Plan and the Fire Fighters' Plan  
(in thousands)

Fiscal Year Ended September 30	Statutorily Required Contribution (2)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll (1)
	\$	\$	\$	\$	
<b>Police Officers</b>					
2015	32,942	32,942	--	152,229	21.64%
2016	33,141	33,141	--	155,476	21.32%
2017	34,717	34,717	--	162,891	21.31%
2018	34,944	34,944	--	163,956	21.31%
2019	35,603	35,617	(14)	167,048	21.32%
2020	36,261	36,268	(7)	170,135	21.32%
2021	35,617	35,619	(2)	163,856	21.74%
2022	9,287	9,287	--	42,724	21.74%
<b>Fire Fighters</b>					
2015	18,327	18,327	--	83,118	22.05%
2016	19,145	19,145	--	86,826	22.05%
2017	19,104	19,104	--	86,642	22.05%
2018	19,809	19,809	--	89,834	22.05%
2019	20,890	20,890	--	94,740	22.05%
2020	21,141	21,141	--	95,877	22.05%
2021	21,851	21,851	--	99,099	22.05%
2022	23,496	23,496	--	106,560	22.05%
2023	23,292	23,292	--	105,631	22.05%

(1) Statutorily required contribution for Police Officers decreased from 21.63% in 2015 to 21.313% in 2016 and increased to 21.737% in 2021.

(2) Statutorily required contribution was effective for the first 3 months of fiscal year 2022 (October - December 2021) for Police Officers. Effective January 1, 2022 Police contributions are actuarially determined.



**OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION**

The other postemployment benefits plan information for the City's plan provided below represents six years of trend information. Additional years will be added each year until ten years of trend data is available. Changes in other postemployment benefits liability for the other postemployment benefits plan for each of the six years ended December 31, 2017 through 2022 (measurement periods) are presented below:

**Schedule of Changes in the City of Austin OPEB Liability and Related Ratios (in thousands)**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Beginning total OPEB liability</b>	<u>\$ 2,055,627</u>	<u>2,524,897</u>	<u>2,395,447</u>	<u>3,504,494</u>	<u>4,346,367</u>	<u>4,253,955</u>
<b>Changes for the year:</b>						
Service cost	86,687	108,478	88,486	167,027	195,576	220,001
Interest	80,132	89,675	100,978	99,915	95,670	92,840
Benefit changes	--	231	(3,829)	--	(36,411)	--
Differences between expected and actual experience	64,227	--	12,335	(6,103)	64,216	107,084
Assumption changes	283,099	(274,758)	953,202	631,360	(352,788)	(1,253,523)
Benefit payments	<u>(44,875)</u>	<u>(53,076)</u>	<u>(42,125)</u>	<u>(50,326)</u>	<u>(58,675)</u>	<u>(65,639)</u>
<b>Net change in total OPEB liability</b>	<u>469,270</u>	<u>(129,450)</u>	<u>1,109,047</u>	<u>841,873</u>	<u>(92,412)</u>	<u>(899,237)</u>
<b>Ending total OPEB liability</b>	<u>\$ 2,524,897</u>	<u>2,395,447</u>	<u>3,504,494</u>	<u>4,346,367</u>	<u>4,253,955</u>	<u>3,354,718</u>
 <b>Covered-employee payroll</b>	 \$ 968,403	 1,000,536	 1,051,771	 1,103,927	 1,140,948	 1,199,777
<b>City's total OPEB liability as a percentage of covered-employee payroll</b>	260.73%	239.42%	333.20%	393.72%	372.84%	279.61%

Allocation of City funds to pay postemployment benefits other than pensions is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis. The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB statement No. 75. For the years ended December 31, 2018 and 2019 there were changes to benefit terms that affected the measurement of the total OPEB liability. There were no significant changes in benefit terms for years ended December 31, 2017, 2020 and 2021. However, plan changes effective January 1, 2022 impacted the total OPEB liability. For all years presented there were assumption changes.

The OPEB plan benefit term changes included:

- Increasing the maximum value of the Health Reimbursement Account (HRA) for retirees in the Consumer Driven Health Plan (CDHP) from \$500 to \$1,000 for individuals and \$1,000 to \$1,500 for families effective January 1, 2019, and decreasing the maximum value of the HRA for retirees in the CDHP from \$1,000 to \$500 for individuals and from \$1,500 to \$1,000 for families effective January 1, 2020.
- Switching health benefit providers from United Healthcare to BlueCross BlueShield effective January 1, 2019. However, the plan of benefits was unchanged and plan costs were not projected to change materially as a result of this change.
- The fully insured Cigna dental PPO option was replaced with the self-insured BlueCross BlueShield BlueCare dental PPO, effective January 1, 2021. Retiree contribution rates for both the prior fully-insured option and the new self-insured option are expected to cover the full cost of the benefits, thus the net OPEB liability associated with dental benefits remain \$0 after the plan change only for the 2020 valuation.
- Effective January 1, 2022, the schedules of benefits for the PPO and HMO plans were changed. These changes included increasing deductibles and copays for individual and family plans.

The OPEB plan assumption changes included:

- Adjusting the discount rate based on the Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date as follows: 2017 - 3.44% (from 3.78%), 2018 - 4.1%, 2019 - 2.74%, 2020 - 2.12%, 2021 - 2.06%, 2022 - 3.72%,
- Updating medical, dental, and prescription drug claim costs each year to reflect the most recent experience,
- Modifying medical and prescriptions drug trend rates in 2017 by splitting the single category from the previous valuation into three categories, grading these categories for different periods, and lowering the ultimate trend rate from 5% to 4.5%; and in 2019 by adjusting 2020 assumed trend rates from 6.5% to 7% for pre-65 and 5.5% to 6% for post-65 and trending rates down at 0.25% rather than 0.5% annually,
- Modifying health care cost trend rates in 2020 by adding a dental category trend rate at 3%,
- Updating third-party administrator and vendor administrative expenses to reflect the most recent contracts and assumed trends on such costs, (currently \$582 per covered individual),
- Adjusting retiree enrollment and plan election assumptions in 2019 to be more consistent with actual experience,

**OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION, continued**

The OPEB plan assumption changes included, continued:

- Updating firefighters' mortality projection scale in 2021 for all lives to MP-2020, previously MP-2019,
- Addition of firefighters' separate mortality table for Contingent Survivors in 2021,
- Addition of projected net costs as part of the OPEB liability was made in 2021 after reviewing the actual experience of the self-insured dental PPO beginning January 1, 2021. It was determined that retiree contribution rates do not fully cover the cost of the dental benefits,
- Addition of a separate 70% PPO dental coverage election assumption and a separate PPO dental spouse coverage election assumption of 65% for males and 35% for females in 2021, and
- Adjusting demographic assumptions each year to mirror changes in the pension plan demographic assumptions for the previous plan year. See Required Supplementary Information, Retirement Plans-Trend Information for additional information on these changes.



## **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**





## **GENERAL FUND**



**General Fund**  
**Schedule of Revenues - Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-1**

	<b>Actual</b>	<b>Adjustments (1)</b>	<b>Actual- Budget Basis</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>Taxes</b>					
Property taxes:					
Current	\$ 609,475	100	609,575	608,410	1,165
Delinquent	(6,360)	--	(6,360)	200	(6,560)
Penalty and interest	2,368	--	2,368	2,235	133
Property taxes	605,483	100	605,583	610,845	(5,262)
Sales taxes	358,557	--	358,557	354,398	4,159
Other taxes	18,187	--	18,187	16,491	1,696
Total taxes	982,227	100	982,327	981,734	593
<b>Franchise fees</b>	29,718	(5)	29,713	29,907	(194)
<b>Fines, forfeitures, and penalties</b>					
Library fines	117	--	117	43	74
Traffic fines	1,622	--	1,622	1,639	(17)
Parking violations	2,256	--	2,256	1,899	357
Other	536	--	536	648	(112)
Total fines, forfeitures, and penalties	4,531	--	4,531	4,229	302
<b>Licenses, permits, and inspections</b>					
Alarm permits	4,464	(1)	4,463	4,639	(176)
Public health	5,703	(3)	5,700	4,980	720
Development	7,404	--	7,404	7,129	275
Building safety	1,661	--	1,661	908	753
Beer and wine permits	628	--	628	425	203
Other	2,470	(276)	2,194	1,261	933
Total licenses, permits, and inspections	22,330	(280)	22,050	19,342	2,708
<b>Charges for services/goods</b>					
Recreation and culture	10,473	94	10,567	8,621	1,946
Public health	8,751	332	9,083	8,413	670
Emergency medical services	48,852	2,656	51,508	42,926	8,582
General government	8,958	--	8,958	9,329	(371)
Total charges for services/goods	77,034	3,082	80,116	69,289	10,827
<b>Lease revenue</b>					
Recreation and culture	5	(5)	--	--	--
General government	151	(151)	--	--	--
Total lease revenue	156	(156)	--	--	--
<b>Interest and other</b>					
Interest	23,264	(298)	22,966	2,706	20,260
Rental income	1,035	195	1,230	870	360
Sale of property	1,545	--	1,545	2,705	(1,160)
Other	25,390	(3,271)	22,119	16,552	5,567
Total interest and other	51,234	(3,374)	47,860	22,833	25,027
<b>Total revenues</b>	<b>\$ 1,167,230</b>	<b>(633)</b>	<b>1,166,597</b>	<b>1,127,334</b>	<b>39,263</b>

(1) Adjustments and actual-budget basis include amounts budgeted as fund-level revenues.

**General Fund**  
**Schedule of Expenditures - Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-2**

	<b>Actual</b>	<b>Adjustments (1)</b>	<b>Actual- Budget Basis</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>General government</b>					
Municipal Court:					
Salaries and fringe benefits	\$ 17,489	35	17,524	16,869	(655)
Contractual services	19,133	641	19,774	20,285	511
Commodities	364	(37)	327	240	(87)
Expense refunds	(194)	--	(194)	--	194
Capital outlay	6	17	23	--	(23)
<b>Total general government</b>	<b>36,798</b>	<b>656</b>	<b>37,454</b>	<b>37,394</b>	<b>(60)</b>
<b>Public safety</b>					
Emergency Medical Services:					
Salaries and fringe benefits	85,131	1,021	86,152	85,423	(729)
Contractual services	11,281	15,826	27,107	27,007	(100)
Commodities	4,938	(653)	4,285	4,776	491
Expense refunds	(2,090)	--	(2,090)	(1,901)	189
Capital outlay	335	(13)	322	407	85
	<b>99,595</b>	<b>16,181</b>	<b>115,776</b>	<b>115,712</b>	<b>(64)</b>
Fire:					
Salaries and fringe benefits	192,672	508	193,180	190,020	(3,160)
Contractual services	22,700	20,550	43,250	44,344	1,094
Commodities	4,663	381	5,044	5,337	293
Indirect cost	888	--	888	861	(27)
Expense refunds	(14,576)	--	(14,576)	(10,963)	3,613
Capital outlay	793	219	1,012	924	(88)
	<b>207,140</b>	<b>21,658</b>	<b>228,798</b>	<b>230,523</b>	<b>1,725</b>
Forensic Science:					
Salaries and fringe benefits	8,616	(82)	8,534	8,604	70
Contractual services	1,073	2,005	3,078	3,794	716
Commodities	412	238	650	278	(372)
Expense refunds	(116)	--	(116)	(82)	34
Capital outlay	--	326	326	460	134
	<b>9,985</b>	<b>2,487</b>	<b>12,472</b>	<b>13,054</b>	<b>582</b>
Police:					
Salaries and fringe benefits	352,822	3,767	356,589	342,851	(13,738)
Contractual services	43,059	67,083	110,142	113,641	3,499
Commodities	5,110	(1,689)	3,421	4,456	1,035
Expense refunds	(18,436)	1	(18,435)	(12,481)	5,954
Capital outlay	363	(1)	362	739	377
	<b>382,918</b>	<b>69,161</b>	<b>452,079</b>	<b>449,206</b>	<b>(2,873)</b>
<b>Total public safety</b>	<b>699,638</b>	<b>109,487</b>	<b>809,125</b>	<b>808,495</b>	<b>(630)</b>
<b>Public health</b>					
Animal Services:					
Salaries and fringe benefits	10,555	4	10,559	10,322	(237)
Contractual services	3,951	2,524	6,475	6,675	200
Commodities	1,335	6	1,341	1,318	(23)
Expense refunds	(306)	(2)	(308)	(162)	146
Capital outlay	--	34	34	2	(32)
	<b>15,535</b>	<b>2,566</b>	<b>18,101</b>	<b>18,155</b>	<b>54</b>
Public Health:					
Salaries and fringe benefits	35,795	(1,213)	34,582	35,840	1,258
Contractual services	16,271	19,033	35,304	35,074	(230)
Commodities	1,869	(69)	1,800	1,210	(590)
Expense refunds	(1,386)	--	(1,386)	(1,275)	111
Capital outlay	7	335	342	--	(342)
	<b>\$ 52,556</b>	<b>18,086</b>	<b>70,642</b>	<b>70,849</b>	<b>207</b>

(Continued)

(1) Includes adjustments for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers or fund-level expenditures.



**General Fund**  
**Schedule of Expenditures - Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-2**

**(Continued)**

	<b>Actual</b>	<b>Adjustments (1)</b>	<b>Actual- Budget Basis</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>Public health, continued</b>					
Social Services:					
Salaries and fringe benefits	\$ 112	--	112	--	(112)
Contractual services	55,625	(462)	55,163	55,292	129
Commodities	93	--	93	--	(93)
Expense refunds	(1,852)	--	(1,852)	(1,746)	106
	53,978	(462)	53,516	53,546	30
<b>Total public health</b>	<b>122,069</b>	<b>20,190</b>	<b>142,259</b>	<b>142,550</b>	<b>291</b>
<b>Public recreation and culture</b>					
Austin Public Library:					
Salaries and fringe benefits	39,764	55	39,819	39,095	(724)
Contractual services	11,657	9,933	21,590	21,530	(60)
Commodities	4,732	(588)	4,144	4,891	747
Expense refunds	(457)	--	(457)	(229)	228
Capital outlay	455	(176)	279	305	26
	56,151	9,224	65,375	65,592	217
Parks and Recreation:					
Salaries and fringe benefits	83,253	(28)	83,225	83,423	198
Contractual services	29,871	10,439	40,310	40,033	(277)
Commodities	5,989	(184)	5,805	4,235	(1,570)
Indirect cost	557	--	557	347	(210)
Expense refunds	(9,329)	--	(9,329)	(6,072)	3,257
Capital outlay	174	16	190	133	(57)
	110,515	10,243	120,758	122,099	1,341
<b>Total public recreation and culture</b>	<b>166,666</b>	<b>19,467</b>	<b>186,133</b>	<b>187,691</b>	<b>1,558</b>
<b>Urban growth management</b>					
Housing and Planning:					
Salaries and fringe benefits	14,462	2	14,464	15,364	900
Contractual services	2,869	12,486	15,355	17,369	2,014
Commodities	257	4	261	47	(214)
Expense refunds	(4,126)	--	(4,126)	(5,198)	(1,072)
	13,462	12,492	25,954	27,582	1,628
Other Urban Growth Management:					
Salaries and fringe benefits	9,051	7	9,058	9,143	85
Contractual services	25,941	1,943	27,884	29,574	1,690
Commodities	281	32	313	729	416
Expense refunds	(1,389)	--	(1,389)	(1,512)	(123)
	33,884	1,982	35,866	37,934	2,068
<b>Total urban growth management</b>	<b>47,346</b>	<b>14,474</b>	<b>61,820</b>	<b>65,516</b>	<b>3,696</b>
Lease and IT subscription financing principal	8,757	(8,757)	--	--	--
Interest expense on leases and IT subscriptions	1,134	(1,134)	--	--	--
General city responsibilities (2)	189,282	(175,793)	13,489	9,033	(4,456)
<b>Total expenditures</b>	<b>1,271,690</b>	<b>(21,410)</b>	<b>1,250,280</b>	<b>1,250,679</b>	<b>399</b>
<b>General fund expenditures</b>					
Salaries	849,722	4,076	853,798	836,954	(16,844)
Contractuals	243,431	162,001	405,432	414,618	9,186
Commodities	30,043	(2,559)	27,484	27,517	33
Indirect cost	1,445	--	1,445	1,208	(237)
Expense refunds	(54,257)	(1)	(54,258)	(41,621)	12,637
Capital outlay	2,133	757	2,890	2,970	80
Lease and IT subscription financing principal	8,757	(8,757)	--	--	--
Interest expense on leases and IT subscriptions	1,134	(1,134)	--	--	--
General city responsibilities	189,282	(175,793)	13,489	9,033	(4,456)
<b>Total expenditures</b>	<b>\$ 1,271,690</b>	<b>(21,410)</b>	<b>1,250,280</b>	<b>1,250,679</b>	<b>399</b>

(1) Includes adjustments for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers or fund-level expenditures.

(2) 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.

**General Fund**  
**Schedule of Other Financing Sources (Uses) - Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-3**

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
<b>Lease and IT subscription proceeds</b>	\$ 3,611	(3,611)	--	--	--
<b>Transfers in</b>					
General Fund:					
Budgetary General Fund	--	86,308	86,308	52,628	33,680
Budget Stabilization Reserve	--	9,416	9,416	9,416	--
Economic Development	--	1,311	1,311	1,311	--
Special revenue funds:					
Project Connect	1,225	50	1,275	1,027	248
Enterprise funds:					
Austin Energy	114,765	--	114,765	124,765	(10,000)
Austin Water	51,350	--	51,350	51,350	--
Austin Resource Recovery	727	--	727	727	--
Development Services	3,800	--	3,800	3,800	--
Internal service funds:					
Fleet Maintenance	--	--	--	1,000	(1,000)
<b>Total transfers in</b>	<b>171,867</b>	<b>97,085</b>	<b>268,952</b>	<b>246,024</b>	<b>22,928</b>
<b>Transfers out</b>					
General Fund:					
Barton Springs Conservation	--	(53)	(53)	(53)	--
Budget Stabilization Reserve	--	(61,878)	(61,878)	(28,732)	(33,146)
Economic Development	--	(10,169)	(10,169)	(10,169)	--
Economic Incentives Reserve	--	(7,980)	(7,980)	(7,443)	(537)
Emergency Reserve	--	(6,916)	(6,916)	(6,916)	--
Long Center Capital Improvements	--	(300)	(300)	(300)	--
Neighborhood Housing-Housing Trust	--	(9,742)	(9,742)	(9,742)	--
Special revenue funds:					
Austin Cable Access	(475)	--	(475)	(475)	--
East Sixth Street Public Improvement District	(35)	--	(35)	(35)	--
Housing Trust Fund Projects	(1,737)	1,737	--	--	--
Mueller Local Government Corporation	(994)	--	(994)	(994)	--
Second Street Tax Increment Financing	--	(100)	(100)	(100)	--
South Congress Public Improvement District	(3)	--	(3)	(3)	--
Debt service funds:					
General Obligation	(1,092)	--	(1,092)	(1,129)	37
Capital projects funds	(24,727)	(14,136)	(38,863)	(38,863)	--
Enterprise funds:					
Development Services	(8,871)	--	(8,871)	(9,244)	373
Golf	--	--	--	(500)	500
Austin Resource Recovery	(15,364)	--	(15,364)	(15,364)	--
Transportation	(853)	--	(853)	(853)	--
Internal service funds:					
Fleet Maintenance	--	--	--	(2)	2
Information Systems	--	(532)	(532)	(532)	--
Liability Reserve	--	(24,652)	(24,652)	(24,652)	--
Support Services	--	(2,399)	(2,399)	(2,399)	--
Workers Compensation	--	(62)	(62)	(62)	--
<b>Total transfers out</b>	<b>(54,151)</b>	<b>(137,182)</b>	<b>(191,333)</b>	<b>(158,562)</b>	<b>(32,771)</b>
<b>Net transfers</b>	<b>117,716</b>	<b>(40,097)</b>	<b>77,619</b>	<b>87,462</b>	<b>(9,843)</b>
Other adjustments	--	7,579	7,579	--	7,579
<b>Total other financing sources (uses)</b>	<b>\$ 121,327</b>	<b>(36,129)</b>	<b>85,198</b>	<b>87,462</b>	<b>(2,264)</b>

(1) Includes adjustments to actual transfers required for adjusted budget basis presentation.



## **NONMAJOR GOVERNMENTAL FUNDS**





**Nonmajor Governmental Funds  
Combining Balance Sheet  
September 30, 2023  
(In thousands)**

**City of Austin, Texas  
Exhibit E-4**

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
<b>ASSETS</b>					
Pooled investments and cash	\$ 400,625	2,141	92,670	1,071	496,507
Investments - restricted	--	28,805	--	--	28,805
Cash held by trustee - restricted	6,940	--	--	--	6,940
Investments held by trustee - restricted	9,845	--	--	--	9,845
Property taxes receivable, net of allowance	--	2,866	--	--	2,866
Accounts receivable, net of allowance	40,463	--	4,290	--	44,753
Interest receivable	1,056	77	3,947	--	5,080
Receivables from other governments	45,346	--	6	--	45,352
Leases receivable	1,927	--	--	--	1,927
Notes receivable, net of allowance	64,670	--	--	--	64,670
Due from other funds	42,398	5	185,852	--	228,255
Advances to other funds	--	113	45,643	--	45,756
Real property held for resale	3,499	--	--	--	3,499
Other assets	9,342	--	--	--	9,342
<b>Total assets</b>	<b>626,111</b>	<b>34,007</b>	<b>332,408</b>	<b>1,071</b>	<b>993,597</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	19,836	--	48,115	--	67,951
Accrued payroll	167	--	--	--	167
Due to other funds	42,441	--	185,852	--	228,293
Unearned revenue	116,911	--	--	--	116,911
Advances from other funds	--	26	45,643	--	45,669
Deposits and other liabilities	95,287	449	423	--	96,159
<b>Total liabilities</b>	<b>274,642</b>	<b>475</b>	<b>280,033</b>	<b>--</b>	<b>555,150</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	9,820	3,467	--	--	13,287
<b>FUND BALANCES</b>					
Nonspendable:					
Permanent funds	--	--	--	1,070	1,070
Restricted	252,043	30,065	147,063	1	429,172
Committed	90,855	--	--	--	90,855
Assigned	1,385	--	171,179	--	172,564
Unassigned	(2,634)	--	(265,867)	--	(268,501)
<b>Total fund balances</b>	<b>341,649</b>	<b>30,065</b>	<b>52,375</b>	<b>1,071</b>	<b>425,160</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 626,111</b>	<b>34,007</b>	<b>332,408</b>	<b>1,071</b>	<b>993,597</b>

**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2023**  
(In thousands)

**City of Austin, Texas**  
**Exhibit E-5**

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>REVENUES</b>					
Property taxes	\$ 185,002	198,863	--	--	383,865
Franchise fees and other taxes	176,783	--	--	--	176,783
Fines, forfeitures and penalties	2,249	--	--	--	2,249
Licenses, permits and inspections	3,463	--	--	--	3,463
Charges for services/goods	29,645	--	--	--	29,645
Intergovernmental	145,785	--	9,424	--	155,209
Property owners' participation and contributions	4,654	--	29,863	--	34,517
Lease revenue	29	--	--	--	29
Interest and other income (loss)	16,756	9,462	20,753	1	46,972
<b>Total revenues</b>	<b>564,366</b>	<b>208,325</b>	<b>60,040</b>	<b>1</b>	<b>832,732</b>
<b>EXPENDITURES</b>					
Current:					
General government	1,269	--	--	--	1,269
Public safety	11,964	--	--	--	11,964
Transportation, planning, and sustainability	165,871	--	--	--	165,871
Public health	92,009	--	--	--	92,009
Public recreation and culture	1,545	--	--	--	1,545
Urban growth management	124,533	--	--	--	124,533
Debt service:					
Principal	3,456	154,335	--	--	157,791
Interest	1,381	70,412	--	--	71,793
Fees and commissions	--	32	--	--	32
Lease and IT subscription financing principal	1,204	--	414	--	1,618
Interest expense on leases and IT subscriptions	27	--	41	--	68
Capital outlay	--	--	332,436	--	332,436
<b>Total expenditures</b>	<b>403,259</b>	<b>224,779</b>	<b>332,891</b>	<b>--</b>	<b>960,929</b>
Excess (deficiency) of revenues over (under) expenditures	161,107	(16,454)	(272,851)	1	(128,197)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of tax supported debt	--	817	201,419	--	202,236
Issuance of refunding bonds	--	30,834	--	--	30,834
Bond premiums	--	--	17,463	--	17,463
Payment to refunding bond escrow agent	--	(30,834)	--	--	(30,834)
Lease and IT subscription proceeds	2,169	--	--	--	2,169
Transfers in	93,644	14,021	70,329	--	177,994
Transfers out	(185,424)	--	(58,664)	--	(244,088)
<b>Total other financing sources (uses)</b>	<b>(89,611)</b>	<b>14,838</b>	<b>230,547</b>	<b>--</b>	<b>155,774</b>
Net change in fund balances	71,496	(1,616)	(42,304)	1	27,577
Fund balances at beginning of year, as restated	270,153	31,681	94,679	1,070	397,583
<b>Fund balances at end of year</b>	<b>\$ 341,649</b>	<b>30,065</b>	<b>52,375</b>	<b>1,071</b>	<b>425,160</b>







## SPECIAL REVENUE FUNDS

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City reports the following nonmajor special revenue funds:

### FEDERAL, STATE AND OTHER SPECIAL REVENUE GRANTS

These represent grants awarded to the City from various federal, state and other sources. This category includes operational and capital grant activities. Grants awarded to enterprise operations are consolidated with enterprise reporting and are reported in the supplemental schedules.

### OTHER SPECIAL REVENUE FUNDS

#### General Government

##### Municipal Court:

*Municipal Court Local Consolidated Court Fund* - Accounts for court fees collected that must be used to enhance and maintain court security, technology, juvenile diversion, and jury reimbursement.

##### Other General Government:

*Campaign Financing Fund* - Accounts for and reports donations and fees for the Austin Fair Campaign Ordinance.

#### Public Safety

##### Police:

*ARIC Sustainability Fund* - Accounts for revenue from contributions from the Austin Regional Intelligence Center (ARIC) partner agencies via an Interlocal Agreement with those agencies. These funds are used to sustain operation of the ARIC.

*Auto Theft Interdiction Fund* - Accounts for funds forfeited related to current auto theft investigations and is used to support these activities.

*Police Benefit Fund* - Accounts for donations received for the benefit and improvement of the Police Department.

*Police Federal Dept. of Justice Asset Forfeiture Fund* - Accounts for all Dept. of Justice federal forfeited funds generated by police enforcement activities. Funds must be used to increase law enforcement resources.

*Police Federal Dept. of Treasury Asset Forfeiture Fund* - Accounts for all Dept. of Treasury federal forfeited funds generated by police enforcement activities. Funds must be used to increase law enforcement resources.

*Police State Contraband Asset Forfeiture Fund* - Accounts for all State forfeited funds generated by police enforcement activities. Funds must be used to increase law enforcement resources.

*Police State Gambling Asset Forfeiture Fund* - Accounts for proceeds from the sale of property forfeited through the courts for illegal gambling operations. Funds must be used to increase law enforcement resources.

##### Fire:

*Fire Miscellaneous Fund* - Accounts for contributions from various business, individual or charitable organizations for "The Firehouse", a public safety awareness exhibit, which is transported to different sites throughout Austin. Some of these funds are used to purchase fire alarms (smoke alarms) for the public or households without smoke alarms.

#### Transportation, Planning, and Sustainability

##### Public Works and Transportation:

*Child Safety Fund* - Accounts for certain fines and fees collected that are used to provide school crossing guards at schools in the City.

*Project Connect Fund* - Accounts for the collection of property tax revenue dedicated to Austin Transit Partnership Local Government Corporation (ATP). Revenue for this fund is generated from a dedicated portion of the City's property tax rate and disbursements to ATP are made in accordance with the terms of the interlocal agreement.

*Project Connect - Office Fund* - accounts for the revenue received from Austin Transit Partnership to support the operating expenses related to the City's Project Connect Office.

#### Public Health

##### Health and Human Services:

*Coronavirus State & Local Fiscal Recovery Fund* - Accounts for federal monies received as part of the American Rescue Plan Act. Funding will provide relief services and assistance to address the needs created by this public health emergency.

*Health Miscellaneous Fund* - Accounts for contributions and activities for Strategic Intervention for High-Risk Youth.

*Opioid Settlement Fund* - Accounts for revenue received through eight settlements that provide funding relief to communities that have been hit the hardest by the opioid epidemic. The revenue received through these settlements is utilized for communication and harm reduction strategies to address the escalating public health crisis caused by drug overdoses.

##### Other Public Health:

*Animal Services Fund* - Accounts for donations to fund animal services activities.

#### Public Recreation and Culture

##### Austin Public Library:

*Austin History Center Fund* - Accounts for contributions from the Austin History Center Association, which includes book sales, donations, and royalties which are used for the Austin-Travis County Collection.

*Friends of Austin Public Library Fund* - Accounts for proceeds of book sales. Funds can be used for one-time purchases when General Funds are not available.

*Library Facilities Maintenance and Improvements Fund* - Accounts for revenue generating operations at the Central Library. These proceeds are used for library and parking facility improvements and maintenance.

*Special Library Fund* - Accounts for donations received to purchase books or special equipment.

##### Parks and Recreation:

*PARD Parking Fund* - Accounts for revenue collected at Parks and Recreation sites that charge parking fees or entry fees. Parking fees are restricted to use on projects that would improve or benefit parking on or rehabilitation of park facilities.

#### Urban Growth Management

##### Housing and Planning:

*Homestead Preservation Reinvestment Tax Increment Fund* - Accounts for property tax revenue that is collected in the City of Austin reinvestment zone. Funds are used to increase home ownership for low- and moderate-income families.

*Housing Loan Fund* - Accounts for affordable housing loan activity.

*Neighborhood Revitalization Fund* - Accounts for and reports escrow deposits and payments to loan recipients.

*UNO Housing Trust Fund* - Accounts for revenue that is collected from participating developments in the UNO area. Provides affordable housing for low- income and moderate-income families in that area.

*Urban Renewal Agency Fund* - Accounts for the agency responsible for overseeing the implementation and compliance of urban renewal plans. (blended component unit)

**OTHER SPECIAL REVENUE FUNDS, continued**  
**Urban Growth Management, continued**

Development Services and Watershed Protection:

*Austin Industrial Development Corporation (AIDC)* - Accounts for the administrative costs related to the Corporation. (blended component unit)

*Austin Lake Hills Water Quality Fund* - Accounts for developer funding to design and construct water quality controls for specific lots located in the Austin Lake Hills subdivision.

*Barton Springs Zone Mitigation Fund* - Accounts for the Barton Springs zone mitigation fee. Funds are used to purchase property within the Barton Springs Zone.

*Fiscal Surety - Land Development Fund* - Escrow funds received from contractors for improvements for environmental, health, safety controls, and public infrastructure.

*Planting for the Future Fund* - Accounts for donations received for the purchase, planting, education, and preservation of trees.

*Riparian Zone Mitigation Fund* - Accounts for the fees paid by developers to restore riparian health or provide mitigation if on-site restoration is infeasible in the Critical Water Quality Zone.

*Urban Forest Replenishment Fund* - Provides funding for tree planting and maintenance, promotion of tree care and preservation, and urban forest conservation.

*Water Supply Mitigation Fund* - Accounts for funds received from properties located in a water supply rural or water supply suburban watershed.

Other Urban Growth Management:

*Austin Cable Access Fund* - Accounts for payments from cable companies and disbursements for operations of the City's public access channels.

*City Hall Fund* - Accounts for revenue and operating expenditures related to City Hall's retail leases and underground parking garage.

*Cultural Arts Fund* - Records activities for cultural project purposes. Funded by a portion of the hotel-motel occupancy tax.

*Downtown Public Improvement District Fund* - Accounts for the activities related to the Downtown public improvement district.

*East Sixth Street Public Improvement District Fund* - Accounts for the activities related to the E Sixth Street public improvement district.

*Estancia Hill Country Public Improvement District Fund* - Accounts for the Estancia Hill Country public improvement district, which issued bonds to finance the construction, ownership, and maintenance of certain improvements.

*Historic Preservation Fund* - Accounts for eligible historic restoration and preservation projects and activities. Funded by a portion of the hotel-motel occupancy tax.

*Hotel-Motel Occupancy Tax Fund* - Accounts for hotel-motel occupancy tax revenues and transfer of these revenues to participating funds.

*I-35 Parking Program Fund* - Accounts for activity related to the two parking lots located under the I-35 overpass.

*Indian Hills Public Improvement District Fund* - Accounts for the Indian Hills public improvement district which issued bonds to finance the construction, ownership, and maintenance of certain improvements.

*Live Music Fund* - Accounts for local music initiatives for the encouragement, promotion, improvement, and application of the arts. Funded by a portion of the hotel-motel occupancy tax.

*Mueller Development Fund* - Established to account for the Mueller Master Development Agreement with Catellus Corporation. Funds collected are used by the City to cover the costs of oversight of the redevelopment project.

*Mueller Local Government Corporation* - Uses revenue collected by the Mueller Tax Increment Financing (TIF) Reinvestment Zone No. 16 for debt service and associated costs for bonds issued to finance the redevelopment of the former site of Robert Mueller Municipal Airport. (blended component unit)

*Mueller Tax Increment Financing Fund* - Accounts for property tax revenue that is collected in the Mueller Tax Increment Financing Reinvestment Zone No. 16

*One Texas Center Fund* - Accounts for revenue, operating expenses, and debt service requirements for One Texas Center, a City-owned office tower located on Barton Springs Road.

*Permitting and Development Center Fund* - Accounts for the revenue, operating expenses, and debt service requirements for the Permitting and Development Center, a City-owned office building.

*Public Arts Fund* - Provides for preservation and conservation of the City of Austin public art collection.

*Rainey Street Historic District Fund* - Accounts for activities related to the assistance in the rehabilitation of the existing single-family structures that are relocated outside of the Rainey Street District.

*Rutherford Lane Facility Fund* - Accounts for the revenue, expenditures and debt service requirements associated with the Rutherford Lane facilities.

*Seaholm Tax Increment Financing Fund* - Accounts for property tax revenue that is collected in the Seaholm Tax Increment Financing Reinvestment Zone No. 18 to finance the construction of public improvements for the Seaholm Redevelopment Project.

*Second Street Tax Increment Financing Fund* - Accounts for property tax revenue that is collected and used in maintaining the plazas, streetscapes and other public improvements installed on specific downtown blocks in the vicinity of City Hall.

*Section 108 Family Business Loan Fund* - Accounts for the public-private partnership loan program funded by HUD Section 108 loan guarantee.

*South Congress Public Improvement District Fund* - Accounts for the activities related to the South Congress public improvement district.

*Tourism and Promotion Fund* - Accounts for the promotion of tourism in Austin as both a leisure and business destination. Funded by a portion of the hotel-motel occupancy tax.

*Vehicle Rental Tax Fund* - Accounts for the levy of the short-term motor vehicle rental tax of 5%. Funds are used to pay debt service and operating expenses for the Palmer Event Center and garage facilities.

*Waller Creek Reserve Fund* - Accounts for the revenue received from the Waller Creek Tax Increment Fund and the Build America Bond proceeds which are utilized to fund the Waller Creek tunnel project.

*Waller Creek Tax Increment Financing Fund* - Accounts for property tax revenue that is collected in the Waller Creek Tax Increment Financing Reinvestment Zone No. 17.

*Whisper Valley Public Improvement District Fund* - Accounts for the Whisper Valley public improvement district, which issued bonds to finance the construction, ownership, and maintenance of certain improvements.

*Wildland Conservation Fund* - Accounts for the City's activities pertaining to the management of the Balcones Canyonlands Preserve. The primary funding source is participation certificates awarded to landowners in the preserve to make improvements necessary to comply with the Endangered Species Act (ESA).

**AUSTIN HOUSING FINANCE CORPORATION (AHFC)**

Accounts for the activities of the Austin Housing Finance Corporation. (blended component unit)

**AUSTIN HOUSING PUBLIC FACILITY CORPORATION (AHPFC)**

Accounts for the activities of the Austin Housing Public Facility Corporation. (blended component unit)

**Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2023**  
(In thousands)

City of Austin, Texas  
Exhibit E-6

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Austin Housing Finance Corporation	Austin Housing Public Facility Corporation	Total
<b>ASSETS</b>					
Pooled investments and cash	\$ 3,427	381,339	15,483	376	400,625
Cash held by trustee - restricted	671	6,269	--	--	6,940
Investments held by trustee - restricted	--	9,845	--	--	9,845
Accounts receivable, net of allowance	--	40,463	--	--	40,463
Interest receivable	--	1,001	54	1	1,056
Receivables from other governments	45,280	--	61	5	45,346
Leases receivable	--	1,927	--	--	1,927
Notes receivable, net of allowance	--	2,485	62,185	--	64,670
Due from other funds	--	42,398	--	--	42,398
Real property held for resale	--	--	3,499	--	3,499
Other assets	728	3,432	5,182	--	9,342
<b>Total assets</b>	<b>50,106</b>	<b>489,159</b>	<b>86,464</b>	<b>382</b>	<b>626,111</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	2,667	14,597	2,572	--	19,836
Accrued payroll	42	125	--	--	167
Due to other funds	41,108	1,333	--	--	42,441
Unearned revenue	3,619	113,292	--	--	116,911
Deposits and other liabilities	2,670	91,745	872	--	95,287
<b>Total liabilities</b>	<b>50,106</b>	<b>221,092</b>	<b>3,444</b>	<b>--</b>	<b>274,642</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>--</b>	<b>4,610</b>	<b>5,210</b>	<b>--</b>	<b>9,820</b>
<b>FUND BALANCES</b>					
Restricted	--	173,851	77,810	382	252,043
Committed	--	90,855	--	--	90,855
Assigned	--	1,385	--	--	1,385
Unassigned	--	(2,634)	--	--	(2,634)
<b>Total fund balances</b>	<b>--</b>	<b>263,457</b>	<b>77,810</b>	<b>382</b>	<b>341,649</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 50,106</b>	<b>489,159</b>	<b>86,464</b>	<b>382</b>	<b>626,111</b>

**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-7**

	<b>Federal, State, and Other Special Revenue Grants</b>	<b>Other Special Revenue Funds</b>	<b>Austin Housing Finance Corporation</b>	<b>Austin Housing Public Facility Corporation</b>	<b>Total</b>
<b>REVENUES</b>					
Property taxes	\$ --	185,002	--	--	185,002
Franchise fees and other taxes	--	176,783	--	--	176,783
Fines, forfeitures, and penalties	--	2,249	--	--	2,249
Licenses, permits and inspections	--	3,463	--	--	3,463
Charges for services/goods	--	29,645	--	--	29,645
Intergovernmental	86,411	50,570	8,455	349	145,785
Property owners' participation and contributions	--	4,654	--	--	4,654
Lease revenue	--	29	--	--	29
Interest and other income (loss)	--	16,277	476	3	16,756
<b>Total revenues</b>	<b>86,411</b>	<b>468,672</b>	<b>8,931</b>	<b>352</b>	<b>564,366</b>
<b>EXPENDITURES</b>					
Current:					
General government	838	431	--	--	1,269
Public safety	8,244	3,720	--	--	11,964
Transportation, planning, and sustainability	110	165,761	--	--	165,871
Public health	44,257	47,752	--	--	92,009
Public recreation and culture	192	1,353	--	--	1,545
Urban growth management	33,289	48,580	42,664	--	124,533
Debt service:					
Principal	--	3,456	--	--	3,456
Interest	--	1,381	--	--	1,381
Lease and IT subscription financing principal	113	1,091	--	--	1,204
Interest expense on leases and IT subscriptions	13	14	--	--	27
<b>Total expenditures</b>	<b>87,056</b>	<b>273,539</b>	<b>42,664</b>	<b>--</b>	<b>403,259</b>
Excess (deficiency) of revenues over (under) expenditures	(645)	195,133	(33,733)	352	161,107
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease and IT subscription proceeds	645	1,524	--	--	2,169
Transfers in	--	34,266	59,378	--	93,644
Transfers out	--	(185,424)	--	--	(185,424)
<b>Total other financing sources (uses)</b>	<b>645</b>	<b>(149,634)</b>	<b>59,378</b>	<b>--</b>	<b>(89,611)</b>
Net change in fund balances	--	45,499	25,645	352	71,496
Fund balances at beginning of year, as restated	--	217,958	52,165	30	270,153
<b>Fund balances at end of year</b>	<b>\$ --</b>	<b>263,457</b>	<b>77,810</b>	<b>382</b>	<b>341,649</b>

Special Revenue Funds  
Combining Balance Sheet - All Special Revenue Grants  
September 30, 2023  
(In thousands)

City of Austin, Texas  
Exhibit E-8

	Assets					Liabilities and Fund Balances							
	Receivables					Deposits and					Total		
	Pooled	Cash Held	from	Other	Total	Accounts	Due to	Unearned	Other	Total	Fund	Liabilities	
	Investments by Trustee, and Cash	Restricted	Governments	Assets	Assets	Payable	Payroll	Revenue	Liabilities	Liabilities	Balances	and Fund	Balances
<b>Federal grants</b>													
Corporation for National and Community Services	\$ --	--	7	--	7	--	--	7	--	--	7	--	7
Equal Employment Opportunity Commission	--	--	146	24	170	--	--	170	--	--	170	--	170
Institute of Museum and Library Services	--	--	--	--	--	--	--	--	--	--	--	--	--
National Endowment for the Arts	20	--	99	--	119	--	--	99	20	--	119	--	119
National Science Foundation	4	--	--	--	4	--	--	--	4	4	--	--	4
U.S. Department of Agriculture	175	--	1,970	--	2,145	23	--	1,948	--	174	2,145	--	2,145
U.S. Department of Energy	--	--	--	--	--	--	--	--	--	--	--	--	--
U.S. Department of Health & Human Services	12	--	7,722	12	7,746	1,635	1	5,949	129	32	7,746	--	7,746
U.S. Department of Homeland Security	38	--	17,421	336	17,795	48	--	17,545	202	--	17,795	--	17,795
U.S. Department of Housing and Urban Development	2,264	671	3,684	168	6,787	666	--	2,983	720	2,418	6,787	--	6,787
U.S. Department of Interior	--	--	113	--	113	--	--	113	--	--	113	--	113
U.S. Department of Justice	--	--	1,333	188	1,521	234	35	1,252	--	--	1,521	--	1,521
U.S. Department of Labor	--	--	10	--	10	--	--	10	--	--	10	--	10
U.S. Department of State	7	--	--	--	7	--	--	--	--	7	7	--	7
U.S. Department of Transportation	17	--	3,737	--	3,754	14	3	3,720	17	--	3,754	--	3,754
U.S. Department of Treasury	763	--	--	--	763	--	--	--	763	--	763	--	763
<b>Total federal grants</b>	<b>3,300</b>	<b>671</b>	<b>36,242</b>	<b>728</b>	<b>40,941</b>	<b>2,620</b>	<b>39</b>	<b>33,796</b>	<b>1,851</b>	<b>2,635</b>	<b>40,941</b>	<b>--</b>	<b>40,941</b>
<b>State grants</b>													
Texas Commission of Environmental Quality	--	--	691	--	691	--	--	691	--	--	691	--	691
Texas Department of Housing and Community Affairs	--	--	193	--	193	28	--	165	--	--	193	--	193
Texas Department of Family & Protective Services	--	--	--	--	--	--	--	--	--	--	--	--	--
Texas Department of Motor Vehicles	--	--	160	--	160	18	3	139	--	--	160	--	160
Texas Department of State Health Services	--	--	294	--	294	--	--	294	--	--	294	--	294
Texas Governor's Office Criminal Justice Division	--	--	116	--	116	--	--	94	--	22	116	--	116
Texas Parks and Wildlife Department	--	--	28	--	28	--	--	28	--	--	28	--	28
<b>Total state grants</b>	<b>--</b>	<b>--</b>	<b>1,482</b>	<b>--</b>	<b>1,482</b>	<b>46</b>	<b>3</b>	<b>1,411</b>	<b>--</b>	<b>22</b>	<b>1,482</b>	<b>--</b>	<b>1,482</b>
<b>Other special revenue grants</b>	<b>127</b>	<b>--</b>	<b>7,556</b>	<b>--</b>	<b>7,683</b>	<b>1</b>	<b>--</b>	<b>5,901</b>	<b>1,768</b>	<b>13</b>	<b>7,683</b>	<b>--</b>	<b>7,683</b>
<b>Total all grants</b>	<b>\$ 3,427</b>	<b>671</b>	<b>45,280</b>	<b>728</b>	<b>50,106</b>	<b>2,667</b>	<b>42</b>	<b>41,108</b>	<b>3,619</b>	<b>2,670</b>	<b>50,106</b>	<b>--</b>	<b>50,106</b>

**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - All Special Revenue Grants**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-9**

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	Revenues	Expenditures	Excess (Deficiency) Of Revenues Over (Under) Expenditures	Other Financing Sources	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Inter- governmental	Special Projects				
<b>Federal grants</b>						
Corporation for National and Community Services	\$ 47	47	--	--	--	--
Equal Employment Opportunity Commission	36	36	--	--	--	--
Institute of Museum and Library Services	46	46	--	--	--	--
National Endowment for the Arts	17	17	--	--	--	--
National Science Foundation	--	--	--	--	--	--
U.S. Department of Agriculture	6,965	7,610	(645)	645	--	--
U.S. Department of Energy	--	--	--	--	--	--
U.S. Department of Health & Human Services	25,511	25,511	--	--	--	--
U.S. Department of Homeland Security	11,133	11,133	--	--	--	--
U.S. Department of Housing and Urban Development	17,611	17,611	--	--	--	--
U.S. Department of Interior	43	43	--	--	--	--
U.S. Department of Justice	2,630	2,630	--	--	--	--
U.S. Department of Labor	--	--	--	--	--	--
U.S. Department of State	--	--	--	--	--	--
U.S. Department of Transportation	752	752	--	--	--	--
U.S. Department of Treasury	275	275	--	--	--	--
<b>Total federal grants</b>	<u>65,066</u>	<u>65,711</u>	<u>(645)</u>	<u>645</u>	<u>--</u>	<u>--</u>
<b>State grants</b>						
Texas Commission on Environmental Quality	--	--	--	--	--	--
Texas Department of Housing and Community Affairs	487	487	--	--	--	--
Texas Department of Family & Protective Services	182	182	--	--	--	--
Texas Department of Motor Vehicles	419	419	--	--	--	--
Texas Department of State Health Services	1,893	1,893	--	--	--	--
Texas Governor's Office Criminal Justice Division	853	853	--	--	--	--
Texas Parks and Wildlife Department	--	--	--	--	--	--
<b>Total state grants</b>	<u>3,834</u>	<u>3,834</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Other special revenue grants</b>	<u>17,511</u>	<u>17,511</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Total all grants</b>	<u>\$ 86,411</u>	<u>87,056</u>	<u>(645)</u>	<u>645</u>	<u>--</u>	<u>--</u>

