Single Audit Report

CITY OF AUSTIN, TEXAS

For the Fiscal Year ended September 30, 2019

Photographs:
Front Cover:."Austin Skyline", 3700 Guadalupe St. | "atx", Lamar Blvd. & 5th St.
Above: "Greetings From Austin", S. 1st St. & Annie St.

City of Austin, Texas

Financial Statements as of and for the Year Ended September 30, 2019, Single Audit Report for the Year Ended September 30, 2019, and Independent Auditors' Reports

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CITY OF AUSTIN, TEXAS
SINGLE AUDIT
Year Ended September 30, 2019

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SINGLE AUDIT
Year Ended September 30, 2019

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Austin, Texas, (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Austin, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the General Fund—Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Budget Basis, the Retirement Plans—Trend Information, and the Other Postemployment Benefits—Trend Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the 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.

Report on Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards (SEFA), as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Expenditures of State Awards (SESA), as required by the State of Texas Uniform Grant Management Standards (UGMS), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The SEFA and SESA are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Deloitte & Touche LLP

March 6, 2020, except for our report on the Schedule of Expenditures of Federal Awards and Schedule of expenditures of State Awards, for which the date is May 8, 2020

The Management's Discussion and Analysis (MD&A) section of the City of Austin's (the City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019.

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The City has implemented GASB Statements No. 1 through No. 83, No. 85 through No. 86, and No. 88 through No. 89.

FINANCIAL HIGHLIGHTS

Government-wide financial statements

The City's assets and deferred outflows exceeded its liabilities and deferred inflows in fiscal year 2019, resulting in $3.8 billion of net position. Net position associated with governmental activities is a deficit of approximately $276.9 million, while the net position associated with business-type activities is approximately $4.0 billion, or 107.4% of the total net position of the City. The largest portion of net position consists of net investment in capital assets, which is $4.2 billion, or 112.3% of total net position.

The City's unrestricted net position is a deficit of $1.7 billion. Unrestricted net position for governmental activities is a deficit of $2.3 billion, while unrestricted net position for business-type activities is approximately $646.0 million, or 16.0% of total business-type net position. The deficit in governmental unrestricted net position is largely due to the net pension liability of $2.1 billion and other postemployment benefits payable of $1.4 billion.

During fiscal year 2019, total net position for the City of Austin increased $45.3 million or 1.2%. Of this amount, governmental activities decreased $23.3 million, or 9.2% from the previous year and business-type activities increased $68.5 million, or 1.7%.

Total revenues for the City increased $279.4 million; revenues for governmental activities increased $69.4 million; revenues for business-type activities increased $210.0 million. Total expenses for the City increased $336.7 million; expenses for governmental activities increased $84.0 million; expenses for business-type activities increased $252.7 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 of Austin is improving or deteriorating.

- The ***Statement of Activities*** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues for uncollected taxes and expenses for future general obligation debt payments. The statement includes annual depreciation for infrastructure and governmental assets.

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

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

a -- Government-wide financial statements, continued

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

The government-wide financial statements also include four discretely presented component units: Austin-Bergstrom Landhost Enterprises, Inc. (ABLE), Austin Convention Enterprises, Inc. (ACE), Austin Travis County Sobriety Center Local Government Corporation (SCLGC), and Waller Creek Local Government Corporation (WCLGC). These entities are legally separate entities that do not meet the GASB reporting requirements for inclusion as part of the City's operations; therefore, data from these units are shown separately from data of the City. More information on these entities can be found in Note 1, including how to get a copy of separately audited financial statements for ACE, ABLE, 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 2019.

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

b -- Fund financial statements, continued

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

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

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

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

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

c -- Notes to the financial statements

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

d -- Other information

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

a -- Net position

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

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current assets	$ 821,260	738,058	1,824,305	1,775,185	2,645,565	2,513,243
Capital assets	3,095,777	3,028,885	8,820,371	8,157,304	11,916,148	11,186,189
Other noncurrent assets	161,930	172,731	2,695,494	2,263,075	2,857,424	2,435,806
Total assets	4,078,967	3,939,674	13,340,170	12,195,564	17,419,137	16,135,238
Deferred outflows of resources	1,145,454	419,677	721,356	361,090	1,866,810	780,767
Current liabilities	433,069	419,484	557,460	512,245	990,529	931,729
Noncurrent liabilities	4,883,819	4,106,759	7,952,238	6,737,881	12,836,057	10,844,640
Total liabilities	5,316,888	4,526,243	8,509,698	7,250,126	13,826,586	11,776,369
Deferred inflows of resources	184,387	86,679	1,523,806	1,347,043	1,708,193	1,433,722
Net position:						
Net investment in capital assets	1,844,751	1,735,481	2,366,162	2,375,219	4,210,913	4,110,700
Restricted	215,091	146,496	1,015,860	795,049	1,230,951	941,545
Unrestricted (deficit)	(2,336,696)	(2,135,548)	646,000	789,217	(1,690,696)	(1,346,331)
Total net position	$ (276,854)	(253,571)	4,028,022	3,959,485	3,751,168	3,705,914

In the current fiscal year, total assets increased $1.3 billion and deferred outflows of the City increased by $1.1 billion. Total liabilities increased $2.1 billion and deferred inflows increased by $274.5 million. Governmental-type total assets increased by $139.3 million and business-type increased by $1.1 billion, while governmental-type liabilities increased by $790.6 million and business-type increased by $1.3 billion.

The most significant increase in governmental total assets resulted from an increase in capital assets of $66.9 million as the City continues to build out projects from the 2012, 2016, and 2018 bond programs. Factors in the increase of governmental-type liabilities include an increase in the net pension liability of $992.7 million due primarily to net investment losses in all three pension funds as well as the use of a lower single blended discount rate for the police retirement system offset by decreases in bonds payable of $45.6 million and in other postemployment benefits payable of $150.1 million.

The most significant factor in the increase of business-type total assets is related to growth in capital assets of $663.1 million or 57.9% of the increase in business-type total assets, of which approximately $394.4 million is related to the purchase of the Nacogdoches biomass powerplant and $94.6 million is for the construction of a new Airport parking garage. The primary factors in the increase in business-type total liabilities of $1.3 billion include an increase in bonds payable of $913.2 million and an increase in net pension liability of $253.5 million.

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $3.8 billion at the end of the current fiscal year. However, the largest portion of the City's net position is represented in the net investment in capital assets (e.g. land, buildings, and equipment offset by related debt), which is $4.2 billion, or 112.3% 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, $1.2 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 $1.7 billion of unrestricted net position. Unrestricted net position decreased $344.7 million in the current fiscal year.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for business-type activities. However, governmental activities as well as the government as a whole report a deficit of $2.3 billion and $1.7 billion for unrestricted net position, respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

b -- Changes in net position

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

	Governmental Activities		Business-Type Activities		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Program revenues:						
Charges for services	$ 131,879	173,400	2,667,766	2,543,788	2,799,645	2,717,188
Operating grants and contributions	66,439	42,489	785	876	67,224	43,365
Capital grants and contributions	78,826	107,865	164,700	122,396	243,526	230,261
General revenues:						
Property tax	671,614	616,745	--	--	671,614	616,745
Sales tax	248,813	232,319	--	--	248,813	232,319
Franchise fees and gross receipts tax	175,182	159,754	--	--	175,182	159,754
Interest and other	53,330	34,333	71,569	27,730	124,899	62,063
Special item - land sale	10,201	--	--	--	10,201	--
Total revenues	1,436,284	1,366,905	2,904,820	2,694,790	4,341,104	4,061,695
Program expenses:						
General government	201,747	200,125	--	--	201,747	200,125
Public safety	810,140	704,566	--	--	810,140	704,566
Transportation, planning, and sustainability	83,967	72,240	--	--	83,967	72,240
Public health	123,304	117,578	--	--	123,304	117,578
Public recreation and culture	175,567	173,333	--	--	175,567	173,333
Urban growth management	133,763	176,453	--	--	133,763	176,453
Interest on debt	64,986	65,147	--	--	64,986	65,147
Electric	--	--	1,397,591	1,268,610	1,397,591	1,268,610
Water	--	--	314,899	312,276	314,899	312,276
Wastewater	--	--	263,362	286,736	263,362	286,736
Airport	--	--	202,366	184,084	202,366	184,084
Convention	--	--	84,673	80,990	84,673	80,990
Environmental and health services	--	--	121,987	111,184	121,987	111,184
Public recreation	--	--	9,195	9,009	9,195	9,009
Urban growth management	--	--	308,303	196,817	308,303	196,817
Total expenses	1,593,474	1,509,442	2,702,376	2,449,706	4,295,850	3,959,148
Excess (deficiency) before transfers	(157,190)	(142,537)	202,444	245,084	45,254	102,547
Transfers	133,907	73,664	(133,907)	(73,664)	--	--
Increase (decrease) in net position	(23,283)	(68,873)	68,537	171,420	45,254	102,547
Beginning net position, as previously reported	(253,209)	455,353	3,959,485	3,976,814	3,706,276	4,432,167
Restatement adjustment	(362)	(639,689)	--	(188,749)	(362)	(828,438)
Beginning net position, as restated (see Note 18)	(253,571)	(184,336)	3,959,485	3,788,065	3,705,914	3,603,729
Ending net position	$ (276,854)	(253,209)	4,028,022	3,959,485	3,751,168	3,706,276

Total net position of the City increased by $45.3 million in the current fiscal year. Governmental net position decreased by $23.3 million. The decrease is attributable to expenses exceeding revenues by $157.2 million before transfers from other funds of $133.9 million. Business-type net position increased by $68.5 million due to revenues exceeding expenses by $202.4 million before transfers to other funds of $133.9 million.

In addition, the City restated beginning net position for governmental activities as a result of the implementation of GASB Statement No. 83, "*Certain Asset Retirement Obligations.*" For more information, see Note 18.

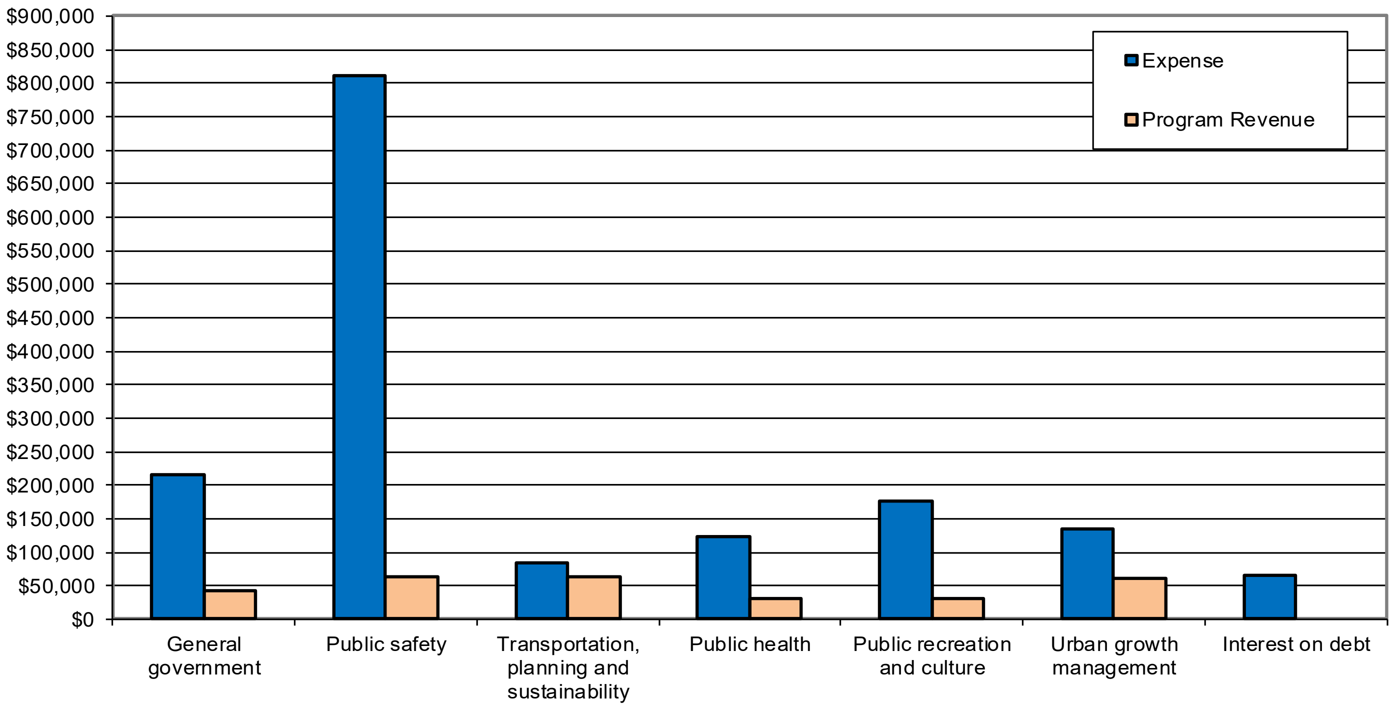
FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

c -- Program revenues and expenses -- governmental activities
Governmental activities decreased the City's net position by $23.3 million in fiscal year 2019, a 9.2% decrease of governmental net position from the previous year. Key factors for the change from fiscal year 2018 to 2019 are as follows:

- Public safety expenses increased by $105.6 million due to pension expense. A new experience study resulted in updated assumptions causing the discount rate to go from a discount rate of 7.7% to a blended discount rate of 4.7%.
- Transportation, planning and sustainability program revenues decreased $19.8 million due to a decrease in developer infrastructure contributions from 2018.
- Urban growth management expenses decreased $42.7 million and revenue decreased $13.5 million from the prior year as the result of Development Services moving from a General Fund department to an enterprise fund.

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)

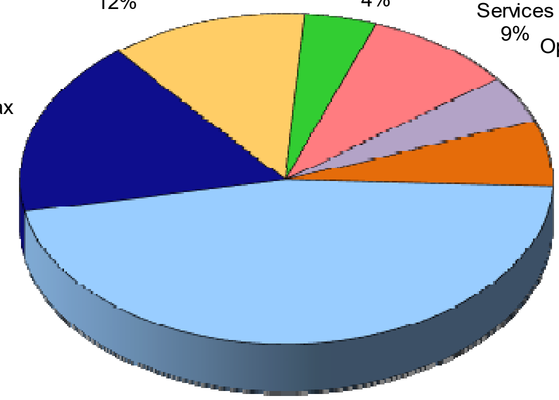


FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

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 receipt taxes.

Government-wide Revenues by Source -- Governmental Activities



The City's property tax revenue increased by $54.9 million from the previous year due to an increase in assessed property values of $13.8 billion, while the property tax rate per $100 of valuation decreased from 0.4448 to 0.4403. Sales tax collections and franchise fees for the year were $16.5 million and $15.4 million more than the prior year, respectively, as result of continued improvement in the Austin economy.

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

Business-type activities increased the City's net position by approximately $68.5 million, accounting for a 1.7% increase in the City's total net position. Key factors include:

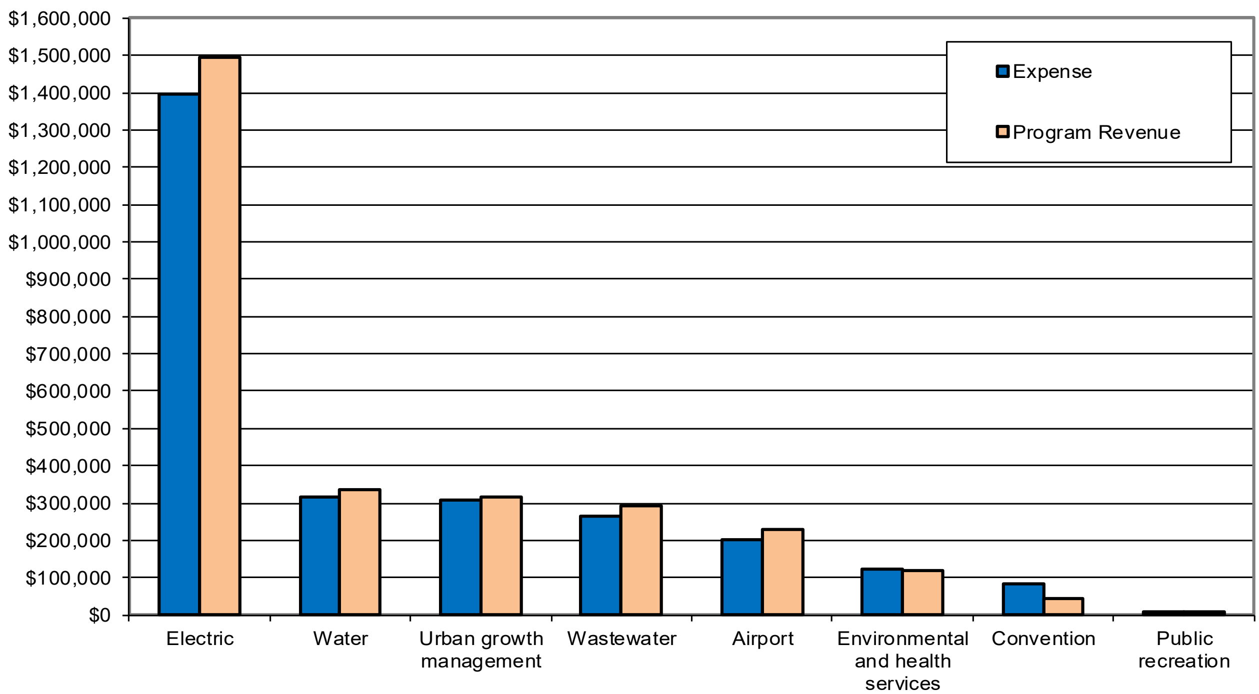
- Austin Energy net position increased $9.9 million. Operating revenues increased primarily due to transmission revenue and interest income offset by an increase in power production expenses.
- Austin Water net position increased approximately $7.9 million. Revenues decreased 3.2% largely due to the full year impact of rate reductions, that took effect in May 2018. In addition, in October 2018, heavy rainfall caused significant flooding; Austin Water experienced challenges maintaining water production capacity and issued a boil water notice during this flooding event. Expenses decreased by 3.5% due to a decline in expenses resulting from accounting for regulated operations and a reduction in debt service payments.
- Airport net position increased approximately $39.0 million. Revenue increased 10.6% due to an increase in passenger traffic as a result of the opening of nine additional gates in the spring of 2019. Expenses increased 9.9%, primarily due to increased operating expenses allocated to the airline cost centers, which is in line with the fiscal year 2019 budgeted increase for cost per enplaned passenger.
- Convention Center net position increased approximately $52.4 million. Revenues increased 29.2% due to an increase in the number of large events that occurred in fiscal year 2019. As a result of the increase in events, revenue from food concessions increased by 47%. Expenses increased 4.5%, due to an increase in catering expenses and the addition of 4 new positions.
- Environmental and health services is comprised of the Austin Resource Recovery nonmajor enterprise fund. Net position decreased approximately $3.4 million. Revenues increase 2.2% due mainly to an increase in the Clean Community Fee and base fee for residential and commercial accounts. Expenses increased by 9.7% due mainly to an increase in operations and support services costs.

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

- Urban growth management activities are comprised of the following nonmajor enterprise funds: Development Services, Drainage and Transportation. Net position for the urban growth management activities decreased by approximately $36.4 million.
  - Development Services, previously reported in the General Fund, is reported as an enterprise fund for the first time in fiscal year 2019.
  - Drainage expenses increased 6.0% due to the addition of 28 new positions as well as an increase in support services and maintenance costs.
  - Transportation revenues increased 11.9%, primarily as a result of a 11.0% increase in the Transportation User Fee plus an increase in the total number of customers paying the fee. Expenditures increased 14.9% overall with the primary driver being the addition of 37 staff and associated costs including office leases.

As shown in the following chart, Austin Energy (electric), with expenses of $1.4 billion is the City's largest business-type activity, followed by water with $314.9 million, urban growth management with $308.3 million, wastewater with $263.4 million, airport with $202.4 million, environmental and health services with $122.0 million, convention with $84.7 million, and public recreation with $9.2 million. For the fiscal year, operating revenues exceeded operating expenses for all business-type activities except convention, environmental and health services, and public recreation.

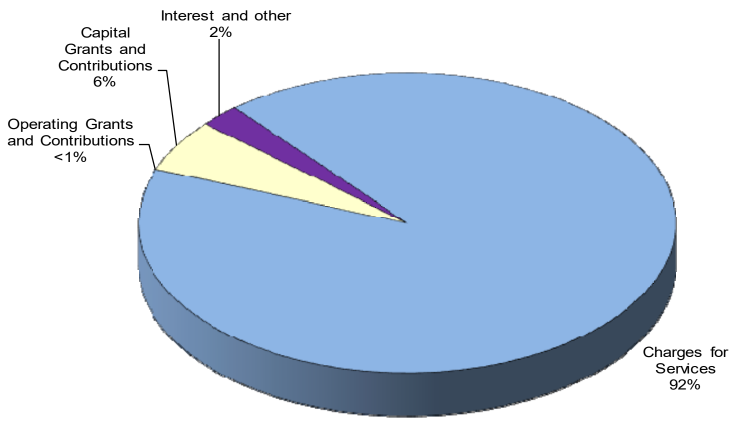
Government-wide Expenses and Program Revenues -- Business-type Activities
(Excludes General Revenues and Transfers)
(in thousands)



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

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

Government-wide Revenue by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

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

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

At the end of the fiscal year, the City of Austin's governmental funds reported combined ending fund balances of $613.2 million, an increase of $33.7 million from the previous year. Approximately $2.8 million is nonspendable, $243.7 million is restricted, $41.9 million is committed, $184.2 million is assigned, and $140.5 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 $1.8 million, assigned fund balance of $53.4 million, and unassigned fund balance of $180.4 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 17.8% of total General Fund expenditures of $1.0 billion, and total fund balance represents 23.2% 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 $105.5 million. The balance identified for budget stabilization may be appropriated to fund capital or other one-time expenditures in the subsequent fiscal year, but such appropriation will not normally exceed one-third of the total identified amount, with the other two-thirds identified for budget stabilization in future years.

The fund balance of the General Fund increased $22.7 million during the fiscal year. Significant differences from the previous year include:

- Property tax revenues increased $32.0 million due to an increase in assessed property values.
- Sales tax revenues increased by $16.5 million and interest and other increased by $2.1 million.
- Licenses, permits and inspections decreased $37.5 million due to Development Services moving from a General Fund department to an enterprise fund.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

a -- Governmental funds, continued

General Fund expenditures increased $7.1 million, due primarily to increases in the following areas: public safety ($26.1 million), public recreation and culture ($9.8 million), general government ($8.9 million), and public health ($2.4 million) along with a decrease in urban growth management ($40.0 million) due to Development Services moving from a General Fund department to an enterprise fund. The increases in expenditures are primarily due to a 2.5% general wage increase for non-sworn employees, the addition of 107 FTE's, and increases in commodities expenditures.

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 $45.9 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 2019, an amendment to the revenue budget related to licenses, permits, and inspection fees of $35,500 was established for the new Planning and Zoning Technology fund. Additionally, Parks and Recreation Department amended their budget in both revenue and expenditures for $175,000 due to an increase in interment services at City cemeteries. The expenditure budget for homeless services was amended and reallocated from Austin Public Health ($694,733) to Municipal Court ($313,643) for one full time case manager, Emergency Medical Services ($193,602) for one full time case sworn clinical specialist, and Austin Police Department ($187,488). The expenditure budget for Pay for Success Fund in general city responsibilities was increased by $1.2 million for a project delivering permanent supportive housing.

During the year, actual budget basis revenues were $22.9 million more than budgeted. Property taxes were $4.9 million more than budgeted due to added properties and an increase in overall property values. Sales taxes were $12.7 million more than budgeted due to continued improvement in the economy. Interest was $4.1 million higher than budgeted due to a better than expected market and improvement in the economy. These increases were offset by $1.5 million in lower than expected traffic fines.

Actual budget-basis expenditures were $17.5 million less than budgeted. The Fire Department was over budget $905 thousand. All other departments were under budget. Municipal Court was under budget $2.6 million due to a planned facility move that was postponed to fiscal year 2020. Police was under budget by $5.4 million due primarily to higher than expected overtime reimbursements for special events. Neighborhood Housing and Community Development was under budget $1.9 million due to lower than budgeted contractual expenses as a result of projects not completed in fiscal year 2019. The total budget-basis fund balance at year-end was $213.8 million.

OTHER INFORMATION, continued

b -- Capital assets

The City's capital assets for governmental and business-type activities as of September 30, 2019, total $11.9 billion (net of accumulated depreciation and amortization). Capital assets include buildings and improvements, equipment, vehicles, electric plant, non-electric plant, nuclear fuel, water rights, infrastructure, land, construction in progress, and plant held for future use. The total increase in the City's capital assets for the current fiscal year was $730.0 million, with an increase of 2.2% for governmental activities and an increase of 8.1% for business-type activities. Additional information on capital assets can be found in Note 5. Capital asset balances are as follows:

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

	Governmental Activities		Business-Type Activities		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Building and improvements	$ 658	657	2,140	1,978	2,798	2,635
Plant and equipment	79	75	2,424	2,377	2,503	2,452
Vehicles	56	54	82	74	138	128
Electric plant	--	--	2,507	2,124	2,507	2,124
Non-electric plant	--	--	167	147	167	147
Nuclear fuel	--	--	49	48	49	48
Water rights	--	--	80	81	80	81
Infrastructure	1,735	1,739	--	--	1,735	1,739
Land and improvements	401	383	744	694	1,145	1,077
Construction in progress	138	92	600	607	738	699
Plant held for future use	--	--	23	23	23	23
Other assets not depreciated	29	29	4	4	33	33
Total net capital assets	$ 3,096	3,029	8,820	8,157	11,916	11,186

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

- Governmental capital assets increased $66.9 million primarily due to additions of new facilities and improvements to existing facilities. Significant additions and improvements were also made including acquisitions of parkland, upgrades to information technology equipment, pedestrian, and cycling facility improvements, and street reconstructions across the City. During the fiscal year, construction was completed on the joint use Onion Creek Fire & EMS Station.

- Business-type activities purchased, constructed or received capital asset contributions of $663.1 million. Asset additions included completion of a six-level parking garage at the Airport, and acquisition of the Nacogdoches biomass power plant by Austin Energy. Additionally, the Drainage fund continued to acquire properties at risk of flooding along Onion Creek.

OTHER INFORMATION, continued

c -- Debt administration
At the end of the current fiscal year, the City reported $7.3 billion in outstanding debt. The table below reflects the outstanding debt at September 30. Additional information can be found in Note 6.

Outstanding Debt
General Obligation and Revenue Debt
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds and other tax supported debt, net	$ 1,411	1,457	90	102	1,501	1,559
Commercial paper notes, net	--	--	129	254	129	254
Revenue bonds, net	--	--	5,627	4,702	5,627	4,702
Capital lease obligations	10	10	1	1	11	11
Total	$ 1,421	1,467	5,847	5,059	7,268	6,526

During fiscal year 2019, the City's total outstanding debt increased by $742.1 million. The City issued new debt, used cash to defease debt, and refinanced portions of existing debt to achieve lower borrowing costs. Debt issues include the following:

- Bond debt for governmental activities decreased by $45.6 million. The resulting net decrease is a combination of the issuance of $100.9 million in new debt to be used primarily for facility improvements, streets and mobility, watershed home buyouts, parks and recreation, capital equipment, and affordable housing, offset by debt payments during the year.

- Outstanding debt for business-type functions increased by $787.6 million. The City issued $464.5 million of Electric Utility System separate lien revenue bonds to acquire the Nacogdoches biomass facility, $274.6 million of Electric Utility System separate lien revenue refunding bonds to refund commercial paper, $3.0 million in Water and Wastewater System revenue bonds, $151.7 million in Airport System revenue refunding bonds to refund variable rate debt, and $265.1 million in Airport System revenue bonds. These issuances were offset by debt payments during the year and the cash defeasance of $43.1 million in Water and Wastewater separate lien revenue bonds.

During the year, the City's Austin Energy separate lien received a favorable rating upgrade from Fitch Ratings, Inc. from AA- to AA. The City's commercial paper ratings are related to the ratings of the liquidity providers associated with those obligations. All other bond ratings were unchanged. Ratings of the City's obligations for various debt instruments at September 30, 2019 and 2018 were as follows:

Debt	Moody's Investors Service, Inc.		Standard & Poor's		Fitch Ratings, Inc.	
	2019	2018	2019	2018	2019	2018
General obligation bonds and other tax supported debt	Aaa	Aaa	AAA	AAA	AAA	AAA
Commercial paper notes - tax exempt	P-1	P-1	A-1+	A-1+	F1+	F1+
Commercial paper notes - taxable	P-1	P-1	A-1+	A-1+	F1+	F1+
Utility revenue bonds - subordinate lien	Aa2	Aa2	AA	AA	AA-	AA-
Utility revenue bonds - separate lien:						
Austin Energy	Aa3	Aa3	AA	AA	AA	AA-
Austin Water Utility	Aa2	Aa2	AA	AA	AA-	AA-
Airport system revenue bonds	A1	A1	A	A	NUR (1)	NUR (1)
Convention Center revenue bonds	Aa3	Aa3	AA	AA	NUR (1)	NUR (1)
Convention Center revenue bonds - subordinate	A1	A1	A+	A+	NUR (1)	NUR (1)

(1) No underlying rating

OTHER INFORMATION, continued

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

Austin's diverse economic base and national reputation as a great place to work and live continues to attract new employers and talented individuals to the area. The Austin metro area continued to grow and is the fastest growing metro in the US for its size. Over the past 10 years, Austin's population has increased approximately by 26% or 202,326 residents, with projections of the City surpassing the one million mark by the year 2020. Both the Austin and the Texas economies continue to expand at rates above the national economy. Job growth in the Austin-Round Rock MSA was ranked second when comparing activity in the top 51 metro areas per the US Bureau of Labor Statistics. The Austin area gained 38,000 new jobs from December 2018 through December 2019. As of September 2019, the unemployment rate for the Austin-Round Rock MSA was a low 2.6%, while the state unemployment rate fell to 3.4%; the national unemployment rate was 3.5%.

Despite diversification of economic drivers over the past few years, the City continues to consolidate its position as a tech hub with the announcement of Apple's plans to add a second facility on a 133-acre tract with an estimated cost of $1 billion. The tech giant initially expects to employ about 5,000 employees when the new facility opens and will eventually grow to 15,000 employees. This should attract new talent to the Austin metro area and enable overall growth of the Austin area economy. All sectors of the real estate market continue to perform well. In 2019 through October, the Austin metro residential market experienced a 5.6% increase in sales compared with the same period in 2018, with housing in the downtown area continuing to grow in popularity. In 2019, sales tax revenue increased 7.1% over the previous year, compared to a 6.2% increase in 2018 and 2.9% increase in 2017, an indicator that the local economy continues to exhibit steady growth. In 2020, the rate of growth in sales tax collections is expected to be 3.5%. Overall, the Austin economy is expected to continue to grow at a steady pace, barring any events at the national or international level that would have an adverse impact.

On March 6, 2020, in response to the increasing concerns regarding the Novel Coronavirus or COVID-19 across the nation, City of Austin and Travis County officials declared a "local state of disaster" in advance of the City's spring festival season following recommendations from local health authorities. Local officials announced the declaration to proactively increase preventative measures and put in place mitigation plans for events in the region. This declaration prohibits events with 2,500 or more people unless organizers can assure Austin Public Health that the organizers have mitigations plans to help prevent the spread of infectious diseases in place. Although no positive test results have been identified in the Austin area, the City and its staff are focused on mitigation strategies to protect our community. It is too early to identify the full impact of this virus on the Austin economy or the city's financial position.

The City's fiscal year 2020 budget was developed in a manner true to City Management's unwavering commitment to openness, transparency, and public engagement; a process that has been refined over time and centered this year on heightened levels of collaboration with the City's Quality of Life Commissions. The overriding goal of the 2020 budget process was to limit budget increases and increase efforts at improving operational efficiencies in anticipation of the newly adopted cap on local property tax revenue growth. 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 had a ratings upgrade for Austin Energy separate lien debt in 2019. City management continues to monitor the economy and take corrective actions when necessary to help mitigate any unfavorable economic events.

