OFFICIAL STATEMENT DATED DECEMBER 4, 2024

NEW ISSUES – Book-Entry-Only

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

In the opinion of Bond Counsel to the City (as defined below), interest on the Tax-Exempt Obligations (as defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions on the date thereof, subject to the matters described under "TAX MATTERS – Tax-Exempt Obligations" in this document, including the alternative minimum tax on certain corporations. Interest on the Taxable Obligations (as defined below) is not exempt from federal income tax. See "TAX MATTERS – Taxable Obligations" in this document.

CITY OF AUSTIN, TEXAS

$292,600,000
PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2024

$100,325,000
CERTIFICATES OF OBLIGATION, SERIES 2024

$29,360,000
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2024

$31,760,000
PUBLIC IMPROVEMENT BONDS, TAXABLE SERIES 2024

$7,325,000
CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2024

Dated Date: December 19, 2024

Due: As shown on pages ii through iv

Interest on the $292,600,000 City of Austin, Texas Public Improvement and Refunding Bonds, Series 2024 (the "Bonds"), the $100,325,000 City of Austin, Texas Certificates of Obligation, Series 2024 (the "Certificates"), the $29,360,000 City of Austin, Texas Public Property Finance Contractual Obligations, Series 2024 (the "Contractual Obligations"), the $31,760,000 City of Austin, Texas Public Improvement Bonds, Taxable Series 2024 (the "Taxable Bonds"), and the $7,325,000 City of Austin, Texas Certificates of Obligation, Taxable Series 2024 (the "Taxable Certificates") will accrue from the dated date shown above, and in the case of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates will be payable March 1, 2025 and each September 1 and March 1 thereafter until maturity or redemption prior to maturity, and in the case of the Contractual Obligations, will be payable May 1, 2025, and each November 1 and May 1 thereafter until maturity, and will be calculated on the basis of a 360–day year consisting of twelve 30–day months. **The Bonds, the Certificates and the Contractual Obligations are collectively referred to in this document as the "Tax-Exempt Obligations." The Taxable Bonds and the Taxable Certificates are collectively referred to in this document as the "Taxable Obligations." The Tax-Exempt Obligations and the Taxable Obligations are collectively referred to in this document as the "Obligations."**

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

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

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

See "MATURITY SCHEDULES" on pages ii through iv

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

The Obligations are offered for delivery when, as and if issued, subject to the approving opinions of the Attorney General of the State of Texas and of McCall, Parkhurst & Horton L.L.P., Bond Counsel. See "APPENDIX C – FORMS OF BOND COUNSEL'S OPINIONS" in this document. Certain legal matters will be passed upon for the City by Bracewell LLP, as disclosure counsel to the City, and for the underwriters listed below (the "Underwriters") by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. It is expected that the Obligations will be delivered through the facilities of DTC on or about December 19, 2024.

PIPER SANDLER & CO. **BAIRD**

MESIROW FINANCIAL, INC. **RAYMOND JAMES** **SIEBERT WILLIAMS SHANK**

MATURITY SCHEDULES

CITY OF AUSTIN, TEXAS

$292,600,000
PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2024
Base CUSIP No. 052397 [1]

Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]	Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]
2025	$28,560,000	5.000%	2.840%	Q25	2035	$9,080,000	5.000%	3.000%[2]	R40
2026	12,335,000	5.000%	2.660%	Q33	2036	9,530,000	5.000%	3.030%[2]	R57
2027	9,530,000	5.000%	2.610%	Q41	2037	10,010,000	5.000%	3.070%[2]	R65
2028	12,655,000	5.000%	2.640%	Q58	2038	10,510,000	5.000%	3.120%[2]	R73
2029	13,375,000	5.000%	2.670%	Q66	2039	11,035,000	5.000%	3.140%[2]	R81
2030	14,115,000	5.000%	2.710%	Q74	2040	11,585,000	5.000%	3.240%[2]	R99
2031	14,915,000	5.000%	2.760%	Q82	2041	12,165,000	5.000%	3.310%[2]	S23
2032	21,815,000	5.000%	2.800%	Q90	2042	12,775,000	5.000%	3.380%[2]	S31
2033	23,845,000	5.000%	2.840%	R24	2043	13,410,000	5.000%	3.450%[2]	S49
2034	27,270,000	5.000%	2.900%	R32	2044	14,085,000	5.000%	3.490%[2]	S56

(Interest to accrue from the Dated Date)

$100,325,000
CERTIFICATES OF OBLIGATION, SERIES 2024
Base CUSIP No. 052397 [1]

Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]	Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]
2025	$5,535,000	5.000%	2.840%	S64	2035	$4,815,000	5.000%	3.000%[2]	T89
2026	3,105,000	5.000%	2.690%	S72	2036	5,055,000	5.000%	3.030%[2]	T97
2027	3,260,000	5.000%	2.630%	S80	2037	5,310,000	5.000%	3.070%[2]	U20
2028	3,420,000	5.000%	2.660%	S98	2038	5,575,000	5.000%	3.120%[2]	U38
2029	3,595,000	5.000%	2.690%	T22	2039	5,855,000	5.000%	3.140%[2]	U46
2030	3,775,000	5.000%	2.740%	T30	2040	6,145,000	5.000%	3.240%[2]	U53
2031	3,960,000	5.000%	2.790%	T48	2041	6,450,000	5.000%	3.310%[2]	U61
2032	4,160,000	5.000%	2.800%	T55	2042	6,775,000	5.000%	3.380%[2]	U79
2033	4,365,000	5.000%	2.840%	T63	2043	7,115,000	5.000%	3.450%[2]	U87
2034	4,585,000	5.000%	2.900%	T71	2044	7,470,000	5.000%	3.490%[2]	U95

(Interest to accrue from the Dated Date)

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

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(1) CUSIP numbers have been assigned to the Bonds and the Certificates 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 and Certificates. None of the City, the Financial Advisor, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

(2) Yield shown is yield to first call date of September 1, 2034.

CITY OF AUSTIN, TEXAS

$29,360,000
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2024
Base CUSIP No. 052397 [(1)]

Maturity (May 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[(1)]	Maturity (November 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[(1)]
2025	$2,395,000	5.000%	3.030%	V29	2025	$1,795,000	5.000%	2.810%	V37
2026	1,795,000	5.000%	2.740%	V45	2026	1,890,000	5.000%	2.660%	V52
2027	1,885,000	5.000%	2.630%	V60	2027	1,980,000	5.000%	2.620%	V78
2028	1,985,000	5.000%	2.660%	V86	2028	2,080,000	5.000%	2.660%	V94
2029	2,085,000	5.000%	2.680%	W28	2029	2,190,000	5.000%	2.690%	W36
2030	2,190,000	5.000%	2.720%	W44	2030	2,300,000	5.000%	2.740%	W51
2031	2,300,000	5.000%	2.780%	W69	2031	2,490,000	5.000%	2.800%	W77

(Interest to accrue from the Dated Date)

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

[(1)] CUSIP numbers have been assigned to the Contractual Obligations by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Contractual Obligations. None of the City, the Financial Advisor, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

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CITY OF AUSTIN, TEXAS

$31,760,000
PUBLIC IMPROVEMENT BONDS, TAXABLE SERIES 2024
Base CUSIP No. 052397 [1]

Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]	Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]
2025	$3,075,000	5.000%	4.371%	W85	2035	$1,470,000	4.700%	4.700%	Y26
2026	925,000	5.000%	4.271%	W93	2036	1,540,000	4.780%	4.780%	Y34
2027	975,000	5.000%	4.282%	X27	2037	1,615,000	4.830%	4.830%	Y42
2028	1,020,000	5.000%	4.304%	X35	2038	1,695,000	4.880%	4.880%	Y59
2029	1,075,000	5.000%	4.344%	X43	2039	1,775,000	4.930%	4.930%	Y67
2030	1,125,000	5.500%	4.470%	X50					
2031	1,190,000	5.500%	4.520%	X68					
2032	1,255,000	5.500%	4.520%	X76					
2033	1,325,000	5.500%	4.580%	X84					
2034	1,395,000	5.500%	4.630%	X92					

$10,305,000 5.072% Taxable Term Bonds due September 1, 2044, Yield 5.072% CUSIP 052397Y75

(Interest to accrue from the Dated Date)

$7,325,000
CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2024
Base CUSIP No. 052397 [1]

Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]	Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]
2025	$245,000	5.000%	4.371%	Y83	2035	$460,000	4.700%	4.700%	2A3
2026	290,000	5.000%	4.271%	Y91	2036	480,000	4.780%	4.780%	2B1
2027	300,000	5.000%	4.282%	Z25	2037	505,000	4.830%	4.830%	2C9
2028	320,000	5.000%	4.304%	Z33	2038	525,000	4.880%	4.880%	2D7
2029	335,000	5.000%	4.344%	Z41	2039	555,000	4.930%	4.930%	2E5
2030	350,000	5.500%	4.470%	Z58					
2031	365,000	5.500%	4.520%	Z66					
2032	390,000	5.500%	4.520%	Z74					
2033	410,000	5.500%	4.580%	Z82					
2034	430,000	5.500%	4.630%	Z90					

$1,365,000 5.072% Taxable Term Certificates due September 1, 2044, Yield 5.072% CUSIP 0523972F2

(Interest to accrue from the Dated Date)

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

[1] CUSIP numbers have been assigned to the Taxable Bonds and the Taxable Certificates by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Taxable Bonds and Taxable Certificates. None of the City, the Financial Advisor, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

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

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

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

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

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

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

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

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

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

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CITY OF AUSTIN

Elected Officials

		Term Expires Jan. 6
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*

*Mayor Watson, Councilmember Fuentes and Councilmember Vela, were each re-elected on November 5, 2024 to four-year terms. Councilmember Kelly was defeated by Krista Laine at the November 5, 2024 election. Councilmember Pool did not run for re-election and Mike Siegel and Gary Bledsoe will have a run-off election for the Councilmember District 7 seat on December 14, 2024. Councilmember Alter did not run for re-election and will be replaced by Marc Duchen, who prevailed at the November 5, 2024 election. The City Council canvassed the election results on November 19, 2024. It is anticipated that all new elected officials will be inaugurated on January 6, 2025.

Appointed Officials

T.C. Broadnax	City Manager
Jon Fortune	Deputy City Manager
Veronica Briseño	Assistant City Manager
Susana Carbajal	Assistant City Manager
Edgardo (Eddie) Garcia[(1)]	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
Deborah Thomas	Acting City Attorney
Myrna Rios	City Clerk

[(1)] On September 19, 2024, City Manager Broadnax announced the appointment of Eddie Garcia as an Assistant City Manager effective November 4, 2024. Mr. Garcia is the former police chief for the City of Dallas and will oversee the Austin Fire, Austin Police, Austin/Travis County Emergency Medical Services, Downtown Austin Community Court, Forensic Science, and Homeland Security and Emergency Management.

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

DISCLOSURE COUNSEL FOR THE CITY
Bracewell LLP
Austin, Texas

FINANCIAL ADVISOR
PFM Financial Advisors LLC
Austin, Texas

INDEPENDENT AUDITORS
Deloitte & Touche LLP
Austin, Texas

For additional information regarding the City, please contact:

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SELECTED DATA FROM THE OFFICIAL STATEMENT

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

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

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

The Bonds .... The Bonds are issued in the principal amount of $292,600,000 pursuant to the general laws of the State, particularly Chapter 1207, as amended, Texas Government Code ("Chapter 1207"), Chapter 1331, as amended, Texas Government Code ("Chapter 1331"), Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), elections held within the City (see TAX INFORMATION – Authorized General Obligation Bonds" in this document), and an ordinance adopted by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document)

The Certificates .... The Certificates are issued in the principal amount of $100,325,000 pursuant to the general laws of the State, particularly subchapter C, Chapter 271, as amended, Texas Local Government Code (the "Certificate of Obligation Act"), Chapter 1371, and an ordinance adopted by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

The Contractual Obligations .... The Contractual Obligations are issued in the principal amount of $29,360,000 pursuant to the general laws of the State, particularly Subchapter A, Chapter 271, as amended, Texas Local Government Code (the "Public Property Finance Act"), Chapter 1371, and an ordinance adopted by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

The Taxable Bonds........... The Taxable Bonds are issued in the principal amount of $31,760,000 pursuant to the general laws of the State, particularly Chapter 1331, Chapter 1371 elections held within the City (see "TAX INFORMATION – Authorized General Obligation Bonds" in this document), and an ordinance adopted by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document)

The Taxable Certificates . The Taxable Certificates are issued in the principal amount of $7,325,000 pursuant to the general laws of the State, particularly the Certificate of Obligation Act, Chapter 1371, and an ordinance adopted by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

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

Security	Each series of the Obligations constitutes a direct obligation of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City in an amount sufficient to provide for payment of principal of and interest on all ad valorem tax debt. The Certificates and the Taxable Certificates are additionally secured by and payable from a limited pledge of the surplus revenues (not to exceed $1,000) of the City's solid waste disposal system (see "OBLIGATION INFORMATION - Security" in this document).
Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates	The City reserves the right, at its option, to redeem the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates having stated maturities on and after September 1, 2035, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2034 or any date thereafter, at the par value thereof, without premium, plus accrued interest to the date fixed for redemption (see "OBLIGATION INFORMATION – Optional Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates" in this document). The Taxable Term Bonds and Taxable Term Certificates will be subject to mandatory sinking fund redemption in accordance with the provisions of the applicable Ordinance (see "OBLIGATION INFORMATION – Mandatory Sinking Fund Redemption of the Taxable Bonds and the Taxable Certificates").
No Redemption of Contractual Obligations	**The Contractual Obligations are not subject to redemption prior to their stated maturities** (see "OBLIGATION INFORMATION – No Redemption of the Contractual Obligations Prior to Maturity" in this document).
Tax Matters – the Tax-Exempt Obligations	In the opinion of Bond Counsel, interest on the Bonds, the Certificates and the Contractual Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS – Tax-Exempt Obligations" in this document, including the alternative minimum tax on certain corporations.
Tax Matters – the Taxable Obligations	Interest on the Taxable Bonds and the Taxable Certificates will be included in gross income of the holders of the Taxable Obligations. See "TAX MATTERS – Taxable Obligations" in this document.
Payment Record	The City has not defaulted in payment since 1900 when all bonds were refunded at par with a voluntary reduction in interest rates.
Revenue Obligations and Additional Taxable Certificates Issued in Close Proximity to the Obligations........................	The City intends to issue the following revenue supported obligations in close proximity to the issuance of the Obligations: Electric Utility System Revenue Refunding Bonds, Series 2024 and Special Assessment Revenue Bonds, Series 2024 (Whisper Valley Public Improvement District Improvement Area #3 Project). Each of the revenue obligations will be issued pursuant to a separate plan of finance and will be secured by separate revenue sources. Each of these revenue obligations being issued are expected to close before the end of calendar year 2024. Additionally, the City intends to issue its $12,160,000 Certificates of Obligation, Taxable Series 2025 (CWSRF) (the "Series 2025 Taxable Certificates") in January 2025; such obligations will be secured by ad valorem taxes of the City.

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Selected Financial Information

Fiscal Year Ended 9-30	Estimated City Population (1)	Taxable Assessed Valuation (2)	Per Capita Taxable Assessed Valuation	(000's) Net Funded Tax Debt (3)	Per Capita Net Funded Tax Debt	Ratio of Net Funded Tax Debt to Taxable Valuation	% of Total Tax Collections
2016	925,491	$110,526,026,399	$119,424	$1,490,221	$1,610.20	1.35%	99.69%
2017	946,080	125,371,654,656	132,517	1,526,997	1,614.03	1.22%	99.29%
2018	963,797	138,418,647,260	143,618	1,529,599	1,587.06	1.11%	99.27%
2019	980,886	152,147,505,769	155,112	1,468,755	1,497.38	0.97%	99.17%
2020	961,855	165,194,107,887	171,745	1,534,825	1,595.69	0.93%	99.93%
2021	975,321	176,671,783,309	181,142	1,564,779	1,604.37	0.89%	98.70%
2022	981,610	181,435,268,760	184,834	1,623,275	1,653.69	0.89%	99.98%
2023	995,722	216,893,650,976	217,826	1,657,148	1,664.27	0.76%	99.20%
2024	1,031,505	234,256,551,594	227,102	1,710,051 (6)	1,657.82 (6)	0.73% (6)	98.65% (4)
2025	1,049,333	236,287,849,464 (5)	225,179	2,122,837 (6)(7)	2,023.03 (6)(7)	0.90% (6)(7)	N/A

(1) Source: 2023 City of Austin Annual Comprehensive Financial Report – Table 17, through fiscal year ending 2023; City of Austin, Planning Department based on full purpose area, for fiscal years ending 2024-2025.
(2) Source: 2023 City of Austin Annual Comprehensive Financial Report – Table 7, through fiscal year ending 2024.
(3) Excludes general obligation debt issued for certain enterprise funds and general fund departments of the City, the debt service on which is currently paid from the revenue of the respective enterprises and each department's operating budget, respectively. The City plans to continue to pay these obligations based on this practice; however, there is no guarantee that this practice will continue in future years. See "TAX INFORMATION", "TAX INFORMATION – Statement of Debt" and "TAX INFORMATION – Valuation and Funded Debt History – Table Two" in this document.
(4) Estimated collections as of May 31, 2024 based on the July 2023 Certified Tax Roll tax levy.
(5) Certified taxable value for the fiscal year ending 2025 (tax year 2024) provided by the Travis Central Appraisal District, Williamson Central Appraisal District, and Hays Central Appraisal District.
(6) Includes the Obligations and excludes the Refunded Obligations, which were approved for issuance by the City on August 29, 2024.
(7) Projected. Includes tax-supported debt amounts the City expects to issue within the next 12 months.

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OFFICIAL STATEMENT

Relating to

CITY OF AUSTIN, TEXAS

$292,600,000
PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2024

$100,325,000
CERTIFICATES OF OBLIGATION, SERIES 2024

$29,360,000
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2024

$31,760,000
PUBLIC IMPROVEMENT BONDS, TAXABLE SERIES 2024

$7,325,000
CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2024

INTRODUCTION

This Official Statement, which includes the cover page, the summary statement and the appendices to this document, provides certain information regarding the issuance by the City of Austin, Texas (the "City") of its $292,600,000 Public Improvement and Refunding Bonds, Series 2024 (the "Bonds"), its $100,325,000 Certificates of Obligation, Series 2024 (the "Certificates"), its $29,360,000 Public Property Finance Contractual Obligations, Series 2024 (the "Contractual Obligations"), its $31,760,000 Public Improvement Bonds, Taxable Series 2024 (the "Taxable Bonds"), and its $7,325,000 Certificates of Obligation, Taxable Series 2024 (the "Taxable Certificates"). **The Bonds, the Certificates and the Contractual Obligations are collectively referred to in this document as the "Tax-Exempt Obligations." The Taxable Bonds and the Taxable Certificates are collectively referred to in this document as the "Taxable Obligations." The Tax-Exempt Obligations and the Taxable Obligations are collectively referred to in this document as the "Obligations."**

The Bonds, the Certificates, the Contractual Obligations, the Taxable Bonds and the Taxable Certificates will be offered separately by the City, and delivery of any one issue is not contingent upon the delivery of any other issue. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the issuance of the Bonds (the "Bond Ordinance"), the ordinance authorizing the issuance of the Certificates (the "Certificate Ordinance"), the ordinance authorizing the issuance of the Contractual Obligations (the "Contractual Obligation Ordinance"), the ordinance authorizing the issuance of the Taxable Bonds (the "Taxable Bond Ordinance"), and the ordinance authorizing the issuance of the Taxable Certificates (the "Taxable Certificate Ordinance") except as otherwise indicated. The Bond Ordinance, the Certificate Ordinance, the Contractual Obligation Ordinance, the Taxable Bond Ordinance, and the Taxable Certificate Ordinance are collectively referred to in this document as the "Ordinances." The Ordinances were adopted on August 29, 2024, and the City Council delegated to the City Manager and the Chief Financial Officer, acting individually but not jointly, to effect the sale of the Obligations in accordance with the terms and conditions set forth in the Ordinances.