**Special Revenue Funds**  
**Combining Schedule of Expenditures - All Special Revenue Grants**  
**From Inception to September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-10**

	Total Expenditures at Beginning of Year			Current Year		Total Expenditures at End of Year			Budget		
	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
<b>Federal grants</b>											
Corporation for National and Community Services	\$ 100	78	178	47	23	147	101	248	251	120	371
Equal Employment Opportunity Commission	1,447	--	1,447	36	--	1,483	--	1,483	1,600	--	1,600
Institute of Museum and Library Services	435	33	468	46	--	481	33	514	814	33	847
National Endowment for the Arts	226	94	320	17	--	243	94	337	252	108	360
National Science Foundation	174	18	192	--	--	174	18	192	175	20	195
U.S. Department of Agriculture	92,083	5	92,088	7,610	--	99,693	5	99,698	105,407	5	105,412
U.S. Department of Energy	806	1,191	1,997	--	9	806	1,200	2,006	1,063	1,217	2,280
U.S. Department of Health & Human Services	232,756	1,894	234,650	25,511	182	258,267	2,076	260,343	308,958	2,596	311,554
U.S. Department of Homeland Security	93,755	5,428	99,183	11,133	813	104,888	6,241	111,129	120,115	7,212	127,327
U.S. Department of Housing and Urban Development	397,397	7,783	405,180	17,611	472	415,008	8,255	423,263	437,019	8,844	445,863
U.S. Department of Interior	1,081	1,222	2,303	43	51	1,124	1,273	2,397	1,750	1,279	3,029
U.S. Department of Justice	48,995	7,368	56,363	2,630	38	51,625	7,406	59,031	57,793	8,120	65,913
U.S. Department of Labor	68	--	68	--	--	68	--	68	82	--	82
U.S. Department of State	1,227	--	1,227	--	--	1,227	--	1,227	1,351	166	1,517
U.S. Department of Transportation	62,759	17,554	80,313	752	1,450	63,511	19,004	82,515	100,391	27,192	127,583
U.S. Department of Treasury	72,577	--	72,577	275	--	72,852	--	72,852	73,798	--	73,798
<b>Total federal grants</b>	<b>1,005,886</b>	<b>42,668</b>	<b>1,048,554</b>	<b>65,711</b>	<b>3,038</b>	<b>1,071,597</b>	<b>45,706</b>	<b>1,117,303</b>	<b>1,210,819</b>	<b>56,912</b>	<b>1,267,731</b>
<b>State grants</b>											
Texas Commission on Environmental Quality	7,768	5,539	13,307	--	--	7,768	5,539	13,307	9,546	5,577	15,123
Texas Department of Housing and Community Affairs	7,979	192	8,171	487	--	8,466	192	8,658	8,822	192	9,014
Texas Department of Family & Protective Services	674	--	674	182	--	856	--	856	856	--	856
Texas Department of Motor Vehicles	5,706	2,134	7,840	419	201	6,125	2,335	8,460	6,742	2,565	9,307
Texas Department of State Health Services	14,749	1,268	16,017	1,893	129	16,642	1,397	18,039	18,915	1,493	20,408
Texas Governor's Office Criminal Justice Division	2,304	344	2,648	853	--	3,157	344	3,501	3,392	345	3,737
Texas Parks and Wildlife Department	4,629	5,292	9,921	--	416	4,629	5,708	10,337	5,709	5,789	11,498
<b>Total state grants</b>	<b>43,809</b>	<b>14,769</b>	<b>58,578</b>	<b>3,834</b>	<b>746</b>	<b>47,643</b>	<b>15,515</b>	<b>63,158</b>	<b>53,982</b>	<b>15,961</b>	<b>69,943</b>
<b>Other special revenue grants</b>	<b>14,449</b>	<b>177</b>	<b>14,626</b>	<b>17,511</b>	<b>22</b>	<b>31,960</b>	<b>199</b>	<b>32,159</b>	<b>73,141</b>	<b>549</b>	<b>73,690</b>
<b>Total all grants</b>	<b>\$ 1,064,144</b>	<b>57,614</b>	<b>1,121,758</b>	<b>87,056</b>	<b>3,806</b>	<b>1,151,200</b>	<b>61,420</b>	<b>1,212,620</b>	<b>1,337,942</b>	<b>73,422</b>	<b>1,411,364</b>

**Special Revenue Funds - Other**  
**Combining Balance Sheet**  
**September 30, 2023**  
(In thousands)

	<b>Assets</b>							
	<b>Pooled Investments and Cash</b>	<b>Cash Held by Trustee, Restricted</b>	<b>Investments Held by Trustee, Restricted</b>	<b>Net Accounts Receivable</b>	<b>Net Other Receivable</b>	<b>Due from Other Funds</b>	<b>Other Assets</b>	<b>Total Assets</b>
<b>General government</b>								
<i>Municipal Court:</i>								
Municipal Court Local								
Consolidated Court	\$ 476	--	--	--	--	--	2	478
Total Municipal Court	476	--	--	--	--	--	2	478
<i>Other general government:</i>								
Campaign Financing	22	--	--	--	--	--	--	22
Total other general government	22	--	--	--	--	--	--	22
<b>Total general government</b>	498	--	--	--	--	--	2	500
<b>Public safety</b>								
<i>Police:</i>								
ARIC Sustainability	2,868	--	--	--	--	--	10	2,878
Auto Theft Interdiction	37	--	--	--	--	--	--	37
Police Benefit	235	--	--	--	--	--	--	235
Police Federal Dept. of Justice Asset Forfeiture	2,410	--	--	--	--	--	8	2,418
Police Federal Dept. of Treasury Asset Forfeiture	3,983	--	--	--	--	--	15	3,998
Police State Contraband Asset Forfeiture	2,683	--	--	--	--	--	9	2,692
Police State Gambling Asset Forfeiture	677	--	--	--	--	--	2	679
Total Police	12,893	--	--	--	--	--	44	12,937
<i>Fire:</i>								
Fire Miscellaneous	61	--	--	--	--	--	--	61
Total Fire	61	--	--	--	--	--	--	61
<b>Total public safety</b>	12,954	--	--	--	--	--	44	12,998
<b>Transportation, planning, and sustainability</b>								
<i>Public Works and Transportation:</i>								
Child Safety	633	--	--	8	--	--	2	643
Project Connect	211	--	--	--	--	--	1	212
Project Connect - Office	--	--	--	1,152	--	--	3	1,155
Total Public Works and Transportation	844	--	--	1,160	--	--	6	2,010
<b>Total transportation, planning, and sustainability</b>	844	--	--	1,160	--	--	6	2,010
<b>Public health</b>								
<i>Health &amp; Human Services:</i>								
Coronavirus State & Local Fiscal Recovery	121,043	--	--	--	--	1,152	124	122,319
Health Miscellaneous	163	--	--	--	--	--	--	163
Opioid Settlement	1,508	--	--	--	--	--	--	1,508
Total Health & Human Services	122,714	--	--	--	--	1,152	124	123,990
<i>Other public health:</i>								
Animal Services	502	--	--	--	--	--	3	505
Total other public health	502	--	--	--	--	--	3	505
<b>Total public health</b>	\$ 123,216	--	--	--	--	1,152	127	124,495



Liabilities							Fund Balances					Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Accounts Payable	Accrued Payroll	Due to Other Funds	Unearned Revenue	Deposits and Other Liabilities	Total Liabilities	Deferred Inflows of Resources	Restr- icted	Com- mitted	Assi- gned	Unass- igned	Total Fund Balances	
4	--	--	--	--	4	--	474	--	--	--	474	478
4	--	--	--	--	4	--	474	--	--	--	474	478
--	--	--	--	--	--	--	22	--	--	--	22	22
--	--	--	--	--	--	--	22	--	--	--	22	22
4	--	--	--	--	4	--	496	--	--	--	496	500
--	--	--	--	--	--	--	2,878	--	--	--	2,878	2,878
--	--	--	--	--	--	--	37	--	--	--	37	37
--	--	--	--	--	--	--	235	--	--	--	235	235
3	--	--	--	--	3	--	2,415	--	--	--	2,415	2,418
--	--	--	--	--	--	--	3,998	--	--	--	3,998	3,998
--	--	--	--	--	--	--	2,692	--	--	--	2,692	2,692
--	--	--	--	--	--	--	679	--	--	--	679	679
3	--	--	--	--	3	--	12,934	--	--	--	12,934	12,937
--	--	--	--	--	--	--	61	--	--	--	61	61
--	--	--	--	--	--	--	61	--	--	--	61	61
3	--	--	--	--	3	--	12,995	--	--	--	12,995	12,998
11	28	--	--	--	39	--	604	--	--	--	604	643
--	--	--	--	315	315	--	--	--	--	(103)	(103)	212
5	34	1,152	--	--	1,191	--	--	--	--	(36)	(36)	1,155
16	62	1,152	--	315	1,545	--	604	--	--	(139)	465	2,010
16	62	1,152	--	315	1,545	--	604	--	--	(139)	465	2,010
8,972	55	--	113,292	--	122,319	--	--	--	--	--	--	122,319
--	--	--	--	108	108	--	55	--	--	--	55	163
--	--	--	--	--	--	--	1,508	--	--	--	1,508	1,508
8,972	55	--	113,292	108	122,427	--	1,563	--	--	--	1,563	123,990
49	2	--	--	60	111	--	394	--	--	--	394	505
49	2	--	--	60	111	--	394	--	--	--	394	505
9,021	57	--	113,292	168	122,538	--	1,957	--	--	--	1,957	124,495

(Continued)

**Special Revenue Funds - Other**  
**Combining Balance Sheet**  
**September 30, 2023**  
(In thousands)

	<b>Assets</b>							
	<b>Pooled Investments and Cash</b>	<b>Cash Held by Trustee, Restricted</b>	<b>Investments Held by Trustee, Restricted</b>	<b>Net Accounts Receivable</b>	<b>Net Other Receivable</b>	<b>Due from Other Funds</b>	<b>Other Assets</b>	<b>Total Assets</b>
<b>Public recreation and culture</b>								
<i>Austin Public Library:</i>								
Austin History Center	\$ 147	--	--	--	--	--	--	147
Friends of Austin Public Library	619	--	--	--	--	--	--	619
Library Facilities Maintenance and Improvements	3,106	--	--	49	--	--	--	3,155
Special Library	1,714	--	--	--	--	--	--	1,714
Total Austin Public Library	5,586	--	--	49	--	--	--	5,635
<i>Parks and Recreation:</i>								
PARD Parking	633	--	--	--	--	--	3	636
Total Parks and Recreation	633	--	--	--	--	--	3	636
<b>Total public recreation and culture</b>	6,219	--	--	49	--	--	3	6,271
<b>Urban growth management</b>								
<i>Housing &amp; Planning:</i>								
Homestead Preservation								
Reinvestment Tax Increment	16,392	--	--	--	--	--	--	16,392
Housing Loan	--	--	--	--	2,477	--	--	2,477
Neighborhood Revitalization	3,536	--	--	--	--	--	--	3,536
UNO Housing Trust	3,135	--	--	--	--	--	11	3,146
Urban Renewal Agency	--	--	--	--	--	--	--	--
Total Housing & Planning	23,063	--	--	--	2,477	--	11	25,551
<i>Development Services &amp; Watershed Protection:</i>								
Austin Industrial Development Corporation (AIDC)	1	--	--	--	--	--	--	1
Austin Lake Hills Water Quality	105	--	--	--	--	--	--	105
Barton Springs Zone Mitigation	199	--	--	--	--	--	--	199
Fiscal Surety-Land Development	41,702	--	--	--	--	41,109	302	83,113
Planting for the Future	65	--	--	--	--	--	--	65
Riparian Zone Mitigation	5,197	--	--	--	--	--	17	5,214
Urban Forest Replenishment	8,438	--	--	--	8	--	29	8,475
Water Supply Mitigation	9	--	--	--	--	--	--	9
Total Development Services & Watershed Protection	\$ 55,716	--	--	--	8	41,109	348	97,181

(Continued)

Liabilities							Fund Balances					Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Accounts Payable	Accrued Payroll	Due to Other Funds	Unearned Revenue	Deposits and Other Liabilities	Total Liabilities	Deferred Inflows of Resources	Restr- icted	Com- mitted	Assi- gned	Unass- igned	Total Fund Balances	
4	--	--	--	--	4	--	143	--	--	--	143	147
--	--	--	--	--	--	--	619	--	--	--	619	619
1	--	--	--	104	105	--	3,050	--	--	--	3,050	3,155
1	--	--	--	--	1	--	1,713	--	--	--	1,713	1,714
6	--	--	--	104	110	--	5,525	--	--	--	5,525	5,635
--	--	--	--	--	--	--	636	--	--	--	636	636
--	--	--	--	--	--	--	636	--	--	--	636	636
6	--	--	--	104	110	--	6,161	--	--	--	6,161	6,271
--	--	--	--	--	--	--	16,392	--	--	--	16,392	16,392
--	--	--	--	--	--	--	2,477	--	--	--	2,477	2,477
--	--	--	--	255	255	--	3,281	--	--	--	3,281	3,536
--	--	--	--	--	--	--	2,446	--	700	--	3,146	3,146
--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	255	255	--	24,596	--	700	--	25,296	25,551
--	--	--	--	--	--	--	--	--	1	--	1	1
--	--	--	--	--	--	--	--	105	--	--	105	105
--	--	--	--	--	--	--	--	198	1	--	199	199
75	--	43	--	85,490	85,608	--	--	--	--	(2,495)	(2,495)	83,113
--	--	--	--	--	--	--	65	--	--	--	65	65
--	--	--	--	--	--	--	--	5,080	134	--	5,214	5,214
115	--	--	--	--	115	--	--	7,816	544	--	8,360	8,475
--	--	--	--	--	--	--	--	9	--	--	9	9
190	--	43	--	85,490	85,723	--	65	13,208	680	(2,495)	11,458	97,181

(Continued)

**Special Revenue Funds - Other**  
**Combining Balance Sheet**  
**September 30, 2023**  
(In thousands)

<b>Assets</b>								
	<b>Pooled Investments and Cash</b>	<b>Cash Held by Trustee, Restricted</b>	<b>Investments Held by Trustee, Restricted</b>	<b>Net Accounts Receivable</b>	<b>Net Other Receivable</b>	<b>Due from Other Funds</b>	<b>Other Assets</b>	<b>Total Assets</b>
<b>Urban growth management, continued</b>								
<i>Other urban growth management :</i>								
Austin Cable Access	\$ 6,762	--	--	11	--	--	39	6,812
City Hall	693	--	--	--	1,927	--	3	2,623
Cultural Arts	26,531	--	--	--	--	--	94	26,625
Downtown Public Improvement District	8,603	--	--	41	--	--	31	8,675
East Sixth Street Public Improvement District	132	--	--	--	--	--	--	132
Estancia Hill Country Public Improvement District	220	--	5,310	1	--	--	1	5,532
Historic Preservation	33,599	--	--	--	--	--	139	33,738
Hotel-Motel Occupancy Tax	65	--	--	34,289	--	--	--	34,354
I-35 Parking Program	48	--	--	--	--	--	--	48
Indian Hills Public Improvement District	197	--	535	--	--	--	--	732
Live Music	9,410	--	--	--	--	--	25	9,435
Mueller Development	162	--	--	2,708	--	--	1	2,871
Mueller Local Government Corporation	30,804	1,013	--	--	--	--	110	31,927
Mueller Tax Increment Financing	--	--	--	--	--	--	--	--
One Texas Center	--	--	--	144	--	--	--	144
Permitting & Development Center	--	--	--	--	--	--	--	--
Public Arts	14	--	--	--	--	--	--	14
Rainey Street Historic District	922	--	--	--	--	--	3	925
Rutherford Lane Facility	780	--	--	--	--	--	2	782
Seaholm Tax Increment Financing	2,818	--	--	--	--	--	10	2,828
Second Street Tax Increment Financing	235	--	--	--	--	--	1	236
Section 108 Family Business Loan	693	5,256	--	--	--	--	3,277	9,226
South Congress Public Improvement District	158	--	--	--	--	--	1	159
Tourism and Promotion	4,241	--	--	--	--	--	15	4,256
Vehicle Rental Tax	--	--	--	2,060	--	--	16	2,076
Waller Creek Reserve	30,086	--	--	--	--	137	119	30,342
Waller Creek Tax Increment Financing	--	--	--	--	--	--	--	--
Whisper Valley Public Improvement District	871	--	4,000	--	--	--	3	4,874
Wildland Conservation	785	--	--	--	--	--	2	787
Total other urban growth management	158,829	6,269	9,845	39,254	1,927	137	3,892	220,153
<b>Total urban growth management</b>	237,608	6,269	9,845	39,254	4,412	41,246	4,251	342,885
<b>Total</b>	<b>\$ 381,339</b>	<b>6,269</b>	<b>9,845</b>	<b>40,463</b>	<b>4,412</b>	<b>42,398</b>	<b>4,433</b>	<b>489,159</b>

(Continued)

Liabilities							Fund Balances						Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Accounts Payable	Accrued Payroll	Due to Other Funds	Unearned Revenue	Deposits and Other Liabilities	Total Liabilities	Deferred Inflows of Resources	Restricted	Committed	Assigned	Unassigned	Total Fund Balances		
43	--	--	--	--	43	--	6,769	--	--	--	6,769	6,812	
196	--	--	--	--	196	1,902	--	525	--	--	525	2,623	
3,359	--	--	--	--	3,359	--	23,266	--	--	--	23,266	26,625	
1	--	--	--	--	1	--	8,674	--	--	--	8,674	8,675	
--	--	--	--	--	--	--	132	--	--	--	132	132	
4	--	--	--	26	30	--	5,502	--	--	--	5,502	5,532	
--	--	--	--	--	--	--	33,735	--	3	--	33,738	33,738	
--	--	--	--	65	65	--	34,289	--	--	--	34,289	34,354	
--	--	--	--	--	--	--	46	--	2	--	48	48	
3	--	--	--	--	3	--	729	--	--	--	729	732	
484	--	--	--	--	484	--	--	8,951	--	--	8,951	9,435	
--	--	--	--	7	7	2,708	--	156	--	--	156	2,871	
--	--	--	--	--	--	--	--	31,927	--	--	31,927	31,927	
--	--	--	--	--	--	--	--	--	--	--	--	--	
--	--	100	--	--	100	--	--	44	--	--	44	144	
--	--	--	--	--	--	--	--	--	--	--	--	--	
--	--	--	--	2	2	--	--	12	--	--	12	14	
--	--	--	--	--	--	--	925	--	--	--	925	925	
81	--	--	--	--	81	--	--	701	--	--	701	782	
--	--	--	--	--	--	--	2,828	--	--	--	2,828	2,828	
11	--	--	--	--	11	--	225	--	--	--	225	236	
2	--	--	--	5,256	5,258	--	--	3,968	--	--	3,968	9,226	
66	--	--	--	--	66	--	93	--	--	--	93	159	
1,089	--	--	--	--	1,089	--	2,924	243	--	--	3,167	4,256	
--	--	38	--	--	38	--	2,038	--	--	--	2,038	2,076	
--	--	--	--	--	--	--	--	30,342	--	--	30,342	30,342	
--	--	--	--	--	--	--	--	--	--	--	--	--	
15	--	--	--	57	72	--	4,802	--	--	--	4,802	4,874	
3	6	--	--	--	9	--	--	778	--	--	778	787	
5,357	6	138	--	5,413	10,914	4,610	126,977	77,647	5	--	204,629	220,153	
5,547	6	181	--	91,158	96,892	4,610	151,638	90,855	1,385	(2,495)	241,383	342,885	
14,597	125	1,333	113,292	91,745	221,092	4,610	173,851	90,855	1,385	(2,634)	263,457	489,159	

**Special Revenue Funds - Other**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2023**  
(In thousands)

	Revenues							Interest and Other Income (Loss)	Total Revenues
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Licenses, Permits, and Inspections	Charges for Services/ Goods	Intergov- ernmental	Contri- butions		
<b>General government</b>									
<i>Municipal Court:</i>									
Municipal Court Local Consolidated Court	\$ --	--	231	--	--	--	--	20	251
Total Municipal Court	--	--	231	--	--	--	--	20	251
<i>Other general government:</i>									
Campaign Financing	--	--	--	--	--	--	25	--	25
Total other general government	--	--	--	--	--	--	25	--	25
<b>Total general government</b>	--	--	231	--	--	--	25	20	276
<b>Public safety</b>									
<i>Police:</i>									
ARIC Sustainability	--	--	--	--	--	--	449	97	546
Auto Theft Interdiction	--	--	--	--	--	--	--	1	1
Police Benefit	--	--	--	--	--	--	107	--	107
Police Federal Dept. of Justice Asset Forfeiture	--	--	466	--	--	--	--	86	552
Police Federal Dept. of Treasury Asset Forfeiture	--	--	15	--	--	--	--	133	148
Police State Contraband Asset Forfeiture	--	--	--	--	--	--	--	92	92
Police State Gambling Asset Forfeiture	--	--	--	--	--	--	--	21	21
Total Police	--	--	481	--	--	--	556	430	1,467
<i>Fire:</i>									
Fire Miscellaneous	--	--	--	--	--	--	--	2	2
Total Fire	--	--	--	--	--	--	--	2	2
<b>Total public safety</b>	--	--	481	--	--	--	556	432	1,469
<b>Transportation, planning, and sustainability</b>									
<i>Public Works and Transportation:</i>									
Child Safety	--	--	1,537	--	--	--	--	9	1,546
Project Connect	159,338	--	--	--	--	--	--	1,655	160,993
Project Connect - Office	--	--	--	--	--	2,640	--	--	2,640
Total Public Works and Transportation	159,338	--	1,537	--	--	2,640	--	1,664	165,179
<b>Total transportation, planning, and sustainability</b>	159,338	--	1,537	--	--	2,640	--	1,664	165,179
<b>Public health</b>									
<i>Health &amp; Human Services:</i>									
Coronavirus State & Local Fiscal Recovery	--	--	--	--	--	47,930	--	--	47,930
Health Miscellaneous	--	--	--	--	--	--	--	--	--
Opioid Settlement	--	--	--	--	1,531	--	--	--	1,531
Total Health & Human Services	--	--	--	--	1,531	47,930	--	--	49,461
<i>Other public health:</i>									
Animal Services	--	--	--	--	--	--	302	24	326
Total other public health	--	--	--	--	--	--	302	24	326
<b>Total public health</b>	\$ --	--	--	--	1,531	47,930	302	24	49,787

(1) Expenditures include capital outlay of \$2.19 million.

Expenditures			Excess (Deficiency) Of Revenues Over (Under) Expenditures	Other Financing Sources (Uses)			Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
Current Expend- itures (1)	Debt Service			Lease and IT Subscription Proceeds	Transfers In	Transfers Out			
	Principal	Interest							
365	--	--	(114)	--	--	--	(114)	588	474
365	--	--	(114)	--	--	--	(114)	588	474
66	--	--	(41)	--	--	--	(41)	63	22
66	--	--	(41)	--	--	--	(41)	63	22
431	--	--	(155)	--	--	--	(155)	651	496
1,899	--	--	(1,353)	1,524	--	--	171	2,707	2,878
--	--	--	1	--	--	--	1	36	37
273	--	--	(166)	--	--	--	(166)	401	235
698	--	--	(146)	--	--	--	(146)	2,561	2,415
420	--	--	(272)	--	--	--	(272)	4,270	3,998
751	--	--	(659)	--	--	--	(659)	3,351	2,692
--	--	--	21	--	--	--	21	658	679
4,041	--	--	(2,574)	1,524	--	--	(1,050)	13,984	12,934
--	--	--	2	--	--	--	2	59	61
--	--	--	2	--	--	--	2	59	61
4,041	--	--	(2,572)	1,524	--	--	(1,048)	14,043	12,995
3,231	--	--	(1,685)	--	2,050	--	365	239	604
159,868	--	--	1,125	--	--	(1,225)	(100)	(3)	(103)
2,662	--	--	(22)	--	--	--	(22)	(14)	(36)
165,761	--	--	(582)	--	2,050	(1,225)	243	222	465
165,761	--	--	(582)	--	2,050	(1,225)	243	222	465
47,930	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	55	55
23	--	--	1,508	--	--	--	1,508	--	1,508
47,953	--	--	1,508	--	--	--	1,508	55	1,563
583	--	--	(257)	--	--	--	(257)	651	394
583	--	--	(257)	--	--	--	(257)	651	394
48,536	--	--	1,251	--	--	--	1,251	706	1,957

(Continued)

**Special Revenue Funds - Other**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2023**  
**(In thousands)**

	Revenues								
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Licenses, Permits, and Inspections	Charges for Services/ Goods	Intergov- ernmental butions	Contri- butions	Interest and Other Income (Loss)	Total Revenues
Public recreation and culture									
Austin Public Library:									
Austin History Center	\$	--	--	--	--	--	22	--	22
Friends of Austin Public Library		--	--	--	--	--	125	--	125
Library Facilities Maintenance and Improvements		--	--	--	808	--	--	355	1,163
Special Library		--	--	--	--	--	89	--	89
Total Austin Public Library		--	--	--	808	--	236	355	1,399
Parks and Recreation:									
PARD Parking		--	--	--	209	--	--	1,528	1,737
Total parks and recreation		--	--	--	209	--	--	1,528	1,737
Total public recreation and culture		--	--	--	1,017	--	236	1,883	3,136
Urban growth management									
Housing & Planning:									
Homestead Preservation									
Reinvestment Tax Increment		4,998	--	--	--	--	--	--	4,998
Housing Loan		--	--	--	--	--	--	--	--
Neighborhood Revitalization		--	--	--	--	--	--	3,300	3,300
UNO Housing Trust		--	--	--	602	--	--	86	688
Urban Renewal Agency		--	--	--	--	--	--	--	--
Total Housing & Planning		4,998	--	--	602	--	--	3,386	8,986
Development Services & Watershed Protection:									
Austin Industrial Development Corporation (AIDC)		--	--	--	--	--	--	--	--
Austin Lake Hills Water Quality		--	--	--	--	--	--	3	3
Barton Springs Zone Mitigation		--	--	--	--	--	198	--	198
Fiscal Surety-Land Development		--	--	--	--	--	--	2,590	2,590
Planting for the Future		--	--	--	--	--	24	--	24
Riparian Zone Mitigation		--	--	--	--	--	3,313	89	3,402
Urban Forest Replenishment		--	--	3,463	--	--	--	248	3,711
Water Supply Mitigation		--	--	--	--	--	--	--	--
Total Development Services & Watershed Protection	\$	--	--	3,463	--	--	3,535	2,930	9,928

(1) Expenditures include capital outlay of \$2.19 million.



(Continued)

Expenditures			Excess (Deficiency) Of Revenues Over (Under) Expenditures	Other Financing Sources (Uses)			Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
Current Expend- itures (1)	Debt Service			Lease and IT Subscription Proceeds	Transfers In	Transfers Out			
	Principal	Interest							
13	--	--	9	--	--	--	9	134	143
204	--	--	(79)	--	--	--	(79)	698	619
778	--	--	385	--	--	--	385	2,665	3,050
111	--	--	(22)	--	--	--	(22)	1,735	1,713
1,106	--	--	293	--	--	--	293	5,232	5,525
247	--	--	1,490	--	--	(1,084)	406	230	636
247	--	--	1,490	--	--	(1,084)	406	230	636
1,353	--	--	1,783	--	--	(1,084)	699	5,462	6,161
--	--	--	4,998	--	--	--	4,998	11,394	16,392
161	--	--	(161)	--	--	--	(161)	2,638	2,477
--	--	--	3,300	--	--	--	3,300	(19)	3,281
--	--	--	688	--	--	--	688	2,458	3,146
682	--	--	(682)	--	4	--	(678)	678	--
843	--	--	8,143	--	4	--	8,147	17,149	25,296
--	--	--	--	--	--	--	--	1	1
--	--	--	3	--	--	--	3	102	105
--	--	--	198	--	--	--	198	1	199
--	--	--	2,590	--	--	--	2,590	(5,085)	(2,495)
246	--	--	(222)	--	--	--	(222)	287	65
--	--	--	3,402	--	--	--	3,402	1,812	5,214
2,382	--	--	1,329	--	--	(1,666)	(337)	8,697	8,360
--	--	--	--	--	--	--	--	9	9
2,628	--	--	7,300	--	--	(1,666)	5,634	5,824	11,458

(Continued)

**Special Revenue Funds - Other**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2023**  
**(In thousands)**

	Revenues								Total
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Licenses, Permits, and Inspections	Charges for Services/ Goods	Intergov- ernmental	Contri- butions	Interest and Other Income (Loss)	
<b>Urban growth management, continued</b>									
<i>Other urban growth management:</i>									
Austin Cable Access	\$ --	1,365	--	--	--	--	--	234	1,599
City Hall	--	--	--	--	1,154	--	--	38	1,192
Cultural Arts	--	15,647	--	--	--	--	--	699	16,346
Downtown Public Improvement District	--	--	--	--	13,342	--	--	372	13,714
East Sixth Street Public Improvement District	--	--	--	--	55	--	--	5	60
Estancia Hill Country Public Improvement District	--	--	--	--	2,646	--	--	199	2,845
Historic Preservation	--	15,647	--	--	--	--	--	1,041	16,688
Hotel-Motel Occupancy Tax	--	125,307	--	--	--	--	--	--	125,307
I-35 Parking Program	--	--	--	--	34	--	--	2	36
Indian Hills Public Improvement District	--	--	--	--	497	--	--	39	536
Live Music	--	--	--	--	--	--	--	197	197
Mueller Development	--	--	--	--	23	--	--	255	278
Mueller Local Government Corporation	--	--	--	--	--	--	--	996	996
Mueller Tax Increment Financing	9,594	--	--	--	--	--	--	15	9,609
One Texas Center	--	--	--	--	188	--	--	--	188
Permitting & Development Center	--	--	--	--	218	--	--	--	218
Public Arts	--	--	--	--	--	--	--	--	--
Rainey Street Historic District	--	--	--	--	--	--	--	29	29
Rutherford Lane Facility	--	--	--	--	3,772	--	--	21	3,793
Seaholm Tax Increment Financing	1,714	--	--	--	--	--	--	58	1,772
Second Street Tax Increment Financing	100	--	--	--	--	--	--	10	110
Section 108 Family Business Loan	--	--	--	--	--	--	--	16	16
South Congress Public Improvement District	--	--	--	--	243	--	--	7	250
Tourism and Promotion	--	5,964	--	--	--	--	--	127	6,091
Vehicle Rental Tax	--	12,853	--	--	--	--	--	85	12,938
Waller Creek Reserve	--	--	--	--	--	--	--	1,002	1,002
Waller Creek Tax Increment Financing	9,258	--	--	--	--	--	--	--	9,258
Whisper Valley Public Improvement District	--	--	--	--	4,352	--	--	244	4,596
Wildland Conservation	--	--	--	--	--	--	--	247	247
Total other urban growth management	20,666	176,783	--	--	26,524	--	--	5,938	229,911
<b>Total urban growth management</b>	25,664	176,783	--	3,463	27,126	--	3,535	12,254	248,825
<b>Total</b>	\$185,002	176,783	2,249	3,463	29,674	50,570	4,654	16,277	468,672

(1) Expenditures include capital outlay of \$2.19 million.

(Continued)

Expenditures			Excess (Deficiency) Of Revenues Over (Under) Expenditures	Other Financing Sources (Uses)			Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
Current Expend- itures (1)	Debt Service			Lease and IT Subscription Proceeds	Transfers In	Transfers Out			
	Principal	Interest							
2,157	--	--	(558)	--	475	(400)	(483)	7,252	6,769
1,018	--	--	174	--	--	(9)	165	360	525
7,754	--	--	8,592	--	--	--	8,592	14,674	23,266
11,637	--	--	2,077	--	360	--	2,437	6,237	8,674
78	--	--	(18)	--	35	--	17	115	132
2,723	--	--	122	--	--	--	122	5,380	5,502
3,324	--	--	13,364	--	4,468	(7,923)	9,909	23,829	33,738
--	--	--	125,307	--	--	(126,582)	(1,275)	35,564	34,289
3	--	--	33	--	--	(102)	(69)	117	48
495	--	--	41	--	--	--	41	688	729
2,606	--	--	(2,409)	--	4,468	--	2,059	6,892	8,951
251	--	--	27	--	--	--	27	129	156
5	3,456	1,381	(3,846)	--	10,603	--	6,757	25,170	31,927
--	--	--	9,609	--	--	(9,609)	--	--	--
--	--	--	188	--	--	(144)	44	--	44
--	--	--	218	--	1,100	(1,318)	--	--	--
--	--	--	--	--	--	--	--	12	12
14	--	--	15	--	200	--	215	710	925
2,215	--	--	1,578	--	--	(2,035)	(457)	1,158	701
--	--	--	1,772	--	--	--	1,772	1,056	2,828
108	--	--	2	--	--	--	2	223	225
22	--	--	(6)	--	--	(987)	(993)	4,961	3,968
258	--	--	(8)	--	3	--	(5)	98	93
6,547	--	--	(456)	--	1,242	--	786	2,381	3,167
--	--	--	12,938	--	--	(14,175)	(1,237)	3,275	2,038
--	--	--	1,002	--	9,258	(8,907)	1,353	28,989	30,342
--	--	--	9,258	--	--	(9,258)	--	--	--
3,677	--	--	919	--	--	--	919	3,883	4,802
217	--	--	30	--	--	--	30	748	778
45,109	3,456	1,381	179,965	--	32,212	(181,449)	30,728	173,901	204,629
48,580	3,456	1,381	195,408	--	32,216	(183,115)	44,509	196,874	241,383
268,702	3,456	1,381	195,133	1,524	34,266	(185,424)	45,499	217,958	263,457

**Special Revenue Funds - Other**  
**Combining Schedule of Revenues, Expenditures, and Transfers -**  
**Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-13**

	<b>Fund Balances at Beginning of Year</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>		<b>Excess of Sources Over (Under) Uses</b>	<b>Adjustments (1)</b>	<b>Fund Balances at End of Year</b>
				<b>Transfer In</b>	<b>Transfer Out</b>			
<b>General government</b>								
<i>Municipal Court:</i>								
Municipal Court Local Consolidated Court								
Actual-budget basis	\$ 588	251	364	--	8	(121)	(21)	446
Budget	756	287	474	--	8	(195)	--	561
Variance-Positive (Negative)	(168)	(36)	110	--	--	74	--	(115)
<b>Public safety</b>								
<i>Police:</i>								
Police Federal Dept. of Justice Asset Forfeiture								
Actual-budget basis	2,561	552	698	--	--	(146)	3	2,418
Budget	2,441	--	2,441	--	--	(2,441)	--	--
Variance-Positive (Negative)	120	552	1,743	--	--	2,295	--	2,418
Police Federal Dept. of Treasury Asset Forfeiture								
Actual-budget basis	4,269	149	4,090	--	--	(3,941)	--	328
Budget	4,177	--	4,177	--	--	(4,177)	--	--
Variance-Positive (Negative)	92	149	87	--	--	236	--	328
Police State Contraband Asset Forfeiture								
Actual-budget basis	3,254	92	1,000	--	--	(908)	--	2,346
Budget	3,318	--	3,318	--	--	(3,318)	--	--
Variance-Positive (Negative)	(64)	92	2,318	--	--	2,410	--	2,346
Police State Gambling Asset Forfeiture								
Actual-budget basis	657	22	--	--	--	22	--	679
Budget	654	--	654	--	--	(654)	--	--
Variance-Positive (Negative)	3	22	654	--	--	676	--	679
<b>Transportation, planning, and sustainability</b>								
<i>Public Works and Transportation:</i>								
Child Safety								
Actual-budget basis	239	1,546	3,257	2,050	12	327	35	601
Budget	237	1,425	3,610	2,050	12	(147)	--	90
Variance-Positive (Negative)	2	121	353	--	--	474	--	511
Project Connect								
Actual-budget basis	(2)	160,992	159,868	--	1,225	(101)	--	(103)
Budget	--	159,171	158,144	--	1,027	--	--	--
Variance-Positive (Negative)	(2)	1,821	(1,724)	--	(198)	(101)	--	(103)

(Continued)

(1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.

**Special Revenue Funds - Other**  
**Combining Schedule of Revenues, Expenditures, and Transfers -**  
**Budget and Actual-Budget Basis**

**City of Austin, Texas**  
**Exhibit E-13**

**For the year ended September 30, 2023**  
**(In thousands)**

**(Continued)**

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over (Under) Uses	Adjustments (1)	Fund Balances at End of Year
				Transfer In	Transfer Out			
<b>Transportation, planning, and sustainability, continued</b>								
Project Connect - Office Fund								
Actual-budget basis	\$ (57)	2,640	2,640	--	--	--	4	(53)
Budget	--	3,492	3,492	--	--	--	--	--
Variance-Positive (Negative)	(57)	(852)	852	--	--	--	--	(53)
<b>Public health</b>								
<i>Health &amp; Human Services:</i>								
Opioid Settlement								
Actual-budget basis	--	1,531	23	--	--	1,508	--	1,508
Budget	--	1,531	1,531	--	--	--	--	--
Variance-Positive (Negative)	--	--	1,508	--	--	1,508	--	1,508
<b>Public recreation and culture</b>								
<i>Austin Public Library</i>								
Library Facilities Maintenance and Improvements								
Actual-budget basis	2,518	1,419	979	--	--	440	(273)	2,685
Budget	2,694	1,159	1,095	--	--	64	--	2,758
Variance-Positive (Negative)	(176)	260	116	--	--	376	--	(73)
<i>Parks and Recreation:</i>								
PARD Parking								
Actual-budget basis	230	1,737	1,331	--	--	406	--	636
Budget	503	1,333	1,308	--	--	25	--	528
Variance-Positive (Negative)	(273)	404	(23)	--	--	381	--	108
<b>Urban growth management</b>								
<i>Housing and Planning:</i>								
Homestead Preservation Reinvestment Tax Increment								
Actual-budget basis	11,394	4,998	--	--	--	4,998	--	16,392
Budget	11,394	4,920	16,314	--	--	(11,394)	--	--
Variance-Positive (Negative)	--	78	16,314	--	--	16,392	--	16,392
UNO Housing Trust								
Actual-budget basis	2,458	688	--	--	--	688	--	3,146
Budget	2,458	3	2,222	--	--	(2,219)	--	239
Variance-Positive (Negative)	--	685	2,222	--	--	2,907	--	2,907

(Continued)

(1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.

**Special Revenue Funds - Other**  
**Combining Schedule of Revenues, Expenditures, and Transfers -**  
**Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-13**

**(Continued)**

	<b>Fund Balances at Beginning of Year</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>		<b>Excess of Sources Over (Under) Uses</b>	<b>Adjustments (1)</b>	<b>Fund Balances at End of Year</b>
				<b>Transfer In</b>	<b>Transfer Out</b>			
<b>Urban growth management, continued</b>								
<i>Development Services &amp; Watershed Protection:</i>								
Urban Forest Replenishment								
Actual-budget basis	\$ 8,521	3,712	2,384	--	1,666	(338)	129	8,312
Budget	7,823	4,308	2,340	--	1,666	302	--	8,125
Variance-Positive (Negative)	698	(596)	(44)	--	--	(640)	--	187
<i>Other urban growth management:</i>								
Austin Cable Access								
Actual-budget basis	6,284	1,599	2,652	475	400	(978)	(19)	5,287
Budget	6,003	1,512	3,529	475	400	(1,942)	--	4,061
Variance-Positive (Negative)	281	87	877	--	--	964	--	1,226
City Hall								
Actual-budget basis	235	1,201	1,022	--	--	179	55	469
Budget	(199)	1,198	945	--	--	253	--	54
Variance-Positive (Negative)	434	3	(77)	--	--	(74)	--	415
Cultural Arts								
Actual-budget basis	14,281	700	11,492	15,647	--	4,855	40	19,176
Budget	11,551	--	12,894	10,342	--	(2,552)	--	8,999
Variance-Positive (Negative)	2,730	700	1,402	5,305	--	7,407	--	10,177
Downtown Public Improvement District								
Actual-budget basis	1,294	13,713	12,710	360	--	1,363	(31)	2,626
Budget	1,637	12,350	12,710	360	--	--	--	1,637
Variance-Positive (Negative)	(343)	1,363	--	--	--	1,363	--	989
East Sixth Street Public Improvement District								
Actual-budget basis	44	59	88	35	--	6	82	132
Budget	17	53	88	35	--	--	--	17
Variance-Positive (Negative)	27	6	--	--	--	6	--	115
Estancia Hill Country Public Improvement District								
Actual-budget basis	5,381	2,846	2,724	--	--	122	(1)	5,502
Budget	5,405	3,566	3,117	--	--	449	--	5,854
Variance-Positive (Negative)	(24)	(720)	393	--	--	(327)	--	(352)
Historic Preservation								
Actual-budget basis	22,636	1,041	4,145	20,115	7,923	9,088	18	31,742
Budget	18,512	60	12,848	13,297	7,923	(7,414)	--	11,098
Variance-Positive (Negative)	4,124	981	8,703	6,818	--	16,502	--	20,644

(Continued)

(1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.

**Special Revenue Funds - Other**  
**Combining Schedule of Revenues, Expenditures, and Transfers -**  
**Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-13**

**(Continued)**

	<b>Fund Balances at Beginning of Year</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>		<b>Excess of Sources Over (Under) Uses</b>	<b>Adjustments (1)</b>	<b>Fund Balances at End of Year</b>
				<b>Transfer In</b>	<b>Transfer Out</b>			
<b>Urban growth management, continued</b>								
Hotel-Motel Occupancy Tax								
Actual-budget basis	\$ --	162,716	--	--	163,840	(1,124)	1,124	--
Budget	--	108,349	--	--	108,349	--	--	--
Variance-Positive (Negative)	--	54,367	--	--	(55,491)	(1,124)	--	--
I-35 Parking Program								
Actual-budget basis	117	37	4	--	102	(69)	--	48
Budget	37	154	89	--	102	(37)	--	--
Variance-Positive (Negative)	80	(117)	85	--	--	(32)	--	48
Indian Hills Public Improvement District								
Actual-budget basis	682	536	495	--	--	41	4	727
Budget	670	506	523	--	--	(17)	--	653
Variance-Positive (Negative)	12	30	28	--	--	58	--	74
Live Music								
Actual-budget basis	6,891	197	4,089	4,468	--	576	--	7,467
Budget	6,122	2	4,100	2,955	--	(1,143)	--	4,979
Variance-Positive (Negative)	769	195	11	1,513	--	1,719	--	2,488
Mueller Tax Increment Financing								
Actual-budget basis	--	9,609	--	--	9,609	--	--	--
Budget	--	9,858	--	--	9,858	--	--	--
Variance-Positive (Negative)	--	(249)	--	--	249	--	--	--
One Texas Center								
Actual-budget basis	--	188	--	--	144	44	--	44
Budget	--	144	--	--	144	--	--	--
Variance-Positive (Negative)	--	44	--	--	--	44	--	44
Permitting and Development Center Fund								
Actual-budget basis	--	218	--	1,100	1,318	--	--	--
Budget	--	218	--	1,100	1,318	--	--	--
Variance-Positive (Negative)	--	--	--	--	--	--	--	--
Rainey Street Historic District								
Actual-budget basis	710	29	14	200	--	215	--	925
Budget	707	1	908	200	--	(707)	--	--
Variance-Positive (Negative)	3	28	894	--	--	922	--	925

(Continued)

(1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.

**Special Revenue Funds - Other**  
**Combining Schedule of Revenues, Expenditures, and Transfers -**  
**Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-13**

**(Continued)**

	<b>Fund Balances at Beginning of Year</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>		<b>Excess of Sources Over (Under) Uses</b>	<b>Adjustments (1)</b>	<b>Fund Balances at End of Year</b>
				<b>Transfer In</b>	<b>Transfer Out</b>			
<b>Urban growth management, continued</b>								
Rutherford Lane Facility								
Actual-budget basis	\$ 687	3,794	2,041	--	2,035	(282)	125	530
Budget	661	3,777	2,236	--	2,035	(494)	--	167
Variance-Positive (Negative)	26	17	195	--	--	212	--	363
Seaholm Tax Increment Financing								
Actual-budget basis	1,057	1,771	--	--	--	1,771	--	2,828
Budget	1,053	1,704	--	--	--	1,704	--	2,757
Variance-Positive (Negative)	4	67	--	--	--	67	--	71
Second Street Tax Increment Financing								
Actual-budget basis	202	10	115	100	--	(5)	5	202
Budget	130	--	210	100	--	(110)	--	20
Variance-Positive (Negative)	72	10	95	--	--	105	--	182
Section 108 Family Business Loan								
Actual-budget basis	1,376	244	--	--	987	(743)	47	680
Budget	1,137	5,095	4,662	--	917	(484)	--	653
Variance-Positive (Negative)	239	(4,851)	4,662	--	(70)	(259)	--	27
South Congress Public Improvement District								
Actual-budget basis	(27)	259	263	3	--	(1)	(74)	(102)
Budget	(22)	260	263	3	--	--	--	(22)
Variance-Positive (Negative)	(5)	(1)	--	--	--	(1)	--	(80)
Tourism and Promotion								
Actual-budget basis	2,381	128	6,547	7,206	--	787	(1)	3,167
Budget	1,364	1	6,547	5,182	--	(1,364)	--	--
Variance-Positive (Negative)	1,017	127	--	2,024	--	2,151	--	3,167
Vehicle Rental Tax								
Actual-budget basis	--	12,938	--	--	14,175	(1,237)	1,237	--
Budget	--	9,931	--	--	9,931	--	--	--
Variance-Positive (Negative)	--	3,007	--	--	(4,244)	(1,237)	--	--
Waller Creek Reserve								
Actual-budget basis	28,989	1,002	--	9,896	9,546	1,352	1	30,342
Budget	28,863	2,036	--	13,330	9,591	5,775	--	34,638
Variance-Positive (Negative)	126	(1,034)	--	(3,434)	45	(4,423)	--	(4,296)

(Continued)

(1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.