The taxable property values within the City increased by 9.7% in 2019 for fiscal year 2020. The property tax rate for fiscal year 2020 is 44.31 cents per $100 valuation, up from 44.03 cents per $100 valuation in 2019. The tax rate consists of 33.37 cents for the General Fund and 10.94 cents for debt service. Each 1 cent of the 2019 (fiscal year 2020) property tax rate is equivalent to $16,684,523 of tax levy, as compared to $15,214,751 in the previous year. Austin Energy's fiscal year 2020 base rates remain unchanged from the prior fiscal year. In fiscal year 2018, Austin Water completed an 18-month cost-of-service process, which included significant stakeholder participation in the review of Austin Water's cost-of-service methodologies. As a result, City Council approved a 4.8% system-wide retail customer rate reduction mid-year in fiscal year 2018. Austin Water has maintained these rates throughout fiscal year 2019 and will continue to do so through the end of fiscal year 2020.

e -- Requests for Information

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

BASIC FINANCIAL STATEMENTS

(In thousands)

	Governmental Activities	Business-type Activities	Total (†)	Component Units
ASSETS				
Current assets:				
Cash	$ 55	65	120	7,326
Pooled investments and cash	633,784	998,386	1,632,170	--
Pooled investments and cash - restricted	--	124,703	124,703	--
Total pooled investments and cash	633,784	1,123,089	1,756,873	--
Investments - restricted	31,224	184,671	215,895	--
Cash held by trustee	--	2,441	2,441	--
Cash held by trustee - restricted	9,564	1,745	11,309	--
Working capital advances	--	2,398	2,398	--
Property taxes receivable, net of allowance $6,326	12,410	--	12,410	--
Accounts receivable, net of allowance $355,595	106,958	248,334	355,292	2,709
Interest receivable	2,248	3,911	6,159	--
Receivables from other governments	19,020	59	19,079	--
Receivables from other governments - restricted	--	16,060	16,060	--
Notes receivable, net of allowance $25,563	38,501	--	38,501	--
Internal balances	(85,390)	85,390	--	--
Inventories, at cost	2,402	86,742	89,144	192
Real property held for resale	5,479	--	5,479	--
Regulatory assets, net of accumulated amortization	--	24,742	24,742	--
Prepaid expenses	6,049	18,444	24,493	902
Other receivables - restricted	--	4,959	4,959	--
Other assets	38,956	21,255	60,211	--
Total current assets	821,260	1,824,305	2,645,565	11,129
Noncurrent assets:				
Cash - restricted	--	4,875	4,875	3
Pooled investments and cash - restricted	157,339	852,940	1,010,279	--
Investments - restricted	--	411,762	411,762	67,029
Investments held by trustee - restricted	2,420	238,260	240,680	--
Cash held by trustee - restricted	921	--	921	19,804
Interest receivable - restricted	--	2,284	2,284	--
Depreciable capital assets, net	2,528,338	7,448,725	9,977,063	186,699
Nondepreciable capital assets	567,439	1,371,646	1,939,085	10,333
Derivative instruments - energy risk management	--	206	206	--
Regulatory assets, net of accumulated amortization	--	1,119,901	1,119,901	--
Other receivables - restricted	--	7,836	7,836	--
Other long-term assets	1,250	17,890	19,140	336
Other long-term assets - restricted	--	39,540	39,540	--
Total noncurrent assets	3,257,707	11,515,865	14,773,572	284,204
Total assets	4,078,967	13,340,170	17,419,137	295,333
DEFERRED OUTFLOWS OF RESOURCES	$ 1,145,454	721,356	1,866,810	14,605

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

(Continued)

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

(In thousands)

	Governmental Activities	Business-type Activities	Total (†)	Component Units
LIABILITIES				
Current liabilities:				
Accounts payable	$ 54,050	107,034	161,084	6,290
Accounts and retainage payable from restricted assets	15,715	52,461	68,176	--
Accrued payroll	34,321	22,476	56,797	259
Accrued compensated absences	63,171	29,466	92,637	--
Claims payable	23,300	281	23,581	--
Due to other governments	--	5,890	5,890	--
Accrued interest payable from restricted assets	8	83,001	83,009	5,359
Interest payable on other debt	5,484	662	6,146	--
Bonds payable	64,573	12,498	77,071	8,740
Bonds payable from restricted assets	31,731	166,505	198,236	--
Other postemployment benefits liability	34,503	23,574	58,077	--
Capital lease obligations payable	4,158	60	4,218	--
Customer and escrow deposits payable from restricted assets	89,857	44,583	134,440	--
Accrued landfill closure and postclosure costs	--	2,363	2,363	--
Decommissioning liability payable from restricted assets	--	1,460	1,460	--
Other liabilities	12,198	4,230	16,428	5,414
Other liabilities payable from restricted assets	--	916	916	--
Total current liabilities	433,069	557,460	990,529	26,062
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	73,226	706	73,932	--
Claims payable	23,940	261	24,201	--
Commercial paper notes payable, net of discount	--	129,300	129,300	--
Bonds payable, net of discount and inclusive of premium	1,315,075	5,537,879	6,852,954	255,544
Net pension liability	2,060,161	838,511	2,898,672	--
Other postemployment benefits liability	1,388,629	948,741	2,337,370	--
Capital lease obligations payable	5,722	818	6,540	--
Accrued landfill closure and postclosure costs	--	9,899	9,899	--
Asset retirement obligations	518	414,390	414,908	--
Derivative instruments - energy risk management	--	3,511	3,511	--
Derivative instruments - interest rate swaps	--	25,671	25,671	--
Other liabilities	16,548	40,242	56,790	--
Other liabilities payable from restricted assets	--	2,309	2,309	--
Total noncurrent liabilities	4,883,819	7,952,238	12,836,057	255,544
Total liabilities	5,316,888	8,509,698	13,826,586	281,606
DEFERRED INFLOWS OF RESOURCES	184,387	1,523,806	1,708,193	1,051
NET POSITION				
Net investment in capital assets	1,844,751	2,366,162	4,210,913	(6,638)
Restricted for:				
Bond reserve	--	55,217	55,217	--
Capital projects	70,844	373,002	443,846	--
Debt service	26,247	104,630	130,877	34,927
Housing activities	44,418	--	44,418	--
Operating reserve	--	71,929	71,929	--
Passenger facility charges	--	116,656	116,656	--
Perpetual care:				
Expendable	1	--	1	--
Nonexpendable	1,070	--	1,070	--
Renewal and replacement	--	80,365	80,365	--
Strategic reserve	--	214,061	214,061	--
Tourism	26,681	--	26,681	--
Other purposes	45,830	--	45,830	--
Unrestricted (deficit)	(2,336,696)	646,000	(1,690,696)	(1,008)
Total net position	$ (276,854)	4,028,022	3,751,168	27,281

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

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

(In thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Governmental activities								
General government	$ 201,747	26,806	319	1,389	(173,233)	--	(173,233)	--
Public safety	810,140	57,620	6,615	--	(745,905)	--	(745,905)	--
Transportation, planning, and sustainability	83,967	1,490	48	61,722	(20,707)	--	(20,707)	--
Public health	123,304	8,239	21,806	--	(93,259)	--	(93,259)	--
Public recreation and culture	175,567	11,558	3,098	15,715	(145,196)	--	(145,196)	--
Urban growth management	133,763	26,166	34,553	--	(73,044)	--	(73,044)	--
Interest on debt	64,986	--	--	--	(64,986)	--	(64,986)	--
Total governmental activities	1,593,474	131,879	66,439	78,826	(1,316,330)	--	(1,316,330)	--
Business-type activities								
Electric	1,397,591	1,447,300	4	45,577	--	95,290	95,290	--
Water	314,899	287,454	--	49,898	--	22,453	22,453	--
Wastewater	263,362	264,116	--	26,767	--	27,521	27,521	--
Airport	202,366	213,458	624	13,453	--	25,169	25,169	--
Convention	84,673	43,600	--	--	--	(41,073)	(41,073)	--
Environmental and health services	121,987	117,998	119	214	--	(3,656)	(3,656)	--
Public recreation	9,195	7,060	--	226	--	(1,909)	(1,909)	--
Urban growth management	308,303	286,780	38	28,565	--	7,080	7,080	--
Total business-type activities	2,702,376	2,667,766	785	164,700	--	130,875	130,875	--
Total primary government	$ 4,295,850	2,799,645	67,224	243,526	(1,316,330)	130,875	(1,185,455)	--
Component Units	86,183	98,285	499	1,623	--	--	--	14,224

	Governmental Activities	Business-type Activities	Total	Component Units
General revenues:				
Property tax	671,614	--	671,614	--
Sales tax	248,813	--	248,813	--
Franchise fees and gross receipts tax	175,182	--	175,182	--
Interest and other	53,330	71,569	124,899	1,161
Transfers-internal activities	133,907	(133,907)	--	--
Total general revenues and transfers	1,282,846	(62,338)	1,220,508	1,161
Net change in net position, before special and extraordinary items	(33,484)	68,537	35,053	15,385
Special item - land sale	10,201	--	10,201	--
Extraordinary item - mold remediation	--	--	--	(1,593)
Net change in net position	(23,283)	68,537	45,254	13,792
Beginning net position, as restated (see Note 18)	(253,571)	3,959,485	3,705,914	13,489
Ending net position	$ (276,854)	4,028,022	3,751,168	27,281

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

(In thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	$ 44	--	44
Pooled investments and cash	224,126	312,997	537,123
Investments - restricted	--	31,224	31,224
Cash held by trustee - restricted	--	7,904	7,904
Investments held by trustee - restricted	--	2,420	2,420
Property taxes receivable, net of allowance	8,521	3,889	12,410
Accounts receivable, net of allowance	67,666	36,978	104,644
Interest receivable	1,078	920	1,998
Receivables from other governments	39	17,781	17,820
Notes receivable, net of allowance	157	38,344	38,501
Due from other funds	--	43,683	43,683
Advances to other funds	--	28,765	28,765
Inventories, at cost	11	--	11
Real property held for resale	--	5,479	5,479
Prepaid items	1,760	--	1,760
Other assets	--	38,956	38,956
Total assets	303,402	569,340	872,742
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	22,366	17,789	40,155
Accrued payroll	26,543	708	27,251
Accrued compensated absences	550	--	550
Due to other funds	221	43,683	43,904
Unearned revenue	--	3,022	3,022
Advances from other funds	221	28,640	28,861
Deposits and other liabilities	4,333	91,013	95,346
Total liabilities	54,234	184,855	239,089
DEFERRED INFLOWS OF RESOURCES	13,532	6,959	20,491
FUND BALANCES			
Nonspendable:			
Inventories and prepaid items	1,771	--	1,771
Permanent funds	--	1,070	1,070
Restricted	--	243,746	243,746
Committed	--	41,896	41,896
Assigned	53,441	130,735	184,176
Unassigned	180,424	(39,921)	140,503
Total fund balances	235,636	377,526	613,162
Total liabilities, deferred inflows of resources, and fund balances	$ 303,402	569,340	872,742

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

Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2019
(In thousands)

Total fund balances - Governmental funds		$ 613,162
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	4,994,914	
Less: accumulated depreciation	(1,974,946)	
		3,019,968
Other long-term assets and certain revenues are not available as current-period resources and are not reported in the funds.		
Other assets		1,250
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.		
Pensions	955,854	
Other postemployment benefits	173,238	
Loss on debt refundings	16,140	
		1,145,232
Long-term liabilities are not payable in the current period and are not reported in the funds.		
Compensated absences	(126,089)	
Interest payable	(5,484)	
Bonds and other tax supported debt payable, net	(1,409,120)	
Net pension liability	(2,060,161)	
Other postemployment benefits	(1,423,132)	
Other liabilities	(16,595)	
		(5,040,581)
Deferred inflows represent an acquisition of net position that is applicable to a future reporting period.		
Unavailable revenue		
Property taxes and interest	12,473	
Accounts and other taxes receivable	8,018	
Pensions	(24,454)	
Other postemployment benefits	(159,047)	
Deferred gain on service concession agreement	(886)	
		(163,896)
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.		148,011
Total net position - Governmental activities		$ (276,854)

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

(In thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	$ 489,745	181,493	671,238
Sales taxes	248,813	--	248,813
Franchise fees and other taxes	49,076	126,106	175,182
Fines, forfeitures and penalties	8,694	5,714	14,408
Licenses, permits and inspections	16,572	76	16,648
Charges for services/goods	63,284	22,097	85,381
Intergovernmental	--	73,829	73,829
Property owners' participation and contributions	--	21,525	21,525
Interest and other	23,507	22,341	45,848
Total revenues	899,691	453,181	1,352,872
EXPENDITURES			
Current:			
General government	144,050	1,537	145,587
Public safety	610,833	8,475	619,308
Transportation, planning, and sustainability	--	5,734	5,734
Public health	86,812	21,823	108,635
Public recreation and culture	129,904	3,518	133,422
Urban growth management	42,259	65,916	108,175
Debt service:			
Principal	--	128,163	128,163
Interest	--	64,570	64,570
Fees and commissions	--	31	31
Capital outlay-capital project funds	--	202,954	202,954
Total expenditures	1,013,858	502,721	1,516,579
Deficiency of revenues under expenditures	(114,167)	(49,540)	(163,707)
OTHER FINANCING SOURCES (USES)			
Issuance of tax supported debt	--	96,341	96,341
Bond premiums	--	6,200	6,200
Transfers in	172,798	99,556	272,354
Transfers out	(46,130)	(141,552)	(187,682)
Total other financing sources (uses)	126,668	60,545	187,213
Net change in fund balances, before special items	12,501	11,005	23,506
Special item - land sale (See Note 1)	10,201	--	10,201
Net change in fund balances	22,702	11,005	33,707
Fund balances at beginning of year	212,934	366,521	579,455
Fund balances at end of year	$ 235,636	377,526	613,162

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

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the year ended September 30, 2019
(In thousands)

Net change in fund balances - Governmental funds		$ 33,707
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	202,954	
Capital outlay-other funds	3,757	
Depreciation expense	(130,790)	
Loss on disposal of capital assets	(1,159)	
Capital asset transfers to business-type activities, net	(34,507)	
Other asset adjustments	(28,784)	
		11,471
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	376	
Charges for services	(2,266)	
Interest and other	4,500	
Transfer of long-term assets and liabilities to the newly created Development Services enterprise fund	92,665	
Capital asset contributions	53,033	
		148,308
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	(96,341)	
Principal repayment on long-term debt	128,163	
Bond premiums	(6,200)	
		25,622
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	9,874	
Pensions	(212,916)	
Other postemployment benefits	(91,186)	
Interest and other	20,368	
		(273,860)
A portion of the net revenue (expense) of the internal service funds is reported with the governmental activities.		31,469
Change in net position - Governmental activities		$ (23,283)

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

Proprietary Funds
Statement of Net Position
September 30, 2019
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water (1)**	**Airport**
ASSETS			
Current assets:			
Cash	$ 22	5	3
Pooled investments and cash	406,804	185,519	18,851
Pooled investments and cash - restricted	24,957	58,254	20,141
Total pooled investments and cash	431,761	243,773	38,992
Investments - restricted	79,210	63,891	29,722
Cash held by trustee	--	2,441	--
Cash held by trustee - restricted	--	1,745	--
Working capital advances	2,398	--	--
Accounts receivable, net of allowance	148,580	73,031	3,314
Interest receivable	2,018	639	192
Receivables from other governments	--	59	--
Receivables from other governments - restricted	4,897	--	10,547
Due from other funds	392	301	--
Inventories, at cost	79,734	1,861	2,014
Regulatory assets, net of accumulated amortization	20,924	3,818	--
Prepaid items	15,654	752	747
Other receivables - restricted	--	--	4,959
Other assets	20,225	--	1,030
Total current assets	805,815	392,316	91,520
Noncurrent assets:			
Cash - restricted	4,875	--	--
Pooled investments and cash - restricted	58,899	83,679	584,947
Advances to other funds	11,263	1,503	--
Advances to other funds - restricted	--	--	13
Investments - restricted	288,205	52,214	61,080
Investments held by trustee - restricted	231,893	6,367	--
Interest receivable - restricted	488	107	1,443
Depreciable capital assets, net	2,731,824	3,233,624	1,127,233
Nondepreciable capital assets	272,241	478,569	240,515
Derivative instruments - energy risk management	206	--	--
Regulatory assets, net of accumulated amortization	771,169	348,732	--
Other receivables - restricted	7,836	--	--
Other long-term assets	660	--	17,230
Other long-term assets - restricted	39,540	--	--
Total noncurrent assets	4,419,099	4,204,795	2,032,461
Total assets	5,224,914	4,597,111	2,123,981
DEFERRED OUTFLOWS OF RESOURCES	$ 385,595	129,683	52,160

The accompanying notes are an integral part of the financial statements.
(1) Previously reported as Austin Water Utility.

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
ASSETS			
Current assets:			
Cash	35	65	11
Pooled investments and cash	387,212	998,386	248,593
Pooled investments and cash - restricted	21,351	124,703	--
Total pooled investments and cash	408,563	1,123,089	248,593
Investments - restricted	11,848	184,671	--
Cash held by trustee	--	2,441	--
Cash held by trustee - restricted	--	1,745	2,581
Working capital advances	--	2,398	--
Accounts receivable, net of allowance	23,409	248,334	2,314
Interest receivable	1,062	3,911	250
Receivables from other governments	--	59	1,200
Receivables from other governments - restricted	616	16,060	--
Due from other funds	957	1,650	--
Inventories, at cost	3,133	86,742	2,391
Regulatory assets, net of accumulated amortization	--	24,742	--
Prepaid expenses	1,291	18,444	4,289
Other receivables - restricted	--	4,959	--
Other assets	--	21,255	--
Total current assets	450,914	1,740,565	261,629
Noncurrent assets:			
Cash - restricted	--	4,875	--
Pooled investments and cash - restricted	125,415	852,940	5,407
Advances to other funds	79	12,845	19
Advances to other funds - restricted	146	159	--
Investments - restricted	10,263	411,762	--
Investments held by trustee - restricted	--	238,260	--
Interest receivable - restricted	246	2,284	--
Depreciable capital assets, net	356,044	7,448,725	75,244
Nondepreciable capital assets	380,321	1,371,646	565
Derivative instruments - energy risk management	--	206	--
Regulatory assets, net of accumulated amortization	--	1,119,901	--
Other receivables - restricted	--	7,836	--
Other long-term assets	--	17,890	--
Other long-term assets - restricted	--	39,540	--
Total noncurrent assets	872,514	11,528,869	81,235
Total assets	1,323,428	13,269,434	342,864
DEFERRED OUTFLOWS OF RESOURCES	153,918	721,356	222

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

Proprietary Funds
Statement of Net Position
September 30, 2019
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water (1)**	**Airport**
LIABILITIES			
Current liabilities:			
Accounts payable	$ 87,429	5,746	4,411
Accounts and retainage payable from restricted assets	14,124	15,391	16,494
Accrued payroll	8,379	4,174	1,712
Accrued compensated absences	11,437	5,466	2,418
Claims payable	230	51	--
Due to other funds	--	--	171
Due to other governments	5,884	--	6
Accrued interest payable from restricted assets	25,450	40,455	16,438
Interest payable on other debt	63	98	--
Bonds payable	--	--	10
Bonds payable from restricted assets	78,398	58,907	15,235
Other postemployment benefits liability	7,132	4,827	2,160
Capital lease obligations payable	60	--	--
Customer and escrow deposits payable from restricted assets	23,497	10,453	1,180
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning liability payable from restricted assets	1,460	--	--
Other liabilities	874	1,752	1,604
Other liabilities payable from restricted assets	502	--	--
Total current liabilities	264,919	147,320	61,839
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	--	10	--
Claims payable	2	259	--
Advances from other funds	--	432	171
Advances from other funds payable from restricted assets	--	10,821	--
Commercial paper notes payable, net of discount	26,630	102,670	--
Bonds payable, net of discount and inclusive of premium	1,910,342	2,309,368	1,141,660
Net pension liability	318,779	166,571	60,057
Other postemployment benefits liability	287,029	194,236	86,950
Capital lease obligations payable	818	--	--
Accrued landfill closure and postclosure costs	--	--	--
Asset retirement obligations	413,108	1,282	--
Derivative instruments - energy risk management	3,511	--	--
Derivative instruments - interest rate swaps	--	16,861	--
Other liabilities	40,242	--	--
Other liabilities payable from restricted assets	2,309	--	--
Total noncurrent liabilities	3,002,770	2,802,510	1,288,838
Total liabilities	3,267,689	2,949,830	1,350,677
DEFERRED INFLOWS OF RESOURCES	$ 434,268	862,407	186,024

The accompanying notes are an integral part of the financial statements.
(1) Previously reported as Austin Water Utility.

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
LIABILITIES			
Current liabilities:			
Accounts payable	9,448	107,034	29,610
Accounts and retainage payable from restricted assets	6,452	52,461	--
Accrued payroll	8,211	22,476	7,070
Accrued compensated absences	10,145	29,466	9,634
Claims payable	--	281	23,300
Due to other funds	1,258	1,429	--
Due to other governments	--	5,890	--
Accrued interest payable from restricted assets	658	83,001	8
Interest payable on other debt	501	662	--
Bonds payable	12,488	12,498	386
Bonds payable from restricted assets	13,965	166,505	--
Other postemployment benefits liability	9,455	23,574	--
Capital lease obligations payable	--	60	4,158
Customer and escrow deposits payable from restricted assets	9,453	44,583	633
Accrued landfill closure and postclosure costs	2,363	2,363	--
Decommissioning liability payable from restricted assets	--	1,460	--
Other liabilities	--	4,230	3,007
Other liabilities payable from restricted assets	414	916	--
Total current liabilities	84,811	558,889	77,806
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	696	706	124
Claims payable	--	261	23,940
Advances from other funds	1,503	2,106	--
Advances from other funds payable from restricted assets	--	10,821	--
Commercial paper notes payable, net of discount	--	129,300	--
Bonds payable, net of discount and inclusive of premium	176,509	5,537,879	1,873
Net pension liability	293,104	838,511	--
Other postemployment benefits liability	380,526	948,741	--
Capital lease obligations payable	--	818	5,722
Accrued landfill closure and postclosure costs	9,899	9,899	--
Asset retirement obligations	--	414,390	518
Derivative instruments - energy risk management	--	3,511	--
Derivative instruments - interest rate swaps	8,810	25,671	--
Other liabilities	--	40,242	--
Other liabilities payable from restricted assets	--	2,309	--
Total noncurrent liabilities	871,047	7,965,165	32,177
Total liabilities	955,858	8,524,054	109,983
DEFERRED INFLOWS OF RESOURCES	41,107	1,523,806	--

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

(Continued)

Proprietary Funds
Statement of Net Position
September 30, 2019
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water (1)**	**Airport**
NET POSITION			
Net investment in capital assets	$ 750,273	650,394	418,699
Restricted for:			
Bond reserve	27,311	16,264	4,373
Capital projects	45,885	43,768	157,989
Debt service	53,760	23,462	13,297
Operating reserve	--	47,807	18,961
Passenger facility charges	--	--	116,656
Renewal and replacement	69,347	--	10,000
Strategic reserve	214,061	--	--
Unrestricted	747,915	132,862	(100,535)
Total net position	$ 1,908,552	914,557	639,440
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	32,251	18,563	6,986
Total net position - Business-type activities	$ 1,940,803	933,120	646,426

The accompanying notes are an integral part of the financial statements.
(1) Previously reported as Austin Water Utility.

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities-Internal Service Funds
NET POSITION			
Net investment in capital assets	546,796	2,366,162	63,670
Restricted for:			
Bond reserve	7,269	55,217	--
Capital projects	125,360	373,002	5,407
Debt service	14,111	104,630	--
Operating reserve	5,161	71,929	--
Passenger facility charges	--	116,656	--
Renewal and replacement	1,018	80,365	--
Strategic reserve	--	214,061	--
Unrestricted	(219,334)	560,908	164,026
Total net position	480,381	3,942,930	233,103

Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	27,292	85,092	
Total net position - Business-type activities	507,673	4,028,022	

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, 2019
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water (1)**	**Airport**
OPERATING REVENUES			
Utility services	$ 1,447,300	551,570	--
User fees and rentals	--	--	180,290
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
Total operating revenues	1,447,300	551,570	180,290
OPERATING EXPENSES			
Operating expenses before depreciation	1,153,142	289,101	131,754
Depreciation and amortization	204,082	123,758	35,220
Total operating expenses	1,357,224	412,859	166,974
Operating income (loss)	90,076	138,711	13,316
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	32,719	10,848	14,296
Interest on revenue bonds and other debt	(59,584)	(89,012)	(33,793)
Passenger facility charges	--	--	33,168
Loss on in-substance defeasance	--	(925)	--
Cost (recovered) to be recovered in future years	34,549	(81,265)	--
Other nonoperating revenue (expense)	(21,873)	683	(2,635)
Total nonoperating revenues (expenses)	(14,189)	(159,671)	11,036
Income (loss) before contributions and transfers	75,887	(20,960)	24,352
Capital contributions	45,577	76,665	13,453
Transfers in	472	303	--
Transfers out	(118,536)	(51,865)	(482)
Change in net position	3,400	4,143	37,323
Beginning net position, as restated (see Note 18)	1,905,152	910,414	602,117
Ending net position	$ 1,908,552	914,557	639,440
Reconciliation to government-wide Statement of Activities			
Change in net position	3,400	4,143	37,323
Adjustment to consolidate internal service activities	6,545	3,738	1,670
Change in net position - Business-type activities	$ 9,945	7,881	38,993

The accompanying notes are an integral part of the financial statements.
(1) Previously reported as Austin Water Utility.

	Business-Type Activities Nonmajor Enterprise Funds	Business-Type Activities Total	Governmental Activities-Internal Service Funds
OPERATING REVENUES			
Utility services	--	1,998,870	--
User fees and rentals	455,438	635,728	--
Billings to departments	--	--	505,198
Employee contributions	--	--	44,823
Operating revenues from other governments	--	--	5,507
Other operating revenues	--	--	12,201
Total operating revenues	455,438	2,634,598	567,729
OPERATING EXPENSES			
Operating expenses before depreciation	472,626	2,046,623	494,773
Depreciation and amortization	30,437	393,497	12,647
Total operating expenses	503,063	2,440,120	507,420
Operating income (loss)	(47,625)	194,478	60,309
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	13,706	71,569	2,982
Interest on revenue bonds and other debt	(7,284)	(189,673)	(102)
Passenger facility charges	--	33,168	--
Loss on in-substance defeasance	--	(925)	--
Cost (recovered) to be recovered in future years	--	(46,716)	--
Other nonoperating revenue (expense)	(95,159)	(118,984)	(220)
Total nonoperating revenues (expenses)	(88,737)	(251,561)	2,660
Income (loss) before contributions and transfers	(136,362)	(57,083)	62,969
Capital contributions	29,005	164,700	14,092
Transfers in	114,745	115,520	779
Transfers out	(6,320)	(177,203)	(23,768)
Change in net position	1,068	45,934	54,072
Beginning net position, as restated (see Note 18)	479,313	3,896,996	179,031
Ending net position	480,381	3,942,930	233,103
Reconciliation to government-wide Statement of Activities			
Change in net position	1,068	45,934	
Adjustment to consolidate internal service activities	10,650	22,603	
Change in net position - Business-type activities	11,718	68,537	

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2019
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water (1)**	**Airport**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 1,447,041	534,038	175,687
Cash received from other funds	30,559	8,137	--
Cash payments to suppliers for goods and services	(850,972)	(64,211)	(37,304)
Cash payments to other funds	(56,863)	(79,045)	(32,060)
Cash payments to employees for services	(223,095)	(115,867)	(48,391)
Cash payments to claimants/beneficiaries	(112)	(199)	(2)
Taxes collected and remitted to other governments	(42,345)	--	--
Net cash provided by operating activities	304,213	282,853	57,930
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	472	303	--
Transfers out	(118,536)	(51,759)	(153)
Collections from other sources	--	827	--
Contributions from other funds	--	--	--
Loans to other funds	--	--	--
Loan repayments to other funds	--	(124)	(178)
Loan repayments from other funds	482	300	19
Collections from other governments	2,699	1,700	(7,929)
Net cash provided (used) by noncapital financing activities	(114,883)	(48,753)	(8,241)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	98,030	60,500	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	--	--
Proceeds from the sale of revenue bonds	739,165	3,000	265,145
Principal paid on long-term debt	(37,839)	(36,165)	(24,269)
Proceeds from the sale of capital assets	1,060	--	--
Interest paid on revenue bonds and other debt	(59,213)	(131,475)	(32,967)
Passenger facility charges	--	--	32,579
Acquisition and construction of capital assets	(703,491)	(127,134)	(209,499)
Contributions from state and federal governments	--	--	13,442
Contributions in aid of construction	45,577	35,360	--
Bond issuance costs	(6,511)	(98)	(15,641)
Bond premiums	41,344	--	73,706
Cash paid for bond defeasance	--	(45,056)	--
Bonds issued for advanced refundings of debt	--	--	151,720
Cash paid for bond refunding escrow	--	--	(158,494)
Cash paid to payoff commercial paper	(283,997)	--	--
Cash paid for nuclear fuel inventory	(18,964)	--	--
Net cash provided (used) by capital and related financing activities	(184,839)	(241,068)	95,722
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(319,139)	(223,701)	(85,878)
Proceeds from sale and maturities of investment securities	236,098	210,525	69,087
Interest on investments	17,280	7,751	11,617
Net cash provided (used) by investing activities	(65,761)	(5,425)	(5,174)
Net increase (decrease) in cash and cash equivalents	(61,270)	(12,393)	140,237
Cash and cash equivalents, beginning	556,827	344,036	483,705
Cash and cash equivalents, ending	$ 495,557	331,643	623,942

The accompanying notes are an integral part of the financial statements.
(1) Previously reported as Austin Water Utility.

	Business-Type Activities: Nonmajor Enterprise Funds	Business-Type Activities: Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	451,378	2,608,144	72,064
Cash received from other funds	4,877	43,573	505,198
Cash payments to suppliers for goods and services	(107,531)	(1,060,018)	(98,004)
Cash payments to other funds	(82,142)	(250,110)	(27,975)
Cash payments to employees for services	(226,647)	(614,000)	(188,277)
Cash payments to claimants/beneficiaries	--	(313)	(167,940)
Taxes collected and remitted to other governments	--	(42,345)	--
Net cash provided by operating activities	39,935	684,931	95,066
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	114,745	115,520	--
Transfers out	(6,183)	(176,631)	(23,768)
Collections from other sources	1,782	2,609	--
Contributions from other funds	1,354	1,354	--
Loans to other funds	(79)	(79)	--
Loan repayments to other funds	(840)	(1,142)	--
Loan repayments from other funds	274	1,075	--
Collections from other governments	280	(3,250)	--
Net cash provided (used) by noncapital financing activities	111,333	(60,544)	(23,768)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	--	158,530	--
Proceeds from the sale of general obligation bonds and other tax supported debt	4,590	4,590	--
Proceeds from the sale of revenue bonds	--	1,007,310	--
Principal paid on long-term debt	(27,398)	(125,671)	(356)
Proceeds from the sale of capital assets	--	1,060	--
Interest paid on revenue bonds and other debt	(7,763)	(231,418)	(113)
Passenger facility charges	--	32,579	--
Acquisition and construction of capital assets	(61,365)	(1,101,489)	(1,989)
Contributions from state and federal governments	24	13,466	--
Contributions in aid of construction	3,621	84,558	--
Bond issuance costs	(30)	(22,280)	--
Bond premiums	440	115,490	--
Cash paid for bond defeasance	--	(45,056)	--
Bonds issued for advanced refundings of debt	--	151,720	--
Cash paid for bond refunding escrow	--	(158,494)	--
Cash paid to payoff commercial paper	--	(283,997)	--
Cash paid for nuclear fuel inventory	--	(18,964)	--
Net cash provided (used) by capital and related financing activities	(87,881)	(418,066)	(2,458)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(17,392)	(646,110)	--
Proceeds from sale and maturities of investment securities	17,853	533,563	--
Interest on investments	12,398	49,046	2,730
Net cash provided (used) by investing activities	12,859	(63,501)	2,730
Net increase (decrease) in cash and cash equivalents	76,246	142,820	71,570
Cash and cash equivalents, beginning	457,767	1,842,335	185,022
Cash and cash equivalents, ending	534,013	1,985,155	256,592

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2019
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water (1)**	**Airport**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 90,076	138,711	13,316
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	204,082	123,758	35,220
Change in assets and liabilities:			
Decrease in working capital advances	(173)	--	--
(Increase) decrease in accounts receivable	(11,101)	(11,048)	668
Increase in allowance for doubtful accounts	422	139	--
Increase in receivables from other governments	--	--	--
(Increase) decrease in inventory	(12,896)	353	(83)
Increase in prepaid expenses and other assets	(22,677)	(184)	(231)
Increase in advances to other funds	--	--	--
Decrease in other long-term assets	18,662	--	1,084
(Increase) decrease in deferred outflows	(20,020)	(13,169)	(10,973)
Increase in accounts payable	6,101	1,973	1,574
Increase in accrued payroll and compensated absences	897	38	233
Increase (decrease) in claims payable	163	(43)	--
Decrease in due to other governments	--	--	--
Increase (decrease) in customer deposits	(3,786)	(1,786)	64
Increase in net pension liability	78,285	39,556	16,342
Increase (decrease) in other postemployment benefits liability	(20,694)	(14,291)	991
Increase in other liabilities	(7,331)	(477)	(81)
Increase (decrease) in deferred inflows	4,203	19,323	(194)
Total adjustments	214,137	144,142	44,614
Net cash provided by operating activities	$ 304,213	282,853	57,930
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital appreciation bonds interest accreted	$ --	(2,392)	--
Capital assets contributed from other funds	--	57	11
Capital assets contributed to other funds	--	(1,433)	--
Capital assets acquired through service concession arrangements	--	--	327
Contributed facilities	--	41,248	--
Increase in the fair value of investments	5,080	--	--
Amortization of bond (discounts) premiums	8,662	23,208	5,637
Amortization of deferred gain (loss) on refundings	(4,460)	(5,732)	(1,407)
Loss on disposal of assets	(1,690)	(287)	--
Costs (recovered) to be recovered	34,491	(81,265)	--
Transfers from other funds	--	--	--
Transfers to other funds	--	(106)	(329)

The accompanying notes are an integral part of the financial statements.
(1) Previously reported as Austin Water Utility.

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	(47,625)	194,478	60,309
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	30,437	393,497	12,647
Change in assets and liabilities:			
Decrease in working capital advances	--	(173)	--
(Increase) decrease in accounts receivable	(2,234)	(23,715)	9,530
Increase in allowance for doubtful accounts	114	675	193
Increase in receivables from other governments	--	--	(182)
(Increase) decrease in inventory	36	(12,590)	562
Increase in prepaid expenses and other assets	(914)	(24,006)	(2,095)
Increase in advances to other funds	--	--	(8)
Decrease in other long-term assets	--	19,746	--
(Increase) decrease in deferred outflows	(42,373)	(86,535)	24
Increase in accounts payable	1,615	11,263	13,055
Increase in accrued payroll and compensated absences	1,131	2,299	902
Increase (decrease) in claims payable	--	120	(734)
Decrease in due to other governments	--	--	(3)
Increase (decrease) in customer deposits	2,937	(2,571)	459
Increase in net pension liability	80,150	214,333	--
Increase (decrease) in other postemployment benefits liability	(10,469)	(44,463)	--
Increase in other liabilities	(241)	(8,130)	407
Increase (decrease) in deferred inflows	27,371	50,703	--
Total adjustments	87,560	490,453	34,757
Net cash provided by operating activities	39,935	684,931	95,066
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital appreciation bonds interest accreted	--	(2,392)	--
Capital assets contributed from other funds	25,360	25,428	14,092
Capital assets contributed to other funds	(1,947)	(3,380)	--
Capital assets acquired through service concession arrangements	--	327	--
Contributed facilities	--	41,248	--
Increase in the fair value of investments	--	5,080	--
Amortization of bond (discounts) premiums	1,302	38,809	34
Amortization of deferred gain (loss) on refundings	(927)	(12,526)	(23)
Loss on disposal of assets	(917)	(2,894)	(194)
Costs (recovered) to be recovered	--	(46,774)	--
Transfers from other funds	--	--	779
Transfers to other funds	(137)	(572)	--

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

(In thousands)

	Private-purpose Trust	Agency
ASSETS		
Pooled investments and cash	$ 2,330	1,353
Interest Receivable	5	--
Investments held by trustee	--	3,496
Other assets	122	--
Total assets	2,457	4,849
LIABILITIES		
Accounts payable	23	--
Due to other governments	--	837
Deposits and other liabilities	1,642	4,012
Total liabilities	1,665	4,849
NET POSITION		
Held in trust	792	
Total net position	$ 792	

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

	Private-Purpose Trust
ADDITIONS	
Contributions	$ 2,511
Interest and other	47
Total additions	2,558
DEDUCTIONS	
Benefit payments	2,510
Total deductions	2,510
Change in net position	48
Beginning net position	744
Ending net position	$ 792

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The City of Austin's charter requires an annual audit by an independent certified public accountant. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The City has implemented GASB Statements No. 1 through No. 83, No. 85 through No. 86, and No. 88 through No. 89. In fiscal year 2019, the City implemented the following GASB Statements:

GASB Statement	Impact
83 – "Certain Asset Retirement Obligations"	This statement addresses accounting and financial reporting for certain asset retirement obligations. It also establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for asset retirement obligations. The adoption of GASB Statement No. 83 resulted in the recognition of an asset retirement obligation in several City funds (see Note 14k) and restatement of beginning net position (see Note 18).
88 – "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"	This statement expands note disclosures related to debt, including direct borrowings and direct placements. It further clarifies which liabilities should be included in the debt note disclosures. The requirements of this standard are to be applied prospectively. No restatement was necessary.