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

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

OBLIGATION INFORMATION

Authority and Purpose for Issuance

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

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

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

Refunded Obligations

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

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

Sources and Uses of Funds

The proceeds of the Obligations, together with other lawfully available funds of the City (if any), will be applied substantially as follows:

	The Bonds	The Certificates	The Contractual Obligations	The Taxable Bonds	The Taxable Certificates
Sources of Funds:					
Principal Amount	$292,600,000.00	$100,325,000.00	$29,360,000.00	$31,760,000.00	$7,325,000.00
Original Issue Premium	36,241,400.90	12,964,978.20	2,332,194.30	478,940.75	145,309.50
City Contribution	1,479,735.00	-	-	-	-
Total	$330,321,135.90	$113,289,978.20	$31,692,194.30	$32,238,940.75	$7,470,309.50
Uses of Funds:					
Deposit to Project Fund	$224,800,000.00	$112,700,000.00	$31,520,000.00	$32,000,000.00	$7,400,000.00
Deposit to Escrow Fund	103,998,952.32	-	-	-	-
Costs of Issuance/	567,316.65	249,208.87	84,241.08	132,262.85	45,057.69
Underwriters' Discount	954,866.93	340,769.33	87,953.22	106,677.90	25,251.81
Total	$330,321,135.90	$113,289,978.20	$31,692,194.30	$32,238,940.75	$7,470,309.50

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

General

Each series of Obligations shall be dated as of the date of delivery of the Obligations (currently scheduled to occur on December 19, 2024) (the "Dated Date") and shall bear interest on the unpaid principal amounts from such date, at the per annum rates shown on pages ii through iv of this document for each series of Obligations. Interest on the Obligations will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates will be payable on March 1, 2025, and on each September 1 and March 1 thereafter until maturity or prior redemption. Interest on the Contractual Obligations will be payable on May 1, 2025, and on each November 1 and May 1 thereafter until maturity. Principal is payable, upon presentation, at the Designated Payment/Transfer Office of the Paying Agent/Registrar (see "OBLIGATION INFORMATION – Paying Agent/Registrar" in this document). Interest is payable by the Paying Agent/Registrar to the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below) and shall be paid by the Paying Agent/Registrar by check mailed by United States mail, first class postage prepaid, to the address of such person as it appears on the registration books of the Paying Agent/Registrar on or before each interest payment date or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The Obligations are issued only as fully registered obligations in denominations of $5,000 or any integral multiple thereof within a maturity of a series.

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

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

Security

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

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

Remedies

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

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

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

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

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

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

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

Defeasance of Obligations

Each of the Ordinances provide for the defeasance of each of the respective Obligations when the payment of the principal of the Obligations of a series, plus interest to the due date (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agency or authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, to mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations; and thereafter the City will have no further responsibility with respect to amounts available to the paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Obligations, including any insufficiency caused by the failure of the paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities.

With respect to the Bonds, the Certificates and the Contractual Obligations, "Defeasance Securities" means any securities permitted by Section 1207.062, Texas Government Code (or any successor statute), including (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of approval of the proceedings authorizing the issuance of the refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, 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 that, on the date of approval of the proceedings authorizing the issuance of the refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

With respect to the Taxable Bonds and the Taxable Certificates, "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of approval of the proceedings authorizing the issuance of the refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent,

There is no assurance that current State law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds, the Certificates and the Contractual Obligations. Because the Ordinances for the Bonds, the Certificates and the Contractual Obligations do not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance, and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Book-Entry-Only System

The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Obligations (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.

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, the City's Financial Advisor, and the Underwriters each believes to be reliable, but the City, the City's Financial Advisor, and the Underwriters take no responsibility for the accuracy thereof.

Paying Agent/Registrar

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

Transfer, Exchange and Registration

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

Limitation on Transfer of Obligations Called for Redemption

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

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

The City reserves the right, at its option, to redeem the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates having stated maturities on and after September 1, 2035, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2034, or any date thereafter, at the price of par, without premium, plus accrued interest to the date fixed for redemption. If less than all of a series of Obligations is to be redeemed, the City shall determine the respective maturities and amounts to be redeemed and, if less than all of a maturity is to be redeemed, the Paying Agent/Registrar (or DTC while such Obligations are in book-entry-only form) shall determine by lot or other customary random selection method the Obligations, or portions thereof, within such maturity to be redeemed.

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

The Taxable Bonds maturing on September 1, 2044 (the "Taxable Term Bonds"), are subject to mandatory sinking fund redemption in part prior to maturity at the redemption price of par plus accrued interest to the date of redemption on September 1 in each of the years and in the principal amounts as follows:

Taxable Term Bonds due September 1, 2044	
Year	Principal Amount
2040	$1,865,000
2041	1,955,000
2042	2,055,000
2043	2,160,000
2044[(1)]	2,270,000

____
[(1)]Final maturity.

The Taxable Certificates maturing on September 1, 2044 (the "Taxable Term Certificates" and, together with the Taxable Term Bonds, the "Term Obligations"), are subject to mandatory sinking fund redemption in part prior to maturity at the redemption price of par plus accrued interest to the date of redemption on September 1 in each of the years and in the principal amounts as follows:

Taxable Term Certificates due September 1, 2044	
Year	Principal Amount
2040	$580,000
2041	610,000
2042	55,000
2043	60,000
2044[(1)]	60,000

____
[(1)]Final maturity.

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

Reduction of Principal Amount Subject to Mandatory Sinking Fund Redemption

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

No Redemption of the Contractual Obligations Prior to Maturity

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

Notice of Redemption

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

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

TAX INFORMATION

Ad Valorem Tax Law

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

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,000,000 (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026 (unless extended by the Legislature), the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes, in each case, located in an area declared by the Governor of the State to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to a temporary exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. In 2021, the Texas Legislature amended Section 11.35, Tax Code to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Texas Tax Code.

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

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

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

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

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

Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount," as determined by the Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $59,562,331 for the 2024 tax year and is adjusted annually by the Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "TAX INFORMATION – Tax Procedures" in this document). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Tax Rate Limitation

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

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

Tax Procedures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The City calculated its "voter-approval tax rate" using a 1.035 multiplier for the fiscal year 2025 budget.

The City adopted its fiscal year 2024-25 budget on August 14, 2024, ratified that the budget would need more taxes than the current fiscal year, and adopted an ad valorem tax rate of $0.4776, which consists of $0.3815 for maintenance and operations purposes and $0.0961 for debt service purposes. In November 2020, City voters authorized an increase to the City's maintenance and operations portion of the tax rate, with such increase to be used to fund Project Connect (as defined in this document). For additional information regarding Project Connect, see "TAX INFORMATION - Project Connect" in this document.

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

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

Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, the penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer who is 65 years of age or older or is disabled incur a penalty of 5% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law allows for the collection of interest and reasonable (non-punitive) fees, costs or charges on the unpaid balance of delinquent taxes on estates in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy to the extent such fees, or charges, are provided for under the State statute under which such claim arose. The automatic stay prevents governmental units from foreclosing on property unless an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.
Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Tax Valuation – Table One

January 1, 2024 Certified Appraised Value (1)	$328,050,668,802
Less Local Exemptions to Assessed Values: (2)	
Residential Homestead	$20,122,631,592
Residential Homestead over 65	6,962,210,818
Homestead 10% Increase Cap	10,407,625,890
Circuit Breaker 20% Increase Cap	892,368,394
Disabled Veterans	842,861,471
Agricultural and Historical Exemptions	1,107,683,939
Disability Exemption	333,171,631
Other Exemptions	49,469,092,343
Freeport Exemption	1,625,173,260
January 1, 2024 Net Taxable Assessed Valuation (1)	$236,287,849,464

(1) Appraised value and taxable value are subject to change pending additional exemption and appeals. Net Taxable Assessed Valuation as of January 1, 2024 corresponds to the City's fiscal year 2025.

(2) Exemptions or adjustments to assessed valuation granted in tax year 2024 include exemption of (a) 20% of the assessed valuation of a residence homestead; (b) exemptions of $154,000 for homestead property of property owners who are over 65 years of age or disabled; (c) exemptions for residence homestead property exceeding a 10% increase in valuation from the previous year; (d) exemptions for real property (except for residence homesteads and special appraisal land) with an appraised value of $5,000,000 or less exceeding a 20 percent increase in valuation from the previous year; (e) exemptions for property of disabled veterans or certain surviving dependents of disabled veterans; (f) certain adjustments to productive agricultural lands; (g) exemptions to the land designated as historically significant sites by certain public bodies; (h) exemption of freeport property detained in Texas for 175 days or less for the purposes of assembly, storage, manufacturing, processing or fabrication of exported finished goods from Texas.

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Statement of Debt

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

Public Improvement Bonds (1)(2)	$ 1,088,430,000	
Certificates of Obligation (1)(2)	290,140,000	
Contractual Obligations (1)	53,870,000	
Mueller Contract Revenue Obligations	26,450,000	
The Obligations	461,370,000	
Assumed MUD Bonds (3)	1,870,000	
Total		$1,922,130,000
Less Self-Supporting Debt:		
Assumed MUDs (3)	$ 1,870,000	
Mueller Contract Revenue Obligations	26,450,000	
Austin Resource Recovery (4)	8,775,711	
Austin Water (2) (4)	837,839	
Convention Center (4)	3,278,000	
Financial Services (2) (4)	9,118,034	
Fleet Management (2) (4)	704,320	
Transportation (2) (5)	3,455,744	
Waller Creek Tax Increment Reinvestment Zone (2) (4)	106,038,697	
Watershed Protection (2) (4)	21,276,063	
Less: Total Self-Supporting Debt		$ 181,804,408
Less: Interest and Sinking Fund Balance (5)		$ 30,274,102
Less: Self-Supporting General Fund Payments (6)		$0
Net Debt		$ 1,710,051,490
Ratio of Total Debt to Fiscal Year 2024 Net Taxable Assessed Valuation		0.82%
Ratio of Net Debt to Fiscal Year 2024 Net Taxable Assessed Valuation		0.73%

2024 Population (Estimate) – 1,031,505 (7)
Per Capita Net Taxable Assessed Valuation – $227,102
Per Capita Net Debt Outstanding – $1,658

(1) Excludes the Obligations.
(2) Excludes the Refunded Obligations and the Series 2025 Taxable Certificates.
(3) Represents bonds of the Northwest Austin MUD#1 annexed by the City.
(4) Certain enterprises of the City, including Austin-Bergstrom International Airport, Austin Energy, Austin Resource Recovery, Austin Water, Building Services, City Hall, Code Compliance, Convention Center, Financial Services, Fleet Management, Golf, One Texas Center, Transportation, Waller Creek, and Watershed Protection currently repay a portion of the debt service on outstanding Public Improvement Bonds, Certificates of Obligation and/or Contractual Obligations from the revenue of the respective enterprises. The City intends to continue to pay these obligations from each respective enterprise; however, there is no guarantee that this practice will continue in future years. Fleet Management and One Texas Center are internal service funds that generate revenue through charges to user departments.
(5) Represents the estimated value of cash and investments as of September 30, 2024.
(6) Various general fund departments have issued debt supported by a transfer into the debt service fund from the issuing department. Each department currently budgets the required debt service, which reduces the debt service tax requirement.
(7) Source: City of Austin, Planning Department.

Valuation and Funded Debt History – Table Two

Fiscal Year Ended 9-30	Estimated City Population (1)	Taxable Assessed Valuation (2)	Per Capita Taxable Assessed Valuation	(000's) Net Funded Tax Debt (3)	Per Capita Net Funded Tax Debt	Ratio of Net Funded Tax Debt to Taxable Valuation	% of Total Tax Collections
2016	925,491	$110,526,026,399	$119,424	$1,490,221	$1,610.20	1.35%	99.69%
2017	946,080	125,371,654,656	132,517	1,526,997	1,614.03	1.22%	99.29%
2018	963,797	138,418,647,260	143,618	1,529,599	1,587.06	1.11%	99.27%
2019	980,886	152,147,505,769	155,112	1,468,755	1,497.38	0.97%	99.71%
2020	961,855	165,194,107,887	171,745	1,534,825	1,595.69	0.93%	99.93%
2021	975,321	176,671,783,309	181,142	1,564,779	1,604.37	0.89%	98.70%
2022	981,610	181,435,268,760	184,834	1,623,275	1,653.69	0.89%	99.98%
2023	995,722	216,893,650,976	217,826	1,657,148	1,664.27	0.76%	99.20%
2024	1,031,505	234,256,551,594	227,102	1,710,051 (6)	1,657.82 (6)	0.73% (6)	98.65% (4)
2025	1,049,333	236,287,849,464 (5)	225,179	2,122,837 (6)(7)	2,023.03 (6)(7)	0.90% (6)(7)	N/A

(1) Source: 2023 City of Austin Annual Comprehensive Financial Report – Table 17, through fiscal year ending 2023; City of Austin, Planning Department based on full purpose area for fiscal years ending 2024-2025.
(2) Source: 2023 City of Austin Annual Comprehensive Financial Report – Table 7, through fiscal year ending 2024.
(3) Excludes general obligation debt issued for enterprise funds and general fund departments, the debt service on which currently is paid from revenue of the respective enterprises and each department's operating budget, respectively. The City plans to continue to pay these obligations based on this practice; however, such enterprise revenues are not pledged as security for the Obligations and there is no guarantee that this practice will continue in future years. See "TAX INFORMATION" in this document.
(4) Estimated collections as of May 31, 2024 based on the July 2023 Certified Tax Roll tax levy.
(5) Certified taxable value for the fiscal year ending 2025 (tax year 2024) provided by the Travis Central Appraisal District (certified estimate), Williamson Central Appraisal District, and Hays Central Appraisal District.
(6) Includes the Obligations and excludes the Refunded Obligations, which were approved for issuance by the City on August 29, 2024.
(7) Projected. Includes tax-supported debt amounts the City expects to issue in the next 12-months.

Tax Rate, Levy and Collection History – Table Three

Fiscal Year Ended 9-30	Total Tax Rate	Distribution: General Fund	Distribution: Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2015	$0.4809	$0.3691	$0.1118	$474,418,331	99.27%	99.58%
2016	0.4589	0.3527	0.1062	507,203,935	99.54%	99.69%
2017	0.4418	0.3399	0.1019	553,891,970	99.50%	99.29%
2018	0.4448	0.3393	0.1055	615,686,143	99.47%	99.27%
2019	0.4403	0.3308	0.1095	669,905,468	99.46%	99.17%
2020	0.4431	0.3337	0.1094	731,975,092	99.17%	98.93%
2021	0.5335	0.4209 (1)	0.1126	942,543,964 (1)	99.28%	98.70%
2022	0.5410	0.4280 (1)	0.1130	981,564,804 (1)	99.39%	98.98%
2023	0.4627	0.3669 (1)	0.0958	1,003,566,923 (1)	99.20%	99.20%
2024	0.4458	0.3577 (1)	0.0881	1,044,315,707 (1)	98.65% (2)	98.65% (2)
2025	0.4776 (3)	0.3815 (1)(3)	0.0961 (3)	1,128,510,769 (1)(3)	N/A	N/A

(1) Beginning fiscal year 2021, a portion of the City's tax levy is restricted and dedicated for city-wide transit initiatives (see "TAX INFORMATION – Project Connect" in this document).
(2) Estimated collections as of May 31, 2024 based on the July 2023 Certified Tax Roll tax levy.
(3) The City Council adopted the City's fiscal year 2024-25 budget on August 14, 2024.

Ten Largest Taxpayers – Table Four

Name of Taxpayer	Nature of Property	2024 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Samsung Austin Semiconductor	Manufacturing	$840,039,193	0.36%
Apple Inc.	Commercial	726,282,795	0.31%
Columbia/St. David's Healthcare	Hospital/Medical	706,806,042	0.30%
BPP Alphabet MF Riata LP	Commercial	494,636,532	0.21%
110 E 2nd Series	Commercial	437,823,880	0.19%
Oracle America Inc.	Commercial	423,234,378	0.18%
Waller Creek Eleven LLC	Commercial	415,497,000	0.18%
University of Texas	Commercial	399,198,478	0.17%
HEB LP	Commercial	387,559,350	0.16%
Alpine Guadalupe LLC	Commercial	385,835,636	0.16%
TOTAL		$5,216,913,284	2.21%

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

Property Tax Rate Distribution – Table Five

	Fiscal Year Ended September 30				
	2021	2022	2023	2024	2025(2)
General Fund (1)	$0.4209	$0.4280	$0.3669	$0.3577	$0.3815
Interest and Sinking Fund	0.1126	0.1130	0.0958	0.0881	0.0961
Total Tax Rate	$0.5335	$0.5410	$0.4627	$0.4458	$0.4776

(1) Beginning in Fiscal Year 2021, a portion of the City's General Fund tax levy is restricted and dedicated for city-wide transit initiatives (see "TAX INFORMATION – Project Connect" in this document).
(2) The City Council adopted the City's fiscal year 2024-25 budget on August 14, 2024.

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

Fiscal Year Ended 9-30	Valuation Date	Real Property Amount	Real Property % of Total	Personal Property Amount	Personal Property % of Total	Net Taxable Assessed Valuation	Total Tax Levy	% Current Collections	% Total Collections
2016	1-1-15	$100,293,482,266	90.74%	$10,232,544,133	9.26%	$110,526,026,399	$507,203,935	99.54%	99.69%
2017	1-1-16	115,076,345,719	91.79%	10,295,308,937	8.21%	125,371,654,656	553,891,970	99.50%	99.29%
2018	1-1-17	128,039,072,443	92.50%	10,379,564,817	7.50%	138,418,647,260	615,686,143	99.47%	99.27%
2019	1-1-18	141,714,826,355	93.14%	10,432,679,414	6.86%	152,147,505,769	669,905,468	99.46%	99.17%
2020	1-1-19	154,814,554,309	93.72%	10,379,553,578	6.28%	165,194,107,887	731,975,092	99.17%	98.93%
2021	1-1-20	165,980,394,734	93.95%	10,691,388,575	6.05%	176,671,783,309	942,543,964 (3)	99.28%	98.70%
2022	1-1-21	171,193,048,892	94.35%	10,242,219,868	5.65%	181,435,268,760	981,564,804 (3)	99.39%	98.98%
2023	1-1-22	206,084,735,018	95.02%	10,808,915,958	4.98%	216,893,650,976	1,003,566,923 (3)	99.20%	99.20%
2024	1-1-23	222,407,990,287 (2)	94.94%	11,848,561,307 (2)	5.06%	234,256,551,594 (2)	1,044,315,707 (3)	98.65% (1)	98.65% (1)
2025 (4)	1-1-24	224,046,724,264 (2)	94.82%	12,241,125,200 (2)	5.18%	236,287,849,464 (2)	1,128,510,769 (3)	N/A	N/A

(1) Estimated collections through May 31, 2024 based on the July 2023 Certified Tax Roll tax levy.
(2) Taxable Value is subject to change pending additional exemption and appeals.
(3) Beginning fiscal year 2021, a portion of the City's tax levy is restricted and dedicated for city-wide transit initiatives (see "TAX INFORMATION – Project Connect" in this document).
(4) The City Council adopted the City's fiscal year 2024-25 budget on August 14, 2024.

Project Connect

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

Currently, funding for ATP's operations and capital investment in Project Connect comes from property tax revenue that is annually appropriated and transferred to ATP from the City pursuant to a project funding agreement (the "Funding Agreement") between ATP and the City. Federal funding is anticipated in future years. The November 3, 2020 election approved the use of $0.0875 of the City's fiscal year 2021 $0.4209 maintenance and operations portion of the property tax rate, which represents approximately 20.789% of the maintenance and operations portion of the tax rate, for Project Connect. The City anticipates continuing to apportion 20.789% of its maintenance and operations property tax levy to ATP, net of certain adjustments related to tax increment reinvestment zones and to Chapter 380 economic incentive agreements, subject to (a) annual appropriation of such funds by City Council, and (b) changes pursuant to any future tax rate elections. For fiscal year 2025, the budgeted amount of property taxes to be transferred to ATP is $174,799,834.