Special Revenue Funds - Other  
Combining Schedule of Revenues, Expenditures, and Transfers -  
Budget and Actual-Budget Basis  
For the year ended September 30, 2023  
(In thousands)

City of Austin, Texas  
Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over (Under) Uses	Adjustments (1)	Fund Balances at End of Year
				Transfer In	Transfer Out			
<b>Urban growth management, continued</b>								
Waller Creek Tax Increment Financing								
Actual-budget basis	\$ --	9,258	--	--	9,258	--	--	--
Budget	--	12,650	--	--	12,650	--	--	--
Variance-Positive (Negative)	--	(3,392)	--	--	3,392	--	--	--
Whisper Valley Public Improvement District								
Actual-budget basis	3,883	4,596	3,677	--	--	919	--	4,802
Budget	3,724	3,302	3,231	--	--	71	--	3,795
Variance-Positive (Negative)	159	1,294	(446)	--	--	848	--	1,007
Wildland Conservation								
Actual-budget basis	680	247	273	--	--	(26)	16	670
Budget	580	300	456	--	--	(156)	--	424
Variance-Positive (Negative)	100	(53)	183	--	--	130	--	246
<b>Total</b>								
Actual-budget basis	\$ 134,413	409,265	228,985	61,655	222,248	19,687	2,505	156,605
Budget	124,407	354,656	270,476	49,429	165,931	(32,322)	--	92,085
Variance-Positive (Negative)	10,006	54,609	41,491	12,226	(56,317)	52,009	--	64,520

(1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.





## DEBT SERVICE FUNDS

Debt service funds account for and report financial resources, and the accumulation of those financial resources, that are restricted to expenditures for principal and interest of general long-term debt and HUD Section 108 loans. The City reports the following nonmajor debt service funds:

*General Obligation Debt Service Fund* - Accounts for payments of principal, interest and related costs of general obligation and other tax-supported debt;

*HUD Section 108 Loans Fund* - Accounts for payments of principal, interest, and related costs of HUD debt.





**Debt Service Funds**  
**Combining Balance Sheet**  
**September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-14**

	General Obligation	HUD Section 108 Loans	Total
<b>ASSETS</b>			
Pooled investments and cash	\$ 2,141	--	2,141
Investments - restricted	28,805	--	28,805
Property taxes receivable, net of allowance	2,866	--	2,866
Interest receivable	77	--	77
Due from other funds	5	--	5
Advances to other funds	113	--	113
<b>Total assets</b>	<b>34,007</b>	<b>--</b>	<b>34,007</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Advances from other funds	26	--	26
Deposits and other liabilities	449	--	449
<b>Total liabilities</b>	<b>475</b>	<b>--</b>	<b>475</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>3,467</b>	<b>--</b>	<b>3,467</b>
<b>FUND BALANCES</b>			
Restricted	30,065	--	30,065
<b>Total fund balances</b>	<b>30,065</b>	<b>--</b>	<b>30,065</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 34,007</b>	<b>--</b>	<b>34,007</b>

**Debt Service Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-15**

	<b>General Obligation</b>	<b>HUD Section 108 Loans</b>	<b>Total</b>
<b>REVENUES</b>			
Property taxes			
Current	\$ 198,098	--	198,098
Penalty and interest	765	--	765
Total property taxes	198,863	--	198,863
Interest and other income (loss)	9,300	162	9,462
<b>Total revenues</b>	<b>208,163</b>	<b>162</b>	<b>208,325</b>
<b>EXPENDITURES</b>			
Current:			
Principal	153,606	729	154,335
Interest	69,999	413	70,412
Fees and commissions	25	7	32
<b>Total expenditures</b>	<b>223,630</b>	<b>1,149</b>	<b>224,779</b>
Excess (deficiency) of revenues over (under) expenditures	(15,467)	(987)	(16,454)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of tax supported debt	817	--	817
Issuance of refunding bonds	30,834	--	30,834
Payment to refunding bond escrow agent	(30,834)	--	(30,834)
Transfers in	13,034	987	14,021
<b>Total other financing sources (uses)</b>	<b>13,851</b>	<b>987</b>	<b>14,838</b>
Net change in fund balances	(1,616)	--	(1,616)
Fund balances at beginning of year	31,681	--	31,681
<b>Fund balances at end of year</b>	<b>\$ 30,065</b>	<b>--</b>	<b>30,065</b>

Debt Service Funds  
Combining Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual-Budget Basis  
For the year ended September 30, 2023  
(In thousands)

City of Austin, Texas  
Exhibit E-16

	General Obligation			HUD Section 108 Loans			Total
	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual-Budget Basis
<b>REVENUES</b>							
Property taxes	\$ 198,863	203,835	(4,972)	--	--	--	198,863
Interest	8,326	750	7,576	--	--	--	8,326
Other revenue	1,790	1,000	790	162	--	162	1,952
<b>Total revenues</b>	<u>208,979</u>	<u>205,585</u>	<u>3,394</u>	<u>162</u>	<u>--</u>	<u>162</u>	<u>209,141</u>
<b>EXPENDITURES</b>							
Principal	161,170	158,777	(2,393)	729	729	--	161,899
Interest	72,839	75,742	2,903	413	344	(69)	73,252
Fees and commissions	25	30	5	7	6	(1)	32
<b>Total expenditures</b>	<u>234,034</u>	<u>234,549</u>	<u>515</u>	<u>1,149</u>	<u>1,079</u>	<u>(70)</u>	<u>235,183</u>
Excess (deficiency) of revenues over expenditures	(25,055)	(28,964)	3,909	(987)	(1,079)	92	(26,042)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	23,439	23,335	104	987	1,079	(92)	24,426
<b>Total other financing sources (uses)</b>	<u>23,439</u>	<u>23,335</u>	<u>104</u>	<u>987</u>	<u>1,079</u>	<u>(92)</u>	<u>24,426</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,616)	(5,629)	4,013	--	--	--	(1,616)
Fund balances at beginning of year	31,596	29,084	2,512	--	--	--	31,596
<b>Fund balances at end of year</b>	<u>\$ 29,980</u>	<u>23,455</u>	<u>6,525</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>29,980</u>





## CAPITAL PROJECTS FUNDS

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). The City reports the following nonmajor capital projects funds:

- 1984:* Funds authorized September 8, 1984, for street improvements;
- 1985:* Funds authorized July 26, 1985, for parks and recreation;
- 1998:* Funds authorized November 3, 1998, for various purposes;
- 2000:* Funds authorized November 7, 2000, for mobility transportation;
- 2006:* Funds authorized November 7, 2006, for various purposes;
- 2010:* Funds authorized November 2, 2010, for mobility transportation;
- 2012:* Funds authorized November 6, 2012, for various purposes;
- 2016:* Funds authorized November 8, 2016, for mobility transportation;
- 2018:* Funds authorized November 6, 2018, for various purposes;
- 2020:* Funds authorized November 3, 2020, for mobility transportation;
- 2022:* Funds authorized November 8, 2022, for affordable housing facilities; and
- Other:* Other funds established for various purposes.





**Capital Projects Funds**  
**Combining Balance Sheet**  
**September 30, 2023**  
(In thousands)

	<b>Assets</b>						
	<b>Pooled Investments and Cash</b>	<b>Net Accounts Receivable</b>	<b>Interest Receivable</b>	<b>Receivable from Other Govern- ments</b>	<b>Due from Other Funds</b>	<b>Advances to Other Funds</b>	<b>Total Assets</b>
<b>Funds authorized September 8, 1984</b>							
Street improvements	\$ 437	--	--	--	--	--	437
<b>Total Funds authorized in 1984</b>	<b>437</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>437</b>
<b>Funds authorized July 26, 1985</b>							
Neighborhood park and recreation	7,256	--	--	--	--	--	7,256
<b>Total Funds authorized in 1985</b>	<b>7,256</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>7,256</b>
<b>Funds authorized November 3, 1998</b>							
Traffic signals	664	--	--	--	--	--	664
<b>Total Funds authorized in 1998</b>	<b>664</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>664</b>
<b>Funds authorized November 7, 2000</b>							
Transportation mobility improvement	126	--	--	--	--	--	126
<b>Total Funds authorized in 2000</b>	<b>126</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>126</b>
<b>Funds authorized November 7, 2006</b>							
Transportation	--	--	--	--	--	--	--
Drainage & open spaces	--	--	--	--	--	--	--
Parks	--	--	--	--	--	--	--
Cultural facilities	350	--	--	--	--	--	350
Affordable housing	--	--	--	--	--	--	--
Central library	250	--	--	--	--	--	250
Public safety	958	--	--	--	--	--	958
<b>Total Funds authorized in 2006</b>	<b>\$ 1,558</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,558</b>

Liabilities					Fund Balances				Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Accounts Payable	Due to Other Funds	Advances from Other Funds	Deposits and Other Liabilities	Total Liabilities	Restricted	Assigned	Unassigned	Total Fund Balances	
--	--	--	--	--	--	437	--	437	437
--	--	--	--	--	--	437	--	437	437
157	--	--	--	157	7,029	70	--	7,099	7,256
157	--	--	--	157	7,029	70	--	7,099	7,256
--	--	--	--	--	664	--	--	664	664
--	--	--	--	--	664	--	--	664	664
--	--	--	--	--	126	--	--	126	126
--	--	--	--	--	126	--	--	126	126
--	--	--	--	--	--	--	--	--	--
12	--	--	--	12	--	--	(12)	(12)	--
--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	350	--	--	350	350
--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	250	--	--	250	250
13	--	--	--	13	945	--	--	945	958
25	--	--	--	25	1,545	--	(12)	1,533	1,558

(Continued)

Capital Projects Funds  
Combining Balance Sheet  
September 30, 2023  
(In thousands)

	Assets						
	Pooled Investments and Cash	Net Accounts Receivable	Interest Receivable	Receivable from Other Govern- ments	Due from Other Funds	Advances to Other Funds	Total Assets
<b>Funds authorized November 2, 2010</b>							
Mobility	\$ --	--	--	--	--	--	--
<b>Total Funds authorized in 2010</b>	--	--	--	--	--	--	--
<b>Funds authorized November 6, 2012</b>							
Transportation	--	--	--	--	--	--	--
Parks	--	--	--	--	5,000	45	5,045
Public safety	1,780	--	--	--	--	604	2,384
Health	119	--	--	--	--	--	119
Library & cultural	602	--	--	--	--	--	602
<b>Total Funds authorized in 2012</b>	2,501	--	--	--	5,000	649	8,150
<b>Funds authorized November 8, 2016</b>							
Mobility	--	--	--	--	--	--	--
<b>Total Funds authorized in 2016</b>	--	--	--	--	--	--	--
<b>Funds authorized November 6, 2018</b>							
Affordable housing	12,775	--	--	--	--	--	12,775
Library & cultural	--	--	--	--	--	--	--
Parks	--	--	--	--	--	--	--
Open space	--	--	--	--	--	--	--
Health	2,106	--	--	--	--	--	2,106
Public safety	--	--	--	--	--	--	--
Transportation	--	--	--	--	--	--	--
<b>Total Funds authorized in 2018</b>	14,881	--	--	--	--	--	14,881
<b>Funds authorized November 3, 2020</b>							
Transportation	--	--	--	--	--	--	--
<b>Total Funds authorized in 2020</b>	--	--	--	--	--	--	--
<b>Funds authorized November 8, 2022</b>							
Affordable housing	--	--	--	--	--	--	--
<b>Total Funds authorized in 2022</b>	\$ --	--	--	--	--	--	--

(Continued)

Liabilities					Fund Balances				Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Accounts Payable	Due to Other Funds	Advances from Other Funds	Deposits and Other Liabilities	Total Liabilities	Restricted	Assigned	Unassigned	Total Fund Balances	
--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--
456	5,000	649	--	6,105	--	--	(6,105)	(6,105)	--
105	--	--	--	105	4,940	--	--	4,940	5,045
21	--	--	--	21	2,363	--	--	2,363	2,384
--	--	--	--	--	119	--	--	119	119
136	--	--	--	136	466	--	--	466	602
718	5,000	649	--	6,367	7,888	--	(6,105)	1,783	8,150
9,057	75,052	--	--	84,109	--	--	(84,109)	(84,109)	--
9,057	75,052	--	--	84,109	--	--	(84,109)	(84,109)	--
--	--	--	--	--	12,775	--	--	12,775	12,775
3,166	8,000	1,809	--	12,975	--	--	(12,975)	(12,975)	--
2,135	15,000	6,620	--	23,755	--	--	(23,755)	(23,755)	--
1,489	6,500	259	--	8,248	--	--	(8,248)	(8,248)	--
1,196	--	--	--	1,196	910	--	--	910	2,106
1,086	1,000	1,297	--	3,383	--	--	(3,383)	(3,383)	--
3,919	30,000	4,455	--	38,374	--	--	(38,374)	(38,374)	--
12,991	60,500	14,440	--	87,931	13,685	--	(86,735)	(73,050)	14,881
5,341	25,000	15,730	--	46,071	--	--	(46,071)	(46,071)	--
5,341	25,000	15,730	--	46,071	--	--	(46,071)	(46,071)	--
--	--	532	--	532	--	--	(532)	(532)	--
--	--	532	--	532	--	--	(532)	(532)	--

(Continued)

**Capital Projects Funds**  
**Combining Balance Sheet**  
**September 30, 2023**  
(In thousands)

	<b>Assets</b>						
	<b>Pooled</b>	<b>Net</b>	<b>Interest</b>	<b>Receivable</b>	<b>Due from</b>	<b>Advances</b>	<b>Total</b>
	<b>Investments</b>	<b>Accounts</b>	<b>Receivable</b>	<b>from Other</b>	<b>Other Funds</b>	<b>to Other</b>	<b>Assets</b>
	<b>and Cash</b>	<b>Receivable</b>		<b>Govern-</b>		<b>Funds</b>	
				<b>ments</b>			
<b>Other funds</b>							
ATD Street impact fee	\$ 5,127	9	17	--	--	--	5,153
ATD Transportation	--	--	80	--	10,000	13,080	23,160
TPSD general improvements	10,349	39	--	--	--	1,651	12,039
Library automation system	1,336	--	--	--	--	--	1,336
General government projects	14,171	--	1,384	--	--	--	15,555
Health projects	2,695	--	--	--	--	--	2,695
Build Austin	9	--	--	6	--	--	15
CMTA Mobility	220	1,080	1	--	--	--	1,301
Park improvements	912	--	--	--	--	--	912
Parks and Recreation	--	1,562	--	--	20,300	8,733	30,595
Police and courts	--	--	--	--	--	--	--
Fire - general	--	--	--	--	--	--	--
CTM	--	1,346	1,503	--	48,628	--	51,477
Neighborhood housing & conservation	22	--	--	--	--	--	22
GCP-PLD In Lieu Of Fee	--	--	240	--	60,500	7,870	68,610
Capital Rehabilitation	1,351	--	--	--	26,424	--	27,775
Public Works	1,442	57	--	--	--	--	1,499
Public Works CIP	8,369	197	--	--	--	--	8,566
GCP-PLD Development Fee	1	--	70	--	15,000	4,447	19,518
GCP-PLD COMM Development Fee	160	--	--	--	--	--	160
Colony Park	2,778	--	--	--	--	--	2,778
NPZ general	6,921	--	--	--	--	--	6,921
Waller Creek District	--	--	--	--	--	--	--
Waller Creek Tunnel	1,703	--	6	--	--	--	1,709
Fleet general improvements	55	--	--	--	--	--	55
Interest income fund	7,626	--	646	--	--	9,213	17,485
<b>Total other funds</b>	<b>65,247</b>	<b>4,290</b>	<b>3,947</b>	<b>6</b>	<b>180,852</b>	<b>44,994</b>	<b>299,336</b>
<b>Totals</b>	<b>\$ 92,670</b>	<b>4,290</b>	<b>3,947</b>	<b>6</b>	<b>185,852</b>	<b>45,643</b>	<b>332,408</b>



(Continued)

Liabilities					Fund Balances				Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Accounts Payable	Due to Other Funds	Advances from Other Funds	Deposits and Other Liabilities	Total Liabilities	Restricted	Assigned	Unassigned	Total Fund Balances	
--	--	--	--	--	5,153	--	--	5,153	5,153
2	--	--	--	2	--	23,158	--	23,158	23,160
568	--	--	--	568	--	11,471	--	11,471	12,039
387	--	--	--	387	--	949	--	949	1,336
5,134	--	--	423	5,557	--	9,998	--	9,998	15,555
428	--	--	--	428	--	2,267	--	2,267	2,695
--	--	--	--	--	15	--	--	15	15
5	--	--	--	5	988	308	--	1,296	1,301
80	--	--	--	80	--	832	--	832	912
642	--	--	--	642	694	29,259	--	29,953	30,595
--	--	2,198	--	2,198	--	--	(2,198)	(2,198)	--
7,076	20,300	7,900	--	35,276	--	--	(35,276)	(35,276)	--
2,003	--	--	--	2,003	26,855	22,619	--	49,474	51,477
--	--	--	--	--	22	--	--	22	22
246	--	--	--	246	61,889	6,475	--	68,364	68,610
756	--	--	--	756	--	27,019	--	27,019	27,775
1,609	--	--	--	1,609	--	--	(110)	(110)	1,499
304	--	--	--	304	2,983	5,279	--	8,262	8,566
32	--	--	--	32	15,877	3,609	--	19,486	19,518
--	--	--	--	--	160	--	--	160	160
18	--	--	--	18	--	2,760	--	2,760	2,778
11	--	--	--	11	--	6,910	--	6,910	6,921
525	--	4,194	--	4,719	--	--	(4,719)	(4,719)	--
--	--	--	--	--	1,435	274	--	1,709	1,709
--	--	--	--	--	55	--	--	55	55
--	--	--	--	--	--	17,485	--	17,485	17,485
19,826	20,300	14,292	423	54,841	116,126	170,672	(42,303)	244,495	299,336
48,115	185,852	45,643	423	280,033	147,063	171,179	(265,867)	52,375	332,408

**Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2023**  
**(In thousands)**

	Revenues				Expenditures
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other Income (Loss)	Total Revenues	Capital Outlay (1)
<b>Funds authorized</b>					
<b>September 8, 1984</b>					
Street improvements	\$ --	--	--	--	--
<b>Total Funds authorized in 1984</b>	--	--	--	--	--
<b>Funds authorized</b>					
<b>July 26, 1985</b>					
Neighborhood park and recreation	--	417	--	417	925
<b>Total Funds authorized in 1985</b>	--	417	--	417	925
<b>Funds authorized</b>					
<b>November 3, 1998</b>					
Traffic signals	--	--	--	--	5
<b>Total Funds authorized in 1998</b>	--	--	--	--	5
<b>Funds authorized</b>					
<b>November 7, 2000</b>					
Transportation mobility improvement	--	--	--	--	58
<b>Total Funds authorized in 2000</b>	--	--	--	--	58
<b>Funds authorized</b>					
<b>November 7, 2006</b>					
Transportation	--	--	--	--	37
Drainage & open spaces	--	--	--	--	2,480
Parks	--	--	--	--	35
Cultural facilities	--	--	--	--	290
Affordable housing	--	--	--	--	--
Central library	--	--	--	--	--
Public safety	--	--	--	--	967
<b>Total Funds authorized in 2006</b>	\$ --	--	--	--	3,809

(1) Capital Outlay includes financed purchase obligations principal of \$3.3 million and interest of \$341 thousand.

Excess (Deficiency) of Revenues Over (Under) Expenditures	Other Financing Sources (Uses)					Net Change In Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Bond Premiums	Transfers In	Transfers Out	Total Other Financing Sources (Uses)			
--	--	--	--	--	--	--	437	437
--	--	--	--	--	--	--	437	437
(508)	--	--	--	--	--	(508)	7,607	7,099
(508)	--	--	--	--	--	(508)	7,607	7,099
(5)	--	--	--	--	--	(5)	669	664
(5)	--	--	--	--	--	(5)	669	664
(58)	--	--	--	--	--	(58)	184	126
(58)	--	--	--	--	--	(58)	184	126
(37)	--	--	--	--	--	(37)	37	--
(2,480)	--	--	--	(146)	(146)	(2,626)	2,614	(12)
(35)	--	--	--	--	--	(35)	35	--
(290)	--	--	--	(7)	(7)	(297)	647	350
--	--	--	--	(7,761)	(7,761)	(7,761)	7,761	--
--	--	--	--	--	--	--	250	250
(967)	--	--	--	(3)	(3)	(970)	1,915	945
(3,809)	--	--	--	(7,917)	(7,917)	(11,726)	13,259	1,533

(Continued)

**Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2023**  
**(In thousands)**

	Revenues				Expenditures
	Inter- governmental Revenues	Property Owners' Participation and Contributions	Interest and Other Income (Loss)	Total Revenues	Capital Outlay (1)
<b>Funds authorized</b>					
<b>November 2, 2010</b>					
Mobility	\$ --	--	--	--	254
<b>Total Funds authorized in 2010</b>	--	--	--	--	254
<b>Funds authorized</b>					
<b>November 6, 2012</b>					
Transportation	--	--	--	--	2,174
Parks	--	--	--	--	1,276
Public safety	--	--	--	--	648
Health	--	--	--	--	14
Library & cultural	--	--	--	--	440
<b>Total Funds authorized in 2012</b>	--	--	--	--	4,552
<b>Funds authorized</b>					
<b>November 8, 2016</b>					
Mobility	--	--	--	--	70,508
<b>Total Funds authorized in 2016</b>	--	--	--	--	70,508
<b>Funds authorized</b>					
<b>November 6, 2018</b>					
Affordable housing	--	--	--	--	88
Library & cultural	--	--	--	--	12,190
Parks	--	--	--	--	19,950
Open space	--	--	--	--	5,832
Health	--	--	--	--	1,542
Public safety	--	--	--	--	5,899
Transportation	--	--	--	--	31,905
<b>Total Funds authorized in 2018</b>	--	--	--	--	77,406
<b>Funds authorized</b>					
<b>November 3, 2020</b>					
Transportation	--	--	--	--	42,179
<b>Total Funds authorized in 2020</b>	--	--	--	--	42,179
<b>Funds authorized</b>					
<b>November 8, 2022</b>					
Affordable housing	--	--	--	--	44
<b>Total Funds authorized in 2022</b>	\$ --	--	--	--	44

(1) Capital Outlay includes financed purchase obligations principal of \$3.3 million and interest of \$341 thousand.

(Continued)

Excess (Deficiency) of Revenues Over (Under) Expenditures	Other Financing Sources (Uses)					Net Change In Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Bond Premiums	Transfers In	Transfers Out	Total Other Financing Sources(Uses)			
(254)	--	--	--	(1)	(1)	(255)	255	--
(254)	--	--	--	(1)	(1)	(255)	255	--
(2,174)	--	--	--	--	--	(2,174)	(3,931)	(6,105)
(1,276)	--	--	--	(22)	(22)	(1,298)	6,238	4,940
(648)	--	--	--	--	--	(648)	3,011	2,363
(14)	--	--	--	--	--	(14)	133	119
(440)	--	--	--	--	--	(440)	906	466
(4,552)	--	--	--	(22)	(22)	(4,574)	6,357	1,783
(70,508)	98,307	12,223	--	(324)	110,206	39,698	(123,807)	(84,109)
(70,508)	98,307	12,223	--	(324)	110,206	39,698	(123,807)	(84,109)
(88)	59,305	906	--	(49,358)	10,853	10,765	2,010	12,775
(12,190)	2,666	334	--	--	3,000	(9,190)	(3,785)	(12,975)
(19,950)	13,333	1,667	--	(31)	14,969	(4,981)	(18,774)	(23,755)
(5,832)	2,667	333	--	--	3,000	(2,832)	(5,416)	(8,248)
(1,542)	--	--	--	(52)	(52)	(1,594)	2,504	910
(5,899)	--	--	--	--	--	(5,899)	2,516	(3,383)
(31,905)	--	--	--	--	--	(31,905)	(6,469)	(38,374)
(77,406)	77,971	3,240	--	(49,441)	31,770	(45,636)	(27,414)	(73,050)
(42,179)	8,000	1,000	--	(10)	8,990	(33,189)	(12,882)	(46,071)
(42,179)	8,000	1,000	--	(10)	8,990	(33,189)	(12,882)	(46,071)
(44)	--	--	--	(488)	(488)	(532)	--	(532)
(44)	--	--	--	(488)	(488)	(532)	--	(532)

(Continued)

**Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2023**  
**(In thousands)**

	Revenues				Expenditures
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other Income (Loss)	Total Revenues	Capital Outlay (1)
<b>Other funds</b>					
ATD Street impact fee	\$ --	--	4,915	4,915	--
ATD Transportation	--	--	1,688	1,688	1,936
TPSD general improvements	--	205	--	205	5,729
Library automation system	--	--	--	--	1,358
General government projects	2,772	2,646	606	6,024	34,818
Health projects	--	--	--	--	4,843
Build Austin	--	--	--	--	--
CMTA Mobility	1,249	--	31	1,280	1,911
Park improvements	416	--	--	416	610
Parks and Recreation	--	3,560	1,053	4,613	6,217
Police and courts	--	--	--	--	2,613
Fire - general	--	80	--	80	30,238
CTM	--	3,941	--	3,941	20,613
Neighborhood housing & conservation	--	--	--	--	--
GCP-PLD In Lieu Of Fee	--	15,268	1,998	17,266	4,817
Capital Rehabilitation	--	--	--	--	4,928
Public Works	4,987	424	--	5,411	5,210
Public Works CIP	--	842	--	842	806
GCP-PLD Development Fee	--	2,320	630	2,950	1,883
GCP-PLD COMM Development Fee	--	160	--	160	--
Colony Park	--	--	--	--	8
NPZ general	--	--	--	--	145
Waller Creek District	--	--	--	--	4,468
Waller Creek Tunnel	--	--	55	55	--
Fleet general improvements	--	--	--	--	--
Interest income fund	--	--	9,777	9,777	--
<b>Total other funds</b>	<b>9,424</b>	<b>29,446</b>	<b>20,753</b>	<b>59,623</b>	<b>133,151</b>
<b>Totals</b>	<b>\$ 9,424</b>	<b>29,863</b>	<b>20,753</b>	<b>60,040</b>	<b>332,891</b>

(1) Capital Outlay includes financed purchase obligations principal of \$3.3 million and interest of \$341 thousand.

(Continued)

Excess (Deficiency) of Revenues Over (Under) Expenditures	Other Financing Sources (Uses)					Net Change In Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Bond Premiums	Transfers In	Transfers Out	Total Other Financing Sources(Uses)			
4,915	--	--	--	--	--	4,915	238	5,153
(248)	--	--	--	--	--	(248)	23,406	23,158
(5,524)	--	--	10,320	(181)	10,139	4,615	6,856	11,471
(1,358)	--	--	--	--	--	(1,358)	2,307	949
(28,794)	--	--	8,985	--	8,985	(19,809)	29,807	9,998
(4,843)	6,799	164	4,000	--	10,963	6,120	(3,853)	2,267
--	--	--	--	--	--	--	15	15
(631)	--	--	--	(2)	(2)	(633)	1,929	1,296
(194)	--	--	--	--	--	(194)	1,026	832
(1,604)	--	--	12,204	--	12,204	10,600	19,353	29,953
(2,613)	--	--	--	--	--	(2,613)	415	(2,198)
(30,158)	--	--	--	(31)	(31)	(30,189)	(5,087)	(35,276)
(16,672)	9,268	810	15,309	(14)	25,373	8,701	40,773	49,474
--	--	--	--	(2)	(2)	(2)	24	22
12,449	--	--	--	--	--	12,449	55,915	68,364
(4,928)	--	--	18,628	--	18,628	13,700	13,319	27,019
201	--	--	--	--	--	201	(311)	(110)
36	--	--	155	--	155	191	8,071	8,262
1,067	--	--	--	--	--	1,067	18,419	19,486
160	--	--	--	--	--	160	--	160
(8)	--	--	--	(32)	(32)	(40)	2,800	2,760
(145)	--	--	728	--	728	583	6,327	6,910
(4,468)	1,074	26	--	(199)	901	(3,567)	(1,152)	(4,719)
55	--	--	--	--	--	55	1,654	1,709
--	--	--	--	--	--	--	55	55
9,777	--	--	--	--	--	9,777	7,708	17,485
(73,528)	17,141	1,000	70,329	(461)	88,009	14,481	230,014	244,495
(272,851)	201,419	17,463	70,329	(58,664)	230,547	(42,304)	94,679	52,375







## PERMANENT FUNDS

Permanent funds account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. The City reports the following nonmajor permanent funds:

*3M Maintenance Endowment Fund* - Accounts for 3M Mitigation Land Endowment.

*Ellis Library Trust Fund* - Accounts for principal and interest income earned on the principal from the Ellis estate. This income is used for purchasing books on the subject of mental health.

*Perpetual Care Fund* - Accounts for revenues to be used for maintenance and care of cemeteries.





	3M Maintenance Endowment	Ellis Library Trust	Perpetual Care	Total
<b>ASSETS</b>				
Pooled investments and cash	\$ 50	10	1,011	1,071
<b>Total assets</b>	<u>50</u>	<u>10</u>	<u>1,011</u>	<u>1,071</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Permanent funds	50	9	1,011	1,070
Restricted	--	1	--	1
<b>Total fund balances</b>	<u>50</u>	<u>10</u>	<u>1,011</u>	<u>1,071</u>
<b>Total liabilities, deferred inflows of     resources, and fund balances</b>	<u>\$ 50</u>	<u>10</u>	<u>1,011</u>	<u>1,071</u>

**Permanent Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2023**  
**(In thousands)**

City of Austin, Texas  
 Exhibit E-20

	3M			
	Maintenance	Ellis Library	Perpetual	Total
	Endowment	Trust	Care	
<b>REVENUES</b>				
Interest and other	\$ --	1	--	1
<b>Total revenues</b>	--	1	--	1
<b>EXPENDITURES</b>				
Current:				
Public recreation and culture	--	--	--	--
<b>Total expenditures</b>	--	--	--	--
Excess (deficiency) of revenues over (under)				
expenditures	--	1	--	1
<b>Total other financing sources (uses)</b>	--	--	--	--
Fund balances at beginning of year	50	9	1,011	1,070
<b>Fund balances at end of year</b>	<b>\$ 50</b>	<b>10</b>	<b>1,011</b>	<b>1,071</b>





## NONMAJOR ENTERPRISE FUNDS

Enterprise funds account for the acquisition, operations, and maintenance of the City's facilities and services that are entirely or predominantly supported by user charges or those for which the City has decided that periodic determination of the revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All activities necessary to provide services are accounted for in these funds, including, but not limited to, administration, operations, and maintenance. The City reports the following nonmajor enterprise funds:

*Austin Resource Recovery Fund* – Accounts for activities involving collection and remediation of multiple residential and commercial waste streams.

*Convention Center Fund* – Accounts for activities related to the Convention Center and Palmer Events Center, as well as city-wide tourism.

*Development Services Fund* – Accounts for plan review, permit and inspection activities.

*Drainage Fund* – Accounts for activities including flood mitigation and water quality protection.

*Golf Fund* – Accounts for activities associated with the City-owned golf courses.

*Transportation Fund* – Accounts for activities involving street maintenance and repair, parking and mobility services.







**Nonmajor Enterprise Funds**  
**Combining Statement of Net Position**  
**September 30, 2023**  
(In thousands)

	<b>Austin Resource Recovery</b>	<b>Convention Center</b>	<b>Development Services</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 3	10	3
Pooled investments and cash	32,153	69,394	25,088
Pooled investments and cash - restricted	2,262	11,685	3,286
Total pooled investments and cash	34,415	81,079	28,374
Investments - restricted	--	8,679	--
Accounts receivable, net of allowance	14,039	1,582	250
Interest receivable	134	478	107
Receivables from other governments - restricted	18	--	--
Leases receivable	--	438	--
Inventories, at cost	--	81	--
Prepaid expenses	185	172	149
Other assets	--	--	--
Total current assets	48,794	92,519	28,883
Noncurrent assets:			
Pooled investments and cash - restricted	--	281,159	--
Advances to other funds - restricted	--	26	--
Investments - restricted	--	10,263	--
Cash held by trustee - restricted	--	--	--
Interest receivable - restricted	--	836	--
Leases receivable	--	3,851	--
Depreciable capital assets, net	48,937	164,752	285
Nondepreciable capital assets	23,268	46,955	--
Intangible right-to-use-lease and IT subscription assets, net	15,016	376	281
Other long-term assets	--	--	--
Total noncurrent assets	87,221	508,218	566
<b>Total assets</b>	<b>136,015</b>	<b>600,737</b>	<b>29,449</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	\$ 110,485	50,018	98,885

	<u>Drainage</u>	<u>Golf</u>	<u>Transportation</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash	1	1	2	20
Pooled investments and cash	189,804	5,787	50,198	372,424
Pooled investments and cash - restricted	--	--	--	17,233
Total pooled investments and cash	189,804	5,787	50,198	389,657
Investments - restricted	--	--	--	8,679
Accounts receivable, net of allowance	4,898	--	12,437	33,206
Interest receivable	775	26	185	1,705
Receivables from other governments - restricted	4,255	--	--	4,273
Leases receivable	--	--	--	438
Inventories, at cost	--	--	3,592	3,673
Prepaid expenses	205	41	644	1,396
Other assets	--	117	--	117
Total current assets	199,938	5,972	67,058	443,164
Noncurrent assets:				
Pooled investments and cash - restricted	20,730	1,362	--	303,251
Advances to other funds - restricted	--	--	--	26
Investments - restricted	--	--	--	10,263
Cash held by trustee - restricted	4,676	--	--	4,676
Interest receivable - restricted	--	--	--	836
Leases receivable	--	--	--	3,851
Depreciable capital assets, net	155,679	9,040	15,291	393,984
Nondepreciable capital assets	399,629	6,290	2,830	478,972
Intangible right-to-use-lease and IT subscription assets, net	1,832	2,667	13,953	34,125
Other long-term assets	--	540	--	540
Total noncurrent assets	582,546	19,899	32,074	1,230,524
<b>Total assets</b>	<b>782,484</b>	<b>25,871</b>	<b>99,132</b>	<b>1,673,688</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>81,162</b>	<b>6,560</b>	<b>162,802</b>	<b>509,912</b>

(Continued)

**Nonmajor Enterprise Funds**  
**Combining Statement of Net Position**  
**September 30, 2023**  
(In thousands)

	<b>Austin Resource Recovery</b>	<b>Convention Center</b>	<b>Development Services</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 3,327	2,016	376
Accounts and retainage payable from restricted assets	--	518	--
Accrued payroll	1,176	502	1,009
Accrued compensated absences	2,626	1,691	2,921
Due to other funds	--	--	--
Accrued interest payable from restricted assets	--	458	--
Accrued interest payable	205	23	4
Bonds payable	3,265	1,305	--
Bonds payable from restricted assets	--	10,195	--
Leases and IT subscriptions payable	778	84	234
Other postemployment benefits liability	3,004	1,323	2,129
Customer and escrow deposits payable from restricted assets	2,262	3,689	3,286
Accrued landfill closure and postclosure costs	874	--	--
Other liabilities	--	--	275
Total current liabilities	<u>17,517</u>	<u>21,804</u>	<u>10,234</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	1,018	5	--
Advances from other funds	113	--	--
Bonds payable, net of discount and inclusive of premium	11,340	72,759	--
Leases and IT subscriptions payable	14,580	279	--
Net pension liability	140,661	59,657	124,285
Other postemployment benefits liability	140,913	62,081	99,855
Accrued landfill closure and postclosure costs	17,635	--	--
Derivative instruments - interest rate swaps	--	301	--
Other liabilities payable from restricted assets	--	--	--
Total noncurrent liabilities	<u>326,260</u>	<u>195,082</u>	<u>224,140</u>
<b>Total liabilities</b>	<u>343,777</u>	<u>216,886</u>	<u>234,374</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>63,904</u>	<u>37,863</u>	<u>45,879</u>
<b>NET POSITION</b>			
Net investment in capital assets	57,543	134,536	332
Restricted for:			
Bond reserve	--	7,269	--
Capital projects	--	281,995	--
Debt service	--	8,175	--
Operating reserve	--	5,938	--
Capital reserve	--	1,227	--
Unrestricted	(218,724)	(43,134)	(152,251)
<b>Total net position</b>	<u>(161,181)</u>	<u>396,006</u>	<u>(151,919)</u>
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	11,057	4,217	1,793
Total net position - Business-type activities	<u>\$ (150,124)</u>	<u>400,223</u>	<u>(150,126)</u>

(Continued)

	Drainage	Golf	Transportation	Total
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,281	13	6,634	13,647
Accounts and retainage payable from restricted assets	8,054	49	--	8,621
Accrued payroll	838	109	1,595	5,229
Accrued compensated absences	2,783	263	2,324	12,608
Due to other funds	--	--	301	301
Accrued interest payable from restricted assets	--	--	--	458
Accrued interest payable	131	12	50	425
Bonds payable	2,302	--	504	7,376
Bonds payable from restricted assets	--	--	--	10,195
Leases and IT subscriptions payable	538	765	1,986	4,385
Other postemployment benefits liability	1,883	203	3,654	12,196
Customer and escrow deposits payable from restricted assets	302	--	--	9,539
Accrued landfill closure and postclosure costs	--	--	--	874
Other liabilities	--	1	--	276
Total current liabilities	18,112	1,415	17,048	86,130
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	--	105	2,063	3,191
Advances from other funds	--	--	301	414
Bonds payable, net of discount and inclusive of premium	31,368	--	1,856	117,323
Leases and IT subscriptions payable	1,269	1,971	12,309	30,408
Net pension liability	102,060	8,188	184,820	619,671
Other postemployment benefits liability	88,358	9,526	171,462	572,195
Accrued landfill closure and postclosure costs	--	--	--	17,635
Derivative instruments - interest rate swaps	--	--	--	301
Other liabilities payable from restricted assets	4,676	--	--	4,676
Total noncurrent liabilities	227,731	19,790	372,811	1,365,814
<b>Total liabilities</b>	245,843	21,205	389,859	1,451,944
<b>DEFERRED INFLOWS OF RESOURCES</b>	38,596	5,588	74,864	266,694
<b>NET POSITION</b>				
Net investment in capital assets	513,612	14,348	15,419	735,790
Restricted for:				
Bond reserve	--	--	--	7,269
Capital projects	20,428	1,362	--	303,785
Debt service	--	--	--	8,175
Operating reserve	--	--	--	5,938
Capital reserve	--	--	--	1,227
Unrestricted	45,167	(10,072)	(218,208)	(597,222)
<b>Total net position</b>	579,207	5,638	(202,789)	464,962
Reconciliation to government-wide Statement of Net Position				
Adjustment to consolidate internal service activities	7,288	589	7,904	32,848
Total net position - Business-type activities	586,495	6,227	(194,885)	497,810

**Nonmajor Enterprise Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the year ended September 30, 2023**  
**(In thousands)**

	<b>Austin Resource Recovery</b>	<b>Convention Center</b>	<b>Development Services</b>
<b>OPERATING REVENUES</b>			
User fees and rentals	\$ 145,395	35,246	54,208
Lease revenue	--	496	--
<b>Total operating revenues</b>	<u>145,395</u>	<u>35,742</u>	<u>54,208</u>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	171,138	75,302	95,682
Depreciation and amortization	11,401	9,523	279
<b>Total operating expenses</b>	<u>182,539</u>	<u>84,825</u>	<u>95,961</u>
<b>Operating income (loss)</b>	<u>(37,144)</u>	<u>(49,083)</u>	<u>(41,753)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other income (loss)	1,401	12,718	1,453
Interest on revenue bonds and other debt	(199)	(3,279)	--
Interest expense on leases and IT subscriptions	(258)	(4)	(5)
Other nonoperating revenues (expenses)	165	(401)	3
<b>Total nonoperating revenues (expenses)</b>	<u>1,109</u>	<u>9,034</u>	<u>1,451</u>
<b>Income (loss) before contributions and transfers</b>	<u>(36,035)</u>	<u>(40,049)</u>	<u>(40,302)</u>
Capital contributions	--	--	--
Transfers in	15,598	141,189	8,909
Transfers out	(840)	(10,463)	(4,906)
<b>Change in net position</b>	<u>(21,277)</u>	<u>90,677</u>	<u>(36,299)</u>
<b>Beginning net position</b>	<u>(139,904)</u>	<u>305,329</u>	<u>(115,620)</u>
<b>Ending net position</b>	<u>\$ (161,181)</u>	<u>396,006</u>	<u>(151,919)</u>
Reconciliation to government-wide Statement of Activities			
Change in net position	(21,277)	90,677	(36,299)
Adjustment to consolidate internal service activities	867	(275)	(189)
<b>Change in net position - Business-type activities</b>	<u>\$ (20,410)</u>	<u>90,402</u>	<u>(36,488)</u>

	Drainage	Golf	Transportation	Total
<b>OPERATING REVENUES</b>				
User fees and rentals	102,044	13,006	188,797	538,696
Lease revenue	--	--	--	496
<b>Total operating revenues</b>	<u>102,044</u>	<u>13,006</u>	<u>188,797</u>	<u>539,192</u>
<b>OPERATING EXPENSES</b>				
Operating expenses before depreciation	109,597	11,650	209,073	672,442
Depreciation and amortization	7,646	1,396	5,275	35,520
<b>Total operating expenses</b>	<u>117,243</u>	<u>13,046</u>	<u>214,348</u>	<u>707,962</u>
<b>Operating income (loss)</b>	<u>(15,199)</u>	<u>(40)</u>	<u>(25,551)</u>	<u>(168,770)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and other income (loss)	8,778	197	1,928	26,475
Interest on revenue bonds and other debt	(1,272)	--	(37)	(4,787)
Interest expense on leases and IT subscriptions	(61)	(116)	(209)	(653)
Other nonoperating revenue (expense)	(3,008)	335	(1,636)	(4,542)
<b>Total nonoperating revenues (expenses)</b>	<u>4,437</u>	<u>416</u>	<u>46</u>	<u>16,493</u>
<b>Income (loss) before contributions and transfers</b>	<u>(10,762)</u>	<u>376</u>	<u>(25,505)</u>	<u>(152,277)</u>
Capital contributions	6,866	334	671	7,871
Transfers in	319	--	1,927	167,942
Transfers out	(758)	--	(12,678)	(29,645)
<b>Change in net position</b>	<u>(4,335)</u>	<u>710</u>	<u>(35,585)</u>	<u>(6,109)</u>
<b>Beginning net position</b>	<u>583,542</u>	<u>4,928</u>	<u>(167,204)</u>	<u>471,071</u>
<b>Ending net position</b>	<u>579,207</u>	<u>5,638</u>	<u>(202,789)</u>	<u>464,962</u>
Reconciliation to government-wide Statement of Activities				
Change in net position	(4,335)	710	(35,585)	(6,109)
Adjustment to consolidate internal service activities	710	(46)	(518)	549
<b>Change in net position - Business-type activities</b>	<u>(3,625)</u>	<u>664</u>	<u>(36,103)</u>	<u>(5,560)</u>

**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the year ended September 30, 2023**  
**(In thousands)**

	<b>Austin Resource Recovery</b>	<b>Convention Center</b>	<b>Development Services</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 145,253	36,008	53,897
Cash received from other funds	422	--	--
Cash payments to suppliers for goods and services	(39,367)	(25,123)	(4,928)
Cash payments to other funds	(35,635)	(8,616)	(10,274)
Cash payments to employees for services	(69,069)	(29,549)	(54,265)
<b>Net cash provided (used) by operating activities</b>	<b>1,604</b>	<b>(27,280)</b>	<b>(15,570)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	15,364	141,189	8,871
Transfers out	(802)	(10,463)	(4,906)
Collections from other sources	--	--	--
Loan repayments to other funds	--	--	--
Collections from other governments	510	6	--
<b>Net cash provided (used) by noncapital financing activities</b>	<b>15,072</b>	<b>130,732</b>	<b>3,965</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from the sale of general obligation bonds and other tax-supported debt	--	--	--
Principal paid on long-term debt	(3,102)	(10,965)	--
Principal paid on leases and IT subscriptions	(741)	(86)	(275)
Proceeds from the sale of capital assets	--	--	--
Interest paid on revenue bonds and other debt	(777)	(2,867)	--
Interest paid on leases and IT subscriptions	(258)	(4)	(1)
Interest income from leases	--	74	--
Acquisition and construction of capital assets	(12,455)	(5,003)	(36)
Contributions from state and federal governments	--	--	--
Contributions in aid of construction	--	--	--
Bond premiums	--	--	--
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(17,333)</b>	<b>(18,851)</b>	<b>(312)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investment securities	--	(12,543)	--
Proceeds from sale and maturities of investment securities	--	12,669	--
Interest income (loss) on investments	1,303	11,630	1,387
<b>Net cash provided (used) by investing activities</b>	<b>1,303</b>	<b>11,756</b>	<b>1,387</b>
Net increase (decrease) in cash and cash equivalents	646	96,357	(10,530)
Cash and cash equivalents, beginning	33,772	265,891	38,907
<b>Cash and cash equivalents, ending</b>	<b>\$ 34,418</b>	<b>362,248</b>	<b>28,377</b>



	Drainage	Golf	Transportation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	98,523	12,880	186,762	533,323
Cash received from other funds	3,540	--	269	4,231
Cash payments to suppliers for goods and services	(23,936)	(2,550)	(45,067)	(140,971)
Cash payments to other funds	(17,183)	(1,393)	(30,761)	(103,862)
Cash payments to employees for services	(47,202)	(5,894)	(87,576)	(293,555)
<b>Net cash provided (used) by operating activities</b>	<b>13,742</b>	<b>3,043</b>	<b>23,627</b>	<b>(834)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	266	--	1,878	167,568
Transfers out	(728)	--	(12,678)	(29,577)
Collections from other sources	--	--	6	6
Loan repayments to other funds	--	--	(301)	(301)
Collections from other governments	--	--	152	668
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(462)</b>	<b>--</b>	<b>(10,943)</b>	<b>138,364</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from the sale of general obligation bonds and other tax-supported debt	8,440	--	--	8,440
Principal paid on long-term debt	(2,424)	--	(719)	(17,210)
Principal paid on leases and IT subscriptions	(627)	(692)	(2,039)	(4,460)
Proceeds from the sale of capital assets	--	598	--	598
Interest paid on revenue bonds and other debt	(1,610)	--	(121)	(5,375)
Interest paid on leases and IT subscriptions	(59)	(116)	(200)	(638)
Interest income from leases	--	--	--	74
Acquisition and construction of capital assets	(35,604)	(202)	(3,915)	(57,215)
Contributions from state and federal governments	(56)	--	--	(56)
Contributions in aid of construction	3,966	302	623	4,891
Bond premiums	61	--	--	61
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(27,913)</b>	<b>(110)</b>	<b>(6,371)</b>	<b>(70,890)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of investment securities	--	--	--	(12,543)
Proceeds from sale and maturities of investment securities	--	--	--	12,669
Interest income (loss) on investments	8,246	176	1,787	24,529
<b>Net cash provided (used) by investing activities</b>	<b>8,246</b>	<b>176</b>	<b>1,787</b>	<b>24,655</b>
Net increase (decrease) in cash and cash equivalents	(6,387)	3,109	8,100	91,295
Cash and cash equivalents, beginning	221,598	4,041	42,100	606,309
<b>Cash and cash equivalents, ending</b>	<b>215,211</b>	<b>7,150</b>	<b>50,200</b>	<b>697,604</b>

(Continued)

**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the year ended September 30, 2023**  
**(In thousands)**

	<b>Austin Resource Recovery</b>	<b>Convention Center</b>	<b>Development Services</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>			
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (37,144)	(49,083)	(41,753)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	11,401	9,523	279
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	896	312	122
Increase (decrease) in allowance for doubtful accounts	(538)	--	--
(Increase) decrease in leases receivable	--	365	--
(Increase) decrease in inventory	--	(19)	--
(Increase) decrease in prepaid expenses and other assets	(47)	154	116
(Increase) decrease in other long-term assets	--	--	--
(Increase) decrease in deferred outflows	(31,163)	(12,708)	(30,318)
Increase (decrease) in accounts payable	735	1,297	(232)
Increase (decrease) in accrued payroll and compensated absences	484	146	484
Increase (decrease) in customer deposits	(78)	38	--
Increase (decrease) in net pension liability	69,223	27,972	65,609
Increase (decrease) in other postemployment benefits liability	(39,426)	(19,548)	(29,038)
Increase (decrease) in other liabilities	(920)	(36)	(433)
Increase (decrease) in deferred inflows	28,181	14,307	19,594
<b>Total adjustments</b>	<b>38,748</b>	<b>21,803</b>	<b>26,183</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,604</b>	<b>(27,280)</b>	<b>(15,570)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING</b>			
<b>ACTIVITIES:</b>			
Capital assets contributed from other funds	\$ --	--	--
Capital assets contributed to other funds	--	(40)	--
Amortization of bond (discounts) premiums	539	199	--
Amortization of deferred gain (loss) on refundings	(12)	(623)	--
Gain (loss) on disposal of assets	(363)	(347)	--
Transfers from other funds	234	--	38
Transfers to other funds	(38)	--	--

(Continued)

	Drainage	Golf	Transportation	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>				
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	(15,199)	(40)	(25,551)	(168,770)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	7,646	1,396	5,275	35,520
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	79	--	(1,507)	(98)
Increase (decrease) in allowance for doubtful accounts	(60)	--	(259)	(857)
(Increase) decrease in leases receivable	--	--	--	365
(Increase) decrease in inventory	--	--	1,416	1,397
(Increase) decrease in prepaid expenses and other assets	11	--	316	550
(Increase) decrease in other long-term assets	--	118	--	118
(Increase) decrease in deferred outflows	(26,818)	(2,051)	(50,877)	(153,935)
Increase (decrease) in accounts payable	257	(21)	1,272	3,308
Increase (decrease) in accrued payroll and compensated absences	238	86	307	1,745
Increase (decrease) in customer deposits	--	--	--	(40)
Increase (decrease) in net pension liability	53,065	3,494	96,806	316,169
Increase (decrease) in other postemployment benefits liability	(22,914)	(1,757)	(39,283)	(151,966)
Increase (decrease) in other liabilities	--	1	--	(1,388)
Increase (decrease) in deferred inflows	17,437	1,817	35,712	117,048
<b>Total adjustments</b>	<b>28,941</b>	<b>3,083</b>	<b>49,178</b>	<b>167,936</b>
<b>Net cash provided (used) by operating activities</b>	<b>13,742</b>	<b>3,043</b>	<b>23,627</b>	<b>(834)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING</b>				
<b>ACTIVITIES:</b>				
Capital assets contributed from other funds	428	32	48	508
Capital assets contributed to other funds	(2,986)	(251)	(123)	(3,400)
Amortization of bond (discounts) premiums	360	--	82	1,180
Amortization of deferred gain (loss) on refundings	3	--	(3)	(635)
Gain (loss) on disposal of assets	(22)	(12)	(1,671)	(2,415)
Transfers from other funds	53	--	49	374
Transfers to other funds	(30)	--	--	(68)





## INTERNAL SERVICE FUNDS

Internal service funds account for and report the financing of goods or services provided by one department to other departments of the City and other agencies on a cost-reimbursement basis. The City reports the following internal service funds:

*Capital Projects Management Fund* – Accounts for project delivery costs related to the City's capital improvement projects.