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

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

a -- Reporting Entity

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

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

<u>*Blended Component Units*</u>	<u>*Brief Description of Activities, Relationship to City, and Key Inclusion Criteria*</u>
Austin Housing Finance Corporation (AHFC)	AHFC was created in 1979 as a public, nonprofit corporation and instrumentality of the City under the provisions of the Texas Housing Finance Corporation Act, Chapter 394, and Local Government Code. The mission of the AHFC is to generate and implement strategic housing solutions for the benefit of low- and moderate- income residents of the City. AHFC is governed by a board composed of the City Council. In addition, City management has operational responsibilities for this component unit. Reporting Fund: Austin Housing Finance Corporation fund, a nonmajor special revenue fund

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

Blended Component Units	*Brief Description of Activities, Relationship to City, and Key Inclusion Criteria*
Urban Renewal Agency (URA)	URA was created by the City under Chapter 374 of the Texas Local Government Code. The Mayor, with consent of the City Council, appoints the board of commissioners for this agency, whose primary responsibility is to oversee the implementation and compliance of urban renewal plans adopted by the City Council. An urban renewal plan's primary purpose is to eliminate slum and blighting influence within a designated area of the city. City Council maintains the ability to impose its will on the organization. URA exclusively receives financial support/benefits from its relationship with the City. Reporting Fund: Urban Renewal Agency fund, a nonmajor special revenue fund
Austin Industrial Development Corporation (AIDC)	AIDC was created under the Texas Development Corporation Act of 1979 to provide a means of extending tax-exempt financing to projects that are deemed to have substantial social benefit through the creation of commercial, industrial, and manufacturing enterprises, in order to promote and encourage employment in the City. City Council acts as the board of directors of the corporation. In addition, City management has operational responsibilities for this component unit. Reporting Fund: Austin Industrial Development Corporation fund, a nonmajor special revenue fund
Mueller Local Government Corporation (MLGC)	MLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. MLGC was created for the purpose of financing infrastructure projects required for the development of the former site of Mueller Airport. City Council acts as the board of directors of the corporation. Members of the City staff serve as officers of the corporation and have operational responsibilities for this component unit. Reporting Fund: Mueller Local Government Corporation, a nonmajor special revenue fund
Austin-Bergstrom International Airport (ABIA) Development Corporation	ABIA Development Corporation is governed by a board composed of the City Council. The entity has no day-to-day operations. Its existence relates only to the authorization for issuance of industrial revenue bonds or to other similar financing arrangements in accordance with the Texas Development Corporation Act of 1979. To date, none of the bonds issued constitute a liability of ABIA Development Corporation or the City. In addition, City management has operational responsibilities for this component unit. There is no financial activity to report related to this component unit.
Nacogdoches Power, LLC (NP)	Austin Energy acquired Nacogdoches Power, LLC on June 13, 2019, which included the purchase of a 115 MW biomass power plant that was transferred to Austin Energy. NP provides renewable energy exclusively for the benefit of Austin Energy customers, and as such is reported as a blended component unit in the Austin Energy enterprise fund. Austin Energy staff serve as officers of the corporation. In addition, Austin Energy is fiscally responsible for the obligations of NP. Reporting Fund: Austin Energy, a major proprietary fund.

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

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

Discretely Presented Component Units	*Description of Activities, Relationship to City, and Key Inclusion Criteria*
Austin-Bergstrom Landhost Enterprises, Inc. (ABLE) 3600 Presidential Blvd, Suite 411 Austin, TX 78719	ABLE is a legally separate entity that issues revenue bonds for the purpose of financing the cost of acquiring, improving, and equipping a full-service hotel on airport property. City Council appoints this entity's Board and maintains a contractual ability to remove board members at will. Debt issued by ABLE does not constitute a debt or pledge of the faith and credit of the City.
Austin Convention Enterprises, Inc. (ACE) 500 East 4th Street Austin, TX 78701	ACE is a legally separate entity that owns, operates, and finances the Austin Convention Center Hotel. City Council appoints this entity's Board and maintains a contractual ability to remove board members at will. Debt issued by ACE does not constitute a debt or pledge of the faith and credit of the City.
Austin Travis County Sobriety Center Local Government Corporation (SCLGC) 700 Lavaca Street Austin, TX 78701	SCLGC is a non-profit local government corporation created by the City and Travis County under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of SCLGC is to operate a sobriety center located within the City of Austin and Travis County. The City Council and the County each appoint five members of the SCLGC board. The operations of the Sobriety Center are primarily funded by the City. The SCLGC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City.
Waller Creek Local Government Corporation (WCLGC) 124 W. 8th Street Austin, TX 78701	WCLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of WCLGC is implementing the financing, design, construction, maintenance and operation of certain public improvements located within or around the Waller Creek Redevelopment Project district. The WCLGC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City. There is no financial activity to report related to this component unit.

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

The City of Austin retirement plans (described in Note 7) and the City of Austin Deferred Compensation Plan are not included in the City's reporting entity since the City does not exercise substantial control over these plans.

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

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

b -- Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

The City reports the following major governmental fund:

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

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

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

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

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

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

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

d -- Budget

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

Annual budgets are legally adopted for the General Fund, certain special revenue funds, and debt service funds. Annual budgets are also adopted for enterprise and internal service funds, although they are not legally required. Multi-year budgets are adopted for capital projects and grant funds, where appropriations remain authorized for the life of the projects, irrespective of fiscal year. Expenditures are appropriated on a modified accrual basis, except that commitments related to purchase orders are treated as expenditures in the year of commitment. Certain employee training and other fund-level expenditures are budgeted as general city responsibilities.

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

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

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

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

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

Accounts Receivable -- Balances of accounts receivable, reported on the government-wide statement of net position, are aggregations of different components such as charges for services, fines, and balances due from taxpayers or other governments. In order to assist the reader, the following information has been provided regarding significant components of receivable balances as of September 30, 2019 (in thousands):

Governmental activities	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Charges for Services	$ 337,675	26,527	2,507	366,709
Fines	13,600	59	--	13,659
Taxes	52,349	4,483	--	56,832
Other Governments	--	2,663	--	2,663
Other	1,080	4,906	--	5,986
Allowance for doubtful accounts	(337,038)	(1,660)	(193)	(338,891)
Total	$ 67,666	36,978	2,314	106,958

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	$ 158,933	75,508	5,173	25,424	265,038
Allowance for doubtful accounts	(10,353)	(2,477)	(1,859)	(2,015)	(16,704)
Total	$ 148,580	73,031	3,314	23,409	248,334

Elimination of Internal Activities -- The elimination of internal service fund activity is needed in order to eliminate duplicate activity in making the transition from the fund level financial statements to the government-wide financial statements. In addition, the elimination of internal service fund activity requires the City to "look back" and adjust the internal service funds' internal charges. A positive change in net position derived from internal service fund activity results in a pro-rata reduction in the charges made to the participatory funds. A deficit change in net position of internal service funds requires a pro-rata increase in the amounts charged to the participatory funds.

Internal Balances -- In the government-wide statement of net position, internal balances are the receivables and payables between the governmental and business-type activities.

Interfund Receivables and Payables -- During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund-level statements when they are expected to be liquidated within one year. If receivables or payables are not expected to be liquidated within one year, they are classified as "advances to other funds" or "advances from other funds".

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

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

Fund	Inventory Valuation Method
General Fund	First-in, first-out
Austin Energy	
Fuel oil – Distillate #2	Last-in, first-out
Wire Reels	Cost
Other inventories	Average cost
All others	Average cost

Inventories for all funds are accounted for using the consumption method and expenditures are recorded when issued. Inventories reported in the General Fund are offset by an equal amount in nonspendable fund balance, which indicates that they do not represent "available spendable resources."

Restricted Assets -- Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Since Austin Energy and Austin Water report in accordance with accounting for regulated operations, enabling legislation also includes restrictions on asset use established by its governing board which is the City Council. Restricted assets used to repay maturing debt and other current liabilities are classified as current.

The balances of restricted assets in the enterprise funds are as follows (in thousands):

	Austin Energy	Austin Water	Airport	Nonmajor Enterprise	Total Restricted Assets
Capital projects	$ 61,588	85,871	450,487	125,661	723,607
Customer and escrow deposits	23,497	10,447	1,180	9,151	44,275
Debt service	79,210	63,917	43,942	14,740	201,809
Federal receivables	5,104	--	10,547	616	16,267
Operating reserve account	--	47,807	18,961	8,554	75,322
Passenger facility charge account	--	--	116,655	--	116,655
Plant decommissioning	255,841	--	--	--	255,841
Renewal and replacement account	69,348	--	10,000	900	80,248
Revenue bond reserve	27,276	58,215	61,080	10,263	156,834
Revolving loan reserve	4,875	--	--	--	4,875
Strategic reserve	214,061	--	--	--	214,061
Total	$ 740,800	266,257	712,852	169,885	1,889,794

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

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

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

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

		Business-type Activities			
Assets	**Governmental Activities (1)**	**Austin Energy**	**Austin Water**	**Airport**	**Nonmajor Enterprise**
Buildings and improvements	5-40	--	15-50	15-40	12-40
Plant and equipment	5-50	--	5-60	4-50	5-40
Vehicles	3-20	3-15	3-20	3-20	3-30
Electric plant	--	3-50	--	--	--
Non-electric plant	--	3-30	--	--	--
Communication equipment	7-15	--	7	7	7
Furniture and fixtures	12	--	12	12	12
Computers and EDP equipment	3-7	--	3-7	3-7	3-7
Nuclear fuel (2)	--	Other	--	--	--
Water rights	--	--	101	--	--
Infrastructure					
Streets and roads	30	--	--	--	--
Bridges	50	--	--	--	--
Drainage systems	50	--	--	--	--
Pedestrian facilities	20	--	--	--	--
Traffic signals	25	--	--	--	--

(1) Includes internal service funds
(2) Nuclear fuel is amortized over units of production

Depreciation of assets is classified by functional component. The City considers land, arts and treasures, and library collections to be inexhaustible; therefore, these assets are reported as nondepreciable. The true value of arts and treasures is expected to be maintained over time and, thus, is not depreciated. The initial investment of library collections for each library is capitalized. All subsequent expenditures related to the maintenance of the collection (replacement of individual items) are expensed, with the overall value of the collection being maintained, and therefore, not depreciated.

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

In the government-wide and proprietary fund statements, the City recognizes a gain or loss on the disposal of assets when it retires or otherwise disposes of capital assets.

Water rights represent the amortized cost of a $100 million contract, net of accumulated amortization of $19.8 million, between the City and the Lower Colorado River Authority (LCRA) for a fifty-one year assured water supply agreement, with an option to extend another fifty years. The City and the LCRA entered into the contract in 1999. The asset amortization period is 101.25 years.

Austin Energy acquired Nacogdoches Power, LLC on June 13, 2019, which included the purchase of a 115 MW biomass power plant. The purchase was funded with $460 million in revenue bonds. Total consideration was allocated to net position acquired, including capital assets and working capital, at $402 million and deferred outflows of resources at $58 million. Through the acquisition, Austin Energy receives several key economic benefits, including exchanging an escalating capacity payment for a lower, fixed debt service payment and capturing operating efficiencies and cost reductions as the facility owner.

Regulatory Assets -- In accordance with accounting for regulated operations, certain utility expenses that do not currently require funding are recorded as assets and amortized over future periods if they are intended to be recovered through future rates. These expenses include unrealized gain/loss on investments, debt issuance costs, pension, other postemployment benefits, interest, decommissioning, and pass-through rates, such as the Power Supply Adjustment charge, Community Benefit charge, and Regulatory charge. Regulatory Assets will be recovered in these future periods by setting rates sufficient to provide funds for the requirements. If regulatory assets are not recoverable in future rates, the regulatory asset will be subject to write off. Retail deregulation of electric rates in the future may affect the City's current accounting treatment of its electric utility revenues and expenses.

Other Assets -- Other assets include amounts deposited in pre-closing escrow accounts in connection with certain real estate transactions and deposits used as collateral. In addition, the receivable related to service concession arrangements for the Airport, a major enterprise fund, is recorded as other assets.

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

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

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

	Deferred Outflows		Deferred Inflows	
Funds	**Governmental Activities**	**Business-type Activities**	**Governmental Activities**	**Business-type Activities**
Asset Retirement Obligations (ARO) -- When an ARO is recognized, a corresponding deferred outflow of resources is recognized and amortized over the remaining life of the corresponding tangible asset.				
Austin Energy	$ --	203,193	--	--
Austin Water	--	543	--	--
Internal Service	142	--	--	--
Derivative Instruments -- Derivative instruments are reported in the statement of net position at fair value. Changes in fair value of hedging derivative instruments are recognized through the application of hedge accounting as either deferred outflows or inflows in the statement of net position, as an offset to the related hedging derivative instrument.				
Austin Energy	--	3,511	--	206
Austin Water	--	16,861	--	--
Nonmajor Enterprise	--	8,810	--	--
Excess consideration -- When a government acquires another entity in exchange for significant consideration, the amount of consideration that exceeds the net position acquired should be reported as a deferred outflow of resources and amortized over future periods.				
Austin Energy	--	53,439	--	--
Gain/loss on debt refundings -- When debt is refunded, the associated gains (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.				
Governmental Activities	16,140	--	--	--
Austin Energy	--	17,494	--	2
Austin Water	--	50,759	--	--
Airport	--	17,897	--	--
Nonmajor Enterprise	--	6,906	--	164
Internal Service	80	--	--	--
Other postemployment benefits -- Changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds) may be treated as either deferred outflows or inflows. City benefit payments made between the measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.				
Governmental Activities	173,238	--	159,047	--
Austin Energy	--	35,809	--	32,936
Austin Water	--	24,233	--	22,509
Airport	--	17,951	--	8,867
Nonmajor Enterprise	--	66,311	--	40,943
Pensions -- Differences between estimated and actual investment earnings, changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds), may be treated as either deferred outflows or inflows. Contributions made to the pension systems between the Plans' measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.				
Governmental Activities	955,854	--	24,454	--
Austin Energy	--	72,149	--	--
Austin Water	--	37,287	--	3,204
Airport	--	16,312	--	--
Nonmajor Enterprise	--	71,891	--	--
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	--	--	--	401,124
Austin Water	--	--	--	836,694
Service concession arrangements -- The resources related to the service concession arrangements that will be recognized as revenue in future years over the terms of arrangements between the City and the operators are reported as deferred inflows of resources.				
Governmental Activities	--	--	886	--
Airport	--	--	--	177,157
Total	$ 1,145,454	721,356	184,387	1,523,806

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

	Deferred Outflows		Deferred Inflows	
Funds	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Totals by Fund				
Governmental Activities	$ 1,145,232	--	184,387	--
Austin Energy	--	385,595	--	434,268
Austin Water	--	129,683	--	862,407
Airport	--	52,160	--	186,024
Nonmajor Enterprise	--	153,918	--	41,107
Internal Service	222	--	--	--
Grand Total	$ 1,145,454	721,356	184,387	1,523,806

The governmental funds' statements include amounts recognized as deferred inflows of resources as a result of property taxes, other taxes, and certain revenues ($20.5 million) that are not available to liquidate current liabilities in the funds. These amounts will be recognized in the period these amounts become available.

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

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

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

(1) Non-sworn employees are eligible for accumulated sick leave payout if hired before October 1, 1986.
(2) Sworn police employees with 16 years of actual service are eligible for accumulated sick leave payout. As of November 15, 2018, officers may be eligible to receive up to 1,700 hours of sick leave if certain criteria are met.
(3) Sworn fire employees are eligible for accumulated sick leave payout regardless of hire date.
(4) Sworn EMS employees with 12 years of actual service are eligible for accumulated sick leave payout if certain criteria are met.
(5) Exception vacation hours are hours accumulated by an employee when the employee works on a City holiday.
(6) Employees may earn compensatory time in lieu of paid overtime; maximum payout is 120 hours for all employees.

Other Postemployment Benefits (OPEB) -- The City provides certain health care benefits for its retired employees and their families as more fully described in Note 8. At September 30, 2019, the City's total OPEB liability for these retiree benefits was approximately $2.4 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 generally accepted accounting principles and in view of the expectation that the proprietary fund will provide resources to service the debt.

Revenue bonds issued to finance capital projects of certain enterprise funds are to be repaid from select revenues of these funds. Note 6 contains more information about pledged revenues by fund. The corresponding debt is recorded in the applicable fund.

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

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

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

Asset Retirement Obligations (AROs) -- As a result of the implementation of GASB Statement No. 83, Austin Energy is reporting AROs related to the South Texas Project and the Fayette Power Project, Austin Waster is reporting AROs related to wastewater treatment plants, and Fleet is reporting AROs related to petroleum underground storage tanks.

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

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

	Bad Debt Expense
Austin Energy	$ 4,326
Austin Water	1,396
Nonmajor Enterprise	1,177

Electric, water, and wastewater revenue is recorded when earned. Customers' electric and water meters are read, and bills rendered on a cycle basis by billing district. Electric rate schedules include a fuel cost adjustment clause that permits recovery of fuel costs in the month incurred or in future months. The City reports fuel costs on the same basis as it recognizes revenue. Unbilled revenue is recorded in Austin Energy by estimating the daily power generation and allocating by each billing district meter read dates as of September 30, 2019. The amount of unbilled revenue recorded, as of September 30, 2019, was $34.3 million. Austin Water records unbilled revenue as earned based upon the percentage of October's billing that represented water usage through September 30, 2019. The amount of unbilled revenue reported in accounts receivable as of September 30, 2019 was $21.2 million for water and $14.9 million for wastewater.

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

	Discounts
Airport	$ 5,538
Nonmajor Enterprise	3,480

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.

Special Item -- In April 2012, the City Council approved an ordinance authorizing the execution of a master development agreement for the sale and redevelopment of the Green Water Treatment Plant land. Under this agreement the City sold the land to the developer in four phases. The City received the final payment of $10.201 million in fiscal year 2019. Sales under this agreement total $42.32 million. Due to the unusual and infrequent occurrence of a sale of City property of this significance and the fact that the transaction is under control of City management, it is being reported as a special item in the financial statements.

Extraordinary Item -- In 2018, Austin-Bergstrom Landhost Enterprises, Inc., a discretely presented component unit, recognized an extraordinary item for mold remediation in the hotel's lobby atrium. The remediation had a total cost of $1,593,368.

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 $61,000 in fiscal year 2019 to a specific purpose. This amount is updated annually based on the most recently published federal government, Bureau of Labor Statistics Indicator, Consumer Price Index (CPI-W U.S. City Average) U.S. City Average.
>
> Unassigned: The portion of fund balance that is not restricted, committed, or assigned to specific purposes; only the General Fund reports a positive unassigned fund balance.

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

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

	General Fund	Nonmajor Governmental Special Revenue	Debt Service	Capital Projects	Permanent	Total
Nonspendable						
Inventory	$ 11	--	--	--	--	11
Prepaid items	1,760	--	--	--	--	1,760
Permanent funds	--	--	--	--	1,070	1,070
Total Nonspendable	1,771	--	--	--	1,070	2,841
Restricted						
Municipal court services	--	1,519	--	--	--	1,519
Police special purpose	--	9,883	--	--	--	9,883
Fire special purpose	--	51	--	--	--	51
Transportation, planning, and sustainability	--	106	--	--	--	106
Public health services	--	171	--	--	--	171
Library services	--	4,290	--	--	--	4,290
Tourism programs	--	29,736	--	--	--	29,736
Affordable housing programs	--	54,178	--	--	--	54,178
Urban growth programs	--	16,995	--	--	--	16,995
Capital construction	--	--	--	94,663	--	94,663
Debt service	--	--	32,154	--	--	32,154
Total Restricted	--	116,929	32,154	94,663	--	243,746
Committed						
Parks services	--	4,153	--	--	--	4,153
Tourism programs	--	69	--	--	--	69
Affordable housing programs	--	5,011	--	--	--	5,011
Urban growth programs	--	32,663	--	--	--	32,663
Total Committed	--	41,896	--	--	--	41,896
Assigned						
General government services	145	--	--	--	--	145
Municipal court services	1,618	--	--	--	--	1,618
Police special purpose	14,201	39	--	--	--	14,240
Fire special purpose	183	--	--	--	--	183
EMS special purpose	338	--	--	--	--	338
Transportation, planning, and sustainability	12	15	--	--	--	27
Public health services	5,903	40	--	--	--	5,943
Parks services	919	79	--	--	--	998
Library services	998	6	--	--	--	1,004
Tourism programs	--	6,916	--	--	--	6,916
Affordable housing programs	464	84	--	--	--	548
Urban growth programs	28,660	8,345	--	--	--	37,005
Capital construction	--	--	--	115,211	--	115,211
Total Assigned	53,441	15,524	--	115,211	--	184,176
Unassigned	180,424	(2,161)	--	(37,760)	--	140,503
Total Fund Balance	$ 235,636	172,188	32,154	172,114	1,070	613,162

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

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

Budgetary reserve funds -- By formal action of City Council, the General Fund maintains three reserve funds; a budget stabilization reserve, an emergency reserve, and a property tax reserve. These reserves are part of unassigned fund balance for the General Fund. As of September 30, 2019, the budget stabilization reserve reports a balance of $105.5 million, the emergency reserve maintains a balance of six percent of total General Fund requirements, or $61.7 million, and the property tax reserve has a balance of $4.5 million. The funds in the budget stabilization reserve may be appropriated to fund capital or other one-time costs, but such appropriation should not exceed one-third of the total amount in the reserve.

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

Pensions -- For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's three pension plans and additions to/deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability, pension expenses, and long-term deferrals are allocated to funds based on actual contributions by fund during the corresponding measurement period with the exception of the internal service funds, which are presented in governmental activities in the government-wide statements (see Note 7).

Risk Management -- The City is exposed to employee-related risks for health benefits and workers' compensation, as well as to various risks of loss related to torts; theft of, damage to, or destruction of assets; fraud; and natural disasters. The City is self-insured for legal liabilities, workers' compensation claims, and employee health benefits.

The City does not participate in a risk pool but purchases commercial insurance coverage for property loss or damage, commercial crime, fidelity bonds, airport operations, and contractors working at selected capital improvement project sites (see Note 14).

Austin Energy has established an energy risk management program. This program was authorized by City Council and led by the risk oversight committee. Under this program, Austin Energy enters into futures contracts, options, and swaps to reduce exposure to natural gas and energy price fluctuations. For additional details see Note 9.

f -- New Development Services enterprise fund

Prior to fiscal year 2019, Development Services was reported in the General Fund under the Urban growth management program. After several years of discussions surrounding development activities, fees, and cost of service, city management recommended and City Council adopted the budget for the new Development Services enterprise fund in fiscal year 2019. With this budget, the department became substantially self-supporting by bringing fees into alignment with the cost of providing these services. This move to a separate fund helps ensure that development revenue is not being used for activities other than those authorized by City Council and that taxpayers are not supporting the cost of development. There were 362 full time positions moved from the General Fund to the new Development Services nonmajor enterprise fund. Capital assets, net pension liability, other postemployment benefits, and other balances were transferred from governmental activities to the new fund.

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, 2019 (in thousands):

	Pooled Investments and Cash	
	Unrestricted	Restricted
General Fund	$ 224,126	--
Nonmajor governmental funds	312,997	--
Austin Energy	406,804	83,856
Austin Water	185,519	141,933
Airport	18,851	605,088
Nonmajor enterprise funds	387,212	146,766
Internal service funds	248,593	5,407
Fiduciary funds	3,683	--
Subtotal pooled investments and cash	1,787,785	983,050
Total pooled investments and cash	$ 2,770,835	

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), Assistant Treasurer over Investment Management, Assistant Treasurer over Debt Management, representation from the Controller’s office, a public sector investment expert, a Financial Advisor's representative, a representative from Austin Energy, a representative from the Austin Water, and a representative from the Law Department. The report details the investment position of the City and the compliance of the investment portfolio as it relates to both the adopted investment strategy statements and Texas state law.

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

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

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of the State of Texas;
3. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities;
4. Obligations of other states, cities, counties, or other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent;
5. Bankers' acceptances, so long as each such acceptance has a stated maturity of 270 days or less from the date of its issuance, will be liquidated in full at maturity, are eligible collateral for borrowing from a Federal Reserve Bank, and are accepted by a domestic bank whose short-term obligations are rated at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency or which is the largest subsidiary of a bank holding company whose short-term obligations are so rated;
6. Commercial paper with a stated maturity of 270 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 2019.

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

The City participates in TexPool/TexPool Prime, TexasDAILY, TexStar, and Texas CLASS (collectively referred to as the LGIPs). The State Comptroller oversees TexPool/Texpool Prime, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over TexasDAILY, an advisory board consisting of participants or their designees maintains oversight responsibility for TexasDAILY. PFM Asset Management LLC manages the daily operations of TexasDAILY under a contract with the advisory board. JPMorgan Investment Management, Inc. and First Southwest Asset Management, 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, 2019, TexPool, Texpool Prime, TexasDAILY, TexStar, and Texas CLASS had a weighted average maturity of 34 days, 32 days, 32 days, 18 days, and 50 days, respectively. The City's LGIP investments are not subject to limitations, penalties, or restrictions on withdrawals outside emergency conditions that make the sale of assets or determination of fund NAV not reasonably practical, and therefore, the City considers holdings in these funds to have an effective weighted average maturity of one day.

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

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

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

The City has the following recurring fair value measurements as of September 30, 2019:

- U.S. Treasury securities of $620.6 million are valued using other observable inputs, including but not limited to, model processes, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing (Level 2 inputs).
- U.S. Agency securities of $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, 2019, the City presented Money Market Funds of $124.3 million, LGIPs of $1.4 billion valued using amortized cost, and LGIP's of $299.8 million valued using NAV.

The following table includes the portfolio balances of all non-pooled and pooled investments of the City at September 30, 2019 (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments:				
Local Government Investment Pools	$ 31,224	411,651	--	442,875
Money Market Funds	2,420	118,376	3,496	124,292
US Treasury Notes	--	59,928	--	59,928
US Agency Bonds	--	244,738	--	244,738
Total non-pooled investments	33,644	834,693	3,496	871,833
Pooled investments:				
Local Government Investment Pools	362,430	905,280	1,666	1,269,376
US Treasury Notes	160,073	399,823	745	560,641
US Agency Bonds	273,196	682,377	1,272	956,845
Total pooled investments	795,699	1,987,480	3,683	2,786,862
Total investments	$ 829,343	2,822,173	7,179	3,658,695

Concentration of Credit Risk

At September 30, 2019, the City of Austin was exposed to concentration of credit risk since it held investments with more than five percent of the total investment portfolio balances of the City in securities of the following issuers (in millions): Federal Farm Credit Bank ($371.7 or 10%), Federal Home Loan Bank ($270.1 or 7%), Federal Home Loan Mortgage Corporation ($390.1 or 11%), and Federal National Mortgage Association ($169.7 or 5%).

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, 2019, the City had the following investments in each of these strategic categories (in thousands):

Investment Type by Category	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	Weighted Average Maturity
Operating funds					
Local Government Investment Pools	$ 362,430	905,280	1,666	1,269,376	1
US Treasury Notes	160,073	399,823	745	560,641	263
US Agency Bonds	273,196	682,377	1,272	956,845	399
Total Operating funds	795,699	1,987,480	3,683	2,786,862	
Debt service funds					
General Obligation Debt Service					
Local Government Investment Pools	31,224	--	--	31,224	1
Utility (1)					
Local Government Investment Pools	--	143,101	--	143,101	1
Airport					
Local Government Investment Pools	--	29,722	--	29,722	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	11,848	--	11,848	1
Total Debt service funds	31,224	184,671	--	215,895	
Debt service reserve funds					
Utility (1)					
Local Government Investment Pools	--	41,394	--	41,394	1
Money Market Funds	--	4,256	--	4,256	1
Airport					
Local Government Investment Pools	--	61,080	--	61,080	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	10,263	--	10,263	1
Total Debt service reserve funds	--	116,993	--	116,993	
Special projects/purpose funds					
Austin Energy Strategic Reserve					
Local Government Investment Pools	--	89,561	--	89,561	1
US Agency Bonds	--	184,782	--	184,782	503
Total Austin Energy Strategic Reserve	--	274,343	--	274,343	
Austin Energy Nuclear Decommissioning Trust Funds (NDTF)					
Money Market Funds	--	112,009	--	112,009	1
US Treasury Notes	--	59,928	--	59,928	123
US Agency Bonds	--	59,956	--	59,956	248
Total Austin Energy NDTF	--	231,893	--	231,893	
Special Projects - Utility Reserve (1)					
Local Government Investment Pools	--	24,682	--	24,682	1
Special Projects - Other					
Money Market Funds	2,420	2,111	3,496	8,027	1
Total Special projects/purpose funds	2,420	533,029	3,496	538,945	
Total funds	$ 829,343	2,822,173	7,179	3,658,695	

(1) Includes combined pledge debt service

Credit Risk

At September 30, 2019, City funds held investments in LGIPs and Money Market Funds rated AAAm by Standard & Poor’s, short-to-medium term U.S. Agency bonds rated AA+ by Standard & Poor’s, and the remaining investments in Treasury securities, which are direct obligations of the U.S. government.

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

Concentration of Credit Risk

Operating Funds
At September 30, 2019, 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 ($351.7 or 12%), Federal Home Loan Bank ($205 or 7%), and Federal Home Loan Mortgage Corporation ($290.2 or 10%).

Special Projects or Special Purpose Funds
At September 30, 2019, the Austin Energy Strategic Reserve Fund held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Farm Credit Bank ($20 or 7%), Federal Home Loan Bank ($35 or 13%), Federal Home Loan Mortgage Corporation ($80 or 29%), and Federal National Mortgage Association ($49.8 or 18%).

At September 30, 2019, the NDTF held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Home Loan Bank ($30 or 12%) and Federal Home Loan Mortgage Corporation ($20 or 8%).

Interest Rate Risk

Operating Funds
As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the City’s cash flow requirements. Three years is the maximum period before maturity.

At September 30, 2019, less than half of the Investment Pool was invested in AAAm rated LGIPs, with the remainder invested in short-to-medium term U.S. Agency and Treasury obligations. Term limits on individual maturities did not exceed three years from the purchase date. The dollar weighted average maturity of all securities was 190 days, which was less than the threshold of 365 days.

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

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

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

Special Purpose Funds - Austin Energy Strategic Reserve Fund
At September 30, 2019, 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 340 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, 2019, the dollar weighted average maturity was 96 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, 2019, are as follows (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments and cash	$ 44,184	843,819	3,496	891,499
Pooled investments and cash	799,058	1,995,869	3,683	2,798,610
Total investments and cash	843,242	2,839,688	7,179	3,690,109
Unrestricted cash	55	2,506	--	2,561
Restricted cash	10,485	6,620	--	17,105
Pooled investments and cash	799,058	1,995,869	3,683	2,798,610
Investments	33,644	834,693	3,496	871,833
Total	$ 843,242	2,839,688	7,179	3,690,109

The bank balance of the portfolio exceeds the book balance by approximately $28 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, 2019 carrying amount of deposits at the bank and cash on hand are as follows (in thousands):

	Governmental Activities	Business-type Activities	Total
Cash			
Unrestricted	$ 55	65	120
Restricted	--	4,875	4,875
Cash held by trustee			
Unrestricted	--	2,441	2,441
Restricted	10,485	1,745	12,230
Pooled cash	3,359	8,389	11,748
Total deposits	$ 13,899	17,515	31,414

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, 2019.

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, 2018, upon which the 2019 levy was based, was $152,147,505,769.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2019, 99.46% of the current tax levy (October 1, 2018) was collected. The statutory lien date is January 1.

The methods of property assessment and tax collection are determined by Texas statutes. The statutes provide for a property tax code, countywide appraisal districts, a State property tax board, and certain exemptions from taxation, such as intangible personal property, household goods, and family-owned automobiles.

The appraisal of property within the City is the responsibility of the Travis Central Appraisal District, the Williamson Central Appraisal District, and the Hays Central Appraisal District. The appraisal districts are required under the Property Tax Code to assess all real and personal property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every two years; however, the City may require more frequent reviews of appraised values at its own expense. The Travis Central Appraisal District and the Hays Central Appraisal District have chosen to review the value of property in their respective districts every two years, while the Williamson Central Appraisal District has chosen to review the value of property on an annual basis. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The City is authorized to set tax rates on property within the city limits. However, if the effective tax rate, excluding tax rates for bonds, certificates of obligation, and other contractual obligations, as adjusted for new improvements and revaluation, exceeds the rate for the previous year by more than 8%, State statute allows qualified voters of the City to petition for an election to determine whether to limit the tax rate increase to no more than 8%. State law governing municipalities' authority to increase property tax rates was changed during 2019. Effective for fiscal year 2021, any increase in the property tax rate for maintenance and operations of more than 3.5% above the no-new-revenue-property tax rate will require voter approval on the November general election ballot. The no-new-revenue rate is the rate at which the City would generate the same amount of property tax revenue for maintenance and operations as in the prior year from properties taxed in both years, net of certain adjustments. The City will continue to have the ability to set its debt service tax rate at the level necessary to generate sufficient revenue to make its payments on voter-approved bonds, certificates of obligation, and other contractual obligations.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. Under the City charter, a limit on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at $1.00 per $100 assessed valuation. A practical limitation on taxes levied for debt service of $1.50 per $100 of assessed valuation is established by state statute and City charter limitations. Through contractual arrangements, Travis, Williamson, and Hays Counties bill and collect property taxes for the City.