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

*Litigation…*In November 2023, a group of citizens filed suit against ATP alleging that its contemplated expenditure of funds for Project Connect was not aligned with the project as presented to the voters in November 2020. In February 2024, the City and ATP jointly filed a bond validation suit pursuant to the provisions of Chapter 1205 of the Texas Government Code asking a trial court to validate and confirm (a) the initial issuance of bonds by ATP to finance certain of the light rail components of Project Connect, (b) the Funding Agreement between the City and ATP, and (c) the contract with the voters, all in conformity with the November 2020 election. The two suits were consolidated into a single case. An interlocutory appeal was filed by the Texas Attorney General's Office, and on October 8, 2024, the Fifteenth Court of Appeals dismissed the Texas Attorney General's interlocutory appeal and returned the case to the trial court for trial. On October 23, 2024, the Texas Attorney General filed a motion for rehearing and that request is currently before the Fifteenth Court of Appeals. The City can make no representations or predictions regarding this litigation or the potential impact of the litigation on the City, ATP, or Project Connect at this time. This litigation is related to Project Connect, ATP's initial series of bonds and the Funding Agreement, but does not impact the City's interest and sinking fund tax levied for repayment of the Obligations.

In addition, a lawsuit was filed by seven City property taxpayers on August 26, 2024, against the City contesting the calculation of the City's ad valorem tax rate and seeking injunctive relief to prevent the City from collecting the portion of its 2024 ad valorem taxes levied for Project Connect from the seven plaintiffs. The City intends to vigorously defend this lawsuit which, if decided adversely to the City, would not have a material adverse impact on the City's financial condition or the City's ability to pay debt service on the Obligations.

Revenue Debt (As of September 30, 2024)

In addition to the above, the City has outstanding $15,045,000 combined utility systems revenue bonds payable from combined net revenue of the Electric System and the Water and Wastewater System; $1,839,335,000 electric utility system revenue obligations payable from a separate lien on the net revenues of the Electric Utility System; $2,246,355,000 Water and Wastewater Obligations payable from a separate lien on the net revenue of the water and wastewater system.

*Issuance of Water and Wastewater System Revenue Bonds…*The City issued and delivered its Water and Wastewater System Revenue Bonds, Series 2024A (SWIRFT) ("Series 2024A Water and Sewer System Bonds") on November 19, 2024. The Series 2024A Water and Sewer System Bonds were issued pursuant to a separate plan of finance and are secured by separate revenue sources.

*Issuance of Electric Utility System Revenue Bonds in Close Proximity to the Obligations…*The City intends to issue its Electric Utility System Revenue Refunding Bonds, Series 2024 ("Series 2024 Electric System Bonds") in close proximity to the Obligations. The Series 2024 Electric System Bonds are expected to close on or about December 19, 2024. The Series 2024 Electric System Bonds are being issued pursuant to a separate plan of finance and will be secured by separate revenue sources. The Series 2024 Electric System Bonds will be issued to refund outstanding tax-exempt commercial paper notes.

*Utility System Revenue Commercial Paper and Direct Purchase Notes…*The City has established two short-term, interim financing commercial paper program structures, a $600,000,000 tax-exempt note program, consisting of (i) commercial paper notes, and (ii) direct purchase notes subject to acquisition by JPMorgan Chase Bank, National Association, and a $100,000,000 taxable note program, consisting of (i) commercial paper notes and (ii) direct purchase notes subject to acquisition by JPMorgan Chase Bank, National Association. Each of the commercial paper programs is payable from a subordinate lien on the combined net revenue of the Electric System and the Water and Wastewater System. As of August 31, 2024, the City has outstanding $219,300,000 in tax-exempt Program Notes and $35,760,000 in taxable Program Notes. The City has extended its commercial paper programs and respective revolving credit agreements, which provide liquidity support for the tax-exempt and taxable programs, through June 18, 2029.

The City additionally has outstanding $1,307,305,000 Airport System Revenue Bonds payable from net revenues of the City's Airport System; $147,330,000 Rental Car Special Facility Revenue Bonds payable from revenues derived from rental car facilities currently operating at the airport; $54,435,000 Hotel Occupancy Tax Subordinate Lien Revenue Bonds payable from the City's 2% and 4.5% Hotel Occupancy Tax; and $14,230,000 Town Lake Park Community Events Center Venue Bonds payable from revenues received from the Special Motor Vehicle Rental Tax and Venue generated revenue.

Public Improvement District Debt (As of September 30, 2024)

The City previously authorized and issued special assessment revenue debt for public improvement districts ("PIDs") located within the City's boundaries: Estancia Hill Country PID improvement areas one and two ($13,030,000 of special assessment revenue bonds outstanding), Indian Hills PID ($960,000 of special assessment revenue bonds outstanding), and Whisper Valley PID master improvement area and improvement areas one and two ($15,557,000 of special assessment revenue bonds outstanding). The City may issue additional special assessment revenue debt for the purposes of additional development within the existing PIDs described above. Existing special assessment debt and any additional special assessment revenue debt is secured by and payable from only the special assessments levied on properties within the respective PID boundaries and does not represent an obligation of the City's general revenue or taxes.

*Issuance of Special Assessment Bonds in Close Proximity to the Obligations…*The City intends to issue Special Assessment Revenue Bonds, Series 2024 (Whisper Valley Public Improvement District Improvement Area #3 Project) (the "Series 2024 Special Assessment Bonds") in close proximity to the issuance of the Obligations. The Series 2024 Special Assessment Bonds are expected to close on or about December 19, 2024. The Obligations and the Series 2024 Special Assessment Bonds are being issued pursuant to a separate plan of finance and will be secured by separate revenue sources.

Obligations Subject to Annual Appropriation (As of September 30, 2024)

*Mueller Local Government Corporation…*With respect to the redevelopment of the property formerly known as Robert Mueller Municipal Airport ("Mueller"), the City entered into a Master Development Agreement with Catellus Austin, LLC, effective as of December 2, 2004 (the "Development Agreement"), and in the Development Agreement, the City agreed to issue debt to finance certain "Public Finance Reimbursable Project Costs" either directly or through the auspices of a local government corporation created by the City. The City has entered into an economic development grant agreement (the “Grant Agreement”) with Mueller Local Government Corporation (“MLGC”), a non-profit local government corporation created by the City to act on its behalf with respect to the redevelopment of Mueller. MLGC was created in response to the provisions of the Development Agreement. Under the terms of the Grant Agreement, the City will make grant payments to MLGC from the General Fund, subject to annual appropriation by the City, in amounts sufficient to pay debt service on bonds issued by MLGC to fund Public Finance Reimbursable Project Costs and pay administrative costs associated with such bonds. It is anticipated that sales tax revenues generated by properties developed at Mueller will be sufficient to fund the grants throughout the term of the Grant Agreement. $12,000,000 in Contract Revenue Bonds were issued in 2006 by MLGC to finance Public Finance Reimbursable Project Costs, and as of the date of this Official Statement, $1,865,000 in principal amount of these Contract Revenue Bonds is outstanding.

The City has also created a tax increment reinvestment zone for the Mueller project that includes Reinvestment Zone Number Sixteen (the “Zone”) and neighboring areas for the promotion, development, encouragement and maintenance of employment, commerce, economic development and public facility development in the Zone, which consists of approximately 700 acres. Currently, only the City participates in the Zone by contributing its tax increment revenues to the Zone, and it is not expected that any other taxing unit will participate in the Zone. The tax increment revenues of the City will be contributed by the City to the MLGC pursuant to the terms of a Tri-Party Agreement among the City, the MLGC and the Zone (the “Tri-Party Agreement”). In addition, the City has agreed to consider making payments to the MLGC under a grant agreement between the City and the MLGC, pursuant to which the City may make available to the MLGC grant funds in amounts sufficient to pay debt service on the Tax Increment Contract Revenue Bonds, should Pledged Revenues be insufficient to allow the MLGC to meet its debt service payment obligations. The grant payments are to be funded from available moneys in the City’s general fund, subject to annual appropriation. The City is under no obligation to make grant payments. The MLGC has issued three series of Tax Increment Contract Revenue Bonds, aggregating $47,580,000 in principal amount, backed by tax increment revenues generated from taxation of real property within the boundaries of the Zone from taxing units participating in the Zone, and as of the date of this Official Statement, $24,585,000 in principal amount of these Tax Increment Contact Revenue Bonds is outstanding.

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DEBT SERVICE REQUIREMENTS

Debt Service Requirements[a]

Fiscal Year Ending 09/30	Public Improvement Bonds	Certificates of Obligation	Contractual Obligations	Northwest Austin MUD #1	Mueller Contract Rev Bonds	Less Refunded Obligations	The Tax-Exempt & Taxable Obligations	Grand Total Requirements[a]	Less Self-Supporting Requirements[a]	Net Total Requirements[b]	Percent Principal Payout
2025	$ 150,732,390	$ 32,514,022	$ 19,585,950	$ 1,044,475	$ 5,109,565	$ 11,297,450	$ 55,490,628	$ 253,179,580	$ 25,705,513	$ 227,474,067	
2026	146,927,767	31,473,373	17,314,025	943,463	5,255,965	11,483,300	41,309,569	231,740,862	24,826,562	206,914,300	
2027	143,996,478	27,329,636	13,207,875	-	4,415,465	8,959,750	37,889,944	217,879,649	20,272,555	197,607,093	
2028	136,450,536	27,354,292	9,103,625	-	4,572,934	11,610,250	40,535,694	206,406,831	19,956,994	186,449,837	
2029	115,117,362	27,374,005	7,222,875	-	4,735,059	11,692,000	40,629,194	183,386,495	19,786,181	163,600,314	37.77%
2030	107,275,412	27,402,726	2,222,000	-	2,155,401	11,771,250	40,699,194	167,983,484	16,927,991	151,055,492	
2031	101,302,991	32,462,173	1,409,375	-	2,151,864	11,857,000	40,786,819	166,256,222	16,431,276	149,824,946	
2032	104,263,957	32,480,314	-	-	2,155,369	18,017,750	44,602,794	165,484,684	15,679,512	149,805,172	
2033	96,004,890	31,239,410	-	-	-	18,953,500	42,986,319	151,277,120	12,988,004	138,289,115	
2034	83,998,469	31,259,668	-	-	-	21,189,000	45,215,394	139,284,531	12,532,385	126,752,146	69.32%
2035	67,875,053	27,571,739	-	-	-	-	25,667,269	121,114,061	9,887,934	111,226,127	
2036	54,189,351	24,088,285	-	-	-	-	25,661,809	103,939,446	7,700,218	96,239,228	
2037	50,719,873	20,033,460	-	-	-	-	25,671,003	96,424,337	7,115,316	89,309,021	
2038	46,235,501	17,382,452	-	-	-	-	25,667,607	89,285,560	6,780,873	82,504,686	
2039	43,612,785	16,852,646	-	-	-	-	25,670,021	86,135,453	5,796,801	80,338,652	88.55%
2040	36,965,831	15,250,498	-	-	-	-	25,665,652	77,881,981	4,516,889	73,365,093	
2041	34,906,678	7,261,334	-	-	-	-	25,660,142	67,828,154	4,528,865	63,299,289	
2042	23,867,887	3,261,241	-	-	-	-	25,079,295	52,208,423	797,357	51,411,066	
2043	11,250,750	2,063,250	-	-	-	-	25,079,776	38,393,776	136,147	38,257,629	
2044	-	-	-	-	-	-	25,080,928	25,080,928	134,995	24,945,932	100.00%
	$ 1,555,693,963	$ 434,654,523	$ 70,065,725	$ 1,987,938	$ 30,551,621	$ 136,831,250	$ 685,049,057	$ 2,641,171,576	$ 232,502,369	$ 2,408,669,207	

(a) Includes principal and interest on self-supporting debt repaid from certain enterprise revenue and other City funds (see "Statement of Debt" in this document). Self-supporting debt includes debt service for Northwest Austin MUD #1 and Mueller Contract Revenue Bonds.
(b) Net Total Requirements includes the Obligations and excludes the Refunded Obligations and the Series 2025 Taxable Certificates. Excludes self-supporting debt.

Estimated Direct and Overlapping Funded Debt Payable from Ad Valorem Taxes

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

Taxing Jurisdiction	Total Debt Funded from Ad Valorem Taxes (1)	Estimated % Applicable	Overlapping Funded Debt
City of Austin (2)	$1,708,495,010	100.00%	$1,708,495,010
Austin CCD	562,445,000	66.28%	372,788,546
Austin ISD	2,610,343,000	94.95%	2,478,520,679
Avery Ranch Rd Dist #1	1,430,000	100.00%	1,430,000
Del Valle ISD	623,145,000	46.95%	292,566,578
Eanes ISD	162,540,000	36.73%	59,700,942
Hays CISD	874,350,000	1.62%	14,164,470
Hays County	475,481,919	0.68%	3,233,277
Lake Travis ISD	562,235,000	0.05%	281,118
Leander ISD	1,347,933,738	10.92%	147,194,364
Manor ISD	501,474,999	62.13%	311,566,417
North Austin MUD #1	4,300,000	**	-
Northtown MUD	20,880,000	17.67%	3,689,496
Northwoods Road District #1	9,015,000	100.00%	9,015,000
Pearson Place Road District	4,410,000	100.00%	4,410,000
Pflugerville ISD	730,340,000	32.56%	237,798,704
Pilot Knob MUD #3	76,130,000	**	-
Round Rock ISD	716,875,000	34.99%	250,834,563
Travis County	1,099,010,000	69.07%	759,086,207
Travis Co ESD #3	165,000	0.22%	363
Travis Co ESD #6	930,000	0.23%	2,139
Travis Co ESD #9	120,000	1.50%	1,800
Travis Co Healthcare District (dba Central Health)	165,705,000	69.07%	114,452,444
Travis Co MUD # 5	22,044,962	0.01%	2,204
Travis Co MUD # 8	9,494,714	0.47%	44,625
Travis Co WC&ID #10	37,230,000	2.71%	1,008,933
Travis Co WC&ID #17 (Steiner Ranch)	35,185,000	0.08%	28,148
Upper Brushy Creek WCID	51,320,000	16.31%	8,370,292
Williamson County	1,311,170,000	10.52%	137,935,084
Total Net Direct and Overlapping Debt			$6,916,421,403
Ratio of Net Direct and Overlapping Debt to Fiscal Year 2024 Taxable Assessed Value (3)			2.95%
Per Capita Overlapping Funded Debt (4)			$6,705

(1) Source: Overlapping debt amounts as of June 30, 2024 obtained from the Municipal Advisory Council of Texas.
(2) Outstanding net tax-supported debt of the City includes the Obligations and excludes the Refunded Obligations.
(3) Based on the City's tax year 2023 / fiscal year 2024 net taxable assessed valuation of $234,256,551,594.
(4) Based on the City's 2024 estimated population 1,031,505.
** Less than 0.01%.

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

Authorized General Obligation Bonds – Table Seven

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued (1)	Currently Being Issued (1)		Unissued Balance
Brackenridge 2000	10/22/1983	$50,000,000	$40,785,000	$ -		$9,215,000
Park Improvements	9/8/1984	9,975,000	9,648,000	-		327,000
Cultural Arts	1/19/1985	20,285,000	14,890,000	-		5,395,000
Cultural Arts	11/7/2006	31,500,000	27,500,000	-		4,000,000
Mobility Transportation	11/6/2012	143,299,000	135,315,000	2,200,000		5,784,000
Park Improvements	11/6/2012	77,680,000	76,180,000	-		1,500,000
Public Safety Facility	11/6/2012	31,079,000	31,075,000	-		4,000
HHS Facility	11/6/2012	11,148,000	11,145,000	-		3,000
Cultural Arts	11/6/2012	13,442,000	13,440,000	-		2,000
Mobility Transportation	11/8/2016	720,000,000	362,095,000	39,000,000		318,905,000
Affordable Housing	11/6/2018	250,000,000	200,295,000	25,000,000	(2)	24,705,000
Cultural Arts	11/6/2018	128,000,000	17,700,000	14,900,000		95,400,000
Park Improvements	11/6/2018	149,000,000	58,275,000	30,000,000		60,725,000
Flood Mitigation	11/6/2018	184,000,000	82,185,000	15,000,000		86,815,000
Health and Human Services	11/6/2018	16,000,000	4,190,000	7,300,000		4,510,000
Public Safety	11/6/2018	38,000,000	10,450,000	10,400,000		17,150,000
Mobility Transportation	11/6/2018	160,000,000	64,895,000	40,000,000		55,105,000
Mobility Transportation	11/3/2020	460,000,000	34,000,000	66,000,000		360,000,000
Affordable Housing	11/8/2022	350,000,000	-	7,000,000	(2)	343,000,000
		$2,843,408,000	$1,194,063,000	$256,800,000		$1,392,545,000

(1) Includes premium applied against voted authorization.
(2) Issued as the Taxable Bonds.

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

Funded Debt Limitation

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

Short–Term Borrowing

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

FISCAL MANAGEMENT

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

INVESTMENTS

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

Legal Investments

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

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities;
(2) direct obligations of the State or its agencies and instrumentalities including the Federal Home Loan Banks;
(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
(4) other obligations, the principal and interest of which are guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by explicit full faith and credit of the United States;
(5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent;
(6) bonds issued, assumed or guaranteed by the State of Israel;
(7) interest-bearing banking deposits that are guaranteed insured by the FDIC or the National Credit Union Share Insurance Fund ("NCUSIF") or their respective successors;
(8) interest-bearing banking deposits other than those described by subdivision (7) if the funds invested in the banking deposits are invested through (a) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (b) a depository institution with a main office or branch office in this state that the investing entity selects; (ii) the broker or depository institution selected as described above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account (a) the depository institution selected as described above; (b) an entity described by Section 2257.041(d); or (c) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3);
(9) certificates of deposit meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by a combination of cash and the FDIC or the NCUSIF, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits;
(10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) and (12) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State;
(11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency;
(12) commercial paper with a stated maturity of 365 days or less that is rated not less than "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally

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

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

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

(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 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.

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

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

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

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

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

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

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

The City, as the owner of a municipal electric utility that is engaged in the sale of electric energy to the public, may invest funds held in a "decommissioning trust" (a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation) in any investment authorized by Subtitle B, Title 9, Texas Property Code ("Texas Trust Code"). The Texas Trust Code provides that a trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution. The City has established an external irrevocable trust for decommissioning with Wilmington Trust, N.A. The decommissioning trust market value, as of September 30, 2024, was $276,312,594.54.

The City is specifically prohibited from investing in:

(1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
(2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest;
(3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and
(4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies

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

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

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

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

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

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

Additional Provisions

Under State law, the City is additionally required to, among other things:

(1) annually review its adopted policies and strategies,
(2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council,

(3) require a registered representative of business organizations offering to engage in an investment transaction with the City to (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements;
(4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; and
(5) provide specific investment training for the Chief Financial Officer of the City, Treasurer, and Investment Officers.

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

Current Investments – Table Eight

As of September 30, 2024, the City's investable funds were invested in the following categories.

Type of Investment	Percentage
U.S. Treasuries	53%
U.S. Agencies	19%
Local Government Investment Pools	27%
Money Market Funds	1%

The dollar weighted average maturity for the combined City investment portfolios is 282 days. The City prices the portfolios weekly utilizing a market pricing service.