*Combined Transportation, Emergency and Communications Center Fund (CTECC)* – Accounts for the operation of shared critical emergency communications and transportation management for the region.

*Employee Benefits Fund* – Accounts for activities related to the health, dental, and life insurance costs of City employees.

*Fleet Maintenance Fund* - Accounts for City vehicle and equipment services.

*Information and Technology Fund* – Accounts for the activities of the Communications and Technology Management Department.

*Liability Reserve Fund* – Accounts for coverage of the City's major claims liabilities.

*Support Services Fund* - Accounts for the activities of the various support service departments.

*Wireless Communication Fund* - Accounts for communication support activities.

*Workers' Compensation Fund* - Accounts for workers' compensation costs.





**Internal Service Funds**  
**Combining Statement of Net Position**  
**September 30, 2023**  
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information and Technology
<b>ASSETS</b>					
Current assets:					
Cash	\$ --	--	--	--	--
Pooled investments and cash	9,638	1,895	87,302	9,083	21,707
Pooled investments and cash - restricted	--	--	--	--	--
Total pooled investments and cash	9,638	1,895	87,302	9,083	21,707
Cash held by trustee - restricted	--	--	553	--	--
Accounts receivable, net of allowance	--	1,951	327	3	97
Interest receivable	36	10	--	41	81
Receivables from other governments	--	--	737	--	--
Leases receivable	--	--	--	--	2
Inventories, at cost	--	--	--	3,975	--
Prepaid expenses	127	1,581	--	37	3,185
Total current assets	9,801	5,437	88,919	13,139	25,072
Noncurrent assets:					
Pooled investments and cash - restricted	494	--	--	6,407	--
Leases receivable	--	--	--	--	327
Depreciable capital assets, net	707	12,416	--	13,215	10,006
Nondepreciable capital assets	--	32	--	2,679	--
Intangible right-to-use lease and IT subscription assets, net	3,067	11,687	--	1,094	25,019
Total noncurrent assets	4,268	24,135	--	23,395	35,352
<b>Total assets</b>	<b>14,069</b>	<b>29,572</b>	<b>88,919</b>	<b>36,534</b>	<b>60,424</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	--	--	--	115	--
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	110	537	5,810	2,404	2,064
Accrued payroll	541	142	--	435	677
Accrued compensated absences	1,646	481	--	1,205	2,174
Claims payable	--	--	20,551	--	--
Due to other funds	--	--	--	--	--
Accrued interest payable from restricted assets	--	--	--	1	--
Accrued interest payable	5	205	--	1	580
Bonds payable	--	--	--	134	--
Leases and IT subscriptions payable	2,179	3,109	--	597	15,193
Customer and escrow deposits					
payable from restricted assets	--	--	--	--	--
Other liabilities payable from restricted assets	--	--	553	--	--
Total current liabilities	4,481	4,474	26,914	4,777	20,688
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	430	122	--	--	112
Claims payable	--	--	--	--	--
Advances from other funds	--	--	--	--	--
Bonds payable, net of discount and inclusive of premium	--	--	--	814	--
Leases and IT subscriptions payable	925	7,849	--	528	7,635
Asset retirement obligations	--	--	--	518	--
Total noncurrent liabilities	1,355	7,971	--	1,860	7,747
<b>Total liabilities</b>	<b>5,836</b>	<b>12,445</b>	<b>26,914</b>	<b>6,637</b>	<b>28,435</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	--	--	--	--	325
<b>NET POSITION</b>					
Net investment in capital assets	670	13,177	--	14,915	12,197
Restricted for:					
Capital projects	494	--	--	6,407	--
Unrestricted	7,069	3,950	62,005	8,690	19,467
<b>Total net position</b>	<b>\$ 8,233</b>	<b>17,127</b>	<b>62,005</b>	<b>30,012</b>	<b>31,664</b>



	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
<b>ASSETS</b>					
Current assets:					
Cash	--	7	--	--	7
Pooled investments and cash	17,462	51,305	5,480	34,710	238,582
Pooled investments and cash - restricted	--	721	--	--	721
Total pooled investments and cash	17,462	52,026	5,480	34,710	239,303
Cash held by trustee - restricted	--	--	--	--	553
Accounts receivable, net of allowance	--	19	664	--	3,061
Interest receivable	--	274	17	--	459
Receivables from other governments	--	--	--	--	737
Leases receivable	--	409	--	--	411
Inventories, at cost	--	--	--	--	3,975
Prepaid expenses	--	798	485	--	6,213
Total current assets	17,462	53,533	6,646	34,710	254,719
Noncurrent assets:					
Pooled investments and cash - restricted	--	--	--	--	6,901
Leases receivable	--	41,014	--	--	41,341
Depreciable capital assets, net	--	7,866	16,236	--	60,446
Nondepreciable capital assets	--	5,485	262	--	8,458
Intangible right-to-use lease and IT subscription assets, net	--	43,141	1,773	--	85,781
Total noncurrent assets	--	97,506	18,271	--	202,927
<b>Total assets</b>	17,462	151,039	24,917	34,710	457,646
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	--	--	--	--	115
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	363	8,684	552	182	20,706
Accrued payroll	--	2,364	76	--	4,235
Accrued compensated absences	--	7,114	275	--	12,895
Claims payable	8,140	--	--	12,749	41,440
Due to other funds	--	4,444	--	--	4,444
Accrued interest payable from restricted assets	--	--	--	--	1
Accrued interest payable	--	189	12	--	992
Bonds payable	--	--	--	--	134
Leases and IT subscriptions payable	--	4,605	218	--	25,901
Customer and escrow deposits payable from restricted assets	--	721	--	--	721
Other liabilities payable from restricted assets	--	--	--	--	553
Total current liabilities	8,503	28,121	1,133	12,931	112,022
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	630	2	--	1,296
Claims payable	600	--	--	33,954	34,554
Advances from other funds	--	13,656	--	--	13,656
Bonds payable, net of discount and inclusive of premium	--	--	--	--	814
Leases and IT subscriptions payable	--	39,081	1,558	--	57,576
Asset retirement obligations	--	--	--	--	518
Total noncurrent liabilities	600	53,367	1,560	33,954	108,414
<b>Total liabilities</b>	9,103	81,488	2,693	46,885	220,436
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	--	40,852	--	--	41,177
<b>NET POSITION</b>					
Net investment in capital assets	--	12,806	16,495	--	70,260
Restricted for:					
Capital projects	--	--	--	--	6,901
Unrestricted	8,359	15,893	5,729	(12,175)	118,987
<b>Total net position</b>	8,359	28,699	22,224	(12,175)	196,148

**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the year ended September 30, 2023**  
**(In thousands)**

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information and Technology
<b>OPERATING REVENUES</b>					
Billings to departments	\$ 36,530	20,846	143,262	68,755	87,108
Employee contributions	--	--	47,419	--	--
Lease revenue	--	--	--	--	4
Operating revenues from other governments	--	6,032	--	1,387	6
Other operating revenues	4,448	--	2,896	1,428	447
<b>Total operating revenues</b>	<b>40,978</b>	<b>26,878</b>	<b>193,577</b>	<b>71,570</b>	<b>87,565</b>
<b>OPERATING EXPENSES</b>					
Operating expenses before depreciation	35,549	23,015	209,549	67,843	67,069
Depreciation and amortization	2,277	4,234	--	2,564	20,433
<b>Total operating expenses</b>	<b>37,826</b>	<b>27,249</b>	<b>209,549</b>	<b>70,407</b>	<b>87,502</b>
<b>Operating income (loss)</b>	<b>3,152</b>	<b>(371)</b>	<b>(15,972)</b>	<b>1,163</b>	<b>63</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and other income (loss)	271	156	659	501	601
Interest on revenue bonds and other debt	--	--	--	(20)	--
Interest expense on leases and IT subscriptions	(30)	(237)	--	(30)	(848)
Other nonoperating revenues (expenses)	--	(452)	--	(85)	(1,269)
<b>Total nonoperating revenues (expenses)</b>	<b>241</b>	<b>(533)</b>	<b>659</b>	<b>366</b>	<b>(1,516)</b>
<b>Income (loss) before contributions and transfers</b>	<b>3,393</b>	<b>(904)</b>	<b>(15,313)</b>	<b>1,529</b>	<b>(1,453)</b>
Capital contributions	--	716	--	1,714	1,717
Transfers in	769	--	--	1,119	--
Transfers out	(758)	(4,701)	--	(695)	(4,555)
<b>Change in net position</b>	<b>3,404</b>	<b>(4,889)</b>	<b>(15,313)</b>	<b>3,667</b>	<b>(4,291)</b>
<b>Beginning net position</b>	<b>4,829</b>	<b>22,016</b>	<b>77,318</b>	<b>26,345</b>	<b>35,955</b>
<b>Ending net position</b>	<b>\$ 8,233</b>	<b>17,127</b>	<b>62,005</b>	<b>30,012</b>	<b>31,664</b>

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
<b>OPERATING REVENUES</b>					
Billings to departments	30,212	181,931	17,670	11,704	598,018
Employee contributions	--	--	--	--	47,419
Lease revenue	--	717	--	--	721
Operating revenues from other governments	--	1,320	268	--	9,013
Other operating revenues	--	305	3,052	--	12,576
<b>Total operating revenues</b>	<b>30,212</b>	<b>184,273</b>	<b>20,990</b>	<b>11,704</b>	<b>667,747</b>
<b>OPERATING EXPENSES</b>					
Operating expenses before depreciation	5,970	177,391	11,929	15,224	613,539
Depreciation and amortization	--	4,664	5,992	--	40,164
<b>Total operating expenses</b>	<b>5,970</b>	<b>182,055</b>	<b>17,921</b>	<b>15,224</b>	<b>653,703</b>
<b>Operating income (loss)</b>	<b>24,242</b>	<b>2,218</b>	<b>3,069</b>	<b>(3,520)</b>	<b>14,044</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and other income (loss)	(93)	2,673	103	235	5,106
Interest on revenue bonds and other debt	--	--	--	--	(20)
Interest expense on leases and IT subscriptions	--	(512)	(24)	--	(1,681)
Other nonoperating revenues (expenses)	--	(22)	(13)	--	(1,841)
<b>Total nonoperating revenues (expenses)</b>	<b>(93)</b>	<b>2,139</b>	<b>66</b>	<b>235</b>	<b>1,564</b>
<b>Income (loss) before contributions and transfers</b>	<b>24,149</b>	<b>4,357</b>	<b>3,135</b>	<b>(3,285)</b>	<b>15,608</b>
Capital contributions	--	2,196	2,437	--	8,780
Transfers in	--	7,133	30	--	9,051
Transfers out	--	(31,212)	(5,040)	--	(46,961)
<b>Change in net position</b>	<b>24,149</b>	<b>(17,526)</b>	<b>562</b>	<b>(3,285)</b>	<b>(13,522)</b>
<b>Beginning net position</b>	<b>(15,790)</b>	<b>46,225</b>	<b>21,662</b>	<b>(8,890)</b>	<b>209,670</b>
<b>Ending net position</b>	<b>8,359</b>	<b>28,699</b>	<b>22,224</b>	<b>(12,175)</b>	<b>196,148</b>

**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the year ended September 30, 2023**  
**(In thousands)**

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information and Technology
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 4,448	5,513	49,685	2,822	465
Cash received from other funds	36,530	20,846	143,262	68,755	87,108
Cash payments to suppliers for goods and services	(2,435)	(13,817)	(7,330)	(44,283)	(27,193)
Cash payments to other funds	(3,491)	(380)	(2,588)	(721)	(160)
Cash payments to employees for services	(28,881)	(7,623)	--	(24,683)	(35,951)
Cash payments to claimants/beneficiaries	--	--	(194,206)	--	--
<b>Net cash provided (used) by operating activities</b>	<b>6,171</b>	<b>4,539</b>	<b>(11,177)</b>	<b>1,890</b>	<b>24,269</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	500	--	--	1,000	--
Transfers out	(758)	(4,701)	--	(6)	(4,522)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(258)</b>	<b>(4,701)</b>	<b>--</b>	<b>994</b>	<b>(4,522)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Principal paid on long-term debt	--	--	--	(123)	--
Principal paid on leases and IT subscriptions	(2,121)	(3,306)	--	(573)	(19,180)
Interest paid on revenue bonds and other debt	--	(33)	--	(46)	--
Interest paid on leases and IT subscriptions	(28)	--	--	(31)	(282)
Interest income from leases	--	--	--	--	(54)
Acquisition and construction of capital assets	(1)	--	--	(2,525)	--
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(2,150)</b>	<b>(3,339)</b>	<b>--</b>	<b>(3,298)</b>	<b>(19,516)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest income (loss) on investments	242	153	659	475	601
<b>Net cash provided (used) by investing activities</b>	<b>242</b>	<b>153</b>	<b>659</b>	<b>475</b>	<b>601</b>
Net increase (decrease) in cash and cash equivalents	4,005	(3,348)	(10,518)	61	832
Cash and cash equivalents, beginning	6,127	5,243	98,373	15,429	20,875
<b>Cash and cash equivalents, ending</b>	<b>\$ 10,132</b>	<b>1,895</b>	<b>87,855</b>	<b>15,490</b>	<b>21,707</b>

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	--	2,579	3,195	--	68,707
Cash received from other funds	26,471	181,931	17,670	11,704	594,277
Cash payments to suppliers for goods and services	(1,811)	(31,949)	(7,797)	(4,861)	(141,476)
Cash payments to other funds	--	(12,469)	(478)	(1,886)	(22,173)
Cash payments to employees for services	--	(132,093)	(3,460)	--	(232,691)
Cash payments to claimants/beneficiaries	(7,105)	--	--	(6,868)	(208,179)
<b>Net cash provided (used) by operating activities</b>	<b>17,555</b>	<b>7,999</b>	<b>9,130</b>	<b>(1,911)</b>	<b>58,465</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	--	--	--	--	1,500
Transfers out	--	(13,092)	(5,005)	--	(28,084)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>--</b>	<b>(13,092)</b>	<b>(5,005)</b>	<b>--</b>	<b>(26,584)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Principal paid on long-term debt	--	--	(2,115)	--	(2,238)
Principal paid on leases and IT subscriptions	--	(3,888)	(214)	--	(29,282)
Interest paid on revenue bonds and other debt	--	--	--	--	(79)
Interest paid on leases and IT subscriptions	--	(365)	(26)	--	(732)
Interest income from leases	--	911	--	--	857
Acquisition and construction of capital assets	--	(1,652)	(112)	--	(4,290)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>--</b>	<b>(4,994)</b>	<b>(2,467)</b>	<b>--</b>	<b>(35,764)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest income (loss) on investments	(93)	1,619	90	235	3,981
<b>Net cash provided (used) by investing activities</b>	<b>(93)</b>	<b>1,619</b>	<b>90</b>	<b>235</b>	<b>3,981</b>
Net increase (decrease) in cash and cash equivalents	17,462	(8,468)	1,748	(1,676)	98
Cash and cash equivalents, beginning	--	60,501	3,732	36,386	246,666
<b>Cash and cash equivalents, ending</b>	<b>17,462</b>	<b>52,033</b>	<b>5,480</b>	<b>34,710</b>	<b>246,764</b>

(Continued)

**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the year ended September 30, 2023**  
**(In thousands)**

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information and Technology
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>					
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 3,152	(371)	(15,972)	1,163	63
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	2,277	4,234	--	2,564	20,433
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	(519)	(327)	2	12
Increase (decrease) in allowance for doubtful accounts	--	--	--	5	--
(Increase) decrease in receivable from other governments	--	--	(303)	--	--
(Increase) decrease in leases receivable	--	--	--	--	(4)
(Increase) decrease in due from other funds	--	--	--	--	--
(Increase) decrease in inventory	--	--	--	(800)	--
(Increase) decrease in prepaid expenses and other assets	182	1,059	--	15	3,680
(Increase) decrease in other long-term assets	--	--	--	--	--
Increase (decrease) in accounts payable	52	79	988	(1,280)	(75)
Increase (decrease) in accrued payroll and compensated absences	508	57	--	221	160
Increase (decrease) in claims payable	--	--	4,694	--	--
Increase (decrease) in due to other funds	--	--	--	--	--
Increase (decrease) in other liabilities	--	--	(257)	--	--
<b>Total adjustments</b>	<b>3,019</b>	<b>4,910</b>	<b>4,795</b>	<b>727</b>	<b>24,206</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 6,171</b>	<b>4,539</b>	<b>(11,177)</b>	<b>1,890</b>	<b>24,269</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Capital assets contributed from other funds	\$ --	716	--	1,714	1,717
Capital assets contributed to other funds	--	--	--	(18)	--
Amortization of bond (discounts) premiums	--	--	--	29	--
Amortization of deferred gain (loss) on refundings	--	--	--	(3)	--
Gain (loss) on disposal of assets	--	(452)	--	(697)	(1,269)
Transfers from other funds	269	--	--	119	--
Transfers to other funds	--	--	--	(689)	(33)

(Continued)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>					
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	24,242	2,218	3,069	(3,520)	14,044
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	--	4,664	5,992	--	40,164
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	552	(125)	--	(405)
Increase (decrease) in allowance for doubtful accounts	--	--	--	--	5
(Increase) decrease in receivable from other governments	--	1	--	--	(302)
(Increase) decrease in leases receivable	--	401	--	--	397
(Increase) decrease in due from other funds	--	3,741	--	--	3,741
(Increase) decrease in inventory	--	--	172	--	(628)
(Increase) decrease in prepaid expenses and other assets	--	1,579	(419)	--	6,096
(Increase) decrease in other long-term assets	--	(717)	--	--	(717)
Increase (decrease) in accounts payable	114	(5,320)	381	(53)	(5,114)
Increase (decrease) in accrued payroll and compensated absences	--	882	60	--	1,888
Increase (decrease) in claims payable	(3,060)	--	--	1,662	3,296
Increase (decrease) in due to other funds	(3,741)	--	--	--	(3,741)
Increase (decrease) in other liabilities	--	(2)	--	--	(259)
<b>Total adjustments</b>	<b>(6,687)</b>	<b>5,781</b>	<b>6,061</b>	<b>1,609</b>	<b>44,421</b>
<b>Net cash provided (used) by operating activities</b>	<b>17,555</b>	<b>7,999</b>	<b>9,130</b>	<b>(1,911)</b>	<b>58,465</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING</b>					
<b>ACTIVITIES:</b>					
Capital assets contributed from other funds	--	2,196	2,437	--	8,780
Capital assets contributed to other funds	--	(22)	--	--	(40)
Amortization of bond (discounts) premiums	--	--	--	--	29
Amortization of deferred gain (loss) on refundings	--	--	--	--	(3)
Gain (loss) on disposal of assets	--	--	--	--	(2,418)
Transfers from other funds	--	7,133	30	--	7,551
Transfers to other funds	--	(18,120)	(35)	--	(18,877)







## FIDUCIARY FUNDS

Fiduciary funds account for assets held by the City in a trustee capacity for other agencies, individuals, private organizations, or governmental units. The City does not hold these funds in a dedicated trust fund but utilizes custodial funds on behalf of other entities or persons to whom the funds will ultimately be disbursed. These custodial funds are considered fiduciary funds.

The City reports the following custodial funds:

*Municipal Court Fund* - Accounts for and reports service fees collected at Municipal Court that will be remitted to the State Comptroller of Public Accounts.

*Public School Energy Assistance Fund* - Accounts for and reports contributions for the benefit of public schools energy bills. Contributions are received with electric bill payments.

*Science Fest Fund* - Accounts for and reports all contributions, registration fees and other donations received for the Regional Science Festival.

*Unclaimed Property Fund* - Accounts for and reports unclaimed City of Austin checks.





**Fiduciary Funds**  
**Custodial Funds**  
**Combining Statement of Fiduciary Net Position**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit H-1**

	<b>Municipal Court</b>	<b>Public School Energy Assistance</b>	<b>Science Fest</b>	<b>Unclaimed Property</b>	<b>Total</b>
<b>ASSETS</b>					
Pooled investments and cash	\$ 346	27	123	2,238	2,734
Other assets	--	--	--	8	8
<b>Total assets</b>	<u>346</u>	<u>27</u>	<u>123</u>	<u>2,246</u>	<u>2,742</u>
<b>LIABILITIES</b>					
Accounts payable	--	25	--	--	25
Due to other governments	346	--	--	104	450
<b>Total liabilities</b>	<u>346</u>	<u>25</u>	<u>--</u>	<u>104</u>	<u>475</u>
<b>NET POSITION</b>					
Restricted for:					
Individuals, organizations and other governments	--	2	123	2,142	2,267
<b>Total net position</b>	<u>\$ --</u>	<u>2</u>	<u>123</u>	<u>2,142</u>	<u>2,267</u>

**Fiduciary Funds**  
**Custodial Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit H-2**

	<b>Municipal Court</b>	<b>Public School Energy Assistance</b>	<b>Science Fest</b>	<b>Unclaimed Property</b>	<b>Total</b>
<b>ADDITIONS</b>					
Contributions	\$ --	26	68	--	94
Interest and other	--	--	3	70	73
Fees collected for other governments	1,242	--	--	--	1,242
Miscellaneous	--	--	--	24	24
<b>Total additions</b>	<b>1,242</b>	<b>26</b>	<b>71</b>	<b>94</b>	<b>1,433</b>
<b>DEDUCTIONS</b>					
Beneficiary payments	--	25	56	--	81
Payment of fees to other governments	1,242	--	--	--	1,242
Administrative expenses	--	--	--	1	1
<b>Total deductions</b>	<b>1,242</b>	<b>25</b>	<b>56</b>	<b>1</b>	<b>1,324</b>
<b>Change in net position</b>	<b>--</b>	<b>1</b>	<b>15</b>	<b>93</b>	<b>109</b>
<b>Beginning net position</b>	<b>--</b>	<b>1</b>	<b>108</b>	<b>2,049</b>	<b>2,158</b>
<b>Ending net position</b>	<b>\$ --</b>	<b>2</b>	<b>123</b>	<b>2,142</b>	<b>2,267</b>





## DISCRETELY PRESENTED COMPONENT UNITS

The City reports the following discretely presented component units:

*Austin-Bergstrom Landhost Enterprises, Inc. (ABLE)* – This legally separate entity issues revenue bonds to finance the cost of acquiring, improving, and equipping a full-service hotel on the airport property.

*Austin Convention Enterprises, Inc (ACE)* – This legally separate entity owns, operates, and finances the Austin Convention Center Hotel.

*Austin Economic Development Corporation (AEDC)* – This legally separate entity engages in and supports socially beneficial real estate and economic development within the City.

*Austin Transit Partnership Local Government Corporation (ATP)* – This legally separate entity is responsible for the implementation of the Project Connect System Plan. Project Connect will create an integrated system that will improve transportation by addressing the needs for safer, faster, and more reliable transit.

*Austin Travis County Sobriety Center Local Government Corporation (SCLGC)* – This legally separate entity was created to operate a sobriety center located within the City of Austin and Travis County.

*Creekside Senior Housing Limited Partnership (CSHLP)* – This legally separate entity was formed to rehabilitate a multi-family housing development for seniors.

*Retreat at North Bluff, LP (RNBLP)* – This legally separate entity was formed to acquire, rehabilitate, and operate low or moderate income, and market-rate multifamily rental development for families.







**Discretely Presented Component Units  
Combining Statement of Net Position  
September 30, 2023  
(In thousands)**

**City of Austin, Texas  
Exhibit I-1**

	<b>Austin Bergstrom Landhost Enterprises, Inc. (1)</b>	<b>Austin Convention Enterprises, Inc. (1)</b>	<b>Austin Economic Development Corporation</b>	<b>Austin Transit Partnership Local Government Corporation</b>
<b>ASSETS</b>				
Current Assets:				
Pooled investments and cash	\$ 1,291	6,038	1,577	39
Cash held by trustee - restricted	2,961	--	--	--
Accounts receivable, net of allowance	962	3,555	--	--
Receivables from other governments - restricted	--	--	--	969
Inventories, at cost	59	173	--	--
Prepaid expenses	112	699	--	52
Total current assets	<u>5,385</u>	<u>10,465</u>	<u>1,577</u>	<u>1,060</u>
Noncurrent assets:				
Investments	--	--	1,814	360,313
Investments - restricted	--	48,052	--	--
Cash held by trustee - restricted	7,056	--	--	--
Depreciable capital assets, net	28,605	139,621	--	2,733
Nondepreciable capital assets	--	8,914	--	117,749
Intangible right-to-use lease and IT subscription assets, net	--	--	--	5,850
Other long-term assets	31	--	--	--
Total noncurrent assets	<u>35,692</u>	<u>196,587</u>	<u>1,814</u>	<u>486,645</u>
<b>Total assets</b>	<u>41,077</u>	<u>207,052</u>	<u>3,391</u>	<u>487,705</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>--</u>	<u>10,605</u>	<u>--</u>	<u>--</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	581	6,236	142	20,544
Accrued payroll	251	--	4	--
Due to other governments	825	--	--	5,704
Accrued interest payable from restricted assets	535	3,923	--	--
Bonds payable	1,425	9,860	--	--
Leases and IT subscriptions payable	--	--	--	--
Other liabilities	2,559	3,333	2,662	1,864
Total current liabilities	<u>6,176</u>	<u>23,352</u>	<u>2,808</u>	<u>28,112</u>
Noncurrent liabilities, net of current portion:				
Bonds and loans payable, net	44,162	159,370	--	--
Leases and IT subscriptions payable	--	--	--	--
Other liabilities	--	--	--	3,011
Total noncurrent liabilities	<u>44,162</u>	<u>159,370</u>	<u>--</u>	<u>3,011</u>
<b>Total liabilities</b>	<u>50,338</u>	<u>182,722</u>	<u>2,808</u>	<u>31,123</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>--</u>	<u>772</u>	<u>--</u>	<u>--</u>
<b>NET POSITION</b>				
Net investment in capital assets	(11,253)	12,612	--	122,807
Restricted for:				
Debt service	7,022	20,655	--	--
Housing activities	--	--	--	75,141
Unrestricted (deficit)	(5,030)	896	583	258,634
<b>Total net position</b>	<u>\$ (9,261)</u>	<u>34,163</u>	<u>583</u>	<u>456,582</u>

(1) Data as of December 31, 2022, the fiscal year end for this component unit. See Note 1 for additional information about how to obtain the separately audited financial statements for this component unit.

**Discretely Presented Component Units  
Combining Statement of Net Position  
September 30, 2023  
(In thousands)**

**City of Austin, Texas  
Exhibit I-1**

	<b>Austin Travis County Sobriety Center Local Government Corporation</b>	<b>Creekside Senior Housing Limited Partnership (1), (2)</b>	<b>Retreat at North Bluff, LP (1), (2)</b>	<b>Total</b>
<b>ASSETS</b>				
Current Assets:				
Pooled investments and cash	119	114	2,519	11,697
Cash held by trustee - restricted	--	--	--	2,961
Accounts receivable, net of allowance	7	10	25	4,559
Receivables from other governments - restricted	--	--	--	969
Inventories, at cost	--	--	--	232
Prepaid expenses	10	41	164	1,078
<b>Total current assets</b>	<b>136</b>	<b>165</b>	<b>2,708</b>	<b>21,496</b>
Noncurrent assets:				
Investments	--	--	--	362,127
Investments - restricted	--	--	--	48,052
Cash held by trustee - restricted	--	--	--	7,056
Depreciable capital assets, net	88	6,354	10,674	188,075
Nondepreciable capital assets	--	--	1,172	127,835
Intangible right-to-use lease and IT subscription assets, net	--	--	3,036	8,886
Other long-term assets	--	744	149	924
<b>Total noncurrent assets</b>	<b>88</b>	<b>7,098</b>	<b>15,031</b>	<b>742,955</b>
<b>Total assets</b>	<b>224</b>	<b>7,263</b>	<b>17,739</b>	<b>764,451</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	--	--	--	10,605
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1	102	4	27,610
Accrued payroll	55	3	--	313
Due to other governments	--	--	--	6,529
Accrued interest payable from restricted assets	--	1,089	--	5,547
Bonds payable	--	140	--	11,425
Leases and IT subscriptions payable	--	--	14	14
Other liabilities	--	642	252	11,312
<b>Total current liabilities</b>	<b>56</b>	<b>1,976</b>	<b>270</b>	<b>62,750</b>
Noncurrent liabilities, net of current portion:				
Bonds and loans payable, net	--	8,996	29,489	242,017
Leases and IT subscriptions payable	--	--	1,896	1,896
Other liabilities	--	538	--	3,549
<b>Total noncurrent liabilities</b>	<b>--</b>	<b>9,534</b>	<b>31,385</b>	<b>247,462</b>
<b>Total liabilities</b>	<b>56</b>	<b>11,510</b>	<b>31,655</b>	<b>310,212</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	--	--	--	772
<b>NET POSITION</b>				
Net investment in capital assets	88	(2,642)	(16,489)	105,123
Restricted for:				
Debt service	--	--	--	27,677
Housing activities	--	--	--	75,141
Unrestricted (deficit)	80	(1,605)	2,573	256,131
<b>Total net position</b>	<b>168</b>	<b>(4,247)</b>	<b>(13,916)</b>	<b>464,072</b>

- (1) Data as of December 31, 2022, the fiscal year end for this component unit. See Note 1 for additional information about how to obtain the separately audited financial statements for this component unit.
- (2) For presentation purposes, certain transactions are reflected differently in these financial statements to conform to the GASB presentation of the City.

Discretely Presented Component Units  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
For the year ended September 30, 2023  
(In thousands)

City of Austin, Texas  
Exhibit I-2

	Austin Bergstrom Landhost Enterprises, Inc. (1)	Austin Convention Enterprises, Inc. (1)	Austin Economic Development Corporation	Austin Transit Partnership Local Government Corporation
<b>OPERATING REVENUES</b>				
User fees and rentals	\$ 16,333	71,500	--	--
Operating grants and contributions	--	--	2,071	35,000
Operating revenues from primary government	--	--	--	125,095
Other operating revenues	--	--	--	--
<b>Total operating revenues</b>	<u>16,333</u>	<u>71,500</u>	<u>2,071</u>	<u>160,095</u>
<b>OPERATING EXPENSES</b>				
Operating expenses before depreciation	11,301	40,073	1,494	69,900
Depreciation and amortization	3,236	11,414	--	--
<b>Total operating expenses</b>	<u>14,537</u>	<u>51,487</u>	<u>1,494</u>	<u>69,900</u>
<b>Operating income (loss)</b>	<u>1,796</u>	<u>20,013</u>	<u>577</u>	<u>90,195</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and other revenues	63	523	15	15,035
Interest on revenue bonds and other debt	(1,574)	(6,856)	--	--
Other nonoperating revenue (expense)	1,285	--	--	--
<b>Total nonoperating revenues (expenses)</b>	<u>(226)</u>	<u>(6,333)</u>	<u>15</u>	<u>15,035</u>
<b>Change in net position</b>	1,570	13,680	592	105,230
<b>Beginning net position</b>	<u>(10,831)</u>	<u>20,483</u>	<u>(9)</u>	<u>351,352</u>
<b>Ending net position</b>	<u>\$ (9,261)</u>	<u>34,163</u>	<u>583</u>	<u>456,582</u>

(1) Data as of the year ended December 31, 2022, the fiscal year end for this component unit. See Note 1 for additional information about how to obtain the separately audited financial statements for this component unit.

**Discretely Presented Component Units**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit I-2**

	<b>Austin Travis County Sobriety Center Local Government Corporation</b>	<b>Creekside Senior Housing Limited Partnership (1), (2)</b>	<b>Retreat at North Bluff, LP (1), (2)</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
User fees and rentals	--	1,590	1,184	90,607
Operating grants and contributions	2,327	--	--	39,398
Operating revenues from primary government	--	--	--	125,095
Other operating revenues	49	31	86	166
<b>Total operating revenues</b>	<b>2,376</b>	<b>1,621</b>	<b>1,270</b>	<b>255,266</b>
<b>OPERATING EXPENSES</b>				
Operating expenses before depreciation	2,348	1,172	350	126,638
Depreciation and amortization	50	360	117	15,177
<b>Total operating expenses</b>	<b>2,398</b>	<b>1,532</b>	<b>467</b>	<b>141,815</b>
<b>Operating income (loss)</b>	<b>(22)</b>	<b>89</b>	<b>803</b>	<b>113,451</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and other revenues	--	4	--	15,640
Interest on revenue bonds and other debt	--	(602)	(495)	(9,527)
Other nonoperating revenue (expense)	--	520	(14,224)	(12,419)
<b>Total nonoperating revenues (expenses)</b>	<b>--</b>	<b>(78)</b>	<b>(14,719)</b>	<b>(6,306)</b>
<b>Change in net position</b>	<b>(22)</b>	<b>11</b>	<b>(13,916)</b>	<b>107,145</b>
<b>Beginning net position</b>	<b>190</b>	<b>(4,258)</b>	<b>--</b>	<b>356,927</b>
<b>Ending net position</b>	<b>168</b>	<b>(4,247)</b>	<b>(13,916)</b>	<b>464,072</b>

(1) Data as of the year ended December 31, 2022, the fiscal year end for this component unit. See Note 1 for additional information about how to obtain the separately audited financial statements for this component unit.

(2) For presentation purposes, certain transactions are reflected differently in these financial statements to conform to the GASB presentation of the City.

**Discretely Presented Component Units**  
**Combining Statement of Cash Flows**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit I-3**

	<b>Austin Bergstrom Landhost Enterprises, Inc. (1)</b>	<b>Austin Convention Enterprises, Inc. (1)</b>	<b>Austin Travis County Sobriety Center Local Government Corporation</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 16,122	71,443	49
Cash payments to suppliers for goods and services	(8,573)	(21,193)	(546)
Cash payments to employees for services	(2,851)	(17,244)	(1,780)
Cash received from other governments	--	--	--
Cash received from donors	--	--	2,327
<b>Net cash provided (used) by operating activities</b>	<b>4,698</b>	<b>33,006</b>	<b>50</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Grant from Airport for DSRF replenishment	46	--	--
Proceeds from Paycheck Protection Program Loan	(525)	--	--
Interest paid on long-term debt	(45)	--	--
Principal paid on long-term debt	(27)	--	--
Contributions from partners	--	--	--
Distribution to partners	--	--	--
Due diligence cost	--	--	--
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(551)</b>	<b>--</b>	<b>--</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal paid on long-term debt	(1,275)	(9,390)	--
Contributions of fixed assets	--	--	--
Debt issuance costs paid	--	--	--
Principal paid on leases and IT subscriptions	--	--	--
Interest paid on revenue bonds and other debt	(2,068)	(8,081)	--
Acquisition and construction of capital assets	(396)	(1,716)	(5)
Payment from primary government	2,142	--	--
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,597)</b>	<b>(19,187)</b>	<b>(5)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
(Purchase) sale of investment securities	--	(12,631)	--
Change in real estate tax and insurance escrows	--	--	--
Change in reserve for replacements	--	--	--
(Increase) decrease in insurance escrows	--	--	--
(Increase) decrease in reserve for replacements	--	--	--
Interest on investments	69	523	--
<b>Net cash provided (used) by investing activities</b>	<b>69</b>	<b>(12,108)</b>	<b>--</b>
Net increase (decrease) in cash and cash equivalents	2,619	1,711	45
Cash and cash equivalents, beginning	8,689	4,327	74
<b>Cash and cash equivalents, ending</b>	<b>\$ 11,308</b>	<b>6,038</b>	<b>119</b>

(1) Data as of the year ended December 31, 2022, the fiscal year end for this component unit. See Note 1 for additional information about how to obtain the separately audited financial statements for this component unit.

**Discretely Presented Component Units**  
**Combining Statement of Cash Flows**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit I-3**

	<b>Creekside Senior Housing Limited Partnership (1), (2)</b>	<b>Retreat at North Bluff, LP (1), (2)</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	1,627	1,246	90,487
Cash payments to suppliers for goods and services	(1,372)	(167)	(31,851)
Cash payments to employees for services	(139)	(92)	(22,106)
Cash received from other governments	--	--	--
Cash received from donors	--	--	2,327
<b>Net cash provided (used) by operating activities</b>	<b>116</b>	<b>987</b>	<b>38,857</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Grant from Airport for DSRF replenishment	--	--	46
Proceeds from Paycheck Protection Program Loan	--	--	(525)
Interest paid on long-term debt	--	--	(45)
Principal paid on long-term debt	(142)	--	(169)
Contributions from partners	519	22,051	22,570
Distribution to partners	--	(138)	(138)
Due diligence cost	--	(43)	(43)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>377</b>	<b>21,870</b>	<b>21,696</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal paid on long-term debt	--	30,137	19,472
Contributions of fixed assets	--	(36,072)	(36,072)
Debt issuance costs paid	--	(670)	(670)
Principal paid on leases and IT subscriptions	--	(1,154)	(1,154)
Interest paid on revenue bonds and other debt	(602)	(495)	(11,246)
Acquisition and construction of capital assets	(30)	(11,963)	(14,110)
Payment from primary government	--	--	2,142
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(632)</b>	<b>(20,217)</b>	<b>(41,638)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
(Purchase) sale of investment securities	--	--	(12,631)
Change in real estate tax and insurance escrows	--	(101)	(101)
Change in reserve for replacements	--	(20)	(20)
(Increase) decrease in insurance escrows	(162)	--	(162)
(Increase) decrease in reserve for replacements	315	--	315
Interest on investments	5	--	597
<b>Net cash provided (used) by investing activities</b>	<b>158</b>	<b>(121)</b>	<b>(12,002)</b>
Net increase (decrease) in cash and cash equivalents	19	2,519	6,913
Cash and cash equivalents, beginning	95	--	13,185
<b>Cash and cash equivalents, ending</b>	<b>114</b>	<b>2,519</b>	<b>20,098</b>

(1) Data as of the year ended December 31, 2022, the fiscal year end for this component unit. See Note 1 for additional information about how to obtain the separately audited financial statements for this component unit.

(2) For presentation purposes, certain transactions are reflected differently in these financial statements to conform to the GASB presentation of the City.

Discretely Presented Component Units  
Combining Statement of Cash Flows  
For the year ended September 30, 2023  
(In thousands)

City of Austin, Texas  
Exhibit I-3

	Austin Bergstrom Landhost Enterprises, Inc. (1)	Austin Convention Enterprises, Inc. (1)	Austin Travis County Sobriety Center Local Government Corporation
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 1,796	20,013	(22)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	3,236	11,414	50
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(211)	(1,076)	--
(Increase) decrease in inventory	(29)	36	--
(Increase) decrease in prepaid expenses and other assets	(29)	(17)	(3)
Increase (decrease) in accounts payable	189	5	(4)
Increase (decrease) in accrued payroll and compensated absences	67	--	29
Increase (decrease) in other liabilities	(321)	2,631	--
<b>Total adjustments</b>	<b>2,902</b>	<b>12,993</b>	<b>72</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 4,698</b>	<b>33,006</b>	<b>50</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
Amortization of bond (discounts) premiums	\$ --	1,921	--
Amortization of deferred gain (loss) on refundings	--	(930)	--
Paycheck Protection Program loan forgiven	1,285	--	--

(1) Data as of the year ended December 31, 2022, the fiscal year end for this component unit. See Note 1 for additional information about how to obtain the separately audited financial statements for this component unit.



Discretely Presented Component Units  
Combining Statement of Cash Flows  
For the year ended September 30, 2023  
(In thousands)

City of Austin, Texas  
Exhibit I-3

(Continued)

	Creekside Senior Housing Limited Partnership (1), (2)	Retreat at North Bluff, LP (1), (2)	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	89	803	22,679
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	360	117	15,177
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	6	(25)	(1,306)
(Increase) decrease in inventory	--	--	7
(Increase) decrease in prepaid expenses and other assets	(35)	(164)	(248)
Increase (decrease) in accounts payable	(390)	4	(196)
Increase (decrease) in accrued payroll and compensated absences	(7)	--	89
Increase (decrease) in other liabilities	93	252	2,655
<b>Total adjustments</b>	<b>27</b>	<b>184</b>	<b>16,178</b>
<b>Net cash provided (used) by operating activities</b>	<b>116</b>	<b>987</b>	<b>38,857</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
Amortization of bond (discounts) premiums	--	22	1,943
Amortization of deferred gain (loss) on refundings	--	--	(930)
Paycheck Protection Program loan forgiven	--	--	1,285

(1) Data as of the year ended December 31, 2022, the fiscal year end for this component unit. See Note 1 for additional information about how to obtain the separately audited financial statements for this component unit.

(2) For presentation purposes, certain transactions are reflected differently in these financial statements to conform to the GASB presentation of the City.





## **SUPPLEMENTAL SCHEDULES**



**Budgetary General Fund**  
**Supplementary Schedule of Revenues, Expenditures, and Changes in**  
**Fund balance--Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit J-1**

The General Fund, as reported in the financial statements, is comprised of twelve separately budgeted funds in the City's legally adopted budget: the Budgetary General Fund (represented as the General Fund in the City's budget document), plus Barton Springs Conservation, Budget Stabilization Reserve, Economic Development, Economic Incentives Reserve, Emergency Reserve, Housing and Planning Technology, Iconic Venue, Long Center Capital Improvements, Neighborhood Housing-Housing Trust, Pay for Success, and Seaholm Parking Garage Revenue. RSI reflects the budgetary comparison for the consolidated General Fund. Below are the budgetary comparisons for each of the twelve funds.