The tax rate to finance general governmental functions, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 2019, was $0.3308 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, 2019 was $0.1095 per $100 assessed valuation. The City has a tax margin for general governmental purposes of $0.6692 per $100 assessed valuation and could levy approximately $1,018,171,108 in additional taxes from the assessed valuation of $152,147,505,769 before the legislative limit is reached.

5 – CAPITAL ASSETS AND INFRASTRUCTURE

Governmental Activities

Capital asset activity for the year ended September 30, 2019, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,051,306	31,338	(674)	1,081,970
Plant and equipment	267,281	23,733	(18,507)	272,507
Vehicles	151,974	16,913	(14,051)	154,836
Infrastructure	3,006,160	78,662	--	3,084,822
Total depreciable capital assets	4,476,721	150,646	(33,232)	4,594,135
Less accumulated depreciation for				
Building and improvements	(394,317)	(29,599)	206	(423,710)
Plant and equipment	(192,701)	(17,971)	17,418	(193,254)
Vehicles	(97,972)	(13,130)	11,809	(99,293)
Infrastructure	(1,267,023)	(82,517)	--	(1,349,540)
Total accumulated depreciation	(1,952,013)	(143,217) (2)	29,433	(2,065,797)
Depreciable capital assets, net	2,524,708	7,429	(3,799)	2,528,338
Nondepreciable capital assets				
Land and improvements	383,137	39,084	(21,490)	400,731
Arts and treasures	10,602	416	--	11,018
Library collections	18,167	--	--	18,167
Construction in progress	92,271	169,274	(124,022)	137,523
Total nondepreciable assets	504,177	208,774	(145,512)	567,439
Total capital assets	$ 3,028,885	216,203	(149,311)	3,095,777

(1) Increases and decreases do not include transfers (at net book value) between Governmental Activities.
(2) Components of accumulated depreciation/amortization increases:

Governmental Activities:	
General government	$ 5,780
Public safety	15,807
Transportation, planning and sustainability	63,494
Public health	1,796
Public recreation and culture	20,577
Urban growth management	23,335
Internal service funds	12,428
Total increases in accumulated depreciation/amortization	$ 143,217

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Total

Capital asset activity for the year ended September 30, 2019, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 2,827,461	227,796	(50)	3,055,207
Plant and equipment	4,051,318	155,036	(5,597)	4,200,757
Vehicles	228,320	28,920	(10,221)	247,019
Electric plant	4,986,675	573,900	(5,025)	5,555,550
Non-electric plant	236,700	31,027	--	267,727
Nuclear fuel	400,467	18,964	--	419,431
Water rights	100,000	--	--	100,000
Total depreciable capital assets	12,830,941	1,035,643	(20,893)	13,845,691
Less accumulated depreciation/amortization for				
Building and improvements	(849,363)	(66,025)	50	(915,338)
Plant and equipment	(1,674,096)	(106,172)	3,785	(1,776,483)
Vehicles	(154,744)	(20,185)	10,384	(164,545)
Electric plant	(2,862,786)	(191,606)	4,870	(3,049,522)
Non-electric plant	(89,951)	(10,735)	--	(100,686)
Nuclear fuel	(352,198)	(18,440)	--	(370,638)
Water rights	(18,766)	(988)	--	(19,754)
Total accumulated depreciation/amortization	(6,001,904)	(414,151) (2)	19,089	(6,396,966)
Depreciable capital assets, net	6,829,037	621,492	(1,804)	7,448,725
Nondepreciable capital assets				
Land and improvements	694,458	51,302	(1,431)	744,329
Arts and treasures	4,098	--	--	4,098
Construction in progress	606,596	991,299	(997,791)	600,104
Plant held for future use	23,115	--	--	23,115
Total nondepreciable assets	1,328,267	1,042,601	(999,222)	1,371,646
Total capital assets	$ 8,157,304	1,664,093	(1,001,026)	8,820,371

(1) Increases and decreases do not include transfers (at net book value) between Business-type Activities.
(2) Components of accumulated depreciation/amortization increases:

Business-type Activities:	
Electric	$ 204,082
Water	59,271
Wastewater	64,487
Airport	35,220
Convention	9,017
Environmental and health services	10,036
Public recreation	678
Urban growth management	10,706
Total business-type activities depreciation expense	393,497
Transferred accumulated depreciation	2,214
Current year amortization included in operating expense	18,440
Total increases in accumulated depreciation/amortization	$ 414,151

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Energy

Capital asset activity for the year ended September 30, 2019, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets				
Vehicles	$ 33,726	3,503	(2,126)	35,103
Electric plant	4,986,675	573,900	(5,025)	5,555,550
Non-electric plant	236,700	31,027	--	267,727
Nuclear fuel	400,467	18,964	--	419,431
Total depreciable capital assets	5,657,568	627,394	(7,151)	6,277,811
Less accumulated depreciation/amortization for				
Vehicles	(25,523)	(1,741)	2,123	(25,141)
Electric plant	(2,862,786)	(191,606)	4,870	(3,049,522)
Non-electric plant	(89,951)	(10,735)	--	(100,686)
Nuclear fuel	(352,198)	(18,440)	--	(370,638)
Total accumulated depreciation/amortization	(3,330,458)	(222,522) (1)	6,993	(3,545,987)
Depreciable capital assets, net	2,327,110	404,872	(158)	2,731,824
Nondepreciable capital assets				
Land and improvements	65,787	2,677	--	68,464
Plant held for future use	23,115	--	--	23,115
Construction in progress (2)	179,788	611,980	(611,106)	180,662
Total nondepreciable assets	268,690	614,657	(611,106)	272,241
Total capital assets	$ 2,595,800	1,019,529	(611,264)	3,004,065

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	$ 204,082
Current year amortization included in operating expense	18,440
Total increases in accumulated depreciation/amortization	$ 222,522

(2) Increases and decreases include $394,386 related to the purchase of the Nacogdoches biomass powerplant.

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Water

Capital asset activity for the year ended September 30, 2019, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,202,172	32,493	--	1,234,665
Plant and equipment	3,787,604	138,390	(1,074)	3,924,920
Vehicles	44,211	2,035	(2,870)	43,376
Water rights	100,000	--	--	100,000
Total depreciable capital assets	5,133,987	172,918	(3,944)	5,302,961
Less accumulated depreciation/amortization for				
Building and improvements	(330,632)	(25,908)	--	(356,540)
Plant and equipment	(1,566,091)	(94,562)	--	(1,660,653)
Vehicles	(33,643)	(2,300)	3,553	(32,390)
Water rights	(18,766)	(988)	--	(19,754)
Total accumulated depreciation/amortization	(1,949,132)	(123,758) (1)	3,553	(2,069,337)
Depreciable capital assets, net	3,184,855	49,160	(391)	3,233,624
Nondepreciable capital assets				
Land and improvements	231,763	39	(1,431)	230,371
Arts and treasures	111	--	--	111
Construction in progress	253,727	124,816	(130,456)	248,087
Total nondepreciable assets	485,601	124,855	(131,887)	478,569
Total capital assets	$ 3,670,456	174,015	(132,278)	3,712,193

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	
Water	$ 58,283
Wastewater	64,487
Current year amortization	
Water	988
Total increases in accumulated depreciation/amortization	$ 123,758

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport

Capital asset activity for the year ended September 30, 2019, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,281,425	192,656	(50)	1,474,031
Plant and equipment	36,306	6,404	(330)	42,380
Vehicles	16,087	3,161	(757)	18,491
Total depreciable capital assets	1,333,818	202,221	(1,137)	1,534,902
Less accumulated depreciation for				
Building and improvements	(346,659)	(31,309)	50	(377,918)
Plant and equipment	(17,284)	(2,166)	2	(19,448)
Vehicles	(9,312)	(1,745)	754	(10,303)
Total accumulated depreciation	(373,255)	(35,220) (1)	806	(407,669)
Depreciable capital assets, net	960,563	167,001	(331)	1,127,233
Nondepreciable capital assets				
Land and improvements	96,381	--	--	96,381
Arts and treasures	3,375	--	--	3,375
Construction in progress	149,652	192,877	(201,770)	140,759
Total nondepreciable assets	249,408	192,877	(201,770)	240,515
Total capital assets	$ 1,209,971	359,878	(202,101)	1,367,748

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	$ 35,220

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2019, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 343,864	2,647	--	346,511
Plant and equipment	227,408	10,242	(4,193)	233,457
Vehicles	134,296	20,221	(4,468)	150,049
Total depreciable capital assets	705,568	33,110	(8,661)	730,017
Less accumulated depreciation for				
Building and improvements	(172,072)	(8,808)	--	(180,880)
Plant and equipment	(90,721)	(9,444)	3,783	(96,382)
Vehicles	(86,266)	(14,399)	3,954	(96,711)
Total accumulated depreciation	(349,059)	(32,651) (2)	7,737	(373,973)
Depreciable capital assets, net	356,509	459	(924)	356,044
Nondepreciable capital assets				
Land and improvements	300,527	48,586	--	349,113
Arts and treasures	612	--	--	612
Construction in progress	23,429	61,626	(54,459)	30,596
Total nondepreciable assets	324,568	110,212	(54,459)	380,321
Total capital assets	$ 681,077	110,671	(55,383)	736,365

(1) Increases and decreases do not include transfers (at net book value) between nonmajor enterprise funds.
(2) Components of accumulated depreciation/amortization increases:

Current year depreciation	
Convention	$ 9,017
Environmental and health services	10,036
Public recreation	678
Urban growth management	10,706
Total nonmajor enterprise activities depreciation expense	30,437
Transferred accumulated depreciation	2,214
Total increases in accumulated depreciation/amortization	$ 32,651

Service Concession Arrangements

The City has recorded net capital assets of $164.2 million, other assets of $18 million and deferred inflows of $178 million derived from four service concession arrangements (SCA) described below. An SCA is an arrangement in which the City conveys use of a capital asset to an operator in exchange for significant consideration; where the operator is compensated from third parties; where the City may determine what services are provided, to whom and for what price; where the City retains a significant residual interest in the asset after the SCA terminates.

The City has had an agreement with the Friends of Umlauf Garden, Inc. since 1991 to manage and operate the Umlauf Sculpture Garden and Museum. The agreement extends through 2021 and is for the purpose of displaying the artistic works of Charles Umlauf for the public enjoyment and education. Structures, which are dedicated to the City, have been built on City-owned land and display City-owned artwork.

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

In 2010, the City entered into an agreement with the Young Men's Christian Association (YMCA) to develop and operate a new joint-use recreational facility for public use. The facility is owned by the City and operated by the YMCA under a 20-year agreement extending through 2032.

In 2016, the City entered into a Master Lease Agreement with Austin CONRAC LLC, a corporation established to operate Austin's consolidated rent-a-car facility ("CONRAC"). The master lease, with a 20-year initial term and a 10-year extension option, provides for construction, financing, and management of a joint use facility. CONRAC began operations October 1, 2015. The operator pays annual rent of $900,000 to the Airport. The present value of the future rent payments was $13 million at lease inception. As of September 30, 2019, the unamortized balance was $10.0 million and is presented in other assets. The related deferred inflow balance is $11.3 million. The CONRAC was financed with $143 million in City issued Rental Car Special Facility Bonds, conduit debt secured by customer facilities charges (CFC). CFC funds are remitted by rental car concessionaires directly to the bond trustee. See Note 16 for conduit debt information. Construction costs totaled $152.5 million and the City has recorded the asset with a corresponding deferred inflow of resources to be amortized over the 30-year term of the master lease agreement.

In 2017, the City entered into a Lease and Development Agreement with Scott Airport Parking, LLC (Scott) to develop and operate a 2,000-space covered parking facility and full-service pet boarding facility (Bark and Zoom). The lease has a 40-year term which began on October 2016. Scott pays a monthly square footage rate, a monthly percentage rate, and a fixed monthly rate in exchange for the right to operate the facilities, as defined in the lease and development agreement. The fixed monthly rate for the first 5 years is $5,000. The present value of the future payments was $9.2 million at lease inception. As of September 30, 2019, the unamortized balance was $8 million and is presented in other assets. The related deferred inflow balance is $8.6 million. Construction costs totaled $27.1 million and the City has recorded the asset with a corresponding deferred inflow of resources to be amortized over the 40-year term of the master lease agreement.

As of September 30, 2019, the City reported the following SCA activities (in thousands):

Service Concession Arrangement	Beginning Asset Construction Cost	Current year Additions	Beginning Accumulated Depreciation	Current Year Depreciation	Ending Accumulated Depreciation	Net Book Value
Governmental Activities:						
Umlauf Sculpture Garden	$ 2,337	--	1,573	58	1,631	706
YMCA Northeast Recreation Center	1,333	--	194	33	227	1,106
Total Governmental Activities	3,670	--	1,767	91	1,858	1,812
Business-type Activities:						
CONRAC facility	152,496	--	11,369	3,814	15,183	137,313
Bark and Zoom facility	26,771	327	1,339	669	2,008	25,090
Total Business-type Activities	179,267	327	12,708	4,483	17,191	162,403

	Beginning Deferred Inflows	Current year Additions	Beginning Accumulated Amortization	Current Year Amortization	Ending Accumulated Amortization	Ending Deferred Inflows
Governmental Activities:						
Umlauf Sculpture Garden	240	--	2,097	77	2,174	163
YMCA Northeast Recreation Center	788	--	545	65	610	723
Total Governmental Activities	1,028	--	2,642	142	2,784	886
Business-type Activities:						
CONRAC facility	137,278	--	15,218	5,083	20,301	132,195
CONRAC base rent agreement	11,735	--	1,306	433	1,739	11,302
Bark and Zoom facility	25,433	327	1,338	670	2,008	25,090
Bark and Zoom base rent agreement	8,803	--	461	233	694	8,570
Total Business-type Activities	$ 183,249	327	18,323	6,419	24,742	177,157

6 – DEBT AND NON-DEBT LIABILITIES

a -- Long-Term Liabilities

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

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

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

The following is a summary of changes in long-term obligations. Certain long-term obligations provide financing to both governmental and business-type activities. In accordance with GASB Statement No. 88, the beginning balance of revenue bonds was adjusted to identify the debt related to revenue notes from direct placements. In addition, in accordance with GASB Statement No. 83, asset retirement obligations were restated, and the beginning balance of decommissioning liability payable was adjusted to identify asset retirement obligations. Balances at September 30, 2019, were as follows (in thousands):

Description	October 1, 2018	Increases	Decreases	September 30, 2019	Amounts Due Within One Year
Governmental activities					
General obligation bonds, net	$ 1,123,455	76,731	(118,412)	1,081,774	71,391
Certificates of obligation, net	239,446	7,593	(11,372)	235,667	8,969
Contractual obligations, net	94,064	18,217	(18,343)	93,938	15,944
General obligation bonds and other tax supported debt total	1,456,965	102,541	(148,127)	1,411,379	96,304
Capital lease obligations	9,880	--	--	9,880	4,158
Net debt	1,466,845	102,541	(148,127)	1,421,259	100,462
Other long-term obligations					
Accrued compensated absences	147,337	995	(11,935)	136,397	63,171
Claims payable	47,974	167,206	(167,940)	47,240	23,300
Net pension liability	1,067,452	1,431,657	(438,948)	2,060,161	--
Other postemployment benefits	1,573,263	162,537	(312,668)	1,423,132	34,503
Asset retirement obligations	518	--	--	518	--
Other liabilities	113,316	8,722	(3,435)	118,603	102,055
Governmental activities total	4,416,705	1,873,658	(1,083,053)	5,207,310	323,491
Total business-type activities					
General obligation bonds, net	16,217	--	(3,397)	12,820	3,119
Certificates of obligation, net	52,277	--	(2,692)	49,585	2,370
Contractual obligations, net	26,518	5,030	(10,538)	21,010	8,131
Other tax supported debt, net	6,905	--	(790)	6,115	775
General obligation bonds and other tax supported debt total	101,917	5,030	(17,417)	89,530	14,395
Commercial paper notes, net	254,767	158,530	(283,997)	129,300	--
Revenue bonds, net	4,532,336	1,271,080	(338,249)	5,465,167	154,053
Revenue notes from direct placements, net	169,465	3,000	(10,280)	162,185	10,555
Capital lease obligations	934	--	(56)	878	60
Net debt	5,059,419	1,437,640	(649,999)	5,847,060	179,063
Other long-term obligations					
Accrued compensated absences	27,653	2,864	(345)	30,172	29,466
Claims payable	422	433	(313)	542	281
Net pension liability	585,052	436,434	(182,975)	838,511	--
Other postemployment benefits	951,634	196,571	(175,890)	972,315	23,574
Accrued landfill closure and postclosure costs	12,490	65	(293)	12,262	2,363
Decommissioning liability payable	3,753	--	(2,293)	1,460	1,460
Asset retirement obligations	414,390	--	--	414,390	--
Other liabilities	88,811	10,217	(6,748)	92,280	49,729
Business-type activities total	7,143,624	2,084,224	(1,018,856)	8,208,992	285,936
Total liabilities (1)	$ 11,560,329	3,957,882	(2,101,909)	13,416,302	609,427

(1) This schedule excludes select short-term liabilities of $109,578 for governmental activities. For business-type activities, it excludes select short-term liablities of $271,524, and derivative instruments of $29,182.

6 – DEBT AND NON-DEBT LIABILITIES, continued

a -- Long-Term Liabilities, continued

Description	October 1, 2018	Increases	Decreases	September 30, 2019	Amounts Due Within One Year
Business-type activities:					
Electric activities					
General obligation bonds, net	$ 163	--	(109)	54	50
General obligation bonds and other tax supported debt total	163	--	(109)	54	50
Commercial paper notes, net	212,597	98,030	(283,997)	26,630	--
Revenue bonds, net	1,253,843	780,509	(45,666)	1,988,686	78,348
Capital lease obligations	934	--	(56)	878	60
Net debt	1,467,537	878,539	(329,828)	2,016,248	78,458
Other long-term obligations					
Accrued compensated absences	11,067	450	(80)	11,437	11,437
Claims payable	69	275	(112)	232	230
Net pension liability	240,493	147,400	(69,114)	318,779	--
Other postemployment benefits	314,855	32,808	(53,502)	294,161	7,132
Decommissioning liability payable	3,753	--	(2,293)	1,460	1,460
Asset retirement obligations	413,108	--	--	413,108	--
Other liabilities	64,597	7,216	(4,389)	67,424	24,873
Electric activities total	2,515,479	1,066,688	(459,318)	3,122,849	123,590
Water and Wastewater activities					
General obligation bonds, net	1,220	--	(255)	965	207
Certificates of obligation bonds, net	1,594	--	(97)	1,497	92
Contractual obligations, net	3,799	--	(1,411)	2,388	1,052
Other tax supported debt, net	4,510	--	(595)	3,915	496
General obligation bonds and other tax supported debt total	11,123	--	(2,358)	8,765	1,847
Commercial paper notes, net	42,170	60,500	--	102,670	--
Revenue bonds, net	2,368,313	--	(97,933)	2,270,380	52,925
Revenue notes from direct placements, net	90,130	3,000	(4,000)	89,130	4,135
Net debt	2,511,736	63,500	(104,291)	2,470,945	58,907
Other long-term obligations					
Accrued compensated absences	5,579	21	(124)	5,476	5,466
Claims payable	353	156	(199)	310	51
Net pension liability	127,015	74,421	(34,865)	166,571	--
Other postemployment benefits	213,354	22,173	(36,464)	199,063	4,827
Asset retirement obligations	1,282	--	--	1,282	--
Other liabilities	14,468	--	(2,263)	12,205	12,205
Water and Wastewater activities total	2,873,787	160,271	(178,206)	2,855,852	81,456
Airport activities					
General obligation bonds, net	33	--	(20)	13	10
General obligation bonds and other tax supported debt total	33	--	(20)	13	10
Revenue bonds, net	801,216	490,571	(182,925)	1,108,862	10,900
Revenue notes from direct placements, net	52,265	--	(4,235)	48,030	4,335
Net debt	853,514	490,571	(187,180)	1,156,905	15,245
Other long-term obligations					
Accrued compensated absences	2,355	63	--	2,418	2,418
Claims payable	--	2	(2)	--	--
Net pension liability	43,715	30,116	(13,774)	60,057	--
Other postemployment benefits	88,119	16,973	(15,982)	89,110	2,160
Other liabilities	2,801	64	(81)	2,784	2,784
Airport activities total	990,504	537,789	(217,019)	1,311,274	22,607
Nonmajor activities					
General obligation bonds, net	14,801	--	(3,013)	11,788	2,852
Certificates of obligation, net	50,683	--	(2,595)	48,088	2,278
Contractual obligations	22,719	5,030	(9,127)	18,622	7,079
Other tax supported debt, net	2,395	--	(195)	2,200	279
General obligation bonds and other tax supported debt total	90,598	5,030	(14,930)	80,698	12,488
Revenue bonds, net	108,964	--	(11,725)	97,239	11,880
Revenue notes from direct placements, net	27,070	--	(2,045)	25,025	2,085
Net debt	226,632	5,030	(28,700)	202,962	26,453
Other long-term obligations					
Accrued compensated absences	8,652	2,330	(141)	10,841	10,145
Net pension liability	173,829	184,497	(65,222)	293,104	--
Other postemployment benefits	335,306	124,617	(69,942)	389,981	9,455
Accrued landfill closure and postclosure costs	12,490	65	(293)	12,262	2,363
Other liabilities	6,945	2,937	(15)	9,867	9,867
Nonmajor activities total	$ 763,854	319,476	(164,313)	919,017	58,283

6 – DEBT AND NON-DEBT LIABILITIES, continued

b -- Governmental Activities Long-Term Liabilities

General Obligation Bonds -- General obligation debt is collateralized by the full faith and credit of the City. The City intends to retire its general obligation debt, plus interest, from future ad valorem tax levies and is required by ordinance to create from such tax revenues a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. General obligation debt issued to finance capital assets of enterprise funds is reported as an obligation of these enterprise funds, although the funds are not obligated by the applicable bond indentures to repay any portion of principal and interest on outstanding general obligation debt. However, the City intends for the enterprise funds to meet the debt service requirements from program revenues.

The following table summarizes significant facts about general obligation bonds, certificates of obligation, contractual obligations, and assumed municipal utility district (MUD) bonds outstanding at September 30, 2019, 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 - 2004	2005	$ 2,630	145	6	(1)(3)	4.30%	9/1/2020
NW Austin MUD - 2006	2006	7,995	5,970	1,063	(1)(3)	4.15 - 4.25%	9/1/2020-2026
Mueller Contractual Obligation - 2006	2006	12,000	5,830	1,104	(1)(4)	4.00 - 5.00%	9/1/2020-2026
Public Improvement Refunding - 2008	2008	172,505	14,220	1,015	(1)	5.00%	9/1/2020-2021
Public Improvement - 2009B	2009	78,460	63,845	18,507	(1)	4.70 - 5.31%	9/1/2020-2029
Certificates of Obligation - 2009	2009	12,500	7,405	3,349	(1)	3.38 - 4.75%	9/1/2020-2039
Contractual Obligation - 2009	2009	13,800	305	5	(2)	3.25%	11/1/2019
Mueller Contractual Obligation - 2009	2010	15,000	9,105	2,215	(1)(4)	4.00 - 4.25%	9/1/2020-2029
Public Improvement - 2010A	2011	79,528	65,830	16,562	(1)	3.00 - 4.00%	9/1/2020-2030
Public Improvement - 2010B	2011	26,400	24,370	6,791	(1)	3.45 - 4.65%	9/1/2020-2030
Certificates of Obligation - 2010	2011	22,300	14,860	3,160	(1)	3.00 - 3.50%	9/1/2020-2030
Public Improvement Refunding - 2010	2011	91,560	50,170	5,301	(1)	4.34 - 5.00%	9/1/2020-2023
Public Improvement - 2011A	2012	78,090	66,040	20,675	(1)	3.00 - 4.00%	9/1/2020-2031
Public Improvement - 2011B	2012	8,450	7,300	2,172	(1)	3.50 - 4.50%	9/1/2020-2031
Certificates of Obligation - 2011	2012	51,150	42,420	20,634	(1)	3.00 - 5.00%	9/1/2020-2041
Public Improvement Refunding - 2011A	2012	68,285	13,660	1,720	(1)	4.00 - 5.00%	9/1/2020-2023
Public Improvement - 2012A	2013	74,280	70,945	19,959	(1)	3.00 - 5.00%	9/1/2023-2032
Public Improvement - 2012B	2013	6,640	4,575	1,099	(1)	2.50 - 3.50%	9/1/2020-2032
Certificates of Obligation - 2012	2013	24,645	18,480	4,844	(1)	3.00 - 4.00%	9/1/2020-2037
Contractual Obligation - 2012	2013	27,135	2,095	42	(2)	4.00%	11/1/2019
Mueller Contractual Obligation - 2012	2013	16,735	13,035	3,631	(1)(4)	2.63 - 3.38%	9/1/2020-2032
Public Improvement - 2013	2014	104,665	92,855	35,480	(1)	4.00 - 5.00%	9/1/2020-2033
Certificates of Obligation - 2013	2014	25,355	22,095	10,335	(1)	3.25 - 5.00%	9/1/2020-2038
Contractual Obligation - 2013	2014	50,150	10,545	223	(2)	2.00 - 2.25%	11/1/2019-2020
Public Improvement Refunding - 2013A	2014	43,250	20,020	3,320	(1)	5.00%	9/1/2020-2024
Public Improvement Refunding - 2013B	2014	71,455	6,320	172	(1)	2.72%	9/1/2020
Public Improvement - 2014	2015	89,915	89,205	48,382	(1)	3.00 - 5.00%	9/1/2020-2034
Public Improvement - 2014	2015	10,000	9,650	4,003	(1)	2.38 - 4.02%	9/1/2020-2034
Certificates of Obligation - 2014	2015	35,490	29,245	12,828	(1)	2.00 - 5.00%	9/1/2020-2034
Certificates of Obligation - 2014	2015	9,600	7,780	2,554	(1)	2.38 - 3.92%	9/1/2020-2034
Contractual Obligation - 2014	2015	14,100	7,025	490	(2)	4.00 - 5.00%	11/1/2019-2021
Mueller Contractual Obligation - 2014	2015	15,845	14,525	4,649	(1)(4)	3.00 - 5.00%	9/1/2020-2029
Public Improvement and Refunding - 2015	2016	236,905	208,385	59,573	(1)	2.95 - 5.00%	9/1/2020-2035
Public Improvement - 2015	2016	10,000	8,820	3,198	(1)	2.89 - 4.27%	9/1/2020-2035
Certificates of Obligation - 2015	2016	43,710	37,720	17,695	(1)	3.25 - 5.00%	9/1/2020-2035
Contractual Obligation - 2015	2016	14,450	7,785	797	(2)	5.00%	11/1/2019-2022
Public Improvement and Refunding - 2016	2017	98,365	84,535	30,164	(1)	3.00 - 5.00%	9/1/2020-2036
Certificates of Obligation - 2016	2017	44,015	39,600	19,246	(1)	3.00 - 5.00%	9/1/2020-2036
Contractual Obligation - 2016	2017	22,555	14,745	1,541	(2)	2.00 - 5.00%	11/1/2019-2023
Public Improvement - 2016	2017	12,000	10,595	2,927	(1)	1.81 - 4.00%	9/1/2020-2036
Certificates of Obligation - 2016	2017	8,700	7,685	2,120	(1)	1.81 - 4.00%	9/1/2020-2036
Public Improvement - 2017	2018	63,580	48,095	23,562	(1)	5.00%	9/1/2020-2037
Certificates of Obligation - 2017	2018	29,635	27,630	14,832	(1)	5.00%	9/1/2020-2037
Contractual Obligation - 2017	2018	5,075	4,060	461	(2)	2.00 - 5.00%	11/1/2019-2024
Public Improvement - 2017	2018	25,000	23,720	8,311	(1)	2.35 - 5.00%	9/1/2020-2037
Public Improvement - 2018	2019	65,595	28,745	9,544	(1)	3.00 - 5.00%	9/1/2020-2038
Certificates of Obligation - 2018	2019	7,140	6,890	2,857	(1)	3.00 - 5.00%	9/1/2020-2038
Contractual Obligation - 2018	2019	21,215	20,070	3,468	(2)	4.00 - 5.00%	11/1/2019-2025
Public Improvement - 2018	2019	6,980	6,740	2,921	(1)	3.38 - 5.00%	9/1/2020-2038
			$ 1,395,690				

(1) Interest is paid semiannually on March 1 and September 1.
(2) Interest is paid semiannually on May 1 and November 1.
(3) Includes Austin Water principal of $3,915 and interest of $684 and Drainage fund principal of $2,200 and interest of $385.
(4) Included with contractual obligations are Mueller Local Government Corporation contract revenue bonds.

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

In October 2018, the City issued $65,595,000 of Public Improvement Bonds, Series 2018. The net proceeds of $69,055,000 (after issue costs, discounts, and premiums) from the issue will be used as follows: streets and mobility ($63,670,000), parks and recreation ($3,790,000), and facility improvements ($1,595,000). Principal payments are due September 1 of each year from 2019 to 2038. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2019. Total interest requirements for these bonds, at rates ranging from 3.0% to 5.0%, are $12,395,116.

In October 2018, the City issued $7,140,000 of Certificates of Obligation, Series 2018. The net proceeds of $7,500,000 (after issue costs, discounts, and premiums) from this issue will be used as follows: watershed home buyouts ($6,000,000), and fire station improvements ($1,500,000). Principal payments are due September 1 of each year from 2019 to 2038. Interest is payable on March 1 and September 1 of each year, commencing on March 1, 2019. Total interest requirements for these obligations, at rates ranging from 3.0% to 5.0%, are $3,121,116.

In October 2018, the City issued $21,215,000 of Public Property Finance Contractual Obligations, Series 2018. The net proceeds of $23,115,000 (after issue costs, discounts, and premiums) from this issue will be used for capital equipment. Principal payments are due May 1 and November 1 of each year from 2019 to 2025. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2019. Total interest requirements for these obligations, at rates ranging from 4.0% to 5.0%, are $4,060,563.

In October 2018, the City issued $6,980,000 of Public Improvement Taxable Bonds, Series 2018. The net proceeds of $7,000,000 (after issue costs, discounts, and premiums) from the issuance were used for affordable housing. Principal payments are due September 1 of each year from 2019 to 2038. Interest is payable March 1 and September 1 of each year from 2019 to 2038, commencing on March 1, 2019. Total interest requirements for this obligation, at rates ranging from 3.4% to 5.0% are $3,184,623.

General obligation bonds authorized and unissued amounted to $1,616,365,000 at September 30, 2019. Bond ratings at September 30, 2019 were Aaa (Moody's Investors Service, Inc.), AAA (Standard & Poor's), and AAA (Fitch).

c -- Business-Type Activities Long-Term Liabilities

Utility Debt -- The City has previously issued combined debt for the Austin Energy and Austin Water. The City began issuing separate debt for electric and water and wastewater activities in 2000. The following paragraphs describe both combined and separate debt.

Combined Utility Systems Debt -- General - Austin Energy and Austin Water comprise the combined utility systems, which issue combined utility systems revenue bonds to finance capital projects. Principal and interest on these bonds are payable solely from the combined net revenues of Austin Energy and Austin Water.

The total combined utility systems revenue bond obligations at September 30, 2019, exclusive of discounts, premiums, and loss on refundings consists of $90,967,962 subordinate lien bonds. Aggregate interest requirements are $21,501,600 at September 30, 2019. Revenue bonds authorized and unissued amount to $1,492,642,660 at that date. Bond ratings at September 30, 2019, were Aa2 (Moody's Investors Service, Inc.), AA (Standard & Poor's), and AA- (Fitch).

Combined Utility Systems Debt -- Revenue Bond Refunding Issues - The combined utility systems have refunded various issues of revenue bonds, notes, and certificates of obligation through refunding revenue bonds. Principal and interest on these refunding bonds are payable solely from the combined net revenues of Austin Energy and Austin Water. The subordinate lien bonds are subordinate to prior lien revenue bonds, which have been paid in full, and to subordinate lien revenue bonds outstanding at the time of issuance.

Some of these bonds are callable prior to maturity at the option of the City. The term bonds are subject to a mandatory redemption prior to the maturity dates as defined in the respective official statements.

The net proceeds of each of the refunding bond issuances were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service. As a result, the refunded bonds are considered to be legally defeased and the liability for the refunded bonds has been removed from the financial statements. The accounting gains and losses due to the advance refunding of debt have been deferred and are being amortized over the life of the refunding bonds by the straight-line method. However, a gain or loss on refunded bonds is recognized when funds from current operations are used.

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

Combined Utility Systems Debt -- Bonds Issued and Outstanding - The following schedule shows the refunding revenue bonds outstanding at September 30, 2019 (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	88,770	17,500 (1)	5.25%	5/15/2020-2025
1998A Refunding	1999	105,350	2,198	4,002 (2)	4.25%	5/15/2020
			$ 90,968			

(1) Interest is paid semiannually on May 15 and November 15.
(2) Interest requirements include accreted interest.

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, 2019, were P-1 (Moody's Investors Service, Inc.), A-1+ (Standard & Poor's), and F1+ (Fitch). 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, 2019, Austin Energy had tax exempt commercial paper notes of $16,510,000 outstanding and Austin Water had $102,670,000 of commercial paper notes outstanding with interest ranging from 1.45% to 2.65%, which are adjusted daily. Subsequent issues cannot exceed the maximum rate of 12%. The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt. The associated letter of credit agreements have the following terms (in thousands):

Note Series	Liquidity Provider	Commitment Fee Rate	Remarketing	Remarketing Fee Rate	Outstanding	Expiration
Various	JP Morgan Chase Bank NA	0.25%	Goldman Sachs	0.05%	$ 119,180	10/9/2020

These notes are payable at maturity to the holder at a price equal to principal plus accrued interest. If the remarketing agent is unable to successfully remarket the notes, the notes will be purchased by the respective liquidity providers and become bank notes with principal to be paid in 12 equal, quarterly installments. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate. In the event of a default, at the discretion of the bank and with written notice to the City, the outstanding amount of both principal and interest may become immediately due and payable.