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

(in 000's)

	2019	2020	2021	2022	2023
Revenues:					
Taxes (1)	$752,340	$788,255	$860,698	$947,486	$982,227
Franchise Fees	35,294	28,505	26,189	30,886	29,718
Fines, Forfeitures and Penalties	8,694	4,447	4,607	5,039	4,531
Licenses, Permits and Inspections	16,572	15,069	16,612	19,044	22,330
Charges for Services	63,284	52,491	57,278	68,268	77,034
Lease Revenue	-	-	-	156	156
Interest and Other	23,507	22,523	17,246	34,449	51,234
Total Revenues	$899,691	$911,290	$982,630	$1,105,328	$1,167,230
Expenditures:					
Administration	$24,310	$30,175	$31,343	$33,345	$36,798
Urban Growth Management	42,259	45,942	40,851	38,570	47,346
Public Safety	610,833	540,442	619,373	664,389	699,638
Public Health	86,812	96,314	100,234	104,700	122,069
Public Recreation and Culture	129,904	126,810	127,716	146,175	166,666
Lease Financing Principal	-	-	-	5,978	8,757
Interest Expense on Leases and IT subscriptions	-	-	-	-	1,134
Nondepartmental Expenditures	119,740	182,589	219,727	194,077	189,282
Total Expenditures	$1,013,858	$1,022,272	$1,139,244	$1,187,234	$1,271,690
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	($114,167)	($110,982)	($156,614)	($81,906)	($104,460)
Other Financing Sources (Uses):					
Lease Proceeds	$ -	$ -	$ -	$13,010	$3,611
Transfers from Other Funds	172,798	172,425	186,441	179,878	171,867
Transfers to Other Funds	(46,130)	(25,564)	(28,863)	(42,249)	(54,151)
Net Other Financing Sources	$126,668	$146,861	$157,578	$150,639	$121,327
Excess (Deficiency) of Total Revenues and Other Services Over Expenditures and Other Uses	$12,501	$35,879	$964	$68,733	$16,867
Special Item – Land Sale	10,201	-	-	-	-
Fund Balances at Beginning of Year	212,934	235,636	272,138 (3)	273,102	341,835
Fund Balances at End of Year (2)	$235,636	$271,515	$273,102	$341,835	$358,702

(1) Consists of property, sales, and mixed drinks tax.
(2) As of September 30, 2023, the budget stabilization reserve reports a balance of $106.7 million and the emergency reserve maintains a balance of eight percent of total General Fund requirements, or $102.2 million.
(3) Restated.

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CERTAIN GENERAL FUND RECEIPTS OTHER THAN AD VALOREM TAXES

Municipal Sales Tax – Table Ten

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

Fiscal Year Ended 9-30	Per Capita Sales and Use Tax	(in 000's) Sales and Use Tax	% of Ad Valorem Tax Levy
2016	$230.58	$212,634	42.07%
2017	231.26	218,790	39.50%
2018	235.94	232,319	36.46%
2019	253.66	248,813	37.14%
2020	256.44	246,658	33.70%
2021	288.91	281,784	29.90%
2022	348.02	341,620	34.80%
2023	360.10	358,557	35.73%
2024 (1)	357.82	369,089	35.34%
2025 (1)	365.59	383,630	33.99%

(1) 2024 figures are estimated; 2025 figures are from the City's approved budget.

Transfers from Utility Funds – Table Eleven

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

Fiscal Year Ended 9-30	(in 000's) Transfers	% of General Fund Requirements
2016	$146,993	15.9%
2017	150,877	15.6%
2018	154,914	15.1%
2019	157,586	15.2%
2020	158,486	15.1%
2021	160,544	14.7%
2022	160,431	13.7%
2023	152,037	12.7%
2024 (1)	163,982	12.1%
2025 (1)	177,351	12.5%

(1) 2024 and 2025 figures from the City's approved budget.

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 Manger’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, Communications and Technology Management, Financial Services Department, Fleet Mobility Services, and Information Security. 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.

Deputy Chief Financial Officer – Kimberly Olivares

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

Services Provided by the City

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

Employees

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

Annexation Program

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

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

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

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

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

Annexations – Table Twelve

The following table sets forth (in acres) the City's annual annexations since 2014.

Calendar Year	Full Purpose Acres (1)	Limited Purpose Acres
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
2024	0	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.

Disannexation

In 2023, the 88th 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 (738 acres), Blue Goose Road (28 acres), and River Place (212 acres) each voted to approve disannexation from the City. The disannexed areas will no longer be a part of the City, 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 January 1, 2024, municipal employees contribute 9.0% and the City contributes 8.68% of payroll. Effective January 1, 2025, municipal employees' contributions to COAERS will increase to 10.0%. 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 2025 budgeted amount related to the unfunded legacy liability payment is $108.3 million.

As of October 1, 2023, 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 January 1, 2024, police officers contribute 15.0% and the City contributes 9.59% of payroll to the Police Retirement System. 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 2025 budgeted amount related to the unfunded legacy liability payment is $43.5 million.

As of December 31, 2023, the amortization period of the unfunded actuarial accrued liability was 30 years for the COAERS, 28.2 years for the Police Retirement System, and 48.6 years for the Fire Fighters Retirement Fund.

The City's net pension liability was measured as of December 31, 2023 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, 2023, the COAERS reported a total net pension liability of $2.3 billion, of which $447.6 million is allocable to Austin Energy, $260.1 million is allocable to Austin Water, and $91.9 million is allocable to Aviation. The COAERS' fiduciary net position as a percentage of the total pension liability was 58.4%. The actuarial accrued liability for the COAERS as of December 31, 2023, was $5.6 billion and the funded ratio was 62.1%. As of December 31, 2022, the COAERS reported a net pension liability of $2.9 billion with a plan fiduciary net position as a percentage of the total pension liability of 50.3%. The actuarial accrued liability for the COAERS was $5.3 billion and the funded ratio was 64.1%. 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.

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, 2023, the Police Retirement System reported a net pension liability of $763.6 million for the 2023 plan year, which is an increase from the $756.9 million net pension liability reported for the prior 2022 plan year. The fiduciary net position as a percentage of the total pension liability increased to 57.1% for the 2023 plan year from 55.2% in the prior year. For plan year 2023, the Police Retirement System adopted changes to certain plan assumptions in March 2024, based on an experience study dated March 20, 2024, with experience data from January 1, 2018 through December 31, 2022. The assumption changes include a reduction in the wage inflation assumption (from 3.0% to 2.5%) an increase in the administration expenses (from 0.90% to 1.25%) and increases in the overall termination and retirement rates to align with experience and future expectations. The assumption changes, among other contributing factors, resulted in an increase to the actuarial accrued liability of approximately $14.8 million. 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, 2023 was $1.8 billion and the funded ratio was 58.9%. 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%.

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, 2023, the Fire Fighters Retirement Fund reported a net pension liability of $484.8 million, with a plan fiduciary net position as a percentage of the total pension liability of 70.6%. The actuarial accrued liability for the Fire Fighters Retirement Fund was $1.5 billion and the funded ratio was 85.6%. As of December 31, 2022, the Fire Fighters Retirement Fund reported a net pension liability of $278.3 million and 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 as of December 31, 2022, was $1.4 billion and the funded ratio was 86.9%.

The Fire Fighters Retirement Fund adopted changes to certain plan assumptions in April 2024, based on an experience study dated March 25, 2024, with experience data through December 31, 2022. The assumption changes include use of the base PubS(A)-2010 above median mortality tables with fully generational improvement, adoption of a 1.25% of payroll administrative expense assumption, a reduction in the wage inflation assumption (from 3.00% to 2.50%) and changes to various demographic assumption tables. A full description of the assumptions for the Fire Fighters Retirement Fund is available in the actuarial reports available on its website. There was no cost of living adjustment granted for 2024.

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 $4.25 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 – Note 11" 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.

ENTERPRISE FUNDS

Statement of Revenues, Expenses and Changes in Fund Net Position

The Enterprise Funds account for the activities of the City that render services on a user charge basis to the general public. Set forth on pages B-32 and B-33 of APPENDIX B in this document is a summary of the revenues, expenses, transfers and net position of the City's enterprise funds for the year ended September 30, 2023.

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

The City owns and operates an electric utility system (also referred to in this document as the "Electric Utility System" or "Austin Energy") and a water and wastewater system (also referred to in this document as the "Water and Wastewater Utility" or "Austin Water") which provide the City, as well as adjoining areas of Travis County and certain adjacent areas of Williamson County, with electric, water and wastewater services. The City jointly participates with other electric utilities in the ownership of coal-fired electric generation facilities and a nuclear powered electric generation facility. Additionally, City individually-owned gas/oil-fired electric facilities and a biomass generation facility are available to meet Electric Utility System demand. The City owns all the facilities of the Water and Wastewater System. For the fiscal year commencing October 1, 2023, the Electric Utility System had approximately 1,924 full-time regular employees and the Water and Wastewater Utility had approximately 1,381 full-time regular employees.

Austin Energy and Austin Water each annually transfer revenue to the General Fund; the utility fund transfers have historically provided a significant percentage of the receipts for operation of the General Fund. In fiscal year 2024, the total transfers from the utility systems represented 12.0% of total General Fund revenue, with 8.4% from Austin Energy and 3.6% from Austin Water. Revenue transfers from Austin Energy and Austin Water to the City's General Fund are annually recurring, formula-based appropriations, although the amount of future utility system appropriations could be modified by City Council action.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in the main text of this Official Statement within the tables numbered one through twelve and in APPENDIX B. The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The City will update and provide this financial information and operating data as of the end of each fiscal year within six months after the end of each fiscal year, beginning with the fiscal year ending in 2024 and audited financial statements within 12 months of each fiscal year beginning with the fiscal year ending in 2024. If audited financial statements are not available within 12 months after any such fiscal year end, the City will provide unaudited financial statements within such 12-month period and audited financial statements for such fiscal year when and if the audit report on such statements becomes available. The City will provide the updated information to the MSRB through EMMA.

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

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

Disclosure Event Notices

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

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

Availability of Information

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

Limitations and Amendments

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

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

TAX MATTERS

General

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

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

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

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

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

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Obligations will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to 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 Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Tax-Exempt Obligations

Opinion

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

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City's federal tax certificate and the verification report prepared by Robert Thomas CPA, LLC, and (b) covenants of the City with respect to arbitrage, the application of proceeds to be received from the issuance and sale of the Tax-Exempt Obligations, and certain other matters. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Tax-Exempt Obligations to become taxable retroactively to the date of issuance.

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

Future and Proposed Legislation

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

Taxable Obligations

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

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

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

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

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

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

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

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

VERIFICATION OF MATHEMATICAL CALCULATIONS

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

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

OTHER RELEVANT INFORMATION

Ratings

Each series of Obligations has received ratings of "AAA" (stable outlook) from S&P Global Ratings, a division of S&P Global Inc. ("S&P"), and "AA+" (stable outlook) from Fitch Ratings, Inc. ("Fitch"). The City also has parity tax-supported obligations rated "Aa1" by Moody's Ratings ("Moody's"). The City did not obtain a rating from Moody's on the Obligations being issued. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of one or all such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or by any one of them, may have an adverse effect on the market price and marketability of the Obligations. Except as provided under "CONTINUING DISCLOSURE OF INFORMATION – Disclosure Event Notices" in this document, the City will undertake no responsibility to notify the owners of the Obligations of any such revisions or withdrawal of ratings.

Litigation

A number of claims against the City, as well as certain other matters of litigation, are pending with respect to various matters arising in the normal course of the City's operations. The City Attorney and City management are of the opinion that resolution of the claims pending (including the matters described below) will not have a material effect on the City's financial condition. See also "TAX INFORMATION - Project Connect" in this document.

The Electric Utility System has been served in numerous property damage lawsuits, including class action lawsuits, and one wrongful death lawsuit, relating to outages caused by a severe winter storm in February 2021 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 weather event). These cases are pending in the multi-district litigation proceeding in Cause No. 2021-18513 in the 215th District Court of Harris County, Texas.

Registration and Qualification

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

Legal Investments and Eligibility to Secure Public Funds in Texas

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

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

Legal Matters

The delivery of each series of the Obligations is subject to the approval of the Attorney General of Texas to the effect that such Obligations are valid and legally binding obligations of the City payable from the sources and in the manner described in this document and in the respective Ordinances and the approving legal opinions of Bond Counsel. The forms of Bond Counsel's opinions are attached to this document in APPENDIX C. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent upon the sale and delivery of the Obligations. In addition, certain legal matters will be passed upon (i) for the City by Bracewell LLP, disclosure counsel for the City, and (ii) for the Underwriters by Orrick, Herrington & Sutcliffe LLP, counsel to the Underwriters.

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

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

Financial Advisor

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

Independent Auditors

The financial data listed as fiscal year 2024 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 and forward-looking information. The unaudited information is preliminary and is subject to change as a result of the audit and may differ from the audited financial statements when they are released.

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

Underwriting

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Bonds from the City at a price equal to the initial offering prices/yields shown on page ii of this Official Statement, less an underwriting discount of $954,866.93. 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 have agreed, subject to certain customary conditions to delivery, to purchase the Certificates from the City at a price equal to the initial offering prices/yields shown on page ii of this Official Statement, less an underwriting discount of $340,769.33. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates 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 have agreed, subject to certain customary conditions to delivery, to purchase the Contractual Obligations from the City at a price equal to the initial offering prices shown on page iii of this Official Statement, less an underwriting discount of $87,953.22. The Underwriters will be obligated to purchase all of the Contractual Obligations if any Contractual Obligations are purchased. The Contractual Obligations may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Taxable Bonds from the City at a price equal to the initial offering prices shown on page iv of this Official Statement, less an underwriting discount of $106,677.90. The Underwriters will be obligated to purchase all of the Taxable Bonds if any Taxable Bonds are purchased. The Taxable Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Taxable Certificates from the City at a price equal to the initial offering prices shown on page iv of this Official Statement, less an underwriting discount of $25,251.81. The Underwriters will be obligated to purchase all of the Taxable Certificates if any Taxable Certificates are purchased. The Taxable Certificates may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

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

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

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

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.

Authenticity of Financial Data and Other Information

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

Approval of the Official Statement

This Official Statement, and the execution and delivery of this Official Statement, has been approved and authorized by each of the Ordinances.

/s/ Kirk Watson
Mayor
City of Austin, Texas

ATTEST:

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

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

GENERAL INFORMATION

The City of Austin (the "City"), chartered in 1839, has a Council-Manager form of government with a Mayor who is elected at large and ten Council members who are elected by geographic district. The districts, drawn by an independent citizen's commission, are to be adjusted after each U.S. census. Following results of the 2020 Census, the Independent Citizens Redistricting Commission presented a certified map to City Council in October 2021 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 the 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 were:

- 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"), reached its scheduled conclusion. With SD23's conclusion, development of a new City-wide strategic plan was initiated. The new strategic plan updates the former outcome-based model and realigns the organization around new categories.

The new strategic plan goals are organized around seven new categories:

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.

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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 2024. 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.

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.

Budgetary Information

The fiscal year 2024 Budget continued a focus on employee retention. Council approved a 4% across the board civilian wage increase. Council also approved an increase to the Living Wage from $20 per hour to $20.80 per hour. The budget development process integrated a collaborative approach to the City's finances with business planning, performance measurement, and resident input. By organizing around City Council identified strategic goals, the document focused more on the bigger picture and less on the details of departmental expenditures. Input was gathered and evaluated to address the issues, concerns, and priorities identified by Austin's citizens, employees, boards and commissions, and Council members. The fiscal year 2024 budget was developed with a focus on the City's core values, essential City services, mayor and council priorities, and investments that support transformational change. Substantial investments in the fiscal year 2024 budget directly responded to Council priorities in the critical areas of affordability, resiliency, quality of life, public safety and homelessness.

The balanced fiscal year 2024 Approved Budget totals $5.5 billion and includes $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 citizens of Austin and visitors. Budgeted revenue comes from utility charges (42%), 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 2024 budget was approved with a $1.69 decrease to the property tax rate, from 46.27 cents to 44.58 cents per $100 of taxable value. Increases in assessed values and new construction enabled this reduction. Increases in utility fees for Austin Energy, Austin Resource Recovery and the Transportation User Fee created an overall 3.6% increase in City taxes and charges paid by the typical Austin homeowner.

The Approved fiscal year 2024-25 General Fund Budget was prepared in accordance with guidelines provided by the City Council. The City adopted its fiscal year 2024-25 budget at a meeting held August 14, 2024. At such meetings, the City Council determined that the budget would need more taxes than the current fiscal year provided and adopted an ad valorem tax rate of $0.4776, which consists of $0.3815 for maintenance and operations and $0.0961 for debt service

The City's largest enterprise department, Austin Energy, serves just over half a million customers within a service territory of approximately 437 square miles in the Greater Austin area. Austin Energy's fiscal year 2025 budget is $1.9 billion in revenue and includes a 2% increase in base rates. In addition to base rates, the City Council approved pass-through rates to the Power Supply Adjustment, Regulatory Charge, and Community Benefit Charges that are reviewed at least annually and are passed through dollar-for-dollar on customers' bills. The utility has a diverse generation mix that includes nuclear, coal, natural gas, and an increasing portfolio of renewable energy sources such as solar and wind.

The City's second largest enterprise department is Austin Water, which provides water and wastewater services to more than one million retail and wholesale customers spanning more than 548 square miles within the Austin and surrounding areas. On August 14, 2024, the City Council approved the fiscal year 2025 budgeted revenues and transfers in of $767.0 million and includes a 7.3% rate increase for the average residential customer. In fiscal year 2024, a 3.4% rate increase was implemented to improve system resiliency, keep pace with customer growth, and support operational optimization for Austin Water.

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Beginning Balance, October 1, 2024 (Budget Basis)
(in thousands)

Summary of Budgeted General Fund Resources		
Revenue:		
General Property Taxes (1)	$666,647	
City Sales Tax	383,630	
Other Taxes	19,615	
Gross Receipts/Franchise Fees	29,908	
Miscellaneous	137,968	
Total Revenue		$1,237,768
Transfers In:		
Electric Revenue	$125,000	
Water Revenue	52,351	
Total Transfers In		177,351
Total General Fund Resources		$1,415,119
Summary of Budgeted General Fund Requirements		
Departmental Appropriations:		
Administrative Services	$38,522	
Urban Growth Management	23,812	
Public Safety	915,488	
Public Health and Human Services	153,541	
Public Recreation and Culture	210,017	
Total Departmental Appropriations		$1,341,380
Transfers Out & Other Requirements		73,739
Total General Fund Requirements		$1,415,119
Use of Beginning Balance		--
Ending Balance		--
Budgeted Reserve Requirements		
Emergency Reserve		$141,512
Budget Stabilization Reserve Fund		99,058
Total Budgeted Reserve Requirements		$240,570

(1) Reflects estimated property tax revenue to be generated from the $0.3815 tax rate approved by City Council for the General Fund. Does not reflect tax revenue for debt service.

The City's financial policies regarding General Fund reserves were revised, effective fiscal year 2024, to establish a minimum balance for the General Fund Reserve Fund at 17% of total fund expenditures, an increase from the 14% goal established in 2021. The General Fund Reserve Fund is internally comprised of the (i) Emergency Reserve Fund and (ii) Budget Stabilization Reserve Fund. The new General Fund reserve policy sets a goal of 10% of General Fund requirements for the Emergency Reserve. For the Budget Stabilization Reserve, the new policy sets a goal of 7% of General Fund requirements and limits use of this reserve to no more than one-third of the balance annually and permits use for capital expenditures and other one-time costs.

American Rescue Plan Act Funding and Spending Framework

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

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

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

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

The Capital Improvement Plan and Capital Budget

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

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

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

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Fiscal Year 2025 Capital Budget

The five-year Capital Improvement Program ("CIP") plan estimates city-wide capital spending of $2.2 billion in fiscal year 2025. The first year of the five-year plan was used to determine the new appropriations required for inclusion in the fiscal year 2025 Capital Budget. The approved city-wide total appropriation is $2.6 billion. Appropriation by department is listed below.