Budgetary General Fund	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Taxes	\$ 982,227	100	982,327	981,734	981,734	593
Franchise fees	29,718	(5)	29,713	29,907	29,907	(194)
Fines, forfeitures and penalties	4,531	--	4,531	4,229	4,229	302
Licenses, permits and inspections	22,267	(280)	21,987	19,285	19,285	2,702
Charges for services/goods	77,034	3,082	80,116	69,289	69,289	10,827
Lease revenue	156	(156)	--	--	--	--
Interest and other income (loss)	33,243	(3,374)	29,869	7,028	7,028	22,841
<b>Total revenues</b>	<b>1,149,176</b>	<b>(633)</b>	<b>1,148,543</b>	<b>1,111,472</b>	<b>1,111,472</b>	<b>37,071</b>
<b>EXPENDITURES</b>						
General government						
Municipal Court	36,722	732	37,454	37,394	37,394	(60)
Public safety						
Emergency Medical Services	99,372	16,222	115,594	112,130	115,530	(64)
Fire	206,351	21,396	227,747	229,472	229,472	1,725
Forensic Science	9,985	2,487	12,472	13,054	13,054	582
Police	382,721	69,226	451,947	444,854	449,054	(2,893)
Public health						
Animal Services	15,535	2,566	18,101	17,985	17,985	(116)
Public Health	50,286	17,035	67,321	67,505	67,505	184
Social Services	53,978	(462)	53,516	53,546	53,546	30
Public recreation and culture						
Austin Public Library	56,127	9,224	65,351	65,568	65,568	217
Parks and Recreation	108,717	10,189	118,906	118,979	118,979	73
Urban growth management						
Housing and Planning	13,353	4,386	17,739	19,347	19,347	1,608
Other urban growth management	35	(35)	--	--	--	--
Lease and IT subscription financing principal	8,279	(8,279)	--	--	--	--
Interest expense on leases and IT subscriptions	1,134	(1,134)	--	--	--	--
General city responsibilities (4)	168,733	(160,941)	7,792	12,938	5,338	(2,454)
<b>Total expenditures</b>	<b>1,211,328</b>	<b>(17,388)</b>	<b>1,193,940</b>	<b>1,192,772</b>	<b>1,192,772</b>	<b>(1,168)</b>
Excess (deficiency) of revenues over expenditures	(62,152)	16,755	(45,397)	(81,300)	(81,300)	35,903
<b>OTHER FINANCING SOURCES (USES)</b>						
Lease and IT subscription proceeds	3,611	(3,611)	--	--	--	--
Transfers in	155,837	--	155,837	165,837	165,837	(10,000)
Transfers out	(23,685)	(93,623)	(117,308)	(84,537)	(84,537)	(32,771)
Eliminated transfers	(70,951)	70,951	--	--	--	--
Other adjustments (1)	--	6,868	6,868	--	--	6,868
<b>Total other financing sources (uses)</b>	<b>64,812</b>	<b>(19,415)</b>	<b>45,397</b>	<b>81,300</b>	<b>81,300</b>	<b>(35,903)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	2,660	(2,660)	--	--	--	--
Fund balance at beginning of year	85,866	(85,866)	--	--	--	--
<b>Fund balance at end of year</b>	<b>\$ 88,526</b>	<b>(88,526)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

(Continued)

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.
- (4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.

**Budgetary General Fund**  
**Supplementary Schedule of Revenues, Expenditures, and Changes in**  
**Fund balance--Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit J-1**

**(Continued)**

Barton Springs Conservation			Actual-Budget Basis	Budget		Variance (3) Positive (Negative)
	Actual	Adjustments (1) (2)		Original	Final	
REVENUES						
Interest and other income (loss)	\$ 26	--	26	2	2	24
Total revenues	26	--	26	2	2	24
EXPENDITURES						
Urban growth management						
Housing and Planning	(230)	232	2	--	--	(2)
Other urban growth management	303	(11)	292	350	350	58
Total expenditures	73	221	294	350	350	56
Excess (deficiency) of revenues over expenditures	(47)	(221)	(268)	(348)	(348)	80
OTHER FINANCING SOURCES (USES)						
Transfers in	--	53	53	53	53	--
Transfers out	(233)	233	--	--	--	--
Eliminated transfers	53	(53)	--	--	--	--
Total other financing sources (uses)	(180)	233	53	53	53	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	(227)	12	(215)	(295)	(295)	80
Fund balance at beginning of year	837	(21)	816	760	760	56
Fund balance at end of year	\$ 610	(9)	601	465	465	136
Budget Stabilization Reserve						
	Actual	Adjustments (1) (2)	Actual-Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
EXPENDITURES						
General government						
Municipal Court	\$ 76	(76)	--	--	--	--
Public safety						
Emergency Medical Services	223	(41)	182	182	182	--
Fire	789	262	1,051	1,051	1,051	--
Police	197	(65)	132	152	152	20
Public health						
Animal Services	--	--	--	170	170	170
Public Health	2,270	1,051	3,321	3,344	3,344	23
Public recreation and culture						
Austin Public Library	24	--	24	24	24	--
Parks and Recreation	1,798	54	1,852	3,120	3,120	1,268
Urban growth management						
Housing and Planning	228	7,932	8,160	8,160	8,160	--
Other urban growth management	--	--	--	1,225	1,225	1,225
General city responsibilities (4)	1,788	(178)	1,610	2,495	2,495	885
Total expenditures	7,393	8,939	16,332	19,923	19,923	3,591
Excess (deficiency) of revenues over expenditures	(7,393)	(8,939)	(16,332)	(19,923)	(19,923)	3,591
OTHER FINANCING SOURCES (USES)						
Transfers in	--	31,988	31,988	29,731	29,731	2,257
Transfers out	(13,114)	(9,418)	(22,532)	(22,532)	(22,532)	--
Eliminated transfers	52,460	(52,460)	--	--	--	--
Other adjustments (1)	--	206	206	--	--	206
Total other financing sources (uses)	39,346	(29,684)	9,662	7,199	7,199	2,463
Excess (deficiency) of revenues and other sources over expenditures and other uses	31,953	(38,623)	(6,670)	(12,724)	(12,724)	6,054
Fund balance at beginning of year	116,857	(3,447)	113,410	87,639	87,639	25,771
Fund balance at end of year	\$ 148,810	(42,070)	106,740	74,915	74,915	31,825

**(Continued)**

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.
- (4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.

**Budgetary General Fund**  
**Supplementary Schedule of Revenues, Expenditures, and Changes in**  
**Fund balance--Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit J-1**

**(Continued)**

**Economic Development**

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Interest and other income (loss)	\$ 1,076	--	1,076	83	83	993
<b>Total revenues</b>	1,076	--	1,076	83	83	993
<b>EXPENDITURES</b>						
Urban growth management						
Housing and Planning	60	(60)	--	--	--	--
Other urban growth management	18,041	4,365	22,406	23,285	23,285	879
Lease and IT subscription financing principal	478	(478)	--	--	--	--
<b>Total expenditures</b>	18,579	3,827	22,406	23,285	23,285	879
Excess (deficiency) of revenues over expenditures	(17,503)	(3,827)	(21,330)	(23,202)	(23,202)	1,872
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	14,805	7,670	22,475	22,475	22,475	--
Transfers out	(188)	(4,317)	(4,505)	(4,505)	(4,505)	--
Eliminated transfers	6,358	(6,358)	--	--	--	--
Other adjustments (1)	--	224	224	--	--	224
<b>Total other financing sources (uses)</b>	20,975	(2,781)	18,194	17,970	17,970	224
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,472	(6,608)	(3,136)	(5,232)	(5,232)	2,096
Fund balance at beginning of year	10,813	(3,792)	7,021	5,232	5,232	1,789
<b>Fund balance at end of year</b>	<b>\$ 14,285</b>	<b>(10,400)</b>	<b>3,885</b>	<b>--</b>	<b>--</b>	<b>3,885</b>

**Economic Incentives Reserve**

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Interest and other income (loss)	\$ 801	--	801	175	175	626
<b>Total revenues</b>	801	--	801	175	175	626
<b>EXPENDITURES</b>						
Urban growth management						
Other urban growth management	11,763	(1,645)	10,118	10,274	10,274	156
<b>Total expenditures</b>	11,763	(1,645)	10,118	10,274	10,274	156
Excess (deficiency) of revenues over expenditures	(10,962)	1,645	(9,317)	(10,099)	(10,099)	782
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,225	8,028	9,253	8,470	8,470	783
Transfers out	(994)	--	(994)	(994)	(994)	--
Eliminated transfers	8,028	(8,028)	--	--	--	--
Other adjustments (1)	--	31	31	--	--	31
<b>Total other financing sources (uses)</b>	8,259	31	8,290	7,476	7,476	814
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,703)	1,676	(1,027)	(2,623)	(2,623)	1,596
Fund balance at beginning of year	12,171	(1,305)	10,866	10,124	10,124	742
<b>Fund balance at end of year</b>	<b>\$ 9,468</b>	<b>371</b>	<b>9,839</b>	<b>7,501</b>	<b>7,501</b>	<b>2,338</b>

(Continued)

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.  
(2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.  
(3) Variance is actual-budget basis to final budget.

**Budgetary General Fund**  
**Supplementary Schedule of Revenues, Expenditures, and Changes in**  
**Fund balance--Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit J-1**

**(Continued)**

**Emergency Reserve**

			Actual- Budget Basis	Budget		Variance (3) Positive Negative
	Actual	Adjustments (1) (2)		Original	Final	
<b>REVENUES</b>						
Interest and other income (loss)	\$ 5,848	--	5,848	15,000	15,000	(9,152)
<b>Total revenues</b>	5,848	--	5,848	15,000	15,000	(9,152)
<b>EXPENDITURES</b>						
General city responsibilities (4)	18,761	(14,674)	4,087	--	--	(4,087)
<b>Total expenditures</b>	18,761	(14,674)	4,087	--	--	(4,087)
Excess (deficiency) of revenues over expenditures	(12,913)	14,674	1,761	15,000	15,000	(13,239)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	--	36,804	36,804	6,916	6,916	29,888
Transfers out	(15,363)	(14,651)	(30,014)	(14,651)	(30,014)	--
Eliminated transfers	6,916	(6,916)	--	--	--	--
<b>Total other financing sources (uses)</b>	(8,447)	15,237	6,790	(7,735)	(23,098)	29,888
Excess (deficiency) of revenues and other sources over expenditures and other uses	(21,360)	29,911	8,551	7,265	(8,098)	16,649
Fund balance at beginning of year	93,669	(35)	93,634	92,620	92,620	1,014
<b>Fund balance at end of year</b>	<b>\$ 72,309</b>	<b>29,876</b>	<b>102,185</b>	<b>99,885</b>	<b>84,522</b>	<b>17,663</b>

**Housing and Planning Technology**

			Actual- Budget Basis	Budget		Variance (3) Positive Negative
	Actual	Adjustments (1) (2)		Original	Final	
<b>REVENUES</b>						
Licenses, permits and inspections	\$ 63	--	63	57	57	6
Interest and other income (loss)	8	--	8	1	1	7
<b>Total revenues</b>	71	--	71	58	58	13
<b>EXPENDITURES</b>						
Urban growth management						
Housing and Planning	51	2	53	75	75	22
<b>Total expenditures</b>	51	2	53	75	75	22
Excess (deficiency) of revenues over expenditures	20	(2)	18	(17)	(17)	35
Excess (deficiency) of revenues and other sources over expenditures and other uses	20	(2)	18	(17)	(17)	35
Fund balance at beginning of year	239	(4)	235	155	155	80
<b>Fund balance at end of year</b>	<b>\$ 259</b>	<b>(6)</b>	<b>253</b>	<b>138</b>	<b>138</b>	<b>115</b>

(Continued)

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.
- (4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.



**Budgetary General Fund**  
**Supplementary Schedule of Revenues, Expenditures, and Changes in**  
**Fund balance--Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit J-1**

**(Continued)**

Iconic Venue	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Interest and other income (loss)	\$ 180	--	180	--	--	180
<b>Total revenues</b>	180	--	180	--	--	180
<b>EXPENDITURES</b>						
Urban growth management						
Other urban growth management	3,450	(700)	2,750	2,500	2,500	(250)
<b>Total expenditures</b>	3,450	(700)	2,750	2,500	2,500	(250)
Excess (deficiency) of revenues over expenditures	(3,270)	700	(2,570)	(2,500)	(2,500)	(70)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	--	2,500	2,500	2,500	2,500	--
Eliminated transfers	2,500	(2,500)	--	--	--	--
<b>Total other financing sources (uses)</b>	2,500	--	2,500	2,500	2,500	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	(770)	700	(70)	--	--	(70)
Fund balance at beginning of year	4,923	(2,400)	2,523	2,505	2,505	18
<b>Fund balance at end of year</b>	<b>\$ 4,153</b>	<b>(1,700)</b>	<b>2,453</b>	<b>2,505</b>	<b>2,505</b>	<b>(52)</b>
<b>Long Center Capital Improvements</b>						
	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>EXPENDITURES</b>						
Urban growth management						
Other urban growth management	\$ 292	8	300	300	300	--
<b>Total expenditures</b>	292	8	300	300	300	--
Excess (deficiency) of revenues over expenditures	(292)	(8)	(300)	(300)	(300)	--
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	--	300	300	300	300	--
Eliminated transfers	300	(300)	--	--	--	--
<b>Total other financing sources (uses)</b>	300	--	300	300	300	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	8	(8)	--	--	--	--
Fund balance at beginning of year	151	(151)	--	--	--	--
<b>Fund balance at end of year</b>	<b>\$ 159</b>	<b>(159)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

(Continued)

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.

**Budgetary General Fund**  
**Supplementary Schedule of Revenues, Expenditures, and Changes in**  
**Fund balance--Budget and Actual-Budget Basis**  
**For the year ended September 30, 2023**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit J-1**

**(Continued)**

**Neighborhood Housing-Housing Trust**

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Interest and other income (loss)	\$ 9,379	--	9,379	10	10	9,369
<b>Total revenues</b>	9,379	--	9,379	10	10	9,369
Excess (deficiency) of revenues over expenditures	9,379	--	9,379	10	10	9,369
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	--	9,742	9,742	9,742	9,742	--
Transfers out	--	(15,406)	(15,406)	(15,406)	(15,406)	--
Eliminated transfers	(5,664)	5,664	--	--	--	--
Other adjustments (1)	--	250	250	--	--	250
<b>Total other financing sources (uses)</b>	(5,664)	250	(5,414)	(5,664)	(5,664)	250
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,715	250	3,965	(5,654)	(5,654)	9,619
Fund balance at beginning of year	8,282	(250)	8,032	5,654	5,654	2,378
<b>Fund balance at end of year</b>	<b>\$ 11,997</b>	<b>--</b>	<b>11,997</b>	<b>--</b>	<b>--</b>	<b>11,997</b>

**Pay for Success**

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>EXPENDITURES</b>						
General city responsibilities (2)	\$ --	--	--	1,200	1,200	1,200
<b>Total expenditures</b>	--	--	--	1,200	1,200	1,200
Excess (deficiency) of revenues and other sources over expenditures and other uses	--	--	--	(1,200)	(1,200)	1,200
Fund balance at beginning of year	6,000	--	6,000	4,800	4,800	1,200
<b>Fund balance at end of year</b>	<b>\$ 6,000</b>	<b>--</b>	<b>6,000</b>	<b>3,600</b>	<b>3,600</b>	<b>2,400</b>

**Seaholm Parking Garage Revenue**

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Interest and other income (loss)	\$ 673	--	673	534	534	139
<b>Total revenues</b>	673	--	673	534	534	139
Excess (deficiency) of revenues over expenditures	673	--	673	534	534	139
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(574)	--	(574)	(574)	(574)	--
<b>Total other financing sources (uses)</b>	(574)	--	(574)	(574)	(574)	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	99	--	99	(40)	(40)	139
Fund balance at beginning of year	2,027	--	2,027	2,017	2,017	10
<b>Fund balance at end of year</b>	<b>\$ 2,126</b>	<b>--</b>	<b>2,126</b>	<b>1,977</b>	<b>1,977</b>	<b>149</b>

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.
- (4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.

Enterprise Related Grants  
Combining Balance Sheet  
September 30, 2023  
(In thousands)

City of Austin, Texas  
Exhibit J-2

	Assets		Liabilities and Fund Balances			
	Receivables from Other Governments	Total Assets	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
<b>AUSTIN ENERGY RELATED</b>						
U.S. Department of Energy	\$ 41	41	41	41	--	41
<b>Total Austin Energy</b>	41	41	41	41	--	41
<b>AIRPORT RELATED</b>						
U.S. Department of Homeland Security	88	88	88	88	--	88
U.S. Department of Transportation	12,308	12,308	12,308	12,308	--	12,308
<b>Total Airport</b>	12,396	12,396	12,396	12,396	--	12,396
<b>DRAINAGE RELATED</b>						
U.S. Department of Army Corps of Engineers	--	--	--	--	--	--
U.S. Department of Homeland Security	1,305	1,305	1,305	1,305	--	1,305
<b>Total Drainage</b>	1,305	1,305	1,305	1,305	--	1,305
<b>AUSTIN RESOURCE RECOVERY RELATED</b>						
U.S. Environmental Protection Agency	484	484	484	484	--	484
<b>Total Austin Resource Recovery</b>	484	484	484	484	--	484
<b>Total grants, enterprise related</b>	\$ 14,226	14,226	14,226	14,226	--	14,226

NOTE: These grants have been reported in the enterprise fund financial statements.

Enterprise Related Grants  
Combining Schedule of Expenditures  
From Inception to September 30, 2023  
(In thousands)

City of Austin, Texas  
Exhibit J-3

	Total Expenditures at Beginning of Year			Current Year		Total Expenditures at End of Year			Budget		
	In-Kind			In-Kind		In-Kind			In-Kind		
	Grant	Match	Total	Grant	Match	Grant	Match	Total	Grant	Match	Total
<b>AUSTIN ENERGY RELATED</b>											
U.S. Department of Energy	\$ 33,992	5,703	39,695	24	66	34,016	5,769	39,785	34,473	5,934	40,407
<b>Total Austin Energy</b>	<u>33,992</u>	<u>5,703</u>	<u>39,695</u>	<u>24</u>	<u>66</u>	<u>34,016</u>	<u>5,769</u>	<u>39,785</u>	<u>34,473</u>	<u>5,934</u>	<u>40,407</u>
<b>AIRPORT RELATED</b>											
U.S. Department of Homeland Security	19,438	--	19,438	676	--	20,114	--	20,114	20,937	--	20,937
U.S. Department of Transportation	229,998	39,526	269,524	52,471	572	282,469	40,098	322,567	323,665	50,564	374,229
<b>Total Airport</b>	<u>249,436</u>	<u>39,526</u>	<u>288,962</u>	<u>53,147</u>	<u>572</u>	<u>302,583</u>	<u>40,098</u>	<u>342,681</u>	<u>344,602</u>	<u>50,564</u>	<u>395,166</u>
<b>DRAINAGE RELATED</b>											
U.S. Department of Army Corps of Engineers	--	--	--	2,743	1,394	2,743	1,394	4,137	9,025	3,008	12,033
U.S. Department of Homeland Security	10,073	4,469	14,542	872	3,011	10,945	7,480	18,425	21,362	17,831	39,193
<b>Total Drainage</b>	<u>10,073</u>	<u>4,469</u>	<u>14,542</u>	<u>3,615</u>	<u>4,405</u>	<u>13,688</u>	<u>8,874</u>	<u>22,562</u>	<u>30,387</u>	<u>20,839</u>	<u>51,226</u>
<b>AUSTIN RESOURCE RECOVERY RELATED</b>											
U.S. Environmental Protection Agency	1,098	176	1,274	502	3	1,600	179	1,779	2,620	264	2,884
<b>Total Austin Resource Recovery</b>	<u>1,098</u>	<u>176</u>	<u>1,274</u>	<u>502</u>	<u>3</u>	<u>1,600</u>	<u>179</u>	<u>1,779</u>	<u>2,620</u>	<u>264</u>	<u>2,884</u>
<b>Total grants, enterprise related</b>	<u>\$294,599</u>	<u>49,874</u>	<u>344,473</u>	<u>57,288</u>	<u>5,046</u>	<u>351,887</u>	<u>54,920</u>	<u>406,807</u>	<u>412,082</u>	<u>77,601</u>	<u>489,683</u>

NOTE: These grants have been reported in the enterprise fund financial statements.

**Schedule of General Obligation Bonds  
Authorized and Unissued  
For the year ended September 30, 2023  
(In thousands)**

**City of Austin, Texas  
Exhibit J-4**

<b>Date Authorized</b>	<b>Purpose</b>	<b>Original Authorized</b>	<b>Previously Issued (1) (2)</b>	<b>Issued During Current Year (2)</b>	<b>Unissued September 30, 2023</b>
10-22-83	Brackenridge 2000	\$ 50,000	40,785	--	9,215
09-08-84	Parks improvements	9,975	9,648	--	327
01-19-85	Cultural arts	20,285	14,890	--	5,395
11-07-06	Cultural arts	31,500	27,500	--	4,000
11-06-12	Mobility transportation	143,299	130,315	--	12,984
11-06-12	Park improvements	77,680	76,180	--	1,500
11-06-12	Public safety facility	31,079	31,075	--	4
11-06-12	HHS facility	11,148	11,145	--	3
11-06-12	Cultural arts	13,442	13,440	--	2
11-08-16	Mobility transportation	720,000	172,095	110,000	437,905
11-06-18	Affordable housing	250,000	140,295	60,000 (3)	49,705
11-06-18	Cultural arts	128,000	6,700	3,000	118,300
11-06-18	Park Improvements	149,000	28,275	15,000	105,725
11-06-18	Flood mitigation	184,000	72,685	3,000	108,315
11-06-18	Health and human services	16,000	4,190	--	11,810
11-06-18	Public safety	38,000	9,450	--	28,550
11-06-18	Mobility transportation	160,000	34,895	--	125,105
11-03-20	Mobility transportation	460,000	--	9,000	451,000
11-08-22	Affordable housing	350,000	--	--	350,000
		<u>\$ 2,843,408</u>	<u>823,563</u>	<u>200,000</u>	<u>1,819,845</u>

Source: Bond Sale Official Statements

(1) This schedule displays only those previously issued bonds that relate to bond authorizations included herein.

It does not display all debt previously issued and still outstanding or refunding bonds. It includes general obligation bonds reported in the government-wide governmental activities and in proprietary funds.

(2) Includes premium applied against voted authorization.

(3) Financed with proceeds of the Taxable Bonds.

**Schedule of Revenue Bonds Authorized,  
Deauthorized and Unissued  
For the year ended September 30, 2023  
(In thousands)**

**City of Austin, Texas  
Exhibit J-5**

<b>Date Authorized</b>	<b>Purpose</b>	<b>Original Authorized</b>	<b>Deauthorized</b>	<b>Previously Issued (1)</b>	<b>Issued During Current Year</b>	<b>Unissued September 30, 2023</b>
<b>AUSTIN ENERGY</b>						
10-22-83	Hydrogeneration power plant and electric system	\$ 39,000	--	10,620	--	28,380
03-01-84	Electric system, South Texas Nuclear Project	605,000	--	315,232	--	289,768
09-08-84	Electric improvements (gas turbines)	32,775	--	31,237	--	1,538
09-08-84	Electric improvements (western coal plant)	47,725	--	31,199	--	16,526
09-08-84	Electric transmission and reliability improvements	39,945	--	20,040	--	19,905
12-14-85	Transmission lines and substations	175,130	--	96,017	--	79,113
12-14-85	Overhead and underground distribution	76,055	--	46,845	--	29,210
12-14-85	Miscellaneous	25,891	--	10,443	--	15,448
08-10-92	Electrical distribution and street lighting	82,500	--	--	--	82,500
<b>Total Austin Energy</b>		<b>1,124,021</b>	<b>--</b>	<b>561,633</b>	<b>--</b>	<b>562,388</b>
<b>AUSTIN WATER (Water)</b>						
09-11-82	Green water treatment plant, water lines and reservoir	40,300	--	28,885	--	11,415
09-11-82	Ullrich water treatment plant, water lines and reservoir	49,100	--	42,210	--	6,890
09-11-82	Davis water treatment plant, water lines and reservoir	40,800	--	32,274	--	8,526
09-11-82	Waterworks system rehabilitation and improvements	12,800	--	9,164	--	3,636
09-08-84	Waterworks north central, northeast, and east service area	39,385	17,000	3,990	--	18,395
09-08-84	Waterworks northwest service area	14,970	--	11,430	--	3,540
09-08-84	Water improvements in north central and northwest service area	14,470	--	2,745	--	11,725
09-08-84	Waterworks system improvements	141,110	--	36,513	--	104,597
09-08-84	Ullrich water treatment plant improvements to South Austin	47,870	--	23,245	--	24,625
09-08-84	Water lines, reservoir improvements to south corridor area	12,570	--	6,585	--	5,985
09-08-84	Water lines, pump station improvements to North Austin area	7,945	--	7,765	--	180
09-08-84	Waterworks system rehabilitation and improvements	26,500	--	3,665	--	22,835
12-14-85	Northeast area improvements	37,950	10,000	7,493	--	20,457
12-14-85	South/southeast area improvements	42,090	14,000	6,035	--	22,055
12-14-85	Improvements/extensions	9,775	--	3,689	--	6,086
08-10-92	Improvements to meet EPA safe drinking water act	23,000	--	--	--	23,000
08-10-92	Improvements and replacement of deteriorated water system facilities	5,000	--	--	--	5,000
08-10-92	General utility relocation	2,000	--	--	--	2,000
05-03-97	Improvements/extensions to City's waterworks and wastewater system	35,000	--	--	--	35,000
05-02-98	Aquifer preservation	65,000	--	--	--	65,000
11-03-98	Water improvements, upgrade, replace	64,900	--	--	--	64,900
11-03-98	Water expansion and improvements	49,940	--	--	--	49,940
11-03-98	Water improvements and extensions	19,800	--	--	--	19,800
<b>Total Austin Water (Water)</b>		<b>\$ 802,275</b>	<b>41,000</b>	<b>225,688</b>	<b>--</b>	<b>535,587</b>

(Continued)

Source: Bond sale official statements

(1) This schedule displays only those previously issued bonds which relate to bond authorizations included herein. It does not display all debt previously issued and still outstanding, refunding bonds, or commercial paper.

**Schedule of Revenue Bonds Authorized,  
Deauthorized and Unissued  
For the year ended September 30, 2023  
(In thousands)**

**City of Austin, Texas  
Exhibit J-5**

**(Continued)**

<b>Date Authorized</b>	<b>Purpose</b>	<b>Original Authorized</b>	<b>Deauthorized</b>	<b>Previously Issued (1)</b>	<b>Issued During Current Year</b>	<b>Unissued September 30, 2023</b>
<b>AUSTIN WATER (Wastewater)</b>						
11-20-76	Sewer system improvements	\$ 46,920	--	38,920	--	8,000
09-11-82	Govalle sewage treatment plant, sewer lines and improvements to Canterbury lift station	28,300	--	24,658	--	3,642
09-11-82	Onion Creek sewage treatment plant and sewer lines	57,000	--	49,345	--	7,655
09-11-82	Sewer lines for north central and northwest Austin	20,700	--	17,975	--	2,725
09-11-82	Walnut Creek sewage treatment plant additions	20,400	--	17,971	--	2,429
09-11-82	Sewer system rehabilitation and improvements	4,800	--	3,930	--	870
09-08-84	Sewer system rehabilitation and improvements	43,515	--	36,950	--	6,565
09-08-84	Onion Creek and Walnut Creek sewage treatment plant improvements	44,795	--	42,284	--	2,511
09-08-84	Sewer system rehabilitation and improvements	46,230	--	14,925	--	31,305
04-06-85	Sewer system improvements	54,000	--	33,106	--	20,894
12-14-85	Advanced wastewater treatment	34,500	--	--	--	34,500
12-14-85	Northeast area improvements	47,035	32,300	1,857	--	12,878
12-14-85	Southeast area improvements	9,200	4,200	757	--	4,243
12-14-85	Improvements/extensions	24,725	--	12,621	--	12,104
12-14-85	Walnut Creek WWTP expansion	46,000	--	13,717	--	32,283
12-14-85	Bear Creek interceptor	1,840	1,511	265	--	64
08-10-92	Improvement to Hornsby Bend beneficial re-use program	11,000	--	--	--	11,000
08-10-92	Replacement and rehabilitation of deteriorated wastewater facilities	3,000	--	--	--	3,000
11-03-98	Wastewater improvements, upgrades and replacements	77,000	--	--	--	77,000
11-03-98	Wastewater improvements and expansion	121,000	--	--	--	121,000
<b>Total Austin Water (Wastewater)</b>		<b>741,960</b>	<b>38,011</b>	<b>309,281</b>	<b>--</b>	<b>394,668</b>
<b>Total Utility</b>		<b>2,668,256</b>	<b>79,011</b>	<b>1,096,602</b>	<b>--</b>	<b>1,492,643</b>
<b>AIRPORT</b>						
11-03-87	Relocation/construction of new airport	728,000	--	30,000	--	698,000
05-01-93	Construction of new municipal airport at Bergstrom AFB site	400,000	--	362,205	--	37,795
<b>Total Airport</b>		<b>1,128,000</b>	<b>--</b>	<b>392,205</b>	<b>--</b>	<b>735,795</b>
<b>CONVENTION CENTER</b>						
07-29-89	New convention center	69,000	--	68,240	--	760
<b>Total Convention Center</b>		<b>69,000</b>	<b>--</b>	<b>68,240</b>	<b>--</b>	<b>760</b>
<b>Total revenue bonds</b>		<b>\$ 3,865,256</b>	<b>79,011</b>	<b>1,557,047</b>	<b>--</b>	<b>2,229,198</b>

Source: Bond sale official statements

(1) This schedule displays only those previously issued bonds which relate to bond authorizations included herein. It does not display all debt previously issued and still outstanding, refunding bonds, or commercial paper.







## **STATISTICAL SECTION - UNAUDITED**

This section of the City of Austin's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial condition.

### **Contents**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. (Tables 1 - 5)

#### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. (Tables 6 - 11)

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. (Tables 12 - 16)

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. (Tables 17 - 18)

#### **Operating Information**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. (Tables 19 - 21)

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.



**Net Position by Component**  
**Last Ten Fiscal Years (In thousands)**  
**(Accrual basis of accounting)**

**City of Austin, Texas**  
**Table 1**

	Fiscal Year Ended September 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities										
Net investment in capital assets	1,621,208	1,645,359	1,719,704	1,709,146	1,735,481	1,844,751	1,999,355	2,208,451	2,332,283	2,571,330
Restricted	118,335	133,984	124,695	140,299	146,496	215,091	235,505	265,681	341,114	424,875
Unrestricted (deficit)	(431,349)	(1,117,293)	(1,211,495)	(1,394,092)	(2,135,186)	(2,336,696)	(2,835,470)	(3,266,612)	(3,417,521)	(3,856,915)
Total governmental activities net position	<u>1,308,194</u>	<u>662,050</u>	<u>632,904</u>	<u>455,353</u>	<u>(253,209)</u>	<u>(276,854)</u>	<u>(600,610)</u>	<u>(792,480)</u>	<u>(744,124)</u>	<u>(860,710)</u>
Business-type activities										
Net investment in capital assets	2,216,347	2,223,964	2,250,698	2,358,240	2,375,219	2,366,162	2,303,795	2,408,833	2,441,596	3,480,617
Restricted	524,653	642,052	690,459	702,749	795,049	1,015,860	1,085,723	1,107,411	1,236,318	1,356,558
Unrestricted	587,362	560,321	737,150	915,825	789,217	646,000	628,579	509,342	525,634	117,531
Total business-type activities net position	<u>3,328,362</u>	<u>3,426,337</u>	<u>3,678,307</u>	<u>3,976,814</u>	<u>3,959,485</u>	<u>4,028,022</u>	<u>4,018,097</u>	<u>4,025,586</u>	<u>4,203,548</u>	<u>4,954,706</u>
Primary government										
Net investment in capital assets	3,837,555	3,869,323	3,970,402	4,067,386	4,110,700	4,210,913	4,303,150	4,617,284	4,773,879	6,051,947
Restricted	642,988	776,036	815,154	843,048	941,545	1,230,951	1,321,228	1,373,092	1,577,432	1,781,433
Unrestricted (deficit)	156,013	(556,972)	(474,345)	(478,267)	(1,345,969)	(1,690,696)	(2,206,891)	(2,757,270)	(2,891,887)	(3,739,384)
Total primary government net position	<u>4,636,556</u>	<u>4,088,387</u>	<u>4,311,211</u>	<u>4,432,167</u>	<u>3,706,276</u>	<u>3,751,168</u>	<u>3,417,487</u>	<u>3,233,106</u>	<u>3,459,424</u>	<u>4,093,996</u>

Note: The City implemented GASB Statement No. 68 in fiscal year 2015 and GASB Statement No. 75 in fiscal year 2018, both of which significantly impacted the net position of the governmental activities.

**Changes in Net Position**  
**Last Ten Fiscal Years (In thousands)**  
**(Accrual basis of accounting)**

**City of Austin, Texas**  
**Table 2**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>										
Governmental activities:										
General government	118,074	131,993	177,302	192,231	200,125	201,747	283,532	327,126	279,333	344,368
Public safety	576,118	601,112	657,846	719,032	704,566	810,140	842,450	853,434	766,390	863,798
Transportation, planning, and sustainability	83,971	77,349	66,739	72,517	72,240	83,967	88,948	232,056	247,850	260,900
Public health	80,796	85,326	100,195	119,278	117,578	123,304	278,340	204,819	200,004	254,603
Public recreation and culture	117,441	134,567	147,191	161,226	173,333	175,567	178,481	185,110	206,004	241,914
Urban growth management	136,110	135,386	179,081	156,180	176,453	133,763	162,677	242,225	162,493	173,652
Interest on debt	49,617	55,855	61,500	61,879	65,147	64,986	69,002	68,724	70,858	72,986
Total governmental expenses	1,162,127	1,221,588	1,389,854	1,482,343	1,509,442	1,593,474	1,903,430	2,113,494	1,932,932	2,212,221
Business-type activities:										
Electric	1,251,599	1,203,729	1,226,585	1,277,623	1,268,610	1,397,591	1,345,003	1,256,788	1,605,171	1,800,366
Water	232,778	294,624	244,907	281,787	312,276	314,899	318,889	245,336	323,833	327,231
Wastewater	221,216	219,320	237,450	219,609	286,736	263,362	263,230	232,053	290,506	280,912
Airport	108,291	120,015	135,860	158,863	184,084	202,366	216,183	213,129	239,651	283,897
Convention	58,763	65,657	63,796	75,377	80,990	84,673	76,382	65,938	74,831	88,744
Environmental and health services	92,997	97,690	102,994	108,658	111,184	121,987	134,680	155,957	146,379	182,466
Public recreation	6,765	8,824	8,266	8,736	9,009	9,195	9,681	10,293	10,663	12,655
Urban growth management	125,983	135,360	173,360	183,532	196,817	308,303	312,267	334,450	353,553	430,286
Total business-type expenses	2,098,392	2,145,219	2,193,218	2,314,185	2,449,706	2,702,376	2,676,315	2,513,944	3,044,587	3,406,557
Total primary government expenses	3,260,519	3,366,807	3,583,072	3,796,528	3,959,148	4,295,850	4,579,745	4,627,438	4,977,519	5,618,778
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	17,890	15,434	15,915	21,345	27,276	26,806	28,727	24,886	30,247	35,155
Public safety	62,832	65,221	65,087	57,728	57,950	57,620	46,482	45,504	47,671	58,264
Transportation, planning, and sustainability	5,214	5,006	4,572	1,698	1,503	1,490	1,277	383	1,440	1,537
Public health	9,720	10,351	9,160	12,374	8,109	8,239	11,265	18,229	12,649	15,985
Public recreation and culture	8,205	8,330	8,781	11,251	12,401	11,558	3,799	6,955	16,789	16,908
Urban growth management	37,848	56,366	78,530	72,244	66,161	26,166	27,502	30,686	37,943	40,220
Operating grants and contributions	50,333	45,470	47,430	45,162	42,489	66,439	190,534	182,566	105,901	102,532
Capital grants and contributions	66,856	70,484	95,486	90,256	107,865	78,826	60,724	99,864	77,827	82,480
Total governmental program revenues	258,898	276,662	324,961	312,058	323,754	277,144	370,310	409,073	330,467	353,081
Business-type activities:										
Charges for services:										
Electric	1,367,155	1,351,436	1,370,228	1,362,132	1,400,523	1,447,300	1,373,556	1,271,808	1,676,308	1,788,622
Water	240,526	277,180	301,860	324,562	304,182	287,454	305,072	295,295	337,719	340,901
Wastewater	232,067	239,811	259,974	274,518	270,884	264,116	261,053	271,927	288,210	297,531

(Continued)

**Changes in Net Position**  
**Last Ten Fiscal Years (In thousands)**  
**(Accrual basis of accounting)**

**City of Austin, Texas**  
**Table 2**  
**(Continued)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Airport	128,766	142,353	159,866	178,433	197,426	213,458	162,010	178,077	272,478	320,774
Convention	25,087	28,657	33,221	40,196	33,752	43,600	16,655	6,018	29,693	35,742
Environmental and health services	84,655	96,622	103,420	109,274	115,499	117,998	119,692	131,414	140,348	145,395
Public recreation	5,849	5,736	6,480	6,705	7,278	7,060	6,134	10,281	10,655	13,006
Urban growth management	141,755	154,337	176,163	204,439	214,244	286,780	283,435	296,609	329,581	345,049
Operating grants and contributions	1,489	1,039	739	861	876	785	24,383	32,377	50,859	43,768
Capital grants and contributions	65,550	110,580	144,139	137,464	122,396	164,700	147,545	150,385	165,649	144,227
Total business-type revenues	2,292,899	2,407,751	2,556,090	2,638,584	2,667,060	2,833,251	2,699,535	2,644,191	3,301,500	3,475,015
Total primary government revenues	2,551,797	2,684,413	2,881,051	2,950,642	2,990,814	3,110,395	3,069,845	3,053,264	3,631,967	3,828,096
<b>Net (Expense)/Revenue</b>										
Governmental activities	(903,229)	(944,926)	(1,064,893)	(1,170,285)	(1,185,688)	(1,316,330)	(1,533,120)	(1,704,421)	(1,602,465)	(1,859,140)
Business-type activities	194,507	262,532	362,872	324,399	217,354	130,875	23,220	130,247	256,913	68,458
Total primary government net expense	(708,722)	(682,394)	(702,021)	(845,886)	(968,334)	(1,185,455)	(1,509,900)	(1,574,174)	(1,345,552)	(1,790,682)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	448,083	476,439	507,485	554,631	616,745	671,614	732,336	937,352	978,108	993,687
Sales tax	189,464	204,029	212,634	218,790	232,319	248,813	246,658	281,784	341,620	358,557
Franchise fees and gross receipts tax	128,032	141,368	147,773	151,670	159,754	175,182	117,810	120,085	205,978	224,688
Intergovernmental	--	--	--	--	--	--	--	--	19,833	47,933
Interest and other	21,275	21,951	41,708	26,950	34,333	53,330	41,862	40,374	47,175	101,603
Transfers	62,215	70,865	121,838	40,693	73,664	133,907	70,698	125,945	58,107	18,739
Special items	15,830	11,983	4,309	--	--	10,201	--	--	--	--
Total general revenues and transfers	864,899	926,635	1,035,747	992,734	1,116,815	1,293,047	1,209,364	1,505,540	1,650,821	1,745,207
Business-type activities:										
Interest and other	5,717	10,498	10,936	14,801	27,730	71,569	37,553	3,187	(20,844)	133,511
Transfers	(62,215)	(70,865)	(121,838)	(40,693)	(73,664)	(133,907)	(70,698)	(125,945)	(58,107)	(18,739)
Total business-type activities	(56,498)	(60,367)	(110,902)	(25,892)	(45,934)	(62,338)	(33,145)	(122,758)	(78,951)	114,772
Total primary government	808,401	866,268	924,845	966,842	1,070,881	1,230,709	1,176,219	1,382,782	1,571,870	1,859,979
<b>Change in Net Position</b>										
Governmental activities	(38,330)	(18,291)	(29,146)	(177,551)	(68,873)	(23,283)	(323,756)	(198,881)	48,356	(113,933)
Business-type activities	138,009	202,165	251,970	298,507	171,420	68,537	(9,925)	7,489	177,962	183,230
Total primary government	99,679	183,874	222,824	120,956	102,547	45,254	(333,681)	(191,392)	226,318	69,297

**Program Revenues by Function/Program**  
**Last Ten Fiscal Years (In thousands)**  
*(Accrual basis of accounting)*

**City of Austin, Texas**  
**Table 3**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Function/Program</b>										
Governmental activities:										
General government	29,150	24,715	29,665	29,022	44,526	28,514	30,567	31,259	35,716	45,224
Public safety	74,805	71,035	71,626	64,937	67,314	64,235	54,020	66,744	55,721	67,144
Transportation, planning, and sustainability	55,324	61,405	80,375	75,165	83,068	63,260	45,045	66,638	46,771	41,351
Public health	29,390	29,524	28,822	33,034	29,742	30,045	171,392	94,276	58,354	60,025
Public recreation and culture	17,233	15,390	17,685	23,050	24,840	30,371	20,232	36,117	44,264	53,386
Urban growth management	52,996	74,593	96,788	86,850	74,264	60,719	49,054	114,039	89,641	85,951
Subtotal governmental activities	<u>258,898</u>	<u>276,662</u>	<u>324,961</u>	<u>312,058</u>	<u>323,754</u>	<u>277,144</u>	<u>370,310</u>	<u>409,073</u>	<u>330,467</u>	<u>353,081</u>
Business-type activities:										
Electric	1,381,040	1,374,895	1,411,135	1,406,147	1,435,613	1,492,881	1,419,070	1,313,226	1,717,276	1,830,277
Water	264,265	312,102	349,195	369,506	351,089	337,352	356,634	346,669	392,631	374,493
Wastewater	246,569	261,680	290,717	304,260	297,869	290,883	300,894	304,130	345,247	348,759
Airport	134,208	151,368	163,432	193,769	205,635	227,535	192,893	218,558	325,015	373,921
Convention	25,138	28,657	33,221	40,196	33,752	43,600	16,655	6,018	29,792	35,742
Environmental and health services	84,807	96,674	103,538	109,546	115,768	118,331	119,953	131,608	141,184	145,897
Public recreation	6,626	6,206	6,701	6,995	7,508	7,286	6,326	10,549	10,913	13,340
Urban growth management	150,246	176,169	198,151	208,165	219,826	315,383	287,110	313,433	339,442	352,586
Subtotal business-type activities	<u>2,292,899</u>	<u>2,407,751</u>	<u>2,556,090</u>	<u>2,638,584</u>	<u>2,667,060</u>	<u>2,833,251</u>	<u>2,699,535</u>	<u>2,644,191</u>	<u>3,301,500</u>	<u>3,475,015</u>
Total primary government	<u><u>2,551,797</u></u>	<u><u>2,684,413</u></u>	<u><u>2,881,051</u></u>	<u><u>2,950,642</u></u>	<u><u>2,990,814</u></u>	<u><u>3,110,395</u></u>	<u><u>3,069,845</u></u>	<u><u>3,053,264</u></u>	<u><u>3,631,967</u></u>	<u><u>3,828,096</u></u>

**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (In thousands)**  
*(Modified accrual basis of accounting)*

**City of Austin, Texas**  
**Table 4**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Fund										
Nonspendable	950	949	546	727	2,064	1,771	2,879	3,369	3,000	2,005
Assigned	25,887	26,123	28,700	29,618	37,561	53,441	95,545	116,428	150,130	179,469
Unassigned	156,659	150,091	131,743	141,469	173,309	180,424	173,091	153,305	188,705	177,228
Total general fund	<u>183,496</u>	<u>177,163</u>	<u>160,989</u>	<u>171,814</u>	<u>212,934</u>	<u>235,636</u>	<u>271,515</u>	<u>273,102</u>	<u>341,835</u>	<u>358,702</u>
All Other Governmental Funds										
Nonspendable	1,052	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070
Restricted	162,000	175,977	186,395	214,582	223,062	243,746	299,091	300,032	355,070	429,172
Committed	27,486	40,196	42,508	40,652	45,169	41,896	47,182	59,131	79,492	90,855
Assigned	64,142	75,821	107,833	109,692	108,333	130,735	120,579	127,620	123,449	172,564
Unassigned	(70,581)	(51,622)	(14,876)	(25,369)	(11,113)	(39,921)	(161,127)	(201,583)	(190,588)	(268,501)
Total all other governmental funds	<u>184,099</u>	<u>241,442</u>	<u>322,930</u>	<u>340,627</u>	<u>366,521</u>	<u>377,526</u>	<u>306,795</u>	<u>286,270</u>	<u>368,493</u>	<u>425,160</u>