Combined Utility Systems Debt -- Taxable Commercial Paper Notes - The City is authorized by ordinance to issue taxable commercial paper notes (the "taxable notes") in an aggregate principal amount not to exceed $75,000,000 outstanding at any time. Proceeds from the taxable notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2019, were P-1 (Moody's Investors Service, Inc.), A-1+ (Standard & Poor's), and F1+ (Fitch).

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.

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

At September 30, 2019, Austin Energy had outstanding taxable commercial paper notes of $10,120,000 with interest rates ranging from 2.00% to 3.26%. The City intends to refinance maturing commercial paper notes by issuing long-term debt. The associated letter of credit agreement has the following terms (in thousands):

Note Series	Liquidity Provider	Commitment Fee Rate	Remarketing	Remarketing Fee Rate	Outstanding	Expiration
Various	JP Morgan Chase Bank NA	0.25%	Goldman Sachs	0.05%	$ 10,120	10/9/2020

These taxable notes are payable at maturity to the holder at a price equal to the par value of the note. If the remarketing agent is unable to successfully remarket the notes, the notes will be purchased by JP Morgan Chase Bank and become bank notes with principal due immediately. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess note interest or the maximum rate. In the event of a default, at the discretion of the bank and with written notice to the City, the outstanding amount of both principal and interest may become immediately due and payable.

The taxable notes are secured by a direct-pay Letter of Credit issued by JP Morgan Chase Bank, which permits draws for the payment of the Notes. Draws made under the Letter of Credit are immediately due and payable by the City from the resources more fully described in the ordinance. A 36-month term loan feature is provided by this agreement.

Electric Utility System Revenue Debt -- General - The City is authorized by ordinance to issue electric utility system revenue obligations. Proceeds from these obligations are used only to fund electric capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of Austin Energy. Bond ratings at September 30, 2019, were Aa3 (Moody’s Investors Service, Inc.), AA (Standard & Poor’s), and AA (Fitch).

Electric Utility System Revenue Debt -- Revenue Bond Issue - In June 2019, the City issued $464,540,000 of Electric Utility System Revenue Bonds, Taxable Series 2019A. The net proceeds of $462,676,658 (after issuance costs) were used to acquire the Nacogdoches Biomass Facility. Interest payments are due May 15 and November 15 of each year from 2019 to 2031. Principal payments are due November 15 of each year from 2019 to 2031. Total interest requirements for this obligation, with interest rates ranging from 2.4% to 3.1%, are $90,207,448.

Electric Utility System Revenue Debt -- Revenue Bond Refunding Issues - In August 2019, the City issued $169,850,000 of Electric Utility System Revenue Refunding Bonds, Series 2019B. The net proceeds of $210,481,513 (after issue costs, premium and discounts) from the issuance were used to refund $210,000,000 in tax-exempt commercial paper. Interest is payable May 15 and November 15 of each year from 2019 to 2049, commencing on November 15, 2019. Principal payments are due November 15 of each year from 2022 to 2049. Total interest requirements for this obligation, at a constant rate of 5.0%, are $179,254,833.

In August 2019, the City issued $104,775,000 of Electric Utility System Revenue Refunding Bonds, Series 2019C. The net proceeds of $104,340,850 (after issue costs, premium and discounts) from the issuance were used to refund $73,997,000 in taxable commercial paper and $30,000,000 will be used to fund the design and construction of a chilled water plant. Interest is payable May 15 and November 15 of each year from 2019 to 2049, commencing on November 15, 2019. Principal payments are due November 15 of each year from 2020 to 2049. Total interest requirements for this obligation, with interest rates ranging from 2.0% to 3.6%, are $68,536,496.

These issuances, Series 2019B & Series 2019C, only encompassed commercial paper refundings; therefore, there was no real economic gain achieved with this transaction, nor was an accounting loss or gain recorded. The refunding issuances enabled the City to restore the available capacity under its tax-exempt and taxable commercial paper notes.

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

Electric Utility System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all electric system refunding revenue bonds outstanding at September 30, 2019 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2007 Refunding	2007	$ 146,635	14,010	640 (1)	5.00%	11/15/2019-2020
2008 Refunding	2008	50,000	36,855	18,462 (1)	5.20 - 6.26%	11/15/2019-2032
2010A Refunding	2010	119,255	91,455	41,982 (1)	4.00 - 5.00%	11/15/2019-2040
2010B Refunding	2010	100,990	100,990	70,748 (1)	4.54 - 5.72%	11/15/2019-2040
2012A Refunding	2013	267,770	247,085	142,859 (1)	2.50 - 5.00%	11/15/2019-2040
2012B Refunding	2013	107,715	82,280	14,938 (1)	1.83 - 3.16%	11/15/2019-2027
2015A Refunding	2015	327,845	327,845	250,763 (1)	5.00%	11/15/2021-2045
2015B Refunding	2015	81,045	63,420	21,344 (1)	2.08 - 4.66%	11/15/2019-2037
2017 Refunding	2017	101,570	101,570	68,684 (1)	4.00 - 5.00%	11/15/2019-2038
2019A	2019	464,540	464,540	90,207 (1)	2.43 - 3.09%	11/15/2019-2031
2019B Refunding	2019	169,850	169,850	179,255 (1)	5.00%	11/15/2022-2049
2019C Refunding	2019	104,775	104,775	68,536 (1)	2.00 - 3.57%	11/15/2020-2049
			$ 1,804,675			

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

Electric Utility System Revenue Debt -- Pledged Revenues - The net revenue of Austin Energy was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2019 (in thousands):

Gross Revenue (1)	Operating Expense (2)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
$ 1,471,267	1,105,466	365,801	91,371	4.00

(1) Gross revenue includes revenues from operations and interest income.
(2) Excludes depreciation, other postemployment benefits and net pension liability accruals.

Water and Wastewater System Revenue Debt -- General - The City is authorized by ordinance to issue Austin Water revenue obligations. Proceeds from these obligations are used only to fund water and wastewater capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of Austin Water. Bond ratings at September 30, 2019, were Aa2 (Moody's Investors Service, Inc.), AA (Standard & Poor's), and AA- (Fitch).

Water and Wastewater System Revenue Debt -- Revenue Bond Issue - In November 2018, the City issued $3,000,000 of Water and Wastewater System Revenue Bonds, Series 2018. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of $2,769,600 will be used to improve and extend the water and wastewater system. Interest payments are due May 15 and November 15 of each year from 2019 to 2038. Principal payments are due November 15 of each year from 2019 to 2038. Total interest requirements for the bonds, with interest rates ranging from 1.2% to 2.6%, are $740,207.

Water and Wastewater System Revenue Debt -- Revenue Bond In-Substance Defeasance - In May 2019, the City defeased $4,355,000 of separate lien revenue refunding bonds, series 2010A, $11,355,000 of separate lien revenue refunding bonds, series 2011, $16,140,000 of separate lien revenue refunding bonds, series 2012, $6,520,000 of separate lien revenue refunding bonds, series 2013A, $3,960,000 of separate lien revenue refunding bonds, series 2014, and $750,000 of separate lien revenue refunding bonds, series 2015A, with a $45,056,909 cash payment. The funds were deposited in an irrevocable escrow account, that holds essentially risk-free U.S. Treasury Notes, to provide for the future debt service payments on the defeased bonds. The City is legally released from the obligation for the defeased debt. Revenue bond debt service savings from the 2019 defeasance were $48,430,825 over a seven-year period. These savings, coupled with future planned debt defeasance transactions, will help achieve rate stability over the next few years. An accounting loss of $925,230 was recorded and recognized in the current period on the defeasance.

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

Water and Wastewater System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all water and wastewater system original and refunding revenue bonds outstanding at September 30, 2019 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding		Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt	
2008 Refunding	2008	$ 170,605	101,500	27,053	(2)	1.25 - 2.32%	11/15/2019-2031	(3)
2009 Refunding	2009	175,000	1,700	34	(1)	4.00%	11/15/2019	
2010	2010	31,815	24,385	--	(4)	0.00%	11/15/2019-2041	
2010A Refunding	2011	76,855	59,860	43,320	(1)	5.00 - 5.13%	11/15/2019-2040	
2010B Refunding	2011	100,970	90,425	66,574	(1)	4.10 - 6.02%	11/15/2019-2040	
2011 Refunding	2012	237,530	196,745	123,423	(1)	3.13 - 5.00%	11/15/2019-2041	
2012 Refunding	2012	336,820	239,185	139,128	(1)	2.50 - 5.00%	5/15/2020-2042	
2013A Refunding	2013	282,460	256,115	152,879	(1)	3.00 - 5.00%	11/15/2019-2043	
2014 Refunding	2014	282,205	273,100	180,051	(1)	5.00%	11/15/2019-2043	
2015A Refunding	2015	249,145	244,785	85,550	(1)	2.85 - 5.00%	11/15/2019-2036	
2015B Refunding	2015	40,000	22,990	566	(1)	2.13 - 2.54%	11/15/2019-2021	
2016 Refunding	2016	247,770	247,770	197,803	(1)	5.00%	11/15/2019-2045	
2016A	2017	20,430	18,590	3,036	(1)	0.64 - 2.12%	11/15/2019-2036	
2017 Refunding	2017	311,100	311,100	192,898	(1)	2.50 - 5.00%	11/15/2020-2046	
2017A	2018	45,175	43,155	8,121	(1)	0.63 - 2.29%	11/15/2019-2037	
2018	2019	3,000	3,000	711	(1)	1.21 - 2.61%	11/15/2019-2038	
			$ 2,134,405					

(1) Interest is paid semiannually on May 15 and November 15.
(2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement is calculated utilizing the rate of 3.60% in effect at the end of the fiscal year.
(3) Series matures on May 15 of the final year.
(4) Zero interest bond placed with Texas Water Development Board.

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

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2008	Barclays Bank PLC	0.25%	Goldman Sachs	0.05%	$ 101,500	10/28/2022

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds, the bonds will be purchased by the respective liquidity providers and become bank bonds with principal to be paid in equal semi-annual installments over a 5-year amortization period. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate. The remarketing agent takes the variable debt to auction on a weekly basis; the winning bid determines the weekly rate paid. The City currently has an Irrevocable Letter of Credit Reimbursement Agreement, which has provisions within the agreement that, in the event of a default, the bank has the ability to declare the principal and accrued interest immediately due and payable.

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, 2019 (in thousands):

Gross Revenue (1)	Operating Expense (2)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage (3)
$ 560,168	261,004	299,164	163,595	1.83

(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.

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

Airport System Revenue Bonds -- General - The City's Airport fund issues airport system revenue bonds to fund Airport fund capital projects. Principal and interest on these bonds are payable solely from the net revenues of the Airport fund. At September 30, 2019, the total airport system obligation for prior lien bonds is $1,024,355,000 exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior lien bonds are $821,347,894 at September 30, 2019. Revenue bonds authorized and unissued amount to $735,795,000. Bond ratings at September 30, 2019, for the revenue bonds were A (Standard & Poor's) and A1 (Moody's Investors Service, Inc.).

Airport System Revenue Debt -- Revenue Refunding Bond Issue - In May 2019, the City issued $151,720,000 of Airport System Revenue Refunding Bonds, Series 2019 (AMT). The bonds are subject to the alternative minimum tax (AMT). The net proceeds of $168,031,141 (after issue costs, discounts, and premiums) from the refunding were used to refund $157,450,000 of the City's outstanding Airport System Revenue Refunding Bonds, Series 2005 (AMT). Interest is payable May 15 and November 15 of each year from 2019 to 2025, commencing on November 15, 2019. Principal payments are due November 15 of each year from 2019 to 2025. Total interest requirements for this obligation, at a constant rate of 5.0%, are $29,242,506. An economic gain of $5,413,733 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of $6,629,352. In connection with the refunding the interest rate swap was terminated; the termination fee was $13,379,000 related to the transaction. An accounting loss of $18,862,607, which will be deferred and amortized, was recorded on this refunding.

Airport System Revenue Debt -- Revenue Bond Issue - In August 2019, the City issued $16,975,000 of Airport System Revenue Bonds, Series 2019A. The net proceeds of $20,660,156 (after issue costs, discounts, and premiums) from the issuance is being used to complete the parking garage project. Interest is payable May 15 and November 15 of each year from 2019 to 2049, commencing on November 15, 2019. Principal payment is due November 15, 2049. Total interest requirements for these obligations, at a constant rate of 5.0%, are $25,679,403.

In August 2019, the City issued $248,170,000 of Airport System Revenue Bonds, Series 2019B (AMT). The net proceeds of $300,399,829 (after issue costs, discounts, and premiums) from the issuance are being used for expansion and improvements to the terminal and apron and the construction of a new administration building adjacent to the parking garage. Interest is payable May 15 and November 15 of each year from 2019 to 2048, commencing on November 15, 2019. Principal payments are due November 15 of each year from 2022 to 2048. Total interest requirements for these obligations, at a constant rate of 5.0%, are $238,245,061.

The following table summarizes all airport system original and refunding revenue bonds outstanding at September 30, 2019 (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	48,030	5,547 (1)	2.25%	11/15/2019-2028 (2)
2014 Revenue	2015	244,495	244,495	219,349 (1)	5.00%	11/15/2026-2044
2017A Revenue	2017	185,300	185,300	178,429 (1)	5.00%	11/15/2026-2046
2017B Revenue	2017	129,665	129,665	124,856 (1)	5.00%	11/15/2026-2046
2019 Revenue	2019	151,720	151,720	29,243 (1)	5.00%	11/15/2019-2025
2019A Revenue	2019	16,975	16,975	25,679 (1)	5.00%	11/15/2049
2019B Revenue	2019	248,170	248,170	238,245 (1)	5.00%	11/15/2022-2048
			$ 1,024,355			

(1) Interest is paid semiannually on May 15 and November 15.
(2) Series matures on May 15 of the final year.

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

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, 2019 (in thousands):

Gross Revenue (1)	Other Available Funds (2)	Operating Expense (3)	Net Revenue and Other Available Funds	Debt Service Requirement (4)	Revenue Bond Coverage
$ 191,166	6,107	118,610	78,663	24,429	3.22

(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.

Nonmajor Fund Debt:

Convention Center -- Prior and Subordinate Lien Revenue Refunding Bonds - 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. At September 30, 2019, the total convention center obligation for prior and subordinate lien bonds is $121,615,000 exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior and subordinate lien bonds are $20,726,118 at September 30, 2019. Revenue bonds authorized and unissued amount to $760,000 at September 30, 2019. Bond ratings at September 30, 2019, for the revenue bonds and subordinate lien bonds were, respectively, Aa3 and A1 (Moody's Investors Service, Inc.), and AA and A+ (Standard & Poor's).

The table below summarizes Convention Center refunding revenue bonds outstanding at September 30, 2019 (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	76,640	13,708 (2)	1.17 - 2.39%	11/15/2019-2029
2012 Refunding	2012	20,185	15,010	4,235 (1)	3.63 - 5.00%	11/15/2019-2029
2013 Refunding	2014	26,485	4,940	123 (1)	5.00%	11/15/2019
2016 Refunding	2017	29,080	25,025	2,660 (1)	1.88%	11/15/2019-2029
			$ 121,615			

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

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

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2008-A	Citibank	0.28%	Raymond James	0.06%	$ 38,320	10/9/2020
2008-B	Sumitomo Mitsui Banking Corporation	0.33%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.05%	38,320	10/9/2020
					$ 76,640	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds or if the agreement expires with no new agreement in place, the bonds will be purchased by the respective liquidity provider and become bank bonds with principal to be paid in equal semi-annual installments over a 5-year amortization period beginning six months from the triggering repayment event. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate. The remarketing agent takes the variable debt to auction on a weekly basis; the winning bid determines the weekly rate paid. The City currently has an Irrevocable Letter of Credit Reimbursement Agreement, which has provisions within the agreement that, in the event of a default, the bank has the ability to declare the principal and accrued interest immediately due and payable.

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

Governmental Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 71,391	44,123	8,969	9,281	15,944	3,611
2021	75,682	40,805	9,352	8,926	13,675	3,012
2022	76,156	37,174	9,762	8,554	11,263	2,448
2023	76,794	33,558	10,199	8,154	9,663	1,951
2024	77,325	30,170	10,653	7,725	7,830	1,538
2025-2029	365,090	101,476	60,934	31,411	24,485	3,872
2030-2034	232,735	34,253	67,297	17,293	6,055	407
2035-2039	31,155	2,218	33,652	4,302	--	--
2040-2044	--	--	4,365	281	--	--
Total debt service requirements	1,006,328	323,777	215,183	95,927	88,915	16,839
Less: Unamortized bond discounts	(1,028)	--	(598)	--	(185)	--
Add: Unamortized bond premiums	76,474	--	21,082	--	5,208	--
Net debt	1,081,774	323,777	235,667	95,927	93,938	16,839

Fiscal Year Ended September 30	Capital Lease Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2020	4,158	220	100,462	57,235	157,697
2021	1,973	215	100,682	52,958	153,640
2022	1,907	282	99,088	48,458	147,546
2023	1,842	347	98,498	44,010	142,508
2024	--	--	95,808	39,433	135,241
2025-2029	--	--	450,509	136,759	587,268
2030-2034	--	--	306,087	51,953	358,040
2035-2039	--	--	64,807	6,520	71,327
2040-2044	--	--	4,365	281	4,646
Total debt service requirements	9,880	1,064	1,320,306	437,607	1,757,913
Less: Unamortized bond discounts	--	--	(1,811)	--	(1,811)
Add: Unamortized bond premiums	--	--	102,764	--	102,764
Net debt	$ 9,880	1,064	1,421,259	437,607	1,858,866

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

Business-type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Certificates of Obligation Principal	Certificates of Obligation Interest	Contractual Obligations Principal	Contractual Obligations Interest
2020	$ 3,119	588	2,370	2,016	8,131	672
2021	3,253	443	2,488	1,935	4,610	449
2022	2,575	297	2,603	1,849	2,636	300
2023	1,650	168	2,730	1,753	1,838	191
2024	1,715	85	2,868	1,645	1,480	116
2025-2029	--	--	16,557	6,322	1,515	59
2030-2034	--	--	13,938	2,685	--	--
2035-2039	--	--	3,073	322	--	--
2040-2044	--	--	--	--	--	--
2045-2049	--	--	--	--	--	--
2050-2054	--	--	--	--	--	--
Total debt service requirements	12,312	1,581	46,627	18,527	20,210	1,787
Less: Unamortized bond discounts	--	--	(78)	--	(1)	--
Add: Unamortized bond premiums	508	--	3,036	--	801	--
Net debt	12,820	1,581	49,585	18,527	21,010	1,787

Fiscal Year Ended September 30	Other Tax Supported Debt Principal	Other Tax Supported Debt Interest	Commercial Paper Notes (1) Principal	Commercial Paper Notes (1) Interest	Revenue Bonds (2) Principal	Revenue Bonds (2) Interest
2020	775	258	129,300	47	154,053	224,628
2021	820	226	--	--	179,200	221,582
2022	845	191	--	--	199,005	213,876
2023	885	156	--	--	210,985	204,650
2024	920	119	--	--	231,605	194,990
2025-2029	1,870	119	--	--	1,216,170	817,811
2030-2034	--	--	--	--	914,020	571,148
2035-2039	--	--	--	--	830,590	370,094
2040-2044	--	--	--	--	707,530	175,320
2045-2049	--	--	--	--	335,775	38,136
2050-2054	--	--	--	--	34,900	830
Total debt service requirements	6,115	1,069	129,300	47	5,013,833	3,033,065
Less: Unamortized bond discounts	--	--	--	--	(1,406)	--
Add: Unamortized bond premiums	--	--	--	--	452,740	--
Net debt	$ 6,115	1,069	129,300	47	5,465,167	3,033,065

(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 1.17% to 2.39%.

(Continued)

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

Business-type Activities, continued
(in thousands)

Fiscal Year Ended September 30	Revenue Notes from Direct Placements		Capital Lease Obligations		Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	$ 10,555	2,484	60	73	308,363	230,766	539,129
2021	10,700	2,323	63	69	201,134	227,027	428,161
2022	10,860	2,160	67	66	218,591	218,739	437,330
2023	11,070	1,989	70	64	229,228	208,971	438,199
2024	11,230	1,812	74	59	249,892	198,826	448,718
2025-2029	58,985	6,109	427	236	1,295,524	830,656	2,126,180
2030-2034	25,705	2,563	117	39	953,780	576,435	1,530,215
2035-2039	19,895	636	--	--	853,558	371,052	1,224,610
2040-2044	3,185	--	--	--	710,715	175,320	886,035
2045-2049	--	--	--	--	335,775	38,136	373,911
2050-2054	--	--	--	--	34,900	830	35,730
Total debt service requirements	162,185	20,076	878	606	5,391,460	3,076,758	8,468,218
Less: Unamortized bond discounts	--	--	--	--	(1,485)	--	(1,485)
Add: Unamortized bond premiums	--	--	--	--	457,085	--	457,085
Net debt	$ 162,185	20,076	878	606	5,847,060	3,076,758	8,923,818

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

Business-type Activities: Austin Energy
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Commercial Paper Notes (1)		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 50	2	26,630	10	78,348	72,725
2021	4	--	--	--	78,886	74,218
2022	--	--	--	--	87,148	71,400
2023	--	--	--	--	86,843	68,100
2024	--	--	--	--	91,652	64,628
2025-2029	--	--	--	--	483,772	267,432
2030-2034	--	--	--	--	365,555	176,199
2035-2039	--	--	--	--	261,920	111,875
2040-2044	--	--	--	--	184,745	58,400
2045-2049	--	--	--	--	133,770	16,024
2050-2054	--	--	--	--	17,925	406
Total debt service requirements	54	2	26,630	10	1,870,564	981,407
Less: Unamortized bond discounts	--	--	--	--	(174)	--
Add: Unamortized bond premiums	--	--	--	--	118,296	--
Net debt	54	2	26,630	10	1,988,686	981,407

Fiscal Year Ended September 30	Capital Lease Obligations		Total Austin Energy Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2020	60	73	105,088	72,810	177,898
2021	63	69	78,953	74,287	153,240
2022	67	66	87,215	71,466	158,681
2023	70	64	86,913	68,164	155,077
2024	74	59	91,726	64,687	156,413
2025-2029	427	236	484,199	267,668	751,867
2030-2034	117	39	365,672	176,238	541,910
2035-2039	--	--	261,920	111,875	373,795
2040-2044	--	--	184,745	58,400	243,145
2045-2049	--	--	133,770	16,024	149,794
2050-2054	--	--	17,925	406	18,331
Total debt service requirements	878	606	1,898,126	982,025	2,880,151
Less: Unamortized bond discounts	--	--	(174)	--	(174)
Add: Unamortized bond premiums	--	--	118,296	--	118,296
Net debt	$ 878	606	2,016,248	982,025	2,998,273

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

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

Business-type Activities: Austin Water
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations		Other Tax Supported Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 207	43	92	56	1,052	83	496	165
2021	186	34	99	53	671	50	525	145
2022	187	27	102	50	419	24	541	122
2023	155	17	109	47	175	4	567	100
2024	188	9	114	43	--	--	589	76
2025-2029	--	--	636	140	--	--	1,197	76
2030-2034	--	--	326	20	--	--	--	--
2035-2039	--	--	--	--	--	--	--	--
2040-2044	--	--	--	--	--	--	--	--
2045-2049	--	--	--	--	--	--	--	--
Total debt service requirements	923	130	1,478	409	2,317	161	3,915	684
Less: Unamortized bond discounts	--	--	(4)	--	--	--	--	--
Add: Unamortized bond premiums	42	--	23	--	71	--	--	--
Net debt	965	130	1,497	409	2,388	161	3,915	684

Fiscal Year Ended September 30	Commercial Paper Notes (1)		Revenue Bonds (2)		Revenue Notes from Direct Placements		Total Austin Water Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	102,670	37	52,925	103,296	4,135	1,002	161,577	104,682	266,259
2021	--	--	70,674	96,872	4,155	980	76,310	98,134	174,444
2022	--	--	82,712	93,348	4,170	957	88,131	94,528	182,659
2023	--	--	89,372	88,911	4,245	930	94,623	90,009	184,632
2024	--	--	103,673	84,386	4,265	900	108,829	85,414	194,243
2025-2029	--	--	557,188	345,826	21,840	3,924	580,861	349,966	930,827
2030-2034	--	--	395,920	228,210	23,240	2,540	419,486	230,770	650,256
2035-2039	--	--	386,380	131,976	19,895	636	406,275	132,612	538,887
2040-2044	--	--	289,780	42,339	3,185	--	292,965	42,339	335,304
2045-2049	--	--	41,730	2,627	--	--	41,730	2,627	44,357
Total debt service requirements	102,670	37	2,070,354	1,217,791	89,130	11,869	2,270,787	1,231,081	3,501,868
Less: Unamortized bond discounts	--	--	(1,173)	--	--	--	(1,177)	--	(1,177)
Add: Unamortized bond premiums	--	--	201,199	--	--	--	201,335	--	201,335
Net debt	$ 102,670	37	2,270,380	1,217,791	89,130	11,869	2,470,945	1,231,081	3,702,026

(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 1.25 - 2.32%.

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

Business-type Activities: Airport
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Revenue Bonds Principal	Revenue Bonds Interest	Revenue Notes from Direct Placements Principal	Revenue Notes from Direct Placements Interest
2020	$ 10	1	10,900	45,451	4,335	1,032
2021	2	--	22,450	47,710	4,425	933
2022	1	--	21,695	46,606	4,530	833
2023	--	--	27,095	45,386	4,630	730
2024	--	--	28,320	44,002	4,730	624
2025-2029	--	--	130,705	199,250	25,380	1,395
2030-2034	--	--	142,615	166,663	--	--
2035-2039	--	--	182,290	126,243	--	--
2040-2044	--	--	233,005	74,581	--	--
2045-2049	--	--	160,275	19,485	--	--
2050-2054	--	--	16,975	424	--	--
Total debt service requirements	13	1	976,325	815,801	48,030	5,547
Add: Unamortized bond premiums	--	--	132,537	--	--	--
Net debt	13	1	1,108,862	815,801	48,030	5,547

Fiscal Year Ended September 30	Total Airport Debt Service Requirements Principal	Interest	Total
2020	15,245	46,484	61,729
2021	26,877	48,643	75,520
2022	26,226	47,439	73,665
2023	31,725	46,116	77,841
2024	33,050	44,626	77,676
2025-2029	156,085	200,645	356,730
2030-2034	142,615	166,663	309,278
2035-2039	182,290	126,243	308,533
2040-2044	233,005	74,581	307,586
2045-2049	160,275	19,485	179,760
2050-2054	16,975	424	17,399
Total debt service requirements	1,024,368	821,349	1,845,717
Add: Unamortized bond premiums	132,537	--	132,537
Net debt	$ 1,156,905	821,349	1,978,254

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

Business-type Activities: Nonmajor Enterprise
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations		Other Tax Supported Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 2,852	542	2,278	1,960	7,079	589	279	93
2021	3,061	409	2,389	1,882	3,939	399	295	81
2022	2,387	270	2,501	1,799	2,217	276	304	69
2023	1,495	151	2,621	1,706	1,663	187	318	56
2024	1,527	76	2,754	1,602	1,480	116	331	43
2025-2029	--	--	15,921	6,182	1,515	59	673	43
2030-2034	--	--	13,612	2,665	--	--	--	--
2035-2039	--	--	3,073	322	--	--	--	--
Total debt service requirements	11,322	1,448	45,149	18,118	17,893	1,626	2,200	385
Less: Unamortized bond discounts	--	--	(74)	--	(1)	--	--	--
Add: Unamortized bond premiums	466	--	3,013	--	730	--	--	--
Net debt	11,788	1,448	48,088	18,118	18,622	1,626	2,200	385

Fiscal Year Ended September 30	Revenue Bonds (1)		Revenue Notes from Direct Placements		Total Nonmajor Enterprise Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	11,880	3,156	2,085	450	26,453	6,790	33,243
2021	7,190	2,782	2,120	410	18,994	5,963	24,957
2022	7,450	2,522	2,160	370	17,019	5,306	22,325
2023	7,675	2,253	2,195	329	15,967	4,682	20,649
2024	7,960	1,974	2,235	288	16,287	4,099	20,386
2025-2029	44,505	5,303	11,765	790	74,379	12,377	86,756
2030-2034	9,930	76	2,465	23	26,007	2,764	28,771
2035-2039	--	--	--	--	3,073	322	3,395
Total debt service requirements	96,590	18,066	25,025	2,660	198,179	42,303	240,482
Less: Unamortized bond discounts	(59)	--	--	--	(134)	--	(134)
Add: Unamortized bond premiums	708	--	--	--	4,917	--	4,917
Net debt	$ 97,239	18,066	25,025	2,660	202,962	42,303	245,265

(1) A portion of these bonds are variable rate bonds with rates ranging from 1.17% - 2.39%.

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

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

On September 30, 2019, defeased bonds remaining unredeemed or unmatured are provided below (in thousands):

Refunded Bonds	Escrow Maturity Dates	Balance (1)
Austin Water		
Series 2004A	11/15/2019	$ 7,175
Series 2009	11/15/2019	118,030
Series 2009A	11/15/2019	135,125
Series 2010A	11/15/2019 - 11/15/2025	8,150
Series 2011	11/15/2019 - 11/15/2021	37,270
Series 2012	11/15/2019 - 5/15/2022	24,895
Series 2013A	11/15/2020	6,520
Series 2014	5/15/2020 - 5/15/2022	3,960
Series 2015A	5/15/2020	750
		$ 341,875

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

7 – RETIREMENT PLANS
a -- General Information

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

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

City Employees’ Fund	Article 6243n
Police Officers’ Fund	Article 6243n-1
Fire Fighters’ Fund	Article 6243e.1

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

Plan Financial Statements -- The most recently available financial statements of the pension funds are for the year ended December 31, 2018. Stand-alone financial reports that include financial statements and supplementary information for each plan are publicly available at the locations and internet addresses shown below.

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

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

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

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

	City Employees	Police Officers	Fire Fighters
Eligibility	Group A members qualify for retirement benefits at age 62; age 55 with 20 years creditable service; or any age with 23 years creditable service. No reduced benefits are available. Group B members qualify for normal retirement benefits at age 65 with 5 years creditable service or at age 62 with 30 years creditable service. Reduced benefits are available at age 55 with 10 years of creditable service.	Members are eligible for retirement benefits at any age with 23 years creditable service (excluding pre-membership military service), age 55 and 20 years creditable service (excluding pre-membership military service), or age 62 and any number of creditable service years.	Members are eligible for normal retirement benefits upon the earlier of age 50 with 10 years of service or 25 years of service regardless of age. Members are eligible for early retirement at 45 with 10 years of service or with 20 years of service regardless of age.
Calculation	Average of 36 highest months of base pay multiplied by years and months of creditable service multiplied by 3.0% for Group A and 2.5% for Group B.	Average of 36 highest months of base salary plus longevity pay multiplied by years and months of service multiplied by 3.2%.	Average of 36 highest months of base salary plus longevity pay multiplied by years of service multiplied by 3.3% with a $2,000 monthly minimum.
Death Benefits	Retiree or active member eligible for retirement, $10,000 lump sum and continuation of benefits to beneficiary if this option was selected. If not eligible for retirement, refund of accumulated deposits plus death benefit from COAERS equal to those deposits excluding purchases of time.	For retirees and members eligible for retirement, $10,000 lump sum and the member's accrued benefit as of the date of death based on annuity selected. Non-vested members receive the greater of $10,000 or twice the amount of the member's accumulated contributions.	Surviving spouse receives 75% of retiree benefits based on the greater of 20 years or years of service at time of death. If surviving spouse exists, each dependent receives 15% of the payment paid to the surviving spouse. If no surviving spouse exists, dependents split equally the amount that would have been paid to surviving spouse.
Disability Benefits	After approved for disability benefits, active members may choose from several different disability retirement options. Must have 5 years of service if disability is not job related.	After approved for disability benefits, if disability is the result of employment duties, benefit is based on the greater of 20 years or normal retirement calculation. Must have 10 years of service if disability is not job related.	For the first 30 months, eligible for retiree benefits based on the greater of service at time of disability or 20 years. After 30 months, continuance of annuity may be reevaluated.
Cost of Living Adjustments (COLA)	The plan does not require automatic COLAs. Such increases must be deemed sustainable by the actuary and approved by the City Council and Board of Trustees of the fund. The most recent COLA was put into effect in 2002.	The plan does not require automatic COLAs. Such increases must be approved by the Board of Trustees and the actuary of the fund. The most recent COLA was put into effect in 2007.	The plan does not require automatic COLAs. Such increases must be approved by the Board of Trustees and the actuary of the fund. The most recent COLA was put into effect for 2019.

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

Employees Covered by Benefit Terms -- Membership in the plans as of December 31, 2018, is as follows:

	City Employees	Police Officers	Fire Fighters
Inactive employees or beneficiaries currently receiving benefits	6,414	906	822
Inactive employees entitled to but not yet receiving benefits	2,851	111 (1)	8
Active employees	9,838	1,892	1,102
Total	19,103	2,909	1,932

(1) Includes 39 terminated vested members and 72 nonvested terminated members due refunds.

Contributions -- For all three systems, minimum contributions are determined by the enabling legislation cited above. In certain cases, the City may contribute at a level greater than that stated in the law. While the contribution requirements are not actuarially determined, state law requires that a qualified actuary approve each plan of benefits adopted.

	City Employees	Police Officers	Fire Fighters
Employee contribution (percent of earnings)	8.00%	13.00%	18.70%
City contribution (percent of earnings)	18.00% (1)	21.313%	22.05%
City contributions year ended September 30, 2019 (in thousands)	$120,795	35,617	20,890

(1) The City contributes two-thirds of the cost of prior service benefit payments. A rate of 18% effective October 1, 2012.

The City's net pension liability was measured as of December 31, 2018 for all three systems. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date for the City Employees' and Police Officers' funds. For the Fire Fighters fund, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 using the final 2018 assumptions and then was rolled forward to the plan's year ending December 31, 2018.