Summary of Fiscal Year 2025 Capital Budget (millions):

Austin Convention Center	$206.4
Austin Energy	554.4
Austin Public Health	3.3
Austin Public Library	0.7
Austin Resource Recovery	11.7
Austin Water	1,153.0
Aviation	444.6
Building Services	26.2
Capital Delivery Services	2.7
Communications and Technology Management	23.3
Economic Development	0.1
Emergency Medical Services	2.6
Financial Services	7.3
Fire	3.8
Fleet	38.9
Homeless Strategy Office	0
Planning	17.9
Parks and Recreation	53.9
Planning	1.4
Police	0
Transportation and Public Works	17.5
Watershed Protection	27.8
TOTAL PROPOSED NEW APPROPRIATIONS	$2,597.5

ADDITIONAL INFORMATION

Ten Largest Employers (As of September 30, 2023)

Employer	Industry	Employees	Percent of MSA Total
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%
Tesla, 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

Year	City of Austin Population (1)	Area of Incorporation (Square Miles) (1)	Population MSA (2)	Income (MSA) (thousands of dollars) (2)	Median Household Income MSA (3)	Per Capita Personal Income MSA (3)	Unemployment Rate (MSA) (4)
2014	878,002	321	1,943,409	$97,181,958	$49,227	$50,006	4.2%
2015	899,919	323	2,002,591	103,244,100	52,519	51,555	3.4%
2016	925,491	326	2,062,211	107,664,294	56,163	52,208	3.3%
2017	946,080	325	2,115,230	117,458,116	56,849	55,530	3.1%
2018	963,797	326	2,168,316	127,439,164	63,191	58,773	2.9%
2019	980,886	327	2,187,161	138,650,094	65,950	63,393	2.6%
2020	961,855	327	2,235,584	150,639,599	69,001	67,400	6.3%
2021	975,321	327	2,298,224	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 (6)	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, a Nielson Company.
(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.
(6) Source: Nielsen Site Reports.

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City Sales Tax Collections (In Millions) (1)

Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount
1-1-19	$18.697	1-1-20	$20.198	1-1-21	$19.781	1-1-22	$26.385	1-1-23	$29.410	1-1-24	$30.174
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	2-1-24	33.772
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	3-1-24	26.712
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	4-1-24	29.106
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	5-1-24	34.679
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	6-1-24	29.904
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	7-1-24	29.966
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	8-1-24	30.586
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	9-1-24	30.105
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	10-1-24	29.612
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	11-1-24	*
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	12-1-24	*
	$249.792		$245.864		$287.043		$345.041		$355.169		$304.616

(1) Sales taxes are not pledged to the payment of the Obligations.
*In process of collection.
Source:City of Austin, Financial Services Department – Budget & Performance.

Utility Connections

	Utility Connections		
Year	Electric (1)	Water (1)	Gas (1)
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

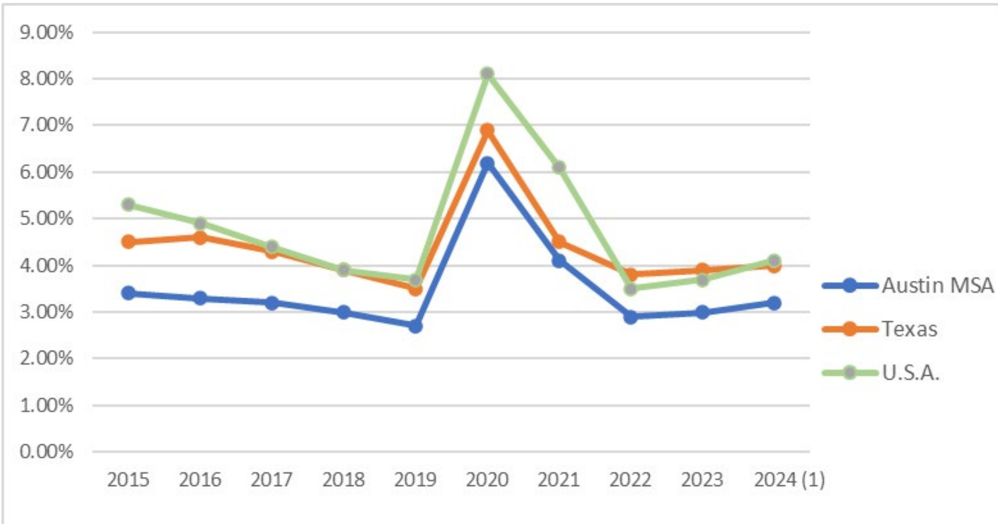
(1) Based on the City's fiscal year, which runs October 1 through September 30.
Source: Various, including the City of Austin, Texas Gas Services, Atmos Energy and CenterPoint Energy.

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%	86,000	6.34%
Manufacturing	62,500	5.60%	65,000	5.85%	64,800	5.56%	72,100	5.50%	73,700	5.43%
Trade, Transportation, and Utilities	184,800	16.56%	195,300	17.58%	190,300	16.32%	215,800	16.46%	218,500	16.11%
Information	38,400	3.44%	40,500	3.65%	45,100	3.87%	53,400	4.07%	52,300	3.85%
Financial Activities	66,200	5.93%	69,700	6.27%	73,000	6.26%	78,500	5.99%	83,600	6.16%
Professional and Business Services	198,700	17.80%	207,400	18.67%	235,200	20.18%	283,100	21.59%	286,700	21.13%
Education and Health Services	128,900	11.55%	124,900	11.24%	133,900	11.49%	146,200	11.15%	159,000	11.72%
Leisure and Hospitality	135,600	12.15%	106,400	9.58%	119,700	10.27%	146,800	11.20%	147,100	10.84%
Other Services	47,500	4.26%	42,300	3.81%	44,800	3.84%	49,600	3.78%	52,600	3.88%
Government	184,600	16.54%	188,300	16.95%	185,600	15.92%	188,100	14.35%	197,200	14.54%
Total nonfarm employment	1,116,200	100%	1,111,000	100%	1,165,700	100%	1,311,100	100%	1,356,700	100%

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

Average Annual Unemployment Rate



Year	Austin MSA	Texas	U.S.A.
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	4.1%	4.5%	6.1%
2022	2.9%	3.8%	3.5%
2023	3.0%	3.9%	3.7%
2024	3.6%	4.1%	4.3%

Source: U.S. Bureau of Labor Statistics, accessed on September 5, 2024. Unemployment rates are non-seasonally adjusted. Information is updated periodically; the BLS revised certain prior year unemployment data for the Austin MSA on April 19, 2024.
(1) Reflects the July 2024 monthly unemployment rate.

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Residential Sales Data (Austin-Round Rock MSA)

Year	Number of Sales	Total Volume ($)	Average Price ($)
2015	31,287	10,324,443,491	329,991
2016	32,488	11,268,504,287	346,851
2017	33,718	12,341,571,283	366,023
2018	34,581	13,137,905,036	379,917
2019	37,005	14,552,569,533	393,260
2020	40,197	17,608,088,719	438,045
2021	41,079	23,304,960,454	567,321
2022	33,694	21,075,587,946	625,500
2023	30,473	17,504,192,655	548,214
2024(1)	18,461	10,556,313,942	574,310

Source: Real Estate Center at Texas A&M University; accessed September 5, 2024..
(1) As of July 2024.

City-Wide Austin Office Occupancy Rate

Year	Occupancy Rate
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	72.9%
2024 (1)	71.2%

(1) As of 1st Quarter 2024.
Source: Cushman & Wakefield.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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.

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.

<u>OVERVIEW OF THE FINANCIAL STATEMENTS, continued</u>

b -- Fund financial statements, continued

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

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

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

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

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

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

c -- Notes to the financial statements

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

d -- Other information

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

a -- Net position

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

a—Net position, continued

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

b -- Changes in net position

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

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

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

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

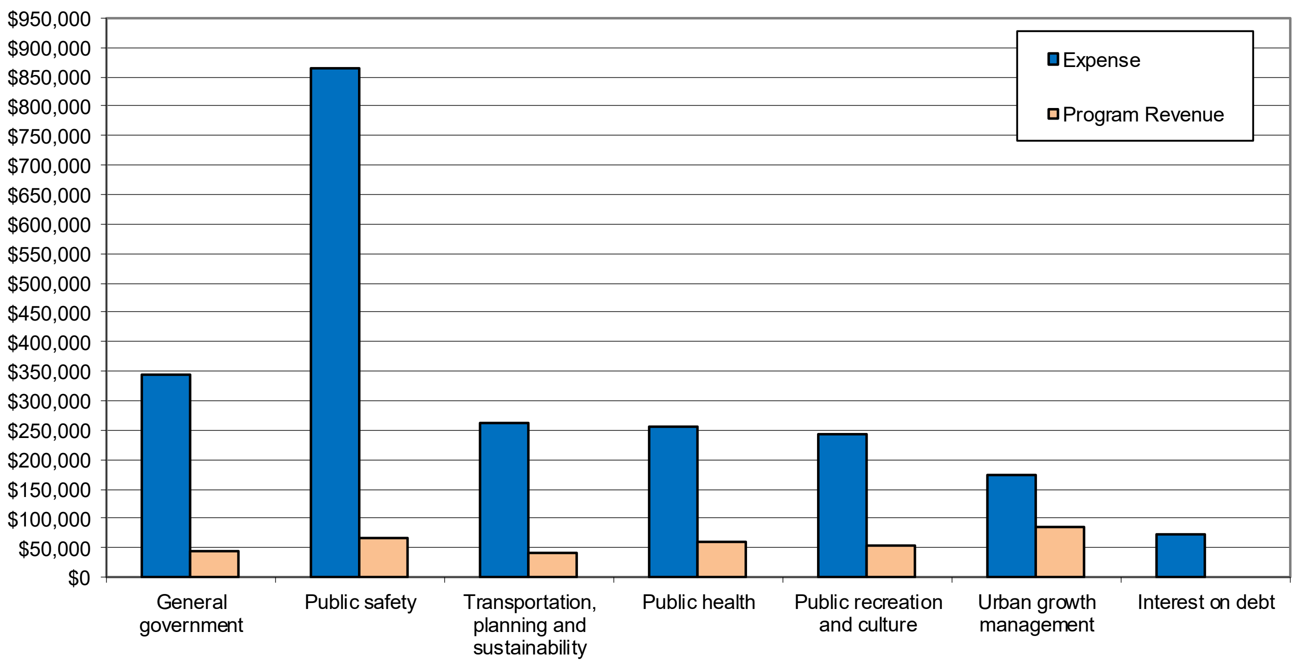
c -- Program revenues and expenses -- governmental activities

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

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

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

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

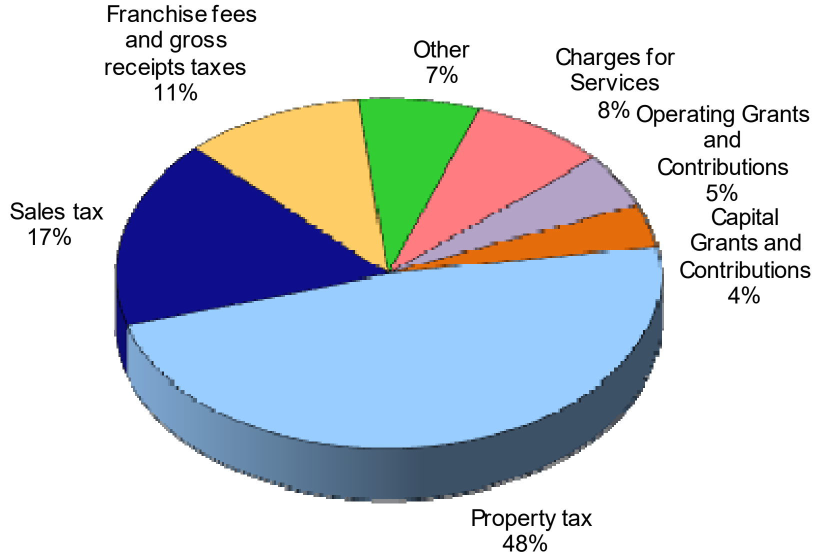


FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

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

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

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:

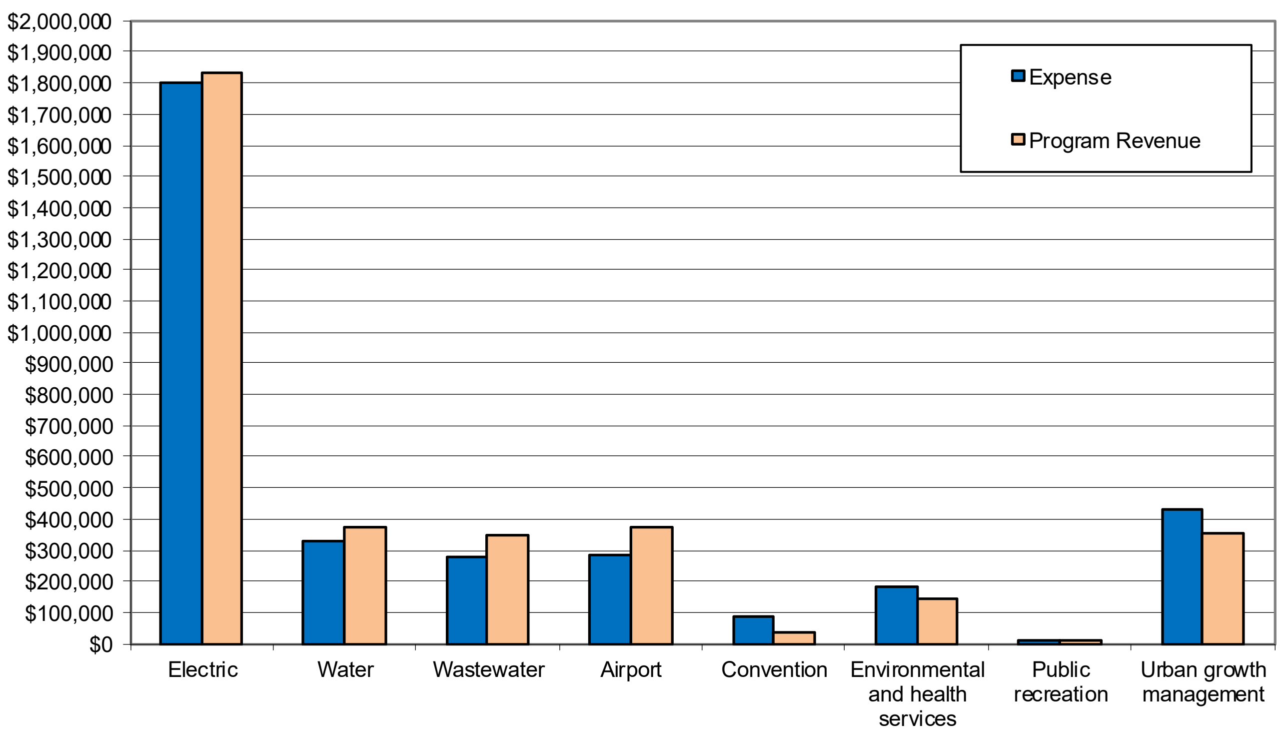
- Austin Energy net position decreased $30.5 million. This decrease can be attributed to increased operating costs related to Winter Storm Mara.
- Austin Water net position increased approximately $84.9 million. Both revenues and expenses decreased slightly, by 2.0% and 1.0% respectively. The increase 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.

<u>FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued</u>
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.

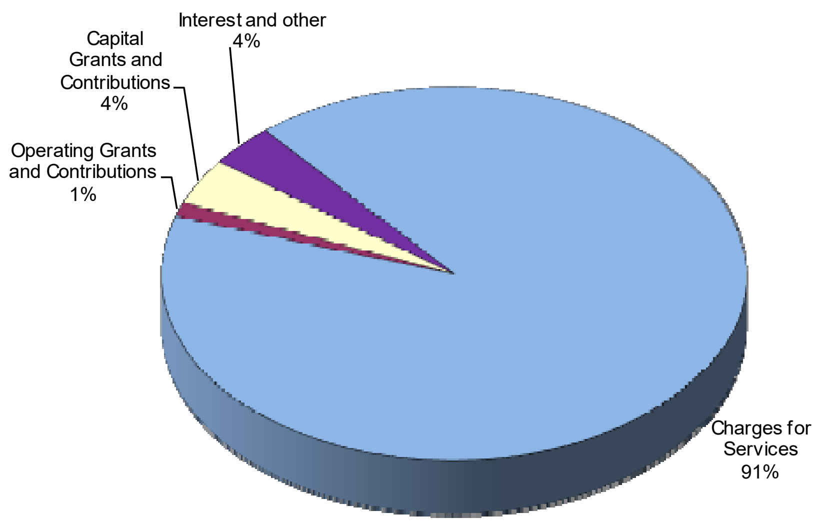
Government-wide Expenses and Program Revenues -- Business-type Activities
(Excludes General Revenues and Transfers)
(in thousands)



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	$ 4,096	3,858	9,807	9,458	13,903	13,316

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

- Governmental capital assets increased $238.8 million, largely attributed to the addition of new facilities and enhancements to existing ones. Notable contributions to this increase include the acquisition of parkland, the construction of EMS and fire stations, and improvements to service center and tennis facilities. During the fiscal year, the City's Parks and Recreation Department procured land, the City's Municipal Court implemented a new case management system, and the Austin Police Department's Air Support unit acquired a new Airbus helicopter.

- Business-type activities purchased, constructed, or received capital asset contributions of $349.7 million. Significant asset additions included Austin Water's ongoing installation of advanced water metering infrastructure, enhancements to the North Austin Reservoir and Pump Station, and upgrades to the Ullrich Water Treatment Plant system. In addition, the Airport and Austin Convention Center made facility security improvements.

OTHER INFORMATION, continued

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

Outstanding Debt
General Obligation and Revenue Debt
(in millions)

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

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

- Outstanding debt for governmental activities increased by $27.8 million. The City issued $241.5 million in new debt to be used primarily for cultural arts facility improvements, water quality protection, streets and mobility, park improvements, capital equipment, Waller Creek District and erosion control, affordable housing, engineering services, and the acquisition of a hotel property for a family violence shelter. This issuance was offset by a debt refunding of $30.8 million and debt payments of $157.1 million made during the year.

- Outstanding debt for business-type activities decreased by $24.8 million. The City issued $417.6 million of Electric Utility System Revenue Refunding and Improvement bonds to refund commercial paper and revenue bond debt, and to finance the acquisition of a new field service center and warehouse facility. Additionally, the City issued $439.6 million in Water and Wastewater System revenue refunding bonds to refund commercial paper and revenue bond debt. The City also issued $50.9 million of Water and Wastewater System revenue bonds to improve and extend the water and wastewater system. These issuances were offset by debt payments during the year and a cash defeasance of $48.3 million in Water and Wastewater separate lien revenue bonds.

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

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

(1) No underlying rating

OTHER INFORMATION, continued

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

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

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

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

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

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

e -- Requests for Information

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

BASIC FINANCIAL STATEMENTS

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(In thousands)

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

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

(Continued)

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

(In thousands) (Continued)

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

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

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

(In thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Governmental activities								
General government	$ 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.