**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (In thousands)**  
**(Modified accrual basis of accounting)**

**City of Austin, Texas**  
**Table 5**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Property taxes	446,876	474,704	509,104	554,411	616,424	671,238	729,633	942,369	977,478	989,348
Sales taxes	189,464	204,029	212,634	218,790	232,319	248,813	246,658	281,784	341,620	358,557
Franchise fees and other taxes	128,032	141,368	147,773	151,670	159,754	175,182	117,810	120,085	205,978	224,688
Fine, forfeitures, and penalties	22,520	22,884	20,079	17,628	15,764	14,408	8,505	5,528	7,798	6,780
Licenses, permits, and inspections	33,719	39,805	50,186	61,450	54,424	16,648	15,619	20,065	24,720	25,793
Charges for services/goods	72,924	86,576	98,911	81,368	84,315	85,381	74,908	78,970	93,667	106,679
Intergovernmental	79,407	62,622	56,746	59,572	65,632	73,829	192,743	186,511	125,196	155,209
Property owners' participation and contributions	12,718	12,763	14,554	14,659	16,355	21,525	22,911	36,992	30,076	34,517
Lease revenue	--	--	--	--	--	--	--	--	439	185
Interest and other	21,393	21,517	38,334	27,050	34,254	45,848	40,689	40,184	48,392	98,206
Total revenues	1,007,053	1,066,268	1,148,321	1,186,598	1,279,241	1,352,872	1,449,476	1,712,488	1,855,364	1,999,962
<b>Expenditures</b>										
General government	91,668	102,222	118,773	128,708	138,011	145,587	213,746	251,843	228,124	227,349
Public safety	528,670	565,070	576,461	593,406	597,085	619,308	548,210	640,385	672,270	711,602
Transportation, planning, and sustainability	14,053	7,032	7,039	5,125	5,162	5,734	3,617	152,070	160,371	165,871
Public health	74,310	80,630	92,076	101,025	106,016	108,635	256,316	176,753	170,009	214,078
Public recreation and culture	99,780	110,745	116,531	126,599	134,575	133,422	128,753	130,105	147,719	168,211
Urban growth management	106,715	116,912	155,459	127,982	150,635	108,175	142,816	271,505	160,315	171,879
Debt service:										
Principal	69,768	71,532	80,859	87,367	99,572	128,163	137,841	150,825	161,151	157,791
Interest	49,367	55,794	61,388	61,862	64,674	64,570	68,070	67,710	69,163	71,793
Fees and commissions	6	9	13	13	27	31	29	33	32	32
Lease financing principal	--	--	--	--	--	--	--	--	5,978	10,375
Interest expense on leases and IT subscriptions	--	--	--	--	--	--	--	--	--	1,202
Capital outlay	257,420	186,870	142,822	130,783	139,324	202,954	359,503	255,277	274,406	332,436
Total expenditures	1,291,757	1,296,816	1,351,421	1,362,870	1,435,081	1,516,579	1,858,901	2,096,506	2,049,538	2,232,619
Excess (deficiency) of revenues over expenditures	(284,704)	(230,548)	(203,100)	(176,272)	(155,840)	(163,707)	(409,425)	(384,018)	(194,174)	(232,657)
<b>Other financing sources (uses)</b>										
Issuance of tax supported debt	154,444	159,939	142,775	130,665	118,216	96,341	207,750	180,366	225,154	202,236
Issuance of refunding bonds	107,923	--	139,690	54,970	--	--	12,620	78,949	89,625	30,834
Bond premiums	16,212	20,093	33,305	35,430	17,237	6,200	27,875	50,545	47,082	17,463
Payment to escrow agent	(113,836)	--	(159,589)	(68,744)	--	--	(13,238)	(93,417)	(104,026)	(30,834)
Lease proceeds	--	--	--	--	--	--	--	--	13,010	5,780
Capital leases	--	--	--	--	--	--	23,702	--	--	--
Transfers in	221,868	239,666	248,331	222,540	242,856	272,354	306,332	361,844	301,132	349,861
Transfers out	(114,385)	(150,123)	(140,407)	(170,067)	(155,455)	(187,682)	(190,468)	(220,218)	(226,847)	(298,239)
Total other financing sources (uses)	272,226	269,575	264,105	204,794	222,854	187,213	374,573	358,069	345,130	277,101
<b>Special item</b>	15,830	11,983	4,309	--	--	10,201	--	--	--	--
Net change in fund balances	3,352	51,010	65,314	28,522	67,014	33,707	(34,852)	(25,949)	150,956	44,444
Debt service as a percentage of noncapital expenditures	11.2%	11.3%	11.5%	11.9%	12.8%	14.7%	13.9%	12.2%	13.2%	12.4%



**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years (In thousands)**  
*(Modified accrual basis of accounting)*

**City of Austin, Texas**  
**Table 6**

Fiscal Year Ended Sept. 30	Property Tax	Sales Tax	Franchise Fees and Other Taxes				Total
			Franchise Fees	Hotel-Motel Occupancy Tax	Mixed Drink Tax	Vehicle Rental Tax	
	\$	\$	\$	\$	\$	\$	\$
2014	446,876	189,464	39,366	70,683	9,355	8,628	764,372
2015	474,704	204,029	39,984	82,361	10,352	8,671	820,101
2016	509,104	212,634	38,858	88,661	11,177	9,077	869,511
2017	554,411	218,790	38,177	92,545	11,588	9,360	924,871
2018	616,424	232,319	37,888	99,218	12,653	9,995	1,008,497
2019	671,238	248,813	37,308	111,751	13,782	12,341	1,095,233
2020	729,633	246,658	30,452	71,348	9,308	6,702	1,094,101
2021	942,369	281,784	27,930	71,486	11,873	8,796	1,344,238
2022	977,478	341,620	32,435	144,610	15,569	13,364	1,525,076
2023	989,348	358,557	31,083	162,565	18,187	12,853	1,572,593
Change 2014-2023	121.4%	89.2%	-21.0%	130.0%	94.4%	49.0%	

**Property Appraised Value, Taxable Value, Tax Rates,  
Tax Levies, and Tax Collections  
Last Ten Fiscal Years**

**City of Austin, Texas  
Table 7**

Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Ratio of Taxable Value to Appraised Value %	Total Appraised Value at January 1 \$	Less Exemptions (October 1) \$	Total Taxable Value (October 1) \$	Percent of Growth In Taxable Value %	Tax Rate (per \$100 Valuation)				
							General Fund	Debt Service Fund	Project Connect Fund	Total	Percentage Change in Tax Rate %
							\$	\$	\$	\$	%
2014	2013	86.94	102,102,789,438	13,336,691,278	88,766,098,160	6.57	0.3856	0.1171	--	0.5027	(0.04)
2015	2014	84.70	116,469,347,283	17,817,167,853	98,652,179,430	11.14	0.3691	0.1118	--	0.4809	(4.34)
2016	2015	81.06	136,703,100,149	26,177,073,750	110,526,026,399	12.04	0.3527	0.1062	--	0.4589	(4.57)
2017	2016	79.97	156,764,185,067	31,392,530,411	125,371,654,656	13.43	0.3399	0.1019	--	0.4418	(3.73)
2018	2017	80.44	172,067,755,668	33,649,108,408	138,418,647,260	10.41	0.3393	0.1055	--	0.4448	0.68
2019	2018	80.53	188,936,370,655	36,788,864,886	152,147,505,769	9.92	0.3308	0.1095	--	0.4403	(1.01)
2020	2019	80.64	204,860,740,992	39,666,633,105	165,194,107,887	8.57	0.3337	0.1094	--	0.4431	0.64
2021	2020	81.24	218,073,161,273	41,401,377,964	176,671,783,309	6.95	0.3334	0.1126	0.0875	0.5335	20.40
2022	2021	76.09	238,447,054,856	57,011,786,096	181,435,268,760	2.70	0.3390	0.1130	0.0890	0.5410	1.41
2023	2022	69.80	310,727,560,659	93,833,909,683	216,893,650,976	19.54	0.2906	0.0958	0.0763	0.4627	(14.47)
2024	2023	(1) 71.12	339,513,306,838	98,045,999,880	241,467,306,958	11.33	0.2833	0.0881	0.0744	0.4458	(3.65)

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Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Total Tax Levy (October 1)	Collected within the Fiscal Year of the Levy		Net Collections in Subsequent Years	Total Collections to Date		Total Outstanding Delinquencies (2)	
			Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2014	2013	\$ 446,227,175	\$ 442,872,352	99.25	\$ 1,303,002	\$ 444,175,354	99.54	\$ 13,037,334	2.92
2015	2014	474,418,331	470,959,014	99.27	1,443,319	472,402,333	99.58	14,469,523	3.05
2016	2015	507,203,935	504,891,858	99.54	760,817	505,652,675	99.69	13,711,114	2.70
2017	2016	553,891,970	551,107,380	99.50	(1,149,178)	549,958,202	99.29	13,903,694	2.51
2018	2017	615,686,143	612,423,673	99.47	(1,237,386)	611,186,287	99.27	14,403,647	2.34
2019	2018	669,905,468	666,262,136	99.46	(1,915,204)	664,346,932	99.17	15,104,516	2.25
2020	2019	731,975,092	725,918,569	99.17	(1,744,224)	724,174,345	98.93	15,986,530	2.18
2021	2020	942,543,964	935,755,154	99.28	(5,441,228)	930,313,927	98.70	10,161,325	1.08
2022	2021	981,564,804	975,610,459	99.39	(4,105,002)	971,505,457	98.98	11,050,102	1.13
2023	2022	1,003,566,923	995,527,109	99.20	--	995,527,109	99.20	12,092,157	1.20
2024	2023	(1) 1,076,461,254	**	**	**	**	**	**	**

\*\* Information not yet available for fiscal year 2024.

Note: Appraisal district appraises property at market value.

(1) Appraised value at January 1, 2023, is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.

(2) The total amount of original outstanding delinquencies for all prior years as of fiscal year end.

**Assessed Taxable Property Value by Class  
Last Ten Fiscal Years (In thousands)**

**City of Austin, Texas  
Table 8**

<b>Fiscal Year Sept. 30</b>	<b>Single Family Property</b>	<b>Multi- Family Property</b>	<b>Land</b>	<b>Commercial Property</b>	<b>Personal Property</b>	<b>Total Assessed Taxable Value</b>	<b>Tax Rates (per \$100 Assessed Value)</b>
	\$	\$	\$	\$	\$	\$	\$
2014	43,262,362	12,628,999	1,543,314	21,774,725	9,280,001	88,489,401	0.5027
2015	47,675,285	15,190,842	1,600,848	24,521,122	9,744,775	98,732,872	0.4809
2016	50,576,097	18,362,372	1,736,615	29,885,285	10,183,100	110,743,469	0.4589
2017	56,088,650	21,991,357	2,005,473	35,465,401	10,227,269	125,778,150	0.4418
2018	61,853,216	24,882,015	2,220,397	39,794,515	10,139,354	138,889,497	0.4448
2019	67,383,868	27,728,130	2,392,338	44,758,799	10,403,146	152,666,281	0.4403
2020	72,906,918	30,805,029	3,075,851	49,014,361	10,265,796	166,067,955	0.4431
2021	75,295,422	32,387,327	3,073,519	53,174,245	10,191,646	174,122,159	0.5335
2022	79,063,093	35,571,587	2,907,607	54,518,632	10,055,679	182,116,598	0.5410
2023	98,602,780	45,015,648	3,329,104	61,013,757	10,297,834	218,259,123	0.4627

Source: July certified tax rolls received from Travis, Williamson, and Hays Central Appraisal Districts. Excludes exemptions and appeal adjustments made between January 1 appraisal date and July certified roll date.

Note: Does not reflect appeal adjustments between July and October 1 assessment date. See Table 7 for additional property tax information.

**Property Taxes and Tax Levies for Direct and Overlapping  
Governments with Applicable Percentages Over 10%  
Last Ten Fiscal Years**

**City of Austin, Texas  
Table 9**

Government	Tax Rates (per \$100 Assessed Value) for Fiscal Year Ended September 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	0.5027	0.4809	0.4589	0.4418	0.4448	0.4403	0.4431	0.5335	0.5410	0.4627
Austin Community College	0.0949	0.0942	0.1005	0.1020	0.1008	0.1048	0.1049	0.1058	0.1048	0.0987
Austin Independent School District	1.2420	1.2220	1.2020	1.1920	1.1920	1.1920	1.1220	1.1027	1.0617	0.9966
Avery Ranch Road District #1	0.1162	0.1037	0.0975	0.0880	0.0850	0.0810	0.0766	0.0741	0.0665	0.0414
Del Valle Independent School District	1.4700	1.4700	1.5300	1.5200	1.4600	1.3900	1.3100	1.2570	1.2020	1.1846
Eanes Independent School District	1.2125	1.2125	1.2125	1.2125	1.2000	1.2000	1.1300	1.1164	1.0608	1.0046
Leander Independent School District	1.5119	1.5119	1.5119	1.5119	1.5119	1.5100	1.4375	1.4184	1.3370	1.1087
Manor Independent School District	1.5150	1.5150	1.5150	1.5150	1.5150	1.5150	1.4700	1.4427	1.3520	1.3520
Northtown MUD	0.7500	0.7360	0.7220	0.7075	0.7075	0.6300	0.6250	0.6250	0.6150	0.5725
Northwoods Road District #1	--	--	--	--	--	0.2846	0.2825	0.2725	0.2453	0.2075
Pearson Place Road District	--	--	--	0.2750	0.1578	0.1200	0.1100	0.1000	0.0900	0.0702
Pflugerville Independent School District	1.5400	1.5400	1.5400	1.5400	1.5400	1.5200	1.4500	1.4223	1.3880	1.2646
Round Rock Independent School District	1.3674	1.3375	1.3325	1.3325	1.3048	1.3048	1.2348	1.2212	1.1336	1.0626
Travis County (1)	0.4946	0.4563	0.4169	0.3838	0.3690	0.3542	0.3693	0.3744	0.3574	0.3182
Travis County Healthcare District	0.1290	0.1264	0.1178	0.1105	0.1074	0.1052	0.1056	0.1103	0.1103	0.0987
Upper Brushy Creek WCID	0.0200	0.0200	0.0200	0.0198	0.0200	0.0200	0.0200	0.0200	0.0175	0.0175
Williamson County (2)	0.8150	0.8062	0.7306	0.7230	0.7230	0.7230	0.7465	0.7465	0.6990	0.6420

Government	Tax Levies (in 000's) for Fiscal Year Ended September 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	446,227	474,418	507,204	553,892	615,686	669,905	731,975	942,544	981,565	1,003,567
Austin Community College	90,079	99,308	121,203	140,069	153,797	176,161	190,826	193,895	219,574	249,464
Austin Independent School District	834,029	918,306	1,030,642	1,174,333	1,312,699	1,448,359	1,484,391	1,554,355	1,605,322	1,784,804
Avery Ranch Road District #1	1,213	1,213	1,243	1,212	1,234	1,209	1,189	1,222	1,220	922
Del Valle Independent School District	51,559	53,414	60,093	67,076	75,395	86,276	94,457	101,403	113,458	144,281
Eanes Independent School District	123,749	135,138	148,545	164,250	173,161	184,415	182,995	187,008	192,791	212,950
Leander Independent School District	219,988	248,089	273,849	305,591	336,487	370,356	383,124	400,096	432,426	516,707
Manor Independent School District	47,605	63,098	58,687	70,423	74,155	81,305	84,123	90,436	93,018	124,946
Northtown MUD	3,736	3,785	4,182	4,588	4,971	4,866	5,004	5,153	5,669	6,693
Northwoods Road District #1	--	--	--	--	628	682	688	690	691	692
Pearson Place Road District	--	--	--	288	247	278	301	328	324	293
Pflugerville Independent School District	118,412	133,432	147,355	166,578	189,307	215,566	226,363	242,003	266,077	306,838
Round Rock Independent School District	288,217	332,436	360,251	360,251	401,198	428,841	470,534	488,014	505,134	573,072
Travis County (1)	529,149	543,863	568,520	592,824	632,925	671,334	755,171	813,304	839,236	909,922
Travis County Healthcare District	138,132	150,765	160,701	170,812	184,237	199,366	215,815	239,562	286,582	282,073
Upper Brushy Creek WCID	5,443	6,171	6,960	7,744	8,431	9,269	10,063	10,625	10,664	13,105
Williamson County (2)	179,937	200,784	223,348	246,935	267,509	290,290	315,060	336,949	371,191	402,442

Source: Travis Central Appraisal District, Williamson Central Appraisal District, Hays Central Appraisal District, and taxing entities.

Note:

- (1) Includes taxes and levies for Travis County and Farm to Market Road
- (2) Includes taxes and levies for Williamson County and Farm to Market Road

**Principal Property Taxpayers  
Current Year and Nine Years Ago**

**City of Austin, Texas  
Table 10**

		Fiscal Year Ended September 30					
		2023			2014		
Taxpayer	Type of Property	January 1, 2022 Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 216,893,650,976	January 1, 2013 Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$ 88,766,098,160
		\$		%	\$		%
Samsung Austin Semiconductor LLC	Manufacturing	1,390,576,683	1	0.64	2,301,880,881	1	2.59
Columbia/St. Davids Health Care	Hospital/Medical	551,659,321	2	0.25	473,171,227	3	0.53
University of Texas	Education	512,657,750	3	0.24			
Oracle America Inc	Manufacturing	490,997,487	4	0.23			
Apple	Manufacturing	458,198,000	5	0.21			
CS Kinross Lake Parkway LLC	Commercial	447,052,204	6	0.21			
BPP Alphabet MF Riata LP (1)	Commercial	445,076,136	7	0.21	211,437,260	8	0.24
CSHV-401 Congress LLC	Commercial	389,644,565	8	0.18			
GW Block 23 Office LLC	Commercial	385,000,000	9	0.18			
Capital Metropolitann TA	Transportation	345,276,800	10	0.16			
TPG-300 West 6th Street LLC (2)	Commercial				705,803,174	2	0.80
Circuit of the Americas, LLC	Commercial				290,759,234	4	0.33
IBM Corporation	Manufacturing				231,562,615	5	0.26
Freescale Semiconductor, Inc.	Manufacturing				230,664,320	6	0.26
Shopping Center at Gateway LP	Commercial				214,852,216	7	0.24
Brandywine Acquisition Partners LP	Commercial				207,880,187	9	0.23
HEB Grocery Company LP	Retail				204,172,204	10	0.23
Total assessed valuation		5,416,138,946		2.51	5,072,183,318		5.71

Source: Travis, Williamson, and Hays Central Appraisal Districts

Note:

- (1) In 2014 taxpayer name was IMT Capital II Riata LP.
- (2) In 2014 taxpayer name was Thomas Property Group LLC.

**Direct and Overlapping Sales Tax Rates  
Last Ten Fiscal Years**

**City of Austin, Texas  
Table 11**

<b>Fiscal Year Ended Sept. 30</b>	<b>City Direct Rate (1)</b>	<b>Capital Metro Rate (2)</b>	<b>State of Texas Rate (3)</b>
	%	%	%
2014	1.00	1.00	6.25
2015	1.00	1.00	6.25
2016	1.00	1.00	6.25
2017	1.00	1.00	6.25
2018	1.00	1.00	6.25
2019	1.00	1.00	6.25
2020	1.00	1.00	6.25
2021	1.00	1.00	6.25
2022	1.00	1.00	6.25
2023	1.00	1.00	6.25

Sources: Capital Metro, Comptroller of Public Accounts, and City of Austin

(1) City of Austin 1% sales tax levy effective January 1, 1968

(2) Capital Metro 1% sales tax levy effective October 1, 1995

(3) State of Texas 6.25% sales tax levy effective July 1, 1990

**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years (In thousands except per capita)**

**City of Austin, Texas**  
**Table 12**

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Governmental Activities										
Fiscal Year Ended Sept. 30	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Financed Purchase Obligations (4)	Financing Leases & SBITAs	Total Governmental Activities				
	\$	\$	\$	\$	\$	\$				
2014	974,855	135,829	85,036	--	--	1,195,720				
2015	1,030,680	165,350	102,396	--	--	1,298,426				
2016	1,108,558	166,201	101,012	--	--	1,375,771				
2017	1,109,766	214,394	111,868	--	--	1,436,028				
2018	1,123,455	239,446	94,064	9,880	--	1,466,845				
2019	1,081,774	235,667	93,938	9,880	--	1,421,259				
2020	1,143,341	244,725	98,448	26,203	--	1,512,717				
2021	1,098,303	328,343	100,471	21,087	--	1,548,204				
2022	1,145,175	339,309	110,618	15,823	111,814 (5)	1,722,739				
2023	1,201,518	327,739	99,065	10,406	161,141	1,799,869				
Business-type Activities										
Fiscal Year Ended Sept. 30	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Other Tax Supported Debt	Commercial Paper Notes	Revenue Bonds (1)	Revenue Notes from Direct Placements (1)	Financed Purchase Obligations (4)	Financing Leases & SBITAs	Total Business-type Activities
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2014	33,701	27,232	65,854	9,195	241,456	4,208,958	89,685	1,135	--	4,677,216
2015	28,852	40,695	54,686	8,450	200,581	4,512,192	88,625	1,089	--	4,935,170
2016	24,073	58,814	45,537	7,655	129,916	4,491,807	86,685	1,040	--	4,845,527
2017	20,303	55,242	32,895	7,116	146,097	4,748,777	132,425	989	--	5,143,844
2018	16,217	52,277	26,518	6,905	254,767	4,532,336	169,465	934	--	5,059,419
2019	12,820	49,585	21,010	6,115	129,300	5,465,167	162,185	878	--	5,847,060
2020	16,545	39,786	17,925	5,340	366,480	5,228,311	172,830	819	--	5,848,036
2021	17,868	32,049	16,842	4,520	178,600	5,460,516	198,150	756	--	5,909,301
2022	18,058	25,590	12,531	3,675	260,500	5,708,672	256,281	--	54,415 (5)	6,339,722
2023	14,941	32,080	9,079	2,791	176,300	5,734,034	291,281	--	69,311	6,329,817
Fiscal Year Ended Sept. 30	Total Primary Government	Percentage of Personal Income (2)	Debt Per Capita (2)							
	\$	%	\$							
2014	5,872,936	0.12	6,689							
2015	6,233,596	0.13	6,933							
2016	6,221,298	0.11	6,722							
2017	6,579,872	0.12	6,955							
2018	6,526,264	0.11	6,771							
2019	7,268,319	0.11	7,410							
2020	7,360,753	0.11	7,653							
2021	7,457,505	0.10	7,646	(3)						
2022	8,062,461	0.10	8,214							
2023	8,129,686	0.10	8,165							
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.										
(1) The City implemented GASB Statement No. 88 in fiscal year 2019, which expands note disclosures related to direct borrowings and direct placements. These columns were restated.										
(2) Population and personal income statistics can be found in Table 17.										
(3) Figure revised to match the census count numbers.										
(4) Previously reported as Capital Lease Obligations prior to fiscal year 2022.										
(5) The City implemented GASB Statement No. 87 in fiscal year 2022 and GASB No. 96 in fiscal year 2023.										
This figure was not included in the fiscal year 2022 Annual Comprehensive Financial Report.										

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) The City implemented GASB Statement No. 88 in fiscal year 2019, which expands note disclosures related to direct borrowings and direct placements. These columns were restated.

(2) Population and personal income statistics can be found in Table 17.

(3) Figure revised to match the census count numbers.

(4) Previously reported as Capital Lease Obligations prior to fiscal year 2022.

(5) The City implemented GASB Statement No. 87 in fiscal year 2022 and GASB No. 96 in fiscal year 2023.

This figure was not included in the fiscal year 2022 Annual Comprehensive Financial Report.

**Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years (In thousands except per capita)**

**City of Austin, Texas  
Table 13**

Fiscal Year Ended Sept. 30	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property (1)	Net General Bonded Debt Per Capita (2)
	General Obligation Bonds	Other Tax Supported Debt	Total	Resources Restricted for Repayment of Outstanding Debt Principal		
	\$	\$	\$	\$	%	\$
2014	1,008,556	323,146	1,331,702	18,368	1.48	1,495.82
2015	1,059,532	371,577	1,431,109	21,725	1.43	1,567.52
2016	1,132,631	379,219	1,511,850	21,629	1.35	1,610.20
2017	1,130,069	421,515	1,551,584	24,587	1.22	1,614.03
2018	1,139,672	419,210	1,558,882	29,283	1.11	1,587.06
2019	1,094,594	406,315	1,500,909	32,154	0.97	1,497.38
2020	1,159,886	406,224	1,566,110	31,285	0.93	1,595.69
2021	1,116,171	482,225	1,598,396	33,617	0.89	1,604.37 (3)
2022	1,163,233	491,723	1,654,956	31,681	0.89	1,653.69
2023	1,216,459	470,754	1,687,213	30,065	0.76	1,664.27

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Table 7 for property value data.

(2) Population data can be found in Table 17.

(3) Figure revised to match the census count numbers



**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2023**

**City of Austin, Texas**  
**Table 14**

Name of Governmental Unit	Net Debt Outstanding as of September 30, 2023 (in 000's)	Percent Applicable to City of Austin	Amount Applicable to City of Austin (in 000's)
	\$	%	\$
<b>Direct debt: Governmental activities debt</b>			
General obligation bonds	1,201,518		
Certificates of obligation	327,739		
Contractual obligations	99,065		
Financed purchase obligations	10,406		
Financing leases and SBITAs	161,141		
Total direct debt	<u>1,799,869</u> (1)	100.00	<u>1,799,869</u>
<b>Overlapping debt</b>			
Greater than 10%:			
Austin Community College	562,445	67.29	378,469
Austin Independent School District	1,918,461	95.03	1,823,113
Avery Ranch Road District #1	1,430	100.00	1,430
Del Valle Independent School District	655,350	55.82	365,816
Eanes Independent School District	162,540	37.41	60,806
Leander Independent School District	1,376,629	11.63	160,102
Manor Independent School District	501,475	62.50	313,422
Northtown MUD	20,880	19.45	4,061
Northwoods Road District #1	9,015	100.00	9,015
Pearson Place Road District	4,410	100.00	4,410
Pflugerville Independent School District	780,930	34.22	267,234
Round Rock Independent School District	741,145	35.21	260,957
Travis County	900,550	70.02	630,565
Travis County Healthcare District	173,145	70.02	121,236
Upper Brushy Creek WCID	51,320	16.48	8,458
Williamson County	1,122,900	10.98	123,294
Subtotal greater than 10%	<u>8,982,625</u>		<u>4,532,388</u>
Less than 10%:			
Hays Independent School District	916,140	1.71	15,666
Hays County	500,607	0.72	3,604
Lake Travis Independent School District	560,550	0.04	224
Pilot Knob MUD #3	62,395	0.02	12
Travis County MUD #8	9,495	0.50	47
Travis County WC & ID #10	37,230	3.33	1,240
Travis County WC & ID #17	40,125	0.08	32
Subtotal less than 10%	<u>2,126,542</u>		<u>20,825</u>
Total overlapping debt	<u>11,109,167</u>		<u>4,553,213</u>
<b>Total direct and overlapping debt</b>	<u><u>12,909,036</u></u>		<u><u>6,353,082</u></u>

Ratio of total direct and overlapping debt to assessed valuation (2)

2.93 %

Per capita of total direct and overlapping debt (3)

\$ 6,380.38

Source: Taxing jurisdictions, Travis, Williamson, and Hays Central Appraisal Districts and Municipal Advisory Council of Texas.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the City residents and businesses. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt borne by the 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.

(1) Excludes general obligation debt reported in business-type activities. See Note 9.

(2) Based on assessed valuation of \$216,893,650,976 provided by the Travis, Williamson, and Hays Central Appraisal Districts.

(3) Based on 2023 population of 995,722.

**Legal Debt Margin Information**  
**Last Ten Fiscal Years (In thousands)**

**City of Austin, Texas**  
**Table 15**

**Legal Debt Margin Calculation for Fiscal Year 2023**

Assessed taxable value (1)	\$ 214,724,714
Debt limit (2)	31,622,986
Debt applicable to limit:	
General obligation debt	1,543,590
Less: Amount set aside for repayment of general obligation debt	(30,065)
Total net debt applicable to limit	1,513,525
Legal debt margin	<u><u>\$ 30,109,461</u></u>

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	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Debt limit	12,942,046	14,383,428	16,114,633	18,279,122	20,181,369	22,183,034	24,085,222	25,758,656	26,453,172	31,622,986
Total net debt applicable to limit	1,253,012	1,332,360	1,387,051	1,401,193	1,403,032	1,357,421	1,417,745	1,423,113	1,465,642	1,513,525
Legal debt margin	11,689,034	13,051,068	14,727,582	16,877,929	18,778,337	20,825,613	22,667,477	24,335,543	24,987,530	30,109,461
Total net debt applicable to the limit as a percentage of debt limit	9.68%	9.26%	8.61%	7.67%	6.95%	6.12%	5.89%	5.52%	5.54%	4.79%

Note: Ad valorem tax limitations: 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 payment of principal and interest on general obligation long-term debt. However, under the City Charter, a limitation 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 per assessed valuation. A practical limitation on taxes levied for debt service of \$1.50 per \$100 of addressed valuation is established by referring to the State Statute and City Charter limitations

- (1) Assessed value 100% of estimated market value as of January 1, 2022, of \$216,893,650,976 at a 99% collection rate.
- (2) Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2022, for collections on \$214,724,714 results in tax revenues of \$3,220,871, this revenue could service the debt on \$31,622,986 issued as 8% 20-year serial bonds with level debt service payments.

**Pledged-Revenue Coverage  
Last Ten Fiscal Years (In thousands)**

**City of Austin, Texas  
Table 16**

Fiscal Year Ended Sept. 30	Electric Revenue Bonds						Water and Wastewater Revenue Bonds					
	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)
				Principal	Interest					Principal	Interest	
	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	
2014	1,375,294	1,028,794	346,500	83,151	60,101	2.42	472,717	218,071	254,646	98,245	105,901	1.25
2015	1,359,097	978,283	380,814	47,904	59,017	3.56	517,253	208,307	308,946	97,176	124,134	1.40
2016	1,378,749	989,768	388,981	65,132	62,599	3.05	563,066	217,457	345,609	79,564	105,186	1.87
2017	1,373,020	1,018,604	354,416	44,278	60,692	3.38	601,928	233,592	368,336	85,927	141,455	1.62
2018	1,417,232	1,083,928	333,304	34,971	58,657	3.56	581,324	250,223	331,101	57,712	152,572	1.57
2019	1,471,267	1,105,466	365,801	37,007	54,364	4.00	560,168	261,004	299,164	33,888	129,707	1.83
2020	1,388,841	1,066,666	322,175	78,348	72,725	2.13	571,100	266,060	305,040	57,060	103,455	1.90
2021	1,276,554	980,277	296,277	78,886	78,245	1.89	568,031	272,750	295,281	73,129	99,871	1.71
2022	1,683,920	1,333,238	350,682	86,427	79,609	2.11	628,877	295,748	333,129	59,853	99,779	2.09
2023	1,819,476	1,446,114	373,362	80,233	76,489	2.38	657,637	330,549	327,088	80,463	96,132	1.85

Fiscal Year Ended Sept. 30	Airport Revenue Bonds							Convention Center Revenue Bonds					
	Service Charges (1)	Other Available Funds (5)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)	User Fees And Revenue Transfers (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)
					Principal	Interest					Principal	Interest	
	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	
2014	109,263	3,620	73,822	39,061	8,520	5,960	2.70	82,971	41,142	41,829	10,750	7,278	2.32
2015	120,780	3,551	76,995	47,336	9,264	4,941	3.33	94,847	47,746	47,101	10,930	6,691	2.67
2016	137,826	3,700	82,330	59,196	9,616	5,184	4.00	106,037	45,306	60,731	11,740	6,352	3.36
2017	154,570	4,830	94,139	65,261	13,003	6,316	3.38	118,013	54,533	63,480	12,150	5,653	3.57
2018	176,235	5,469	108,045	73,659	15,906	5,969	3.37	115,934	60,807	55,127	12,955	4,713	3.12
2019	191,166	6,107	118,610	78,663	14,836	9,593	3.22	138,439	66,280	72,159	13,440	4,109	4.11
2020	174,257 (6)	7,446	118,053	63,650	6,205	23,578	2.14	95,905	55,156	40,749	13,965	3,782	2.30
2021	186,715 (7)	11,178	101,963	95,930	17,181	27,529	2.15	55,780	43,800	11,980	9,310	3,188	0.96
2022	246,263 (8)	12,422	127,700	130,985	15,599	34,088	2.64	148,809	54,957	93,852	9,610	2,879	7.51
2023	317,909	13,548	151,267	180,190	20,632	33,558	3.33	188,535	64,922	123,613	9,870	2,526	9.97

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Operating revenue, rental tax revenue, hotel tax revenue, and interest income.

(2) Operating expenses other than interest on debt, depreciation, amortization, and year end unfunded other postemployment benefit and pension expenses

(3) Debt service calculations are done on a cash basis rather than the accrual basis used in preparation of the financial statements. Airport excludes debt service amounts paid with passenger facility charge revenue and restricted bond proceeds applied to current interest payments.

(4) Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest payments made during each fiscal year. Coverage includes prior, subordinate, and separate lien bonds only. For Austin Water and Convention Center, this methodology does not follow exactly the coverage calculation required by the master ordinance.

(5) Pursuant to bond ordinance, Airport is authorized to use "other available funds" in the calculation of revenue bond coverage to not exceed 25% of the debt service requirements.

(6) Gross revenue includes funds from the CARES Act of \$21.5 million.

(7) Gross revenue includes funds from the CARES Act of \$29.9 million.

(8) Gross revenue includes funds from the CARES Act of \$7.3 million.

**Demographic and Economic Statistics  
Last Ten Fiscal Years**

**City of Austin, Texas  
Table 17**

<b>Fiscal Year Ended Sept. 30</b>	<b>City of Austin Population (1)</b>	<b>Area of Incorporation (Sq. Miles) (1)</b>	<b>Population MSA (2)</b>	<b>Income (MSA) (thousands of dollars) (2)</b>	<b>Median Household Income MSA (3)</b>	<b>Per Capita Personal Income MSA (2)</b>	<b>Unemployment Rate (MSA) (4)</b>
				\$	\$	\$	%
2014	878,002	321	1,943,409	97,181,958	49,227	50,006	4.2
2015	899,119	323	2,002,491	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	69,393	2.6
2020	961,855	327	2,235,584	150,639,599	69,001	64,913	6.3
2021	975,321	327	2,298,224	163,778,682	71,186	71,300	3.5
2022	981,610	328	2,421,115	181,870,848	80,412	75,119	2.8
2023	995,722	333	2,433,199 (3)	199,847,793 (5)	80,284	82,100 (5)	3.6
2014-2023 Change	13.41%	3.64%	25.20%	105.64%	63.09%	64.18%	

Note: Prior year statistics are subject to change as more precise numbers become available.

(1) Source: City Demographer, City of Austin, Housing and Planning Department based on full purpose area as of September 30, 2023.

(2) Source: Bureau of Economic Analysis.

(3) Source: Claritas, LLC. Figures are estimated.

(4) Source: Bureau of Labor Statistics, United States Department of Labor as of September 30, 2023.

(5) Data not available for 2023. Figures are estimated.

**Principal Employers**  
**Current Year and Nine Years Ago**

**City of Austin, Texas**  
**Table 18**

		Fiscal Year Ended September 30					
		2023			2014		
10 Largest Employers	Industry	Rank	Employees	Percent of MSA Total (1) %	Rank	Employees	Percent of MSA Total (1) %
State Government	Government	1	38,681 (2)	2.91	1	37,816	4.07
The University of Texas at Austin	Education	2	31,106 (3)	2.34	2	24,610	2.65
H-E-B	Retail	3	22,955 (6)	1.73	7	11,277	1.21
City of Austin	Government	4	16,029 (5)	1.21	4	12,782	1.38
Ascension Seton (7)	Healthcare	5	14,842 (6)	1.12	5	12,770	1.37
Federal Government	Government	6	14,600 (4)	1.10	8	9,700	1.04
Dell Computer Corporation	Computers	7	13,000 (6)	0.98	3	14,000	1.51
Tesla, Inc.	Manufacturing	8	12,277 (6)	0.92			
St. David's Healthcare Partnership	Healthcare	9	11,484 (6)	0.86	9	8,100	0.87
Amazon.com LLC	Retail	10	11,000 (6)	0.83			
Austin Independent School District	Education				6	11,538	1.24
IBM Corporation	Computers				10	6,000	0.65
			<u>185,974</u>	<u>14.00</u>		<u>148,593</u>	<u>15.99</u>

Notes: Data subject to change as more precise numbers become available.

(1) Texas Workforce Commission - Total refers to a Metropolitan Statistical Area (MSA) employed work force of 1,330,200 for 2023 and 929,600 for 2014.

(2) Texas State Auditor's Office: Regular and Part Time State Employees for 2023 in Bastrop, Caldwell, Hays, Travis and Williamson Counties.

(3) The University of Texas at Austin: Appointments and WD Filled Positions.

(4) Bureau of Labor Statistics Federal Government employees in Austin MSA in September 2023.

(5) 2023-24 City of Austin Approved Budget, page 621 (Personnel Summary: 2022-23 Amended column).

(6) Austin Business Journal, July 2023

(7) Seton Healthcare Network changed their name to Ascension Seton on April 1, 2019.

**Full-time Equivalent Employees by Function/Program  
Last Ten Fiscal Years**

**City of Austin, Texas  
Table 19**

	Fiscal Year Ended September 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Function/Program</b>										
<b>Governmental activities</b>										
General government	232	235	238	239	240	254	262	257	274	262
Public safety	4,281	4,401	4,523	4,664	4,676	4,732	4,825	4,708	4,757	4,828
Transportation, planning, and sustainability	9	14	14	14	14	14	14	14	14	15
Public health	513	532	575	592	598	641	648	688	725	777
Public recreation and culture	985	1,009	1,075	1,088	1,096	1,122	1,137	1,149	1,179	1,220
Urban growth management (1)	411	417	449	472	474	119	126	120	129	136
<b>Total governmental employees</b>	<b>6,431</b>	<b>6,608</b>	<b>6,874</b>	<b>7,069</b>	<b>7,098</b>	<b>6,882</b>	<b>7,012</b>	<b>6,936</b>	<b>7,078</b>	<b>7,238</b>
<b>Business-type activities</b>										
Electric	1,682	1,676	1,674	1,718	1,749	1,774	1,784	1,813	1,897	1,897
Water	592	587	590	604	611	623	639	647	698	720
Wastewater	566	560	558	566	574	577	579	589	616	641
Airport	362	379	415	456	489	538	549	549	629	684
Convention	251	250	266	277	296	300	301	301	301	301
Environmental and health services	523	522	546	573	608	610	630	652	665	685
Public recreation	38	41	41	41	41	41	41	41	41	47
Urban growth management (1)	767	775	809	881	923	1,403	1,452	1,561	1,663	1,754
<b>Total business-type employees</b>	<b>4,781</b>	<b>4,790</b>	<b>4,899</b>	<b>5,116</b>	<b>5,291</b>	<b>5,866</b>	<b>5,975</b>	<b>6,153</b>	<b>6,510</b>	<b>6,729</b>
Internal Services (2)	1,570	1,579	1,598	1,640	1,649	1,723	1,785	1,875	1,960	2,062
<b>Total full-time equivalent employees</b>	<b>12,782</b>	<b>12,977</b>	<b>13,371</b>	<b>13,825</b>	<b>14,038</b>	<b>14,471</b>	<b>14,772</b>	<b>14,964</b>	<b>15,548</b>	<b>16,029</b>

Source: Budget Office

Notes:

(1) Development Services is reflected in Business-type activities beginning fiscal year 2019.

(2) Internal service activities are allocated to other programs and functions on a government-wide basis.

**Operating Indicators by Function/Program  
Last Ten Fiscal Years**

**City of Austin, Texas  
Table 20**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
<b>General government</b>										
Municipal court cases filed	369,906	351,757	323,504	306,689	239,367	185,602	139,801	128,988	139,939	164,893
Number of higher charges magistrates/arraigned (1)	63,948	62,316	61,037	60,896	58,554	53,693	41,173	35,147	39,973	45,210
Number of Class C warrants issued (1)	80,396	71,247	65,984	57,953	42,231	35,183	3,634	6,220	27,045	5,251
<b>Public safety</b>										
Number of incidents responded to by patrol officers	595,292	572,623	572,303	570,707	600,053	686,263	431,970	372,681	366,717	370,036
Number of citation violations issued by APD officers	184,254	156,088	143,173	128,925	89,149	73,139	39,315	22,425	22,005	18,154
Fire emergency responses	89,538	89,563	81,973	86,665	87,934	92,612	89,795	103,635	109,280	110,304
Fire responses	2,129	2,066	2,120	2,505	2,540	2,283	2,511	3,073	4,331	4,326
Fire inspections	32,619	35,154	36,259	36,393	31,187	26,232	23,121	27,572	27,011	31,024
EMS response units dispatched	138,881	157,827	159,992	145,489	131,207	134,427	130,873	141,754	179,630	167,679
EMS 911 calls received	126,638	140,212	143,804	146,448	143,353	139,020	137,399	152,574	138,443	131,362
EMS ground patient transports	76,791	82,987	78,725	78,164	74,924	75,618	68,783	68,757	73,033	76,101
<b>Public health</b>										
Number of animals sheltered	19,137	18,630	17,431	17,284	16,406	18,873	11,365	11,274	15,609	14,274
Birth and death certificates	69,678	71,293	74,946	75,565	71,054	73,683	64,772	70,747	78,282	80,840
STD patient clinic visits	12,956	13,722	13,860	12,740	9,236	11,234	8,621	6,699	9,222	10,886
Shots for Tots Clinics vaccine visits (ages 0-18)	7,583	7,541	8,156	8,373	7,322	3,400	6,610	6,454	7,157	8,987
Food establishment permits issued	12,445	12,779	13,227	14,485	13,561	13,866	11,801	11,248	14,543	14,402
Number of HIV/STD tests provided in outreach settings	2,374	2,151	2,558	1,613	2,430	2,807	1,377	1,233	1,238	1,504
<b>Public recreation and culture</b>										
Volumes in library collection (2)	1,425,914	1,725,535	1,869,385	1,919,511	2,031,770	2,098,116	2,067,174	2,130,735	2,370,361	2,668,791
Library volumes borrowed	5,392,446	5,572,268	5,921,193	5,762,874	6,562,604	7,500,734	6,711,963	8,179,576	6,762,923	8,970,166
Registered library borrowers	508,397	542,358	570,446	597,545	640,104	702,023	792,918	408,958	455,246	490,545
Meals served to senior citizens	63,718	78,147	79,183	81,452	90,185	93,713	11,319	8,744	54,302	50,858
Visits to educational and cultural facilities	329,734	256,526	307,136	356,389	395,917	351,304	244,941	69,356	225,361	312,193
Pool visits	1,202,587	1,253,624	1,115,800	1,403,260	1,603,818	1,509,654	378,610	690,358	973,470	1,244,630

(continued)

Source: Various City departments; budget documents and performance reports

Notes:

(1) Newly implemented performance measure.

(2) 2022 figure revised.

**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years, continued**

**City of Austin, Texas**  
**Table 20**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities continued</b>										
<b>Urban growth management</b>										
Number of zoning applications processed (1)	149	169	139	144	149	159	140	180	178	161
Repair services provided to homeowners	692	622	708	603	421	423	294	249	248	271
Housing related services provided	931	934	1,185	1,011	956	613	1,053	706	2,209	1,084
Svcs provided through housing/community development activities	2,613	2,590	2,896	2,740	2,408	1,777	1,502	4,112	3,114	2,988
<b>Business-type activities</b>										
<b>Electric</b>										
Electric sales (in millions of KWH)	12,572	12,674	12,874	12,983	13,410	13,446	13,262	13,113	14,340	14,282
Number of metered customers	439,403	450,479	461,345	472,701	485,204	496,258	507,660	520,757	530,698	541,368
<b>Water</b>										
Actual water pumpage (millions of gallons)	43,239	43,481	44,687	47,312	48,521	47,312	51,154	51,614	55,728	54,850
Average daily consumption (thousands of gallons)	105,994	103,261	108,887	112,791	113,545	129,664	139,764	141,412	148,819	150,245
Average daily consumption per capita	125	122	122	126	124	120	127	126	135	131
Peak daily capacity (thousands of gallons)	285,000	285,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000
<b>Wastewater</b>										
Average daily sewage treatment (millions of gallons)	102	105	109	104	99	106	99	102	94	101
Combined daily capacity (thousands of gallons)	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
<b>Airport</b>										
Enplanements	5,275,464	5,792,387	6,180,464	6,729,108	7,739,811	8,464,615	4,723,544	5,207,769	10,133,735	10,960,717
Deplanements	5,244,569	5,769,778	6,161,240	6,676,658	7,711,086	8,442,060	4,711,341	5,187,752	10,098,752	10,945,961
Cargo (in millions of pounds)	156	158	168	189	183	180	201	233	310	285
<b>Convention</b>										
Convention contracts executed	353	292	279	240	260	266	140	181	212	213
Exhibit Hall and Ballroom occupancy level	59	61	64	65	67	65	25	11	57	63
<b>Environmental and health services</b>										
Tons of trash collected	127,924	130,784	129,266	131,815	128,829	130,307	136,709	138,955	134,125	132,867
Tons of recyclables collected	55,494	57,324	58,903	58,689	58,647	59,290	63,424	63,030	57,448	53,839
Tons of brush collected	6,692	7,776	9,036	7,367	6,292	6,447	3,323	8,339	5,636	175,089
Tons of bulk items collected	9,068	9,672	12,144	11,334	10,431	11,298	5,506	11,973	8,364	8,605
Tons of yard trimmings collected	27,357	28,680	32,605	34,316	32,244	37,265	48,105	56,481	43,548	44,445
<b>Public recreation</b>										
Golf rounds played	190,244	181,285	196,972	208,118	202,600	191,042	174,183	258,783	252,306	294,348
Youth sports participants	23,769	26,165	22,196	14,581	18,690	20,139	15,911	15,836	26,602	26,188

(continued)

Source: Various City departments; budget documents and performance reports

Notes:

(1) Newly implemented performance measure.



**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years, continued**

**City of Austin, Texas**  
**Table 20**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Business-type activities continued</b>										
<b>Urban growth management</b>										
Number of new protected bicycle lanes (1)	15	12	12	11	8	15	14	18	12	24
Number of collisions in work zones within the right-of-way	N/A	N/A	N/A	60	115	131	112	144	128	263
Number of parking spaces in the system	N/A	N/A	N/A	7,364	8,184	8,626	9,250	9,094	9,511	10,380
Linear feet of pipeline cleaned	69,380	83,716	79,606	78,106	82,819	77,909	41,593	39,308	76,259	76,646
Number of buildings, properties, & roadways with reduced flood risk	N/A	N/A	321	82	41	51	68	13	13	17
Tons of stormwater pollution removed by treatment facilities	776	778	784	785	786	787	832	844	858	862
Lane miles of preventative street maintenance completed	804	607	659	637	721	606	340	759	713	706
Total miles of arterials with bicycle lanes	N/A	117	124	125	128	145	145	176	185	411
Percent of DSD controlled activities performed on-time	N/A	N/A	N/A	85	86	87	92	87	88	87
Percent of operating expenses held in reserve	N/A	N/A	N/A	N/A	N/A	25	31	49	48	29
<b>Internal services activities (2)</b>										
<b>Internal services</b>										
Units auctioned off	379	491	361	307	335	446	457	722	483	485
Fleet availability rate	94	94	94	94	93	93	94	93	92	91
Payment transactions processed	185,463	187,938	174,116	180,556	172,735	160,513	111,884	103,735	107,249	111,175
Payroll payments	453,686	466,928	474,170	487,292	492,045	501,025	499,383	493,509	513,141	510,599
Employees enrolled in medical benefit plans	11,551	11,873	11,991	12,365	12,580	12,857	13,030	13,074	12,997	13,132
Requests for council action processed	2,284	2,135	2,533	2,278	2,166	2,192	2,240	2,313	2,839	2,186
Active construction projects managed in-house	357	336	336	355	348	400	436	431	507	536
Land parcels acquired	160	264	250	122	112	80	112	70	36	63

Source: Various City departments; budget documents and performance reports

Notes:

(1) 2014-2019 figures revised.