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

	City Employees	Police Officers	Fire Fighters
Inflation rate	2.75%	2.50%	2.75%
Projected annual salary increases	4.00% to 6.25%	3.00% to 15.20% Service based (1)	1.00% to 8.50% Service based (2)
Investment rate of return	7.50%	7.25%	7.70%
Ad hoc postemployment benefit changes including COLAs	None	None	None
Experience study period	2011 - 2015	2013 - 2017	2004 - 2014
Source for mortality assumptions	RP-2014 Mortality Table with Blue Collar adjustment. Generational mortality improvements in accordance with Scale BB are projected from the year 2014.	Mortality rates were based on the PubS-2010 with projected improvements.	PubS-2010 (above-median, amount weighted) tables with mortality improvements projected five (5) years beyond the valuation date using scale MP-2018

(1) This includes the classification status change upon graduation from the academy.
(2) This does not include assumed general wage inflation increases of 3.00% for Fire.

7 – RETIREMENT PLANS, continued

b -- Net Pension Liability

Development of Long-Term Rate of Return on Investments -- Each pension plan utilizes different asset allocations and assumed rates of return in developing the long-term rate of return on investments. However, all three use the same methodology as follows:

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following provides asset allocations and long-term expected real rate of return for each asset class for the three funds.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
City Employees:		
US equity	32.00%	5.30%
Developed markets equities	15.00%	6.62%
Emerging markets equities	8.00%	7.14%
Fixed income	20.00%	3.58%
Alternative investments	15.00%	5.39% to 6.65%
Real estate	10.00%	5.27%
Total	100.00%	
Police Officers:		
Domestic equity	42.50%	7.50%
International equity	15.00%	8.50%
Other equity	7.50%	7.50%
US and non-US fixed income	10.00%	3.00%
Other fixed income	5.00%	3.50%
Real estate	15.00%	4.50%
Multi asset class	5.00%	5.00%
Total	100.00%	
Fire Fighters:		
Public domestic equity	20.00%	5.30%
Public foreign equity	22.00%	6.90%
Private equity fund of funds	15.00%	5.60%
Investment grade bonds	13.00%	1.10%
Treasury inflation protected securities	5.00%	0.80%
High yield/bank loans	5.00%	3.80%
Emerging market debt	7.00%	3.60%
Core real estate	5.00%	3.40%
Non-core real estate	5.00%	5.00%
Natural resources	3.00%	5.90%
Total	100.00%	

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

Discount Rate -- The following provides information on the discount rate used to measure the City's total pension liability. Based on the assumptions presented below, the fiduciary net position for City Employees' and Fire Fighters' funds was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Police Officers' fund was projected to be available to make projected future payments of current active and inactive employees through the year 2041. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2041 fiscal year, and the municipal bond rate of 3.71% was applied to all benefit payments after that date, with the resulting blended discount rate being 4.70%.

	City Employees	Police Officers	Fire Fighters
Discount rate	7.50%	4.70% (1)	7.70%
Change since last measurement date	None	(3.00%)	None
Long-term expected rate of return on pension plan investments	7.50%	7.25%	7.70%
Cash flow assumptions	Plan member contributions will be made at the current rate. City contributions will be made at the current rate for 40 years and then will decrease to 8%.	Plan member contributions and City contributions will be made at current contribution rates and will remain a level percentage of payroll.	Plan member contributions will be made at current contribution rates. City contributions will be continued at the currently negotiated rate of 22.05%.

(1) The use of a blended discount rate that was three percentage points lower than the previous discount rate resulted in a significant increase in the net pension liability related to changes in assumptions.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -- The following presents the net pension liability of each of the pension funds of the City calculated using the long-term expected rate of return on pension plan investments, as well as what the net pension liability (in thousands) would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate.

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Net Pension Liability	Rate	Net Pension Liability	Rate	Net Pension Liability
City Employees	6.50%	$ 2,011,391	7.50%	$ 1,528,177	8.50%	$ 1,125,047
Police Officers	3.70%	1,475,727	4.70%	1,186,434	5.70%	952,515
Fire Fighters	6.70%	290,175	7.70%	184,061	8.70%	94,426

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

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

Schedule of Changes in Net Pension Liability -- Changes in net pension liability for all three funds and the City for the measurement period ended December 31, 2018 are as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
Total pension liability at December 31, 2017 (a)	$ 3,797,823	1,189,591	1,038,801	6,026,215
Changes for the year:				
Service cost	111,438	33,757	25,131	170,326
Interest	281,404	90,479	80,552	452,435
Benefit changes	--	--	10,188	10,188
Differences between expected and actual experience	1,882	(12,905)	(735)	(11,758)
Assumption changes	--	666,873	(4,779)	662,094
Contribution buy back	--	1,142	--	1,142
Benefit payments including refunds	(202,987)	(63,983)	(55,979)	(322,949)
Net change in total pension liability	191,737	715,363	54,378	961,478
Total pension liability at December 31, 2018 (b)	3,989,560	1,904,954	1,093,179	6,987,693
Total plan fiduciary net position at December 31, 2017 (c)	2,650,438	769,475	953,798	4,373,711
Changes for the year:				
Employer contributions	116,486	35,244	20,085	171,815
Employee contributions	58,713	21,461	17,033	97,207
Contribution buy back	--	1,142	--	1,142
Pension plan net investment income (loss)	(157,242)	(43,398)	(25,114)	(225,754)
Benefits payments and refunds	(202,987)	(63,983)	(55,979)	(322,949)
Pension plan administrative expense	(4,025)	(1,421)	(705)	(6,151)
Net change in total plan fiduciary net position	(189,055)	(50,955)	(44,680)	(284,690)
Total plan fiduciary net position at December 31, 2018 (d)	2,461,383	718,520	909,118	4,089,021
Net pension liability at December 31, 2017 (a-c)	1,147,385	420,116	85,003	1,652,504
Net pension liability at December 31, 2018 (b-d)	$ 1,528,177	1,186,434	184,061	2,898,672

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

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

The Police Officers' fund had no significant changes to benefit terms during the measurement period but did have several changes of assumptions that affected the total pension liability including:

- The investment return assumption was decreased from 7.70% to 7.25%
- The change from a single discount rate of 7.70% to a single blended discount rate of 4.70% (see Note 7b -- Discount Rate)
- The inflation assumption was decreased from 3.00% to 2.50%
- Individual salary increase rates were modified to better reflect the current expectation for inflation and the current step schedule
- The payroll growth rate was decreased from 4.00% to 3.00%
- An explicit administrative expense load of 0.90% of payroll was added to the normal cost
- Mortality rates from PubS-2010 were adopted with fully generational mortality improvement using the ultimate mortality improvement rates in the MP tables
- Termination rates were modified to better reflect APRS experience
- Retirement rates were modified to better reflect APRS experience

The Fire Fighters' fund had changes of assumptions and benefit terms that affected the pension liability. Effective January 1, 2019 a cost-of-living adjustment increase of 2.3% went into effect.

Changes of assumptions included:

- The assumed mortality rates were updated to reflect the PubS-2010 (above-median, amount-weighted) tables.
- The price inflation assumption was lowered from 3.50% to 2.75% per year.

c -- Pension Expense

Total pension expense recognized by the City for the fiscal year ended September 30, 2019, was comprised of the following (in thousands):

	Pension Expense
City Employees	$ 266,320
Police Officers	156,208
Fire Fighters	48,009
Total	$ 470,537

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

At September 30, 2019, 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	$ 88,875	26,105	15,364	130,344
Differences between expected and actual experience	27,949	18,563	12,269	58,781
Changes in assumptions	28,661	600,308	2,170	631,139
Net difference between projected and actual earnings on pension plan investments	200,252	81,692	43,607	325,551
Changes in proportionate share (between funds)	7,678	--	--	7,678
Total	353,415	726,668	73,410	1,153,493
Deferred Inflows of Resources				
Differences between expected and actual experience	--	15,156	643	15,799
Changes in assumptions	--	--	4,181	4,181
Changes in proportionate share (between funds)	7,678	--	--	7,678
Total	$ 7,678	15,156	4,824	27,658

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
2020	$ 106,244	110,354	18,007	234,605
2021	41,310	100,158	7,197	148,665
2022	36,014	97,672	6,304	139,990
2023	73,154	103,186	22,048	198,388
2024	140	82,420	1,046	83,606
Thereafter	--	191,617	(1,380)	190,237
Total	$ 256,862	685,407	53,222	995,491

8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)
a -- General Information

Plan Description -- In addition to the contributions made to the three pension systems, the City provides certain other postemployment benefits to its retirees. The City of Austin OPEB Plan is a defined-benefit single-employer plan. Allocation of City funds to pay postemployment benefits other than pensions is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis. The City is under no obligation to pay any portion of the cost of other postemployment benefits for retirees or their dependents. The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued
a -- General Information, continued

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

Unlike pensions, State law does not provide specific requirements or authority for OPEB. Instead, the City relies on its status as a municipal corporation under Article XI, Section 5 of the Constitution of the State of Texas, the Home Rule Amendment, as the authority under which OPEB is provided to retirees. Any amendments to the OPEB Plan are approved by City Council through the annual budget approval process.

Benefits Provided -- Other postemployment benefits include access to medical, dental, and vision insurance for the retiree and the retiree's family and $1,000 of life insurance on the retiree only. All retirees who are eligible to receive pension benefits under any of the City's three pension systems as described in Note 7 are eligible for other postemployment benefits. Retirees may also enroll eligible dependents under the medical, dental, and vision plan(s) in which they participate.

Plan members do not pay into the OPEB plan while in active employment nor does the City pay on behalf of active employees. The City pays actual claims for medical and prescription drug coverage as a primary provider for non-Medicare eligible, and as a secondary provider for Medicare eligible retirees through either a PPO, HMO, or CDHP, (Consumer Driven Health Plan), medical plan as selected by the retiree. The City subsidizes a maximum of 80% of the projected medical premium for retirees, 50% for dependents, and 70% (75% if pre-Medicare) for surviving spouses. Subsidies are based on years of service at retirement as displayed in the table below and are applied to the corresponding maximum reflected above. For example, a retiree with less than five years of service would be eligible for a subsidy of 16% (20% of 80%). Retirees must pay the unsubsidized portion of the premium.

For the 2019 plan year (January 1 to December 31), the percentage of the maximum subsidy paid by the City was as follows:

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

The City pays 100% of the retiree's basic life insurance premium. The cost of coverage above the $1,000 level is paid by the retiree. Group dental and vision coverage is available to retirees and their eligible dependents. The retiree pays the full cost of the dental and vision premium. If excise tax is payable in the future, it is assumed that these costs will also be paid by the retirees.

Employees Covered by Benefit Terms -- The City has elected to do biennial actuarial valuations of its other postemployment benefits liability with a rollforward in the off years. The current year is a rollforward year and as a result membership in the plan is presented as of December 31, 2017:

Inactive employees or beneficiaries currently receiving benefits	7,178
Inactive employees entitled to but not yet receiving benefits	2,763
Active employees	12,557
Total	22,498

b – Total OPEB Liability

The City's total OPEB liability of $2,395,447 (in thousands) was determined by an actuarial valuation as of December 31, 2017 that was rolled forward to December 31, 2018, the measurement date. Of the total liability, $58,077 (in thousands) is considered to be due within one year and the remaining $2,337,370 (in thousands) is considered to be a long-term liability.

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

Actuarial Assumptions and Other Inputs -- Actuarial assumptions used in the most recent actuarial valuations are shown below. The majority of the demographic assumptions used in the OPEB valuation are identical to those used in the pension valuation from the previous reporting period. As a result, experience studies performed by the pension systems as discussed in Note 7a were also relied upon.

General Assumptions	
Inflation rate	• NA
Salary increases	• Vary by retirement group, age, and years of service
Discount rate	• 4.10%
Healthcare cost trend rates	
Medical (pre-65)	• 7.00% graded to 4.50% over 5 years
Medical (post-65)	• 6.00% graded to 4.50% over 3 years
Prescription drug	• 8.50% graded to 4.50% over 8 years
Administrative costs	• 2.50%
Experience studies	• Experience for healthcare cost trend rates was based on activity from November 1, 2015 to October 31, 2017 for medical costs and December 1, 2015 to November 30, 2017 for prescriptions.
Sources for mortality rate assumptions	
General (Actives)	• RP-2014 Blue Collar Employee Mortality Tables projected generationally using scale BB from 2014
General (Healthy retirees)	• RP-2014 Blue Collar Healthy Annuitant Mortality Tables projected generationally using scale BB from 2014
General (Disabled retirees)	• RP-2014 Blue Collar Healthy Annuitant Mortality Tables, set forward 3 years, projected generationally using Scale BB from 2014, with a minimum 3% rate of mortality applicable at all ages
Police (All lives)	• RP-2000 Combined Healthy Mortality Tables
Fire (Healthy lives)	• RP-2000 Combined Healthy Mortality Tables, set back 2 years, projected generationally using Scale AA from 2000
Fire (Disabled lives)	• RP-2000 Disabled Retiree Mortality Tables

Discount Rate -- The discount rate for OPEB funded entirely on a pay-as-you-go basis is the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). For the OPEB measurement at December 31, 2018, the City's actuaries used the Bond Buyer US Weekly Yields 20 General Obligation Bond Index of 4.10%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate -- The following presents the total OPEB liability (in thousands) of the City calculated using the discount rate discussed above, as well as what the total OPEB 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	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
3.10%	$ 2,884,701	4.10%	$ 2,395,447	5.10%	$ 2,015,195

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates -- The following presents the total OPEB liability (in thousands) of the City calculated using the healthcare cost trend rates displayed above, as well as what the total OPEB liability (in thousands) 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.

1% Decrease	Current Rate	1% Increase
Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
$ 2,002,490	$ 2,395,447	$ 2,907,388

8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

b – Total OPEB Liability, continued

Schedule of Changes in Total OPEB Liability -- Changes in the total OPEB liability for measurement period ended December 31, 2018 is as follows (in thousands):

Total OPEB liability at December 31, 2017	$ 2,524,897
Changes for the year:	
Service cost	108,478
Interest	89,675
Benefit changes	231
Assumption changes	(274,758)
Expected benefit payments	(53,076)
Net change in total OPEB liability	(129,450)
Total OPEB liability at December 31, 2018	$ 2,395,447

The OPEB plan changes included:

- Increasing the maximum value of the Health Reimbursement Account for retirees in the Consumer Driven Health Plan from $500 to $1,000 for individuals and $1,000 to $1,500 for families effective January 1, 2019.
- The Plan also switched health benefit providers from United Healthcare to BlueCross BlueShield effective January 1, 2019. However, the plan of benefits was unchanged and plan costs were not projected to change materially as a result of the change in vendors.

The OPEB plan assumption changes included:

- The discount rate was increased from 3.44% to 4.10% based on the Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date.
- Administrative expenses were updated to reflect the most recent vendor contracts (previously $413 load annually per covered individual).
- The medical trend rates, beginning with the year ending December 31, 2019, were updated (pre-65 previously 6.50% and now 7.00% decreased by 0.50% per year to an ultimate 4.50% and post-65 previously 5.50% and now 6.00% decreased by 0.50% per year to an ultimate 4.50%).

c – Other Postemployment Benefits Expense

Total OPEB expenses recognized by the City for the fiscal year ended September 30, 2019 were $198,598 (in thousands).

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

At September 30, 2019, 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	$ 36,287	--
Differences between expected and actual experience	47,213	--
Changes in assumptions	208,106	238,366
Changes in proportionate share (between funds)	25,936	25,936
Total	$ 317,542	264,302

8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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

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		
2020	$	9,612
2021		9,612
2022		9,612
2023		9,612
2024		9,612
Thereafter		(31,107)
Total	$	16,953

9 – DERIVATIVE INSTRUMENTS

The City has derivatives in two hedging programs: Energy Risk Management Program and Variable Rate Debt Management Program.

In accordance with GAAP, the City is required to report the fair value of all derivative instruments on the statement of net position. All derivatives must be categorized into two basis types – (1) hedging derivative instruments and (2) investment derivative instruments. Hedging derivative instruments significantly reduce an identified financial risk by substantially offsetting changes in cash flows or fair values of an associated hedgeable item. Investment derivative instruments are entered into primarily for income or profit purposes or they are derivative instruments that do not meet the criteria of an effective hedging derivative instrument. Changes in fair value of hedging derivative instruments are deferred on the statement of net position, and changes in fair value of investment derivative instruments are recognized as gains or losses on the statement of activities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, which is the City's fiscal year end date of September 30. This requires consideration of nonperformance risk when measuring the fair value of a liability and considers the effect of the government's own credit quality and any other factors that might affect the likelihood that the obligation will or will not be fulfilled.

a -- Energy Risk Management Program

In an effort to mitigate the financial and market risk associated with the purchase of natural gas, energy, capacity, and congestion price volatility, Austin Energy has established a Risk Management Program. This program was authorized by the Austin City Council and is led by the Risk Oversight Committee. Under this program, Austin Energy enters into futures contracts, options, swaps and congestion revenue rights for the purpose of reducing exposure to natural gas, energy, capacity, and congestion price risk. Use of these types of instruments for the purpose of reducing exposure to price risk is performed as a hedging activity. These contracts may be settled in cash or delivery of certain commodities. Austin Energy typically settles these contracts in cash.

Hedging Derivative Instruments

Natural Gas Derivatives

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

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

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

Premiums paid for options are deferred until the contract is settled. As of September 30, 2019, $105 thousand in premiums was deferred. As of September 30, 2019, the fair value of Austin Energy's futures, options, and swaps was an unrealized loss of $3.3 million, of which $3.5 million is reported as derivative instruments in liabilities and $206 thousand is reported as derivative instruments in assets. The fair values of these derivative instruments are deferred until future periods on the statement of net position using deferred outflows and deferred inflows.

Congestion Revenue Rights Derivatives
Preassigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow Austin Energy to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, annually and monthly at market value. Municipally owned utilities are granted the right to purchase PCRRs annually at 10-20% of the cost of CRRs. While the instruments exhibit all three characteristics - settlement, leverage, and net settlement - to classify them as derivative instruments, they are generally used by Austin Energy as factors in the cost of transmission, and therefore meet the Normal Purchases and Normal Sales scope exception allowing them to be reported at cost.

In fiscal year 2019, Austin Energy sold PCRRs and recorded a gain of $156 thousand; however, this gain was deferred under the accounting requirements for regulated operations. At September 30, 2019, $313 thousand remained deferred.

On September 30, 2019, Austin Energy had the following outstanding hedging derivative instruments (in thousands):

Type of Transaction		Reference Index	Fair Value at September 30, 2019: Maturity Dates	Notional Volumes	Fair Value	Change in Fair Value	Premiums Deferred
Long	OTC Call Options	Henry Hub	Oct 2019 - Sep 2021	2,900,000 (1)	$ 21	(1)	462
Long	OTC Put Options	Henry Hub	Apr 2020 - Jun 2020	819,000 (1)	185	185	(184)
			Derivative instruments (assets)		206	184	278
Short	OTC Put Options	Henry Hub	Apr 2020 - Jun 2020	(1,092,000) (1)	(64)	(64)	(70)
Short	OTC Put Options	Henry Hub	Oct 2019 - Sep 2021	(2,900,000) (1)	(1,005)	(286)	(103)
Long	OTC Swaps	Henry Hub	Oct 2019 - Sep 2020	3,275,000 (1)	(2,442)	(821)	--
			Derivative instruments (liabilities)		(3,511)	(1,171)	(173)
			Total		$ (3,305)	(987)	105

(1) Volume in MMBTUs

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

The realized gains and losses related to the hedging activity derivative instruments are netted to Power Supply Adjustment expense in the period realized.

Risks

Credit Risk. Credit risk is the risk of loss due to a counterparty defaulting on its obligations. Austin Energy's fuel derivative contracts expose Austin Energy to custodial credit risk on exchange-traded derivative positions. In the event of default or nonperformance by brokers or the exchange, Austin Energy's operations will not be materially affected. At September 30, 2019, the brokerages had credit ratings of A.

The over-the-counter agreements expose Austin Energy to credit risk; however, at September 30, 2019, none of the counterparties had outstanding obligations with Austin Energy. 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, 2019, no collateral was required under these provisions.

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

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

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

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

Basis Risk. Austin Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will price based on a delivery point (Katy/HSC) different than that at which the financial hedging contracts are expected to settle i.e. NYMEX (Henry Hub). As of September 30, 2019, the NYMEX price was $2.43 per MMBTU (one million British thermal unit, a measurement of heating value), Katy was $2.33 per MMBTU, and the HSC Hub price was $2.33 per MMBTU.

Other Risks

As of September 30, 2019, Austin Energy was not exposed to credit, interest, or foreign currency risk on its investment derivative instruments.

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, 2019, the City has two outstanding swap transactions with initial and outstanding notional amounts totaling $295.9 million and $178.1 million, respectively. The fair values of the interest rate derivative transactions were estimated based on an independent pricing service. The valuations provided were derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The expected transaction cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing benchmark interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the transactions, where future amounts (the expected transaction cash flows) are converted to a single current amount, discounted using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows. Where applicable under the income approach an option pricing model is applied such as the Black-Scholes-Merton model, the Black-Derman-Toy model, one of the short-rate models, or other market standard models consistent with accepted practices in the market for interest rate option products. The option models consider probabilities, volatilities, time, settlement prices, and other variables pertinent to the transactions. This valuation technique is applied consistently across all the transactions. Given the observability of inputs significant to the measurements, the fair values of the transactions are categorized as Level 2.

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

On September 30, 2019, the City had the following outstanding interest rate swap hedging derivative instruments (in thousands):

Item	Related Variable Rate Bonds	Terms	Effective Date	Maturity Date	Notional Amount	Fair Value
Business-Type Activities - Hedging derivatives:						
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Pay 3.600%, receive SIFMA swap index	5/15/2008	5/15/2031	$ 101,500	(16,861)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Pay 3.251%, receive 67% of LIBOR	8/14/2008	11/15/2029	76,640	(8,810)
					$ 178,140	(25,671)

All swaps are pay-fixed interest rate swaps. All were entered into with the objective of hedging changes in the cash flows on the related variable rate debt.

The fair value of the City's interest rate swap hedging derivative instruments is reported as derivative instruments in liabilities with an offsetting adjustment to deferred outflow of resources. The table below provides for the fair value and changes in fair value of the City's interest rate swap agreements as of September 30, 2019 (in thousands):

	Outstanding	Fair Value and Classification		Change in fair value	
Item	Notional Amount	Amount	Classification	Deferred Outflows	Deferred Inflows
Business-Type Activities:					
Hedging derivative instruments (cash flow hedges):					
WW2	$ 101,500	(16,861)	Non-current liability	(7,208)	--
HOT1	76,640	(8,810)	Non-current liability	(3,088)	--
	$ 178,140	(25,671)		(10,296)	--

Due to the continued low interest rate levels during fiscal year 2019, the City's interest rate swap hedging derivative instruments had negative fair values as of September 30, 2019. 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, 2019, the City was not exposed to credit risk on any of its outstanding swap agreements because each swap had a negative fair value. However, should interest rates change and the fair value of a swap become positive, the City would be exposed to credit risk in the amount of the swap's fair value.

The counterparty credit ratings for the City's interest rate swap hedging derivative instruments at September 30, 2019, are included in the table below:

			Counterparty Ratings		
Item	Related Variable Rate Bonds	Counterparty	Moody's Investors Service, Inc	Standard & Poor's	Fitch, Inc
Business-Type Activities:					
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Goldman Sachs Bank USA	A1	A+	A+
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Morgan Keegan Financial Products (MKFP)	A3	BBB+	BBB

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

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

Swap payments and associated debt. The net cash flows for the City's interest rate swap hedging derivative instruments for the year ended September 30, 2019, are included in the table below (in thousands):

Item	Related Variable Rate Bonds		Counterparty Swap Interest Pay	Receive	Net	Interest to Bondholders	Net Interest Payments
Business-Type Activities:							
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	$	(3,679)	1,596	(2,083)	(1,612)	(3,695)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008		(2,514)	1,231	(1,283)	(1,221)	(2,504)
		$	(6,193)	2,827	(3,366)	(2,833)	(6,199)

Basis and interest rate risk. Basis risk is the risk that the interest rate paid by the City on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. The City does not bear basis risk on Swap WW2. At September 30, 2019, the City bears basis risk on the Swap HOT1. This swap has basis risk since the City receives a percentage of LIBOR to offset the actual variable rate the City pays on the related bond. The City is exposed to basis risk should the floating rate that it receives on a swap drop below the actual variable rate the City pays on the bond. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

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

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

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

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

Investment Derivative Instruments

At September 30, 2019, the City did not have any investment derivative instruments related to interest rate swaps.

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

As of September 30, 2019, 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
2020	$ 10,135	(25)	5,883	5,858
2021	9,285	(28)	5,568	5,540
2022	6,810	(35)	5,337	5,302
2023	17,385	(38)	4,986	4,948
2024	17,350	(35)	4,387	4,352
2025-2029	81,435	(158)	13,710	13,552
2030-2034	35,740	(37)	1,246	1,209
Total	$ 178,140	(356)	41,117	40,761

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

10 – DEFICITS IN FUND BALANCES AND NET POSITION

At September 30, 2019, 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 issues.

Nonmajor Governmental	Deficit
Special Revenue Funds:	
Housing Assistance 2018	$ 2,137
One Texas Center	24
Capital Projects Funds:	
2012 fund	
Library & cultural	591
2018 fund	
Library & cultural	19
Parks	1,010
Open space	22,754
Health	88
Public safety	16
Transportation	243
Other funds	
Fire - general	1,383
Public Works	964
City Hall, plaza, parking garage	5,932
Waller Creek District	4,760
Nonmajor Enterprise	
Austin Resource Recovery	93,924
Development Services	84,446
Transportation	87,243

11 – INTERFUND BALANCES AND TRANSFERS
a -- Interfund receivables, payables, and advances

Interfund receivables, payables, and advances at September 30, 2019, are as follows (in thousands):

	Due From				
Due To	Nonmajor Governmental	Austin Energy	Austin Water	Nonmajor Enterprise	Total
General Fund	$ --	221	--	--	221
Nonmajor governmental	43,683	--	--	--	43,683
Airport	--	171	--	--	171
Nonmajor enterprise	--	--	301	957	1,258
Total	$ 43,683	392	301	957	45,333

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 ($32.2 million), the majority ($24.1 million) being new GGCIP funds. Deficits in grant funds awaiting reimbursement from grantors ($12.5 million) was borrowed from the Fiscal Surety fund.

	Advances To						
Advances From	Nonmajor Governmental	Austin Energy	Austin Water	Airport	Nonmajor Enterprise	Internal Service	Total
General Fund	$ --	221	--	--	--	--	221
Nonmajor governmental	28,333	50	--	13	225	19	28,640
Austin Water Utility	432	10,821	--	--	--	--	11,253
Airport	--	171	--	--	--	--	171
Nonmajor enterprise	--	--	1,503	--	--	--	1,503
Total	$ 28,765	11,263	1,503	13	225	19	41,788

Advances to and advances from reflect borrowing that will not be liquidated within one year. The advance to Nonmajor Governmental is for the Planning and Development Center and will be funded by certificates of obligation. The advance to Austin Water from Austin Energy funded the Combined Utility System Revenue Bond Retirement Reserve Account. Austin Energy funded the entire reserve, which replaced an insurance policy previously held for combined lien reserve, on behalf of both enterprise funds.

b -- Transfers

Transfers at September 30, 2019, are as follows (in thousands):

	Transfers In						
Transfers Out	General Fund	Nonmajor Governmental	Austin Energy	Austin Water	Nonmajor Enterprise	Internal Service	Total
General Fund	$ --	30,532	1	--	15,597	--	46,130
Nonmajor governmental	2,232	39,973	69	250	99,028	--	141,552
Austin Energy	118,536	--	--	--	--	--	118,536
Austin Water Utility	51,453	75	231	--	--	106	51,865
Airport	--	--	153	--	--	329	482
Nonmajor enterprise	577	5,536	17	53	--	137	6,320
Internal service	--	23,440	1	--	120	207	23,768
Total	$ 172,798	99,556	472	303	114,745	779	388,653

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

- Austin Energy and Austin Water transfers to the General Fund ($170 million), which are comparable to a return on investment to owners.
- The Hotel-Motel Occupancy Tax ($78.2 million) and the Vehicle Rental Tax ($11.5 million), special revenue funds, transfer tax collections to the Convention Center in support of convention operations and debt service.
- The General Fund ($26 million), various internal service funds ($18 million), and special revenue funds ($17 million) make transfers to capital improvement projects to cash fund various city projects.

12 – SELECTED REVENUES
a -- Major Enterprise Funds

Austin Energy and Austin Water
The Texas Public Utility Commission (PUC) has jurisdiction over electric utility wholesale transmission rates. On July 2, 2018, the PUC approved the City's most recent wholesale transmission rate of $1.187214/KW. Transmission revenues totaled approximately $82 million in fiscal year 2019. 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, 2019, the City has elected not to enter the retail market, as allowed by state law.

Electric rates include a fixed-rate component and cost-adjustment factors that allow for recovery of power supply, regulatory, and community benefit costs. If actual costs differ from amounts billed to customers, then regulatory assets or deferred inflows are recorded by Austin Energy. Pass-through rates are set annually, and the power supply factor can be adjusted when over- or under-recovery is more than 10% of expected power supply costs. Any over- or under-collections of the power supply, regulatory, or community benefit costs are applied to the respective cost-adjustment factor.

Airport
The City has entered into certain lease agreements as the lessor for concessions at the Airport. These lease agreements qualify as operating leases for accounting purposes. In the fiscal year 2019, the Airport fund revenues included minimum concession guarantees of $24,944,916.

The following is a schedule by year of minimum future rentals on non-cancelable operating leases with remaining terms of up to 80 years for the Airport fund as of September 30, 2019 (in thousands):

Fiscal Year Ended September 30	Airport Lease Receipts
2020	$ 31,238
2021	30,898
2022	29,019
2023	27,773
2024	27,684
2025-2029	83,198
2030-2034	8,295
2035-2039	7,375
2040-2044	2,635
Thereafter	1,643
Totals	$ 249,758

b -- Operating Lease Revenue

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

Fiscal Year Ended September 30	Future Lease Receivables
2020	$ 2,709
2021	2,176
2022	2,068
2023	2,030
2024	1,955
2025-2029	8,800
2030-2034	8,122
2035-2039	7,638
2040-2044	6,325
Thereafter	41,782
Totals	$ 83,605

13 – TAX ABATEMENTS

The City grants tax abatements under one of two programs, the Chapter 380 Performance Based Economic Development Incentive Program under which sales and property taxes may be rebated if the entity meets performance criteria, and the Media Production Development Zone program under which sales, excise, and use taxes may be abated.

a -- Performance Based Rebate Program

To promote local economic development and stimulate business and commercial activity in the municipality, the City has granted tax rebate agreements under the authority of Chapter 380 of the Texas Local Government Code through the City's Chapter 380 Performance Based Economic Development Incentive Program. All or a portion of property tax, sales tax, or a combination of the two were abated as a part of these agreements. To be eligible to participate in the program an entity must make a commitment to move or expand its business in the City through investments in real and/or personal property or leasehold improvements as well as commitments about the number of new jobs it will create. Some agreements also require the participants in this program to meet other City requirements such as average compensation and local business participation. Each agreement is negotiated individually, and the terms vary depending on the type of development and the economic benefits to the City.

Sales taxes abated may either be all or a portion of those generated by the entity or its actions. The amount of property taxes abated may be all or a portion of property taxes on the entity's real and personal property or leasehold investment. Agreements generally run for a certain number of years and also may be subject to a not-to-exceed maximum of taxes to be abated. All taxes are collected and then refunded if the entity meets commitments made under the agreement. If criteria are not met, no taxes are refunded.

During fiscal year 2019, the City had four agreements under this program which resulted in rebates that meet the definition of tax abatements of approximately $9.3 million. The City had no commitments related to these agreements other than the timeframe during which a compliance review will occur and a deadline for the refund of the taxes.

b -- Exemption Program

There were no active agreements under the Media Production Development Zone Program during fiscal year 2019.

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

14 – COMMITMENTS AND CONTINGENCIES

a -- Fayette Power Project

Austin Energy's coal-fired electric generating units are located at the Fayette Power Project (FPP) and operate pursuant to a participation agreement with LCRA. Austin Energy has an undivided 50 percent interest in Units 1 and 2, and LCRA wholly owns Unit 3. A management committee of four members governs FPP; each participant administratively appoints two members. As managing partner, LCRA is responsible for the operation of the project and appoints project management.

Austin Energy's investment is financed through operations, revenue bonds, or commercial paper, which are repaid by Austin Energy (see Note 6), and its pro-rata share of operations is recorded as if wholly owned. Austin Energy's pro-rata interest in FPP was $17.7 million as of September 30, 2019. The pro-rata interest in the FPP is calculated pursuant to the participation agreement and is reported in various asset and liability accounts within the City's financial statements. The original cost of Austin Energy's share of FPP's generation and transmission facilities is recorded in the utility plant accounts of the City in accordance with its accounting policies.

b -- South Texas Project

Austin Energy is one of three participants in the South Texas Project (STP), which consists of two 1,250-megawatt nuclear generating units in Matagorda County, Texas. The other participants in the STP are NRG South Texas LP and City Public Service of San Antonio. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. Austin Energy's 16 percent ownership in the STP represents 400 megawatts of plant capacity. At September 30, 2019, Austin Energy's investment in the STP was approximately $372.2 million, net of accumulated depreciation.

Effective November 17, 1997, the participation agreement among the owners of STP was amended and restated, and the STP Nuclear Operating Company (STPNOC), a Texas non-profit non-member corporation created by the participants, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STPNOC. Each participant is responsible for its STP funding. The City's portion is financed through operations, revenue bonds, or commercial paper, which are repaid by Austin Energy (see Note 6). In addition, each participant has the obligation to finance any deficits that may occur.

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

Each participant appoints one member to the board of directors of STPNOC, as well as one other member to the management committee. A member of the management committee may serve on the board of directors in the absence of a board member. The City's portion of STP is classified as plant in service, construction in progress, and nuclear fuel inventory. Nuclear fuel includes fuel in the reactor as well as nuclear fuel in process.

STP requested a 20-year license extension for units 1 & 2 with the Nuclear Regulatory Commission (NRC). The 20-year license renewal was issued by the NRC in September 2017. Unit 1 and 2 are currently licensed through 2047 and 2048, respectively.

c -- South Texas Project Decommissioning

Austin Energy began collecting in rates and accumulating funds for decommissioning STP in 1989 in an external trust. The Decommissioning Trust assets are reported as restricted investments held by trustee. The related liability is reported as asset retirement obligations. Excess or unfunded liabilities related to decommissioning STP will be adjusted in future rates so that there are sufficient funds in place to pay for decommissioning. At September 30, 2019, the trust's assets were in excess of the estimated liability by $23.3 million which is reported as part of deferred inflows of resources (in thousands).