(In thousands)

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

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

(In thousands)

Total fund balances - Governmental funds		$ 783,862
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Governmental capital assets	6,331,139	
Less: accumulated depreciation	(2,466,020)	
Intangible right-to-use lease and IT subscription assets, net	76,647	
		3,941,766
Other long-term assets and certain revenues are not available as current-period resources and are not reported in the funds.		
Other assets		122,685
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.		
Pensions	1,193,670	
Other postemployment benefits	633,420	
Loss on debt refundings	6,659	
		1,833,749
Long-term liabilities are not payable in the current period and are not reported in the funds.		
Compensated absences	(145,450)	
Interest payable	(6,506)	
Bonds and other tax supported debt payable, net	(1,627,374)	
Leases and IT subscriptions payable	(77,664)	
Net pension liability	(2,323,414)	
Other postemployment benefits	(1,943,724)	
Financed purchase obligations	(10,406)	
Other liabilities	(15,814)	
		(6,150,352)
Deferred inflows represent an acquisition of net position that is applicable to a future reporting period.		
Unavailable revenue		
Property taxes and interest	15,128	
Accounts and other taxes receivable	7,565	
Pensions	(480,896)	
Other postemployment benefits	(870,379)	
Deferred gain on debt refundings	(1,224)	
Public-private partnership arrangements	(161,739)	
		(1,491,545)
Internal service funds are used by management to charge the costs of capital project management, combined emergency communication center, employee benefits, fleet maintenance, information systems, liability reserve, support services, wireless communication, and workers' compensation to individual funds.		
Certain assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.		99,125
Total net position - Governmental activities		$ (860,710)

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

(In thousands)

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

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

(In thousands)

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)

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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)

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

(Continued)

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

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

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

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

(In thousands)

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

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

Blended Component Units	*Brief Description of Activities, Relationship to City, and Key Inclusion Criteria*
Mueller Local Government Corporation (MLGC)	MLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. MLGC was created for the purpose of financing infrastructure projects required for the development of the former site of Mueller Airport. City Council acts as the board of directors of the corporation. Members of the City staff serve as officers of the corporation and have operational responsibilities for this component unit. Reporting Fund: Mueller Local Government Corporation, a nonmajor special revenue fund
Austin-Bergstrom International Airport (ABIA) Development Corporation	ABIA Development Corporation is governed by a board composed of the City Council. The entity has no day-to-day operations. Its existence relates only to the authorization for issuance of industrial revenue bonds or to other similar financing arrangements in accordance with the Texas Development Corporation Act of 1979. To date, none of the bonds issued constitute a liability of ABIA Development Corporation or the City. In addition, City management has operational responsibilities for this component unit. There is no financial activity to report related to this component unit.
Nacogdoches Power, LLC (NP)	Austin Energy acquired Nacogdoches Power, LLC on June 13, 2019, which included the purchase of a 115 MW biomass power plant that was transferred to Austin Energy. NP provides renewable energy exclusively for the benefit of Austin Energy customers and Austin Energy staff serve as officers of the corporation. Additionally, Austin Energy is fiscally responsible for the obligations of NP, therefore NP is reported as a blended component unit in the Austin Energy enterprise fund. Reporting Fund: Austin Energy, a major proprietary fund

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

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

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

Discretely Presented Component Units	*Description of Activities, Relationship to City, and Key Inclusion Criteria*
Austin Transit Partnership Local Government Corporation (ATP) 203 Colorado Street Austin, TX 78701	ATP is a legally separate entity created in December 2020 by the City and the Capital Metropolitan Transportation Authority (Capital Metro) under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of ATP is to serve as the independent entity responsible for the implementation of the Project Connect System Plan (Project Connect). The implementation of Project Connect is comprised of the financing, design, engineering, and construction of a fixed rail and bus transit system, including customer technology, park & ride hubs, on-demand neighborhood circulators, and associated improvements to roadways, bikeways, sidewalks, and street lighting. Project Connect also includes transit-supportive anti-displacement strategies for the purpose of preventing displacement and encouraging transit-oriented affordable housing along Project Connect transit corridors. ATP's Board is jointly appointed by the City and Capital Metro. ATP is fiscally dependent on the City and in a relationship of financial benefit/burden with the City. Additionally, the nature of ATP's relationship with the City is of significance, and exclusion from the City's financial statements would be misleading.
Austin Travis County Sobriety Center Local Government Corporation (SCLGC) 700 Lavaca Street Austin, TX 78701	SCLGC is a non-profit local government corporation created by the City and Travis County under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of SCLGC is to operate a sobriety center located within the City of Austin and Travis County. The City Council and the County each appoint five members of the SCLGC board. The operations of the Sobriety Center are primarily funded by the City. The SCLGC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City.
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.
Creekside 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 (HPHLP) 1000 E. 11th St., Suite 200 Austin, TX 78702	HPHLP 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. HPHLP 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. 8th Street Austin, TX 78701	WCLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of WCLGC is implementing the financing, design, construction, maintenance and operation of certain public improvements located within or around the Waller Creek Redevelopment Project district. The WCLGC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City. There is no financial activity to report related to this component unit.

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

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

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

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

b -- Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

The City reports the following major governmental fund:

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

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

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

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

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

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

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

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

The City reports the following major enterprise funds:

Austin Energy™: Accounts for the activities of the City-owned electric utility.
Austin Water: Accounts for the activities of the City-owned water and wastewater utility.
Airport: Accounts for the operations of the Austin-Bergstrom International Airport.

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

Convention: Accounts for convention center and public event activities.
Environmental and health services: Accounts for solid waste services activities.
Public recreation: Accounts for golf activities.
Urban growth management: Accounts for development, drainage, and transportation activities.

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

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

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

d -- Budget

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

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

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

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

e -- Financial Statement Elements

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

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

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

Governmental activities	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
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	$ 83,574	44,753	3,061	131,388

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

Business-type activities	Austin Energy	Austin Water	Airport	Nonmajor Enterprise	Total
Accounts receivable	$ 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	$ 181,206	72,488	15,417	33,206	302,317

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):

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

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

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

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

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

		Business-type Activities			
Assets	**Governmental Activities**	**Austin Energy**	**Austin Water**	**Airport**	**Nonmajor Enterprise**
Buildings and improvements	5-40	--	15-50	15-40	12-40
Plant and equipment	5-50	--	5-60	4-50	5-40
Vehicles	3-20	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).

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Discounts
Airport	$ 3,423
Nonmajor Enterprise	4,287

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

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

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

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

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

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

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

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

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

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

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

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

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

	General Fund	Nonmajor Governmental Special Revenue	Debt Service	Capital Projects	Permanent	Total
Nonspendable						
Inventory	$ 2	--	--	--	--	2
Prepaid items	2,003	--	--	--	--	2,003
Permanent funds	--	--	--	--	1,070	1,070
Total Nonspendable	2,005	--	--	--	1,070	3,075
Restricted						
Municipal court services	--	474	--	--	--	474
General government services	--	22	--	--	--	22
Fire special purpose	--	61	--	--	--	61
Police special purpose	--	12,934	--	--	--	12,934
Transportation, planning, and sustainability	--	604	--	--	--	604
Public health services	--	1,957	--	--	--	1,957
Library services	--	5,525	--	--	1	5,526
Parks services	--	636	--	--	--	636
Tourism programs	--	96,252	--	--	--	96,252
Affordable housing programs	--	102,788	--	--	--	102,788
Urban growth programs	--	30,790	--	--	--	30,790
Capital construction	--	--	--	147,063	--	147,063
Debt service	--	--	30,065	--	--	30,065
Total Restricted	--	252,043	30,065	147,063	1	429,172
Committed						
Tourism programs	--	243	--	--	--	243
Urban growth programs	--	90,612	--	--	--	90,612
Total Committed	--	90,855	--	--	--	90,855
Assigned						
Municipal court services	3,031	--	--	--	--	3,031
EMS activities	498	--	--	--	--	498
Fire activities	1,536	--	--	--	--	1,536
Police activities	7,377	--	--	--	--	7,377
Public health services	25,603	--	--	--	--	25,603
Library services	1,702	--	--	--	--	1,702
Parks services	1,643	--	--	--	--	1,643
Tourism programs	--	3	--	--	--	3
Affordable housing programs	9,348	700	--	--	--	10,048
Urban growth programs	128,731	682	--	--	--	129,413
Capital construction	--	--	--	171,179	--	171,179
Total Assigned	179,469	1,385	--	171,179	--	352,033
Unassigned	177,228	(2,634)	--	(265,867)	--	(91,273)
Total Fund Balance	$ 358,702	341,649	30,065	52,375	1,071	783,862

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

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

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

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

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

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

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

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

f -- COVID-19 Response Funding

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

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

g -- Comparative Data

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

h -- Use of Estimates

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

2 – POOLED INVESTMENTS AND CASH

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

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

3 – INVESTMENTS AND DEPOSITS
a -- Investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Concentration of Credit Risk

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

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

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

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

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

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

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

(1) Includes combined pledge debt service

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

Credit Risk

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

Concentration of Credit Risk

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

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

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

Interest Rate Risk

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

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

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

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

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

Special Purpose Funds - Austin Energy Contingency, Power Supply, and Capital Reserve Fund
At September 30, 2023, the portfolios held investments in TexPool, U.S. Treasury, and U.S. Agency obligations with maturities that will meet anticipated cash flow requirements and an overall dollar weighted average maturity of 321 days.

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

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments and cash	$ 46,190	886,984	--	933,174
Pooled investments and cash	1,077,397	2,481,742	2,734	3,561,873
Total investments and cash	1,123,587	3,368,726	2,734	4,495,047
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	$ 1,123,587	3,368,726	2,734	4,495,047

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

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

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

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):

	Beginning Balance (1)	Increases (2)	Decreases (2)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,467,922	73,039	--	1,540,961
Plant and equipment	293,305	15,345	(57,841)	250,809
Vehicles	189,919	28,636	(8,741)	209,814
Infrastructure	3,345,242	101,206	(1,660)	3,444,788
Intangible assets:				
Right-to-use leased assets	126,138	3,273	(2,378)	127,033
Right-to-use IT subscriptions	59,263	26,246	--	85,509
Total depreciable capital assets	5,481,789	247,745	(70,620)	5,658,914
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	(2,485,390)	(204,385) (3)	64,879	(2,624,896)
Depreciable capital assets, net	2,996,399	43,360	(5,741)	3,034,018
Nondepreciable capital assets				
Land and improvements	539,625	65,075	(2,614)	602,086
Arts and treasures	12,268	354	--	12,622
Library collections	18,167	--	--	18,167
Construction in progress	291,201	266,889	(135,225)	422,865
Development in progress	--	6,693	--	6,693
Total nondepreciable assets	861,261	339,011	(137,839)	1,062,433
Total capital assets	$ 3,857,660	382,371	(143,580)	4,096,451

(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	$ 204,385

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 (2)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 3,460,244	16,524	(422)	3,476,346
Plant and equipment	4,700,824	200,880	(36,999)	4,864,705
Vehicles	270,240	29,620	(18,746)	281,114
Electric plant	6,040,991	251,039	(69,226)	6,222,804
Non-electric plant	353,084	9,612	--	362,696
Nuclear fuel	481,762	19,433	--	501,195
Water rights	100,000	--	--	100,000
Intangible assets:				
Right-to-use leased assets	72,337	3,683	(5,277)	70,743
Right-to-use IT subscriptions	15,758	13,444	--	29,202
Total depreciable capital assets	15,495,240	544,235	(130,670)	15,908,805
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	(7,698,003)	(475,802) (3)	123,978	(8,049,827)
Depreciable capital assets, net	7,797,237	68,433	(6,692)	7,858,978
Nondepreciable capital assets				
Land and improvements	815,263	22,979	(6,999)	831,243
Arts and treasures	6,334	1,404	--	7,738
Construction in progress	816,213	704,045	(433,424)	1,086,834
Plant held for future use	22,595	--	--	22,595
Total nondepreciable assets	1,660,405	728,428	(440,423)	1,948,410
Total capital assets	$ 9,457,642	796,861	(447,115)	9,807,388

(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	455,978
Current year amortization included in operating expense	19,824
Total increases in accumulated depreciation/amortization	$ 475,802

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):

	Beginning Balance (1)	Increases	Decreases	Ending Balance
Depreciable capital assets				
Vehicles	$ 41,477	4,393	(1,660)	44,210
Electric plant	6,040,991	251,039	(69,226)	6,222,804
Non-electric plant	353,084	9,612	--	362,696
Nuclear fuel	481,762	19,433	--	501,195
Intangible assets:				
Right-to-use leased assets	34,080	1,971	(5,277)	30,774
Right-to-use IT subscriptions	12,512	11,109	--	23,621
Total depreciable capital assets	6,963,906	297,557	(76,163)	7,185,300
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	(4,283,614)	(247,331) (2)	73,126	(4,457,819)
Depreciable capital assets, net	2,680,292	50,226	(3,037)	2,727,481
Nondepreciable capital assets				
Land and improvements	77,867	14,036	(6,051)	85,852
Construction in progress	280,351	214,105	(263,496)	230,960
Plant held for future use	22,595	--	--	22,595
Total nondepreciable assets	380,813	228,141	(269,547)	339,407
Total capital assets	$ 3,061,105	278,367	(272,584)	3,066,888

(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	$ 247,331

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

Business-type Activities: Austin Water

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

	Beginning Balance (1)	Increases	Decreases	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,299,501	11,314	--	1,310,815
Plant and equipment	4,373,691	187,045	(15,390)	4,545,346
Vehicles	49,023	3,988	(1,028)	51,983
Water rights	100,000	--	--	100,000
Intangible assets:				
Right-to-use leased assets	1,297	--	--	1,297
Right-to-use IT subscriptions	350	296	--	646
Total depreciable capital assets	5,823,862	202,643	(16,418)	6,010,087
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	(2,444,089)	(143,786) (2)	15,877	(2,571,998)
Depreciable capital assets, net	3,379,773	58,857	(541)	3,438,089
Nondepreciable capital assets				
Land and improvements	231,725	7,703	--	239,428
Arts and treasures	111	--	--	111
Construction in progress	447,087	240,455	(145,440)	542,102
Total nondepreciable assets	678,923	248,158	(145,440)	781,641
Total capital assets	$ 4,058,696	307,015	(145,981)	4,219,730

(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	$ 143,786

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

Business-type Activities: Airport

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

	Beginning Balance (1)	Increases	Decreases	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,772,609	1,976	--	1,774,585
Plant and equipment	51,160	1,996	(4,636)	48,520
Vehicles	20,104	1,984	(1,759)	20,329
Intangible assets:				
Right-to-use leased assets	90	--	--	90
Right-to-use IT subscriptions	1,067	455	--	1,522
Total depreciable capital assets	1,845,030	6,411	(6,395)	1,845,046
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	(536,353)	(49,165) (2)	5,771	(579,747)
Depreciable capital assets, net	1,308,677	(42,754)	(624)	1,265,299
Nondepreciable capital assets				
Land and improvements	96,381	--	--	96,381
Arts and treasures	5,611	1,277	--	6,888
Construction in progress	45,322	204,759	(4,960)	245,121
Total nondepreciable assets	147,314	206,036	(4,960)	348,390
Total capital assets	$ 1,455,991	163,282	(5,584)	1,613,689

(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):

	Beginning Balance (1)	Increases (2)	Decreases (2)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 388,134	3,234	(422)	390,946
Plant and equipment	275,973	11,839	(16,973)	270,839
Vehicles	159,636	19,255	(14,299)	164,592
Intangible assets:				
Right-to-use leased assets	36,870	1,712	--	38,582
Right-to-use IT subscriptions	1,829	1,584	--	3,413
Total depreciable capital assets	862,442	37,624	(31,694)	868,372
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	(433,947)	(35,520) (3)	29,204	(440,263)
Depreciable capital assets, net	428,495	2,104	(2,490)	428,109
Nondepreciable capital assets				
Land and improvements	409,290	1,240	(948)	409,582
Arts and treasures	612	127	--	739
Construction in progress	43,453	44,726	(19,528)	68,651
Total nondepreciable assets	453,355	46,093	(20,476)	478,972
Total capital assets	$ 881,850	48,197	(22,966)	907,081

(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	$ 35,520

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

(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	$ 37,461

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):

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

(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	$ 20,284

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

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

(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):

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

(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):

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

(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	$ 4,749

6 – PUBLIC-PRIVATE PARTNERSHIPS

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

a -- Governmental Activities

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

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

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

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

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

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

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

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

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

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

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

7 – LEASES

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

a -- City as Lessor

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

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

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

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

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

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

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

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

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

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

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

7 – LEASES, continued
b -- City as Lessee

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

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

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

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

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

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

7 – LEASES, continued
c -- Regulated Leases

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

8 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

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

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

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

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

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

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

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

Fiscal Year Ended September 30		Governmental Activities		Business-Type Activities		
		Principal	Interest	Principal	Interest	Total
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	$	60,999	3,958	24,745	1,524	91,226

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

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

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

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

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

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

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

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

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

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
			$ 1,546,380				

(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
			$ 1,914,740			

(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
			$ 2,137,905				

(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
			$ 1,340,355			

(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
			$ 78,860			

(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
					$ 51,965	

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

Governmental Activities
(in thousands)

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

Fiscal Year Ended September 30	Financed Purchase Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2024	3,384	259	132,221	65,060	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

Business-type Activities
(in thousands)

Fiscal Year Ended September 30	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.
(2) A portion of these bonds are variable rate bonds with rates ranging from 1.44% - 4.64%.

(Continued)

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

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

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

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

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

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

10 – RETIREMENT PLANS
a -- General Information

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

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

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

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

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

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

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

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

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

	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:

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

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.

	City Employees	Police Officers	Fire Fighters
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:

	City Employees	Police Officers	Fire Fighters
Inflation rate	2.5%	2.5%	2.5%
Projected annual salary increases	3.5% to 5.75%	3% to 15.2% Service based (1)	3% 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.

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

	City Employees	Police Officers	Fire Fighters
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.

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

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

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

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

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

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

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

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

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

Changes of assumptions for the Fire Fighters' fund included:

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

c -- Pension Expense

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

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

10 – RETIREMENT PLANS, continued
d -- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

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

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

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

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:

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

The City pays 100% of the retiree's basic life insurance premium. The cost of coverage above the $1,000 level is paid by the retiree. Group dental and vision coverage is available to retirees and their eligible dependents. The retiree pays the full cost of 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	25,244

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 (Healthly Retirees)	• PubS-2010 Healthy Retiree Mortality Table projected generationally using the ultimate mortality improvement rates in the MP tables
Police (Disabled Retirees)	• PubS-2010 Disabled Mortality Table projected generationally using the ultimate mortality improvement rates in the MP tables
Fire (Actives)	• PubS-2010(A) Employee Mortality Table projected from 2010 to 5 years beyond the valuation date using scale MP-2020
Fire (Healthy Retirees)	• PubS-2010(A) Healthy Retiree Mortality Table projected from 2010 to 5 years beyond the valuation date using scale MP-2020
Fire (Disabled retirees)	• PubS-2010(A) Disabled Mortality Table projected from 2010 to 5 years beyond the valuation date using scale MP-2020
Fire (Contingent Survivors)	• PubS-2010(A) Contingent Survivors Mortality Table projected from 2010 to 5 years beyond the valuation date using scale MP-2020

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

11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

b -- Total OPEB Liability, continued

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

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

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

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

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

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

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):

	Deferred Outflows	Deferred Inflows
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
Total	$ 1,164,918	1,499,406

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

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

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):

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

(1) Volume in MMBTUs

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

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

Risks

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

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

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

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

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

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

b -- Variable Rate Debt Management Program

Hedging Derivative Instruments

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

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

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

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

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

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

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

	Outstanding	Fair Value and Classification		Change in fair value	
	Notional			Deferred	Deferred
Item	Amount	Amount	Classification	Outflows	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:

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

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

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

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

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

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

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

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

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

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

Investment Derivative Instruments

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

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

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

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

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

13 – DEFICITS IN FUND BALANCES AND NET POSITION

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

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

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

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

	Due From			
Due To	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 To				
Advances From	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 In							
Transfers Out	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)
	$ 13,894

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

d -- Purchase Power

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

17 – COMMITMENTS AND CONTINGENCIES, continued
e -- Decommissioning and Environmental/Pollution Remediation Contingencies

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

f -- Airport Grant Agreement

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

g -- Arbitrage Rebate Payable

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

h -- Federal and State Financial Assistance Programs

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

i -- Capital Improvement Plan

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

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

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

17 – COMMITMENTS AND CONTINGENCIES, continued
j -- Encumbrances

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

	Encumbrances
General Fund	$ 70,689
Nonmajor governmental	
Special Revenue	79,445
Capital Projects	387,859
	$ 537,993

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):

	Closure	Postclosure	Total
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	$ --	18,509	18,509

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

l -- Asset Retirement Obligations (ARO)

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

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

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

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

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

m -- Risk-Related Contingencies

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

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

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

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

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

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

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

	Austin Energy		Austin Water		Airport	
	2023	2022	2023	2022	2023	2022
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	2,262	1,318	465	400	--	1,900

	Employee Benefits		Liability Reserve		Workers' Compensation	
	2023	2022	2023	2022	2023	2022
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	$ 20,551	15,857	8,740	11,800	46,703	45,041

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

n -- No-Commitment Special Assessment Debt

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

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

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

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

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

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

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

18 – LITIGATION

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

19 – CONDUIT DEBT

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

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

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

20 – SEGMENT INFORMATION – CONVENTION CENTER

The Convention Center provides event facilities and services to its customers. Below are the condensed financial statements for this segment (in thousands):

Condensed Statement of Net Position

ASSETS	
Current assets	$ 92,519
Advances to other funds	26
Capital assets	212,083
Other noncurrent assets	296,109
Total assets	600,737
Deferred outflows of resources	50,018
LIABILITIES	
Other current liabilities	21,804
Other noncurrent liabilities	195,082
Total liabilities	216,886
Deferred inflows of resources	37,863
NET POSITION	
Net investment in capital assets	134,536
Restricted	304,604
Unrestricted	(43,134)
Total net position	$ 396,006

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

OPERATING REVENUES	
User fees and rentals	$ 35,246
Lease revenue	496
Total operating revenues	35,742
OPERATING EXPENSES	
Operating expenses before depreciation	75,302
Depreciation and amortization	9,523
Total operating expenses	84,825
Operating income (loss)	(49,083)
Nonoperating revenues (expenses)	9,034
Transfers	130,726
Change in net position	90,677
Beginning net position	305,329
Ending net position	$ 396,006

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	$ (27,280)
Noncapital financing activities	130,732
Capital and related financing activities	(18,851)
Investing activities	11,756
Net increase (decrease) in cash and cash equivalents	96,357
Cash and cash equivalents, beginning	265,891
Cash and cash equivalents, ending	$ 362,248

21 – RESTATEMENTS

Changes in Accounting Principles

Elimination of Regulatory Reporting for Austin Water
Effective with fiscal year 2023, the City has elected to discontinue the use of the regulatory reporting methodology outlined in GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" for Austin Water. While most publicly owned electric utilities follow the regulatory reporting guidelines in GASB Statement No. 62, that is not the industry practice for publicly owned water utilities. This change in accounting principle will enhance comparability with the industry and will align Austin Water with prevailing reporting standards for other publicly owned water utilities.