(2) Internal service activities are allocated to other programs and functions on a government-wide basis.

**Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

**City of Austin, Texas  
Table 21**

Function/Program	Fiscal Year Ended September 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
<b>Public safety</b>										
Police stations	5	5	5	5	5	5	5	5	5	5
Police zones	9	9	9	9	9	9	9	9	9	9
Patrol units	372	360	365	360	364	365	365	461	467	464
Fire stations	45	45	45	45	45	46	47	48	48	51
EMS stations	37	37	37	37	42	42	44	46	47	48
<b>Public health</b>										
Health facilities (sq. ft.)	383,306	383,306	389,221	389,221	389,221	389,221	325,298	375,298	369,983	369,983
Program vehicles	90	85	109	111	116	116	89	101	96	97
<b>Public recreation and culture</b>										
Libraries	22	22	22	22	22	22	22	22	22	22
District parks	15	15	15	14	14	14	14	14	14	14
Metropolitan parks	11	11	11	11	11	11	11	11	11	11
Natural preserves	15	15	14	14	15	16	16	16	16	16
Greenbelts	40	43	44	48	50	48	49	65	67	70
Neighborhood parks	84	85	86	90	91	94	95	102	107	112
Special parks (museums, etc.)	40	42	41	37	35	40	40	40	41	42
Youth entertainment complexes	1	1	1	1	1	1	1	1	1	1
Recreation centers	22	23	23	23	23	23	23	22	22	22
Open fields	101	101	101	78	78	78	74	70	70	70
Senior activity centers	3	3	3	3	3	3	3	3	3	3
Veloway (miles)	3	3	3	3	3	3	3	3	3	3
Hike and bike trails (miles)	203	208	227	234	230	208	258	253	265	269
Tennis courts	124	124	124	124	122	127	92	100	86	87
Swimming pools	51	51	51	51	51	51	48	35	35	33
<b>Business-type activities</b>										
<b>Electric</b>										
Overhead distribution (miles)	5,263	5,104	5,017	4,961	4,916	4,892	4,992	5,012	5,004	5,002
Underground distribution (miles)	6,167	6,338	6,500	6,630	6,735	6,774	6,900	7,023	7,200	7,262
<b>Water</b>										
Treatment plants	2	3	3	3	3	3	3	3	3	3
Water mains (miles)	3,713	3,807	3,845	3,884	3,929	3,942	3,959	4,035	4,031	4,025
Booster pumps	39	40	44	44	47	47	47	47	47	47
Fire hydrants	36,217	37,518	38,265	39,445	40,154	40,792	41,389	43,271	44,127	44,683
<b>Wastewater</b>										
Sanitary sewers (miles)	2,692	2,776	2,806	2,848	2,890	2,915	2,944	2,970	2,997	3,015
Connections	204,378	212,760	214,373	215,879	221,866	225,760	230,127	233,637	236,768	238,748

(Continued)

Source: Various City departments; budget documents and performance reports

**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years, continued**

**City of Austin, Texas**  
**Table 21**

Function/Program	Fiscal Year Ended September 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Business-type activities, continued</b>										
<b>Airport</b>										
Buildings maintained (sq. ft.)	2,306,130	2,361,831	2,361,831	2,361,831	2,361,831	2,712,429	2,794,229	2,925,509	2,925,509	2,925,509
Facility (terminal) maintained (sq. ft.)	687,940	743,641	743,641	743,641	743,641	743,641	916,205	1,092,686	1,092,686	1,092,686
Acres - air side	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
<b>Convention</b>										
Convention facilities (sq. ft.)	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222
<b>Environment and health services</b>										
Refuse collection trucks	64	66	67	67	69	69	68	68	71	75
Recycle collection trucks	41	43	45	46	46	46	46	47	48	48
<b>Public recreation</b>										
Golf courses	6	6	5	6	6	6	6	6	6	6
Athletic fields	172	172	172	172	172	168	174	172	172	169
Softball fields	35	35	35	35	35	35	38	37	37	34
<b>Urban growth management</b>										
Residential ponds	865	873	894	994	1,040	1,045	1,052	1,046	1,083	1,148
Street (miles)	7,618	7,582	7,663	7,825	7,851	7,863	7,917	7,958	7,997	7,997
Bridges	447	450	450	436	449	449	454	452	455	455
Traffic signals	1,000	1,016	1,029	1,057	1,080	1,093	1,107	1,132	1,161	1,178
Metered parking spaces	6,072	7,300	7,600	8,217	8,394	8,626	9,250	9,147	9,507	12,593
<b>Internal Services (1)</b>										
Fleet facilities (sq. ft.)	127,916	127,916	127,916	127,916	127,916	127,916	127,916	128,236	128,236	128,457
City facilities insured	1,134	1,134	1,253	1,241	1,283	1,285	1,285	1,295	1,305	1,284
Facilities maintained (sq. ft.)	1,539,244	1,539,244	1,539,244	1,539,244	1,539,244	1,539,244	1,464,423	1,464,423	1,957,803	2,893,006

Source: Various City departments; budget documents and performance reports

(1) Internal service activities are allocated to other programs and functions on a government-wide basis.











## FINANCIAL SERVICES DEPARTMENT

Financial Services Department – Accounting & Reporting Division  
P.O. Box 2920, Austin, Texas 78768 | 512-974-2600 | [austintexas.gov](http://austintexas.gov)

The City of Austin is in compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request.

**APPENDIX C**

**COPY OF MASTER ORDINANCE**

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ORDINANCE NO. 0006008-56A

AN ORDINANCE providing for the issuance WATER AND WASTEWATER SYSTEM revenue obligations; making provision for the payment of such obligations from the revenues of the City's Water and Wastewater System; enacting provisions incident and related to the issuance, payment and security of such Obligations, including covenants and agreements relating to the operation and management of the Water and Wastewater System, the revenues derived from its operation and ownership, the establishment and maintenance of funds and accounts for the payment of such obligations, specifying the terms and conditions for the issuance of parity revenue obligations and other matters incident and related to their issuance and security; suspending the rule requiring ordinances be read on three separate days; and declaring an emergency.

WHEREAS, the City of Austin, Texas (the "City" or the "Issuer"), a "home-rule" city operating under a home-rule charter adopted pursuant to Section 5 of Article XI of the Texas Constitution has heretofore financed improvements and extensions to the City's Water and Wastewater System (the "System") by the issuance and sale of revenue obligations payable from and secured by a joint and several lien on and pledge of the Net Revenues of the City's Water and Wastewater System and the City's Electric Light and Power System; and

WHEREAS, the revenue obligations currently outstanding payable from and secured by a joint and several lien on and pledge of the Net Revenues of the City's Water and Wastewater System and the City's Electric Light and Power System include:

(a) "Prior First Lien Obligations" more particularly identified as follows : (i) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1986", dated March 1, 1986, (ii) "City of Austin, Texas, Combined Utility Systems Revenue Bonds, Series 1986A", dated April 15, 1986, (iii) "City of Austin, Texas, Combined Utility Systems Revenue Bonds, Series 1986C", dated November 15, 1986, (iv) "City of Austin, Texas, Combined Utility Systems Revenue Bonds, Series 1987", dated May 15, 1987, (v) "City of Austin, Texas, Combined Utility Systems Revenue Bonds, Series 1989", dated July 15, 1989, (vi) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1990A", dated February 1, 1990, (vii) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1990B", dated February 1, 1990, (viii) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1991-A", dated June 1, 1991, (ix) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1992", dated March 1, 1992, (x) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1992A", dated May 15, 1992, (xi) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1993", dated January 15, 1993, (xii) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1993A", dated June 1, 1993, (xiii) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1994", dated September 1, 1994, (xiv) "City of Austin, Texas, Combined Utility

Systems Revenue Refunding Bonds, Series 1995", dated June 1, 1995, (xv) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1996A", dated August 1, 1996, (xvi) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1996B", dated August 1, 1996, (xvii) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1997", dated August 1, 1997, (xviii) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1998", dated July 1, 1996, (xix) "City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1998A", dated August 1, 1997,

(b) "Prior Subordinate Lien Obligations" more particularly described as follows: (i) "City of Austin, Texas, Water, Sewer and Electric Refunding Revenue Bonds, Series 1982", dated March 15, 1982, (ii) "City of Austin, Texas, Subordinate Lien Revenue Bonds, Series 1990", dated June 1, 1990, (iii) "City of Austin, Texas, Subordinate Lien Revenue Bonds, Series 1994", dated March 1, 1994, (iv) "City of Austin, Texas, Combined Utility System Subordinate Lien Revenue Bonds, Series 1998", dated August 1, 1998, (v) "City of Austin, Texas, Subordinate Lien Revenue Refunding Bonds, Series 1998", dated October 1, 1998 and (vi) "City of Austin, Texas, Subordinate Lien Revenue Refunding Bonds, Series 1998A", dated October 1, 1998, and

(c) "Commercial Paper Obligations" more particularly described as follows: (i) City of Austin, Texas Combined Utility Systems Commercial Paper Notes, Series A", authorized for issuance pursuant to Ordinance No. 930318-A, as amended by Ordinance No. 961121-A and Ordinance No. 980513-A currently authorized up to an aggregate principal amount of \$350,000,000 and (ii) "City of Austin, Texas Combined Utility Systems Taxable Commercial Paper Notes", authorized for issuance pursuant to Ordinance No. 980513-B currently authorized up to an aggregate principal amount of \$60,000,000, and in such aggregate principal amounts as hereinafter provided by amendments to either Ordinance No. 930318-A, as amended, or Ordinance No. 980513-B; and

AND WHEREAS, in the ordinances authorizing the issuance of the Prior First Lien Obligations, Prior Subordinate Lien Obligations and Commercial Paper Obligations, the City retained the authority to issue "Separate Lien Obligations" payable solely from either the Net Revenues of the Water and Wastewater System or the Net Revenues of the Electric Light and Power System, but not both, without specifying any terms or limitations on the issuance of such "Separate Lien Obligations"; and

WHEREAS, the City has determined future financing of capital improvements for the City's Water and Wastewater System and the City's Electric Light and Power System should be undertaken and accomplished through the issuance of "Separate Lien Obligations" which will enable the City to restructure provisions governing the issuance of such obligations and relating to the operations of such systems and provide financing flexibility to both systems, particularly the Electric Light and Power System in a more competitive market resulting from a change in laws affecting the regulation, generation, distribution and sale of electric energy, and

WHEREAS, in furtherance of its determination that future financing of capital improvements to the City's Water and Wastewater System shall be undertaken through the issuance of revenue obligations payable solely from and secured by a lien on and pledge of the Net Revenues of the City's Water and Wastewater System, the Council hereby finds a master ordinance governing and pertaining to their issuance should be adopted and enacted; and

WHEREAS, the terms used in this Ordinance and not otherwise defined shall have the meaning given Exhibit A to this Ordinance attached hereto and made a part hereof;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN, TEXAS:

**Section 1. REVENUE OBLIGATION FINANCING FOR THE CITY'S WATER AND WASTEWATER SYSTEM.** From and after the date hereof, all revenue obligations, other than Commercial Paper Obligations, to finance capital improvements for the Water/Wastewater System shall be payable from and secured only by a lien on and pledge of the Net Revenues of the Water/Wastewater System and from the funds and accounts hereinafter provided in this Ordinance and in any Supplement. This Ordinance is intended to provide for and govern the issuance of such Parity Water/Wastewater Obligations and establish the security for their payment, the agreements and covenants with the holders or owners of such obligations in regard to the management and operation of the Water/Wastewater System, the application and disbursement of revenues derived from its operation and ownership and other matters incident and related to the issuance of such revenue obligations. Each issue or series of Parity Water/Wastewater Obligations shall be issued, incurred or assumed pursuant to the terms of a Supplement, and each such Supplement shall provide for the authorization, issuance, sale, delivery, form, characteristics, terms of payment and redemption, and any other related matters not inconsistent with the Constitution and laws of the State of Texas or the provisions of this Ordinance.

**Section 2. PLEDGE OF REVENUES/SECURITY FOR PAYMENT.** Subject to the prior claim on and lien on the Net Revenues of the Water/Wastewater System to the payment and security of the Prior First Lien Obligations currently Outstanding, including the funding and maintenance of the special funds established and maintained for the payment and security of such Prior First Lien Obligations, the Net Revenues of the Water/Wastewater System are hereby pledged to the payment of the Parity Water/Wastewater Obligations and such Parity Water/Wastewater Obligations, together with the Prior Subordinate Lien Obligations and Previously Issued Separate Lien Obligations currently Outstanding, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water/Wastewater System in accordance with the terms of this Ordinance and any Supplement. Additionally, Parity Water/Wastewater Obligations shall be secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund, Reserve Fund and funds on deposit in any construction fund maintained and established with the proceeds of sale of Parity Water/Wastewater Obligations pending expenditure in accordance with the terms of this Ordinance and any Supplement. Parity Water/Wastewater Obligations are and will be secured by and payable only from the Net Revenues of the Water/Wastewater System, and are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, of the Water/Wastewater System. The owners of the Parity Water/Wastewater Obligations shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in this Ordinance or any Supplement.

**Section 3. NO ADDITIONAL PRIOR FIRST LIEN /PRIOR SUBORDINATE LIEN COMBINED UTILITY SYSTEMS REVENUE OBLIGATIONS.** From and after the date of the adoption of this Ordinance, the City hereby provides that no additional revenue obligations shall be issued on a parity with the Prior First Lien Obligations or the Prior Subordinate Lien Obligations and at such time as the Prior First Lien Obligations, Prior Subordinate Lien Obligations currently Outstanding and the Commercial Paper Obligations have been fully paid and discharged in a manner such obligations are no longer deemed to be Outstanding under the terms of their respective ordinances and by law, all revenue obligations of the Water/Wastewater System then Outstanding shall be Parity Water/Wastewater Obligations, Previously Issued Separate Lien Obligations, or obligations subordinate to the Parity Water/Wastewater Obligations then Outstanding, and payable only from and secured only by a lien on and pledge of the Net Revenues of the Water/Wastewater System and the revenues deposited to the credit of the accounts and funds established and maintained in the ordinances providing for their issuance, including this Ordinance with respect to Parity Water/Wastewater Obligations and any Supplement.

**Section 4. RATE COVENANT.** The City will fix, establish, maintain and collect such rates, charges and fees for water and wastewater services furnished by the Water/Wastewater System and to the extent legally permissible, revise such rates, charges and fees to produce Gross Revenues each Fiscal Year sufficient:

(i) to pay all current Operating Expenses,

(ii) to produce Net Revenues, after deducting amounts expended during the Fiscal Year from the Water/Wastewater System's Net Revenues for the payment of debt service requirements of the Prior First Lien Obligations and Prior Subordinate Lien Obligations, equal to the greater of either (x) an amount to pay the actual annual debt service due and payable in such Fiscal Year of the then Outstanding Parity Water/Wastewater Obligations and Previously Issued Separate Lien Obligations or (y) an amount, when added to Other Available Water/Wastewater System Revenues, that would pay 125% of Annual Debt Service Requirements due and payable in such Fiscal Year of the then Outstanding Parity Water/Wastewater Obligations and Previously Issued Separate Lien Obligations, and

(iii) to pay after deducting the amounts determined in (i) and (ii) above, all other financial obligations of the Water/Wastewater System reasonably anticipated to be paid from Gross Revenues.

If the Net Revenues in any Fiscal Year are less than the aggregate amount specified above the City shall promptly upon receipt of the annual audit for such Fiscal Year cause such rates and charges to be revised and adjusted to comply with this Section or obtain a written report from an Utility System Consultant after a review and study of the operations of the Water/Wastewater System has been made concluding that, in their opinion, the rates and charges then in effect for the current Fiscal Year are sufficient or adjustments and revisions need to be made to such rates and charges to comply with this Section and such adjustments and revisions to water and wastewater rates and charges are promptly implemented and enacted in accordance with such Utility System Consultant's report. Notwithstanding anything herein to the contrary, the City shall be deemed to be in compliance herewith if either of the actions mentioned in the preceding

sentence are undertaken and completed prior to the end of the Fiscal Year next following the Fiscal Year the deficiency in Net Revenues occurred.

**Section 5. GENERAL COVENANTS.** Subject to the provisions contained in the ordinances authorizing the issuance of the Prior First Lien Obligations, Prior Subordinate Lien Obligations and Commercial Paper Obligations which may be in conflict herewith and control to the extent of any conflict, the City hereby covenants and agrees with the Holders of the Parity Water/Wastewater Obligations to the extent permitted by law as follows:

(a) **PERFORMANCE.** All covenants, undertakings, stipulations, and provisions contained in this Ordinance and any Supplement shall be duly performed and honored at all times; the principal amount of and interest on Parity Water/Wastewater Obligations shall be timely paid as the same shall become due and payable on the dates, at the places and in the manner prescribed in each Supplement and such Parity Water/Wastewater Obligations; and all deposits to the credit of the Funds and Accounts shall be made at the times, in the amounts and in the manner specified by this Ordinance and in any Supplement; and any Holder may require the City, its officials and employees to perform, honor or enforce the covenants and obligations of this Ordinance, or any Supplement, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the City, its officials and employees.

(b) **CITY'S LEGAL AUTHORITY.** The City is a duly created and existing home rule municipality of the State of Texas, and is duly authorized under the laws of the State of Texas to issue the Parity Water/Wastewater Obligations; with the adoption of each Supplement, all action on the City's part for the issuance of the Parity Water/Wastewater Obligations shall have been duly and effectively taken; and the Parity Water/Wastewater Obligations upon issuance and delivery to the Holders shall and will be valid and enforceable special obligations of the City in accordance with their terms.

(c) **OPERATION AND MAINTENANCE.** The Water/Wastewater System shall be operated in an efficient manner consistent with Prudent Utility Practice, and the plants, facilities and properties of the Water/Wastewater System shall be maintained, preserved and kept in good repair, working order and condition, and proper maintenance, repairs and replacements of such property, facilities and plants shall occur to preserve and keep the Water/Wastewater System operating in a business like manner.

(d) **TITLE.** The City has or will have lawful title, whether such title is in fee or lesser interest, to the lands, buildings, structures and facilities constituting the Water/Wastewater System; the City warrants it will defend the title to all the aforesaid lands, buildings, structures and facilities, and every part thereof against the claims and demands of all persons whomsoever; and the City is lawfully qualified to pledge the Net Revenues to the payment of the Parity Water/Wastewater Obligations in the manner prescribed herein, and has lawfully exercised such rights.

(e) **LIENS.** All taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon the Water/Wastewater System, its properties or revenues, shall be paid before the same become delinquent; all lawful claims for rents, royalties, labor, materials and

supplies shall be paid in a timely manner, which if unpaid might by law become a lien or charge on the revenues of the Water/Wastewater System or the Water/Wastewater System's properties prior to or interfere with the liens hereof, and it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the lien on and pledge of the Net Revenues of the Water/Wastewater System for the Parity Water/Wastewater Obligations granted by this Ordinance or any Supplement might or could be impaired; provided however, that no such tax, assessment or charge, and no such claims that might result in a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid while the validity of the same shall be contested in good faith by the City.

(f) **NO FREE SERVICE.** Save and except as provided by V.T.C.A., Government Code, Section 1502.057, as amended, no free service of the Water/Wastewater System shall be allowed.

(g) **FURTHER ENCUMBRANCE.** Save and except for the issuance of Parity Water/Wastewater Obligations, the Net Revenues of the Water/Wastewater System shall not hereafter be encumbered in any manner unless such encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Ordinance and any Supplement; but the right to issue Subordinated Debt payable in whole or in part from a subordinate lien on the Net Revenues is specifically recognized and retained.

(h) **SALE, LEASE OR DISPOSAL OF SYSTEM PROPERTY.** To the extent and in the manner provided by law, the City can sell, exchange or otherwise dispose of property and facilities constituting part of the Water/Wastewater System at any time and from time to time, provided such sale or exchange of property or facilities does not impede the operations of the Water/Wastewater System. Furthermore, the City to the extent and in the manner provided by law may lease, contract, or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights to the properties and facilities of the Water/Wastewater System, provided such lease, contract, license, arrangement, easement or right does not impede or disrupt the operations of the Water/Wastewater System. The proceeds of any such sale, exchange or disposal of property or facilities shall be deposited to the credit of a special Fund or Account, and funds deposited to the credit of such Fund or Account shall be used to acquire other property necessary or desirable for the safe or efficient operation of the Water/Wastewater System, to redeem or purchase Prior First Lien Obligations, Prior Subordinate Lien Obligations, Parity Water/Wastewater Obligations, Previously Issued Separate Lien Obligations or for any other Water/Wastewater System purpose..

(i) **BOOKS, RECORDS AND ACCOUNTS.** Proper books, records and accounts pertaining to the operation and ownership of the Water/Wastewater System shall be established and maintained in accordance with generally accepted accounting principles, and such books, records and accounts shall be kept and maintained separate and apart from all other records and accounts of the City. Accurate and complete entries of all transactions relating to the Water/Wastewater System shall be recorded in such books, records and accounts, and such books and records relating to the financial operations of the Water/Wastewater System shall be kept current on a month to month basis.

(j) **INSURANCE.** Except as otherwise permitted below, insurance shall be obtained and maintained on the properties of the Water/Wastewater System in a manner and to the extent municipal corporations operating like properties carry and maintain such insurance, and such insurance shall be maintained with one or more responsible insurance companies and cover such risks, accidents or casualties customarily carried by municipal corporations operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage caused by floods, and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the City Attorney gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the City shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the Holders and their representatives at all reasonable times during regular business hours. Upon the happening of any loss or damage covered by insurance from one or more of said causes, the City shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the City. The proceeds of insurance covering such property, together with any other funds available for such purpose as the City in its sole discretion shall determine, shall be used to repair the property damaged or replace the property destroyed; provided, however, if the insurance proceeds and other funds that might be lawfully appropriated therefore are insufficient to repair or replace the damaged property, then such insurance proceeds received for the damaged or destroyed property shall be deposited to the credit of a special insurance Account or Fund until other funds become available which, together with funds on deposit to the credit of such special insurance account, will be sufficient to make the repairs or replacements to the property damaged or destroyed that resulted in such insurance proceeds or make other improvements to the Water/Wastewater System.

In lieu of obtaining policies for insurance as provided above, the City may self-insure against risks, accidents, claims or casualties described above, or such risks, accidents, claims or casualties may be covered under one or more blanket insurance policies maintained by the City. The annual audit hereinafter required shall contain a section commenting on whether the City has complied with the requirements of this Section with respect to the maintenance of insurance, and listing the areas of insurance for which the City is self-insuring, all policies carried, and whether all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(k) **AUDITS.** After the close of each Fiscal Year while any of the Parity Water/Wastewater Obligations are Outstanding, an annual audit of the books, records and accounts relating to the operations of the Water/Wastewater System shall be made by an Accountant as part of the City's overall annual comprehensive audit. After such annual audit has been completed and approved by the City, a copy thereof shall be sent to the Municipal Advisory Council of Texas and to any owner of \$100,000 or more in Outstanding Principal Amount of Parity Water/Wastewater Obligations who shall request a copy of such annual audit in writing. A copy of such annual audit shall be available for the inspection at the administrative offices of the Water/Wastewater System by the owners of the Parity Water/Wastewater Obligations and their agents and representatives at all reasonable times during regular business hours.



(l) **GOVERNMENTAL AGENCIES.** Any and all franchises, licences, permits and authorizations received or obtained from any governmental agency or department and applicable to or necessary with respect to the operations of the Water/Wastewater System shall be kept current and in effect, and no franchise, permit, license or authorization required or necessary for the acquisition, construction, equipment, operation and maintenance of the Water/Wastewater System shall be allowed to expire or terminate by a failure of the City to act or shall the City fail to comply with any terms or conditions that results in a forfeiture or early termination of any such franchise, permit, license, or authorization.

(m) **NO COMPETITION.** To the extent it legally possible, the City will not grant any franchise or permit for the acquisition, construction or operation of any competing facilities which might be used as a material substitute for the Water/Wastewater System's facilities, and, to the extent that it legally may, the City will prohibit any such competing facilities.

(n) **RIGHTS OF INSPECTION.** Subject to public safety and other restrictions as may be reasonably imposed, the owner of Parity Water/Wastewater Obligations shall have the right at all reasonable times during regular business hours to inspect properties of the Water/Wastewater System and all records, accounts and data relating thereto, and copies of such records, accounts and data will be furnished to such owner from time to time, upon the written request and at the payment of the cost of making such copies by the owner making such request.

**Section 6. SYSTEM FUND.** In accordance with the provisions of the ordinances authorizing the issuance of the Prior First Lien Obligations, Prior Subordinate Lien Obligations and the Commercial Paper Obligations, the City has created and there shall be maintained on the books of the City while the Parity Water/Wastewater Obligations are Outstanding a separate fund or account known and designated as the "Water and Sewer System Fund" (herein called the "Water and Wastewater System Fund" or "System Fund"). All funds deposited to the credit of the System Fund and disbursements from such Fund shall be recorded in the books and records of the City and moneys deposited to the credit of such Fund shall be in an account or fund maintained at an official depository of the City. The Gross Revenues of Water/Wastewater System shall be deposited, as collected, to the credit of the System Fund and such Gross Revenues deposited to the credit of the System Fund shall be allocated, budgeted and appropriated to the extent required for the following uses and in the order of priority shown:

**FIRST:** To the payment of Operating Expenses, as defined herein or required by statute to be a first charge on and claim against the Gross Revenues.

**SECOND:** To the payment of the amounts required to be deposited in any special funds or accounts created for the payment and security of the Prior First Lien Obligations, including the amounts required to be deposited to the credit of the common reserve fund established for the Prior First Lien Obligations and Prior Subordinate Lien Obligations.

**THIRD:** Equally and ratably to the payment of the amounts required to be deposited to the credit of (i) the special fund created and established for the payment of principal of and interest on the Prior Subordinate Lien Obligations as the



same becomes due and payable (ii) the funds maintained for the payment of Previously Issued Separate Lien Obligations currently Outstanding and (iii) the special Funds and Accounts for the payment of the Parity Water/Wastewater Obligations.

FOURTH: To pay Subordinated Debt, including amounts for the payment of the Commercial Paper Obligations, and the amounts, if any, due and payable under any credit agreement executed in connection therewith.

FIFTH: To the payment of the amount, if any, approved and authorized by action of the governing body of the City, to be deposited to the credit of the Water/Wastewater System's Surplus Revenue Account

Any Net Revenues remaining in the Water and Sewer Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

**Section 7. DEBT SERVICE FUND.** For the sole purpose of paying the principal amount of, premium, if any, and interest on, and other payments (other than Operating Expenses) incurred in connection with Parity Water/Wastewater Obligations, there is hereby created and there shall be established and maintained on the books of the City a separate fund designated as the "Water/Wastewater Revenue Obligation Debt Service Fund" (the "Debt Service Fund") and moneys to the credit of such Debt Service Fund shall be placed in a special fund or account maintained at an official depository of funds of the City.

The amount of the deposits to be made to the credit of the Debt Service Fund to pay the principal of and interest on the Parity Water/Wastewater Obligations as the same shall become due and payable and the manner for making such deposits shall be addressed and contained in each Supplement. In addition, the City reserves the right in any Supplement to establish within the Debt Service Fund various Accounts to facilitate the timely payment of Parity Water/Wastewater Obligations as the same become due and owing.

**Section 8. RESERVE FUND.** (a) Establishment. There is hereby created and there shall be established and maintained on the books of the City a separate fund or account designated as the "Water/Wastewater System Revenue Obligation Reserve Fund" (the "Reserve Fund"). Except as provided in subsection (f) below, the Reserve Fund shall be maintained for the benefit of the owners of the Parity Water/Wastewater Obligations. There shall be deposited into the Reserve Fund any Reserve Fund Obligations so designated by the City. The amounts deposited to the credit of the Reserve Fund shall be deposited in a special fund maintained at an official depository of City. Reserve Fund Obligations in the Reserve Fund shall be used for the purpose of retiring the last of the Parity Water/Wastewater Obligations as they become due or paying principal of and interest on the Parity Water/Wastewater Obligations when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose. The amount to be accumulated and maintained in the Reserve Fund shall be an amount equal to the Required Reserve Amount. The City may, at its option, withdraw and transfer to the Debt Service Fund all surplus in the Reserve Fund over the Required Reserve Amount.

(b) Credit Facility. The City may replace or substitute a Credit Facility for cash or Eligible Investments on deposit in the Reserve Fund or in substitution for or replacement of any existing Credit Facility. Upon such replacement or substitution, the cash or Eligible Investments on deposit in the Reserve Fund, taken together with the face amount of any existing Credit Facilities, in excess of the Required Reserve Amount may be withdrawn by the City, at its option, and transferred to the System Fund unless such excess was funded with the proceeds of sale of Parity Water/Wastewater Obligations in which case such excess shall be deposited to the credit of the Debt Service Fund; provided that the face amount of any Credit Facility may be reduced at the option of the City in lieu of such transfer.

(c) Priority of Draws. If the City is required to make a withdrawal from the Reserve Fund for any of the purposes described in this Section, the City shall promptly notify the issuer of such Credit Facility of the necessity for a withdrawal from the Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys and cash resulting from the sale or liquidation of Eligible Investments then on deposit in the Reserve Fund, and NEXT from a drawing under any Credit Facility to the extent of such deficiency.

In the event of a draw on a Credit Facility, the City shall reimburse the issuer of such Credit Facility for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Net Revenues, however, such reimbursement from Net Revenues shall be subject to the provisions of Section 8(d) below and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the Parity Water/Wastewater Obligations.

(d) Reserve Amount Deficiency. In the event of a deficiency in the Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the Reserve Fund sufficient Reserve Fund Obligations, all in an aggregate amount at least equal to the Required Reserve Amount, then the City shall, subject to satisfying or making provision for the uses having a priority on the Gross Revenues before any deposits for the payment and security of the Parity Water/Wastewater Obligations and after making required deposits to the Debt Service Fund in accordance with the terms of this Ordinance and any Supplement, cause the aggregate Required Reserve Amount then required to be on deposit in the Reserve Fund to be fully restored within 12 months from the date such deficiency, termination or expiration occurred by (i) making substantially equal cash deposits to the Reserve Fund on or before the last day of each month from the available Net Revenues, (ii) depositing Eligible Investments or Credit Facility to the credit of the Reserve Fund or (iii) a combination of (i) and (ii).

(e) Excess Required Reserve. As Parity Water/Wastewater Obligation secured by the Reserve Fund are paid, redeemed or defeased and cease to be Outstanding under the terms of the Ordinance or a Supplement, the Required Reserve Amount may be recalculated and redetermined, and any Reserve Fund Obligations on deposit in the Reserve Fund in excess of the Required Reserve Amount may be withdrawn and transferred, at the option of the City, to (i) the System Fund, if an amount equal to such excess was funded with Net Revenues, or (ii) the Debt Service Fund.

(f) Application to Commercial Paper/Credit Agreements For the purpose of this Section, the Reserve Fund shall not secure Parity Water/Wastewater Obligations issued in the form of

commercial paper, or any Credit Agreement issued in support of such Parity Water/Wastewater Obligations issued in the form of commercial paper, except as otherwise may be provided in any Supplement.

**Section 9. SYSTEM SURPLUS REVENUE ACCOUNT.** At the end of each Fiscal Year and after satisfying all payments and transfers having a priority on the revenues deposited to the credit of the System Fund, an amount approved and authorized by action of the governing body of the City may be transferred from the System Fund and deposited to the credit of a "Water/Wastewater System Surplus Revenue Account" to be established and maintained on the books and records of the City. The amounts deposited to the credit of the Water/Wastewater System Surplus Revenue Account may be used to make capital improvements to the Water/Wastewater System, to pay Operating Expenses or for any other lawful purpose. Prior to the beginning of each Fiscal Year, an amount deposited to the credit of the Water/Wastewater System Surplus Revenue Account may by action of the governing body of the City in the approval of the annual budget, or by a separate action, be designated as "Other Available Water/Wastewater Funds". The amount so designated as "Other Available Water/Wastewater Fund" shall be transferred on the books of the City to the credit of the System Fund as of the beginning of such Fiscal Year.

**Section 10. ISSUANCE OF ADDITIONAL OBLIGATIONS.** (a) Parity Water/Wastewater Obligations. The City reserves and shall have the right and power to issue or incur Parity Water/Wastewater Obligations for any purpose authorized by law pursuant to the provisions of this Ordinance and a Supplement hereafter adopted. The City may issue, incur, or otherwise become liable in respect of any Parity Water/Wastewater Obligations if:

(i) a Designated Financial Officer shall execute a certificate stating that, to his or her knowledge, the City is in compliance with all covenants contained in this Ordinance and any Supplement, is not in default in the performance and observance of any of the terms, provisions and conditions hereof and thereof, and the Funds and Accounts securing the Parity Water/Wastewater Obligations then Outstanding as established in accordance with the terms of this Ordinance and any Supplement contain the amounts then required to be therein or the proceeds of sale of the Parity Water/Wastewater Obligations then to be issued are to be used to cure any deficiency in the amounts on deposit to the credit of such Funds and Accounts, if any; and

(ii) an Accountant shall certify or render an opinion to the effect that, for the last completed Fiscal Year preceding the date of the then proposed Parity Water/Wastewater Obligations, or for any twelve consecutive calendar month period ending not more than ninety days prior to the date of the then proposed Parity Water/Wastewater Obligations, the Net Revenues of the Water/Wastewater System, after deducting amounts expended from the Water/Wastewater System's Net Revenues during the last completed Fiscal Year for the payment of debt service requirements of the Prior First Lien Obligations and Prior Subordinate Lien Obligations, together with Other Available Water/Wastewater Revenues, are equal to 1.25 times the average Annual Debt Service Requirements of the Parity

Water/Wastewater Obligations to be Outstanding after giving effect to the issuance of the then proposed Parity Water/Wastewater Obligations.

For purposes of paragraph (a) (ii), if Parity Water/Wastewater Obligations are issued to refund less than all of the Parity Water/Wastewater Obligations then Outstanding, the certificate, report or opinion of the Accountant required above shall give effect to the issuance of the proposed refunding Parity Water/Wastewater Obligations (and shall not give effect to the Parity Water/Wastewater Obligations being refunded following their cancellation or provision being made for their payment).

(b) Short-Term Parity Water/Wastewater Obligations. The City may issue or incur Parity Water/Wastewater Obligations issued in the form of commercial paper and for purposes of this subsection, the term "Outstanding Funded Debt" shall include Subordinated Debt that matures by its terms, or that is renewable at the option of the City to a date, more than one year after the date of its issuance by the City. The terms and conditions pertaining to the issuance of Parity Water/Wastewater Obligations in the form of commercial paper, including, without limitation, the security, liquidity and reserves necessary to support such commercial paper obligations, shall be contained in a Supplement relating to their issuance.

(c) Special Facilities Debt and Subordinated Debt. Special Facilities Debt and Subordinated Debt may be incurred by the City without limitation.

(d) Credit Agreements. Payments to be made under a Credit Agreement may be treated as Parity Water/Wastewater Obligations if the governing body of the City makes a finding in the Supplement authorizing and approving the Credit Agreement that Gross Revenues will be sufficient to meet the obligations of the Water/Wastewater System, including sufficient Net Revenues to satisfy the Annual Debt Service Requirements of Parity Water/Wastewater Obligations then Outstanding and the financial obligations of the City under the Credit Agreement, and such finding is supported by a certificate executed by a Designated Financial Officer of the City.

(e) Determination of Net Revenues. In making a determination of Net Revenues for any of the purposes described in this Section, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the Water/Wastewater System that became effective at least 30 days prior to the last day of the period for which Net Revenues are determined and, for purposes of satisfying the Net Revenues coverage test described above, make a pro forma determination of the Net Revenues of the Water/Wastewater System for the period of time covered by the Accountant's certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion.

**Section 11. FINAL DEPOSITS; GOVERNMENT OBLIGATIONS** (a) Any Parity Water/Wastewater Obligation shall be deemed to be paid, retired and cease to be Outstanding within the meaning of this Ordinance, and the Supplement pursuant to which it was issued, when payment of the principal amount of, redemption premium, if any, on such Parity Water/Wastewater Obligation, plus interest thereon to the due date thereof (whether such due date be by reason of

maturity, upon redemption, or otherwise) either shall have been (i) made in accordance with the terms thereof or (ii) provided by irrevocably depositing with, or making available to, a Paying Agent (or escrow agent) therefor, in trust and set aside exclusively for such payment, in accordance with the terms and conditions of an agreement between the City and said Paying Agent (or escrow agent), (1) money sufficient to make such payment or (2) Government Obligations, certified by an independent public accounting firm of national reputation, to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of such Paying Agent pertaining to the Parity Water/Wastewater Obligation with respect to which such deposit is made shall have been paid or the payment thereof duly provided (and irrevocable instructions shall have been given by the City to such Paying Agent to give notice of such redemption in the manner required by the Supplement authorizing the issuance of such Parity Water/Wastewater Obligation) to the satisfaction of such Paying Agent. Such Paying Agent shall give notice to each owner of any Parity Water/Wastewater Obligation that such deposit as described above has been made, in the same manner as required with respect to the redemption of such Parity Water/Wastewater Obligation, all in accordance with the terms of the Supplement pursuant to which such Parity Water/Wastewater Obligation was issued. In addition, in connection with a defeasance, such Paying Agent shall give notice of redemption, if necessary, to the owners of any Parity Water/Wastewater Obligation in the manner provided in the Supplement for such Parity Water/Wastewater Obligation and as directed in the redemption instructions delivered by the City to such Paying Agent. At such time as a Parity Water/Wastewater Obligation shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefit of this Ordinance or the Supplement pursuant to which it was issued or a lien on and pledge of the Net Revenues, and shall be entitled to payment solely from such money or Government Obligations.

(b) Any moneys deposited with a Paying Agent (or escrow agent) may, at the direction of the City, also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Paying Agent pursuant to this Section which is not required for the payment of the principal of the Parity Water/Wastewater Obligations, the redemption premium, if any, and interest thereon, with respect to which such money has been so deposited, shall be remitted to the City for deposit to the credit of the Debt Service Fund.

(c) Except as provided in clause (b) of this Section, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of Parity Water/Wastewater Obligations, the redemption premium, if any, and interest thereon, shall be applied solely to and used solely for the payment of such Parity Water/Wastewater Obligations, the redemption premium, if any, and interest thereon.

**Section 12. AMENDMENT OF ORDINANCE.** (a) Required Owner Consent for Amendments. The owners of a majority in Outstanding Principal Amount of the Parity Water/Wastewater Obligations shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the City, provided, however, that nothing contained herein shall permit or be construed to permit the amendment of the terms and conditions in this Ordinance or in the Parity Water/Wastewater Obligations so as to:

(1) Make any change in the maturity of any of the Outstanding Parity Water/Wastewater Obligations;

(2) Reduce the rate of interest borne by any of the Outstanding Parity Water/Wastewater Obligations;

(3) Reduce the amount of the principal payable on the Outstanding Parity Water/Wastewater Obligations;

(4) Modify the terms of payment of principal of, premium, if any, or interest on the Outstanding Parity Water/Wastewater Obligations or impose any conditions with respect to such payment;

(5) Affect the rights of the owners of less than all of the Parity Water/Wastewater Obligations then Outstanding;

(6) Amend this subsection (a) of this Section; or

(7) Change the minimum percentage of the principal amount of Parity Water/Wastewater Obligations necessary for consent to any amendment;

unless such amendment or amendments be approved by the owners of all of the Parity Water/Wastewater Obligations affected by the change or amendment then Outstanding.

(b) Notice of Amendment Requiring Consent. If at any time the City shall desire to amend the Ordinance under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, and a newspaper of general circulation in the City, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file with each Paying Agent or Registrar, as the case may be, for the Parity Water/Wastewater Obligations for inspection by all Holders of Parity Water/Wastewater Obligations. Such publication is not required, however, if notice in writing is given by mail, first class postage prepaid, to each Holder of Parity Water/Wastewater Obligations.

(c) Time Period for Obtaining Consent If within one year from (i) the date of the first publication of said notice or (ii) the date of the mailing by the Paying Agent of written notice to the owners of the Parity Water/Wastewater Obligations, whichever date first occurs if both methods of giving notice are used, the City shall receive an instrument or instruments executed by the owners of at least a majority in Outstanding Principal Amount of the Parity Water/Wastewater Obligations consenting to and approving such amendment in substantially the form of the copy thereof on file with each Paying Agent or Registrar, as the case may be, for the Parity Water/Wastewater Obligations, the governing body of the City may pass the amendatory ordinance in substantially the same form.

(d) Revocation of Consent. Any consent given by the owner of a Parity Water/Wastewater Obligation pursuant to the provisions of this Section shall be irrevocable for a period of six months

from the date for measuring the one year period to obtain consents noted in paragraph (c) above, and shall be conclusive and binding upon all future owners of the same Parity Water/Wastewater Obligation during such period. At any time after six months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, such consent may be revoked by the owner who gave such consent, or by a successor in title, by filing written notice thereof with the Paying Agent or Registrar, as the case may be, for such Parity Water/Wastewater Obligation and the City, but such revocation shall not be effective if the owners of at least a majority in Outstanding Principal Amount of the then Outstanding Parity Water/Wastewater Obligations as determined in accordance with this Section have, prior to the attempted revocation, consented to and approved the amendment.

(e) Implementation of Amendment. Upon the passage of any amendatory ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be amended in accordance with such amendatory ordinance, and the respective rights, duties and obligations of the City under this Ordinance and all the owners of then Outstanding Parity Water/Wastewater Obligations and all future Parity Water/Wastewater Obligations shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments.

(f) Amendment without Consent. The foregoing provisions of this Section notwithstanding, the City by action of its governing body may amend this Ordinance for any one or more of the following purposes:

(1) To add to the covenants and agreements of the City in this Ordinance contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to the owners of the Parity Water/Wastewater Obligations or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City;

(2) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in this Ordinance, or in regard to clarifying matters or questions arising under this Ordinance, as are necessary or desirable and not contrary to or inconsistent with this Ordinance and which shall not adversely affect the interests of the owners of the Parity Water/Wastewater Obligations then outstanding;

(3) To modify any of the provisions of this Ordinance in any other respect whatever, provided that such modification shall be, and be expressed to be, effective only after all Parity Water/Wastewater Obligations outstanding at the date of the adoption of such modification shall cease to be outstanding;

(4) To make such amendments to this Ordinance as may be required, in the opinion of Bond Counsel, to ensure compliance with sections 103 and 141 through 150 of the Code and the regulations promulgated thereunder and applicable thereto;

(5) To make such changes, modifications or amendments as may be necessary or desirable in order to allow the owners of the Parity Water/Wastewater Obligations to thereafter avail themselves of a book-entry system for payments, transfers and other matters relating to the Parity Water/Wastewater Obligations, which changes, modifications or amendments are not contrary to or inconsistent with other provisions of this Ordinance and which shall not adversely affect the interests of the owners of the Parity Water/Wastewater Obligations;

(6) To make such changes, modifications or amendments as may be necessary or desirable in order to obtain or maintain the granting of a rating on the Parity Water/Wastewater Obligations by a Rating Agency or to obtain or maintain a Credit Agreement or a Credit Facility; and

(7) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Parity Water/Wastewater Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of interest rate swap agreements, foreign currency exchange agreements, or similar types of agreements with respect to the Parity Water/Wastewater Obligations. Notice of any such amendment may be published by the City in the manner described in clause (b) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance.

(g) Ownership. For the purpose of this Section, the ownership and other matters relating to all Parity Water/Wastewater Obligations may be determined as provided in each Supplement and unless otherwise provided in a Supplement, the owners of the Parity Water/Wastewater Obligations insured as to the payment of principal of and interest thereon shall be deemed to be the insurance company providing the insurance coverage on such Parity Water/Wastewater Obligations; provided such amendment to this Ordinance is an amendment that can be made with the consent of a majority in Outstanding Principal Amount of the Parity Water/Wastewater Obligations and such insurance company is not in default with respect to its obligations under its insurance policy.

(h) Amendments of Supplements. Each Supplement shall contain provisions governing the ability of the City to amend such Supplement; provided, however, that no amendment may be made to any Supplement for the purpose of granting to the owners of Parity Water/Wastewater Obligations then Outstanding under such Supplement a priority over the owners of any other Parity Water/Wastewater Obligations then Outstanding.

**Section 13. DEFICIENCIES; EXCESS NET REVENUES.** (a) Revenue Deficiency. If on any occasion there shall not be sufficient Net Revenues to make the required deposits into the Funds and Accounts established in accordance with this Ordinance and any Supplement, then such deficiency shall be made up as soon as possible from the next available Net Revenues, or from any other source available for such purpose.



(b) Excess Revenue. Subject to making the required deposits to the credit of the Funds and Accounts established in accordance with this Ordinance and any Supplement, when and as required by this Ordinance and any Supplement, the excess Net Revenues may be used by the City for any lawful purpose.

**Section 14. FUNDS SECURED.** Moneys in all Funds and Accounts created in accordance with this Ordinance and any Supplement shall be secured in the manner prescribed by law for securing funds of the City.

**Section 15. INVESTMENTS.** Moneys in any Fund or Account established pursuant to this Ordinance and any Supplement may, at the option of the City, be placed or invested in Eligible Investments. The value of any such Fund or Account shall be established by adding any money therein to the Value of Investment Securities. The value of each such Fund or Account shall be established no less frequently than annually during the last month of each Fiscal Year. Earnings derived from the investment of moneys on deposit in the various Funds and Accounts shall be credited to the Fund or Account from which moneys used to acquire such investment shall have come.

**Section 16. BENEFITS OF ORDINANCE.** Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

**Section 17. GOVERNING LAW.** This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

**Section 18. EFFECT OF HEADINGS.** The Section headings herein are for convenience only and shall not affect the construction hereof.

**Section 19. CONSTRUCTION OF TERMS.** If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.


**Section 20. SEVERABILITY.** If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

**Section 21. PUBLIC MEETING.** It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given; all as required by V.T.C.A., Government Code, Chapter 551, as amended.