Decommissioning trust assets	$ 232,231
Pro rata decommissioning liability	(208,909)
	$ 23,322

STP is subject to regulation by the Nuclear Regulatory Commission (NRC). The NRC requires that each holder of a nuclear plant-operating license submit a certificate of financial assurance to the NRC for plant decommissioning every two years or upon transfer of ownership. The certificate provides reasonable assurance that sufficient funds are being accumulated to provide the minimum requirement for decommissioning mandated by the NRC. The most recent annual calculation of financial assurance filed on December 31, 2018 showed that the trust assets exceeded the minimum required assurance by $77.5 million.

d -- Purchased Power

Austin Energy has commitments totaling $5.2 billion to purchase energy and capacity through purchase power agreements. This amount includes provisions for wind power through 2041, landfill power through October 2019, and solar through 2043.

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, 2019, the financial statements include a $1.5 million short-term decommissioning liability related to Holly and a $317 thousand short-term environmental liability related to Fayette, classified as other liabilities. The amount is based on 2019 cost estimates to perform remediation and decommissioning. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

f -- Arbitrage Rebate Payable

The City's arbitrage consultant has determined that the City has not earned interest revenue on unused bond proceeds in excess of amounts allowed by applicable Federal regulations. Therefore, the City will not be required to rebate any amounts to the federal government. There are no estimated payables at September 30, 2019.

g -- 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. Housing and Urban Development Department, U.S. Health and Human Services Department, and U.S. Department of Transportation. The City's programs are subject to program compliance audits by the grantor agencies. Management believes that no material liability will arise from any such audits.

14 – COMMITMENTS AND CONTINGENCIES, continued
h -- 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 2019 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	$	127,285
Public safety		53,324
Transportation, planning, and sustainability		132,030
Public health		2,397
Public recreation and culture		69,677
Urban growth management		35,662
Business-type activities:		
Electric		328,248
Water		96,297
Wastewater		150,367
Airport		213,518
Convention		56,076
Environmental and health services		8,496
Public recreation and culture		69
Urban growth management		106,065
Total	$	1,379,511

i -- Encumbrances

The City utilizes encumbrances to track commitments against budget in governmental funds. The amount of outstanding encumbrances at September 30, 2019, is as follows (in thousands):

		Encumbrances
General Fund	$	35,806
Nonmajor governmental		
Special Revenue		33,035
Capital Projects		135,216
	$	204,057

Significant encumbrances include reservations for the 2012 bond program ($17,938), 2016 bond program ($23,559), General government projects ($23,570), Fire general ($15,125), and Waller Creek District ($22,795).

14 – COMMITMENTS AND CONTINGENCIES, continued
j -- Landfill Closure and Postclosure Liability

State and federal regulations require the City to place a final cover on the City of Austin landfill site (located on FM 812) when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, a portion of these future closure and postclosure care costs are reported as an operating expense in each period as incurred in the Austin Resource Recovery fund, a nonmajor enterprise fund. Substantial closure occurred in fiscal year 2011. Flooding in fiscal year 2015 delayed final closure, but repairs for damage sustained from the floods are estimated to be completed prior to September 30, 2020. Closure date will be coordinated with TCEQ after the repairs have been completed. 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, 2019, is as follows (in thousands):

	Closure	Postclosure	Total
Total estimated costs	$ 24,716	9,899	34,615
% capacity used	100%	100%	100%
Cumulative liability accrued	24,716	9,899	34,615
Costs incurred	(22,353)	--	(22,353)
Closure and postclosure liability	$ 2,363	9,899	12,262

These amounts are based on the 2019 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.

k -- Asset Retirement Obligations (ARO)

South Texas Project (STP) -- Federal regulations require Austin Energy to perform certain asset retirement obligations related to decommissioning STP, a nuclear power station located in Bay City, Texas. These regulations are provided by the Nuclear Regulatory Commission (NRC) and require licensed nuclear facilities to follow both technical and financial criteria for decommissioning activities. An external decommissioning cost study is performed every five years. The most recent cost study was completed in May 2018 by TLG Services, Inc. and included a total decommissioning cost estimate of $2.5 billion. Austin Energy, holding a 16% ownership interest in STP, has included a total ARO estimate of $397.9 million (adjusted to 2019 dollars) and an associated deferred outflows of resources of $189.0 million. Austin Energy has restricted assets held in an irrevocable trust to cover the eventual decommissioning costs and as of September 30, 2019, trust assets totaled $232.2 million.

Fayette Power Project (FPP) -- Federal and state regulations as well as contractual obligations require Austin Energy to perform certain asset retirement activities associated with FPP. A cost study performed by the LCRA and completed June 30, 2018, 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 $15.2 million and an associated deferred outflows of resources of $14.2 million. Austin Energy, as joint owner of the facility, will amortize the deferred outflow related to regulatory obligations over 23 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 6 years.

Wastewater treatment plants -- Federal regulations require the City to perform certain asset retirement obligations related to its wastewater treatment plants. The City must close the wastewater treatment facilities in a manner that minimizes the need for further maintenance and minimizes or controls postclosure escape of hazardous waste, hazardous constituents, leachate, contaminated run-off, or hazardous waste decomposition products to the ground or surface waters. Based on historical vendor invoices to remove solids from wastewater treatment plants, the ARO for wastewater treatment plants was approximately $1.3 million as of September 30, 2019 and is reported as asset retirement obligations in the Austin Water fund, a major enterprise fund. The associated deferred outflow of $543 thousand will be amortized over the remaining useful lives of the City's wastewater treatment plants, which range from 7 to 42 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, 2019 and is reported as asset retirement obligations in the Fleet fund, an internal service fund. The associated deferred outflow of $142 thousand will be amortized over the remaining useful lives of the City's petroleum underground storage tanks, which range from 2 to 24 years.

14 – COMMITMENTS AND CONTINGENCIES, continued
I -- 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 14% of City employees and 22% of retirees use the HMO option; approximately 72% of City employees and 77% of retirees use the PPO option; and approximately 14% of City employees and 1% 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. For 2018 stop-loss insurance covers individual claims that exceed $500,000 per calendar year, up to a maximum of $5 million. For 2019 stop-loss insurance covers individual claims that exceed $750,000 per calendar year, with an unlimited maximum. In fiscal year 2019, four claims exceeded the stop-loss limit of $500,000 for 2018 and no claims have exceeded the stop loss limit of $750,000 for 2019; during fiscal year 2018, eleven claims exceeded the stop-loss limit of $500,000, and during fiscal year 2017, four claims exceeded the stop-loss limit of $500,000. City coverage is unlimited for lifetime benefits. The City does not purchase stop-loss insurance for workers' compensation claims.

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

Liabilities are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The City utilizes actuarial information and 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 $47.8 to $49.2 million. In accordance with GAAP, $47.8 million is recognized as claims payable in the financial statements with $23.6 million recognized as a current liability and $24.2 million recognized as long term. For Employee Benefits and Workers Compensation, city funds contribute amounts to these internal service funds based on an estimate of anticipated costs for claims each year. Austin Energy, Austin Water, and Airport report their respective claims activities for third-party claims. All other funds contribute amounts to the Liability Reserve fund based on an estimate of anticipated costs for claims each year.

14 – COMMITMENTS AND CONTINGENCIES, continued
l -- Risk-Related Contingencies, continued

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

	Austin Energy		Austin Water		Airport	
	2019	2018	2019	2018	2019	2018
Liability balances, beginning of year	$ 69	2,070	353	562	--	1
Claims and changes in estimates	275	(1,708)	156	29	2	--
Claim payments	(112)	(293)	(199)	(238)	(2)	(1)
Liability balances, end of year	232	69	310	353	--	--

	Employee Benefits		Liability Reserve		Workers' Compensation	
	2019	2018	2019	2018	2019	2018
Liability balances, beginning of year	16,525	18,822	4,440	4,975	27,009	25,299
Claims and changes in estimates	162,292	158,704	(1,186)	2,963	6,100	5,101
Claim payments	(162,630)	(161,001)	(1,082)	(3,498)	(4,228)	(3,391)
Liability balances, end of year	$ 16,187	16,525	2,172	4,440	28,881	27,009

The Austin Water fund claims liability balance at fiscal year-end included liabilities of $264 thousand discounted at 2.90% in 2019 and $238 thousand discounted at 4.44% in 2018. The Liability Reserve fund claims liability balance at fiscal year-end included liabilities of $455 thousand discounted at 2.90% in 2019 and $2.8 million discounted at 4.44% in 2018.

m -- Redevelopment of Robert Mueller Municipal Airport

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

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

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

The development contains over 2.5 million square feet of civic, institutional, hotel and Class A office space, including over 600,000 square feet of retail space that is either complete or under construction. Over 130 employers provide approximately 5,900 jobs at Mueller. From the start of home sales in 2007, the community has been well received. As of September 30, 2019, approximately 2,040 single-family homes and 2,110 multi-family units were either complete or under construction. Catellus also recently completed a new urban park and broke ground on two commercial office buildings in the Town Center.

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. $1,967,271 in total assessments were levied in the year ended September 30, 2019. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2019 are $12,205,000 and $4,933, respectively. In April 2019, the City partially defeased $665,000 of the remaining debt instruments in this series with proceeds from the 2019 series as described below.

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

In November 2011, the City issued $2,860,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Indian Hills Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. $386,811 in total assessments were levied in the year ended September 30, 2019. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2019 are $2,370,000 and $373, respectively.

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. $1,820,227 in total assessments were levied during the fiscal year ended September 30, 2019. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2019 are $9,895,000 and $825, respectively.

In December 2018, the City issued $4,265,000 and $8,305,000 of Special Assessment Revenue Bonds, Series 2018 #1 and #2, respectively, related to the Estancia Hill Country Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. No assessments related to the new bonds were levied during the fiscal year ended September 30, 2019. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2019 are $12,570,000 and $6,330,848, 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. No assessments related to the new bonds were levied in the year ended September 30, 2019. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2019 are $4,500,000 and $3,700, respectively. A total $665,000 of the proceeds was used to defease a portion of the 2011 series.

o -- Capital Leases

The City has entered into lease agreements to finance equipment for both governmental and business-type activities. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments at their inception date. The lease agreements end in 2023 and 2031, respectively. See Note 6 for the debt service requirements on these leases.

The following summarizes capital assets recorded at September 30, 2019, under capital lease obligations (in thousands):

Capital Assets	Governmental Activities	Austin Energy
Building and improvements	$ --	1,405
Equipment	14,257	--
Accumulated depreciation	(2,148)	(597)
Net capital assets	$ 12,109	808

14 – COMMITMENTS AND CONTINGENCIES, continued
p -- Operating Leases

The City is committed under various leases for building and office space, tracts of land and rights-of-way, and certain equipment. These leases are considered operating leases for accounting purposes. Lease expense for the year ended September 30, 2019, was $33.9 million.

Fiscal Year Ended September 30		Future Lease Payments
2020	$	30,962
2021		26,911
2022		25,351
2023		24,584
2024		17,719
2025-2029		13,411
2030-2034		5,332
2035-2039		4,384
2040-2044		4,384
Thereafter		28,811
Totals	$	181,849

15 – LITIGATION

A number of claims and lawsuits against the City are pending with respect to various matters arising in the normal course of the City's operations. Legal counsel and City management are of the opinion that settlement of these claims and lawsuits will not have a material effect on the City's financial statements. The City has accrued liabilities in the Austin Energy, Austin Water, Airport, and Liability Reserve funds for claims payable at September 30, 2019. These liabilities, reported in the government-wide statement of net position, include amounts for claims and lawsuits settled subsequent to year-end.

16 – CONDUIT DEBT

The City has issued several series of housing revenue bonds to provide for low cost housing. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. As of September 30, 2019, $134.9 million in housing revenue bonds were outstanding with an original issue value of $139.4 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, 2019, $143.3 million in revenue and revenue refunding bonds were outstanding with an original issue value of $148.6 million.

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

17 – SEGMENT INFORMATION – CONVENTION CENTER

The Convention Center provides event facilities and services to its customers. Below are the condensed financial statements for this segment (in thousands):

Condensed Statement of Net Position

ASSETS	
Current assets	$ 136,502
Advances to other funds	9
Capital assets	205,593
Other noncurrent assets	121,661
Total assets	463,765
DEFERRED OUTFLOWS OF RESOURCES	31,399
LIABILITIES	
Other current liabilities	26,071
Other noncurrent liabilities	212,310
Total liabilities	238,381
DEFERRED INFLOWS OF RESOURCES	5,089
NET POSITION	
Net investment in capital assets	81,249
Restricted	138,821
Unrestricted	31,624
Total net position	$ 251,694

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

OPERATING REVENUES	
User fees and rentals	$ 43,600
Total operating revenues	43,600
OPERATING EXPENSES	
Operating expenses before depreciation	73,270
Depreciation and amortization	9,017
Total operating expenses	82,287
Operating income (loss)	(38,687)
Nonoperating revenues (expenses)	2,472
Transfers	87,706
Change in net position	51,491
Beginning net position, as restated	200,203
Ending net position	$ 251,694

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	$ (22,774)
Noncapital financing activities	89,511
Capital and related financing activities	(27,435)
Investing activities	5,890
Net increase (decrease) in cash and cash equivalents	45,192
Cash and cash equivalents, beginning	187,992
Cash and cash equivalents, ending	$ 233,184

18 – RESTATEMENT

During fiscal year 2019, the City implemented a new accounting standard, GASB Statement No. 83, "Certain Asset Retirement Obligations (AROs)." This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. As a result of implementing this statement, net position was restated at October 1, 2018. The impact of these changes on the beginning balances reported in the financial statements is shown below (in thousands):

	Government-wide		Proprietary Funds
September 30, 2018		Governmental Activities	Governmental Activities-Internal Service Funds
Net position, as previously reported	$	(253,209)	179,393
Adjustments to properly record implementation of GASB Statement No. 83		(362)	(362)
Net position, as restated	$	(253,571)	179,031

The adjustments associated with the implementation of this standard were deferred in accordance with accounting for regulated operations for Austin Water. The amount deferred is $720 thousand; therefore, there was no restatement to net position in this fund.

Prior to the restatement, Austin Energy carried a $201.6 million decommissioning liability at September 30, 2018 related to the decommissioning of STP. With the implementation of GASB Statement No. 83, the City restated its ARO and deferred outflow of resources balances to $414.9 million and $212.2 million, respectively.

19 – SUBSEQUENT EVENTS

a -- General Obligation Bond Issue

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

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

In October 2019, the City issued $25,780,000 of Public Property Finance Contractual Obligations, Series 2019. The net proceeds of $29,400,000 (after issue costs, discounts, and premiums) from this issue will be used for capital equipment. Principal payments are due on May 1 and November 1 of each year from 2020 to 2026. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2020. Total interest requirements for these obligations, at a rate of 5.0%, are $5,221,961.

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

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

19 – SUBSEQUENT EVENTS, continued

b -- Water and Wastewater – System Revenue Bond Issue

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

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

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

c -- Novel Coronavirus (COVID-19)

In late December 2019 and early January 2020, the Novel Coronavirus or COVID-19, was identified in Wuhan, China. In late January, the United States had its first confirmed case of the virus in Washington State. On January 30, 2020 the World Health Organization declared a “public health emergency of international concern.” Throughout this time period, city management has been monitoring world, national, and local events and preparing for the potential of cases in the Austin area.

On March 6, 2020, in response to the increasing concerns regarding COVID-19 across the nation, City of Austin and Travis County officials declared a “local state of disaster” in advance of the City’s spring festival season following recommendations from local health authorities. Local officials announced the declaration to proactively increase preventative measures and put in place mitigation plans for events in the region. This declaration prohibits events with 2,500 or more people unless organizers can assure Austin Public Health that the organizers have mitigations plans to help prevent the spread of infectious diseases in place. Although no positive test results have been identified in the Austin area, the City and its staff are focused on mitigation strategies to protect our community. It is too early to identify the full impact of this virus on the Austin economy or the city’s financial position.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2019
(In thousands)

General Fund	Actual	Adjustments (1) (2)	Actual-Budget Basis	Budget Original	Budget Final	Variance (3) Positive (Negative)
REVENUES						
Taxes	$ 752,340	100	752,440	734,622	734,622	17,818
Franchise fees	35,294	18	35,312	35,310	35,310	2
Fines, forfeitures and penalties	8,694	--	8,694	12,369	12,369	(3,675)
Licenses, permits and inspections	16,572	--	16,572	15,948	15,983	589
Charges for services/goods	63,284	3,469	66,753	66,932	67,107	(354)
Interest and other	23,507	(6,813)	16,694	8,176	8,176	8,518
Total revenues	899,691	(3,226)	896,465	873,357	873,567	22,898
EXPENDITURES						
General government						
Municipal Court	24,310	1,083	25,393	27,674	27,988	2,595
Public safety						
Emergency Medical Services	76,251	11,729	87,980	88,337	88,530	550
Fire	176,967	22,417	199,384	198,479	198,479	(905)
Police	357,615	55,475	413,090	418,299	418,486	5,396
Public health						
Animal Services	11,960	1,699	13,659	13,912	13,912	253
Public Health	39,844	3,496	43,340	44,003	44,003	663
Social Services	35,008	1,580	36,588	37,294	36,600	12
Public recreation and culture						
Austin Public Library	46,857	4,926	51,783	52,168	52,168	385
Parks and Recreation	83,047	9,126	92,173	92,675	92,850	677
Urban growth management						
Neighborhood Housing and Community Development	9,642	5,692	15,334	17,232	17,232	1,898
Planning and Zoning	6,565	1,915	8,480	9,044	9,044	564
Other urban growth management	26,052	2,663	28,715	32,486	32,486	3,771
General city responsibilities (4)	119,740	(111,510)	8,230	8,636	9,836	1,606
Total expenditures	1,013,858	10,291	1,024,149	1,040,239	1,041,614	17,465
Excess (deficiency) of revenues over expenditures	(114,167)	(13,517)	(127,684)	(166,882)	(168,047)	40,363
OTHER FINANCING SOURCES (USES)						
Transfers in	172,798	52,285	225,083	195,683	195,683	29,400
Transfers out	(46,130)	(43,720)	(89,850)	(60,576)	(60,576)	(29,274)
Total other financing sources (uses)	126,668	8,565	135,233	135,107	135,107	126
Excess (deficiency) of revenues and other sources over expenditures and other uses	12,501	(4,952)	7,549	(31,775)	(32,940)	40,489
Special item - land sale	10,201	(10,201)	--	--	--	--
Fund balance at beginning of year	212,934	(6,730)	206,204	172,990	173,575	32,629
Fund balance at end of year	$ 235,636	(21,883)	213,753	141,215	140,635	73,118

(1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, 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 fourteen separately budgeted funds in the City's legally adopted budget: the Budgetary General Fund (represented as the General Fund in the City's budget document) plus Barton Springs Conservation, Budget Stabilization Reserve, Community Development Incentives, Economic Development, Economic Incentives Reserve, Emergency Reserve, Long Center Capital Improvements, Music Venue Assistance Program, Neighborhood Housing-Housing Trust, Pay for Success, Planning and Zoning Technology, Property Tax Reserve, and Seaholm Parking Garage Revenue. RSI reflects the budgetary comparison for the consolidated General Fund. Below are the budgetary comparisons for each of the fourteen funds.

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 ($7,836,108).

b -- Budget Amendments

During fiscal year 2019, an amendment to the revenue budget related to licenses, permits, and inspection fees of $35,500 was established for the new Planning and Zoning Technology fund. Additionally, Parks and Recreation Department amended their budget in both revenue and expenditures for $175,000 due to an increase in interment services at City cemeteries. The expenditure budget for homeless services was amended and reallocated from Austin Public Health ($694,733) to Municipal Court ($313,643) for one full time case manager, Emergency Medical Services ($193,602) for one full time case sworn clinical specialist, and Austin Police Department ($187,488). The expenditure budget for Pay for Success Fund in general city responsibilities was increased by $1,200,000 for a project delivering permanent supportive housing.

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	$ 12,501
Adjustments - increases (decreases) due to:	
Unbudgeted revenues	1,894
Net compensated absences accrual	(413)
Outstanding encumbrances established in current year	(32,869)
Payments against prior year encumbrances	19,617
Other	6,819
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	$ 7,549

RETIREMENT PLANS-TREND INFORMATION

The retirement plan information for each of the City's three pension plans provided below represents five years of trend information. Additional years will be added each year until ten years of trend data is available.

Changes in net pension liability for each pension plan for each of the five years ended December 31, 2014 through 2018 (measurement periods) are presented in the next three schedules:

Schedule of Changes in the City Employees' Net Pension Liability and Related Ratios (in thousands)

	2014	2015	2016	2017	2018
Beginning total pension liability (a)	$ 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 (b)	3,094,056	3,391,796	3,591,376	3,797,823	3,989,560
Beginning total plan fiduciary net position (c)	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 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 (d)	2,209,800	2,144,804	2,299,688	2,650,438	2,461,383
Beginning net pension liability (a-c)	779,294	884,256	1,246,992	1,291,688	1,147,385
Ending net pension liability (b-d)	$ 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 (d/b)	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 covered payroll	171.77%	228.36%	225.30%	188.23%	238.60%

Notes to Changes in the City Employees' Net Pension Liability and Related Ratios

The City Employees' fund had no significant changes of benefit terms in any of the years presented. There were no other significant factors that affected measurement of the total pension liability during the years ended December 31, 2018, 2017, 2016 or 2014; however, significant changes to assumptions were made as the result of an experience study of the five years ended December 31, 2015, including:

- Decreasing the inflation assumption from 3.25% to 2.75%,
- Reducing the investment rate of return assumption from 7.75% to 7.5%,
- Decreasing the salary increase assumption from 4.5% to 4.0%,
- Increasing new entrant pay from 3.75% to 4.0%,
- Reducing the assumed retirement rates at most ages to better reflect the emerging trend of members retiring at later ages,
- Lowering termination rates and using a select table based on a three year select period for withdrawal rates, and
- Using the RP-2014 blue collar mortality table for males and females project from 2014 to 2026 using mortality improvement scale BB with a 62% weighting of males and a 38% weighting of females. Previously the RP-2000 white collar mortality tables were used.

RETIREMENT PLANS-TREND INFORMATION, continued

Schedule of Changes in the Police Officers' Net Pension Liability and Related Ratios (in thousands)

	2014	2015	2016	2017	2018
Beginning total pension liability (a)	$ 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 (b)	971,623	1,028,909	1,106,189	1,189,591	1,904,954
Beginning total plan fiduciary net position (c)	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 (d)	638,019	644,174	686,020	769,475	718,520
Beginning net pension liability (a-c)	313,890	333,604	384,735	420,169	420,116
Ending net pension liability (b-d)	$ 333,604	384,735	420,169	420,116	1,186,434
Plan fiduciary net position as a percentage of the total pension liability (d/b)	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 covered payroll	222.87%	251.96%	267.11%	256.18%	722.94%

Notes to Changes in the Police Officers' Net Pension Liability and Related Ratios

The Police Officers' fund had no significant changes of benefit terms, and no other significant factors that affected measurement of the total pension liability during the years ended December 31, 2017, 2015 or 2014. For the years ended December 31, 2018 and 2016 there were no changes to benefit terms that affected measurement of the total pension liability; there were, however, the following assumption changes:

- The investment return assumption was decreased for 2016 from 7.80% to 7.70% (decreasing 0.30% over the last three years) and for 2018 from 7.70% to 7.25%,
- The core inflation rate assumption was decreased for 2016 from 3.25% to 3.00% and for 2018 from 3.00% to 2.50%,
- The general wage inflation rate assumption was decreased for 2016 from 3.50% to 3.25%,
- 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 for 2016 from 3.50% to 4.00% and decreased for 2018 from 4.00% to 3.00%,
- An explicit administrative expense load of 0.90% of payroll was added to the normal cost in 2018,
- Mortality rates from PubS-2010 were adopted with fully generational mortality improvement using the ultimate mortality improvement rates in the MP tables in 2018, and
- Termination and retirement rates were modified to better reflect APRS experience in 2018.

RETIREMENT PLANS-TREND INFORMATION, continued

Schedule of Changes in the Fire Fighters' Net Pension Liability and Related Ratios (in thousands)

	2014	2015	2016	2017	2018
Beginning total pension liability (a)	$ 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 (b)	861,468	913,618	977,723	1,038,801	1,093,179
Beginning total plan fiduciary net position (c)	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	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 (d)	789,433	785,211	829,610	953,798	909,118
Beginning net pension liability (a-c)	53,660	72,035	128,407	148,113	85,003
Ending net pension liability (b-d)	$ 72,035	128,407	148,113	85,003	184,061
Plan fiduciary net position as a percentage the total pension liability (d/b)	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 covered payroll	85.16%	152.90%	170.97%	97.41%	202.07%

Notes to Changes in the Fire Fighters' Net Pension Liability and Related Ratios

There were no significant assumption or benefit changes or any other significant factors that affected measurement of the total pension liability for the Fire Fighter's Fund during the year ended December 31, 2015. For the years ended December 31, 2014, 2016, and 2017 there were no changes to assumptions that affected measurement of the total pension liability; there were, however, changes to the benefit terms. For the year ended December 31, 2018 there were changes to benefit terms and assumptions that affected measurement of the total pension liability.

The Fire Fighters' pension plan changes in benefit terms:

- Effective January 1, 2015 a cost-of-living adjustment increase of 1.3%,
- Effective January 1, 2017 a cost-of-living adjustment increase of 1.5%,
- Effective January 1, 2018 a cost-of-living adjustment increase of 2.2%, and
- Effective January 1, 2019 a cost-of-living adjustment increase of 2.3%.

The Fire Fighters' pension plan changes in assumptions:

- The assumed mortality rates were updated to reflect the PubS-2010 (above-median, amount-weighted) tables, and
- The price inflation assumption was lowered from 3.50% to 2.75% per year.

RETIREMENT PLANS-TREND INFORMATION, continued

Information pertaining to City contributions to the retirement systems is shown in the following two tables (in thousands). An actuarially determined contribution was calculated for the City Employees' fund but was not calculated for the other two funds.

Schedule of Actuarially Determined City Contributions to the City Employees' Fund (in thousands)

Fiscal Year Ended September 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
	$	$	$	$	
2015	96,554	97,655	(1,101)	540,110	18.08%
2016	109,725	102,609	7,116	566,227	18.12%
2017	119,038	108,929	10,109	600,726	18.13%
2018	123,058	114,149	8,909	630,631	18.10%
2019	129,910	120,795	9,115	667,256	18.10%

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

Valuation Date	
Date	• December 31 of each calendar year occurring during the fiscal year.
Notes	• Members and employers contribute based on statutorily fixed or negotiated rates. A funding period is solved for through open group projections.
Methods and Assumptions Used to Determine Contribution Rates	
Actuarial Cost Method	• Entry Age Normal (all years)
Asset Valuation Method	• 2017 forward - Expected actuarial value plus 20% recognition of prior years' differences between expected and actual investment income • 2016 and 2015 - 20% of market plus 80% of expected actuarial value
Inflation	• 2.75% for 2016 forward, 3.25% for 2015
Salary Increases	• 4.00% to 6.25% for 2016 forward, 4.50% to 6.00% for 2015
Investment Rate of Return	• 7.50% for 2016 forward, 7.75% for 2015
Retirement Age	• Experience-based table of rates that are gender specific. • 2016 forward - 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	• 2016 forward - RP-2014 Mortality Table with Blue Collar adjustment. Generational mortality improvements in accordance with Scale BB are projected from the year 2014. • For 2015 RP-2000 Mortality Table with White Collar adjustment and multipliers of 110% for males and 120% for females. Generational mortality improvements in accordance with Scale AA are projected from the year 2000.
Other Information	
Notes	• There were no benefit changes during the periods displayed.

RETIREMENT PLANS-TREND INFORMATION, continued

Schedule of Statutorily Required City Contributions to the Police Officers' Fund and the Fire Fighters' Fund (in thousands)

Fiscal Year Ended September 30	Statutorily Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll (1)
	$	$	$	$	
Police Officers					
2015	32,942	32,942	--	152,229	21.64%
2016	33,141	33,141	--	155,476	21.32%
2017	34,717	34,717	--	162,891	21.31%
2018	34,944	34,944	--	163,956	21.31%
2019	35,603	35,617	(14)	167,048	21.32%
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%

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

Supplementary information for each plan as well as information on where to obtain plan financial statements can be found in Note 7.

OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION

The other postemployment benefits plan information for the City's plan provided below represents two 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 two years ended December 31, 2017 through 2018 (measurement periods) are presented below:

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

	2017	2018
Beginning total OPEB liability	$ 2,055,627	2,524,897
Changes for the year:		
Service cost	86,687	108,478
Interest	80,132	89,675
Benefit changes	--	231
Differences between expected and actual experience	64,227	--
Assumption changes	283,099	(274,758)
Expected benefit payments	(44,875)	(53,076)
Net change in total OPEB liability	469,270	(129,450)
Ending total OPEB liability	$ 2,524,897	2,395,447
Covered-employee payroll	$ 968,403	1,000,536
City's total OPEB liability as a percentage of covered-employee payroll	260.73%	239.42%

OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION, continued

For the year ended December 31, 2017 there were no changes to benefit terms that affected measurement of the total OPEB liability. However, for the year ended December 31, 2018 there were changes to benefit terms that affected the measurement of the total OPEB liability. For the years ended December 31, 2017 and 2018, there were assumption changes.

The OPEB plan benefit term changes included:

- Increasing the maximum value of the Health Reimbursement Account for retirees in the Consumer Driven Health Plan from $500 to $1,000 for individuals and $1,000 to $1,500 for families effective January 1, 2019, and
- Switching health benefit providers from United Healthcare to BlueCross BlueShield effective January 1, 2019. However, the plan of benefits was unchanged and plan costs were not projected to change materially as a result of the change in vendors.

The OPEB plan assumption changes included:

- Decreasing the discount rate for 2017 from 3.78% to 3.44% and increasing the rate for 2018 from 3.44% to 4.10% based on the Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date,
- Updating medical and prescription drug claim costs in 2017 to reflect more recent experience,
- Modifying medical and prescriptions drug trend rates in 2017 by splitting the single category from the previous valuation into three categories for the current valuation, grading these categories for different periods, and lowering the ultimate trend rate from 5.0% to 4.5%,
- Updating third-party administrator and vendor administrative expenses to reflect more recent contracts and assumed trends on such costs, and for 2018 updating administrative expenses to reflect the most recent vendor contracts (previously $413 load annually per covered individual and now $398), and
- Updating the medical trend rates, beginning with the year ending December 31, 2019 (pre-65 previously 6.50% and now 7.00% decreased by 0.50% per year to an ultimate 4.50% and post-65 previously 5.50% and now 6.00% decreased by 0.50% per year to an ultimate 4.50%).

Supplementary information for the plan can be found in Note 8.