As a result of this change in accounting principle, the City will eliminate regulatory assets, net of accumulated amortization, in the amount of $462.5 million, eliminate deferred inflows related to regulatory operations in the amount of $1 billion, and restate the net position by $567.9 million for both Austin Water and business-type activities as of October 1, 2022.

Implementation of GASB Statement No. 94
During fiscal year 2023, the City implemented a new accounting standard, GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.” This statement's primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs). As a result of implementing this new accounting standard, the governmental activities beginning net position for fiscal year 2023 was restated by $2.6 million and the beginning fund balances for nonmajor governmental funds was restated by $29.1 million.

During fiscal year 2023, these changes in accounting principles resulted in adjustments to and restatements of beginning net position, as follows (in thousands):

	Government-wide		Proprietary Funds
September 30, 2022	Governmental Activities	Business-Type Activities	Austin Water
Net position, as previously reported	$ (744,124)	4,203,548	1,128,608
Adjustments to properly record:			
Implementation of GASB Statement No. 94	(2,653)	--	--
Elimination of Regulatory Reporting for Austin Water	--	567,928	567,928
Addition of Discretely Presented Component Units	--	--	--
Net Position, as restated	$ (746,777)	4,771,476	1,696,536

	Governmental Funds
September 30, 2022	Nonmajor Governmental Funds
Fund balances, as previously reported	$ 368,493
Adjustments to properly record:	
Implementation of GASB Statement No. 94	29,090
Fund balances, as restated	$ 397,583

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)

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(In thousands)

General Fund	Actual	Adjustments (1) (2)	Actual-Budget Basis	Budget Original	Budget Final	Variance (3) Positive (Negative)
REVENUES						
Taxes	$ 982,227	100	982,327	981,734	981,734	593
Franchise fees	29,718	(5)	29,713	29,907	29,907	(194)
Fines, forfeitures and penalties	4,531	--	4,531	4,229	4,229	302
Licenses, permits and inspections	22,330	(280)	22,050	19,342	19,342	2,708
Charges for services/goods	77,034	3,082	80,116	69,289	69,289	10,827
Lease revenue	156	(156)	--	--	--	--
Interest and other income (loss)	51,234	(3,374)	47,860	22,833	22,833	25,027
Total revenues	1,167,230	(633)	1,166,597	1,127,334	1,127,334	39,263
EXPENDITURES						
General government						
Municipal Court	36,798	656	37,454	37,394	37,394	(60)
Public safety						
Emergency Medical Services	99,595	16,181	115,776	112,312	115,712	(64)
Fire	207,140	21,658	228,798	230,523	230,523	1,725
Forensic Science	9,985	2,487	12,472	13,054	13,054	582
Police	382,918	69,161	452,079	445,006	449,206	(2,873)
Public health						
Animal Services	15,535	2,566	18,101	18,155	18,155	54
Public Health	52,556	18,086	70,642	70,849	70,849	207
Social Services	53,978	(462)	53,516	53,546	53,546	30
Public recreation and culture						
Austin Public Library	56,151	9,224	65,375	65,592	65,592	217
Parks and Recreation	110,515	10,243	120,758	122,099	122,099	1,341
Urban growth management						
Housing and Planning	13,462	12,492	25,954	27,582	27,582	1,628
Other urban growth management	33,884	1,982	35,866	37,934	37,934	2,068
Lease and IT subscription financing principal	8,757	(8,757)	--	--	--	--
Interest expense on leases and IT subscriptions	1,134	(1,134)	--	--	--	--
General city responsibilities (4)	189,282	(175,793)	13,489	16,633	9,033	(4,456)
Total expenditures	1,271,690	(21,410)	1,250,280	1,250,679	1,250,679	399
Excess (deficiency) of revenues over expenditures	(104,460)	20,777	(83,683)	(123,345)	(123,345)	39,662
OTHER FINANCING SOURCES (USES)						
Lease and IT subscription proceeds	3,611	(3,611)	--	--	--	--
Transfers in	171,867	97,085	268,952	246,024	246,024	22,928
Transfers out	(54,151)	(137,182)	(191,333)	(143,199)	(158,562)	(32,771)
Other adjustments (1)	--	7,579	7,579	--	--	7,579
Total other financing sources (uses)	121,327	(36,129)	85,198	102,825	87,462	(2,264)
Excess (deficiency) of revenues and other sources over expenditures and other uses	16,867	(15,352)	1,515	(20,520)	(35,883)	37,398
Fund balances at beginning of year	341,835	(97,271)	244,564	211,506	211,506	33,058
Fund balances at end of year	$ 358,702	(112,623)	246,079	190,986	175,623	70,456

(1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, prepaids, and amounts budgeted as operating transfers.
(2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
(3) Variance is actual-budget basis to final budget.
(4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.

BUDGET BASIS REPORTING

a -- General

The City of Austin prepares its annual operating budget based on the modified accrual basis. Encumbrances constitute the equivalent of expenditures for budgetary purposes. In order to provide a meaningful comparison of actual results to the budget, the Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual-Budget Basis for the General Fund presents the actual and actual-budget basis amounts in comparison with original and final budgets.

The General Fund, as reported in the financial statements, is comprised of twelve separately budgeted funds in the City's legally adopted budget: the Budgetary General Fund (represented as the General Fund in the City's budget document), plus Barton Springs Conservation, Budget Stabilization Reserve, Economic Development, Economic Incentives Reserve, Emergency Reserve, Housing and Planning Technology, Iconic Venue, Long Center Capital Improvements, Neighborhood Housing-Housing Trust, Pay for Success, and Seaholm Parking Garage Revenue. RSI reflects the budgetary comparison for the consolidated General Fund.

The General Fund budget includes other revenues and requirements, which are presented in the general city responsibilities category. The expenditure budget for these general city requirements includes interdepartmental charges ($4,873,332).

b -- Budget Amendments

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

c -- Reconciliation of GAAP Basis and Budget Basis Amounts

The primary differences between GAAP-basis and budget-basis reporting for the General Fund are the reporting of encumbrances and the reporting of certain transfers. General Fund accrued payroll is recorded at the department level on a GAAP basis and as an expenditure in the general city responsibilities activity on the budget basis. Adjustments necessary to convert the excess revenues and other sources over expenditures and other uses on a GAAP basis to a budget basis for the activities comprising the General Fund are provided, as follows (in thousands):

	General Fund
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	$ 1,515

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

	2014	2015	2016	2017	2018
Beginning total pension liability	$ 2,909,918	3,094,056	3,391,796	3,591,376	3,797,823
Changes for the year:					
Service cost	89,235	93,506	107,111	107,767	111,438
Interest	222,710	236,844	251,684	266,257	281,404
Differences between expected and actual experience	33,911	13,414	19,914	22,755	1,882
Assumption changes	--	123,493	--	--	--
Benefit payments including refunds	(161,718)	(169,517)	(179,129)	(190,332)	(202,987)
Net change in total pension liability	184,138	297,740	199,580	206,447	191,737
Ending total pension liability	3,094,056	3,391,796	3,591,376	3,797,823	3,989,560
Beginning total plan fiduciary net position	2,130,624	2,209,800	2,144,804	2,299,688	2,650,438
Changes for the year:					
Employer contributions	93,331	100,485	104,273	110,846	116,486
Employee contributions	50,490	54,066	60,801	56,194	58,713
Pension plan net investment income (loss)	99,704	(47,608)	171,640	376,820	(157,242)
Benefits payments and refunds	(161,718)	(169,517)	(179,129)	(190,332)	(202,987)
Pension plan administrative and other expense	(2,631)	(2,422)	(2,701)	(2,778)	(4,025)
Net change in plan fiduciary net position	79,176	(64,996)	154,884	350,750	(189,055)
Ending total plan fiduciary net position	2,209,800	2,144,804	2,299,688	2,650,438	2,461,383
Beginning net pension liability	779,294	884,256	1,246,992	1,291,688	1,147,385
Ending net pension liability	$ 884,256	1,246,992	1,291,688	1,147,385	1,528,177
Plan fiduciary net position as a percentage of the total pension liability	71.42%	63.24%	64.03%	69.79%	61.70%
Covered Payroll	$ 514,787	546,058	573,308	609,553	640,464
City's net pension liability as a percentage of of covered payroll	171.77%	228.36%	225.30%	188.23%	238.60%

Notes to the Schedule of Changes in the City Employees' Net Pension Liability and Related Ratios

- Until a full 10-year trend is compiled, this schedule will present only those years for which information is available.
- This fund had no significant changes of benefit terms in any of the years presented.
- The inflation assumption was decreased from 3.25% to 2.75% in 2015 and to 2.5% in 2019.
- The investment rate of return was decreased from 7.75% to 7.5% in 2015, to 7% in 2019, and to 6.75% in 2021.
- The salary increase assumption was decreased from 4.5% to 4% in 2015, and to 3.5% in 2019.
- The new hire wage growth assumption was increased from 3.75% to 4% in 2015 and decreased to 3.5% in 2019.
- The tables for rates of retirement were adjusted in 2015 and again in 2019 to be more consistent with experience.
- Termination rate assumptions were revised in 2015 and again in 2019 to be more consistent with actual experience.
- Mortality rates were changed from RP-2000 to RP-2014 in 2015 and to PubG-2010 in 2019.
- The discount rate decreased from 7.75% to 7.5% in 2015, to 7% in 2019, and to 6.75% in 2021 mirroring the investment rate of return. In 2022, a single blended discount rate was required resulting in a rate of 5.87%.

	2019	2020	2021	2022
Beginning total pension liability	3,989,560	4,487,884	4,701,215	5,032,043
Changes for the year:				
Service cost	117,635	121,881	122,860	132,574
Interest	295,341	310,319	324,736	335,216
Differences between expected and actual experience	23,672	12,524	(11,910)	60,429
Assumption changes	279,897	--	142,270	588,187
Benefit payments including refunds	(218,221)	(231,393)	(247,128)	(264,321)
Net change in total pension liability	498,324	213,331	330,828	852,085
Ending total pension liability	4,487,884	4,701,215	5,032,043	5,884,128
Beginning total plan fiduciary net position	2,461,383	2,928,033	3,199,546	3,565,140
Changes for the year:				
Employer contributions	123,610	130,743	141,219	146,618
Employee contributions	63,626	71,470	66,820	69,189
Pension plan net investment income (loss)	503,853	307,289	411,210	(550,087)
Benefits payments and refunds	(218,221)	(231,393)	(247,128)	(264,321)
Pension plan administrative and other expense	(6,218)	(6,596)	(6,527)	(6,764)
Net change in plan fiduciary net position	466,650	271,513	365,594	(605,365)
Ending total plan fiduciary net position	2,928,033	3,199,546	3,565,140	2,959,775
Beginning net pension liability	1,528,177	1,559,851	1,501,669	1,466,903
Ending net pension liability	1,559,851	1,501,669	1,466,903	2,924,353
Plan fiduciary net position as a percentage of the total pension liability	65.24%	68.06%	70.85%	50.30%
Covered Payroll	678,500	713,527	743,256	761,246
City's net pension liability as a percentage of of covered payroll	229.90%	210.46%	197.36%	384.15%

(In thousands)

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

	2014	2015	2016	2017	2018
Beginning total pension liability	$ 909,000	971,623	1,028,909	1,106,189	1,189,591
Changes for the year:					
Service cost	30,254	32,138	32,990	35,322	33,757
Interest	72,443	76,999	80,846	84,472	90,479
Benefit changes	(11,015)	(4,080)	--	--	--
Differences between expected and actual experience	--	(6,318)	7,455	17,241	(12,905)
Assumption changes	14,137	3,904	5,148	--	666,873
Contribution buy back	2,207	4,648	1,668	2,915	1,142
Benefit payments including refunds	(45,403)	(50,005)	(50,827)	(56,548)	(63,983)
Net change in total pension liability	62,623	57,286	77,280	83,402	715,363
Ending total pension liability	971,623	1,028,909	1,106,189	1,189,591	1,904,954
Beginning total plan fiduciary net position	595,110	638,019	644,174	686,020	769,475
Changes for the year:					
Employer contributions	32,400	33,239	33,814	35,141	35,244
Employee contributions	19,458	20,061	20,623	21,437	21,461
Contribution buy back	2,207	4,648	1,668	2,915	1,142
Pension plan net investment income (loss)	35,574	(322)	37,965	82,072	(43,398)
Benefits payments and refunds	(45,403)	(50,005)	(50,827)	(56,548)	(63,983)
Pension plan administrative expense	(1,327)	(1,466)	(1,397)	(1,562)	(1,421)
Net change in plan fiduciary net position	42,909	6,155	41,846	83,455	(50,955)
Ending total plan fiduciary net position	638,019	644,174	686,020	769,475	718,520
Beginning net pension liability	313,890	333,604	384,735	420,169	420,116
Ending net pension liability	$ 333,604	384,735	420,169	420,116	1,186,434
Plan fiduciary net position as a percentage of the total pension liability	65.67%	62.61%	62.02%	64.68%	37.72%
Covered Payroll	$ 149,686	152,696	157,303	163,995	164,112
City's net pension liability as a percentage of of covered payroll	222.87%	251.96%	267.11%	256.18%	722.94%

Notes to the Schedule of Changes in the Police Officers' Net Pension Liability and Related Ratios

- Until a full 10-year trend is compiled, this schedule will present only those years for which information is available.
- This fund had no significant changes of benefit terms in any of the years presented.
- The investment return assumption was decreased annually from 2015 to 2018 from a high of 8% to the current 7.25%.
- The core inflation rate assumption was decreased from 3.25% to 3% in 2016 and to 2.5% in 2018.
- The discount rate decreased annually from 2015 to 2017 from 8% to 7.7% mirroring the investment rate of return. In 2018 and 2019 a blended discount rate was required resulting in rates of 4.7% and 4.1% respectively. As the result of legislative changes which increase future contribution rates, the discount rate was increased to 7.25% for 2020, again matching the investment rate of return.
- The general wage inflation rate assumption was decreased from 3.5% to 3.25% in 2016.
- In 2016 assumed rates of salary increase were amended at most service points, and in 2018 individual salary increase rates were modified to better reflect the current expectation for inflation and the current step schedule.
- The payroll growth assumption was increased from 3.5% to 4% in 2016 and decreased from 4% to 3% in 2018.
- An explicit administrative expense load of 0.9% of payroll was added to the normal cost in 2018.
- In 2018, mortality rate assumptions were changed to PubS-2010 fully generational mortality improvement using the ultimate mortality improvement rates in the MP tables. Previously RP2000 (fully generational using Scale AA) set back two years - sex distinct were used.
- In 2018, termination and retirement rates were modified to be more consistent with experience.
- Prior to 2022, the members and employers contributions are based on statutorily fixed rates. Beginning with January 1 2022, the employer contribution rate is determined actuarially.

	2019	2020	2021	2022
Beginning total pension liability	1,904,954	2,175,170	1,544,153	1,625,187
Changes for the year:				
Service cost	71,334	84,469	40,070	38,394
Interest	89,680	89,376	110,642	116,130
Benefit changes	--	--	--	--
Differences between expected and actual experience	(4,743)	10,320	6,536	(4,529)
Assumption changes	179,003	(740,167)	--	--
Contribution buy back	1,261	1,941	3,993	2,554
Benefit payments including refunds	(66,319)	(76,956)	(80,207)	(87,734)
Net change in total pension liability	270,216	(631,017)	81,034	64,815
Ending total pension liability	2,175,170	1,544,153	1,625,187	1,690,002
Beginning total plan fiduciary net position	718,520	857,839	938,226	1,080,734
Changes for the year:				
Employer contributions	35,993	36,577	35,429	44,419
Employee contributions	21,942	22,181	21,186	23,811
Contribution buy back	1,261	1,941	3,993	2,554
Pension plan net investment income (loss)	148,163	98,573	164,509	(127,690)
Benefits payments and refunds	(66,319)	(76,956)	(80,207)	(87,734)
Pension plan administrative expense	(1,721)	(1,929)	(2,402)	(3,010)
Net change in plan fiduciary net position	139,319	80,387	142,508	(147,650)
Ending total plan fiduciary net position	857,839	938,226	1,080,734	933,084
Beginning net pension liability	1,186,434	1,317,331	605,927	544,453
Ending net pension liability	1,317,331	605,927	544,453	756,918
Plan fiduciary net position as a percentage of the total pension liability	39.44%	60.76%	66.50%	55.21%
Covered Payroll	167,835	169,308	162,973	336,731
City's net pension liability as a percentage of of covered payroll	784.90%	357.88%	334.08%	224.78%

(In thousands)

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

	2014	2015	2016	2017	2018
Beginning total pension liability	$ 806,282	861,468	913,618	977,723	1,038,801
Changes for the year:					
Service cost	25,319	23,309	24,323	23,830	25,131
Interest	62,977	66,405	70,893	75,812	80,552
Benefit changes	--	--	5,491	8,964	10,188
Differences between expected and actual experience	--	7,193	8,893	4,360	(735)
Assumption changes	4,883	--	--	--	(4,779)
Benefit payments including refunds	(37,993)	(44,757)	(45,495)	(51,888)	(55,979)
Net change in total pension liability	55,186	52,150	64,105	61,078	54,378
Ending total pension liability	861,468	913,618	977,723	1,038,801	1,093,179
Beginning total plan fiduciary net position	752,622	789,433	785,211	829,610	953,798
Changes for the year:					
Employer contributions	18,670	19,222	19,104	19,242	20,085
Employee contributions	14,660	15,547	15,884	16,319	17,033
Pension plan net investment income (loss)	42,005	6,328	55,569	141,915	(25,114)
Benefits payments and refunds	(37,993)	(44,757)	(45,496)	(51,888)	(55,979)
Pension plan administrative expense	(531)	(562)	(662)	(1,400)	(705)
Net change in plan fiduciary net position	36,811	(4,222)	44,399	124,188	(44,680)
Ending total plan fiduciary net position	789,433	785,211	829,610	953,798	909,118
Beginning net pension liability	53,660	72,035	128,407	148,113	85,003
Ending net pension liability	$ 72,035	128,407	148,113	85,003	184,061
Plan fiduciary net position as a percentage of the total pension liability	91.64%	85.95%	84.85%	91.82%	83.16%
Covered Payroll	$ 84,589	83,979	86,632	87,266	91,087
City's net pension liability as a percentage of of covered payroll	85.16%	152.90%	170.97%	97.41%	202.07%

Notes to the Schedule of Changes in the Fire Fighters' Net Pension Liability and Related Ratios

- Until a full 10-year trend is compiled, this schedule will present only those years for which information is available.
- Changes of benefit terms in the form of cost-of-living adjustments were granted on January 1st of each of the following years in the following amounts: 2015 - 1.3%; 2017 - 1.5%; 2018 - 2.2%; 2019 - 2.3%; 2020 - 1.7%; 2021 - 1.4%; and 2022 - 5.4%.
- The inflation assumption was decreased from 3.5% to 2.75% in 2018 and to 2.5% in 2019.
- The investment rate of return was decreased from 7.7% to 7.5% in 2019 and from 7.5% to 7.3% in 2020.
- The payroll growth rate was increased from 2% to 2.5% in 2020.
- Since 2018 the PubS-2010 mortality tables were used with mortality improvement project using the MP-2018 tables in 2018, the MP-2019 tables in 2019, the MP-2020 tables in 2020, and MP-2021 tables in 2021 and 2022. Prior to that the RP-2000 (Fully Generational using Scale AA) tables were used.
- Assumptions related to salary increases, retirement rates, retro-drop elections, withdrawal rates and disability rates were all adjusted in 2019 to be more consistent with experience.