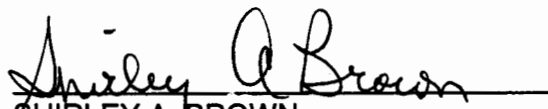
**Section 22. EMERGENCY.** The public importance of this measure and the fact that there is an urgent public need for the City to obtain the funds from the sale of the Bonds as soon as possible and without delay for the immediate preservation of the public peace, health and safety of the citizens of the City constitute and create an emergency requiring the suspension of the rule providing for ordinances to be read on three separate days; and such rule relating to the passage of ordinances and the Charter provision relating to the effective date of ordinances are hereby suspended and this ordinance is hereby passed as an emergency measure and shall be effective immediately upon its passage and adoption as provided by the Charter of the City.

PASSED AND ADOPTED, this June 8, 2000.

CITY OF AUSTIN, TEXAS

  
KIRK WATSON  
Mayor

ATTEST:

  
SHIRLEY A. BROWN  
City Clerk

(City Seal)

APPROVED:

  
ANDREW MARTIN  
City Attorney

## EXHIBIT "A"

### DEFINITIONS

As used in the Ordinance, the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

**"Account"** means any account created, established and maintained on the books and records of the City under the terms of any Supplement.

**"Accountant"** means a nationally recognized independent certified public accountant, or an independent firm of certified public accountants.

**"Annual Debt Service Requirements"** means, for any Fiscal Year, the principal of and interest on all Parity Water/Wastewater Obligations coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the City on such Debt, or be payable in respect of any required purchase of such Debt by the City) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the City:

(i) Committed Take Out. If the City has entered into a Credit Agreement with a Credit Provider to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the City's obligation to repay the amounts advanced under the Credit Agreement for the discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased by the Credit Provider shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

(ii) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable by reason of any required purchase of such Funded Debt by the City) in any Fiscal Year is either (a) equal to 25%, or more, of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or (b) exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein and throughout this Exhibit A as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue

on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(iii) Consent Sinking Fund. In the case of Balloon Debt, if a Designated Financial Officer executes a certificate to the effect that such Balloon Debt (a) may be treated as being retired in installments (and the instrument creating such Balloon Debt expressly permits such Debt to be treated as being retired in installments), or (b) paid from the funding and accumulation of a sinking fund (and the instrument creating such Balloon Debt expressly permits the funding and accumulation of a sinking fund) according to a fixed schedule stated in such certificate, then the principal of (and, in the case of retirement, or to the extent provided for the funding and accumulation of a sinking fund, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such fixed schedule, provided this clause (iii) shall apply only to Balloon Debt when installments due and payable prior to such certificate have been duly paid or all deposits to the sinking fund established for such Debt have been duly credited to the sinking fund on or before the times required by such schedule; and provided further this clause (iii) shall not apply when the City has elected to apply the rule set forth in clause (ii) above;

(iv) Prepaid Debt. Principal of and interest on Parity Water/Wastewater Obligations, or portions thereof, payable from capitalized interest, accrued interest and amounts deposited or set aside in trust for the payment thereof with a financial institution shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year;

(v) Variable Rate. As to any Parity Water/Wastewater Obligation that bears interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the City, either (a) an interest rate equal to the average rate borne by such Parity Water/Wastewater Obligations (or by comparable debt in the event that such Parity Water/Wastewater Obligations has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, or (b) an interest rate equal to the 30-year Tax-Exempt Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index of tax-exempt revenue bonds with maturities of 20 years, or more, published in a financial newspaper or journal with national circulation may be used for this purpose;

(vi) Commercial Paper. Any Parity Water/Wastewater Obligations issued in the form of commercial paper shall use an interest rate for such Parity Water/Wastewater Obligations calculated in the manner provided in clause (v) of this definition and the maturity schedule shall be calculated in the manner provided in clause (ii) of this definition; and

(vii) **Credit Agreement Payments.** If the City has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement, from either the City or the Credit Provider, shall be included in such calculation except to the extent that the payments are already taken into account under (i) through (vi) above and any payments otherwise included above under (i) through (vi) which are to be replaced by payments under a Credit Agreement, from either the City or the Credit Provider, shall be excluded from such calculation. For any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, for prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

**"Bond Counsel"** means Messrs. Fulbright & Jaworski L.L.P. or other firm engaged by the City with legal experience and expertise in the issuance and sale of obligations by municipalities in the State of Texas and with respect to the exclusion of interest on obligations from federal income taxation under Section 103(a) of the Code.

**"City"** and **"Issuer"** mean the City of Austin, Texas.

**"Code"** means the Internal Revenue Code of 1986, as amended, or any successor thereto.

**"Commercial Paper Obligations"** means those obligations identified and described in the preamble of the Ordinance.

**"Credit Agreement"** means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity Water/Wastewater Obligations, purchase or sale agreements, interest rate swap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the City in connection with the authorization, issuance, security, or payment of Parity Water/Wastewater Obligations and on a parity therewith.

**"Credit Facility"** means (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency having an outstanding rating on Parity Water/Wastewater Obligations would rate the Parity Water/Wastewater Obligations fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) a letter or line of credit issued by any financial institution, provided that a Rating Agency having an outstanding rating on the Parity Water/Wastewater Obligations would assign a rating to the Parity Water/Wastewater Obligations of one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the Parity Water/Wastewater Obligations and the interest thereon.

**"Credit Provider"** means any bank, financial institution, insurance company, surety bond provider, or other institution which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

**"Debt"** of the City payable from Net Revenues means all:

- (i) indebtedness incurred or assumed by the City for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the Water/Wastewater System that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet; and
- (ii) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise.

For the purpose of determining the "Debt" payable from the Net Revenues of the Water/Wastewater System, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (A) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (B) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of the City in prior Fiscal Years.

**"Debt Service Fund"** means the "Water/Wastewater System Revenue Obligation Debt Service Payment Fund" established pursuant to Section 7 of the Ordinance.

**"Designated Financial Officer"** shall mean the Director of Finance, Treasurer or such other financial or accounting official of the City so designated by the governing body of the City.

**"Eligible Investments"** means those investments in which the City is now or hereafter authorized by law, including, but not limited to, the Public Funds Investment Act (V.T.C.A., Government Code, Chapter 2256), as amended, to purchase, sell and invest its funds and funds under its control.

**"Fiscal Year"** means the twelve month financial accounting period for the Water/Wastewater System which currently ends on September 30 of each calendar year.

**"Fund"** means any fund created, established and maintained under the terms of the Ordinance and any Supplement.

**"Funded Debt"** of the Water/Wastewater System means all Parity Water/Wastewater Obligations (and, for purposes of Section 10(b) of the Ordinance, all Subordinated Debt) created or assumed by the City and payable from Net Revenues maturing by their terms (in the absence of the exercise of any earlier right of demand), or renewable at the option of the City to a date, more than one year after the original creation or assumption of such Debt by the City.

**"Government Obligations"** means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

**"Gross Revenues"** means all revenues, income, and receipts derived or received by the City from the operation and ownership of the Water/Wastewater System, including interest income and earnings from the investment or deposit of money in any Fund created by the Ordinance or a Supplement or maintained by the City in connection with the Water/Wastewater System, other than those amounts subject to payment to the United States of America as rebate pursuant to section 148 of the Code, and Other Available Water/Wastewater System Revenues . The term "Gross Revenues", however, does not include refundable meter deposits, restricted gifts and grants in aid of construction or impact fees charged under authority of Chapter 395, Texas Local Government Code, which by law are restricted as to use.

**"Holder" or "Bondholder" or "owner"** means the registered owner appearing on the books and records of the Registrar of any Parity Water/Wastewater Obligation registered as to ownership and the holder of any Parity Water/Wastewater Obligation payable to bearer.

**"Maturity"** when used with respect to any Debt means the date the principal of such Debt or any installment thereof becomes due and payable, whether at its Stated Maturity or by declaration of acceleration, call for redemption, or otherwise.

**"Net Revenues" and "Net Revenues of the Water/Wastewater System"** with respect to any period of time means the Gross Revenues for such period less Operating Expenses incurred during such period.

**"Operating Expenses"** means the expenses of operation and maintenance of the Water/Wastewater System, including all salaries, labor, materials repairs, and extensions necessary to render efficient service, provided, however, that only such repairs and extensions, as in the judgment of the City, reasonably and fairly exercised by the passage of appropriate ordinances, are necessary to render adequate service, or such as might be necessary to meet some physical accident or condition which would otherwise impair any Parity Water/Wastewater Obligations. Operating Expenses shall include the purchase of water, the treatment and disposal of wastewater,

and, to the extent permitted by law Operating Expenses may include payments made on or in respect of obtaining and maintaining any Credit Agreement or Credit Facility. Depreciation shall not be considered as expenses of operation and maintenance.

**"Opinion of Counsel"** means a written opinion of counsel acceptable to the City.

**"Ordinance"** means this Ordinance No. 000608-56A pertaining to the issuance Parity Water/Wastewater Obligations, and any amendments thereto.

**"Other Available Water/Wastewater System Revenues"** means an amount of unencumbered funds accumulated in the Water/Wastewater System Surplus Revenue Account designated as Other Available Water/Wastewater Funds and deposited to the credit of the System Fund as provided in Section 9 hereof; provided, the maximum amount which may be so designated in any Fiscal Year for purposes of complying with the provisions of Sections 4 and 10 of this Ordinance cannot exceed twenty-five per cent (25%) of the Debt Service Requirements for the Parity Water/Wastewater Obligations for such Fiscal Year.

**"Outstanding"** when used with respect to Parity Water/Wastewater Obligations means, as of the date of determination, all Parity Water/Wastewater Obligations theretofore delivered under this Ordinance and any Supplement, except:

- (i) Parity Water/Wastewater Obligations theretofore canceled and delivered to the City or delivered to the Paying Agent or the Registrar for cancellation;
- (ii) Parity Water/Wastewater Obligations deemed paid pursuant to the provisions of Section 11 of the Ordinance or any comparable section of any Supplement;
- (iii) Parity Water/Wastewater Obligations upon transfer of or in exchange for and in lieu of which other Parity Water/Wastewater Obligations have been authenticated and delivered pursuant to the Ordinance and any Supplement; and
- (iv) Parity Water/Wastewater Obligations under which the obligations of the City have been released, discharged, or extinguished in accordance with the terms thereof;

provided, that, unless acquired for purposes of cancellation, Parity Water/Wastewater Obligations owned by the City shall be deemed to be Outstanding as though owned by any other owner.

**"Outstanding Principal Amount"** means, with respect to all Parity Water/Wastewater Obligations or to a series of Parity Water/Wastewater Obligations, the outstanding and unpaid principal amount of such Parity Water/Wastewater Obligations paying interest on a current basis and the accreted value as of each compounding date for Parity Water/Wastewater Obligations paying accrued, accreted, or compounded interest only at maturity and as determined and established in the Supplement authorizing the issuance of such Parity Water/Wastewater Obligations



**"Prior First Lien Obligations"** means those obligations identified and described in the preamble of the Ordinance.

**"Prior Subordinate Lien Obligations"** means to obligations identified and described in the preamble of the Ordinance.

**"Parity Water/Wastewater Obligations"** means all Debt of the City, except Previously Issued Separate Lien Obligations, issued or incurred in accordance with the terms of the Ordinance and a Supplement, and secured by a lien on and pledge of the Net Revenues.

**"Paying Agent"** means bank, trust company or other entity selected by the City in a Supplement undertaking the duties and responsibilities for the payment to the Holders of the principal of and interest on the series or issue of Parity Water/Wastewater Obligations.

**"Previously Issued Separate Lien Obligations"** means those obligations payable, in whole or in part under a contract with the City, from and secured only by a lien on and pledge of the Net Revenues of the Water/Wastewater System and more particularly described as follows: (i) Circle C MUD#4 City of Austin, Texas Contract Revenue Bonds, Series 1990, dated date February 1, 1990 and currently outstanding in the principal amount of \$2,745,000, (ii) Circle C MUD #3 City of Austin, Texas Contract Revenue Bonds, Series 1991, dated date June 15, 1991, and currently outstanding in the principal amount of \$26,835,000, (iii) Village at Western Oaks MUD City of Austin, Texas Contract Revenue Bonds, Series 1991, dated August 15, 1991, and currently outstanding in the principal amount of \$17,570,000, (iv) Southland Oaks MUD City of Austin, Texas Contract Revenue Bonds, Series 1991, dated August 15, 1991, and currently outstanding in the principal amount of \$20,525,000, (v) Maple Run at Austin MUD City of Austin, Texas Contract Revenue Bonds, Series 1992, dated February 1, 1992, and currently outstanding in the principal amount of \$13,255,000, and (vi) North Austin MUD#1 City of Austin, Texas Refunding Contract Revenue Bonds, Series 1994, dated February 1, 1994, and currently outstanding in the principal amount of \$13,035,000.

**"Prudent Utility Practice"** means any of the practices, methods and acts, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the public utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method or act at the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. In the case of any facility included in the Water/Wastewater System which is owned in common with one or more other entities, the term "Prudent Utility Practice", as applied to such facility, shall have the meaning set forth in the agreement governing the operation of such facility.

**"Rating Agency"** means a nationally recognized securities rating agency which has assigned a rating to the Parity Water/Wastewater Obligations.

**"Required Reserve Amount"** means an amount equal to 50% of the average Annual Debt Service Requirements of the Parity Water/Wastewater Obligations then Outstanding, to the extent such Parity Water/Wastewater Obligations are to be secured by the Reserve Fund in accordance with the terms and provisions of Section 8 of the Ordinance and the provisions of any Supplement.

**"Reserve Fund"** means the "Water/Wastewater System Revenue Obligation Reserve Fund" established pursuant to Section 8 of the Ordinance.

**"Reserve Fund Obligations"** means cash, Eligible Investments, any Credit Facility, or any combination of the foregoing.

**"Registrar"** means bank, trust company or other entity selected by the City in a Supplement to serve as the registrar for the registration and transfer of a series or issue of Parity Water/Wastewater Obligations issued in fully registered form as to the payment of principal of and interest thereon.

**"Stated Maturity"** when used with respect to Debt or any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

**"Subordinated Debt"** means any Debt which expressly provides that all payments thereon shall be subordinated to the timely payment of all Parity Water/Wastewater Obligations then Outstanding or subsequently issued.

**"Supplement"** or **"Supplemental Ordinance"** means an ordinance supplemental to, and authorized and adopted by the governing body of the City pursuant to the terms of, the Ordinance.

**"System Fund"** means the **"Water and Sewer System Fund"** affirmed in Section 6 of the Ordinance.

**"Term of Issue"** means with respect to any Balloon Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or the "maximum maturity date" in the case of commercial paper ("maximum maturity date" having the meaning given to said term in any Supplement authorizing the issuance of commercial paper) or (ii) twenty-five years.

**"Utility System Consultant"** means an independent firm, person or corporation recognized as having expertise and with a favorable reputation for special skill and knowledge in the operations and financing of municipal water and wastewater facilities and systems similar in size to the Water/Wastewater System.

**"Value of Investment Securities"** and words of like import shall mean the amortized value thereof, provided, however, that all United States of America, United States Treasury Obligations--State and Local Government Series shall be valued at par and those obligations which are redeemable at the option of the holder shall be valued at the price at which such obligations are

then redeemable. The computations made under this paragraph shall include accrued interest on the investment securities paid as a part of the purchase price thereof and not collected. For the purposes of this definition "amortized value", when used with respect to a security purchased at par means the purchase price of such security.

**"Water/Wastewater System"** means all properties, facilities and plants currently owned, operated and maintained by the City for the supply, treatment and transmission of water and the collection, treatment and disposal or reuse/reclaim of wastewater, together with all future extensions, improvements, replacements and additions thereto; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term Water/Wastewater System shall not include facilities of any kind which are declared not to be a part of the Water/Wastewater System and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of "Special Facilities Debt", which term is defined as being special revenue obligations of the City not secured by or payable from the Net Revenues but which are secured by and payable solely from special contract revenues, or payments received from the City or any other legal entity, or any combination thereof, in connection with such facilities.

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## APPENDIX D

### SELECTED MODIFIED PROVISIONS FROM ORDINANCES RELATING TO PRIOR SUBORDINATE LIEN OBLIGATIONS

References in this Appendix to Prior Lien Bonds are no longer effective. As of May 15, 2019, the last of the outstanding Prior Lien Bonds were retired. Under the terms of the Master Ordinance, the City covenanted not to issue Prior Lien Bonds in the future.

Definitions. The following definitions are provided:

City-shall mean the City of Austin, Texas, located in the Counties of Travis and Williamson.

Electric Light and Power System-shall mean all facilities and plants currently owned, operated and maintained by the City, wholly or partially in participation with others, for the generation, transmission, supply and distribution of electrical energy and power, together with all future extensions, improvements, replacements and additions thereto, and all replacements thereof; provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term "Electric Light and Power System" shall not include facilities of any kind (including any electric power generating and transmission facilities) which are declared not to be a part of the Electric Light and Power System and which are acquired or constructed by the City, or in participation with others, with the proceeds from the issuance of "Special Facilities Bonds," which are hereby defined as being special revenue obligations of the City which are not Prior Lien Bonds, Subordinate Lien Bonds or Separate Lien Obligations but which are payable from and secured by other liens on and pledges of any revenues, sources or payments not pledged to the payment of the Prior Lien Bonds, the Subordinate Lien Bonds or Separate Lien Obligations including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

Fiscal Year-shall mean the twelve month period used by the City in connection with the operation of the Systems which may be any twelve consecutive month period established by the City.

Government Obligations-shall mean direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, which may be United States Treasury obligations such as its State and Local Government Series, and which may be in book-entry form.

Gross Revenues-shall mean, with respect to the Electric Light and Power System or the Waterworks and Sewer System, all income, receipts and revenues of every nature derived or received from the operation and ownership (excluding refundable meter deposits, restricted gifts and grants and proceeds derived from the sale or other disposition of all or part of the City's participating interest in the South Texas Project and revenues, sources or payment from facilities acquired or constructed with "Special Facilities Bonds") of the respective system, including earnings and income derived from the investment or deposit of moneys in any special funds or accounts created and established by the City for the payment and security of the Prior Lien Bonds or the Subordinate Lien Bonds or Separate Lien Obligations.

Maintenance and Operating Expenses-shall mean, with respect to the Electric Light and Power System or the Waterworks and Sewer System, all current expenses of operating and maintaining the respective system, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the City Council, reasonably and fairly exercised, are necessary to maintain the operations and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the Prior Lien Bonds or the Subordinate Lien Bonds shall be deducted in determining "Net Revenues." Depreciation shall never be considered as an expense of Maintenance and Operation. Maintenance and Operating Expenses shall include payments under contracts for the purchase of power and energy, water supply or other materials, goods or services for the Systems to the extent authorized by law and the provisions of such contract.

Net Revenues-shall mean, with respect to the Electric Light and Power System or the Waterworks and Sewer System, Gross Revenues of the respective system after deducting the system's Maintenance and Operating Expenses.

Outstanding-shall mean with respect to Bonds, as of the date of determination, all Bonds theretofore issued and delivered under this Ordinance, except:(i) those Bonds canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation; (ii) those Bonds for which payment has been duly provided by the City in

accordance with the provisions of Section 27 hereof; and(iii) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 30 hereof.

Subordinate Lien Bonds-shall mean the outstanding revenue bonds of those series designated) “City of Austin, Texas, Subordinate Lien Revenue Refunding Bonds, Series 1998,” dated October 1, 1998.

Required Reserve-shall mean the amount required to be accumulated and maintained in the Reserve Fund under the provisions of Section 15 hereof.

Separate Lien Obligations-shall mean (a) those obligations hereafter (i) issued or incurred by the City payable solely from the Net Revenues of either the Electric Light and Power System or the Net Revenues of the Waterworks and Sewer System, but not both, (ii) incurred pursuant to express charter or statutory authority heretofore or hereafter adopted or enacted and (iii) which by the terms of the ordinance authorizing their issuance or the incurring of the obligation provide for payments to be made by the City for the retirement or payment thereof to be secured solely by a lien on and pledge of the Net Revenues of the Electric Light and Power System or the Net Revenues of the Waterworks and Sewer System, but not both, of equal dignity with the lien on and pledge of said Net Revenues securing the payment of the Subordinate Lien Bonds and (b) those contractual obligations of the City heretofore incurred payable solely from and secured by a lien on and pledge of the Net Revenues of the Water and Sewer System and securing the payment of certain outstanding contract revenue bonds more specifically identified in Exhibit B.

South Texas Project-shall mean the City’s ownership interest in two nuclear steam electric generating units and related land and facilities, as more particularly defined in the South Texas Project Participation Agreement effective as of December 1, 1973, as amended.

Systems-shall mean collectively the Electric Light and Power System and the Waterworks and Sewer System.

Waterworks and Sewer System-shall mean all properties, facilities and plants currently owned, operated and maintained by the City for the supply, treatment and transmission of treated potable water and the collection, treatment and disposal of water-carried wastes, together with all future extensions, improvements, replacements and additions thereto; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term “Waterworks and Sewer System” shall not include facilities of any kind which are declared not to be a part of the Waterworks and Sewer System and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of “Special Facilities Bonds,” which are hereby defined as being special revenue obligations of the City which are not Prior Lien Bonds, Subordinate Lien Bonds or Separate Lien Obligations but which are payable from and secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of Prior Lien Bonds, the Subordinate Lien Bonds or Separate Lien Obligations including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

Pledge. (a) Electric Light and Power System. Subject only to the prior lien on and pledge of the Net Revenues of the Electric Light and Power System for the payment and security of the Prior Lien Bonds, the City hereby covenants and agrees that the Net Revenues of the Electric Light and Power System, with the exception of those in excess of the amounts required for the payment and security of the Subordinate Lien Bonds and the Separate Lien Obligations, shall be and are hereby irrevocably pledged, equally and ratably, to the payment of the principal of and interest on the Subordinate Lien Bonds and Additional Subordinate Lien Bonds, if issued, and to satisfy amounts required for the payment of Separate Lien Obligations, if issued or incurred, and the pledge of the Net Revenues of the Electric Light and Power System in this document affirmed and made for the payment and security of the Subordinate Lien Bonds and Separate Lien Obligations, if issued, shall constitute a lien on the Net Revenues of the Electric Light and Power System in accordance with the terms and provisions hereof, subject and subordinate only to the lien and pledge securing the payment of the Prior Lien Bonds.

(b) Waterworks and Sewer System. Subject only to the prior lien on and pledge of the Net Revenues of the Waterworks and Sewer System for the payment and security of the Prior Lien Bonds, the City hereby covenants and agrees that the Net Revenues of the Waterworks and Sewer System, with the exception of those in excess of the amounts required for the payment and security of the Subordinate Lien Bonds and the Separate Lien Obligations, shall be and are hereby irrevocably pledged, equally and ratably, to the payment of the principal of and interest on the Subordinate Lien Bonds and Additional Subordinate Lien Bonds, if issued, and to satisfy amounts required for the payment of Separate Lien Obligations now outstanding and hereafter issued or incurred, and the pledge of the Net Revenues of the Waterworks and Sewer System in this document affirmed and made for the payment and security of the Subordinate Lien Bonds and Separate Lien

Obligations now outstanding and hereafter issued, shall constitute a lien on the Net Revenues of the Waterworks and Sewer System in accordance with the terms and provisions hereof, subject and subordinate only to the lien and pledge securing the payment of the Prior Lien Bonds.

Rates and Charges. For the benefit of the Holders and in addition to all provisions and covenants in the laws of the State of Texas and in this Ordinance, the City hereby expressly stipulates and agrees, while any of the Subordinate Lien Bonds are outstanding, to establish and maintain rates and charges for facilities and services afforded by the Electric Light and Power System and the Waterworks and Sewer System to provide Gross Revenues in each Fiscal Year from each System sufficient:

- (1) To pay the respective Maintenance and Operating Expenses thereof,
- (2) To provide amounts required to establish, maintain or restore, as the case may be, a required balance in any reserve or contingency fund created for the payment and security of Separate Lien Obligations,
- (3) To produce combined Net Revenues of the Systems sufficient to pay the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Prior Lien Bonds, the Subordinate Lien Bonds, and other obligations or evidences of indebtedness issued or incurred that are payable only from and secured solely by a lien on and pledge of the combined Net Revenues of the Systems, and
- (4) To produce combined Net Revenues of the Systems (after satisfaction of the amounts required to be paid in 2 and 3 above) equal to at least the sum of (i) 1.25 times the annual principal and interest requirements (or other similar payments) for the then outstanding Prior Lien Bonds and Separate Lien Obligations and (ii) 1.10 times the total annual principal and interest requirements (or other similar payments) for the then outstanding Subordinate Lien Bonds and all other indebtedness (except Prior Lien Bonds and Separate Lien Obligations) payable only from and secured solely by lien on and pledge of the Net Revenues of the Systems, either or both.

Electric Light and Power System Fund. The City hereby covenants and agrees that the Gross Revenues of the Electric Light and Power System shall be deposited, as collected, into a separate account maintained with a depository bank of the City and known as the "Electric Light and Power System Fund" (in this document called the "Electric Fund") and such revenues of the Electric Light and Power System shall be kept separate and apart from all other funds of the City. All revenues deposited in the Electric Fund shall be pledged and appropriated to the extent required for the following uses and in the order of precedence shown:

FIRST: To the payment of all necessary and reasonable Maintenance and Operating Expenses of the Electric Light and Power System, as defined in this document or required by statute to be a first charge on and claim against the Gross Revenues thereof.

SECOND: To the payment of the amounts required to be deposited in the special funds or accounts created for the payment and security of the Prior Lien Bonds.

THIRD: To the payment of the amounts required to be deposited in the Reserve Fund to establish and maintain the Required Reserve in accordance with the provisions of this Ordinance or any other ordinance relating to obligations for which the Reserve Fund was created and established to pay.

FOURTH: To the payment of the amounts required to be deposited in the Interest and Redemption Fund created and established for the payment of principal of and interest on the Subordinate Lien Bonds as the same becomes due and payable and the payment of Separate Lien Obligations secured by a lien on and pledge of the Net Revenues of the Electric Light and Power System.

Any Net Revenues remaining in the Electric Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

Water and Sewer System Fund. The City hereby covenants and agrees that Gross Revenues of the Waterworks and Sewer System shall be deposited, as collected, into a separate account maintained with a depository bank of the City and known as the "Water and Sewer System Fund" (in this document called the "Water and Sewer Fund") and such revenues of the Waterworks and Sewer System shall be kept separate and apart from all other funds of the City. All revenues deposited in the Water and Sewer Fund shall be pledged and appropriated to the extent required for the following uses and in the order of precedence shown:

FIRST: To the payment of all necessary and reasonable Maintenance and Operating Expenses of the Waterworks and Sewer System, as defined in this document or required by statute to be a first charge on and claim against the Gross Revenues thereof.

SECOND: To the payment of the amounts required to be deposited in any special funds or accounts created for the payment and security of the Prior Lien Bonds.

THIRD: To the payment of the amounts required to be deposited in the Reserve Fund to establish and maintain the Required Reserve in accordance with the provisions of this Ordinance or any other ordinance relating to obligations for which the Reserve Fund was created and established to pay.

FOURTH: To the payment of the amounts required to be deposited in the Interest and Redemption Fund created and established for the payment of principal of and interest on the Subordinate Lien Bonds as the same becomes due and payable and the payment of Separate Lien Obligations secured by a lien on and pledge of the Net Revenues of the Waterworks and Sewer System.

Any Net Revenues remaining in the Water and Sewer Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

Reserve Fund. (a) In connection with the issuance of the Prior Lien Bonds and Subordinate Lien Bonds, the City agrees and covenants to keep and maintain with its depository bank a separate and special fund known as the "Combined Pledge Revenue Bond Common Reserve Fund" (the "Reserve Fund") for the purpose of accumulating and maintaining funds as a reserve for the payment of the Prior Lien Bonds and Subordinate Lien Bonds in an amount (the "Required Reserve") equal to the average annual requirement (calculated on a calendar year basis) for the payment of principal of and interest (or other similar payments) on all outstanding Prior Lien Bonds and Subordinate Lien Bonds, as determined on (i) the date of the initial deposit of a Financial Commitment (as defined in this document) to the Reserve Fund or (ii) the date one or more rating agencies announces the rating of the insurance company or association providing the Financial Commitment for the Reserve Fund falls below the minimum requirement noted below, whichever date is the last to occur. All funds deposited in the Reserve Fund (excluding earnings and income derived or received from deposits or investments which, subject to the limitations specified in this document, may be withdrawn and transferred from the Reserve Fund) shall be used solely for the payment of the principal of and interest on the Prior Lien Bonds and the Subordinate Lien Bonds on a pro rata basis, when (whether at maturity, upon mandatory redemption prior to maturity or any interest payment date) and to the extent other funds available for such purpose are insufficient, and, in addition, may be used to retire the last of the Prior Lien Bonds or Subordinate Lien Bonds outstanding.

The total amount required to be accumulated and maintained in the Reserve Fund is \$106,790,325.15 (the Required Reserve), which amount is equal to or greater than the average annual requirement (calculated on a calendar year basis) for the payment of principal of and interest (or other similar payments) on all outstanding Prior Lien Bonds and Subordinate Lien Bonds as determined on the date of the initial deposit of a Financial Commitment (as defined in this document) to the Reserve Fund.

Currently, the Reserve Fund is fully funded at the Required Reserve with Financial Commitments of Financial Security Assurance Inc. in the amounts of \$30,000,000 (the Initial Financial Commitment acquired) and \$76,790,325.15 (an additional Financial Commitment acquired on or about August 31, 2004). **THIS RESERVE FUND DOES NOT SECURE THE BONDS.**

When and so long as the money and investments, or Financial Commitments, are on deposit to the credit of the Reserve Fund in an amount equal to or exceeding the Required Reserve, no deposits need be made to the credit of the Reserve Fund; but when and if the Reserve Fund at any time contains less than the Required Reserve, the City covenants



and agrees to cure the deficiency in the Required Reserve within twelve (12) months from the date the Required Reserve deficiency occurred with available Net Revenues in the Electric Fund and the Water and Sewer Fund, and the City hereby covenants and agrees that, subject only to payments required for the payment of principal of and interest on the Prior Lien Bonds and the establishment and maintenance of the special funds (other than the Reserve Fund) created for the payment and security thereof, all Net Revenues remaining in the Electric Fund and the Water and Sewer Fund shall be applied and appropriated and used to establish and maintain the Required Reserve and to cure any deficiency in such amount as required by the terms of this Ordinance and any other ordinance pertaining to obligations the payment of which are secured by the Required Reserve. During such time as the Reserve Fund contains the total Required Reserve, the City may, at its option, withdraw all surplus in the Reserve Fund in excess of the Required Reserve and deposit such surplus in the "Interest and Redemption Fund" created and established for the payment and redemption of the Subordinate Lien Bonds while the same remain outstanding and, at such time as the Subordinate Lien Bonds are no longer outstanding, such surplus may be deposited in the Bond Fund.

Notwithstanding any provision contained in this document to the contrary, the Required Reserve may be funded, in whole or in part, by depositing to the credit of the Reserve Fund (i) cash, (ii) investments, and (iii) one or more Financial Commitments. The term Financial Commitments means an irrevocable and unconditional policy of bond insurance or surety bond in full force and effect issued by an insurance company or association duly authorized to do business in the State of New York and the State of Texas and with financial strength meeting the requirements below. Such insurance policy or surety bond shall provide for payment thereunder of moneys when other funds available to the payment of the Prior Lien Bonds or Subordinate Lien Bonds, or both, in the interest and sinking fund maintained for the payment of the Prior Lien Bonds or Subordinate Lien Bonds, or both, is insufficient on a payment date when interest or principal, or both, is due and payable for such obligations.

The financial strength of the insurance company or association providing the Financial Commitment must be rated on the date of the deposit of the Financial Commitment to be credit of the Reserve Fund in the highest rating category by Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch Ratings and, if rated, by A.M. Best. In the event the rating of the financial strength of a provider of a Financial Commitment falls below (i) "Aa2" by Moody's Investors Service, Inc., (ii) "AA" by Standard & Poor's Ratings Services, (iii) "AA" by Fitch Ratings or (iv) if applicable, "A+" by A.M. Best, the City will be required to replace the Financial Commitment with (a) cash and Authorized Securities or (b) a substitute Financial Commitment issued by an insurance company or association that satisfies the ratings requirements summarized above in this paragraph (but in no event less than the ratings described in clauses (i), (ii), (iii) and (iv) of this sentence.).

Notwithstanding any provision in this document to the contrary, the City may at any time substitute one or more Financial Commitments for the cash and securities deposited to the credit of the Reserve Fund, and following the substitution of one or more Financial Commitments for cash and securities held in the Reserve Fund, the cash and securities released from the Reserve Fund, net of costs incurred with respect to the initial substitution of the Financial Commitment, shall be deposited to the credit of one or more special accounts maintained on the books and records of the City and expended only to pay, discharge and defease Prior Lien Bonds and Subordinate Lien Bonds in a manner that reduces the principal amount and Maturity Amount of outstanding Prior Lien Bonds and Subordinate Lien Bonds.

(b) Initial Financial Commitment. As permitted in paragraph (a) above, the City has determined to acquire initially a Financial Commitment for the Reserve Fund with coverage in the maximum amount of \$30,000,000 to fund in part the Required Reserve from Financial Security Assurance Inc., a New York domiciled insurance company (referred to in this document as "FSA"). In accordance with FSA's terms for the issuance of a "Municipal Bond Debt Service Reserve Insurance Policy" (the "Reserve Policy"), an Insurance Agreement by and between the City and FSA has been submitted to the City for approval and execution, and such Insurance Agreement, substantially in the form and content of Exhibit A attached hereto, is hereby approved and authorized to be executed by the City Manager and such Insurance Agreement, as executed and delivered by the City Manager, shall be deemed the Insurance Agreement in this document approved by the City Council and authorized for execution.

To the extent the City should make a draw under the Reserve Policy, the City acknowledges and agrees the repayment of "Policy Costs," as defined in the Insurance Agreement, shall constitute a payment of an amount required to be deposited in the Reserve Fund to establish and maintained the Required Reserve, and insofar as the priority of uses of the revenues of (i) Electric Light and Power System and (ii) the Waterworks and Sewer System, such Policy Costs shall be entitled to the same priority of payment identified in the Prior Lien Bond Ordinances for payments required to be deposited in the Reserve Fund to establish and maintain the Required Reserve.

Interest and Redemption Funds. For purposes of providing funds to pay the principal of and interest on the Prior Lien Bond or the Subordinate Lien Bonds, as the case may be, as the same becomes due and payable (whether at maturity or upon redemption), the City agrees to maintain at a depository bank of the City a separate and special account or fund known as the "City of Austin Interest and Redemption Fund" (the "Interest and Redemption Fund").

The City covenants that there shall be deposited into said Fund prior to each interest and principal payment date for the Prior Lien Bonds and for the Subordinate Lien Bonds from the Net Revenues in the Electric Fund and the Water and Sewer Fund amounts equal to one hundred per centum (100%) of the amount required to fully pay the interest on and principal then due and payable on the Prior Lien Bonds and the Subordinate Lien Bonds, as the case may be, such deposits to pay principal at maturity or redemption, as the case may be, and accrued interest to be made in substantially equal monthly installments on or before the 14th day of each month, beginning on or before the 14th day of the month. If the Net Revenues in the Electric Fund and the Water and Sewer Fund in any month are then insufficient to make the required payments into the Interest and Redemption Fund, then the amount of any deficiency in the payment shall be added to the amount otherwise required to be paid into the Interest and Redemption Fund in the next month.

The monthly deposits to the Interest and Redemption Fund for the payment of principal and interest on the Prior Lien Bonds and the Subordinate Lien Bonds shall continue to be made as in this document above provided until such time as (i) the total amounts on deposit in the respective Interest and Redemption Fund and Reserve Funds is equal to the amount required to pay all outstanding indebtedness (principal and interest) for which said Funds were created and established or (ii) the Prior Lien Bonds or Subordinate Lien Bonds, as the case may be, are no longer Outstanding.

Accrued interest and premium, if any, received from the purchaser of the Bonds shall be deposited to the credit of the Interest and Redemption Fund and taken into consideration and reduce the amount of the monthly deposits in this document above required to be deposited in the Interest and Redemption Fund from the Net Revenues of the Systems.

Investment of Certain Funds. (a) Money in any Fund required to be maintained pursuant to this Ordinance may, at the option of the City, be placed in time deposits or certificates of deposit secured by obligations of the type described in this document, or be invested, including investments held in book-entry form, in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments (except State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value within 45 days of the close of each Fiscal Year. All interest and income derived from deposits and investments in the Interest and Redemption Fund immediately shall be credited to, and any losses debited to, the Interest and Redemption Fund. All interest and interest income derived from deposits in and investments of the Reserve Fund shall, subject to the limitations provided in Section 14 hereof, be credited to and deposited in the Interest and Redemption Fund.

All such investments with respect to the Interest and Redemption Fund and Reserve Fund shall be sold promptly when necessary to prevent any default in connection with the Subordinate Lien Bonds and, with respect to the Reserve Fund, to prevent any default in connection with the Prior Lien Bonds.

(b) Money in all Funds required to be maintained by this Ordinance, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the City.

Obligations of Inferior Lien and Pledge. The City hereby reserves the right to issue obligations payable from and secured by a lien on and pledge of the Net Revenues of the Systems, either or both, junior and subordinate to the lien and pledge securing the payment of the Subordinate Lien Bonds, as may be authorized by the laws of the State of Texas.

Maintenance and Operation-Insurance. The City shall maintain the Systems in good condition and operate each in an efficient manner and at reasonable cost. So long as any Bonds are Outstanding, the City agrees to maintain insurance, for the benefit of the Holders of the Bonds, on the Systems of a kind and in an amount which usually would be carried by municipal corporations engaged in a similar type of business. Nothing in this Ordinance shall be construed as requiring the

City to expend any funds derived from sources other than the operation of the Systems, but nothing in this document shall be construed as preventing the City from doing so.

Sale, Lease or Disposal of System Property. To the extent and in the manner provided by law, the City can sell, exchange or otherwise dispose of property and facilities constituting part of the System at any time and from time to time, provided such sale or exchange of property or facilities does not impede the operations of the System. In the event the property, facilities or assets of the System sold or exchanged represents more than 5% of the total assets of the System, the City agrees to notify the rating agencies then rating the Prior Lien Bonds, Subordinate Lien Bonds and Separate Lien Obligations and bond insurance companies insuring the Prior Lien Bonds, Subordinate Lien Bonds and Separate Lien Obligations of such sale, exchange or disposal of property and facilities. Prior to the sale or exchange of any assets or properties representing more than 5% of the total assets of the System being completed, a written response shall be obtained from the rating agencies then rating the Prior Lien Bonds, Subordinate Lien Bonds and Separate Lien Obligations to the effect that such sale or exchange of such assets or properties in and of itself will not result in a rating category change of the ratings then assigned on such obligations. Furthermore, the City to the extent and in the manner provided by law may lease, contract, or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights to the properties and facilities of the System, provided such lease, contract, license, arrangement, easement or right does not impede or disrupt the operations of the System. The proceeds of any such sale, exchange or disposal of property or facilities shall be deposited to the credit of a special Fund or Account, and funds deposited to the credit of such Fund or Account shall be used either (i) to acquire other property necessary or desirable for the safe or efficient operation of the System, or (ii) to redeem, defease or retire Prior Lien Bonds, Subordinate Lien Bonds or Separate Lien Obligations.

Records and Accounts. The City hereby covenants and agrees that so long as any of the Bonds or any interest thereon remains Outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the Waterworks and Sewer System and the Electric Light and Power System in which complete and correct entries shall be made of all transactions relating thereto, as provided by Article 1113, V.A.T.C.S. The Holders of any Bonds or any duly authorized agent or agents of such Holders shall have the right at all reasonable times to inspect such records, accounts and data relating thereto, and to inspect the respective Systems and all properties comprising same. The City further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Each such audit, in addition to whatever other matters may be thought proper by the Accountant, shall particularly include the following:

- (a) A detailed statement of the income and expenditures of the Electric Light and Power System and of the Waterworks and Sewer System for such Fiscal Year.
- (b) A balance sheet for the Electric Light and Power System and the Waterworks and Sewer System as of the end of such Fiscal Year.
- (c) The Accountant's comments regarding the manner in which the City has carried out the requirements of this Ordinance and any other ordinance authorizing the issuance of Prior Lien Bonds or Subordinate Lien Bonds and his recommendations for any changes or improvements in the operations, records and accounts of the respective Systems.
- (d) A list of insurance policies in force at the end of the Fiscal Year covering the properties of the respective Systems, setting out as to each policy the amount thereof, the risk covered, the name of the insurer and the policy's expiration date.

Expenses incurred in making an annual audit of the operations of the Systems are to be regarded as Maintenance and Operating Expenses of the respective Systems and paid on a pro rata basis or as otherwise determined by the City from available revenues in the Electric Fund and Water and Sewer Fund, either or both. Copies of each annual audit shall be furnished to the Executive Director of the Municipal Advisory Council of Texas at his office in Austin, Texas, the Texas Water Development Board, Attention: Executive Administrator, State Water Pollution Control Revolving Fund and, upon request, to the original purchaser of any series of Subordinate Lien Bonds. The audits in this document required shall be made within 120 days following the close of each Fiscal Year insofar as is possible.

Deficiencies; Excess Net Revenues. (a) If on any occasion there shall not be sufficient Net Revenues of the Systems to make the required deposits into the Interest and Redemption Fund and the Reserve Fund, then such deficiency shall be cured as soon as possible from the next available Net Revenues of the Systems, or from any other sources available for such purpose.

(b) Subject to making the required deposits to (i) all special funds created for the payment and security of the Prior Lien Bonds (including the Reserve Fund) (ii) all special funds created for the payment and security of the Subordinate Lien Bonds (including the Interest and Redemption Fund) and (iii) all funds or accounts created for the benefit of Separate Lien Obligations, the excess Net Revenues of the Systems, either or both, may be used by the City for any lawful purpose.

Final Deposits; Governmental Obligations. (a) All or any of the Prior Lien Bonds or Subordinate Lien Bonds, as the case may be, shall be deemed to be paid, retired and no longer outstanding within the meaning of their respective ordinances when payment of the principal of, and redemption premium, if any, on such obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided by irrevocably depositing with, or making available to, the Paying Agent/Registrar, in trust and irrevocably set aside exclusively for such payment, (1) money sufficient to make such payment or (2) Government Obligations, certified by an independent public accounting firm of national reputation, to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent/Registrar with respect to which such deposit is made shall have been paid or the payment thereof provided for the satisfaction of the Paying Agent/Registrar. At such time as an obligation shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefit of this Ordinance or a lien on and pledge of the Net Revenues of the Systems, and shall be entitled to payment solely from such money or Government Obligations.

(b) Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, may at the direction of the City also be invested in Government Obligations, maturing in the amounts and at the times as in this document before set forth, and all income from all Government Obligations not required for the payment of the obligations, the redemption premium, if any, and interest thereon, with respect to which such money has been so deposited, shall be turned over to the City or deposited as directed by the City.

(c) The City covenants that no deposit will be made or accepted under clause (a)(ii) of this Section and no use made of any such deposit which would cause the obligations to be treated as arbitrage bonds within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended.

(d) Notwithstanding any other provisions of the ordinances, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of the obligations, the redemption premium, if any, and interest thereon, shall be applied to and used for the payment of such obligations, the redemption premium, if any, and interest thereon and the income on such money or Government Obligations shall not be considered to be "Gross Revenues" under this Ordinance.

Remedy in Event of Default. In addition to all rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Interest and Redemption Fund or the Reserve Fund as required by the ordinances authorizing the issuance of the Prior Lien Bonds or the Subordinate Lien Bonds, as the case may be, or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in such ordinances, the Holders of any of the Prior Lien Bonds or Subordinate Lien Bonds, as the case may be, shall be entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the City and its officers to observe and perform any covenant, condition or obligation prescribed in the ordinance authorizing their issuance. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence in this document, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

The specific remedy in this document provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

Special Obligations. The Bonds are special obligations of the City payable from the pledged Net Revenues of the Systems and the Holders shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

**APPENDIX E**

**FORM OF BOND COUNSEL'S OPINION**

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**Proposed Form of Opinion of Bond Counsel**

*An opinion in substantially the following form will be delivered by  
McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the  
Bonds, assuming no material changes in facts or law.*

June \_\_, 2024

**CITY OF AUSTIN, TEXAS  
\$454,190,000 WATER AND WASTEWATER SYSTEM REVENUE REFUNDING AND  
IMPROVEMENT BONDS, SERIES 2024**

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 record of proceedings relating to the issuance of the Bonds. 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 master ordinance (the “Master Ordinance”) and the forty-seventh supplemental ordinance to the Master Ordinance of the City authorizing the issuance of the Bonds (the “Forty-Seventh Supplement”, and together with the Master Ordinance, the “Ordinance”). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the Constitution and statutes of the State of Texas, the Charter of said City, certified copies of the proceedings of the City Council of the City, and other proofs authorizing and relating to the issuance of the Bonds, including the executed Bonds.

IN OUR OPINION, under existing laws, such record of proceedings shows lawful authority for the issuance and sale of the Bonds in accordance with the provisions, terms and conditions of the Ordinance, which was duly adopted by the City. We are further of the opinion that, under existing laws, the Ordinance and the Bonds constitute valid and legally binding special obligations of the City, and, except as may be limited by laws applicable to the City relating to bankruptcy, reorganization, and other similar matters affecting creditors' rights, that the interest on and principal of the Bonds, together with outstanding Previously Issued Parity Water/Wastewater Obligations and Prior Subordinate Lien Obligations, are payable from, and secured by a parity lien on and pledge of, the Net Revenues of the System in the manner provided in the Ordinance. The Bonds are secured ratably by such pledge of revenues in such manner that no one Bond shall have priority of lien over any other Bond so secured. The holder or holders of the Bonds shall never have the right to demand payment out of money raised or to be raised by taxation.

THE CITY has reserved the right, subject to certain restrictions, to issue additional revenue obligations in all things on parity with the Bonds and payable from and equally secured by a lien on and pledge of the Net Revenues of the System in the same manner and to the same extent as the Bonds.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of

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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 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. 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 and refinanced 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 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. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations such as the Bonds may be includable in a corporation’s adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

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 availability and sufficiency of the Net Revenues of the System.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions





are not a guarantee of result and are not binding on the Internal Revenue Service (the “Service”); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

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