COMPLIANCE SECTION

	Federal CFDA Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
Pass through - Texas Health and Human Services Commission						
Women/Infants/Children 16	10.557	2016-047380-001	$ 6,139,041	$ 1,033	$ -	$ 1,033
Women/Infants/Children 17	10.557	2017-049850-001	5,899,818	(4,181)	-	(4,181)
Women/Infants/Children 18	10.557	2017-049850-001	6,079,708	397,030	-	397,030
Women/Infants/Children 19	10.557	2017-049850-001	6,356,123	5,689,448	-	5,689,448
Total Texas Health and Human Services Commission			24,474,690	6,083,330	-	6,083,330
TOTAL U.S. DEPARTMENT OF AGRICULTURE			**24,474,690**	**6,083,330**	**-**	**6,083,330**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
ENTITLEMENT GRANTS CLUSTER						
Community Development Block Grant						
Community Development Block Grant 09	14.218	B-09-MC-48-0500	7,934,405	20,335	-	20,335
Community Development Block Grant 13	14.218	B-13-MC-48-0500	7,477,383	137,279	-	137,279
Community Development Block Grant 14	14.218	B-14-MC-48-0500	7,268,750	75,239	-	75,239
Community Development Block Grant 15	14.218	B-15-MC-48-0500	7,340,203	298,405	-	298,405
Community Development Block Grant 16	14.218	B-16-MC-48-0500	7,701,770	624,814	-	624,814
Community Development Block Grant 17	14.218	B-17-MC-48-0500	7,363,234	702,082	151,756	853,838
Community Development Block Grant 18	14.218	B-18-MC-48-0500	7,978,908	2,206,922	1,931,589	4,138,511
Total Community Development Block Grant			53,064,653	4,065,076	2,083,345	6,148,421
TOTAL ENTITLEMENT GRANTS CLUSTER			53,064,653	4,065,076	2,083,345	6,148,421
Direct Programs						
Emergency Solutions Grant						
Emergency Solutions Grant 18	14.231	E-17-MC-48-0500	886,287	41,773	242,311	284,084
Emergency Solutions Grant 19	14.231	E-18-MC-48-0500	647,777	194,801	336,144	530,945
Total Emergency Solutions Grant			1,534,064	236,574	578,455	815,029
Home Grant						
Home Grant 12	14.239	M-12-MC-48-0500	3,098,513	29,879	-	29,879
Home Grant 13	14.239	M-13-MC-48-0500	3,473,704	242,897	-	242,897
Home Grant 14	14.239	M-14-MC-48-0500	3,767,591	1,213,061	-	1,213,061
Home Grant 15	14.239	M-15-MC-48-0500	4,921,049	1,098,141	-	1,098,141
Home Grant 16	14.239	M-16-MC-48-0500	3,961,137	901,382	-	901,382
Home Grant 17	14.239	M-17-MC-48-0500	3,775,414	369,819	23,877	393,696
Home Grant 18	14.239	M-18-MC-48-0500	3,428,034	593,242	337,805	931,047
Total Home Grant			26,425,442	4,448,421	361,682	4,810,103
Housing Opportunity for People w/AIDS (HOPWA)						
Housing Opportunity People W/Aids II 17	14.241	TXH17F004	1,296,948	1,893	17,350	19,243
Housing Opportunity People W/Aids II 18	14.241	TXH18F004	1,469,160	44,073	1,326,971	1,371,044
Total Housing Opportunity for People w/AIDS (HOPWA)			2,766,108	45,966	1,344,321	1,390,287

(Continued)

	Federal CFDA Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
Section 108 Loan						
Section 108 NCMP	14.248	B-01-MC-48-0500A	3,701,032	168,357	-	168,357
Section 108 Family Business Loan B-10	14.248	B-10-MC-48-0500A	8,000,000	-	105,720	105,720
Total Section 108 Loan			11,701,032	168,357	105,720	274,077
Fair Housing Assistance						
Fair Housing Assistance 2017	14.401	FF206K166006	324,600	15,000	-	15,000
Fair Housing Assistance 2019	14.401	FF206K186006	190,500	190,500	-	190,500
Total Fair Housing Assistance			515,100	205,500	-	205,500
Pass through - General Land Office						
Community Development Block Grant	14.228	18-417-000B126	1,399,581	1,371,588	-	1,371,588
Total General Land Office			1,399,581	1,371,588	-	1,371,588
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			**97,405,980**	**10,541,482**	**4,473,523**	**15,015,005**
U.S. DEPARTMENT OF JUSTICE						
Direct Programs						
Edward Byrne Memorial Justice Assistance Grant Program						
FY14 JAG Program	16.738	2014-DJ-BX-0701	330,356	(1,680)	-	(1,680)
FY16 JAG Program	16.738	2016-DJ-BX-0837	309,975	129,341	-	129,341
Total Edward Byrne Memorial Justice Assistance Grant Program			640,331	127,661	-	127,661
Intellectual Property Crime Enforcement Program						
Intellectual Property Crime Enforcement Program	16.752	2017-ZP-BX-0003	400,000	62,760	-	62,760
Total Intellectual Property Crime Enforcement Program			400,000	62,760	-	62,760
Byrne Criminal Justice Innovation Program						
Byrne Criminal Justice Innovation Program	16.817	2017-AJ-BX-0012	1,000,000	125,595	-	125,595
Total Byrne Criminal Justice Innovation Program			1,000,000	125,595	-	125,595
Austin Post Conviction DNA Review and Testing Project						
Austin Post Conviction DNA Review and Testing Project	16.820	2017-DY-BX-0006	600,122	161,769	-	161,769
Total Austin Post Conviction DNA Review and Testing Project			600,122	161,769	-	161,769
City of Austin Sexual Assault Kit Initiative Program						
City of Austin Sexual Assault Kit Initiative Program	16.833	2017-AK-BX-0015	2,000,000	340,160	-	340,160
Total City of Austin Sexual Assault Kit Initiative Program			2,000,000	340,160	-	340,160
Austin Body Worn Expansion Project						
Austin Body Worn Camera Expansion Project	16.835	2016-BC-BX-K054	750,000	50,399	-	50,399
Total Austin Body Worn Camera Expansion Project			750,000	50,399	-	50,399
Federal Department of Justice Asset Forfeiture Fund						
Federal Department of Justice Asset Forfeiture Fund	16.922	N/A	-	347,980	-	347,980
Total Federal Dept. of Justice Asset Forfeiture Fund			-	347,980	-	347,980
Pass through - Texas Governor's Office Criminal Justice Division						
Victims of Crime Act						
Victims of Crime Act Formula Grant Program	16.575	2016-VA-GX-0033	332,766	(10)	-	(10)
Victims of Crime Act Formula Grant Program	16.575	2018-V2-GX-0040	1,213,309	513,804	-	513,804
Total Victims of Crime Act			1,546,075	513,794	-	513,794

(Continued)

	Federal CFDA Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
Violence Against Womens Act						
Violence Against Womens Act	16.588	2018-WF-AX-0022	120,831	94,109	-	94,109
Total Violence Against Womens Act			120,831	94,109	-	94,109
APD Juvenile Justice & Delinquency Prevention Project						
Austin Police Department-Juvenile Delinquency Prevention Project	16.738	2017-DJ-BX-0053	74,182	69,543	-	69,543
Total APD Juvenile Justice & Delinquency Prevention Project			74,182	69,543	-	69,543
Coverdell Forensic Project						
Coverdell Forensic Project/Austin Police Department Coverdell Project	16.742	2018-CD-BX-0012	222,610	102,346	-	102,346
Coverdell Forensic Project-Crime Lab Enhancement	16.742	2018-CD-BX-0013	494,123	188,579	-	188,579
Total Coverdell Forensic Project			716,733	290,925	-	290,925
Total Texas Governor's Office Criminal Justice Division			**2,457,821**	**968,371**	**-**	**968,371**
Pass through - SafePlace						
Grant to Encourage Arrest Policies and Enforcement of Protection Orders Progam						
Grant to Encourage Arrest Policies and Enforcement of Protection Orders Progam	16.590	2015-WE-AX-0012	60,119	35,913	-	35,913
Total Grant to Encourage Arrest Policies and Enforcement of Protection Orders Progam			60,119	35,913	-	35,913
TOTAL U.S. DEPARTMENT OF JUSTICE			**7,908,393**	**2,220,608**	**-**	**2,220,608**
U.S. DEPARTMENT OF STATE						
Direct Programs						
US Embassy Egypt Entrepreneurship Grant	19.021	SEG30018GR0044	120,000	75,582	-	75,582
US Embassy Pakistan Entrepreneurship Grant	19.501	SPK33018CA0047	500,000	42,744	89,907	132,651
TOTAL U.S. DEPARTMENT OF STATE			**620,000**	**118,326**	**89,907**	**208,233**
U.S. DEPARTMENT OF TRANSPORTATION						
HIGHWAY SAFETY CLUSTER						
Pass through - Texas Department of Transportation						
Texas Traffic Safety Program						
STEP-Comprehensive Traffic 18	20.600	2019-AustinPD-S-1YG-0048	1,000,000	977,040	-	977,040
Child Safety Seat Program	20.616	2018-AustinEM-G-1YG-0207	137,816	130,698	-	130,698
Total Texas Department of Transportation Texas Traffic Safety Program			1,137,816	1,107,738	-	1,107,738
Impaired Driving Countermeasures Incentives						
STEP - Impaired Driving Mobilization 19	20.616	2019-AustinPD-IDM-00011	89,000	22,280	-	22,280
Total Impaired Driving Countermeasures Incentives			89,000	22,280	-	22,280

(Continued)

	Federal CFDA Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
Occupant Protection Incentives						
Click It or Ticket	20.616	2009-AustinPD-CIOT-4	60,000	(54,087)	-	(54,087)
Click It or Ticket	20.616	2019-AustinPD-CIOT-00008	25,001	6,186	-	6,186
Total Occupant Protection Incentives			85,001	(47,901)	-	(47,901)
TOTAL HIGHWAY SAFETY CLUSTER			1,311,817	1,082,117	-	1,082,117
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER						
Pass through - Texas State Hwys and Public Transportation Dept.						
Highway Planning and Construction						
Travel Time & Traffic Count Sensors	20.205	CSJ0914-00-338	499,915	193,730	-	193,730
Sabine Street Promenade	20.205	CSJ0914-04-283	2,736,000	1,030,310	-	1,030,310
North Lamar: Parmer Lane to US 183	20.205	CSJ0914-04-274	1,200,000	142,687	-	142,687
TAP Pedestrian Safety Devices	20.205	CSJ0914-04-302, 306 & 307	1,983,750	913,179	-	913,179
Bike Share Expansion	20.205	CSJ0914-04-299	908,500	367,684	-	367,684
STP Metropolitan Mobility Project	20.205	CSJ-0914-00-357,360	2,884,000	39,438	-	39,438
Upper Boggy Creek Trail	20.205	CSJ-0914-04-300	1,114,326	185,549	-	185,549
Total Texas State Hwys and Public Transportation Dept.			11,326,491	2,872,577	-	2,872,577
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			11,326,491	2,872,577	-	2,872,577
Direct Programs						
ABIA FAA						
ABIA FAA 60-17-AIP	20.106	3-48-0359-060-2017	14,938,574	5,787,767	-	5,787,767
ABIA FAA 61-18-AIP	20.106	3-48-0359-061-2018	12,752,721	7,543,301	-	7,543,301
Total ABIA FAA			27,691,295	13,331,068	-	13,331,068
Federal Motor Carrier Safety						
Implementation of the FY 2017 High Priority Grant	20.237	FM-MHP-0307-17-01-00	630,994	15,865	-	15,865
Implementation of the FY 2018 High Priority Grant	20.237	FM-MHP-0394-18-01-00	624,111	500,859	-	500,859
Total Federal Motor Carrier Safety			1,255,105	516,724	-	516,724
Pass through - Capital Metropolitan Transportation Authority						
Enhanced Mobility of Seniors and Individuals w/ Disabilities	20.513	TX-2018-023	49,368	19,670	-	19,670
Total Capital Metropolitan Transportation Authority			49,368	19,670	-	19,670
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			**41,634,076**	**17,822,156**	**-**	**17,822,156**
U.S. TREASURY DEPARTMENT						
Direct Programs						
Federal Treasury Asset Forfeiture Fund						
Federal Treasury Asset Forfeiture Fund	21.016	N/A	-	1,067,911	-	1,067,911
Total Federal Treasury Asset Forfeiture Fund			-	1,067,911	-	1,067,911
TOTAL U.S. TREASURY DEPARTMENT			**-**	**1,067,911**	**-**	**1,067,911**

(Continued)

	Federal CFDA Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION						
Direct Programs						
Equal Employment Opportunity						
Equal Employment Opportunity 2019	30.001	45310019C0050	99,000	99,000	-	99,000
Total Equal Employment Opportunity			99,000	99,000	-	99,000
TOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			**99,000**	**99,000**	**-**	**99,000**
NATIONAL ENDOWMENT FOR THE ARTS						
Direct Programs						
National Endowment for the Arts						
National Endowment for the Arts	45.024	17-6200-7039	50,000	-	1,500	1,500
Total National Endowment for the Arts			50,000	-	1,500	1,500
TOTAL NATIONAL ENDOWMENT FOR THE ARTS			**50,000**	**-**	**1,500**	**1,500**
NATIONAL SCIENCE FOUNDATION						
Direct Programs						
National Science Foundation						
Smart Gigabit Communities Program	47.070	1531046	125,000	47,669	-	47,669
Total National Science Foundation			125,000	47,669	-	47,669
TOTAL NATIONAL SCIENCE FOUNDATION			**125,000**	**47,669**	**-**	**47,669**
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Direct Programs						
ABIA Diesal to Electric GSE Replacement Program						
ABIA Diesal to Electric GSE Replacement Program	66.039	01F24201	120,805	111,166	-	111,166
Total ABIA Diesal to Electric GSE Replacement Program			120,805	111,166	-	111,166
Brownfield Assessments						
Brownfield Assessment - Hazardous Substances	66.818	BF-01F7601-0	100,000	99,507	-	99,507
Brownfield Assessment - Petroleum	66.818	BF-01F7601-0	200,000	17,052	-	17,052
Brownfield Cleanup Revolving Loan	66.818	BF-01F21301-0	820,000	2,335	-	2,335
Total Brownfield Assessments			1,120,000	118,894	-	118,894
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			**1,240,805**	**230,060**	**-**	**230,060**

(Continued)

	Federal CFDA Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
U.S. DEPARTMENT OF ENERGY						
Direct Programs						
Energy Efficiency & Renewable Energy						
Austin Shines	81.087	DE-EE0007177	4,300,000	230,109	821,313	1,051,422
Total Energy Efficiency & Renewable Energy			4,300,000	230,109	821,313	1,051,422
TOTAL U.S. DEPARTMENT OF ENERGY			**4,300,000**	**230,109**	**821,313**	**1,051,422**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
AGING CLUSTER						
Pass through - Capital Area Council of Governments						
Senior Transportation	93.044	N/A	86,000	(5,665)	-	(5,665)
Senior Transportation	93.044	N/A	86,000	93,717	-	93,717
Total Capital Area Council of Governments			172,000	88,052	-	88,052
TOTAL AGING CLUSTER			172,000	88,052	-	88,052
CHILD CARE AND DEVELOPMENT FUND CLUSTER						
Pass through - Greater Austin Area Workforce Development						
Title IV-A At Risk Child Care	93.575	07141C01	1,487,459	2,530	-	2,530
Total Greater Austin Area Workforce Development			1,487,459	2,530	-	2,530
TOTAL CHILD CARE AND DEVELOPMENT FUND CLUSTER			1,487,459	2,530	-	2,530
Direct Programs						
Ryan White I Emergency Care						
Ryan White I Emergency Care 18	93.914	H89HA00036	5,102,482	252,331	2,321,905	2,574,236
Ryan White I Emergency Care 19	93.914	H89HA00036	5,098,852	320,768	2,686,287	3,007,055
Total Ryan White I Emergency Care			10,201,334	573,099	5,008,192	5,581,291
Ryan White - Part C						
Ryan White - Part C 18	93.918	H76HA00127	866,034	34,203	250,721	284,924
Ryan White - Part C 19	93.918	H76HA00127	845,499	95,645	509,854	605,499
Total Ryan White - Part C			1,711,533	129,848	760,575	890,423
Pass through - Texas Dept. of State Health Services						
Public Health Emergency Response						
Public Health Emergency Preparedness 10	93.069	2010-033409	1,980,446	199	-	199
Public Health Emergency Preparedness 19	93.074	537-18-0151-00001	687,177	468,016	-	468,016
Public Health Emergency Preparedness 20	93.074	537-18-0151-00001	682,177	127,128	-	127,128
Total Public Health Emergency Response			3,349,800	595,343	-	595,343
TB Outreach						
TB Outreach 18	93.116	HHS000047100001	359,117	134,999	-	134,999
TB Outreach 19	93.116	HHS000047100001	359,543	226,563	-	226,563
Total TB Outreach			718,660	361,562	-	361,562
Zika Epidemiology Lab Capacity and PH Response						
Zika Epidemiology Lab Capacity and PH Response	93.323	537-18-0343-00001	124,466	100,954	-	100,954
Total Zika Epidemiology Lab Capacity and PH Response			124,466	100,954	-	100,954

(Continued)

	Federal CFDA Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
Refugee Health Services						
US Committee for Refugees & Immigrants 18	93.566	2018-AUSTX-02	1,372,716	(7,685)	-	(7,685)
US Committee for Refugees & Immigrants 19	93.566	2019-AUSTX-03	1,015,816	876,703	-	876,703
Total Refugee Health Services			2,388,532	869,018	-	869,018
OPHP- Regional & Local Services						
OPHP-Regional & Local Services Section 19	93.758	537-18-0195-00001	160,276	142,163	-	142,163
OPHP-Regional & Local Services Section 20	93.758	HHS000485600036	160,276	17,801	-	17,801
Total OPHP - Regional & Local Services			320,552	159,964	-	159,964
HIV PCPE						
HIV PCPE 18	93.940	2016-004063	1,466,606	694,001	-	694,001
Total HIV PCPE			1,466,606	694,001	-	694,001
HIV Surveillance						
HIV Surveillance 18	93.944	2016-001379	149,917	37,016	-	37,016
HIV Surveillance 19	93.940	HHS000284500002	149,917	102,761	-	102,761
Total HIV Surveillance			299,834	139,777	-	139,777
STD Control						
STD Control 17	93.977	2016-001346	718,615	224,173	-	224,173
STD Control 18	93.977	HHS000288900001	820,151	587,741	-	587,741
Total STD Control			1,538,766	811,914	-	811,914
Total Texas Dept. of State Health Services			10,207,216	3,732,533	-	3,732,533
Pass through - Texas Health and Human Services Commission						
Immunization Outreach 19	93.268	HHS000108500001	700,728	591,861	-	591,861
Immunization Outreach 20	93.268	HHS000108500001	699,255	56,230	-	56,230
Total Texas Health and Human Services Commission			1,399,983	648,091	-	648,091
Pass through - Texas Dept. of Family & Protective Services						
Community Youth Development 18	93.556	24427073	449,956	6,336	-	6,336
Community Youth Development 19	93.556	24427073	449,957	211,586	239,399	450,985
Community Youth Development 20	93.556	24427073	449,957	37,634	-	37,634
Total Texas Dept. of Family & Protective Services			1,349,870	255,556	239,399	494,955
Pass through - Texas Dept. of Housing and Community Affairs						
Community Services Block Grant 18	93.569	61180002841	1,102,106	269,184	-	269,184
Community Services Block Grant 18	93.569	61180002923	21,558	10,201	24,141	34,342
Community Services Block Grant 19	93.569	61190003033	1,106,424	779,025	-	779,025
Total Texas Dept. of Housing and Community Affairs			2,230,088	1,058,410	24,141	1,082,551
Pass through - United Way For Greater Austin						
Family Connects 19	93.870	24532533	785,000	656,705	-	656,705
Family Connects 20	93.870	24532533	763,463	56,369	-	56,369
Total United Way For Greater Austin			1,548,463	713,074	-	713,074
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			**30,307,946**	**7,201,193**	**6,032,307**	**13,233,500**

(Continued)

	Federal CFDA Number	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
Direct Programs						
Corporation for National and Community Service						
Corporation for National and Community Service	94.013	14VSWTX010	20,000	20,000	-	20,000
Corporation for National and Community Service	94.013	14VSWTX010	20,000	2,123	-	2,123
Total Corporation for National and Community Service			40,000	22,123	-	22,123
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			**40,000**	**22,123**	**-**	**22,123**
U.S. DEPARTMENT OF HOMELAND SECURITY						
Pass through - Texas Department of Public Safety						
Public Assistance						
FEMA Flood Public Assistance	97.036	PA-06-TX-4159	5,014,429	(11,714)	-	(11,714)
FEMA Flood Public Assistance	97.036	PA-06-TX-4243	1,860,414	(16,104)	-	(16,104)
FEMA Flood Public Assistance	97.036	PA-06-TX-4245	12,910,511	190,039	-	190,039
FEMA Flood Public Assistance	97.036	PA-06-TX-4332	517,192	497,607	-	497,607
FEMA Flood Public Assistance	97.036	PA-06-TX-4416	17,072	17,072	-	17,072
Total Public Assistance			20,319,618	676,900	-	676,900
Hazard Mitigation Grant						
FEMA February Drive Home Buyout	97.039	DR-4223-041	567,683	29,519	-	29,519
Total Hazard Mitigation Grant			567,683	29,519	-	29,519
EMPG						
EMPG 18	97.042	N/A	153,353	(1)	-	(1)
EMPG 18	97.042	N/A	159,316	5,963	-	5,963
EMPG 18	97.042	18TX-EMPG-1404	117,864	7,864	-	7,864
EMPG 19	97.042	19TX-EMPG-1404	111,663	110,000	-	110,000
Total EMPG			542,196	123,826	-	123,826
State Homeland Security Program						
State Homeland Security Program - 17	97.067	EMW-2016-SS-00056	425,052	(1,067)	-	(1,067)
State Homeland Security Program - 18	97.067	EMW-2017-SS-00005	418,753	4,873	-	4,873
State Homeland Security Program - 18	97.067	EMW-2017-SS-00005	450,000	169,571	-	169,571
State Homeland Security Program - 19	97.067	EMW-2018-SS-00022-S0	266,458	263,787	-	263,787
State Homeland Security Program - 19	97.067	EMW-2018-SS-00022	450,000	281,869	-	281,869
State Homeland Security Program - 17	97.067	EMW-2018-SS-00022	38,850	38,848	-	38,848
State Homeland Security Program - 19	97.067	EMW-2018-SS-00022	22,535	22,398	-	22,398
Total State Homeland Security Program			2,071,648	780,279	-	780,279
Total Texas Department of Public Safety			23,501,145	1,610,524	-	1,610,524
Pass through - Texas Commission on Environmental Quality						
Whole Air Quality	97.091	582-19-90032	392,403	341,285	-	341,285
Whole Air Quality	97.091	582-19-90032	389,991	28,269	-	28,269
Total Texas Commission on Environmental Quality			782,394	369,554	-	369,554
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			**24,283,539**	**1,980,078**	**-**	**1,980,078**
TOTAL FEDERAL FINANCIAL ASSISTANCE			**$ 232,489,429**	**$ 47,664,045**	**$ 11,418,550**	**$ 59,082,595**

See accompanying notes to schedule of expenditures of federal awards
See accompanying independent auditors' report

	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
TEXAS GOVERNOR'S OFFICE					
Direct Programs					
Rifle-Resistant Body Armor Grant Programs	2018-BG-ST-025	$ 82,200	$ 82,197	$ -	$ 82,197
TOTAL TEXAS GOVERNOR'S OFFICE		**82,200**	**82,197**	**-**	**82,197**
TEXAS COMMISSION OF THE ARTS					
Direct Programs					
Texas Commission of the Arts					
Core Support	0627276	1,835	-	1,835	1,835
Sub-granting	0627275	24,481	-	1,000	1,000
Total Texas Commission of the Arts		26,316	-	2,835	2,835
TOTAL COMMISSION OF THE ARTS		**26,316**	**-**	**2,835**	**2,835**
TEXAS DEPARTMENT OF STATE HEALTH SERVICES					
Direct Programs					
TB Elimination					
TB Elimination 2019	537-18-0028-00001	490,582	457,605	-	457,605
TB Elimination 2020	HHS000438400003	488,060	34,050	-	34,050
Total TB Elimination		978,642	491,655	-	491,655
Infectious Disease Control Unit/ Surveillance and Epidemiology					
Infectious Disease Control Unit/ Surveillance and Epidemiology	537-18-0329-00001	207,795	159,978	-	159,978
Infectious Disease Control Unit/ Surveillance and Epidemiology	HHS000436300004	207,796	15,714	-	15,714
Total Infectious Disease Control Unit/ Surveillance and Epidemiology		415,591	175,692	-	175,692
OTVFH - Lactation Support Center Services - Strategic Expansion Program					
OTVFH - Lactation Support Center Services - Strategic Expansion Program	2015-047635-002	145,000	135,751	-	135,751
OTVFH - Lactation Support Center Services - Strategic Expansion Program	HHS000455800001	145,000	32,349	-	32,349
Total OTVFH - Lactation Support Center Services - Strategic Expansion Program		290,000	168,100	-	168,100
Pass through - Capital Area Trauma Regional					
Trauma System	537-17-0221-00001	42,060	42,060	-	42,060
Total Capital Area Trauma Regional		42,060	42,060	-	42,060
TOTAL DEPARTMENT OF STATE HEALTH SERVICES		**1,726,293**	**877,507**	**-**	**877,507**
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY					
Direct Program					
Clean Transportation Triangle	582-17-72075-2654	400,000	276,500	-	276,500
Alternative Fueling Facilitites Program	582-19-90658-1090	54,925	44,177	-	44,177
TOTAL TEXAS COMMISSION OF ENVIRONMENTAL QUALITY		**454,925**	**320,677**	**-**	**320,677**

(Continued)

	Award Number	Program Award or Amount	Current Expenditures	Subrecipient Payments	Total Expenditures
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS					
Direct Program					
State Contraband Asset Forfeiture Fund	N/A	-	9,000	-	9,000
TOTAL TEXAS COMPTROLLER OF PUBLIC ACCOUNTS		**-**	**9,000**	**-**	**9,000**
TEXAS DEPARTMENT OF MOTOR VEHICLES					
Direct Programs					
Auto Theft Prevention					
Auto Burglary and Theft Interdiction Project 18	608-18-2270100	430,685	(7,580)	-	(7,580)
Auto Burglary and Theft Interdiction Project 19	608-19-2270100	430,685	413,883	-	413,883
Auto Burglary and Theft Interdiction Project 20	608-20-2270100	430,685	14,199	-	14,199
Total Auto Theft Prevention		1,292,055	420,502	-	420,502
TOTAL TEXAS DEPARTMENT OF MOTOR VEHICLES		**1,292,055**	**420,502**	**-**	**420,502**
TEXAS PARKS AND WILDLIFE DEPARTMENT					
Direct Programs					
Camacho-Austin Parks & Recreation	52-000725	50,000	17,087	-	17,087
Colony Park	55-000023	725,000	510,908	-	510,908
Waterloo Park Grant	55-000027	849,518	758,515	-	758,515
Urban Outdoor-Dove Springs	56-000006	500,000	239,320	-	239,320
TOTAL TEXAS PARKS AND WILDLIFE DEPARTMENT		**2,124,518**	**1,525,830**	**-**	**1,525,830**
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS					
Direct Programs					
Homeless Housing and Services Program	63195030002	507,524	-	507,524	507,524
TOTAL DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS		**507,524**	**-**	**507,524**	**507,524**
TEXAS WATER DEVELOPMENT BOARD					
Direct Programs					
ATX Flood Response Team	1600012034	96,633	33,111	-	33,111
TOTAL TEXAS WATER DEVELOPMENT BOARD		**96,633**	**33,111**	**-**	**33,111**
TOTAL STATE FINANCIAL ASSISTANCE		**$ 6,310,464**	**$ 3,268,824**	**$ 510,359**	**$ 3,779,183**

See accompanying notes to schedule of expenditures of state awards.
See accompanying independent auditors' report.

1 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) was presented on the accrual basis of accounting, and presents the activity of all federal awards to the City of Austin, Texas ("City"). The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The amounts reported as expenditures in the schedule of expenditures of federal awards may not agree with the amounts reported in the financial reports filed with grantor agencies due to accruals, which would be included in the next report filed with the agency. Negative amounts shown in the Schedule represent corrections, adjustments or credits made to amounts reported as expenditures in prior years.

2 – DE MINIMIS INDIRECT COST RATE

The city elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3 – DIASTER GRANTS-PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS PROGRAM)

Reconciliation of Federal Expenditures related to Disaster Grants-Public Assistance CFDA 97.036; reported in the Schedule of Expenditures of Federal Awards to the City's Consolidated Financial Statements **-** There have been five declared disasters in Austin, Texas that are still active: Halloween 2013, Memorial Day 2015, Halloween 2015, Hurricane Harvey, and Texas Severe Storms. The City expects to recoup some of the cost associated with the repair and rebuilding of damaged assets over the next several years from insurance, federal government assistance and operating funds.

Below is the reconciliation of Federal Expenditures related to the disaster grant-Public Assistance (Presidentially Declared Disasters) CFDA #97.036, reported in the Schedule of Expenditures of Federal Awards to the COA financial statements.

3 – DIASTER GRANTS-PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS PROGRAM), continued

Total cumulative project worksheets obligated as of September 30, 2019	$ 20,319,618
Total federal expenditures incurred as of September 30, 2014, and reported in the 2014 Schedule of Expenditures of Federal Awards	(2,363,063)
Total federal expenditures incurred as of September 30, 2015, and reported in the 2015 Schedule of Expenditures of Federal Awards	(1,310,683)
Total federal expenditures incurred as of September 30, 2016, and reported in the 2016 Schedule of Expenditures of Federal Awards	(1,100,937)
Total federal expenditures incurred as of September 30, 2017, and reported in the 2017 Schedule of Expenditures of Federal Awards	(1,303,002)
Total federal expenditures incurred as of September 30, 2018, and reported in the 2018 Schedule of Expenditures of Federal Awards	(1,575,707)
Total cumulative project worksheet obligated, but not expensed and are not included in the Schedule of Expenditures of Federal Awards	(11,989,326)
Total project worksheets obligated and expensed for the year ended September 30, 2019, and included in the 2019 Schedule of Expenditures of Federal Awards	$ 676,900

4 – LOANS

In addition to federal awards involving expenditures in 2019, the City has federally guaranteed loans outstanding as of September 30, 2019 with the Department of Housing and Urban Development. These loans are related to the Section 108 Loan Program (CFDA 14.248).

Three of the Section 108 loans have remaining balances to be disbursed (i.e., awarded) by the City at September 30, 2019. The remaining loan balances at September 30, 2019, are as follows:

		Loan Balance
NCMP Section 108	$	657,313
Section 108 Family Business Loan		106,389
Section 108 Family Business Loan		6,233,451
Total	**$**	**6,997,153**

5 – LOANS TO THIRD PARTIES

The City uses CDBG and HOME funds to grant loans to low and moderate-income individuals. As of September 30, 2019, the balance of the loans receivable was approximately $23,181,020.

1 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of State Awards (the Schedule) was presented on the accrual basis of accounting, and presents the activity of all state awards to the City of Austin, Texas ("City"). The information in this Schedule is presented in accordance with the requirements of the *State of Texas Uniform Grant Management Standards* (UGMS) Some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The amounts reported as expenditures in the schedule of expenditures of the state awards may not agree with the amounts reported in the financial reports filed with grantor agencies due to accruals, which would be included in the next report filed with the agency. Negative amounts shown in the schedule represent corrections, adjustments or credits made to amounts reported as expenditures in prior years.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States,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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 6, 2020. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the City's basic financial statements. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

March 6, 2020

Deloitte.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Austin's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S*. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying *Schedule of Findings and Questioned Costs* as item 2019-002. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as item 2019-002, that we consider to be a significant deficiency.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Deloitte & Touche LLP

May 8, 2020

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major State Program

We have audited the City of Austin's (the "City") compliance with the types of compliance requirements described in the State of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on each of the City's major state programs for the year ended September 30, 2019. The City's major state programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs.*

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and UGMS. Those standards and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City’s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of UGMS. Accordingly, this report is not suitable for any other purpose.

Deloitte & Touche LLP

May 8, 2020

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Type of auditors' reports issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Any audit findings disclosed that are required to be reported in accordance with Uniform Grant Management Standards?	No

Identification of Major Programs:

Federal

10.557	Special Supplemental Nutrition Program for Women, Children & Infants ("WIC")
14.239	Home Investment Partnership Program
14.241	Housing Opportunities for Persons With AIDS

State

608-18-2270100 608-19-2270100 608-20-2270100	Auto Theft Prevention
55-000027	Waterloo Park

Dollar threshold used to distinguish between Type A and Type B programs:

Federal:	$1,772,479
State:	$300,000

Auditee qualified as low-risk auditee?	Federal — Yes State — Yes

II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Finding 2019-001: Significant Deficiency in Internal Controls—Accounting for Significant Nonroutine Transactions

Criteria—Effective controls should be designed and implemented to ensure significant nonroutine transactions are properly accounted for and reported.

Condition—Due to the size and diversity of the City's business operations, the financial accounting and reporting is very complex. In addition to the traditional governmental services, the City also owns and operates an electric utility, a water/wastewater utility, an airport, and several other large enterprise operations. City staff are required to possess specific accounting expertise to fulfill the increased accounting and reporting requirements brought about by the Governmental Accounting Standards Board ("GASB"). City staff must understand the internal processes of the City and have the ability to analyze business operations and specific transactions to determine the impact on the City's financial statements. During our audit of the financial statements, we noted nonroutine transactions with complex technical accounting requirements, such as the termination of an interest rate swap derivative in association with a debt refunding, and treatment of deposits in escrow for an in-progress construction contract that were not properly recorded in the fund level financial statements and thus required audit adjustments.

Cause—There is not a formalized process to evaluate and document the accounting considerations for significant nonroutine transactions.

Effect—The failure to appropriately evaluate and document accounting treatment for unique nonroutine transactions resulted in accounting errors and adjustments to the financial statements.

Recommendation—Although management has evidenced thoughtful deliberations on such transactions, efforts should be made to properly document the evaluation of authoritative literature and the rationale of the accounting treatment adopted for nonroutine transactions. Additionally, consulting accounting literature, knowledgeable City staff, or external parties such as the GASB hotline is recommended to ensure proper treatment of unique transactions. Finally, documenting such research and consultations in memos that consider the issue, the accounting literature, the consulted party and the conclusion is recommended.

Views of Responsible Officials—See Corrective Action Plan

III. FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

Finding 2019-002: Significant Deficiency in Controls over Compliance and Noncompliance — Allowable Costs and Special Tests (Maximum Per-Unit Subsidy)

Federal Program: Home Investment Partnership Program, CFDA 14.239
FAIN: M-15-MC-48-0500, M-16-MC-48-0500, M-17-MC-48-0500
Year: 2016, 2017, 2018
Federal Agency: U.S. Department of Housing and Urban Development
Pass-Through Entity: Not applicable

Criteria—The per-unit investment of HOME funds may not exceed the Federal Housing Administration (FHA) mortgage limits in Subsection 221(d)(3) of the National Housing Act, including any area-wide high cost exceptions approved by HUD. In mixed-income or mixed-use projects, the average per-unit investment in HOME-assisted units may not exceed the applicable Subsection 221(d)(3) (i.e., 234) limit.

Perspective—We tested the only project with costs incurred in the current year for which the maximum per-unit subsidy requirements applied. This application for development assistance consisted of seven units.

Condition and Cause—An application for housing development assistance pertaining to the construction of traditional rental housing serving low-income household was approved for $1,281,460, which was above the applicable maximum per-unit subsidy. Further, there was no evidence of review of the maximum per unit subsidy considerations prior to the disbursement of funds.

Questioned Costs—$29,130 was identified as questioned cost.

Effect—The failure to maintain adequate review controls could lead to the incorrect granting of development assistance greater than the prescribed maximum. This could result in noncompliance with the Allowable Costs and Special Tests (Maximum Per-Unit Subsidy) requirement and loss of funding.

Recommendation—Management should implement additional procedures to include an application reviewer to ensure the maximum per-unit subsidy is accurately calculated and reviewed prior to the disbursement of funds to the developer. Further, the methodology used to calculate the approved subsidy should be retained as well.

View of Responsible Officials—See Corrective Action Plan

City of Austin
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CITY OF AUSTIN, TEXAS

CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2019

2019-001: Significant Deficiency in Internal Controls - Accounting for Significant Nonroutine Transactions

Contact Person- Diana Thomas, Controller

Management Response - Concur.

The Controller's Office concurs with the auditor's finding and recommendation. The Controller's Office will put in place a process to document the analysis and consultations utilized in determining the appropriate accounting treatment for future unique nonroutine transactions.

Estimated Completion - September 2020.

2019-002: Significant Deficiency in Controls and Noncompliance - Allowable Costs and Special Tests (Maximum Per-Unit Subsidy)

Contact Person- Rosie Truelove, Director of Neighborhood Housing and Community Development

Management Response - Concur.

For any development recommended for funding using HOME dollars, HDA staff will ensure the proposed subsidy per unit does not exceed the Federal Housing Administration (FHA) mortgage limits in Subsection 221(d)(3) of the National Housing Act. A detailed calculation comparing the current Statutory Mortgage Limits and the applicable Base City High Cost Percentage used, will be added to each application file. Management review of this process will be evidenced with a file checklist for any projects that are recommended for funding.

Estimated Completion - Implemented in April 2020. No further action needed.

Photographs:
Above: “Austin Howdy” previously located, Nueces St. & W. 6th St.
Back cover: “Texas”, 3700 Guadalupe St.

CITY OF AUSTIN
CONTROLLER'S OFFICE

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