	2019	2020	2021	2022
Beginning total pension liability	1,093,179	1,156,025	1,232,431	1,315,377
Changes for the year:				
Service cost	26,192	26,170	28,112	31,101
Interest	84,547	86,821	91,655	94,234
Benefit changes	8,059	7,159	30,096	--
Differences between expected and actual experience	(9,835)	(1,671)	3,266	13,461
Assumption changes	12,707	21,411	--	20,949
Benefit payments including refunds	(58,824)	(63,484)	(70,183)	(80,970)
Net change in total pension liability	62,846	76,406	82,946	78,775
Ending total pension liability	1,156,025	1,232,431	1,315,377	1,394,152
Beginning total plan fiduciary net position	909,118	1,029,893	1,162,024	1,303,545
Changes for the year:				
Employer contributions	21,058	21,311	22,041	22,765
Employee contributions	17,858	18,073	18,697	19,306
Pension plan net investment income (loss)	141,535	157,323	171,936	(147,530)
Benefits payments and refunds	(58,824)	(63,484)	(70,183)	(80,970)
Pension plan administrative expense	(852)	(1,092)	(970)	(1,283)
Net change in plan fiduciary net position	120,775	132,131	141,521	(187,712)
Ending total plan fiduciary net position	1,029,893	1,162,024	1,303,545	1,115,833
Beginning net pension liability	184,061	126,132	70,407	11,832
Ending net pension liability	126,132	70,407	11,832	278,319
Plan fiduciary net position as a percentage of the total pension liability	89.09%	94.29%	99.10%	80.04%
Covered Payroll	95,499	96,649	99,962	103,244
City's net pension liability as a percentage of of covered payroll	132.08%	72.85%	11.84%	269.57%

RETIREMENT PLANS-TREND INFORMATION, continued

Information pertaining to City contributions to the retirement systems is shown in the following three tables (in thousands). An actuarially determined contribution was calculated for the City Employees' and Police Officers' plan, but was not calculated for the Fire Fighters' plan.

Schedule of Actuarially Determined City Contributions to the City Employees' Plan
(in thousands)

Fiscal Year Ended September 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
	$	$	$	$	
2015	96,554	97,655	(1,101)	540,110	18.08%
2016	109,725	102,609	7,116	566,227	18.12%
2017	119,038	108,929	10,109	600,726	18.13%
2018	123,058	114,149	8,909	630,631	18.10%
2019	129,910	120,795	9,115	667,256	18.10%
2020	149,110	127,990	21,120	706,471	18.12%
2021	156,682	137,068	19,614	727,280	18.85%
2022	169,668	148,844	20,824	778,048	19.13%
2023	188,420	157,846	30,574	825,575	19.12%

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

Valuation Date	
Date	• December 31 of each calendar year occurring during the fiscal year.
Notes	• A funding period is solved for through open group projections.
Methods and Assumptions Used to Determine Contribution Rates	
Actuarial Cost Method	• Entry Age Normal (all years)
Asset Valuation Method	• 2017 forward - Expected actuarial value plus 20% recognition of prior years' differences between expected and actual investment income. • 2016 and 2015 - 20% of market plus 80% of expected actuarial value.
Inflation	• 2.5% for 2020 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.
Other Information	
Notes	• There were no benefit changes during the periods displayed. • City contributions increased from 18% to 19% as of January 1, 2021.

RETIREMENT PLANS-TREND INFORMATION, continued

Schedule of 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	• 2023 - Expected actuarial value plus 20% recognition of prior 5 years' differences between expected and actual investment income. • 2022 - Smoothed market value recognition of prior 5 years' differences between expected and actual investment income.
Inflation	• 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	• 2023 - PubS-2010 gender-distinct mortality tables (employee, healthy retiree, disabled retiree) as appropriate, projected from 2010 with the ultimate mortality improvement rates from MP-2018. • 2022 - PubS-2020 gender-distinct mortality tables (employee, healthy retiree, disabled retiree) as appropriate, projected from 2010 with the ultimate mortality improvement rates from MP-2018.
Other Information	
Notes	• There were no benefit changes during the periods displayed. • Prior to 2022, contributions were statutorily determined and can be found on the next table. Beginning with the January 1, 2022 contributions, the employer contribution rate is determined actuarially. • The ADC actual contribution amount of $43.0 million includes $9.3 million of statutorily required contributions made prior to January 1, 2022. • An actuarially determined contribution of 10.1% was effective January 1, 2022. Prior to that change the rate was 21.737%. In addition, the City is making payments according to a 30 year fixed payment plan that was established to eliminate the unfunded legacy liability existing as of December 31, 2020. For calendar year 2023 this amount is $1,335,856 per pay period.

RETIREMENT PLANS-TREND INFORMATION, continued

Schedule of Statutorily Required City Contributions to the Police Officers' Plan and the Fire Fighters' Plan (in thousands)

Fiscal Year Ended September 30	Statutorily Required Contribution (2)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll (1)
	$	$	$	$	
Police Officers					
2015	32,942	32,942	--	152,229	21.64%
2016	33,141	33,141	--	155,476	21.32%
2017	34,717	34,717	--	162,891	21.31%
2018	34,944	34,944	--	163,956	21.31%
2019	35,603	35,617	(14)	167,048	21.32%
2020	36,261	36,268	(7)	170,135	21.32%
2021	35,617	35,619	(2)	163,856	21.74%
2022	9,287	9,287	--	42,724	21.74%
Fire Fighters					
2015	18,327	18,327	--	83,118	22.05%
2016	19,145	19,145	--	86,826	22.05%
2017	19,104	19,104	--	86,642	22.05%
2018	19,809	19,809	--	89,834	22.05%
2019	20,890	20,890	--	94,740	22.05%
2020	21,141	21,141	--	95,877	22.05%
2021	21,851	21,851	--	99,099	22.05%
2022	23,496	23,496	--	106,560	22.05%
2023	23,292	23,292	--	105,631	22.05%

(1) Statutorily required contribution for Police Officers decreased from 21.63% in 2015 to 21.313% in 2016 and increased to 21.737% in 2021.

(2) Statutorily required contribution was effective for the first 3 months of fiscal year 2022 (October - December 2021) for Police Officers. Effective January 1, 2022 Police contributions are actuarially determined.

OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION

The other postemployment benefits plan information for the City's plan provided below represents six years of trend information. Additional years will be added each year until ten years of trend data is available. Changes in other postemployment benefits liability for the other postemployment benefits plan for each of the six years ended December 31, 2017 through 2022 (measurement periods) are presented below:

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

	2017	2018	2019	2020	2021	2022
Beginning total OPEB liability	$ 2,055,627	2,524,897	2,395,447	3,504,494	4,346,367	4,253,955
Changes for the year:						
Service cost	86,687	108,478	88,486	167,027	195,576	220,001
Interest	80,132	89,675	100,978	99,915	95,670	92,840
Benefit changes	--	231	(3,829)	--	(36,411)	--
Differences between expected and actual experience	64,227	--	12,335	(6,103)	64,216	107,084
Assumption changes	283,099	(274,758)	953,202	631,360	(352,788)	(1,253,523)
Benefit payments	(44,875)	(53,076)	(42,125)	(50,326)	(58,675)	(65,639)
Net change in total OPEB liability	469,270	(129,450)	1,109,047	841,873	(92,412)	(899,237)
Ending total OPEB liability	$ 2,524,897	2,395,447	3,504,494	4,346,367	4,253,955	3,354,718
Covered-employee payroll	$ 968,403	1,000,536	1,051,771	1,103,927	1,140,948	1,199,777
City's total OPEB liability as a percentage of covered-employee payroll	260.73%	239.42%	333.20%	393.72%	372.84%	279.61%

Allocation of City funds to pay postemployment benefits other than pensions is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis. The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB statement No. 75. For the years ended December 31, 2018 and 2019 there were changes to benefit terms that affected the measurement of the total OPEB liability. There were no significant changes in benefit terms for years ended December 31, 2017, 2020 and 2021. However, plan changes effective January 1, 2022 impacted the total OPEB liability. For all years presented there were assumption changes.

The OPEB plan benefit term changes included:

- Increasing the maximum value of the Health Reimbursement Account (HRA) for retirees in the Consumer Driven Health Plan (CDHP) from $500 to $1,000 for individuals and $1,000 to $1,500 for families effective January 1, 2019, and decreasing the maximum value of the HRA for retirees in the CDHP from $1,000 to $500 for individuals and from $1,500 to $1,000 for families effective January 1, 2020.
- Switching health benefit providers from United Healthcare to BlueCross BlueShield effective January 1, 2019. However, the plan of benefits was unchanged and plan costs were not projected to change materially as a result of this change.
- The fully insured Cigna dental PPO option was replaced with the self-insured BlueCross BlueShield BlueCare dental PPO, effective January 1, 2021. Retiree contribution rates for both the prior fully-insured option and the new self-insured option are expected to cover the full cost of the benefits, thus the net OPEB liability associated with dental benefits remain $0 after the plan change only for the 2020 valuation.
- Effective January 1, 2022, the schedules of benefits for the PPO and HMO plans were changed. These changes included increasing deductibles and copays for individual and family plans.

The OPEB plan assumption changes included:

- Adjusting the discount rate based on the Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date as follows: 2017 - 3.44% (from 3.78%), 2018 - 4.1%, 2019 - 2.74%, 2020 - 2.12%, 2021 - 2.06%, 2022 - 3.72%,
- Updating medical, dental, and prescription drug claim costs each year to reflect the most recent experience,
- Modifying medical and prescriptions drug trend rates in 2017 by splitting the single category from the previous valuation into three categories, grading these categories for different periods, and lowering the ultimate trend rate from 5% to 4.5%; and in 2019 by adjusting 2020 assumed trend rates from 6.5% to 7% for pre-65 and 5.5% to 6% for post-65 and trending rates down at 0.25% rather than 0.5% annually,
- Modifying health care cost trend rates in 2020 by adding a dental category trend rate at 3%,
- Updating third-party administrator and vendor administrative expenses to reflect the most recent contracts and assumed trends on such costs, (currently $582 per covered individual),
- Adjusting retiree enrollment and plan election assumptions in 2019 to be more consistent with actual experience,

OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION, continued

The OPEB plan assumption changes included, continued:

- Updating firefighters' mortality projection scale in 2021 for all lives to MP-2020, previously MP-2019,
- Addition of firefighters' separate mortality table for Contingent Survivors in 2021,
- Addition of projected net costs as part of the OPEB liability was made in 2021 after reviewing the actual experience of the self-insured dental PPO beginning January 1, 2021. It was determined that retiree contribution rates do not fully cover the cost of the dental benefits,
- Addition of a separate 70% PPO dental coverage election assumption and a separate PPO dental spouse coverage election assumption of 65% for males and 35% for females in 2021, and
- Adjusting demographic assumptions each year to mirror changes in the pension plan demographic assumptions for the previous plan year. See Required Supplementary Information, Retirement Plans-Trend Information for additional information on these changes.

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2024
IN THE AGGREGATE PRINCIPAL AMOUNT OF $292,600,000

AS BOND COUNSEL FOR THE CITY OF AUSTIN, TEXAS (the "Issuer") in connection with the issuance of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Bonds (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued, and delivered in accordance with law; and that the Bonds, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity and governmental immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, within the limit prescribed by law, as provided in the Ordinance.

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 the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed and refinanced therewith and the report or certificate verifying the sufficiency of the amounts deposited to the escrow fund to pay the principal of and interest on the refunded obligations when due. We call your attention to the fact that if such representations are

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determined to be inaccurate or upon a failure by the Issuer 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, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

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.

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 Issuer as the taxpayer. We observe that the Issuer 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.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions 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 Issuer, 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 Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

McCALL PARKHURST & HORTON
Focused on Public Finance since 1919.

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 Certificates, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
CERTIFICATES OF OBLIGATION, SERIES 2024
IN THE AGGREGATE PRINCIPAL AMOUNT OF $100,325,000

AS BOND COUNSEL FOR THE CITY OF AUSTIN, TEXAS (the "Issuer") in connection with the issuance of the certificates of obligation described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Certificates. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Certificates (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized, issued, and delivered in accordance with law; and that the Certificates, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity and governmental immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates are additionally secured by and payable from the surplus revenues received by the Issuer from the operation of the Issuer's solid waste disposal system; provided, that the amount of such pledge of surplus revenues shall not exceed $1,000.00.

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

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on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates, including the amount, accrual or receipt of interest on, the Certificates. Owners of the Certificates should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Certificates.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, 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.

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 Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within, and the sufficiency of the pledged revenues of, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

Respectfully,

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Contractual Obligations, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2024
IN THE AGGREGATE PRINCIPAL AMOUNT OF $29,360,000

AS BOND COUNSEL FOR THE CITY OF AUSTIN, TEXAS (the "Issuer") in connection with the issuance of the public property finance contractual obligations described above (the "Contractual Obligations"), we have examined into the legality and validity of the Contractual Obligations, which bear interest from the dates and mature on the dates in accordance with the terms and conditions stated in the text of the Contractual Obligations. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Contractual Obligations (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Contractual Obligations, including one of the executed Contractual Obligations (Contractual Obligation Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Contractual Obligations have been duly authorized, issued, and delivered in accordance with law; and that the Contractual Obligations, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity and governmental immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Contractual Obligations have been levied and pledged for such purpose, within the limit prescribed by law, as provided in the Ordinance.

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

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inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Contractual Obligations may become includable in gross income retroactively to the date of issuance of the Contractual Obligations.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Contractual Obligations, including the amount, accrual or receipt of interest on, the Contractual Obligations. Owners of the Contractual Obligations should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Contractual Obligations.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Contractual Obligations, nor as to any such insurance policies issued in the future.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Contractual Obligations, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

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 Contractual Obligations. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Contractual Obligations as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Contractual Obligations is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Contractual Obligations under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Contractual Obligations for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Contractual Obligations, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Contractual Obligations and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Contractual Obligations has been limited as described therein.

Respectfully,

McCALL
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Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
PUBLIC IMPROVEMENT BONDS, TAXABLE SERIES 2024
IN THE AGGREGATE PRINCIPAL AMOUNT OF $31,760,000

AS BOND COUNSEL FOR THE CITY OF AUSTIN, TEXAS (the "Issuer") in connection with the issuance of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Bonds (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued, and delivered in accordance with law; and that the Bonds, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity and governmental immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, within the limit prescribed by law, as provided in the Ordinance.

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

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR 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.

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OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, 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 Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Certificates, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2024
IN THE AGGREGATE PRINCIPAL AMOUNT OF $7,325,000

AS BOND COUNSEL FOR THE CITY OF AUSTIN, TEXAS (the "Issuer") in connection with the issuance of the certificates of obligation described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Certificates. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Certificates (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized, issued, and delivered in accordance with law; and that the Certificates, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity and governmental immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates are additionally secured by and payable from the surplus revenues received by the Issuer from the operation of the Issuer's solid waste disposal system; provided, that the amount of such pledge of surplus revenues shall not exceed $1,000.00.

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

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

OUR 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.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within, and the sufficiency of the pledged revenues of, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

Respectfully,

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APPENDIX D

SUMMARY OF REFUNDED OBLIGATIONS[1]

Certificates of Obligation, Series 2014

Maturity	Interest Rate	Par Amount Refunded	Call Date	Call Price	CUSIP[2]
09/01/2025	5.00%	$1,660,000	1/21/2025	100.00%	0523965A2
09/01/2026	5.00%	1,765,000	1/21/2025	100.00%	0523965B0
09/01/2027	5.00%	1,870,000	1/21/2025	100.00%	0523965C8
09/01/2028	5.00%	1,980,000	1/21/2025	100.00%	0523965D6
09/01/2029	5.00%	2,100,000	1/21/2025	100.00%	0523965E4
09/01/2030	5.00%	2,235,000	1/21/2025	100.00%	0523965F1
09/01/2031	5.00%	2,365,000	1/21/2025	100.00%	0523965G9
09/01/2032	5.00%	2,505,000	1/21/2025	100.00%	0523965H7
09/01/2033	5.00%	2,655,000	1/21/2025	100.00%	0523965J3
09/01/2034	5.00%	2,825,000	1/21/2025	100.00%	0523965K0

Public Improvement Bonds, Series 2014

Maturity	Interest Rate	Par Amount Refunded	Call Date	Call Price	CUSIP[2]
09/01/2025	3.00%	$4,705,000	3/18/2025	100.00%	0523963P1
09/01/2026	3.00%	5,010,000	3/18/2025	100.00%	0523963Q9
09/01/2027	5.00%	2,620,000	1/21/2025	100.00%	0523963R7
09/01/2028	5.00%	5,385,000	1/21/2025	100.00%	0523963S5
09/01/2029	5.00%	5,715,000	1/21/2025	100.00%	0523963T3
09/01/2030	5.00%	6,050,000	1/21/2025	100.00%	0523963U0
09/01/2031	5.00%	6,420,000	1/21/2025	100.00%	0523963V8
09/01/2032	5.00%	12,880,000	1/21/2025	100.00%	0523963W6
09/01/2033	5.00%	14,435,000	1/21/2025	100.00%	0523963X4
09/01/2034	5.00%	17,355,000	1/21/2025	100.00%	0523963Y2

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(1) The refunding of any of the Refunded Obligations is contingent upon the delivery of the Bonds. See "OBLIGATION INFORMATION – Authority and Purpose for Issuance" and "– Refunded Obligations."

(2) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Service, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. CUSIP numbers are provided for convenience of reference only. The City and the Financial Advisor take no responsibility for the accuracy of the CUSIP numbers.

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